

## Appendix 4E

### For the period ended 30 June 2022

Name of Entity:

RAM Essential Services Property Fund (REP) comprising of the securities in RAM Australia Retail Property Fund and RAM Australia Medical Property Fund

ARSN:

RAM Australia Retail Property Fund (ARSN 634 136 682)  
RAM Australia Medical Property Fund (ARSN 645 964 601).

### Reporting Period

This report details the consolidated results of REP for the reporting period ended 30 June 2022. REP is a stapled security comprising of RAM Australia Retail Property Fund (ARSN 634 136 682) and RAM Australia Medical Property Fund (ARSN 645 964 601).

### Results for announcement to the market

This is the first reporting period for REP as a result there are no comparisons available.

All amounts are to the reporting period ended 30 June 2022.

		<b>\$A'000</b>
Total income from ordinary activities	at	98,648
Profit from ordinary activities after tax attributable to REP stapled group investors	at	61,462
Net profit for the period attributable to REP stapled group	at	61,462

### Distributions

<b>Quarter</b>	<b>Cents Per Security</b>	<b>Paid/Payable</b>
December Quarter	1.090	28 January 2022
March Quarter	1.455	29 April 2022
June Quarter	1.455	29 July 2022
<b>Total</b>	<b>4.000</b>	

## Net Tangible Asset Per Unit

	30 June 2022
Number of Units ('000)	521,084
Net Tangible Assets (\$'000)	544,356
Net Tangible Assets per Unit (\$)	1.04

## Net Assets per security

	Consolidated	
	30 June 2022	30 June 2021
Net Asset value per ordinary security	\$1.05	N/A

This information should be read in conjunction with the 30 June 2022 Full Year Financial Report of REP and any public announcements made during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Listing Rules.

This report is based on the REP 30 June 2022 reporting period financial statements which have been audited by PKF. The Independent Auditors' Report provided by PKF is included in the 30 June 2022 financial statements.

Signed:



Greg Miles

Chairman

19 August 2022

RAM Property Funds Management Limited (ABN 28 629 968, AFSL 514484) as responsible entity of RAM Australia Retail Property Fund (ARSN 634 136 682) and RAM Australia Medical Property Fund (ARSN 645 964 601).

# Annual Financial Report 2022

RAM Essential Services Property Fund



ASX: REP | ARSN 634 136 682



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# Directors' report

30 June 2022

The Directors of RAM Property Funds Management Limited ("RAM"), the Responsible Entity of RAM Essential Services Property Fund ("Stapled 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 consolidated entity for the period ended 30 June 2022, the state of the consolidated entity's affairs as at 30 June 2022 and the Independent Auditor's Report thereon.

The RAM Essential Services Property Fund (the "Stapled Fund" or "REP") commenced on 20 October 2021 and RAM was previously appointed Responsible Entity of RAM Australia Retail Property Fund ("RARPF") from 28 September 2021 and RAM Australia Medical Property Fund ("RAMPF") from 8 September 2021. RAM is an unlisted private company incorporated under the Corporations Act 2001 and holds an Australian Financial Services Licence.

On 20 October 2021 RARPF and its controlled entities were stapled to RAMPF and its controlled entities to encompass the portfolio of REP. The stapled securities of REP are listed on the ASX. The units in RARPF and RAMPF are stapled to the units in the Fund. RARPF was identified as the parent entity in relation to the stapling.

## Principal activities

The Fund is a registered managed investment scheme domiciled in Australia. The principal objective of the Fund is to invest in accordance with the investment objectives and guidelines set out in the current Product Disclosure Statement dated 30 September 2021, and in accordance with the provisions of the individual Constitutions of RARPF and RAMPF.

The principal activity of the Fund is to invest in commercial property including essential services retail and medical property in Australia.

There has been no significant change in the activities of the Fund during the reporting period since stapling.

## Directors of the Responsible Entity

Name	Appointed	Resigned	Position
Greg Miles	20 October 2021		Independent Non-Executive Chairman
Marianne Perkovic	20 October 2021		Independent Non-Executive Director
Bryce Mitchelson	20 October 2021		Independent Non-Executive Director
Scott Wehl			Executive Director
Scott Kelly			Executive Director & CEO
Suzanne Hutchinson		20 October 2021	Director
Steven Pritchard		28 September 2021	Director

# Directors' report

30 June 2022

## Attendance of Directors at Board Meetings and Board Committee Meetings

The number of Board meetings held during the year and each Director's attendance at those meetings is set out in the table below. The Board met 8 times during the year.

	Board meetings held	Board meetings attended
Greg Miles	8	8
Marianne Perkovic	8	8
Bryce Mitchelson	8	8
Scott Wehl	8	8
Scott Kelly	8	8
Suzanne Hutchinson	1	1

Suzanne Hutchinson retired from the Board of REP, effective 20 October 2021.

## Risk and Audit Committee Meetings

The number of Risk and Audit committee meetings held during the period ended 30 June 2022, and the number of meetings attended by each director were:

	Risk and Audit Committee	
	Attended	Held
Greg Miles	-	-
Marianne Perkovic	2	2
Bryce Mitchelson	-	-
Scott Wehl	-	-
Scott Kelly	2	2
Suzanne Hutchinson	-	-

## Property Portfolio

The investment portfolio as at 30 June 2022 consisted of 23 medical properties and 12 shopping centres valued at \$798,244,000.

Since stapling on 20 October 2021, the Fund has undertaken a series of acquisitions and one disposal as follows:

### Acquisitions

On 22 October 2021, the Fund acquired 100% interest in the Parkwood Family Practice, located in Parkwood QLD. The building comprises of medical centre leased to IPN Medical Centres for a purchase price of \$7,400,000.

On 22 October 2021, the Fund acquired 100% interest in the Highland Health Centre, located in Highland Park QLD. The building comprises of medical centre leased to IPN Medical Centres for a purchase price of \$8,500,000.

On 26 October 2021, the Fund acquired 100% interest in the Secret Harbour Medical Centre, located in Secret Harbour WA. The building comprises of two-level medical building leased to a variety of medical uses for a purchase price of \$7,550,000.

On 26 October 2021, the Fund acquired 100% interest in the Sunshine Day Hospital, located in Sunshine VIC. The building comprises of private hospital leased to Dr Gastroenterology for a purchase price of \$10,025,000.

On 27 October 2021, the Fund acquired 100% interest in the Gold Coast Surgery Centre, located in Gold Coast QLD. The building comprises of three-level medical centre anchored by RAD Radiology and Avanti Healthy Living Group for a purchase price of \$12,750,000.

On 28 October 2021, the Fund acquired 100% interest in the Mildura Medical Centre, located in Mildura VIC. The two-level medical building comprising 20 consulting rooms, two pathology rooms and a procedure room, along with meeting and administration areas for a purchase price of \$6,065,000.

On 1 November 2021, the Fund acquired 100% interest in North Ward Medical Centre, located in Townsville QLD. The building comprises of a freestanding purpose-built medical facility with two tenants. The asset is securely anchored by Avanti Healthy Living Group for a purchase price of \$12,400,000.

On 3 November 2021, the Fund acquired 100% interest in the Bowen Hills Day Surgery, located in Bowen Hills QLD. The building comprises of modern two-storey building leased to Life Fertility Clinic for a purchase price of \$20,500,000.

On 5 November 2021, the Fund acquired 100% interest in the Panaceum Medical Centre, located in Geraldton WA. The building comprises of single-level medical facility leased to Care Medical Group for a purchase price of \$13,100,000.

On 3 December 2021, the Fund acquired 100% interest in the Casuarina Medical Centre, located in Casuarina NT. The building comprises of integrated medical centre leased to a variety of medical uses for a purchase price of \$14,000,000.

On 3 December 2021, the Fund acquired 100% interest in the Rosebery Convenience and Medical Centre, located in Rosebery NT. The building comprises of modern medical centre anchored by a large GP provider, physiotherapy and dentist, as well as an essential-retail based convenience offering for a purchase price of \$8,400,000.

On 15 March 2022, the Fund acquired 100% interest in the Cambridge Day Surgery, located in Wembley WA. The building comprises of modern day surgery centre for a purchase price of \$8,100,000.

On 15 March 2022, the Fund acquired 100% interest in the St John of God Wembley Day Surgery, located in Wembley WA. The building comprises of modern day surgery for a purchase price of \$27,000,000.

On 18 March 2022, the Fund acquired 100% interest in the South Lake Medical Centre, located in South Lake WA. The building comprises of modern medical centre anchored by a large GP provider for a purchase price of \$8,869,000.

# Directors' report

30 June 2022

## Disposals

On 29 April 2022, the Fund disposed of 100% interest in Gunnedah Shopping Centre, located in Gunnedah NSW. The building comprised essential-retail based tenure anchored by a Coles supermarket for a sale price of \$20,250,000.

## Review of operations

### Results

The results of the operations of the Fund are disclosed in the consolidated statement of profit or loss and other comprehensive income of this financial report. The Fund's statutory profit for the period from the date of stapling on 20 October 2021 to 30 June 2022 was \$61,462,000.

The Fund's Net Tangible Assets ('NTA') is \$1.04 per security at 30 June 2022.

### Investment property valuations

The total value of the Fund's property portfolio as at 30 June 2022 was \$798,244,000.

The weighted average capitalisation rate for the portfolio used for valuation purposes is 5.46% as at 30 June 2022.

### Occupancy

As at 30 June 2022, the Fund's portfolio was 98.8% occupied with a weighted average lease expiry ("WALE") of 6.96 years weighted by income.

### Capital Management

As at 30 June 2022, the Fund had two available debt facilities totalling \$304.5 million with a weighted average expiry of 2.2 years. Drawn borrowings totalled \$259.2 million with an all in cost of funds for the period being 2.26%.

The Fund's gearing at 30 June 2022 is 29.9%.

	30 June 2022
Statutory net profit (\$m)	61.50
Funds from operations (\$m)	21.70
FFO per security (cps)	4.20
Distributions per security (cps)	4.00

	30 June 2022
Total assets (\$'m)	832.33
Investment Properties (\$'m)	798.24
Borrowings (\$'m)	259.23
Net tangible assets ("NTA") (\$'m)	544.36
NTA per security (\$)	1.04
Gearing %	29.90



## Distributions

Distributions paid during the financial period were as follows:

	DPS cps	Total Distribution \$'000
Quarterly distribution for the period ended 30 June 2022	1.455	7,577
Quarterly distribution for the period ended 31 March 2022	1.455	7,577
Quarterly distribution for the period ended 31 December 2021	1.090	5,690
<b>Total distributions</b>	<b>4.000</b>	<b>20,844</b>

The June 2022 quarter key dates in consideration for the distribution were:

Ex-distribution date:	29 June 2022
Record date:	30 June 2022
Distribution payment date:	29 July 2022

## Funds from Operations ("FFO")

Funds from Operations ("FFO") for the period ended 30 June 2022 was \$21,705,000.

For the period ended 30 June 2022, total distributions of 4.0 cps was declared which compared to 4.2 cps of FFO, representing a FFO payout ratio of 96.0%.

This represented FFO of 4.2 cps with 4.0 cps declared for distribution, representing a FFO payout ratio of 96.0%.

The Fund uses the Property Council of Australia's definition of FFO when determining distributions payable to investors. FFO adjusts Australian Accounting Standards statutory net profit for non-cash changes in investment properties, intangible assets, financial derivatives, amortisation of incentives and leasing costs, rental straight-line adjustments and other one-off items. The Fund also adds back rental abatements incentives to ensure consistency with the treatment of rent free incentives.

	30 June 2022 \$'000
<b>Statutory net profit for period:</b>	<b>61,462</b>
Unrealised (gain)/loss on fair value of investment properties	(52,478)
Realised (gain)/loss on fair value of investment properties	(3,354)
(Gain)/loss on fair value of derivatives	(6,303)
Depreciation and amortisation expense	4,421
Transaction costs	16,199
Amortisation of debt arrangement fees	860
Straight lining of rent	(502)
Rental abatement incentives	493
Impairment of intangible assets	907
<b>Funds from Operations (FFO)</b>	<b>21,705</b>

# Directors' report

30 June 2022

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Stapled Fund during the financial period.

## Matters subsequent to the end of the financial period

On 30 June 2022, RAM Australia Medical Property No. 1 Trust entered into a contract to purchase the property located at 2166 Gold Coast Highway, Miami QLD for \$1.7m. Settlement is expected to occur on or around 29 August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Stapled Fund's operations, the results of those operations, or the Stapled Fund's state of affairs in future financial years.

## Likely developments and expected results of operations

Information on likely developments in the operations of the Stapled Fund and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Stapled Fund.

## Material business risks

There are a number of risks associated with investing in the Fund. Key risks specific to an investment in the Fund include:

### *Interest rate risk*

The Fund will be exposed to fluctuations in interest rates which may reduce the Fund's profit and distributions. The Fund has entered into interest rate hedging contracts to partially mitigate this risk.

### *Property valuation risk*

The value of each Property held by the Fund may fluctuate due to a number of factors affecting both the property market generally or the Fund's Properties in particular. A reduction in the value of any Property may adversely affect the value of Securities.

### *Rental income and expenses risk*

Distributions made by the Fund are largely dependent on the rents received from tenants across the Portfolio and expenses incurred during operations, which may be affected by a number of factors, including overall economic conditions and property market conditions.

### *Re-leasing and vacancy risk*

The Portfolio's leases will come up for renewal on a periodic basis. There is a risk that the Fund may not be able to negotiate suitable lease renewals. This may result in periods of vacancy, a reduction in the Fund's profits and Distributions and a reduction in the value of the assets of the Fund.

### *Property illiquidity*

By their nature, investments in real property assets are illiquid investments. There is a risk that should the Fund be required to realise Property assets, it may not be able to do so in a short period of time, or may not be able to realise a Property asset for the amount at which it has been valued. This may adversely affect the Fund's NTA and the value of Securities.

## *Development risk*

The Fund has identified a pipeline of value-add opportunities including future development of the Properties. The risks faced by the Fund in relation to existing or future development projects will depend on the terms of the transaction at the time. The Fund will seek to mitigate the risks associated with development projects by employing the following risk mitigation strategies:

- obtaining relevant statutory permits;
- obtaining leasing pre-commitments; and
- entering into appropriate building contracts with builders and other service providers.

## *Competition*

The Fund will face competition from other property groups active in Australia. Such competition could lead to loss of tenants to competitors, an inability to secure new tenants resulting from oversupply of commercial space and an inability to secure maximum rents due to increased competition.

## *COVID-19*

Events relating to COVID-19 have had an 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;
- rental waivers and deferrals offered to eligible tenants; and
- increases in operational expenses related to the COVID-19 pandemic.

## *Tenant concentration*

There is a risk that if one or more of the major tenants ceases to be a tenant, the Fund may not be able to find a suitable replacement tenant or may not be able to secure lease terms that are as favourable as current terms. Should the Fund be unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, this will result in a lower rental return, which could materially adversely affect the financial performance of the Fund and distributions.

## **Environmental regulation**

The Stapled Fund is not subject to any significant environmental regulations under Commonwealth or State law other than those relevant to the specific assets held by the Fund. The Responsible Entity is not aware of any breach of those environmental regulations as they apply to the Fund.

# Directors' report

30 June 2022

## Social contribution

The Responsible Entity and its related parties ("RAM Group") are committed to maintaining high standards of Environmental, Social and Governance ("ESG") across all areas of our operations and investment strategies. The RAM Group is a member of several industry governing bodies aiming to provide the highest quality products and we're integrating ESG practices into the key pillars of RAM's culture.

Some of the bodies and initiatives the RAM Group currently engages with are as follows:

### *Diversity and inclusion*

- Testament to its commitment to diversity and inclusion, RAM Group has been named an Inclusive Employer 2021-2022 by Diversity Council Australia ("DCA"). The accreditation comes off the back of DCA's nationally representative survey of workplace inclusion – Inclusion@Work Index
- RAM Group has been recognised for its commitment to closing the gender pay gap. Scott Kelly - RAM CEO Australia and Board member, has been appointed as a Pay Equity Ambassador by Workplace Gender Equality Agency
- RAM Group is a member of Women in Banking and Finance ("WiBF"). WiBF works in close collaboration with members to achieve its vision to create positive impact in the banking and financial services sector that will lead to improved gender diversity and inclusive leadership practices across the sector

### *Corporate governance*

- RAM Group is a member of the Financial Services Council ("FSC"). The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency
- RAM Group is a member of the Responsible Investment Association Australia ("RIAA"). RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand
- RAM Group is a member of the Australian Investment Council ("AIC"). AIC members partner with businesses across every sector of the market to help them grow, while supporting their local communities and creating new employment opportunities
- As a holder of 7 financial services licences (Australia and Hong Kong), RAM Group has built up a comprehensive and well-resourced team to ensure strong governance

### *Social responsibility and sustainability*

- RAM Group supports the One Million Dollars programme and is a certified Workplace Giving Supporter
- With full commitment of the RAM Board, RAM Group's Real Giving Programme encourages and promotes combined generosity towards issues of social and environmental importance to communities. The programme has a goal of donating at least 1% of RAM Group's profits to a range of charitable organisations. It also provides volunteer time and donation matching initiatives
- RAM Group was one of the first Asset Managers to roll out solar power in our property assets and have are a participant in the Carbon Neutral Program "Plant-a-Tree" in the Yarra Yarra Biodiversity Corridor reforestation project. The program also contributes to the United Nations Global Goals for Sustainable Development

The Responsible Entity and its related parties recognise the importance of ESG initiatives and is implementing a framework that complies with the recommendations of the ASX Corporate Governance Council (including the 2019 amendments) as well as current standards of best practice, with an anticipated release date in FY23.

The Responsible Entity and the Board are anticipating the ESG Policy to provide framework including a range of components for the Fund to assess, benchmark and report on.

## Securities under option

There were no unissued ordinary securities of RAM Essential Services Property Fund under option outstanding at the date of this report.

## Securities issued on the exercise of options

There were no ordinary securities of RAM Essential Services Property Fund issued on the exercise of options during the period ended 30 June 2022 and up to the date of this report.

## Indemnity and insurance of officers

The Responsible Entity has indemnified the directors and executives of the Responsible Entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Responsible Entity paid a premium in respect of a contract to insure the directors and executives of the Responsible Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor

The Responsible Entity has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Fund or any related entity against a liability incurred by the auditor.

During the financial period, the Responsible Entity has not paid a premium in respect of a contract to insure the auditor of the Fund or any related entity.

## Proceedings on behalf of the Fund

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

## Information on directors

### Greg Miles

#### *Chairman*

Greg has over 35 years of experience in property investment, development, asset and funds management. Greg has had an extensive background in retail, commercial and industrial assets over his career and has led teams to complete major transactions and many successful property developments.

Greg was Chief Operating Officer of Scentre Group until his retirement (2015-2019). Prior to this Greg was a part of Westfield Corporations Executive Leadership team and was President and Chief Operating Officer of Westfield Group's US business (2012-2015).

Greg is currently a director of IP Generation Pty Ltd, an Advisory Board member of Till Payments Global Pty Ltd and was previously a director of the Shopping Centre Council of Australia.

### Marianne Perkovic

#### *Independent Non-Executive Director*

Marianne has over 26 years of experience in executive roles and Board positions in the Banking and Financial Services industry in wealth management, financial advice and private banking across Australia, Hong Kong and Singapore.

Over the last decade, Marianne held a number of Executive General Manager positions with the Commonwealth Bank of Australia ("CBA"), including Private Bank, Wealth Management Advice and General Manager of Distribution at Colonial First

# Directors' report

30 June 2022

State. Alongside her executive career she has also served as a director on a number of Boards, including subsidiaries of CBA, Trustee Boards and as a Committee Member for Not for Profit Organisations and Industry Associations. Marianne is currently a non-executive director of Alpha Vista Financial Services Limited, Orygen Youth Mental Health Foundation, an Audit and Risk Management Committee Member of Luminesce Alliance and a Special Advisor with KPMG Australia.

Marianne holds a Bachelor of Economics with a Business Law major from Macquarie University, a Master of Business Administration from the Macquarie Graduate School of Management and is a Graduate of the Australian Institute of Company Directors and a member of Chief Executive Women.

## Bryce Mitchelson

### *Independent Non-Executive Director*

Bryce is a well-known veteran in the property industry and has more than 30 years' experience in various capacities including valuing, transacting, investing and developing a broad range of property types including retail, office, industrial, residential, childcare and healthcare real estate in Australia.

In February 2019, Bryce retired from his role of managing director at Arena REIT Limited (ASX Code ARF), a social infrastructure property business he co-founded and listed some years earlier. For the five years until his retirement, Arena was the highest performing ASX300 A-REIT in the market.

Bryce holds a Bachelor of Economics (Accounting), Bachelor of Business (Property) and Graduate Diploma of Applied Finance and Investment.

## Scott Wehl

### *Executive Director*

Scott has over 23 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 17 countries.

Over his 13-year career with UBS WM, Scott held various roles including 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.

## Scott Kelly

### *Executive Director and CEO*

Scott has over 28 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 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 \$24 billion of assets under management. Scott has also held the position of national sales director for Macquarie Private Wealth Australia and, prior to this, Scott co-founded and was managing director of Corazon Capital (Jersey) Limited, 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 Diploma Qualified Member of the Chartered Institute of Securities & Investment, UK.

## Company secretary

The company secretary of the Responsible Entity during or since the end of the financial year is:

### Stewart Chandler (appointed 01 September 2021)

Stewart has 20 years' experience as a legal and compliance professional, over 15 of those years have been spent providing Legal and Compliance advice and support to leading financial institutions in Australia and overseas.

Prior to joining Real Asset Management, Stewart was an Executive Manager, Compliance at Westpac. In that role he was responsible for compliance advice and oversight of compliance frameworks. Prior to Westpac he worked as a Senior Legal Counsel for HSBC Bank in Australia for 12 years, supporting a wide range of HSBC's retail, wealth and private bank businesses as well as IT, digital and operations not only in Australia but also India and the UK.

Stewart holds degrees in Arts (Hons.) and Law from the University of NSW, and is admitted as a Solicitor in the Supreme Court of NSW and the Supreme Court of England and Wales.

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 5 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 5 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Fund, acting as advocate for the Fund or jointly sharing economic risks and rewards.

## Officers of the company who are former partners of PKF

There are no officers of the Responsible Entity and its related parties who are former partners of PKF(NS) Audit & Assurance Limited Partnership.

## Rounding of amounts

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## 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.

## Auditor

PKF(NS) Audit & Assurance Limited Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

# Directors' report

30 June 2022

## Responsible Entity interests

The following fees were paid or payable to the Responsible Entity and related parties during the financial period:

	<b>Consolidated 2022 \$'000</b>
Investment management fees	3,513
Property acquisition fees	2,140
Leasing fees	984
Development management fees	777
Finance facilitation fees <sup>1</sup>	625
Accounting fees	380
Registry fees	35
Cost recoveries	1,165
	<b>9,619</b>

1. Related to a pre-listing transaction.

Further details for related party transactions are detailed in note 26.

The Responsible Entity and/or its related parties that hold securities in the consolidated entity during the financial period are outlined in note 26 to the financial statements.

This report is made in accordance with a resolution of directors. The Directors have the power to amend and re-issue the consolidated financial statements.

On behalf of the Board of the Responsible Entity.



Greg Miles  
Independent Non-Executive Chairman



Marianne Perkovic  
Independent Non-Executive Director

19 August 2022  
Sydney



# Auditor's independence declaration



## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of the Responsible Entity of the RAM Essential Services Property Fund

I am pleased to provide the following declaration of independence to the directors of the Responsible Entity of the RAM Essential Services Property Fund.

As lead audit partner for the audit of the financial report of RAM Essential Services Property Fund for the period ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

PKF

MARTIN MATTHEWS  
PARTNER

19 AUGUST 2022  
NEWCASTLE, NSW

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

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under Professional Standards Legislation

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For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

# Statement of profit or loss and other comprehensive income

For the period ended 30 June 2022

	Note	Consolidated 2022 \$'000
<b>Revenue</b>		
Interest revenue calculated using the effective interest method	7	2
Rent from investment properties	6	36,511
Unrealised gains on revaluation of investment property	7	52,478
Realised gain on disposal of investment property	7	3,354
Unrealised gains on financial instruments	7	6,303
<b>Total revenue</b>		<b>98,648</b>
<b>Expenses</b>		
Auditor's remuneration	5	(269)
Investment property expenses	8	(5,832)
Other expenses		(302)
Depreciation and amortisation expense	8	(4,421)
Impairment of intangible assets	8	(907)
Transaction costs		(16,199)
Fund management fees		(4,003)
Property management fees	8	(1,075)
Finance expenses relating to interest-bearing liabilities	8	(4,178)
<b>Total expenses</b>		<b>(37,186)</b>
<b>Profit for the period</b>		<b>61,462</b>
Other comprehensive income for the period		-
<b>Total comprehensive income for the period</b>		<b>61,462</b>
Profit for the period is attributable to:		
Non-controlling interest	22,28	18,927
Securityholders of RAM Essential Services Property Fund	21	42,535
		<b>61,462</b>
Total comprehensive income for the period is attributable to:		
Non-controlling interest		18,927
Securityholders of RAM Essential Services Property Fund		42,535
		<b>61,462</b>
		<b>Cents</b>
Basic earnings per security		12.00
Diluted earnings per security		12.00

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

# Statement of financial position

As at 30 June 2022

	Note	Consolidated 2022 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	9	15,823
Trade and other receivables	10	3,434
Other current assets	11	2,230
<b>Total current assets</b>		<b>21,487</b>
<b>Non-current assets</b>		
Derivative financial instruments	12	6,303
Investment properties	13	798,244
Intangible assets	14	2,901
Other non-current assets	15	3,399
<b>Total non-current assets</b>		<b>810,847</b>
<b>Total assets</b>		<b>832,334</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	16	23,985
Interest bearing loans and borrowings	17	12,683
<b>Total current liabilities</b>		<b>36,668</b>
<b>Non-current liabilities</b>		
Security deposits	18	681
Interest bearing loans and borrowings	19	244,329
<b>Total non-current liabilities</b>		<b>245,010</b>
<b>Total liabilities</b>		<b>281,678</b>
<b>Net assets</b>		<b>550,656</b>
<b>Equity</b>		
Issued securities	20,28	246,733
Undistributed profits	21,28	35,710
Equity attributable to the securityholders of RAM Essential Services Property Fund		282,443
Non-controlling interest	22	268,213
<b>Total equity</b>		<b>550,656</b>

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

## Statement of changes in equity

For the period ended 30 June 2022

<b>Consolidated</b>	<b>Issued securities \$'000</b>	<b>Undistributed profits \$'000</b>	<b>Non-controlling interest \$'000</b>	<b>Total equity \$'000</b>
Balance at 20 October 2021	-	-	-	-
Profit for the period	-	42,535	18,927	61,462
Other comprehensive income for the periodw	-	-	-	-
Total comprehensive income for the period	-	42,535	18,927	61,462
Net assets of RAMPF on stapling to RARPF (note 20)	-	-	255,568	255,568
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Contributions of equity, net of transaction costs (note 20 and note 21)	246,733	5,206	2,531	254,470
Distributions paid (note 23)	-	(12,031)	(8,813)	(20,844)
<b>Balance at 30 June 2022</b>	<b>246,733</b>	<b>35,710</b>	<b>268,213</b>	<b>550,656</b>

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

# Statement of cash flows

For the period ended 30 June 2022

	Note	Consolidated 2022 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)		39,582
Payments to suppliers (inclusive of GST)		(31,229)
		8,353
Interest received		4
Interest and other finance costs paid		(3,291)
Net cash from operating activities	30	5,066
<b>Cash flows from investing activities</b>		
Payments for investment property	13	(177,062)
Proceeds from disposal of investment property		19,328
Net cash used in investing activities		(157,734)
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities	20	192,701
Distributions paid	23	(13,267)
Repayment of borrowings		(18,768)
Net cash from financing activities		160,666
Net increase in cash and cash equivalents		7,998
Cash and cash equivalents at the beginning of the financial period		-
Cash balance of RARPF on date of stapling		6,850
Cash balance of RAMPF on date of stapling		975
Cash and cash equivalents at the end of the financial period	9	15,823

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

# Notes to the financial statements

30 June 2022

## Note 1. General information

These financial statements cover RAM Essential Services Property Fund ("Stapled Fund"). The financial statements are presented in Australian dollars, which is the Stapled Fund's functional and presentation currency.

RAM Essential Services Property Fund is an ASX listed Managed Investment scheme, 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 Stapled 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 of the Responsible Entity, on 19 August 2022.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### *Basis of preparation*

These Consolidated Financial Statements are a general purpose financial report for the reporting period ended 30 June 2022 which has been prepared in accordance with the requirements of the Product Disclosure Statement and Constitutions of the entities within the Stapled Fund, the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards adopted by the International Accounting Standards Board ('IASB').

Unless otherwise stated the Consolidated Financial Statements have been prepared using consistent accounting policies in line with those of the interim reporting period.

### 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 Stapled Fund'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.

### *Basis for combined financial report*

The RAM Essential Services Property Fund is a Stapled Fund comprising RARPF and its controlled entities, and RAMPF and its controlled entities. The securities in the group are stapled to the units in the trusts. The stapled securities cannot be traded or dealt with separately. The stapled securities of the RAM Essential Services Property Fund are listed on the ASX. RAM Australia Retail Property Fund has been identified as the parent entity in relation to the stapling event.

RARPF and RAMPF remain separate legal entities in accordance with the Corporations Act 2001 and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Act 2001.

On 20 October 2021, RARPF acquired RAMPF. Under the terms of AASB 3 Business Combinations, RARPF was deemed to be the accounting acquirer in this business combination. The Directors of the Responsible Entity applied judgement in the determination of the parent entity of the Stapled Fund and considered various factors including asset size and capital structure. Accordingly, the consolidated financial statements of the RAM Essential Services Property Fund have been prepared as a continuation of the consolidated financial statements of RARPF from the date of stapling.

### ***New or amended Accounting Standards and Interpretations adopted***

The Stapled Fund has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### ***Parent entity information***

In accordance with the Corporations Act 2001, these financial statements present the results of the Stapled Fund only. Supplementary information about the parent entity is disclosed in note 28.

### ***Principles of consolidation***

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Stapled Fund as at 30 June 2022 and the results of all controlled entities of the Stapled Fund for the period since stapling then ended. RAM Essential Services Property Fund and its controlled entities together are referred to in these financial statements as the 'Stapled Fund'.

Controlled entities are all those entities over which the Stapled Fund has control. The Stapled Fund controls an entity when the Stapled Fund 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 Stapled Fund. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Stapled Fund are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Stapled Fund.

The acquisition of controlled entities is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Stapled Fund. Losses incurred by the Stapled Fund are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Stapled Fund loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Stapled Fund recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

# Notes to the financial statements

30 June 2022

## Note 2. Significant accounting policies (continued)

### *Revenue recognition*

The Stapled Fund recognises revenue 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**

Interest revenue 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.

#### **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

### *Current and non-current classification*

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Stapled Fund's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Stapled Fund's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

### *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.

The Stapled Fund has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.



## ***Derivative financial instruments***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

## **Cash flow hedges**

Cash flow hedges are used to cover the Stapled Fund's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

## ***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 Stapled 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.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

## ***Excess of current liabilities over current assets***

As at 30 June 2022, the Fund's current liabilities of \$36,668,000 exceed its current assets of \$21,487,000 by \$15,181,000.

The major contributor of this excess is the short term loan facility with Westpac for the redevelopment of the Keppel Bay Plaza asset. It is anticipated this facility will be refinanced into a longer term facility on completion of the redevelopment project.

## ***Intangible assets***

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

# Notes to the financial statements

30 June 2022

## Note 2. Significant accounting policies (continued)

### Goodwill

Goodwill arises during business combinations. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### Borrowing costs

Costs in relation to borrowings are capitalised as an asset and amortised on a straight-line basis over the period of the finance arrangement.

### *Impairment of non-financial assets*

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Stapled Fund prior to the end of the financial period 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.

### *Finance costs*

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### *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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

For Medical Properties, if the capitalisation rate increased by 25 basis points, fair value would reduce by \$16.77 million from the fair value as at 30 June 2022 and if the capitalisation rate decreased by 25 basis points, fair value would increase by \$18.45 million from the fair value as at 30 June 2022.

For Retail Properties, if the capitalisation rate increased by 25 basis points, fair value would reduce by \$18.30 million from the fair value as at 30 June 2022 and if the capitalisation rate decreased by 25 basis points, fair value would increase by \$19.99 million from the fair value as at 30 June 2022.

### ***Issued security***

Ordinary securities are classified as equity.

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

### ***Distributions***

Distributions are recognised when declared during the financial period and no longer at the discretion of the Stapled Fund.

### ***Business combinations***

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Stapled Fund assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Stapled Fund's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Stapled Fund remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

# Notes to the financial statements

30 June 2022

## Note 2. Significant accounting policies (continued)

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### *Earnings per security*

#### Basic earnings per security

Basic earnings per security is calculated by dividing the profit attributable to the securityholders of RAM Essential Services Property Fund, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of ordinary securities outstanding during the financial period, adjusted for bonus elements in ordinary securities issued during the financial period.

#### Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

### *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.

### *Rounding of amounts*

The Stapled Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### *New Accounting Standards and Interpretations not yet mandatory or early adopted*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Stapled Fund for the annual reporting period ended 30 June 2022. The Stapled Fund has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### **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 rental experience and historical collection rates.

#### ***Fair value measurement hierarchy***

The Stapled 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.

#### ***Goodwill and other indefinite life intangible assets***

The Stapled Fund tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

#### ***Impairment of non-financial assets other than goodwill and other indefinite life intangible assets***

The Stapled Fund assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Stapled Fund and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### ***Business combinations***

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Stapled Fund taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

# Notes to the financial statements

30 June 2022

## Note 4. Segment reporting

The Stapled Fund is organised into one operating segment; being to invest in accordance with the investment objectives and guidelines set out in its current Product Disclosure Statement and in accordance with the provisions of RARPF's and RAMPF's Constitutions. This singular operating segment is based on the internal reports that are provided to the chief operating decision maker to facilitate strategic decisions.

The Responsible Entity has been identified as the Stapled Fund's chief operating decision maker.

## Note 5. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by PKF(NS) Audit & Assurance Limited Partnership and related entities, the auditor of the Stapled Fund:

	Consolidated 2022 \$
<i>Audit services - PKF(NS) Audit &amp; Assurance Limited Partnership</i>	
Audit or review of the financial statements	182
<i>Non-audit services - PKF(NS) Audit &amp; Assurance Limited Partnership</i>	
Consultancy advice	87
	269

## Note 6. Revenue

### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2022 \$'000
Rental income	32,604
Recoverable outgoings	3,405
Straight-line of rental income	502
	36,511

## Note 7. Total revenue

	Consolidated 2022 \$'000
Rent from investment properties	36,511
Interest revenue	2
Realised gains on disposal of investment property	3,354
Unrealised gains on revaluation of property	52,478
Unrealised gains on revaluation financial instruments	6,303
	<b>98,648</b>

## Note 8. Expenses

	Consolidated 2022 \$'000
Profit includes the following specific expenses:	
<i>Amortisation</i>	
Lease incentives as Lessor	4,421
<i>Impairment</i>	
Intangible assets	907
<i>Finance costs</i>	
Interest and finance charges paid/payable on borrowings	3,318
Amortisation of borrowing transaction costs	860
<b>Finance costs expensed</b>	<b>4,178</b>
<i>Expenses on investment properties</i>	
Investment property expenses	5,832
Property management fees	1,075
<b>Total expenses on investment properties</b>	<b>6,907</b>

Finance costs include interest, amortisation or other costs incurred in connection with arrangement of borrowings.

### *Expenses on investment properties*

Property expenses include rates, taxes and other property outgoings incurred in relation to investment properties. These expenses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. If these expenses are recovered from a tenant by the Funds, they are recorded within Recoverable outgoings within Rent from investment properties.

# Notes to the financial statements

30 June 2022

## Note 9. Current assets - cash and cash equivalents

	Consolidated 2022 \$'000
Cash at bank	15,593
Cash on deposit	230
	15,823

## Note 10. Current assets - trade and other receivables

	Consolidated 2022 \$'000
Trade receivables	2,368
Less: Allowance for expected credit losses	(176)
	2,192
Other receivables	1,242
	3,434

### *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 2022 %	Carrying amount 2022 \$'000	Allowance for expected credit losses 2022 \$'000
<b>Consolidated</b>			
Not overdue	-	2,529	-
30 to 90 days overdue	5.4%	636	34
+91 days overdue	32.0%	445	142
		3,610	176



## Note 11. Current assets - other current assets

	Consolidated 2022 \$'000
Accrued revenue	1,786
Prepayments	444
	2,230

## Note 12. Non-current assets - derivative financial instruments

	Consolidated 2022 \$'000
Interest rate swap contracts - cash flow hedges	6,303

Refer to note 25 for further information on fair value measurement.

## Note 13. Non-current assets - investment properties

	Consolidated 2022 \$'000
Investment properties - retail	431,469
Investment properties - medical	366,775
	798,244

### *Reconciliation*

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

Opening fair value	579,340
Additions	164,084
Disposals	(19,328)
Revaluation increments	55,832
Capital expenditure	36,137
Depreciation and amortisation expense	(4,421)
Property transaction costs	(13,400)
Closing fair value	798,244

# Notes to the financial statements

30 June 2022

## Note 13. Non-current assets - investment properties (continued)

### *Lessor commitments*

Minimum lease commitments receivable but not recognised in the financial statements:

	Consolidated 2022 \$'000
1 year or less	49,679
Between 1 and 2 years	43,274
Between 2 and 3 years	39,308
Over 3 years	183,007
	315,268

## Note 14. Non-current assets - intangible assets

	Consolidated 2022 \$'000
Goodwill - at cost	2,901

Represents goodwill on acquisition of controlled entities.

## Note 15. Non-current assets - other non-current assets

Other non-current assets relates to the straight-lining and smoothing adjustments for rent from investment properties.

	Consolidated 2022 \$'000
Other non-current assets	3,399

## Note 16. Current liabilities - trade and other payables

	Consolidated 2022 \$'000
Trade payables	7,147
Accrued expenses	6,037
Fees payable to related parties	315
Deferred income	1,963
Security deposits	946
Distributions payable	7,577
	23,985

Refer to note 24 for further information on financial instruments.

## Note 17. Current liabilities - Interest bearing loans and borrowings

On 14 April 2022, the Stapled Fund renewed the senior loan facility with Westpac Banking Corporation for a principal of \$24.5m with \$12.7m drawn debt at 30 June 2022. This facility has a termination date of 14 April 2023.

	Consolidated 2022 \$'000
Loan Facility Drawn	12,700
Less Attributable transaction costs	(17)
	12,683

Refer to note 24 for further information on financial instruments.

## Note 18. Non-current liabilities - security deposits

	Consolidated 2022 \$'000
Security deposits	681

Refer to note 24 for further information on financial instruments.

# Notes to the financial statements

30 June 2022

## Note 19. Non-current liabilities - Interest bearing loans and borrowings

On 24 September 2021, RARPF and RAMPF jointly entered into a Syndicated Debt Facility with the Commonwealth Bank of Australia ("CBA").

The Debt Facility is for a term of 3 years and provides the borrower, a controlled entity, RAM Australia FinCo Pty Ltd (FinCo) with a loan facility totalling \$250.0m. On 22 October 2021, FinCo drew \$211.7m to refinance existing CBA Facilities and complete the acquisitions of 11 Medical Properties.

On 19 of March 2022, RARPF and RAMPF increased the Facility limit on the Debt Facility to \$280.0m. On 15 March 2022, the FinCo drew down \$37.0m to complete the acquisition of 2 Medical Properties. A further \$8.4m was drawn on 18 March 2022 to complete the acquisition of 1 Medical Property. On 29 April 2022, \$19.3m was repaid in relation to the disposal of 1 Retail Property. A further \$8.7m was drawn on 24 of June 2022.

	Consolidated 2022 \$'000
Bank loans	246,534
Less Attributable transaction costs	(2,205)
	244,329

Refer to note 24 for further information on financial instruments.

### *Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	Consolidated 2022 \$'000
Bank loans	259,234
Less Attributable transaction costs	(2,222)
	257,012
Total facilities	
Bank loans	304,500
Used at the reporting date	
Bank loans	259,234
Unused at the reporting date	
Bank loans	45,266

## Note 20. Equity - issued securities

On 20 October 2021, RARPF combined with RAMPF to create the RAM Essential Services Property Fund ("Stapled Fund") as a "stapled entity". Under the stapling arrangement, each stapled security was issued at a ratio of 1 for 1 between RARPF and RAMPF.

As part of the restructure, existing unit holders of RARPF and RAMPF were provided the option to redeem their units in the fund or to equalise their existing units to the stapled securities of RESP.

This resulted in 277,737,937 units being redeemed, and 506,208,336 securities issued to form the stapled securities in RESP. A total of \$12,244,000 of transaction costs relating to the listing were allocated to equity.

	30 June 2022 securities	30 June 2022 \$'000
Ordinary units - fully paid (note 28)	260,542,047	246,733
Non-controlling interest units - fully paid (note 22)	260,542,047	255,568
	521,084,094	502,301

### *Ordinary securities*

Ordinary securities entitle the holder to participate in distributions and the proceeds on the winding up of the Stapled Fund in proportion to the number of and amounts paid on the securities held. The fully paid ordinary securities have no par value and the Stapled Fund does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each security shall have one vote.

### *Security buy-back*

There is no current on-market security buy-back.

### *Capital risk management*

The Stapled Fund's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for securityholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Stapled Fund may adjust the amount of distributions paid to securityholders, return capital to securityholders, issue new securities or sell assets to reduce debt.

The Stapled Fund would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Stapled Fund's security price at the time of the investment. The Stapled Fund is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Stapled Fund is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial period.

# Notes to the financial statements

30 June 2022

## Note 21. Equity - undistributed profits

	Consolidated 2022 \$'000
Undistributed profits at the beginning of the financial period	5,206
Profit for the period	42,535
Distributions paid (note 23)	(12,031)
Undistributed profits at the end of the financial period	35,710

## Note 22. Equity - non-controlling interest

The equity attributable to RAMPF as stapled to the parent, RARPF, is presented as non-controlling interests ("NCI") in the statement of financial position of the Stapled Fund.

The following table summarises the information relating to RAMPF that has material NCI.

	Consolidated 2022 \$'000
Total securityholder's funds	255,568
Undistributed profits	12,645
	268,213

	%	2022 \$'000
<b>NCI percentage</b>	100%	
Current assets		6,122
Non-current assets		413,926
Current liabilities		(8,349)
Non-current liabilities		(143,486)
<b>Net assets</b>		268,213
Issued capital		255,568
Undistributed profits		12,645
<b>Net assets attributable to NCI</b>		268,213
Revenue		14,934
Profit		18,927
<b>Total comprehensive income</b>		18,927
<b>Profit allocated to NCI</b>		18,927

### Note 23. Equity - distributions

Distributions paid or payable during the financial period were as follows:

	2022 \$'000
Quarterly distribution for the period ended 30 June 2022	7,577
Quarterly distribution for the period ended 31 March 2022	7,577
Quarterly distribution for the period ended 31 December 2021	5,690
	<b>20,844</b>

	Distribution per security cps
Final distribution for the period ended 30 June 2022	1.455
Interim distribution for the period ended 31 March 2022	1.455
Interim distribution for the period ended 31 December 2021	1.090

# Notes to the financial statements

30 June 2022

## Note 24. Financial instruments

### *Financial risk management objectives*

The Stapled Fund's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Stapled 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 Stapled Fund. The Stapled Fund uses derivative financial instruments such as interest rate swap contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Stapled Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives of the Investment Manager under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Stapled Fund and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Stapled Fund's operating units. Finance reports to the Board on a quarterly basis.

### *Market risk*

#### Foreign currency risk

The Stapled Fund's functional currency is the Australian dollar, the Stapled Fund does not undertake transactions that expose the entity to foreign currency risk.

#### Price risk

The Stapled Fund is not exposed to any significant price risk.

#### Interest rate risk

The Stapled Fund's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Stapled Fund to interest rate risk. Borrowings obtained at fixed rates expose the Stapled Fund to fair value interest rate risk. The policy is to maintain approximately 50-75% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary.

For the Stapled Fund the bank loans outstanding, totalling \$259,234,000 are principal and interest payment loans. Monthly cash outlays of approximately \$655,000 per month are required to service the interest payments. An official increase/decrease in interest rates of 100 basis points would have an (adverse)/favourable effect on profit before tax of (\$1,270,000)/\$1,225,000 per annum.

### *Credit risk*

Credit risk refers to the risk that a tenant will default on their contractual obligations resulting in financial loss to the Stapled Fund. The Responsible Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Responsible Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Stapled Fund does not hold any collateral.

The Stapled Fund has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all tenants of the Stapled Fund based on recent rental experience, historical collection rates and forward-looking information that is available.



Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### Liquidity risk

Vigilant liquidity risk management requires the Stapled Fund 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 Stapled Fund 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.

### Financing arrangements

Unused borrowing facilities at the reporting date:

	<b>Consolidated 2022 \$'000</b>
Bank loans	<b>45,266</b>

### *Fair value of financial instruments*

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

## Note 25. Fair value measurement

### *Fair value hierarchy*

The following tables detail the Stapled Fund's assets and liabilities, measured or disclosed 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.

Level 3: Unobservable inputs for the asset or liability.

<b>Consolidated - 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<i>Assets</i>				
Investment properties - retail	-	431,469	-	431,469
Investment properties - medical	-	366,775	-	366,775
Financial Instruments - cash flow hedge	6,303	-	-	6,303
Total assets	6,303	798,244	-	804,547

There were no transfers between levels during the financial period.

# Notes to the financial statements

30 June 2022

## Note 25. Fair value measurement (continued)

### *Valuation techniques for fair value measurements categorised within level 2 and level 3*

Direct property assets are valued in accordance with the Stapled Fund's Property Valuation Policy.

This Policy requires that all direct property assets be valued at Fair Value at each balance date. Fair Value is determined at least once every two years by an appropriately qualified independent property valuer.

In the intervening periods Fair Value is determined by the Responsible Entity, acting in good faith, after considering all relevant market-based information and circumstances.

Where the Responsible Entity or Investment Manager believes that there have been significant changes in the value of the direct property assets, an appropriately qualified independent property valuer will be engaged at each reporting period in consultation with the scheme auditor to value the direct property assets in accordance with ordinary commercial practice and AIFRS.

The balance of the Fund's properties were valued by the Responsible Entity using usual market adopted methodologies including capitalisation, discounted cash flow and comparison methodologies.

## Note 26. Related parties

### *Key management personnel*

The Stapled Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity. The Responsible Entity has appointed an Investment Manager to manage the activities of the Stapled Fund which has been identified as key management personnel.

### *Key management personnel loan disclosures*

The Stapled Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

### *Related Party fees and other transactions*

	<b>Basis and rate applicable</b>	<b>Related party</b>
Investment management fees	The investment management fee is calculated at 0.65% per annum, excluding GST, of the gross asset value up to and including \$1.50B, and 0.55% per annum of the gross asset value in excess of \$1.50B.	Investment Manager
Property acquisition fees	The acquisition fee is calculated at 0.75% of the acquisition price of any acquisitions undertaken by the Stapled Group.	Investment Manager
Property management fees	The property management fees have been charged to recover the costs associated with the fees payable to external property managers. This is below the amount the property manager is entitled to charge.	Property Manager

	<b>Basis and rate applicable</b>	<b>Related party</b>
Leasing fees	The Property Manager is entitled to receive leasing fees for the provision of leasing services in relation to the Properties (as agreed between the Responsible Entity and the Property Manager) including for new tenants and renewals of existing tenants.	Property Manager
Development management fees	The development management fees are calculated at 5% of the greater of development costs and gross valuation uplift. Valuation uplift is calculated as the value of the asset upon completion less the value of the asset at acquisition. This fee is payable at significant stages in the development plan.	Property Manager
Registry fees	The registry fees are in relation to the equity register maintenance and administration services provided to the Stapled Fund.	Investment Manager
Accounting fees	The accounting fees are in relation to accounting services provided directly to the Stapled Fund on fixed rate contracts, determined by the number of tenants of the associated property to the Stapled Fund.	Investment Manager Property Manager
Finance facilitation fees	As per the previous terms of the investment management agreements of RARPF and RAMPF, which were applicable when the Debt Facility Agreement was entered into pre stapling, a one-off fee of 0.25% of the Debt Facility is payable to the Investment Manager.	Investment Manager
Reimbursement for costs paid	All reasonable expenses and costs incurred in connection with the obligations of the related parties as stipulated in the Fund Constitutions.	Responsible Entity Investment Manager Property Manager

### ***Related Parties***

#### **Responsible Entity**

RAM Property Funds Management Limited is the responsible entity.

#### ***Investment Manager***

RAM Property Investment Management Pty Ltd is the engaged investment manager.

#### ***Property Manager***

RAM Property Asset Management Pty Ltd is the engaged property manager.

# Notes to the financial statements

30 June 2022

## Note 26. Related parties (continued)

### *Transactions with related parties*

At the reporting date, the following transactions occurred with related parties:

	Consolidated 2022 \$'000
<b>RAM Property Funds Management Limited</b>	
Directors fees	245
Cost recoveries	500
	745
<b>RAM Property Investment Management Pty Ltd</b>	
Investment management fees	2,150
Registry fees	25
Cost recoveries	240
Property acquisition fees	330
	2,745
<b>RAM Property Asset Management Pty Ltd</b>	
Leasing fees	76
Cost recoveries	111
	187
<b>Real Asset Management Pty Ltd</b>	
Investment management fees	886
Property acquisition fees	1,086
Registry fees	10
Cost recoveries	32
	2,014

	Consolidated 2022 \$'000
<b>RAM Australia Property Services Pty Ltd</b>	
Investment management fees	477
Property acquisition fees	724
Accounting fees	380
Development management fees	777
Leasing fees	908
Finance facilitation fees	625
Cost recoveries	37
	<b>3,928</b>

#### Receivable from and payable to related parties

There were no trade receivables from related parties at the reporting date.

At the reporting date, an amount of \$315,000 including GST is owing to the related parties and is included in the trade and other payables.

	Consolidated 2022 \$'000
<b>Payable to related parties</b>	
RAM Property Funds Management Limited	96
RAM Property Investment Management Pty Ltd	141
RAM Property Asset Management Pty Ltd	43
Real Asset Management Pty Ltd	35
	<b>315</b>

#### Loans to/from related parties

There were no loans to or from related parties at the reporting date.

#### Terms and conditions

All related party payables are non-interest bearing.

# Notes to the financial statements

30 June 2022

## Note 26. Related parties (continued)

### Securities held by related parties

At 30 June 2022, the following related parties of the Responsible Entity hold securities in the Fund.

	Closing securities held	Closing interest held
RAM Property Securities Fund	147,284,895	28.3%
188 ECT Capital Stable Fund	9,901,092	1.9%
RAM Group Nominees Pty Ltd	5,000,000	1.0%
Scott Wehl	200,000	0.0%
Bryce Mitchelson	200,000	0.0%
Greg Miles	150,000	0.0%
Marianne Perkovic	100,000	0.0%
Scott Kelly	100,000	0.0%
	162,935,987	

## Note 27. Controlled entities

The following entities were controlled by the Stapled Fund during the financial period respectively.

	Consolidated 2022 %
<b>Held directly by RAM Australia Retail Property Fund</b>	
RAM Australia Retail Property No. 1 Trust	100%
RAM Australia Retail Property No. 2 Trust	100%
RAM Australia Retail Property No. 3 Trust	100%
RAM Australia Retail Property No. 4 Trust	100%
RAM Australia Retail Property No. 5 Trust	100%
RAM Australia Retail Property No. 6 Trust	100%
RAM Australia Retail Property No. 7 Trust	100%
RAM Australia Retail Property No. 8 Trust	100%
RAM Australia Retail Property No. 9 Trust	100%
RAM Australia Keppel Bay Plaza Trust	100%
North Lakes Centre No. 1 Trust	100%
RAM Essential Services FinCo Pty Ltd	50%

	Consolidated 2022 %
<b>Held directly by RAM Australia Medical Property Fund</b>	
RAM Australia Medical Property No. 1 Trust	100%
RAM Australia Medical Property Mid Trust	100%
RAM Essential Services FinCo Pty Ltd	50%

	Consolidated 2022 %
<b>Held directly by RAM Australia Medical Property Mid Trust</b>	
RAM Australia Medical Property No. 2 Trust	100%
RAM Australia Medical Property No. 3 Trust	100%
RAM Australia Medical Property No. 4 Trust	100%
RAM Australia Medical Property No. 5 Trust	100%
RAM Australia Medical Property No. 6 Trust	100%
RAM Australia Medical Property No. 7 Trust	100%
RAM Australia Medical Property No. 8 Trust	100%
RAM Australia Medical Property No. 9 Trust	100%
RAM Australia Medical Property No. 10 Trust	100%
RAM Australia Medical Property No. 11 Trust	100%
RAM Australia Medical Property No. 12 Trust	100%
RAM Australia Medical Property No. 13 Trust	100%
RAM Australia Medical Property No. 14 Trust	100%
RAM Australia Medical Property No. 15 Trust	100%
RAM Australia Medical Property No. 16 Trust	100%
RAM Australia Medical Property No. 17 Trust	100%
RAM Australia Medical Property No. 18 Trust	100%
RAM Australia Medical Property No. 19 Trust	100%
RAM Australia Medical Property No. 20 Trust	100%
RAM Australia Medical Property No. 21 Trust	100%
RAM Australia Medical Property No. 22 Trust	100%

# Notes to the financial statements

30 June 2022

## Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

	Parent - RARPF 2022 \$'000
Profit	42,535
Total comprehensive income	42,535

### Statement of financial position

	Parent - RARPF 2022 \$'000
Total current assets	15,394
<b>Total assets</b>	<b>455,208</b>
Total current liabilities	27,587
<b>Total liabilities</b>	<b>172,765</b>
Equity	
Issued securities	246,733
Undistributed profits	35,710
<b>Total equity</b>	<b>282,443</b>

## Note 29. Events after the reporting period

On 30 June 2022, RAM Australia Medical Property No. 1 Trust entered into a contract to purchase the property located at 2166 Gold Coast Highway, Miami QLD for \$1.7m. Settlement is expected to occur on or around 29 August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Stapled Fund's operations, the results of those operations, or the Stapled Fund's state of affairs in future financial years.



## Note 30. Reconciliation of profit to net cash from operating activities

	Consolidated 2022 \$'000
Profit for the period	61,462
Adjustments for:	
Depreciation and amortisation	4,421
Impairment of goodwill	907
Net fair value gain on investment properties	(52,478)
Transaction costs	16,199
IFRS rental income	(502)
Net gain of disposal of investment property	(3,354)
Net fair value gain on financial assets	(6,303)
Change in operating assets and liabilities:	
Decrease in trade and other receivables	325
Decrease in other current assets	(6,808)
Decrease in trade and other payables	(10,105)
Increase in other liabilities	1,302
<b>Net cash from operating activities</b>	<b>5,066</b>

# Directors' declaration

30 June 2022

In the opinion of the directors':

- the attached consolidated financial statements and notes of the Responsible Entity for the Fund comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Stapled Fund's financial position as at 30 June 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Stapled Fund will be able to pay its debts as and when they become due and payable.

The directors have been given the management declarations required by section 295A of the Corporations Act 2001.

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



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Greg Miles  
Independent Non-Executive Chairman



---

Marianne Perkovic  
Independent Non-Executive Director

19 August 2022  
Sydney

# Independent auditor's report to the Securityholders of RAM Essential Services Property Fund



## INDEPENDENT AUDITOR'S REPORT TO THE SECURITY HOLDERS OF RAM ESSENTIAL SERVICES PROPERTY FUND

### Report on the Audit of the Financial Report

#### Opinion

We have audited the accompanying financial report of RAM Essential Services Property Fund (the Fund), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- i) Giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the period ended on that date; and
- ii) Complying with Australian Accounting Standards 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.

#### Independence

We are independent of the Fund in accordance with the auditor independence requirements of the Corporations Act 2001 and 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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# Independent auditor's report to the Securityholders of RAM Essential Services Property Fund



## Key Audit Matters (cont'd)

### Investment Property Portfolio – Carrying values and revaluations

#### Why significant

The Fund holds economic interests in medical and retail investment properties which are carried at a fair value of \$798,244,000 as disclosed in Note 13. Collectively, they represent 96% of total assets.

Fair values were determined by the Fund at the end of the reporting period with reference to the latest external independent property valuations and market conditions existing at the reporting date. Changes in fair value are recognised in the income statement.

We consider this to be a key audit matter as property valuations are based on certain assumptions, such as capitalisation rates, market rent, occupancy levels, re-leasing and capital expenditure, which are judgmental in nature. Some of these have been impacted by the COVID-19 pandemic. Minor changes in certain assumptions can lead to significant changes in these valuations.

We draw attention to Note 2 of the financial report which describes the accounting policy for these assets and the sensitivity to changes in the key assumptions that may impact these valuations. Further detail on fair value measurement is also included in Note 25.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- Discussing the following matters with management:
  - Movements in the Fund's investment properties;
  - Changes in condition of each property, including an understanding of key developments and changes to development activities; and
  - The impact of COVID-19 has had on investment property portfolio including rental waivers and deferrals offered to tenants.
- On a sample basis, performing the following procedures on the assumptions adopted in the valuation:
  - Assessing net income assumptions against the schedule of tenancy reports;
  - Corroborating these assumptions to supporting lease documentation; and
  - Testing the mathematical accuracy of valuations.
- On a sample of properties, engaging a real estate specialist to assist with:
  - Assessing the capitalisation rates adopted across the portfolio; and
  - Reviewing and assessing the property for a sample of properties based on size, geographical location and other property valuation risk factors.
- Evaluating the appropriateness of the valuation methodology used across the portfolio. This included considering the reports of the independent valuers to gain an understanding of the assumptions and estimates used and the valuation methodology applied.
- Assessing the reasonableness of comparable transactions used by the Fund in the valuation process.
- Assessing the qualifications, competence and objectivity of the external valuers used by the Fund.
- Assessing the appropriateness of the disclosures included in Notes 2 and 25 of the financial report.

# Independent auditor's report to the Securityholders of RAM Essential Services Property Fund



## Key Audit Matters (cont'd)

### Accounting for the Stapling Event

#### Why significant

On 20 October 2021, RAM Australia Retail Property Fund and its controlled entities (RARPF) were stapled to RAM Australia Medical Property Fund and its controlled entities (RAMPF) to form RAM Essential Services Property Fund (the Fund).

The stapling event required an assessment by the Directors of the Responsible Entity ("Directors") of the basis for the Fund's consolidated financial report that complied with Australian Accounting Standards. This assessment required judgement in determining the parent entity of the Fund and considered various factors including asset size and capital structure. The Directors determined that RARPF was the parent entity in relation to the stapling event and accordingly, the consolidated financial statements of the Fund have been prepared as a continuation of the consolidated financial statements of RARPF from the date of stapling. The equity attributable to RAMPF as stapled to the parent, is presented as a non-controlling interest (NCI) in the financial statements of the Fund.

In addition, the Directors were required to determine the opening balance sheet on the date of stapling and to ensure the consolidated statement of profit or loss accurately reflected the financial performance of the Fund from the date of stapling to 30 June 2022.

Note 2 describes the accounting policies and the basis for a combined financial report. Further detail on NCI and the parent entity is included in Notes 22 and 28 respectively.

We consider the accounting for the stapling event to be a key audit matter as it effects the current period's results of the Fund and the method of reporting the Fund's financial position as at 30 June 2022.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessing the basis for the Fund's consolidated financial report against the requirements of Australian Accounting Standards and relevant supporting documentation.
- Performing audit procedures on the Fund's statement of financial position as at the date of stapling to ensure it was materially correct. This included assessing the methodology applied by management to ensure cut-off was materially correct.
- Evaluating the adequacy of the disclosures relating to the parent entity and NCI within the financial statements.

# Independent auditor's report to the Securityholders of RAM Essential Services Property Fund



## Other Information

Other information is financial and non-financial information in the annual report of the Fund which is provided in addition to the Financial Report and the Auditor's Report. The Directors of the Responsible Entity are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Directors' Responsibilities for the Financial Report

The Directors of the Responsible Entity of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Fund'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 the Directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

## 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with 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.

# Independent auditor's report to the Securityholders of RAM Essential Services Property Fund



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

- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors of the Responsible Entity.
- Conclude on the appropriateness of the Directors' 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 Fund'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 Fund 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.

We also provide the Directors 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.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF

MARTIN MATTHEWS  
PARTNER

19 AUGUST 2022  
NEWCASTLE, NSW

# Securityholder information

30 June 2022

The securityholder information set out below was applicable as at 29 July 2022.

## Distribution of equitable securities

Analysis of number of equitable securityholders by size of holding:

	Ordinary securities		Options over ordinary securities	
	Number of holders	% of total securities issued	Number of holders	% of total securities issued
1 to 1,000	289	0.04	-	-
1,001 to 5,000	801	0.40	-	-
5,001 to 10,000	330	0.48	-	-
10,001 to 100,000	1,460	11.76	-	-
100,001 and over	296	87.32	-	-
	3,176	100.00	-	-
Holding less than a marketable parcel	97	0.01	-	-



# Securityholder information

30 June 2022

## Equity securityholders

### *Twenty largest quoted equity securityholders*

The names of the twenty largest securityholders of quoted equity securities are listed below:

	Number held	Ordinary securities % of total securities issued
National Nominees Ltd	159,963,222	30.70
HSBC Custody Nominees (Australia) Ltd	110,636,677	21.23
Argo Investments Ltd	22,100,665	4.24
Citicorp Nominees Pty Ltd	17,744,440	3.41
JP Morgan Nominees Australia Pty Ltd	17,491,776	3.36
One Managed Investment Funds Ltd	12,900,000	2.48
Certane CT Pty Ltd	9,751,092	1.87
Australian Executor Trustees Ltd	8,753,219	1.68
BNP Paribas Nominees Pty Ltd	5,090,134	0.98
RAM Group Nominees No.2 Pty Ltd	5,000,000	0.96
Netwealth Investments Ltd	4,747,933	0.91
BNP Paribas Nominees Pty Ltd HUB24 Custodial Services Ltd	4,647,970	0.89
HSBC Custody Nominees (Australia) Limited - 2nd A/C	4,213,308	0.81
Invia Custodian Pty Ltd	2,378,955	0.46
HSBC Custody Nominees (Australia) Ltd	2,361,017	0.45
Aranim Pty Ltd	1,800,000	0.35
UBS Nominees Pty Ltd	1,506,979	0.29
Munna Holdings Pty Ltd	1,500,089	0.29
Telunapa Pty Ltd	1,500,089	0.29
Invia Custodian Pty Ltd	1,139,620	0.22
	395,227,185	75.87

# Securityholder information

30 June 2022

## *Unquoted equity securities*

There are no unquoted equity securities.

## Substantial holders

Substantial holders in the Stapled Fund are set out below:

	Ordinary securities	
	Number held	% of total securities issued
RAM Property Securities Fund	147,284,895	28.27
Pendal Group	43,231,924	8.30

## Voting rights

The voting rights attached to ordinary securities are set out below:

### *Ordinary securities*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each security shall have one vote.

There are no other classes of equity securities.

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# Annual Financial Report 2022

RAM Australia Retail Property Fund

ARSN 634 136 682



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# Directors' report

30 June 2022

The Directors of RAM Property Funds Management Limited ("RAM"), the Responsible Entity of RAM Australia Retail Property Fund ("the Fund" or "RARPF"), present their report together with the Financial Report made in accordance with a resolution of the Directors with respect to the results of the Fund and its controlled entities ("the consolidated entity") for the financial year ended 30 June 2022, the state of the consolidated entity's affairs as at 30 June 2022 and the Independent Auditor's Report thereon.

The Fund commenced on 28 September 2016 and RAM was appointed the Responsible Entity on the 28 June 2019. RAM is an unlisted private company incorporated under the Corporations Act 2001 and holds an Australian Financial Services Licence.

## Principal activity

The Fund is a registered managed investment scheme domiciled in Australia. The principal objective of the Fund is to invest in accordance with the investment objectives and guidelines set out in its current Product Disclosure Statement and in accordance with the provisions of its Constitution.

The principal activity of the Fund is to invest in commercial property in Australia.

## Directors

The following persons were directors of the Responsible Entity of the Fund during the whole of the reporting period and up to the date of this report, unless otherwise stated:

Name	Appointed	Resigned	Position
Greg Miles	20 October 2021		Independent Non-Executive Chairman
Marianne Perkovic	20 October 2021		Independent Non-Executive Director
Bryce Mitchelson	20 October 2021		Independent Non-Executive Director
Scott Wehl			Executive Director
Scott Kelly			Executive Director & CEO
Suzanne Hutchinson		20 October 2021	Director
Steven Pritchard		28 September 2021	Director

The company secretary of the Responsible Entity during or since the end of the financial year is:

Stewart Chandler	1 September 2021
------------------	------------------

## Property portfolio

The investment portfolio as at 30 June 2022 consisted of 12 shopping centres (30 June 2021: 13 shopping centres) valued at \$431,470,000 (30 June 2021: \$384,287,000). The investment portfolio consists of convenience based neighbourhood shopping centres with a strong weighting towards non-discretionary retail segments.

## Acquisitions

No property acquisitions occurred during the period.

## Disposals

On 29 April 2022 the Fund disposed of 100% interest in Gunnedah Shopping Centre, located in Gunnedah NSW. The building comprised essential retail-based tenure anchored by a Coles supermarket with a sale price of \$20,250,000.

# Directors' report

30 June 2022

## Review of operations

The profit for the Fund amounted to \$47,190,000 (30 June 2021: \$8,680,000).

The results of operations of the Fund are disclosed in the consolidated statement of profit and loss and other comprehensive income of this financial report. The Fund's Net Tangible Assets ('NTA') is \$1.06 per security at 30 June 2022. (30 June 2021: \$0.98)

## Investment property valuations

The total value of the Fund's portfolio as at 30 June 2022 was \$431,470,000 (30 June 2021: \$384,287,000).

The weighted average capitalisation rate for the portfolio is 5.66% as at 30 June 2022 (30 June 2021: 6.02%).

The Fund has engaged external valuations on 9 of the 12 properties across the portfolio during the financial year.

## Occupancy

As at 30 June 2022 the Fund's portfolio was 98.9% occupied with a weighted average lease expiry of 6.11 years weighted by income.

## Capital Management

As at 30 June 2022, the Stapled Group had debt facilities totalling \$304.5 million with a weighted average expiry of 2.26 years (30 June 2021: 1.0 years). The Stapled Group's debt facilities consist of a \$24.5m Westpac facility and a CBA \$280.0m syndicated debt facility. Drawn borrowings totalled \$259.2 million, of which \$116.0m was allocated to the Fund (30 June 2021: \$172.2 million) with an all in cost of funds for the period being 2.62% (FY21: 2.54%).

The Fund's gearing at 30 June 2022 was 23.7% (30 June 2021: 41.6%).

## Distributions

Distributions paid or payable in respect of the financial year were:

	30 June Cents per security	2022 \$'000	30 June Cents per security	2021 \$'000
30 September 2021	0.013	2,821	0.015	2,758
19 October 2021	0.001	255	-	-
31 December 2021	0.012	3,160	0.014	2,823
31 March 2022	0.017	4,311	0.013	2,589
30 June 2022	0.018	4,560	0.112	2,419
<b>Total distributions</b>	<b>0.061</b>	<b>15,107</b>	0.154	10,589

## Significant changes in the state of affairs

On 20 October 2021 the Fund and its controlled entities were stapled to RAM Australia Medical Property Fund ("RAMPF") and its controlled entities to encompass the portfolio of RAM Essential Services Property Fund ("Stapled Group"). The securities of the Stapled Group are stapled to the units in RARPF and RAMPF. The securities of RARPF and RAMPF cannot be traded or dealt with separately. The stapled securities of the RAM Essential Services Property Fund are listed on the ASX. RAM Australia Retail Property Fund has been identified as the parent entity in relation to the stapling.

The two stapled entities remain separate legal entities in accordance with the Corporations Act 2001 and are each required to comply with the reporting and disclosure requirements of Accounting Standards and Corporations Act 2001.

There were no other significant changes in the state of affairs of the Fund during the financial year.



## Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

## Likely developments and expected results of operations

The Responsible Entity will continue to pursue commercial retail property opportunities and review investment management strategies with a view to optimising both the income and capital return over the investment term.

## Material business risks

There are a number of risks associated with investing in the Fund. Key risks specific to an investment in the Fund include:

### *Interest rate risk*

The Fund will be exposed to fluctuations in interest rates which may reduce the Fund's profit and distributions. The Fund has entered into interest rate hedging contracts to mitigate this risk.

### *Property valuation risk*

The value of each Property held by the Fund may fluctuate due to a number of factors affecting both the property market generally or the Fund's Properties in particular. A reduction in the value of any Property may adversely affect the value of the Securities.

### *Rental income and expense risk*

Distributions made by the Fund are largely dependent on the rents received from tenants across the Portfolio and expenses incurred during operations, which may be affected by a number of factors, including overall economic conditions and property market conditions.

### *Re-leasing and vacancy risk*

The Portfolio's leases will come up for renewal on a periodic basis. There is a risk that the Fund may not be able to negotiate suitable lease renewals. This may result in periods of vacancy, a reduction in the Fund's profits and distributions and a reduction in the value of the assets of the Fund.

### *Property illiquidity*

By their nature, investments in real property assets are illiquid investments. There is a risk that should the Fund be required to realise Property assets, it may not be able to do so in a short period of time, or may not be able to realise a Property asset for the amount at which it has been valued. This may adversely affect the Fund NTA and the value of securities.

### *Development risk*

The Fund has identified a pipeline of value-add opportunities including future development of the Properties. The risks faced by the Fund in relation to the existing or future development projects will depend on the terms of the transaction at the time. The Fund will seek to mitigate the risks associated with development projects by employing the following risk mitigation strategies:

- obtaining relevant statutory permits;
- obtaining leasing pre-commitments; and
- entering into appropriate building contracts with builders and other service providers.

# Directors' report

30 June 2022

## *Competition*

The Fund will face competition from other property groups active in Australia. Such competition could lead to loss of tenants to competitors, an inability to secure new tenants resulting from oversupply of commercial space and an inability to secure maximum rents due to increased competition.

## *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;
- rental waivers and deferrals offered to eligible tenants; and
- increases in operational expenses related to the COVID-19 pandemic.

## *Tenant concentration*

There is a risk that if one or more of the major tenants ceases to be a tenant, the Fund may not be able to find a suitable replacement tenant or may not be able to secure lease terms that are as favourable as current terms. Should the Fund be unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, this will result in a lower rental return, which could materially adversely affect the financial performance of the Fund and distributions.

## **Environmental regulation**

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Responsible Entity 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.

## **Indemnity and insurance of officers**

### *Indemnification*

Under the Fund's Constitution, the Responsible Entity, 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 Fund**

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

## Rounding of amounts

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## 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.

## Responsible entity interests

The following fees were paid or payable to the Responsible Entity and related parties during the financial year:

	Consolidated	
	2022 \$'000	2021 \$'000
Trustee management fees	102	270
Investment management fees	3,280	4,459
Performance fees	-	1,503
Leasing fees	633	184
Development management fees	875	25
Finance facilitation fees	388	85
Accounting fees	296	288
Registry fees	50	50
Administration costs	104	338
Cost recoveries	787	-
	<b>6,515</b>	<b>7,202</b>

Further details for related party transactions are outlined in note 25.

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



Greg Miles  
Independent Non-Executive Chairman



Marianne Perkovic  
Independent Non-Executive Director

19 August 2022  
Sydney

# Auditor's independence declaration



## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of the Responsible Entity of the RAM Australia Retail Property Fund

I am pleased to provide the following declaration of independence to the directors of the Responsible Entity of RAM Australia Retail Property Fund.

As lead audit partner for the audit of the financial report of RAM Australia Retail Property Fund for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

PKF

MARTIN MATTHEWS  
PARTNER

19 AUGUST 2022  
NEWCASTLE, NSW

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

Liability limited by a scheme approved  
under Professional Standards Legislation

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For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

# Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Revenue</b>			
Other income	5	41	57
Interest revenue		1	2
Rent from investment properties	4	30,041	29,099
Unrealised gains on revaluation of investment property		34,273	1,553
Realised gain on disposal of investment property		3,810	-
Unrealised gains on financial derivatives		3,152	131
<b>Total revenue</b>		<b>71,318</b>	<b>30,842</b>
<b>Expenses</b>			
Auditor's remuneration	24	(178)	(40)
Investment property expenses	6	(6,293)	(6,978)
Other expenses		(562)	(779)
Depreciation and amortisation expense		(5,121)	(2,140)
Impairment of goodwill		(907)	-
Transaction costs		(2,182)	-
Fund management fees		(3,595)	(6,400)
Property management fees	6	(1,244)	(1,456)
Finance expenses relating to interest-bearing liabilities	6	(4,046)	(4,369)
<b>Total expenses</b>		<b>(24,128)</b>	<b>(22,162)</b>
<b>Profit for the year attributable to the owners of RAM Australia Retail Property Fund</b>	20	<b>47,190</b>	<b>8,680</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year attributable to the owners of RAM Australia Retail Property Fund</b>		<b>47,190</b>	<b>8,680</b>

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

# Statement of financial position

As at 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	11,483	6,563
Trade and other receivables	8	2,262	4,511
Financial assets at fair value through profit or loss	9	-	864
Other current assets	10	1,660	2,099
<b>Total current assets</b>		<b>15,405</b>	<b>14,037</b>
<b>Non-current assets</b>			
Derivative financial instruments	11	3,152	-
Investment properties	12	431,470	384,287
Intangible assets	13	2,901	3,808
Other non-current assets	14	2,292	2,173
<b>Total non-current assets</b>		<b>439,815</b>	<b>390,268</b>
<b>Total assets</b>		<b>455,220</b>	<b>404,305</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	14,954	14,471
Interest bearing loans and borrowings	16	12,683	171,757
<b>Total current liabilities</b>		<b>27,637</b>	<b>186,228</b>
<b>Non-current liabilities</b>			
Other payables	17	42,966	62
Interest bearing loans and borrowings	18	102,210	-
<b>Total non-current liabilities</b>		<b>145,176</b>	<b>62</b>
<b>Total liabilities</b>		<b>172,813</b>	<b>186,290</b>
<b>Net assets</b>		<b>282,407</b>	<b>218,015</b>
<b>Securityholder's Funds</b>			
Issued securities	19	246,733	214,424
Undistributed profits	20	35,674	3,591
<b>Total securityholder's funds</b>		<b>282,407</b>	<b>218,015</b>

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

# Statement of changes in equity

For the year ended 30 June 2022

<b>Consolidated</b>	<b>Securities on issue \$'000</b>	<b>Undistributed profits \$'000</b>	<b>Total securityholder's funds \$'000</b>
Balance at 1 July 2020	188,766	3,612	192,378
Profit for the year	-	8,680	8,680
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	8,680	8,680
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 19)	25,658	1,888	27,546
Distributions paid (note 21)	-	(10,589)	(10,589)
<b>Balance at 30 June 2021</b>	<b>214,424</b>	<b>3,591</b>	<b>218,015</b>

<b>Consolidated</b>	<b>Securities on issue \$'000</b>	<b>Undistributed profits \$'000</b>	<b>Total securityholder's funds \$'000</b>
Balance at 1 July 2021	214,424	3,591	218,015
Profit for the year	-	47,190	47,190
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	47,190	47,190
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 19)	32,309	-	32,309
Distributions paid (note 21)	-	(15,107)	(15,107)
<b>Balance at 30 June 2022</b>	<b>246,733</b>	<b>35,674</b>	<b>282,407</b>

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

# Statement of cash flows

For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		33,360	32,553
Payments to suppliers (inclusive of GST)		(15,542)	(21,618)
		17,818	10,935
Dividends received		18	57
Interest received		1	2
Interest and other finance costs paid		(2,870)	(3,743)
Net cash from operating activities	30	14,967	7,251
<b>Cash flows from investing activities</b>			
Payments for investments		-	(11)
Payments for investment property	12	(33,864)	(35,652)
Proceeds from sale of financial assets		886	-
Proceeds from disposal of investment property		19,328	-
Net cash used in investing activities		(13,650)	(35,663)
<b>Cash flows from financing activities</b>			
Proceeds from issue of securities	19	194,474	13,894
Payments for investment properties relating to RAMPF		(119,713)	-
Proceeds from borrowings		-	24,253
Security issue transaction costs		(520)	-
Distributions paid	21	(13,112)	(10,870)
Repayment of borrowings		(57,526)	(1,477)
Net cash from financing activities		3,603	25,800
Net increase/(decrease) in cash and cash equivalents		4,920	(2,612)
Cash and cash equivalents at the beginning of the financial year		6,563	9,175
Cash and cash equivalents at the end of the financial year	7	11,483	6,563

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



# Notes to the financial statements

30 June 2022

## Note 1. General information

The financial statements cover RAM Australia Retail Property Fund as a Fund consisting of RAM Australia Retail 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 Retail Property Fund's functional and presentation currency.

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

### Registered office

Suite 32.1  
264 George Street  
Sydney NSW 2000

### 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 19 August 2022.

## Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### *Basis of preparation*

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### 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 Fund'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.

### *Parent entity information*

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

# Notes to the financial statements

30 June 2022

## Note 2. Summary of significant accounting policies (continued)

### *Principles of consolidation*

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of RAM Australia Retail Property Fund ('Fund' or 'parent entity') as at 30 June 2022 and the results of all controlled entities for the year then ended. RAM Australia Retail Property Fund and its controlled entities together are referred to in these financial statements as the 'Fund'.

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. The 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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Fund are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Fund.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Fund loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Fund recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### *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 in the Profit and Loss as it accrues using the effective interest method and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable.

### *Income tax*

Under current Australian income tax legislation, the Fund 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*

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## ***Derivative financial instruments***

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

## **Cash flow hedges**

Cash flow hedges are used to cover the Fund's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

## ***Joint ventures***

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Fund's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

## ***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.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

## ***Excess of Current Liabilities over Current Assets***

As at 30 June 2022, the Fund's current liabilities of \$27,637,000 (FY21: \$186,228,000) exceed its current assets of \$15,405,000 (FY21: \$14,037,000) by \$12,232,000 (FY21: \$172,191,000).

The major contributor of this excess at 30 June 2022 is the short term loan facility with Westpac for the redevelopment of the Keppel Bay Plaza asset. It is anticipated this facility will be refinanced into a longer term facility on completion of the redevelopment project.

# Notes to the financial statements

30 June 2022

## Note 2. Summary of significant accounting policies (continued)

### *Intangible assets*

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### *Goodwill*

Goodwill may arise during business combinations. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### *Impairment of non-financial assets*

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### *Trade and other payables*

These amounts represent liabilities for goods and services provided to the Fund 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.

### *Finance costs*

Finance costs to external parties include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Finance costs to external parties are recognised as an expense in the Profit and Loss on an accruals basis, and if not paid at balance date, are reflected in the Statement of Financial Position as a liability.

## ***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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## ***Issued capital***

Ordinary securities are classified as equity.

Incremental costs directly attributable to the issue of new securities 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.

## ***Comparatives***

Comparatives are consistent with prior years, unless otherwise stated.

## ***Rounding of amounts***

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars.

# Notes to the financial statements

30 June 2022

## 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 tenant 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. Revenue

### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2022	2021
Rental income	26,995	25,501
Recoverable outgoings	2,929	3,158
Straight-line of rental revenue	117	440
	30,041	29,099

## Note 5. Other income

	Consolidated	
	2022 \$'000	2021 \$'000
Net fair value gain on investments	23	-
Dividends from REIT investments	18	57
Other income	41	57

## Note 6. Expenses

	Consolidated	
	2022 \$'000	2021 \$'000
Profit includes the following specific expenses:		
<i>Impairment</i>		
<b>Goodwill</b>	907	-
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	3,139	3,966
Amortisation of borrowing transaction costs	907	403
<b>Finance costs expensed</b>	<b>4,046</b>	<b>4,369</b>
<i>Expenses on investment properties</i>		
Investment property expenses	6,293	6,978
Property management fees	1,244	1,456
<b>Total expenses on investment properties</b>	<b>7,537</b>	<b>8,434</b>

## Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2022 \$'000	2021 \$'000
Cash at bank	11,421	4,011
Cash on deposit	62	2,552
	11,483	6,563

# Notes to the financial statements

30 June 2022

## Note 8. Current assets - trade and other receivables

	Consolidated	
	2022 \$'000	2021 \$'000
Trade receivables	1,142	1,034
Less: Allowance for expected credit losses	(118)	(47)
	1,024	987
Other receivables	138	3,184
Goods and services tax receivable	1,100	340
	1,238	3,524
	2,262	4,511

### *Allowance for expected credit losses*

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

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2022 %	2021 %	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
	Not overdue	-	-	1,883	3,574	3
30-90 days overdue	14%	-	238	361	33	-
90+ days overdue	32%	8%	259	623	82	47
			2,380	4,558	118	47

## Note 9. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	2022 \$'000	2021 \$'000
REIT Investments	-	864

Refer to note 23 for further information on fair value measurement.



## Note 10. Current assets - other current assets

	Consolidated	
	2022 \$'000	2021 \$'000
Accrued revenue	1,349	510
Prepayments	311	1,589
	<b>1,660</b>	<b>2,099</b>

## Note 11. Non-current assets - derivative financial instruments

	Consolidated	
	2022 \$'000	2021 \$'000
Interest rate swap contracts - cash flow hedges	3,152	-

Refer to note 23 for further information on fair value measurement.

## Note 12. Non-current assets - Investment properties

	Consolidated	
	2022 \$'000	2021 \$'000
Ballina Central Shopping Centre, Ballina NSW	58,000	44,737
Yeronga Village Shopping Centre, Yeronga QLD	23,877	22,585
Broadway Plaza, Punchbowl NSW	57,750	52,514
Mowbray Market Place, Mowbray TAS	44,321	44,145
Springfield Fair, Springfield QLD	41,300	35,930
The Hub Westlake, Westlake QLD	12,600	10,550
Windaroo Village, Windaroo QLD	11,440	7,180
Coomera Square, Coomera QLD	84,256	73,519
Night Owl Convenience Centre, North Lakes QLD	8,400	8,003
Keppel Bay Plaza, Yeppoon QLD	43,256	28,606
Gunnedah Shopping Centre, Gunnedah NSW	-	15,312
Rutherford Shopping Centre, Rutherford NSW	23,408	21,207
Tanilba Bay Shopping Centre, Tanilba Bay NSW	22,862	19,999
	<b>431,470</b>	<b>384,287</b>

# Notes to the financial statements

30 June 2022

## Note 12. Non-current assets - Investment properties (continued)

### 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	384,287	337,160
Capital expenditure	33,589	19,077
Disposals	(19,328)	-
Acquisitions	-	31,258
Revaluation increments	38,083	1,553
Depreciation and amortisation expense	(5,161)	(4,761)
<b>Closing fair value</b>	<b>431,470</b>	<b>384,287</b>

### Lessor commitments

	Consolidated	
	2022 \$'000	2021 \$'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	28,242	28,787
Between 1 and 2 years	24,526	26,203
Between 2 and 3 years	22,092	23,124
3 year or more	89,559	97,617
	<b>164,419</b>	<b>175,731</b>

## Note 13. Non-current assets - intangible assets

	Consolidated	
	2022 \$'000	2021 \$'000
Goodwill	2,901	3,808

## Note 14. Non-current assets - Other non-current assets

Other non-current assets relates to the straight-lining and smoothing adjustments for rent from investment properties.

	Consolidated	
	2022 \$'000	2021 \$'000
Other non-current assets	2,292	2,173

## Note 15. Current liabilities - Trade and other payables

	Consolidated	
	2022 \$'000	2021 \$'000
Trade payables	4,989	711
Accrued expenses	3,831	4,777
Fees payable to related parties	134	5,574
Revenue received in advance	1,253	993
Bonds held	186	114
Distributions payable	4,561	2,302
	<b>14,954</b>	<b>14,471</b>

Refer to note 22 for further information on financial instruments.

## Note 16. Current liabilities - Interest bearing loans and borrowings

At 30 June 2021, the Fund had a senior debt Facility with the Commonwealth Bank of Australia expiring on 7 June 2022. The Facility was repaid on 22 October 2021.

On 14 April 2022, the Fund renewed the senior loan facility with Westpac Banking Corporation for a principal of \$24.5m with a total of \$12.7m drawn debt at 30 June 2022. This facility has an expiry date of 14 April 2023.

Refer to note 18 for further information on the non-current loans and borrowings.

	Consolidated	
	2022 \$'000	2021 \$'000
Loan Facility Drawn	12,700	172,199
Less Attributable transaction costs	(17)	(442)
	<b>12,683</b>	<b>171,757</b>

Refer to note 22 for further information on financial instruments.

## Note 17. Non-current liabilities - Other payables

	Consolidated	
	2022 \$'000	2021 \$'000
Payable to RAM Australia Medical Property Fund	42,893	-
Bonds held	73	62
	<b>42,966</b>	<b>62</b>

# Notes to the financial statements

30 June 2022

## Note 18. Non-current liabilities - Interest bearing loans and borrowings

On 24 September 2021, RAM Essential Services FinCo Pty Ltd ('FinCo') entered into a Syndicated Debt Facility with the Commonwealth Bank of Australia. FinCo is jointly owned by RARPF and RAMPF and has been treated as a Joint Operation under Australian Accounting Standards. The Syndicated Debt Facility is for \$280m and for a term of 3 years. A total of \$103.3m of the drawn debt at 30 June 2022 has been allocated to the Fund.

On 29 April 2022, \$19.3m was repaid in relation to the disposal of Gunnedah Shopping Centre.

	Consolidated	
	2022 \$'000	2021 \$'000
Bank loans	103,321	-
Less: Attributable transaction costs	(1,111)	-
	102,210	-

Refer to note 22 for further information on financial instruments.

### *Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2022 \$'000	2021 \$'000
Bank loans	116,021	172,199
Less: Attributable transaction costs	(1,128)	(442)
	114,893	171,757

## Note 19. Securityholder's Funds - issued securities

	Consolidated			
	2022 Securities	2021 Securities	2022 \$'000	2021 \$'000
Ordinary units - fully paid	260,542,046	215,833,655	246,733	214,424

## Movements in Ordinary Equity

Details		Number of Securities	\$'000
Balance	30 June 2021	215,833,655	214,424
Units issued	1 July 2021	162,454	164
Units issued	23 July 2021	24,376	25
Units issued	19 August 2021	15,581	16
Units issued	1 October 2021	174,765	177
Issue costs		-	(366)
Redemptions	20 October 2021	(211,451,081)	(213,291)
Securities issued	20 October 2021	255,782,296	251,706
Issue Costs		-	(6,122)
Balance		260,542,046	246,733

On 20 October 2021 RARPF combined with RAMPF to create the RAM Essential Services Property Fund ("RESP") as a "stapled entity". Under the stapling arrangement, each stapled security was issued at a ratio of 1 for 1 between RARPF and RAMPF.

As part of the restructure existing unitholders of RARPF were provided the option to redeem their units in the Fund or to equalise their existing units to the stapled securities in RESP.

This resulted in 211,451,081 units being redeemed, and 255,782,296 securities issued to form the staple securities in RESP. All new capital raises of RESP were allocated on the ratio of 1 for 1 between RARPF and RAMPF resulting in 260,542,046 securities being on issue for RARPF.

### Security buy-back

There is no current on-market security buy-back.

## Note 20. Securityholder's Funds - undistributed profits

	Consolidated	
	2022 \$'000	2021 \$'000
Undistributed profits at the beginning of the financial year	3,591	3,612
Adjustment for business combinations	-	1,888
Undistributed profits at the beginning of the financial year - restated	3,591	5,500
Profit for the year	47,190	8,680
Dividends paid (note 21)	(15,107)	(10,589)
Undistributed profits at the end of the financial year	35,674	3,591

# Notes to the financial statements

30 June 2022

## Note 21. Securityholder's Funds - distributions

	30/06/2022 Cents per security	30/06/2022 \$'000
30 September 2021	0.013	2,821
19 October 2021	0.001	255
31 December 2021	0.012	3,160
31 March 2022	0.017	4,311
30 June 2022	0.018	4,560
	0.061	15,107

## Note 22. 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 Fund's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Fund to interest rate risk. Borrowings obtained at fixed rates expose the Fund to fair value interest rate risk. The policy is to maintain approximately 50% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary.

The bank loans outstanding totalling \$116,021,000 (2021: \$172,199,000) are interest payment loans. An official increase/decrease in interest rates of 100 basis points (2021: 100 basis points) would have an (adverse)/favourable effect on profit before tax of (\$638,000) / \$594,000 (2021: (\$1,269,000) / \$1,269,000) per annum.

### Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will default on their contractual obligations resulting in a financial loss to the Fund.

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

As at 30 June 2022, for the Fund, the ageing analysis of total trade receivables is as follows:

	Trade Receivables \$	Impairment \$	Net Receivables \$
Not past due	645,096	(3,219)	641,877
30-90 days past due	238,068	(32,450)	205,618
+91 days past due	258,800	(82,003)	176,797
	1,141,964	(117,672)	1,024,292

## Liquidity risk

Vigilant liquidity risk management requires the Fund 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 Fund 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.

<b>Financial liabilities due for payment: 2022</b>	<b>Within 1 Year \$'000</b>	<b>1-5 Years \$'000</b>	<b>Over 5 Years \$'000</b>	<b>Total \$'000</b>
Trade & Other Payables	10,393	42,966	-	53,359
Distribution Payable	4,561	-	-	4,561
Loan Facility	12,700	103,321	-	116,021
	27,654	146,287	-	173,941

## Capital Management

The Fund's objective when managing capital is to safeguard the ability to continue as a going concern, whilst providing returns for securityholders and benefits for other stakeholders and to maintain a capital structure to minimise the cost of capital.

The Responsible Entity can alter the capital structure of the consolidated entity by adjusting the amount of distributions paid to securityholders and adjusting the timing of development and capital expenditure.

In this context, the Fund considers capital to include interest-bearing loans and borrowings and securityholders' funds.

## Fair Value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables as disclosed in the Statement of Financial Position reflect the fair value of these financial assets and liabilities as at 30 June 2022.

# Notes to the financial statements

30 June 2022

## Note 23. Fair value measurement

### *Fair value hierarchy*

The following tables detail the Fund's assets and liabilities, measured or disclosed 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

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Assets				
Investment properties	-	431,470	-	431,470
Financial Instruments - Cash flow hedge	3,152	-	-	3,152
Total assets	3,152	431,470	-	434,622

There were no transfers between levels during the financial year.

### *Valuation techniques for fair value measurements categorised within level 2 and level 3*

Direct property assets are valued in accordance with the Fund's Property Valuation Policy.

This Policy requires that all direct property assets be valued at Fair Value at each balance date. Fair Value is determined at least once every two years by an appropriately qualified independent property valuer.

In the intervening periods Fair Value is determined by the Responsible Entity, acting in good faith, after considering all relevant market-based information and circumstances.

Where the Responsible Entity or Investment Manager believes that there have been significant changes in the value of the direct property assets, an appropriately qualified independent property valuer will be engaged at each reporting period in consultation with the scheme auditor to value the direct property assets in accordance with ordinary commercial practice and AIFRS.

The balance of the Fund's properties were valued by the Responsible Entity using usual market adopted methodologies including capitalisation, discounted cash flow and comparison methodologies.



## Note 24. 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 Fund:

	Consolidated	
	2022 \$	2021 \$
<i>Audit services - PKF(NS) Audit &amp; Assurance Limited Partnership</i>		
Audit of the financial statements	125,985	40,000
<i>Other services - PKF(NS) Audit &amp; Assurance Limited Partnership</i>		
Consultancy advice	51,803	-
	177,788	40,000

# Notes to the financial statements

30 June 2022

## Note 25. Related party transactions

### Key management personnel

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity. The Responsible Entity has appointed an Investment Manager to manage the activities of the Fund which has been identified as key management personnel.

### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

### Related Party fees and other transactions

	Basis and rate applicable	Related Party
Investment management fees	The investment management fee is calculated at 0.65% per annum, excluding GST, of the gross asset value up to and including \$1.50B, and 0.55% per annum of the gross asset value in excess of \$1.50B. Pre-stapling, the investment management fee was calculated at 1.00% per annum, excluding GST, of the gross asset value.	Investment Manager
Property acquisition fees	The acquisition fee is calculated at 0.75% of the acquisition price of any acquisitions undertaken by the Stapled Group.	Investment Manager
Property management fees	The property management fees have been charged to recover the costs associated with the fees payable to external property managers. This is below the amount the property manager is entitled to charge.	Property Manager
Leasing fees	The Property Manager is entitled to receive leasing fees for the provision of leasing services in relation to the Properties (as agreed between the Responsible Entity and the Property Manager) including for new tenants and renewals of existing tenants.	Property Manager
Development management fees	The development management fees are calculated at 5% of the greater of development costs and gross valuation uplift. Valuation uplift is calculated as the value of the asset upon completion less the value of the asset at acquisition. This fee is payable at significant stages in the development plan.	Property Manager
Registry fees	The registry fees are in relation to the equity register maintenance and administration services provided to the Fund.	Investment Manager
Accounting fees	The accounting fees are in relation to accounting services provided directly to the Fund on fixed rate contracts, determined by the number of tenants of the associated property to the Fund.	Investment Manager Property Manager
Finance facilitation fees	As per the previous terms of the investment management agreements, which was applicable when the Debt Facility Agreement was entered into pre stapling, a one-off fee of 0.25% of the Debt Facility is payable to the Investment Manager.	Investment Manager
Reimbursement for costs paid	All reasonable expenses and costs incurred in connection with the obligations of the related parties as stipulated in the Fund's Constitution.	Responsible Entity Investment Manager Property Manager

### ***Related Parties***

#### **Responsible Entity**

RAM Property Funds Management Limited is the responsible entity.

#### ***Investment Manager***

RAM Property Investment Management Pty Ltd is the engaged investment manager.

#### ***Property Manager***

RAM Property Asset Management Pty Ltd is the engaged property manager.

#### ***Controlled entities***

Interests in subsidiaries are set out in note 27.

#### ***Joint operations***

Interests in joint operations are set out in note 28.

# Notes to the financial statements

30 June 2022

## Note 25. Related party transactions (continued)

### *Transactions with related parties*

At the reporting date, the following transactions occurred with the related parties:

	Consolidated	
	2022 \$'000	2021 \$'000
<b>RAM Property Funds Management Limited</b>		
Trustee management fees	102	270
Directors fees	187	-
Cost recoveries	405	-
	<b>694</b>	<b>270</b>
<b>RAM Property Investment Management Pty Ltd</b>		
Investment management fees	1,182	-
Registry fees	25	-
Cost recoveries	111	-
	<b>1,318</b>	<b>-</b>
<b>RAM Property Asset Management Pty Ltd</b>		
Leasing fees	75	-
Cost recoveries	23	-
	<b>98</b>	<b>-</b>
<b>Real Asset Management Pty Ltd</b>		
Investment management fees	1,364	2,555
Administration fees	104	338
Registry fees	25	50
Cost recoveries	16	-
	<b>1,509</b>	<b>2,943</b>

	Consolidated	
	2022 \$'000	2021 \$'000
<b>RAM Australia Property Services Pty Ltd</b>		
Investment management fees	734	1,904
Performance fees	-	1,503
Accounting fees	296	288
Finance facilitation fees	388	85
Development management fees	875	25
Leasing fees	558	184
Cost recoveries	45	-
	<b>2,896</b>	<b>3,989</b>

### *Receivable from and payable to related parties*

There were no trade receivables from related parties at the current and previous reporting date.

At the reporting date, an amount of \$134,000 including GST is owing to the related parties and is included in the trade and other payables.

	Consolidated	
	2022 \$'000	2021 \$'000
RAM Property Funds Management Limited	41	26
RAM Property Investment Management Pty Ltd	78	-
Real Asset Management Pty Ltd	16	95
RAM Australia Property Services Pty Ltd	(1)	5,453
	<b>134</b>	<b>5,574</b>

### *Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2022 \$'000	2021 \$'000
Non-current borrowings:		
Loan from other related party - RAM Australia Retail Property Fund	42,893	-

### *Terms and conditions*

All related party payables are non-interest bearing.

# Notes to the financial statements

30 June 2022

## Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

	Parent	
	2022 \$'000	2021 \$'000
Profit	16,533	10,720
<b>Total comprehensive income</b>	<b>16,533</b>	<b>10,720</b>

### Statement of financial position

	Parent	
	2022 \$'000	2021 \$'000
Total current assets	16,918	5,422
<b>Total assets</b>	<b>290,257</b>	<b>216,559</b>
Total current liabilities	(747)	2,182
<b>Total liabilities</b>	<b>42,146</b>	<b>2,182</b>
Securityholder's Funds		
Issued securities	246,733	214,424
Undistributed profits/(accumulated losses)	1,378	(47)
<b>Total securityholder's funds</b>	<b>248,111</b>	<b>214,377</b>

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 (30 June 2021: \$nil).

## Note 27. Controlled entities

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

Name	Ownership interest	
	2022 %	2021 %
RAM Australia Retail Property No. 1 Trust	100%	100%
RAM Australia Retail Property No. 2 Trust	100%	100%
RAM Australia Retail Property No. 3 Trust	100%	100%
RAM Australia Retail Property No. 4 Trust	100%	100%
RAM Australia Retail Property No. 5 Trust	100%	100%
RAM Australia Retail Property No. 6 Trust	100%	100%
RAM Australia Retail Property No. 7 Trust	100%	100%
RAM Australia Retail Property No. 8 Trust	100%	100%
RAM Australia Retail Property No. 9 Trust	100%	100%
RAM Australia Keppel Bay Plaza Trust	100%	100%
The North Lakes Centre No. 1 Trust	100%	100%

# Notes to the financial statements

30 June 2022

## Note 28. Interests in joint operations

RAM Australia Retail Property Fund ("RARPF") holds a 50% interest in RAM Essential Services FinCo Pty Ltd ("FinCo"), a joint arrangement structured as a financing entity for RARPF and RAM Australia Medical Property Fund ("RAMPF"). The primary purpose of the joint arrangement is to facilitate debt funding on behalf of the joint operators. The arrangement allows for RARPF and RAMPF to draw down on the debt facility held by FinCo. Under the agreement, each party is liable for the portion of used debt facility and the associated costs such as interest and other finance charges. The parties are also entitled to the assets created from the arrangement by the generation of funds to be used in their operations.

FinCo is a contractually established entity and is classified as a joint operation. Accordingly, RARPF's interest in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements.

The Fund has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations using the equity method of accounting in accordance with AASB 128 *Investments in Associates and Joint Ventures*. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint ventures that are material to the Fund are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2022 %	2021 %
RAM Essential Services FinCo Pty Ltd	Australia	50.00%	-

## Summarised financial information

	2022 \$'000
<i>Summarised statement of financial position</i>	
Cash and cash equivalents	269
Other current assets	309
Non-current assets	106,473
<b>Total assets</b>	<b>107,051</b>
Current financial liabilities (excluding trade and other payables and provisions)	44
Other current liabilities	534
Non-current financial liabilities (excluding trade and other payables and provisions)	103,321
<b>Total liabilities</b>	<b>103,899</b>
<b>Net assets</b>	<b>3,152</b>



	2022 \$'000
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Other revenue	3,152
Profit	3,152
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>3,152</b>

## Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

## Note 30. Reconciliation of profit to net cash from operating activities

	Consolidated	
	2022 \$'000	2021 \$'000
Profit for the year	47,190	8,680
Adjustments for:		
Depreciation and amortisation	5,121	2,140
Impairment of goodwill	907	-
Net fair value gain on investments	(23)	(131)
Net gain on revaluation of investment property	(34,273)	(1,553)
Transaction costs	520	-
Net gain on disposal of investment property	(3,810)	-
Net fair value gain on financial assets	(3,152)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,664	(3,405)
Increase in other assets	(119)	(663)
Increase/(decrease) in trade and other payables	(141)	3,664
Increase in other liabilities	83	(1,481)
<b>Net cash from operating activities</b>	<b>14,967</b>	<b>7,251</b>

## Directors' declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund 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



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Greg Miles  
Independent Non-Executive Chairman



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Marianne Perkovic  
Independent Non-Executive Director

19 August 2022  
Sydney

# Independent auditor's report to the Unitholders of RAM Australia Retail Property Fund



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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of RAM Australia Retail Property Fund (the Fund), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Fund, is in accordance with the Corporations Act 2001, including:

- (a) Giving a true and fair view of the Fund's financial position as at 30 June 2022, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards and 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.

#### Independence

We are independent of the Fund in accordance with the auditor independence requirements of the Corporations Act 2001 and 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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Responsible Entity of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Other Information

The directors of the Responsible Entity of the Fund are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

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# Independent auditor's report to the Unitholders of RAM Australia Retail Property Fund



## Other Information (cont'd)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors of the Responsible Entity of the Fund for the Financial Report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Fund'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 the directors either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

## 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors of the Responsible Entity.

# Independent auditor’s report to the Unitholders of RAM Australia Retail Property Fund



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

- Conclude on the appropriateness of the directors’ of the Responsible Entity 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 Fund’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 Fund 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 of the Responsible Entity 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.

We also provide the directors 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

19 AUGUST 2022  
NEWCASTLE, NSW



ARSN 634 136 682

# Annual Financial Report 2022

RAM Australia Medical Property Fund

ARSN 645 964 601



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# Directors' report

30 June 2022

The Directors of RAM Property Funds Management Limited ("RAM", previously known as RAM Australia Funds Management Limited), the Responsible Entity of RAM Australia Medical Property Fund ("the Fund" or "RAMPF"), present their report together with the Financial Report made in accordance with a resolution of the Directors with respect to the results of the Fund and its controlled entities ("the consolidated entity") for the year ended 30 June 2022, the state of the consolidated entity's affairs as at 30 June 2022 and the Independent Auditor's Report thereon.

The Fund commenced on 28 August 2018 and RAM was appointed the Responsible Entity on 8 September 2021. Prior to this, Equity Trustees Limited was the Responsible Entity of the Fund. Equity Trustees Limited were appointed the Responsible Entity on 17 November 2020. Prior to this RAM was the Responsible Entity of the Fund from 2 January 2020. Prior to this Real Asset Management Pty Ltd was the Responsible Entity of the Fund since establishment.

## Principal activities

The Fund is a registered managed investment scheme domiciled in Australia. The principal objective of the Fund is to invest in accordance with the investment objectives and guidelines set out in its current Product Disclosure Statement and in accordance with the provisions of its Constitution.

The principal activity of the Fund is to invest in commercial property in Australia.

## Directors

The following persons held office as directors of Equity Trustees Limited who were the Responsible Entity of the Fund from 17 November 2020 to 8 September 2021:

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	

The following persons were directors of the Responsible Entity of RAM Australia Medical Property Fund during the whole of the reporting period and up to the date of this report, unless otherwise stated:

Name	Appointed	Resigned	Position
Greg Miles	20 October 2021		Independent Non-Executive Chairman
Marianne Perkovic	20 October 2021		Independent Non-Executive Director
Bryce Mitchelson	20 October 2021		Independent Non-Executive Director
Scott Wehl			Executive Director
Scott Kelly			Executive Director & CEO
Suzanne Hutchinson		20 October 2021	Director
Steven Pritchard		28 September 2021	Director

The company secretary of the Responsible Entity during or since the end of the reporting period is:

Stewart Chandler	1 September 2021
------------------	------------------

## Property portfolio

The investment portfolio as at 30 June 2022 consisted of 23 medical properties (30 June 2021: 6 medical properties) valued at \$366,775,000 (30 June 2021: \$135,070,000).

# Directors' report

30 June 2022

## *Acquisitions in the financial year ended 30 June 2022*

On 5 July 2021, the Fund acquired 100% interest in the Willetts Health Precinct, located in Mount Pleasant QLD. The building comprises of three modern medical buildings including the Mackay Day Hospital, The Willetts Centre and the purpose-built Vision Eye Institute Mackay, as well as vacant land earmarked for future expansion for a purchase price of \$16,700,000.

On 21 July 2021, the Fund acquired 100% interest in the Banyans Health & Wellness Centre, located in Clear Mountain QLD. The building comprises of wellness and rehabilitation centre leased to Summit Consortium for a purchase price of \$8,320,000.

On 6 August 2021, the Fund acquired 100% interest in the Madeley Medical Centre, located in Madeley WA. The building comprises of single-level integrated health facility comprising a GP clinic, radiology, optometrist, pharmacy and other allied health services for a purchase price of \$9,743,000.

On 22 October 2021, the Fund acquired 100% interest in the Parkwood Family Practice, located in Parkwood QLD. The building comprises of medical centre leased to IPN Medical Centres for a purchase price of \$7,400,000.

On 22 October 2021, the Fund acquired 100% interest in the Highland Health Centre, located in Highland Park QLD. The building comprises of medical centre leased to IPN Medical Centres for a purchase price of \$8,500,000.

On 26 October 2021, the Fund acquired 100% interest in the Secret Harbour Medical Centre, located in Secret Harbour WA. The building comprises of two-level medical building leased to a variety of medical uses for a purchase price of \$7,550,000.

On 26 October 2021, the Fund acquired 100% interest in the Sunshine Day Hospital, located in Sunshine VIC. The building comprises of private hospital leased to Dr Gastroenterology for a purchase price of \$10,025,000.

On 27 October 2021, the Fund acquired 100% interest in the Gold Coast Surgery Centre, located in Gold Coast QLD. The building comprises of three-level medical centre anchored by RAD Radiology and Avanti Healthy Living Group for a purchase price of \$12,750,000.

On 28 October 2021, the Fund acquired 100% interest in the Mildura Medical Centre, located in Mildura VIC. The two-level medical building comprising 20 consulting rooms, two pathology rooms and a procedure room, along with meeting and administration areas for a purchase price of \$6,065,000.

On 1 November 2021, the Fund acquired 100% interest in North Ward Medical Centre, located in Townsville QLD. The building comprises of a freestanding purpose-built medical facility with two tenants. The asset is securely anchored by Avanti Healthy Living Group for a purchase price of \$12,400,000.

On 3 November 2021, the Fund acquired 100% interest in the Bowen Hills Day Surgery, located in Bowen Hills QLD. The building comprises of modern two-storey building leased to Life Fertility Clinic for a purchase price of \$20,500,000.

On 5 November 2021, the Fund acquired 100% interest in the Panaceum Medical Centre, located in Geraldton WA. The building comprises of single-level medical facility leased to Care Medical Group for a purchase price of \$13,100,000.

On 3 December 2021, the Fund acquired 100% interest in the Casuarina Medical Centre, located in Casuarina NT. The building comprises of integrated medical centre leased to a variety of medical uses for a purchase price of \$14,000,000.

On 3 December 2021, the Fund acquired 100% interest in the Rosebery Convenience and Medical Centre, located in Rosebery NT. The building comprises of modern medical centre anchored by a large GP provider, physiotherapy and dentist, as well as an essential-retail based convenience offering for a purchase price of \$8,400,000.

On 15 March 2022, the Fund acquired 100% interest in the Cambridge Day Surgery, located in Wembley WA. The building comprises of modern day surgery centre for a purchase price of \$8,100,000.

On 15 March 2022, the Fund acquired 100% interest in the St John of God Wembley Day Surgery, located in Wembley WA. The building comprises of modern day surgery for a purchase price of \$27,000,000.

On 18 March 2022, the Fund acquired 100% interest in the South Lake Medical Centre, located in South Lake WA. The building comprises of modern medical centre anchored by a large GP provider for a purchase price of \$8,869,000.

## Disposals

No property disposals occurred during the year.

## Review of operations

The profit for the Fund amounted to \$20,212,000 (30 June 2021: \$3,883,000).

The results of the operations of the Fund are disclosed in the consolidated statement of profit or loss and other comprehensive income of this financial report. The Fund's Net Tangible Assets ('NTA') is \$1.03 per security at 30 June 2022 (30 June 2021: \$1.26).

## Investment property valuations

The total value of the Fund's portfolio as at 30 June 2022 was \$366,775,000 (30 June 2021: \$135,070,000).

The weighted average capitalisation rate for the portfolio was 5.22% as at 30 June 2022 (30 June 2021: 5.60%).

The Fund has engaged external valuations on all of its properties across the portfolio during the financial year.

## Occupancy

As at 30 June 2022 the Fund's portfolio was 98.6% occupied with a weighted average lease expiry ("WALE") of 9.16 years weighted by income.

## Capital Management

As at 30 June 2022, the Stapled Group had debt facilities totalling \$304.50 million with a weighted average expiry of 2.26 years (30 June 2021: 1.0 year). Drawn borrowings totalled \$259.24m, of which \$143.21m was allocated to the Fund (30 June 2021: \$62.5 million) with an all in cost of funds for the period being 2.29% (30 June 2021: 2.08%).

The Fund's gearing at 30 June 2022 was 37.3% (30 June 2021: 38.8%).

## Distributions

Distributions paid or payable in respect to the financial year were:

	30/06/2022 Cents per security	30/06/2022 \$'000	30/06/2021 Cents per security	30/06/2021 \$'000
30 September 2021	0.016	1,250	0.014	116
19 October 2021	0.003	229	-	-
12 November 2021	-	-	0.001	53
31 December 2021	0.010	2,529	0.005	286
31 March 2022	0.013	3,266	0.017	883
30 June 2022	0.012	3,017	0.013	929
<b>Total distributions</b>	<b>0.054</b>	<b>10,291</b>	<b>0.050</b>	<b>2,267</b>

# Directors' report

30 June 2022

## Significant changes in the state of affairs

On 20 October 2021 the Fund and its controlled entities was stapled to RAM Australia Retail Property Fund ("RARPF") and its controlled entities to encompass the portfolio of RAM Essential Services Property Fund ("Stapled Group"). The securities of the Stapled Group are stapled to the securities in each fund. The securities of RAMPF and RARPF cannot be traded or dealt with separately. The stapled securities of RAM Essential Services Property Fund are listed on the ASX. RARPF has been identified as the parent entity in relation to the stapling.

The two stapled entities remain separate legal entities in accordance with the Corporations Act 2001 and are each required to comply with the reporting and disclosure requirements of Accounting Standards and Corporations Act 2001.

There were no other significant changes in the state of affairs of the Fund during the financial year.

## Matters subsequent to the end of the financial year

On 30 June 2022, RAM Australia Medical Property No. 1 Trust entered into a contract to purchase the property located at 2166 Gold Coast Highway, Miami QLD for \$1.7m. Settlement is expected to occur on or around 29 August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

## Likely developments and expected results of operations

The Responsible Entity 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.

## Material business risks

There are a number of risks associated with investing in the Fund. Key risks specific to an investment in the Fund include:

### *Interest rate risk*

The Fund will be exposed to fluctuations in interest rates which may reduce the Fund's profit and distributions. The Fund will enter into interest rate hedging contracts to mitigate this risk.

### *Property valuation risk*

The value of each Property held by the Fund may fluctuate due to a number of factors affecting both the property market generally or the Fund's Properties in particular. A reduction in the value of any Property may adversely affect the value of the Securities.

### *Rental income and expense risk*

Distributions made by the Fund are largely dependent on the rents received from tenants across the Portfolio and expenses incurred during operations, which may be affected by a number of factors, including overall economic conditions and property market conditions.

### *Re-leasing and vacancy risk*

The Portfolio's leases will come up for renewal on a periodic basis. There is a risk that the Fund may not be able to negotiate suitable lease renewals. This may result in periods of vacancy, a reduction in the Fund's profits and distributions and a reduction in the value of the assets of the Fund.

### *Property illiquidity*

By their nature, investments in real property assets are illiquid investments. There is a risk that should the Fund be required to realise Property assets, it may not be able to do so in a short period of time, or may not be able to realise a Property asset for the amount at which it has been valued. This may adversely affect the Fund NTA and the value of securities.

## *Development risk*

The Fund has identified a pipeline of value-add opportunities including future development of the Properties. The risks faced by the Fund in relation to the existing or future development projects will depend on the terms of the transaction at the time. The Fund will seek to mitigate the risks associated with development projects by employing the following risk mitigation strategies:

- obtaining relevant statutory permits;
- obtaining leasing pre-commitments; and
- entering into appropriate building contracts with builders and other service providers.

## *Competition*

The Fund will face competition from other property groups active in Australia. Such competition could lead to loss of tenants to competitors, an inability to secure new tenants resulting from oversupply of commercial space and an inability to secure maximum rents due to increased competition.

## *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;
- rental waivers and deferrals offered to eligible tenants; and
- increases in operational expenses related to the COVID-19 pandemic.

## *Tenant concentration*

There is a risk that if one or more of the major tenants ceases to be a tenant, the Fund may not be able to find a suitable replacement tenant or may not be able to secure lease terms that are as favourable as current terms. Should the Fund be unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, this will result in a lower rental return, which could materially adversely affect the financial performance of the Fund and distributions.

## **Environmental regulation**

The consolidated entity's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Responsible Entity 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.

## **Indemnity and insurance of officers**

### *Indemnification*

Under the Fund's Constitution, the Responsible Entity, 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.

# Directors' report

30 June 2022

## 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 Fund, or to intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or part of those proceedings.

## Rounding of amounts

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## 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.

## Responsible Entity interests

The following fees were paid or payable to the Responsible Entity and related parties during the financial year:

	Consolidated	
	2022 \$'000	2021 \$'000
Investment management fees	1,977	816
Performance fees	-	1,329
Property acquisition fees	2,606	1,414
Leasing fees	567	220
Development management fees	-	82
Finance facilitation fees	344	134
Accounting fees	213	54
Cost recoveries	673	-
Administration costs	85	141
	<b>6,465</b>	<b>4,190</b>

Further detail for related party transactions are outlined in note 22.

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



Greg Miles  
Independent Non-Executive Chairman



Marianne Perkovic  
Independent Non-Executive Director

19 August 2022  
Sydney

# Auditor's independence declaration



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

I am pleased to provide the following declaration of independence to the directors of the Responsible Entity of RAM Australia Medical Property Fund.

As lead audit partner for the audit of the financial report of RAM Australia Medical Property Fund for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

PKF

MARTIN MATTHEWS  
PARTNER

19 AUGUST 2022  
NEWCASTLE, NSW

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

Liability limited by a scheme approved  
under Professional Standards Legislation

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PKF (NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of separately owned firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit [www.pkf.com.au](http://www.pkf.com.au)

# Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Revenue</b>			
Interest revenue		1	1
Rent from investment properties	4	18,380	5,000
Unrealised gains on revaluation of property		21,084	2,835
Unrealised gains on financial derivatives		3,152	-
<b>Total revenue</b>		<b>42,617</b>	<b>7,836</b>
<b>Expenses</b>			
Auditor's remuneration	21	(207)	(51)
Investment property expenses	5	(2,038)	(118)
Other expenses		(352)	(301)
Depreciation and amortisation expense	5	(193)	(75)
Transaction costs		(14,017)	-
Fund management fees		(2,142)	(2,285)
Property management fees	5	(475)	(206)
Finance expenses relating to interest-bearing liabilities	5	(2,981)	(917)
<b>Total expenses</b>		<b>(22,405)</b>	<b>(3,953)</b>
<b>Profit for the year attributable to the owners of RAM Australia Medical Property Fund</b>	17	<b>20,212</b>	<b>3,883</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year attributable to the owners of RAM Australia Medical Property Fund</b>		<b>20,212</b>	<b>3,883</b>

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



# Statement of financial position

As at 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	4,340	3,677
Trade and other receivables	7	1,172	222
Other current assets	8	610	15,642
<b>Total current assets</b>		<b>6,122</b>	<b>19,541</b>
<b>Non-current assets</b>			
Other receivables	9	42,893	-
Derivative financial instruments	10	3,152	-
Investment properties	11	366,775	135,070
Other non-current assets	12	1,107	498
<b>Total non-current assets</b>		<b>413,927</b>	<b>135,568</b>
<b>Total assets</b>		<b>420,049</b>	<b>155,109</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	9,107	2,231
<b>Total current liabilities</b>		<b>9,107</b>	<b>2,231</b>
<b>Non-current liabilities</b>			
Other payables	14	608	118
Interest bearing loans and borrowings	15	142,119	62,199
<b>Total non-current liabilities</b>		<b>142,727</b>	<b>62,317</b>
<b>Total liabilities</b>		<b>151,834</b>	<b>64,548</b>
<b>Net assets</b>		<b>268,215</b>	<b>90,561</b>
<b>Securityholder's funds</b>			
Issued securities	16	255,363	87,630
Undistributed profits	17	12,852	2,931
<b>Total securityholder's funds</b>		<b>268,215</b>	<b>90,561</b>

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

## Statement of changes in equity

For the year ended 30 June 2022

<b>Consolidated</b>	<b>Issued units \$'000</b>	<b>Undistributed profits \$'000</b>	<b>Total securityholder's funds \$'000</b>
Balance at 1 July 2020	8,437	1,315	9,752
Profit for the year	-	3,883	3,883
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	3,883	3,883
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 16)	79,193	-	79,193
Distributions paid (note 18)	-	(2,267)	(2,267)
<b>Balance at 30 June 2021</b>	87,630	2,931	90,561

<b>Consolidated</b>	<b>Issued securities \$'000</b>	<b>Undistributed profits \$'000</b>	<b>Total securityholder's funds \$'000</b>
Balance at 1 July 2021	87,630	2,931	90,561
Profit for the year	-	20,212	20,212
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	20,212	20,212
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 16)	167,733	-	167,733
Distributions paid (note 18)	-	(10,291)	(10,291)
<b>Balance at 30 June 2022</b>	<b>255,363</b>	<b>12,852</b>	<b>268,215</b>

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

# Statement of cash flows

For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		20,401	5,371
Payments to suppliers (inclusive of GST)		(9,995)	(2,343)
		10,406	3,028
Interest received		-	1
Interest and other finance costs paid		(2,009)	(806)
Net cash from operating activities	27	8,397	2,223
<b>Cash flows from investing activities</b>			
Payments for investment property	11	(59,673)	(112,386)
Payments for other assets		-	(15,233)
Net cash used in investing activities		(59,673)	(127,619)
<b>Cash flows from financing activities</b>			
Proceeds from issue of securities	16	5,804	79,193
Proceeds from borrowings		44,394	50,596
Distributions paid	18	(8,209)	(2,267)
Proceeds from interfund loan to RARPF		9,950	-
Net cash from financing activities		51,939	127,522
Net increase in cash and cash equivalents		663	2,126
Cash and cash equivalents at the beginning of the financial year		3,677	1,551
Cash and cash equivalents at the end of the financial year	6	4,340	3,677

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

# Notes to the financial statements

30 June 2022

## 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 19 August 2022.

## Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### *Basis of preparation*

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### 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 Fund'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.

### *Parent entity information*

In accordance with the Corporations Act 2001, these financial statements present the results of the Fund only. Supplementary information about the parent entity is disclosed in note 23.

### *Principles of consolidation*

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of RAM Australia Medical Property Fund (Fund or 'parent entity') as at 30 June 2022 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 Fund.

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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Fund loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Fund recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### ***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.

#### ***Income tax***

Under current Australian income tax legislation, the Fund 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.

# Notes to the financial statements

30 June 2022

## Note 2. Summary of significant accounting policies (continued)

### *Derivative financial instruments*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

### Cash flow hedges

Cash flow hedges are used to cover the Fund's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

### *Joint operations*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint operations are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint operation is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint operations are carried in the statement of financial position at cost plus post-acquisition changes in the Fund's share of net assets of the joint operations. Goodwill relating to the joint operation is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint operation entities reduce the carrying amount of the investment.

### *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.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

### ***Excess of Current Liabilities over Current Assets***

As at 30 June 2022, the Fund's current liabilities of \$9,107,000 (FY21: \$2,231,000) exceed its current assets of \$6,122,000 (FY21: \$19,541,000) by \$2,985,000.

The major contributor of this excess as at 30 June 2022 is the expense accrual of capital expenditure for two of the investment properties as part of their settlements. These balances are expected to be paid within 12 months of the reporting period.

### ***Trade and other payables***

These amounts represent liabilities for goods and services provided to the Fund 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.

### ***Finance costs***

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### ***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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### ***Issued capital***

Ordinary securities are classified as equity.

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

# Notes to the financial statements

30 June 2022

## Note 2. Summary of significant accounting policies (continued)

### *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.

### *Comparatives*

Comparatives are consistent with prior years, unless otherwise stated.

### *Rounding of amounts*

The Fund is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## 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 tenant 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. Revenue

### *Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2022 \$'000	2021 \$'000
Rental income	16,018	4,485
Recoverable outgoings	1,753	220
Straight-line of rental revenue	609	295
	18,380	5,000

## Note 5. Expenses

	Consolidated	
	2022 \$'000	2021 \$'000
Profit includes the following specific expenses:		
<i>Amortisation</i>		
Lease incentives as lessor	193	75
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	2,198	804
Amortisation of borrowing transaction costs	783	113
Finance costs expensed	2,981	917
<i>Expenses on investment properties</i>		
Investment property expenses	2,038	118
Property management fees	475	206
Total expenses on investment properties	2,513	324

# Notes to the financial statements

30 June 2022

## Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2022 \$'000	2021 \$'000
Cash at bank	4,262	2,499
Cash on deposit	78	1,178
	4,340	3,677

## Note 7. Current assets - trade and other receivables

	Consolidated	
	2022 \$'000	2021 \$'000
Trade receivables	1,219	222
Less: Allowance for expected credit losses	(58)	-
	1,161	222
Other receivables	11	-
	1,172	222

### *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	
	2022 %	2021 %	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Consolidated						
Not overdue	-	-	646	186	-	-
30 to 90 days overdue	-	-	398	26	-	-
90+ days overdue	31%	-	186	10	58	-
			1,230	222	58	-

## Note 8. Current assets - other current assets

	Consolidated	
	2022 \$'000	2021 \$'000
Accrued income	307	-
Prepayments	133	362
Other current assets (i)	170	15,280
	<b>610</b>	<b>15,642</b>

(i) At 30 June 2022, other current assets consists of a deposit paid to vendors for the purchase of property in Trust 1. This acquisition will be completed after the reporting date.

At 30 June 2021, other current assets consisted of deposits paid to vendors for the purchase of property acquisitions in Trust 7, Trust 10 and Trust 14. These acquisitions were completed in the year ended 30 June 2022.

## Note 9. Non-current assets - other receivables

	Consolidated	
	2022 \$'000	2021 \$'000
Receivable from RAM Australia Retail Property Fund	42,893	-

## Note 10. Non-current assets - derivative financial instruments

	Consolidated	
	2022 \$'000	2021 \$'000
Interest rate swap contracts - cash flow hedges	3,152	-

Refer to note 20 for further information on fair value measurement.

# Notes to the financial statements

30 June 2022

## Note 11. Non-current assets - investment properties

	Consolidated	
	2022 \$'000	2021 \$'000
<b>QLD</b>		
Bowen Hills Day Surgery, Bowen Hills QLD	21,900	-
Highland Health Centre, Highland Park QLD	10,136	-
Miami Day Hospital, Miami, QLD	20,239	17,237
North Ward Medical Centre, North Ward QLD	12,650	-
Parkwood Family Practice, Parkwood QLD	8,143	-
The Banyans Health & Wellness Centre, Clear Mountain QLD	8,975	-
The Gold Coast Surgery Centre, Southport QLD	20,550	-
Willets Health Precinct, Mount Pleasant QLD	16,877	-
<b>NSW</b>		
Corrimal Private Health Centre, Corrimal NSW	6,200	6,103
Mayo Private Hospital, Taree NSW	52,000	47,476
Dubbo Private Hospital, Dubbo NSW	22,000	20,120
<b>VIC</b>		
Mildura Medical Centre, Mildura VIC	6,000	-
Sunshine Day Hospital, Sunshine VIC	11,250	-
<b>TAS</b>		
North West Private Hospital, Cooeee TAS	41,900	35,841
<b>NT</b>		
Casuarina Medical Precinct, Casuarina NT	14,605	-
Rosebery Convenience & Medical Centre, Rosebery NT	8,500	-
<b>WA</b>		
Swan Medical Centre, Midlands WA	8,100	8,293
Madeley Medical Centre, Madeley WA	10,407	-
Panaceum Medical Centre, Geraldton WA	13,724	-
Secret Harbour Medical Centre, Secret Harbour WA	8,650	-
South Lake Medical Centre, South Lake WA	8,869	-
Cambridge Day Surgery, Wembley WA	8,100	-
St John of God Wembley Day Surgery, Wembley WA	27,000	-
	<b>366,775</b>	<b>135,070</b>

	Consolidated	
	2022 \$'000	2021 \$'000
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	135,070	19,922
Additions	204,586	101,990
Revaluation increments	21,084	2,835
Capital expenditure	19,628	10,396
Depreciation and amortisation expense	(193)	(73)
Property transaction costs	(13,400)	-
Closing fair value	366,775	135,070

Refer to note 20 for further information on fair value measurement.

### *Lessor commitments*

	Consolidated	
	2022 \$'000	2021 \$'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	21,437	8,277
Between 1 and 2 years	18,747	8,045
Between 2 and 3 years	17,216	7,843
Over 3 years	93,448	59,135
	150,848	83,300

### **Note 12. Non-current assets - other non-current assets**

Other non-current assets relates to the straight-lining and smoothing adjustments for rent from investment properties.

	Consolidated	
	2022 \$'000	2021 \$'000
Other assets	1,107	498

# Notes to the financial statements

30 June 2022

## Note 13. Current liabilities - trade and other payables

	Consolidated	
	2022 \$'000	2021 \$'000
Trade payables	147	851
Accrued expenses	4,301	515
Fees payable to related parties	162	-
Deferred income	711	43
Goods and service tax payable / (receivable)	9	(37)
Security deposits	760	-
Distribution payable	3,017	859
	<b>9,107</b>	<b>2,231</b>

## Note 14. Non-current liabilities - other payables

	Consolidated	
	2022 \$'000	2021 \$'000
Security deposits	608	118

## Note 15. Non-current liabilities - interest bearing loans and borrowings

On 24 September 2021, RAM Essential Services FinCo Pty Ltd ('FinCo') entered into a Syndicated Debt Facility with the Commonwealth Bank of Australia ("CBA"). FinCo is jointly owned by RARPF and RAMPF and has been treated as a Joint Operation under Australian Accounting Standards. The Syndicated Debt Facility is for \$280m and for a term of 3 years. On 22 October 2021 FinCo drew \$211.0m to refinance existing CBA Debt Facilities and complete the acquisitions of 11 Medical Properties. A total of \$97.2m of the drawn debt at 22 October 2021 was allocated to the Fund.

FinCo has drawn an additional \$46.0m on the CBA Syndicated Debt Facility to complete the acquisition of 3 Medical Properties and to fund capital works.

	Consolidated	
	2022 \$'000	2021 \$'000
Loan Facility Drawn	143,213	62,477
Less: Attributable transaction costs	(1,094)	(278)
	<b>142,119</b>	<b>62,199</b>

Refer to note 19 for further information on financial instruments.

## Note 16. Securityholder's funds - issued securities

	Consolidated			
	2022 Securities	2021 Securities	2022 \$'000	2021 \$'000
Ordinary units - fully paid	260,542,046	71,483,075	255,363	87,630

### Movements in Ordinary Equity

Detail	Date	30/06/2022 Number of Securities	30/06/2022 \$'000
Balance	30 June 2021	71,483,075	87,630
Units issued	1 July 2021	124,085	157
Units issued	2 July 2021	1,178,780	1,500
Units issued	4 August 2021	157,110	200
Units issued	9 August 2021	4,399,056	5,600
Units issued	19 August 2021	(1,174,994)	(1,496)
Units issued	1 October 2021	235,750	299
Redemptions	20 October 2021	(66,286,856)	(84,111)
Securities issued	20 October 2021	250,426,040	251,706
Issue costs		-	(6,122)
<b>Balance</b>		<b>260,542,046</b>	<b>255,363</b>

On 20 October 2021, RAMPF combined with RARPF to create the RAM Essential Services Property Fund ("RESP") as a "stapled entity". Under the stapling arrangement, each stapled security was issued at a ratio of 1 for 1 between RAMPF and RARPF.

As part of the restructure existing unitholders of RAMPF were provided the option to redeem their units in the Fund or to equalise their existing units to the stapled securities in RESP.

This resulted in 66,286,856 units being redeemed, and 250,426,040 securities issued to form the stapled securities in RESP. All new capital raises of RESP were allocated on the ratio of 1 for 1 between RAMPF and RARPF resulting in 260,542,046 securities being on issue for RAMPF.

### Security buy-back

There is no current on-market security buy-back.

# Notes to the financial statements

30 June 2022

## Note 17. Securityholder's funds - undistributed profits

	Consolidated	
	2022 \$'000	2021 \$'000
Undistributed profits at the beginning of the financial year	2,931	1,315
Profit for the year	20,212	3,883
Distributions paid (note 18)	(10,291)	(2,267)
<b>Undistributed profits at the end of the financial year</b>	<b>12,852</b>	<b>2,931</b>

## Note 18. Securityholder's funds - distributions

	30/06/2022 Cents per security	30/06/2022 \$'000
30 September 2021	0.016	1,250
19 October 2021	0.003	229
31 December 2021	0.010	2,530
31 March 2022	0.013	3,265
30 June 2022	0.012	3,017
	<b>0.054</b>	<b>10,291</b>

## Note 19. 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 Fund's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Fund to interest rate risk.

For the Fund's bank loans outstanding, totalling \$143,213,000 (2021: \$62,477,000), are interest payment only loans. An official increase/decrease in interest rates of 100 basis points would have an (adverse)/favourable effect on profit before tax of (\$631,100) / \$631,000 (2021: \$624,767) per annum.

### *Credit risk*

Credit risk is the risk that a customer or counterparty to a financial instrument will default on their contractual obligations resulting in a financial loss to the Fund.

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



As at 30 June 2022, for the Fund, the ageing analysis of total trade receivables is as follows:

	Trade receivables \$	Impairment \$	Net receivables \$
Not overdue	635,329	-	635,329
30-90 days overdue	398,168	-	398,168
91+ days overdue	185,929	(58,303)	127,626
	1,219,426	(58,303)	1,161,123

### Liquidity risk

Vigilant liquidity risk management requires the Fund 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 Fund 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.

	Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	Total \$
<b>Financial liabilities due for payment</b>				
Trade & Other Payables	6,090	414	194	6,698
Distribution Payable	3,017	-	-	3,017
Loan Facility	-	143,213	-	143,213
	9,107	143,627	194	152,928

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

### Capital Management

The Fund's objective when managing capital is to safeguard the ability to continue as a going concern, whilst providing returns for securityholders and benefits for other stakeholders and to maintain a capital structure to minimise the cost of capital.

The Responsible Entity can alter the capital structure of the consolidated entity by adjusting the amount of distributions paid to securityholders and adjusting the timing of development and capital expenditure.

In this context, the Fund considers capital to include interest-bearing loans and borrowings and securityholders' funds.

### Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables as disclosed in the Statement of Financial Position reflect the fair value of these financial assets and liabilities as at 30 June 2022.

# Notes to the financial statements

30 June 2022

## Note 20. Fair value measurement

### *Fair value hierarchy*

The following tables detail the Fund's assets and liabilities, measured or disclosed 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

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<i>Assets</i>				
Investment properties	-	366,775	-	366,775
Financial instruments - Cash flow hedge	3,152	-	-	3,152
<b>Total assets</b>	<b>3,152</b>	<b>366,775</b>	<b>-</b>	<b>369,927</b>

There were no transfers between levels during the financial year.

### *Valuation techniques for fair value measurements categorised within level 2 and level 3*

Direct property assets are valued in accordance with the Fund's Property Valuation Policy.

This Policy requires that all direct property assets be valued at Fair Value at each balance date. Fair Value is determined at least once every two years by an appropriately qualified independent property valuer.

In the intervening periods Fair Value is determined by the Responsible Entity, acting in good faith, after considering all relevant market-based information and circumstances.

Where the Responsible Entity or Investment Manager believes that there have been significant changes in the value of the direct property assets, an appropriately qualified independent property valuer will be engaged at each reporting period in consultation with the scheme auditor to value the direct property assets in accordance with ordinary commercial practice and AIFRS.

The balance of the Fund's properties were valued by the Responsible Entity using usual market adopted methodologies including capitalisation, discounted cash flow, and comparison methodologies.

## Note 21. Remuneration of auditors and consultancy costs

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:

	Consolidated	
	2022 \$	2021 \$
<i>Audit services - PKF(NS) Audit &amp; Assurance Limited Partnership</i>		
Audit of the financial statements	125,923	51,000
<i>Other services - PKF(NS) Audit &amp; Assurance Limited Partnership</i>		
Consultancy services	80,941	-
	<b>206,864</b>	51,000

## Note 22. Related party transactions

### Key management personnel

The Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity. The Responsible Entity has appointed an Investment Manager to manage the activities of the Fund which has been identified as key management personnel.

### Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

### Related Party fees and other transactions

	Basis and rate applicable	Related Party
Investment management fees	The investment management fee is calculated at 0.65% per annum, excluding GST, of the gross asset value up to and including \$1.50B, and 0.55% per annum of the gross asset value in excess of \$1.50B.  Pre-stapling, the investment management fee was calculated at 1.00% per annum, excluding GST, of the gross asset value.	Investment Manager
Property acquisition fees	The acquisition fee is calculated at 0.75% of the acquisition price of any acquisitions undertaken by the Stapled Group. This is below the amount the property manager is entitled to charge.  Pre-stapling, the acquisition fee was calculated at 1.90% of the acquisition price of any acquisitions undertaken by the Fund.	Investment Manager
Property management fees	The property management fees have been charged to recover the costs associated with the fees payable to external property managers.	Property Manager

# Notes to the financial statements

30 June 2022

## Note 22. Related party transactions (continued)

	<b>Basis and rate applicable</b>	<b>Related Party</b>
Leasing fees	The Property Manager is entitled to receive leasing fees for the provision of leasing services in relation to the Properties (as agreed between the Responsible Entity and the Property Manager) including for new tenants and renewals of existing tenants.	Property Manager
Development management fees	The development management fees are calculated at 5% of the greater of development costs and gross valuation uplift. Valuation uplift is calculated as the value of the asset upon completion less the value of the asset at acquisition. This fee is payable at significant stages in the development plan.	Property Manager
Registry fees	The registry fees are in relation to the equity register maintenance and administration services provided to the Fund.	Investment Manager
Accounting fees	The accounting fees are in relation to accounting services provided directly to the Fund on fixed rate contracts, determined by the number of tenants of the associated property to the Fund.	Investment Manager Property Manager
Finance facilitation fees	As per the previous terms of the investment management agreement, which was applicable when the Debt Facility Agreement was entered into pre stapling, a one-off fee of 0.25% of the Debt Facility is payable to the Investment Manager.	Investment Manager
Reimbursement for costs paid	All reasonable expenses and costs incurred in connection with the obligations of the related parties as stipulated in the Fund's Constitution.	Responsible Entity Investment Manager Property Manager

### *Related Parties*

#### *Responsible Entity*

RAM Property Funds Management Limited is the responsible entity.

#### *Investment Manager*

RAM Property Investment Management Pty Ltd is the engaged investment manager.

#### *Property Manager*

RAM Property Asset Management Pty Ltd is the engaged property manager.

### *Controlled entities*

Interests in subsidiaries are set out in note 24.

### *Joint operations*

Interests in joint operations are set out in note 25.

## Transactions with related parties

At the reporting date, the following transactions occurred with the related parties:

	Consolidated	
	2022 \$'000	2021 \$'000
<b>RAM Property Funds Management Limited</b>		
Cost recoveries	367	-
<b>RAM Property Investment Management Pty Ltd</b>		
Investment management fees	968	-
Property acquisition fees	330	-
Cost recoveries	217	-
	1,515	-
<b>RAM Property Asset Management Pty Ltd</b>		
Leasing fees	1	-
Cost recoveries	34	-
	35	-
<b>Real Asset Management Pty Ltd</b>		
Investment management fees	656	532
Property acquisition fees	1,359	848
Administration fees	85	141
Cost recoveries	16	-
	2,116	1,521
<b>RAM Australia Property Services Pty Ltd</b>		
Investment management fees	353	284
Property acquisition fees	917	566
Performance fees	-	1,329
Accounting fees	213	54
Finance facilitation fees	344	134
Development management fees	-	82
Leasing fees	566	220
Cost recoveries	39	1
	2,432	2,670

# Notes to the financial statements

30 June 2022

## Note 22. Related party transactions (continued)

### *Receivable from and payable to related parties*

There were no trade receivables from related parties at the current and previous reporting date.

At the reporting date, an amount of \$162,000 including GST is owing to the related parties and is included in the trade and other payables.

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Amounts payable to Related Parties</b>		
RAM Property Funds Management Limited	51	68
RAM Property Investment Management Pty Ltd	55	-
RAM Property Asset Management Pty Ltd	37	-
Real Asset Management Pty Ltd	18	-
RAM Australia Property Services Pty Ltd	1	3
RAM Australia Retail Property Fund	-	408
	<b>162</b>	<b>479</b>

### *Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2022 \$	2021 \$
Non-current receivables:		
Loan to other related party - RAM Australia Retail Property Fund	42,893	-

### *Terms and conditions*

All related party payables are non-interest bearing.

## Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

### *Statement of profit or loss and other comprehensive income*

	Parent	
	2022 \$'000	2021 \$'000
Profit	9,742	2,267
Total comprehensive income	9,742	2,267

### *Statement of financial position*

	Parent	
	2022 \$'000	2021 \$'000
Total current assets	622	1,075
Total assets	241,357	83,797
Total current liabilities	(13,457)	(3,833)
Total liabilities	(13,457)	(3,833)
Securityholder's funds		
Issued securities	255,363	87,630
Accumulated losses	(549)	-
Total securityholder's funds	254,814	87,630

### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2022 (30 June 2021: Nil).

## Note 24. Controlled entities

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

	Ownership Interest	
	2022 %	2021 %
RAM Australia Medical Property No. 1 Trust	100%	100%
RAM Australia Medical Property Mid Trust	100%	100%

# Notes to the financial statements

30 June 2022

## Note 24. Controlled entities (continued)

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

	Ownership Interest	Owner Interest
	2022 %	2021 %
RAM Australia Medical Property No. 2 Trust	100%	100%
RAM Australia Medical Property No. 3 Trust	100%	100%
RAM Australia Medical Property No. 4 Trust	100%	100%
RAM Australia Medical Property No. 5 Trust	100%	100%
RAM Australia Medical Property No. 6 Trust	100%	100%
RAM Australia Medical Property No. 7 Trust	100%	100%
RAM Australia Medical Property No. 8 Trust	100%	100%
RAM Australia Medical Property No. 9 Trust	100%	100%
RAM Australia Medical Property No. 10 Trust	100%	100%
RAM Australia Medical Property No. 12 Trust	100%	100%
RAM Australia Medical Property No. 13 Trust	100%	100%
RAM Australia Medical Property No. 14 Trust	100%	-
RAM Australia Medical Property No. 15 Trust	100%	-
RAM Australia Medical Property No. 16 Trust	100%	-
RAM Australia Medical Property No. 17 Trust	100%	-
RAM Australia Medical Property No. 18 Trust	100%	-
RAM Australia Medical Property No. 19 Trust	100%	-
RAM Australia Medical Property No. 20 Trust	100%	-
RAM Australia Medical Property No. 21 Trust	100%	-
RAM Australia Medical Property No. 22 Trust	100%	-

## Note 25. Interests in joint operations

RAM Australia Medical Property Fund ("RAMPF") holds a 50% interest in RAM Essential Services FinCo Pty Ltd ("FinCo"), a joint arrangement structured as a financing entity for RAMPF and RAM Australia Retail Property Fund ("RARPF"). The primary purpose of the joint arrangement is to facilitate debt funding on behalf of the joint operators. The arrangement allows for RAMPF and RARPF to draw down on the debt facility held by FinCo. Under the agreement, each party is liable for the portion of used debt facility and the associated costs such as interest and other finance charges. The parties are also entitled to the assets created from the arrangement by the generation of funds to be used in their operations.



FinCo is a contractually established entity and is classified as a joint operation. Accordingly, RAMPF's interest in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements.

The Fund has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations using the equity method of accounting in accordance with AASB 128 *Investments in Associates and Joint Ventures*. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint ventures that are material to the Fund are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2022 %	2021 %
RAM Essential Services FinCo Pty Ltd	Australia	50.00%	-

### Summarised financial information

	2022 \$'000
<i>Summarised statement of financial position</i>	
Cash and cash equivalents	(188)
Other current assets	419
Non-current assets	146,365
<b>Total assets</b>	<b>146,596</b>
Current liabilities	231
Non-current financial liabilities (excluding trade and other payables and provisions)	143,213
<b>Total liabilities</b>	<b>143,444</b>
<b>Net assets</b>	<b>3,152</b>
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Other revenue	3,152
Profit	3,152
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>3,152</b>

### Note 26. Events after the reporting period

On 30 June 2022, RAM Australia Medical Property No. 1 Trust entered into a contract to purchase the property located at 2166 Gold Coast Highway, Miami QLD for \$1.7m. Settlement is expected to occur on or around 29 August 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

# Notes to the financial statements

30 June 2022

## Note 27. Reconciliation of profit to net cash from operating activities

	Consolidated	
	2022 \$'000	2021 \$'000
Profit for the year	20,212	3,883
Adjustments for:		
Depreciation and amortisation	193	185
Net fair value gain on other financial assets	(3,152)	-
IFRS rental income	(609)	(295)
Unrealised gains on revaluation of property	(21,084)	(2,835)
Transaction costs	14,017	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(960)	11
Increase in other assets	(3,666)	(455)
Increase in trade and other payables	2,196	1,729
Increase in other liabilities	1,250	-
<b>Net cash from operating activities</b>	<b>8,397</b>	<b>2,223</b>

## Note 28. Non-cash investing and financing activities

	Consolidated	
	2022 \$'000	2021 \$'000
Acquisition of investment properties executed by RARPF	(109,763)	-
Acquisition of investment properties by means of debt	(34,743)	-
Securities issued in relation to stapling to RARPF	162,433	-
Loans from banks	34,743	-
Interfund balance relating to RARPF	(52,670)	-
	-	-

## Directors' declaration

30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund 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



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Greg Miles  
Independent Non-Executive Chairman



---

Marianne Perkovic  
Independent Non-Executive Director

19 August 2022  
Sydney

# Independent auditor's report to the Unitholders of RAM Australia Medical Property Fund



## 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), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Fund, is in accordance with the Corporations Act 2001, including:

- (a) Giving a true and fair view of the Fund's financial position as at 30 June 2022, and of its financial performance for the year then ended; and
- (b) Complying with the Australian Accounting Standards and 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.

#### Independence

We are independent of the Fund in accordance with the auditor independence requirements of the Corporations Act 2001 and 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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Responsible Entity of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Other Information

The directors of the Responsible Entity of the Fund are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

Liability limited by a scheme approved  
under Professional Standards Legislation

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# Independent auditor's report to the Unitholders of RAM Australia Medical Property Fund



## Other Information (cont'd)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors of the Responsible Entity of the Fund for the Financial Report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the Fund'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 the directors either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

## 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors of the Responsible Entity.

# Independent auditor's report to the Unitholders of RAM Australia Medical Property Fund



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

- Conclude on the appropriateness of the directors' of the Responsible Entity 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 Fund'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 Fund 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 of the Responsible Entity 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.

We also provide the directors of the Responsible Entity 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.

The logo for PKF, consisting of the letters 'PKF' in a bold, blue, sans-serif font.

PKF

A handwritten signature in black ink that reads 'Martin Matthews'.

MARTIN MATTHEWS  
PARTNER

19 AUGUST 2022  
NEWCASTLE, NSW

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