

CIP June 2020 Valuation and Portfolio Update

- *1.3% or \$21 million¹ estimated increase on preliminary portfolio revaluations*
- *Strong portfolio rent collection, averaging 95% throughout April to June 2020*
- *Leasing terms agreed at the Hemmant (QLD) asset for 70% of its space*
- *Brisbane (QLD) development site acquisition, with an anticipated \$17.5m end value*

SYDNEY (Monday 6 July 2020) - Centuria Property Funds No. 2 Limited (**CPF2L**), as responsible entity of Centuria Industrial REIT (ASX: **CIP**), today announced the following valuation and portfolio update.

Jesse Curtis, CIP Fund Manager, said, "The CIP portfolio continued to maintain its strong position throughout the COVID-19 affected period. Industrial property remained resilient during this trading period largely due to the defensive nature of industrial occupiers and ongoing demand from e-retailing, online grocery shopping and packaging requirements.

"As Australia's largest domestic, pure-play industrial REIT, CIP's high-quality assets continue to perform well. The portfolio benefits from a robust tenant profile and geographically diverse assets in well-positioned, in-fill locations close to major transport infrastructure. With strong investment demand for quality industrial assets, CIP's solid performance is anticipated to continue with its portfolio underpinned by a long WALE, strong valuations, and high occupancy.

"To this end, leasing demand continued in recent months, as indicated by our Hemmant asset lease. Demand also enabled CIP to action value-add initiatives including the acquisition of another Brisbane site, providing an opportunity to develop core industrial product and enhance the portfolio's quality. Both the leasing success and the acquisition demonstrate CIP's ability to identify and execute on industrial value-add initiatives."

Preliminary Valuation Update

External valuations on 30 of 51 properties within CIP's portfolio, representing c.50% by value, were completed as at 30 June 2020. The remaining properties were subject to internal or Director's valuations. Combined, these valuations indicate an estimated increase in portfolio value of \$21m¹ or 1.3% compared to the preceding book value. The portfolio's weighted average capitalisation rate tightened over the second half of the financial year, from 6.19% to 6.05%.

The increase in portfolio value is the result of strong leasing outcomes and the continued strength of the industrial investment market. Where relevant, valuers incorporated ongoing rent relief claims related to the National Code of Conduct on Commercial Leases. These valuations remain subject to finalisation and audit.

Revenue Impacts from COVID-19

Rent collections for CIP were strong throughout the COVID-19 affected period to date, averaging over 95% across the portfolio. Included within the outstanding rent is agreed and pending rent relief claims related to the National Code of Conduct on Commercial Leases. CIP continues to work with tenants adversely impacted by COVID-19².

Value Add Initiatives

CIP continued to benefit from leasing demand in the industrial sector and value-add initiatives were executed during the April to June 2020 period. Successful leasing outcomes were achieved at 46 Gosport Street, Hemmant QLD. This asset was acquired with vacant possession in July 2019, underwent a repositioning programme to modernise the property, and now terms are agreed for 70% of its space. Leasing demand remains positive for the small remaining area.

CIP also acquired an industrial development site at Lot 2 Hoepner Road, Bundamba, in Brisbane. The 2.4ha site, located in the core South Western Brisbane industrial precinct, has excellent connectivity to major arterial roads. The acquisition expands CIP's existing holdings within the precinct. It has development approval to build a c.10,200sqm modern warehouse facility, with an anticipated c.\$17.5m end value. Development is expected throughout a 12-month period.

FY20 Reporting Date

CIP's full year financial results will be announced on Wednesday 5 August 2020 and will include further details relating to individual property valuations and revenue impacts from COVID-19.

– Ends –

Centuria Industrial REIT (CIP)

ASX Announcement

Centuria

For more information or to arrange an interview, please contact:

Jesse Curtis

CIP Fund Manager

Centuria Industrial REIT

Phone: 02 8923 8923

Email: jesse.curtis@centuria.com.au

Tim Mitchell

Group Head of Investor Relations

Centuria Capital Limited

Phone: 02 8923 8923

Email: tim.mitchell@centuria.com.au

Alexandra Koolman

Senior Manager Corporate

Communications

Centuria Capital Limited

Phone: 02 8923 8923

Email: alexandra.koolman@centuria.com.au

Authorised for release by Anna Kovarik, Company Secretary.

About Centuria Industrial REIT

CIP is Australia's largest domestic pure play industrial REIT and will be included in the S&P/ASX 200 Index from 22 June 2020. CIP's portfolio of high-quality industrial assets is situated in key metropolitan locations throughout Australia and is underpinned by a quality and diverse tenant base. CIP is overseen by a hands on, active manager and provides investors with income and an opportunity for capital growth from a pure play portfolio of high quality Australian industrial assets.

Centuria Property Funds No. 2 Limited (CPF2L), is the Responsible Entity for the ASX-listed Centuria Industrial REIT (CIP). CPF2L, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$7.2 billion in total assets under management and strong offerings across listed real estate investment trusts, unlisted real estate funds and investment bonds.

www.centuria.com.au

¹ Reflects gross increase, does not include capital expenditure incurred

² As COVID-19 impacts and the Code remain active, it is possible further rent relief claims could be received for the April 2020 to June 2020 period