

cerno

THE LATEST

APRIL 2023



As the whole property industry navigates the post-pandemic landscape, we are pleased with how Cerno is performing.

Demonstrating confidence in their futures, we are encouraged to see a number of staff starting their families, with other staffs' sustained tenures evidencing confidence toward career development and career progression with Cerno.

Our real estate investment division, Cerno Real Estate Investors, is successfully reversing the 3-year leasing hiatus at the hand of Covid-19 and are resetting trading at our multi-tenanted assets.

Our project and development management division, Cerno Management, despite the extremely challenging procurement and delivery market, has continued to deliver projects successfully across the eastern seaboard of Australia for our trusted clients.

**Mike & Paul
Directors**

Cerno Moves

The Sydney Metro project forced Cerno to look for new premises.

The NSW Government made a compulsory acquisition of 28 O'Connell Street to make way for the second stage of Australia's biggest public transport project.

After calling 28 O'Connell Street 'home' since 2015, Cerno has found new premises in Kirribilli, currently under construction with an anticipated delivery date of late 2023. For the moment the Cerno team is enjoying premises at Work Inc, located at Bay 6, 6 Middlemiss St, Lavender Bay. Our contact details remain unchanged.

Our People

2013 turned out to be a serendipitous encounter between Cerno and Chris Bogdan.

Freshly graduated, Chris found his first career placement as Cerno Real Estate Investor's Facilities Manager. A short ten-years later and Chris now leads the Property Services team as our Property Portfolio Manager. Chris's decisive and pragmatic acumen is impressive, and we look forward to his continued growth and leadership into the future. Thank you, Chris, and we look forward to working with you over the next 10 years.



May is going to be an unusual month for Cerno.

Not one, not two, but three pregnancies will be welcoming four little ones into the Group. Remarkably, all three first time-parent deliveries are due towards the end of May. Our best wishes to Alex & Jordan and Erin & Dave on the expectant arrival of their singletons and Sam & Sarah on their fraternal twins.



Congratulations to Phillip Rodrigues and Robbie McGowan on being appointed as Associate Directors alongside Grant Harding and Alex Crabtree.

Phil, as Associate Director – Technical, will assume overview of the procurement, resourcing and delivery of Cerno's projects whilst Robbie, as Associate Director – People and Culture, will oversee the Group's human resources and people & culture building portfolio.

Grant Harding's portfolio as Associate Director – Operations, has expanded and will now include overview of the Group's IT, HSE and ESG operations.



cerno management

Urban Renewal

Cerno Management contributes to the urban renewal of an inner-west suburb of Sydney.

Ashfield is changing rapidly as a flurry of development is gentrifying the suburb and Cerno is pleased to be delivering a project that will set a precedent for commercial assets in Ashfield.

Cerno has recently delivered the repositioning of 223 Liverpool Road, Ashfield for client Winworth Property. The asset underwent a significant refurbishment to reposition the building as a suburban A grade product. The refurbishment involved a base building infrastructure and services upgrade, on floor refurbishment and upgrade, establishment of new end of trip facilities in the basement and a new retail and ground floor lobby experience.



Heritage Renovation

Cerno is proud to be project managing the redevelopment of the much-loved, heritage listed, St George's Church into the new Performing Arts Centre of St Michael's Grammar School, VIC.

The project has been both ambitious and exciting due to the significant, multi-faceted heritage elements that had to be considered. Project Manager, Sasha Briner, explains: "Kneeler Design Architects delivered a design solution that focused on showcasing the heritage features of the building, whilst integrating new technology in a subtle yet highly effective manner. Through a collaborative partnership with Heritage Victoria during the approval and construction process, the design intent has been fully realised, where a successful marriage of heritage and contemporary features has been achieved."

Two noteworthy heritage aspects were the removal and reinstatement of the historically significant organ, and the restoration of a number of the magnificent stained-glass windows.

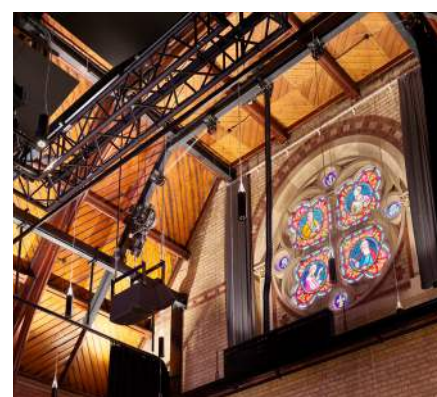
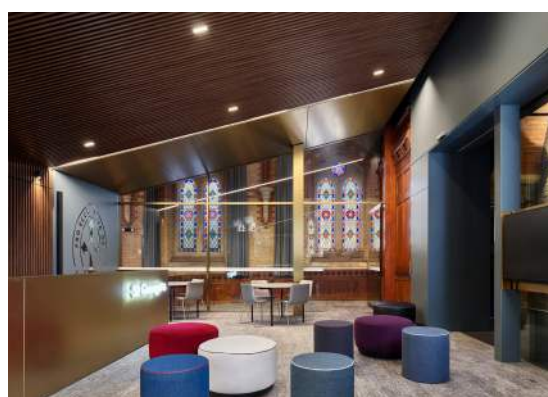
The organ, by Lewis & Sons of London, is one of only 5 imported to Australia and is the oldest surviving organ still in use in Australia. The organ is of significance to not only the school but the broader community, and restoring this to its former glory was a key deliverable of the project. To restore the stained-glass windows, each window was carefully removed, protected and taken off-site to be restored by Robert Rusev Stained Glass, leaders in heritage and ecclesiastical conservation services for stained-glass. Through an intricate process which incorporated hand painting the stained glass was revitalised culminating in a unique and iconic outcome for the project.



St George's Church was acquired by St Michael's in 2013 and has a rich history as a vibrant hub for the community. This unique Performing Arts Centre

project provides a revitalised space for the School community to utilise. The new state of the art L-ISA audio technology provides both staff and students an extraordinary opportunity to be exposed first-hand to market-leading theatre capabilities.

"Although challenging, we have learnt so much, and are very proud of being associated with delivering this project to the community," concludes Sasha.



Re-development

Cerno project manages the delivery of a bulky goods and quick service retail redevelopment of the former Bunnings site in Warrawong, NSW.

Formerly the Bunnings Warehouse, the redevelopment of Bayview Centre aimed to transform the site into a modern and vibrant retail, convenience and community space.

Cerno are proud to have revitalised the precinct by carving up and repositioning the former Bunnings building into 8 retail premises and delivering three new quick service retail facilities on the existing Bunnings car park.

Cerno looks forward to delivering the new vibrant Bayview Centre for the community to enjoy.



cerno real estate investors

Strong Leasing

Strong leasing activity is resetting trading at Cerno Real Estate Investors' multi-tenanted assets.

Hurstville

Following a 3-year leasing hiatus at the hand of Covid-19, our Property Management team is rapidly securing tenancies and steering Hurstville Central Shopping Centre, located above the Hurstville train station, toward pre-pandemic trading activity.

"We are very excited by the strong leasing commitments we are securing," says Chris Bogdan, Property Portfolio Manager. In an environment where securing retail leases are highly competitive, Chris believes that the reason why Cerno Real Estate Investors has done so well is, in part, due to

Cerno Real Estate Investors agile decision-making ethos. Chris explains, "Cerno is a small, highly collaborative, and integrated team where decisions are escalated and made quickly. This allows us to close out negotiations efficiently and effectively for all parties".

Also encouragingly, March 2023 has delivered the highest foot traffic at the Hurstville Central Shopping Centre since the pandemic commenced in February 2020. "We have seen a steady increase in foot traffic at Hurstville Central Shopping

Centre from January 2022, notwithstanding the disruptions from the industrial action on the Sydney rail network. We are now just 12% short of our long-term average of foot traffic and 130% up from the low point during the Covid pandemic" says Chris Bogdan.

Since November 2022, Cerno Real Estate Investors has concluded 9 leasing deals, comprising new lease deals and renewals representing 18% (1,122 sqm) of available lettable area, for lease tenures on a weighted average basis of 9 years.

Melbourne

Notwithstanding all the bearish commentary surrounding commercial office space, Cerno Real Estate Investors is quietly getting on implementing its mantra of "leasing equals value".

In the quarter ended March 2023, in conjunction with our leasing agents Jones Lang LaSalle, the team has concluded 8 leasing deals, comprising new lease deals and renewals for 1,632 sqm for a weighted average tenure of 3 years at 55 Swanston Street Melbourne. "Confidence is slowly returning to the Melbourne office market, arguably one of the worst impacted office markets during the Covid pandemic" explains Donovan Moodie – Senior Manager – Assets. The asset at 55 Swanston Street benefits from its convenient location and is sought after by tenants seeking office space near public transport in the heart of the Melbourne CBD.

Value Add

An approved Development Application kick starts the repositioning of Cerno's asset located at 44 Cambridge Street in Rocklea, QLD.

Cerno Real Estate Investors - working collaboratively with Cerno Management, secured planning approval for the construction of 8,086 sqm of warehouse, offices, and an associated hardstand, located just 500m from the Brisbane Markets in Rocklea. The offering has been designed to provide flexibility to prospective tenants, catering for tenancies from 1,264 sqm to 8,086 sqm.

The repositioning of 44 Cambridge Street perpetuates a core principle of Cerno Real Estate Investors to implement asset strategies that extract optimal returns and generate long-term value.

Cerno Real Estate Investors has commenced a leasing campaign with Jones Lang LaSalle and Agency HQ, in a market that is regarded as being one of the tightest markets in the Brisbane industrial sector to secure a pre-commitment to allow construction activity to commence.

