

# Centuria

Quarterly Fund Update  
June 2021

## Centuria 348 Edward Street Fund

(ARSN 636 584 515)

### Key Points

- The property is 98.5% occupied, with a weighted average lease expiry of approximately 4.22 years.
- Executed on strategy: leased all suites which were vacant at the time of acquisition.
- FY22 distribution rate is forecast at 6.25 cents per unit (annualised).

### Fund Summary

Distributions for the **Centuria 348 Edward Street Fund** (Fund) have been paid in line with the June 2021 quarter forecast of 6.50 cents per unit (annualised). The corresponding distribution [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au).

At the time of acquisition, the property had six vacant suites (1,315 sqm or 12% by NLA), some of which had existing fit outs. The Fund's strategy included the repositioning and re-leasing these suites. We are very pleased to report that Centuria has delivered on this strategy and executed leases on all of these suites. This level of leasing traction, during a challenging leasing environment, is a great outcome and reflective of the high quality fit out, strong tenant engagement, and the overall amenity of the property.

The audited report for the 2021 financial year is currently being prepared and it is anticipated to be available to download from [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au) at the end of September 2021. A valuation of the property has recently been instructed for the purposes of the Fund's 30 June 2021 financial report. The updated Net Asset Backing (NAB) will be posted on [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au) when the financial report is finalised. Investors will be advised of the new NAB in the September 2021 Quarterly Fund Update. Investors' annual tax statement for the Fund is expected by the end of August 2021.

### Financial Snapshot

Fund Commencement Date	12 December 2019
Unit Price	\$0.94 <sup>1</sup>
Net Asset Backing	\$0.84 <sup>1</sup>
Distribution Rate (cents per unit)	6.50 <sup>2</sup>
Weighted Average Lease Expiry (WALE) (years)	4.22 <sup>3</sup>
Next Investor Vote on Term of Fund	12 December 2024

<sup>1</sup> Based on most recent audited accounts (31 December 2020). Without the Mark to Market of the Fund's interest rate swap, the NAB of units in the Fund would be \$0.85.

<sup>2</sup> June 2021 quarter annualised.

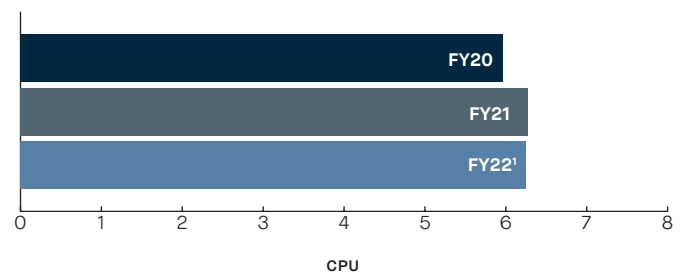
<sup>3</sup> As at 30 June 2021.



As outlined in the Product Disclosure Statement, units were issued at \$1.00 per unit. Thereafter, the unit price will reflect the NAB per unit with adjustments made for the amortisation of certain fees and expenses on a straight-line basis over five years.

### Distribution Details

#### Annualised Distribution



<sup>1</sup> Forecast (annualised).

The Fund enjoyed the benefit of an 18-month vendor rental guarantee, which was provided on a 'face' basis and has recently expired. The forecast distribution rate considers the staggered lease commencement dates of the recently leased suites, and the effective rents forecast to be received (which include market incentives provided). The FY22 distribution rate also considers the approaching lease expiries of some of the sitting tenants. The leasing traction achieved has been an excellent result and the FY22 distribution rate reflects the difference between the 'face' vendor rental guarantee and the 'effective' rents and staggered lease commencement dates on the recently leased suites.

The distribution rate for the 2022 financial year is forecast at 6.25 cents per unit (annualised). Should there be any material departures from this forecast, an out of cycle Investor update will be provided.

This forecast distribution rate reflects the current performance of the Fund and assumes all tenants will satisfy their contractual obligations under their respective leases within a timely manner. It also assumes there are no significant unforeseen capital costs and no material changes to the Fund's financial obligations.

## Property Details

### Asset Values<sup>1</sup>

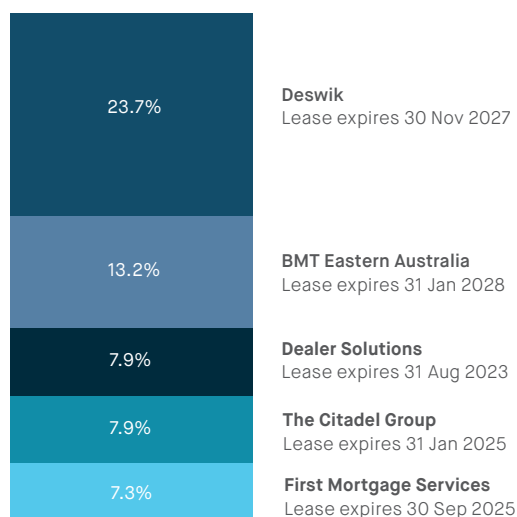
Property Address	348 Edward Street, Brisbane QLD
Purchase Price (Dec 19)	\$79.0m <sup>1</sup>
Previous Valuation – Director’s (Jun 20)	\$81.5m
Current Valuation (Dec 20)	\$84.0m
Cap Rate (Dec 20)	6.00%
Valuer	Colliers International

<sup>1</sup> Acquisition price / valuation including incentives was \$89.0m.

The key metrics of the 31 December 2020 valuation are outlined in the table above, and the result of the 30 June 2021 valuation will be included within the September 2021 Quarterly Fund Update.

Although the December valuation shows an increase to the ‘face’ value, the NAB of units have remained the same. The increase to the face value of the property is a result of incentives being paid out, which were adjusted at acquisition. These incentives were funded by raising additional debt (in line with the Fund PDS), which means there was no change to the NAB of units.

## Top Five Tenants by Net Lettable Area (NLA)



The Weighted Average Lease Expiry (WALE) by income is approximately 4.22 years as at 30 June 2021.

Since the onset of the pandemic, many landlords are willing to compete aggressively to attract and retain tenants amid a challenging leasing environment. While effective rents are forecast to decline in the short term, JLL Research anticipates a rebound from 2022 – reaching pre-COVID levels in 2024. As seen with the leasing traction at the property, a clear trend can be seen with tenants being attracted toward quality assets.

## Property Statistics

	Initial <sup>1</sup>	Jun 20	Dec 20
Net Asset Backing	\$0.88	\$0.84 <sup>1</sup>	\$0.84 <sup>1</sup>
Property Occupancy Rate	88%	91%	93%
Weighted Average Lease Expiry (WALE) (years) <sup>2</sup>	5.1	4.79	4.32

<sup>1</sup> Based on the Product Disclosure Statement dated 31 October 2019.

<sup>2</sup> Includes the financial impact of an 18-month rental guarantee from the vendor.

## Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$46.7m <sup>1</sup>	
Undrawn Amount	\$9.5m <sup>1</sup>	
Loan Expiry	1 Dec 2024	
% of Debt Hedged	96.0% <sup>2</sup>	
Loan to Value Ratio (LVR)	41.58% <sup>3</sup>	60.0%
Interest Cover Ratio (ICR)	4.07 <sup>4</sup>	2.0

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

<sup>2</sup> As at 31 May 2021, Fund’s drawn debt is hedged until 12 December 2022.

<sup>3</sup> The LVR is as at 31 December 2020 and based on the most recent independent valuation as defined under the debt facility agreement.

<sup>4</sup> The stated ICR figures are based on the most recent audited accounts (31 December 2020).

Under the terms of the debt facility, the Fund is required to comply with certain loan covenants over the course of the year. Based on the most recent audited accounts as at 31 December 2020, the Fund remains compliant with all covenants including the Interest Cover Ratio (ICR) and Loan to Value Ratio (LVR).

## RG46 Statements

The latest RG46 Statement for the Fund is available at [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au). It includes the following key information:

- Gearing ratio, calculated using ASIC methodology
- Gearing covenant sensitivities
- Detail of related party transactions in the period
- Further information on the source of distributions

## Centuria Investor Website

You can access all information relating to your Centuria investments at [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au).

## Contact Details

If you require assistance with your Centuria Investor account or have any questions regarding your investment in the Fund, please contact **Centuria Investor Services on 1800 182 257** (within Australia); **+61 2 9290 9689** (outside Australia) or by email on [Property.Enquiry@CenturiaInvestor.com.au](mailto:Property.Enquiry@CenturiaInvestor.com.au).