

# Centuria

Fund Update  
March 2023

## 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 12.2-year<sup>1</sup> Weighted Average Lease Expiry (WALE) by income with no medium term lease expiries.
- The NAB per unit increased from \$0.6378 as at 30 June 2022 to \$0.6412 as at 31 December 2022 as a result of valuation uplift by 0.4% (+\$0.2 million) (in addition to the previous capital return received totalling \$0.51 per unit).
- The March 2023 quarter distribution of 0.83 CPU is in line with the FY23 guidance.
- 100% of the portfolio is linked to CPI rent reviews<sup>2</sup> driving strong rental growth in the property portfolio.

### Fund summary

The **Centuria Healthcare Aged Care Property Fund No.1** (Fund) distribution for the March 2023 quarter is 0.825 CPU, equating to 3.3 CPU annualised, which is in line with the FY23 distribution guidance. Following the previous return of capital, the distribution rate on the residual initial capital (\$1.00 less \$0.51) of \$0.49 per unit reflects a distribution rate of approximately 6.7% (annualised). Further, the average distribution paid to investors is 7.5% p.a. since inception of the fund (26 November 2015). 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 0.4% (+\$0.2 million) across the portfolio, primarily driven by increase in income due to rent reviews which was offset by softening in cap rate from 5.65% to 5.77%.

On 13 March 2023 a survey was sent to investors seeking the appetite for either an extension of the Fund term and/or requests for liquidity at term expiry. If you haven't responded to the survey, please feel free to contact us. A Notice of Meeting will be sent to the investors with the recommended strategy prior to the expiry of the fund term.

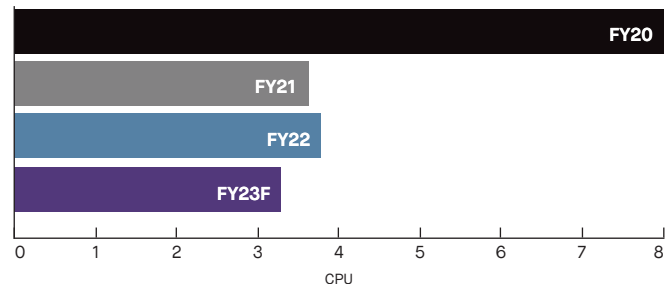


### Financial snapshot

<b>Fund commencement date</b>	15 October 2015
<b>Net asset value (NAV)</b>	\$0.6412 <sup>3</sup>
<b>Distribution rate (cents per unit)</b>	3.30 <sup>4</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	12.23 <sup>5</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). 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.

The Manager will provide an update in June 2023 to confirm the forecast distribution rate for the 2024 financial year. The Manager will also incorporate the increased cost of interest rates in the distribution forecast, which may have an impact on the 2024 financial year distribution rate.

1. As at 31 March 2023

2. Hall & Prior leases (Midland and Hurstville) have CPI-linked rent reviews with cap of 5%.

3. Based on the audited 31 December 2022 financials.

4. Forecast FY23 full year distribution as at 31 March 2023. The forecast distribution rate is predictive in nature and is subject to assumptions, risks and circumstances (both known and unknown) outside of the control of the Fund. The actual returns may differ from the forecast returns. The Responsible Entity does not guarantee the performance of the Fund, the repayment of capital or any income or capital return. See Distribution Details section below for forecast assumptions and risks.

5. As at 31 March 2023.

## Portfolio statistics

	INITIAL <sup>1</sup>	JUN-21	JUN-22	DEC-22
Net asset backing	\$0.9400	\$0.5358 <sup>2</sup>	\$0.6378	\$0.6412 <sup>3</sup>
Portfolio occupancy rate	100%	100%	100%	100% <sup>4</sup>
Weighted average lease expiry (WALE) (years)	20.0	14.1	12.8	12.2 <sup>4</sup>

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

Group Homes Australia	54%
Hall & Prior	46%

Occupancy is 100% with a 12.2-year WALE by income as at 31 March 2023. All tenants have continued 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)	34.34% <sup>6</sup>	50.0%
Interest cover ratio (ICR)	6.13 <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**. The audited financial report for the 31 December 2022 half year financials is available to download from **CenturiaInvestor.com.au**. The updated Net Asset Backing (NAB) is also posted on **CenturiaInvestor.com.au**.

You can access all information relating to your Centuria investments 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 (within Australia); +61 2 9290 9689 (outside Australia) or by email on **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 31 December 2022 financials.
4. As at 31 March 2023.
5. As at 31 December 2022.
6. As at 31 December 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 31 December 2022.

## Portfolio details

PROPERTY ADDRESS	PREVIOUS VALUATION	PREVIOUS CAP RATE	CURRENT VALUATION	CAP RATE	WALE	VALUER
98 Alameda Way, Warriewood NSW	\$2,700,000	5.00%	\$2,700,000	5.25%	8.8	CBRE
46 Carrington Road, Waverley NSW	\$6,200,000	5.00%	\$6,250,000	5.25%	8.8	CBRE
81 Fairlawn Avenue, Turramurra NSW	\$4,700,000	5.00%	\$4,550,000	5.25%	8.9	CBRE
29 Earl Street, Hunters Hill NSW	\$5,300,000	5.00%	\$5,230,000	5.25%	8.9	CBRE
28 Irrubel Road, Caringbah NSW	\$4,200,000	5.00%	\$4,300,000	5.25%	9.6	CBRE
22 Morrison Road, Midland WA	\$12,200,000	6.75%	\$12,750,000	6.75%	15.0	CBRE
107 Carrington Avenue, Hurstville NSW	\$7,550,000	7.25%	\$7,600,000	7.25%	15.7	Colliers
42 Clissold Road, Wahroonga NSW	\$5,100,000	5.00%	\$5,200,000	5.00%	10.9	CBRE
30 Kenthurst Road, St Ives NSW	\$5,400,000	5.00%	\$5,200,000	5.00%	10.8	CBRE
32 Blaxland Road, Hunters Hill NSW	\$5,200,000	5.00%	\$5,000,000	5.00%	11.2	CBRE
<b>TOTAL</b>	<b>\$58,550,000</b>	<b>5.65%</b>	<b>\$58,780,000</b>	<b>5.77%</b>	<b>12.2</b>	

An internal or independent valuation was undertaken for all the properties for financial reporting purposes as at 31 December 2023. This has resulted in a total portfolio valuation uplift of 0.4% (+\$0.2 million) and the capitalisation rate increased to 5.77% from 5.65%.

**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.

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