

Centuria

Fund Update
September 2024

Centuria Healthcare Aged Care Property Fund No.1

(ARSN 606 707 055 APIR HTH0020AU)

Key points

- The Fund currently holds 2 properties which are 100% occupied with a portfolio weighted average lease expiry (WALE) of 14 years.¹
- The manager has successfully settled the divestment of the 8 Group Home Australia assets at a 1.5% premium to Dec 2023 book value.
- The manager offered a total liquidity of \$26 million to investors post divestment of the GHA properties and \$25.69 million was paid to redeem units. The remaining capital of \$0.31m was paid to the investors as a special distribution of 1.53 cents per unit (CPU).
- The annualised distribution guidance for FY25 is 4.1078 cpu, improving the yield compared to the previous year.
- Valuations were undertaken in June 2024 with a marginal increase in valuation.
- 100% of the portfolio is linked to CPI rent reviews² driving strong rental growth in the property portfolio.

Fund summary

The **Centuria Healthcare Aged Care Fund No.1 (Fund)** is a multi-asset, closed-ended unlisted property trust that was established to provide investors with stable income return and the potential for capital growth by acquiring residential aged care properties that are diversified by operator and location, with long term leases in place, and multiple exit strategies.

The annualised distribution guidance for the current financial year of FY25 is 4.1078 cpu. The forecast yield based on the remaining capital of ~ \$0.475 per unit is expected to be 8.65%, an increase compared to FY24 of 6.49%. This forecast 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.

Independent valuations were undertaken for properties held by the Fund as at 30 June 2024. Valuations saw an overall increase of \$0.05m (+0.2%) driven by an increase in passing and market income.

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 as at 30 June 2024 is available to download from CenturiaInvestor.com.au. The updated Net Asset Backing (NAB) is also posted on CenturiaInvestor.com.au.



Execution of Fund Strategy

The settlement for the eight GHA properties were completed on 30 April 2024 for a total of \$38 million compared to 31 December 2023 valuation of \$37.45 million, representing a premium of 1.5%. This is a great outcome acknowledging the prevailing market conditions and reflects continued, demand for high-quality specialist care residences. Subsequent to the divestment of properties a withdrawal offer of \$26 million was offered to all investors. Redemptions equating to \$25.69 million of the offer was subscribed and has now been paid to the investors who participated in the withdrawal offer.

The remaining capital of \$0.31 million will now be paid to all the Investors remaining in the Fund as a special distribution, equating to 1.53 CPU.

The investors were also previously paid a special distribution of 51.0 CPU (capital return) in August 2020 post the divestment of the Infinite Care assets.

Financial snapshot

| | |
|--|-----------------------|
| Fund commencement date | 15 October 2015 |
| Net asset value (NAV) | \$0.6376 ³ |
| Forecast distribution rate (cents per unit) | 4.1078 ⁴ |
| Weighted average lease expiry (WALE) (years) | 14 ¹ |
| Next investor vote on term of Fund | October 2025 |

1. As at 30 September 2024.

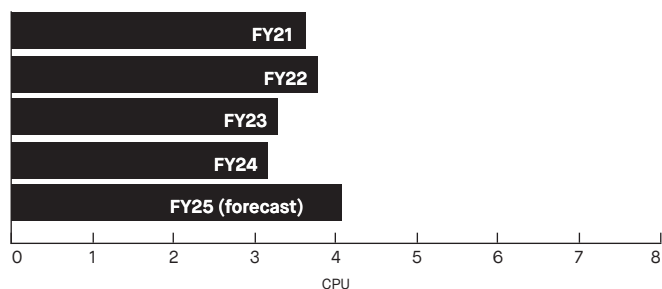
2. Hall & Prior leases (Midland and Hurstville) have CPI-linked rent reviews.

3. Based on 30 June 2024 audited financial accounts. Past performance is not a reliable indicator of future performance.

4. Annualised forecast FY25 full year distribution. 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.

Distribution details

ANNUALISED DISTRIBUTION



The distribution rate forecast for the financial year 2025 has been set at 4.1078 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.

Portfolio statistics

| | INITIAL ¹ | JUN 22 | JUN 23 | DEC 23 | JUN 24 |
|--|----------------------|-----------------------|----------|----------|-----------------------|
| Net Asset Value (NAV) | \$0.94 | \$0.6378 ² | \$0.6528 | \$0.6380 | \$0.6376 ³ |
| Portfolio Occupancy | 100% | 100% | 100% | 100% | 100% ⁴ |
| Weighted Average Lease Expiry (WALE) by income (years) | 20.0 | 12.8 | 12.0 | 11.48 | 13.98 ⁴ |

30 June 2024 valuations have seen some minor uplift however the impact to NAV has been offset by the revaluation of financial derivatives (interest rate swaps).

Top tenants by net lettable area (NLA)

| | |
|--------------|------|
| Hall & Prior | 100% |
|--------------|------|

Occupancy is 100% with a 14 year WALE by income as at 30 September 2024. All tenants have continued to pay their rent in a timely manner.

Debt summary

| | CURRENT PERIOD | LOAN COVENANTS |
|----------------------------|----------------------|----------------|
| Total Facility Limit | \$9.41m ⁵ | |
| Undrawn Amount | – ⁵ | |
| Loan Expiry | 31 December 2025 | |
| % of Debt Hedged | 50.0% | |
| Loan to Value Ratio (LVR) | 44.9% ⁶ | 50.0% |
| Interest Cover Ratio (ICR) | 2.7 ⁷ | 2.0 |

The interest cover ratio (ICR) determines the Fund's ability 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 2.00 times and the Fund's ICR as at 30 June 2024 is 2.7 times.

The loan to value ratio (LVR) calculates the amount of debt we have against the value of the Fund's properties. The LVR bank covenant for the Fund is 50% and the Fund's LVR is 44.9%. The Manager will continue to update property valuations in line with the fund's valuation cycle policy.

1. Based on PDS 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 30 June 2024 audited financial accounts.

4. As at 30 September 2024.

5. As at 30 June 2024 (Term loan facility).

6. As at 30 June 2024. 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 30 June 2024 financial accounts.

Portfolio details

| PROPERTY | BOOK VALUE (\$) - DECEMBER 2023 | BOOK VALUE (\$) - JUNE 2024 | CAP RATE – DECEMBER 2023 | CAP RATE – JUNE 2024 |
|------------|------------------------------------|--------------------------------|-----------------------------|--------------------------|
| Midland | \$12,750,000 | \$12,750,000 | 7.25% | 7.25% |
| Hurstville | \$8,150,000 | \$8,200,000 | 7.50% | 7.50% |
| Total | \$20,900,000 | \$20,950,000 | 7.35%¹ | 7.35%¹ |

The latest valuations were undertaken as at 30 June 2024 and both remaining assets (Hurstville and Midland) were independently valued. The valuation cycle saw a minor valuation uplift of \$0.05m (+0.2%). Capitalisation rates held at 7.35% with valuation improvement driven by a minor increase in passing/market income.

Following the divestment of the 8 GHA properties the manager has increased portfolio WALE from 11.5 years to 14.0 years as at 30 September 2024. Portfolio occupancy will remain at 100%.

1. Weighted Average Cap Rate (Like for Like assets)

RG46 Statements

The latest RG46 Statement for the Fund is available at **CenturiaInvestor.com.au**. It includes the following key information:

- Gearing ratio, calculated using ASIC methodology
- Gearing covenant sensitivities
- Detail of related party transactions in the period
- Further information on the source of distributions.

Centuria Investor Website

Access all information relating to your Centuria investments at CenturiaInvestor.com.au.

Contact Details

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**

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