

# Centuria

Fund Update  
March 2024

## 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 \$1.11 per unit
- Forecast distributions for FY24 confirmed at 6.00 cents per unit (annualised)
- ACFS Port Logistics has exercised its five-year option at Kapara Road, Gillman SA

### Fund summary

Distributions for the **Centuria Industrial Income Fund No. 1** (Fund) continue to be paid at 6.00 cents per unit (annualised), which is in line with the forecast for the 2024 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

- Gross take-up in the Australian industrial and logistics market during the December 2023 quarter was relatively low at around 530,000 sqm, however the annual figure of 2.9 million sqm was above the 10-year average.
- Once again, the transport, postal and warehousing sector was the most active, accounting for 42% of the demand.
- The national vacancy rate remains tight at approximately 1.1% and as a result, average prime rents increased by 17.6% throughout 2023 calendar year.
- New supply during 2024 is forecast to reach a record high of 3.7 million sqm with roughly 40% of it expected to be delivered in Sydney and over 40% pre-committed as at Q42023.
- Investment sales for income producing assets above \$10 million totalled \$1.7 billion during the December 2023 quarter and the average midpoint yield for super prime grade assets now stands at 5.77%.

Source: CBRE Research

#### 31 December 2023 Net Asset Backing

The 31 December 2023 audited financial report is now available to download from the online investor portal at [CenturiaInvestor.com.au](https://www.centuriainvestor.com.au), which confirms the Net Asset Backing (NAB) of units in the Fund decreased from \$1.17 (as at 30 June 2023) to \$1.11 (as at 31 December 2023). This was driven by the weighted average capitalisation rate for the portfolio softening a further 22 basis points to 5.69%.



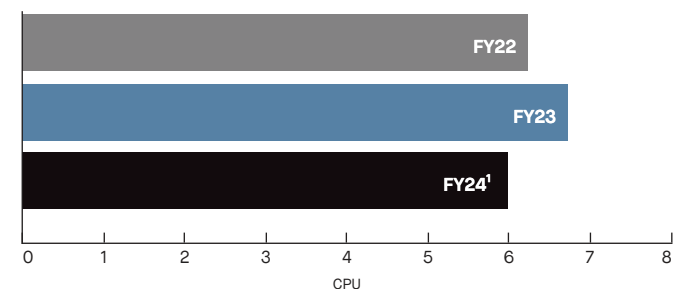
### Financial snapshot

<b>Fund commencement date</b>	15 March 2021
<b>Unit price</b>	\$1.12 <sup>1</sup>
<b>Net asset backing</b>	\$1.11 <sup>2</sup>
<b>Distribution rate (cents per unit)</b>	6.00 <sup>3</sup>
<b>Weighted average lease expiry (WALE) (years)</b>	5.9 <sup>1</sup>
<b>Next investor vote on term of Fund</b>	15 March 2027

As outlined in the PDS, 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 over six years.

### Distribution details

#### ANNUALISED DISTRIBUTION



1. Forecast (annualised).

The distribution rate of 6.00 cents per unit (annualised) is in line with the 2024 financial year forecast. However, please note, 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.

1. As at 31 December 2023.

2. Based on the most recent audited accounts as at 31 December 2023. Without the Mark to Market of the Fund's interest rate swap, the NAB per unit in the Fund would be \$1.10.

3. March 2024 quarter, annualised.

In relation to the 2025 financial year, the forecast distribution rate will largely be dependent on the outcome of the market rent review with ACFS Port Logistics at Kapara Road, Gillman SA. We are confident of a positive result, however since this process is about to commence, we are not in a position to give guidance at this stage and an update will be provided to investors in June 2024. That said, given a swap at 0.29% p.a. over approximately 53% of the drawn debt expired on 15 March 2024, the Fund's forecast distribution will reduce since the 'all-in' cost of debt is anticipated to increase from approximately 4.77% p.a. to around 5.75% p.a.

## Portfolio statistics

	INITIAL <sup>1</sup>	JUN-23	DEC-23
Net asset backing	\$0.87	\$1.17	\$1.11
Portfolio occupancy rate	100%	100%	100%
Weighted average lease expiry (WALE) (years)	9.1	6.5	6.0

## Top tenants by net lettable area (NLA)

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

We are extremely pleased to advise that ACFS Port Logistics has exercised its five-year option at Kapara Road, Gillman SA, which is an excellent result for investors and ensures there is no lease expiry risk within the Fund until 2029.

## Portfolio details

PROPERTY ADDRESS	PURCHASE PRICE	PREVIOUS VALUATION (JUN 23)	CURRENT VALUATION (DEC 23)	CAP RATE (DEC 22)	VALUER
2-8 Titanium Crt, Crestmead QLD	\$12.4m	\$15.6m	\$14.9m	5.50%	CBRE
136 Zillmere Rd, Boondall QLD	\$39.6m	\$45.5m	\$43.7m	5.50%	Directors'
68-70 Kapara Rd, Gillman SA	\$10.5m	\$12.8m	\$12.8m	6.50%	JLL
431 Victoria Rd, Malaga WA	\$10.8m	\$11.0m	\$11.0m	5.75%	JLL
<b>TOTAL</b>	<b>\$73.3m</b>	<b>\$84.9m</b>	<b>\$82.4m</b>	<b>5.69%</b>	

The portfolio was subject to valuations for the purposes of the 31 December 2023 audited financial report and the key metrics of these valuations are outlined in the table above.

## Debt summary

	CURRENT PERIOD	LOAN COVENANTS
Total facility limit	\$40.5m	
Undrawn amount	\$0.9m <sup>2</sup>	
Loan expiry	15-Mar-27	
% of debt hedged	Nil	
Loan to value ratio (LVR)	47.1% <sup>3</sup>	60.0%
Interest cover ratio (ICR)	3.32 <sup>4</sup>	2.0

The Fund's drawn debt remains at \$39.64 million with 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 2023, 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://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).

**Note:** The latest RG46 Statement for the Fund is available at [Centuriainvestor.com.au](https://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 2023
- 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 2023.

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