

# Centuria

## Fund Update September 2023 Northgate Geraldton Trust

### Key points

- The Fund is 95% occupied with a WALE of 3.47-years (by income) as at 30 September 2023.
- Coles have committed to invest approximately \$5.0 million in a major store refurbishment.
- Kmart sales below abatement threshold, resulting in \$50,000 abatement paid.
- Another good period of specialty lease renewals.
- New local Centre Manager commenced and is doing a fantastic job.

### Fund summary

As outlined in the 2024 Financial Year Distribution Forecast, distributions for Northgate Geraldton Trust (Fund) were reduced from 7.25 cents per unit to 5.00 cents per units (annualised).

Coles continues to trade strongly, reporting turnover of \$53.8 million in the 12-months to 30 June 2023. Coles have committed to a major store refurbishment, planning to invest approximately \$5.0 million, bringing the store in line with their latest format. Works commenced in August and are scheduled to be completed by 1 March 2024. Due to this investment, Coles have approached us requesting additional tenure and we are hopeful we will be able to negotiate an early extension of lease.

Kmart have reported turnover of \$24.3 million in the 12-months to 30 June 2023. Unfortunately, although this is strong sales, it is below the \$25.0 million threshold and a \$50,000 rent rebate is applicable. Based on current sales growth, we anticipate sales will be above the threshold by June 2024 and no further rebate will be applicable. Regardless, this abatement falls away under the current lease from June 2025 and onwards.

During the period, we have agreed renewal terms with Jay Jays, Optimal Pharmacy, OPSM, GJ Lottery and APM. These deals are subject to formal documentation and will be updated in the financials once lease documents have been executed. In addition, we are continuing to negotiate with several specialty tenants and believe securing renewals with these tenants are high probability. We are also pleased to announce we have agreed terms with a local burger restaurant for Shop 27, however this remains conditional upon costing of lessor works and lease documentation.



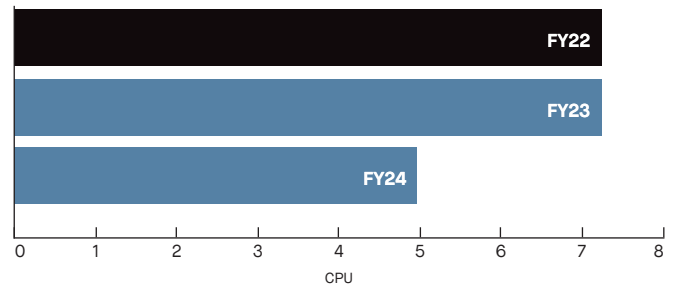
### Financial snapshot

<b>Fund commencement date</b>	1 December 2021
<b>Net Asset Backing</b>	0.85 <sup>1</sup>
<b>Distribution rate (cents per unit)</b>	5.00 <sup>2</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	3.47 <sup>3</sup>
<b>Fund term expiry</b>	30 November 2026

Please note that from 30 June 2023, the methodology for calculating Net Asset Backing has been updated to include a liability, where applicable, for the estimated future Performance Fees payable by the Fund where the IRR hurdle has been met and exceeds the minimum sales fee.

### Distribution details

#### ANNUALISED DISTRIBUTION



The distribution rate for the remainder of the 2024 financial year is forecast to remain at 5.00 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.

1. Net Asset Backing = Net Assets divided by the number of Units on Issue. For investment structures where the Units on Issue are not reflective of the dollar value of investments (i.e. Syndicates), Net Assets are divided by the original investor equity contribution in dollar terms. Net Assets are adopted from Balance Sheets as at 30 June 2023.
2. Annualised distribution rate as at 30 September 2023.
3. WALE by income as at 30 September 2023.

## Property details

ASSET VALUES	
Property address	110 Chapman Road, Geraldton WA 6530
Purchase price (Dec 21)	\$71.22m
Previous valuation (Jun 22)	\$71.22m
Current valuation (Jun 23)	\$70.00m
Cap rate (June 23)	6.50%
Valuer	Director

The key metrics of the June 2023 valuation are outlined in the table above. The asset has decreased in value by \$1.225m from the June 2022 valuation.

## Top five tenants by net lettable area (NLA)

<b>Kmart</b> Lease expires 16 June 2031	46.6%
<b>Coles</b> Lease expires 30 June 2026	24.8%
<b>Red Dot</b> Lease expires 30 April 2026	5.0%
<b>Hungry Jacks</b> Lease expires 13 Aug 2027	1.9%
<b>Advanced Personnel Management</b> Lease expires 30 June 2025	1.9%

## Property statistics

	MAR-23	SEP-23
Property occupancy rate	95%	95%
Weighted average lease expiry (WALE) (years) <sup>1</sup>	3.75	3.47

## Debt summary

	CURRENT PERIOD <sup>2</sup>	LOAN COVENANTS
Total facility limit	\$39.11m	
Undrawn amount	\$3.5m	
Loan expiry	1-Dec-26	
% of debt hedged	54.8% <sup>3</sup>	
Loan to value ratio (LVR)	50.90% <sup>4</sup>	60.0%

The Funds drawn debt is 54.8% hedged at a fixed rate of 1.11% (in addition to the bank margin of 1.48%) and provides the Fund with insulation from interest rate volatility until the hedge expires in August 2024.

As at 30 September 2023, the Fund has a weighted average interest rate of 3.99% (assuming current BBSY is approximately 4.20% as at 28 August 2023). At present, the "Big 4" banks are forecasting BBSY to be approximately 3.80% by August 2024; this would increase the Funds interest rate to 5.28% when the hedge expires. On the loan balance of \$35.61 million, this would result in an increased interest cost of \$460,100 per annum which may impact future distributions of the Fund.

## Centuria investor website

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

## 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](mailto:Property.Enquiry@CenturiaInvestor.com.au).

1. WALE by income.
2. As at 30 September 2023.
3. Fund's drawn debt is hedged until August 2024.
4. Based on the most recent valuations.

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