

Centuria

Fund Update September 2022 Centuria SOP Fund

Key points

- FY23 distribution forecast to remain stable at 6.50 cpu (annualised).
- 30 June 2022 Net Asset Backing confirmed at \$1.14 per unit.
- Costco Wholesale Foods (21.1% by NLA) have signed a lease extension, mitigating near term expiry risk.
- The property is 100% occupied with a weighted average lease expiry (WALE) of approximately 2.61 years as at 30 June 2022.

Fund summary

The FY23 distribution forecast for the **Centuria SOP Fund** (Fund) has been confirmed at 6.50 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 a short term extension has been agreed and executed by Costco Wholesale Foods over part Level 2 (615 sqm) and part Level 5 (769 sqm), taking their lease expiry to 31 December 2023. Following their expiry in December 2023, the tenant will vacate to their own (purpose built) premises.

The Fund's NAB per unit, based on audited accounts, has remained stable, decreasing slightly from \$1.15 (as at 31 December 2021) to \$1.14 (as at 30 June 2022). The minor movement has been driven by debt funded incentive payments for Western Sydney University reducing the NAB slightly, whilst the valuation remained static.

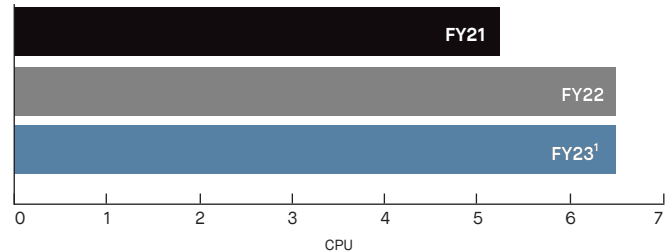


Financial snapshot

Fund Commencement Date	11 May 2017
Net Asset Backing	\$1.14 ¹
Distribution Rate (cents per unit)	6.50 ²
Weighted Average Lease Expiry (WALE) (years)	2.61 ³
Next investor vote on term of Fund	Prior to 11 May 2025

Distribution details

ANNUALISED DISTRIBUTION



1. FY2023 Forecast

The distribution forecast for the remainder of the 2023 financial year has been confirmed at 6.50 cents per unit (annualised). Should there be any material departures from this forecast, an out of cycle Investor update will be provided.

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.

1. Based on most recent audited accounts (30 June 2022).
2. Sep 2022 quarter annualised.
3. As at 30 June 2022.

Property details

ASSET VALUES

Property Address	8 Australia Avenue, SOP, NSW
Purchase Price (Jun 17)	\$44.8m
Previous Valuation (Dec 21)	\$53.0m
Current Valuation (Jun 22)	\$53.0m
Cap Rate (Jun 22)	5.75%
Valuer	Director

The key metrics of the 30 June 2022 valuation are outlined in the table above.

Top five tenants by net lettable area (NLA)

Western Sydney University Lease expires 31 Oct 2026	37.2%
Costco Wholesale Foods Lease expires 31 Dec 2023	21.1%
Toll Transport Lease expires 28 Feb 2024	18.7%
Bluewealth Property Lease expires 31 Mar 2027	7.5%
Simplot Australia Lease expires 30 Jun 2023	5.4%

The property is 100% occupied with a weighted average lease expiry of approximately 2.61 years as at 30 June 2022.

Property statistics

	INITIAL ¹	DEC-21	JUN-22
Net Asset Backing	\$0.90	\$1.15	\$1.14
Property Occupancy Rate	88%	100%	100%
Weighted Average Lease Expiry (WALE) (years)	3.53	3.12	2.61

Market overview

- The Sydney Olympic Park / Rhodes precinct recorded positive net absorption of 7,300 sqm during the June 2022 quarter.
- Three major tenant moves (>1,000 sqm) were recorded over the June 2022 quarter, including the Commonwealth Bank of Australia leasing space in 10 Dawn Fraser Avenue (5,818 sqm).
- The Sydney Olympic Park vacancy rate has fallen by 14.4 bps to 5.9% during the June 2022 quarter – this is the lowest level in the precinct since 2016, and the lowest headline vacancy rate of all JLL REIS monitored Australian office markets.
- No office completions or withdrawals were recorded over the June 2022 quarter.
- No sales transactions over \$5m were recorded in the June 2022 quarter.
- The prime yield spread remained unchanged at 5.00%-5.75% during the June 2022 quarter.

Source: JLL Research 2022(Q2)

Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total Facility Limit	\$23.0m ²	
Undrawn Amount	\$4.6m ²	
Loan Expiry	18 Aug 2025	
% of Debt Hedged	100% ³	
Loan to Value Ratio (LVR)	34.7% ⁴	57.5%
Interest Cover Ratio (ICR)	5.21 ⁵	2.00

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.

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.

1. Based on the Investment Memorandum/30 June 2017 Financial Accounts

2. As at 30 June 2022.

3. The Fund's debt is structured as a fixed all-in price and the Fund is not impacted by a movement in interest rates.

4. The LVR is as at 30 June 2022 and 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 accounts (30 June 2022).

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