

# Centuria

Quarterly Fund Update  
March 2021

## Centuria 80 Grenfell Street Fund

(ARSN 626 187 022)

### Key Points

- As at 31 March 2021, the Fund's Net Asset Backing (NAB) is \$0.97
- Distributions for the March 2021 quarter remain at 7.40 cents per unit (annualised)
- The property is 100% leased with c. 4.87-year Weighted Average Lease Expiry (WALE) by income

### Fund Summary

Distributions for the **Centuria 80 Grenfell Street Fund** (Fund) continue to be paid at 7.40 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](http://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 March 2021 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 nationwide.

Though the pandemic negatively impacted overall leasing conditions within the office market, the re-opening of the South Australian 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 28,500 sqm at 60 King William Street, which is the second largest pre-commitment in Adelaide's CBD history.

As a result, JLL Research expects Adelaide's vacancy to hold firm throughout 2021 before a moderate reduction in 2022. New supply in the form of 83 Pirie Street and 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 of 5.00% to 7.00% during the December 2020 quarter. This range, and the average midpoint yield of 6.00%, are both historical lows. JLL Research also expects capitalisation rates to hold firm during 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](http://CenturiaInvestor.com.au). The report confirms the Fund's NAB per unit remains at \$0.97.



### Financial Snapshot

Fund Commencement Date	23 July 2018
Unit Price	\$1.01 <sup>1</sup>
Net Asset Backing (NAB)	\$0.97 <sup>2</sup>
Distribution Rate (cents per unit)	7.40 <sup>3</sup>
Weighted Average Lease Expiry (WALE) (years)	4.87 <sup>4</sup>
Next Investor Vote on Term of Fund	23 July 2023

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 \$0.98.

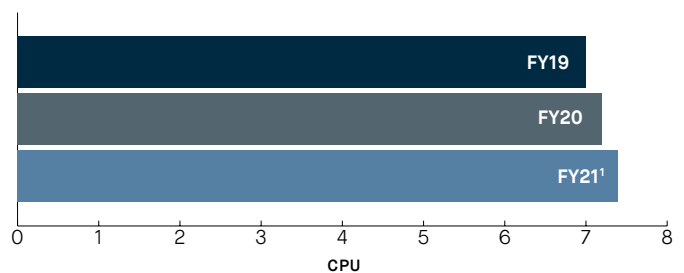
3 March 2021 quarter, annualised.

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 over 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 7.40 cents per unit (annualised) is in line with the 2021 financial year forecast. 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

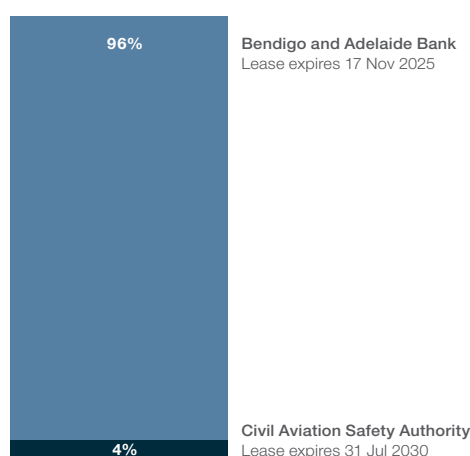
### Asset Values<sup>1</sup>

Property Address	80 Grenfell Street, Adelaide SA
Purchase Price (Jul 18)	\$92.3m
Previous Valuation – Directors' (Jun 20)	\$95.0m
Current Valuation (Dec 20)	\$95.5m
Cap Rate (Dec 20)	6.00%
Valuer	Savills

<sup>1</sup> Figures based on the Fund's 50% interest in the property.

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

## Top Tenants by Net Lettable Area (NLA)



The property is currently 100% occupied with a c. 4.87-year WALE by income as at 28 February 2021. The tenants continue to pay rent in a timely manner.

## Property Statistics

	Initial <sup>1</sup>	Jun 20	Dec 20
Net Asset Backing	\$0.93	\$0.97	\$0.97
Property Occupancy	100% <sup>2</sup>	100%	100%
Weighted Average Lease Expiry (WALE) (years)	7.30 <sup>2</sup>	5.50	5.00

<sup>1</sup> Based on the Product Disclosure Statement dated 4 June 2018.

<sup>2</sup> Includes an 18-month rental guarantee over the vacant area of approximately 889 sqm on level 4, which expired on 22 January 2020.

## Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$42.2m <sup>1</sup>	
Undrawn Amount	\$650,000 <sup>1</sup>	
Loan Expiry	23 July 2021	
% of Debt Hedged	100% <sup>2</sup>	
Loan Value Ratio (LVR)	43.5% <sup>3</sup>	57.5%
Interest Cover Ratio (ICR)	4.61 <sup>4</sup>	2.00

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

<sup>2</sup> The Fund's drawn debt is fully hedged at a rate of 0.62% p.a. until 23 July 2023.

<sup>3</sup> The LVR is based on the Fund's 50% interest and 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 as at 31 December 2020.

The Fund's drawn debt remains at \$41.5 million, which is 100% hedged at a fixed rate of 0.62% (in addition to the bank margin of 1.65%) to ensure security of interest costs. The facility also provides the ability to draw an additional \$650,000 for capital expenditure and leasing-related items.

As previously communicated, the Manager has successfully agreed terms with Westpac to extend the Fund's loan facility by two years to 23 July 2023 and documentation is anticipated to be finalised shortly. Please note, the bank margin will increase by 5 basis points to 1.70% p.a. under the new agreement, which is anticipated to commence from April 2021.

Under the terms of the debt facility, the Fund is required to comply with certain loan covenants during 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).