

Centuria

Fund Update
March 2023

Centuria Healthcare Direct Medical Fund No. 1

(ARSN 602 267 514 APIR HTH0015AU)

Key points

- Sydenham and Spotswood properties successfully settled in December 2022.
- Logan Central property contracted for sale and is expected to settle in May 2023.
- The remaining 6 properties under call option with Centuria Healthcare Property Fund will be marketed for sale as the call options were not exercised.
- Strong portfolio occupancy of 97.8%, with a Weighted Average Lease Expiry (WALE) of 3.50 years.
- March 2023 quarter distribution of 1.00 cents per unit (CPU) following sale of Sydenham and Spotswood properties.

Fund summary

The **Centuria Healthcare Direct Medical Fund No. 1** (Fund) distribution for the March 2023 quarter is 1.00 CPU and will be paid on or around 10 April 2023. The distribution for March 2023 has reduced from December 2022 of 1.20 CPU to 1.00 CPU due to the divestment of the Sydenham and Spotswood properties. 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.

Fund wind up update

In accordance with Investor's direction at the December 2021 General Meeting of Investors, the orderly wind up of the Fund continues to progress. Of the nine assets that were initially marketed for sale, two properties have now been sold, being 574 Melton Highway, Sydenham and 196 Hall Street, Spotswood for a combined sale price of \$12.80 million. The net proceeds from these sales were utilised to pay down the Fund's debt facility.

An on-market campaign for 295 Kingston Road, Logan Central concluded on 8 March 2023. Four offers were received with the highest offer being \$12.19 million (gross price). The Logan Central property is now contracted for sale with proposed settlement in May 2023.

The remaining six properties were contracted via option sale agreements to the Centuria Healthcare Property Fund ("CHPF"). CHPF did not exercise the call options for two properties by 30 April 2023 and as a result the call options have lapsed for all the properties. As a result, remaining six properties will be marketed for sale by the sale agents in line with the wind-up process for the Fund. Centuria management will provide a further update at the time of any further sales or in the next Fund Update.

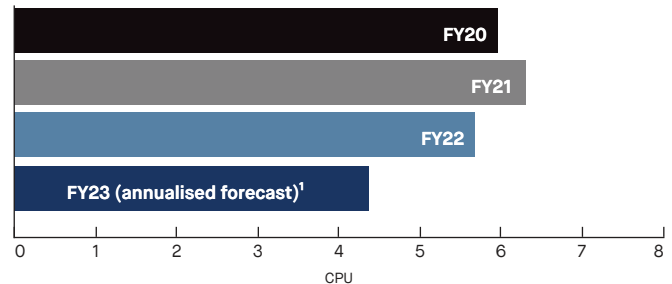


Financial snapshot

Fund commencement date	November 2014
Net asset backing	\$0.8631 ²
Quarterly distribution rate (cents per unit)	1.00
Weighted average lease expiry (WALE) (years)	3.50 ³

Distribution details

ANNUALISED DISTRIBUTION



1. Subject to property settlements.

The distribution for Mar-23 quarter is reduced from 1.2 CPU to 1.0 CPU, following the sale of Sydenham and Spotswood properties. The distribution forecast will be pro-rated subject to the settlement of Logan Central and the settlement of any other properties during the Jun 23 quarter.

1. By Income as at 31 March 2023

2. Based on the 31 December 2022 financial accounts.

3. As at 31 March 2023.

Portfolio statistics

	INITIAL ¹	JUN-19	JUN-20	JUN-21	JUN-22	DEC-22
Net Asset Value (NAV)	\$0.9400	\$0.9053	\$0.9128	\$1.0040	\$0.8700	\$0.8631 ²
Portfolio occupancy rate	100%	96.1%	98.0%	97.1%	98.2%	97.8%
Weighted average lease expiry (WALE) (years)	5.0	4.6	4.2	4.5	3.47	3.5

Top five tenants by net lettable area (NLA)

Health Care	22%
Sonic Healthcare	15%
Nexus Hospitals	15%
BGH Capital Group	11%
Other	37%

Occupancy is 97.8% with a WALE by income of 3.50 years as at 31 March 2023.

Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	47.34 ³	
Undrawn amount	12.82 ³	
Loan expiry	Nov-2022	
% of debt hedged	0.0% ³	
Loan to value ratio (LVR)	30.8% ⁴	55.0%
Interest cover ratio (ICR)	4.09 ⁵	1.75

In May 2022 the Reserve Bank of Australia (RBA) increased the cash rate for the first time in 11 years as a result of inflationary pressures experienced within the economy. Subsequently the RBA has executed several rate increases with the current cash rate at 3.60% (March 2023). Interest rates rises have a direct impact to the cost of debt and financial performance of the Fund. Centuria management has continued to monitor and stress test interest rates for the Fund. FY24 Fund budgets will be forecast in the coming months, and a FY24 distribution forecast will be provided to investors in June 2023.

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 4.09x as at 31 December 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 30.83% as at 31 December 2022.

We are pleased to confirm the Fund's financier BOQ has agreed to extend the facility until 30 June 2023.

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 finalised and is available to download from [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au). The updated Net Asset Value (NAV) will be 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.

1. Based on the PDS dated 1 November 2014.

2. Based on the 31 December 2022 financial accounts.

3. As at 31 December 2022.

4. The LVR is based on the most recent independent valuations as defined under the debt facility agreement as at 31 December 2022.

5. The stated ICR figures are based on the most recent audited accounts (31 December 2022).

Portfolio details

PROPERTY ADDRESS	PREVIOUS BOOK VALUE	PREVIOUS CAP RATE	CURRENT BOOK VALUE	CAP RATE	WALE	OCCUPANCY	VALUER
956 Gympie Road, Chermside QLD	\$22,736,000	5.50%	\$21,750,000	5.50%	3.6	100%	JLL
57 Norris Road, North Mackay QLD	\$13,524,000	6.75%	\$13,100,000	6.75%	3.2	100%	JLL
74-86 Channon Street, Gympie QLD	\$7,203,000	8.25%	\$7,250,000	7.25%	7.3	96%	JLL
295 Kingston Road, Logan Central QLD	\$13,916,000	5.50%	\$14,200,000 ¹	5.75%	2.7	84%	CBRE
1 Derby Street, Kogarah NSW	\$14,602,000	6.00%	\$17,800,000	5.50%	5.1	100%	JLL
7 High Street, Forest Lake QLD	\$12,172,000	5.50%	\$11,100,000	5.75%	2.0	100%	JLL
18 Civic Boulevard, Rockingham WA	\$16,856,000	6.50%	\$16,500,000	6.60%	2.1	100%	CBRE
TOTAL	\$101,009,000	6.03%²	\$101,700,000	6.03%²	3.50²	97.80%²	

Internal valuations were undertaken for the portfolio for financial reporting purposes as at 31 December 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](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.

1. Directors' valuation undertaken as at 31 December 2022.
2. Portfolio weighted average capitalisation rate

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