

Centuria

Quarterly Fund Update
March 2021

Centuria Healthcare Medical Development Fund No.1

Key Points

- As at 31 December 2020, the Fund's Net Asset Value (NAV) is \$0.8487 per unit.
- Ministerial Infrastructure Designation (MID) application approval has been recommended to the Minister of Planning by the MID team.
- Anchor tenant discussions have progressed, with interest now contingent on the formation of a group of doctors for the surgical component, and the finalisation of negotiations with a not-for-profit group for the psychiatric component.

Fund Summary

During the March 2021 quarter, the Manager and its Project Partners concluded its public notification period and submitted its final report for approval under an application for Ministerial Infrastructure Designation (MID). Whilst approval has been recommended by the MID team, the final endorsement is at the Minister's discretion, and therefore there is a risk the application is not approved. It is anticipated there will be an outcome during April 2021.

The Manager has continued to hold discussions with the proposed anchor tenant operator. The anchor tenant's strategic plan is to occupy part of the proposed development. The surgical component requires the formation of the group of doctors into an entity that can partner with the operator, which the Manager has been actively facilitating. The operator is engaged in the same process. The operator's interest in the psychiatric component is pending the resolution of a partnership with a not-for-profit group. An alternative structure has been identified should that partnership not materialise.

As commercial discussions progress in the coming months, the Manager intends to formalise the commercial discussions via a non-binding Heads of Agreement. This is dependent on final space requirements and the anchor tenant firming up its underlying business case. As highlighted in previous updates, the Manager remains confident that once an agreement is secured with the anchor tenant, market appeal will be significantly stronger in a leasing campaign for the balance of the property.

Demolition is expected to commence in the June 2021 quarter. Both existing buildings will be demolished and the site to be cleared.



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

- MID approval (and all other relevant authority approvals) have been obtained;
- 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	Awaiting Ministers endorsement
4	Negotiate and finalise non-binding Heads of Agreement (HOA)	Sept 2020 - April 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), subject to conditions precedent (e.g. MID approval)	April 2021 - June 2021	Process and timing to confirmed and agreed
6	Prepare construction tender documentation and healthcare company warm shell fitout (separate work packages) and tender period	June 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)	\$0.8487 ¹
Investor Equity (drawn) (\$m)	15.25

¹ Based on the accounts as at 31 December 2020.

Key Development Milestones

Milestone	Progress	Information Memorandum	Date
Development Application Approval	Completed	Dec 2017	Mar 2019
MID Approval	Progressing	N/A	Expected 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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