

RAM ESSENTIAL SERVICES PROPERTY FUND (ASX CODE: REP)

## ASX ANNOUNCEMENT

22<sup>nd</sup> February 2022

### RAM ESSENTIAL SERVICES PROPERTY FUND (REP) REPORTS STRONG HY22 RESULTS AND ACCRETIVE HEALTHCARE ACQUISITIONS

#### Financial highlights:

- 7.4% increase in NTA to \$1.01 per security (PDS \$0.94), driven by strong revaluations across 67% of the portfolio
- \$44 million of off-market medical acquisitions results in greater diversification, DPU accretion, increased WALE and a 50% fund exposure to medical
- Increase in guidance for FY22 distribution per security from 3.9 cents per security to 4.0 cents per security for the period 20 Oct 21 to 30 Jun 22 on the back of solid performance and accretive transactions
- Distribution of 1.09 cents paid for the December quarter

#### Operational update:

The defensive characteristics of the essential services portfolio means the fund is well positioned for a higher inflationary environment and an uncertain macro backdrop:

- 85%<sup>1</sup> of the portfolio is exposed to annual rent escalators or CPI outcomes. This will increase to 87%<sup>2</sup> post announced transactions
- Organic growth generated by the ongoing and activated value add program will drive both income escalation and capital appreciation, providing the basis for outperformance in a higher inflationary environment
- Essential services exposure is driving robust performance with 99%<sup>3</sup> occupancy, 98.5% cash collection and 7.3 year<sup>4</sup> WALE
- Strategic relationships with high quality tenants drives organic investment opportunities in leasing, value add and acquisition initiatives

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<sup>1</sup> As at 31 December 2021.

<sup>2</sup> Pro forma includes effects of post balance sheet capital transactions as if included within the period.

<sup>3</sup> Excludes area held for value add and vacancy covered by rental guarantees.

<sup>4</sup> Pro forma includes capital transactions executed post 31 December 2021.

### Portfolio update:

Through active portfolio management the Essential Services Fund has utilised an opportunistic divestment and leveraged its sector expertise to secure further scarce medical assets:

- Secured another \$44m of healthcare assets in off market transactions proving the fund can continue to acquire scarce assets in a competitive market
- With the healthcare acquisitions, the Fund has been rebalanced to 50% medical income exposure, reaching the target weighting stated in our near-term objectives
- 67% of the portfolio externally revalued as at 31 December 2021, resulting in NTA uplift of 7.4%
- Pro-forma<sup>5</sup>gearing of 28.6% at the lower end of the Fund's target range of 25% to 40%

### Development update:

Ongoing development pipeline is driving organic earnings and NTA growth:

- Value add pipeline continues to grow, predominantly from increased scope in development projects across the medical portfolio, further increasing exposure to this key sector
- Reiterating forecasted value add works of around \$120 million over the next three years with an expected yield on cost well in excess of WACR
- Our longer-term view is for REP to unearth further value add opportunities taking the potential to over \$200 million

### Outlook

Through active portfolio management REP has made excellent progress against the targets outlined in our PDS and we feel the fund is on track to continue delivering good performance for our security holders:

- Recent acquisitions lifts FY22 FFO guidance to \$21.6 million and will have more of an impact in FY23
- FY22 expected distribution per security increases from 3.9 cents to 4.0 cents at a payout ratio of 96%
- First distribution of 1.09c per unit was paid in January, with the remaining distributions to be paid quarterly

RAM CEO, Scott Kelly, said "I am pleased to report our maiden financial results in which we've delivered PDS forecasts, broadened the geographical diversity and rebalanced towards medical exposure with several accretive capital transactions. We've achieved strong portfolio revaluations and increased our distribution guidance for the full year. The defensive qualities of our Essential Services portfolios are evident and we remain well positioned against an increasingly inflationary back-drop.

Importantly, we remain on track and well positioned to provide security holders with stable and secure income and the potential for both income and capital growth."

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<sup>5</sup> Pro forma includes effects of post balance sheet capital transactions as if included within the period.

### **Analyst and investor briefing**

An analyst and investor briefing, followed by a Q&A session, will be held on Tuesday 22 February 2022 at 11am (AEDT). Analysts and investors wishing to participate in the call can pre-register at <https://s1.conf.com/diamondpass/10019538-w6ye8c.html> . The conference call will also be webcast <https://www.openbriefing.com/OB/4598.aspx> ..

**This announcement is authorised to be given to ASX by Stewart Chandler, Company Secretary**

- ENDS -

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### **About RAM Essential Services Property Fund (ASX Code: REP)**

RAM Essential Services Property Fund (REP) is a stapled real estate investment trust listed on the ASX. REP consists of a geographically diversified and defensive portfolio of medical and essential retail based properties, underpinned by a high quality tenant profile including leading national supermarkets and private hospital operators, and offers growth opportunities through significant value-add development potential. REP's objective is to provide Securityholders with stable and secure income with the potential for both income and capital growth through an exposure to a high quality, defensive portfolio of assets with favourable sector trends.

RAM Property Funds Management Limited (ABN 28 629 968, AFSL 514484) as responsible entity of RAM Australia Retail Property Fund (ARSN 634 136 682) and RAM Australia Medical Property Fund (ARSN 645 964 601).

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