

Centuria

Fund Update
March 2024

Centuria ATP Fund

(ARSN 610 104 320)

Key points

- As at 31 December 2023, the Net Asset Backing of the Fund is \$1.92 per unit
- Forecast distributions for FY24 confirmed at 9.25 cents per unit (annualised)
- Potential sale of another asset to provide further liquidity and pay down debt

Fund summary

Distributions for the **Centuria ATP Fund** (Fund) continue to be paid at 9.25 cents per unit (annualised), which is in line with the forecast for the 2024 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).

As outlined within the valuation letter recently sent to investors in February 2024, a sale of another asset is still being progressed, however the transaction has not been finalised. If the proposed divestment proceeds, we will advise investors as soon as possible.

Market overview

- The Sydney Fringe office market recorded net absorption of 8,371 sqm during the December 2023 quarter, which was the first positive three months since Q1 2023.
- Due to the completion of The Brewery Yard in Chippendale, the overall vacancy rate increased slightly by 0.7% to 10.4%. However, the Fringe has the lowest vacancy rate out of the 10 Sydney markets tracked by JLL.
- Prime gross effective rents increased by 1.8% during the quarter and recorded a healthy 3.0% over the 2023 calendar year.
- There are currently eight projects under construction that will add 62,150 sqm between now and 2026.
- Prime yields softened a further 25 basis points to now range between 5.75% and 6.63%.

Source: JLL Research

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](https://www.centuriainvestor.com.au), which confirms the Net Asset Backing (NAB) of units in the Fund decreased from \$2.12 (as at 30 June 2023) to \$1.92 (as at 31 December 2023). This was driven by the capitalisation rates adopted for The Biomed Building (1 Central Avenue) and Data61/CSIRO Building (13 Garden Street) being softened a further 37.5 basis points to 5.75% and 25 basis points to 6.00% respectively.

1. Based on the most recent audited accounts as at 31 December 2023 and after the \$0.47 capital return made in February 2022.
2. March 2024 quarter, annualised.
3. As at 1 February 2024.

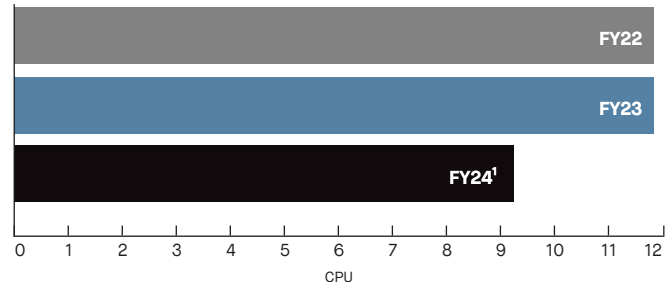


Financial snapshot

Fund commencement date	22 April 2016
Net asset backing	\$1.92 ¹
Distribution rate (cents per unit)	9.25 ²
Weighted average lease expiry (WALE) (years)	4.5 ³
Next investor vote on term of Fund	22 April 2025

Distribution details

ANNUALISED DISTRIBUTION



1. Forecast (annualised).

The distribution rate of 9.25 cents per unit (annualised) is in line with the 2024 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.

In relation to the 2025 financial year, the forecast distribution rate will largely be dependent on the outcome of the proposed sale of one of the remaining two assets in the portfolio. As the prospective purchaser's due diligence is still ongoing, we are not in a position to give guidance at this stage and an update will be provided to investors in June 2024.

Portfolio statistics

	INITIAL ¹	JUN-23	DEC-23
Net asset backing	\$0.94	\$2.12 ²	\$1.92 ²
Portfolio occupancy rate	100%	100%	99%
Weighted average lease expiry (WALE) (years)	4.8	5.2	4.7

Top five tenants by net lettable area (NLA)

University of Sydney Lease expires 30 Jun 2031	35%
Data61/CSIRO Lease expires 30 Jun 2026	31%
Commonwealth of Australia (Dept. of Defence) Lease expires 31 Mar 2028	26%
Top Education Group Lease expires 31 Oct 2024	3%
Property NSW (Transport for NSW) Lease expires 31 May 2024	2%

After maintaining regular dialogue with Data61/CSIRO over the past two years, the tenant has advised it is currently undertaking a review of its real estate portfolio, in order to determine future accommodation requirements. An outcome is anticipated towards the end of the 2024 financial year, however the likely preference is to retain a Sydney CBD location, which is the Fund's South Eveleigh site. We will advise investors as soon as there are any material updates and to mitigate the impending lease expiry risk, the tenancy is also being actively marketed for lease.

Portfolio details

PROPERTY ADDRESS	PURCHASE PRICE (APR 16)	PREVIOUS VALUATION (JUN 23)	CURRENT VALUATION (DEC 23)	CAP RATE (DEC 23)	VALUER
13 Garden St, South Eveleigh NSW		\$132.5m	\$127.5m	6.00%	Directors'
1 Central Ave, South Eveleigh NSW		\$106.5m	\$101.0m	5.75%	JLL
TOTAL	\$100.7M	\$239.0m	\$228.5m	5.89%	

The properties were subject to valuations for the purposes of the 31 December 2023 audited financial report and the key metrics of these valuations are outlined in the table above.

Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$119.5	
Undrawn amount	\$5.0m ³	
Loan expiry	22-Apr-25	
% of debt hedged	49.3% ⁴	
Loan to value ratio (LVR)	49.0% ⁵	60.0%
Interest cover ratio (ICR)	2.02 ⁶	2.0

The Fund's drawn debt has increased to \$114.5 million and approximately 49.3% has been hedged at a fixed rate of 3.95% p.a. (in addition to the bank margin of 1.70% p.a.) until 15 June 2024. Please note, this rate was bought down at a cost of \$291,600 in order to assist with the Fund's ICR. Furthermore, another swap at 4.54% p.a. over \$56.5 million has also been secured from 16 June 2024 until the Fund term expiry in March 2025.

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 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://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://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 1 February 2016.
- After deducting the \$0.47 early return of capital made in February 2020.
- As at 31 December 2023.
- The Fund's drawn debt is 49.3% hedged until 15 June 2024.
- The LVR is based on the most recent independent valuations as defined under the debt facility agreement.
- The stated ICR figures are based on the most recent audited accounts as at 31 December 2023.

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