

Australian Unity Property Income Fund

ARSN 094220498

Annual report for the year ended 30 June 2025

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Directors' report

The directors of Newmark RE Limited (formerly Australian Unity Investment Limited) (ABN 18 658 761 561), the Responsible Entity of the Australian Unity Property Income Fund ("the Scheme"), present their report together with the financial statements of the Scheme for the year ended 30 June 2025 and the auditor's report thereon.

Directors

The following persons were directors of the Responsible Entity from the start of the financial year up until 27 June 2025:

Rohan Mead	- Executive
Esther Kerr	- Executive
Darren Mann	- Executive

All of the above directors resigned on 27 June 2025.

The following persons were the directors of the Responsible Entity from the date of 28 June 2025 and up to the date of this report:

Christopher Langford	- Managing Director
Mark Allan	- Non-Executive Director
Michael Doble	- Non-Executive Independent Director

Principal activities

The Scheme's objective is to provide a regular income stream via monthly income payments as well as capital growth over the medium to long-term.

The Scheme invests in commercial property which includes direct property assets, listed and unlisted property trusts and cash type assets. The Scheme invests in accordance with the investment policy of the Scheme as set out in its Product Disclosure Statement (PDS) and in accordance with its constitution.

Change in Ultimate Parent of Responsible Entity

On the 27 June 2025 there was a change to the owner of the Responsible Entity. Newmark Property Group acquired the Responsible Entity, as a result there was a change to the directors on the board of the Responsible Entity as outlined in the 'Directors' section above. There was no financial impact of the change to the Scheme and no changes occurred to the day to day operations of the fund with the Fund Manager and Portfolio Manager moving with the fund and no changes to fees, investments or key services providers including registry.

Review and results of operations

Property valuations

The current year valuations were in total below the properties' carrying values resulting in recording a net fair value loss of \$1,339,527 (2024: loss of \$2,468,000).

Property disposals

On 28 May 2025, the Scheme exchanged a contract for the sale for the Edith Cavell Building, Herston, QLD. The agreed sale price was \$11,750,000. The sales price will be paid net of any settlement adjustments. The sale of the property was completed on 30 July 2025.

Results

Unit price (ex distribution) as at 30 June 2025 was \$ 0.8732 (30 June 2024: \$0.8792).*

*The reported unit prices (which are not audited) have been derived based on the declared unit prices calculated in accordance with the Responsible Entity's unit pricing policy, and are not based on the net assets of these IFRS compliant financial statements. Return calculations assume reinvestment of distributions.

Review and results of operations (continued)

Results (continued)

The performance of the Scheme, as represented by the results of its operations, was as follows:

	2025	2024
	\$'000	\$'000
Profit before finance costs attributable to unitholders	10,430	6,453
Distributions paid and payable	13,834	15,189

Distributions of 5 cents per unit were paid or were payable in respect of the year ended 30 June 2025 (2024: 5 cents per unit).

Significant changes in the state of affairs

In the opinion of the directors of the Responsible Entity, other than the matters identified in this report there were no other significant changes in the state of affairs of the Scheme that occurred during the year.

Events occurring after end of the year

On 28 May 2025, the Scheme exchanged a contract for the sale for the Edith Cavell Building, Herston, QLD. The agreed sale price was \$11,750,000. The sale of the property was completed on 30 July 2025.

On 20 August 2025, the company name of the Responsible Entity was changed from Australian Unity Investments Limited (AUIL) to Newmark RE Limited (NMREL).

On 22 August 2025, the Scheme exchanged a contract for the sale for the property of 134 King Street, Newcastle. The agreed sale price was \$7,150,000. The sale includes a deferred settlement, with completion scheduled on or before 30 June 2027. A non-refundable deposit equivalent to 10% of the sale price has been received. The property has been leased to a related party of the purchaser until settlement occurs. This has a benefit to the Scheme as the property was previously vacant.

No other matters or circumstances have arisen since 30 June 2025 that have significantly affected, or may significantly affect the operations of the Scheme, the result of operations, or the state of the Scheme's affairs for the year ended on that date.

Likely developments and expected results of operations

The Scheme will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

Further information on likely developments in the operations of the Scheme and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Scheme.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Scheme in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Scheme. So long as the officers of the Responsible Entity act in accordance with the Scheme's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Scheme against losses incurred while acting on behalf of the Scheme. The auditors of the Scheme are in no way indemnified out of the assets of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Scheme property during the year are disclosed in note 17 to the financial statements.

No fees were paid out of Scheme property to the directors of the Responsible Entity during the year.

The number of interests in the Scheme held by the Responsible Entity or its associates as at the end of the year are disclosed in note 17 to the financial statements.

Review and results of operations (continued)

Units in the Scheme

The movement in units on issue in the Scheme during the year is disclosed in note 7 to the financial statements.

The value of the Scheme's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

The property operations of the Scheme are subject to environmental regulations under Australian law. There have been no known reportable breaches of these regulations.

Rounding of amounts

The Scheme is an entity of a kind referred to in ASIC *Corporations Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded to the nearest thousand dollars.

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 on page 5.

Signed in accordance with a resolution of the directors of Newmark RE Limited (formerly Australian Unity Investments Limited).



Chris Langford

24 September 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Newmark RE Limited (formerly Australian Unity Investments Limited) as Responsible Entity for Australian Unity Property Income Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Unity Property Income Fund for the financial year ended 30 June 2025 there have been:

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

A stylized signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of David Kells, written in black ink.

David Kells

Partner

Sydney

24 September 2025

Australian Unity Property Income Fund
Statement of comprehensive income
For the year ended 30 June 2025

Statement of comprehensive income

		2025	2024
	Notes	\$'000	\$'000
Income			
Rental income	3	5,217	5,025
Property expenses	4	(2,034)	(2,478)
Net property income		3,183	2,547
 Interest income		 648	 482
Distribution income	5	11,579	10,884
Net losses on financial instruments held at fair value through profit or loss		(2,252)	(2,396)
Net fair value losses of investment properties	13(b)	(1,340)	(2,468)
Other income		984	1,190
Total income net of property expenses		12,802	10,239
 Fund expenses			
Management fees	17	(2,243)	(2,759)
Other expenses		(129)	(1,027)
Total fund expenses		(2,372)	(3,786)
 Profit for the year		10,430	6,453
 Other comprehensive income		 -	 -
 Total comprehensive income attributable to unitholders		10,430	6,453

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Australian Unity Property Income Fund
Statement of financial position
As at 30 June 2025

Statement of financial position

	Notes	2025 \$'000	2024 \$'000
Assets			
Cash and cash equivalents	9	10,264	28,431
Receivables	10	3,930	3,212
Financial assets held at fair value through profit or loss	11	131,692	149,171
Other assets		163	66
Investment Properties held for Sale	12	18,900	-
Investment properties	13	58,700	77,222
Total assets		223,649	258,102
Liabilities			
Distributions payable	8	1,068	1,214
Payables	14	1,565	1,882
Total liabilities		2,633	3,096
Net assets attributable to unitholders – equity		221,016	255,006

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

Australian Unity Property Income Fund
Statement of changes in equity
For the year ended 30 June 2025

Statement of changes in equity

	2025	2024
Notes	\$'000	\$'000
Balance at the beginning of the year	255,006	291,030
Comprehensive income for the year		
Profit for the year	10,430	6,453
Other comprehensive income	-	-
Total comprehensive income attributable to unitholders	10,430	6,453
Transactions with unitholders		
Applications	28,315	40,045
Redemptions	(60,312)	(68,881)
Units issued upon reinvestment of distributions	1,411	1,548
Distributions paid and payable	(13,834)	(15,189)
Total transactions with unitholders	(44,420)	(42,477)
Balance at the end of the year	221,016	255,006

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

Australian Unity Property Income Fund
Statement of cash flows
For the year ended 30 June 2025

Statement of cash flows

		2025	2024
	Notes	\$'000	\$'000
<i>Cash flows from operating activities</i>			
Interest received		648	482
Distributions received		12,014	8,418
Rental and other income received		6,616	7,191
Payments to suppliers		(4,458)	(6,091)
<i>Net cash inflow from operating activities</i>	18(a)	14,820	10,000
<i>Cash flows from investing activities</i>			
Purchase of financial instruments held at fair value through profit or loss		(14,730)	(2,500)
Proceeds from sale of financial instruments held at fair value through profit or loss		29,958	12,589
Payments for additions to investment properties		(2,150)	(1,572)
Proceeds from sale of investment properties		-	42,800
Disposal costs paid from sale of investment property		(88)	(956)
<i>Net cash inflow from investing activities</i>		12,990	50,361
<i>Cash flows from financing activities</i>			
Proceeds from applications by unitholders		28,315	40,045
Payments for redemptions by unitholders		(60,312)	(68,881)
Distributions paid		(13,980)	(13,772)
<i>Net cash outflow from financing activities</i>		(45,977)	(42,608)
<i>Net decrease)/increase in cash and cash equivalents</i>		(18,167)	17,753
Cash and cash equivalents at the beginning of the year		28,431	10,678
<i>Cash and cash equivalents at the end of the year</i>	9	10,264	28,431
<i>Non-cash operating and financing activities</i>	18(b)	5,795	4,621

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

Notes to the financial statements

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1 General information

These financial statements cover Australian Unity Property Income Fund ("the Scheme") as an individual entity. The Scheme was constituted on 1 December 1998 and will terminate on the 80th anniversary or earlier in accordance with the provisions of the Scheme's Constitution.

The Responsible Entity of the Group is Newmark RE Limited (formerly Australian Unity Investments Limited) (ABN 18 658 761 561, AFSL 554640). On the 27 June 2025 there was a change in the ultimate owner of the Responsible Entity when the Responsible Entity was acquired by Newmark Property Group. On 20 August 2025, the name of the Responsible Entity was changed from Australian Unity Investments Limited (AUIL) to Newmark RE Limited (NMREL).

The Responsible Entity is incorporated and domiciled in Australia. The financial statements are for the year 1 July 2024 to 30 June 2025. The Responsible Entity's registered office is Level 17, 644 Chapel Street, South Yarra, VIC 3141.

The financial statements were authorised for issue by the directors of the Responsible Entity on 24 September 2025. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The Scheme is a for-profit entity for the purposes of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within 12 months, except for investment properties, financial assets/(liabilities) held at fair value through profit or loss and net assets attributable to unitholders, where the amount expected to be recovered or settled within 12 months after the end of the year cannot be reliably determined.

(i) Compliance with Australian Accounting Standards and International Financial Reporting Standards

The financial statements of the Scheme comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New accounting standards and amendments adopted by the Scheme

The Scheme 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. There are no new or amended standards that have resulted in a change to the Scheme's accounting policies or have resulted in any retrospective adjustments for the current year.

(iii) New accounting standards, amendments and interpretations not yet mandatory or early adopted

AASB 18: Presentation and Disclosure in Financial Statements

This Standard will replace AASB 101 Presentation of Financial Statements and will improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. There are also limited changes to the presentation of the statement of financial position and the statement of cash flow. The key presentation and disclosure requirements established by AASB 18 are:

- the presentation of newly defined subtotals in the statement of profit or loss;
- the disclosure of management-defined performance measures; and
- enhanced requirements for grouping information (i.e. aggregation and disaggregation).

3 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New accounting standards, amendments and interpretations not yet mandatory or early adopted (continued)

These new requirements will enable investors and other financial statement users to make more informed decisions, including better allocations of capital, that will contribute to long-term financial stability.

Effective for annual reporting periods beginning on or after 1 January 2027.

(b) Investment properties

Initially, investment properties are measured at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition. Costs incidental to acquisition may include legal fees, stamp duty and other government charges, professional fees preceding acquisition and where applicable financing charges incurred during the construction or development of an asset.

Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the year in which they arise.

Redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to carrying value of the investment property where they result in an enhancement in the future economic benefits of the property.

Leasing fees incurred and incentives provided (excluding rental abatements which are expensed) are capitalised and amortised over the lease periods to which they relate.

Independent valuations of investment properties are obtained from suitably qualified valuers generally at least once in every 18 months if the property is in a construction phase; otherwise once in any 12 month period from the date of the last valuation; or in exceptional circumstances once in a financial year or calendar year as determined necessary; or as soon as practicable, but not later than within two months after the directors of the Responsible Entity form a view that there is reason to believe that the fair value of the investment property is materially different from its current carrying value. Such valuations are reflected in note 12. Notwithstanding, the directors of the Responsible Entity determine the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount because the Scheme does not expect to be ultimately liable for capital gains tax in respect of the assets.

Gains or losses arising from changes in the fair value of investment properties are included in the statement of comprehensive income in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of comprehensive income in the year of derecognition.

(c) Financial instruments

(i) Classification

The classification depends on the Scheme's business model for managing the financial instruments and the contractual terms of the relevant cash flows. The Scheme classifies its financial statements into the following measurement categories:

- *Financial assets and liabilities*

The Scheme's investments are classified as held at fair value through profit or loss. These may include investments in listed property trusts, unlisted property trusts and other unlisted trusts.

Financial assets and financial liabilities designated at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis in accordance with the Scheme's documented investment strategy. The Scheme's policy is for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

The information on the fair value basis is provided internally to the Scheme's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

2 Summary of material accounting policies (continued)

(c) Financial instruments (continued)

(i) Classification (continued)

- *Amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met:

- (a) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- (b) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

(ii) Recognition/derecognition

The Scheme recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date).

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Scheme retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Scheme has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Any gains or losses arising on derecognition of a financial asset or liability is included in the statement of comprehensive income in the year the financial asset or liability is derecognised as realised gains or losses on financial instruments.

(iii) Measurement

Financial assets and financial liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities held at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

For further details on how the fair values of financial instruments are determined, refer to Note 15 to the financial statements.

Borrowings and receivables/payables are measured initially at fair value plus transaction costs and subsequently are carried at amortised cost using the effective interest method.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option (subject to the withdrawal and liquidity requirements of the fund). The units can be put back to the Scheme for cash equal to a proportionate share of the Scheme's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to put the units back to the Scheme.

2 Summary of material accounting policies (continued)

(d) Net assets attributable to unitholders (continued)

The Scheme classifies the net assets attributable to unitholders as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Scheme's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial instruments, or to exchange financial instruments with another entity under potentially unfavorable conditions to the Scheme, and it is not a contract settled in the Scheme's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, 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, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in the statement of financial position.

(f) Investment income

Interest income is recognised in the statement of comprehensive income for all financial instruments measured at amortised cost using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(c).

Trust distributions (including distributions from cash management trusts) are recognised on an entitlements basis.

Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the year and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the financial statements.

(g) Expenses

All expenses, including property expenses, Responsible Entity's fees and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(h) Income tax

Under current legislation, the Scheme is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

(i) Distributions

In accordance with the Scheme's Constitution, the Scheme distributes income adjusted for amounts determined by the Responsible Entity, to unitholders by cash or reinvestment.

(j) Receivables

Receivables may include amounts for dividends, interest, rental income arrears, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for expected credit losses is recognised for expected credit losses on trade and other receivables. The provision for expected credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted as the effect of discounting is immaterial.

2 Summary of material accounting policies (continued)

(j) Receivables (continued)

The calculation of expected credit losses relating to rent and other receivables require significant judgement to assess the future uncertainty of tenants' ability to pay their debts. Expected credit losses have been estimated with reference to the Scheme's historical credit loss experience, general economic conditions and forecasts, assumptions around rent relief that may be provided to tenants and tenant risk factors such as size, industry exposure and the Scheme's understanding of the ability of tenants to pay their debts. Accordingly, expected credit losses include both the part of the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant.

(k) Payables

Payables include liabilities and accrued expenses owed by the Scheme which are unpaid as at the end of the reporting period. These payables, which are generally settled on 30-90 day terms and are unsecured, are carried at amortised cost.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each reporting period are included in payables.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately in the statement of financial position when unitholders are presently entitled to the distributable income under the Scheme's Constitution.

Liabilities for trade creditors are carried at original invoice amount which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

Payables to related parties are recognised and carried at the nominal amount due. They are carried at the nominal amount due to the short term nature of the payable. Interest is taken up as an expense on an accrual basis.

Provisions are recognised when the Scheme has a present obligation as a result of the past event and it is probable that the Scheme will be requested to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(l) Applications and redemptions

Applications received for units in the Scheme are recorded net of any entry fees payable prior to the issue of units in the Scheme. Redemptions from the Scheme are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined in accordance with the Scheme's Constitution by reference to the net assets of the Scheme divided by the number of units on issue.

(m) Goods and Services Tax (GST)

The statement of comprehensive income is shown exclusive of GST, unless the GST is incurred (or part thereof) on expenses that are not recoverable. Expenses of various services provided to the Scheme by third parties, such as custodial services and investment management fees, may have non-recoverable GST components, as applicable. In these cases, the non-recoverable GST component is recognised as part of the particular expense in the statement of comprehensive income.

Accounts payable and receivable are stated inclusive of the GST receivable and payable, respectively. The net amount of GST recoverable, or payable, is included in receivables or payables in the statement of financial position.

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(n) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at the end of the year is recognised as a receivable. The following specific recognition criteria must also be met before revenue is recognised:

2 Summary of material accounting policies (continued)

(n) Revenue (continued)

Rental income

Rental income is recognised on a straight-line basis over the lease term for leases with fixed rent review clauses. The rental adjustments from straight-lining of rental income are disclosed in the financial statements for financial reporting presentation purposes only.

Contingent rentals, such as turnover rent and market rent adjustments, are recognised as income in the financial reporting period in which they are earned. Some leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

Incidental income (costs) derived from an investment property undergoing construction or development but not directly related to bringing the assets to working condition, are recognised in profit for the year.

Rent not received at the end of the year is reflected in the statement of financial position as a receivable or if paid in advance, as a liability.

Outgoings income

Outgoings income is recognised in the statement of comprehensive income on an accruals basis.

Within its lease arrangements, the Scheme provides certain services to tenants (such as utilities, cleaning, maintenance and certain parking arrangements) which are accounted for within AASB 15 *Revenue from Contracts with Customers*. A portion of the consideration within the lease arrangements is therefore allocated to revenue for the provision of these services.

Interest revenue

Interest income is recognised in the statement of comprehensive income as it accrues.

(o) Leases

Leasing costs

Lease costs are costs that are directly associated with negotiating and arranging an operating lease (including commissions, legal fees and costs of preparing and processing documentation for new leases). These costs are capitalised and are amortised on a straight-line basis over the term of the lease as property expenses. The carrying amount of the leasing cost is reflected in the carrying value of investment properties.

Lease incentives

Incentives such as cash, rent-free periods, lessee or lessor owned fitouts may be provided to lessees to enter into an operating lease. These incentives are capitalised and are amortised on a straight-line basis over the term of the lease as a reduction of rental income or as property expenses. The carrying amount of the lease incentives is reflected in the carrying value of investment properties.

(p) Use of judgements and estimates

The preparation of the Scheme's financial statements requires it to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements are made by the Scheme in respect of the fair values of investment properties. These investments are reviewed regularly by reference to external independent property valuations and market conditions, using generally accepted market practices.

The key weighted average assumptions used by the external independent property valuers in the latest valuations have been used by the Scheme for the investment properties and the weighted average total for all properties have been disclosed in note 15.

2 Summary of material accounting policies (continued)

(p) Use of judgements and estimates (continued)

The Scheme's financial instruments are valued primarily based on the prices provided by independent pricing services.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgements and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Scheme. The Scheme considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, accounts payable and the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

(q) Rounding of amounts

The Scheme is an entity of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars.

(r) Functional and presentation currency

Items included in the financial statements of each of the Scheme's operations are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Scheme's functional and presentation currency.

(s) Structured entities

The Scheme has assessed whether the funds in which it invests should be classified as structured entities. The Scheme has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. The Scheme has also considered whether these rights are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. The Scheme has concluded that the funds in which it invests in are not structured entities.

3 Rental income

	2025	2024
	\$'000	\$'000
Rental income	4,665	4,528
Outgoings income	985	1,130
Straight line rental adjustment	98	405
Amortisation of lease commissions & lease incentives	(531)	(633)
	<u>5,217</u>	<u>5,025</u>

4 Property expenses

	2025	2024
	\$'000	\$'000
Recoverable outgoings	1,808	2,310
Non-recoverable outgoings	226	168
	<u>2,034</u>	<u>2,478</u>

5 Distribution income

	2025	2024
	\$'000	\$'000
Listed property trusts	3,593	1,514
Unlisted property trusts and managed investment schemes	7,986	9,370
	<u>11,579</u>	<u>10,884</u>

6 Auditors' remuneration

The auditor's remuneration is paid directly by the Responsible Entity.

During the year the following fees were paid or payable for services provided by the auditor of the Scheme:

	2025	2024
	\$	\$
<i>Audit services - KPMG</i>		
Audit of financial statements	52,187	48,779
Audit of compliance plan	3,000	3,000
Total auditor's remuneration	<u>55,187</u>	<u>51,779</u>

7 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	2025	2024	2025	2024
	No. '000	No. '000	\$'000	\$'000
Contributed equity				
Opening balance	291,502	322,974	326,238	353,526
Applications	31,830	44,509	28,315	40,045
Redemptions	(68,667)	(77,717)	(60,312)	(68,881)
Units issued upon reinvestment of distributions	1,599	1,736	1,411	1,548
	<u>(35,238)</u>	<u>(31,472)</u>	<u>(30,586)</u>	<u>(27,288)</u>
Closing balance	<u>256,265</u>	<u>291,502</u>	<u>295,653</u>	<u>326,238</u>
Undistributed income				
Opening balance			(71,232)	(62,496)
Increase in net assets attributable to unitholders			(3,405)	(8,736)
Closing balance			<u>(74,637)</u>	<u>(71,232)</u>
Total net assets attributable to unitholders			<u>221,016</u>	<u>255,006</u>

7 Net assets attributable to unitholders (continued)

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme.

Capital risk management

Applications and redemptions are reviewed relative to the liquidity of the Scheme's underlying assets by the Responsible Entity. Under the terms of the Scheme's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

8 Distributions to unitholders

The distributions for the year were as follows:

	2025	2025	2024	2024
	\$'000	CPU	\$'000	CPU
31-Jul	1,201	0.4167	1,334	0.4166
31-Aug	1,195	0.4167	1,332	0.4166
30-Sep	1,195	0.4167	1,248	0.4166
31-Oct	1,183	0.4167	1,321	0.4166
30-Nov	1,178	0.4167	1,309	0.4166
31-Dec	1,169	0.4167	1,259	0.4166
31-Jan	1,164	0.4167	1,243	0.4166
28-Feb	1,154	0.4167	1,240	0.4166
31-Mar	1,141	0.4167	1,235	0.4166
30-Apr	1,101	0.4167	1,232	0.4166
31-May	1,087	0.4167	1,222	0.4166
30 June (payable)	1,068	0.4167	1,214	0.4166
	<u>13,834</u>		<u>15,189</u>	

9 Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Cash at bank	10,264	23,715
Cash management trusts	-	4,716
	<u>10,264</u>	<u>28,431</u>

10 Receivables

	2025	2024
	\$'000	\$'000
Distribution receivable	3,731	2,755
Trade receivables	126	354
GST receivables	73	103
	<u>3,930</u>	<u>3,212</u>

11 Financial assets held at fair value through profit or loss

	2025 \$'000	2024 \$'000
Listed property trusts	11,619	17,038
Unlisted property trusts and managed investment schemes	120,073	132,133
Total financial assets held at fair value through profit or loss	<u>131,692</u>	<u>149,171</u>

12 Investment properties held for sale

Edith Cavell Building and 134 King Street, Newcastle were classified to investment properties held for sale during the year ended 30 June 2025.

(a) Property details

	Type	Ownership (%)	Independent valuation date	Independent valuation amount \$'000	Valuer	Carrying value 2025 \$'000	Carrying value 2024 \$'000
Edith Cavell Building, Brisbane, QLD	Office	100	31/12/2024	11,000	Colliers	11,750	-
134 King Street, Newcastle, NSW	Office	100	30/06/2024	7,000	CBRE	7,150	-
						<u>18,900</u>	<u>-</u>

(b) Movements in carrying amount

	2025 \$'000	2024 \$'000
Opening balance	-	-
Transferred from investment properties at fair value	18,900	-
Closing balance	<u>18,900</u>	<u>-</u>

On 28 May 2025, the Scheme signed a conditional contract of sale for the Edith Cavell Building, Herston, QLD for a sale price of \$11,750,000. The sale of the property settled on 30 July 2025.

On 22 August 2025, the Scheme exchanged a contract for the sale for the property of 134 King Street, Newcastle. The agreed sale price was \$7,150,000. The sale includes a deferred settlement, with completion scheduled on or before 30 June 2027. A non-refundable deposit equivalent to 10% of the sale price has been received. The property has been leased to a related party of the purchaser until settlement occurs. This has a benefit to the Scheme as the property was previously vacant.

13 Investment properties

(a) Property details

	Type	Ownership (%)	Independent valuation date	Independent valuation amount \$'000	Valuer	Carrying value 2025 \$'000	Carrying value 2024 \$'000
223-227 Governor Road, Braeside, VIC	Industrial	100	30/06/2025	28,000	Savills	28,000	28,000
70 Light Square, Adelaide, SA	Office	100	30/06/2025	15,700	CBRE	15,700	16,208
296 St. Vincent Street, Port Adelaide, SA	Office	100	30/06/2025	15,000	CBRE	15,000	14,514
Edith Cavell Building, Brisbane, QLD	Office	100	31/12/2024	11,000	Colliers	-	11,500
134 King Street, Newcastle, NSW	Office	100	30/06/2024	7,000	CBRE	-	7,000
						<u>58,700</u>	<u>77,222</u>

13 Investment properties (continued)

(a) Property details (continued)

Where the carrying value of an investment property may vary from the most recent independent valuation of the property (as set out in the table above) due to capital expenditure and the accounting treatment of leasing commissions and lease incentives during the current period. The carrying value at the reporting date reflects the directors of the Responsible Entity's best estimate of the fair value of each property based on internal valuations.

(b) Movements in carrying amount

Reconciliations of the carrying amounts of investment properties are set out below:

	2025 \$'000	2024 \$'000
Opening balance	77,222	121,333
Additions	2,194	2,195
Change in fair value	(1,340)	(2,468)
Straight-lining of rental income	98	(405)
Lease commissions and incentives amortisation	(574)	(633)
Transferred to investment properties held for sale	(18,900)	-
Disposal of investment properties	-	(42,800)
Closing balance	<u>58,700</u>	<u>77,222</u>

(c) Leasing arrangements

The Scheme leases out its investment properties to tenants under operating leases with rentals payable monthly. The future minimum lease payments receivable under non-cancellable lease are as follows:

	2025 \$'000	2024 \$'000
Within one year	3,669	4,563
Later than one year but not later than 5 years	11,050	14,378
Later than 5 years	22,484	28,717
	<u>37,203</u>	<u>47,658</u>

14 Payables

	2025 \$'000	2024 \$'000
Accrued expenses	1,018	1,029
Related party payable	120	123
Rent received in advance	89	352
Trade payables	206	265
GST payables	132	113
	<u>1,565</u>	<u>1,882</u>

15 Financial risk management

(a) Objectives, strategies, policies and processes

The Scheme's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk.

The Scheme's overall risk management program focuses on ensuring compliance with the Scheme's disclosure documents and seeks to maximise the returns derived for the level of risk to which the Scheme is exposed. Financial risk management is carried out by the Investment Manager ("the Investment Manager").

The Scheme uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, other price risks, and ratings analysis for credit risk.

15 Financial risk management (continued)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: price risk and interest rate risk. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Scheme's direct investments and not on a look through basis for investments held in the Scheme.

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Scheme's investment in listed and unlisted property securities. The investments are classified on the statement of financial position as at fair value through profit or loss. All securities investments present a risk of loss of capital.

The Investment Manager mitigates this price risk through diversification and a careful selection of financial instruments within specified limits set by the Board.

The Scheme has exposures to price risk as shown in the table below. The table also demonstrates the sensitivity to reasonably possible changes in prices, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit and net assets attributable to unitholders, while a positive amount reflects a net potential increase. There is no impact on distributable earnings as they are net fair value movements only.

	2025 \$'000	2024 \$'000
Assets		
Listed property trusts	11,619	17,038
Unlisted property trusts and managed investment schemes	120,073	132,133
Total exposure	131,692	149,171
	Impact on profit and net assets attributable to unitholders	
Sensitivity	2025 \$'000	2024 \$'000
Securities prices +14.10% (2024: +14.10%)	18,569	21,033
Securities prices -14.10% (2024: -14.10%)	(18,569)	(21,033)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk is not considered to be significant to the Scheme, as the Scheme does not have any borrowings.

	2025 \$'000	2024 \$'000
Floating rate		
Cash and cash equivalents	10,264	28,431
Net exposure	10,264	28,431

15 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The table below demonstrates the sensitivity to reasonably possible changes in year end interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in profit or net assets attributable to unitholders, while a positive amount reflects a potential net increase.

Sensitivity	Impact on profit and net assets attributable to unitholders	
	2025 \$'000	2024 \$'000
Interest rate +0.76% (2024: +0.76%)	(78)	(215)
Interest rate -0.76% (2024: -0.76%)	78	215

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Scheme to make a financial loss. The Scheme has exposure to credit risk on all of its financial assets included in the Scheme's statement of financial position.

The Scheme manages this risk by performing credit reviews of prospective tenants, obtaining tenant collateral where appropriate and performing detailed reviews on tenant arrears. The Scheme reviews the aggregate exposures of tenant debtors and tenancies across its portfolio.

(c) Credit risk (continued)

The Scheme applies the simplified expected credit loss (ECL) approach to estimate the amount of impairment loss. Under the simplified ECL approach, the Scheme estimates the expected lifetime losses to be recognised from initial recognition of the receivables. In estimating the lifetime ECL, the Scheme conducts an internal credit review that takes into account the historical loss experience, current observable data and reasonable forward-looking information as available, which include the significant changes in the performance and payment status of the debtors and anticipated significant adverse changes in business, financial or economic conditions that may impact the debtors' ability to meet its obligations.

The Scheme is exposed to credit risk on financial instruments and derivatives. There is only a credit risk where the contracting entity is liable to pay the Scheme in the event of a close out.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Scheme's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Scheme maintains sufficient cash and cash equivalents to meet normal operating requirements. The Scheme manages its liquidity risk with the reasonable expectation of realising up to 80% of its assets within 180 days in line with the Funds Constitution and Corporations Act.

The Scheme is exposed to the applicable withdrawal offer put in place by the Responsible Entity.

The Scheme's investments may include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

The Scheme may invest in investments in unlisted unit trusts that expose the Scheme to the risk that the Investment Manager of those trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Scheme.

Under the terms of its Constitution, the Scheme has the ability to manage liquidity risk by delaying withdrawals to unitholders, if necessary, until the funds are available to pay them.

Units are redeemed on demand at the unitholders option via withdrawal facility offers by the Responsible Entity.

The Scheme's policy is to hold a proportion of their investments in liquid assets.

15 Financial risk management (continued)

Maturities analysis of financial liabilities

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on the remaining period at the end of the year to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Financial liabilities such as trade payables, where there are no specific contractual settlement dates, have been grouped into the 'less than 1 year' maturity grouping as such liabilities are typically settled within 30 days.

	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3+ years \$'000
2025				
Distributions payable	1,068	-	-	-
Payables	1,565	-	-	-
Total financial liabilities	2,633	-	-	-
	Less than 1 year \$'000	1-2 years \$'000	2-3 years \$'000	3+ years \$'000
2024				
Distributions payable	1,214	-	-	-
Payables	1,882	-	-	-
Total financial liabilities	3,096	-	-	-

As disclosed above, the Scheme manages its liquidity risk by investing in a majority of liquid assets. The Scheme holds cash and cash equivalents and listed securities that it expects to be able to liquidate within seven days or less. The Scheme also holds direct property assets that it expects can be liquidated within 6 months. As at 30 June 2025 assets that can be converted into cash within 7 days amounted to \$99,497,863 (2024: \$124,119,000).

(e) Estimation of fair values of financial assets and financial liabilities

The carrying amounts of the Scheme's assets and liabilities at the end of each year approximate their fair values.

The Scheme values its investments in accordance with the accounting policies set out in note 16.

16 Fair value hierarchy

The Scheme measures and recognises the financial assets/(liabilities) held at fair value through profit or loss and investment properties at fair value on a recurring basis.

(a) Fair value hierarchy

The Scheme is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed

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or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

16 Fair value hierarchy (continued)

(a) Fair value hierarchy (continued)

The table below sets out the Scheme's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2025				
Financial assets				
<i>Financial assets held at fair value through profit or loss</i>				
Listed property trusts	11,619	-	-	11,619
Unlisted property trusts and managed investment schemes	-		120,073	120,073
Total financial assets	11,619	-	120,073	131,692
Non-financial assets				
Investment properties	-	-	58,700	58,700
Investment properties held for sale	-	-	18,900	18,900
Total non-financial assets	-	-	77,600	77,600
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2024				
Financial assets				
<i>Financial assets held at fair value through profit or loss</i>				
Related listed property trusts	4,918	-	-	4,918
Unrelated listed property trusts	12,120	-	-	12,120
Related unlisted managed investment schemes	-	-	110,103	110,103
Unrelated unlisted property trusts	-	-	22,030	22,030
Total financial assets	17,038	-	132,133	149,171
Non-financial assets				
Investment properties	-	-	77,222	77,222
Total non-financial assets	-	-	77,222	77,222

The following table presents the movement in level 3 instruments by class of financial instrument.

2025	Opening balance	Purchases	Sales	Net transfers in/(out)	Net changes recognised in profit or loss	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Unlisted property trusts	132,133	-	-	(6,897)	(5,164)	120,073
Total	132,133	-	-	(6,897)	(5,164)	120,073
2024	Opening balance	Purchases	Sales	Net transfers in/(out)	Net changes recognised in profit or loss	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Related unlisted managed investment schemes	110,103	-	-	-	-	110,103
Unrelated unlisted property trusts	23,292	-	-	-	(1,262)	22,030
Total	133,395	-	-	-	(1,262)	132,133

The Scheme's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the year.

On 28 June 2024, ASA Real Estate Partners Pty Ltd (ASA) became the Responsible Entity of the Diversified Property Fund.

16 Fair value hierarchy (continued)

(b) Valuation techniques

(i) Financial instruments

The pricing for the majority of the Scheme's investments is generally sourced from independent pricing sources, the relevant Investment Managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed property trusts and exchange traded derivatives.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices or alternative pricing sources supported by observable inputs are classified within level 2. These include unlisted property trusts and over-the-counter derivatives.

Specific valuation techniques used daily to value financial instruments include:

- i. for listed trusts, disclosed in level 1, the use of quoted market prices or dealer for similar instruments;
- ii. for unlisted trusts, the use of the relevant Investment Managers' quoted unit prices using the net asset value; and
- iii. for derivatives, the fair value of interest rate swaps is calculated using a discounted cash flow model as the present value of the estimated future cash flows based on observable yield curves.

(ii) Investment properties

The investment property valuation policy is to have independent valuations conducted regularly, typically annually, to aid with the determination of the assets fair value. In determining the fair value of an investment property, the primary appropriate method of assessment is considered to be via reconciliation between the discounted cash flow and income capitalisation methods. Direct comparison may also be used as a secondary assessment method.

- iv. Discounted cash flow method - this methodology involves formulating a projection of net income over a specified time horizon, normally 10 years, and discounting this cash flow including the projected terminal value at the end of the projection period at an appropriate market-derived discount rate. The present value of this discounted cash flow provides a guide to the fair value of the property;
- v. Income capitalisation method - this methodology involves the assessment of a net market income for the various components of the subject property. The net market income is capitalised at a rate derived from the analysis of comparable sales evidence to derive a capital value. Appropriate capital adjustments are then made where necessary to reflect the adopted cash flow profile and the general risk characteristic of the property; and
- vi. Direct comparison method - this methodology identifies comparable sales on a dollar per square metre of lettable area and compares the equivalent rates to the subject property to establish the property's market value. This approach is somewhat subjective given the fact that specific items of income and expenditure are difficult to directly reflect and compare when adopting a rate per metre.

At each reporting date the appropriateness of those valuations is assessed by the Responsible Entity.

The stated fair value of each investment property at the end of the year represents the Responsible Entity's best estimate as at the end of the year. However, if an investment property is sold in the future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements if that differs from the valuation.

The fair value estimates for investment properties are included in level 3 as explained in section (c) below. The change in fair value of investment properties for the year are set out in Note 13(b).

(c) Fair value measurements using significant unobservable input (level 3)

Investments in unrelated unlisted managed property trusts are measured based on the net asset value of the funds as provided by the relevant investment manager. The Scheme reviews the valuation methodology adopted by the relevant investment manager, particularly the valuation of investment properties as the net asset value movements are mainly due to fair value changes of the underlying investment properties.

The changes in fair value of investment properties for the year are set out in note 13(b).

16 Fair value hierarchy (continued)

(c) Fair value measurements using significant unobservable input (level 3) (continued)

(i) Valuation inputs and relationship to fair value

The following are the key valuation assumptions used in the determination of the investment properties fair value using the discounted cash flows and income capitalisation valuation methodologies:

- i. Net passing rent - the contracted net amount for which a property or space within a property is leased. In the calculation of net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable);
- ii. Net market rent - the estimated amount for which a property or space within a property should be leased between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In the calculation of net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable);
- iii. 10 year average market rental growth - average of a 10 year period of forecast annual percentage growth rates;
- iv. Adopted capitalisation rate - the rate at which net market income is capitalised to determine the value of the property. This rate is determined with regards to market evidence;
- v. Adopted terminal yield - the capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of a holding period when carrying out a discounted cash flow calculation. This rate is determined with regards to market evidence; and
- vi. Adopted discount rate - the rate of return to convert a monetary sum, payable or receivable in the future, into present value. Theoretically, it should reflect the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. This rate is determined with regards to market evidence;

The ranges of the key valuation inputs to measure the fair value of the Scheme's investment properties are shown in the table below:

Valuation inputs	2025	2024
Current net market rental (\$ per sqm)	143 - 422	39 - 496
Adopted capitalisation rate (%)	5.50 - 7.00	5.25 - 7.00
Adopted discount rate (%)	6.50 - 7.50	6.00 - 7.00
Adopted terminal yield (%)	5.75 - 7.25	5.63 - 6.75

(ii) Valuation processes

Independent valuations of investment properties are obtained from suitably qualified valuers generally at least once in every 18 months if the property is in a construction phase; otherwise once in any 12 month period from the date of the last valuation; or in exceptional circumstances once in a financial year or calendar year as determined necessary; or as soon as practicable, but not later than within two months after the directors of the Responsible Entity form a view that there is reason to believe that the fair value of the investment property is materially different from its current carrying value. Such valuations are reflected in note 13. Notwithstanding, the directors of the Responsible Entity determine the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

(iii) Sensitivity information

The table below details the movement in the fair value when each of the significant inputs either increase or decrease, with all other inputs remaining constant:

Significant inputs	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Current market rental	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase
Adopted terminal yield	Decrease	Increase
Adopted discount rate	Decrease	Increase

It is often the case that multiple significant inputs change simultaneously, on these occasions the impact of the changes in the individual inputs can be reduced or vice versa can magnify the movement in the fair value.

16 Fair value hierarchy (continued)

When assessing the discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship because the discount rate will determine the rate at which the terminal value is discounted to the present value. In theory, an increase (softening) in the adopted discount rate and a decrease (tightening) in the adopted terminal yield could potentially offset the impact on fair value, and vice versa. The impact on fair value may be magnified if both the discount rate and terminal yield move in the same direction.

When calculating the income capitalisation, the net market rent has a strong interrelationship with the adopted capitalisation rate. This is because the methodology involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the net market rent and an increase (softening) in the adopted capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the net market rent and a decrease (tightening) in the adopted capitalisation rate. The impact on fair value may be magnified if the net market rent is increasing while the capitalisation rate is decreasing (or vice versa).

A sensitivity analysis was undertaken to assess the impact of capitalisation rates, discount rates and terminal yields on the fair value of the investment properties. The estimated impact of a change in these significant unobservable inputs is illustrated in the table below:

	30-Jun-25	30-Jun-24
	\$'000	\$'000
Adopted capitalisation rate +0.25%	(3,351)	(3,070)
Adopted capitalisation rate -0.25%	3,225	3,936
Adopted discount rate +0.25%	(1,555)	(1,376)
Adopted discount rate -0.25%	1,033	1,294
Adopted terminal yield +0.25%	(1,999)	(1,886)
Adopted terminal yield -0.25%	1,589	1,924

(d) Fair value of other financial instruments

Due to their short-term nature, the carrying amounts of the receivables and payables are assumed to approximate their fair values.

17 Related party transactions

Responsible entity

The Responsible Entity of Australian Unity Property Income Fund is Newmark RE Limited (formerly Australian Unity Investments Limited) (ABN 18 658 761 561). The immediate and ultimate parent entity of the Responsible Entity was Australian Unity Limited (ABN 23 087 648 888) from the start of the financial year up to 27 June 2025. On 27 June 2025 Newmark Property Group Pty Ltd acquired the Responsible Entity and became the immediate and ultimate parent.

Key management personnel

a. Directors

Key management personnel includes persons who were directors of Australian Unity Investments Limited at any time during the year. The directors from the start of the financial year until 27 June 2025 were as follows:

Rohan Mead, Executive
Esther Kerr, Executive
Darren Mann, Executive

The directors from 27th June 2025 until the date of this report were as follows;

Christopher Langford, Managing Director of Newmark Property Group
Mark Allan, Non-executive director
Michael Doble, Non-executive, Independent director

b. Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Scheme, directly or indirectly during the year.

17 Related party transactions (continued)

Other transactions within the Scheme

All related party investments and withdrawals from management investment schemes are on the same terms and conditions as those entered into by other Scheme unitholders.

Management fees and other transactions

Under the terms of the Scheme's Constitution, the Responsible Entity is entitled to receive management fees monthly, calculated daily, by reference to the net assets of the Scheme.

Administration expenses incurred in the day to day running of the Scheme are reimbursed in accordance with the Scheme's Constitution.

The transactions during the year and amount payable at 30 June 2025 between the Scheme and the Responsible Entity were as follows:

	2025	2024
	\$	\$
Management fees for the year paid and payable by the Scheme to the Responsible Entity	2,119,485	2,623,310
Administration expenses incurred by the Responsible Entity which are reimbursed in accordance with the Scheme's Constitution	123,621	136,010
Fees rebated by the Responsible Entity in respect of investments by the Scheme in other schemes managed by the Responsible Entity and its related parties	1,043,928	1,177,982
Aggregate amounts payable to the Responsible Entity at the end of the reporting year	120,424	122,653

Fees incurred by the Scheme for the provision of key management personnel services are included in the management fee paid to the Responsible Entity.

(a) Other related party transactions

Australian Unity Property Management Pty Ltd (a related party of the Responsible Entity) was appointed up until 27 June 2025 to provide a number of property related services to the Scheme. These services include:

- i. Leasing and agency services;
- ii. Market rent reviews;
- iii. Property management services;
- iv. Project management services;
- v. Development management services; and
- vi. Debt arrangement services.

The total fees paid/payable to Australian Unity Property Management Pty Ltd for the year ended 30 June 2025 was \$75,000 (2024: \$276,395) Total accrued fees payable to Australian Unity Property Management Pty Ltd as at 30 June 2025 was \$nil (2024: \$nil).

The Scheme charged Australian Unity Group Services Pty Ltd (ACN 006 803 069) ("AUGSPL"), a wholly owned subsidiary of Australian Unity Limited, total rent of \$935,645 (2024: \$808,516) during the year, of which \$nil (2024 \$nil) remains receivable as at 30 June 2025. The leases were entered into under normal commercial terms and conditions and at market rates.

From 28 June 2025 Newmark Property Fund Management Pty Ltd (NPFM) replaced AUPL as the provider of property related services of the schemes listed in vii. to xii. above. No fees were paid or payable to NPFM by the scheme between 28 June 2025 and 30 June 2025.

17 Related party transactions (continued)

Related party unitholdings

There are no related party unitholdings at 30 June 2025. The below entities who were previously related parties due to their relationship to Australian Unity ceased to be related parties on 27 June 2025.

2025 (up to 27 June)	No. of units held opening	No. of units held closing	Fair value of investment*	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Scheme
Unitholder	'000	'000	\$'000	(%)	'000	'000	\$'000
Lifeplan Australia Friendly Society	6,445	5,365	4,708	0.02	654	(1,733)	290
AUFM No. 2	922	-	-	-	-	(922)	35
AUFM No. 3	675	-	-	-	137	(813)	27
Australian Unity Balanced Growth Portfolio	2,255	1,929	1,693	0.75	97	(422)	109
AUFM No. 1	226	-	-	-	-	(226)	9
Australian Unity Trustees Charitable Common Fund 3	412	472	414	0.18	78	(18)	23
Australian Unity Trustees Ltd	4,045	2,909	2,552	1.14	-	(1,136)	172
Total	14,980	10,675	9,367	2.09	966	(5,270)	665

2024	No. of units held opening	No. of units held closing	Fair value of investment*	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Scheme
Unitholder	'000	'000	\$'000	(%)	'000	'000	\$'000
Lifeplan Australia Friendly Society	6,417	6,445	5,681	2.21	887	(860)	350
AUFM No. 2	2,379	922	813	0.32	-	(1,457)	81
AUFM No. 3	1,629	675	595	0.23	-	(954)	57
Australian Unity Balanced Growth Portfolio	1,574	2,255	1,987	0.77	681	-	106
AUFM No. 1	549	226	199	0.08	-	(323)	19
Australian Unity Trustees Charitable Common Fund 3	479	412	362	0.14	-	(67)	25
Australian Unity Trustees Ltd	1,864	4,045	3,565	1.39	2,266	(85)	173
Total	14,891	14,980	13,202	5.14	3,834	(3,746)	811

*Fair value of investment includes accrued distribution at the end of the year.

17 Related party transactions (continued)

Investments

Related party unitholdings

There are no related party unitholdings at 30 June 2025. The below entities who were previously related parties due to their relationship to Australian Unity ceased to be related parties on 27 June 2025.

2025 up to 27 June 2025	No. of units held opening '000	No. of units held closing '000	Fair value of investment \$'000	Interest held %	No. of units acquired '000	No. of units disposed '000	Distributions received/ receivable \$'000
Australian Unity A-REIT Fund	101,016	92,685	77,614	87.14	5,474	(13,805)	6,111
Australian Unity Wholesale Cash Fund	4,716	-	-	-	9,775	(14,491)	169
Australian Unity Healthcare Property Trust - Wholesale units	405	95	216	0.01	-	(310)	15
Australian Unity Office Fund	3,813	3,813	1,811	2.32	-	-	2,799
Australian Unity Specialist Disability Accommodation Fund	7,368	3,434	4,375	3.11	-	(3,934)	248
Australian Unity Student Accommodation Fund	12,000	12,000	14,257	30.62	-	-	695
Australian Unity Childcare Property Fund	5,000	5,000	5,247	9.07	-	-	150
	134,318	117,027	103,520		15,249	(32,540)	10,187
2024	No. of units held opening '000	No. of units held closing '000	Fair value of investment \$'000	Interest held %	No. of units acquired '000	No. of units disposed '000	Distributions received/ receivable \$'000
Australian Unity A-REIT Fund	106,619	101,016	78,793	84.87	7,391	(12,994)	4,581
Australian Unity Wholesale Cash Fund	4,855	4,716	4,716	1.06	21,164	(21,303)	133
Australian Unity Diversified Property Fund	4,040	2,563	2,720	1.00	-	1,477	172
Australian Unity Healthcare Property Trust - Wholesale units	888	405	967	0.05	-	(483)	63
Australian Unity Office Fund	3,813	3,813	4,918	2.32	-	-	534
Australian Unity Specialist Disability Accommodation Fund	7,368	7,368	9,017	7.54	-	-	220
Australian Unity Student Accommodation Fund	12,000	12,000	13,531	30.62	-	-	3,533
Australian Unity Childcare Property Fund	5,000	5,000	5,077	9.02	-	-	124
	144,583	136,881	119,739		28,555	(33,303)	9,360

Distributions received/receivable includes an amount of \$3,730,850 (2024: \$2,139,000) which remains unpaid at the end of the year.

18 Reconciliation of profit to net cash inflow from operating activities

(a) Reconciliation of profit to net cash inflow from operating activities

	2025 \$'000	2024 \$'000
Profit for the year attributable to unitholders	10,430	6,453
Change in fair value of the investment properties - revaluation decrement	1,340	1,784
Losses on financial instruments held at fair value through profit or loss	2,252	3,080
Reinvestments of financial instruments held at fair value through profit or loss	1,411	(3,074)
Net change in receivables	(749)	647
Net change in payables	(287)	(912)
Net change in other assets	(97)	29
Adjustments to net lease incentives and straight line rental	433	1,037
Disposal costs paid from sale of investment properties	87	956
Net cash inflow from operating activities	14,820	10,000

(b) Non-cash financing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	1,411	1,548
During the year, the following distribution receipts were satisfied by the issue of units under the distribution reinvestment plan	4,384	3,073
	5,795	4,621

19 Events occurring after end of the financial year

Events occurring after end of the year

On 28 May 2025, the Scheme exchanged a contract for the sale for the Edith Cavell Building, Herston, QLD. The agreed sale price was \$11,750,000. The sale of the property was completed on 30 July 2025

On 20 August 2025, the company name of the Responsible Entity was changed from Australian Unity Investments Limited (AUIL) to Newmark RE Limited (NMREL).

On 22 August 2025, the Scheme exchanged a contract for the sale for the property of 134 King Street, Newcastle. The agreed sale price was \$7,150,000. The sale includes a deferred settlement, with completion scheduled on or before 30 June 2027. A non-refundable deposit equivalent to 10% of the sale price has been received. The property has been leased to a related party of the purchaser until settlement occurs. This has a benefit to the Scheme as the property was previously vacant.

No matters or circumstances have arisen since 30 June 2025 that have significantly affected, or may significantly affect the operations of the Scheme, the result of operations, or the state of the Scheme's affairs for the year ended on that date.

20 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2025 and 30 June 2024.

Commitments arising from contracts principally relating to capital expenditure on investment properties which are contracted for at reporting date but not recognised on the statement of financial position are \$nil (2024: \$nil).

Directors' declaration

In the opinion of the directors of Newmark RE Limited (formerly Australian Unity Investment Limited), as the Responsible Entity of Australian Unity Property Income Fund ("the Scheme"):

- (a) the financial statements and notes set out on pages 6 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*, and
 - (ii) giving a true and fair view of the Scheme's financial position as at 30 June 2025
 - (iii) and of its performance, as represented by the results of its operations and cash flows for the year ended on that date.
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable,
- (c) the financial statements are in accordance with the Scheme's Constitution, and
- (d) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of the Responsible Entity.



Chris Langford

24 September 2025



Independent Auditor's Report

To the unitholders of Australian Unity Property Income Fund

Opinion

We have audited the **Financial Report** of Australian Unity Property Income Fund (the Scheme).

In our opinion, the accompanying Financial Report of Scheme gives a true and fair view, including of the Scheme's financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at June 2025;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes, including material accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 are independent of the Scheme in accordance with 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 fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in Australian Unity Property Income Fund's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Newmark RE Ltd (formerly Australian Unity Investments Limited) as Responsible Entity of the Scheme are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do 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, 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.

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

The Directors of Newmark RE Ltd (formerly Australian Unity Investments Limited) as Responsible Entity of the Scheme are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Scheme, and that is free from material misstatement, whether due to fraud or error
- assessing the Scheme's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



A handwritten signature in black ink, appearing to be 'KPMG' with a stylized flourish.

KPMG

A handwritten signature in black ink, appearing to be 'DK' with a stylized flourish.

David Kells

Partner

Sydney

24 September 2025