

Centuria

Quarterly Fund Update
June 2021

Centuria Healthcare Direct Medical Fund No.2

(ARSN 619 641 495 APIR HTH2279AU)

Key Points

- 91% portfolio occupancy with a 6.9-year portfolio Weighted Average Lease Expiry (WALE) by income.¹
- The distribution forecast for FY22 is 6.75 cents per unit (CPU), an increase of 0.04 CPU compared to FY21 distribution of 6.71 CPU.
- The June 2021 quarter distribution is 1.6875 CPU, the FY21 full year distribution paid to investors is 6.7125 CPU.
- The Murdoch oncology facility's construction remains on target, with 75% of the property completed to date.

¹ As at 30 June 2021.

Fund Summary

The **Centuria Healthcare Direct Medical Fund No.2** (Fund) distribution for the June 2021 quarter is 1.6875 CPU, in line with the March 2021 quarter distribution. The distribution will be paid on or around 17 July 2021. We are pleased to confirm the distribution forecast for FY22 is 6.75 CPU, an increase of 0.04 CPU compared to the FY21 distribution of 6.71 CPU. The Manager expects to increasing the distribution further once tenants are secured for the Maroochydore vacancy.

The portfolio occupancy as at 30 June 2021 is 91%, a decrease of 6% compared to the portfolio occupancy as at 31 March 2021. This is primarily due to the expiry of a two-year rental guarantee for Maroochydore in May 2021. The table right summarises the key vacancies for the portfolio. The Manager's key focus is securing tenants for the vacancies and improving the portfolio income and valuation.



Property	Area (sqm)	Gross Market income p.a.	% of contribution to portfolio income	
Maroochydore	2,435	\$1,023,186	5.3%	A Heads of Agreement (HOA) has been countersigned with a group fitness training business for 192sqm. Further HOA issued to three potential tenants, including an aged care provider (300 sqm), an allied health centre seeking (400 sqm) and a fitness training group seeking 300 sqm. The vacancy is currently marketed by three leasing agents.
Auchenflower	627	\$376,020	1.9%	Tenant enquiries received from medical tenants and gym operators.
Cleveland	448	\$184,250	1.0%	The vacancy is marketed by three leasing agents with a local leasing agent appointed recently to assist with the leasing campaign for the site.

Construction of the new Murdoch oncology facility began in August 2020 and is on target for practical completion by March 2022 with 75% of the property completed to date. The facility is the first private, integrated, hospital-based radiation oncology, nuclear medicine and theranostics facility south of the river in Perth with an estimated end value of \$15.5 million.

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. 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** 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

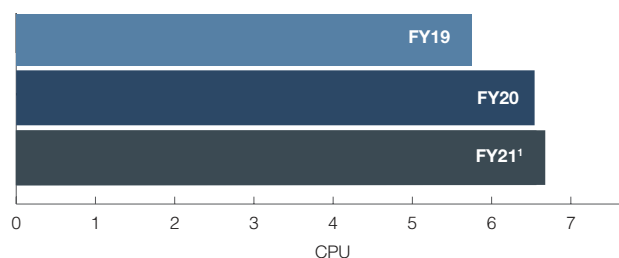
Fund Commencement Date	June 2017
Net Asset Value (NAV)	\$0.9551 ¹
Distribution Rate (cents per unit)	6.7125 ²
Weighted Average Lease Expiry (WALE) (years)	6.9 ³
Investor Vote on Term of Fund	June 2024

1 Based on the unaudited 31 December 2020 financial accounts.

2 Forecast FY21 full year distribution based on 1.65 CPU for the September 2020 quarter and 1.6875 for the remaining 3 quarters.

3 As at 30 June 2021.

Distribution Details



1 Annualised forecast.

The distribution for the June 2021 quarter is 1.6875 CPU, which will be paid on or around 17 July 2021. This is in line with the December 2020 and March 2021 quarter distributions.

Property Details

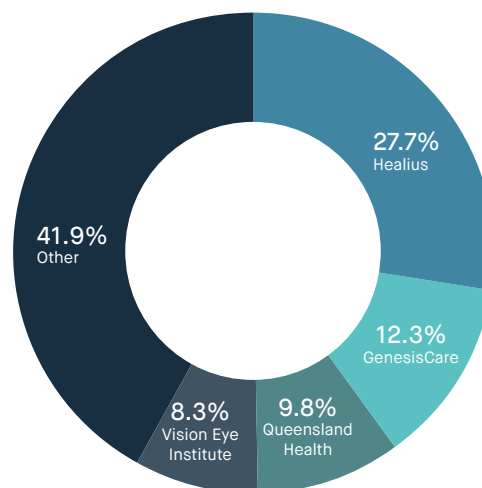
Property	Dec 20 Valuation (\$)	Dec 20 Cap Rate	Valuer
Coorparoo	\$18,350,000	6.00%	JLL
Auchenflower	\$42,800,000	6.00%	JLL
West Perth	\$9,320,000	6.00%	Colliers
Yarrabilba	\$12,000,000	6.00%	JLL
Cleveland	\$38,500,000	5.875%	Colliers
Wollongong	\$2,100,000	6.50%	JLL
Murarrie	\$49,800,000	5.50%	CBRE
Concord West	\$14,750,000	5.50%	Colliers
Albany	\$3,775,000	6.00%	CBRE
Maroochydore	\$40,500,000	6.25%	CBRE
West Albury	\$5,800,000	6.50%	CBRE
Wagga Wagga	\$9,800,000	6.00%	CBRE
Perth Eye	\$12,500,000	6.00%	CBRE
Chermside L7&8	\$11,800,000	6.00%	JLL
Murdoch	\$3,396,790	5.75% ¹	CBRE
Total	\$275,191,790	5.92%³	

1 Cap rate based on 'as if complete' value for Murdoch development. The 'as if complete' value is \$15.5 million.

2 Weighted cap rate excludes Murdoch, which is under development.

An internal or independent valuation is 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. The valuations for June 2021 will reflect an uplift compared to the December 2020 valuations.

Top Tenants by Gross Passing Income



Occupancy is 91% with a WALE by income of 6.9 years as at 30 June 2021¹.

1 As at 30 June 2021, inclusive of GenesisCare at Murdoch (12.3% of portfolio income), with a practical completion date of December 2021.

Property Statistics

	Initial ¹	Jun 20	Jun 21
Net Asset Value	\$0.8362	\$0.9159	\$0.9551 ²
Portfolio Occupancy Rate	100%	97%	91%
Weighted Average Lease Expiry (WALE) (years)	8.7	7.1	6.9

1 Based on the PDS dated 26 June 2017

2 Based on audited 31 December 2020 financials.

Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$134.5m	
Undrawn Amount	\$3.80m ¹	
Loan Expiry	20 Dec 22 & 20 Dec 23	
% of Debt Hedged	54%	
Loan to Value Ratio (LVR)	48.9% ²	57.5%
Interest Cover Ratio (ICR)	3.98x ³	2.00x

1 Undrawn facility limit could be utilised once Murdoch development is completed. 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 12 month actuals to 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. The Fund's lender NAB requires a minimum ICR covenant of 2.00 times and the Fund's forecast ICR is 3.98 times. This means the Fund's net income needs to drop by 42.8% before the Fund breaches the ICR covenant.

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 57.5% and the Fund's LVR is 49.8%. This means the value of the Fund's properties would need to decrease by 14.9% before the Fund breaches the LVR covenant.

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**.

Disclaimer: This communication has been issued by Centuria Healthcare Asset Management Limited ABN 40 003 976 672 AFSL 246368 (CHAML). This communication has been published for information purposes only. The information contained in this communication is of a general nature only and does not constitute financial product advice. In preparing this communication the author has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which has otherwise been reviewed in preparation of the communication. The information contained in this communication is current as at the date of this communication and is subject to change without notice. Past performance is not a reliable indicator of future performance. Except insofar as liability under any statute cannot be excluded, CHAML, and its associates, related entities, directors, employees and consultants do not accept any liability for any loss or damage (whether direct, indirect, consequential or otherwise) arising from the use of this communication. All investment is subject to investment risk, including possible delays in payment or loss of income and principal invested. None of CHAML or any of their respective associates, related entities or directors guarantee the performance of the Fund or the repayment of monies invested. Before investing the investor should obtain an offer document relating to the product and consider this before making any decision about whether to acquire the product.