

Centuria

Fund Update September 2022 Centuria Sandgate Road Fund

(ARSN 618 152 702)

Key points

- As at 30 June 2022, the Net Asset Backing of the Fund increased to \$0.92 per unit
- Forecast distributions for FY23 confirmed at 7.25 cents per unit (annualised)
- Demand for fitted stock in Brisbane remains strong as companies seek to attract workers back to the office

Fund summary

Distributions for the **Centuria Sandgate Road Fund** (Fund) continue to be paid at 7.25 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.

Market Overview

- Positive net absorption of 2,836 sqm was recorded in the Brisbane Near City market during the June 2022 quarter and headline vacancy decreased slightly by 0.3% to 18.5% during the period.
- Prime gross effective rents increased by 0.7%, while secondary rents also increased by 0.9% from April through to June 2022.
- Demand for fitted stock remains strong and is expected to continue as companies secure high quality space to attract workers back to the office.
- Population growth due to favourable state economics is also likely to spur business activity during the medium term with net absorption of 20,000 sqm forecast in both 2022 and 2023-2024, which is anticipated to drive moderate rental growth.
- However, four developments are currently under construction in the Brisbane Near City market totalling 74,107 sqm and these are expected to keep the vacancy rate elevated in 2023, before declining thereafter until 2025.
- The Near City market prime midpoint yield has remained unchanged over the June 2022 quarter at 6.38% with a range of 5.50% to 7.25%.

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 from \$0.89 per unit (as at 31 December 2021) to \$0.92 per unit (as at 30 June 2022), which was largely driven by an uplift in the property's valuation and cash position, as well as a change in the Mark to Market value of the Fund's derivative instruments over this period.

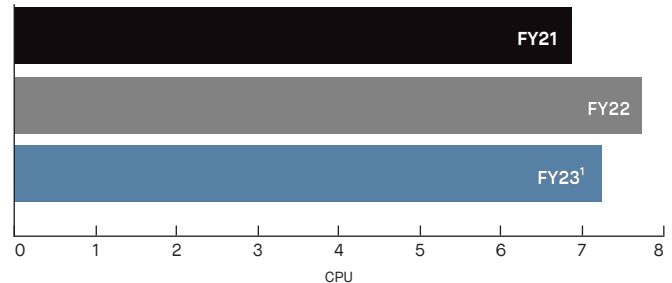


Financial snapshot

Fund commencement date	7 July 2017
Net asset backing	\$0.92 ¹
Distribution rate (cents per unit)	7.25 ²
Weighted average lease expiry (WALE) (years)	5.2 ³
Next investor vote on term of Fund	7 July 2023

Distribution details

ANNUALISED DISTRIBUTION



1. Forecast (annualised).

The distribution rate of 7.25 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. 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 \$0.92 per unit.
2. September 2022 quarter, annualised.
3. As at 30 June 2022.

Property details

ASSET VALUES	
Property address	1231-1241 Sandgate Road, Nundah QLD
Purchase price (Jul 17)	\$106.3m
Previous valuation – Independent (Dec 21)	\$109.0m
Current valuation (Jun 22)	\$110.0m
Cap rate (Jun 22)	6.25%
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)

Energex Lease expires 14 Nov 2027	67%
Go Health Clubs Lease expires 6 Dec 2027	16%
Powerlink Queensland Lease expires 3 Dec 2022	11%
Nundah Village Dental Lease expires 31 Oct 2022	2%
Sushi Edo Lease expires 2 Apr 2026	1%

The property is currently 99.3% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 5.2 years as at 30 June 2022.

Property statistics

	INITIAL ¹	DEC-21	JUN-22
Net asset backing	\$0.90	\$0.89	\$0.92
Property occupancy rate	100%	100%	99%
Weighted average lease expiry (WALE) (years)	9.4	5.1	5.2

Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$48.3m	
Undrawn amount	\$0.50m ²	
Loan expiry	30-Jun-23	
% of debt hedged	51.2% ³	
Loan to value ratio (LVR)	43.9% ⁴	57.5%
Interest cover ratio (ICR)	4.54 ⁵	2.0

The Fund's drawn debt remains at \$47.8 million, which is 51.2% hedged at a fixed rate of 1.53% p.a. (in addition to the bank margin of 1.80% p.a.) until 15 December 2022, with the ability to draw an additional \$500,000.

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.

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 7 April 2017.
- As at 30 June 2022.
- The Fund's drawn debt is 51.2% hedged at a rate of 1.53% until 15 December 2022.
- The LVR is based on the most recent independent valuation 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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