

# Centuria

## Fund Update September 2022 Centuria 80 Flinders Street Fund

(ARSN 634 979 838)

### Key points

- As at 30 June 2022, the Net Asset Backing of the Fund is \$1.08 per unit
- Forecast distributions for FY23 confirmed at 6.25 cents per unit (annualised)
- Adelaide CBD office market fundamentals remain strong

### Fund summary

Distributions for the **Centuria 80 Flinders Street Fund** (Fund) continue to be paid at 6.25 cents per unit (annualised), which is in line with the forecast for the 2023 financial year. The corresponding distribution statement for the Fund can be accessed from our online investor portal at [CenturiaInvestor.com.au](http://CenturiaInvestor.com.au).

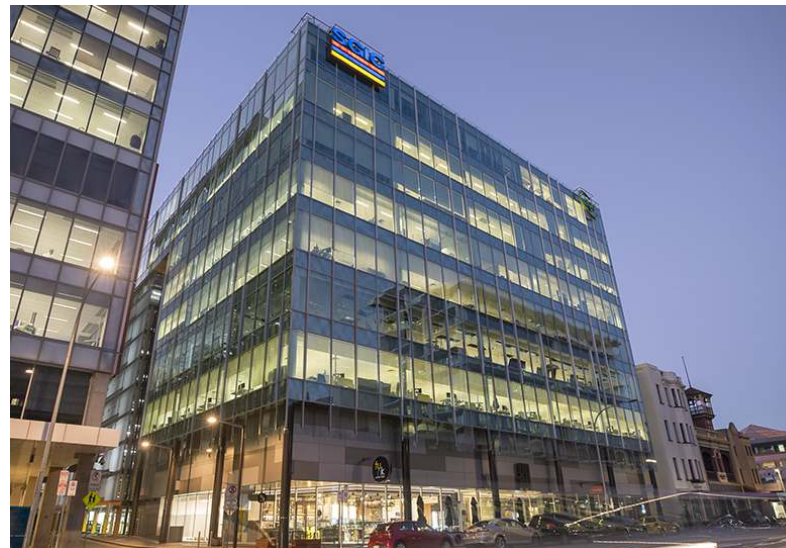
#### Market Overview

- Adelaide CBD office market vacancy rate tightened in July 2022 to 14.2%, down from 15.7% at the same time last year.
- Brisbane and Adelaide were the only two CBD markets to record vacancy decreases the first half of 2022.
- The Property Council of Australia (PCA) reported a positive six-month net absorption of 6,174 sqm to July 2022, which is well above the 10-year average of approximately 4,500 sqm.
- Average gross face rents increased slightly in the June quarter ranging between 0.9% - 2.4%.
- Sales volumes increased 62% from the previous year.
- Average market yields across all property grades have remained stable in the June quarter ranging between 5.15% and 6.90%.
- The PCA survey for August 2022 found that Adelaide's office occupancy rate increased the most nationally, climbing from 64% to 71%.

Source: PCA/Savills Research

#### 30 June 2022 Net Asset Backing

The 30 June 2022 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 Net Asset Backing (NAB) of the Fund remains at \$1.08 per unit.



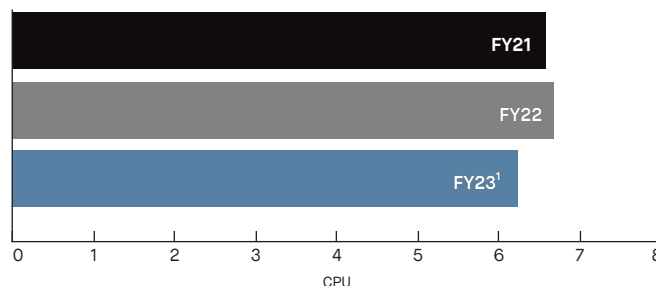
### Financial snapshot

<b>Fund commencement date</b>	30 Sep 2019
<b>Unit price</b>	\$1.10 <sup>1</sup>
<b>Net asset backing</b>	\$1.08 <sup>2</sup>
<b>Distribution rate (cents per unit)</b>	6.25 <sup>3</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	4.8 <sup>1</sup>
<b>Next investor vote on term of Fund</b>	30 Sep 2024

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. Forecast (annualised).

The distribution rate of 6.25 cents per unit (annualised) is in line with the 2023 financial year forecast. However, please note that 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 or material changes to the Fund's financial obligations, which includes debt costs. If any change to the forecast distribution rate is required, an out of cycle update will be provided to investors.

1. As at 30 June 2022.

2. Based on the most recent audited accounts as at 30 June 2022. Without the Mark to Market of the Fund's interest rate swap, the NAB of the Fund would remain at \$1.08 per unit.

3. September 2022 quarter, annualised.

## Property details

ASSET VALUES	
Property address	80 Flinders Street, Adelaide SA
Purchase price (Sep 19)	\$123.4m <sup>1</sup>
Previous valuation – Independent (Dec 21)	\$137.0m
Current valuation (Jun 22)	\$137.5m
Cap rate (Jun 22)	5.50%
Valuer	Directors'

The property was subject to a Directors' valuation for the purposes of the 30 June 2022 audited financial report and the key metrics of this valuation are outlined in the table above.

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

<b>Beach Energy</b> Lease expires 31 May 2026	27%
<b>Wilson Parking</b> Lease expires 28 Feb 2030	26%
<b>BAE Systems</b> 9 Sep 2025	17%
<b>Insurance Australia</b> Lease expires 18 Aug 2026	14%
<b>Lucid Consulting</b> Lease expires 23 Sep 2026	6%

The property is currently 100% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 4.8 years as at 30 June 2022.

## Property statistics

	INITIAL <sup>2</sup>	DEC-21	DEC-21
Net asset backing	\$0.95	\$1.08	\$1.08
Property occupancy rate	100%	100%	100%
Weighted average lease expiry (WALE) (years)	4.0	5.2	4.8

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$60.0m	
Undrawn amount	\$1.15m <sup>3</sup>	
Loan expiry	30-Sep-24	
% of debt hedged	97.1% <sup>4</sup>	
Loan to value ratio (LVR)	43.0% <sup>5</sup>	57.5%
Interest cover ratio (ICR)	4.93 <sup>6</sup>	2.0

The Fund's drawn debt is \$58.85 million, which is 97.1% 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 \$1.15 million. We are also pleased to report that approval has been received from Westpac to increase the Fund's facility limited by an additional \$2.0 million to provide further liquidity and to fund future leasing related costs, as well as 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 30 June 2022, 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.

1. Acquisition price including outstanding incentives was \$127.0m.
2. Based on the Product Disclosure Statement dated 14 August 2019.
3. As at 30 June 2022.
4. The Fund's drawn debt is 97.1% hedged at a rate of 0.86% p.a. until 30 September 2022.
5. The LVR is based on the most recent independent valuation as defined under the debt facility agreement.
6. The stated ICR figures are based on the most recent audited accounts as at 30 June 2022.

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