

# Centuria

Fund Update  
March 2022

## Centuria Industrial Income Fund

(ARSN 646 752 178)

### Key points

- As at 31 December 2021, the Net Asset Backing of the Fund increased to \$1.26 per unit
- Distributions remain at 6.25 cents per unit (annualised)
- Australian industrial and logistics sector is currently experiencing its strongest performance on record

### Fund summary

Distributions for the **Centuria Industrial Income Fund No. 1** (Fund) continue to be paid at 6.25 cents per unit (annualised), which is in line with the forecast for the 2022 financial year. 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.au**.

According to Colliers Research, the Australian industrial and logistics sector is currently experiencing its strongest performance on record with both leasing and investment demand setting new benchmarks during 2021. While a lot has been said and written about the impacts of e-commerce, it continues to provide the backbone to tenant demand. The continued shift to online retail platforms has underpinned space requirements for big box distribution centres and last mile hubs close to the end consumer. These requirements have stemmed from retailers, supermarkets, and transport and logistics operators, among others, who have benefited from rising online sales. In combination with robust demand from traditional retail, manufacturing, and wholesale trade sectors, vacancy and capitalisation rates are at historical lows in most markets around the country.

The 31 December 2021 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 increased from \$1.07 (as at 30 June 2021) to \$1.26 (as at 31 December 2021), which is an exceptional result for investors. The increase is predominately due to an uplift in the value of the portfolio over this period, which was largely driven by a 25 to 87.5 basis point tightening of the capitalisation rates applied across the assets, which is reflective of current market appetite for high quality industrial assets.



### Financial snapshot

<b>Fund commencement date</b>	15 March 2021
<b>Unit price</b>	\$1.28 <sup>1</sup>
<b>Net asset backing</b>	\$1.26 <sup>2</sup>
<b>Distribution rate (cents per unit)</b>	6.25 <sup>3</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	8.31 <sup>1</sup>
<b>Next investor vote on term of Fund</b>	15 March 2027

1. As at 31 December 2021.

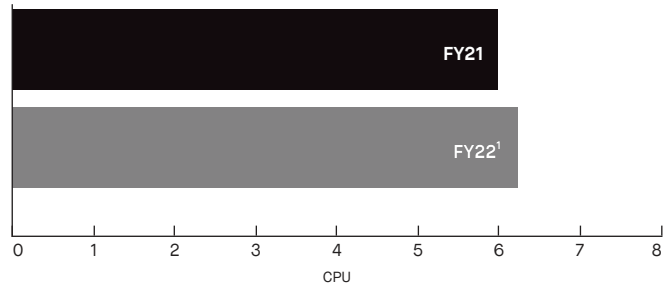
2. Based on the most recent audited accounts as at 31 December 2021. Without the Mark to Market of the Fund's interest rate swap, the NAB of units in the Fund would be \$1.25.

3. March 2022 quarter, annualised.

As outlined in the Product Disclosure Statement, units were issued at \$1.00 per unit. Thereafter, the unit price will reflect the NAB per unit with adjustments made for the amortisation of certain fees and expenses on a straight-line basis over six years.

### Distribution details

#### ANNUALISED DISTRIBUTION



1. Forecast (annualised).

The distribution rate for the remainder of the 2022 financial year is forecast to remain at 6.25 cents per unit (annualised). This forecast distribution rate reflects the current performance of the Fund and assumes that all tenants will continue to satisfy their contractual obligations under their respective leases within a timely manner and that there are no significant unforeseen capital costs and no material changes to the Fund's financial obligations.

An out of cycle update will also be provided in June 2022 to confirm the forecast distribution rate for the 2023 financial year.

## Portfolio statistics

	INITIAL <sup>1</sup>	JUN-21	DEC-21
Net asset backing	\$0.87	\$1.07	\$1.26
Portfolio occupancy rate	100%	100%	100%
Weighted average lease expiry (WALE) (years)	9.1	8.8	8.3

1. Based on the Product Disclosure Statement dated 1 February 2021.

## Top tenants by net lettable area (NLA)

<b>Bradnam's Windows and Doors</b> Lease expires 19 June 2031	57%
<b>ACFS Port Logistics</b> Lease expires 30 June 2024	26%
<b>Vulcan Steel</b> Lease expires 31 January 2031	18%

The portfolio is currently 100% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 8.31 years as at 31 December 2021.

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$28.5m	
Undrawn amount	\$0.4m <sup>1</sup>	
Loan expiry	15-Mar-24	
% of debt hedged	75.0% <sup>2</sup>	
Loan to value ratio (LVR)	36.4% <sup>3</sup>	60.0%
Interest cover ratio (ICR)	7.06 <sup>4</sup>	2.0

- As at 31 December 2021.
- The Fund's drawn debt is 75.0% hedged until 15 March 2024.
- The LVR is based on the most recent independent valuation as defined under the debt facility agreement.
- The stated ICR figures are based on the most recent audited accounts as at 31 December 2021.

Under the Fund's three year facility, the drawn debt is currently \$28.13 million, which is 75% hedged at a fixed rate of 0.29% (in addition to the bank margin of 1.75%) until 15 March 2024 with the ability to draw an additional \$375,000 for future leasing related costs and base building capital expenditure.

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 2021, the Fund remains compliant with all covenants including the Interest Cover Ratio (ICR) and Loan to Value Ratio (LVR).

## Centuria investor website

You can access all information relating to your Centuria investments at [CenturiaInvestor.com.au](https://www.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](mailto:Property.Enquiry@CenturiaInvestor.com.au).

## Portfolio details

PROPERTY ADDRESS	PURCHASE PRICE (MAR 21)	PREVIOUS VALUATION - INDEPENDENT (JUN 21)	CURRENT VALUATION (DEC 21)	CAP RATE (DEC 21)	VALUER
2-8 Titanium Crt, Crestmead QLD	\$12.4m	\$13.7m	\$15.5m	4.50%	Savills
136 Zillmere Rd, Boondall QLD	\$39.6m	\$43.0m	\$49.8m	4.38%	Savills
68-70 Kapara Rd, Gillman SA	\$10.5m	\$11.5m	\$12.0m	6.00%	Knight Frank
<b>TOTAL</b>	<b>\$62.5m</b>	<b>\$68.2m</b>	<b>\$77.3m</b>	<b>4.65%</b>	

The properties were subject to independent valuations for the purposes of the 31 December 2021 audited financial report and the key metrics of these valuations are outlined in the table above. Furthermore, the result of the 30 June 2022 valuations will be included within the September 2022 Fund Update.

**Note:** The latest RG46 Statement for the Fund is available at [CenturiaInvestor.com.au](https://www.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.

**Disclaimer:** Issued by Centuria Property Funds Limited, ABN 11 086 553 639, holder of AFSL 231 149. The information in this document is general information only and does not take into account your personal financial circumstances, needs or objectives. We recommend you speak with your financial and/or taxation advisor before making any decisions in relation to your investment.