Q1 FY22 Operating Update

- *Portfolio expanded to 75 high-quality industrial properties worth $3.5billion*
- *Acquired 12 urban infill assets, collectively worth $455.9million during Q1 FY22[1]*
- *Completed $300million fully underwritten institutional placement*
- *62,258sqm of lease terms secured during the quarter, portfolio occupancy increased to 97.4%, 9.0-year WALE[2], averaged 99% portfolio rent collections*
- *Reaffirmed FY22 FFO guidance[3] of no less than 18.1cpu and distribution guidance[3] of 17.3cpu*

SYDNEY (Wednesday, 13 October 2021) - Centuria Industrial REIT (ASX: CIP) is pleased to provide its Q1 FY22 update.

Jesse Curtis, CIP Fund Manager and Centuria Head of Industrial, said "CIP commenced FY22 with a strong first quarter performance thanks to strategic acquisitions aligned with the REIT's core investment strategy to secure high-quality urban infill assets and leasing transactions, which capitalise on the record low vacancy rates in these urban infill markets.

"Significantly, these acquisitions were all secured off-market and demonstrate CIP's targeted strategy and ability to grow exposure in supply-constrained urban infill markets where ecommerce-driven tenant demand is highest. Additionally, several of these acquisitions provide future value-add opportunities by either consolidating adjacent sites to create a larger landholding or acquiring sites with holding income for future development or repositioning.

"During the quarter, CIP agreed terms across more than 62,000sqm and continues to benefit from positive market dynamics. Record low industrial vacancy rates and limited land supply are providing a favourable leasing environment for CIP. The burgeoning ecommerce and online retailing boom, driven by the effects of the pandemic, which has accelerated changed consumer behaviours, have increased demand for high-quality industrial assets in key urban infill markets."

PROPERTY PORTFOLIO AND LEASING

During Q1 FY22, 62,258sqm of lease terms were agreed across seven deals, representing approximately 5.0% of the portfolio. Portfolio occupancy increased to 97.4% with a WALE of 9.0 years as at 30 September 2021.

Notable deals completed during the quarter include:

- 160 Newton Road, Wetherill Park NSW: The asset was acquired in July 2021 and, upon settlement, CIP renewed and expanded the existing tenant customer, Luxo Living, over the entire asset (13,233sqm). This new lease, and repositioning of the asset, increases the WALE from 0.9 years at acquisition to 6.8 years, further demonstrating CIP's value-add approach.
- 32-54 Kaurna Avenue, Edinburgh Park SA: Terms agreed with a new tenant on a 10-year term across the entire asset (12,870sqm).

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

- Development of the new SouthSide industrial estate in Dandenong South commenced during the quarter and the project has already generated significant leasing enquiry. CIP secured the estate's first tenant with terms agreed over 3,495sqm to an existing tenant customer within the CIP portfolio, leveraging strong relationships across CIP's tenant customer base. On completion, the c.40,300sqm development is targeted to have a Five-Star Green Star rating.
- 42 Hoepner Road, Bundamba QLD reached practical completion in late Q4 FY21 and has attracted strong leasing interest from ecommerce and logistics users.
- Repositioning of 8 Lexington Drive, Bella Vista NSW has commenced and leasing interest is well advanced with 'last mile' focused users.

CIP intends to provide a further update on portfolio and value-add leasing shortly.

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CAPITAL TRANSACTIONS

Throughout Q1 FY22, CIP acquired 12 off-market industrial properties collectively worth $455.9million[2], which increased its exposure to sought-after urban infill markets while expanding the portfolio to 75 industrial assets worth $3.5billion. The Acquisitions were anchored by a $200.2million distribution centre, located in the infill industrial market of Fairfield, along with 11 other urban infill assets worth $255.7million, diversified across key industrial sub-sectors including distribution centres, cold storage, transport logistics and manufacturing

High-quality industrial properties acquired during the quarter include:

- $200.2million distribution centre at 56-88 Lisbon Street, Fairfield, NSW, a rare super-prime asset and one of the largest within Sydney's infill market.
- $36.8million distribution centre at 164-166 Newton Road, Wetherill Park NSW, adjoins CIP's recently acquired 160 Newton Road also in Wetherill Park, providing a 4.6ha consolidated land holding.
- $35.1million distribution centre at 48-54 Kewdale Road, Welshpool, WA, located in Perth's premier industrial suburb of Kewdale and in close proximity to the Perth Airport, Kewdale Intermodal terminal and major arterial routes.

CAPITAL POSITION

CIP successfully secured a $300million fully underwritten institutional placement in September 2021 and is currently implementing a non-underwritten Unit Purchase Plan (UPP), which is expected to raise up to $25million[4].

As at 30 September 2021, CIP maintained a robust balance sheet and provides capacity to act on its identified acquisition pipeline while maintaining ample headroom to debt covenants, including:

- Proforma gearing of 30.3%[5], which is at the bottom end of CIP's target gearing range
- Proforma NTA is forecast to be $3.77 per unit[6]

During the quarter, Moody's Investor Services assigned CIP a Baa2 issuer rating with a stable outlook.

FY22 GUIDANCE AND SUMMARY

Jesse Curtis commented "CIP is pleased to deliver a strong first quarter for FY22, improving the portfolio through high-quality acquisitions in key urban infill markets, active management and continued strong leasing momentum. CIP continues to benefit from macro trends that increase demand for last mile industrial space within close proximity to large population catchments. CIP's industrial portfolio is skewed towards these infill markets where increased tenant demand and limited supply opportunities is driving upward pressure on market rents.

"CIP continues to be an active acquirer of high-quality assets in urban infill markets and has been successful in unlocking value through off-market acquisitions and then executing on identified value-add opportunities. Investment markets remain robust with a significant wave of local and overseas capital competing for high-quality industrial real estate, providing continued tailwinds in driving industrial property values higher."

CIP reaffirms its FY22 FFO guidance[3] of no less than 18.1 cents per unit (cpu). Distribution guidance[3] is also reaffirmed at 17.3cpu, reflecting an annualised distribution yield of 4.7%[7] to be paid in equal quarterly instalments, subject to no further changes in circumstances.

– 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 (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 $18billion in total assets under management and strong offerings across listed real estate investment trusts, unlisted real estate funds and investment bonds.

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[1] Includes four assets worth $104.6m which were contracted in FY21 and settled in Q1FY22 being; 160 Newton Road, Wetherill Park NSW; 29 Penelope Crescent, Arndell Park NSW; 110 Northcorp Boulevard, Broadmeadows, VIC; and 85 Fulton Drive, Derrimut VIC
[2] By income
[3] Guidance remains subject to unforeseen circumstances and material changes in operating conditions
[4] CIP's UPP offer will be open until 28 October 2021.
[5] Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill; As at 30 June 2021 adjusted for acquisitions which have settled since 30 June, and the impact of the Acquisitions and Placement
[6] As at 30 June 2021 adjusted for acquisitions which have settled since 30 June, and the impact of the Acquisitions and Placement
[7] Based on CIP unit price of $3.67 as at 8 October 2021

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