

RAM ESSENTIAL SERVICES PROPERTY FUND (ASX CODE: REP)

ASX Release

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REP REAFFIRMS GUIDANCE; MAKES STRONG PROGRESS ON CAPITAL RECYCLING STRATEGY, ACHIEVING MILESTONES AHEAD OF SCHEDULE

Today, the RAM Essential Services Property Fund (ASX: REP) presents its results for the financial half-year ending 31 December 2024. The Fund has made significant progress on its capital recycling program, advancing its strategic focus on securing exposure in high-performing healthcare sub-sectors, including day surgeries.

For the first half of FY25, the REP portfolio continued to perform well, achieving a comparable net operating income (NOI) growth of 3.1%¹. The Fund delivered an annualised distribution of 5.0 cents per security, equating to a current yield of 8%².

Results highlights:

- DPS guidance reaffirmed at 5.0 to 5.2 cps³ for FY25.
- Capital recycling program ahead of schedule, with \$119m in non-core disposals at a mid-5% yield with sale proceeds deployed to immediately accretive opportunities.
- Gearing reduced to 35.4%⁴, with further improvement expected through capital recycling and valuation uplift over 2H FY25.
- Continued leasing success, securing 17 deals with a positive spread of 3.9%, including national operators IPN Medical, NAB and QML Pathology.
- Occupancy stable at 97%, with an enhanced tenancy mix through the introduction of Ramsay Health Care and continued exposure to key healthcare tenants, including Health Care and St John of God.
- WALE increased to 7 years, up 11.6% from Dec 2023, strengthening portfolio resilience.
- Executed \$11.7m of the security buy-back, reinforcing capital management initiatives.
- Acquisition of Cairns Surgical Centre, anchored by Ramsay Health Care, supporting strategic growth.
- \$100m+ of assets under exclusivity, at a 7.1% average yield, delivering immediate accretion⁵.
- Portfolio valuations remain defensible, with WACR +7bps to 6.04%, and 83% externally revalued in the past 12 months.
- \$115m in available headroom, providing flexibility for further accretive opportunities.

RAM's Executive Director and Head of Real Estate, Matthew Strotton said REP continues to execute on its strategic objectives. "We are pleased with the progress made on our strategic objectives in the first half. Market conditions are stabilising and we continue to pursue opportunities in various healthcare sub-sectors, with a focus on including day surgeries. Our investors should note that we are placing greater emphasis on sourcing opportunities that provide value-add potential that can be delivered at the Fund's discretion which will further drive long-term growth and resilience," Strotton said.

In 1H FY25, REP successfully settled Yeronga Village, Tanilba Bay Shopping Centre, Southlakes Medical Centre and Bowen Hills Day Surgery. Parkwood Medical Centre and Highland Medical Centre are unconditional and set to settle in March 2025, contributing to a total of nine divested assets worth \$119m at or close to book value. An additional four assets, valued at \$79m, are currently under due diligence⁵. Proceeds from these sales will be used to reduce leverage to the low-30% range and support the remaining security buy-back program. This also supports REP's strategic transitioning of its portfolio from a 50:50 retail-healthcare mix to an 80:20 healthcare-led portfolio, securing high-quality, scarce assets in healthcare sector with strong tenant covenants.

Recent acquisitions by the Fund include Cairns Surgical Centre for \$23m, yielding over 7%, with three additional healthcare and medical sector assets under exclusive due diligence worth over \$100m⁵. These are similarly attractive yields which will provide immediate accretion to earnings.

Despite ongoing sector headwinds, including inflationary pressures, labour shortages and the post-COVID impact, REP has maintained a disciplined approach to move early in recycling capital and sustaining the financial health of the Fund.

¹ Normalised HY25 NOI vs HY24 NOI accounting for capital transactions, development and leasing activities.

² Based on a closing price of \$0.625 on 21 February 2025.

³ Guidance adopts average 3-month BBSY consensus and implementation of divestments and accretive acquisitions as forecast.

⁴ Post completed or unconditional and board approved transactions. Assumes 100% of sale proceeds will be allocated towards debt repayment.

⁵ Subject to board approval.

This announcement is authorised to be given to ASX by Andrew Petrik, Company Secretary

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About RAM Essential Services Property Fund (ASX: 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 exposure to a high quality, defensive portfolio of assets with favourable sector trends.

RAM Property Funds Management Limited (ABN 28 629 968 163, 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), of address Suite 15.01, Level 15, Chifley Tower, 2 Chifley Square, Sydney, NSW, 2000.