

# Centuria

Fund Update  
March 2022

## Centuria Healthcare Direct Medical Fund No. 1

(ARSN 602 267 514 APIR HTH0015AU)

### Key points

- Fund commences wind up process, following Investor vote. Formal sales campaign commencing April 2022.
- 97.4% portfolio occupancy with a 4.1 year Weighted Average Lease Expiry (WALE) by income.<sup>1</sup>
- The March 2022 quarter distribution is 1.31 cents per unit (CPU), in line with the full FY22 target distribution rate of 5.70 CPU.
- 5-year and 7-year lease extensions secured with Fullerton Health Medical Centre and Southernex Imaging Group at Chermside respectively, improving the property WALE by 2.8 years to 4.2 years.

### Fund summary

In early 2021 several non-core assets, held by **Centuria Healthcare Direct Medical Fund No. 1** (Fund), were identified for divestment where lease renewals had been secured and valuation maximised. The Manager subsequently sold five of the identified assets for sale, namely Nundah, Highland Park, Parkwood, Secret Harbour and Mildura. The Manager divested the five assets at a 7% premium to book valuation and paid a total capital return of 20.0 CPU.

Subsequently, the Manager held a General Meeting for the Fund on 17 December 2021. The meeting was convened to give investors an update of the Fund and provide investors the opportunity to consider an extension of the Fund term by two years to November 2023. The vote was not passed, noting the special resolution threshold requirement of 75%. It was pleasing to note that we had good participation from the register and approximately 60% of investors, who voted, did support the Resolution. As the Resolution was not passed, the Manager is now taking steps towards the orderly wind up of the Fund, and is launching the marketing campaign for the properties in April 2022. The Manager will provide further update to the investors via special communication.

We are also pleased to confirm that the Manager has secured a 7 year lease extension with Southernex Imaging Group over 462 sqm and a 5 year lease extension with Fullerton Health Medical Centres over 505 sqm in December 2021, both located at Chermside. This has improved the property and portfolio WALE from 1.4 years to 4.2 years and 3.5 years to 4.1 years respectively.

Independent valuations were undertaken as at 31 December 2021 for four of the remaining nine properties in the portfolio, resulting in a valuation uplift of 7.6% (\$8.2 million) across the portfolio. This has resulted in a Net Asset Value per unit increasing to \$0.8977 as at 31 December 2021 from \$0.804<sup>2</sup> as at 30 June 2021.

(1) As at 31 March 2022.

(2) In addition, Investors received \$0.20 per unit capital return in 1H'FY22 following the disposal of five properties.



### Financial snapshot

<b>Fund commencement date</b>	November 2014
<b>Net asset backing</b>	\$0.8977 <sup>1</sup>
<b>Distribution rate (cents per unit)</b>	5.70 <sup>2</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	4.1 <sup>3</sup>

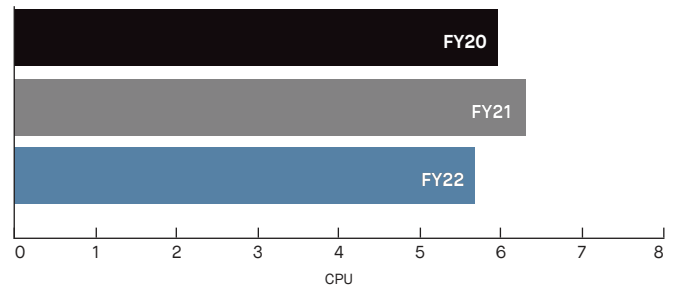
1. Based on the 31 December 2021 financial accounts. In addition, Investors received \$0.20 per unit capital return in 1H'FY22 following the disposal of five properties.

2. Annualised based on September 2021 and December 2021 distributions.

3. As at 31 March 2022.

### Distribution details

#### ANNUALISED DISTRIBUTION



The Fund distribution for the March 2022 quarter is 1.31 CPU and will be paid on or around 11 April 2022.

## Portfolio statistics

	INITIAL <sup>1</sup>	JUN-19	JUN-20	JUN-21	MAR-22
Net Asset Value (NAV)	\$0.9400	\$0.9053	\$0.9128	\$1.0040	\$0.8977 <sup>2</sup>
Portfolio occupancy rate	100%	96.1%	98.0%	97.1%	97.4%
Weighted average lease expiry (WALE) (years)	5.0	4.6	4.2	4.5	4.1

1. Based on the PDS dated 1 November 2014.

2. Based on NAV at 31 December 2021. In addition, Investors received \$0.20 per unit capital return in 1H'FY22 following the disposal of five properties.

## Top five tenants by net lettable area (NLA)

Healthe Care	19%
Sonic Healthcare	14%
Nexus Hospitals	13%
BGH Capital Group	8%
Other	44%

Occupancy is 97.4% with a WALE by income of 4.1 years as at 31 March 2022.

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$46.7m <sup>1</sup>	
Undrawn amount	\$9.5m <sup>1</sup>	
Loan expiry	1 Dec. 2024	
% of debt hedged	0.0% <sup>1</sup>	
Loan to value ratio (LVR)	40.9% <sup>2</sup>	55.0%
Interest cover ratio (ICR)	5.15 <sup>3</sup>	1.8

1. As at 28 February 2022.

2. The LVR is based on the most recent independent valuations as defined under the debt facility agreement as at 31 December 2021.

3. The stated ICR figures are based on the most recent audited accounts (31 December 2021).

The interest cover ratio (ICR) determines the ability of the Fund 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 1.75 times and the Fund's ICR is 5.15x as at 31 December 2021.

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 55% and the Fund's LVR is 40.9% as at 31 December 2021.

We are pleased to confirm the Fund's financier BOQ has agreed to extend the facility until 31 May 2022.

## Centuria investor website

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](https://www.centuriainvestor.com.au).

The audited financial report for the 2022 financial half-year is currently being prepared and is anticipated to be available to download from [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au) at the end of March 2022. The updated Net Asset Value (NAV) will be posted on [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au) when the financial report is finalised.

You can access all information relating to your Centuria investments at [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au).

## 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 (within Australia); +61 2 9290 9689 (outside Australia) or by email on [Property.Enquiry@CenturiaInvestor.com.au](mailto:Property.Enquiry@CenturiaInvestor.com.au).

## Portfolio details

PROPERTY ADDRESS	PREVIOUS VALUATION	PREVIOUS CAP RATE	CURRENT VALUATION	CAP RATE	WALE	OCCUPANCY	VALUER
574 Melton Highway, Sydenham VIC	\$3,800,000	5.50%	\$3,830,000	5.50%	3.5	100%	M3
956 Gympie Road, Chermside QLD	\$21,600,000	6.00%	\$23,200,000	5.50%	4.2	100%	JLL
57 Norris Road, North Mackay QLD	\$12,900,000	6.75%	\$12,900,000	6.75%	4.2	100%	JLL
74-86 Channon Street, Gympie QLD	\$7,000,000	8.25%	\$7,150,000	8.25%	8.3	96%	JLL
295 Kingston Road, Logan Central QLD	\$11,750,000	6.50%	\$14,200,000	5.50%	3.0	81%	CBRE
1 Derby Street, Kogarah NSW	\$14,500,000	6.25%	\$14,900,000	6.00%	6.1	100%	JLL
196 Hall Street, Spotswood VIC	\$9,400,000	6.00%	\$10,300,000	5.50%	3.3	100%	M3
7 High Street, Forest Lake QLD	\$10,300,000	6.25%	\$12,250,000	5.50%	3.0	100%	JLL
18 Civic Boulevard, Rockingham WA	\$16,500,000	6.63%	\$17,200,000	6.50%	3.1	100%	CBRE
<b>TOTAL</b>	<b>\$107,750,000</b>	<b>6.43%<sup>1</sup></b>	<b>\$115,930,000</b>	<b>6.02%<sup>1</sup></b>			

1. Portfolio weighted average capitalisation rate

Independent or internal valuations were undertaken for the portfolio for financial reporting purposes as at 31 December 2021. This has resulted in a total portfolio valuation uplift of 7.6% (+\$8.2 million) with the capitalisation rate reducing to 6.02% from 6.43%.

**Note:** The latest RG46 Statement for the Fund is available at [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au). It includes gearing ratio, calculated using ASIC methodology, gearing covenant sensitivities, details of the related party transactions in the period and further information on the source of distributions.

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