

Q3 FY21 Fund Update

- *Portfolio grew to more than \$2.6 billion*
- *\$196m portfolio valuation uplift or 8.3% on a like for like basis from prior book values¹*
- *Four high-quality acquisitions for \$90.5m² during Q3 brings FY21 year to date transactions to \$784m*
- *56,173sqm (5.3% of portfolio GLA) of lease terms agreed³ increasing occupancy to 98.8% and a 9.7-year Weighted Average Lease Expiry (WALE)⁴*
- *Reaffirmed FY21 FFO guidance of no less than 17.6 cents per unit (cpu) and distribution guidance of 17.0 cpu⁵*

SYDNEY (Thursday, 22 April 2021) - Centuria Industrial REIT (ASX: CIP) is pleased to provide its Q3 FY21 update.

Jesse Curtis, CIP Fund Manager, said “The third quarter continued to build on CIP’s strong performance throughout FY21. Revaluations provided a substantial uplift across CIP’s portfolio, underpinned by strong sector tailwinds particularly resulting from increased e-commerce and a scarcity of investment grade industrial stock. While a significant weight of capital continues to pursue industrial assets, CIP has demonstrated its ability to repeatedly source high-quality industrial assets that represent relative value to prevailing market pricing.

“CIP has acted on the robust tenant occupier market, leasing more than 56,000sqm, increasing portfolio occupancy to 98.8%. Infill markets continue to generate the highest level of tenant demand as illustrated by 14-17 Dansu Court where we secured a new tenant taking advantage of the early surrender of the previous occupier’s lease.

“Providing and executing a value-add pipeline remains a focus for CIP. The REIT is pleased to continue delivering on its existing value-add projects, with the Bundamba development approaching practical completion, and initiating new opportunities, such as repositioning the recently acquired Bella Vista asset.”

PORTFOLIO VALUATIONS

External independent valuations were completed on 58 of CIP’s 61 investment properties as at 31 March 2021⁶. The portfolio’s Weighted Average Capitalisation Rate (WACR) firmed by 47 basis points from 5.42% to 4.95% resulting in a like for like portfolio valuation increase of \$196m or 8.3% from prior book values¹. Pro-forma NTA increased from \$2.99 to \$3.33 per unit.

Following recent high-profile transactions in the market, CIP has instructed valuers to externally value the entire portfolio for 30 June 2021.

CAPITAL TRANSACTIONS

During Q3 FY21, CIP secured \$90.5m worth of high-quality industrial acquisitions across four transactions², bringing FY21 year to date acquisitions to \$784.2m.

Transactions included:

- \$27m distribution centre at 29 Penelope Crescent, Arndell Park NSW extending CIP’s exposure to the tightly held Sydney industrial market
- \$26.25m distribution centre at 8 Lexington Drive, Bella Vista, NSW expanding CIP’s value add pipeline in a true last mile location
- \$20.8m transport & logistics facility at 513 Mount Derrimut Road, Derrimut VIC leased to Tasman Logistics
- \$16.5m distribution centre at 179 Studley Court, Derrimut VIC leased to VW Australia

PROPERTY PORTFOLIO AND LEASING

Throughout Q3 FY21, terms were agreed or leases completed for 56,173sqm, representing approximately 5.3% of the portfolio GLA. New leases and renewals increased occupancy from 97.7% to 98.8% and portfolio WALE was maintained at a substantial 9.7 years.

Significant deals completed during the quarter include:

- 14-17 Dansu Court, Hallam VIC - Secured a new tenant for the entire 17,070sqm asset on an eight-year term. This follows receiving an early surrender payment from the previous occupier to take advantage of favourable leasing conditions.
- 46 Gosport Street, Hemmant QLD - 2,970sqm was leased to a new tenant bringing occupancy to 95% following a repositioning programme and leasing strategy.

The portfolio remains in a strong position with just 2.6% of leases expiring during the remainder of FY21 and no more than 8.5% of the portfolio expiring in a single year throughout the next three years.

CIP continues to execute on a number of value-add initiatives across the portfolio, including:

- Developing c.10,400sqm at 42 Hoepner Street, Bundamba QLD, which remains on track for practical completion in Q4 FY21 and has attracted strong leasing interest.
- Repositioning 46 Gosport Street, Hemmant QLD and, following the completion of works and a successful leasing campaign, delivered a valuation uplift of \$8.7m (51%)⁷.
- Commencing project planning to reposition the recently acquired 8 Lexington Drive, Bella Vista NSW to leverage the asset's 'last mile' location.

CAPITAL POSITION

CIP's balance sheet maintains a robust position providing capacity to continue to pursue opportunistic and strategic acquisition opportunities to improve the portfolio while preserving ample headroom to debt covenants.

- Proforma gearing of 28.2%
- Proforma loan to value ratio of 29.0%, against a covenant of 55.0%
- Available liquidity in excess of \$110m
- Weighted average debt maturity of 3.1 years as at 31 March 2021 from a diversified lender pool

RENT COLLECTION UPDATE

Rent collections remained strong, averaging 98% across the portfolio, for the three months to March 2021.

FY21 GUIDANCE AND SUMMARY

FY21 FFO guidance of no less than 17.6 cpu and distribution guidance at 17.0 cpu is reaffirmed⁶.

Jesse Curtis said, "CIP delivered a strong set of results for the quarter. The REIT's portfolio metrics have strengthened while holding a healthy balance sheet that continues to provide headroom to pursue opportunistic acquisitions. CIP is well positioned to continue delivering secure income and capital growth to our investors.

"With CIP's current momentum growing portfolio expansion to \$2.6 billion, and continued re-rating of industrial markets, CIP continues to position itself as Australia's largest domestic pure play industrial REIT."

– Ends –

Centuria Industrial REIT (CIP) ASX Announcement

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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 (ARSN 099 680 252) (CIP). CPF2L, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with more than \$10billion 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, excluding capital expenditure incurred. Includes finalised valuations for 324-332 Frankston Dandenong Road, Dandenong VIC and 92 Robinson Avenue, Belmont WA which were not available at the time of the announcement on 26 March 2021

² Includes the acquisition of 29 Penelope Crescent, Arndell Park NSW as announced 12 April 2021

³ Includes Heads of Agreement (HOA)

⁴ By income

⁵ Guidance remains subject to unforeseen circumstances and material changes in operating conditions

⁶ Assets not externally revalued are 2 Woolworths Way, Warnervale NSW which is under a sales campaign, 2-8 Lexington Drive, Bella Vista NSW which was acquired in March 2021 and 42 Hoepner Road, Bundamba QLD which is under development

⁷ Excluding capital expenditure incurred in repositioning the asset