

Centuria

Quarterly fund update
March 2024

Centuria Agriculture Fund

ARSN 653 947 892 & ARSN 653 946 402 | APIR CNT3531AU

March 2024 quarter performance highlights

- The Centuria Agriculture Fund (Fund or CAF) is the largest owner of protected cropping assets in Australia with 90.5 hectares and assets under management (AUM) totalling \$351.25 million.
- As at 31 March 2024, the Fund's drawn debt is 91.7% hedged until 15 June 2025.
- Portfolio remains 100% occupied with a weighted average lease expiry (by income) of 16.3 years as at 31 March 2024.
- March quarter distributions have been paid at an annualised rate of 5.50 cents per unit, reflecting a yield of approximately 5.66% on the Fund's 31 March 2024 unit price of \$0.9716.

Market update

The Australian property market continues to adjust following what has been a highly aggressive interest rate tightening cycle.

The RBA held interest rates steady at 4.10% between June 2023 and November 2023, before increasing the cash rate target by a further 25 bps to 4.35%, in order to be more assured that inflation would return to target in a reasonable timeframe.

Looking ahead, Australia's big four banks currently forecast the RBA will reduce the cash rate by 25 and 50 bps towards the end of 2024¹, which is anticipated to positively impact property values.

Furthermore, there are a number of interesting economic and demographic fundamentals that also provide a positive outlook for commercial real estate over the medium term, including the following²:

- Australia's population is expected to grow by 1.1 million people from 2023 to 2025 and by 4.0 million to 2033.
- 1.3 million more people are employed now than pre-COVID: Healthcare +34%, "traditional white collar" jobs +27%, construction +11%, education +11%, and transport/warehousing +7%.
- Estimated additional 2.6 million Australians will be working during the next 10 years.
- There are c.150,000 job vacancies in Australia, broadly in line with pre-COVID figures illustrating normalisation.
- There has been an 11% increase in wages during the past three years.
- Food security is increasingly a global concern. Australia and New Zealand account for +10% of global trade in barley, beef, canola, lamb, milk powder, sugar cane, wheat and wool.

1. Source: Bloomberg's RBA Cash Rate Survey April 2024

2. Source: CBRE Research



234 CARMELO ROAD, RIVERLEA PARK SA

Centuria anticipates these economic indicators should underpin future demand across property sectors within its portfolio to the potential benefit of investors.

Key portfolio metrics as at 31 March 2024

Property assets	4
Property portfolio	\$351,250,000
Weighted average capitalisation rate	6.50%
Number of tenants	4
Fund WALE (years)	16.3
Fund occupancy	100%

Agricultural update

Values of Australian agriculture property have remained relatively steady in the recent period of high inflation, demonstrating the resilience of agriculture valuations through these volatile economic conditions.

As reported by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), Australian broadacre farmland values declined slightly by 1.5% on average through 2023, the first time the average price per hectare has gone backwards since 2011.

All of the Fund's glasshouse's were independently valued as at 31 December 2023 with the value of all the assets being held constant as a result of the passing rents increasing and the capitalisation rate softening by 0.25%.

The short-term oversupply of tomatoes from field producers in the second half of last year, which resulted the market price for tomatoes being significantly below the long-term average price and the cost of production, has now washed through the market with tomato prices normalising. As a result, our glasshouse operators are currently experiencing significantly higher income which is one of the benefits of the countercyclical nature of glasshouse operations.

Monthly distribution (previous 6 months¹)

	OCT 23	NOV 23	DEC 23	JAN 24	FEB 24	MAR 24
Distribution (CPU) ²	0.4583	0.4583	0.4583	0.4583	0.4583	0.4583

April 2024 distribution rate confirmation³

We are pleased to confirm April 2024 distribution guidance at 5.50 cents per unit (annualised). The April 2024 target distribution rate reflects a yield of approximately 5.66% (annualised) on the Fund's 31 March 2024 unit price of \$0.9716. However, please note that this target 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 debt costs. If any change to the target distribution rate is required, an out of cycle update will be provided to investors.

In relation to the 2025 financial year, the forecast distribution rate will likely remain at a similar level and will be confirmed to investors in June 2024.

Portfolio valuations

Three of the Fund's assets, the Flavorite Warragul glasshouse, the Sundrop Farms glasshouse in Port Augusta and the Costa glasshouse in Guyra were subject to independent valuations as at 31 December 2023 with values for all being held constant as a result of the passing rents increasing and the capitalisation rate softening by 0.25%.

The Manager also had the Fund's fourth asset, the P'Petual facility in Riverlea Park, most recently valued by Knight Frank in December 2023 (during acquisition).

Debt summary

The Fund has secured a three-year \$106.2 million finance facility with Rabobank at a margin of 1.45% p.a., maturing 13 July 2025 and a five-year \$60 million finance facility with the Commonwealth Bank of Australia at a margin of 1.75% p.a., with \$20 million of this facility maturing 15 December 2027 and the remaining \$40 million of this facility maturing 30 March 2028. The Fund also secured a new five-year \$25 million finance facility with the Australia New Zealand Bank in December 2023 at a margin of 1.75% p.a., maturing 31 December 2028.

As at 31 March 2024, the Fund had \$167.9 million drawn, with a total facility limit of \$191.2 million, giving the Fund \$23.3 million in undrawn debt headroom that can be deployed for the purpose of new acquisitions. The Fund has hedged \$80 million at a rate of 3.59% (in addition to the bank margin of 1.45% p.a.) until 15 June 2026 with another \$74 million hedged at a rate of 3.10% (in addition to the bank margin of 1.75%) until 15 June 2025. Details of the Fund's current debt facilities are noted below.

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$191.20m ⁴	
Undrawn amount	\$23.30m ⁴	
Weighted average facility term	2.56 years	
% of debt hedged	91.7% ⁴	
Loan to value ratio (LVR)	47.8% ⁵	60%
Interest coverage ratio (ICR)	2.54 ⁴	2.00

Fund continues to assess potential acquisition targets

The Fund is actively pursuing potential acquisitions in the protected cropping space with similar characteristics to the current assets owned by the Fund. All potential acquisitions being assessed are high-quality sustainable agricultural assets which are well positioned to benefit from the continued growing demand for fresh food produce. We look forward to providing investors with information on any new acquisitions in future Fund updates.



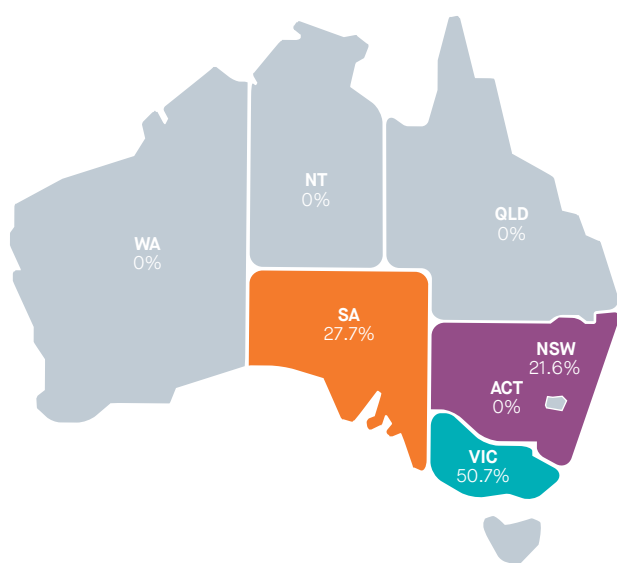
SUNDROP FARMS, PORT AUGUSTA SA

1. The implementation of the Stapled Fund occurred on 20 July 2022, which is the inception date of the Fund.
2. Cents per Unit (CPU). Distribution figures are monthly and are not annualised.
3. The target distribution rate is not a forecast, is predictive in nature and is subject to assumptions, risks and circumstances (both known and unknown) outside of the control of the as Responsible Entity (RE) of the Fund. The actual returns may differ from the target return. Distributions may change (up or down) as the Fund adds more assets to the portfolio. In addition, the RE does not guarantee the performance of the Fund, the repayment of capital or any income or capital return. Past performance is not reliable indicator of future performance.
4. As at 31 March 2024.
5. The LVR is as at 31 March 2024, based on independent valuations as defined under the debt facility agreements.

Investment portfolio¹ as at 31 March 2024

	FUND WEIGHTING (%)	PROPERTY VALUATION (\$M)	PROPERTY VALUATION CAP RATE (%)	OCCUPANCY (%)	WALE (BY INCOME)
Direct properties					
264 Copelands Road, Warragul VIC	49.56	178.00	6.00	100	17.68
709 Port Augusta Highway, Port Augusta SA	19.49	70.00	6.75	100	18.72
160 Elm Street, Guyra NSW	21.16	76.00	7.00	100	14.01
234 Carmelo Road, Riverlea Park SA	7.59	27.25	7.75	100	9.73
Liquid assets					
Cash	2.21	7.93			
Total investment portfolio	100%				

Portfolio geographic diversification



New South Wales 21.6%	160 Elm Street, Guyra
South Australia 27.7%	709 Port Augusta Highway, Port Augusta 234 Carmelo Road, Riverlea Park
Victoria 50.7%	264 Copelands Road, Warragul

Centuria investor website

You can access all information relating to your Centuria investments at centuriainvestor.com.au.

Contact details

Centuria Unlisted Property Funds

Direct investors:
Please contact the Investor Services Team
Phone: 1300 22 44 24
Fax: 02 9460 2960
Email: contactus@centuria.com.au

Financial advisers:
Please contact your Distribution Team representative
Phone: 02 8923 8923
Email: contactus@centuria.com.au

Centuria Property Funds Limited +61 2 8923 8923 |
centuria.com.au | contactus@centuria.com.au ABN 11 086 553 639 | AFSL 231149

Disclaimer: Issued by Centuria Property Funds Limited (ABN 11 086 553 639, AFSL 231 149) as the Responsible Entity for the Centuria Agriculture Fund I (ARSN 653 947 892) and the Centuria Agriculture Fund II (ARSN 653 946 402) (collectively, Fund). The information contained in this document is general information only and does not take into account the objectives, financial situation or particular needs of any person. You should consider whether this information is appropriate for you and consult your financial or other professional advisor before investing. In particular, you should obtain and read a copy of the Product Disclosure Statement (PDS) relating to the Fund before making a decision to invest. The PDS is available from Centuria's website (centuria.com.au). A Target Market Determination (TMD) has been issued for this product and can be found at: centuria.com.au/DDO/. Past performance is not a reliable indicator of future performance. All investments in unlisted property funds carry risk. As the Fund invests in commercial agriculture property it carries the market and property risks associated with investing in this sector, including climate and environmental risks. As a geared investment, the Fund also carries associated financial and leverage risks. Risks can impact on distribution and capital returns over the term of the Fund. It is important that you read the Product Disclosure Statement and understand the risks of investing.

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