

Centuria

Fund Update
March 2022

Centuria 8 Central Avenue Fund No. 2

(ARSN 605 264 211)

Key points

- As at 31 December 2021, the Net Asset Backing (NAB) of units increased to \$1.88 per unit, in addition to the \$0.27 early return of capital issued in March 2021.
- Fund maintains robust distribution rate of 10.00 cpu (annualised) in line with the FY2022 forecast.
- The property is 97% occupied with a weighted average lease expiry of approximately 8.33 years.

Fund summary

Distributions for the **Centuria 8 Central Avenue Fund No. 2** (Fund) were paid in line with the FY2022 forecast of 10.00 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

We are pleased to report that the remaining available tenancy (Suite 8.01 / 1,274 sqm) has received interest from two prospective tenants. Heads of agreement have been issued to both parties, and we look forward to providing an update to Investors in the September 2022 Fund 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 \$1.78 (as at 30 June 2021) to \$1.88 (as at 31 December 2021), predominately due to the uplift in the property's valuation during this period. The valuation improvement is a result of a tightening of the capitalisation rate applied by the valuer, reflective of investment appetite for well-located properties, with a long lease profiles, leased to creditworthy tenants.



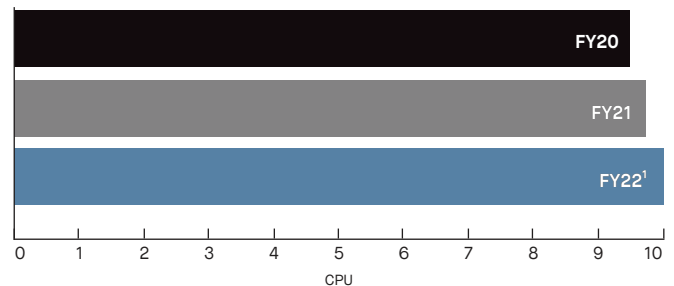
Financial snapshot

Fund Commencement Date	1 July 2015
Net Asset Backing	\$1.88 ¹
Distribution Rate (cents per unit)	10.00 ²
Weighted Average Lease Expiry (WALE) (years)	8.33 ³
Next Investor Vote on Term of Fund	1 January 2024

1. Based on most recent audited accounts (31 December 2021) and after deducting the \$0.27 early return of capital made in March 2021. Without the Mark to Market of the Fund's interest rate swap, the NAB of units in the Fund would remain at \$1.88.
2. March 2022 quarter annualised.
3. As at 31 December 2021.

Distribution details

ANNUALISED DISTRIBUTION



1. FY2022 Forecast.

The distribution rate for the remainder of the 2022 financial year is forecast to remain at 10.00 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	8 Central Avenue, South Eveleigh, NSW
Purchase Price (Jul 15)	\$109.4m ¹
Previous Valuation – CBRE (Jun 21)	\$200.0m ¹
Current Valuation (Dec 21)	\$210.0m ¹
Cap Rate (Dec 21)	5.00%
Valuer	CBRE

1. Based on 50% of the property.

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)

Pacific Magazines Pty Ltd Lease expires 31 Dec 2029	25.5%
State Property Authority (now Government Property NSW) Lease expires 30 Nov 2025	21.1%
NEP Australia Pty Ltd Lease expires 31 Dec 2044	18.8%
Seven Network (Operations) Ltd Lease expires 31 Dec 2029	15.8%
Speedx Lease expires 31 Aug 2025	8.2%

The property is 97% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 8.33 years as at 31 December 2021.

JLL Research reports that prime gross effective rents increased by 2.4% over the December 2021 quarter and prime incentives reduced to 25.5%, and secondary incentives reduced to 22.6% (Source: JLL Sydney Fringe Office Market Report Q421). This is a positive indicator of real rental growth, following a period of increasing incentives associated with uncertainty following the onset of covid pandemic.

Property statistics

	INITIAL ¹	JUN-21	DEC-21
Net Asset Backing	\$0.90	\$1.78 ²	\$1.88 ²
Property Occupancy Rate	100%	97%	97%
Weighted Average Lease Expiry (WALE) (years)	10.97	8.80	8.33

1. Based on the Product Disclosure Statement dated 8 April 2015.

2. After deducting the \$0.27 early return of capital made in March 2021.

Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total Facility Limit	\$85.1m ¹	
Undrawn Amount	5.6m ¹	
Loan Expiry	8 Jan 2024	
% of Debt Hedged	48.7% ²	
Loan to Value Ratio (LVR)	37.8% ³	60.0%
Interest Cover Ratio (ICR)	5.00 ⁴	1.95

1. As at 31 December 2021.

2. As at 31 December 2021, Fund's drawn debt is partially hedged until 18 June 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.

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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