

Centuria

Fund Update
March 2023

Centuria SOP Fund

Key points

- FY23 monthly distributions have remained stable at 6.50 cpu (annualised).
- Foyer refurbishment and bike storage upgrade complete.
- 31 December 2022 Net Asset Backing confirmed at \$1.08 per unit.
- The property is 100% occupied with a weighted average lease expiry (WALE) of approximately 2.69 years.

Fund summary

Distributions for the **Centuria SOP Fund** (Fund) have been paid in line with the FY23 forecast of 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 the ground floor entry foyer has been completely refurbished, the works improve the presentation and amenity of the foyer. New 'third space' break out areas have been added, allowing tenants a better entry experience and increasing the functionality of the foyer. In addition, the bike storage area has been refurbished - lifting the presentation and amenity of this end of trip facility. Management is also in the process of upgrading a rooftop area to further improve the attractiveness of the property to existing and potential tenants.

The Fund's Net Asset Backing (NAB) per unit, based on unaudited management accounts has reduced, decreasing from \$1.14 (as at 30 June 2022) to \$1.08 (as at 31 December 2022). The change in the NAB is a result of the reduction in the value of the Fund's investment property, which is reflective of prevailing market conditions.

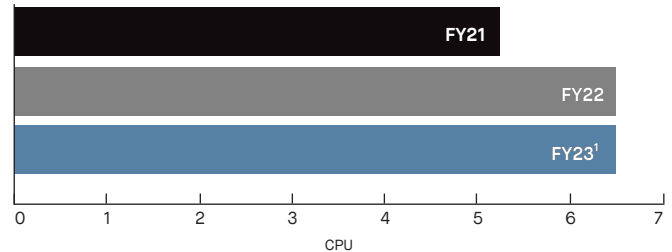


Financial snapshot

Fund Commencement Date	11 May 2017
Net Asset Backing	\$1.08 ¹
Distribution Rate (cents per unit)	6.50 ²
Weighted Average Lease Expiry (WALE) (years)	2.69 ³
Next investor vote on term of Fund	Prior to 11 May 2025

Distribution details

ANNUALISED DISTRIBUTION



1. FY2023 Forecast

The distribution rate for the remainder of the 2023 financial year is forecast to remain 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.

Centuria will provide an update in June 2023 to confirm the forecast distribution rate for the 2024 financial year.

1. Based on most recent audited accounts (31 December 2022).
2. March 2023 quarter annualised.
3. As at 31 December 2022.

Property details

ASSET VALUES	
Property Address	8 Australia Avenue, SOP, NSW
Purchase Price (Jun 17)	\$44.8m
Previous Valuation (Jun 22)	\$53.0m
Current Valuation (Dec 22)	\$51.5m
Cap Rate (Dec 22)	5.75%
Valuer	Colliers

The key metrics of the 31 December 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 2024	5.4%

The property is 100% occupied with a weighted average lease expiry of approximately 2.69 years as at 31 December 2022.

Property statistics

	INITIAL ¹	JUN-22	DEC-22
Net Asset Backing	\$0.90	\$1.14	\$1.08
Property Occupancy Rate	88%	100%	100%
Weighted Average Lease Expiry (WALE) (years)	3.53	2.61	2.69

Market overview

- The Sydney Metro West project is currently under construction and will connect the Western Sydney region (from Westmead) to the Sydney CBD. The proposed buildings mentioned at 5 Figtree Drive are to be developed as a part of the Sydney Olympic Park metro station. Two of these towers are earmarked to have office space totalling 30,400 sqm. The project has a scheduled completion dates in 2030.
- The Sydney Olympic Park vacancy rate increased by 4.5 pps over the quarter to 11.8%. the quarter. Lion Nathan vacated their remaining space at 5 Murray Rose Avenue, Sydney Olympic Park (7,993 sqm) and consolidated into existing space in the Sydney CBD at 68 York Street where they occupy approximately 5,500 sqm of office.
- No office completions or withdrawals were recorded over the December 2022 quarter. There are five office projects proposed in the market totalling 37,339sqm.
- No sales transactions were recorded over 4Q22.
- Prime yields softened by 37 bps on both end to range between 5.50% 6.25 over 4Q22.

Source: JLL Research 2022(Q4)

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)	35.7% ⁴	57.5%
Interest Cover Ratio (ICR)	5.23 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 31 December 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.

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

2. As at 31 December 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 31 December 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 (31 December 2022).

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