

# Centuria

Fund Update  
March 2022

## Centuria 348 Edward Street Fund

(ARSN 636 584 515)

### Key points

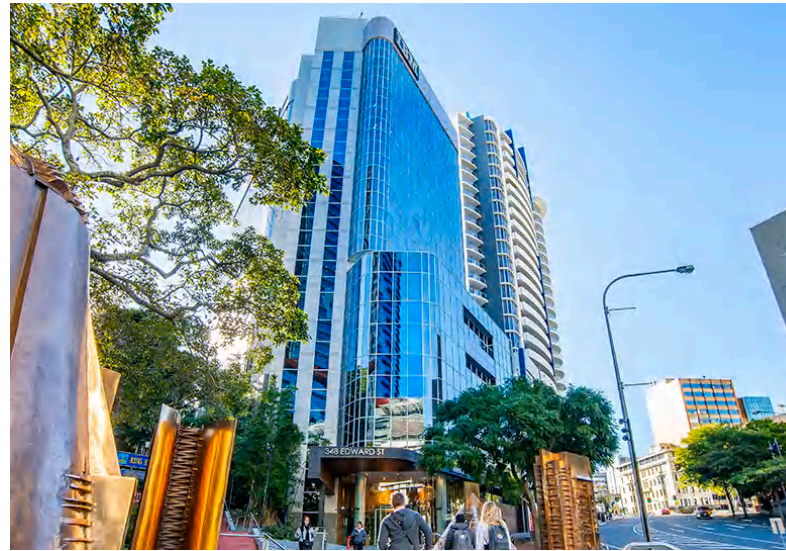
- As at 31 December 2021, the Net Asset Backing (NAB) of units increased to \$0.88 per unit.
- Fund maintains 6.25 cpu (annualised) distribution rate in line with the FY2022 forecast.
- Leases executed with SMW Group, and terms agreed to extend with Altus Group.
- The property is 100% occupied, with a weighted average lease expiry of approximately 3.49 years.

### Fund summary

Distributions for the **Centuria 348 Edward Street Fund** (Fund) were paid in line with the March 2022 quarter forecast of 6.25 cents per unit (annualised). 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**.

Centuria is pleased to report a lease was recently executed on the Level 11 (134 sqm). In addition, a lease proposal (heads of agreement) was issued to Altus Group Level 7 (164 sqm) which is a sitting tenant with an approaching lease expiry. This leasing traction is a positive sign given recent leasing conditions and is reflective of the high quality fit out, strong tenant engagement through a differentiated marketing approach, and the overall amenity of the property. We look forward to providing investors a further update.

The 31 December 2021 audited financial report is now available to download from our online investor portal at **CenturiaInvestor.com**. The report confirms the Fund's NAB per unit increased from \$0.85 (as at 30 June 2021) to \$0.88 (as at 31 December 2021), predominately due to the uplift in the property's valuation during this period.



### Financial snapshot

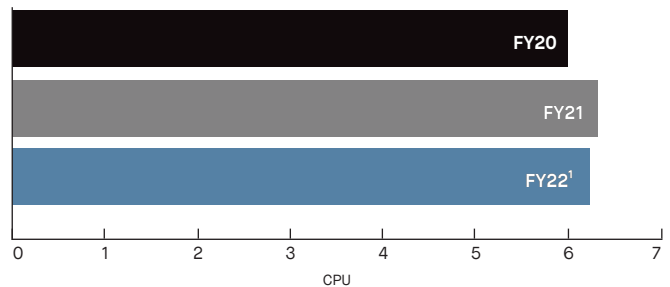
<b>Fund Commencement Date</b>	12 December 2019
<b>Unit Price</b>	\$0.95 <sup>1</sup>
<b>Net Asset Backing</b>	\$0.88 <sup>1</sup>
<b>Distribution Rate (cents per unit)</b>	6.25 <sup>2</sup>
<b>Weighted Average Lease Expiry (WALE) (years)</b>	3.49 <sup>3</sup>
<b>Next Investor Vote on Term of Fund</b>	12 December 2024

1. Based on most recent audited accounts (31 December 2021). Without the Mark to Market of the Fund's interest rate swap, the NAB of units in the Fund would be \$0.88.
2. March 2022 quarter annualised.
3. As at 31 December 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



1. FY22 Forecast.

The distribution rate for the remainder of the 2022 financial year is forecast to remain 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.

Centuria will provide an update in June 2022 to confirm the forecast distribution rate for the 2023 financial year. Centuria will also consider interest rate forecasts, which may have an impact on the 2023 financial year distribution rate.

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	348 Edward Street, Brisbane, QLD
Purchase Price (Dec 19)	\$79.0m <sup>1</sup>
Previous Valuation – Director's (Jun 21)	\$86.0m
Current Valuation (Dec 21)	\$88.0m
Cap Rate (Dec 21)	6.00%
Valuer	Colliers International

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

The key metrics of the 31 December 2021 valuation are outlined in the table above, and the result of the 30 June 2022 valuation will be included within the September 2022 Fund Update.

## Top five tenants by net lettable area (NLA)

<b>Deswik</b> Lease expires 30 Nov 2027	23.5%
<b>BMT Eastern Australia</b> Lease expires 31 Jan 2028	13.3%
<b>Dealer Solutions</b> Lease expires 31 Aug 2023	8.1%
<b>The Citadel Group</b> Lease expires 31 Jan 2025	7.9%
<b>First Mortgage Services</b> Lease expires 30 Sep 2025	7.5%

The Weighted Average Lease Expiry (WALE) by income is approximately 3.49 years as at 31 December 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 have seen a mild decline in the short term, JLL Research anticipates small tenant activity will continue to build momentum. As seen with the leasing traction at the property during 2021, a clear trend can be seen with tenants being attracted toward quality assets.

## Property statistics

	INITIAL <sup>1</sup>	JUN-21	DEC-21
Net Asset Backing	\$0.88	\$0.85	\$0.88
Property Occupancy Rate	88%	99%	100%
Weighted Average Lease Expiry (WALE) (years)	5.1	3.9	3.5

1. Based on the Product Disclosure Statement dated 31 October 2019.

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total Facility Limit	\$46.7m <sup>1</sup>	
Undrawn Amount	\$9.1m <sup>1</sup>	
Loan Expiry	1 Dec 2024	
% of Debt Hedged	86.9% <sup>2</sup>	
Loan to Value Ratio (LVR)	42.80% <sup>3</sup>	60.0%
Interest Cover Ratio (ICR)	4.88 <sup>4</sup>	2.0

1. As at 31 December 2021.

2. As at 31 December 2021, Fund's drawn debt is hedged until 12 December 2022.

3. The LVR is as at 31 December 2021 and 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 (31 December 2021).

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 2021, 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](https://www.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).

**Note:** The latest RG46 Statement for the Fund is available at [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au). It includes gearing ratio, calculated using ASIC methodology, gearing covenant sensitivities, details of the related party transactions in the period and further information on the source of distributions.

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