

Centuria

Fund Update September 2022 Centuria ATP Fund

(ARSN 610 104 320)

Key points

- As at 30 June 2022, the Net Asset Backing of the Fund increased to \$2.28 per unit
- Forecast distributions for FY23 confirmed at 11.85 cents per unit (annualised)
- The Commonwealth of Australia (Department of Defence) has exercised its five year option

Fund summary

Distributions for the **Centuria ATP Fund** (Fund) continue to be paid at 11.85 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.

Please note, since the expiry of the Fund term is approaching in April 2023, it is anticipated that investors will receive a Notice of Meeting and Explanatory Memorandum to vote upon the future of the investment in early 2023.

Market Overview

- Net absorption of 7,002 sqm was recorded in the Sydney Fringe during the June 2022 quarter and headline vacancy decreased by 0.3% to 8.7% during the period.
- Prime gross effective rents increased by 0.6%, while secondary rents were stable from April through to June 2022.
- Prime and secondary incentives remained stable at 28.0% and 23.9%, respectively.
- Two previously untracked buildings were added to stock with a total office area of 4,200 sqm and there are currently three projects under construction that will add 10,200 sqm to the market once completed over the next year.
- Four office sales were recorded in 2Q22 with a total value of \$156.0 million.
- Prime yields and secondary yields remain stable ranging from 4.63% to 5.13% and 4.88% to 5.38%, respectively.

Source: JLL 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. The report confirms the Net Asset Backing (NAB) of the Fund increased slightly from \$2.27 per unit (as at 31 December 2021) to \$2.28 per unit (as at



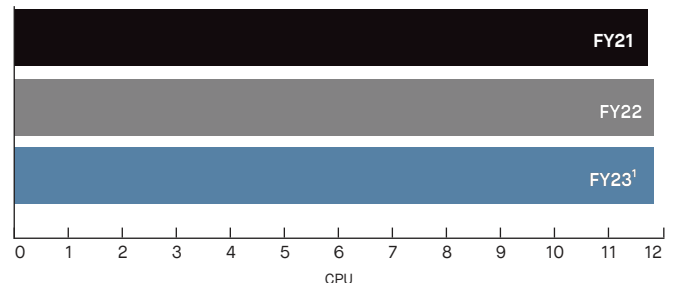
30 June 2022), which was largely driven by a change in the Mark to Market value of the Fund's derivative instruments.

Financial snapshot

Fund commencement date	22 April 2016
Net asset backing	\$2.28 ¹
Distribution rate (cents per unit)	11.85 ²
Weighted average lease expiry (WALE) (years)	4.8 ³
Next investor vote on term of Fund	22 April 2023

Distribution details

ANNUALISED DISTRIBUTION



1. Forecast (annualised).

The distribution rate of 11.85 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. Based on the most recent audited accounts as at 30 June 2022 and after deducting the \$0.47 early return of capital made in February 2020. Without the Mark to Market of the Fund's interest rate swap, the NAB of the Fund would be \$2.27 per unit.
2. September 2022 quarter, annualised.
3. As at 30 June 2022.

Portfolio statistics

	INITIAL ¹	DEC-21	JUN-22
Net asset backing	\$0.94	\$2.27 ²	\$2.28 ²
Portfolio occupancy rate	100%	94%	94%
Weighted average lease expiry (WALE) (years)	4.8	5.3	4.8

Top five tenants by net lettable area (NLA)

University of Sydney Lease expires 30 June 2031	34%
Data61/CSIRO Lease expires 30 June 2026	30%
Commonwealth of Australia (Dept. of Defence) Lease expires 31 Mar 2028	25%
Top Education Group Lease expires 31 Oct 2024	5%
Property NSW (Transport for NSW) Lease expires 31 May 2024	3%

The portfolio is currently 93.9% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 4.8 years as at 30 June 2022.

We are extremely pleased to report that the Commonwealth of Australia (Department of Defence) has exercised its five year option from 1 April 2023 over 4,910 sqm in the Data61/CSIRO building. Furthermore, management has also successfully agreed the market rents over both the office space and car parks that will result in a 4% and 13% increase on the current passing rents respectively, which is an excellent result for the fund.

Portfolio details

PROPERTY ADDRESS	PURCHASE PRICE (APR 16)	PREVIOUS VALUATION - INDEPENDENT (DEC 21)	CURRENT VALUATION (JUN 22)	CAP RATE (JUN 22)	VALUER
13 Garden St, South Eveleigh NSW		\$138.0m	\$138.0m	5.50%	Directors'
1 Central Ave, South Eveleigh NSW		\$113.0m	\$115.0m	4.88%	Directors'
6 Cornwallis St, South Eveleigh NSW		\$9.4m	\$13.0m	4.50%	Directors'
TOTAL	\$104.0M	\$260.4m	\$266.0m	5.18%	

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.

- Based on the Product Disclosure Statement dated 1 February 2016.
- After deducting the \$0.47 early return of capital made in February 2020.
- As at 30 June 2022.
- The Fund's drawn debt is 52.4% hedged until 15 December 2022.
- The LVR is based on the most recent independent valuations as defined under the debt facility agreement.
- The stated ICR figures are based on the most recent audited accounts as at 30 June 2022.

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Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$103.7	
Undrawn amount	\$8.3 ³	
Loan expiry	30-Jun-23	
% of debt hedged	52.4% ⁴	
Loan to value ratio (LVR)	36.6% ⁵	55.0%
Interest cover ratio (ICR)	6.07 ⁶	2.0

The Fund's drawn debt of \$95.4 million is 52.4% hedged at a fixed rate of 0.46% (in addition to the bank margin of 1.40%) until 15 December 2022. There is also the ability to draw an additional \$8.3 million for future leasing and the remaining redevelopment costs associated with 6 Cornwallis Street, 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 Valuation 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.