

## Q1 FY21 Operating Update

**SYDNEY** (Thursday, 15 October 2020) - Centuria Property Funds No.2 Limited (**CPF2L**) as Responsible Entity of Centuria Industrial REIT (**ASX: CIP**) has provided a Q1 FY21 update.

### KEY HIGHLIGHTS

- Reaffirmed FY21 FFO guidance of 17.4 cents per unit (cpu) and distribution guidance of 17.0 cpu
- Acquired six high-quality industrial assets for \$523m<sup>1</sup>
- 96.5% portfolio occupancy and a substantial Weighted Average Lease Expiry (WALE) of 10.0 years<sup>1,2</sup>
- 45,318sqm (4.5% of portfolio GLA) of lease terms agreed
- Average 97% portfolio rent collection over the six months to September 2020
- Market relevance solidified with inclusion in the S&P/ASX200 Index

### CAPITAL TRANSACTIONS

CIP continued to improve the quality and scale of its portfolio, executing \$523m of acquisitions across six transactions. Transactions included:

- The Telstra Data Centre, Clayton, VIC for \$416.7m secured with a 30-year triple net lease on sale and leaseback terms to Telstra
- \$43m modern cold storage facility at 1 Lahrs Road, Ormeau, QLD with 100% occupancy and 6.5 year WALE to Markwell Cold Storage
- Four fit-for-purpose industrial assets for \$63m with 100% occupancy, average WALE of 7.3 years and initial yield of 6.0%

Jesse Curtis, CIP Fund Manager, said “We have generated strong momentum through the first quarter of FY21 with \$523m of quality, fit-for-purpose industrial asset acquisitions. The expanded portfolio, totalling \$2.1 billion, now provides a broader exposure to industrial sub-sectors of data centres and cold storage assets. We will continue to pursue acquisition opportunities that complement CIP’s strategy.”

### PROPERTY PORTFOLIO AND LEASING

Throughout Q1 FY21, terms were agreed or leases completed for more than 45,318sqm, representing approximately 4.5% of the portfolio GLA. The majority of the deals during the quarter were renewals. The portfolio remains in a strong position with just 4.4% of leases expiring during the remainder of FY21, of which 1.8% is due to expire in Q4.

Portfolio occupancy remains high at 96.5% with a substantial WALE of 10.0 years. During the quarter, a commercial agreement was reached with GM Holden Ltd (GMH) to surrender their Lease at 14-17 Dansu Court, Hallam VIC. While occupancy is reduced, the agreement provides a surrender payment. The original GMH lease was due to expire in November 2022. Currently, this space is being actively marketed for lease to maximise the benefit of the surrender payment.

Occupancy was also affected by a lease deal at 46 Gosport Street, Hemmant QLD not proceeding. However, strong enquiries remain for the space.

Jesse Curtis commented, “Our active management approach to the portfolio has further de-risked our expiry profile with no more than 11% expiring in one year over the next three years. Portfolio leasing momentum has continued at pre-COVID leasing levels and has provided the opportunity to benefit from this through the surrender payment received at our Hallam asset.”

### CAPITAL POSITION

During the quarter, a \$341m entitlement offer was settled along with \$130m of new debt with proceeds used to fund quality asset acquisitions for the portfolio.

Post equity raise and new debt, CIP remains in a strong position with a healthy balance sheet and significant headroom to debt covenants, which include:

- Current gearing<sup>3</sup> of 31.2%, at the low end of the target range of 30%-40%
- Current loan to value ratio<sup>3</sup> of 32.3%, against a covenant of 55.0%
- Current interest cover ratio<sup>3</sup> of 4.9 times, against a covenant of 2.0x
- Weighted average debt maturity of 3.4 years as at 30 September 2020 from a diversified lender pool with no debt maturities until December 2021

### COVID-19 UPDATE

The COVID-19 global pandemic continues to create international uncertainty with governments and businesses implementing strategies to manage its impacts. CIP's Task Force continues to engage with tenants, retaining a primary and immediate focus towards their wellbeing.

Rent collections remained strong, averaging 97% across the portfolio, for the six months to September 2020. 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-19.

### FY21 GUIDANCE AND SUMMARY

FY21 FFO guidance of 17.4 cpu and distribution guidance is reaffirmed at 17.0 cpu, subject to no further changes in circumstances.

Jesse Curtis said, "CIP has continued its strong start to FY21 with landmark acquisitions and an active approach to the portfolio creating an increase in scale and relevance for both domestic and offshore investors. Having achieved inclusion in the S&P/ASX 200 Index, CIP remains well positioned for potential future inclusion in the FTSE/EPRA NAREIT Global Real Estate Index.

"We remain encouraged by the positive industrial sector conditions. CIP is well placed to benefit from the continued resilience of the market with a significant WALE of 10.0 years, high occupancy of 96.5%, a strong balance sheet and quality tenants providing secure income streams and capital growth for our investors"

– Ends –

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

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**Authorised for release by Anna Kovarik, Company Secretary.**

### About Centuria Industrial REIT

CIP is Australia's largest domestic pure play industrial REIT and is included in the S&P/ASX 200 Index. 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 \$9.5 billion<sup>4</sup> 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](http://www.centuria.com.au)

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<sup>1</sup> Includes 144 Hartley Road, Smeaton Grange NSW and 1 Lahrs Road, Ormeau QLD which were exchanged but not settled as at 30 September 2020

<sup>2</sup> By income

<sup>3</sup> 30 June 2020 pro-forma adjusted for the acquisitions and equity raising announced post balance date

<sup>4</sup> Subject to the completion of asset acquisitions currently under exclusive due diligence in Centuria Healthcare Property Fund