

# Centuria

Fund Update  
September 2022

## Centuria Healthcare Direct Medical Fund No. 1

(ARSN 602 267 514 APIR HTH0015AU)

### Key points

- Fund wind up progressing, on market sale campaign completed.
- We are pleased to report that sale contracts have been exchanged for the sale of the Sydenham property.
- A preferred buyer for the Spotswood property has been selected, and is currently in exclusive due diligence.
- A sale for six of the Fund's properties is currently being considered as a portfolio.
- Strong portfolio occupancy of 98.2%, with a Weighted Average Lease Expiry (WALE) of 3.47 years<sup>1</sup>.
- The September 2022 quarter distribution is 1.20 cents per unit (CPU).

### Fund summary

The **Centuria Healthcare Direct Medical Fund No. 1** (Fund) distribution for the September 2022 quarter is 1.20 CPU and will be paid on or around 10 October 2022. 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).

After the General Meeting for the Centuria Healthcare Direct Medical Fund No.1 in December 2021, the orderly wind up of the fund was commenced after the Resolution to extend the fund was not passed by investors. As such, a formal marketing campaign for the divestment of the fund's remaining nine assets was commenced in April 2022. The second round of the campaign concluded on 15 June 2022 with multiple bids received for consideration.

Market conditions have since become more challenging due to the increasing cost of debt and a subdued economic outlook. Despite this, we are pleased to announce that contracts have been exchanged with a purchaser for the sale of 574 Melton Highway, Sydenham, achieving a 13% premium to the most recent independent valuation. Settlement of the property will be in early December 2022.

An exclusive due diligence period has also been granted to a potential purchaser for the Spotswood property, with exchange of contracts scheduled for November 2022.

The Fund is currently in negotiations for the potential sale of the remaining 6 properties.

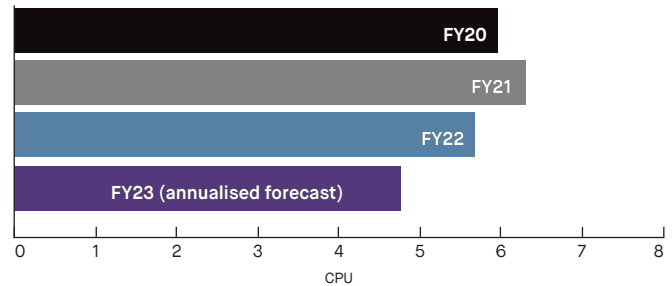


### Financial snapshot

<b>Fund commencement date</b>	November 2014
<b>Net asset backing</b>	\$0.8700 <sup>2</sup>
<b>Distribution rate (cents per unit)</b>	4.80 <sup>3</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	3.47 <sup>4</sup>

### Distribution details

#### ANNUALISED DISTRIBUTION



The Fund distribution for the September 2022 quarter is 1.20 CPU and will be paid on or around 10 October 2022.

1. By Income, as at 30 September 2022  
2. Based on the 30 June 2022 financial accounts.  
3. Annualised based on forecast 1.2 cpu September 2022 quarter distribution.  
4. As at 30 September 2022.

## Portfolio statistics

	INITIAL <sup>1</sup>	JUN-19	JUN-20	JUN-21	JUN-22
Net Asset Value (NAV)	\$0.9400	\$0.9053	\$0.9128	\$1.0040	\$0.8700 <sup>2</sup>
Portfolio occupancy rate	100%	96.1%	98.0%	97.1%	98.2%
Weighted average lease expiry (WALE) (years)	5.0	4.6	4.2	4.5	3.5

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

Health Care	19%
Sonic Healthcare	14%
Nexus Hospitals	13%
BGH Capital Group	10%
Other	44%

Occupancy is 98.2% with a WALE by income of 3.47 years as at 30 June 2022.

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	47.3 <sup>3</sup>	
Undrawn amount	\$0.4m <sup>3</sup>	
Loan expiry	Nov-2022	
% of debt hedged	0.0% <sup>3</sup>	
Loan to value ratio (LVR)	41.0% <sup>4</sup>	55.0%
Interest cover ratio (ICR)	6.31 <sup>5</sup>	1.75

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. BOQ (the Fund's lender) requires a minimum ICR covenant of 1.75 times and the Fund's ICR is 6.31x as at 30 June 2022.

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 55% and the Fund's LVR is 40.96% as at 30 June 2022.

We are pleased to confirm the Fund's financier BOQ has agreed to extend the facility until 30 November 2022.

## 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://CenturiaInvestor.com.au).

The audited financial report for the 2022 financial year is finalised and is available to download from [CenturiaInvestor.com.au](https://CenturiaInvestor.com.au). The updated Net Asset Value (NAV) will be posted on [CenturiaInvestor.com.au](https://CenturiaInvestor.com.au).

You can access all information relating to your Centuria investments at [CenturiaInvestor.com.au](https://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 PDS dated 1 November 2014.

2. Based on the 30 June 2022 financial accounts.

3. As at 30 June 2022.

4. The LVR is based on the most recent independent valuations as defined under the debt facility agreement as at 30 June 2022.

5. The stated ICR figures are based on the most recent audited accounts (30 June 2022).

## Portfolio details

PROPERTY ADDRESS	PREVIOUS BOOK VALUE	PREVIOUS CAP RATE	CURRENT BOOK VALUE	CAP RATE	WALE	OCCUPANCY	VALUER
574 Melton Highway, Sydenham VIC	\$3,830,000	5.50%	\$4,214,000	5.50%	3.0	100%	M3
956 Gympie Road, Chermside QLD	\$23,200,000	5.50%	\$22,736,000	5.50%	2.4	100%	JLL
57 Norris Road, North Mackay QLD	\$12,900,000	6.75%	\$13,524,000	6.75%	3.7	100%	JLL
74-86 Channon Street, Gympie QLD	\$7,150,000	8.25%	\$7,203,000	8.25%	7.8	96%	JLL
295 Kingston Road, Logan Central QLD	\$14,200,000	5.50%	\$13,916,000	5.50%	2.7	81%	CBRE
1 Derby Street, Kogarah NSW	\$14,900,000	6.00%	\$14,602,000	6.00%	5.6	100%	JLL
196 Hall Street, Spotswood VIC	\$10,300,000	5.50%	\$9,310,000	5.50%	2.8	100%	M3
7 High Street, Forest Lake QLD	\$12,250,000	5.50%	\$12,172,000	5.50%	2.5	100%	JLL
18 Civic Boulevard, Rockingham WA	\$17,200,000	6.50%	\$16,856,000	6.50%	2.3	100%	CBRE
<b>TOTAL</b>	<b>\$115,930,000</b>	<b>6.02%<sup>1</sup></b>	<b>\$114,533,000</b>	<b>6.03%<sup>1</sup></b>	<b>3.47<sup>1</sup></b>	<b>98.20%<sup>1</sup></b>	

Internal valuations were undertaken for the portfolio for financial reporting purposes as at 30 June 2022 and all the properties are reflected as "held for sale" as the Manager is undertaking wind up of the Fund.

**Note:** The latest RG46 Statement for the Fund is available at [CenturiaInvestor.com.au](http://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.

1. Portfolio weighted average capitalisation rate

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