

Centuria

Fund Update
September 2024

Centuria Industrial Income Fund No. 2 ARSN 663 453 487

Key points

- The property is fully occupied with a Weighted Average Lease Expiry by income (**WALE**) of approximately 4.26 years.
- Q1 FY25 distributions have been paid at the increased rate of 7.25 cents per unit (annualised).

Fund summary

Q1 FY25 distributions for the **Centuria Industrial Income Fund No. 2 (Fund)** have been paid at the increased rate of 7.25 cents per (annualised) and in line with the forecast for the 2025 financial year.

Wesfarmers 2024 full-year public results noted Blackwood's continuing investment in supply chain operations, amongst other items, with revenue growth in 2024 underpinned by demand from strategic customers in Australia, particularly those in the mining, utilities, logistics, government and manufacturing sectors (Source: Wesfarmers 2024 Full-year results). The Mackay warehouse remains at full capacity and underlines the critical nature of the locality.

Across the 30 June valuation cycle, market values for Australian industrial assets within the greater Centuria portfolio were relatively stable with a 0.11% decrease observed in comparison to 31 December 2023 valuations. Growth in market rents again offset capitalisation rate expansion which softened 21 basis points to a portfolio weighted average capitalisation rate of 5.86%.

Financial snapshot

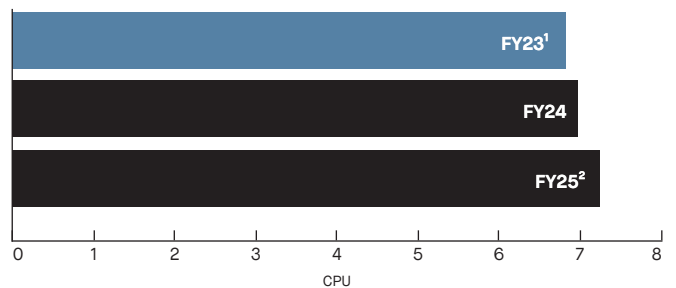
Fund commencement date	8 December 2022
Unit price	0.95
Net asset backing	0.85
Distribution rate (cents per unit)	7.25 ¹
Weighted average lease expiry (WALE) (years)	4.26 ²
Fund term expiry	8 December 2027

- September 2024 annualised.
- WALE by income as at 30 September 2024.



Distribution details

ANNUALISED DISTRIBUTION



- Blended distribution (annualised).
- September 2024 annualised.

The forecast distribution rate of 7.25 cents per unit (annualised) is in line with the 2025 financial year forecast. Should there be any material departures from this forecast, an out of cycle Investor update will be provided.

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 and no material changes to the Fund's financial obligations.

Property details

ASSET VALUES	
Property address	69-79 Diesel Drive, Paget, QLD
Purchase price (Dec 22)	\$35.50m
Current valuation (Jun 24)	\$35.50m
Cap rate (Jun 24)	7.50%
Valuer	Directors

The key metrics of the latest valuation are outlined in the table above.

Top tenants by net lettable area (NLA)

J. Blackwood & Son Pty Ltd
Lease expires 5 Jan 2029

100.0%

The property is fully occupied with a WALE by income of approximately 4.26 years as at 30 September 2024.

Property statistics

	INITIAL ¹	DEC-23	JUN-24
Unit price	1.00	0.96	0.95
Net asset backing	0.85	0.85	0.85
Property occupancy rate	100%	100%	100%
Weighted average lease expiry (WALE) (years) ²	6.10	4.76	4.26

Debt summary

	CURRENT PERIOD ³	LOAN COVENANTS
Total facility limit	\$17.10m	
Undrawn amount	\$0.24m	
Loan expiry	08 Dec. 2025	
% of debt hedged	100% ⁴	
Loan to value ratio (LVR)	48.2% ⁵	60.0%

The Fund's drawn debt is fully hedged at a rate of 3.30% (in addition to the bank margin of 1.45%).

In September, the Reserve Bank of Australia (RBA) held the cash rate at 4.35% for the seventh consecutive time as it closely monitors economic conditions and inflationary pressures. The RBA's primary focus is on sustainably bringing inflation back within its target range of 2-3%. As global economic uncertainties persist, the RBA's decisions are being closely watched and there are mixed views on if and when the RBA will decrease rates. The RBA itself has indicated that it will wait for further signs of inflation slowing before making any decisions on rate cuts and has refused to rule out further rate rises.

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.

1. Based on the Product Disclosure Statement dated 14 November 2022.

2. WALE by income.

3. As at 30 September 2024.

4. Fund's drawn debt is hedged until 15 December 2025.

5. Based on the most recent valuation.

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