

Centuria

Fund Update
March 2023

Centuria Industrial Income Fund No. 1

(ARSN 646 752 178)

Key points

- As at 31 December 2023, the Net Asset Backing of the Fund is \$1.27 per unit
- Forecast distributions for FY23 confirmed at 6.75 cents per unit (annualised)
- New annual record in 2022 of 4.85 million sqm of space absorbed in the Australian industrial market

Fund summary

Distributions for the **Centuria Industrial Income Fund No. 1** (Fund) continue to be paid at 6.75 cents per unit (annualised), which is in line with the forecast for the 2023 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).

Market Overview

- Occupier demand accelerated in the December 2022 quarter with almost 1.5 million sqm being leased, which resulted in a new annual record in 2022 of 4.85 million sqm absorbed (an increase of 3.0% on 2021).
- Take up continues to be particularly strong in the Sydney and Brisbane markets, underpinned by the transport and logistics sector.
- The national vacancy rate has fallen a further to 0.6% with Sydney the tightest at 0.2%
- As a result, average prime rents increased 21.7% throughout 2022, which is six times the long term average. Prime incentives have also fallen to an average of 8.4%.
- New supply reached just over 2.4 million sqm during the 12 month period, moderately lower than previously forecast as a select number of projects were pushed into 2023.
- Approximately \$7.5 billion in industrial assets traded in 2022, which is the second highest on record. However, yields continue to their upward movement due to increased funding costs with the national weighted average sitting at 4.84%.

Source: Colliers Research

31 December 2022 Net Asset Backing

The 31 December 2022 audited financial report is now available to download from the online investor portal at [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au). The report confirms the Net Asset Backing (NAB) per unit in the Fund remained at \$1.27.



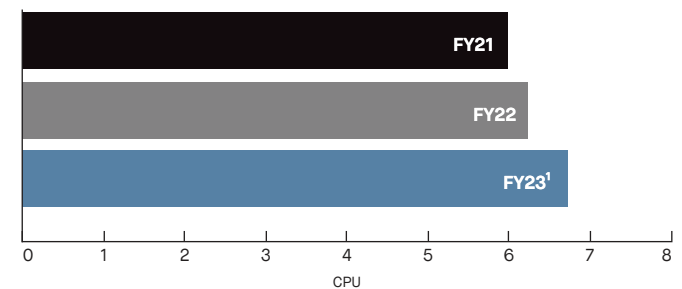
Financial snapshot

Fund commencement date	15 March 2021
Unit price	\$1.29 ¹
Net asset backing	\$1.27 ²
Distribution rate (cents per unit)	6.75 ³
Weighted average lease expiry (WALE) (years)	7.1 ¹
Next investor vote on term of Fund	15 March 2027

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 of 6.75 cents per unit (annualised) is in line with the 2023 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, which includes interest rates.

In relation to the 2024 financial year, an update will be provided to investors in June 2023 to confirm the forecast distribution rate for the upcoming period. This will include any associated increases in the cost of debt, which will have an impact on the guidance provided.

1. As at 31 December 2022.

2. Based on the most recent audited accounts as at 31 December 2022. Without the Mark to Market of the Fund's interest rate swap, the NAB per unit in the Fund would be \$1.25.

3. December 2022 quarter, annualised.

Portfolio statistics

	INITIAL ¹	JUN-22	DEC-22
Net asset backing	\$0.87	\$1.27	\$1.27
Portfolio occupancy rate	100%	100%	100%
Weighted average lease expiry (WALE) (years)	9.1	7.7	7.1

Top tenants by net lettable area (NLA)

Bradnam's Windows and Doors Lease expires 19 Jun 2031	48%
ACFS Port Logistics Lease expires 30 Jun 2024	22%
Vulcan Steel Lease expires 31 Jan 2031	15%
Select Plant Hire Lease expires 14 Jan 2029	15%

As at 31 December 2022, the portfolio is currently 100% occupied with a Weighted Average Lease Expiry (WALE) by income of approximately 7.1 years.

Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$40.5m	
Undrawn amount	\$0.9m ²	
Loan expiry	15-Mar-24	
% of debt hedged	52.7% ³	
Loan to value ratio (LVR)	45.0% ⁴	60.0%
Interest cover ratio (ICR)	4.66 ⁵	2.0

Under the Fund's three year facility, the drawn debt remains at \$39.64 million with 52.7% hedged at a fixed rate of 0.29% (in addition to the bank margin of 1.75%) until 15 March 2024. There is also the ability to draw an additional \$888,425 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 2022, 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.

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.

Portfolio details

PROPERTY ADDRESS	PURCHASE PRICE	PREVIOUS VALUATION - DIRECTORS' (JUN 22)	CURRENT VALUATION (DEC 22)	CAP RATE (DEC 22)	VALUER
2-8 Titanium Crt, Crestmead QLD	\$12.4m	\$15.5m	\$15.5m	4.68%	Savills
136 Zillmere Rd, Boondall QLD	\$39.6m	\$50.3m	\$50.0m	4.50%	Savills
68-70 Kapara Rd, Gillman SA	\$10.5m	\$12.0m	\$12.8m	6.00%	JLL
431 Victoria Rd, Malaga WA	\$10.8m	\$10.8m	\$10.9m	5.00%	JLL
TOTAL	\$73.3m	\$88.6m	\$89.2m	4.81%	

The properties were subject to independent valuations for the purposes of the 31 December 2022 audited financial report and the key metrics of these valuations are outlined in the table above.

Note: The latest RG46 Statement for the Fund is available at 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 2021.
- As at 31 December 2022.
- The Fund's drawn debt is 52.7% 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 2022.

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