RAM Essential Services Property Fund (REP)

Appendix 4E
For the period ended 30 June 2023

Name of Entity:

RAM Essential Services Property Fund (REP) compromising 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 2023. REP is a stapled security compromising 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

All comparisons are to the year ended 30 June 2022.

				$A'000
Total income from ordinary activities	Down	43%	to	56,318
Loss from ordinary activities after tax attributable to REP stapled group investors	Down	127%	to	(16,628)
Net loss for the period attributable to REP stapled group	Down	127%	to	(16,628)

Distributions

Quarter	Cents Per Security	Paid/Payable
September Quarter	1.454	17 October 2022
December Quarter	1.450	17 January 2023
March Quarter	1.450	5 April 2023
June Quarter	1.350	28 July 2023
Total	**5.704**	

Net Assets per security

	Consolidated	
	30 June 2023	**30 June 2022**
Net Asset value per ordinary security	**$0.97**	$1.04

This information should be read in conjunction with the 30 June 2023 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 2023 reporting period financial statements which have been audited by PKF. The Independent Auditors' Report provided by PKF is included in the 30 June 2023 financial statements.

Signed:

Greg Miles
Chairman

25 August 2023

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 2023

RAM Essential Services Property Fund

ARSN 634 136 682

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Contents

Directors' report

30 June 2023

The Directors of RAM Property Funds Management Limited ("RAM"), the Responsible Entity of RAM Essential Services Property Fund ("the Fund", "Stapled Fund" or "REP"), present their report together with the Financial Report made in accordance with a resolution of the Directors with respect to the results of the Stapled Fund and its controlled entities ("the consolidated entity") for the financial year ended 30 June 2023, the state of the consolidated entity's affairs as at 30 June 2023 and the Independent Auditor's Report thereon.

The RAM Essential Services Property Fund was created on 20 October 2021 when units in RAM Australia Retail Property Fund ("RARPF") were stapled to units in RAM Australia Medical Property Fund ("RAMPF"). The stapled securities of REP are listed on the ASX and are not individually tradeable. RARPF has been identified as the parent entity in relation to the stapling arrangement.

The Responsible Entity, RAM, is an unlisted company incorporated under the Corporations Act 2001 (Cth), holds an Australian Financial Services Licence and has been the Responsible Entity of RARPF from 28 September 2021 and RAMPF from 8 September 2021.

Principal activity

The Stapled Fund is a registered managed investment scheme domiciled in Australia. The principal objective of the Stapled 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 the individual Constitutions of RARPF and RAMPF.

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

Review of operations

	Year ended 30 June 2023	Year ended 30 June 2022
Statutory net profit/(loss) ($'000)	**(16,628)**	61,462
Funds from operations ("FFO") ($'000)	**30,613**	21,705
FFO per security (cps)	**5.87**	4.17
Distributions per security (cps)	**5.70**	4.00

	As at 30 June 2023	As at 30 June 2022
Total assets ($'000)	**816,831**	832,300
Investment properties ($'000)	**786,514**	798,245
Borrowings ($'000)	**302,383**	259,234
Net tangible assets ("NTA") ($'000)	**503,248**	544,319
NTA per security ($)	**0.97**	1.04
Gearing (%)	**36.08**	29.85

Statutory profit

The results of the operations of the Stapled Fund are disclosed in the consolidated Statement of Profit or Loss and Other Comprehensive Income of this financial report. The Stapled Fund's loss for the year ended 30 June 2023 was $16,628,000 (30 June 2022: $61,462,000 profit).

The Stapled Fund's Net Tangible Assets ("NTA") is $0.97 per security at 30 June 2023 (30 June 2022: $1.04). The decrease in NTA is primarily due to downward investment property revaluations and impairments.

Funds from Operations ("FFO")

Funds from Operations ("FFO") for the year ended 30 June 2023 was $30,613,000 (30 June 2022: $21,705,000).

This represented FFO of 5.87 cps with 5.70 cps declared for distribution, representing a FFO payout ratio of 97.10% (30 June 2022: 4.17 cps; 4.00 cps; 95.92%).

The Stapled 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.

A reconciliation of statutory profit to FFO is below:

	2023 $'000	2022 $'000
Statutory net profit/(loss):	**(16,628)**	61,462
Net unrealised loss/(gain) on revaluation of investment properties	**35,959**	(52,478)
Net unrealised loss/(gain) on revaluation of derivative financial instruments	**690**	(6,303)
Net realised loss/(gain) on disposal of investment properties	**-**	(3,354)
Straight-line of rental income	**2,378**	(502)
Amortisation of lease incentives and lease costs	**4,065**	4,421
Amortisation of borrowing transaction costs	**1,248**	860
Impairment of assets	**2,901**	907
Rental abatement incentives	**-**	493
Transaction costs	**-**	16,199
Funds from Operations (FFO)	**30,613**	21,705

Property portfolio

Investment property valuations

The investment portfolio as at 30 June 2023 consisted of 12 retail shopping centres and 23 medical properties valued at $786,514,000 (30 June 2022: 12 retail shopping centres and 23 medical properties valued at $798,245,000).

The weighted average capitalisation rate for the portfolio is 5.68% as at 30 June 2023 (30 June 2022: 5.46%).

The Stapled Fund has engaged external valuations for 24 of the 35 properties across the portfolio during the year.

Occupancy

As at 30 June 2023 the Stapled Fund's portfolio was 97.63% (30 June 2022: 98.79%) occupied with a weighted average lease expiry ("WALE") of 6.44 years (30 June 2022: 6.96 years).

Property acquired

On 30 August 2022, the Stapled Fund acquired 100% interest in property located at 2166 Gold Coast Highway, Miami QLD. The acquisition had a purchase price of $1.7 million with acquisition costs of $258,000. This acquisition is part of a development project to enhance the adjoining property already owned by the Stapled Fund known as Miami Day Hospital.

Capital management

At 30 June 2023 the Stapled Fund had available aggregate debt facilities of $324.5 million with a weighted average expiry of 2.79 years (30 June 2022: $304.5 million; 2.26 years). Drawn borrowings in relation to the Stapled Fund totalled $302.4 million with an all in cost of funds for the year being 3.65% (30 June 2022: $259.2 million; 2.26%).

The Stapled Fund's gearing at 30 June 2023 was 36.08% (30 June 2022: 29.85%).

Distributions

Distributions paid or payable during the year were as follows:

	2023 Distribution $'000	**2023 Distribution per security cps**
Quarterly distribution for the period ended 30 September 2022	**7,577**	**1.454**
Quarterly distribution for the period ended 31 December 2022	**7,556**	**1.450**
Quarterly distribution for the period ended 31 March 2023	**7,556**	**1.450**
Quarterly distribution for the period ended 30 June 2023	**7,034**	**1.350**
Total distributions for the year ended 30 June 2023	**29,723**	**5.704**

	2022 Distribution $'000	**2022 Distribution per security cps**
Quarterly distribution for the period ended 31 December 2021	5,690	1.090
Quarterly distribution for the period ended 31 March 2022	7,577	1.455
Quarterly distribution for the period ended 30 June 2022	7,577	1.455
Total distributions for the period ended 30 June 2022	20,844	4.000

The key dates in respect of the distribution for the quarter ended 30 June 2023 were:

Ex-distribution date:	29 June 2023
Record date:	30 June 2023
Distribution payment date:	28 July 2023

Directors' report

30 June 2023

Material business risks

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

Interest rate risk

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

Property valuation risk

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

Rental income and expense risk

Distributions made by the Stapled 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 Stapled Fund may not be able to negotiate suitable lease renewals. This may result in periods of vacancy, a reduction in the Stapled Fund's profits and distributions and a reduction in the value of the assets of the Stapled Fund.

Property illiquidity

By their nature, investments in real property assets are illiquid investments. There is a risk that should the Stapled 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 Stapled Fund's NTA and the value of securities.

Development risk

The Stapled Fund has identified a pipeline of value-add opportunities including future development of the Properties. The risks faced by the Stapled Fund in relation to existing or future development projects will depend on the terms of the transaction at the time. The Stapled 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 Stapled 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.

Tenant concentration

There is a risk that if one or more of the major tenants ceases to be a tenant, the Stapled 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 Stapled 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 Stapled Fund and distributions.

Likely developments and expected results of operations

Detailed information in relation to likely developments and expected results of the Stapled Fund have not been included in this report because the directors of the Responsible Entity believe it would result in unreasonable prejudice to the Stapled Fund.

Outlook for the Fund

The outlook for the Australian economy remains uncertain. Following the Reserve Bank of Australia's ("RBA") unprecedented rate-hike cycle over the last 12 months, inflation remains at elevated levels, employment and wages remain robust but consumer confidence is wavering. Given the backdrop, there's an emerging consensus view that we are entering a prolonged period of economic softening and that the RBA will hold interest rates higher for longer.

Against this backdrop, the Stapled Fund remains well positioned. Our portfolio's exposure is skewed towards essential retail and healthcare properties which historically have proven resilient to any moderate economic slowdown. Our financial modelling and portfolio management decisions are consistent with this view and remain conservative through the years ended 30 June 2024 and 30 June 2025. The Stapled Fund's gearing is within the target range and comfortably within covenants, and we maintain prudent yet sufficient liquidity to achieve the Stapled Fund's stated objectives.

Environmental regulation

The Stapled Fund's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Responsible Entity believes that the Stapled Fund 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 Stapled Fund.

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 is 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.

Directors' report

30 June 2023

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 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 actively working with KPMG to design a policy and reporting framework that complies with the recommendations of the ASX Corporate Governance Council (including the 2019 amendments) as well as current standards of industry best practice. The Responsible Entity have established an ESG working group and agreed the scope to deliver an ESG policy and framework which will allow the Stapled Fund to assess, benchmark and report on performance in the medium term.

Directors

The following persons were directors and company secretary of the Responsible Entity of the Stapled Fund during the entire financial year 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	3 November 2018		Executive Director
Scott Kelly	3 November 2018		Executive Director & CEO
Stewart Chandler	1 September 2021		Company Secretary

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 and a non-executive director and chairman of Shape Australia Corporation Limited. Greg was previously a non-executive director and chairman of Till Payments Global Pty Ltd and 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 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.

Directors' report

30 June 2023

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

Stewart Chandler

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.

Attendance of Directors at Board Meetings and Board Committee Meetings

The number of Board meetings held during the year and the number of meetings attended by each director are set out in the table below:

	Board Meetings	
	Held	Attended
Greg Miles	8	8
Marianne Perkovic	8	7
Bryce Mitchelson	8	8
Scott Wehl	8	8
Scott Kelly	8	7

Risk and Audit Committee Meetings

The number of Risk and Audit Committee meetings held during the year and the number of meetings attended by each director are set out in the table below:

	Risk and Audit Committee	
	Held	Attended
Greg Miles	5	5
Marianne Perkovic	5	5
Bryce Mitchelson	5	5
Scott Wehl	5	5

Directors' report

30 June 2023

Responsible Entity interests

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

	Consolidated	
	2023	2022
	$'000	$'000
Accounting fees	**574**	380
Cost recoveries	**737**	920
Development management fees	**1,283**	777
Directors fees	**323**	245
Finance facilitation fees[1]	**-**	625
Investment management fees	**5,405**	3,513
Leasing fees	**909**	984
Property acquisition fees	**13**	2,140
Registry fees	**58**	35
Trustee management fees	**136**	-
	9,438	9,619

1. Related to a pre-listing transaction.

Further details for related party transactions are detailed in note 24.

The Responsible Entity and/or its related parties that hold securities in the consolidated entity during the financial year are outlined in note 24 to the financial statements.

Matters subsequent to the end of the financial year

The following events have occurred since 30 June 2023:

- In August 2023, the Stapled Fund restructured the Group's syndicated debt facility. RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The syndicated debt facility is with both the Commonwealth Bank of Australia ("Commonwealth") and Westpac Banking Corporation ("Westpac"). The debt facility was increased to a total limit of $340 million, in which the Westpac facility limit is $90 million and the Commonwealth facility limit is $250 million. The facility expires in June 2026. On restructuring, the Westpac syndicated debt facility will be used to repay the current Westpac facility of $24.5 million that expires in September 2023.
- On 2 August 2023, RAM Australia Retail Property No. 7 Trust entered into an unconditional contract to sell The Hub Westlake, Westlake QLD at a contract price of $11.46 million. Settlement is expected to occur on or around 26 September 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

Proceedings on behalf of the Fund

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

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 year ended 30 June 2023 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 year, the Responsible Entity paid a premium in respect of a contract to ensure the directors and executives of the Responsible Entity against a liability to the extent permitted by the Corporations Act 2001 (Cth). 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 year, indemnified or agreed to indemnify the auditor of the Stapled Fund or any related entity against a liability incurred by the auditor.

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year 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 year, 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 Stapled Fund, acting as advocate for the Stapled Fund or jointly sharing economic risks and rewards.

Directors' report

30 June 2023

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.

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.

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.

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

25 August 2023
Sydney

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 year ended 30 June 20223, 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

25 AUGUST 2023
NEWCASTLE, NSW

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	2022 $'000
Revenue			
Rent from investment properties	6	**56,312**	36,511
Net unrealised gains on revaluation of investment properties		-	52,478
Net unrealised gains on derivative financial instruments		-	6,303
Net realised gains on disposal of investment properties		-	3,354
Interest revenue		**6**	2
Total revenue		**56,318**	98,648
Expenses			
Property expenses	7	**(15,834)**	(11,328)
Finance costs	7	**(10,433)**	(4,178)
Fund management fees		**(5,454)**	(4,003)
Net unrealised losses on revaluation of investment properties		**(35,959)**	-
Net unrealised losses on derivative financial instruments		**(690)**	-
Impairment of assets		**(2,901)**	(907)
Transaction costs		-	(16,199)
Other expenses		**(1,675)**	(571)
Total expenses		**(72,946)**	(37,186)
Profit/(loss) for the year		**(16,628)**	61,462
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**(16,628)**	61,462
Profit/(loss) for the year is attributable to:			
Non-controlling interest	20	**(965)**	18,927
Securityholders of RAM Essential Services Property Fund	19,26	**(15,663)**	42,535
		(16,628)	61,462
Total comprehensive income for the year is attributable to:			
Non-controlling interest		**(965)**	18,927
Securityholders of RAM Essential Services Property Fund		**(15,663)**	42,535
		(16,628)	61,462
		Cents	**Cents**
Basic earnings per security		**(3.25)**	12.00
Diluted earnings per security		**(3.25)**	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 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	8	**11,952**	15,823
Trade and other receivables	9	**6,690**	3,528
Other current assets	10	**5,039**	2,100
Total current assets		**23,681**	21,451
Non-current assets			
Derivative financial instruments	11	**5,614**	6,304
Investment properties	12	**786,514**	798,245
Intangible assets	13	-	2,901
Other non-current assets	14	**1,022**	3,399
Total non-current assets		**793,150**	810,849
Total assets		**816,831**	832,300
Liabilities			
Current liabilities			
Trade and other payables	15	**11,602**	23,985
Interest bearing loans and borrowings	16	**22,219**	12,683
Total current liabilities		**33,821**	36,668
Non-current liabilities			
Interest bearing loans and borrowings	16	**278,211**	244,329
Other non-current liabilities	17	**528**	681
Total non-current liabilities		**278,739**	245,010
Total liabilities		**312,560**	281,678
Net assets		**504,271**	550,622
Equity			
Issued securities	18,26	**246,733**	246,733
Undistributed profits	19,26	**3,867**	35,674
Equity attributable to the securityholders of RAM Essential Services Property Fund		**250,600**	282,407
Non-controlling interest	20	**253,671**	268,215
Total equity		**504,271**	550,622

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 2023

Consolidated	Issued securities $'000	Undistributed profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 20 October 2021	-	-	-	-
Profit for the period	-	42,535	18,927	61,462
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	42,535	18,927	61,462
Net assets of RAMPF on stapling to RARPF (note 18)	-	-	255,568	255,568
Transactions with securityholders in their capacity as securityholders:				
Contributions of equity, net of transaction costs	246,733	5,170	2,533	254,436
Distributions paid (note 21)	-	(12,031)	(8,813)	(20,844)
Balance at 30 June 2022	246,733	35,674	268,215	550,622

Consolidated	Issued securities $'000	Undistributed profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	246,733	35,674	268,215	550,622
Loss for the year	-	(15,663)	(965)	(16,628)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(15,663)	(965)	(16,628)
Transactions with securityholders in their capacity as securityholders:				
Distributions paid (note 21)	-	(16,144)	(13,579)	(29,723)
Balance at 30 June 2023	**246,733**	**3,867**	**253,671**	**504,271**

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 2023

	Note	Consolidated 2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**58,349**	39,582
Payments to suppliers (inclusive of GST)		**(28,900)**	(31,229)
		29,449	8,353
Interest received		**6**	4
Interest and other finance costs paid		**(9,732)**	(3,291)
Net cash from operating activities	28	**19,723**	5,066
Cash flows from investing activities			
Payments for investment properties	12	**(35,499)**	(177,062)
Proceeds from disposal of investment properties	12	**-**	19,328
Net cash used in investing activities		**(35,499)**	(157,734)
Cash flows from financing activities			
Proceeds from borrowings		**43,150**	-
Proceeds from issue of securities	18	**-**	192,701
Payment of loan transaction costs		**(979)**	-
Distributions paid	21	**(30,266)**	(13,267)
Repayment of borrowings		**-**	(18,768)
Net cash from financing activities		**11,905**	160,666
Net increase/(decrease) in cash and cash equivalents		**(3,871)**	7,998
Cash and cash equivalents at the beginning of the financial year		**15,823**	-
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 year	8	**11,952**	**15,823**

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

Notes to the financial statements

30 June 2023

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 RAM Essential Services Property 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 25 August 2023.

Note 2. Significant accounting policies

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

Basis of preparation

These consolidated financial statements are a general purpose financial report for the reporting year ended 30 June 2023 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").

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.

Going concern

As at 30 June 2023, the Stapled Fund's current liabilities of $33,821,000 (30 June 2022: $36,668,000) exceeded its current assets of $23,681,000 (30 June 2022: $21,451,000) by $10,140,000 (30 June 2022: $15,217,000).

This deficiency is due to RARPF's Westpac $24.5 million debt facility expiring in September 2023 and the loan being classified as a current liability.

Note 2. Significant accounting policies (continued)

In August 2023, the Stapled Fund restructured its syndicated debt facility, the current Westpac debt facility will be repaid and replaced with the syndicated debt facility. The syndicated debt facility expires in June 2026 and will be classified as a non-current liability.

It is on this basis that the Stapled Fund's financial report has been prepared on a going concern basis. Refer to note 27 for more information.

Presentational changes and comparatives

The prior comparative period is from the inception of the Stapled Fund on 20 October 2021 until 30 June 2022.

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

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. RARPF has been identified as the parent entity.

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

For the Stapled Fund no new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") have come into effect for the current reporting period.

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 year ended 30 June 2023. The Stapled Fund has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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 26.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Stapled Fund as at 30 June 2023 and the results of all controlled entities of the Stapled Fund for the year ended 30 June 2023. 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.

Note 2. Summary of significant accounting policies (continued)

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.

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 Statement of Profit or Loss and Other Comprehensive Income 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.

Note 2. Summary of significant accounting policies (continued)

Income tax

Under current Australian income tax legislation, the Stapled Fund is 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 distribution.

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 method of recognition is dependent on classification of a hedging instrument. The Stapled Fund has elected cash flow hedges not to qualify for hedge accounting. Changes in fair value are recognised in the Statement of Profit and Loss and Other Comprehensive Income.

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.

Note 2. Summary of significant accounting policies (continued)

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.

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 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.

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.

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.

Note 2. Summary of significant accounting policies (continued)

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 $15.61 million from the fair value as at 30 June 2023 and if the capitalisation rate decreased by 25 basis points, fair value would increase by $17.10 million from the fair value as at 30 June 2023.

For Retail Properties, if the capitalisation rate increased by 25 basis points, fair value would reduce by $17.59 million from the fair value as at 30 June 2023 and if the capitalisation rate decreased by 25 basis points, fair value would increase by $19.17 million from the fair value as at 30 June 2023.

Issued securities

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 year and no longer at the discretion of the Stapled Fund.

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 year, adjusted for bonus elements in ordinary securities issued during the financial year.

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.

Notes to the financial statements

30 June 2023

Note 2. Summary of significant accounting policies (continued)

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

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 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.

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 year 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	
	2023 $'000	**2022 $'000**
Audit services - PKF(NS) Audit & Assurance Limited Partnership		
Audit or review of the financial statements	**260**	252
Non-audit services - PKF network firms		
Consultancy and corporate finance advice	**8**	133
	268	385

Note 6. Revenue

Disaggregation of revenue

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

	Consolidated	
	2023 $'000	**2022 $'000**
Rental income	**52,746**	32,604
Recoverable outgoings	**5,944**	3,405
Straight-line of rental income	**(2,378)**	502
	56,312	36,511

Rental income from investment properties is recognised on a straight-line basis over the lease term.

Note 7. Expenses

	Consolidated 2023 $'000	Consolidated 2022 $'000
Profit/(loss) includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	**9,185**	3,318
Amortisation of borrowing transaction costs	**1,248**	860
Total finance costs	**10,433**	**4,178**
Property expenses		
Property operating expenses	**10,020**	5,832
Amortisation of lease incentives	**4,065**	4,421
Property management fees	**1,749**	1,075
Total property expenses	**15,834**	**11,328**

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

Property expenses include rates, taxes, property outgoings expenses and amortisation of lease incentives. Expenses recovered from a tenant are recorded in recoverable outgoings within rent from investment properties. Expenses are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. Lease incentives are amortised over the term of the lease.

Note 8. Cash and cash equivalents

	Consolidated 2023 $'000	Consolidated 2022 $'000
Cash at bank	**11,844**	15,593
Cash on deposit	**108**	230
	11,952	15,823

Note 9. Trade and other receivables

	Consolidated 2023 $'000	2022 $'000
Trade receivables	**6,633**	2,368
Less: Allowance for expected credit losses	**(283)**	(176)
	6,350	2,192
Other receivables	**337**	1,336
Goods and services tax receivable	**3**	-
	340	1,336
	6,690	3,528

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, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	**2023 %**	**2022 %**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Not overdue	**-**	-	**5,095**	2,529	**-**	3
30 - 90 days overdue	**4%**	5%	**694**	636	**31**	33
90+ days overdue	**21%**	32%	**1,184**	445	**252**	140
			6,973	3,610	**283**	176

Note 10. Other current assets

	Consolidated 2023 $'000	2022 $'000
Accrued revenue	**2,612**	1,656
Prepayments	**2,427**	444
	5,039	2,100

Notes to the financial statements

30 June 2023

Note 11. Derivative financial instruments

	Consolidated	
	2023 $'000	2022 $'000
Interest rate swap contracts - cash flow hedges	**5,614**	6,304

The Stapled Fund has entered into interest rate swap contracts under which it receives interest at variable rates and pays interest at fixed rates to protect interest bearing liabilities from exposure to changes in interest rates.

Swaps in place as at 30 June 2023 cover 55% (30 June 2022: 56%) of the debt facilities outstanding. The weighted average fixed interest swap rate at 30 June 2023 was 2.33% (30 June 2022: 1.59%) and the weighted average term was 2.0 years (30 June 2022: 2.4 years).

Note 12. Investment properties

	Date of last external valuation	Last external valuation $'000	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Retail				
Ballina Central Shopping Centre, Ballina NSW	19/03/2023	54,000	**54,000**	58,000
Broadway Plaza, Punchbowl NSW	28/03/2023	57,000	**57,000**	57,750
Coomera Square, Coomera QLD	31/03/2023	80,000	**80,000**	84,256
Keppel Bay Plaza, Yeppoon QLD	31/12/2022	48,250	**53,262**	43,256
Mowbray Market Place, Mowbray TAS	31/12/2022	45,300	**45,364**	44,321
Rutherford Shopping Centre, Rutherford NSW	28/03/2023	23,750	**23,750**	23,408
Springfield Fair, Springfield QLD	31/03/2023	38,000	**38,000**	41,300
Tanilba Bay Shopping Centre, Tanilba Bay NSW	31/12/2022	22,800	**22,794**	22,862
The Hub Westlake, Westlake QLD	31/12/2022	12,600	**11,500**	12,600
The North Lakes Centre, North Lakes QLD	31/03/2023	8,000	**8,000**	8,400
Windaroo Village, Windaroo QLD	31/03/2023	10,400	**10,400**	11,440
Yeronga Village Shopping Centre, Yeronga QLD	31/12/2022	24,000	**24,230**	23,877
Total - retail investment properties		424,100	**428,300**	431,470

	Date of last external valuation	Last external valuation $'000	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Medical				
Bowen Hills Day Surgery, Bowen Hills QLD	30/06/2022	21,900	**16,900**	21,900
Cambridge Day Surgery, Wembley WA	31/12/2022	8,350	**8,336**	8,100
Casuarina Medical Precinct, Casuarina NT	31/12/2021	14,600	**14,648**	14,605
Corrimal Private Health Centre, Corrimal NSW	03/04/2023	5,600	**5,600**	6,200
Dubbo Private Hospital, Dubbo NSW	31/12/2022	22,500	**22,509**	22,000
Highland Health Centre, Highland Park QLD	31/12/2021	10,100	**8,800**	10,136
Madeley Medical Centre, Madeley WA	31/12/2021	10,400	**10,510**	10,407
Mayo Private Hospital, Taree NSW	31/12/2022	52,800	**52,817**	52,000
Miami Day Hospital, Miami QLD	31/12/2022	22,705	**22,750**	20,239
Mildura Medical Centre, Mildura VIC	31/12/2022	4,100	**4,119**	6,000
North Ward Medical Centre, North Ward QLD	31/12/2021	12,650	**12,743**	12,650
North West Private Hospital, Cooee TAS	31/12/2022	42,800	**42,913**	41,900
Panaceum Medical Centre, Geraldton WA	31/12/2022	13,500	**13,500**	13,724
Parkwood Family Practice, Parkwood QLD	31/12/2022	8,000	**7,000**	8,143
Rosebery Convenience & Medical Centre, Rosebery NT	30/06/2022	8,500	**8,513**	8,500
Secret Harbour Medical Centre, Secret Harbour WA	30/06/2022	8,650	**8,706**	8,650
South Lake Medical Centre, South Lake WA	31/12/2022	9,000	**9,007**	8,869
St John of God Wembley Day Surgery, Wembley WA	01/02/2022	27,000	**23,300**	27,000
Sunshine Day Hospital, Sunshine VIC	30/06/2022	11,250	**10,200**	11,250
Swan Medical Centre, Midlands WA	31/12/2021	8,100	**8,110**	8,100
The Banyans Health & Wellness Centre, Clear Mountain QLD	31/12/2022	8,900	**8,907**	8,975
The Gold Coast Surgery Centre, Southport QLD	31/12/2021	20,550	**20,763**	20,550
Willetts Health Precinct, Mount Pleasant QLD	31/12/2022	17,450	**17,563**	16,877
Total - medical investment properties		369,405	**358,214**	366,775
Total - investment properties		**793,505**	**786,514**	**798,245**

Notes to the financial statements

30 June 2023

Note 12. 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:

	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Opening fair value	**798,245**	579,340
Additions	**1,958**	144,756
Revaluation (decrements)/increments	**(35,959)**	55,832
Capital expenditure	**26,335**	36,137
Amortisation of lease incentives	**(4,065)**	(4,420)
Property transaction costs	-	(13,400)
Closing fair value	**786,514**	**798,245**

(1) The prior comparative period is from 20 October 2021 to 30 June 2022.

Critical accounting estimate - Valuation of investment properties

Direct property assets are valued in accordance with Fund 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 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 believes that there have been significant changes in the value of the direct property assets, an appropriately qualified independent valuer will be engaged to value the direct property assets in accordance with ordinary commercial practice and AIFRS.

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

Note 12. Investment properties (continued)

Significant unobservable inputs associated with the Stapled Fund's investment property valuation are set out below:

	Consolidated		Retail		Medical	
	Range	Weighted average	Range	Weighted average	Range	Weighted average
As at 30 June 2023						
Passing rent ($m)	**0.04 - 5.48**	**2.53**	**0.61 - 5.48**	**3.52**	**0.04 - 2.49**	**1.34**
Capitalisation rate (%)	**5.00 - 8.00**	**5.68**	**5.25 - 6.25**	**5.84**	**5.00 - 8.00**	**5.49**
Discount rate (%)	**4.50 - 8.50**	**6.69**	**6.00 - 8.00**	**6.80**	**4.50 - 8.50**	**6.55**
Lease expiry (years)	**1.00 - 13.38**	**6.44**	**2.10 - 11.39**	**5.74**	**1.00 - 13.38**	**7.44**
Occupancy (%)	**8.34 - 100.00**	**97.63**	**90.24 - 100.00**	**97.68**	**8.34 - 100.00**	**97.56**

	Consolidated		Retail		Medical	
	Range	Weighted average	Range	Weighted average	Range	Weighted average
As at 30 June 2022						
Passing rent ($m)	0.50 - 5.42	2.45	0.62 - 5.42	3.52	0.50 - 2.49	1.33
Capitalisation rate (%)	4.25 - 8.00	5.46	5.00 - 7.25	5.65	4.25 - 8.00	5.22
Discount rate (%)	5.50 - 8.00	6.46	6.00 - 7.75	6.51	5.50 - 8.00	6.37
Lease expiry (years)	2.42 - 14.38	6.96	3.07 - 8.98	6.11	2.42 - 14.38	8.26
Occupancy (%)	65.57 - 100.00	98.79	93.38 - 100.00	98.95	65.57 - 100.00	98.56

Lessor commitments

	Consolidated	
	2023 $'000	**2022 $'000**
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	**46,538**	49,679
Between 1 and 2 years	**44,342**	43,274
Between 2 and 3 years	**39,363**	39,308
3 years or more	**166,273**	183,007
	296,516	315,268

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Note 13. Intangible assets

	Consolidated	
	2023 $'000	2022 $'000
Goodwill - at cost	-	2,901

Represents goodwill on acquisition of controlled entities.

Note 14. Other non-current assets

	Consolidated	
	2023 $'000	2022 $'000
Rent straight-lining adjustments	**1,022**	3,399

Note 15. Trade and other payables

	Consolidated	
	2023 $'000	2022 $'000
Trade payables	**42**	7,147
Accrued expenses	**1,709**	6,037
Fees payable to related parties	**381**	315
Deferred income	**1,781**	1,963
Security deposits	**188**	946
Distributions payable	**7,034**	7,577
Goods and services tax payable	**437**	-
Withholding tax payable	**30**	-
	11,602	23,985

Refer to note 22 for further information on financial instruments.

Note 16. Interest bearing loans and borrowings

	As at 30 June 2023		As at 30 June 2022	
	Facility limit $'000	**Drawn amount $'000**	**Facility limit $'000**	**Drawn amount $'000**
Current - secured				
Westpac facility[1]	**24,500**	**22,243**	24,500	12,700
Less: Unamortised transaction costs	**-**	**(24)**	-	(17)
Total - current interest bearing liabilities	**24,500**	**22,219**	24,500	12,683
Non-current - secured				
Syndicated facility[2]	**300,000**	**280,140**	280,000	246,534
Less: Unamortised transaction costs	**-**	**(1,929)**	-	(2,205)
Total - non-current interest bearing liabilities	**300,000**	**278,211**	280,000	244,329
Total - interest bearing liabilities	**324,500**	**300,430**	304,500	257,012

(1) *Westpac facility*
RARPF has a loan facility with Westpac for Keppel Bay Plaza property acquisition and development. During the year $9.5 million was drawn in relation to development expenditure. This loan facility will expire in September 2023 and the loan has been classified as a currently liability, refer to note 27 for more details.

(2) *Syndicated facility*
RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The Stapled Fund's syndicated debt facility is with the Commonwealth Bank of Australia. On 24 February 2023, the facility limit was increased to $300 million. The facility expires in June 2026. During the year $33.6 million was drawn in relation to capital and development expenditure across the investment property portfolio. Subsequent to year end, the Stapled Fund restructured the existing syndicated debt facility, refer to note 27 for more details.

Assets pledged as security

The bank overdraft and above loan facilities are secured by first mortgages over the Stapled Fund's investment properties.

Note 17. Other non-current liabilities

	Consolidated	
	2023 $'000	**2022 $'000**
Security deposits	**528**	681

Note 18. Issued securities

	Consolidated	
	2023 securities	**2023 $'000**
Ordinary units - fully paid (note 26)	**260,542,047**	**246,733**
Non-controlling interest units - fully paid (note 20)	**260,542,047**	**255,568**
	521,084,094	**502,301**

	Consolidated	
	2022 securities	**2022 $'000**
Ordinary units - fully paid (note 26)	260,542,047	246,733
Non-controlling interest units - fully paid (note 20)	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 year.

Note 19. Undistributed profits

	Consolidated	
	2023 $'000	**2022 $'000**
Undistributed profits at the beginning of the financial year	**35,674**	5,170
Profit/(loss) for the year	**(15,663)**	42,535
Distributions paid (note 21)	**(16,144)**	(12,031)
Undistributed profits at the end of the financial year	**3,867**	35,674

Note 20. 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	
	2023 $'000	**2022 $'000**
Total securityholder's funds	**255,568**	255,568
Undistributed profits/(accumulated losses)	**(1,897)**	12,647
	253,671	268,215

	%	**2023 $'000**	**2022 $'000**
NCI percentage	**100%**		
Current assets		**15,072**	6,122
Non-current assets		**406,512**	413,927
Current liabilities		**(4,997)**	(9,107)
Non-current liabilities		**(162,916)**	(142,727)
Net assets		**253,671**	268,215
Issued capital		**255,568**	255,568
Undistributed profits		**(1,897)**	12,647
Net assets attributable to NCI		**253,671**	268,215
Revenue		**23,993**	14,934
Profit/(loss)		**(965)**	18,927
Total comprehensive income		**(965)**	18,927
Profit allocated to NCI		**(965)**	18,927

Notes to the financial statements

30 June 2023

Note 21. Distributions

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

	2023 Distribution $'000	2023 Distribution per security cps
Quarterly distribution for the period ended 30 September 2022	**7,577**	**1.454**
Quarterly distribution for the period ended 31 December 2022	**7,556**	**1.450**
Quarterly distribution for the period ended 31 March 2023	**7,556**	**1.450**
Quarterly distribution for the period ended 30 June 2023	**7,034**	**1.350**
Total distributions for the year ended 30 June 2023	**29,723**	**5.704**

	2022 Distribution $'000	2022 Distribution per security cps
Quarterly distribution for the period ended 31 December 2021	5,690	1.090
Quarterly distribution for the period ended 31 March 2022	7,577	1.455
Quarterly distribution for the period ended 30 June 2022	7,577	1.455
Total distributions for the period ended 30 June 2022	20,844	4.000

Note 22. 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.

Note 22. Financial instruments (continued)

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.

The Stapled Fund's bank loans owing, totalling $302,384,000 (30 June 2022: $259,234,000) are principal and interest payment loans. Monthly cash outlays of approximately $1,253,000 (30 June 2022: $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 ($1,374,000) / $1,374,000 (30 June 2022: ($1,269,000)/ $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.

Fair value of financial instruments

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

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Note 23. 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.

As at 30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment properties - retail	-	-	428,300	428,300
Investment properties - medical	-	-	358,214	358,214
Financial instruments - cash flow hedge	-	5,614	-	5,614
Total assets	-	5,614	786,514	792,128

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

Note 24. Related party transactions

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

	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.	Investment Manager
Property acquisition fees	The acquisition fee is calculated at 0.75% of the acquisition price of any acquisitions undertaken by the Stapled Fund.	Investment 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 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

Notes to the financial statements

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Note 24. Related party transactions (continued)

Related Parties

Responsible Entity

RAM Property Funds Management Ltd 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.

Transactions with related parties

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

	Consolidated 2023 $'000	Consolidated 2022 $'000
RAM Property Funds Management Ltd		
Cost recoveries	**266**	500
Directors fees	**323**	245
Trustee management fees	**136**	-
	725	745
RAM Property Investment Management Pty Ltd		
Cost recoveries	**278**	240
Investment management fees	**5,405**	2,150
Leasing fees	**181**	-
Property acquisition fees	**13**	330
Registry fees	**58**	25
	5,935	2,745
RAM Property Asset Management Pty Ltd		
Cost recoveries	**193**	111
Development management fees	**1,283**	-
Leasing fees	**728**	76
	2,204	**187**

Note 24. Related party transactions (continued)

	Consolidated 2023 $'000	2022 $'000
Real Asset Management Pty Ltd		
Cost recoveries	-	32
Investment management fees	-	886
Property acquisition fees	-	1,086
Registry fees	-	10
	-	2,014
RAM Australia Property Services Pty Ltd		
Accounting fees	**574**	380
Cost recoveries	-	37
Development management fees	-	777
Finance facilitation fees	-	625
Investment management fees	-	477
Leasing fees	-	908
Property acquisition fees	-	724
	574	3,928

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 $380,245 (30 June 2022: $315,000) including GST is owing to the related parties and is included in the trade and other payables.

Loans to/from related parties

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

Terms and conditions

All related party payables are non-interest bearing.

Note 24. Related party transactions (continued)

Securities held by related parties

At 30 June 2023, the following related parties of the Responsible Entity held securities in the Stapled Fund.

	Closing securities held	Closing interest held
RAM Property Securities Fund	**150,884,895**	**28.96%**
188 ECT Capital Stable Fund	**9,901,092**	**1.90%**
RAM Group Nominees Pty Ltd	**5,000,000**	**0.96%**
Scott Wehl	**200,000**	**0.04%**
Bryce Mitchelson	**200,000**	**0.04%**
Greg Miles	**150,000**	**0.03%**
Marianne Perkovic	**100,000**	**0.02%**
Scott Kelly	**100,000**	**0.02%**
	166,535,987	

Note 25. Controlled entities

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

	Consolidated	
	2023 %	**2022 %**
Held directly by RAM Australia Retail Property Fund		
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%
RAM Essential Services FinCo Pty Ltd	**50%**	50%

Note 25. Controlled entities (continued)

	Consolidated	
	2023 %	2022 %
Held directly by RAM Australia Medical Property Fund		
RAM Australia Medical Property No. 1 Trust	**100%**	100%
RAM Australia Medical Property Mid Trust	**100%**	100%
RAM Essential Services FinCo Pty Ltd	**50%**	50%

	Consolidated	
	2023 %	2022 %
Held directly by RAM Australia Medical Property Mid Trust		
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. 11 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%**	100%
RAM Australia Medical Property No. 15 Trust	**100%**	100%
RAM Australia Medical Property No. 16 Trust	**100%**	100%
RAM Australia Medical Property No. 17 Trust	**100%**	100%
RAM Australia Medical Property No. 18 Trust	**100%**	100%
RAM Australia Medical Property No. 19 Trust	**100%**	100%
RAM Australia Medical Property No. 20 Trust	**100%**	100%
RAM Australia Medical Property No. 21 Trust	**100%**	100%
RAM Australia Medical Property No. 22 Trust	**100%**	100%

Notes to the financial statements

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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 - RARPF	
	2023 $'000	**2022 $'000**
Profit/(loss)	**(15,663)**	42,535
Total comprehensive income	**(15,663)**	42,535

Statement of Financial Position

	Parent - RARPF	
	2023 $'000	**2022 $'000**
Total current assets	**8,609**	15,394
Total assets	**442,235**	455,208
Total current liabilities	**28,824**	27,587
Total liabilities	**191,635**	172,765
Securityholder's funds		
Issued securities	**246,733**	246,733
Undistributed profits	**3,867**	35,710
Total securityholder's funds	**250,600**	282,443

Note 27. Events after the reporting period

The following events have occurred since 30 June 2023:

- In August 2023, the Stapled Fund restructured the Group's syndicated debt facility. RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The syndicated debt facility is with both the Commonwealth Bank of Australia ("Commonwealth") and Westpac Banking Corporation ("Westpac"). The debt facility was increased to a total limit of $340 million, in which the Westpac facility limit is $90 million and the Commonwealth facility limit is $250 million. The facility expires in June 2026. On restructuring, the Westpac syndicated debt facility will be used to repay the current Westpac facility of $24.5 million that expires in September 2023.
- On 2 August 2023, RAM Australia Retail Property No. 7 Trust entered into an unconditional contract to sell The Hub Westlake, Westlake QLD at a contract price of $11.46 million. Settlement is expected to occur on or around 26 September 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

Note 28. Reconciliation of profit/(loss) to net cash from operating activities

	Consolidated	
	2023 $'000	**2022 $'000**
Profit/(loss) for the year	**(16,628)**	61,462
Adjustments for:		
Net unrealised (gains)/losses on revaluation of investment properties	**35,959**	(52,478)
Net unrealised (gains)/losses on derivative financial instruments	**690**	(6,303)
Net realised (gains)/losses on disposal of investment properties	**-**	(3,354)
Straight-line of rental income	**2,378**	(502)
Depreciation and amortisation	**5,313**	4,421
Impairment of assets	**2,901**	907
Transaction costs	**-**	16,199
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**(3,162)**	325
Decrease/(increase) in other current assets	**(2,939)**	(6,808)
Increase/(decrease) in trade and other payables	**(4,789)**	(10,105)
Increase/(decrease) in other liabilities	**-**	1,302
Net cash from operating activities	**19,723**	5,066

Directors' declaration

30 June 2023

In the opinion of the directors':

- the attached consolidated financial statements and notes of 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 2023 and of its performance for the financial year 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

Greg Miles
Independent Non-Executive Chairman

Marianne Perkovic
Independent Non-Executive Director

25 August 2023
Sydney

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 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year 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 2023 and of its performance for the year 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 year. 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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Key Audit Matters (cont'd)

Investment Property Portfolio – Carrying values and revaluations

Why significant	How our audit addressed the key audit matter
The Fund holds economic interests in medical and retail investment properties which are carried at a fair value of $786,514,000 as disclosed in Note 12. 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 assumptions have been impacted by uncertain and volatile economic conditions. 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 23.	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 that the uncertain and volatile economic environment has had on the 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 23 of the financial report.

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 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.

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.

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MARTIN MATTHEWS
PARTNER

25 AUGUST 2023
NEWCASTLE, NSW

Securityholder information

30 June 2023

The securityholder information set out below was applicable as at 29 July 2023.

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	299	8.08	-	-
1,001 to 5,000	925	25.01	-	-
5,001 to 10,000	422	11.41	-	-
10,001 to 100,000	1,680	45.42	-	-
100,001 and over	373	10.08	-	-
	3,699	100.00	-	-
Holding less than a marketable parcel	122	3.30	-	-

Securityholder information

30 June 2023

Equity securityholders

Twenty largest quoted equity securityholders

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

	Ordinary securities	
	Number held	**% of total securities issued**
National Nominees Ltd	162,393,073	31.16
HSBC Custody Nominees (Australia) Ltd	88,200,910	16.93
Argo Investments Ltd	23,623,047	4.53
J P Morgan Nominees Australia Pty Ltd	16,370,079	3.14
Netwealth Investments Ltd	14,887,135	2.86
Citicorp Nominees Pty Ltd	12,587,805	2.42
Certane CT Pty Ltd	9,751,092	1.87
BNP Paribas Nominees Pty Ltd HUB24 Custodial Services Ltd	6,300,513	1.21
BNP Paribas Nominees Pty Ltd	5,411,527	1.04
RAM Group Nominees No. 2 Pty Ltd	5,000,000	0.96
BNP Paribas Noms Pty Ltd	4,805,184	0.92
HSBC Custody Nominees (Australia) Ltd - A/C 2	4,493,749	0.86
SCJ Pty Ltd	3,000,000	0.58
Invia Custodian Pty Ltd	2,378,955	0.46
HSBC Custody Nominees (Australia) Ltd	2,361,017	0.45
Netwealth Investments Ltd	1,721,293	0.33
Aranim Pty Ltd	1,588,985	0.30
Munna Holdings Pty Ltd	1,500,089	0.29
Telunapa Pty Ltd	1,500,089	0.29
Jetan Pty Ltd	1,500,000	0.29
	369,374,542	**70.89**

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	150,884,895	28.96

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.

RAM™
REAL ASSETS REAL RETURNS

ARSN 645 964 601

Annual Financial Report 2023

RAM Australia Retail Property Fund

ARSN 634 136 682

REAL ASSETS REAL RETURNS

Contents

Directors' report

30 June 2023

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 2023, the state of the consolidated entity's affairs as at 30 June 2023 and the Independent Auditor's Report thereon.

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

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

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.

Review of operations

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 loss for the year ended 30 June 2023 was $15,663,000 (30 June 2022: $47,190,000 profit).

The Fund's Net Tangible Assets ("NTA") is $0.95 per security at 30 June 2023 (30 June 2022: $1.06). The decrease in NTA is primarily due to downward investment property revaluations and impairments.

Property portfolio

Investment property valuations

The investment portfolio as at 30 June 2023 consisted of 12 retail shopping centres (30 June 2022: 12 shopping centres) valued at $428,300,000 (30 June 2022: $431,470,000).

The weighted average capitalisation rate for the portfolio is 5.84% as at 30 June 2023 (30 June 2022: 5.66%).

The Fund has engaged external valuations for each of the 12 properties across the portfolio during the year.

Occupancy

As at 30 June 2023 the Fund's portfolio was 97.68% (30 June 2022: 98.95%) occupied with a weighted average lease expiry ("WALE") of 5.74 years (30 June 2022: 6.11 years).

Capital management

As at 30 June 2023, the Stapled Fund had available aggregate debt facilities of $324.5 million with a weighted average expiry of 2.79 years (30 June 2022: $304.5 million, 2.26 years). Drawn borrowings in relation to the Fund totalled $140.3 million with an all in cost of funds for the year being 3.98% (30 June 2022: $116.0 million, 2.62%).

The Fund's gearing at 30 June 2023 was 31.14% (30 June 2022: 23.62%).

Directors' report

30 June 2023

Distributions

Distributions paid or payable during the year were as follows:

	2023 Distribution $'000	2023 Distribution per security cps
Quarterly distribution for the period ended 30 September 2022	**4,493**	**1.724**
Quarterly distribution for the period ended 31 December 2022	**4,199**	**1.612**
Quarterly distribution for the period ended 31 March 2023	**4,093**	**1.571**
Quarterly distribution for the period ended 30 June 2023	**3,359**	**1.289**
Total distributions for the year ended 30 June 2023	**16,144**	**6.196**

	2022 Distribution $'000	2022 Distribution per security cps
Quarterly distribution for the period ended 30 September 2021	2,821	1.305
Interim distribution for the period ended 19 October 2021	255	0.118
Quarterly distribution for the period ended 31 December 2021	3,160	1.213
Quarterly distribution for the period ended 31 March 2022	4,311	1.655
Quarterly distribution for the period ended 30 June 2022	4,560	1.750
Total distributions for the year ended 30 June 2022	15,107	6.041

The key dates in respect of the distribution for the quarter ended 30 June 2023 were:

Ex-distribution date:	29 June 2023
Record date:	30 June 2023
Distribution payment date:	28 July 2023

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 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'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.

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.

Directors' report

30 June 2023

Likely developments and expected results of operations

There have been no significant changes in the principal activities of the Fund and the Fund will continue to operate in accordance with its investment objectives and Constitution.

Outlook for the Fund

The outlook for the Australian economy remains uncertain. Following the Reserve Bank of Australia's ("RBA") unprecedented rate-hike cycle over the last 12 months, inflation remains at elevated levels, employment and wages remain robust but consumer confidence is wavering. Given the backdrop, there's an emerging consensus view that we are entering a prolonged period of economic softening and that the RBA will hold interest rates higher for longer.

Against this backdrop, the Fund remains well positioned. Our portfolio's exposure is skewed towards retail properties which historically have proven resilient to any moderate economic slowdown. Our financial modelling and portfolio management decisions are consistent with this view and remain conservative through the years ended 30 June 2024 and 30 June 2025. The Fund's gearing is within the target range and comfortably within covenants, and we maintain prudent yet sufficient liquidity to achieve the Fund's stated objectives.

Environmental regulation

The Fund's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Responsible Entity believes that the Fund 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 Fund.

Directors

The following persons were directors and company secretary of the Responsible Entity of the Fund during the entire financial year 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	3 November 2018		Executive Director
Scott Kelly	3 November 2018		Executive Director & CEO
Stewart Chandler	1 September 2021		Company Secretary

Responsible entity interests

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

	Consolidated	
	2023 $'000	2022 $'000
Accounting fees	**294**	296
Administration costs	**-**	104
Cost recoveries	**253**	600
Development management fees	**1,283**	875
Director fees	**166**	187
Finance facilitation fees	**-**	388
Investment management fees	**2,945**	3,280
Leasing fees	**761**	633
Registry fees	**58**	50
Trustee management fees	**70**	102
	5,830	6,515

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

Matters subsequent to the end of the financial year

The following events have occurred since 30 June 2023:

- In August 2023, the Stapled Fund restructured the Group's syndicated debt facility. RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The syndicated debt facility is with both the Commonwealth Bank of Australia ("Commonwealth") and Westpac Banking Corporation ("Westpac"). The debt facility was increased to a total limit of $340 million, in which the Westpac facility limit is $90 million and the Commonwealth facility limit is $250 million. The facility expires in June 2026. On restructuring, the Westpac syndicated debt facility will be used to repay the current Westpac facility of $24.5 million that expires in September 2023.
- On 2 August 2023, RAM Australia Retail Property No. 7 Trust entered into an unconditional contract to sell The Hub Westlake, Westlake QLD at a contract price of $11.46 million. Settlement is expected to occur on or around 26 September 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

Directors' report

30 June 2023

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 (Cth) 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 (Cth) is set out immediately after this directors' report.

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

25 August 2023
Sydney

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 2023, 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

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M Matthews

MARTIN MATTHEWS
PARTNER

25 AUGUST 2023
NEWCASTLE, NSW

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	2022 $'000
Revenue			
Rent from investment properties	6	**32,320**	30,041
Net unrealised gains on revaluation of investment properties		**-**	34,273
Net unrealised gains on derivative financial instruments		**-**	3,152
Net realised gains on disposal of investment properties		**-**	3,810
Interest revenue		**5**	1
Other income	7	**-**	41
Total revenue		**32,325**	71,318
Expenses			
Property expenses	8	**(12,084)**	(12,658)
Finance costs	8	**(4,893)**	(4,046)
Fund management fees		**(2,997)**	(3,595)
Net unrealised losses on revaluation of investment properties	13	**(24,124)**	-
Net unrealised losses on derivative financial instruments	12	**(345)**	-
Impairment of assets		**(2,901)**	(907)
Transaction costs		**-**	(2,182)
Other expenses		**(644)**	(740)
Total expenses		**(47,988)**	(24,128)
Profit/(loss) for the year attributable to the owners of RAM Australia Retail Property Fund	21	**(15,663)**	47,190
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year attributable to the owners of RAM Australia Retail Property Fund		**(15,663)**	47,190

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 2023

	Note	Consolidated 2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	9	**3,808**	11,483
Trade and other receivables	10	**1,722**	2,262
Other current assets	11	**3,079**	1,660
Total current assets		**8,609**	15,405
Non-current assets			
Derivative financial instruments	12	**2,807**	3,152
Investment properties	13	**428,300**	431,470
Intangible assets	14	**-**	2,901
Other non-current assets	15	**2,519**	2,292
Total non-current assets		**433,626**	439,815
Total assets		**442,235**	455,220
Liabilities			
Current liabilities			
Trade and other payables	16	**6,605**	14,954
Interest bearing loans and borrowings	17	**22,219**	12,683
Total current liabilities		**28,824**	27,637
Non-current liabilities			
Other payables	18	**45,491**	42,893
Interest bearing loans and borrowings	17	**117,147**	102,210
Other non-current liabilities	19	**173**	73
Total non-current liabilities		**162,811**	145,176
Total liabilities		**191,635**	172,813
Net assets		**250,600**	282,407
Securityholder's funds			
Issued securities	20	**246,733**	246,733
Undistributed profits	21	**3,867**	35,674
Total securityholder's funds		**250,600**	282,407

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 2023

Consolidated	Issued securities $'000	Undistributed profits $'000	Total securityholder's funds $'000
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
Transactions with securityholders in their capacity as securityholders:			
Contributions of equity, net of transaction costs	32,309	-	32,309
Distributions paid (note 22)	-	(15,107)	(15,107)
Balance at 30 June 2022	246,733	35,674	282,407

Consolidated	Issued securities $'000	Undistributed profits $'000	Total securityholder's funds $'000
Balance at 1 July 2022	246,733	35,674	282,407
Loss for the year	-	(15,663)	(15,663)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(15,663)	(15,663)
Transactions with securityholders in their capacity as securityholders:			
Distributions paid (note 22)	-	(16,144)	(16,144)
Balance at 30 June 2023	**246,733**	**3,867**	**250,600**

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 2023

	Note	Consolidated 2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**33,909**	33,360
Payments to suppliers (inclusive of GST)		**(17,674)**	(15,542)
		16,235	17,818
Dividends received		**-**	18
Interest received		**5**	1
Interest and other finance costs paid		**(4,365)**	(2,870)
Net cash from operating activities	30	**11,875**	14,967
Cash flows from investing activities			
Payments for investment properties	13	**(28,614)**	(33,864)
Proceeds from disposal of investment properties		**-**	19,328
Proceeds from sale of financial assets		**-**	886
Net cash used in investing activities		**(28,614)**	(13,650)
Cash flows from financing activities			
Proceeds from borrowings		**24,323**	-
Proceeds from issue of securities	20	**-**	194,474
Payments of loan transaction costs		**(513)**	-
Payments for investment properties relating to RAMPF		**-**	(119,713)
Loans received from RAMPF		**2,590**	-
Distributions paid	22	**(17,336)**	(13,112)
Repayment of borrowings		**-**	(57,526)
Security issue transaction costs		**-**	(520)
Net cash from financing activities		**9,064**	3,603
Net increase/(decrease) in cash and cash equivalents		**(7,675)**	4,920
Cash and cash equivalents at the beginning of the financial year		**11,483**	6,563
Cash and cash equivalents at the end of the financial year	9	**3,808**	11,483

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

Notes to the financial statements

30 June 2023

Note 1. General information

These 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 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 the directors of the Responsible Entity, on 25 August 2023.

Note 2. Significant accounting policies

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

Basis of preparation

These consolidated financial statements are a general purpose financial report for the reporting year ended 30 June 2023 which have been prepared in accordance with the requirements of the Product Disclosure Statement and Constitution of the entity, 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").

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.

Going concern

At 30 June 2023, the Fund's current liabilities of $28,824,000 (30 June 2022: $27,637,000) exceeded its current assets of $8,609,000 (30 June 2022: $15,405,000) by $20,215,000 (30 June 2022: $12,232,000).

This deficiency is due to the Fund's Westpac $24.5 million debt facility expiring in September 2023 and the loan being classified as a current liability.

Note 2. Significant accounting policies (continued)

In August 2023, the Stapled Fund restructured its syndicated debt facility, the current Westpac debt facility will be repaid and replaced with the syndicated debt facility. The syndicated debt facility expires in June 2026 and will be classified as a non-current liability.

It is on this basis that the Fund's financial report has been prepared on a going concern basis. Refer to note 29 for more details.

Presentation changes and comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

New or amended Accounting Standards and Interpretations adopted

For the Fund no new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") have come into effect for the current reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Fund for the annual reporting year ended 30 June 2023. The Fund has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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 27.

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 2023 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".

Controlled entities are all those entities over which the Fund has control. The Fund controls an entity when the 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 Fund. 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 controlled entities have been changed where necessary to ensure consistency with the policies adopted by the 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.

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.

Note 2. Significant accounting policies (continued)

Revenue recognition

The 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 Statement of Profit or Loss and Other Comprehensive Income 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 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 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.

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.

Note 2. Significant accounting policies (continued)

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 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 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 method of recognition is dependent on classification of a hedging instrument. The Fund has elected cash flow hedges not to qualify for hedge accounting. Changes in fair value are recognised in the Statement of Profit and Loss and Other Comprehensive Income.

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.

Note 2. Significant accounting policies (continued)

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.

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.

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.

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.

Note 2. Significant accounting policies (continued)

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.

If the capitalisation rate increased by 25 basis points, fair value would reduce by $17.59 million from the fair value as at 30 June 2023 and if the capitalisation rate decreased by 25 basis points, fair value would increase by $19.17 million from the fair value as at 30 June 2023.

Issued securities

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 Fund.

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

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.

Notes to the financial statements

30 June 2023

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 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. Segment reporting

The 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 its Constitution. 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 Fund's chief operating decision maker.

Note 5. Remuneration of auditors

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

	Consolidated	
	2023 $'000	2022 $'000
Audit services - PKF(NS) Audit & Assurance Limited Partnership		
Audit or review of the financial statements	**131**	126
Non-audit services - PKF network firms		
Consultancy and corporate finance advice	**4**	52
	135	178

Note 6. Revenue

Disaggregation of revenue

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

	Consolidated	
	2023 $'000	2022 $'000
Rental income	**28,264**	26,995
Recoverable outgoings	**3,830**	2,929
Straight-line of rental income	**226**	117
	32,320	30,041

Rental income from investment properties is recognised on a straight-line basis over the lease term.

Note 7. Other income

	Consolidated	
	2023 $'000	2022 $'000
Net fair value gain on investments	**-**	23
Dividends from REIT investments	**-**	18
	-	41

Note 8. Expenses

	Consolidated	
	2023 $'000	2022 $'000
Profit/(loss) includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	**4,229**	3,139
Amortisation of borrowing transaction costs	**664**	907
Total finance costs	**4,893**	4,046
Property expenses		
Property operating expenses	**7,140**	6,293
Amortisation of lease incentives	**3,745**	5,121
Property management fees	**1,199**	1,244
Total property expenses	**12,084**	12,658

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

Property expenses include rates, taxes, property outgoings expenses and amortisation of leave incentives. Expenses recovered from a tenant are recorded in recoverable outgoings within rent from investment properties. Expenses are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. Lease incentives are amortised over the term of the lease.

Note 9. Cash and cash equivalents

	Consolidated	
	2023 $'000	2022 $'000
Cash at bank	**3,778**	11,421
Cash on deposit	**30**	62
	3,808	11,483

Note 10. Trade and other receivables

	Consolidated	
	2023 $'000	2022 $'000
Trade receivables	**1,834**	1,142
Less: Allowance for expected credit losses	**(254)**	(118)

Note 10. Trade and other receivables (continued)

	Consolidated 2023 $'000	2022 $'000
	1,580	1,024
Other receivables	**139**	138
Goods and services tax receivable	**3**	1,100
	142	1,238
	1,722	2,262

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, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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	
Consolidated	**2023 %**	**2022 %**	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Not overdue	**-**	-	**642**	1,883	**-**	3
30-90 days overdue	**9%**	14%	**364**	238	**31**	33
90+ days overdue	**23%**	32%	**970**	259	**223**	82
			1,976	2,380	**254**	118

Note 11. Other current assets

	Consolidated 2023 $'000	2022 $'000
Accrued revenue	**2,226**	1,349
Prepayments	**853**	311
	3,079	1,660

Notes to the financial statements

30 June 2023

Note 12. Derivative financial instruments

	Consolidated	
	2023 $'000	2022 $'000
Interest rate swap contracts - cash flow hedges	**2,807**	3,152

The Fund has entered interest rate swap contracts to hedge exposure to changes in interest rates. Refer to note 24 for further information on fair value measurement.

Note 13. Investment properties

	Date of last external valuation	Last external valuation $'000	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Ballina Central Shopping Centre, Ballina NSW	19/03/2023	54,000	**54,000**	58,000
Broadway Plaza, Punchbowl NSW	28/03/2023	57,000	**57,000**	57,750
Coomera Square, Coomera QLD	31/03/2023	80,000	**80,000**	84,256
Keppel Bay Plaza, Yeppoon QLD	31/12/2022	48,250	**53,262**	43,256
Mowbray Market Place, Mowbray TAS	31/12/2022	45,300	**45,364**	44,321
Rutherford Shopping Centre, Rutherford NSW	28/03/2023	23,750	**23,750**	23,408
Springfield Fair, Springfield QLD	31/03/2023	38,000	**38,000**	41,300
Tanilba Bay Shopping Centre, Tanilba Bay NSW	31/12/2022	22,800	**22,794**	22,862
The Hub Westlake, Westlake QLD	31/12/2022	12,600	**11,500**	12,600
The North Lakes Centre, North Lakes QLD	31/03/2023	8,000	**8,000**	8,400
Windaroo Village, Windaroo QLD	31/03/2023	10,400	**10,400**	11,440
Yeronga Village Shopping Centre, Yeronga QLD	31/12/2022	24,000	**24,230**	23,877
		424,100	**428,300**	431,470

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	431,470	384,287
Disposals	-	(19,328)
Revaluation (decrements)/increments	(24,124)	38,083
Capital expenditure	24,699	33,589
Amortisation of lease incentives	(3,745)	(5,161)
Closing fair value	428,300	431,470

Note 13. Investment properties (continued)

Critical accounting estimate - Valuation of investment properties

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 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 believes that there have been significant changes in the value of the direct property assets, an appropriately qualified independent valuer will be engaged 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 best practice market methodologies including discounted cash flow, capitalisation and comparison methodologies.

Significant unobservable inputs associated with the Fund's investment property valuation are set out below:

	2023		2022	
	Range	Weighted average	Range	Weighted average
Passing rent ($m)	**0.61 - 5.48**	**3.52**	0.62 - 5.42	3.52
Capitalisation rate (%)	**5.25 - 6.25**	**5.84**	5.00 - 7.25	5.65
Discount rate (%)	**6.00 - 8.00**	**6.80**	6.00 - 7.25	6.51
Lease expiry (years)	**2.10 - 11.39**	**5.74**	3.07 - 8.98	6.11
Occupancy (%)	**90.24 - 100.00**	**97.68**	93.38 - 100.00	98.95

Lessor commitments

	Consolidated	
	2023 $'000	2022 $'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	**27,384**	28,242
Between 1 and 2 years	**26,248**	24,526
Between 2 and 3 years	**22,801**	22,092
3 years or more	**85,166**	89,559
	161,599	164,419

Note 14. Intangible assets

	Consolidated	
	2023 $'000	2022 $'000
Goodwill - at cost	**-**	2,901

Represents goodwill on acquisition of controlled entities.

Note 15. Other non-current assets

	Consolidated	
	2023 $'000	**2022 $'000**
Rent straight-lining adjustments	**2,519**	2,292

Note 16. Trade and other payables

	Consolidated	
	2023 $'000	**2022 $'000**
Trade payables	**36**	4,989
Accrued expenses	**1,641**	3,831
Fees payable to related parties	**187**	134
Deferred income	**1,293**	1,253
Security deposits	**78**	186
Distributions payable	**3,359**	4,561
Withholding tax payable	**11**	-
	6,605	14,954

Refer to note 23 for further information on financial instruments.

Note 17. Interest bearing loans and borrowings

	As at 30 June 2023		As at 30 June 2022	
	Facility limit $'000	Drawn amount $'000	Facility limit $'000	Drawn amount $'000
Current - secured				
Westpac facility (1)	**24,500**	**22,243**	24,500	12,700
Less: Unamortised transaction costs	**-**	**(24)**	-	(17)
Total - current interest bearing liabilities	**24,500**	**22,219**	**24,500**	**12,683**
Non-current - secured				
Syndicated facility (2)	**300,000**	**118,100**	280,000	103,321
Less: Unamortised transaction costs	**-**	**(953)**	-	(1,111)
Total - non-current interest bearing liabilities	**300,000**	**117,147**	280,000	102,210
Total - interest bearing liabilities	**324,500**	**139,366**	304,500	114,893

(1) Westpac facility
The Fund has a loan facility with Westpac for Keppel Bay Plaza property acquisition and development. During the year $9.5 million was drawn in relation to development expenditure. This loan facility will expire in September 2023 and the loan has been classified as a currently liability, refer to note 29 for more details.

(2) Syndicated facility
RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The Stapled Fund's syndicated debt facility is with the Commonwealth Bank of Australia. On 24 February 2023, the facility limit was increased to $300 million. The facility expires in June 2026. During the year $14.8 million was drawn in relation to capital and development expenditure across the investment property portfolio

Subsequent to year end, the Stapled Fund restructured the existing syndicated debt facility, refer to note 29 for more details.

Assets pledged as security

The bank overdraft and above loan facilities are secured by first mortgages over the Stapled Fund's investment properties.

Note 18. Other payables

	Consolidated	
	2023 $'000	2022 $'000
Payable to RAM Australia Medical Property Fund	**45,491**	42,893

Note 19. Other non-current liabilities

	Consolidated	
	2023 $'000	2022 $'000
Security deposits	**173**	73

Note 20. Issued securities

	Consolidated 2023 securities	Consolidated 2023 $'000
Ordinary units - fully paid	**260,542,046**	**246,733**

	Consolidated 2022 securities	Consolidated 2022 $'000
Ordinary units - fully paid	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 Fund". 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 stapled 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.

Capital risk management

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

Note 21. Undistributed profits

	Consolidated 2023 $'000	Consolidated 2022 $'000
Undistributed profits at the beginning of the financial year	**35,674**	3,591
Profit/(loss) for the year	**(15,663)**	47,190
Distributions paid (note 22)	**(16,144)**	(15,107)
Undistributed profits at the end of the financial year	**3,867**	35,674

Note 22. Distributions

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

	2023 Distribution $'000	2023 Distribution per security cps
Quarterly distribution for the period ended 30 September 2022	**4,493**	**1.724**
Quarterly distribution for the period ended 31 December 2022	**4,199**	**1.612**
Quarterly distribution for the period ended 31 March 2023	**4,093**	**1.571**
Quarterly distribution for the period ended 30 June 2023	**3,359**	**1.289**
Total distributions for the year ended 30 June 2023	**16,144**	**6.196**

	2022 Distribution $'000	2022 Distribution per security cps
Quarterly distribution for the period ended 30 September 2021	2,821	1.305
Interim distribution for the period ended 19 October 2021	255	0.118
Quarterly distribution for the period ended 31 December 2021	3,160	1.213
Quarterly distribution for the period ended 31 March 2022	4,311	1.655
Quarterly distribution for the period ended 30 June 2022	4,560	1.750
Total distributions for the year ended 30 June 2022	15,107	6.041

Note 23. Financial instruments

Financial risk management objectives

The 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 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. The 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 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 Fund and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Fund's operating units. Finance reports to the Board on a quarterly basis.

Note 23. Financial instruments (continued)

Market risk

Foreign currency risk

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

Price risk

The Fund is not exposed to any significant price risk.

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 Fund's bank loans owing, totalling $140,343,000 (30 June 2022: $116,021,000) are principal and interest payment loans. Monthly cash outlays of approximately $618,000 (30 June 2022: $309,000) 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 ($708,000) / $708,000 (30 June 2022: ($638,000) / $594,000) per annum.

Credit risk

Credit risks refers to the risk that a tenant will default on their contractual obligations resulting in financial loss to the 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 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 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 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.

Fair value of financial instruments

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

Note 24. 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.

As at 30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment properties	-	-	428,300	428,300
Financial instruments - cash flow hedge	-	2,807	-	2,807
Total assets	-	2,807	428,300	431,107

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 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.

Note 25. Related party transactions (continued)

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.	Investment Manager
Property acquisition fees	The acquisition fee is calculated at 0.75% of the acquisition price of any acquisitions undertaken by the Stapled Fund.	Investment 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 Ltd 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.

Note 25. Related party transactions (continued)

Transactions with related parties

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

	Consolidated 2023 $'000	2022 $'000
RAM Property Funds Management Ltd		
Cost recoveries	**110**	**405**
Directors fees	**166**	**187**
Trustee management fees	**70**	**102**
	346	**694**
RAM Property Investment Management Pty Ltd		
Cost recoveries	**117**	111
Investment management fees	**2,945**	1,182
Leasing fees	**112**	-
Registry fees	**58**	**25**
	3,232	**1,318**
RAM Property Asset Management Pty Ltd		
Cost recoveries	**26**	23
Development management fees	**1,283**	-
Leasing fees	**649**	75
	1,958	**98**
Real Asset Management Pty Ltd		
Administration fees	-	104
Cost recoveries	-	16
Investment management fees	-	1,364
Registry fees	-	25

Note 25. Related party transactions (continued)

	Consolidated	
	2023 $'000	**2022 $'000**
	-	1,509
RAM Australia Property Services Pty Ltd		
Accounting fees	**294**	296
Cost recoveries	-	45
Development management fees	-	875
Finance facilitation fees	-	388
Investment management fees	-	734
Leasing fees	-	558
	294	2,896

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 $186,730 (30 June 2022: $134,000) including GST is owing to the related parties and is included in the trade and other payables.

Loans to/from related parties

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

	Consolidated	
	2023 $'000	**2022 $'000**
Non-current payables:		
Loan from other related party - RAM Australia Medical Property Fund	**45,491**	42,893

Terms and conditions

All related party payables are non-interest bearing.

Note 26. Controlled entities

The following entities were controlled by the Fund during the financial year:

	Consolidated 2023 %	Consolidated 2022 %
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%

Note 27. Parent entity information

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

Statement of Profit or Loss and Other Comprehensive Income

	Parent 2023 $'000	Parent 2022 $'000
Profit/(loss)	**15,992**	16,533
Total comprehensive income	**15,992**	16,533

Notes to the financial statements

30 June 2023

Note 27. Parent entity information (continued)

Statement of Financial Position

	Parent	
	2023 $'000	**2022 $'000**
Total current assets	**24,403**	16,918
Total assets	**297,742**	290,257
Total current liabilities	**4,292**	(747)
Total liabilities	**49,783**	42,146
Securityholder's funds		
Issued securities	**246,733**	246,733
Undistributed profits	**1,226**	1,378
Total securityholder's funds	**247,959**	248,111

Note 28. Interests in joint operations

RARPF holds a 50% interest in RAM Essential Services FinCo Pty Ltd ("FinCo"), a joint arrangement structured as a financing entity for RARPF and 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.

		Ownership interest	
Name	**Principal place of business**	**2023 %**	**2022 %**
RAM Essential Services FinCo Pty Ltd	Australia	**50.00%**	50.00%

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.

Note 28. Interests in joint operations (continued)

Summarised Financial Information

	2023 $'000	2022 $'000
Summarised Statement of Financial Position		
Cash and cash equivalents	**14**	269
Other current assets	**-**	309
Non-current assets	**120,907**	106,473
Total assets	**120,921**	107,051
Current financial liabilities (excluding trade and other payables and provisions)	**-**	44
Other current liabilities	**14**	534
Non-current financial liabilities (excluding trade and other payables and provisions)	**118,100**	103,321
Total liabilities	**118,114**	103,899
Net assets	**2,807**	3,152
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Other revenue	**(345)**	**3,152**
Profit/(loss)	**(345)**	**3,152**
Other comprehensive income	**-**	**-**
Total comprehensive income	**(345)**	**3,152**

Note 29. Events after the reporting period

The following events have occurred since 30 June 2023:

- In August 2023, the Stapled Fund restructured the Group's syndicated debt facility. RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The syndicated debt facility is with both the Commonwealth Bank of Australia ("Commonwealth") and Westpac Banking Corporation ("Westpac"). The debt facility was increased to a total limit of $340 million, in which the Westpac facility limit is $90 million and the Commonwealth facility limit is $250 million. The facility expires in June 2026. On restructuring, the Westpac syndicated debt facility will be used to repay the current Westpac facility of $24.5 million that expires in September 2023.
- On 2 August 2023, RAM Australia Retail Property No. 7 Trust entered into an unconditional contract to sell The Hub Westlake, Westlake QLD at a contract price of $11.46 million. Settlement is expected to occur on or around 26 September 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

Notes to the financial statements

30 June 2023

Note 30. Reconciliation of profit/(loss) to net cash from operating activities

	Consolidated	
	2023 $'000	2022 $'000
Profit/(loss) for the year	**(15,663)**	47,190
Adjustments for:		
Net unrealised (gains)/losses on revaluation of investment properties	**24,124**	(34,273)
Net unrealised (gains)/losses on derivative financial instruments	**345**	(3,152)
Net realised (gains)/losses on disposal of investment properties	**-**	(3,810)
Net fair value gain on investments	**-**	(23)
Straight-line of rental income	**(226)**	-
Depreciation and amortisation	**4,409**	5,121
Impairment of assets	**2,901**	907
Security transaction costs	**-**	520
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**540**	2,664
Decrease/(increase) in other current assets	**(1,419)**	(119)
Increase/(decrease) in trade and other payables	**(3,136)**	(141)
Increase/(decrease) in other liabilities	**-**	83
Net cash from operating activities	**11,875**	14,967

Directors' declaration

30 June 2023

In the opinion of the directors':

- the attached consolidated financial statements and notes of 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 Fund's financial position as at 30 June 2023 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.

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

Greg Miles
Independent Non-Executive Chairman

Marianne Perkovic
Independent Non-Executive Director

25 August 2023
Sydney

PKF

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 2023, 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 2023, 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 2023 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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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.

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

PKF

MMatthews

MARTIN MATTHEWS
PARTNER

25 AUGUST 2023
NEWCASTLE, NSW

REAL ASSETS REAL RETURNS

ARSN 634 136 682

Annual Financial Report 2023

RAM Australia Medical Property Fund

ARSN 645 964 601

REAL ASSETS REAL RETURNS

Contents

Directors' report

30 June 2023

The Directors of RAM Property Funds Management Limited ("RAM"), 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 financial year ended 30 June 2023, the state of the consolidated entity's affairs as at 30 June 2023 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. RAM is an unlisted private company incorporated under the Corporations Act 2001 (Cth) and holds an Australian Financial Services Licence.

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

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.

Review of operations

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 loss for the year ended 30 June 2023 was $965,000 (30 June 2022: $20,212,000 profit).

The Fund's Net Tangible Assets ("NTA") is $0.98 per security at 30 June 2023 (30 June 2022: $1.03). The decrease in NTA is primarily due to downward investment property revaluations and impairments.

Property portfolio

Investment property valuations

The investment portfolio as at 30 June 2023 consisted of 23 medical properties (30 June 2022: 23 medical properties) valued at $358,214,000 (30 June 2022: $366,775,000).

The weighted average capitalisation rate for the portfolio is 5.49% as at 30 June 2023 (30 June 2022: 5.22%).

The Fund has engaged external valuations for 12 of the 23 properties across the portfolio during the year.

Occupancy

As at 30 June 2023 the Fund's portfolio was 97.56% (30 June 2022: 98.56%) occupied with a weighted average lease expiry ("WALE") of 7.44 years (30 June 2022: 9.16 years).

Property acquired

On 30 August 2022, the Fund acquired 100% interest in property located at 2166 Gold Coast Highway, Miami QLD. The acquisition had a purchase price of $1.7 million with acquisition costs of $258,000. This acquisition is part of a development project to enhance the adjoining property already owned by the Fund known as the Miami Day Hospital.

Capital management

As at 30 June 2023, the Stapled Fund had available aggregate debt facilities of $324.5 million with a weighted average expiry of 2.79 years (30 June 2022: $304.5 million, 2.26 years). Drawn borrowings in relation to the Fund totalled $162.0 million with an all in cost of funds for the year being 3.60% (30 June 2022: $143.2 million, 2.29%).

The Fund's gearing at 30 June 2023 was 42.00% (30 June 2022: 37.25%).

Distributions

Distributions paid or payable during the year were as follows:

	2023 Distribution $'000	2023 Distribution per security cps
Quarterly distribution for the period ended 30 September 2022	**3,084**	**1.184**
Quarterly distribution for the period ended 31 December 2022	**3,357**	**1.288**
Quarterly distribution for the period ended 31 March 2023	**3,462**	**1.329**
Quarterly distribution for the period ended 30 June 2023	**3,676**	**1.411**
Total distributions for the year ended 30 June 2023	**13,579**	**5.212**

	2022 Distribution $'000	2022 Distribution per security cps
Quarterly distribution for the period ended 30 September 2021	1,250	1.635
Interim distribution for the period ended 19 October 2021	229	0.300
Quarterly distribution for the period ended 31 December 2021	2,530	0.971
Quarterly distribution for the period ended 31 March 2022	3,265	1.253
Quarterly distribution for the period ended 30 June 2022	3,017	1.158
Total distributions for the year ended 30 June 2022	10,291	5.317

The key dates in respect of the distribution for the quarter ended 30 June 2023 were:

Ex-distribution date:	29 June 2023
Record date:	30 June 2023
Distribution payment date:	28 July 2023

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 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'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.

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.

Directors' report

30 June 2023

Likely developments and expected results of operations

There have been no significant changes in the principal activities of the Fund and the Fund will continue to operate in accordance with its investment objectives and Constitution.

Outlook for the Fund

The outlook for the Australian economy remains uncertain. Following the Reserve Bank of Australia's ("RBA") unprecedented rate-hike cycle over the last 12 months, inflation remains at elevated levels, employment and wages remain robust but consumer confidence is wavering. Given the backdrop, there's an emerging consensus view that we are entering a prolonged period of economic softening and that the RBA will hold interest rates higher for longer.

Against this backdrop, the Fund remains well positioned. Our portfolio's exposure is skewed towards healthcare properties which historically have proven resilient to any moderate economic slowdown. Our financial modelling and portfolio management decisions are consistent with this view and remain conservative through the years ended 30 June 2024 and 30 June 2025. The Fund's gearing is within the target range and comfortably within covenants, and we maintain prudent yet sufficient liquidity to achieve the Fund's stated objectives.

Environmental regulation

The Fund's operations are subject to various environmental regulations under both Commonwealth and State legislation. The Responsible Entity believes that the Fund 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 Fund.

Directors

The following persons were directors and company secretary of the Responsible Entity of the Fund during the entire financial year 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	3 November 2018		Executive Director
Scott Kelly	3 November 2018		Executive Director & CEO
Stewart Chandler	1 September 2021		Company Secretary

Responsible entity interests

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

	Consolidated	
	2023 $'000	**2022 $'000**
Accounting fees	**280**	213
Administration costs	**-**	85
Cost recoveries	**484**	673
Directors fees	**157**	-
Finance facilitation fees	**-**	344
Investment management fees	**2,460**	1,977
Leasing fees	**148**	567
Property acquisition fees	**13**	2,606
Trustee management fees	**66**	-
	3,608	6,465

Further details for related party transactions are outlined in note 23.

Matters subsequent to the end of the financial year

The following events have occurred since 30 June 2023:

- In August 2023, the Stapled Fund restructured the Group's syndicated debt facility. RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The syndicated debt facility is with both the Commonwealth Bank of Australia ("Commonwealth") and Westpac Banking Corporation ("Westpac"). The debt facility was increased to a total limit of $340 million, in which the Westpac facility limit is $90 million and the Commonwealth facility limit is $250 million. The facility expires in June 2026.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

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.

Directors' report

30 June 2023

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 (Cth) 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 (Cth) is set out immediately after this directors' report.

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

25 August 2023
Sydney

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 2023, 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

PKF

Matthews

MARTIN MATTHEWS
PARTNER

25 AUGUST 2023
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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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	Consolidated 2023 $'000	2022 $'000
Revenue			
Rent from investment properties	6	**23,992**	18,380
Net unrealised gains on revaluation of investment properties		-	21,084
Net unrealised gains on derivative financial instruments		-	3,152
Interest revenue		**1**	1
Total revenue		**23,993**	42,617
Expenses			
Property expenses	7	**(3,750)**	(2,706)
Finance costs	7	**(5,540)**	(2,981)
Fund management fees		**(2,457)**	(2,142)
Net unrealised losses on revaluation of investment properties	13	**(11,835)**	-
Net unrealised losses on derivative financial instruments	12	**(345)**	-
Transaction costs		**-**	(14,017)
Other expenses		**(1,031)**	(559)
Total expenses		**(24,958)**	(22,405)
Profit/(loss) for the year attributable to the owners of RAM Australia Medical Property Fund	19	**(965)**	20,212
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year attributable to the owners of RAM Australia Medical Property Fund		**(965)**	20,212

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 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	8	**8,144**	4,340
Trade and other receivables	9	**4,968**	1,172
Other current assets	10	**1,960**	610
Total current assets		**15,072**	6,122
Non-current assets			
Other receivables	11	**45,491**	42,893
Derivative financial instruments	12	**2,807**	3,152
Investment properties	13	**358,214**	366,775
Other non-current assets	14	**-**	1,107
Total non-current assets		**406,512**	413,927
Total assets		**421,584**	420,049
Liabilities			
Current liabilities			
Trade and other payables	15	**4,997**	9,107
Total current liabilities		**4,997**	9,107
Non-current liabilities			
Interest bearing loans and borrowings	16	**161,064**	142,119
Other non-current liabilities	17	**1,852**	608
Total non-current liabilities		**162,916**	142,727
Total liabilities		**167,913**	151,834
Net assets		**253,671**	268,215
Securityholder's funds			
Issued securities	18	**255,568**	255,568
Undistributed profits/(accumulated losses)	19	**(1,897)**	12,647
Total securityholder's funds		**253,671**	268,215

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 2023

Consolidated	Issued securities $'000	Undistributed profits $'000	Total securityholder's funds $'000
Balance at 1 July 2021	87,835	2,726	90,561
Profit for the year	-	20,212	20,212
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	20,212	20,212
Transactions with securityholders in their capacity as securityholders:			
Contributions of equity, net of transaction costs	167,733	-	167,733
Distributions paid (note 20)	-	(10,291)	(10,291)
Balance at 30 June 2022	255,568	12,647	268,215

Consolidated	Issued securities $'000	Undistributed profits $'000	Total securityholder's funds $'000
Balance at 1 July 2022	255,568	12,647	268,215
Loss for the year	-	(965)	(965)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(965)	(965)
Transactions with securityholders in their capacity as securityholders:			
Distributions paid (note 20)	-	(13,579)	(13,579)
Balance at 30 June 2023	**255,568**	**(1,897)**	**253,671**

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 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**24,440**	20,401
Payments to suppliers (inclusive of GST)		**(11,226)**	(9,995)
		13,214	10,406
Interest received		**1**	-
Interest and other finance costs paid		**(5,367)**	(2,009)
Net cash from operating activities	28	**7,848**	8,397
Cash flows from investing activities			
Payments for investment properties	13	**(6,885)**	(59,673)
Net cash used in investing activities		**(6,885)**	(59,673)
Cash flows from financing activities			
Proceeds from borrowings		**18,827**	44,394
Proceeds from issue of securities	18	**-**	5,804
Payment of loan transaction costs		**(466)**	-
Loans (paid to)/received from RARPF		**(2,590)**	9,950
Distributions paid	20	**(12,930)**	(8,209)
Net cash from financing activities		**2,841**	51,939
Net increase in cash and cash equivalents		**3,804**	663
Cash and cash equivalents at the beginning of the financial year		**4,340**	3,677
Cash and cash equivalents at the end of the financial year	8	**8,144**	4,340

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

Notes to the financial statements

30 June 2023

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 registered 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 the directors of the Responsible Entity, on 25 August 2023.

Note 2. Significant accounting policies

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

Basis of preparation

These consolidated financial statements are a general purpose financial report for the reporting year ended 30 June 2023 which have been prepared in accordance with the requirements of the Product Disclosure Statement and Constitution of the entity, 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").

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.

Presentation changes and comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

New or amended Accounting Standards and Interpretations adopted

For the Fund no new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") have come into effect for the current reporting period.

Note 2. Significant accounting policies (continued)

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Fund for the annual reporting year ended 30 June 2023. The Fund has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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 25.

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 2023 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".

Controlled entities are all those entities over which the Fund has control. The Fund controls an entity when the 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 Fund. 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 controlled entities have been changed where necessary to ensure consistency with the policies adopted by the 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.

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

The 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 Statement of Profit or Loss and Other Comprehensive Income 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.

Notes to the financial statements

30 June 2023

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 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 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.

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.

The 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 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 method of recognition is dependent on classification of a hedging instrument. The Fund has elected cash flow hedges not to qualify for hedge accounting. Changes in fair value are recognised in the Statement of Profit and Loss and Other Comprehensive Income.

Note 2. Significant accounting policies (continued)

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.

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.

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.

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.

Notes to the financial statements

30 June 2023

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.

If the capitalisation rate increased by 25 basis points, fair value would reduce by $15.61 million from the fair value as at 30 June 2023 and if the capitalisation rate decreased by 25 basis points, fair value would increase by $17.10 million from the fair value as at 30 June 2023.

Issued securities

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 Fund.

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

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 rental 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. Segment reporting

The 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 its Constitution. 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 Fund's chief operating decision maker.

Notes to the financial statements

30 June 2023

Note 5. Remuneration of auditors

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

	Consolidated	
	2023 $'000	**2022 $'000**
Audit services - PKF(NS) Audit & Assurance Limited Partnership		
Audit or review of the financial statements	**129**	126
Non-audit services - PKF network firms		
Consultancy and corporate finance advice	**4**	81
	133	207

Note 6. Revenue

Disaggregation of revenue

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

	Consolidated	
	2023 $'000	**2022 $'000**
Rental income	**24,482**	16,018
Recoverable outgoings	**2,114**	1,753
Straight-line of rental income	**(2,604)**	609
	23,992	18,380

Rental income from investment properties is recognised on a straight-line basis over the lease term.

Note 7. Expenses

	Consolidated 2023 $'000	2022 $'000
Profit/(loss) includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	**4,956**	2,198
Amortisation of borrowing transaction costs	**584**	783
Total finance costs	**5,540**	**2,981**
Property expenses		
Property operating expenses	**2,880**	2,038
Amortisation of lease incentives	**320**	193
Property management fees	**550**	475
Total property expenses	**3,750**	**2,706**

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

Property expenses include rates, taxes, property outgoings expenses and amortisation of lease incentives. Expenses recovered from a tenant are recorded in recoverable outgoings within rent from investment properties. Expenses are recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. Lease incentives are amortised over the term of the lease.

Note 8. Cash and cash equivalents

	Consolidated 2023 $'000	2022 $'000
Cash at bank	**8,066**	4,262
Cash on deposit	**78**	78
	8,144	4,340

Note 9. Trade and other receivables

	Consolidated	
	2023 $'000	2022 $'000
Trade receivables	**4,799**	1,219
Less: Allowance for expected credit losses	**(29)**	(58)
	4,770	1,161
Other receivables	**198**	11
	4,968	1,172

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, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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	
Consolidated	2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Not overdue	**-**	-	**4,453**	646	**-**	-
30-90 days overdue	**-**	-	**330**	398	**-**	-
90+ days overdue	**14%**	31%	**214**	186	**29**	58
			4,997	1,230	**29**	58

Note 10. Other current assets

	Consolidated 2023 $'000	2022 $'000
Accrued revenue	**386**	307
Prepayments	**1,574**	133
Other current assets [(1)]	**-**	170
	1,960	610

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

Note 11. Other receivables

	Consolidated 2023 $'000	2022 $'000
Receivable from RAM Australia Retail Property Fund	**45,491**	42,893

Note 12. Derivative financial instruments

	Consolidated 2023 $'000	2022 $'000
Interest rate swap contracts - cash flow hedges	**2,807**	3,152

The Fund has entered interest rate swap contracts to hedge exposure to changes in interest rates. Refer to note 22 for further information on fair value measurement.

Notes to the financial statements

30 June 2023

Note 13. Investment properties

	Date of last external valuation	Last external valuation $'000	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Bowen Hills Day Surgery, Bowen Hills QLD	30/06/2022	21,900	**16,900**	21,900
Cambridge Day Surgery, Wembley WA	31/12/2022	8,350	**8,336**	8,100
Casuarina Medical Precinct, Casuarina NT	31/12/2021	14,600	**14,648**	14,605
Corrimal Private Health Centre, Corrimal NSW	03/04/2023	5,600	**5,600**	6,200
Dubbo Private Hospital, Dubbo NSW	31/12/2022	22,500	**22,509**	22,000
Highland Health Centre, Highland Park QLD	31/12/2021	10,100	**8,800**	10,136
Madeley Medical Centre, Madeley WA	31/12/2021	10,400	**10,510**	10,407
Mayo Private Hospital, Taree NSW	31/12/2022	52,800	**52,817**	52,000
Miami Day Hospital, Miami QLD	31/12/2022	22,705	**22,750**	20,239
Mildura Medical Centre, Mildura VIC	31/12/2022	4,100	**4,119**	6,000
North Ward Medical Centre, North Ward QLD	31/12/2021	12,650	**12,743**	12,650
North West Private Hospital, Cooee TAS	31/12/2022	42,800	**42,913**	41,900
Panaceum Medical Centre, Geraldton WA	31/12/2022	13,500	**13,500**	13,724
Parkwood Family Practice, Parkwood QLD	31/12/2022	8,000	**7,000**	8,143
Rosebery Convenience & Medical Centre, Rosebery NT	30/06/2022	8,500	**8,513**	8,500
Secret Harbour Medical Centre, Secret Harbour WA	30/06/2022	8,650	**8,706**	8,650
South Lake Medical Centre, South Lake WA	31/12/2022	9,000	**9,007**	8,869
St John of God Wembley Day Surgery, Wembley WA	01/02/2022	27,000	**23,300**	27,000
Sunshine Day Hospital, Sunshine VIC	30/06/2022	11,250	**10,200**	11,250
Swan Medical Centre, Midlands WA	31/12/2021	8,100	**8,110**	8,100
The Banyans Health & Wellness Centre, Clear Mountain QLD	31/12/2022	8,900	**8,907**	8,975
The Gold Coast Surgery Centre, Southport QLD	31/12/2021	20,550	**20,763**	20,550
Willetts Health Precinct, Mount Pleasant QLD	31/12/2022	17,450	**17,563**	16,877
		369,405	**358,214**	366,775

Note 13. 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:

	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Opening fair value	366,775	135,070
Additions	1,958	204,586
Revaluation (decrements)/increments	(11,835)	21,084
Capital expenditure	1,636	19,628
Amortisation of lease incentives	(320)	(193)
Property transaction costs	-	(13,400)
Closing fair value	**358,214**	**366,775**

Critical accounting estimate - Valuation of investment properties

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 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 believes that there have been significant changes in the value of the direct property assets, an appropriately qualified independent valuer will be engaged 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 best practice market methodologies including discounted cash flow, capitalisation and comparison methodologies.

Significant unobservable inputs associated with the Fund's investment property valuation are set out below:

	2023		2022	
	Range	Weighted average	Range	Weighted average
Passing rent ($m)	**0.04 - 2.49**	1.34	0.50 - 2.59	1.33
Capitalisation rate (%)	**5.00 - 8.00**	5.49	4.25 - 8.00	5.22
Discount rate (%)	**4.50 - 8.50**	6.55	5.50 - 8.00	6.37
Lease expiry (years)	**1.00 - 13.38**	7.44	2.42 - 14.38	8.26
Occupancy (%)	**8.34 - 100.00**	97.56	65.57 - 100.00	98.56

Notes to the financial statements

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Lessor commitments

	Consolidated	
	2023 $'000	2022 $'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	**19,154**	21,437
Between 1 and 2 years	**18,094**	18,747
Between 2 and 3 years	**16,562**	17,216
3 years or more	**81,106**	93,448
	134,916	150,848

Note 14. Other non-current assets

	Consolidated	
	2023 $'000	2022 $'000
Rent straight-lining adjustments	**-**	1,107

Note 15. Trade and other payables

	Consolidated	
	2023 $'000	2022 $'000
Trade payables	**6**	147
Accrued expenses	**68**	4,301
Fees payable to related parties	**194**	162
Deferred income	**488**	711
Security deposits	**110**	760
Distributions payable	**3,675**	3,017
Goods and services tax payable	**437**	9
Withholding tax payable	**19**	-
	4,997	9,107

Refer to note 21 for further information on financial instruments.

Note 16. Interest bearing loans and borrowings

	As at 30 June 2023		As at 30 June 2022	
	Facility limit $'000	**Drawn amount $'000**	**Facility limit $'000**	**Drawn amount $'000**
Non-current - secured				
Syndicated facility [(1)]	**300,000**	162,040	**280,000**	143,213
Less: Unamortised transaction costs	-	(976)	-	(1,094)
Total - non-current interest bearing liabilities	**300,000**	161,064	**280,000**	142,119
Total - interest bearing liabilities	**300,000**	161,064	**280,000**	142,119

(1) Syndicated facility
RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The Stapled Fund's syndicated debt facility is with the Commonwealth Bank of Australia. On 24 February 2023, the facility limit was increased to $300 million. The facility expires in June 2026. During the year $18.8 million was drawn in relation to capital and development expenditure across the investment property portfolio

Subsequent to year end, the Stapled Fund restructured the existing syndicated debt facility, refer to note 27 for more details.

Assets pledged as security

The bank overdraft and above loan facilities are secured by first mortgages over the Stapled Fund's investment properties.

Note 17. Other non-current liabilities

	Consolidated	
	2023 $'000	**2022 $'000**
Security deposits	**355**	608
Rent straight-lining adjustments	**1,497**	-
	1,852	608

Note 18. Issued securities

	Consolidated	
	2023 securities	**2023 $'000**
Ordinary units - fully paid	**260,542,046**	**255,568**

	Consolidated	
	2022 securities	**2022 $'000**
Ordinary units - fully paid	260,542,046	255,568

Notes to the financial statements

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On 20 October 2021, RAMPF combined with RARPF to create the RAM Essential Services Property Fund ("RESP") as a "Stapled Fund". 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.

Capital risk management

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

Note 19. Undistributed profits/(accumulated losses)

	Consolidated	
	2023 $'000	**2022 $'000**
Undistributed profits at the beginning of the financial year	**12,647**	2,726
Profit/(loss) for the year	**(965)**	20,212
Distributions paid (note 20)	**(13,579)**	(10,291)
Undistributed profits/(accumulated losses) at the end of the financial year	**(1,897)**	12,647

Note 20. Distributions

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

	2023 Distribution $'000	**2023 Distribution per security cps**
Quarterly distribution for the period ended 30 September 2022	**3,084**	**1.184**
Quarterly distribution for the period ended 31 December 2022	**3,357**	**1.288**
Quarterly distribution for the period ended 31 March 2023	**3,462**	**1.329**
Quarterly distribution for the period ended 30 June 2023	**3,676**	**1.411**
Total distributions for the year ended 30 June 2023	**13,579**	**5.212**

Note 20. Distributions (continued)

	2022 Distribution $'000	2022 Distribution per security cps
Quarterly distribution for the period ended 30 September 2021	1,250	1.635
Interim distribution for the period ended 19 October 2021	229	0.300
Quarterly distribution for the period ended 31 December 2021	2,530	0.971
Quarterly distribution for the period ended 31 March 2022	3,265	1.253
Quarterly distribution for the period ended 30 June 2022	3,017	1.158
Total distributions for the year ended 30 June 2022	10,291	5.317

Note 21. Financial instruments

Financial risk management objectives

The 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 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. The 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 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 Fund and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Fund's operating units. Finance reports to the Board on a quarterly basis.

Market risk

Foreign currency risk

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

Price risk

The Fund is not exposed to any significant price risk.

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 Fund's bank loans owing, totalling $162,040,000 (30 June 2022: $143,213,000) are principal and interest payment loans. Monthly cash outlays of approximately $635,000 (30 June 2022: $346,000) 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 ($666,000) / $666,000 (30 June 2022: ($631,000) / $631,000) per annum.

Credit risk

Credit risks refers to the risk that a tenant will default on their contractual obligations resulting in financial loss to the 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 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 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 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.

Fair value of financial instruments

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

Note 22. 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.

As at 30 June 2023	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Investment properties	-	-	358,214	358,214
Financial instruments - cash flow hedge	-	2,807	-	2,807
Total assets	-	2,807	358,214	361,021

There were no transfers between levels during the financial year.

Note 22. 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 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 23. 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.

Notes to the financial statements

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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.	Investment Manager
Property acquisition fees	The acquisition fee is calculated at 0.75% of the acquisition price of any acquisitions undertaken by the Stapled Fund.	Investment 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 Ltd 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.

Transactions with related parties

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

Note 23. Related party transactions (continued)

	Consolidated 2023 $'000	2022 $'000
RAM Property Funds Management Ltd		
Cost recoveries	**156**	367
Directors fees	**157**	-
Trustee management fees	**66**	-
	379	367
RAM Property Investment Management Pty Ltd		
Cost recoveries	**161**	217
Investment management fees	**2,460**	968
Leasing fees	**69**	-
Property acquisition fees	**13**	330
	2,703	1,515
RAM Property Asset Management Pty Ltd		
Cost recoveries	**167**	34
Leasing fees	**79**	1
	246	35
Real Asset Management Pty Ltd		
Administration fees	**-**	85
Cost recoveries	**-**	16
Investment management fees	**-**	656
Property acquisition fees	**-**	1,359
	-	2,116

Notes to the financial statements

30 June 2023

	Consolidated	
	2023 $'000	**2022 $'000**
RAM Australia Property Services Pty Ltd		
Accounting fees	**280**	213
Cost recoveries	**-**	39
Finance facilitation fees	**-**	344
Investment management fees	**-**	353
Leasing fees	**-**	566
Property acquisition fees	**-**	917
	280	2,432

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 $193,515 (30 June 2022: $162,000) including GST is owing to the related parties and is included in the trade and other payables.

Loans to/from related parties

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

	Consolidated	
	2023 $'000	**2022 $'000**
Non-current receivables:		
Loan to other related party - RAM Australia Retail Property Fund	**45,491**	42,893

Terms and conditions

All related party payables are non-interest bearing.

Note 24. Controlled entities

The following entities were controlled by the Fund during the financial year:

	Consolidated 2023 %	Consolidated 2022 %
RAM Australia Medical Property No. 1 Trust	**100%**	100%
RAM Australia Medical Property Mid Trust	**100%**	100%

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

	Consolidated 2023 %	Consolidated 2022 %
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%**	100%
RAM Australia Medical Property No. 15 Trust	**100%**	100%
RAM Australia Medical Property No. 16 Trust	**100%**	100%
RAM Australia Medical Property No. 17 Trust	**100%**	100%
RAM Australia Medical Property No. 18 Trust	**100%**	100%
RAM Australia Medical Property No. 19 Trust	**100%**	100%
RAM Australia Medical Property No. 20 Trust	**100%**	100%
RAM Australia Medical Property No. 21 Trust	**100%**	100%
RAM Australia Medical Property No. 22 Trust	**100%**	100%

Notes to the financial statements

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Note 25. Parent entity information

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

Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	2023 $'000	**2022 $'000**
Profit/(loss)	**14,723**	9,743
Total comprehensive income	**14,723**	9,743

Statement of Financial Position

	Parent	
	2023 $'000	**2022 $'000**
Total current assets	**16,676**	622
Total assets	**260,009**	241,357
Total current liabilities	**4,051**	(13,457)
Total liabilities	**4,051**	(13,457)
Securityholder's funds		
Issued securities	**255,568**	255,568
Undistributed profits/(accumulated losses)	**390**	(754)
Total securityholder's funds	**255,958**	254,814

Note 26. Interests in joint operations

RAMPF holds a 50% interest in RAM Essential Services FinCo Pty Ltd ("FinCo"), a joint arrangement structured as a financing entity for RAMPF and 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.

		Ownership interest	
Name	**Principal place of business**	**2023 %**	**2022 %**
RAM Essential Services FinCo Pty Ltd	Australia	**50.00%**	50.00%

Note 26. Interests in joint operations (continued)

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.

Summarised Financial Information

	2023 $'000	2022 $'000
Summarised Statement of Financial Position		
Cash and cash equivalents	-	(188)
Other current assets	-	419
Non-current assets	**164,847**	146,365
Total assets	**164,847**	146,596
Current liabilities	-	231
Non-current financial liabilities (excluding trade and other payables and provisions)	**162,040**	143,213
Total liabilities	**162,040**	143,444
Net assets	**2,807**	3,152
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Other revenue	**(345)**	3,152
Profit/(loss)	**(345)**	3,152
Other comprehensive income	-	-
Total comprehensive income	**(345)**	3,152

Note 27. Events after the reporting period

The following events have occurred since 30 June 2023:

- In August 2023, the Stapled Fund restructured the Group's syndicated debt facility. RAM Essential Services FinCo Pty Ltd, a jointly owned entity of the Stapled Fund, is the borrower for the syndicated debt facility. The syndicated debt facility is with both the Commonwealth Bank of Australia ("Commonwealth") and Westpac Banking Corporation ("Westpac"). The debt facility was increased to a total limit of $340 million, in which the Westpac facility limit is $90 million and the Commonwealth facility limit is $250 million. The facility expires in June 2026.

No other matter of circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect:

- the Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

Note 28. Reconciliation of profit/(loss) to net cash from operating activities

	Consolidated	
	2023 $'000	2022 $'000
Profit/(loss) for the year	**(965)**	20,212
Adjustments for:		
Net unrealised (gains)/losses on revaluation of investment properties	**11,835**	(21,084)
Net unrealised (gains)/losses on derivative financial instruments	**345**	(3,152)
Straight-line of rental income	**2,604**	(609)
Depreciation and amortisation	**904**	976
Transaction costs	**-**	13,234
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**(3,796)**	(960)
Decrease/(increase) in other current assets	**(1,350)**	(3,666)
Increase/(decrease) in trade and other payables	**(1,729)**	2,196
Increase/(decrease) in other liabilities	**-**	1,250
Net cash from operating activities	**7,848**	8,397

Directors' declaration

30 June 2023

In the opinion of the directors':

- the attached consolidated financial statements and notes of 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 Fund's financial position as at 30 June 2023 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.

The directors have been given the management directions 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

Greg Miles
Independent Non-Executive Chairman

Marianne Perkovic
Independent Non-Executive Director

25 August 2023
Sydney

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 2023, 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 2023, 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 2023 but does not include the financial report and our auditor's report thereon.

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.

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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.

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MMatthews

MARTIN MATTHEWS
PARTNER

25 AUGUST 2023
NEWCASTLE, NSW

RAM™

REAL ASSETS REAL RETURNS

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