

RAM ESSENTIAL SERVICES PROPERTY FUND (ASX CODE: REP)

ASX ANNOUNCEMENT

27 February 2023

STRONG OPERATIONAL PERFORMANCE AND REITERATED FY23 DPS GUIDANCE

The RAM Essential Services Property Fund (ASX: REP) today released its results for the half year ended 31 December 2022. Today's results reflect the resilient characteristics of the fund and is evidence of its ability to deliver continued growth and value within an inflationary environment.

Financial highlights:

- Statutory net profit of \$3.33 million
- HY23 FFO of \$14.4 million (2.76 cents per security)
- Modest move in NTA/security to \$1.03 (\$1.04 as at 30-Jun-22)
- Previously announced HY23 DPS of 2.9 cents, on track to meet FY23 distribution target

Positive leasing outcomes driving underlying growth

- Leasing activity driving positive outcomes with spreads of +10% across 22 renewals
- Embedded growth levers in an inflationary environment with 90% of fund income exposed to annual escalators, of which 32% linked to CPI with most uncapped
- Continued strong demand for Essential Retail, underpinned by high performing major tenants with 8.1% MAT growth in the period
- 45% of the portfolio externally revalued with 1% increase in book value to \$807.1 since Jun-22 and +4 bps WACR expansion substantiating our conservative policy

Value add pipeline provides an attractive source of growth and returns

- Six projects completed since IPO and \$155 million of value-add opportunity identified for the near term
- Previously identified \$200 million plus of tenant-led value-add pipeline provides an option on low-risk organic earnings and NTA growth

Strengthened Balance Sheet

- Gearing of 32.8% at low end of targeted range and comfortably within covenants

- Increased pro-forma debt headroom¹ to \$44 million with extended maturity of 3.1 years
- Increased interest rate hedging to 59%² and extended hedge duration to 2.1 years

Outlook

- FY23 DPS guidance of 5.7 - 5.8 cents reaffirmed³

RAM Head of Real Estate, Matthew Strotton, said, "The resilient characteristics and inflation protections embedded in the fund are shining through and allowing the fund to continue delivering consistent and stable operational performance.

With 90% of income exposed to annual escalators, the fund's strong rent review profile provides a high degree of embedded growth within an inflationary environment. Our recently expanded and specialist leasing teams have delivered strong outcomes in the period, achieving +8% total leasing spreads including +10% on renewals.

Asset valuations have remained stable, reflecting the underlying quality and relative cap rate positioning of the portfolio since listing. Essential retail and healthcare sectors remain robust, and our high-quality tenants continue to remain insulated in uncertain economic conditions.

The value-add program continues to be an important driver of future income and NTA growth and therefore remains a high priority. Looking forward, we are considering various capital recycling initiatives and working through value-add opportunities on key assets."

RAM CEO, Scott Kelly, said "The portfolio continues to perform well within the current environment. Underlying operations are robust, asset valuations have remained stable, and the value-add pipeline continues to progress.

We've strengthened the balance sheet, we have good visibility on the second half and we remain on track to continue delivering stable and predictable income for security holders."

¹ In February 2023 the Syndicated Debt Facility limit was increased to \$300.0 million and the facility duration was increased to 30 June 2026.

² In February 2023 additional hedging was put in place which maintained the weighted average duration of 2.4 years and increased coverage to 58.9% of the debt portfolio;

³ Does not include the potential impact of acquisitions or disposals and assumes no unexpected delays in delivery of value-add projects. Assumes average 3-month BBSW of 3.20%

Analyst and investor briefing

An analyst and investor briefing, followed by a Q&A session, will be held on Monday 27 February 2023 at 11.00am (AEDT). Analysts and investors wishing to participate in the call can pre-register at <https://registrations.events/direct/OCP60336>. The call will also be webcast <http://www.openbriefing.com/OB/5064.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 healthcare 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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