

Centuria

Quarterly Fund Update
June 2021

Centuria Healthcare Direct Medical Fund No.1

(ARSN 602 267 514 APIR HTH0015AU)

Key Points

- 97.1% portfolio occupancy with a 4.5 year Weighted Average Lease Expiry (WALE) by income.¹
- The June 2021 quarter distribution is in line with the guidance of 1.58 CPU, equating to a full FY21 financial year distribution of 6.32 CPU.
- The Manager is divesting five assets : Nundah, Secret Harbour, Highland Park, Parkwood, and Mildura.²
- The distribution forecast for September 2021 quarter is 1.77 cents per unit (CPU), a 12% increase quarter-on-quarter.
- The debt margin pricing reduced to 1.44% from 1.88% for the facility agreement with BOQ maturing in November 2023.

¹ As at 30 June 2021

² Subject to meeting all any contractual obligations and/or conditions precedent.

Fund Summary

The **Centuria Healthcare Direct Medical Fund No. 1** (Fund) distribution for the June 2021 quarter is 1.58 CPU, which is in line with the distribution paid for the March 2021 quarter. The distribution will be paid on or around 17 July 2021.

Nundah, Highland Park, Parkwood, Secret Harbour and Mildura were marketed for sale in May 2021. The prospective buyers are currently undertaking due diligence with anticipated settlement to be completed by 30 November 2021. The Fund will make a special distribution (capital return) to investors post settlement of the properties and further updates will be provided to investors at that time. The remaining portfolio will continue to be managed whilst management finalise leasing outcomes, and then determine the appropriate exit strategy.

The distribution forecast for September 2021 quarter is 1.77 CPU, an increase of 12% compared to the June 2021 distribution of 1.58 CPU. The distribution will be reduced post divestment of the properties and return of capital.

We are pleased to confirm that we have secured a 4-year and 3-month lease renewal with St. Vincents at Sydenham. This has improved the property and portfolio WALE from 0.5 years to 4.2 years and 4.4 years to 4.5 years respectively.



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**. 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** at the end of September 2021. Valuations of the properties have 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** 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

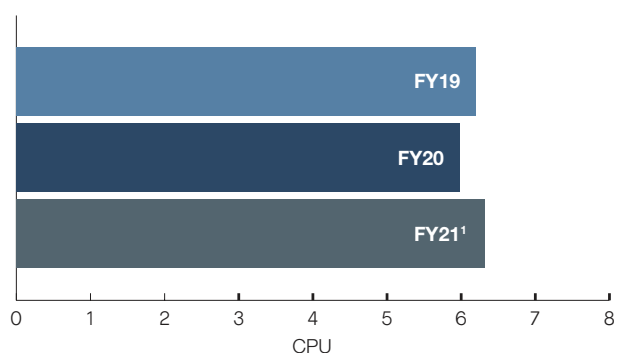
Fund Commencement Date	November 2014
Net Asset Value (NAV)	\$0.9599 ¹
Distribution Rate (cents per unit)	6.32 ²
Weighted Average Lease Expiry (WALE) (years)	4.5 ³
Investor Vote on Term of Fund	November 2021

¹ Based on the 31 December 2020 financial accounts.

² Annualised based on September 2020, December 2020 and March 2021 distributions.

³ As at 30 June 2021.

Distribution Details



¹ Annualised 31 December 2020 distribution of 1.58 cents per unit.

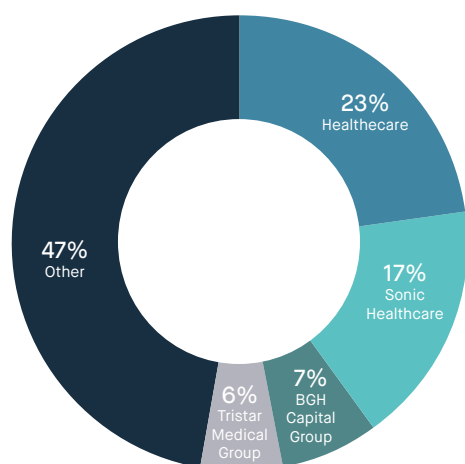
Property Details

Property	Dec. 2020 Book Value (\$)	Cap Rate Dec. 2020
Mildura	\$4,800,000	7.00%
Sydenham	\$3,450,000	6.25%
Chermside	\$21,200,000	6.00%
North Mackay	\$12,850,000	6.75%
Gympie	\$6,900,000	8.25%
Secret Harbour	\$7,100,000	6.50%
Highland Park	\$8,400,000	6.00%
Logan Central	\$11,750,000	6.50%
Parkwood	\$6,650,000	6.00%
Kogarah	\$14,000,000	6.75%
Spotswood	\$9,400,000	6.00%
Nundah	\$5,800,000	6.50%
Forest Lake	\$10,300,000	6.25%
Rockingham	\$16,500,000	6.75%
Total	\$139,100,000	6.49%¹

¹ Portfolio weighted average capitalisation rate.

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.

Top Tenants by Net Lettable Area (NLA)



Occupancy is 95% with a WALE by income of 4.5 years as at 30 June 2021.

Portfolio Statistics

	Initial ¹	Jun 20	Jun 21
Net Asset Backing	\$0.94	\$0.9128	\$0.9599 ²
Portfolio Occupancy Rate	100%	98.0%	97.14%
Weighted Average Lease Expiry (WALE) (years)	5.0	4.2	4.5

¹ Based on the PDS dated 1 November 2014.

² Based on NAV at 31 December 2020.

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Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$66.2m ¹	
Undrawn Amount	\$1.52m ¹	
Loan Expiry	30 November 2021	
% of Debt Hedged	27.8% ¹	
Loan to Value Ratio (LVR)	47.3% ²	55.0%
Interest Cover Ratio (ICR)	4.66x ³	1.75x

¹ As at 31 May 2021.

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

³ The stated ICR figures are based on the most recent audited financial statement as at 31 December 2020.

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 4.66 as at 31 December 2020

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 47.3%.

We are pleased to confirm the Fund's financier BOQ has agreed to reduce the debt margin pricing to 1.44% p.a. from 1.88% p.a. effective 9 June 2021. This results in the all-in interest cost reducing to 1.57% p.a. from 2.16% p.a. The existing facility agreement matures in November 2021.

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.

Centuria Investor Website

Access all your Centuria Healthcare investments information at: 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** or by email on Property.Enquiry@CenturiaInvestor.com.au.