

# **RAM Australia Medical Property Fund**

**ARSN 645 964 601**

**Annual Report - 30 June 2021**

**RAM Australia Medical Property Fund**  
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**30 June 2021**

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**RAM Australia Medical Property Fund**  
**Directors' report**  
**30 June 2021**

The Directors of RAM Property Funds Management Limited ("RAM"), the Trustee of RAM Australia Medical Property Fund ("the Fund"), present their report together with the Financial Report made in accordance with a resolution of the Directors with respect to the results of the Trust and its controlled entities ("the consolidated entity") for the year ended 30 June 2021, the state of the consolidated entity's affairs as at 30 June 2021 and the Independent Auditor's Report thereon.

The Fund commenced on 28 August 2018.

It is likely that this report will be the last for the Fund as a stand-alone entity as it is anticipated the Fund will be stapled to the RAM Australia Retail Property Fund to form the new stapled entity RAM Essential Services Property Fund in October 2021.

**Directors**

RAM Property Funds Management Limited were reappointed the Trustee on 8 August 2021. Previous to this Equity Trustees Limited were appointed Trustee on 17 November 2020. Prior to this RAM Australia Funds Management Limited (now known as RAM Property Funds Management Limited) were the Trustee of the Fund from 2 January 2020. Prior to this Real Asset Management Pty Ltd was the Trustee of the Fund since establishment.

The following persons held office as directors of RAM Property Funds Management Limited from 2 January 2020 to 17 November 2020:

Scott Wehl	Chairman
Scott Kelly	
Suzanne Hutchinson	
Enzo Pirillo	(retired 2 January 2020)
Steven Pritchard	(appointed 1 September 2020)

The following persons held office as directors of Equity Trustees Limited from the 17 November 2020 to 8 August 2021:

Philip D Gentry	Chairman
Harvey H Kalman	(resigned 1 September 2020)
Ian C Westley	(resigned 3 July 2020)
Michael J O'Brien	
Russell W Beasley	(appointed 1 September 2020)

The following persons held office as RAM Property Funds Management Limited from the 8 August 2021 up to the date of this report:

Scott Wehl	Chairman
Scott Kelly	
Suzanne Hutchinson	
Steven Pritchard	(resigned 28 September 2021)

**Scott Wehl**  
Chairman

Scott has over 20 years of experience in Global Wealth Management and Corporate Banking working for top tier global banks in Australia, London, and Hong Kong.

Prior to founding Real Asset Management, Scott was a Managing Director and Head of Banking Products International for UBS Wealth Management ("UBS WM"), leading a team of finance professionals in 17 countries. Over a 13-year career with UBS WM, Scott held various roles including the Head of Banking Products in the United Kingdom, and Head of Banking Products Asia Pacific.

Prior to joining UBS WM, Scott began his finance career in corporate banking with National Australia Bank in Brisbane, Australia.

Scott holds a Bachelor of Commerce from Griffith University Australia, and an Executive MBA jointly from Kellogg Business School and the Hong Kong University of Science and Technology.

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**Scott Kelly**

Managing Director, CEO Australia

Scott has over 25 years of experience in Global Wealth Management and Asset Management, working for top tier financial institutions in Australia and the United Kingdom.

Prior to joining Real Asset Management, Scott was a Managing Director and Head of Investment Products and Services for UBS Wealth Management Australia. There he oversaw the entire product offering for Australia's premier wealth manager with \$A24bn of assets under management.

Scott has also held the position of National Sales Director for Macquarie Private Wealth Australia. Prior to this Scott co-founded and was Managing Director of Corazon Capital, a specialist wealth and asset management business based in Jersey. Scott was also the Joint Head of Private Clients at Kleinwort Benson, after starting his financial career with Mercury Asset Management in London.

Scott holds a B.A. (Hons) degree in Business Management from the University of Leeds and is a Chartered Member of the Chartered Institute of Securities & Investment, UK.

**Suzanne Hutchinson**

Director

Suzanne is the Human Resources Director for Real Asset Management Australia and is based in Melbourne. Suzanne has worked in professional corporate services organisations for over 24 years, including Boeing and Accenture, and holds a Bachelor of Information Technology.

**Steven Pritchard**

Director - (appointed 1 September 2020, resigned 28 September 2021)

Steven is the Managing Partner of Rees Pritchard Professional Services and is a Certified Practising Accountant and a member of the Stock Exchange of Newcastle Limited, a Director of Pritchard & Partners Pty Limited, Rees Pritchard Pty Limited and a number of private and public companies. Steven was previously the Chairman of the Australian Society of Certified Practising Accountants Newcastle and Hunter Valley Branch and has over 25 years experience in providing financial and investment advice to a wide range of private and corporate clients.

**Principal activities**

The principal activity of the consolidated entity is the investment in Medical Real Estate assets in Australia.

There has been no significant change in the activities of the Fund during the financial year.

**Impact of COVID-19**

The events relating to COVID-19 have had an adverse impact on the financial performance of the Fund. These impacts have included:

- trading restrictions imposed on some of our tenants
- the National Cabinet Mandatory Code of Conduct enacted in each state
- increases in operational expenses related to the COVID-19 pandemic
- reductions in the fair value of our investment properties

The National Cabinet Mandatory Code of Conduct requires the Fund to offer eligible tenants a proportionate reduction in rent payable during the COVID-19 pandemic period. These reductions take the form of rental waivers and deferrals of up to 100% of the amount of rent ordinarily payable.

The reductions are based on the tenant's trade during the period. Rental waivers must constitute no less than 50% of the total reduction in rent payable with the other 50% in the form of rental deferrals. A total of \$34,882 in rental abatements have been made available to tenants by the Fund with \$32,153 in rental deferrals being offered during the year.

The Code also provides that Landlords where appropriate waive recovery of any other expense by a tenant while the tenant is unable to trade. A total of \$2,326 has been waived from tenant's recurring service charges.

For tenants that are not covered by the Mandatory Code of Conduct, the Fund has accessed the tenants on an individual basis.

Due to the continued uncertainty related to the COVID-19 pandemic, rental income that has been invoiced in the period which remains unpaid due the tenant being granted a COVID-19 rental payment deferral have been provisioned against. A Provision for Doubtful Debt has been raised against all rental payment deferrals in the year totaling \$32,153.

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**Property portfolio**

The investment portfolio as at 30 June 2020 consisted of 6 medical properties (30 June 2020: 2 medical properties) valued at \$135,070,246 (30 June 2020: \$19,921,918).

*Acquisitions*

On the 21st of December 2020 the Fund acquired 100% interest in the Dubbo Private Hospital, located in Dubbo NSW. The building comprises of private hospital leased to Healthe Care with a purchase price of \$18,650,000.

On the 21st of December 2020 the Fund acquired 100% interest in the Mayo Private Hospital, located in Taree NSW. The building comprises of private hospital leased to Healthe Care with a purchase price of \$44,000,000.

On the 21st of December 2020 the Fund acquired 100% interest in the North West Private Hospital, located in Cooee TAS. The building comprises of private hospital leased to Healthe Care with a purchase price of \$31,559,551.

On the 28th of May 2021 the Fund acquired 100% interest in the Swan Medical Centre, located in Midlands WA. The building comprises of medical centre consisting of a GP clinic, pharmacy, physiotherapy and pathology with a purchase price of \$7,780,000.

On the 30th of June 2021, the Fund entered into a contract to acquire 100% interest in the Secret Harbour Medical Centre, located in Secret Harbour WA. The building comprises of a medical centre with a purchase price of \$7,900,000. The sale is expected to complete in October 2021.

*Disposals*

No property disposals occurred during the year.

**Review of operations**

The profit for the consolidated entity amounted to \$3,882,551 (30 June 2020: \$1,640,871).

Distributions paid or declared by the consolidated entity to Unitholders during the financial year are set out in Note 11 of the Financial Statements.

	FY21	FY20
Net profit after tax	\$3,882,551	\$1,640,871
Weighted earnings per unit	\$0.1152	\$0.2263
Distributions paid or payable	\$2,266,777	\$393,954
Net assets per unit	\$1.2669	\$1.1460
Increase / (decrease) unit price	10.55%	13.33%

**Contributed Equity**

	FY21 Units	FY20 Units
Opening balance	8,514,666	6,061,001
New units issued	62,777,506	2,445,328
Dividend reinvestments	190,904	8,337
Unit redemptions	(1)	-
	<u>71,483,075</u>	<u>8,514,666</u>

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

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**Matters subsequent to the end of the financial year**

*The Fund completed the following acquisitions after 30 June 2021:*

On the 6th of August 2021, RAM Australia Medical Property No. 7 Trust acquired 100% interest in the Madeley Medical Centre, located in Madeley WA. The building comprises of a medical centre with a purchase price of \$9,743,358.

On the 21st of July 2021, RAM Australia Medical Property No. 8 Trust acquired 100% interest in the The Banyans Health and Wellness Centre, located in Clear Mountain QLD. The building comprises of a rehabilitation centre with a purchase price of \$8,320,000.

On the 5th of July 2021, RAM Australia Medical Property No. 10 Trust acquired 100% interest in the Willets Health Precinct, located in Clear Mountain QLD. The building comprises of a rehabilitation centre with a purchase price of \$16,100,000.

On the 11th of August 2021, RAM Australia Medical Property No. 10 Trust acquired 100% interest in further land at the Willets Health Precinct, located in Clear Mountain QLD. The land had a purchase price of \$600,000.

*The Fund entered into contracts for the following acquisitions after 30 June 2021. These acquisitions are expected to be completed before the end of October 2021:*

On the 28th of July 2021, RAM Australia Medical Property No. 9 Trust entered into a contract to acquire 100% interest in the Panaceum Medical Centre, located in Geraldton WA. The building comprises of a medical centre with a purchase price of \$13,100,000.

On the 13th of July 2021, RAM Australia Medical Property No. 11 Trust entered into a contract to acquire 100% interest in the Parkwood Family Practice, located in Parkwood QLD. The building comprises of a medical centre with a purchase price of \$7,400,000.

On the 13th of July 2021, RAM Australia Medical Property No. 11 Trust entered into a contract to acquire 100% interest in the Highlands Health Centre, located in Highland Park QLD. The building comprises of a medical centre with a purchase price of \$8,500,000.

On the 3rd of August 2021, RAM Australia Medical Property No. 12 Trust entered into a contract to acquire 100% interest in the Mildura Medical Centre, located in Mildura VIC. The building comprises of a medical centre with a purchase price of \$6,065,000.

On the 6th of August 2021, RAM Australia Medical Property No. 13 Trust entered into a contract to acquire 100% interest in the Secret Harbour Medical Centre, located in Secret Harbour WA. The building comprises of a medical centre with a purchase price of \$7,550,000.

On the 1st of September 2021, RAM Australia Medical Property No. 15 Trust entered into a contract to acquire 100% interest in the Casuarina Medical Centre, located in Casuarina NT. The building comprises of a medical centre with a purchase price of \$14,000,000.

On the 1st of September 2021, RAM Australia Medical Property No. 16 Trust entered into a contract to acquire 100% interest in the Rosebery Convenience and Medical Centre, located in Casuarina NT. The building comprises of a medical centre with a purchase price of \$8,400,000.

On the 26th of August 2021, RAM Australia Medical Property No. 17 Trust entered into a contract to acquire 100% interest in the Bowen Hills Day Surgery, located in Bowen Hills QLD. The building comprises of a day surgery with a purchase price of \$20,500,000.

On the 30th of August 2021, RAM Australia Medical Property No. 19 Trust entered into a contract to acquire 100% interest in The Gold Coast Surgery Centre, located in Southport QLD. The building comprises of a day surgery with a purchase price of \$12,750,000.

On the 17th of August 2021, RAM Australia Medical Property No. 20 Trust entered into a contract to acquire 100% interest in The North Ward Medical Centre, located in North Ward QLD. The building comprises of a day surgery with a purchase price of \$4,250,000.

On the 3rd of August 2021, RAM Australia Medical Property No. 18 Trust was incorporated and is 100% owned by RAM Australia Property Mid Trust.

On the 3rd of September 2021, the Fund acquired 50% of the shares in RAM Essential Services FinCo Pty Ltd.

The Fund entered into an Implementation Deed and Stapling Deed on the 30th of September 2021. The Fund is to be stapled to RAM Australia Retail Property Fund to form the Stapled Entity RAM Essential Services Property Fund.

On the 25th of October 2021, the Stapled Entity is to be listed on the Australian Stock Exchange as an Australian Real Estate Investment Trust (REIT). A Product Disclosure Statement was lodged with the ASX on the 30th of September 2021.

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On the 24th of September 2021, RAM Essential Services Finco Pty Ltd entered into a Syndicated Facility Agreement with the Commonwealth Bank of Australia and CBA Corporate Services (NSW) Pty Ltd. The Facility will be used to refinance the existing debt facilities for the stapled entities, and to fund the planned acquisitions of the Fund. The facility limit is \$250,000,000, with a Loan to Value covenant of 50% and an Interest Coverage Ratio covenant of 2.0 times EBITDA.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

The Trustee will continue to pursue medical real estate opportunities and review investment management strategies with a view to optimising both the income and capital return over the investment term.

**Environmental regulation**

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Trustee believes that the consolidated entity has adequate systems in place for the management of its environmental responsibilities and is not aware of any breach of environmental requirements as they may apply to the consolidated entity.

**Related parties**

*Trustee Entity's remuneration*

The Trustee charged a trustee fee of 1.00% p.a. (net 0.65% after the reduction of asset management fees), of the gross assets of the consolidated entity calculated monthly. The Trustee is entitled to recover all fees deferred either from consolidated entity earnings or on the winding up of the consolidated entity. The Trustee charges are set out in Note 15 of the Financial Report.

*Asset management fees*

RAM Australia Property Services Pty Ltd has been appointed as the Asset Manager for the controlled entities. The fee for their services is 0.35% p.a. of the gross assets of the entity. This fee is included within the Trustee's Management Fee.

*Directors' interests*

No directors of the Trustee held any units in the Trust at the date of this report.

**Indemnity and insurance of officers**

*Indemnification*

Under the Trust's Constitution, the Trustees, including its officers and employees, are indemnified out of the consolidated entity's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the consolidated entity.

The consolidated entity has not indemnified or made a relevant agreement for indemnifying against a liability in respect of any person who is the auditor of the consolidated entity.

**Indemnity and insurance of auditor**

The consolidated entity has not indemnified or made a relevant agreement for indemnifying against a liability in respect of any person who is the auditor of the consolidated entity.

**Proceedings on behalf of the trust**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the trust, or to intervene in any proceedings to which the trust is a party for the purpose of taking responsibility on behalf of the trust for all or part of those proceedings.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

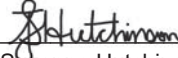
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Directors' report  
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This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



\_\_\_\_\_  
Scott Kelly  
Director



\_\_\_\_\_  
Suzanne Hutchinson  
Director

12 October 2021



## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of the Trustee Company of the RAM Australia Medical Property Fund

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



MARTIN MATTHEWS  
PARTNER

12 OCTOBER 2021  
NEWCASTLE, NSW

**RAM Australia Medical Property Fund**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Revenue</b>			
Interest revenue		105	2,886
Rent from investment properties		5,000,633	1,151,469
Unrealised gains on revaluation of property		2,835,020	1,274,829
Total revenue		<u>7,835,758</u>	<u>2,429,184</u>
<b>Expenses</b>			
Investment property expenses		(117,825)	(151,115)
Other expenses		(352,257)	(67,579)
Depreciation and amortisation expense		(75,481)	(58,674)
Trustee fees		(2,284,985)	(161,890)
Property management fees		(205,577)	(29,694)
Finance expenses		(917,082)	(319,361)
Total expenses		<u>(3,953,207)</u>	<u>(788,313)</u>
<b>Profit for the year attributable to the owners of RAM Australia Medical Property Fund</b>	12	3,882,551	1,640,871
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year attributable to the owners of RAM Australia Medical Property Fund</b>		<u><u>3,882,551</u></u>	<u><u>1,640,871</u></u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**RAM Australia Medical Property Fund**  
**Statement of financial position**  
**As at 30 June 2021**

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,676,862	1,550,431
Trade and other receivables	5	221,929	125,010
Prepayments		362,094	15,322
Other current assets	6	15,280,320	-
<b>Total current assets</b>		<u>19,541,205</u>	<u>1,690,763</u>
<b>Non-current assets</b>			
Investment properties	7	135,070,246	19,921,918
Other non-current assets		497,571	250,077
<b>Total non-current assets</b>		<u>135,567,817</u>	<u>20,171,995</u>
<b>Total assets</b>		<u>155,109,022</u>	<u>21,862,758</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	2,230,303	501,537
<b>Total current liabilities</b>		<u>2,230,303</u>	<u>501,537</u>
<b>Non-current liabilities</b>			
Payables	9	118,458	118,458
Interest bearing loans and borrowings	10	62,199,230	11,490,780
<b>Total non-current liabilities</b>		<u>62,317,688</u>	<u>11,609,238</u>
<b>Total liabilities</b>		<u>64,547,991</u>	<u>12,110,775</u>
<b>Net assets</b>		<u>90,561,031</u>	<u>9,751,983</u>
<b>Units on issue</b>			
Issued units	11	87,630,037	8,436,763
Undistributed profits	12	2,930,994	1,315,220
<b>Total units on issue</b>		<u>90,561,031</u>	<u>9,751,983</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**RAM Australia Medical Property Fund**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

<b>Consolidated</b>	<b>Issued units \$</b>	<b>Undistributed profits \$</b>	<b>Total units on issue \$</b>
Balance at 1 July 2019	6,061,001	68,303	6,129,304
Profit for the year	-	1,640,871	1,640,871
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,640,871	1,640,871
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 11)	2,375,762	-	2,375,762
Distributions paid (note 13)	-	(393,954)	(393,954)
Balance at 30 June 2020	<u>8,436,763</u>	<u>1,315,220</u>	<u>9,751,983</u>
<b>Consolidated</b>	<b>Issued units \$</b>	<b>Undistributed profits \$</b>	<b>Total units on issue \$</b>
Balance at 1 July 2020	8,436,763	1,315,220	9,751,983
Profit for the year	-	3,882,551	3,882,551
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,882,551	3,882,551
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 11)	79,193,274	-	79,193,274
Distributions paid (note 13)	-	(2,266,777)	(2,266,777)
Balance at 30 June 2021	<u>87,630,037</u>	<u>2,930,994</u>	<u>90,561,031</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**RAM Australia Medical Property Fund**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

	Note	Consolidated	
		2021	2020
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		5,370,881	1,126,264
Payments to suppliers (inclusive of GST)		<u>(2,343,146)</u>	<u>(301,296)</u>
		3,027,735	824,968
Interest received		836	2,886
Interest and other finance costs paid		<u>(805,671)</u>	<u>(341,189)</u>
Net cash from operating activities	19	<u>2,222,900</u>	<u>486,665</u>
<b>Cash flows from investing activities</b>			
Payments for investment property	7	(112,385,718)	(6,417,588)
Payments for other assets		<u>(15,232,909)</u>	<u>-</u>
Net cash used in investing activities		<u>(127,618,627)</u>	<u>(6,417,588)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units	11	79,193,273	2,375,762
Proceeds from borrowings		50,595,662	5,027,661
Distributions paid	13	<u>(2,266,777)</u>	<u>(359,206)</u>
Net cash from financing activities		<u>127,522,158</u>	<u>7,044,217</u>
Net increase in cash and cash equivalents		2,126,431	1,113,294
Cash and cash equivalents at the beginning of the financial year		<u>1,550,431</u>	<u>437,137</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>3,676,862</u></u>	<u><u>1,550,431</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 1. General information**

The financial statements cover RAM Australia Medical Property Fund as a Fund consisting of RAM Australia Medical Property Fund and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is RAM Australia Medical Property Fund's functional and presentation currency.

RAM Australia Medical Property Fund is an unlisted Managed Investment Trust, incorporated and domiciled in Australia.

**Registered office and principal place of business:**

Suite 32.1  
264 George Street  
Sydney NSW 2000

A description of the nature of the Fund's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 October 2021. The directors have the power to amend and reissue the financial statements.

**Note 2. Summary of significant accounting policies**

**Basis of preparation**

In the directors' opinion, the consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of RAM Australia Medical Property Fund. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of RAM Australia Medical Property Fund.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of RAM Australia Medical Property Fund ('trust' or 'parent entity') as at 30 June 2021 and the results of all controlled entities for the year then ended. RAM Australia Medical Property Fund and its controlled entities together are referred to in these financial statements as the 'consolidated entity'.

The parent entity controls an entity when the parent entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Controlled entities are fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

**Revenue recognition**

Revenue is recognised at the fair value of the consideration received or receivable net of the amount of goods and services tax ("GST") levied. Revenue is recognised for the major business activities as follows:

*Rent from investment properties*

Rent from investment properties is recognised in the Profit and Loss on a straight-line basis over the lease term. Rent not received at balance date is reflected in the Statement of Financial Position as a receivable or if paid in advance, as rents in advance. Lease incentives granted are recognised over the lease term, on a straight line basis, as a reduction of rent.

*Interest income*

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**RAM Australia Medical Property Fund**  
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**Note 2. Summary of significant accounting policies (continued)**

**Income tax**

Under current Australian income tax legislation, the Trust and the consolidated entity are not liable for income tax, provided that the taxable income (including any assessable component of any capital gains from the sale of investment assets) is fully distributed to Unitholders each year. Tax allowances for building, plant and equipment depreciation are distributed to Unitholders in the form of tax preferred components of distributions.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

**Investment properties**

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Fund. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Issued capital**

Ordinary units are classified as equity.

Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction from the proceeds.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Fair value measurement hierarchy*

The Fund is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

**Note 4. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	2,499,339	899,653
Cash on deposit	1,177,523	650,778
	<u>3,676,862</u>	<u>1,550,431</u>

**Note 5. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Trade Debtors	221,929	299,669
Less: Allowance for expected credit losses	-	(174,659)
	<u>221,929</u>	<u>125,010</u>



**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 5. Current assets - trade and other receivables (continued)**

*Allowance for expected credit losses*

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021	2020	2021	2020	2021	2020
Consolidated	%	%	\$	\$	\$	\$
Not overdue	-	-	186,123	-	-	-
0 to 3 months overdue	-	58%	25,791	299,669	-	174,659
3 to 6 months overdue	-	-	-	-	-	-
Over 6 months overdue	-	-	10,015	-	-	-
			<u>221,929</u>	<u>299,669</u>	<u>-</u>	<u>174,659</u>

**Note 6. Current assets - other current assets**

	Consolidated	
	2021	2020
	\$	\$
Accrued income	108,094	-
Provision for doubtful debts - Covid deferred income	(108,094)	-
Other current assets (i)	<u>15,280,320</u>	<u>-</u>
	<u>15,280,320</u>	<u>-</u>

The provision for doubtful debts is in respect of deferred rent relief provided to tenants as a consequence of the Covid-19 pandemic.

(i) Other current assets consists of deposits paid to vendors for the purchase of property acquisitions in Trust 7, Trust 10 and Trust 14. These acquisitions were completed after the reporting date.

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 7. Non-current assets - investment properties**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Miami Day Hospital, Miami QLD	17,237,124	13,800,000
Corrimal Private Health Centre, Corrimal NSW	6,103,370	6,121,918
Mayo Private Hospital, Taree NSW	47,476,494	-
Dubbo Private Hospital, Dubbo NSW	20,119,517	-
North West Private Hospital, Cooeee TAS	35,840,749	-
Swan Medical Centre, Midlands WA	8,292,992	-
	<u>135,070,246</u>	<u>19,921,918</u>

*Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	19,921,918	12,288,175
Additions	101,989,551	6,417,588
Revaluation increments	2,835,020	1,274,829
Capital Expenditure	10,396,167	-
Impairment of assets	<u>(72,410)</u>	<u>(58,674)</u>
Closing fair value	<u>135,070,246</u>	<u>19,921,918</u>

*Lessor commitments*

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	8,277,255	1,581,151
Between 1 and 2 years	8,045,136	5,209,956
Between 2 and 3 years	7,842,724	2,692,259
Over 3 years	<u>59,134,696</u>	<u>-</u>
	<u>83,299,811</u>	<u>9,483,366</u>

**Note 8. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Accrued expenses	514,629	351,138
Trade payables	850,742	16,561
Deferred Income	42,982	6,371
Goods and service tax payable / (receivable)	(36,906)	2,402
Distribution payable	<u>858,856</u>	<u>125,065</u>
	<u>2,230,303</u>	<u>501,537</u>

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 9. Non-current liabilities - payables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Tenant's deposits	<u>118,458</u>	<u>118,458</u>

**Note 10. Non-current liabilities - interest bearing loans and borrowings**

On the 15th of December 2020, the Group entered into a designation agreement with Commonwealth Bank of Australia, increasing the facility limit on the senior debt facility to \$65,205,000.

On the 30th of June 2021, the Group entered into a further designation agreement with the Commonwealth Bank of Australia, increasing the facility limit on the senior debt facility to \$88,187,847. The facility is due to expire on the 10th of February 2023.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loan Facility Drawn	62,476,730	11,580,000
Less: Attributable transaction costs	<u>(277,500)</u>	<u>(89,220)</u>
	<u>62,199,230</u>	<u>11,490,780</u>

Refer to note 14 for further information on financial instruments.

**Note 11. Units on issue - issued units**

	<b>Consolidated</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Units</b>	<b>Units</b>	<b>\$</b>	<b>\$</b>
Ordinary units - fully paid	71,483,075	-	87,630,037	-
A Class units - fully paid	-	6,716,457	-	6,670,348
B Class units - fully paid	-	1,798,208	-	1,766,414
C Class units - fully paid	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<u>71,483,075</u>	<u>8,514,666</u>	<u>87,630,037</u>	<u>8,436,763</u>

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 11. Units on issue - issued units (continued)**

*Movements in unit capital*

Details	Date	Units	Issue price	\$
Balance	1 July 2019	6,061,001		6,061,001
Class A - Tranche 5	18 July 2019	90,981	\$1.01	92,000
Class B - Tranche 6	23 August 2019	197,531	\$1.01	200,000
Class B - Tranche 7	27 September 2019	98,610	\$1.01	100,000
Class B - Tranche 8	1 October 2019	883	\$1.02	897
Class A - Tranche 9	13 December 2019	1,564,476	\$1.02	1,591,000
Class B - Tranche 10	1 January 2020	3,174	\$1.01	3,214
Class B - Tranche 11	15 February 2020	493,730	\$1.01	500,000
Class B - Tranche 12	1 April 2020	4,280	\$1.16	4,969
Cost of issued units		-	\$0.00	(116,318)
Balance	30 June 2020	8,514,666		8,436,763
Class B Units - Tranche 12	1 July 2020	7,410	\$1.15	8,573
Class B Units - Tranche 13	1 October 2020	7,624	\$1.15	8,759
Class C Units - Redemption	10 November 2020	(1)	\$1.00	(1)
Conversion of Class A to Ordinary Units	12 November 2020	-	\$0.00	-
Conversion of Class B to Ordinary Units	12 November 2020	-	\$0.00	-
Ordinary Units - Tranche 15	7 December 2020	391,942	\$1.28	500,000
Ordinary Units - Tranche 16	8 December 2020	4,624,912	\$1.28	5,900,000
Ordinary Units - Tranche 17	16 December 2020	38,727,252	\$1.28	49,404,356
Ordinary Units - Tranche 18	23 December 2020	391,942	\$1.28	500,000
Ordinary Units - Tranche 19	1 January 2021	45,123	\$1.27	57,188
Ordinary Units - Tranche 20	1 April 2021	130,747	\$1.28	166,977
Ordinary Units - Tranche 21	24 May 2021	5,900,259	\$1.27	7,506,898
Ordinary Units - Tranche 22	28 May 2021	4,188,365	\$1.27	5,328,856
Ordinary Units - Tranche 23	1 June 2021	3,064,833	\$1.27	3,900,000
Ordinary Units - Tranche 24	7 June 2021	372,088	\$1.27	473,482
Ordinary Units - Tranche 25	24 June 2021	4,251,473	\$1.27	5,410,000
Ordinary Units - Tranche 26	29 June 2021	864,440	\$1.27	1,100,000
Cost of issued units		-	\$0.00	(1,071,814)
Balance	30 June 2021	<u>71,483,075</u>		<u>87,630,037</u>

**Note 12. Units on issue - undistributed profits**

	Consolidated	
	2021	2020
	\$	\$
Undistributed profits at the beginning of the financial year	1,315,220	68,303
Profit for the year	3,882,551	1,640,871
Dividends paid (note 13)	(2,266,777)	(393,954)
Undistributed profits at the end of the financial year	<u>2,930,994</u>	<u>1,315,220</u>

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 13. Units on issue - distributions**

Unit Class	Distribution date	Distributions per unit	Total \$
Ordinary	31/12/2020	\$0.0054	286,366
	31/03/2021	\$0.0168	882,977
	31/03/2021	\$0.0130	928,668
			<u>2,098,011</u>
Class A	30/09/2020	\$0.0139	93,492
	12/11/2020	\$0.0062	41,665
			<u>135,157</u>
Class B	30/09/2020	\$0.0126	22,906
	12/11/2020	\$0.0056	10,257
Class C	12/11/2020	\$446.2137	446
			<u>33,609</u>
			<u><u>2,266,777</u></u>

**Note 14. Financial instruments**

***Financial risk and capital management***

The Fund's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Fund.

***Interest rate risk***

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk.

For the Fund's bank loans outstanding, totalling \$62,476,730 (2020: \$11,580,000), are principal and interest payment loans. An official increase / decrease in interest rates of 100 basis points would have an adverse / favourable effect on profit before tax of \$624,767 (2020: \$115,800) per annum.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

The consolidated entity has no significant concentrations of credit risk and has policies to review the aggregate exposure of tenancies across its portfolio. The consolidated entity also has policies to ensure that leases are made to customers with an appropriate credit history.

***Liquidity risk***

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financial liabilities due for payment	Within 1 Year \$	1-5 Years \$	Over 5 Years \$	Total \$
Trade & Other Payables	1,371,447	118,458	-	1,489,905
Distribution Payable	858,856	-	-	858,856
Loan Facility	-	62,476,730	-	62,476,730
	<u>2,230,303</u>	<u>62,595,188</u>	<u>-</u>	<u><u>64,825,491</u></u>

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 14. Financial instruments (continued)**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 15. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by PKF(NS) Audit & Assurance Limited Partnership, the auditor of the trust:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - PKF(NS) Audit &amp; Assurance Limited Partnership</i>		
Audit of the financial statements	51,000	14,500

**Note 16. Related parties**

RAM Property Funds Management Limited ("RAM") is the responsible entity of the Fund.

	<b>2021</b>	<b>2020</b>
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>
<b>RAM Property Funds Management Limited</b>		
Investment Management Fees calculated at 0.65% p.a. of the gross assets of the Trust.	531,624	101,735
Administration Fee being 0.5% of unitholder distribution	140,829	-
Property Acquisition Fees	848,446	49,500
	1,520,899	151,235

	<b>2021</b>	<b>2020</b>
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>
<b>RAM Australia Property Services Pty Ltd</b>		
Asset Management Fees. The fee for this service is 0.35% pa of the gross assets of the Trust.	283,579	60,155
Finance Facilitation Fees	134,063	28,950
Property Acquisition Fees	565,630	33,000
Performance Fees	1,328,953	-
Trust Accounting Services	26,326	5,599
Property Accounting Services	27,926	5,427
Development Management Fees	81,848	-
Leasing Fees	219,542	50,225
	2,667,867	183,356

	<b>2021</b>	<b>2020</b>
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>
<b>Amounts Payable to Related Parties</b>		
RAM Property Funds Management Limited	67,620	11,575
RAM Australia Property Services Pty Limited	3,317	7,807
RAM Australia Retail Property Fund	408,410	-
	479,347	19,382

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 17. Controlled entities**

The following entities were controlled by the parent entity during the financial year:

	<b>Ownership Interest 2021 %</b>	<b>Ownership Interest 2020 %</b>
RAM Australia Medical Property No. 1 Trust	100%	100%
RAM Australia Medical Property Mid Trust	100%	100%

The following entities were controlled by the RAM Australia Medical Property Mid Trust entity during the financial year:

	<b>Ownership Interest 2021 %</b>	<b>Owner Interest 2020 %</b>
RAM Australia Medical Property No. 2 Trust	100%	100%
RAM Australia Medical Property No. 3 Trust	100%	0%
RAM Australia Medical Property No. 4 Trust	100%	0%
RAM Australia Medical Property No. 5 Trust	100%	0%
RAM Australia Medical Property No. 6 Trust	100%	0%
RAM Australia Medical Property No. 7 Trust	100%	0%
RAM Australia Medical Property No. 8 Trust	100%	0%
RAM Australia Medical Property No. 9 Trust	100%	0%
RAM Australia Medical Property No. 10 Trust	100%	0%
RAM Australia Medical Property No. 12 Trust	100%	0%
RAM Australia Medical Property No. 14 Trust	100%	0%

**Note 18. Events after the reporting period**

*The Fund completed the following acquisitions after 30 June 2021:*

On the 6th of August 2021, RAM Australia Medical Property No. 7 Trust acquired 100% interest in the Madeley Medical Centre, located in Madeley WA. The building comprises of a medical centre with a purchase price of \$9,743,358.

On the 21st of July 2021, RAM Australia Medical Property No. 8 Trust acquired 100% interest in the The Banyans Health and Wellness Centre, located in Clear Mountain QLD. The building comprises of a rehabilitation centre with a purchase price of \$8,320,000.

On the 5th of July 2021, RAM Australia Medical Property No. 10 Trust acquired 100% interest in the Willets Health Precinct, located in Clear Mountain QLD. The building comprises of a rehabilitation centre with a purchase price of \$16,100,000.

On the 11th of August 2021, RAM Australia Medical Property No. 10 Trust acquired 100% interest in further land at the Willets Health Precinct, located in Clear Mountain QLD. The land had a purchase price of \$600,000.

**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 18. Events after the reporting period (continued)**

*The Fund entered into contracts for the following acquisitions after 30 June 2021. These acquisitions are expected to be completed before the end of October 2021:*

On the 28th of July 2021, RAM Australia Medical Property No. 9 Trust entered into a contract to acquire 100% interest in the Panaceum Medical Centre, located in Geraldton WA. The building comprises of a medical centre with a purchase price of \$13,100,000.

On the 13th of July 2021, RAM Australia Medical Property No. 11 Trust entered into a contract to acquire 100% interest in the Parkwood Family Practice, located in Parkwood QLD. The building comprises of a medical centre with a purchase price of \$7,400,000.

On the 13th of July 2021, RAM Australia Medical Property No. 11 Trust entered into a contract to acquire 100% interest in the Highlands Health Centre, located in Highland Park QLD. The building comprises of a medical centre with a purchase price of \$8,500,000.

On the 3rd of August 2021, RAM Australia Medical Property No. 12 Trust entered into a contract to acquire 100% interest in the Mildura Medical Centre, located in Mildura VIC. The building comprises of a medical centre with a purchase price of \$6,065,000.

On the 6th of August 2021, RAM Australia Medical Property No. 13 Trust entered into a contract to acquire 100% interest in the Secret Harbour Medical Centre, located in Secret Harbour WA. The building comprises of a medical centre with a purchase price of \$7,550,000.

On the 1st of September 2021, RAM Australia Medical Property No. 15 Trust entered into a contract to acquire 100% interest in the Casuarina Medical Centre, located in Casuarina NT. The building comprises of a medical centre with a purchase price of \$14,000,000.

On the 1st of September 2021, RAM Australia Medical Property No. 16 Trust entered into a contract to acquire 100% interest in the Rosebery Convenience and Medical Centre, located in Casuarina NT. The building comprises of a medical centre with a purchase price of \$8,400,000.

On the 26th of August 2021, RAM Australia Medical Property No. 17 Trust entered into a contract to acquire 100% interest in the Bowen Hills Day Surgery, located in Bowen Hills QLD. The building comprises of a day surgery with a purchase price of \$20,500,000.

On the 30th of August 2021, RAM Australia Medical Property No. 19 Trust entered into a contract to acquire 100% interest in The Gold Coast Surgery Centre, located in Southport QLD. The building comprises of a day surgery with a purchase price of \$12,750,000.

On the 17th of August 2021, RAM Australia Medical Property No. 20 Trust entered into a contract to acquire 100% interest in The North Ward Medical Centre, located in North Ward QLD. The building comprises of a day surgery with a purchase price of \$4,250,000.

On the 3rd of August 2021, RAM Australia Medical Property No. 18 Trust was incorporated and is 100% owned by RAM Australia Property Mid Trust.

On the 3rd of September 2021, the Fund acquired 50% of the shares in RAM Essential Services FinCo Pty Ltd.

The Fund entered into an Implementation Deed and Stapling Deed on the 30th of September 2021. The Fund is to be stapled to RAM Australia Retail Property Fund to form the Stapled Entity RAM Essential Services Property Fund.

On the 25th of October 2021, the Stapled Entity is to be listed on the Australian Stock Exchange as an Australian Real Estate Investment Trust (REIT). A Product Disclosure Statement was lodged with the ASX on the 30th of September 2021.

On the 24th of September 2021, RAM Essential Services Finco Pty Ltd entered into a Syndicated Facility Agreement with the Commonwealth Bank of Australia and CBA Corporate Services (NSW) Pty Ltd. The Facility will be used to refinance the existing debt facilities for the stapled entities, and to fund the planned acquisitions of the Fund. The facility limit is \$250,000,000, with a Loan to Value covenant of 50% and an Interest Coverage Ratio covenant of 2.0 times EBITDA.



**RAM Australia Medical Property Fund**  
**Notes to the financial statements**  
**30 June 2021**

**Note 19. Reconciliation of profit to net cash from operating activities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit for the year	3,882,551	1,640,871
Adjustments for:		
Depreciation and amortisation	185,197	58,674
IFRS rental income	(294,905)	(103,358)
Unrealised gains on revaluation of property	(2,835,020)	(1,274,829)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	11,175	(125,009)
Increase in other assets	(454,862)	(34,558)
Increase in trade and other payables	1,728,764	324,874
Net cash from operating activities	<u>2,222,900</u>	<u>486,665</u>

**RAM Australia Medical Property Fund  
Directors' declaration  
30 June 2021**

In the directors' opinion:

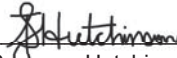
- the consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of RAM Australia Medical Property Fund;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 2 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



\_\_\_\_\_  
Scott Kelly  
Director



\_\_\_\_\_  
Suzanne Hutchinson  
Director

12 October 2021

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF RAM AUSTRALIA MEDICAL PROPERTY FUND

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of RAM Australia Medical Property Fund (the Fund) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii. complying with the Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibilities of Management and Directors of the Trustee Company for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

## Responsibilities of Management and Directors of the Trustee Company for the Financial Report (cont'd)

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF



MARTIN MATTHEWS  
PARTNER

12 OCTOBER 2021  
NEWCASTLE, NSW