

# Centuria

## Quarterly Fund Update June 2021

### Centuria SOP Fund

#### Key Points

- Western Sydney University has extended lease term to October 2026.
- June 2021 quarter distribution rate paid at increased rate of 5.25 cents per unit (annualised).
- FY22 distribution rate is forecast to increase to 6.50 cents per unit (annualised).
- The property is 97.4% occupied with a weighted average lease expiry (WALE) of approximately 3.13 years.

#### Fund Summary

Distributions for the **Centuria SOP Fund** (Fund) have been paid in line with the increased forecast rate of 5.25 cents per unit (annualised) for the June 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).

Centuria's in house asset management team have a strong track record of tenant retention, which is a result of solid relationships and early engagement to discuss extended lease terms. Over the past 18 months, Centuria have met with the major tenant, Western Sydney University (WSU) (37% by NLA), to extend their tenure at the property past their current lease expiry of October 2022. We are pleased to report that the WSU have executed a four-year lease extension at the property. The execution of this lease improves the lease profile of the property from 1.70 to 3.13 years, mitigates a significant near-term leasing risk and is anticipated to be accretive to the valuation 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	11 May 2017
Net Asset Backing	\$1.07 <sup>1</sup>
Distribution Rate (cents per unit)	5.25 <sup>2</sup>
Weighted Average Lease Expiry (WALE) (years)	3.13 <sup>3</sup>
Next investor vote on term of Fund	11 May 2022

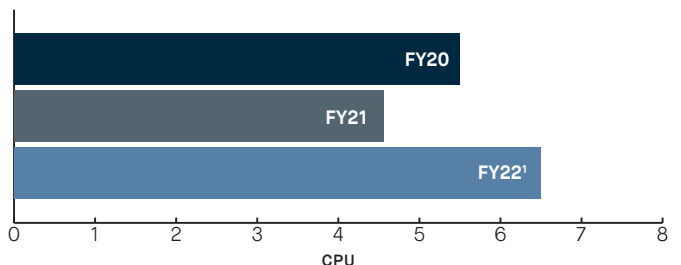
1 Based on most recent audited accounts (31 December 2020). Without the Mark to Market of the Fund's interest rate swap, the NAB of units in the Fund would remain at \$1.07.

2 June 2021 quarter, annualised.

3 As at 30 June 2021.

#### Distribution Details

##### Annualised Distribution



1 Forecast (annualised).

The distribution rate for the 2022 financial year is forecast to increase from 5.25 cents per unit to 6.50 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.

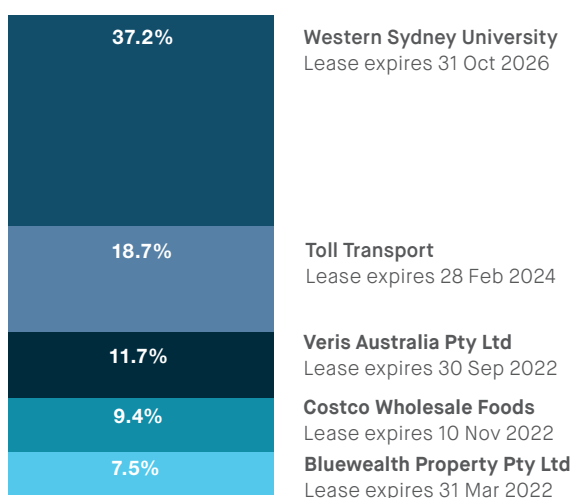
## Property Details

### Asset Values

Property Address	8 Australia Avenue, SOP, NSW
Purchase Price (Jun 17)	\$44.8m
Previous Valuation – Independent (Jun 20)	\$50.0m
Current Valuation - (Dec 20)	\$50.0m
Cap Rate (Dec 20)	6.25%
Valuer	Director's

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.

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



The property is 97.4% occupied with a weighted average lease expiry of approximately 3.13 years as at 30 June 2021.

The Sydney Olympic Park/Rhodes office market recorded positive net absorption of 1,100 sqm in the March 2021 quarter. This is the second consecutive quarter of positive net absorption in the market. The net absorption consisted of small tenant moves, reducing the prime vacancy level to 20.9% (JLL Office Market Update 1Q21). Centuria is aware of two material leases to high creditworthy tenants which have recently been struck in the precinct, which will reduce the headline vacancy level considerably. We look forward to confirming these leases, which are a positive reflection of leasing appetite for quality office space.

## Property Statistics

	Initial <sup>1</sup>	Jun-20	Dec-20
Net Asset Backing	\$0.90	\$1.06	\$1.07
Property Occupancy	88%	97%	97%
Weighted Average Lease Expiry (WALE) (years)	3.53	2.66	2.20

<sup>1</sup> Based on the Investment Memorandum/30 June 2017 Financial Accounts.

## Debt Summary

	Current Period	Loan Covenants
Total Facility Limit	\$21.5m <sup>1</sup>	
Undrawn Amount	\$3.1m <sup>1</sup>	
Loan Expiry	18 August 2025	
% of Debt Hedged	Nil <sup>2</sup>	
Loan Value Ratio (LVR)	36.6% <sup>3</sup>	55.0%
Interest Cover Ratio (ICR)	3.74 <sup>4</sup>	2.00

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

<sup>2</sup> Fund's drawn debt is partially hedged until August 2025.

<sup>3</sup> The LVR figure is as at 31 December 2020, and 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).

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).

## 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).