

# Centuria

Quarterly fund update  
September 2024

## Centuria Diversified Property Fund

(ARSN 611 510 699 & ARSN 645 597 404) (APIR – CNT9370AU)

### September 2024 quarter performance highlights

- September 2024 distributions declared at an annualised rate of 3.75 cpu, reflecting a yield of 4.64% on the 1 September 2024 unit price.
- The portfolio's six direct assets were revalued as at 30 September 2024, which resulted in a reduction of \$2.25m (-1.6%) from 30 June 2024.
- As a result, the unit price reduced slightly from \$0.81 to \$0.80 cents per unit.
- The Fund is 91.4% hedged until 15 December 2025.
- Continued strong occupancy of 91.8% and WALE of 5.8 years as at 30 September 2024.

### Key portfolio metrics<sup>1</sup> as at 30 September 2024

Portfolio assets	12
Carrying value	\$159,095,810
Weighted capitalisation rate <sup>2</sup>	6.70%
Net lettable area (SQM) <sup>3</sup>	39,656
Number of tenants	53
WALE (years) <sup>4</sup>	5.8
Weighted occupancy <sup>4</sup>	91.8%
Weighted NABERS rating <sup>5</sup>	5 Stars

### Asset sales and debt hedging

As previously communicated to investors, in order to facilitate liquidity requirements, both 10 Moore Street, Canberra ACT and 8 Market Lane, Maroochydore QLD have been sold with a majority of the proceeds being used to pay down debt by \$48.2m to \$43.8m, which has reduced the portfolio's look-through gearing, including indirect investments, to 27.0%.



36 CARIBOU DRIVE, DIREK SA

Furthermore, following the recent expiry of the Fund's fixed rate swaps in June 2024, additional hedging has been executed over \$40.0m or 91.4% of the drawn debt until 15 December 2025 at a rate of 0.147%, which was bought down for \$1.73m. This provides protection to both distributions and interest coverage over the next 12 months.

As a result, the Fund is now in a stronger position to facilitate the approaching liquidity event in December 2025 and also potentially look for new accretive investment opportunities to improve performance.

Unfortunately, the sale campaign for 13-15 Compark Circuit, Mulgrave VIC closed 17 July 2024 and no offers were received. Selling or leasing this property remains a key focus for management since it is having a material impact on the Fund's earnings due to the 3,770 sqm of vacancy, which is the only space available in the Fund's directly held assets.

### September 2024 direct property valuations and valuation policy

The Fund continues to complete quarterly property valuations for the direct properties to ensure the market value of these investments are accurately reflected in the unit price.

The most recent were completed as at 30 September 2024, which resulted in a reduction of \$2.25m (-1.6%) with \$1.75m of the decrease attributed to the two office assets in the portfolio and primarily driven by adopting additional allowances for impending expiries or slightly softer leasing assumptions as opposed to any further change to capitalisation rates.

For your reference, management maintains and complies with a written valuation policy for the valuation of property assets held by its property funds. Under the valuation policy, direct properties of the Fund will be independently valued at least once every 24 months. To ensure unit pricing is reflective of prevailing market conditions, the Fund has been exceeding this frequency and conducting **valuations quarterly** for the past couple of years. This means that each property is currently valued independently twice a year which gives Investors confidence that the valuations are up to date.

1. Updated on a quarterly basis and for significant portfolio changes.

2. Weighted by fund allocation.

3. Direct property portfolio only.

4. Weighted by gross income.

5. The NABERS rating is for Energy and applies to the Fund's office assets only. The Fund's industrial and social infrastructure assets are not subject to rating.

## Top 10 tenants as at 30 September 2024

TENANT	WEIGHTED INCOME (%)	PROPERTY
1 Entain	25.0%	25 Montpelier Road, Bowen Hills QLD
2 Apex Steel	18.0%	36 Caribou Drive, Direk SA
3 Transport Accident Commission	9.3%	60 Brougham Street, Geelong VIC
4 Cleanaway	8.6%	171 Camboon Road, Malaga WA
5 Busy Bees Childcare	5.7%	26 Westbrook Parade, Ellenbrook WA & 40 John Rice Avenue, Elizabeth Vale SA
6 Lives Lived Well	4.3%	25 Montpelier Road, Bowen Hills QLD
7 Healthia	3.7%	25 Montpelier Road, Bowen Hills QLD
8 Carter Grange Homes	3.6%	13 - 15 Compark Circuit, Mulgrave VIC
9 Energex	2.5%	1231-1241 Sandgate Road, Nundah QLD
10 Reece Australia	2.0%	25 Montpelier Road, Bowen Hills QLD

## Distribution rate and fund performance<sup>1,2</sup>

Distributions for the September 2024 quarter were paid at 3.75 cents per unit (annualised), reflecting a yield of 4.64% on the 1 September 2024 unit price. The underlying property portfolio continued to perform well, with a 91.8% occupancy rate and a weighted average lease expiry of 5.8 years as at 30 September 2024.

Further details of the underlying valuations and fund weightings can be found in the Investment portfolio table on Page 6.

	6 MTH (%)	1 YR (%)	3 YR (% P.A.)	5 YR (% P.A.)	INCEPTION (% P.A.) <sup>3</sup>
<b>Distribution</b>	2.67	5.43	5.02	4.73	4.41
<b>Capital</b>	-5.88	-17.78	-10.16	-5.18	1.76
<b>Total net return</b>	-3.21	-12.35	-5.14	-0.45	6.17

## Portfolio performance

The long-term performance in the Fund has been relatively strong, with a total return since inception of 6.17%. Despite challenging market conditions, the Fund has continued to meet its objective of providing Investors regular monthly income underpinned by 91.8% occupancy, and a WALE of 5.8 years as at 30 September 2024.

Centuria management is working closely with our leasing team and tenants to maximise performance through this property cycle and we look forward to updating you at the next webinar or via the CDPF website.

## Fund liquidity facility

The Fund holds an investment property portfolio predominantly consisting of direct real property and a smaller holding in liquid assets. The liquid assets provide liquidity to the Fund and are utilised to offer Investors a limited quarterly withdrawal facility capped at up to 2.50% of Net Asset Value (NAV) per quarter.

In addition to the limited quarterly withdrawal facility, the Fund has a rolling five-year investment term, with a liquidity event at the end of each term, which is next due in December 2025. This is in line with the recommended investment timeframe outlined in the Fund's Target Market Determination.

Investors should note that the quarterly liquidity facility is a limited facility. The Fund has scaled redemption requests for the last three quarters. Any unmet portion of each request is carried over to the following quarter, as a new request, unless the Investor requests otherwise.

## Centuria co-investment

The recommended investment timeframe for the Fund is five years, and we maintain confidence in the long-term view for commercial property. Centuria is highly aligned with Investors in the Fund, being one of the Fund's largest unitholders, with approximately 32% of the units on issue held by related party entities. As we go through this property cycle, Centuria is strongly aligned as a co-investor alongside you, our investors.

## Fund gearing, hedging, and covenant sensitivities

Following the settlement of 10 Moore Street, Canberra ACT and 8 Market Lane, Maroochydore QLD, the Fund's direct Loan to Value Ratio (LVR) has been reduced to 31.0% providing significant headroom to the conservative LVR covenant of 60%. Additional hedging has also been executed over \$40.0m or 91.4% of the drawn debt until 15 December 2025 at a rate of 0.147% (in addition to the bank margin), which was bought down for \$1.73m to mitigate interest rate volatility and provide cashflow surety.

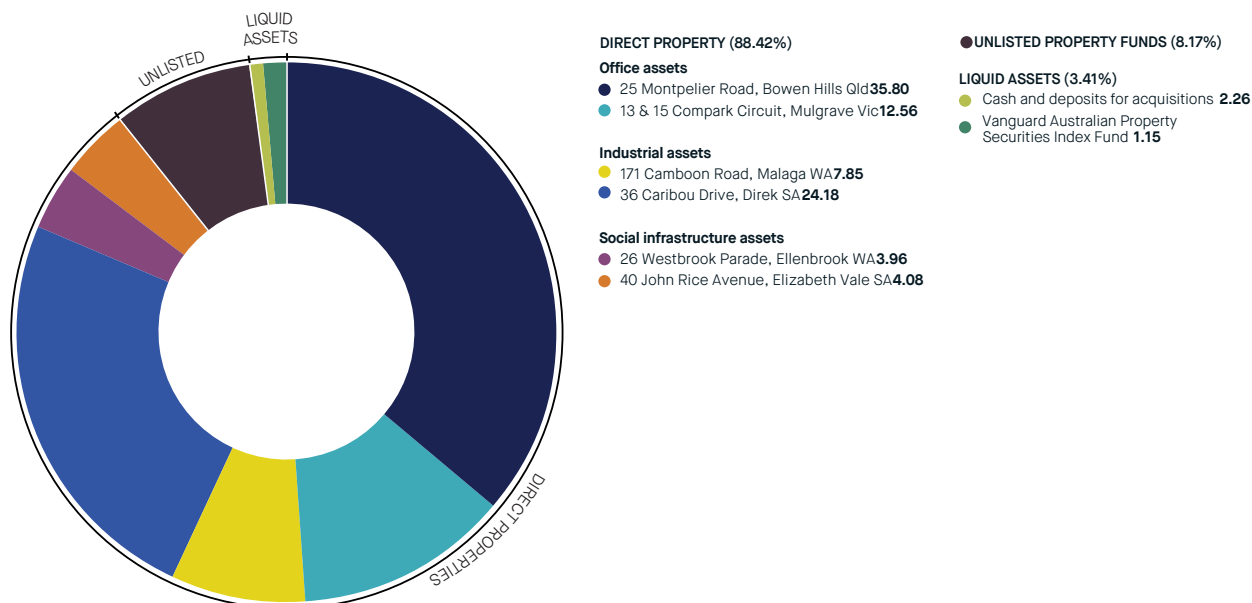
Under the terms of the debt facility the Fund is required to comply with certain loan covenants over the course of the financial year. Based on the audited financial report as at 30 June 2024, the Fund is compliant with all covenants including the Interest Cover Ratio (ICR) and Loan to Value Ratio (LVR).

## Debt summary as at 30 September 2024

	CURRENT PERIOD	LOAN COVENANTS
<b>Total facility limit</b>	\$66.0m	
<b>Undrawn amount</b>	\$22.3	
<b>Loan expiries</b>	\$1.0m (Dec 24) \$30.0m (Dec 25) \$10.0m (Dec 26) \$25.0m (Dec 27)	
<b>% of debt hedged</b>	91.4%	
<b>Direct asset loan to value ratio (LVR)</b>	31.0%	60.00%
<b>Interest cover ratio (ICR)</b>	3.31 <sup>4</sup>	1.75

- Annualised total return figures reflect compounded monthly returns generated from both capital and income (including reinvestment). Annualised income returns are presented as the sum of the monthly income returns. The returns presented are reflective of any performance fees paid. Returns of less than 1 year are not annualised. Past performance is not a reliable indicator of future performance.
- Data is as at 30 September 2024. The implementation of the Stapled Fund occurred on 27 May 2022. The performance shown here illustrates the performance of CDPF (standalone) prior to implementation, and the performance of the Stapled Fund (CDPF and CDPF No. 2 consolidated) following implementation. Past performance is not a reliable indicator of future performance.
- Performance data is as at 30 June 2024. Inception date of CDPF, prior to merger, is 24 June 2016. The implementation of the stapling of CDPF and CDPF No. 2 occurred on 27 May 2022. Past performance is not a reliable indicator of future performance.
- The ICR is as at 30 September 2024, based on unaudited financial accounts.

## Asset allocation as at 30 September 2024<sup>1</sup>



## Investment portfolio as at 30 September 2024<sup>1</sup>

	FUND WEIGHTING (%)	PROPERTY VALUATION (\$M)	PROPERTY VALUATION CAP RATE (%)	OCCUPANCY (%)	WALE (BY INCOME)
<b>Direct properties</b>					
<b>Office assets</b>					
25 Montpelier Road, Bowen Hills QLD	35.8	57.0	7.25	100	4.2
13 & 15 Compark Circuit, Mulgrave VIC	12.6	20.0	7.50	46.9	0.7
<b>Industrial assets</b>					
171 Camboon Road, Malalga WA	7.8	12.5	6.50	100	1.1
36 Caribou Drive, Direk SA	24.2	38.5	5.75	100	13.3
<b>Social infrastructure assets</b>					
26 Westbrook Parade, Ellenbrook WA	4.0	6.3	6.00	100	16.4
40 John Rice Avenue, Elizabeth Vale SA	4.1	6.5	5.75	100	16.5
<b>Total direct properties</b>	<b>88.4</b>	<b>140.8</b>	<b>6.68</b>	<b>90.4</b>	<b>6.0</b>
<b>Holdings in Centuria Unlisted Funds</b>					
Multiple Holdings	8.2	13.0	6.86	99.3	4.4
<b>Total Centuria unlisted funds</b>	<b>8.2</b>	<b>13.0</b>	<b>6.86</b>	<b>99.3</b>	<b>4.4</b>
<b>Liquid assets</b>					
Vanguard Australian Property Securities Index Fund	1.1	1.8			
Cash and deposits for acquisitions	2.3	3.6			
<b>Total liquid assets</b>	<b>3.4</b>	<b>5.4</b>			
<b>Total investment portfolio</b>	<b>100</b>	<b>159.24</b>	<b>6.70</b>	<b>91.8</b>	<b>5.8</b>

1. Updated on a quarterly basis and for significant portfolio changes. The valuation information is outlined on the Fund's continuous disclosure page.

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## RG46 statements

The latest RG46 Statement for the Fund is available at: [centuriainvestor.com.au](http://centuriainvestor.com.au).

It includes the following key information:

- Gearing ratio, calculated using ASIC methodology
- Gearing covenant sensitivities
- Detail of related party transactions in the period
- Further information on the source of distributions.

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## Centuria investor website

You can access all information relating to your Centuria investments at [centuriainvestor.com.au](http://centuriainvestor.com.au).

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## Contact details

### Centuria Unlisted Property Funds

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