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Centuria Property Funds No. 2 Limited

CENTURIA INDUSTRIAL REIT

Victorian Asset Tour

Monday, 7 May 2018

Centuria Property Funds No. 2 Limited (**CPF2L**) as Responsible Entity of Centuria Industrial REIT (**ASX:CIP**) is pleased to provide a presentation used at today's Victorian asset tour.

– Ends –

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About Centuria Property Funds No. 2 Limited

Centuria Property Funds No. 2 Limited (CPF2L), a wholly-owned subsidiary of Centuria Capital Group (CNI), is the Responsible Entity for the ASX listed Centuria Industrial REIT (CIP).

CIP is Australia's largest ASX-listed income focused industrial investment vehicle and is included in the S&P ASX300 index. CIP owns a portfolio of 39 high quality industrial assets with a value exceeding \$1 billion, the properties are located in key metropolitan locations throughout Australia.

CPF2L, combined with Centuria Property Funds Limited (CPFL), the Responsible Entity for the ASX listed Centuria Metropolitan REIT (CMA), has \$3.7 billion of funds under management in 17 unlisted property funds, one open-ended diversified property fund and two listed REITs.

CNI is an ASX-listed specialist investment manager with \$4.6 billion in funds under management.

www.centuria.com.au

Centuria Industrial REIT

Victorian Asset Tour



Centuria Capital

ASX-listed specialist investment manager

Centuria Capital Group

\$4.6_b

Assets Under Management^{1,2}

Property fund management

\$3.7_b

Assets Under Management^{1,2}

Listed Property \$2.0b¹

Industrial REIT
(CIP)

\$1.1_b

Assets Under Management

Office REIT
(CMA)

\$0.9_b

Assets Under Management¹

Unlisted Property \$1.7b²

17 fixed
term funds

Centuria Diversified
Property Funds

Investment Bonds

\$0.9_b

Assets Under Management

1. Includes 31 Kendall Street, Williams Landing, VIC, as if complete

2. Includes post 31 December 2017 acquisitions

3. Above chart at 31 December 2017

CIP, Australia's largest ASX listed income focused industrial REIT

Key Metrics at 31 December 2017



39

High quality assets



\$1.0b

Portfolio value



\$608m

Market capitalisation¹



40.6%

Gearing³



95.9%

Portfolio occupancy^{4,5}



4.9yrs

Portfolio WALE^{4,5}



19.4cpu

FY18 distribution guidance



7.9%

FY18 forecast distribution yield¹

6.7%²

12 month total unit holder return
At 31 March 2018
outperforming S&P/ASX300
A-REIT Index at -0.1%²

1. Based on CIP closing price of \$2.45 on 31 March 2018

2. Source: Moelis & Company

3. Gearing is defined as total borrowings minus cash / total assets minus cash and goodwill

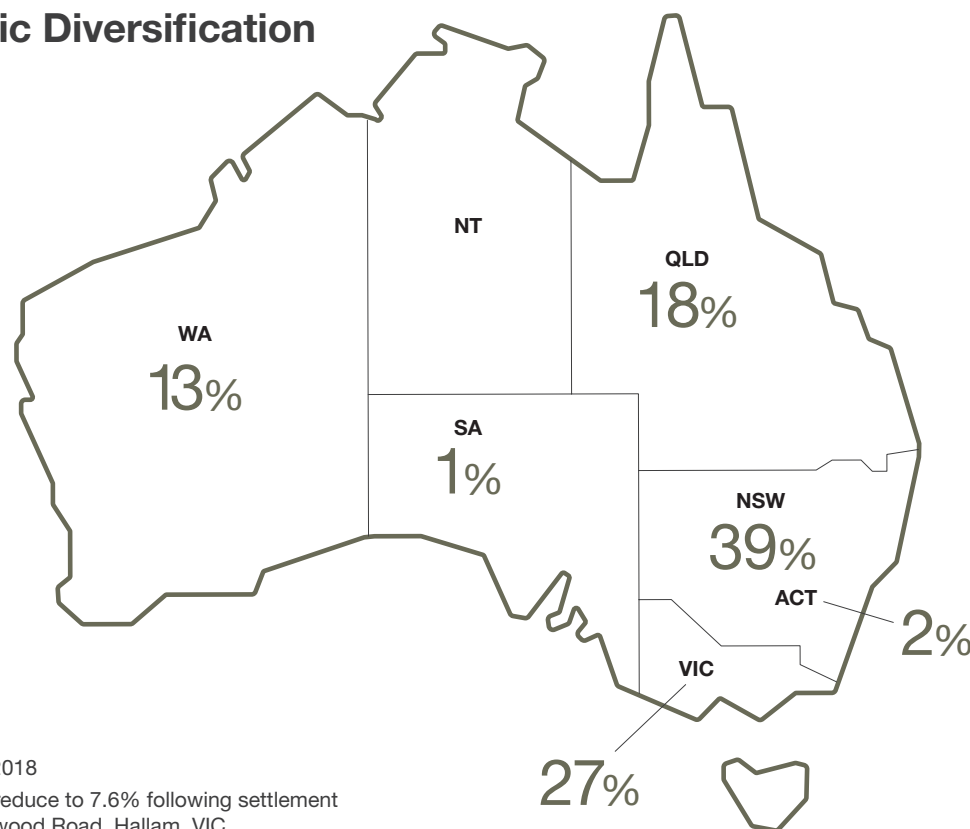
4. By income

5. WALE 5.0 years, occupancy 94.0% at 31 March 2018

Portfolio composition

High quality assets accommodating quality tenants

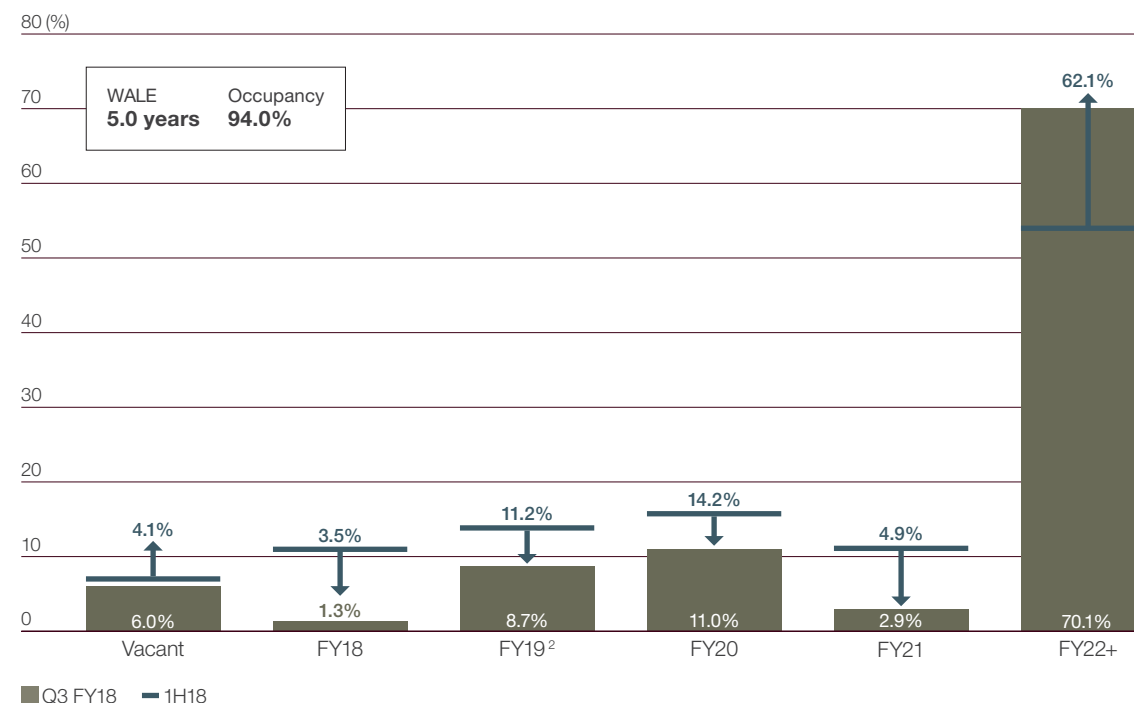
Geographic Diversification (by value)



1. As at 31 March 2018

2. FY19 will further reduce to 7.6% following settlement of 39-45 Wedgewood Road, Hallam, VIC

Weighted Average Lease Expiry (by income) ¹



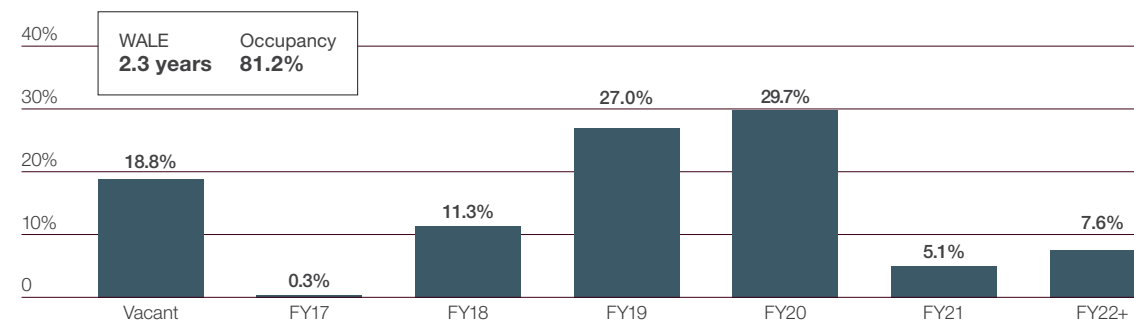
Portfolio composition

High quality assets accommodating quality tenants

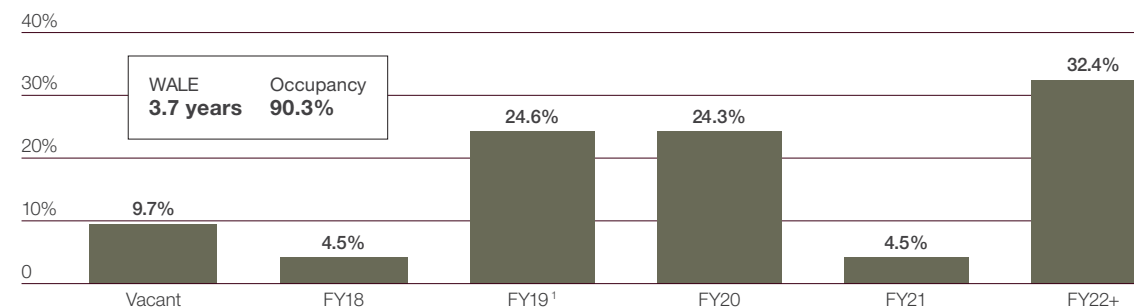
Property	Tenant	Area (sqm)	Term	New/Existing
39-45 Wedgewood Drive, Hallam	SKM	10,631	1.3	New
324-332 Frankston Dandendong Rd	Complete Supply	9,244	10.0	New
12-13 Dansu Court, Hallam	DKSH	8,190	1.0	Renewal
24-32 Stanley Drive, Somerton, VIC	N/A	14,251	5.0	New
Other	Various	12,571		

1. FY19 will further reduce to 21.6% following settlement of 39-45 Wedgewood Road, Hallam, VIC

VIC Subportfolio Expiry Profile Q3 FY17 (by income)

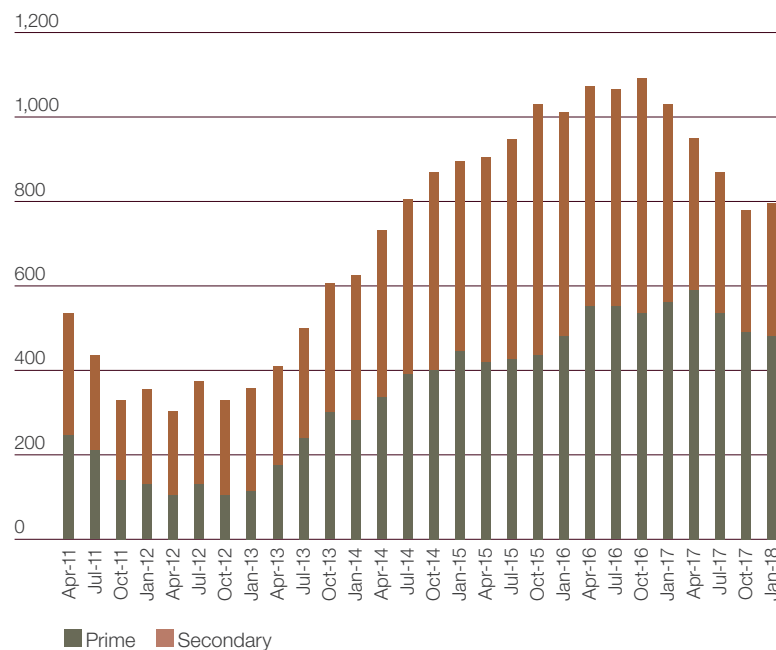


VIC Subportfolio Expiry Profile Q3 FY18 (by income)



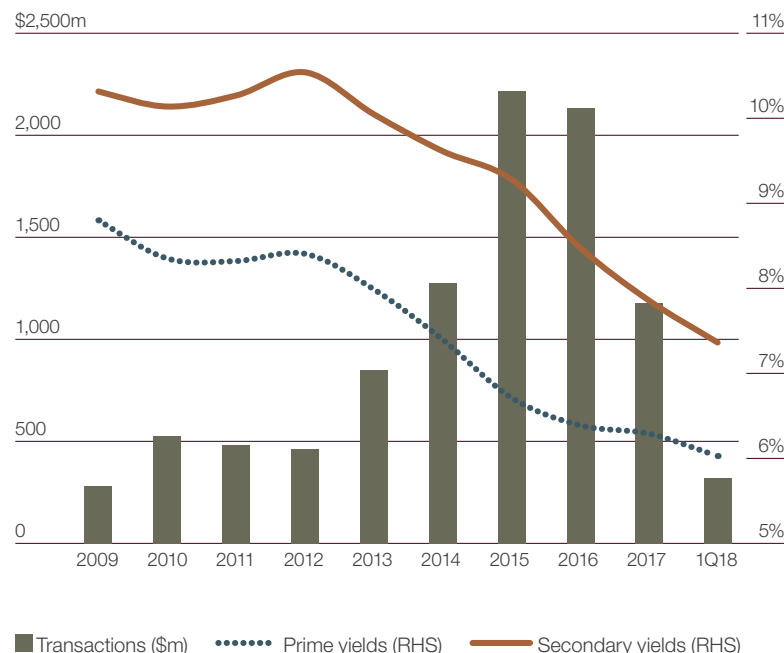
Market research

Available Space – Melbourne



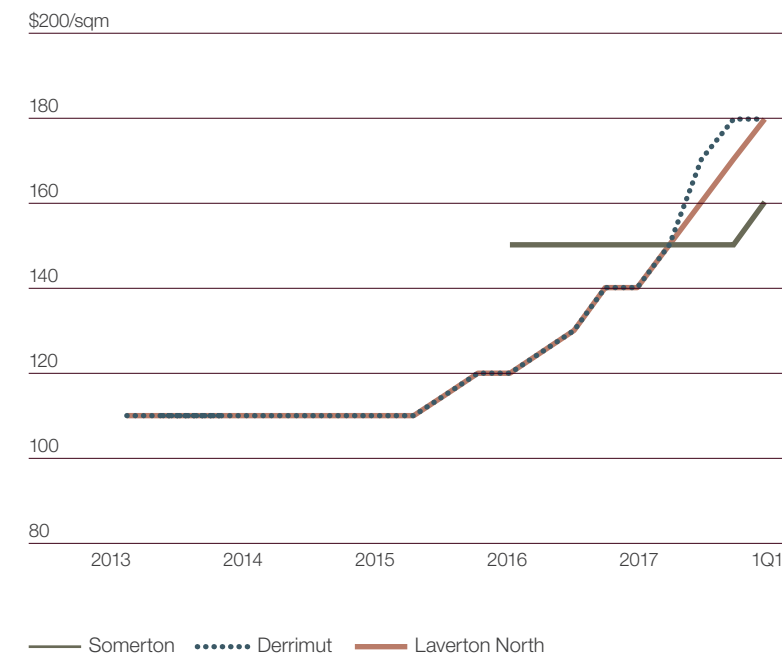
Source: Knight Frank

Victorian industrial transactions and yields



Source: JLL Research

Victorian industrial land rates



Source: JLL Research

VIC market transactions ¹

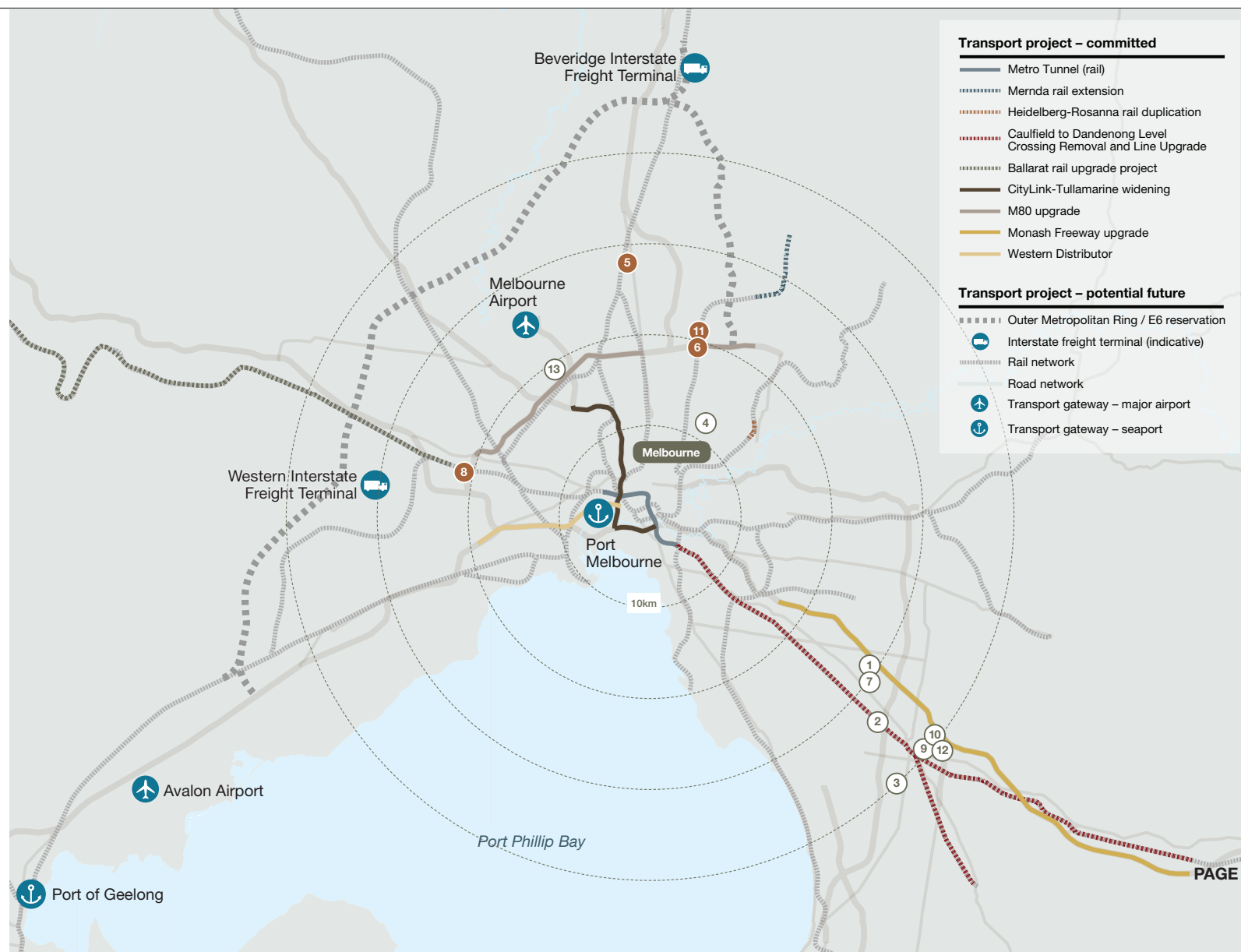
Address	Purchase Price (\$m)	Passing Yield	Market Cap Rate	Rate/sqm	WALE (yrs)
West					
121-139 Dohertys Road, Altona	38.15	6.00%	6.60%	\$1,255	6.5
25-33 Forth Avenue, Sunshine	74.00	6.14%	6.03%	\$1,402	8.9
South East					
6-8 & 11 Siddons Way, Hallam	22.00	6.27%	5.89%	\$1,419	7.7
75 Woodlands Drive, Braeside	9.03	5.90%	N/A	\$1,674	6.2
36-42 Hydrive Close, Dandenong South	19.45	6.27%	6.09%	\$1,329	7.1
60 Terra Cotta Drive, Nunawading	14.25	5.27%	5.27%	\$2,221	13.8
15-33 Alfred Street, Blackburn	14.25	6.55%	6.54%	\$1,537	2.8

Victoria Portfolio

1	207-219 Browns Road, Noble Park
2	102-128 Bridge Road, Keysborough
3	324-332 Frankston-Dandenong Road, Dandenong South
4	6 Albert Street, Preston
5	24-32 Stanley Drive, Somerton
6	2 Keon Parade, Keon Park
7	500 Princes Highway, Noble Park
8	69 Studley Court, Derrimut
9	14-17 Dansu Court, Hallam
10	12-13 Dansu Court, Hallam
11	49 Temple Drive, Thomastown
12	39-45 Wedgewood Road, Hallam
13	9 Fellowes Court, Tullamarine

Source: Victoria State Government Department of Environment, Land Water and Planning

Each circle represents 10km radius from the CBD area



24 -32 Stanley Drive **Somerton, VIC**



Location

Somerton is a recently established industrial area, approximately 18 kilometres north of the Melbourne CBD.

Description

The property comprises a modern warehouse distribution facility with three substantial high clearance warehouses and associated office accommodation.

Asset summary

Current book value:	\$24.7m
Capitalisation rate:	7.00%
GLA (sqm):	24,350
Site Area (ha):	4.4
WALE (years):	0.5
Occupancy:	100.0%

Major tenants	Expiry	Area
Bluestar Logistics	FY19	24,350

2 Keon Parade **Keon Park, VIC**



Location

2 Keon Parade is located in a well-established industrial precinct, some 17 kilometres north of the Melbourne CBD. The site is situated within close proximity to the Metropolitan Ring Road.

Description

The property was extended in 2016, adding a further 6,126 square metres of warehouse and office space. The property is located on the same Title as the Trust's property at 49 Temple Drive, Thomastown providing an overall land holding of 10.6 hectares.

Asset summary

Current book value:	\$23.5m
Capitalisation rate:	6.50%
GLA (sqm):	19,527
Site Area (ha) 1:	10.6
WALE (years):	12.6
Occupancy:	100.0%

Major tenants	Expiry	Area
Orora	FY31	19,527

1. Site area reflects total for 2 Keon Parade Keon Park, and 49 Temple Drive, Thomastown

49 Temple Drive Thomastown, VIC



Location

Thomastown is situated in a well-established industrial location, approximately 17 kilometres north of the Melbourne CBD. The property is on the same Title as the Trust's property at 2 Keon Parade.

Description

The building comprises a modern, temperature controlled industrial warehouse with associated office space that has been recently refurbished. There is surplus land, which allows for future extension of some 2,400 square metres.

Asset summary

Current book value:	\$13.0m
Capitalisation rate:	7.50%
GLA (sqm):	13,438
Site Area (ha) ¹ :	10.6
WALE (years):	0.0
Occupancy:	0.0%

1. Site area reflects total for 2 Keon Parade Keon Park, and 49 Temple Drive, Thomastown

69 Studley Court Derrimut, VIC



Location

Derrimut is an established industrial precinct, approximately 12 kilometres west of the Melbourne CBD. The property accessed via both the Western Ring Road and Westgate Freeway.

Description

The property is a modern freestanding office and warehouse facility, completed in 2009. The property comprises office accommodation positioned over two levels and a high clearance warehouse benefiting from large canopies and large container rated hardstand and truck weighbridge. Access to the warehouse is via 18 roller doors, providing a mixture of on-grade and raised dock access.

Asset summary

Current book value:	\$20.3m
Capitalisation rate:	7.25%
GLA (sqm):	14,365
Site Area (ha):	4.3
WALE (years):	2.1
Occupancy:	100.0%

Major tenants	Expiry	Area
Silk Logistics	FY20	14,365

Notes

Notes

Disclaimer

This presentation has been prepared by Centuria Property Funds No. 2 Limited (ABN 38 133 363 185, AFSL 340 304) ('CPF2L') as responsible entity of the Centuria Industrial REIT (ARSN 099 680 252 ('CIP' or the 'Trust').

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Distributable earnings is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The Directors consider that distributable earnings reflect the core earnings of the Trust.

All dollar values are in Australian dollars (\$) or A\$) unless stated otherwise.

Thank you