

Centuria

Fund Update
September 2024

Centuria Industrial Income Fund No. 1

(ARSN 646 752 178)

Key points

- As at 30 June 2024, the Net Asset Backing of the Fund is \$1.05 per unit.
- Forecast distributions for FY25 confirmed at 3.50 cents per unit (annualised).
- ACFS Port Logistics market rent review finalised at a 48% increase.

Fund summary

Distributions for the **Centuria Industrial Income Fund No. 1** (Fund) continued to be paid at 3.50 cents per unit (annualised) for the September quarter, which is in line with the forecast for the 2025 financial year. The corresponding distribution statement for the Fund can be accessed from our online investor portal at **CenturiaInvestor.com.au**.

Market overview

- Long-term market fundamentals remain robust across the Australian industrial sector with the latest government figures showing the Australian population has increased by 2.5% over 2023.
- However, leasing volumes continue to moderate but Melbourne has increased by 17% over the June 2024 quarter and a high proportion (approximately 29%) of transactions are in the 10,000 sqm to 15,000 sqm range.
- The national vacancy rate only increased by 0.5% to 2.6% over the same period, which also contributed to reduced net face rental growth of 0.5% but still equates to 8.0% on an annual basis.
- Potential supply for 2024 could reach around 3.2 million sqm, similar to 2023 levels. However, this number is expected to reduce as owners move to a more balanced pre-lease strategy before moving ahead with developments.
- National weighted average prime yields have softened 5 basis points to 5.87% and it is anticipated that the yield expansion cycle is very close to the end.

Source: Colliers Research

30 June 2024 Net Asset Backing

The 30 June 2024 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 decreased from \$1.11 (as at 31 December 2023) to \$1.05 (as at 30 June 2024). This was largely driven by a reduction in the valuation of the portfolio, primarily due to further softening in the capitalisation rates adopted for three of the four assets by 25 basis points to arrive at a weighted average of 5.90%.



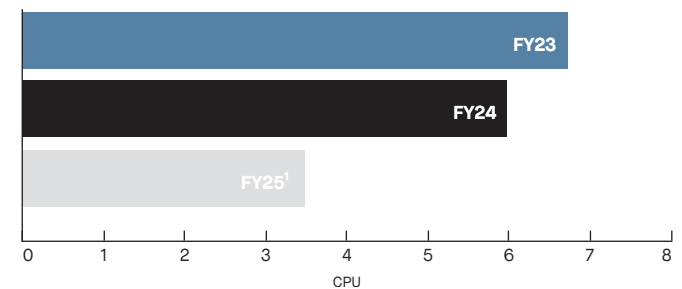
Financial snapshot

Fund commencement date	15 March 2021
Unit price	\$1.06 ¹
Net asset backing	\$1.05 ²
Distribution rate (cents per unit)	3.50 ³
Weighted average lease expiry (WALE) (years)	5.5 ¹
Next investor vote on term of Fund	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 3.50 cents per unit (annualised) for the September quarter is in line with the 2025 financial year forecast. Please note, this forecast distribution rate reflects the current performance of the Fund. It is predictive in nature and is subject to assumptions, risks and circumstances (both known and unknown) outside of the control of the Fund, including that all tenants will satisfy their contractual obligations under their respective leases within a timely manner. The forecast also assumes there are no significant unforeseen capital costs and no material changes to the Fund's financial obligations. The actual distributions may differ from the forecast figures.

1. As at 30 June 2024.

2. Based on the most recent audited accounts as at 30 June 2024. Without the Mark to Market of the Fund's interest rate swap, the NAB per unit in the Fund would be \$1.05.

3. September 2024 quarter, annualised.

Portfolio statistics

	INITIAL ¹	DEC-23	JUN-24
Net asset backing	\$0.87	\$1.11	\$1.05
Portfolio occupancy rate	100%	100%	100%
Weighted average lease expiry (WALE) (years)	9.1	6.0	5.5

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 2029	22%
Vulcan Steel Lease expires 31 Jan 2031	15%
Select Plant Hire Lease expires 14 Jan 2029	15%

We are pleased to report the market review for ACFS Port Logistics at 68-70 Kapara Road, Gillman SA has been finalised and a 48% increase in rent from 1 July 2024 has been achieved, which is an excellent result for investors. Please note, a majority of this uplift has already been incorporated into the FY25 distribution forecast and subject to finalising additional fixed interest rate hedging, a small increase may be introduced in the new calendar year.

Portfolio details

PROPERTY ADDRESS	PURCHASE PRICE	PREVIOUS VALUATION (DEC 23)	CURRENT VALUATION (JUN 24)	CAP RATE (JUN 24)	VALUER
2-8 Titanium Crt, Crestmead QLD	\$12.4m	\$14.9m	\$14.5m	5.75%	Directors'
136 Zillmere Rd, Boondall QLD	\$39.6m	\$43.7m	\$42.1m	5.75%	Directors'
68-70 Kapara Rd, Gillman SA	\$10.5m	\$12.8m	\$12.8m	6.50%	Directors'
431 Victoria Rd, Malaga WA	\$10.8m	\$11.0m	\$11.0m	6.00%	Directors'
TOTAL	\$73.3m	\$82.4m	\$80.4m	5.90%	Directors'

The properties were subject to Directors' valuations for the purposes of the 30 June 2024 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 ²	
Loan expiry	15-Mar-27	
% of debt hedged	Nil	
Loan to value ratio (LVR)	47.1% ³	60.0%
Interest cover ratio (ICR)	2.5 ⁴	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. Given the recent movement in interest rates, introducing some hedging over approximately 25% or 50% of the drawn debt is being reviewed and the position will be confirmed in the March 2025 Fund Update.

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 30 June 2024, the Fund remained 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.

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 30 June 2024.
- The LVR is as at 30 June 2024 and 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 30 June 2024.

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