

# Centuria

Fund Update  
September 2022

## Centuria Healthcare Medical Development Fund No.1



### Key points

- As at 30 June 2022, the Fund's Net Asset Value (NAV) is \$0.7958 per unit<sup>1</sup>
- Discussions are continuing with the anchor tenant - a joint venture between local surgeons and a hospital operator
- The hospital operator has engaged a consultant to assist in attracting further surgeons

<sup>1</sup> Based on unaudited accounts as at 30 June 2022.

### Fund summary

#### Leasing update

During the quarter, the Manager and Pikos (Project Partners) have continued discussions with the proposed anchor tenant - a joint venture between an established and well capitalised hospital operator and a local surgeon group - which is proposed to occupy approximately 29% of the to-be developed property.

While the discussions continue to be protracted, there has been meaningful progress since our last semi-annual update, as outlined below:

- 17 surgeons are contracted (up from 7 to 10 surgeons since our last semi-annual update). These surgeons have committed capital to the joint venture entity, creating a strong level of alignment.
- Of the 17 surgeons contracted, there is a broad mix of specialities - 10 are orthopaedic, 6 are a mixture of plastics / ENT / gastroenterology and 1 is a general surgeon.
- To reach a feasible business case, commitment from a further 5 surgeons is required. To achieve this target, the hospital operator has engaged a healthcare consultant to assist in contracting the additional surgeons, specifically targeting ENT and general surgeons.
- We have been advised by the hospital operator, that the process to attract further surgeon commitment should take approximately 6-8 weeks (ending mid-October 2022).

Following the finalisation of surgeon commitments, the anchor tenant will be in a position to confirm its' lease terms at the property which will be documented in the Agreement for Lease (AFL). We anticipate that the AFL will be finalised towards the end of CY2022. After securing the AFL with the proposed anchor tenant, there will be sufficient cause to commence enabling works on the site including excavation for the four-level basement carpark.

In terms of leasing the balance net lettable area of the property, an on-market campaign will commence only after execution of an AFL with the anchor tenant. However, initial informal leasing discussions have been held with a number of other potential tenants at the property, including GP, imaging, pharmacy and specialist groups. We anticipate the on-market campaign will commence in early CY2023, subject to execution of the anchor tenant AFL.

#### Liquidity

The Manager maintains its focus in achieving a liquidity event for all Fund investors as soon as practically possible. Subject to further analysis and discussions with Fund investors, the Manager is seeking to provide a liquidity option subject to (among other conditions) the satisfaction of the following remaining conditions:

- All development and planning approvals have been obtained (including any preliminary hospital licence approvals required by the proposed anchor tenant);
- 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.

A high-level program is as follows:

Item	Status	Information memorandum	Anticipated date
Development application approval	Completed	Dec 2017	Mar 2019
MID approval	Completed	N/A	Apr 2021
Commencement of construction	Not commenced	Jul 2017	Forecast Apr 2023
Practical completion	Not commenced	Sept 2018	Forecast Dec 2024
Expiry of investment term	Progressing	Jun 2019	TBA <sup>1</sup>

<sup>2</sup> 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.

### Financial snapshot

Fund commencement date	11 April 2017
Net asset value (NAV) (\$ per Unit)	\$0.7958 <sup>1</sup>
Investor equity (drawn) (\$m)	15.25

<sup>1</sup> Based on unaudited accounts as at 30 June 2022.

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## Property details

### ASSET VALUES

Property addresses	52-64 Annerley Road, Woolloongabba QLD
Independent valuation	\$13.5m
Independent valuation date	24 July 2021
Valuer	Preston Rowe Paterson

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## Centuria website

Access all your Centuria Healthcare investments information at:  
**CenturiaInvestor.com.au.**

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## 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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