

# Centuria

Fund Update  
September 2022

## Centuria Government Income Property Fund No. 2

(ARSN 653 978 753)

### Key points

- As at 30 June 2022, the Net Asset Backing of the Fund increased to \$1.00 per unit
- Forecast distributions for FY23 confirmed at 5.35 cents per unit (annualised)
- The property is 100% leased with a Weighted Average Lease Expiry (WALE) of 10.5 years

### Fund summary

Distributions for the **Centuria Government Income Property Fund No. 2** (Fund) continue to be paid at 5.35 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](https://www.centuriainvestor.com.au).

#### 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](https://www.centuriainvestor.com.au). The report confirms the Net Asset Backing (NAB) of the Fund increased from \$0.96 per unit (as at 31 December 2021) to \$1.00 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 over this period and resulted in \$0.06 per unit being added to the NAB. Please note that this \$2.1 million increase in the Fund's net assets is only materialised if the three year swap over \$23.0 million is broken prior to its expiry on 16 December 2024. This amount will also reduce as the remaining term diminishes, however it may increase further if interest rates continue to rise.



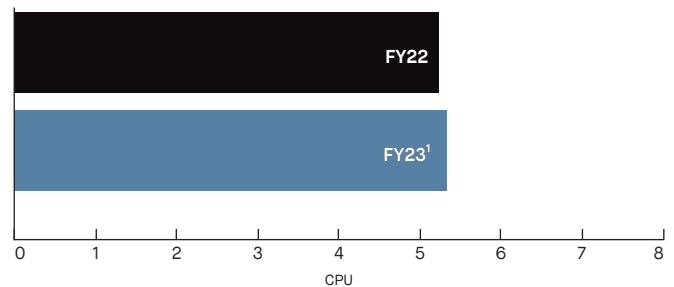
### Financial snapshot

<b>Fund commencement date</b>	2 Dec 2021
<b>Unit price</b>	\$1.05 <sup>1</sup>
<b>Net asset backing</b>	\$1.00 <sup>2</sup>
<b>Distribution rate (cents per unit)</b>	5.35 <sup>3</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	10.5 <sup>1</sup>
<b>Next investor vote on term of Fund</b>	2 Dec 2026

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 5.35 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 be \$0.94 per unit.

3. September 2022 quarter, annualised.

## Property details

ASSET VALUES	
Property address	25 Nile Street, Port Adelaide SA
Purchase price (Dec 21)	\$62.8m
Acquisition valuation – Directors' (Dec 21)	\$62.8m
Current valuation (Jun 22)	\$63.0m
Cap rate (Jun 22)	4.75%
Valuer	Savills

The property was subject to an independent 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 tenants by net lettable area (NLA)

Minister for Transport and Infrastructure (Shared Services SA) Lease expires 18 May 2033	94%
Urban Renewal Authority (Renewal SA) Lease expires 30 Jun 2023	6%

The property is currently 100% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 10.5 years as at 30 June 2022.

## Property statistics

	INITIAL <sup>1</sup>	DEC-21	JUN-22
Net asset backing	\$0.93	\$0.96	\$1.00
Property occupancy rate	100%	100%	100%
Weighted average lease expiry (WALE) (years)	11.1	11.0	10.5

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$31.4m	
Undrawn amount	\$0.6m <sup>2</sup>	
Loan expiry	2-Dec-26	
% of debt hedged	74.6% <sup>3</sup>	
Loan to value ratio (LVR)	48.8% <sup>4</sup>	60.0%
Interest cover ratio (ICR)	4.92 <sup>5</sup>	2.0

Under the Fund's five-year facility, the drawn debt is currently \$30.75 million, which is 74.6% hedged at a fixed rate of 0.62% (in addition to the bank margin of 1.30%) until 16 December 2024, with the ability to draw an additional \$620,000 for future leasing related costs and base building capital expenditure. Furthermore, a two year swap for approximately 50% of the forecast drawn debt in years four and five at 2.63% (\$15.0m) has also been secured.

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](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. Based on the Product Disclosure Statement dated 25 October 2021.
2. As at 30 June 2022.
3. The Fund's drawn debt is 74.6% hedged at a rate of 0.62% p.a. until 16 December 2024.
4. The LVR is based on the most recent independent valuation as defined under the debt facility agreement.
5. The stated ICR figures are based on the most recent audited accounts as at 30 June 2022.

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