

Centuria

Quarterly Fund Update
June 2021

Centuria Healthcare Medical Development Fund No.1

Key Points

- As at 31 March 2021, the Fund's Net Asset Value (NAV) is \$0.8450 per unit
- Ministerial Infrastructure Designation (MID) has been successfully approved
- Anchor tenant doctor group discussions are progressing.

Fund Summary

The Manager and its Project Partners is pleased to advise that during June 2021 quarter the Deputy Premier approved the ministerial infrastructure designation (MID) request for the Fund's Wolloongabba hospital project.

Concurrently, the proposed doctor group has progressed its business formation process. Whilst there has been some initial delay to gain traction, the group is now committed to progress with the next major milestones including:

- Securing capital commitment from its member investors;
- Progressing the hospital concept design and layouts; and
- Agreement on commercial terms and business structure with the operator.

The above tasks will assist in finalising the key terms within the Heads of Agreement including net lettable area to be occupied, rent, incentives, tenant paid fit-out and lease security. Discussions with the doctor group and operator have also highlighted the high value tenancies that would be attractive for incoming occupiers of the Project. These uses include radiology, pharmacy, tertiary health education providers and allied health uses.

The Manager is currently targeting an Agreement for Lease (AFL) with the proposed anchor tenant (joint venture between the doctor group and operator) to be progressed during July 2021 and finalised in August 2021. Subsequent to securing this AFL, there will be sufficient cause to commence enabling works on the site including excavation for the basement carpark levels.

It should be noted that Brisbane remains a competitive environment with regard to alternative sites and approaches to the doctor group and operator. Annerley Road remains the preferred location due to its proximity to existing hospitals, planning approval and speed to market.



Demolition and site clearing were also completed during the quarter, with both buildings removed down to the existing slab level. The progress on site has resulted in increased tenant interest in the proposed development.

The Manager maintains its focus in achieving a liquidity event for all Fund investors. Subject to further analysis and discussions with Fund investors, the Manager is seeking to provide a liquidity option after the following remaining conditions are satisfied:

- All development and planning approvals have been obtained (including any preliminary hospital licence approvals required by the doctor group and operator);
- agreements for lease have been obtained covering 65% of the property's forecast net property income; and
- terms of a construction contract have been agreed.

Item	Description	Indicative Timing	Comments
1	Prepare revised planning submission	Jul 2020 - Aug 2020	Complete
2	Submit revised planning application	Aug 2020 - March 2021	Complete
3	MID approval received	April 2021	Complete
4	Negotiate and finalise non-binding Heads of Agreement (HOA)	Sep 2020 - Jun 2021	Draft HOA is being updated based on revised anchor tenant brief and in line with the specific Doctor group's requirements.
5	Negotiate binding Agreement for Lease (AFL)	Jul 2021 - Aug 2021	Process and timing to be confirmed and agreed
6	Prepare construction tender documentation and healthcare company warm shell fitout (separate work packages) and tender period	Jul 2021 - Aug 2021	Process and timing confirmed and agreed
7	Construction period	Sept 2021 - June 2023	Program of works TBC
8	Anchor tenant integrated fitout period	Oct 2022 - May 2023	Program of works TBC
9	Practical Completion/ Testing & Commissioning/ Handover to anchor tenant	June 2023	

Financial Snapshot

Fund Commencement Date	11 April 2017
Net Asset Value (NAV) (\$ per Unit)	\$0.8450 ¹
Investor Equity (drawn) (\$m)	15.25

¹ Based on unaudited accounts as at 31 March 2021.

Key Development Milestones

Milestone	Progress	Information Memorandum	Date
Development Application Approval	Completed	Dec 2017	Mar 2019
MID Approval	Progressing	N/A	Apr 2021
Commencement of Construction	Not Commenced	Jul 2017	Expected Sep 2021
Practical Completion	Not Commenced	Sept 2018	Expected Jun 2023
Expiry of Investment Term	Progressing	Jun 2019	TBA ¹

¹ The expiry of the investment term is dependent on a number of factors, including the type of sale (as-is, fund-through or turn-key) and whether a rental guarantee is agreed with the buyer of the property.

Property Details

ASSET VALUES

Property Addresses	52-64 Annerley Road, Woolloongabba QLD
Current Valuation (May 19)	\$11.3m
Cap Rate (May 19)	N/A
Valuer	HTW

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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