RAM Essential Services Property Fund

1H FY22 Financial Results Presentation

22 February 2022

AGENDA

1. Team
2. Highlights
3. Portfolio Update
4. Value-Add Program
5. Financial Performance

THE GOLD COAST SURGERY CENTRE

In the spirit of reconciliation the **Real Asset Management Group** acknowledges the traditional custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

RAM™
REAL ASSETS REAL RETURNS

ADDING BENCH STRENGTH TO A TALENTED TEAM

Scott Kelly
Managing Director, CEO Australia

- 28+ years of global wealth management and asset management experience.
- Prior to joining RAM, Scott was a Managing Director and Head of Investment Products and Services at UBS Wealth Management Australia, overseeing $24BN AUM.

William Gray
Head of Real Estate

- 20+ years experience in real estate markets, including 13 years in institutional real estate funds management.
- Prior to joining RAM, Will was a fund manager at LaSalle Investment Management and portfolio analyst at QIC.

Matthew Strotton
Head of Funds Management – Real Estate

- 25+ years experience in global real estate markets across capital transactions, product development, investment and funds management.
- Prior to joining RAM, Matthew was Global Director and Head of Funds Management at QIC Global Real Estate, with responsibility for Australian and United States portfolios.

Doug Rapson
Director Asset Management

- 10+ years of experience in Commercial Real Estate.
- Prior to joining RAM, Doug was a Senior Executive in Capital Markets – Retail Investments at JLL with direct involvement in more than $1.7BN in real estate transactions.

Ben Bochow
Chief Financial Officer – Real Estate

- 16+ years in real estate finance, having worked for private equity institutions in Australia and the UK.
- Prior to joining RAM, Ben was Assistant VP of Finance at Curzon Advisers in London, overseeing the Accounting and Operations functions for RE portfolios across Europe.

16
OTHER REAL ESTATE PROFESSIONALS
50+
SUPPORT STAFF

15	Investment Management	4	Operations	7	Client Solutions	10	Sales & Marketing
11	Finance	4	IT & Facilities	4	Legal Compliance & Risk	3	Human Resources

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HIGHLIGHTS

Portfolio

67%
Externally revalued
as at 31-December-2021

$44M+
Recently secured off market
healthcare transactions

50%
Medical income
exposure[1]

$200M+
Ongoing activated
value-add pipeline

Financial

+7.4%
NTA growth
since listing[2]

25.8%
Gearing[3]

1.09c
December-2021 DPU
In line with guidance

4.0c
20-October-2021 to 30-Jun-2022
Guidance increase

HIGHLANDS HEALTH CENTRE

1. Pro forma includes capital transactions executed post 31 December 2021.
2. As at 31 December 2021.
3. 25.8% as at 31 December 2021. Pro forma gearing post capital transactions 28.6%. Calculated as ratio of total net borrowing over total assets less cash.

STRENGTHENING THE INVESTMENT CASE

A unique portfolio of medical and essential retail real estate, with exposure to essential services tenants, long-WALE profile and the opportunity for capital growth.

1 High quality, geographically diversified portfolio	◆ 11 settlements undertaken during December-2021 quarter, all high-quality medical acquisitions, equating to $128m. ◆ Further off-market medical acquisitions secured, overall fund income rebalanced upwards, now at strategic weighting to medical at 50%. ◆ Geographically diversified Australia wide portfolio with assets across 6 states & territories.
2 Defensive income profile[2]	◆ 94% of fund income from essential service tenants. ◆ 85% of fund income is exposed to annual rental escalations via fixed or CPI reviews. ◆ 31% of fund income exposed to CPI or CPI indexed annual rental escalators. ◆ 46% fund income exposed to fixed annual rental escalators, WARR of 3.4%.
3 Organic growth through value-add pipeline delivery	◆ Progression of value-add pipeline ($200m+ over a five-year period) with increased scope driven by amplified development pipeline across medical portfolio. ◆ Provides continued growth of asset base via strategic developments with yield-on-costs, on-average, greater than core capitalisation rate of assets under development. ◆ Fresh medical acquisitions secured via capital recycling initiative crystallising an accretive earnings outcome to REP.
4 Unique exposure to high quality medical real estate	◆ REP offers unparalleled exposure to high quality medical real estate assets, an asset class that is currently difficult to access for ASX investors. ◆ 94% of medical property portfolio is associated with primary healthcare assets with a strong weighting to private / day hospitals. ◆ Favourable long-term secular trends in connection with the increasing investor interest in the sector is expected to provide continued tailwinds for asset valuations.
5 Relative value	◆ 7.4% increase in NTA to 31-December-2021, 67% of portfolio has been externally revalued since listing. ◆ Non-core divestment of Coles Gunnedah indicates material upside in carrying value, circa 140bps cap rate compression achieved.
6 Acquisition pipeline	◆ Uniquely placed to source attractive medical acquisition opportunities, as demonstrated by high portion of off-market transactions across multiple jurisdictions and through various private and institutional vendors.

1. Pro forma includes capital transactions executed post 31 December 2021.
2. Based on Gross Property Income as per 31 December 2021.

2. PORTFOLIO UPDATE

NORTH WEST PRIVATE HOSPITAL

PORTFOLIO UPDATE

Well positioned for a higher inflationary environment

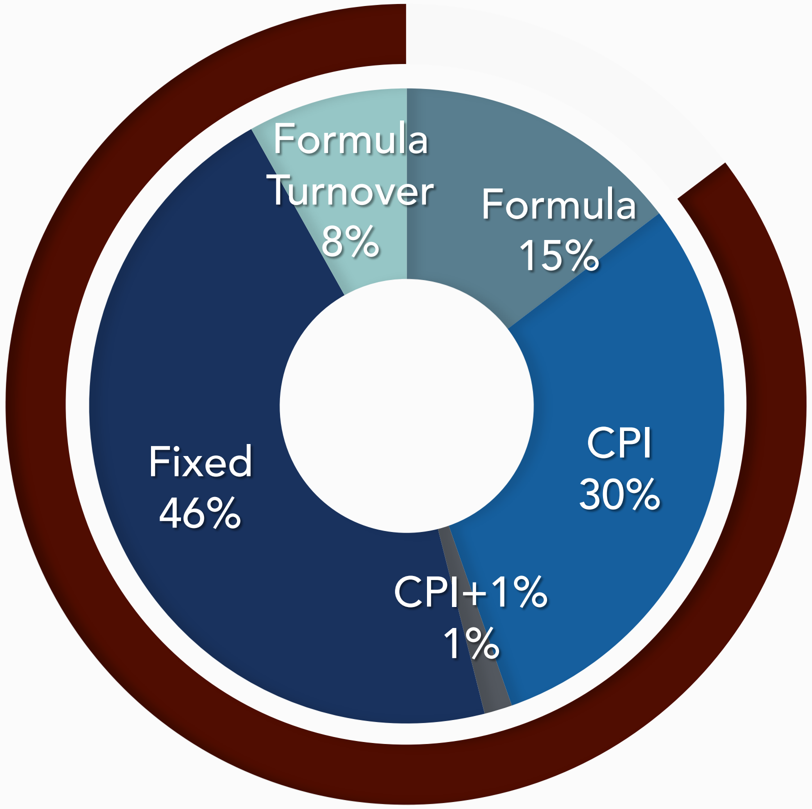
The Funds income has a strong exposure to annual CPI and CPI indexed reviews.

46%[1] of fund income exposed to fixed reviews with a high WARR of 3.4%[1].

35%[1] of formula derived income, access to turnover rent, is in or expected to hit turnover rent territory providing strong in-built inflation hedge.

58%[1] of portfolio exposed to net leases providing protection to inflation impacts on property outgoings.

Annual Rental Review Profile



85% of fund income exposed to annual escalators

1. Based on Gross Property income as at 31 December 2021

PORTFOLIO UPDATE

Essential service exposure provides resilience

98.5%

Robust cash collections across the portfolio at 98.5% for the HY22.

99%

Occupancy remains strong reflecting 99%[1].

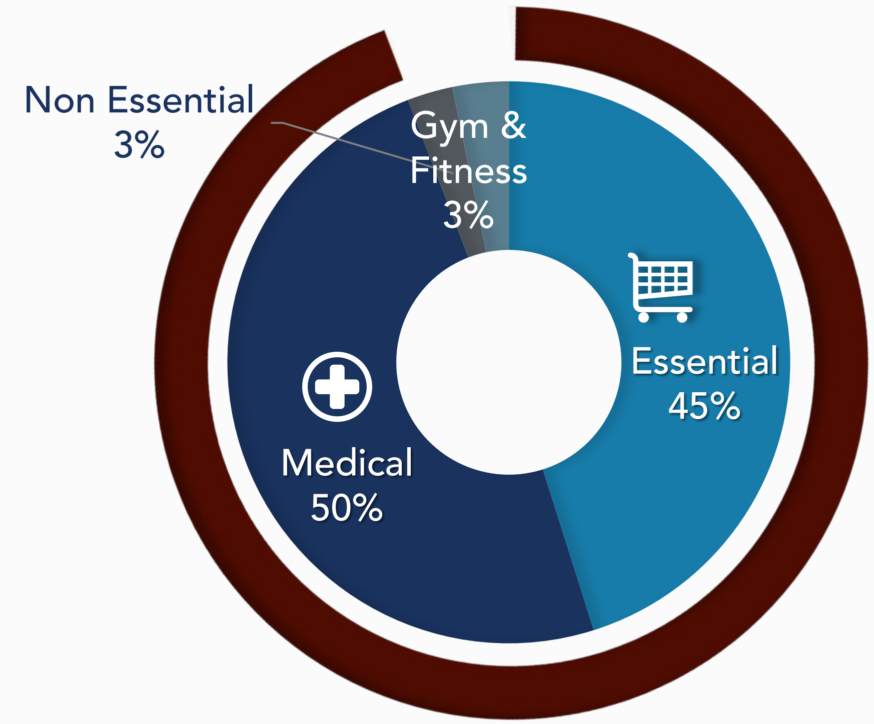
94%

94% of fund income has exposure to essential service and medical based income which remains highly resilient. 50% fund income exposure to medical income achieved.[2]

7.3yrs

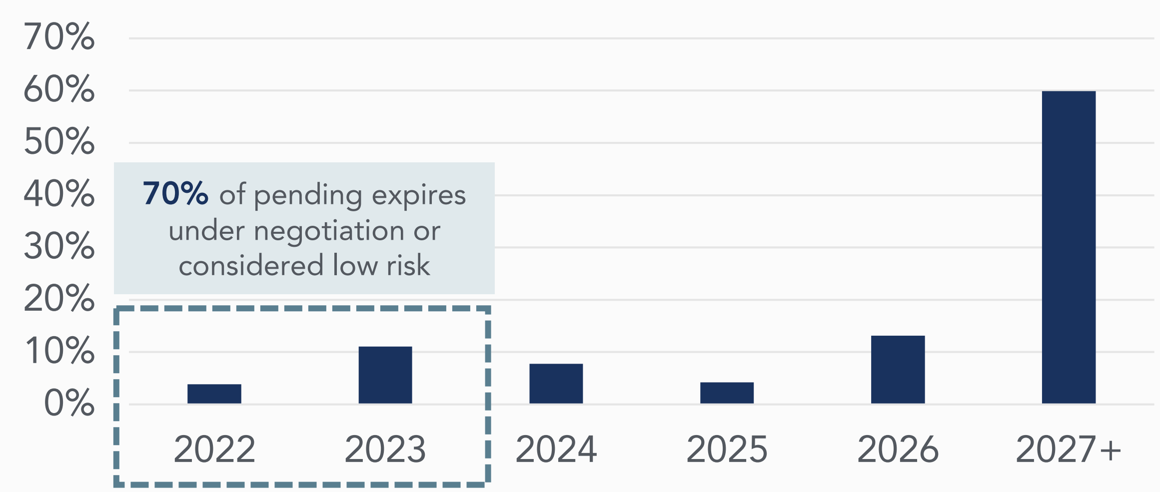
Long WALE solution of 7.3 years[2] which has increased since PDS issuance with limited specialty leasing risk exposure over the next 24 months.

Essential Service & Medical Income Exposure



94% of fund income exposed to Essential Services

Fund Lease Expiry Profile



1. Excludes area held for value-add and vacancy covered by rental guarantees.
2. Pro forma includes capital transactions executed post 31 December 2021. PDS WALE was 7.1 years.

PORTFOLIO UPDATE

High quality and diversified tenant mix with organic growth

Top 20 tenants encompass 55% of fund income[1].

Strategic relationships being actively leveraged into real investment opportunities - 70% of our top 20 tenants' income exposure.

Rank	Tenant	Category	% of Income
1	healthe.care	Medical	10.9%
2	Woolworths Group	Essential Retail	10.0%
3	coles	Essential Retail	7.1%
4	St John of God Health Care	Medical	2.3%
5	Wesfarmers	Essential Retail	2.3%
6	Avanti Health Centre	Medical	2.3%
7	IGA	Essential Retail	2.3%
8	IPN Medical Centres	Medical	2.3%
9	endeavour group	Essential Retail	2.2%
10	life Fertility Clinic	Medical	2.1%

Rank	Tenant	Category	% of Income
11	Panaceum Group	Medical	1.8%
12	Miami Private Hospital	Medical	1.6%
13	Chemist Warehouse	Medical	1.3%
14	Genesis Capital	Medical	1.2%
15	DR.SCOPE	Medical	1.1%
16	Amcal+	Medical	1.1%
17	Spectrum Health	Medical	1.1%
18	broadway bigfresh	Essential Retail	1.0%
19	Rad Corporate Radiology	Medical	1.0%
20	Top End Medical Centre	Medical	0.9%

1. Pro forma includes capital transactions executed post 31 December 2021.

PORTFOLIO UPDATE

Relative value proposition shining through

- 67% portfolio externally revalued
- WACR now at 5.64% down from 5.85% (21bps compression)

Property type	WACR at IPO	WACR at Dec 21	WACR mvt
Medical	5.60%	5.34%	(0.26%)
Essential retail	6.02%	5.87%	(0.15%)
Total	**5.85%**	**5.64%**	**(0.21%)**

Portfolio	Properties	31 Dec 2021 book value ($m)	% Portfolio	Reval uplift (%)
Medical	20	318.6	43.2%	5.46%
Essential Retail	13	418.3	56.8%	4.21%
Total	**33**	**736.9**	**100.0%**	**4.75%**

- 7.4% increase in NTA
- Both portfolio sectors are contributing to valuation gains, reinforcing selection of underlying fund strategy
- Essential retail divestment (Coles Gunnedah) represents further 140bps cap rate compression, indicating relative value potential of essential retail portfolio
- Further NTA upside potential with balance of the portfolio to be externally revalued at or around June-2022

PORTFOLIO UPDATE

Active portfolio management

Unsolicited offer provided opportunity to divest asset at a circa 140 bps compression on the prior independent cap rate, circa 25% increase in underlying value.

Divestment proceeds provided sufficient liquidity to crystallize accretive off-market medical acquisitions.

New medical acquisitions offering primary healthcare solutions and long WALEs, all with net lease exposures and annual rent review structures.

Accretive earnings outcome whilst maintaining a modest pro forma gearing level and ability to continue with value add program.

Perth Day Hospitals

$35.1m purchase price
4.54% cap rate
12.0 year WALE

Lakes Medical Centre

$8.87m purchase price
5.75% cap rate
8.0 year WALE

Gunnedah Shopping Centre

$20.25m sale price
5.35% cap rate
3.9 year WALE

PORTFOLIO UPDATE

Active portfolio management

	Existing Portfolio		Enhanced Portfolio		
	At IPO	31 Dec 21	Acquisitions	Divestments	Post Transactions
Number of Properties	33	33	3	1	**35**
Total Property Value	$706.3M	$736.9M	$43.97M	$20.25M	**$760.6M**
WACR	5.85%	5.64%	4.80%	5.35%	**5.60%**
Gross Lettable Area (GLA)	126,122 sqm	127,081 sqm	3,327 sqm	5,561 sqm	**124,847 sqm**
Occupancy	99%	99%	100%	100%	**99%**
WALE	7.1 year	7.0 year	11.0 year	3.9 year	**7.3 year**
Essential Services / Medical Income	94%	94%	100%	93%	**94%**
Medical Income	45%	46%	100%	0%	**50%**
Essential Retail Income	48%	48%	0%	93%	**45%**
Proportion of income subject to annual rental increases	85%	85%	100%	44%	**87%**

Key highlights

- Increase % of fund income toward medical related tenure
- Increase in fund overall WALE
- Increase the fund's exposure to net leases
- Increase the fund's exposure to leases with annual rent escalators
- Exit assets with low growth and poor cost recovery mechanisms

3. VALUE-ADD PROGRAM

KEPPEL BAY PLAZA

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VALUE-ADD PIPELINE

- Good progress on activated and ongoing value-add pipeline
- Increased opportunity of $200m+ over 5 years
- Improved exposure to land rich medical assets
- Strong yield on cost outcomes expected - accretive in nature

Activated pipeline driving income growth and value

Miami Private Hospital
Proposed Development

North West Private Hospital
Extension

Ballina Central 50% Milestone
Achieved with Zarraffas Completed

VALUE-ADD PIPELINE – PROGRAM UPDATE

Project Overview		Development Update		
Property Name	**Sector**	**Phase 1 – Development Approval**	**Phase 2 – Income Pre-commitment**	**Phase 3 – Construction^**
Immediate Value-Add Projects				
Ballina Central	Essential Retail	●	●	◑
Keppel Bay Plaza - Stage 1	Essential Retail	●	●	●
Coles Gunnedah	Essential Retail	●	●	●
Coomera Square	Essential Retail	●	●	◑
Springfield Fair	Essential Retail	●	●	◕
Windaroo Village	Essential Retail	●	●	◑
North Lakes	Essential Retail	●	◑	○
Keppel Bay Plaza - Stage 2	Essential Retail	◑	◕	◑
Mayo Private Hospital	Medical	◑	●	○
Miami Private Hospital	Medical	◑	○	○
Willetts Health Precinct	Medical	●	○	○
North West Private Hospital	Medical	●	●	○
Ballina Central	Essential Retail	◔	●	○
Coles Rutherford	Essential Retail	◔	◑	○
Total Project Costs – Approx.	**$135 Million**			
Medium Term Strategic Value Add Projects				
Mowbray Marketplace	Essential Retail	○	○	○
Yeronga Village	Essential Retail	●	○	○
Dubbo Private Hospital	Medical	●	●	○
Total Project Costs – Approx.	**$100 Million**			
Total Project Costs – Approx.	**$200+ Million**			

4.
FINANCIAL PERFORMANCE

RUTHERFORD SHOPPING CENTRE

FINANCIAL RESULTS

Property income growth and revaluations driving revenue performance.

Operational performance driving FFO in line with expectations.

December distribution in line with FY22 guidance.

7.4% increase in NTA.

	HY22[1] (Oct 21 – Dec 21)
	$'m
Property Income	9.9
FV Increase	33.1
Other Income	0.4
Total Revenue	**43.4**
Property Expenses	(3.0)
IM Fees	(0.9)
Finance Costs	(1.3)
Other Expenses	(11.0)
Total Expenses	**(16.2)**
Net Profit/(Loss)	**27.2**
FFO	**5.5**
NTA per security ($)	**1.01**

1. Financials for the period 20 October 2021 to 31 December 2021.

BALANCE SHEET AND CAPITAL MANAGEMENT

Strong balance sheet management with gearing within target range.

Debt headroom to pursue active portfolio management and accretive opportunities.

Opportunistic divestment funded will partially fund acquisitions (post period).

Significant covenant headroom.

Key metrics	Pro Forma[1]	31 Dec 2021
Total drawn debt ($m)	253.1	224.8
Gearing[3] (%)	28.6	25.8
Cost of debt[2] (%)	2.2	2.2
Weighted average debt expiry	2.6 years	2.6 years
Proportion hedged (%)	50.0%	51.2%

1. Pro forma metrics assuming settlement of capital transactions as at 31 December 2021.
2. Average effective interest rate for the period includes margin, undrawn line fees, swap costs fees and capitalised interest.
3. Gearing is defined as ratio of total net borrowing over total assets less cash.

SUMMARY AND OUTLOOK

Strong execution of the plan outlined in the pre-IPO presentations, meeting or exceeding guidance . Recent transactions mean we have moved to the target weight of 50% medical exposure whilst increasing DPU guidance and maintaining gearing at lower end of range.

Natural inflation hedge with a highly secure cashflow profile, 94% of income derived from essential services and medical, a 7.3 year WALE, 99% occupancy and over 87% of portfolio by income with exposure to annual rent escalations.[1]

Embedded growth from identified and activated pipeline now estimated at over $200M+. Value-add developments delivered by team with strong track record.

Continued focus by management to **grow income through development pipeline and portfolio enhancements** with a resolute commitment to essential services.

1. Pro forma includes capital transactions executed post 31 December 2021.

MIAMI PRIVATE HOSPITAL

ANNEXURES

INCOME STATEMENT

REVENUE		HY22 (Oct 21 – Dec 21)
Gross property income	$m	9.9
Unrealised gain on fair value investment properties	$m	33.1
Unrealised gain on fair value derivatives	$m	0.4
Interest income	$m	0.0
Total revenue	**$m**	**43.4**

EXPENSES		
Direct property expenses	$m	(2.9)
Transaction costs	$m	(10.8)
Responsible entity fees	$m	(0.9)
Finance costs	$m	(1.3)
Other admin expenses	$m	(0.2)
Provisions for Covid abatements	$m	(0.1)
Total expenses	**$m**	**(16.2)**
Statutory net profit	**$m**	**27.2**
Funds from operations (FFO)	**$m**	**5.5**
Weighted average securities on issue	m	521.1
FFO per security	cps	1.06
Distributions	$m	5.7
Distribution per security	cps	1.09
Net tangible assets per security	$	1.01

FFO RECONCILIATION

	HY22 (Oct 21 – Dec 21) $'000
Net profit after tax for the period	**27,217**
Adjusted for: Reversal of straight-line lease revenue recognition	(194)
Reversal of unrealised fair value (gain) on investment properties	(33,105)
Reversal of unrealised fair value (gain) on derivatives	(435)
Add back amortised borrowing costs	377
Add back amortised leasing costs and tenant incentives	711
Add back transaction costs	10,782
Add back rent free and abatements	190
Funds From Operations (FFO)	**5,543**
Distribution declared	**5,690**
Weighted securities on issue (million)	521.1
FFO (cents per security)	1.06
Distribution per security (cents per security)	1.09
FFO payout ratio (% of FFO)	102.6

CONSOLIDATED BALANCE SHEET

	31 Dec 2021 $'000
Cash and equivalents	31,469
Investment properties	736,893
Other assets	12,065
Total assets	**780,427**
Borrowings	222,382
Distributions payable	5,690
Other liabilities	20,789
Total liabilities	**248,861**
Net assets	**531,566**
Stapled securities on issue (thousands)	521,084
NTA per security ($)	1.01

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