

# Centuria

Fund Update  
September 2022

## Centuria Healthcare Aged Care Property Fund No. 1

(ARSN 602 267 514 APIR HTH0015AU)

### Key points

- The Fund's portfolio is 100% occupied with a 12.8-year<sup>1</sup> Weighted Average Lease Expiry (WALE) by income.
- The NAB per unit increased from \$0.6137 as at 31 December 2021 to \$0.6378 as at 30 June 2022 as a result of valuation uplift by 2% (+\$1.2 million) (in addition to the previous capital return received totalling \$0.51 per unit).
- The September 2022 quarter distribution of 0.83 CPU is in line with the FY23 guidance.
- The GHA Hunter's Hill (Blaxland) development reached practical completion in April 2022.

### Fund summary

The **Centuria Healthcare Aged Care Property Fund No.1** (Fund) distribution for the September 2022 quarter is 0.83 CPU, equating to 3.3 CPU annualised, which is in line with the FY23 distribution guidance. 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](http://CenturiaInvestor.com.au).

Independent or internal valuations were undertaken for all properties held by the Fund. We are pleased to confirm a valuation uplift of 2% (+\$1.2 million) across the portfolio, primarily driven by increase in income due to rent reviews and completion of the Hunters Hill (Blaxland Street) development.

The Manager confirms successful completion of the GHA Hunters Hill development. The project reached practical completion in April 2022 and provides a residual lease term of 9.36 years to GHA. This development adds another quality asset to the Fund's portfolio, with the income stream underpinned by a quality operator on a long-term lease.

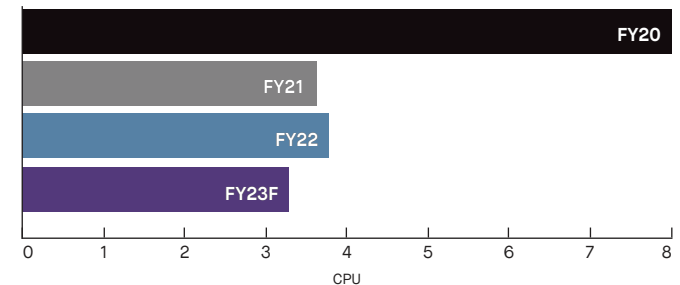


### Financial snapshot

<b>Fund commencement date</b>	15 October 2015
<b>Net asset value (NAV)</b>	\$0.6378 <sup>2</sup>
<b>Distribution rate (cents per unit)</b>	3.30 <sup>3</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	12.8 <sup>4</sup>
<b>Next investor vote on term of Fund</b>	October 2023

### Distribution details

#### ANNUALISED DISTRIBUTION



The distribution rate forecast for the financial year 2023 has been set at 3.30 cents per unit (annualised). The change is primarily driven by increased interest costs. The Reserve Bank of Australia has increased the cash rate from the historically low level of 0.10% to 2.35%. Changes to interest rates will impact the cost of financing within the Fund, which will flow on to the Fund's distribution rate. However, inflation can also be seen as a positive to real estate over time - as the cost to create new supply increases, underlying rental cashflows are also expected to increase.

Please note, given the current volatility in interest rate forecasts, the distribution assumption may need to be reviewed. Should interest rates normalise at higher (or lower) than forecast levels, distributions may be revised. This forecast distribution rate also reflects the current performance of the Fund and assumes all tenants will satisfy their contractual obligations under their respective leases within a timely manner. It also assumes there are no significant unforeseen capital costs and no material changes to the Fund's financial obligations.

1. As at 30 June 2022.
2. Based on the audited 30 June 2022 financials.
3. Forecast FY23 full year distribution.
4. As at 30 September 2022.

## Portfolio statistics

	INITIAL <sup>1</sup>	JUN-21	JUN-22
Net asset backing	\$0.9400	\$0.5358 <sup>2</sup>	\$0.6378 <sup>3</sup>
Portfolio occupancy rate	100%	100%	100% <sup>4</sup>
Weighted average lease expiry (WALE) (years)	20.0	14.1	12.8 <sup>4</sup>

## Top five tenants by net lettable area (NLA)

Group Homes Australia	53%
Hall & Prior	47%

Occupancy is 100% with a 12.8-year WALE by income as at 30 September 2022. All tenants continue to pay their rent in a timely manner. The Fund has not received or granted any COVID-19 rent relief requests and as a result the Manager has continued to pay the distribution in line with the guidance provided to investors.

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	21.49 <sup>5</sup>	
Undrawn amount	1.374	
Loan expiry	31-Oct-23	
% of debt hedged	-	
Loan to value ratio (LVR)	35.01% <sup>6</sup>	50.0%
Interest cover ratio (ICR)	6.48 <sup>7</sup>	2.50

## Centuria investor website

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](https://www.centuriainvestor.com.au). The audited financial report for the 2022 financial year is available to download from [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au). The updated Net Asset Backing (NAB) is also posted on [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au).

You can access all information relating to your Centuria investments at [CenturiaInvestor.com.au](https://www.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 (within Australia); +61 2 9290 9689 (outside Australia) or by email on [Property.Enquiry@CenturiaInvestor.com.au](mailto:Property.Enquiry@CenturiaInvestor.com.au).

1. Based on the Product Disclosure Statement dated 26 November 2015.
2. \$0.51 per unit capital returned to unitholders in September 2020 following the disposal of five properties.
3. Based on the audited 30 June 2022 financials.
4. As at 30 September 2022.
5. As at 30 June 2022.
6. As at 30 June 2022. The LVR is based on the most recent independent valuations as defined under the debt facility agreement.
7. The stated ICR figures are based on the most recent audited financial statement as at 30 June 2022.

## Portfolio details

PROPERTY ADDRESS	PREVIOUS VALUATION	PREVIOUS CAP RATE	CURRENT VALUATION	CAP RATE	WALE	VALUER
98 Alameda Way, Warriewood NSW	\$2,600,000	5.00%	\$2,700,000	5.00%	9.6	CBRE
46 Carrington Road, Waverley NSW	\$6,000,000	5.00%	\$6,200,000	5.00%	9.6	CBRE
81 Fairlawn Avenue, Turramurra NSW	\$4,500,000	5.00%	\$4,700,000	5.00%	9.6	CBRE
29 Earl Street, Hunters Hill NSW	\$5,100,000	5.00%	\$5,300,000	5.00%	9.6	CBRE
28 Irrubel Road, Caringbah NSW	\$4,000,000	5.00%	\$4,200,000	5.00%	10.4	CBRE
22 Morrison Road, Midland WA	\$12,350,000	6.75%	\$12,200,000	6.75%	16.0	CBRE
107 Carrington Avenue, Hurstville NSW	\$7,530,000	7.25%	\$7,550,000	7.25%	16.5	Colliers
42 Clissold Road, Wahroonga NSW	\$4,900,000	5.00%	\$5,100,000	5.00%	11.6	CBRE
30 Kenthurst Road, St Ives NSW	\$5,300,000	5.00%	\$5,400,000	5.00%	11.6	CBRE
32 Blaxland Road, Hunters Hill NSW	\$5,100,000 <sup>1</sup>	5.00%	\$5,200,000	5.00%	11.9	CBRE
<b>TOTAL</b>	<b>\$57,380,000</b>	<b>5.67%<sup>2</sup></b>	<b>\$58,550,000</b>	<b>5.65%<sup>2</sup></b>	<b>12.4</b>	

An internal or independent valuation was undertaken for all the properties for financial reporting purposes as at 30 June 2022. This has resulted in a total portfolio valuation uplift of 2% (+\$1.2 million, excluding developments) and the capitalisation rate reducing to 5.65% from 5.67%.

**Note:** The latest RG46 Statement for the Fund is available at [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au). It includes gearing ratio, calculated using ASIC methodology, gearing covenant sensitivities, details of the related party transactions in the period and further information on the source of distributions.

- Nicholas Houghton:  
As if complete valuation as at 31 December 2021.
- Weighted average capitalisation rate includes properties under development.

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