

Centuria Industrial REIT

BAML Australian Real Estate Conference
25 October 2017



1

Introduction

2

Portfolio Overview

3

Market Overview

4

Q1 Operating Update

5

Strategy & Summary

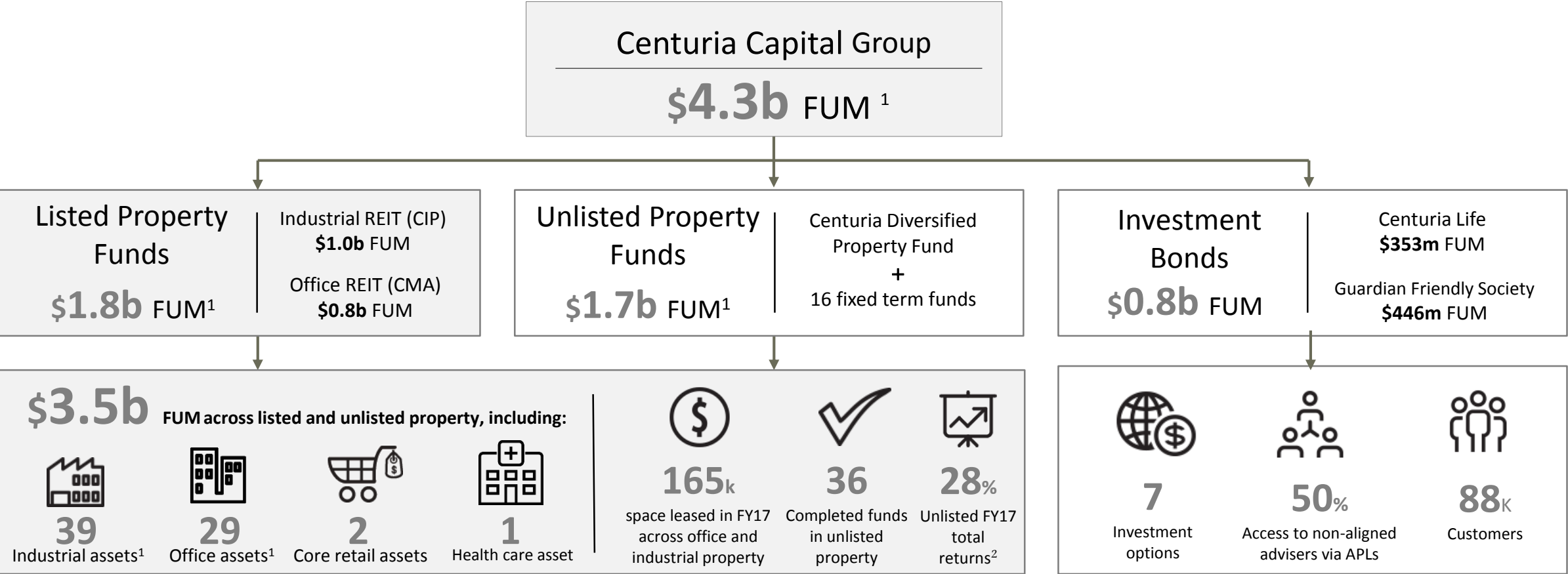


Section 1

Introduction

Centuria profile

ASX-listed specialist investment manager



1. Includes post 30 June 2017 acquisitions
 2. Past performance is not indicative of future performance. Please refer to the Disclaimers for further important information on the calculation of total return figures.

Introduction

Australia's largest income focused industrial REIT, with a portfolio exceeding \$1bn

A geographically diverse portfolio of 39 high quality fit for purpose assets

Market capitalisation of \$635m¹ included in ASX300 index

Managed by Centuria Capital Limited (ASX:CNI), a specialist fund manager with over \$4 billion in funds under management

CNI is the largest unitholder in CIP with a \$113m co-investment²

1) Based on CIP closing price of \$2.56 per unit at 24 October 2017.

2) Based on CNI disclosure of 11 October 2017, and based on 24 October 2017 closing price of \$2.56 per unit

Section 2

Portfolio Overview

Portfolio composition

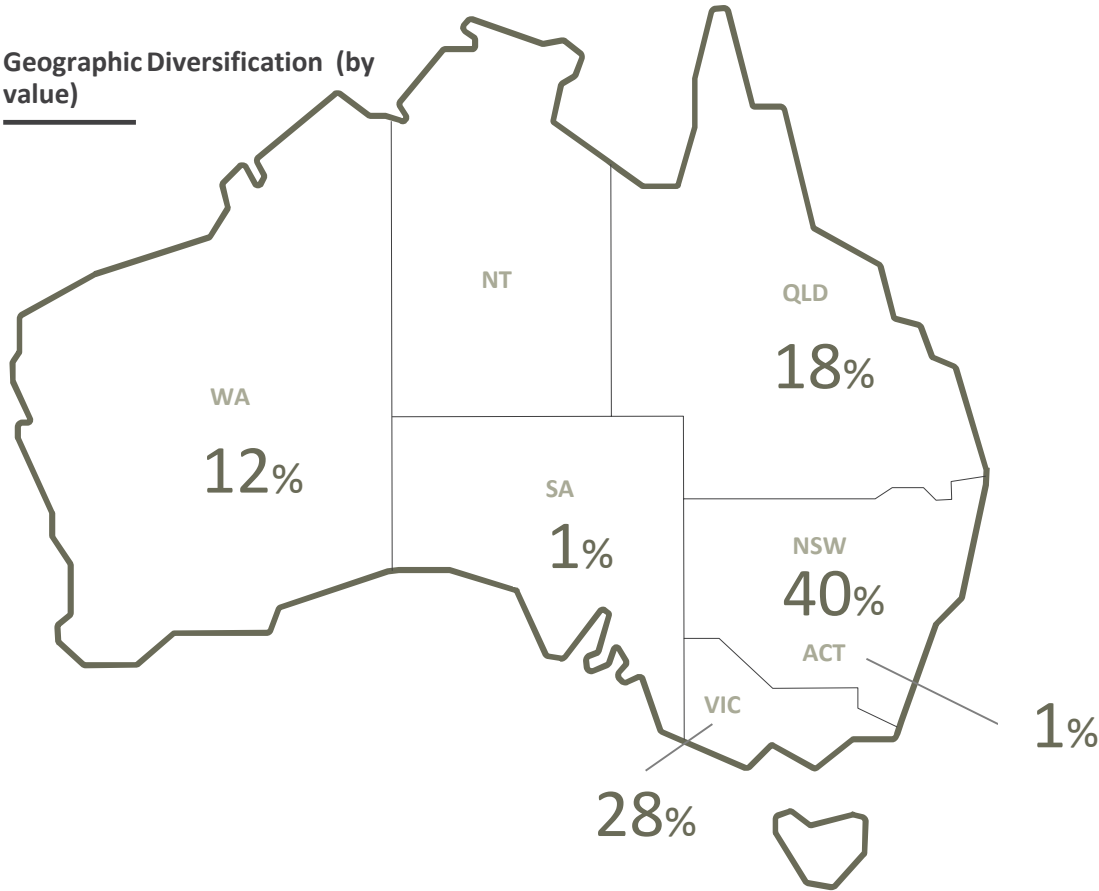
Fit for purpose assets in key metropolitan markets

- Portfolio value exceeding \$1 billion
- Well diversified to accommodate national customers
- 68% of portfolio located in dominant NSW & VIC markets
- Critical mass established in core markets

Portfolio Snapshot		Q1-FY18	FY17
Number of assets		39	38
Book value	\$m	1,016.7 ¹	961.2 ²
WACR	%	7.34	7.33
GLA	sqm	766,486	757,944
Average asset size	sqm	19,653	19,945

1) Pro-forma 30 June 2017 including acquisitions and investment in Propertylink (ASX:PLG)

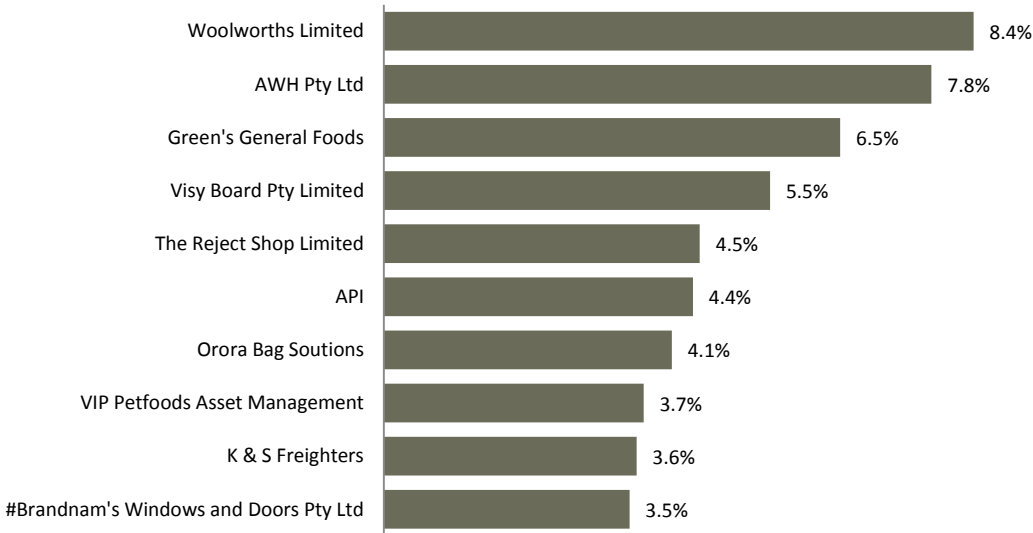
2) Includes acquisitions that exchanged on 29 June 2017.



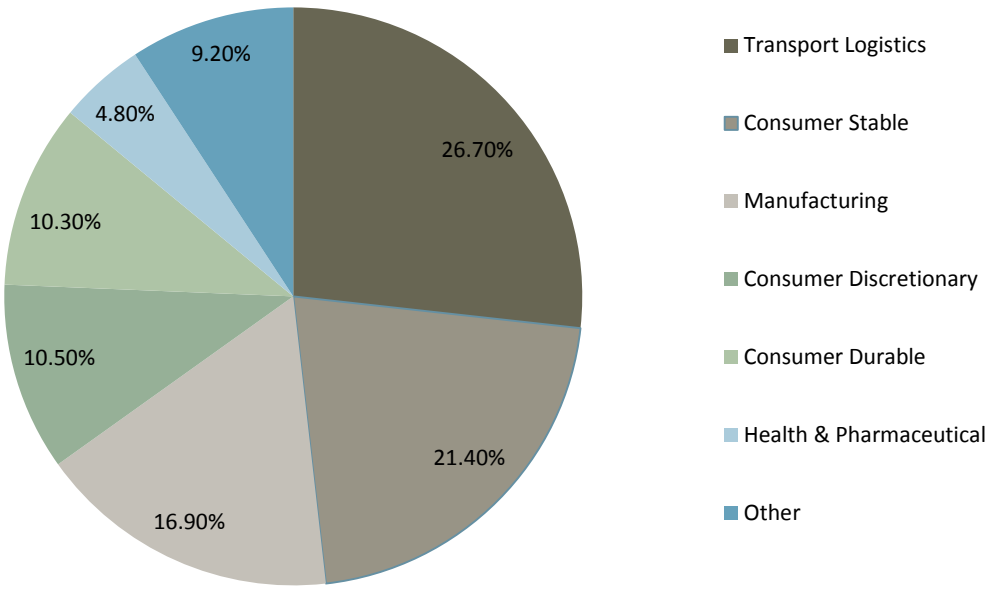
Tenant Composition

Income underpinned by high quality tenants

Top 10 tenants (by Income)



Tenant industry (by Income)



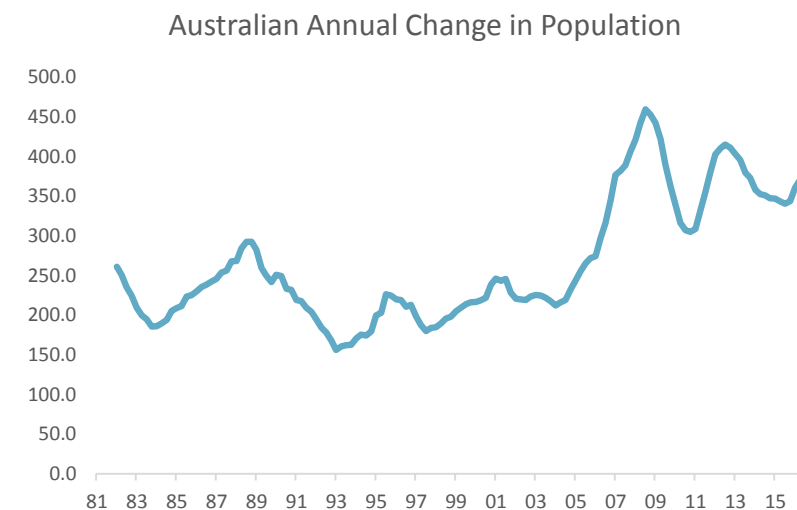
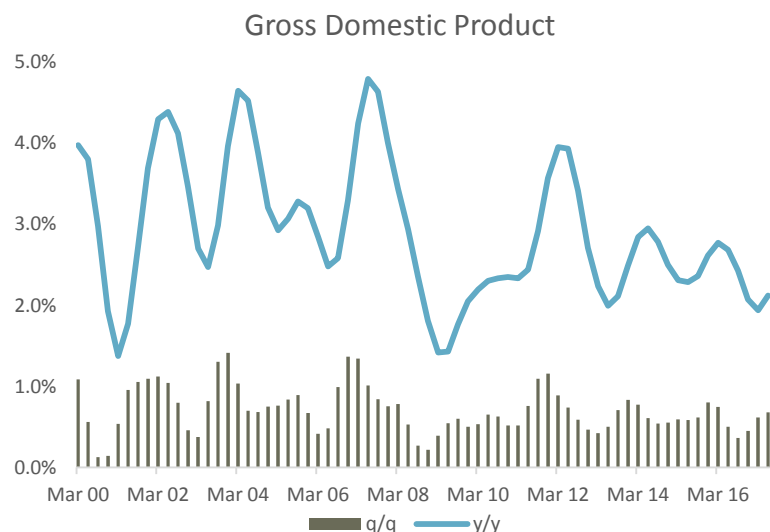
Section 3

Market Overview

Economic Overview

Positive economic indicators

- Long period of sustained economic growth
- Population growing at 1.6% yoy, fastest rate since Q1 2014 – underpinning demand for warehouse space
- Employment growth is robust, currently growing at 2.6% yoy
- Inflation at less than 2% is both low and stable
- Residential sector driving demand and reducing stock due to withdrawals for residential conversion

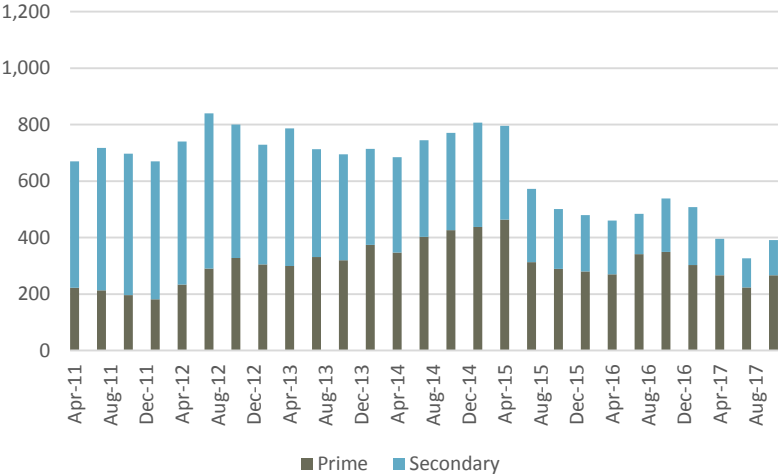


Supply

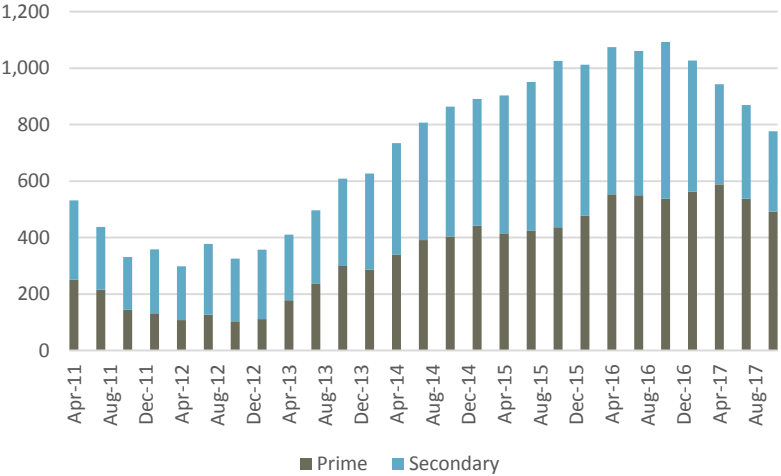
Availability reducing across all key markets

Sydney (40% CIP portfolio)	Melbourne (28% CIP portfolio)	Brisbane (18% CIP portfolio)
<ul style="list-style-type: none"> Significant reduction in available space since late 2015 Limited speculative supply entering market Stock withdrawals have displaced tenants and encouraged take-up 	<ul style="list-style-type: none"> Available space has reduced by 28% over past 12 months Speculative supply has moderated following heightened activity through to 2015 48% of available space is in West where CIP holds only 1 asset. Incentives showing signs of contraction 	<ul style="list-style-type: none"> 24% reduction in available space since commencement of 2017. Political and economic uncertainty led to reduced absorption since 2016. Confidence is returning to market with signs of recovery CIP's QLD portfolio is 100% occupied with 7y WALE

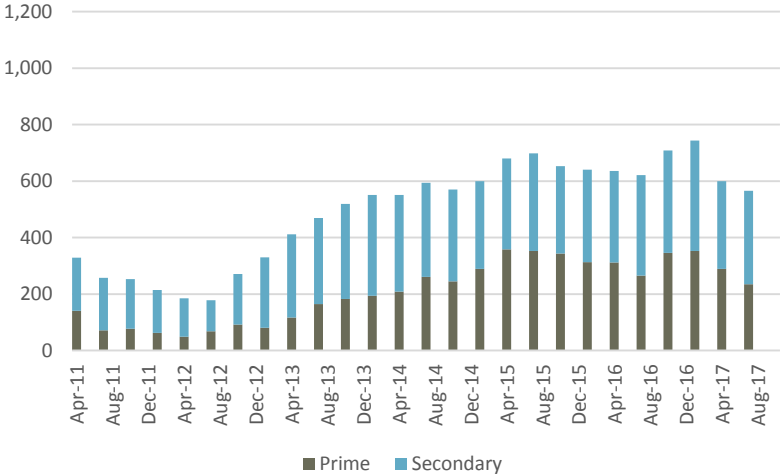
Available Space - Sydney



Available Space - Melbourne



Available Space - Brisbane

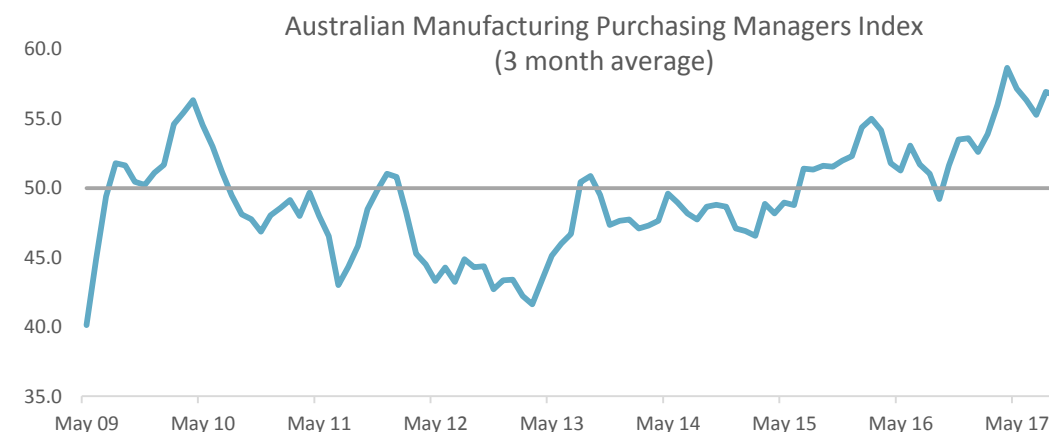
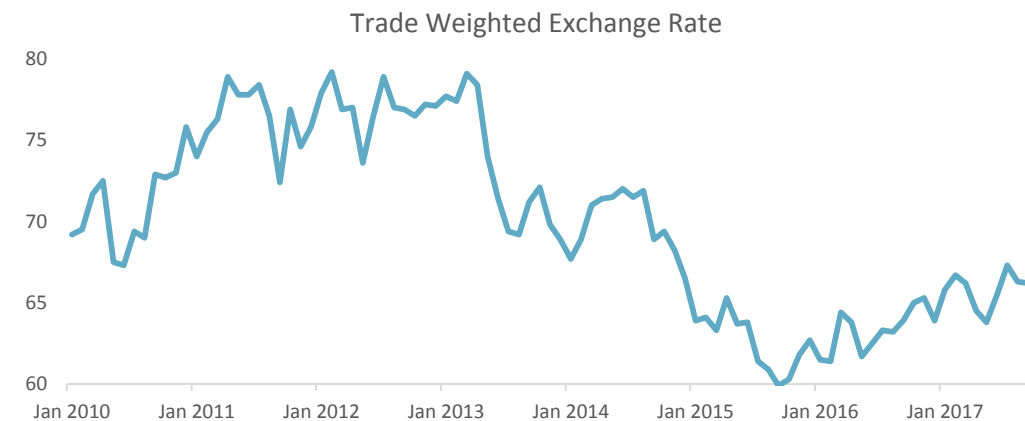


1) Chart data sourced from Knight Frank research

Manufacturing Sector

Manufacturing sector showing signs of improvement

- The ending of the resource investment boom has allowed other industries and the non-resource states to grow at a faster pace
- Non resource states have recovered accordingly
- Exchange rate has depreciated by over 15% from its peak, improving conditions for manufacturers
- Manufacturing sector accounted for >15% of leasing nationally¹
- 100% of CIP's manufacturing tenants renewed over past 12 months



1) Savills research

2) Chart data sourced from RBA, Property Insights

Section 4

Q1 Portfolio Update

Operating Highlights

Active approach generating results

- Portfolio occupancy increased by 1.4% to 93.5%¹
- Portfolio WALE improved by 0.4yrs to 4.8yrs¹
- 134,000sqm of leasing² – 17.5% of portfolio GLA
- Settled acquisition of 3 assets for \$76.2m – 8.2% initial yield, 7.4yr WALE
- Raised \$53m of equity, following \$35m raising in June 2017
- Reduced gearing on 30 June 2017 pro-forma basis to 41.5%
- Acquired 17% of Propertylink (ASX:PLG) alongside Centuria Capital (CIP interest 7.7%)



92 ROBINSON AVENUE, BELMONT, WA

1) By income

2) Includes leasing deals at heads of agreement

Leasing overview

Leasing momentum continues in Q1-FY18

- Secured 11 lease transactions in Q1-FY18 across 134,352sqm¹
 - 4 new leases across 12,343sqm
 - 7 renewals across 122,009sqm
- Continued focus on de-risking future income
 - 12,343sqm relates to previously vacant space
 - 11,600sqm relates to FY18 expiries
 - 110,409 sqm relates to FY20 expiries
- Leasing momentum is in addition to 17.7% secured in FY17

17.5% **134,352sqm**

Portfolio GLA leased ¹

Leased in Q1

1) Includes leasing deals at heads of agreement

Lease transactions by property ¹	Tenant	sqm	Term	Type
310 Spearwood Avenue	AWH	44,296	6yrs	Renewal
Lot 14, Sudlow Road	AWH	39,485	5yrs	Renewal
1 Ashburn Road	The Reject Shop	26,628	5yrs	Renewal
324-332 Frankston-Dandenong Road	Complete Supply	9,244	10yrs	New
12-13 Dansu Court	DKSH	8,190	1yr	Renewal
Other	Various	6,509		

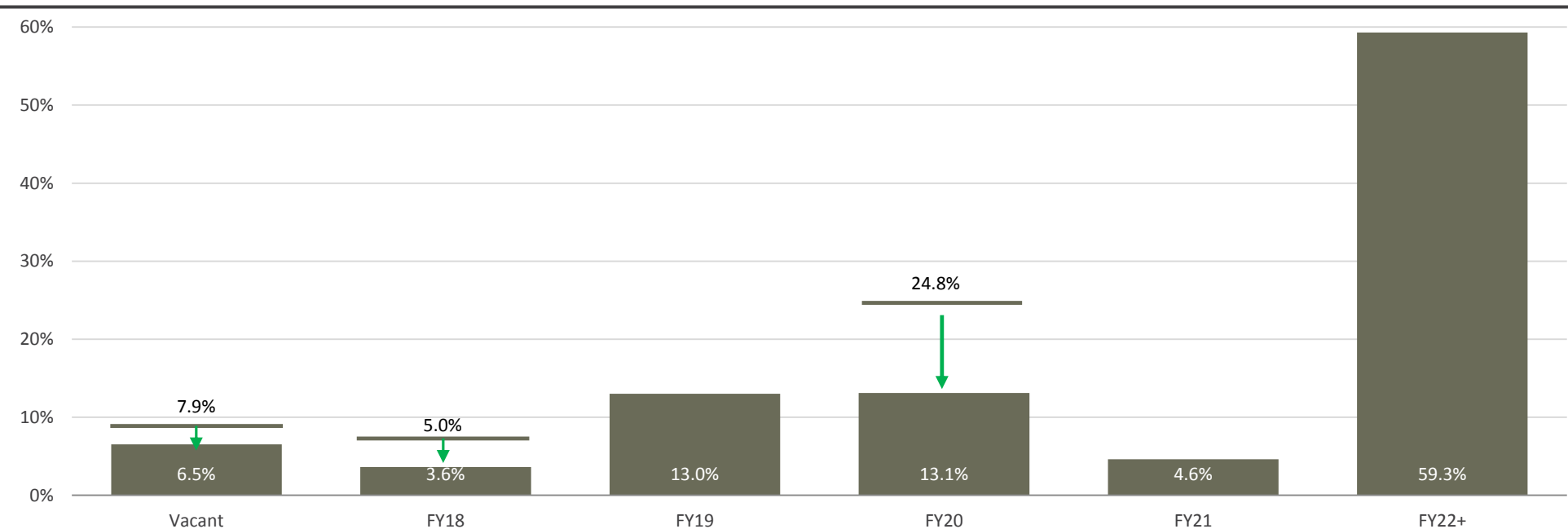
Portfolio snapshot (by income) ¹		Q1-FY18	FY17
Occupancy	%	93.5	92.1
FY18 expiries	%	3.6	5.0
WALE	years	4.8	4.4

Portfolio Metrics

Portfolio expiry risk transformed

- Significant de-risking of future lease expiry profile:
 - Occupancy increased to 93.5%
 - FY20 Expiries have reduced from 24.8% at June 2017 to 13.1% at September 2017

Lease expiry profile at 30 September 2017 (by income)



Capital transactions

Transactional activity improves portfolio quality

Acquisitions

- Invested \$120.4 million in the first quarter, including 3 property acquisitions and stake in PLG.
- Improved WALE on Lot 14 Sudlow Road by 5 years prior to Settlement.

Property Name	Purchase Price ¹	Yield ¹	WALE
215 Browns Road, Noble Park	\$37.0m	7.0%	8.8
92 Robinson Avenue, Belmont	\$11.2m	11.0%	3.8
Lot 14 Sudlow Road, Bibra Lake	\$28.0m	8.8%	7.8
Propertylink Securities ²	\$44.2m	7.5%	N/A
Total	\$120.4m	8.0%	7.4

Divestments

- Contracted to sell 39-45 Wedgewood Drive, Hallam for \$10.0m
- Sale price reflects a 7.5% premium to book value
- Settlement to occur on 29 June 2018, ahead of lease expiry

1) Before transaction costs.

2) Yield on PLG securities is based upon the low end of PLG distribution guidance - 7.1cps



Section 5

Strategy & Summary

Strategy

Providing investors exposure to high quality income producing industrial investments

Fund Strategy

- Provide investors with exposure to a high quality portfolio of industrial assets
- Continue deleveraging of the balance sheet
- Acquire quality assets to replace the sale of non-core assets in order to enhance existing stable and secure income streams

Portfolio Strategy

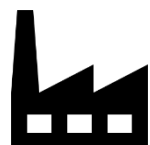
- Create a portfolio of industrial assets that are relevant to our key customers
- Continued focus on portfolio leasing to ensure occupancy and income are maximised
- Execute initiatives to generate income and value uplift through active asset management, risk mitigation and repositioning strategies
- Where appropriate, consider sale of surplus land or rezoning assets to highest and best use, generating capital appreciation



457 WATERLOO ROAD, CHULLORA, NSW

Summary

Key Metrics



39

High quality assets



\$1.0b

Portfolio value¹



\$635m

Market capitalisation²



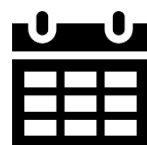
41.5%

Gearing³



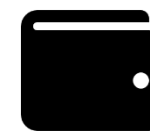
93.5%

Portfolio occupancy⁴



4.8y

Portfolio WALE⁴



19.4cpu

FY18 distribution guidance



7.6%

FY18 forecast
distribution yield²

1) Pro-forma 30 June 2017 to reflect acquisitions

2) Based on CIP closing price of \$2.56 on 24 October 2017

3) Pro-forma 30 June 2017 adjusted for equity raisings and acquisitions

4) At 30 September, by income

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