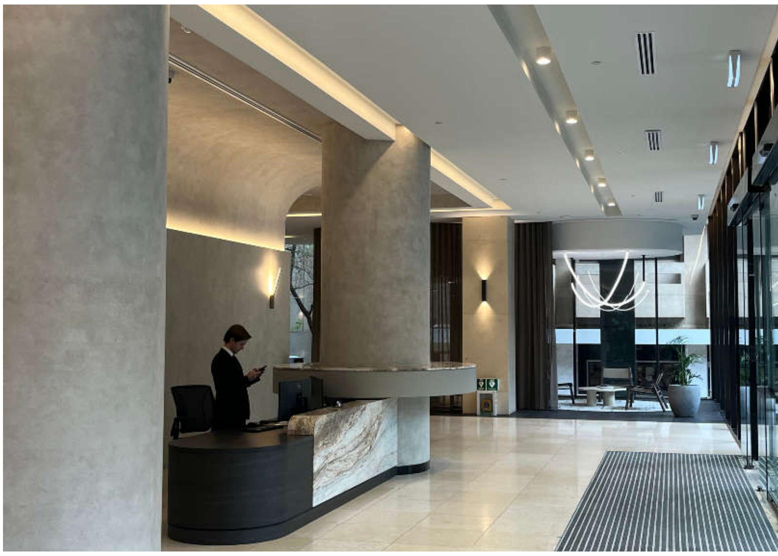
Centuria



Fund Update
March 2024

Centuria 25 Grenfell Street Fund

(ARSN 656 250 154)

Key points

- The Minister for Transport and Infrastructure (MTI) have vacated 4,756 sqm of 5,834 sqm, with a six month extension agreed over Level 14 (1,078 sqm).
- Ground floor lobby refurbishment complete and well received by the market. End of Trip and Wellness Facility to be complete in mid-2024.
- Five additional leasing deals completed over the six months to 31 March 24, including all of Level 17 for 10-years to local financial services group, ASF Audit.
- The Fund has now completed 7,000+ sqm of leasing deals since Fund inception in April 2022.
- Following the MTI expiry, the property is 81% occupied as at 31 March 2024.
- Fund net asset backing confirmed at $0.92 as at 31 December 2023.

Fund summary

Distributions for the Centuria 25 Grenfell Street Fund (Fund) have been paid in line with the FY24 forecast of 4.50 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.**

Market Overview

- Occupier demand in the Adelaide CBD office market remained relatively flat during the Q4 2023 quarter, with 351 sqm of negative net absorption recorded.
- Despite vacancy increasing in the prime market, appetite for modern office space continued to drive rental growth with a 5.6% increase in gross rents recorded over the 12 months to December 2023.
- One project reached practical completion during the quarter (Festival Tower - 40,000 sqm), with a further 37,000 sqm expected to be reach practical completion over the next two years.
- The prime midpoint yield in the Adelaide CBD softened a further 25 bps during the quarter to 7.25%.

Source: JLL Research Q4 2023

31 December 2023 Net Asset Backing

The 31 December 2023 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 Units in the Fund decreased from $0.98 (as at 30 June 2023) to $0.92 (as at 31 December 20234).

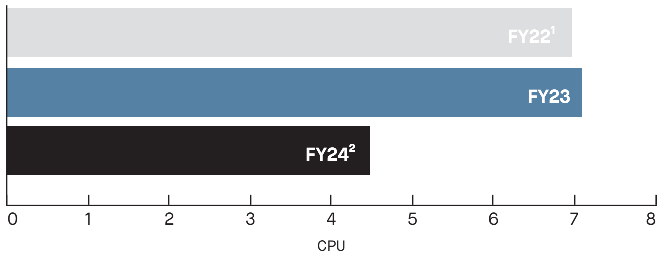
The reduction in the NAB is primarily due to a reduction in the property's valuation as at 31 December 2023, which was driven by a 25 bps softening in the capitalisation rate to 6.75%. The movement in the mark-to-market valuation of the Fund's interest rate swap also had an impact but pleasingly, this was partially offset by rental growth.

Financial snapshot

Fund commencement date	1 April 2022
Unit price	$0.95
Net asset backing	$0.92[1]
Distribution rate (cents per unit)	4.50[2]
Weighted average lease expiry (WALE) (years)	2.84[3]
Next investor vote on term of Fund	31 March 2027

Distribution details

ANNUALISED DISTRIBUTION



1. Annualised
2. December 2024 quarter annualised.

Following temporary suspension between July and September 2023, monthly distributions have been reinstated at a reduced rate of 4.50 cents per unit (annualised), which was primarily due to MTI vacating over 23% of the building's NLA on 31 January 2024. 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.

1. Based on most recent audited accounts (31 December 2023). Without the Mark to Market of the Fund's interest rate swap, the NAB of units in the Fund would be $0.90.
2. December 2023 quarter annualised.
3. As at 31 December 2023.

In relation to 2025, the forecast distribution rate will need to be reduced again as a result of the remaining vacancy and an increase in the Fund's 'all-in' cost of debt due to a swap at 1.50% p.a. over approximately 80% of the drawn debt expiring in February 2025. Throughout the course of the year, management will closely review the performance of the Fund and if significant leasing traction is achieved, the forecast distribution rate may be revised.

Property details

ASSET VALUES	
Property address	25 Grenfell Street, Adelaide SA
Purchase price (Feb 22)	$73.7m[1]
Previous valuation (Jun 23)	$81.5m
Current valuation (Dec 23)	$81.0m
Cap rate (Dec 23)	6.75%
Valuer	Directors'

Top five tenants by net lettable area (NLA)

Minter Ellison Lease expires 31 Dec 2032	10.8%
Aurecon Lease expires 30 April 2030	10.3%
Heathgate Resources Lease expires 31 Dec 2026	5.2%
Lipman Karas Lease expires 10 Dec 2027	4.3%
Regus (IWG) Leases expire 30 April 2025 & 30 Nov 2032	4.2%

Building Upgrade

We are pelased to report that the upgrade of the foyer, along with the lift works and office fitouts on part level 6 and part level 8 were recently completed and all projects have been very well received in the market. The contruction of the proposed end of trip and wellness facility has been awarded to a local contractor and is forecast for completion in mid-2024. These upgrades will greatly assist 25 Grenfell Street in competing with newer-generation and refurbished office stock in the Adelaide CBD, and our recent leasing success indicates that these initiatives are proving successful.

Leasing Update

Despite the Minister's vacation, 25 Grenfell Street continued to lease well, with five additional office deals totalling 1,917 sqm completed over the six months to 31 March 2024. A summary of leasing deals is as follows:

- Part Ground Floor (86 sqm) - Three year renewal to Li Miao (local restaurant).
- Part Level 1 (350 sqm) - Five year renewal to Randstad (multinational HR company).
- Whole of Level 17 (1,078 sqm) - New ten year lease to ASF Audits (local financial services business).
- Part Level 19 (277 sqm) - Three year renewal to the Reserve Bank of Australia.
- Part Level 19 (212 sqm) - One year lease to the Australian Prudential Regulatory Authority.

The Fund has now leased more than 7,000 sqm of space (~28% of the building by NLA) since inception in April 2022. Pleasingly, a majority of these deals have been struck at a premium to our acquisition underwrite.

We look forward to providing investors with further updates on both the leasing and capital expenditure programs in due course.

Property statistics

	INITIAL[2]	JUN-23	DEC-23
Net asset backing	$0.97	$0.98	$0.92
Property occupancy rate	90%	95%	95%
Weighted average lease expiry (WALE) (years)	3.90	3.28	2.84

Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	$44.8m[3]	
Undrawn amount	$7.3m[3]	
Loan expiry	31-Jan-25	
% of debt hedged	80.0%[4]	
Loan to value ratio (LVR)	46.10%[5]	57.50%
Interest cover ratio (ICR)	3.36[6]	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 2023, the Fund remained 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**.

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**. 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. Gross acquisition price / valuation (excluding outstanding incentives) was $83.3m.
2. Based on the Product Disclosure Statement dated 21 February 2022.
3. As at 31 December 2023.
4. As at 31 December 2023, the Fund's drawn debt is partially hedged until 28 February 2025.
5. The LVR is as at 31 December 2023 and based on the most recent independent gross valuation as defined under the debt facility agreement.
6. The stated ICR figure is as at 31 December 2023 and is based on the most recent audited accounts.