

Q1 FY23 Operating Update

- 49,209sqm of lease terms¹ secured across 10 transactions; 99.6% portfolio occupancy^{2,3}, 8.1-year WALE³
- 18% positive re-leasing spreads⁴, demonstrating accelerated market rental growth
- Southside Industrial Estate, VIC, development 100% leased prior to Practical Completion in Nov 22
- Acquired strategic Derrimut VIC industrial facility; Sub-portfolio increased to 11 assets across 26ha
- Reaffirmed FY23 FFO guidance of 17.0cpu and distribution guidance of 16.0cpu

SYDNEY (Tuesday, 25 October 2022) - Centuria Industrial REIT (ASX: CIP) is pleased to provide its Q1 FY23 update.

Jesse Curtis, CIP Fund Manager and Centuria Head of Industrial, said “Strong industry tailwinds for Australia’s industrial real estate market continue with strong tenant customer demand. Record low national industrial vacancy, coupled with limited supply of industrial space, continues to create a divergence between supply and demand resulting in accelerated industrial market rental growth across the country.

“These metrics support CIP’s strong portfolio occupancy and, with significant tenant demand, we look to leverage opportunities to further add value for our investors. To this end, CIP achieved re-leasing spreads of 18% over the near 50,000sqm of leasing achieved during the quarter.

“We are also capturing strong tenant demand through our new development pipeline within supply-constrained urban infill markets. Our Southside Industrial Estate will reach Practical Completion and open in November with 100% occupancy. Furthermore, site preparation works have commenced at our developments in Campbellfield VIC and Canning Vale WA with construction to commence in the coming months.”

PROPERTY PORTFOLIO AND LEASING

During Q1 FY23, 49,209sqm of lease terms¹ were agreed. Positive re-leasing spreads averaging 18% were achieved across 10 deals, demonstrating the rapid growth in industrial market rents, as a result of high tenant demand, coupled with current low vacancy and limited forecast supply of new industrial space. Key deals included:

- 82 Rodeo Road, Gregory Hills NSW: terms agreed over 22,481sqm on a new 8.5-year term

Strong leasing outcomes were also achieved across a number of value-add and development projects, including:

- Southside Industrial Estate, Dandenong South VIC: A new three-year lease to global packaging company, Orora Group, was secured across 13,610sqm bringing the 40,380sqm property to 100% leased prior to practical completion.

DEVELOPMENT

CIP progressed its development pipeline during the period with Southside Industrial Estate, located at 95-105 South Gippsland Highway, Dandenong South, VIC due to reach Practical Completion in November 2022.

Site preparation works are underway on two further developments and CIP will break ground during Q2/Q3 FY23 at:

- 204-208 Bannister Road, Canning Vale WA. Construction of the 12,300sqm industrial facility worth \$31.1million will commence in early November 2022.
- 90-118 Bolinda Road, Campbellfield VIC. Demolition of the existing property and further site preparation works are expected to be completed during Q2 FY23. The new industrial estate, named M80 Connect, is anticipated to start construction in Q3 FY23. When complete, it will comprise five modern industrial units totalling c.45,000sqm.

CAPITAL TRANSACTIONS

CIP acquired 119 Studley Court, a strategic \$12.35million industrial facility within the urban infill market of Derrimut, VIC. The acquisition adjoins three other CIP holdings along Studley Court and expands on CIP’s land consolidation strategy, increasing the Derrimut sub-portfolio to 11 assets over 26ha worth \$258million. The 5,419sqm acquisition is considered under-rented and, with a 0.9year WALE, it provides the opportunity to access positive rental reversion in the short term.

SUSTAINABILITY

CIP is committed to Centuria's sustainability framework, which details Environmental, Social and Governance (ESG) initiatives. All CIP development projects strive to meet a five-star Green Star rating. CIP recently participated in the National Australian Built Environment Rating System (NABERS) pilot programme, which evaluated warehouse and cold storage rating criteria for the industrial real estate asset class. The REIT's 82 Rodeo Drive, Gregory Hills NSW property has received an initial 4.5-star NABERS energy rating following completion of the pilot programme.

As previously reported, CIP has worked in partnership with Woolworths Group on a new 1.5-megawatt solar project at 2 Woolworths Way, Warnervale NSW. In October 2022, the c.3,300 solar panel system was completed and is expected to offset 2,088 megawatt hours of electricity in the first year, avoiding more than 1,500 tonnes of carbon emissions.

Centuria's recently published 2022 Sustainability Report details initiatives undertaken by the Group, including those by CIP. A copy of the 2022 Sustainability Report is available on Centuria Industrial REIT's [website](#).

FY23 GUIDANCE AND SUMMARY

Jesse Curtis concluded, "CIP remains Australia's largest listed pure-play industrial REIT and moves into Q2 FY23 in a strong position. While inflation and interest rates continue to rise, our cash rate assumptions originally adopted in setting FY23 FFO guidance remains consistent with central bank rate movements. The industrial leasing market continues to be supported by strong fundamentals with CIP's urban infill portfolio expected to benefit from the rapid rise in market rents."

CIP reaffirms its FY23 FFO guidance of 17.0 cents per unit (cpu). Distribution guidance is also reaffirmed at 16.0 cpu, reflecting an annualised distribution yield of 5.9%⁵ to be paid in equal quarterly instalments.

– 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 urban infill 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) (ARSN 099 680 252). CPF2L is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with more than \$20 billion in total assets under management (as at 30 June 2022) and strong offerings across listed real estate investment trusts, unlisted real estate funds and investment bonds.

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. 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.

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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.

¹ Includes heads of agreement (HOA)

² Includes occupancy at 616 Boundary Road, Richlands QLD which is on a short term licence to December 2022

³ By income

⁴ On a net rental basis compared to prior passing rents

⁵ Based on CIP unit price of \$2.72 as at 24 October 2022