

# Centuria

Quarterly fund update

June 2024

## Centuria Agriculture Fund

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

### June 2024 quarter performance highlights

- The Centuria Agriculture Fund (Fund or CAF) is pleased to announce that it settled on its fifth asset on 1 July 2024, increasing the Fund's assets under management (AUM) to \$441.25 million and cementing the Fund as the largest owner of large scale glasshouse assets in Australia, totalling 100.5 hectares.
- The Katunga Fresh property, which is located in Katunga, Victoria provides 21 hectares of protected cropping assets within a 40-hectare land parcel.
- As at 1 July 2024, the Fund's drawn debt is 70.1% hedged until 15 June 2025.
- Portfolio remained 100% occupied with a weighted average lease expiry (by income) of 17.0 years as at 1 July 2024.
- June quarter distributions have been paid at an annualised rate of 5.50 cents per unit, reflecting a yield of approximately 5.68% on the Fund's 30 June 2024 unit price of \$0.9675.
- Due to the new acquisition, the Fund's target distribution rate will increase from 5.50 cents per unit to 6.00 cents per unit (annualised) from July 2024.

### Fund settles on fifth asset

We are excited to announce that the Fund has secured its fifth high quality asset, the Katunga Fresh glasshouse in Katunga, Victoria. The asset is located approximately 230km north of Melbourne and 45km north of Shepparton VIC, in the Goulburn Valley region. The acquisition features a 20-year triple-net lease and following the purchase, the Fund's portfolio has increased to \$441.25 million with a WALE of 17.0 years.

As with previous acquisitions, this latest purchase is also aligned with the Fund's investment rationale to deliver stable income returns with the potential for capital growth through a national portfolio of high quality agricultural assets situated in strategic locations, leased to reputable tenants under strong covenants. The property provides 21-hectares of protected cropping within a 40-hectare land parcel. Additionally, the asset includes large packing sheds along with onsite energy and fertigation infrastructure.

The asset also uses high efficiency LED lighting to generate a consistent supply of fresh tomatoes and capsicums all-year-round, which provides a genuine point of difference in the marketplace. The LED lights allow the tenant to increase the growing hours and yields when tomato prices are at their annual peaks during winter when no tomatoes are grown in the field.



Katunga Fresh was established in 2004, and since which time, has become one of Australia's largest glasshouse operators with produce sold, via marketer Perfection Fresh, to a number of key retailers including Coles, Woolworths, Costco, Aldi and Harris Farms.

Katunga Fresh has invested millions of dollars in reducing its carbon footprint and is also currently in the process of building a significant co-generation energy plant, which is in the development stage, that will turn agricultural waste, such as residual crop waste, into bio gas to power the heating and cooling systems in the glasshouse.

### Key portfolio metrics as at 1 July 2024

Property assets	5
Property portfolio	\$441,250,000
Weighted average capitalisation rate	6.60%
Number of tenants	5
Fund WALE (years)	17.0
Fund occupancy	100%

### Monthly distribution (previous 6 months<sup>1</sup>)

	JAN 24	FEB 24	MAR 24	APR 24	MAY 24	JUN 24
Distribution (CPU) <sup>2</sup>	0.4583	0.4583	0.4583	0.4583	0.4583	0.4583



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.

## July 2024 distribution rate confirmation<sup>1</sup>

We are pleased to confirm an increase to the July 2024 distribution guidance from 5.50 cents per unit (annualised) to 6.00 cents per unit (annualised). The July 2024 target distribution rate reflects a yield of approximately 6.20% (annualised) on the Fund's 30 June 2024 unit price. 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.

## Portfolio valuations

Four of the Fund's assets, the Flavorite Warragul glasshouse, the Sundrop Farms glasshouse in Port Augusta, the Costa glasshouse in Guyra and the P'Petual facility in Riverlea Park were subject to director valuations as at 30 June 2024 with values for all being held constant with the independent valuations which were performed in December 2023 for each of the assets.

The Manager also had the Fund's fifth asset, the Katunga Fresh glasshouse in Katunga, most recently valued by Knight Frank in June 2024 as part of the due diligence process at acquisition.

## Debt summary

As at 1 July 2024, the Fund had \$218.4 million drawn debt, with a total facility limit of \$236.2 million, giving the Fund \$17.8 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.

The Fund secured a new five-year \$45 million finance facility with the Australia and New Zealand Banking Group Limited at a margin of 1.70% p.a, which was used to assist with the acquisition of the Katunga Fresh glasshouse. Details of the Fund's current debt facilities are noted below.

	CURRENT PERIOD	LOAN COVENANTS
<b>Total facility limit</b>	\$236.20m <sup>2</sup>	
<b>Undrawn amount</b>	\$17.8m <sup>2</sup>	
<b>Weighted average cost of debt</b>	5.30% <sup>2</sup>	
<b>Loan maturities</b>	\$106.2m, 13 July 2025 \$20m, 15 December 2027 \$40m, 30 March 2028 \$25m, 31 December 2028 \$45m, 30 June 2029	
<b>Weighted average facility term</b>	2.82 years	
<b>% of debt hedged</b>	70.1% <sup>2</sup>	
<b>Loan to value ratio (LVR)</b>	49.5% <sup>3</sup>	60%
<b>Interest coverage ratio (ICR)</b>	2.51 <sup>2</sup>	2.00

## Fund continues to assess potential acquisition targets

The Fund intends to actively pursue 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 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.



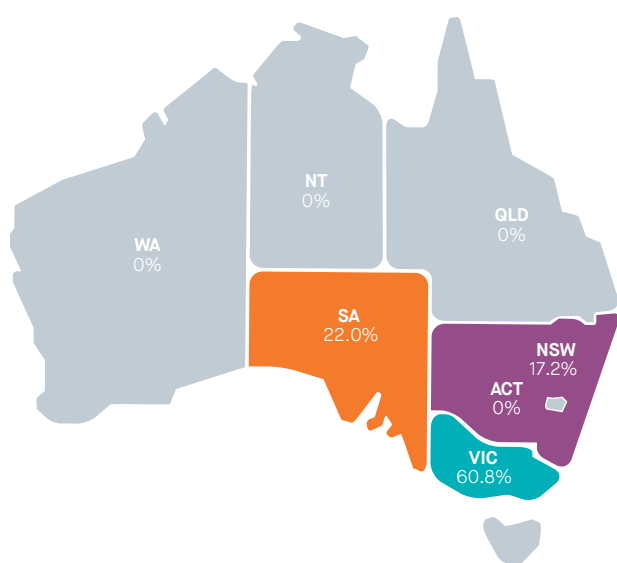
SUNDROP FARMS, PORT AUGUSTA SA

1. The 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 or sells assets in 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.
2. As at 1 July 2024.
3. The LVR is as at 1 July 2024, based on independent valuations as defined under the debt facility agreements.

## Investment portfolio<sup>1</sup> as at 1 July 2024

	FUND WEIGHTING (%)	PROPERTY VALUATION (\$M)	PROPERTY VALUATION CAP RATE (%)	OCCUPANCY (%)	WALE (BY INCOME)
<b>Direct properties</b>					
264 Copelands Road, Warragul VIC	39.43	178.00	6.00	100	17.68
709 Port Augusta Highway, Port Augusta SA	15.51	70.00	6.75	100	18.72
160 Elm Street, Guyra NSW	16.83	76.00	7.00	100	14.01
234 Carmelo Road, Riverlea Park SA	6.04	27.25	7.75	100	9.73
1051 - 1093 Numurkah Road, Katunga VIC	19.94	90.00	7.50	100	20.00
<b>Liquid assets</b>					
Cash	2.26	10.20			
<b>Total investment portfolio</b>	<b>100%</b>				

### Portfolio geographic diversification



<b>New South Wales</b> 17.2%	160 Elm Street, Guyra
<b>South Australia</b> 22.0%	709 Port Augusta Highway, Port Augusta 234 Carmelo Road, Riverlea Park
<b>Victoria</b> 60.8%	264 Copelands Road, Warragul 1051 - 1093 Numurkah Road, Katunga

### Centuria investor website

You can access all information relating to your Centuria investments at [centuriainvestor.com.au](https://centuriainvestor.com.au).

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