

# Centuria Industrial REIT (CIP)

## ASX Announcement

Centuria

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### Strategic Acquisitions and Equity Raising

- Secured eight urban infill industrial freehold assets for \$351.3m, 4.1% average initial yield, 4.23% cap rate
- \$300m fully underwritten institutional placement and a non-underwritten UPP to raise approximately \$25m
- FY22 guidance reaffirmed, FFO no less than 18.1cpu<sup>1</sup>, distribution 17.3cpu<sup>1</sup>
- CIP's portfolio expands to \$3.5bn

**SYDNEY** (Thursday, 23 September 2021) – Centuria Industrial REIT (**ASX: CIP**) has entered into agreements to acquire four high-quality urban infill industrial freehold assets and completed the acquisition of four other freehold assets (together the **Acquisitions**) for a total purchase price of \$351.3 million<sup>2</sup> on an average initial yield of 4.1% and a weighted average capitalisation rate of 4.23%.

To partially fund the Acquisitions<sup>3</sup> and provide capacity to debt fund its pipeline of acquisitions in due diligence, CIP is undertaking a fully underwritten institutional placement (**Placement**) to raise approximately \$300.0 million and a non-underwritten Unit Purchase Plan (**UPP**) to raise approximately \$25.0 million (together, the **Equity Raising**).

New units will be offered at a price that will be determined via a book build process today (subject to an underwritten floor price of \$3.80 per unit). The underwritten floor price represents a 5.2% discount to the CIP closing price of \$4.01 per unit on 22 September 2021.

CIP reaffirms FY22 guidance with funds from operations (**FFO**) of no less than 18.1 cents per unit (**cpu**)<sup>1</sup>, reflecting a 4.8% yield on the floor price, and distribution of 17.3 cpu<sup>1</sup>, reflecting a 4.6% yield on the floor price.

### ACQUISITIONS

The Acquisitions are anchored by a \$200.2 million distribution centre located in the central western Sydney infill industrial market of Fairfield along with seven other urban infill assets worth \$151.1m, diversified across key industrial sub-sectors including distribution centres, cold storage and transport logistics. The Acquisitions comprise of 100% freehold titles to the following assets:

Properties	Sub-sector	State	Title	Purchase price <sup>2</sup>	Initial yield	Cap rate	WALE <sup>4</sup> (yrs)	Occupancy <sup>4</sup>
56-88 Lisbon Street, Fairfield	Distribution centre	NSW	Freehold	\$200.2m	3.6%	3.88%	4.1	100%
164-166 Newton Road, Wetherill Park	Distribution centre	NSW	Freehold	\$36.8m (settled)	4.0%	4.00%	3.5	100%
51-65 Wharf Road, Port Melbourne	Distribution centre	VIC	Freehold	\$22.0m	3.7%	4.00%	1.8	100%
346 Boundary Road, Derrimut	Transport logistics	VIC	Freehold	\$11.9m (settled)	5.5%	5.25%	3.0	100%
31-35 Hallam South Road, Hallam	Transport logistics	VIC	Freehold	\$6.2m (settled)	5.8%	5.75%	3.0	100%
51 Depot Street, Banyo	Cold storage	QLD	Freehold	\$20.3m (settled)	4.7%	4.38%	7.4	100%
31 Gravel Pit Road, Darra	Distribution centre	QLD	Freehold	\$19.0m	5.0%	4.75%	4.4	100%
48-54 Kewdale Road, Welshpool	Distribution centre	WA	Freehold	\$35.1m	6.3%	5.60%	2.9	100%
<b>Total / weighted average</b>				<b>\$351.3m</b>	<b>4.1%</b>	<b>4.23%</b>	<b>3.8</b>	<b>100%</b>

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CIP also has line of sight to a number of other off-market opportunities and is in due diligence on over \$100 million of further potential acquisitions.

CIP Fund Manager, Mr Jesse Curtis commented: "The Acquisitions announced today are aligned with CIP's strategic objectives to acquire high-quality assets in urban infill locations benefiting from record low vacancy and a scarcity of development land restricting new supply. The Acquisitions further demonstrate CIP's platform capability of sourcing off-market opportunities and aggregating high-quality portfolios of industrial assets at favourable pricing and superior quality to recent portfolio transactions in the market."

The Acquisitions are strategically located in core urban infill industrial markets, predominantly on the eastern seaboard and 67% weighted towards Sydney's highly desirable central west market where vacancy of less than one per cent (1%) and limited land supply is driving strong market rental growth.

Mr Curtis added, "We consider the Acquisitions to be under rented as market rents have continued to grow at a rapid rate on the back of accelerating tenant demand, driven by e-commerce and last-mile users. The WALE of 3.8 years provides the opportunity to leverage CIP's strong leasing capability to achieve positive rental reversion capturing outsized rental growth being experienced within infill industrial markets. In addition, a number of the sites have value add potential through leasing, development or reportioning, adding to CIP's value-add pipeline."

The Acquisitions expand CIP's exposure across key industrial sub-sectors including distribution centres, cold storage and transport logistics, which are experiencing strong tailwinds underpinned by accelerating consumer shift to online retail.

Following the transaction, CIP's portfolio will increase to 75 high quality industrial properties worth \$3.5 billion (98.4% freehold) and reaffirms CIP's position as Australia's largest pure play industrial REIT.

### PLACEMENT

To partially fund the Acquisitions<sup>3</sup> and provide capacity to debt fund its pipeline of acquisitions in due diligence, CIP is undertaking a fully underwritten institutional placement to raise approximately \$300.0 million.

The issue price is to be determined via a book build process today (subject to an underwritten floor price of \$3.80 per unit). The underwritten floor price represents a:

- 5.2% discount to last close price of \$4.01 per unit on 22 September 2021;
- 4.8% forecast FY22 FFO yield<sup>5</sup>; and
- 4.6% forecast FY22 distribution yield<sup>6</sup>.

New units issued under the Placement will rank equally with existing CIP units from the date of issue and will be entitled to the distribution for the quarter ending 30 September 2021.

Centuria Capital Group (**ASX: CNI**), CIP's manager and largest unitholder, is not able to participate in the Placement without unitholder approval, however CNI intends to address the dilution of its ownership position in CIP by buying CIP units in the aftermarket<sup>7</sup>.

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### UNIT PURCHASE PLAN (UPP)

Eligible unitholders in Australia and New Zealand will be invited to subscribe for up to \$30,000 in additional units under the UPP at the same issue price under the Placement adjusted for CIP's 30 September 2021 distribution of 4.325 cents per unit, and free of any brokerage or transaction costs (**UPP Issue Price**). The UPP is subject to a cap of \$25.0 million and will not be underwritten. The \$25.0 million cap may be increased by the responsible entity in its absolute discretion. New units issued under the UPP will rank equally with existing CIP units from the date of issue, however, as they are issued after the distribution record date, they will not be entitled to the distribution for the quarter ending 30 September 2021.

### FINANCIAL IMPACT

Including the impact of the Acquisitions and Equity Raising, CIP reaffirms FY22 guidance provided in August 2021:

- FFO of no less than 18.1 cpu<sup>1</sup> and a distribution of 17.3 cpu<sup>1</sup>.

Pro forma gearing is forecast to be 30.3% following completion of the Acquisitions and Placement, which is at the bottom end of CIP's target gearing range, providing capacity to debt fund its identified pipeline<sup>8</sup>.

### KEY DATES

Key event	Date
Trading halt and announcement of the Equity Raising	Thursday, 23 September 2021
Placement bookbuild	Thursday, 23 September 2021
Announcement of results of the Placement	Friday, 24 September 2021
Trading halt lifted and trading re-commences	Friday, 24 September 2021
Settlement of new units issued under the Placement	Tuesday, 28 September 2021
Allotment and normal trading of new units issued under the Placement	Wednesday, 29 September 2021
UPP opens (9:00am)	Thursday, 30 September 2021
UPP closes (5:00pm)	Friday, 22 October 2021
Settlement of new units issued under the UPP	Thursday, 28 October 2021
Allotment of new units issued under the UPP	Friday, 29 October 2021
Normal trading of units issued under the UPP	Monday, 1 November 2021
Despatch of holding statements for new units issued under the UPP	Tuesday, 2 November 2021

All dates and times are indicative only and subject to change at the discretion of CIP's responsible entity, Centuria Property Funds No. 2 Limited (CPF2L), with the prior written consent of the Underwriters. All dates and times are references to Australian Eastern Standard Time (AEST). Any changes to the timetable will be posted on Centuria's website at [www.centuria.com.au](http://www.centuria.com.au).

### ADDITIONAL INFORMATION

Additional information about the Acquisitions and the Equity Raising, including key risks, is contained in the CIP investor presentation released to the ASX today.

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-Ends-

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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 more than \$17 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](http://www.centuria.com.au)

### Summary Information

The following disclaimer applies to this announcement and any information contained in it (the Information). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with CIP's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at [www.asx.com.au](http://www.asx.com.au). You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

### Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on CIP's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of CIP, which could cause actual results to differ materially from such statements. CIP makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

### Not for release to U.S. wire services or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

<sup>1</sup> Guidance subject to unforeseen circumstances and material changes in operating conditions.

<sup>2</sup> CIP's interest excluding costs.

<sup>3</sup> Includes proceeds used to repay debt associated with the settlement of Wetherill Park, Derrimut, Hallam and Banyo assets.

<sup>4</sup> By gross income.

<sup>5</sup> Based on FY22 FFO guidance of no less than 18.1 cents per unit.

<sup>6</sup> Based on FY22 distribution guidance of 17.3 cents per unit.

<sup>7</sup> Any on-market purchases by CNI in CIP remains at CNI's absolute discretion, including with reference to timeframe for any purchases.

<sup>8</sup> Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill; As at 30 June 2021 adjusted for the acquisitions which have settled since 30 June, and the impact of the Acquisitions and Equity Raising; Based on underwritten floor price.