

Centuria

Quarterly Fund Update
March 2021

Centuria Healthcare Direct Medical Fund No.2

(ARSN 619 641 495 APIR HTH2279AU)

Key Points

- 97% portfolio occupancy¹ with a 6.8-year portfolio Weighted Average Lease Expiry (WALE) by income².
- 99% rent collection in January and February 2021.
- \$8.1 million portfolio valuation uplift as at 31 December 2020 resulting in an increase in NAV per unit to \$0.9551 per unit.
- The March 2021 quarter distribution is 1.6875 CPU and the forecast FY21 full year distribution of 6.7125 CPU.
- The Murdoch oncology facility's construction remains on target, with practical completion estimated for March 2022.

¹ The occupancy excluding rent guarantees is 92%.

² As at 31 March 2021.

Fund Summary

The **Centuria Healthcare Direct Medical Fund No.2** (Fund) distribution for the March 2021 quarter is 1.6875 CPU, in line with the December 2020 quarter distribution. The distribution will be paid on or around 10 April 2021. 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.

Construction of the new Murdoch oncology facility began in August 2020 and is on target for practical completion by March 2022. 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.

We are pleased to confirm the Fund's entire portfolio was independently valued as at 31 December 2020, resulting in an uplift of \$8.1 million to \$275.2 million. This has resulted in an increase in NAV of \$0.9551 per unit as at 31 December 2020 from \$0.9177 per unit as at 30 June 2020, equating to an increase of 4%.



Financial Snapshot

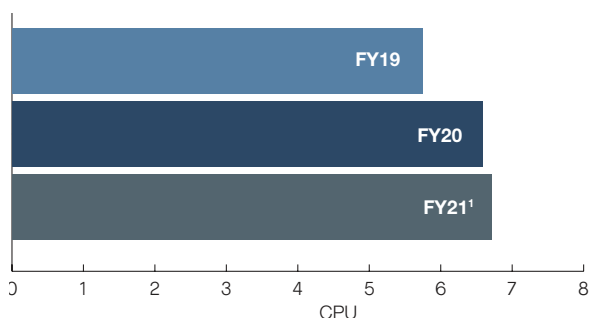
Fund Commencement Date	June 2017
Net Asset Value (NAV)	\$0.9551 ¹
Distribution Rate (cents per unit)	6.7125 ²
Weighted Average Lease Expiry (WALE) (years)	6.8 ³
Investor Vote on Term of Fund	June 2024

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 31 March 2021.

Distribution Details



¹ Annualised forecast.

The distribution for the March 2021 quarter is 1.6875 CPU, which will be paid on or around 10 April 2021. This is in line with the December 2020 quarter distribution.

Property Details

Property	Dec 20 Valuation (\$)	Dec 20 Cap Rate	Jun 20 Valuation (\$)	Jun 20 Cap Rate
Coorparoo	\$18,350,000	6.00%	\$17,800,000	6.00%
Auchenflower	\$42,800,000	6.00%	\$41,700,000	6.00%
West Perth	\$9,320,000	6.00%	\$8,800,000	6.25%
Yarrabilba	\$12,000,000	6.00%	\$11,950,000	6.00%
Cleveland	\$38,500,000	5.875%	\$38,000,000	6.00%
Wollongong	\$2,100,000	6.50%	\$2,095,000	6.50%
Murarrie	\$49,800,000	5.50%	\$48,700,000	5.50%
Concord West	\$14,750,000	5.50%	\$13,990,000	5.75%
Albany	\$3,775,000	6.00%	\$3,650,000	6.00%
Maroochydore	\$40,500,000	6.25%	\$40,000,000	6.25%
West Albury	\$5,800,000	6.50%	\$5,600,000	6.50%
Wagga Wagga	\$9,800,000	6.00%	\$9,800,000	6.00%
Perth Eye	\$12,500,000	6.00%	\$11,900,000	6.25%
Chermside L7&8	\$11,800,000	6.00%	\$11,547,552	6.25%
Murdoch	\$3,396,790	5.75% ¹	\$1,564,533	6.25% ²
Total	\$275,191,790	5.92%³	\$267,097,085	5.98%³

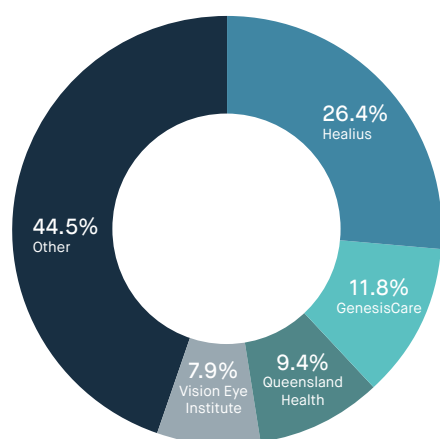
1 Cap rate based on 'as if complete' value for Murdoch development. The 'as if complete' value is \$15.5 million.

2 Cap rate based on 'as if complete' value for Murdoch development. The 'as if complete' value is \$14.5 million.

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

The entire portfolio was independently valued as at 31 December 2020. The December valuation cycle resulted in a modest re-rating, with six assets subject to cap rate compression and seven assets increased in value due to rental increases. This has resulted in a portfolio valuation uplift of \$8.1m (+3.0%) during the six month period from June 2020 to December 2020.

Top Tenants by Gross Passing Income



Occupancy is 97% with a WALE by income of 6.8 years as at 31 March 2021¹.

1 As at 31 March 2021, inclusive of GenesisCare at Murdoch (12% of portfolio income), with a practical completion date of March 2022.

Property Statistics

	Initial ¹	Jun 20	Mar 21
Net Asset Value	\$0.8362	\$0.9159	\$0.9551 ²
Portfolio Occupancy Rate	100%	97%	97%
Weighted Average Lease Expiry (WALE) (years)	8.7	7.1	6.8

1 Based on the PDS dated 26 June 2017.

2 The reported NAV of \$0.9551 is based on audited 31 December 2020 financials.

Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$134.5m	
Undrawn Amount	\$5.0m ¹	
Loan Expiry	20 December 2022 and 20 December 2023	
% 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.

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**.

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