

RAM ESSENTIAL SERVICES PROPERTY FUND (ASX CODE: REP)

ASX ANNOUNCEMENT

28 August 2023

REP DELIVERS CONTINUED UNDERLYING PERFORMANCE DRIVEN BY STRONG LEASING OUTCOMES AND NOI GROWTH

The RAM Essential Retail Property Fund (REP) today announces its results for the financial year ending 30 June 2023.

Today's strong results underscore the advantages of the Fund's unique qualities and defensive characteristics. The Fund has continued to deliver positive leasing outcomes and sector-leading net operating income (NOI) growth despite challenging sectoral conditions.

REP's strong operational growth, combined with its conservative valuation approach and proactive capital management, mean the fund remains differentiated and well-positioned to continue delivering stable and secure income for security holders.

Financial Highlights:

- Funds from operations of \$30.6 million or 5.9 cents per security
- Distributions per unit of 5.7 cents at a payout ratio of 97%, in line with guidance
- Pro-forma gearing of 35%^[1], comfortably in mid-target range
- Net tangible assets per unit of \$0.97, reflecting a conservative valuation approach

Portfolio highlights

- Like-for-like NOI growth of 4.5%^[2], driven by strong underlying rental growth
- +5% average leasing spreads across the year with c.90% of FY24 lease renewals under advanced negotiation
- June 2023 net revaluation impact of -\$20.7m (-3.7%), driven primarily by 18 bps of cap rate expansion to 5.68%, with 81% of the portfolio revalued in the year

Capital Management highlights

- One contracted asset sale at book value

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- A further two assets in due diligence at a premium to book value
- Expanded lending syndicate with the inclusion of Westpac and refinanced the facility to increase headroom to \$38 million and average duration to 3 years

FY24 guidance

- FY24 DPU guidance of 5.6 – 5.7 cents^[3]

Matthew Strotton, RAM's Executive Director and Head of Real Estate, said, *"Today's results demonstrate the comfortable positioning of the Fund's assets and tenant mix and further evidence its ability to deliver embedded growth and generate stable income.*

The underlying performance of the Fund remains robust. Our tenants are resilient, and the growth levers embedded in the portfolio are generating sustainable cash flows. Leasing activity decreased in the second half yet maintained a strong performance across the year to achieve +5% average spreads and deliver sector-leading NOI growth of 4.5% in the year.

Pursuant to our conservative policy, 81% of the portfolio assets were externally valued in the year, with the results indicating that our WACR^[4] is relatively conservative.

We are taking a proactive and prudent capital management approach within an uncertain operating environment. We have entered contracts for the sale of two small retail assets and are currently in due diligence on a further two assets, all at or above book value.

Our assets were well-acquired and our portfolio is defensive. Our tenants provide non-discretionary goods and services and remain resilient against an uncertain economic backdrop. Embedded growth drivers within the portfolio are having an impact and will help offset rising interest costs in FY2024 and allow the fund to continue generating stable income for unitholders."

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

- ENDS -

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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, 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). Suite 3201, Level 32, Australia Square, 264 George Street, Sydney NSW 2000

^[1] As at June 2023 adjusted for the disposal of Westlake which is unconditional and expected to settle in October 2023

^[2] Comparable property Net Operating Income

^[3] Based on average 3-month BBSW of 4.25% in FY24

^[4] Weighted Average Capitalisation Rate

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