

FY24 Financial Results

SYDNEY (Wednesday, 31 July 2024) – Centuria Industrial REIT (**ASX: CIP**), Australia’s largest domestic pure-play industrial REIT, has announced its Full Year financial results for the period ended 30 June 2024.

Financial Highlights

- \$109.3 Funds From Operations (FFO)¹, up 1% pcp
- 17.2 cents per unit (cpu) FFO, consistent with upgraded FY24 guidance (17.0cpu initial guidance)
- 16.0 cents per distribution unit (dpu), in line with FY24 guidance
- \$3.87 per unit Net Tangible Assets (NTA)²
- 6.5% like-for-like Net Operating Income (NOI) growth
- Strong balance sheet: 34.0% pro forma gearing^{3,4}, 93% debt hedged, \$100m refinanced, no debt expiry until FY26⁵
- Strong liquidity: \$174m cash and undrawn debt, 3.3 years Weighted Average Debt Expiry (WADE)⁵
- FY25 FFO guidance of 17.5 cpu and distribution guidance of 16.3cpu⁶

Portfolio Highlights

- 43% positive re-leasing spreads⁷ across 39 transactions (FY23: 30%, FY22: 11%); 47% spreads ex-AWH lease
- 301,583sqm lease terms agreed⁸ (22% of portfolio GLA), 43-day average downtime
- c.39% of portfolio leases expire by FY28 provides opportunity to capture rental growth
- \$120m divestments, 4% average premium to book value⁹
- 5.81% Weighted Average Capitalisation Rate
- c.57,300sqm development completions, \$1.0Bn industrial development pipeline¹⁰
- Strong portfolio metrics maintained: 89 assets worth \$3.8Bn¹¹, 7.6-year WALE¹², 97.1% portfolio occupancy^{12, 13}

Grant Nichols, CIP Fund Manager and Centuria Head of Listed Funds, said, “During FY24, strong leasing activity has enabled CIP to grow its forecast FY25 earnings for the third consecutive year with rental growth continuing to more than offset the higher interest rate environment. Solid investment demand for urban infill industrial property has also seen stabilising portfolio valuations at 30 June 2024, evidenced by the strong sales CIP completed through FY24 resulting in \$120million of non-core divestments at an average 4% premium to book value.

“With a portfolio focused on urban infill industrial markets, CIP continued to capitalise on strong market tailwinds to deliver exceptional re-leasing spreads that averaged 43%⁷ across 300,000sqm of leasing. With around 39% of portfolio leases expiring by FY28, CIP is well placed to continue benefiting from the rental growth that has occurred across Australia’s urban infill industrial markets and the unrealised reversion imbedded in the CIP portfolio.”

Jesse Curtis, Centuria Head of Funds Management, said, “The domestic industrial real estate market continues to exhibit strong tailwinds driven by rising ecommerce adoption, a growing population, and a trend towards onshoring supply chains in the wake of global supply chain uncertainty. CIP aims to capitalise on these market and macroeconomic trends to the benefit of its unitholders.”

Financial Results

Earnings		FY24	FY23
FFO ¹	\$ million	109.3	108.1
FFO per unit ¹	cpu	17.2	17.0
Distribution per unit	cpu	16.0	16.0
Statutory profit / (loss)	\$ million	48.1	(76.6)

Balance Sheet		FY24	FY23
Total Assets	\$ million	3,883	3,907
NTA per unit ²	\$	3.87	3.96
Gearing ³	%	34.0 ⁴	33.1

During the period, CIP delivered FFO of \$109.3million or 17.2cpu¹, consistent with FY24 FFO upgraded guidance of 17.2cpu, outperforming initial guidance of 17.0cpu. Distributions of 16.0cpu were in line with guidance and paid in quarterly instalments.

CIP externally valued 50 of its 89 investment properties, representing c.67% of portfolio value as at 30 June 2024. Portfolio Weighted Average Capitalisation Rate (WACR) expanded 17bps on a like-for-like basis to 5.81%, with market rental growth and leasing completed offsetting the capitalisation rate movement resulting in a c.\$5million valuation gain, or 0.1% increase from December 2023¹⁴. CIP's portfolio is valued at \$3.8billion as at 30 June 2024¹¹ and Net Tangible Assets (NTA) is \$3.87 per unit².

CIP refinanced \$100million resulting in no debt expiring until FY26⁵ and maintained a weighted average debt maturity of 3.3 years⁵. CIP was 93% hedged as at 30 June 2024. Strategic divestments totalling \$120million were executed⁹ with proceeds used to repay debt, maintaining low gearing at 34.0%^{3,4} (covenant 50.0%) and an Interest Cover Ratio (ICR) of 2.9 times (covenant 2.0x), both providing substantial headroom to covenants. CIP maintained a healthy balance sheet with \$174million in liquidity and a Baa2 stable Moody's rating.

Property Portfolio

Portfolio Snapshot		FY24	FY23
Number of assets		89	89
Book value ¹¹	\$ million	3,834	3,839
WACR	%	5.81	5.26
Occupancy by income	%	97.1	98.0
WALE by income	years	7.6	7.7
Leases agreed GLA ⁸	sqm	301,583	182,004

CIP continued to deliver strong leasing activity during FY24, totalling 301,583sqm⁸ across 39 transactions, representing 22% of portfolio GLA. Sustained low vacancy levels and persistent tenant demand for high-quality urban infill industrial space drove positive re-leasing spreads averaging 43% during FY24⁷, a significant increase from FY23 (30%) and FY22 (11%). Excluding the recent 94,241sqm leased to AWH across the Bibra Lake WA assets, re-leasing spreads averaged 47% in FY24⁷. Illustrative of Centuria's ongoing hands-on management and strong occupier demand for CIP's assets, the portfolio averaged 43 days downtime between leases.

Key FY24 leasing transactions included:

- 310 Spearwood Avenue and Lot 14 Sudlow Road, Bibra Lake WA: AWH extended its lease across 89,535sqm for another seven-year term from 1 August 2025 in addition to securing a further 4,706sqm within the properties. AWH is CIP's largest tenant by area.
- 204 Bannister Road, Canning Vale WA: leased the site's remaining 8,800sqm warehouse to Chairay Sustainable Plastic on a five-year term from 1 August 2024.
- 457 Waterloo Road, Chullora NSW: Renewal of EWE Group for a further five-year term across 16,051sqm with a substantial rental uplift, which generated a 15% valuation uplift in June 2024.

More than 83% of CIP's portfolio is weighted to Australia's urban infill industrial markets, which are in close proximity to densely populated areas where tenant demand remains highest. Within CIP's portfolio, 99% of leases are net or triple net leases, with property operating costs the responsibility of tenant customers. Approximately 39% of portfolio leases expire by FY28, providing further opportunities to capture positive rental reversion from leasing activities. CIP continued to attract high-calibre tenant customers with 93% of rental income derived from listed, national and multinational entities, and 30% of the portfolio¹⁵ leased to multi-location tenant customers.

CIP provides a portfolio of 89 high-quality assets complemented by a 7.6-year WALE and a high 97.1% occupancy^{12,13}.

Capital Transactions

CIP divested four assets for a combined value of \$120million⁹ during the period, which achieved an average 4% premium to prior book values. The strong sales demonstrate deep investment demand for urban infill industrial property, particularly at a price point around the CIP average asset size of \$43million. Proceeds were used to repay debt and strengthen CIP's balance sheet.

Divestments included:

- 1 International Drive, Westmeadows VIC: multi-tenanted industrial estate divested in September 2023 for \$59.1million, delivering a 40% value uplift from acquisition in 2018.

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- 9 Fellows Court, Tullamarine VIC: sold in October 2023 for \$10.9million, achieving a 55% premium to December 2022 book value following an extensive refurbishment, which achieved a 60% re-leasing spread on tenant renewal.
- 51-73 Lambeck Drive, Tullamarine VIC: 9,299sqm facility sold for \$21.6million in June 2024, in line with the December 2023 book value.
- 54 Sawmill Circuit, Hume ACT: 8,689sqm facility sold for \$28.1million in July 2024, achieving a 21% premium to the December 2023 book value¹⁶.

During FY24, CIP acquired two strategic acquisitions worth \$50.5million:

- Fujitsu Data Centre, Malaga WA for \$39million, expanding CIP's data centre sub-portfolio to \$456million
- 8 Hexham Place, Wetherill Park NSW for \$11.5million, adding to a consolidated 5.7ha landholding in Wetherill Park, NSW.

Value-add and Development

CIP continued to execute value-add development projects and leasing strategies during FY24 to capitalise on urban infill industrial market rental growth and drive completed projects' income returns. Completed projects included:

- M80 Connect, 100 Bolinda Road, Campbellfield VIC: a new 40,544sqm multi-unit industrial development, 64% leased
- 204 Bannister Road, Canning Vale WA: 12,300sqm dual-unit industrial facility, 100% occupied with a 6.3-year WALE

CIP continued to progress its \$1.0billion¹⁰ future development pipeline, which focuses on the limited competing development capability in urban infill industrial markets, and the key growth drivers for industrial markets such as increased ecommerce adoption and increased demand for fresh produce.

Select pipeline projects include:

- 74 Newton Road, Wetherill Park NSW: a c.58,000sqm multi-level infill industrial brownfield development
- 50-64 Mirage Road, Direk SA: c.21,000sqm greenfield development with three units ranging 4,000sqm-10,000sqm
- 346 Boundary Road, Derrimut VIC: brownfield redevelopment incorporating a c.11,500sqm new industrial facility

CIP has two active repositioning projects to further enhance portfolio quality with the aim to deliver higher returns:

- 30 Fulton Road, Derrimut VIC: existing facility refurbishment with c.2,000sqm of additional warehousing
- 102-128 Bridge Road, Keysborough VIC: 8,650sqm cold storage facility repositioning to capitalise on increased demand from cold storage operators

Sustainability

CIP is externally managed by Centuria Capital Group (Centuria) and aligns itself to Centuria's sustainability framework. Centuria Property Funds No 2 Limited (CPF2L) is the responsible entity for CIP and a wholly owned subsidiary of Centuria Capital Group. By the REIT's nature, CIP has no staff and is solely a portfolio of assets.

During FY24, implemented ESG initiatives specific to CIP included:

- c.296kW of solar installed during FY24, increasing total installed capacity to c.1,420kW across the CIP portfolio¹⁷
- All electric design for developments completed in FY24¹⁸
- All future developments targeting 5-star Green Star Design and As Built rating with c.58,000sqm delivered in FY24¹⁸ pending certification
- Targeting zero scope 2 GHG emissions by 2028¹⁹
- Continued partnership between CIP and Healthy Heads

Throughout FY24, Centuria implemented various ESG initiatives, including:

- 452 hours volunteered in Australia and New Zealand and over \$112,000 raised for community groups²⁰
- Over 9,000 training courses completed by all Centuria employees across cybersecurity, compliance competencies, risk and safety
- Centuria sustainability report and climate-related disclosures expected to be released by November 2024

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Summary and Outlook

Grant Nichols, concluded, "Looking ahead, strong sector tailwinds such as ecommerce adoption, onshoring of production and assembly, data centre growth and increased demand for cold storage will continue to benefit Australian industrial markets, particularly infill industrial markets where these tailwinds are generating the greatest tenant demand. For a portfolio with existing critical mass in Australian urban infill industrial markets, CIP is positioned to benefit from these tailwinds given the limited potential for additional supply within these markets."

CIP provides FY25 FFO guidance of 17.5 cpu and distribution guidance of 16.3cpu⁶, which will be paid in quarterly instalments.

FY24 Results Presentation

CIP is providing a market briefing, which will be made available via Centuria Industrial REIT's [website](#).

– 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) (ARSN 099 680 252). CPF2L is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$21.1 billion in total assets under management (as at 30 June 2024) 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.

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.

¹ FFO is CIP's underlying and recurring earnings from its operations. This is calculated as the statutory net profit adjusted for certain non-cash and other items

² NTA per unit is calculated as net assets divided by number of units on issue

³ Gearing is defined as total interest bearing liabilities divided by total assets

⁴ Proforma adjustment for the divestment of 54 Sawmill Circuit, Hume ACT for \$28.1m which was exchanged in July 2024

⁵ Including \$100m debt facilities refinanced in July 2024

⁶ Guidance remains subject to unforeseen circumstances and material changes in operating conditions

⁷ On a net rent basis compared to prior passing rents

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⁸ Includes heads of agreement (HOA)

⁹ Including the divestment of 54 Sawmill Circuit, Hume ACT which was exchanged in July 2024

¹⁰ Estimated value on completion. Includes land, development cost and estimated development upside

¹¹ CIP ownership share of joint venture assets

¹² By income

¹³ Excludes assets that have been withdrawn and currently undergoing significant repositioning works, being 30 Fulton Drive, Derrimut VIC and an 8,364sqm cold storage tenancy at 102-128 Bridge Road, Keysborough VIC

¹⁴ On a like-for-like basis, excludes capital expenditure incurred

¹⁵ Gross Lettable Area (GLA)

¹⁶ Exchanged in July 2024

¹⁷ Excluding solar installations by CIP's tenants

¹⁸ M80 Connect, Campbellfield VIC and 204 Bannister Rd, Canning Vale WA

¹⁹ CIP will account for zero Scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and largescale generation certificate deals which match our consumption

²⁰ Corporate donations and employee fundraising from Australian and New Zealand activities, including Centuria Bass