

# Centuria

Quarterly Fund Update  
March 2021

## Centuria 8 Central Avenue Fund No. 2

(ARSN 605 264 211)

### Key Points

- As at 31 December 2020, the Net Asset Backing (NAB) of units increased to \$1.94.
- March 21 quarter distribution rate of 9.75 cpu (annualised).
- The property is 96.5% occupied with a Weighted Average Lease Expiry (WALE) of approximately 8.82 years.
- Early return of capital to Investors.

### Fund Summary

Distributions for the **Centuria 8 Central Avenue Fund No. 2** (Fund) were paid in line with the increased forecast rate of 9.75 cents per unit (annualised) for the March 2021 quarter. The corresponding distribution statement for the Fund is enclosed with this report and can also be accessed from our online investor portal at [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au)

Following the successful bank debt refinance, Centuria is pleased to confirm that Investors will shortly receive a partial return of capital, which will be funded from the new debt facility. Given the recent refinance, even with the increased loan amount, the Fund will maintain its forecast distributable income for the 2021 financial year. After the capital return, this will increase the forecast annualised distribution yield from 9.75% to 13.3% (on remaining equity, based on the initial \$1.00 invested). This, combined with removing the risk associated with a significant portion of the initial investment, is an exceptional result for investors.

The 31 December 2020 audited financial report is now available to download from our online investor portal at [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au). The report confirms the Fund's NAB per unit increased from \$1.91 (as at 30 June 2020) to \$1.94 (as at 31 December 2020), predominately due to the uplift in the property's valuation during this period.

### Financial Snapshot

Fund Commencement Date	1 July 2015
Net Asset Backing	\$1.94 <sup>1</sup>
Distribution Rate (cents per unit)	9.75 <sup>2</sup>
Weighted Average Lease Expiry (WALE) (years)	8.82 <sup>3</sup>
Next investor vote on term of Fund	1 January 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 remain at \$1.94.

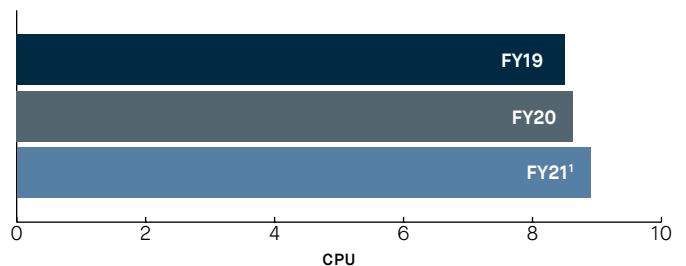
<sup>2</sup> March 2021 quarter, annualised.

<sup>3</sup> As at 28 February 2021.



### Distribution Details

#### Annualised Distribution



<sup>1</sup> FY21 distribution rate forecast is based on FY21 actual and June 2021 forecast (annualised).

Centuria is pleased to confirm the forecast distribution rate remains at 9.75 cpu (annualised) for the June 2021 quarter. The distribution rate assumes that rent deferral repayments are received in line with rent deferral agreements. 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

Property Address	8 Central Avenue, South Eveleigh, NSW
Purchase Price (Jul 15)	\$109.4m <sup>1</sup>
Previous Valuation – Independent (Jun 20)	\$189.0m <sup>1</sup>
Current Valuation (Dec 20)	\$190.0m <sup>1</sup>
Cap Rate (Dec 20)	5.38%
Valuer	CBRE

<sup>1</sup> Based on 50% of the property.

The property was subject to an external valuation for the purposes of the 31 December 2020 financial report. The key metrics of this valuation are outlined in the table above.

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

25%	<b>Pacific Magazines Pty Ltd</b> Lease expires 31 Dec 2029
21%	<b>State Property Authority</b> (now Government Property NSW) Lease expires 30 Nov 2025
20%	<b>Seven Network (Operations) Ltd</b> Lease expires 31 Dec 2029
19%	<b>NEP Australia Pty Ltd</b> Lease expires 31 Dec 2034
8%	<b>Cancer Institute (NSW)</b> Lease expires 31 Oct 2022

The property is 96.5% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 8.82 years as at 28 February 2021.

As recently advised, Seven Network is merging its office requirements into its existing footprint at 8 Central Avenue, South Eveleigh. Seven Network, and its associated entities, lease approximately 41% of the building. As part of this consolidation, it will refit its premises at South Eveleigh.

This illustrates the high-quality, modern premises is desirable and a sought-after office accommodation. It also reinforces the tenant's long-term position. It supports Investors' recent decision to extend the Fund Term, and the underlying Fund strategy to attract and consolidate high creditworthy tenants into the property.

## Property Statistics

	Initial <sup>1</sup>	Jun 20	Dec 20
<b>Net Asset Backing</b>	\$0.90	\$1.91	\$1.94
<b>Property Occupancy</b>	100%	100%	97%
<b>Weighted Average Lease Expiry (WALE) (years)</b>	10.97	7.59	7.23

<sup>1</sup> Based on the Product Disclosure Statement as at 8 April 2015.

## Debt Summary

	Current Period	Loan Covenants
<b>Total Loan Amount</b>	\$85.1m <sup>1</sup>	
<b>Undrawn Amount</b>	\$30.8m <sup>1</sup>	
<b>Loan Expiry</b>	8 Jan 2024	
<b>% of Debt Hedged</b>	71.3% <sup>2</sup>	
<b>Loan to Value Ratio (LVR)</b>	28.6% <sup>3</sup>	60.0%
<b>Interest Cover Ratio (ICR)</b>	7.914	1.95

<sup>1</sup> As at 28 February 2021.

<sup>2</sup> Fund's drawn debt is partially hedged until 18 June 2022.

<sup>3</sup> The LVR is 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).

As previously outlined, the façade has potentially combustible elements and its replacement is progressing. The costs associated with the required works (~\$3.5m for a 50% interest) will be sourced by increasing the current debt facility.

Centuria recently refinanced the debt facility with the incumbent financier in line with the extended Fund Term. As outlined in the December Notice of Meeting, the investor liquidity opportunity and a partial capital return to all remaining Investors will be funded from additional debt. Further details regarding the new debt facility will be provided in the RG46 statement.

## 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).