

Centuria

Quarterly Fund Update
March 2021

Centuria 80 Flinders Street Fund

(ARSN 634 979 838)

Key Points

- As at 31 December 2020, the Fund's Net Asset Backing (NAB) is \$0.90.
- Distributions for the March 2021 quarter remain at 6.60 cents per unit (annualised).
- Terms agreed with Lucid Engineering for a five-year lease over Level 6.

Fund Summary

Distributions for the **Centuria 80 Flinders Street Fund** (Fund) continue to be paid at 6.60 cents per unit (annualised) for the March 2021 quarter, which is in line with the 2021 financial year forecast. The corresponding distribution statement for the Fund can be accessed from our online investor portal at CenturiaInvestor.com.au.

According to JLL Research, business activity in the Adelaide CBD improved significantly during the second half of the 2020 calendar year with most corporate occupiers returning to the office in the last quarter. Based on data collected by the Property Council of Australia, physical office occupancy in the Adelaide CBD was around 69% in January 2021, which was the highest level nationally.

Furthermore, even though the pandemic has negatively impacted overall leasing conditions within the market, the re-opening of South Australia's state economy in mid-2020 has been positive for business confidence in Adelaide. Enquiry and activity from local small to medium enterprises has been steady during the past nine months and it is expected that this, combined with opportunistic upgrading of accommodation from larger tenants, will mitigate much of the anticipated rationalisation of businesses in 2021. Already this year, the Federal Government agency, Services Australia, has pre-committed to 28,500sqm at 60 King William Street, which is the second largest pre-commitment in Adelaide CBD history.

JLL Research expects vacancy to hold firm throughout 2021 before a moderate reduction in 2022. New supply in the form of CBUS' 83 Pirie Street and Charter Hall's 60 King William Street will unlock backfill space and put pressure on secondary accommodation.

Investor appetite for high quality assets within the Adelaide CBD remains strong with average prime yields compressing by 50 basis points at the upper end of the range to between 5.00% and 7.00% during the December 2020 quarter. This range and the average midpoint yield of 6.00% are both historic lows. JLL Research also expects capitalisation rates to hold firm throughout the next 36 months.

The 31 December 2020 audited financial report is now available to download from the online investor portal at CenturiaInvestor.com.au. The report confirms the NAB of units in the Fund remains at \$0.90.



Financial Snapshot

Fund Commencement Date	30 September 2019
Unit Price	\$0.94 ¹
Net Asset Backing (NAB)	\$0.90 ²
Distribution Rate (cents per unit)	6.60 ³
Weighted Average Lease Expiry (WALE) (years)	2.56 ⁴
Next Investor Vote on Term of Fund	30 September 2024

1 As at 31 December 2020.

2 Based on the most recent audited accounts as at 31 December 2020. Without the Mark to Market of the Fund's interest rate swap, the NAB of units in the Fund would be \$0.92.

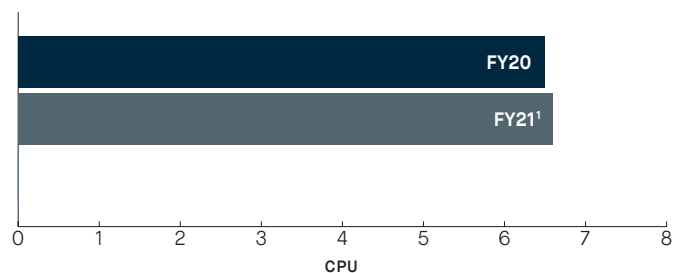
3 March 2021 quarter, annualised.

4 4 As at 28 February 2021.

As outlined in the PDS, units have been 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 throughout five years.

Distribution Details

Annualised Distribution



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

The distribution rate of 6.60 cents per unit (annualised) is in line with the 2021 financial year forecast and the anticipated returns featured within the PDS. This forecast distribution rate reflects the current performance of the Fund and assumes that all tenants will continue to satisfy their contractual obligations under their respective leases within a timely manner and that there are no significant unforeseen capital costs and no material changes to the Fund's financial obligations.

Property Details

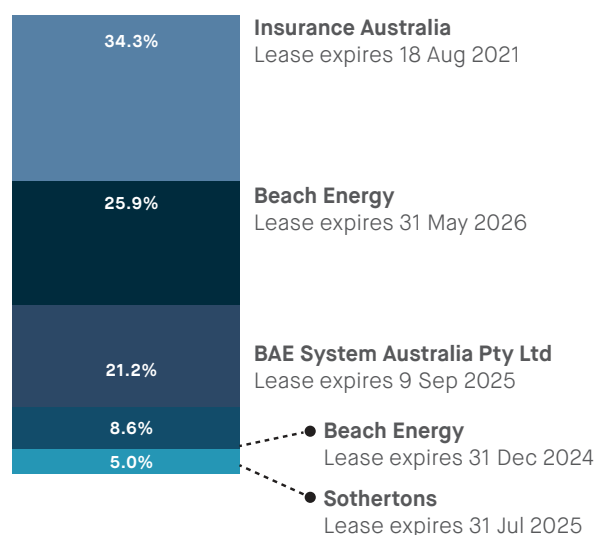
Asset Values

Property Address	80 Flinders Street, Adelaide SA
Purchase Price (Sep 19)	\$123.4m ¹
Previous Valuation—Independent (Jun 20)	\$121.5m
Current Valuation (Dec 20)	\$121.6m
Cap Rate (Dec 20)	5.75%
Valuer	Directors'

¹ Acquisition price including outstanding incentives was \$127.0m.

The property was subject to a Directors' valuation for the 31 December 2020 audited financial report. The key metrics of this valuation are outlined in the table above.

Top Five Tenants by Net Lettable Area (NLA)



The property is currently 100% occupied with a 2.56-year WALE by income as at 28 February 2021. The tenants continue to pay rent in a timely manner.

We are extremely pleased to report that terms were agreed with Lucid Engineering for a five-year lease over Level 6, commencing 17 November 2021. Based on the proposed start date, there will only be three months downtime for the 1,078 sqm being vacated by Insurance Australia on 18 August 2021, which is an exceptional result for the Fund, particularly in the current environment. Furthermore, a five-year proposal has also been issued to Insurance Australia to renew approximately 2,350 sqm of its existing space on Level 7 and there is interest on the remaining 700 sqm the tenant will relinquish at lease expiry on 18 August 2021. Investors will be provided with an update on these transactions and any other leasing progress in the June 2021 Quarterly Fund Update.

Property Statistics

	Initial ¹	Jun 20	Dec 20
Net Asset Backing	\$0.95	\$0.90	\$0.90
Portfolio Occupancy Rate	100%	100%	100%
Weighted Average Lease Expiry (WALE) (years)	4.0	3.2	2.7

¹ Based on the Product Disclosure Statement dated 14 August 2019.

Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$60.0m ¹	
Undrawn Amount	\$2.85m ¹	
Loan Expiry	30 Sep 2024	
% of Debt Hedged	100.0% ²	
Loan Value Ratio (LVR)	47.0% ³	57.5%
Interest Cover Ratio (ICR)	5.17 ⁴	2.00

¹ As at 28 February 2021.

² The Fund's drawn debt is fully hedged at a rate of 0.86% p.a. until 30 September 2022.

³ The LVR is based on the most recent independent valuation as defined under the debt facility agreement.

⁴ The stated ICR figures are based on the most recent audited accounts as at 31 December 2020.

The Fund's drawn debt remains at \$57.15 million, which is 100% hedged at a fixed rate of 0.86% (in addition to the bank margin of 1.50%) until 30 September 2022, with the ability to draw an additional \$2.85 million for future leasing related costs and base building capital expenditure.

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. 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.

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.

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