

# Centuria

Quarterly Fund Update  
June 2021

## Centuria Healthcare Aged Care Property Fund No.1

(ARSN 606 707 055, APIR HTH0020AU)

### Key Points

- 100% occupied with a 14.1-year<sup>1</sup> Weighted Average Lease Expiry (WALE) by income .
- The distribution forecast for FY22 is 3.8 cents per unit (CPU), an increase of 0.14 CPU (4%) compared to FY21 distribution of 3.66 CPU.
- The June 2021 quarter distribution is in line with the guidance of 0.9150 CPU, equating to a full financial year distribution of 3.66 CPU.
- The debt margin pricing reduced to 1.44% from 1.88% for the facility agreement with BOQ maturing on 8 February 2022.
- There are no aged arrears and the tenants (GHA and Hall & Prior) continue to pay their rent on time.
- St Ives and Blaxland developments are currently in progression.

<sup>1</sup> As at 30 June 2021.

### Fund Summary

The **Centuria Healthcare Aged Care Property Fund No.1** (Fund) distribution for the June 2021 quarter is 0.9150 CPU, equating to 3.66 CPU annualised, which is in line with the FY21 distribution guidance. We are pleased to confirm the distribution forecast for FY22 is 3.80 CPU, an increase of 0.14 CPU (4%) compared to the FY21 distribution of 3.66 CPU. The increase in distribution is primarily driven by reduction in all in interest cost and expected completion of the two Group Homes Australia developments during the year.

The corresponding distribution statement for the Fund is enclosed with this report and can also be accessed from our online investor portal at [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au). The audited financial report for the 2021 financial year is currently being prepared and is anticipated to be available to download from [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au) at the end of September 2021. A valuation of the property has recently been instructed for the purposes of the Fund's 30 June 2021 financial report. The updated Net Asset Value (NAV) will be posted on [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au) when the financial report is finalised. Investors will be advised of the new NAV in the September 2021 Quarterly Fund Update. Investors' annual tax statement for the Fund are expected by the end of August 2021.



### Financial Snapshot

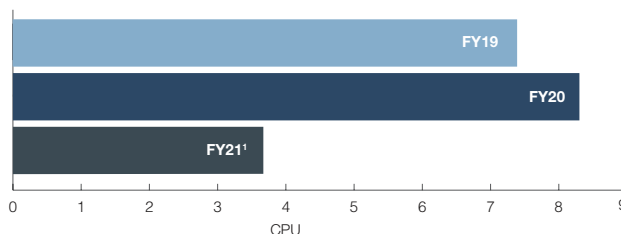
Fund Commencement Date	15 October 2015
Net Asset Value (NAV)	\$0.5354 <sup>1</sup>
Distribution Rate (cents per unit)	3.66 <sup>2</sup>
Weighted Average Lease Expiry (WALE) (years)	14.1 <sup>3</sup>
Next Investor Vote on Term of Fund	October 2023

<sup>1</sup> Based on the audited 31 December 2020 financial accounts. Excluding the marked-to-market, the NAV would be \$0.5430.

<sup>2</sup> Forecast FY21 full year distribution, consistent with 30 June 2021 quarter distribution of 0.9150 CPU.

<sup>3</sup> As at 30 June 2021.

### Distribution Details



<sup>1</sup> As at 30 June 2021.

A distribution of 0.9150 CPU will be paid on or around 10 April 2021 in relation to the June 2021 distribution. This is in line with the guidance provided to the investors.

## Property Details

Property	Valuation Dec. 20 (\$)	Cap Rate Dec. 20	Valuer
Warriewood	2,400,000	5.75%	Internal
Waverley	5,300,000	5.75%	Internal
Turramurra	3,850,000	6.00%	Internal
Hunter's Hill	4,400,000	6.25%	Internal
Caringbah	3,400,000	6.25%	Internal
Midland	12,500,000	7.00%	Internal
Hurstville	7,600,000	7.50%	Internal
Wahroonga	4,100,000	6.25%	Internal
St Ives (under development)	3,379,689	6.25% <sup>1</sup>	JLL
Blaxland (under development)	2,970,641	6.25% <sup>1</sup>	JLL
<b>Total</b>	<b>49,900,330</b>	<b>6.53%<sup>2</sup></b>	

<sup>1</sup> Cap rate of the property once development is completed.

<sup>2</sup> Weighted cap rate includes properties under development.

An internal or independent valuation will be undertaken for all the properties for financial reporting purposes as at 30 June 2021. Further information in relation to the June 2021 valuations will be provided in the September quarter update.

## Development Progress

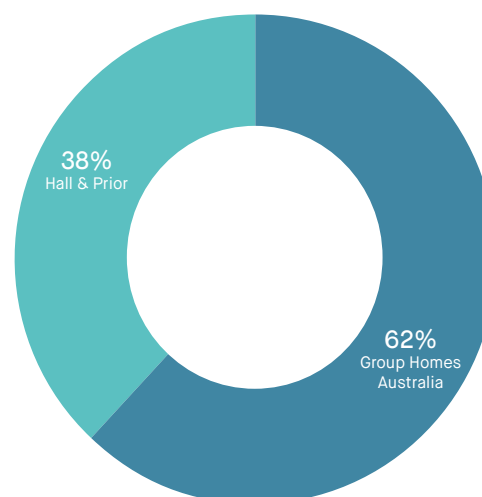
The Fund is progressing construction of two Sydney-based developments with GHA, located in St Ives and Hunters Hill (Blaxland Street). GHA will lease both properties on completion. Practical completion for St. Ives is due in July 2021 and for Blaxland in December 2021.

During construction, the Fund pays all development costs and GHA will pay a percentage of the full rent on these costs.

Property	St Ives	Hunter's Hill (Blaxland St)
Land Value	\$2.5m	\$2.6m
Total Costs	\$4.2m	\$4.2m
As-if complete Valuation	\$4.2m	\$4.2m
Forecast Completion	July 2021	December 2021
Initial Yield	6.25%	6.25%
% Rent Payable during development*	75%	75%

\* GHA will pay the Fund a percentage of the full rent whilst development works are being performed.

## Top Tenants by Net Lettable Area (NLA)



Occupancy is 100% with a 14.1-year WALE by income as at 30 June 2021. All tenants continue to pay their rent in a timely manner.

## Property Statistics

	Initial <sup>1</sup>	Jun 20	Jun 21
Net Asset Value (NAV)	\$0.94	\$1.0417	\$0.5354 <sup>2</sup>
Portfolio Occupancy	100%	100%	100%
Weighted Average Lease Expiry (WALE) by income (years)	20.0	15.2	14.1

<sup>1</sup> Based on PDS dated 26 November 2015.

<sup>2</sup> As at 31 December 2020.

## Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$22.0m <sup>1</sup>	
Undrawn Amount	\$1.9m <sup>1</sup>	
Loan Expiry	8 February 2022	
% of Debt Hedged	100% <sup>2</sup>	
Loan Value Ratio (LVR)	40.8% <sup>3</sup>	50.0%
Interest Cover Ratio (ICR)	4.12 <sup>4</sup>	2.50

<sup>1</sup> As at 31 December 2020.

<sup>2</sup> The Fund's drawn debt is hedged until February 2022.

<sup>3</sup> As at 31 December 2020. The LVR is based on the most recent independent valuations as defined under the debt facility agreement.

<sup>4</sup> The stated ICR figures are based on the most recent audited financial statement as at 31 December 2020.

We are pleased to confirm the debt margin pricing has reduced to 1.44% from 1.88% effective 9 June 2021 resulting in a reduction in all in interest cost to 1.57% p.a from 2.16%. The existing facility agreement with BOQ matures on 8 February 2022.

The interest cover ratio (ICR) determines the Fund's ability to pay the interest expense on outstanding debt. A higher ICR indicates the Fund has more funds available to pay its interest costs. BOQ (the Fund's lender) requires a minimum ICR covenant of 2.50 times and the Fund's ICR as at 31 December 2020 is 4.12 times.

The loan to value ratio (LVR) calculates the amount of debt you have against the value of the Fund's properties. The LVR bank covenant for the Fund is 50% and the Fund's LVR is 40.8%.

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## RG46 Statements

The latest RG46 Statement for the Fund is available at **CenturiaInvestor.com.au**. It includes the following key information:

- Gearing ratio, calculated using ASIC methodology.
- Gearing covenant sensitivities.
- Detail of related party transactions in the period.
- Further information on the source of distributions.

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## Centuria Investor Website

Access all your Centuria Healthcare investments information at: **CenturiaInvestor.com.au**.

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## Contact Details

If you require assistance with your Centuria Investor account or have any questions regarding your investment in the Fund, please contact **Centuria Investor Services** on **1800 182 257** or by email on **Property.Enquiry@CenturiaInvestor.com.au**.

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