

Palm Lake Care Operations Pty Ltd

**As Trustee for
Palm Lake Care Operations Trust
ABN 26 958 320 614**

Annual Financial Report

30 June 2026

(NAPS ID 6794)

Palm Lake Care Operations Trust

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Palm Lake Care Operations Trust

Statement of profit or loss and other comprehensive income For the year ended 30 June 2026

		2026	2025
		\$	\$
Revenue	4	126,137,421	129,727,084
Employee costs	5	(89,138,351)	(79,781,878)
Agency staff expenses		(11,108,884)	(12,758,773)
Food and catering supplies		(6,219,625)	(5,580,578)
Accounting and audit fees		(141,501)	(23,427)
Repairs and maintenance		(4,110,267)	(3,117,661)
Insurance		(295,070)	(289,532)
Rent expense		(10,816,900)	(10,816,900)
Medical expenses		(4,403,953)	(4,119,416)
Utility and rates expenses		(2,997,820)	(2,711,338)
Depreciation and amortisation		(1,619,958)	(3,467,206)
Other expenses		(10,238,700)	(8,831,444)
Results from operating activities		(14,953,608)	(1,771,069)
Finance income	6	20,033,002	21,136,827
Finance expenses	6	(9,886,992)	(10,329,885)
Net finance costs		10,146,010	10,806,942
(Loss)/ Profit for the year		(4,807,598)	9,035,873
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive (loss)/ income for the year		(4,807,598)	9,035,873
Distributions			
Distribution to unitholders		-	(13,442,657)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 5 to 21.

Palm Lake Care Operations Trust

Statement of changes in equity As at 30 June 2026

	Issued units	Equity Contribution	Accumulated loss	Income Equalisation Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2024	100	6,252,972	-	(8,260,748)	(2,007,676)
Total comprehensive income for the year	-	-	9,035,873	-	9,035,873
Distribution to unit holders	-	-	(9,035,873)	(4,406,784)	(13,442,657)
Balance at 30 June 2025	100	6,252,972	-	(12,667,532)	(6,414,460)
Balance at 1 July 2025	100	6,252,972	-	(12,667,532)	(6,414,460)
Total comprehensive income for the year	-	-	(4,807,598)	-	(4,807,598)
Correction to income equalisation reserve - 2025	-	-	(6,175)	6,175	-
Transfer to income equalisation reserve	-	-	1,578,827	(1,578,827)	-
Balance at 30 June 2026	100	6,252,972	(3,234,946)	(14,240,184)	(11,222,058)

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on page 5 to 21.

Palm Lake Care Operations Trust

Statement of financial position As at 30 June 2026

		2026	2025
		\$	\$
Current assets			
Cash and cash equivalents	8	84,286,210	105,165,869
Trade and other receivables	9	10,124,360	7,584,322
Total current assets		94,410,570	112,750,191
Non-current assets			
Trade and other receivables	9	148,608,857	145,308,857
Property, plant and equipment	10	4,817,003	5,281,507
Intangible assets	11	12,961,651	12,982,292
Total non-current assets		166,387,511	163,572,656
Total assets		260,798,081	276,322,847
Current liabilities			
Trade and other payables	12	10,391,299	13,672,860
Loans and borrowings	13	254,828,022	263,347,119
Employee entitlements	14	5,476,383	4,730,629
Total current liabilities		270,695,704	281,750,608
Non-current liabilities			
Employee entitlements	14	1,324,435	986,699
Total non-current liabilities		1,324,435	986,699
Total liabilities		272,020,139	282,737,307
Net assets attributed to unitholders		(11,222,058)	(6,414,460)
Equity			
Issued units	16	100	100
Equity contributions	17	6,252,972	6,252,972
Accumulated losses		(3,234,946)	-
Income equalisation reserve	17	(14,240,184)	(12,667,532)
Total equity		(11,222,058)	(6,414,460)

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on page 5 to 21.

Palm Lake Care Operations Trust

Statement of cash flows As at 30 June 2026

	2026	2025
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	114,871,553	115,700,508
Cash paid to suppliers	(141,867,471)	(124,275,534)
Interest received	20,033,002	21,136,827
Interest paid	(961,975)	(814,700)
Net cash (used in)/ from operating activities	(7,924,891)	11,747,101
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	3,640	59,000
Payments to acquire property, plant and equipment	(1,139,311)	(688,881)
Loans made to related parties	(3,300,000)	(10,826,822)
Net cash used in investing activities	(4,435,671)	(11,456,703)
Cash flows from financing activities		
Proceeds from accommodation bonds	60,660,448	95,989,718
Payments for return of accommodation bonds	(69,179,545)	(60,316,895)
Net cash (used in) / from financing activities	(8,519,097)	35,672,823
Net (decrease)/ increase in cash and cash equivalents	(20,879,659)	35,963,221
Cash and cash equivalents at 1 July	105,165,869	69,202,648
Cash and cash equivalents at end of period	84,286,210	105,165,869

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The statement of cash flow is to be read in conjunction with the notes to the financial statements set out on page 5 to 21.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

1 Reporting entity

Palm Lake Care Operations Trust (“the Trust”) is for-profit and is domiciled in Australia. Palm Lake Care Operations Pty Ltd (“the Company”) acts as trustee of the Trust. The address of the trustee’s registered office and principal place of business is Level 4, Southport Central Tower 3, 9 Lawson Street, Southport Queensland 4215. The Trust operates solely within the Residential Aged Care sector and currently operates Registered Aged Care Facilities (NAPS 6794) at Deception Bay (RACS ID 5747), Bethania (RACS ID 5377), Bargara (RACS ID 5409), Mt Warren (RACS ID 5763) Beachmere (RACS ID 5563), Toowoomba (RACS ID 5784) and Caloundra (RACS ID 8214).

2 Basis of preparation

(a) Statement of compliance

These financial statements are the general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures adopted by the Australian Accountant Standards Board (AASB) and Aged Care Act 2024.

The financial statements were approved by the trustee on the same date as the Trustee’s declaration.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Trust’s functional currency.

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Trust’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(e) Trust income

Any variance between the income of the trust fund, as defined under the Deed, and the profit or loss under the recognition and measurement aspects of Australian Accounting Standards and significant accounting policies applied in the preparation of this financial report is transferred to the income equalisation reserve. As the reserve is not income as defined under the Deed, or an accumulation of income, it is not distributable as income of the Trust.

(f) New standards and interpretations adopted in the current period

A number of new accounting standards are effective from 1 July 2025 but they do not have a material effect on the Trust’s financial statements.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) *Recognition and initial measurement*

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Trust becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(ii) *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Trust considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Trust's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies (continued)

(a) Financial instruments (continued)

(ii) *Classification and subsequent measurement (continued)*

Financial assets (continued)

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) *Derecognition*

Financial assets

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Trust enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies (continued)

(b) Intangible assets

(i) *Approved Provider Aged Care Places (Bed Licences)*

Bed licences held by the Trust are owned bed licences. Of the owned bed licences, only those acquired are recognised on balance sheet and are initially recorded at cost. The licences with finite useful life are amortised over 4 years (2025: 4 years) on a straight-line basis. The licences with indefinite useful life are tested for impairment annually (at the same time every year) in accordance with AASB 136 Impairment of Assets (see note 3(d)). These licenses are issued by the Federal Government to approved providers and can also be purchased from third parties or managed on their behalf as approved by the Federal Government. Holders of bed licences receive Federal Government funding in accordance with predetermined rates.

All bed licences are now fully amortised.

(c) Property, plant and equipment

(i) *Recognition and measurement*

Property, plant and equipment is measured at cost less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised on a net basis within "other income" in profit or loss.

(ii) *Subsequent costs*

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis and/or diminishing basis over the estimated useful lives of each part of an item of property, plant and equipment.

The depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

	2026	2025
Plant and equipment	5.0% - 50.0%	5.0% – 50.0%
Motor vehicles	20.0% – 25.0%	20.0% – 25.0%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies (continued)

(d) Impairment

(i) Financial assets

The Trust recognises loss allowances for Expected Credit Losses (“ECLs”) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust’s historical experience and informed credit assessment and including forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Trust in full, without recourse by the Trust to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Trust expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

(ii) Non-financial assets

The carrying amounts of the Trust’s non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies (continued)

(d) Impairment (continued)

(ii) *Non-financial assets (continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(e) Employee benefits

(i) *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) *Other long-term employee benefits*

The Trust's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(iv) *Termination benefits*

Termination benefits are expensed at the earlier of when the Trust can no longer withdraw the offer of those benefits and when the Trust recognises costs for a restructuring. If benefits are payable more than 12 months of the end of the reporting period, then they are discounted.

(f) Income tax

The tax payable method of accounting for income tax is used.

Income tax is only provided to the extent that accumulated income is assessable to the trustee in accordance with Section 99A of the Income Tax Assessment Act 1936.

As the trustee will distribute all trust income to the beneficiaries, no tax is payable by the Trust.

(g) Ingoing contribution and accommodation bonds

Contributions are received from ingoing residents and are recognised as liabilities of the Trust upon receipt. The liabilities are reduced in accordance with the various residential agreements. These reductions are recorded as income in the statement of comprehensive income. Repayment of the contributions are also in accordance with various resident agreements. Interest is not payable on these liabilities. These liabilities have been classified as current as the Trust does not have an unconditional right to defer settlement for at least 12 months. However, there is no reasonable expectation that all of the above amounts will be required to be settled within the next 12 months.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies (continued)

(h) Revenue

(i) *Recurrent government subsidies and contributions*

Recurrent government subsidies and contributions are recognised as income when the Trust has an unconditional right to receive the subsidy and with the conditions associated.

(ii) *Gross income from residents and clients*

Gross income from residents and clients is recognised as income when services provided to residences and clients are rendered.

(iii) *Imputed revenue on RAD and bond balances under AASB 16 Leases ("AASB 16")*

Residential accommodation agreements in which residents who choose to pay a RAD or a bond for their accommodation services are considered to be a lease under AASB 16. The Trust has recognised as lease income an imputed non-cash charge representing the resident's right to occupy a room under the arrangement.

The Trust has concluded that the lease term for these arrangements is no longer than 7 days (being the notice period required from a resident before departure) resulting in an imputed discount rate being akin to the short-term cash rate.

(i) Leases

(i) *As a lessee*

At inception of a contract, the Trust assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Trust uses the definition of a lease in AASB 16.

At commencement or on modification of a contract that contains a lease component, the Trust allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Trust has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Trust recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Trust by the end of the lease term or the cost of the right-of-use asset reflects that the Trust will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Trust's incremental borrowing rate. Generally, the Trust uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Trust's estimate of the amount expected to be payable under a residual value guarantee, if the Trust changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies (continued)

(i) Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) *Short-term leases and leases of low-value assets*

The Trust has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Trust recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position.

(l) Going concern

The Trust has derived a net loss of (\$4,807,598) for the year ended 30 June 2026 (30 June 2025: profit of \$9,035,873).

The Trust has a net current asset deficiency as at 30 June 2026 of \$176,285,134 (30 June 2025: \$169,000,417). Included in current liabilities are aged care refundable accommodation deposits totalling \$231,131,144 (30 June 2025: \$239,650,241). While these liabilities may be contractually refundable within twelve months, it is anticipated that only a small portion of the balance will be required to be repaid in that period. The Trust's forecasted operating cash flows to December 2027 indicate sufficient operating net cash inflows will be generated to meet its working capital obligations as necessary.

The Trust has advanced loan funds to its related entity, Palm Lake Care Properties Trust, which develops aged care facilities and rents those facilities to the Trust. The ability for the Trust to continue normal operations is dependent on the ongoing profitability and positive operating cash flow performance of the Trust and the related entity on a combined basis. The Trust and its related entity are party to an external bill facility which requires ongoing compliance with the covenant criteria attached to the external bill facility, maturing in April 2028. The combined forecast operating cash flows up until 31 December 2027 indicate the combined Trust and related entity's performance will be sufficiently operating cash flow positive up until that date and covenant criteria attached to the external bill facility will be met.

For these reasons, the Trustee of the Trust is of the opinion that the going concern assumption of the Trust is appropriate and the Trust can pay its debts as and when they fall due.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

3 Material accounting policies (continued)

(m) New Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2026, and have not been applied in preparing these financial statements. The Trust does not plan to adopt these standards early.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

	2026	2025
	\$	\$
Note 4: Revenue		
Government Funding	93,165,369	95,410,182
Resident fees	22,066,425	23,224,904
Additional Services	1,556,606	1,373,264
Revenue from contracts with customers	116,788,400	120,008,350
Gain on disposal of assets	-	12,809
Sundry income	424,004	190,740
Imputed DAP revenue on RAD and bond balances under AASB16	8,925,017	9,515,185
Total revenue	126,137,421	129,727,084

Disaggregation of Revenue

The Group has disaggregated revenue from contracts with customers based on the source of the funding for the provision of residential aged care.

(a) Government Funding

Recurrent government subsidies and contributions are recognised as income when the Trust has an unconditional right to receive the subsidy and with the conditions associated.

(b) Resident fees

Gross income from residents and clients is recognised as income when services provided to residents and clients are rendered.

Note 5: Employee costs

Salaries, wages and on-costs	70,384,096	61,607,279
Superannuation	8,602,366	7,295,420
Other employee costs	10,151,889	10,879,179
	89,138,351	79,781,878

Note 6: Finance costs

Finance income under the effective interest method on financial assets at amortised cost	20,033,002	21,136,827
Financial liabilities at amortised cost - interest expense	(961,975)	(814,700)
Imputed interest expense on RAD and bond balances	(8,925,017)	(9,515,185)
Net finance costs recognised in profit or loss	10,146,010	10,806,942

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

	2026	2025
	\$	\$
Note 7: Auditor's remuneration		
Audit services		
Auditors of the company		
<i>KPMG Australia:</i>		
Audit fees	105,914	85,321
Other services	35,587	38,106
	141,501	123,427
Note 8: Cash and cash equivalents		
Cash on hand	100	100
Cash at bank	84,286,110	105,165,769
Cash and cash equivalents in statement of cash flows	84,286,210	105,165,869
Note 9: Trade and other receivables		
Current		
Trade receivables	769,466	69,175
Accrued income	503,271	1,055,171
GST receivable	486,458	431,848
Prepayments	530,917	513,627
Related party receivables – Palm Lake Care Property Trust	7,834,248	5,514,501
	10,124,360	7,584,322
Non-Current		
Related party loan – Palm Lake Care Property Trust	148,608,857	145,308,857
	148,608,857	145,308,857

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. For terms and conditions relating to related party receivables, refer to Note 18.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

Note 10: Property, plant and equipment

	Plant and equipment	Motor Vehicles	Total
Balance at 1 July 2025			
Gross carrying amount	13,948,417	559,968	14,508,385
Accumulated depreciation and impairment losses	(8,999,406)	(227,472)	(9,226,878)
Net carrying value at 1 July 2025	4,949,011	332,496	5,281,507
Additions	1,139,310	-	1,139,310
Disposal	(4,497)	-	(4,497)
Depreciation	(1,491,772)	(107,545)	(1,599,317)
Net carrying amount at 30 June 2026	4,592,052	224,951	4,817,004
Balance at 30 June 2026			
Gross carrying amount	15,087,728	559,968	15,647,696
Accumulated depreciation and impairment losses	(10,495,675)	(335,017)	(10,830,692)
Net carrying amount at 30 June 2026	4,592,053	224,951	4,817,004

Note 11: Intangible assets

	Goodwill	Residential aged care bed licences	Other intangible Assets	Total
Balance at 1 July 2025				
Gross carrying amount	12,960,000	8,692,542	55,730	21,708,272
Accumulated amortisation and impairment losses	-	(8,692,542)	(33,438)	(8,725,980)
Net carrying amount at 1 July 2025	12,960,000	-	22,292	12,982,292
Amortisation	-	-	(20,641)	(20,641)
Net carrying amount at 30 June 2026	12,960,000	-	1,651	12,961,651
Balance at 30 June 2026				
Gross carrying amount	12,960,000	8,692,542	55,730	21,708,272
Accumulated amortisation and impairment losses	-	(8,692,542)	(54,079)	(8,746,621)
Net carrying amount at 30 June 2026	12,960,000	-	1,651	12,961,651

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

	2026	2025
	\$	\$
Note 12: Trade and other payables		
Current		
Trade payables	1,176,455	1,336,199
Income in advance	2,191,424	-
Accrued expenses	2,571,722	5,898,690
Sundry creditors	4,451,698	6,437,971
	10,391,299	13,672,860
Note 13: Loans and borrowings		
Current		
Residential aged care refundable accommodation deposits (net):	231,131,144	239,650,241
Related party loan – W.T. Elliott	11,853,866	11,853,866
Related party loan – W.S. Elliott	11,843,012	11,843,012
	254,828,022	263,347,119
Note 14: Employee entitlements		
Current		
Provision for annual leave	5,183,330	4,525,552
Provision for long service leave	293,053	205,077
	5,476,383	4,730,629
Non-Current		
Provision for long service leave	1,324,435	986,699
	1,324,435	986,699

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

2026 2025

\$ \$

Note 15: Financial Instruments

Financial assets measured at amortised costs

Trade receivables	769,466	69,175
Cash and cash equivalents	84,286,210	105,165,869
Loan to related party	148,608,857	145,308,857
Related party trade receivables	7,834,248	5,514,501
	241,498,781	256,058,402

Financial liabilities measured at amortised costs

Trade payables	1,176,455	1,336,199
Income in advance	2,191,424	-
Loans and borrowings	254,828,022	263,347,119
	258,195,901	264,683,318

Loans and borrowings

Loans and borrowings consist of:

	Interest rate	Maturity	2026	2025
	%		\$	\$
Current				
Refundable accommodations deposits	-	On resident departure	231,131,144	239,650,241
Related party loans	0%	On demand	23,696,878	23,696,878
Total current loans and borrowings			254,828,022	263,347,119

Refundable Accommodation Deposits (RADs)

The RADs and bonds are paid by residents upon their admission to homes and are refunded after a resident departs a home in accordance with the Act. Providers must pay a Government set Base Interest Rate on all refunds of RADs and bonds within legislated time frames and must pay a higher rate on refunds that are not made within legislated time frames.

RADs and bond refunds are guaranteed by the Government under the Accommodation Payment Guarantee Scheme, in the event that a provider is unable to refund the amounts. Providers are required to maintain sufficient liquidity to ensure that they can refund all amounts as they fall due. As required under legislation, the Trust maintains a Liquidity Management Policy, which is monitored on regular basis and a full review is undertaken on an annual basis as a minimum, with the intention of ensuring it has sufficient liquidity, in the form of loan under registered mortgages over the Aged Care property assets owned by a related party, to meet its RAD and bond refund and other financial obligations as or when they fall due.

RADs and bonds are classified as a current liability as the Trust does not have an unconditional right to defer settlement for at least twelve months after the reporting date. The total RAD and bond liability represents the sum of separate payments from a significant number of individual residents in different locations with differing circumstances.

Related party loans

Related party loans are non-interest bearing and repayable on demand.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

Note 16: Unitholders equity

A. Unit capital

	Ordinary units
Total number of units on issue	
On issue at 1 July 2025	100
Issued for cash during the year	-
On issue at 30 June 2026 – fully paid	100
Paid up capital of units on issue	
Paid up capital at 1 July 2025	\$100
Issued for cash during the year	-
Paid up capital at 30 June 2026	\$100

B. Rights of unitholders

Ordinary units

Holders of Ordinary units are entitled to 100% of the trust income derived during a particular income year, subject to the trustee's right to accumulate all or any of the income derived during a particular year in priority to making a distribution to unitholders. Ordinary unitholders are entitled to 100% of the capital of the trust upon vesting of the trust. Holders of ordinary units are entitled to one vote at a meeting of unitholders for each ordinary unit which they hold.

	2026	2025
	\$	\$
Note 17: Reserves and retained earnings		
Equity contributions	(i) 6,252,972	6,252,972
Accumulated loss	(ii) (3,234,946)	-
Income equalisation reserve	(iii) (14,240,184)	(12,667,532)
	(11,222,158)	(6,414,560)

(i) Equity contributions

Equity contributions represent the assessed market value of various assets (predominantly investment properties) which were transferred to the Trust from related parties at the time of establishment of the Trust.

(ii) Accumulated losses

Accumulated losses represent the amount of accumulated income tax losses which have accrued to the Trust. Income tax losses are not distributable to the unitholders of the Trust, and are carried forward for offset against future taxable income derived by the Trust (subject to satisfaction of the applicable tax loss recoupment provisions of the *Income Tax Assessment Act 1936*).

(iii) Income equalisation reserve

Income equalisation reserve represents the difference between the net profit / loss of the Trust as determined in accordance with the recognition and measurement principles of Australian Accounting Standards, and the distributable income of the Trust as determined in accordance with the Trust deed.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

	2026 \$	2025 \$
Note 18: Related parties		
(a) Key management personnel compensation		
Key management personnel compensation comprised short-term employee benefits, post-employment benefits, other long-term benefits and termination benefits.		
Total key management compensation	1,089,934	808,321
(b) Transactions with related parties		
The following transactions occurred with other related parties:		
Management fee	994,736	994,736
Rental expense	10,816,900	10,816,900
Interest charged	10,694,268	10,683,407
	<u>22,505,904</u>	<u>22,495,043</u>
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:		
<i>Current receivables</i>		
Other related parties	7,834,248	5,514,501
	<u>7,834,248</u>	<u>5,514,501</u>
<i>Current payables</i>		
Other related parties	159,811	1,018,028
	<u>159,811</u>	<u>1,018,028</u>
(c) Loans to / (from) related parties		
<i>Loans to other related parties</i>		
Beginning of the year	145,308,857	134,482,035
Loan advanced	3,300,000	10,826,822
Interest charged	10,694,268	10,683,407
Interest received	(10,694,268)	(10,683,407)
End of year	(i) <u>148,608,857</u>	<u>145,308,857</u>
<i>Loans from key management personnel</i>		
Beginning of the year	(23,696,878)	(10,254,221)
Loan advanced	-	(13,442,657)
End of year	(ii) <u>(23,696,878)</u>	<u>(23,696,878)</u>

(d) Terms and conditions

- (i) This loan is secured by registered mortgages over the Aged Care property assets owned by Palm Lake Care Properties Trust.

In addition to the registered mortgages over the property assets owned by Palm Lake Properties Trust, on 18 February, 2019 Palm Lake Care Operations Trust entered into a Deed Poll of Cross Undertaking with Palm Lake Care Properties Trust, whereby all of the assets of Palm Lake Care Properties Trust are available to meet the repayment of any debt owed to a resident of the Aged Care Facilities operated by Palm Lake Care Operations Trust.

Palm Lake Care Operations Trust

Notes to the financial statements For the year ended 30 June 2026

(ii) These loans are non-interest bearing and are repayable on demand.

Note 19: Commitments and contingencies

Operating Leases

The Trust is a lessee in a number of non-cancellable lease agreements with related party, Palm Lake Care Properties Trust. Lease payments associated with these agreements are not recorded as a lease liability as they are entirely variable based on a rate agreed to annually. The total expense associated with variable lease payments is below.

	2026	2025
Amounts recognised in profit or loss	<u>10,816,900</u>	<u>10,816,900</u>

No future lease payment information is displayed as the total expenses associated with the leases cannot be readily measured. The remaining period of non-cancellable leases varies by each individual agreement, and as at 30 June 2026 is a maximum of 10 years.

Contingencies

The Trust is a party and guarantor in relation to finance facilities available to itself and Palm Lake Care Properties Trust. The total facilities available at 30 June 2026 were \$55,000,000 (30 June 2025: \$55,000,000)

Palm Lake Care Operations Trust

Trustee's declaration

In the opinion of the trustee of Palm Lake Care Operations Trust ("the Trust"):

- (a) the Trust is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 1 to 21, are in accordance with the Aged Care Act 2024, including:
 - (i) Presenting fairly the Trust's financial position as at 30 June 2026 and its performance, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements.
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

In respect of the year ended 30 June 2026, the Trust has:

- (a) kept such accounting records to correctly record and explain its transactions and financial position;
- (b) kept its accounting records that financial statements of the Trust that are presented fairly can be prepared from time to time; and
- (c) kept its accounting records in accordance with the Aged Care Act 2024 so that the financial statements of the Trust can be conveniently and properly audited in accordance with the Trust deed.

Signed in accordance with a resolution of the trustee.



Scott Elliott

Director

Dated: 28-Oct-2026

Independent Auditor's Report

To the unitholders of Palm Lake Care Operations Trust

Opinion

We have audited the **Financial Report** of Palm Lake Care Operations Trust (the Trust).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of the Trust as at 30 June 2026, and of its financial performance and its cash flows for the year ended 30 June 2026, in accordance with *Australian Accounting Standards - Simplified Disclosures and the Aged Care Act 2024*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2026;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of material accounting policies; and
- Trustee's declaration.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

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

Other Information

Other Information is financial and non-financial information in Palm Lake Care Operations Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Trustee is responsible for the Other Information.

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

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

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

Responsibilities of the Trustees for the Financial Report

The Trustees are responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the financial reporting requirements of the *Australian Accounting Standards - Simplified Disclosures* and the *Aged Care Act 2024*.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



KPMG



Mark Jeffery

Partner

Brisbane

28 October 2026