

RAM Essential Services Property Fund (REP)

Appendix 4D

For the period ended 31 December 2022

Name of Entity:

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

ARSN:

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

REP Group Structure

REP is a stapled security comprising RAM Australia Retail Property Fund (ARSN 634 136 682) and RAM Australia Medical Property Fund (ARSN 645 964 601).

Reporting Period

This report details the consolidated results of REP for the half year ended 31 December 2022. All comparisons are for the prior comparative period ended 31 December 2021.

This information should be read in conjunction with the 30 June 2022 annual financial report of REP and any public announcements made during the period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* and ASX Listing Rules.

Results for announcement to the market

				\$A'000
Total income from ordinary activities	Down	33%	to	28,967
Profit from ordinary activities after tax attributable to REP stapled group investors	Down	88%	to	3,325
Net profit for the period attributable to REP stapled group	Down	88%	to	3,325
Funds from operations ⁽¹⁾	Up	160%	to	14,397

(1) Profit measure based upon the Property Council of Australia's definition of FFO as set out in the Directors' report of the December 2022 half-year financial report.

Distributions

Quarter	Cents Per Security	Paid / Payable
September Quarter	1.454	28 October 2022
December Quarter	1.450	27 January 2023
Total	2.904	

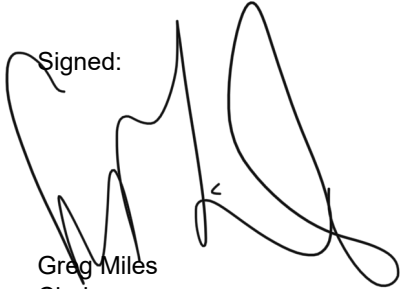
Net Assets per security

	Consolidated	
	31 December 2022	30 June 2022
Net Asset value per ordinary security	\$1.03	\$1.04

Audit Review Report

The information contained in this report is unaudited. The financial report for the half-year ended 31 December 2022 has been reviewed by PKF, the auditors for REP. The Independent Auditors' Review Report provided by PKF is included in the 31 December 2022 half-year financial report.

This report has been prepared in accordance with AASB Standards (including Australian Interpretations) and Standards acceptable to the ASX. This report, and the financial reports upon which it is based, use the same accounting policies unless otherwise stated in the notes to the financial report.

Signed: 

Greg Miles
Chairman

27 February 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).

RAM Essential Services Property Fund

ARSN 634 136 682

Interim Report - 31 December 2022

RAM Essential Services Property Fund
Directors' report
As at 31 December 2022

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 Directors, with respect to the results of the consolidated entity for the half-year ended 31 December 2022, the state of the consolidated entity's affairs as at 31 December 2022 and the Independent Auditor's Review 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 the RAMPF and RARPF securities 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 activities

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

The principal activity of the Fund is to invest in commercial property including essential services retail and medical property in Australia. There has been no change in the activities of the Fund during the half-year.

Review of operations

Key results and metrics

	Half-year ended 31 December 2022	Half-year ended 31 December 2021 ⁽¹⁾
Statutory net profit (\$m)	3.33	27.22
Funds from operations ("FFO") (\$m)	14.40	5.54
FFO per security (cps)	2.76	1.06
Distribution per security (cps)	2.90	1.09
	As at 31 December 2022	As at 30 June 2022
Total assets (\$m)	834.66	832.33
Investment properties (\$m)	807.05	798.24
Borrowings (\$m)	280.23	259.23
Net tangible assets (NTA) (\$m)	534.38	544.36
NTA per security (\$)	1.03	1.04
Gearing (%)	32.77	29.90

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

Statutory Profit

The results of the operations of the Fund are disclosed in the consolidated statement of comprehensive income of this interim financial report. The Fund's profit for the period ended 31 December 2022 was \$3,325,000 (31 December 2021: \$27,218,000).

The Fund's Net Tangible Assets ('NTA') is \$1.03 per security at 31 December 2022 (30 June 2022: \$1.04).

Funds from operations ("FFO")

Funds from Operations ("FFO") for the half-year ended 31 December 2022 was \$14,400,000 (31 December 2021: \$5,543,000).

This represented FFO of 2.76 cps with 2.90 cps declared for distribution (31 December 2021: 1.06cps; 1.09cps).

RAM Essential Services Property Fund
Directors' report
As at 31 December 2022

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

A reconciliation of statutory profit to FFO is below:

	Half-year ended 31 December 2022 \$'000	Half-year ended 31 December 2021 ⁽¹⁾ \$'000
Statutory net profit:	3,325	27,218
Net unrealised loss / (gain) on fair value of investment properties	6,378	(33,105)
Net unrealised loss / (gain) on fair value of derivative financial instruments	213	(435)
Amortisation of lease incentives and lease costs	2,000	711
Amortisation of debt arrangement fees	549	377
Straight lining of rent	(599)	(194)
Rental abatement incentives	60	189
Impairment of intangible assets	2,471	-
Transaction costs	-	10,782
Funds from Operations (FFO)	14,397	5,543

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

Distributions

Distributions paid or payable during the current or previous financial half-years were:

Distribution period	Date paid	31 Dec 2022 DPU cps	Amount paid \$'000	Date paid	31 Dec 2021 ⁽¹⁾ DPU cps	Amount paid \$'000
September quarter	28/10/2022	1.454	7,577	-	-	-
December quarter	27/01/2023	1.450	7,556	28/01/2022	1.090	5,690
		2.904	15,133		1.090	5,690

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

The key dates in respect of the December 2022 quarterly distribution were:

Ex-distribution date:	29 December 2022
Record date:	30 December 2022
Distribution payment date:	27 January 2023

Property Portfolio

Portfolio Update

The Fund's property portfolio comprises 35 assets valued at \$807,048,000 as at 31 December 2022. The portfolio is geographically diverse with a concentrated and high-quality tenant mix underpinning stable and secure income.

The Fund has a strong rent review profile with 90% of income exposed to annual escalators providing a high degree of embedded growth. Notably, 31% of rental escalators are linked to CPI and 48% of fund income is exposed to fixed reviews. The Fund is further insulated from inflationary costs with 68% of the portfolio exposed to net leases.

The manager delivered strong leasing outcomes in the period, achieving better than expected spreads of +8.1% across new and renewals combined (38 deals in total, being 33 in Essential Retail and 5 in Healthcare). Renewal spread was +10% across 22 deals.

Tenant quality underpins secure cash flows with 93% of fund income exposed to highly resilient essential services and medical income. Essential Retail continues to see strong demand with food retailing one of only two categories to experience positive retail trade in the December 2022 quarter. This was underpinned by high performing major tenants with average year-on-year MAT growth of 8.14% in the December 2022 period proving that neighbourhood shopping centres continue to be more resilient when compared to other retail asset classes. In healthcare, the Fund's exposure to major operators, such as Healthcare, highlights the strength of the tenant covenant. The fund has high exposure to specialised and hard-to-replicate Primary Healthcare operators which are in catchments with complementary demographics and strong demand for health services.

RAM Essential Services Property Fund
Directors' report
As at 31 December 2022

Investment property valuations

The investment portfolio as at 31 December 2022 consisted of 12 retail shopping centres and 23 medical properties valued at \$807,048,000 (30 June 2022: 12 retail shopping centres and 23 medical properties valued at \$798,244,000).

The weighted average capitalisation rate for the portfolio is 5.52% as at 31 December 2022 (30 June 2022: 5.46%).

The Fund has engaged external valuations for 16 of the 35 properties across the portfolio, representing 45% of the portfolio by value and 49% of the properties.

Occupancy

At 31 December 2022, the Fund's portfolio was 97.9% (30 June 2022: 98.8%) occupied with a weighted average lease expiry ("WALE") of 6.59 years (30 June 2022: 6.96 years).

Property acquired

On 30 August 2022, the Fund acquired a 100% interest in property located at 2166 Gold Coast Highway, Miami QLD. The land had a purchase price of \$1,705,000 and is a development project with the objective of enhancing the potential of the Miami Day Hospital, Miami QLD.

Capital Management

At 31 December 2022 the Fund had available aggregate debt facilities of \$304.5 million with a weighted average expiry of 1.8 years (30 June 2022: \$304.5 million; 2.2 years). Drawn borrowings were \$280.2 million with an all in cost of funds for the half-year being 3.37% (30 June 2022: \$259.2 million; 2.26%).

The Fund's gearing at 31 December 2022 was 32.8% (30 June 2022: 29.9%).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Stapled Fund during the financial half-year.

Material business risks

There are a number of risks associated with investing in the Fund. These are addressed in the Fund's prior year Financial report.

Likely developments and expected results of operations

As disclosed above, 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 Australian economy retains a positive but slowing growth outlook over 2022. A combination of global supply chain constraints, heightened inflation and low unemployment has driven central banks, including the Reserve Bank of Australia (RBA), to respond with aggressive monetary tightening policies beginning May 2022. The RBA has a stated goal to return inflation to a target range of 2-3% by mid-2025 while keeping the economy on an even keel and it will remain active until the economy shows clearer signs of slowing and inflation expectations fall. Inflation appears to have peaked during the December quarter 2022. Consumer spending has been resilient due to the record low levels of unemployment, even though consumer confidence has been low. As we move through 2023 we expect the impact of the previous rate rises to begin to take effect and further slow the economy and inflation. Whilst the peak in cash rates remains uncertain, we consider the interest rate markets are getting close to the peak in cash rates with longer end bond yields expected to fall over 2023.

It is the Manager's house view cash rates are expected to peak during the third quarter 2023, with the economy gradually slowing but narrowly avoiding recession. We note our portfolios 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 FY23 and FY24. The Fund's gearing is towards the low end of the target range and comfortably within covenants, and we maintain prudent yet sufficient liquidity to achieve the Fund's stated objectives.

RAM Essential Services Property Fund
Directors' report
As at 31 December 2022

Directors and Company Secretary of the Responsible Entity

The following persons were the directors and company secretary of RAM, the Responsible Entity of RAM Essential Services Property Fund during the whole of the financial half-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
Suzanne Hutchinson	13 November 2018	20 October 2021	Director
Steven Pritchard	1 September 2020	28 September 2021	Director
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 half-year:

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 ⁽¹⁾ \$'000
Investment management fees	2,698	921
Development management fees	1,106	777
Accounting fees	286	102
Leasing fees	103	893
Registry fees	25	10
Property acquisition fees	13	1,810
Cost recoveries	644	-
Finance facilitation fees	-	625
	4,875	5,138

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

Matters subsequent to the end of the financial half-year

Other than as disclosed in Note 12, no matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect:

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

Rounding of amounts

The Fund is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) 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.

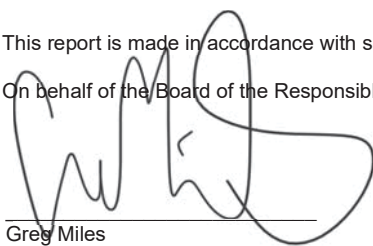
Auditor's independence declaration

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.

RAM Essential Services Property Fund
Directors' report
As at 31 December 2022

This report is made in accordance with section 306(3) of the *Corporations Act 2001 (Cth)* and a resolution of directors.

On behalf of the Board of the Responsible Entity



Greg Miles
Independent Non-Executive Chairman



Marianne Perkovic
Independent Non-Executive Director

24 February 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 RAM Essential Services Property Fund.

As lead audit partner for the review of the financial statements of RAM Essential Services Property Fund for the period ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



PKF



MARTIN MATTHEWS
PARTNER

24 FEBRUARY 2023
NEWCASTLE, NSW

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

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under Professional Standards Legislation

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For our office locations visit www.pkf.com.au

RAM Essential Services Property Fund
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General information

These financial statements cover RAM Essential Services Property Fund (the "Fund", "Stapled Fund" or "REP") comprising RAM Australia Retail Property Fund ("RARPF"), RAM Australia Medical Property Fund ("RAMPF"), and their controlled entities. These financial statements are presented in Australian currency.

The Responsible Entity of RARPF and RAMPF is RAM Property Funds Management Limited (ABN 28 629 968 163; AFSL 514484). The Responsible Entity's registered office is:

Level 32.1
264 George Street
Sydney NSW 2000

RAM Essential Services Property Fund
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000 ⁽¹⁾
Revenue			
Rent from investment properties	5	28,965	9,793
Net unrealised gains on revaluation of properties	7	-	33,105
Net unrealised gains on derivative financial instruments		-	435
Interest revenue		2	-
Total revenue		<u>28,967</u>	<u>43,333</u>
Expenses			
Investment property expenses		(7,156)	(2,580)
Property management fees		(996)	(308)
Finance expenses relating to interest-bearing liabilities		(4,618)	(1,317)
Fund management fees		(3,034)	(930)
Net unrealised losses on revaluation of properties	7	(6,378)	-
Net unrealised losses on derivative financial instruments		(213)	-
Impairment of assets		(2,471)	-
Transaction costs		-	(10,782)
Other expenses		(776)	(198)
Total expenses		<u>(25,642)</u>	<u>(16,115)</u>
Profit for the half-year		3,325	27,218
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		<u><u>3,325</u></u>	<u><u>27,218</u></u>
<i>Profit for the half-year is attributable to:</i>			
Non-controlling interest		6,061	8,762
Securityholders of RAM Essential Services Property Fund		(2,736)	18,456
		<u><u>3,325</u></u>	<u><u>27,218</u></u>
<i>Total comprehensive income for the half-year is attributable to:</i>			
Non-controlling interest		6,061	8,762
Securityholders of RAM Essential Services Property Fund		(2,736)	18,456
		<u><u>3,325</u></u>	<u><u>27,218</u></u>
		Cents	Cents
Basic earnings per security		0.64	5.22
Diluted earnings per security		0.64	5.22

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

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

RAM Essential Services Property Fund
Statement of financial position
As at 31 December 2022

	Note	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		10,000	15,823
Trade and other receivables	6	2,403	3,434
Derivative financial instruments	10	3,244	2,203
Other current assets		4,689	2,230
Total current assets		20,336	23,690
Non-current assets			
Investment properties	7	807,048	798,244
Derivative financial instruments	10	2,846	4,100
Intangible assets		429	2,901
Other non-current assets		3,998	3,399
Total non-current assets		814,321	808,644
Total assets		834,657	832,334
Liabilities			
Current liabilities			
Trade and other payables		16,751	23,985
Interest bearing loans and borrowings	8	19,481	12,683
Total current liabilities		36,232	36,668
Non-current liabilities			
Interest bearing loans and borrowings	8	258,875	244,329
Security deposits		702	681
Total non-current liabilities		259,577	245,010
Total liabilities		295,809	281,678
Net assets		538,848	550,656
Equity			
Issued securities	9	246,733	246,733
Undistributed profits		24,282	35,710
Equity attributable to the securityholders of RAM Essential Services Property Fund		271,015	282,443
Non-controlling interest		267,833	268,213
Total equity		538,848	550,656

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

RAM Essential Services Property Fund
Statement of changes in equity
For the half-year ended 31 December 2022

	Issued securities \$'000	Undistributed profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 20 October 2021	-	-	-	-
Profit for the half-year	-	18,456	8,762	27,218
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive income for the half-year	-	18,456	8,762	27,218
Net assets of RAMPF on stapling to RARPF	-	-	255,568	255,568
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Contributions of equity, net of transaction costs	246,733	7,737	-	254,470
Distributions paid or payable (note 4)	-	(3,160)	(2,530)	(5,690)
Balance at 31 December 2021	<u>246,733</u>	<u>23,033</u>	<u>261,800</u>	<u>531,566</u>
	Issued securities \$'000	Undistributed profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022	246,733	35,710	268,213	550,656
Profit/(loss) for the half-year	-	(2,736)	6,061	3,325
Other comprehensive income for the half-year	-	-	-	-
Total comprehensive income for the half-year	-	(2,736)	6,061	3,325
<i>Transactions with securityholders in their capacity as securityholders:</i>				
Distributions paid or payable (note 4)	-	(8,692)	(6,441)	(15,133)
Balance at 31 December 2022	<u>246,733</u>	<u>24,282</u>	<u>267,833</u>	<u>538,848</u>

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

RAM Essential Services Property Fund
Statement of cash flows
For the half-year ended 31 December 2022

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000 ⁽¹⁾
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	28,937	10,772
Payments to suppliers (inclusive of GST)	(11,885)	(3,295)
	17,052	7,477
Interest received	2	195
Interest and other finance costs paid	(3,832)	(1,364)
Net cash from operating activities	13,222	6,308
Cash flows from investing activities		
Payments for investment property	(24,547)	(122,164)
Net cash used in investing activities	(24,547)	(122,164)
Cash flows from financing activities		
Proceeds from borrowings	20,862	-
Payments for loan transaction costs	(206)	-
Distributions paid	(15,154)	(12,031)
Proceeds from issue of securities	-	192,701
Repayment of borrowings	-	(53,201)
Net cash from financing activities	5,502	127,469
Net increase/(decrease) in cash and cash equivalents	(5,823)	11,613
Cash and cash equivalents at the beginning of the financial half-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 half-year	10,000	19,438

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

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

RAM Essential Services Property Fund
Notes to the financial statements
As at 31 December 2022

Note 1. Significant accounting policies

Basis of preparation

These condensed financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*, as appropriate for for-profit oriented entities.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with any public announcements made in respect of the Stapled Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going concern

At 31 December 2022, the Fund's current liabilities of \$36,232,000 (30 June 2022: \$36,668,000) exceeded its current assets of \$20,336,000 (30 June 2022: \$23,690,000) by \$15,896,000 (30 June 2022: current liabilities exceeded current assets by \$12,978,000).

The primary driver of this situation is the classification of the Westpac Debt Facility in respect of the Keppel Bay Plaza development as a current liability due to the facility expiring in April 2023.

There was sufficient headroom within the Stapled Funds Syndicated debt facility and other liquid reserves at balance date to absorb this deficiency (note: this position has been further improved by the Syndicated debt facility extension referred to in Note 12).

Presentational changes and comparatives

The prior comparative period is from the inception of the Stapled Fund on 20 October 2021 until 31 December 2021.

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

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 shares in the group are stapled to the units in the trusts. The RARPF and RAMPF securities cannot be traded or dealt with separately. The stapled securities of the RAM Essential Services Property Fund are listed on the ASX.

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

In accordance with AASB 3 *Business Combinations*, RARPF is deemed to be the accounting acquirer in respect of the stapling event on 20 October 2021. 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 the stapling event.

New or amended Accounting Standards and Interpretations adopted

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

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

Note 2. 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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Trade and other receivables	Note 6
Investment properties	Note 7

RAM Essential Services Property Fund
Notes to the financial statements
As at 31 December 2022

Note 3. Segment reporting

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

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 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.

Note 4. Distributions

Distributions paid or payable during the financial half-year were:

Distribution period	Date paid	31 Dec 2022 DPU cps	Amount paid \$'000	Date paid	31 Dec 2021 ⁽¹⁾ DPU cps	Amount paid \$'000
September quarter	28/10/2022	1.454	7,577	-	-	-
December quarter	27/01/2023	1.450	7,556	28/01/2022	1.090	5,690
		<u>2.904</u>	<u>15,133</u>		<u>1.090</u>	<u>5,690</u>

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

Note 5. Revenue

Disaggregation of revenue

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

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 ⁽¹⁾ \$'000
Rental income	25,359	8,547
Recoverable outgoings	3,007	1,051
Straight-line of rental income	599	195
	<u>28,965</u>	<u>9,793</u>

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

Note 6. Trade and other receivables

	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Trade receivables	2,648	2,368
Less: Allowance for expected credit losses	(245)	(176)
	<u>2,403</u>	<u>2,192</u>
Other receivables	-	1,242
	<u>2,403</u>	<u>3,434</u>

Critical accounting estimate - Allowance for expected credit losses

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

RAM Essential Services Property Fund
Notes to the financial statements
As at 31 December 2022

Note 6. Trade and other receivables (continued)

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

	Expected credit loss rate 31 Dec 2022 %	Expected credit loss rate 30 Jun 2022 %	Carrying amount 31 Dec 2022 \$'000	Carrying amount 30 Jun 2022 \$'000	Allowance for expected credit losses 31 Dec 2022 \$'000	Allowance for expected credit losses 30 Jun 2022 \$'000
Not overdue	-	-	695	2,529	-	-
30 to 90 days overdue	1.5%	5.4%	926	636	14	34
Over 91 days overdue	22.5%	32.0%	1,027	445	231	142
			2,648	3,610	245	176

Note 7. Investment properties

	Date of last external valuation	Last external valuation \$'000	As at 31 Dec 2022 \$'000	As at 31 Jun 2022 \$'000
Retail				
Coomera Square, Coomera QLD	30/06/2022	86,000	84,500	84,256
Keppel Bay Plaza, Yeppoon QLD	31/12/2022	48,250	48,250	43,256
Springfield Fair, Springfield QLD	30/06/2022	41,300	40,000	41,300
Yeronga Village Shopping Centre, Yeronga QLD	31/12/2022	24,000	24,000	23,877
The Hub Westlake, Westlake QLD	31/12/2022	12,600	12,600	12,600
Windaroo Village, Windaroo QLD	31/08/2021	10,900	10,700	11,440
The North Lakes Centre, North Lakes QLD	30/06/2022	8,400	8,584	8,400
Ballina Central Shopping Centre, Ballina NSW	30/06/2022	58,000	59,438	58,000
Broadway Plaza, Punchbowl NSW	30/06/2022	57,750	57,856	57,750
Rutherford Shopping Centre, Rutherford NSW	31/12/2021	23,200	24,078	23,408
Tanilba Bay Shopping Centre, Tanilba Bay NSW	31/12/2022	22,800	22,800	22,861
Mowbray Market Place, Mowbray TAS	31/12/2022	45,300	45,300	44,321
Total - retail investment properties		438,500	438,106	431,469
Medical				
Bowen Hills Day Surgery, Bowen Hills QLD	30/06/2022	21,900	20,600	21,900
The Gold Coast Surgery Centre, Southport QLD	31/12/2021	20,550	20,621	20,550
Miami Day Hospital, Miami QLD	31/12/2022	22,705	22,705	20,239
Willetts Health Precinct, Mount Pleasant QLD	31/12/2022	17,450	17,450	16,877
North Ward Medical Centre, North Ward QLD	31/12/2021	12,650	12,668	12,650
Highland Health Centre, Highland Park QLD	31/12/2021	10,100	10,139	10,136
The Banyans Health & Wellness Centre, Clear Mountain QLD	31/12/2022	8,900	8,900	8,975
Parkwood Family Practice, Parkwood QLD	31/12/2022	8,000	8,000	8,143
Mayo Private Hospital, Taree NSW	31/12/2022	52,800	52,800	52,000
Dubbo Private Hospital, Dubbo NSW	31/12/2022	22,500	22,500	22,000
Corrimal Private Health Centre, Corrimal NSW	30/06/2022	6,200	6,220	6,200
Casuarina Medical Precinct, Casuarina NT	31/12/2021	14,600	14,632	14,605
Rosebery Convenience & Medical Centre, Rosebery NT	30/06/2022	8,500	8,506	8,500
North West Private Hospital, Coee TAS	31/12/2022	42,800	42,800	41,900
Sunshine Day Hospital, Sunshine VIC	30/06/2022	11,250	11,269	11,250
Mildura Medical Centre, Mildura VIC	31/12/2022	4,100	4,100	6,000
St John of God Wembley Day Surgery, Wembley WA	01/02/2022	27,000	27,006	27,000
Panaceum Medical Centre, Geraldton WA	31/12/2022	13,500	13,500	13,724
Madeley Medical Centre, Madeley WA	31/12/2021	10,400	10,426	10,407
South Lake Medical Centre, South Lake WA	31/12/2022	9,000	9,000	8,869
Secret Harbour Medical Centre, Secret Harbour WA	30/06/2022	8,650	8,650	8,650
Swan Medical Centre, Midlands WA	31/12/2021	8,100	8,100	8,100
Cambridge Day Surgery, Wembley WA	31/12/2022	8,350	8,350	8,100
Total - medical investment properties		370,005	368,942	366,775
Total - investment properties		808,505	807,048	798,244

RAM Essential Services Property Fund
Notes to the financial statements
As at 31 December 2022

Note 7. Investment properties (continued)

	As at 31 Dec 2022 \$'000	As at 31 Dec 2021 ⁽¹⁾ \$'000
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year is set out below:		
Opening fair value	798,244	579,340
Additions	1,844	134,902
Capital expenditure	15,338	-
Net unrealised fair value (losses) / gains	(6,378)	33,105
Amortisation of lease incentives and lease costs	(2,000)	(711)
Classified as held for sale	-	(19,267)
Transaction costs	-	(9,743)
Total - investment properties	807,048	717,626

(1) The prior comparative period is from 20 October 2021 to 31 December 2021.

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 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 Stapled Fund's investment property valuations are below:

As at	Consolidated		Retail		Medical	
	Range	Weighted average	Range	Weighted average	Range	Weighted average
31 December 2022						
Passing rent (\$M)	0.04 - 5.46	2.61	0.57 - 5.46	3.52	0.04 - 3.94	1.53
Capitalisation rate (%)	4.25 - 8.00	5.52	5.25 - 6.75	5.69	4.25 - 8.00	5.32
Discount rate (%)	4.50 - 8.50	6.52	6.00 - 8.00	6.62	4.50 - 8.50	6.41
Lease expiry (years)	1.50 - 12.75	6.59	2.57 - 10.47	6.01	1.50 - 12.75	7.37
Occupancy (%)	8.34 - 100.00	97.94	81.77 - 100.00	98.08	8.34 - 100.00	97.76
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

RAM Essential Services Property Fund
Notes to the financial statements
As at 31 December 2022

Note 8. Interest bearing liabilities

	As at 31 Dec 2022		As at 30 Jun 2022	
	Facility limit \$'000	Drawn amount \$'000	Facility limit \$'000	Drawn amount \$'000
<i>Current - secured</i>				
Westpac facility ⁽¹⁾	24,500	19,553	24,500	12,700
Less; Unamortised transaction costs	-	(72)	-	(17)
Total - current interest bearing liabilities	24,500	19,481	24,500	12,683
<i>Non-current - secured</i>				
Syndicated facility ⁽²⁾	280,000	260,681	280,000	246,534
Less; Unamortised transaction costs	-	(1,806)	-	(2,205)
Total - non-current interest bearing liabilities	280,000	258,875	280,000	244,329
Total - interest bearing liabilities	304,500	278,356	304,500	257,012

(1) Westpac facility

On 14 April 2022, the Stapled Fund renewed the senior loan facility with Westpac Banking Corporation for a principal of \$24.5m with \$19.55 million drawn debt at 31 December 2022. This facility has a termination date of 14 April 2023.

During the half-year the Fund borrowed \$6.9 million in relation to the development of the Keppel Bay Plaza retail property.

(2) Syndicated facility

On the 24 September 2021, RARPF and RAMPF jointly entered into a Syndicated Debt Facility with the Commonwealth Bank of Australia ("CBA"). The facility limit was increased to \$280.0 million on 19 March 2022.

The Debt Facility is for a term of three years to September 2024 and provides the borrower, a controlled entity, RAM Essential Services FinCo Pty Ltd ("FinCo"), with an aggregate loan facility of \$280.0 million. During the half-year \$14.15 million was drawn down in relation to capital expenditure across the investment property portfolio (31 December 2021: \$211.7 million).

Assets pledged as security

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

Note 9. Issued securities

On 20 October 2021, RARPF combined with RAMPF to create the RAM Essential Services Property Fund ("REP") as a "stapled entity". Under the stapling arrangement, each stapled security is issued at a ratio of 1 for 1 between RARPF and RAMPF. As part of the restructure, existing unit holders of RARPF and RAMPF were provided the option to redeem their units in the fund or to equalise their existing units to the stapled securities of REP. This resulted in 277,737,937 units being redeemed, and 506,208,336 securities issued to form the stapled securities in REP. A total of \$12,244,000 of transaction costs relating to the listing were allocated to equity.

There were no movements in equity during the current half-year.

	31 Dec 2022 securities	31 Dec 2022 \$'000
Ordinary units - fully paid	260,542,047	246,733
Non-controlling interest units - fully paid	260,542,047	255,568
	521,084,094	502,301

RAM Essential Services Property Fund
Notes to the financial statements
As at 31 December 2022

Note 10. Fair value measurement - financial instruments

The Fund uses a variety of methods to determine the fair value of its financial assets and financial liabilities. These methods include the following:

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.

The table below presents the Stapled Fund's financial assets and liabilities measured and carried at fair value at the balance date and the type of fair value measurement applied:

31 Dec 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets at fair value</i>				
Derivative financial instruments - current	-	3,244		3,244
Derivative financial instruments - non-current	-	2,846	-	2,846
Total assets	-	6,090	-	6,090
30 Jun 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets at fair value</i>				
Derivative financial instruments - current	-	2,203	-	2,203
Derivative financial instruments - non-current	-	4,100	-	4,100
Total assets	-	6,303	-	6,303

There were no transfers between levels during the financial half-year.

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

Level 2 financial assets and financial liabilities held by the Fund include "Vanilla" fixed to floating interest rate swap over-the-counter derivatives. The fair value of these derivatives has been determined using a pricing model based upon discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or internal credit risk. The counterparty to the interest rate derivatives is an Australian financial institution.

Note 11. Unrecognised items

Capital expenditure commitments

There were no material commitments in relation to capital expenditure or any other commitments contracted for at balance date (30 June 2022: \$nil).

Contingent assets and liabilities

There were no material contingent assets or contingent liabilities at balance date (30 June 2022: \$nil).

Note 12. Events after the reporting period

Subsequent to half-year end, the following events have occurred:

- On 23 February 2023 additional hedging was put in place which maintained the weighted average duration of 2.4 years and increased coverage to 58.9% of the debt portfolio; and
- On 24 February 2023 the Syndicated Debt Facility limit was increased to \$300.0 million and the facility duration was increased to 30 June 2026.

Other than as disclosed above, no matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect:

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

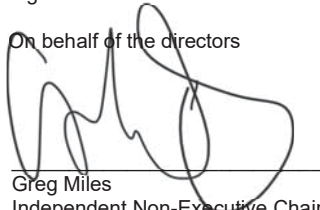
RAM Essential Services Property Fund
Directors' declaration
As at 31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001 (Cth)*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Stapled Fund's financial position as at 31 December 2022 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the directors



Greg Miles
Independent Non-Executive Chairman



Marianne Perkovic
Independent Non-Executive Director

24 February 2023
Sydney

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RAM Essential Services Property Fund (the Fund), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RAM Essential Services Property Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2022, and of its financial performance for the period ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors' of the Responsible Entity of the Fund a written Auditor's Independence Declaration.

Responsibility of Management and Directors of the Responsible Entity for the Half-Year Financial Report

Management is responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001*, and for such internal control as management determines is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

In preparing the half-year financial report, management is 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The directors of the Responsible Entity are responsible for overseeing the Fund's financial reporting process.

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

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For our office locations visit www.pkf.com.au

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RAM Australia Retail Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



MARTIN MATTHEWS
PARTNER

24 FEBRUARY 2023
NEWCASTLE, NSW

RAM Australia Retail Property Fund

ARSN 634 136 682

Interim Report - 31 December 2022

RAM Australia Retail Property Fund
Directors' report
As at 31 December 2022

The Directors of RAM Property Funds Management Limited ("RAM"), the Responsible Entity of RAM Australia Retail Property Fund ("the Fund" or "RARPF"), present their report together with the Financial Report made in accordance with a resolution of the Directors with respect to the results of the Fund and its controlled entities ("the consolidated entity") for the half-year ended 31 December 2022, the state of the consolidated entity's affairs as at 31 December 2022 and the Independent Auditor's Review Report thereon.

The Fund commenced on 28 September 2016 and RAM was appointed the Responsible Entity on 28 June 2019. RAM is an unlisted 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 Group"). 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 Group 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

Key results and metrics

	Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021
Statutory net (loss) / profit (\$m)	(2.74)	23.11
Funds from operations (\$m)	8.27	3.50
FFO per security (cps)	3.17	1.34
Distribution per security (cps)	3.34	0.03
	As at 31 Dec 2022	As at 30 June 2022
Total assets (\$m)	453.27	455.22
Investment properties (\$m)	438.11	431.47
Borrowings (\$m)	132.12	116.02
Net tangible assets (NTA) (\$m)	268.21	277.21
NTA per security (\$)	1.03	1.06
Gearing (%)	28.48	23.70

Statutory profit

The results of the operations of the Fund are disclosed in the consolidated interim statement of profit or loss and other comprehensive income of this interim financial report. The Fund made a loss for the half-year ended 31 December 2022 of \$2,736,000 (31 December 2021: profit of \$23,108,000).

The Fund's Net Tangible Assets ('NTA') is \$1.03 per security at 31 December 2022 (30 June 2022: \$1.06). The decrease in NTA is primarily due to downward investment property revelations and impairments.

Funds from operations ("FFO")

Funds from Operations ("FFO") for the half-year ended 31 December 2022 was \$8,271,000 (31 December 2021: \$5,594,000).

This represented FFO of 3.17 cps with 3.34 cps declared for distribution (31 December 2021: 1.34 cps; 0.03 cps).

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

RAM Australia Retail Property Fund
Directors' report
As at 31 December 2022

A reconciliation of statutory profit to FFO is below:

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Statutory net (loss) / profit:	(2,736)	23,108
Net unrealised loss / (gain) on fair value of investment properties	6,240	(19,916)
Net unrealised loss / (gain) on fair value of derivative financial instruments	107	(217)
Impairment of assets	2,471	-
Amortisation of lease incentives and lease costs	1,885	1,544
Amortisation of debt arrangement fees	287	661
Straight lining of rent	(43)	(106)
Rental abatement incentives	60	-
Transaction costs	-	520
Funds from Operations (FFO)	8,271	5,594

Distributions

Distributions paid or payable during the current and previous financial half-year were:

Distribution period	Date paid	31 Dec 2022 DPU cps	Amount paid \$'000	Date paid	31 Dec 2021 DPU cps	Amount paid \$'000
September quarter	28/10/2022	1.724	4,493	8/10/2021	1.310	2,821
Interim distribution	-	-	-	19/10/2021	0.100	217
December quarter	27/01/2023	1.618	4,199	28/01/2022	1.210	3,160
		3.342	8,692		2.620	6,198

The key dates in respect of the December 2022 quarterly distribution were:

Ex-distribution date:	29 December 2022
Record date:	30 December 2022
Distribution payment date:	27 January 2023

Property portfolio

Investment property valuations

The investment portfolio as at 31 December 2022 consisted of 12 shopping centres (30 June 2022: 12 shopping centres) valued at \$438,106,000 (30 June 2022: \$431,470,000). The investment portfolio consists of convenience-based neighbourhood shopping centres with a strong weighting towards non-discretionary retail segments.

The weighted average capitalisation rate for the portfolio is 5.69% at 31 December 2022 (30 June 2022: 5.65%).

The Fund has engaged external valuations for 5 of the 12 properties across the portfolio.

Occupancy

At 31 December 2022 the Fund's portfolio was 98.1% (30 June 2022: 98.9%) occupied with a weighted average lease expiry ("WALE") of 6.01 years (30 June 2022: 6.11 years).

Capital Management

At 31 December 2022, the Stapled Group had available aggregate debt facilities of \$304.5 million with a weighted average expiry of 1.76 years (30 June 2022: \$304.5 million, 2.26 years). Drawn borrowings in relation to the Fund totalled \$132.12 million with an all in cost of funds for the half-year being 3.54% (30 June 2022: \$116.02 million, 2.62%).

The Fund's gearing at 31 December 2022 was 28.48% (30 June 2022: 23.70%).

Significant changes in the state of affairs

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

RAM Australia Retail Property Fund
Directors' report
As at 31 December 2022

Material business risks

There are a number of risks associated with investing in the Fund. These are addressed in the Fund's prior Financial report.

Likely developments and expected results of operations

As disclosed above, 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 Australian economy retains a positive but slowing growth outlook over 2022. A combination of global supply chain constraints, heightened inflation and low unemployment has driven central banks, including the Reserve Bank of Australia (RBA), to respond with aggressive monetary tightening policies beginning May 2022. The RBA has a stated goal to return inflation to a target range of 2-3% by mid-2025 while keeping the economy on an even keel and it will remain active until the economy shows clearer signs of slowing and inflation expectations fall. Inflation appears to have peaked during the December quarter 2022. Consumer spending has been resilient due to the record low levels of unemployment, even though consumer confidence has been low. As we move through 2023 we expect the impact of the previous rate rises to begin to take effect and further slow the economy and inflation. Whilst the peak in cash rates remains uncertain, we consider the interest rate markets are getting close to the peak in cash rates with longer end bond yields expected to fall over 2023.

It is the Manager's house view cash rates are expected to peak during the third quarter 2023, with the economy gradually slowing but narrowly avoiding recession. We note our portfolios 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 FY23 and FY24. The Fund's gearing is towards the low end of the target range and comfortably within covenants, and we maintain prudent yet sufficient liquidity to achieve the Fund's stated objectives.

Directors and Company Secretary of the Responsible Entity

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

Name	Appointed	Resigned	Position
Greg Miles	20 October 2021		Independent Non-Executive Chairman
Marianne Perkovic	20 October 2021		Independent Non-Executive Director
Bryce Mitchelson	20 October 2021		Independent Non-Executive Director
Scott Wehl	3 November 2018		Executive Director
Scott Kelly	3 November 2018		Executive Director & CEO
Suzanne Hutchinson	13 November 2018	20 October 2021	Director
Steven Pritchard	1 September 2020	28 September 2021	Director
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 half-year:

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Investment management fees	1,473	1,852
Development management fees	1,106	777
Accounting fees	147	148
Leasing fees	97	542
Registry fees	25	25
Cost recoveries	279	-
Finance facilitation fees	-	388
Administration fees	-	133
Trustee fees	-	123
	<u>3,127</u>	<u>3,988</u>

**RAM Australia Retail Property Fund
Directors' report
As at 31 December 2022**

Matters subsequent to the end of the financial half-year

Other than as disclosed in Note 13, no matter or circumstance has arisen since 31 December 2022 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.

Rounding of amounts

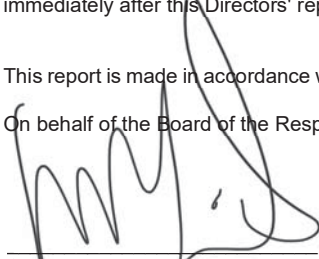
The Fund is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the 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, pursuant to section 306(3)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Board of the Responsible Entity



Greg Miles
Independent Non-Executive Chairman



Marianne Perkovic
Independent Non-Executive Director

24 February 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 review of the financial statements of RAM Australia Retail Property Fund for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



PKF



MARTIN MATTHEWS
PARTNER

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

For our office locations visit www.pkf.com.au

RAM Australia Retail Property Fund
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As at 31 December 2022

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General information

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

In the prior financial year the Fund and its controlled entities was stapled to RAM Australia Medical Property Fund ("RAMPF") and its controlled entities to encompass the portfolio of RAM Essential Services Property Fund ("Stapled Group"). The securities of the Stapled Group are stapled to the units in RARPF and RAMPF. The units of RARPF and RAMPF cannot be traded or dealt with separately. The stapled securities of the RAM Essential Services Property Fund are listed on the ASX.

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

Registered office

Suite 32.1
264 George Street
Sydney NSW 2000

Principal place of business

Suite 32.1
264 George Street
Sydney NSW 2000

RAM Australia Retail Property Fund
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Revenue			
Rent from investment properties	5	16,439	14,347
Net unrealised gains on revaluation of investment properties	7	-	19,916
Net unrealised gains on derivative financial instruments		-	217
Interest revenue		2	19
Other income		-	23
Total revenue		<u>16,441</u>	<u>34,522</u>
Expenses			
Investment property expenses		(5,558)	(5,055)
Property management fees		(683)	(765)
Finance expenses relating to interest-bearing liabilities		(2,095)	(2,707)
Fund management fees		(1,668)	(2,111)
Net unrealised losses on revaluation of investment property	7	(6,240)	-
Net unrealised losses on derivative financial instruments		(107)	-
Impairment of assets		(2,471)	-
Transaction costs		-	(520)
Other expenses		(355)	(256)
Total expenses		<u>(19,177)</u>	<u>(11,414)</u>
Profit/(loss) for the half-year attributable to the securityholders of RAM Australia Retail Property Fund		(2,736)	23,108
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year attributable to the securityholders of RAM Australia Retail Property Fund		<u>(2,736)</u>	<u>23,108</u>
		Cents	Cents
Basic earnings per security		(1.05)	8.87
Diluted earnings per security		(1.05)	8.87

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

RAM Australia Retail Property Fund
Statement of financial position
As at 31 December 2022

	Note	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		4,263	11,483
Trade and other receivables	6	1,732	2,262
Derivative financial instruments	10	1,622	1,102
Other current assets		3,354	1,660
Total current assets		10,971	16,507
Non-current assets			
Investment properties	7	438,106	431,470
Derivative financial instruments	10	1,423	2,050
Intangible assets		429	2,901
Other non-current assets		2,336	2,292
Total non-current assets		442,294	438,713
Total assets		453,265	455,220
Liabilities			
Current liabilities			
Trade and other payables		10,677	14,954
Interest bearing loans and borrowings	8	19,481	12,683
Total current liabilities		30,158	27,637
Non-current liabilities			
Interest bearing loans and borrowings	8	111,657	102,210
Other payables		40,471	42,966
Total non-current liabilities		152,128	145,176
Total liabilities		182,286	172,813
Net assets		270,979	282,407
Securityholder's Funds			
Issued securities	9	246,733	246,733
Undistributed profits		24,246	35,674
Total securityholder's funds		270,979	282,407

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

RAM Australia Retail Property Fund
Statement of changes in equity
For the half-year ended 31 December 2022

	Securities on issue \$'000	Undistributed profits \$'000	Total securityholder's funds \$'000
Balance at 1 July 2021	214,424	3,591	218,015
Profit for the half-year	-	23,108	23,108
Other comprehensive income for the half-year	-	-	-
Total comprehensive income for the half-year	-	23,108	23,108
<i>Transactions with securityholders in their capacity as securityholders:</i>			
Contributions of equity, net of transaction costs	32,309	-	32,309
Distributions paid or payable (note 4)	-	(6,198)	(6,198)
Balance at 31 December 2021	<u>246,733</u>	<u>20,501</u>	<u>267,234</u>
	Securities on issue \$'000	Undistributed profits \$'000	Total securityholder's funds \$'000
Balance at 1 July 2022	246,733	35,674	282,407
Loss for the half-year	-	(2,736)	(2,736)
Other comprehensive income for the half-year	-	-	-
Total comprehensive income for the half-year	-	(2,736)	(2,736)
<i>Transactions with securityholders in their capacity as securityholders:</i>			
Distributions paid or payable (note 4)	-	(8,692)	(8,692)
Balance at 31 December 2022	<u>246,733</u>	<u>24,246</u>	<u>270,979</u>

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

RAM Australia Retail Property Fund
Statement of cash flows
For the half-year ended 31 December 2022

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	16,473	16,671
Payments to suppliers (inclusive of GST)	(7,237)	(10,839)
Dividends received	-	18
Interest received	2	1
Interest and other finance costs paid	(1,631)	(1,687)
Net cash from operating activities	<u>7,607</u>	<u>4,164</u>
Cash flows from investing activities		
Payments for investment property	(18,637)	(15,646)
Amounts advanced to related parties	(2,956)	-
Proceeds from sale of financial assets	-	886
Net cash used in investing activities	<u>(21,593)</u>	<u>(14,760)</u>
Cash flows from financing activities		
Proceeds from borrowings	15,959	-
Payments for loan transaction costs	(140)	-
Distributions paid	(9,053)	(5,333)
Net proceeds from issue of securities	-	194,474
Payment for investment properties relating to RAMPF	-	(109,763)
Repayment of borrowings	-	(46,328)
Security issue transaction costs	-	(520)
Net cash from financing activities	<u>6,766</u>	<u>32,530</u>
Net increase/(decrease) in cash and cash equivalents	(7,220)	21,934
Cash and cash equivalents at the beginning of the financial half-year	<u>11,483</u>	<u>6,563</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>4,263</u></u>	<u><u>28,497</u></u>

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

RAM Australia Retail Property Fund
Notes to the financial statements
As at 31 December 2022

Note 1. Summary of significant accounting policies

Basis of preparation

These condensed financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*, as appropriate for for-profit oriented entities.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with any public announcements made in respect of the Stapled Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going concern

At 31 December 2022, the Fund's current liabilities of \$30,158,000 (June 2022: \$27,637,000) exceeded its current assets of \$10,971,000 (June 2022: \$16,507,000) by \$19,187,000 (June 2022: current liabilities exceeded current assets by \$11,130,000).

The primary driver of this situation is the classification of the Westpac Debt Facility in respect of the Keppel Bay Plaza development as a current liability due to the facility expiring in April 2023. There was sufficient headroom within the Stapled Fund's Syndicated debt facility as well as other liquid reserves at balance date to absorb this deficiency (note: this position has been further improved by the Syndicated debt facility extension referred to in Note 13).

Presentation changes and comparatives

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

New or amended Accounting Standards and Interpretations adopted

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

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

Note 2. 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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Trade and other receivables	Note 6
Investment properties	Note 7

Note 3. Segment reporting

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

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.

RAM Australia Retail Property Fund
Notes to the financial statements
As at 31 December 2022

Note 4. Distributions

Distributions paid or payable during the current and previous financial half-year were:

Distribution period	Date paid	31 Dec 2022 DPU cps	Amount paid \$'000	Date paid	31 Dec 2021 DPU cps	Amount paid \$'000
September quarter	28/10/2022	1.724	4,493	8/10/2021	1.310	2,821
Interim distribution	-	-	-	19/10/2021	0.100	217
December quarter	27/01/2023	1.618	4,199	28/01/2022	1.210	3,160
		<u>3.342</u>	<u>8,692</u>		<u>2.620</u>	<u>6,198</u>

Note 5. Revenue

Disaggregation of revenue

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

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Rental income	14,487	12,667
Recoverable outgoings	1,908	1,574
Straight-line of rental revenue	44	106
	<u>16,439</u>	<u>14,347</u>

Note 6. Trade and other receivables

	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Trade debtors	1,625	1,142
Less: Allowance for expected credit losses	(157)	(118)
	<u>1,468</u>	<u>1,024</u>
Goods and services tax receivable	76	1,100
Other receivables	188	138
	<u>264</u>	<u>1,238</u>
	<u>1,732</u>	<u>2,262</u>

Allowance for expected credit losses

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

	Expected credit loss rate 31 Dec 2022 %	Expected credit loss rate 30 Jun 2022 %	Carrying amount 31 Dec 2022 \$'000	Carrying amount 30 Jun 2022 \$'000	Allowance for expected credit losses 31 Dec 2022 \$'000	Allowance for expected credit losses 30 Jun 2022 \$'000
Not overdue	-	0.1%	601	1,883	-	2
30 - 90 days months overdue	3.0%	14.0%	497	238	15	33
90+ days overdue	17.9%	32.0%	791	259	142	83
			<u>1,889</u>	<u>2,380</u>	<u>157</u>	<u>118</u>

RAM Australia Retail Property Fund
Notes to the financial statements
As at 31 December 2022

Note 7. Investment properties

	Date of last external valuation	Last external valuation \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Coomera Square, Coomera QLD	30/06/2022	86,000	84,500	84,256
Keppel Bay Plaza, Yeppoon QLD	31/12/2022	48,250	48,250	43,256
Springfield Fair, Springfield QLD	30/06/2022	41,300	40,000	41,300
Yeronga Village Shopping Centre, Yeronga QLD	31/12/2022	24,000	24,000	23,877
The Hub Westlake, Westlake QLD	31/12/2022	12,600	12,600	12,600
Windaroo Village, Windaroo QLD	31/08/2021	10,900	10,700	11,440
The North Lakes Centre, North Lakes QLD	30/06/2022	8,400	8,584	8,400
Ballina Central Shopping Centre, Ballina NSW	30/06/2022	58,000	59,438	58,000
Broadway Plaza, Punchbowl NSW	30/06/2022	57,750	57,856	57,750
Rutherford Shopping Centre, Rutherford NSW	31/12/2021	23,200	24,078	23,408
Tanilba Bay Shopping Centre, Tanilba Bay NSW	31/12/2022	22,800	22,800	22,862
Mowbray Market Place, Mowbray TAS	31/12/2022	45,300	45,300	44,321
Total - investment properties		438,500	438,106	431,470
			Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year is set out below:				
Opening fair value			431,470	384,287
Capital expenditure			14,761	15,646
Net unrealised fair value (losses) / gains			(6,240)	19,916
Amortisation of lease incentives and lease costs			(1,885)	(1,544)
Classified as held for sale			-	(19,267)
Total - investment properties			438,106	399,038

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 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 valuations are below:

As at 31 December 2022	Range	Weighted average
Passing rent (\$m)	0.57 - 5.46	3.52
Capitalisation rate (%)	5.25 - 6.75	5.69
Discount rate (%)	6.00 - 8.00	6.62
Lease expiry (years)	2.57 - 10.47	6.01
Occupancy (%)	81.77 - 100.00	98.08

RAM Australia Retail Property Fund
Notes to the financial statements
As at 31 December 2022

Note 7. Investment properties (continued)

As at 30 June 2022	Range	Weighted average
Passing rent (\$m)	0.62 - 5.42	3.52
Capitalisation rate (%)	5.00 - 7.25	5.65
Discount rate (%)	6.00 - 7.75	6.51
Lease expiry (years)	3.07 - 8.98	6.11
Occupancy (%)	93.38 - 100.00	98.95

Note 8. Interest bearing liabilities

	As at 31 Dec 2022		As at 30 Jun 2022	
	Facility limit \$'000	Drawn amount \$'000	Facility limit \$'000	Drawn amount \$'000
<i>Current - secured</i>				
Westpac facility ⁽¹⁾	24,500	19,553	24,500	12,700
Less: Unamortised transaction costs	-	(72)	-	(17)
Total - current interest bearing liabilities	24,500	19,481	24,500	12,683
<i>Non-current - secured</i>				
Syndicated facility ⁽²⁾	280,000	112,566	280,000	103,321
Less: Unamortised transaction costs	-	(909)	-	(1,111)
Total - non-current interest bearing liabilities	280,000	111,657	280,000	102,210
Total - interest bearing liabilities	304,500	131,138	304,500	114,893

(1) Westpac facility

On 14 April 2022, the Stapled Group renewed the senior loan facility with Westpac Banking Corporation for a principal of \$24.5 million with \$19.55 million drawn debt at 31 December 2022. This facility has a termination date of 14 April 2023.

During the half-year the Fund borrowed \$6.9 million in relation to the development of Keppel Bay Plaza.

(2) Syndicated facility

On 24 September 2021, the Stapled Group jointly entered into a Syndicated Debt Facility with the Commonwealth Bank of Australia ("CBA"). The facility limit was increased to \$280.0 million on 19 March 2022.

The Debt Facility is for a term of three years to September 2024 and provides the borrower, a controlled entity, RAM Essential Services FinCo Pty Ltd ("FinCo"), with an aggregate loan facility of \$280.0 million. During the half-year the FinCo borrowed an additional \$14.15 million in aggregate in relation to capital expenditure across the Stapled Group's investment property portfolio (31 December 2021: \$211.7 million).

Assets pledged as security

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

Note 9. Issued securities

	As at 31 Dec 2022 Securities	As at 30 Jun 2022 Securities	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Ordinary class securities - fully paid	260,542,046	260,542,046	246,733	246,733

Note 10. Fair value measurement - financial instruments

The Fund uses a variety of methods to determine the fair values of its financial assets and financial liabilities. These methods include the following:

RAM Australia Retail Property Fund
Notes to the financial statements
As at 31 December 2022

Note 10. Fair value measurement - financial instruments (continued)

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.

The table below presents the Fund's financial assets and financial liabilities measured and carried at fair value at the balance sheet date and the type of fair value measurement applied:

As at 31 Dec 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets</i>				
Derivative financial instruments - current	-	1,622	-	1,622
Derivative financial instruments - non-current	-	1,423	-	1,423
Total assets	-	3,045	-	3,045
 As at 30 Jun 2022	 Level 1 \$'000	 Level 2 \$'000	 Level 3 \$'000	 Total \$'000
<i>Financial assets</i>				
Derivative financial instruments - current	-	1,102	-	1,102
Derivative financial instruments - non-current	-	2,050	-	2,050
Total assets	-	3,152	-	3,152

There were no transfers between levels during the current and prior financial half-years.

Valuation techniques for fair value measurements categorised within level 2

Level 2 financial assets and financial liabilities held by the Fund include "Vanilla" fixed to floating interest rate swap over-the-counter derivatives. The fair value of these derivatives has been determined using a pricing model based upon discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or internal credit risk. The counterparty to the interest rate derivatives is an Australian financial institution.

Note 11. 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 RAM Australia Medical Property Fund ("RAMPF"). The primary purpose of the joint arrangement is to facilitate debt funding on behalf of the joint operators. The arrangement allows for RARPF and RAMPF to draw down on the debt facility held by FinCo. Under the agreement, each party is liable for the portion of used debt facility and the associated costs such as interest and other finance charges. The parties are also entitled to the assets created from the arrangement by the generation of funds to be used in their operations.

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

Name	Principal place of business	Ownership interest 31 Dec 2022 %	Ownership interest 30 Jun 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.

RAM Australia Retail Property Fund
Notes to the financial statements
As at 31 December 2022

Note 12. Unrecognised items

Capital expenditure commitments

There were no material commitments in relation to capital expenditure or any other commitments contracted for at balance date (30 June 2022: \$nil).

Contingent assets and liabilities

There were no material contingent assets or contingent liabilities at balance date (30 June 2022: \$nil).

Note 13. Events after the reporting period

Subsequent to half-year end, the following events have occurred:

- On 23 February 2023 additional hedging was put in place, which maintained the weighted average duration of 2.4 years and increased coverage to 58.9% of the debt portfolio; and
- On 24 February 2023, the Syndicated Debt Facility limit was increased to \$300.0 million and the facility duration was increased to 30 June 2026.

Other than as disclosed above, no matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect:

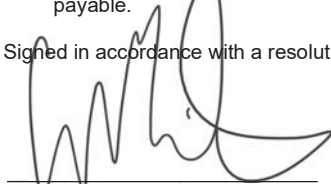
- The Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

RAM Australia Retail Property Fund
Directors' declaration
As at 31 December 2022

In the opinion of the director's of the Responsible Entity:

- the financial statements and notes comply with the *Corporations Act 2001 (Cth)*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements;
- the financial statements and notes give a true and fair view of the Fund's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001 (Cth)*.



Greg Miles
Independent Non-Executive Chairman



Marianne Perkovic
Independent Non-Executive Director

24 February 2023
Sydney

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RAM Australia Retail Property Fund (the Fund), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RAM Australia Retail Property Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors' of the Responsible Entity of the Fund a written Auditor's Independence Declaration.

Responsibility of Management and Directors of the Responsible Entity for the Half-Year Financial Report

Management is responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001*, and for such internal control as management determines is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

In preparing the half-year financial report, management is 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The directors of the Responsible Entity are responsible for overseeing the Fund's financial reporting process.

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

Liability limited by a scheme approved
under Professional Standards Legislation

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

For our office locations visit www.pkf.com.au

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RAM Australia Retail Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



MARTIN MATTHEWS
PARTNER

24 FEBRUARY 2023
NEWCASTLE, NSW

RAM Australia Medical Property Fund

ARSN 645 964 601

Interim Report - 31 December 2022

RAM Australia Medical Property Fund
Directors' report
As at 31 December 2022

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 half-year ended 31 December 2022, the state of the consolidated entity's affairs as at 31 December 2022 and the Independent Auditor's Review Report thereon.

The Fund commenced on 28 August 2018 and RAM was appointed the Responsible Entity on 8 September 2021. RAM is an unlisted 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 Group"). 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 Group 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

Key results and metrics

	Half-year ended 31 Dec 2022	Half-year ended 31 Dec 2021
Statutory net profit (\$m)	6.06	10.04
Funds from operations (\$m)	6.13	3.63
FFO per security (cps)	2.35	1.39
Distribution per security (cps)	2.47	0.03
	As at 31 Dec 2022	As at 30 Jun 2022
Total assets (\$m)	421.47	420.05
Investment properties (\$m)	368.94	366.78
Borrowings (\$m)	148.12	143.21
Net tangible assets (NTA) (\$m)	266.17	267.11
NTA per security (\$)	1.02	1.03
Gearing (%)	37.89	37.30

Statutory profit

The results of the operations of the Fund are disclosed in the consolidated interim statement of profit or loss and other comprehensive income of this interim financial report. The Fund's profit for the half-year ended 31 December 2022 was \$6,061,000 (31 December 2021: \$10,044,000).

The Fund's Net Tangible Assets ('NTA') is \$1.02 per security at 31 December 2022 (30 June 2022: \$1.03).

Funds from operations ("FFO")

Funds from Operations ("FFO") for the half-year ended 31 December 2022 was \$6,128,000 (31 December 2021: \$3,862,000).

This represented FFO of 2.35 cps with 2.47 cps declared for distribution (31 December 2021: 1.39 cps; 0.03 cps).

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

RAM Australia Medical Property Fund
Directors' report
As at 31 December 2022

A reconciliation of statutory profit to FFO is below:

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Statutory net profit	6,061	10,044
Net unrealised loss / (gain) on fair value of investment properties	138	(16,524)
Net unrealised loss / (gain) on fair value of derivative financial instruments	107	(217)
Amortisation of lease incentives and lease costs	115	61
Amortisation of debt arrangement fees	262	547
Straight lining of rent	(555)	(312)
Transaction costs	-	10,263
Funds from operations (FFO)	6,128	3,862

Distributions

Distributions paid or payable during the current and previous financial half-years were:

Distribution period	Date paid	31 Dec 2022 DPU cps	Amount paid \$'000	Date paid	31 Dec 2021 DPU cps	Amount paid \$'000
September quarter	28/10/2022	1.184	3,084	8/10/2021	1.640	1,250
Interim distribution	-	-	-	19/10/2021	0.300	229
December quarter	27/01/2023	1.288	3,357	28/01/2022	0.970	2,529
		2.472	6,441		2.910	4,008

The key dates in respect of the December 2022 quarterly distribution were:

Ex-distribution date: 29 December 2022
Record date: 30 December 2022
Distribution payment date: 27 January 2023

Property portfolio

Investment property valuations

The investment portfolio as at 31 December 2022 consisted of 23 medical properties (30 June 2022: 23 Medical properties) valued at \$368,943,000 (30 June 2022: \$366,775,000).

The weighted average capitalisation rate for the portfolio is 5.32% at 31 December 2022 (30 June 2022: 5.22%).

The Fund has engaged external valuations for 11 of the 23 properties across the portfolio (30 June 2022: 5).

Occupancy

At 31 December 2022, the Fund's portfolio was 97.8% (30 June 2022: 98.6%) occupied with a weighted average lease expiry ("WALE") of 7.37 years (30 June 2022: 8.26 years).

Property acquired

On 30 August 2022, the Fund acquired a 100% interest in property located at 2166 Gold Coast Highway, Miami QLD. The land had a purchase price of \$1,705,000 and is a development project with the objective of enhancing the potential of the Miami Day Hospital, Miami QLD.

Capital Management

At 31 December 2022, the Stapled Group had available aggregate debt facilities of \$304.5 million with a weighted average expiry of 1.76 years (30 June 2022: \$304.5 million, 2.26 years). Drawn borrowings in relation to the Fund totalled \$148.12 million with an all in cost of funds for the half-year being 3.23% (30 June 2022: \$143.21 million, 2.29%).

The Fund's gearing at 31 December 2022 was 37.89% (30 June 2022: 37.30%).

RAM Australia Medical Property Fund
Directors' report
As at 31 December 2022

Significant changes in the state of affairs

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

Material business risks

There are a number of risks associated with investing in the Fund. These are addressed in the Fund's prior year Financial report.

Likely developments and expected results of operations

As disclosed above, 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 Australian economy retains a positive but slowing growth outlook over 2022. A combination of global supply chain constraints, heightened inflation and low unemployment has driven central banks, including the Reserve Bank of Australia (RBA), to respond with aggressive monetary tightening policies beginning May 2022. The RBA has a stated goal to return inflation to a target range of 2-3% by mid-2025 while keeping the economy on an even keel and it will remain active until the economy shows clearer signs of slowing and inflation expectations fall. Inflation appears to have peaked during the December quarter 2022. Consumer spending has been resilient due to the record low levels of unemployment, even though consumer confidence has been low. As we move through 2023 we expect the impact of the previous rate rises to begin to take effect and further slow the economy and inflation. Whilst the peak in cash rates remains uncertain, we consider the interest rate markets are getting close to the peak in cash rates with longer end bond yields expected to fall over 2023.

It is the Manager's house view cash rates are expected to peak during the third quarter 2023, with the economy gradually slowing but narrowly avoiding recession. We note our portfolios 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 FY23 and FY24. The Fund's gearing is towards the low end of the target range and comfortably within covenants, and we maintain prudent yet sufficient liquidity to achieve the Fund's stated objectives.

Directors and Company Secretary of the Responsible Entity

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

Name	Appointed	Resigned	Position
Greg Miles	20 October 2021		Independent Non-Executive Chairman
Marianne Perkovic	20 October 2021		Independent Non-Executive Director
Bryce Mitchelson	20 October 2021		Independent Non-Executive Director
Scott Wehl	3 November 2018		Executive Director
Scott Kelly	3 November 2018		Executive Director & CEO
Suzanne Hutchinson	13 November 2018	20 October 2021	Director
Steven Pritchard	1 September 2020	28 September 2021	Director
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 half-year:

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Investment management fees	1,225	834
Cost recoveries	365	-
Accounting fees	139	80
Property acquisition fees	13	2,276
Leasing fees	7	566
Finance facilitation fees	-	287
Administration fees	-	94
Trustee fees	-	77
	1,749	4,214

**RAM Australia Medical Property Fund
Directors' report
As at 31 December 2022**

Matters subsequent to the end of the financial half-year

Other than as disclosed in Note 13, no matter or circumstance has arisen since 31 December 2022 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.

Rounding of amounts

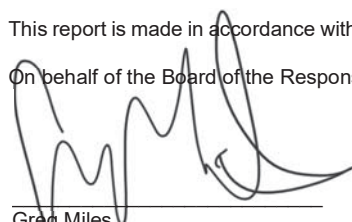
The Fund is of a kind referred to in *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191*, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the 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, pursuant to section 306(3)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Board of the Responsible Entity



Greg Miles
Independent Non-Executive Chairman



Marianne Perkovic
Independent Non-Executive Director

24 February 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 the RAM Australia Medical Property Fund.

As lead audit partner for the review of the financial statements of RAM Australia Medical Property Fund for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



PKF



MARTIN MATTHEWS
PARTNER

24 FEBRUARY 2023
NEWCASTLE, NSW

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ABN 91 850 861 839

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For our office locations visit www.pkf.com.au

RAM Australia Medical Property Fund
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As at 31 December 2022

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Independent auditor's report to the members of RAM Australia Medical Property Fund	18

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 half-year. The financial statements are presented in Australian dollars, which is RAM Australia Medical Property Fund's functional and presentation currency.

In the prior financial year the Fund and its controlled entities was stapled to RAM Australia Retail Property Fund ("RARPF") and its controlled entities to encompass the portfolio of RAM Essential Services Property Fund ("Stapled Group"). The securities of the Stapled Group are stapled to the units in RAMPF and RARPF. The units of RAMPF and RARPF cannot be traded or dealt with separately. The stapled securities of the RAM Essential Services Property Fund are listed on the ASX.

Registered office

Suite 32.1
264 George Street
Sydney NSW 2000

Principal place of business

Suite 32.1
264 George Street
Sydney NSW 2000

RAM Australia Medical Property Fund
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Revenue			
Rent from investment properties	5	12,526	7,359
Net unrealised gains on revaluation of investment properties	7	-	16,524
Net unrealised gains on derivative financial instruments		-	217
Total revenue		<u>12,526</u>	<u>24,100</u>
Expenses			
Investment property expenses		(1,423)	(681)
Property management fees		(487)	(431)
Finance expenses relating to interest-bearing liabilities		(2,523)	(1,459)
Fund management fees		(1,422)	(1,004)
Net unrealised losses on revaluation of investment properties	7	(138)	-
Net unrealised losses on derivative financial instruments		(107)	-
Transaction costs		-	(10,263)
Other expenses		(365)	(218)
Total expenses		<u>(6,465)</u>	<u>(14,056)</u>
Profit for the half-year attributable to the securityholders of RAM Australia Medical Property Fund		6,061	10,044
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year attributable to the securityholders of RAM Australia Medical Property Fund		<u>6,061</u>	<u>10,044</u>
		Cents	Cents
Basic earnings per security		2.33	3.86
Diluted earnings per security		2.33	3.86

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

RAM Australia Medical Property Fund
Statement of financial position
As at 31 December 2022

	Note	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents		5,737	4,340
Trade and other receivables	6	938	1,172
Derivative financial instruments	10	1,622	1,102
Other current assets		1,154	610
Total current assets		9,451	7,224
Non-current assets			
Investment properties	7	368,943	366,775
Receivables		39,989	42,893
Derivative financial instruments	10	1,423	2,050
Other non-current assets		1,662	1,107
Total non-current assets		412,017	412,825
Total assets		421,468	420,049
Liabilities			
Current liabilities			
Trade and other payables		5,796	9,107
Total current liabilities		5,796	9,107
Non-current liabilities			
Interest bearing loans and borrowings	8	147,219	142,119
Payables		618	608
Total non-current liabilities		147,837	142,727
Total liabilities		153,633	151,834
Net assets		267,835	268,215
Securityholder's Funds			
Issued securities	9	255,363	255,363
Undistributed profits		12,472	12,852
Total securityholder's funds		267,835	268,215

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

RAM Australia Medical Property Fund
Statement of changes in equity
For the half-year ended 31 December 2022

	Securities on issue \$'000	Undistributed profits \$'000	Total securityholder's funds \$'000
Balance at 1 July 2021	87,630	2,931	90,561
Profit for the half-year	-	10,044	10,044
Other comprehensive income for the half-year	-	-	-
Total comprehensive income for the half-year	-	10,044	10,044
<i>Transactions with securityholders in their capacity as securityholders:</i>			
Contributions of equity, net of transaction costs	167,733	-	167,733
Distributions paid or payable (note 4)	-	(4,008)	(4,008)
Balance at 31 December 2021	<u>255,363</u>	<u>8,967</u>	<u>264,330</u>
	Securities on issue \$'000	Undistributed profits \$'000	Total securityholder's funds \$'000
Balance at 1 July 2022	255,363	12,852	268,215
Profit for the half-year	-	6,061	6,061
Other comprehensive income for the half-year	-	-	-
Total comprehensive income for the half-year	-	6,061	6,061
<i>Transactions with securityholders in their capacity as securityholders:</i>			
Distributions paid or payable (note 4)	-	(6,441)	(6,441)
Balance at 31 December 2022	<u>255,363</u>	<u>12,472</u>	<u>267,835</u>

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

RAM Australia Medical Property Fund
Statement of cash flows
For the half-year ended 31 December 2022

Note	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	12,475	7,696
Payments to suppliers (inclusive of GST)	(4,657)	(2,676)
Interest and other finance costs paid	(2,201)	(791)
Net cash from operating activities	5,617	4,229
Cash flows from investing activities		
Payments for investment property	(5,910)	(7,248)
Amounts advanced from related parties	2,954	-
Net cash used in investing activities	(2,956)	(7,248)
Cash flows from financing activities		
Proceeds from borrowings	4,903	-
Payments for loan transaction costs	(66)	-
Distributions paid	(6,101)	(2,108)
Net proceeds from issue of securities	-	5,804
Repayment of borrowings	-	(1,382)
Net cash (used in) / from financing activities	(1,264)	2,314
Net increase / (decrease) in cash and cash equivalents	1,397	(705)
Cash and cash equivalents at the beginning of the financial half-year	4,340	3,677
Cash and cash equivalents at the end of the financial half-year	5,737	2,972

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

RAM Australia Medical Property Fund
Notes to the financial statements
As at 31 December 2022

Note 1. Summary of significant accounting policies

Basis of preparation

These condensed financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001 (Cth)*, as appropriate for for-profit oriented entities.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with any public announcements made in respect of the Stapled Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Presentation changes and comparatives

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

New or amended Accounting Standards and Interpretations adopted

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

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

Note 2. 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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

The areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in preparation of these financial statements are incorrect are:

Trade and other receivables	Note 6
Investment properties	Note 7

Note 3. Segment reporting

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

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.

RAM Australia Medical Property Fund
Notes to the financial statements
As at 31 December 2022

Note 4. Distributions

Distributions paid or payable during the current and previous financial half-year were:

Distribution period	Date paid	31 Dec 2022 DPU cps	Amount paid \$'000	Date paid	31 Dec 2021 DPU cps	Amount paid \$'000
September quarter	28/10/2022	1.184	3,084	8/10/2021	1.640	1,250
Interim distribution	-	-	-	19/10/2021	0.300	229
December quarter	27/01/2023	1.288	3,357	28/01/2022	0.970	2,529
		<u>2.472</u>	<u>6,441</u>		<u>2.910</u>	<u>4,008</u>

Note 5. Revenue

Disaggregation of revenue

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

	Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Rental income	10,872	6,308
Recoverable outgoings	1,099	739
Straight-line of rental revenue	555	312
	<u>12,526</u>	<u>7,359</u>

Note 6. Trade and other receivables

	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Trade debtors	1,016	1,219
Less: Allowance for expected credit losses	(89)	(58)
	<u>927</u>	<u>1,161</u>
Other receivables	11	11
	<u>938</u>	<u>1,172</u>

Allowance for expected credit losses

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

	Expected credit loss rate 31 Dec 2022 %	Expected credit loss rate 30 Jun 2022 %	Carrying amount 31 Dec 2022 \$'000	Carrying amount 30 Jun 2022 \$'000	Allowance for expected credit losses 31 Dec 2022 \$'000	Allowance for expected credit losses 30 Jun 2022 \$'000
Not overdue	-	-	464	646	-	-
30 - 90 days months overdue	-	-	310	398	-	-
90+ days overdue	34.9%	31.0%	253	186	89	58
			<u>1,027</u>	<u>1,230</u>	<u>89</u>	<u>58</u>

RAM Australia Medical Property Fund
Notes to the financial statements
As at 31 December 2022

Note 7. Investment properties

	Date of last external valuation	Last external valuation \$'000	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Bowen Hills Day Surgery, Bowen Hills QLD	30/06/2022	21,900	20,600	21,900
The Gold Coast Surgery Centre, Southport QLD	31/12/2021	20,550	20,621	20,550
Miami Day Hospital, Miami QLD	31/12/2022	22,705	22,705	20,239
Willetts Health Precinct, Mount Pleasant QLD	31/12/2022	17,450	17,450	16,877
North Ward Medical Centre, North Ward QLD	31/12/2021	12,650	12,668	12,650
Highland Health Centre, Highland Park QLD	31/12/2021	10,100	10,139	10,136
The Banyans Health & Wellness Centre, Clear Mountain QLD	31/12/2022	8,900	8,900	8,975
Parkwood Family Practice, Parkwood QLD	31/12/2022	8,000	8,000	8,143
Mayo Private Hospital, Taree NSW	31/12/2022	52,800	52,800	52,000
Dubbo Private Hospital, Dubbo NSW	31/12/2022	22,500	22,500	22,000
Corrimal Private Health Centre, Corrimal NSW	30/06/2022	6,200	6,220	6,200
Casuarina Medical Precinct, Casuarina NT	31/12/2021	14,600	14,632	14,605
Rosebery Convenience & Medical Centre, Rosebery NT	30/06/2022	8,500	8,506	8,500
North West Private Hospital, Coee TAS	31/12/2022	42,800	42,800	41,900
Sunshine Day Hospital, Sunshine VIC	30/06/2022	11,250	11,269	11,250
Mildura Medical Centre, Mildura VIC	31/12/2022	4,100	4,100	6,000
St John of God Wembley Day Surgery, Wembley WA	01/02/2022	27,000	27,006	27,000
Panaceum Medical Centre, Geraldton WA	31/12/2022	13,500	13,500	13,724
Madeley Medical Centre, Madeley WA	31/12/2021	10,400	10,427	10,407
South Lake Medical Centre, South Lake WA	31/12/2022	9,000	9,000	8,869
Secret Harbour Medical Centre, Secret Harbour WA	30/06/2022	8,650	8,650	8,650
Swan Medical Centre, Midlands WA	31/12/2021	8,100	8,100	8,100
Cambridge Day Surgery, Wembley WA	31/12/2022	8,350	8,350	8,100
Total - investment properties		370,005	368,943	366,775
			Half-year ended 31 Dec 2022 \$'000	Half-year ended 31 Dec 2021 \$'000
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year is set out below:				
Opening fair value			366,775	135,070
Additions			1,844	147,415
Capital expenditure			577	29,381
Net unrealised fair value (losses) / gains			(138)	16,524
Amortisation of lease incentives and lease costs			(115)	(61)
Transaction costs			-	(9,743)
Total - investment properties			368,943	318,586

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 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 valuations are below:

RAM Australia Medical Property Fund
Notes to the financial statements
As at 31 December 2022

Note 7. Investment properties (continued)

As at 31 December 2022	Range	Weighted average
Passing rent (\$m)	0.04 - 3.94	1.53
Capitalisation rate (%)	4.25 - 8.00	5.32
Discount rate (%)	4.50 - 8.50	6.41
Lease expiry (years)	1.50 - 12.75	7.37
Occupancy (%)	8.34 - 100.00	97.76
As at 30 June 2022	Range	Weighted average
Passing rent (\$m)	0.50 - 2.49	1.33
Capitalisation rate (%)	4.25 - 8.00	5.22
Discount rate (%)	5.50 - 8.00	6.37
Lease expiry (years)	2.42 - 14.38	8.26
Occupancy (%)	65.57 - 100.00	98.56

Note 8. Interest bearing liabilities

	As at 31 Dec 2022		As at 30 June 2022	
	Facility limit \$'000	Drawn amount \$'000	Facility limit \$'000	Drawn amount \$'000
<i>Non-current - secured</i>				
Syndicated facility	280,000	148,116	280,000	143,213
Less: Unamortised transaction costs	-	(897)	-	(1,094)
Total - non-current interest bearing liabilities	280,000	147,219	280,000	142,119
Total - interest bearing liabilities	280,000	147,219	280,000	142,119

Syndicated facility

On 24 September 2021, the Stapled Group jointly entered into a Syndicated Debt Facility with the Commonwealth Bank of Australia ("CBA"). The facility limit was increased to \$280.0 million on 19 March 2022.

The Debt Facility is for a term of three years to September 2024 and provides the borrower, a controlled entity, RAM Essential Services FinCo Pty Ltd ("FinCo"), with an aggregate loan facility of \$280.0 million. During the half-year the FinCo drew \$14.15 million in aggregate in relation to capital expenditure across the Stapled Group's investment property portfolio (31 December 2021: \$211.7 million).

Assets pledged as security

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

Note 9. Issued securities

	As at 31 Dec 2022 Securities	As at 30 Jun 2022 Securities	As at 31 Dec 2022 \$'000	As at 30 Jun 2022 \$'000
Ordinary class securities - fully paid	260,542,046	260,542,046	255,363	255,363

Note 10. Fair value measurement - financial instruments

The Fund uses a variety of methods to determine the fair values of its financial assets and financial liabilities. These methods include the following:

RAM Australia Medical Property Fund
Notes to the financial statements
As at 31 December 2022

Note 10. Fair value measurement - financial instruments (continued)

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.

The table below presents the Fund's financial assets and financial liabilities measured and carried at fair value at the balance sheet date and the type of fair value measurement applied:

As at 31 Dec 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets</i>				
Derivative financial instruments - current	-	1,622	-	1,622
Derivative financial instruments - non-current	-	1,423	-	1,423
Total assets	-	3,045	-	3,045
 As at 30 Jun 2022	 Level 1 \$'000	 Level 2 \$'000	 Level 3 \$'000	 Total \$'000
<i>Financial assets</i>				
Derivative financial instruments- current	-	1,102	-	1,102
Derivative financial instruments - non-current	-	2,050	-	2,050
Total assets	-	3,152	-	3,152

There were no transfers between levels during the current and prior financial half-year.

Valuation techniques for fair value measurements categorised within level 2

Level 2 financial assets and financial liabilities held by the Fund include "Vanilla" fixed to floating interest rate swap over-the-counter derivatives. The fair value of these derivatives has been determined using a pricing model based upon discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or internal credit risk. The counterparty to the interest rate derivatives is an Australian financial institution.

Note 11. 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 RAM Australia Retail Property Fund ("RARPF"). The primary purpose of the joint arrangement is to facilitate debt funding on behalf of the joint operators. The arrangement allows for RAMPF and RARPF to draw down on the debt facility held by FinCo. Under the agreement, each party is liable for the portion of used debt facility and the associated costs such as interest and other finance charges. The parties are also entitled to the assets created from the arrangement by the generation of funds to be used in their operations.

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

Name	Principal place of business	Ownership interest 31 Dec 2022 %	Ownership interest 30 Jun 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.

RAM Australia Medical Property Fund
Notes to the financial statements
As at 31 December 2022

Note 12. Unrecognised items

Capital expenditure commitments

There were no material commitments in relation to capital expenditure or any other commitments contracted for at balance date (30 June 2022: \$nil).

Contingent assets and liabilities

There were no material contingent assets or contingent liabilities at balance date (30 June 2022: \$nil).

Note 13. Events after the reporting period

Subsequent to half-year end, the following events have occurred:

- On 23 February 2023 additional hedging was put in place, which maintained the weighted average duration of 2.4 years and increased coverage to 58.9% of the debt portfolio; and
- On 24 February 2023, the Syndicated Debt Facility limit was increased to \$300.0 million and the facility duration was increased to 30 June 2026.

Other than as disclosed above, no matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect:

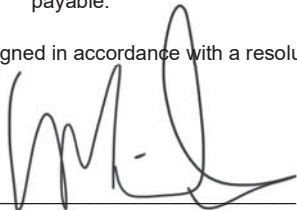
- the Fund's operations in future financial years;
- the results of those operations in future financial years; or
- the Fund's state of affairs in future financial years.

RAM Australia Medical Property Fund
Directors' declaration
As at 31 December 2022

In the opinion of the director's of the Responsible Entity:

- the financial statements and notes comply with the *Corporations Act 2001 (Cth)*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements;
- the financial statements and notes give a true and fair view of the Fund's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001 (Cth)*.



Greg Miles
Independent Non-Executive Chairman



Marianne Perkovic
Independent Non-Executive Director

24 February 2023
Sydney

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RAM Australia Medical Property Fund (the Fund), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RAM Australia Medical Property Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the Responsible Entity of the Fund a written Auditor's Independence Declaration.

Responsibility of Management and Directors of the Responsible Entity for the Half-Year Financial Report

Management is responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001*, and for such internal control as management determines is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

In preparing the half-year financial report, management is 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The directors of the Responsible Entity are responsible for overseeing the Fund's financial reporting process.

PKF (NS) Audit & Assurance Limited Partnership
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Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Funds financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RAM Australia Medical Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



MARTIN MATTHEWS
PARTNER

24 FEBRUARY 2023
NEWCASTLE, NSW