

## Citi Australia and NZ Investment Conference Presentation

**SYDNEY** (Thursday, 15 October 2020) - Centuria Property Funds No.2 Limited (**CPF2L**) as Responsible Entity of Centuria Industrial REIT (**ASX: CIP**) provides a presentation that will be used at the Citi 12<sup>th</sup> Annual Australian and New Zealand Investment Conference.

– 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 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). CPF2L, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$9.5 billion<sup>1</sup> in total assets under management and strong offerings across listed real estate investment trusts, unlisted real estate funds and investment bonds.

[www.centuria.com.au](http://www.centuria.com.au)

<sup>1</sup> Subject to the completion of asset acquisitions in Centuria Healthcare Property Fund (CHPF)



# Citi Australia & New Zealand Investment Conference

● ASX: CIP 15 Oct 2020

## Centuria Industrial REIT

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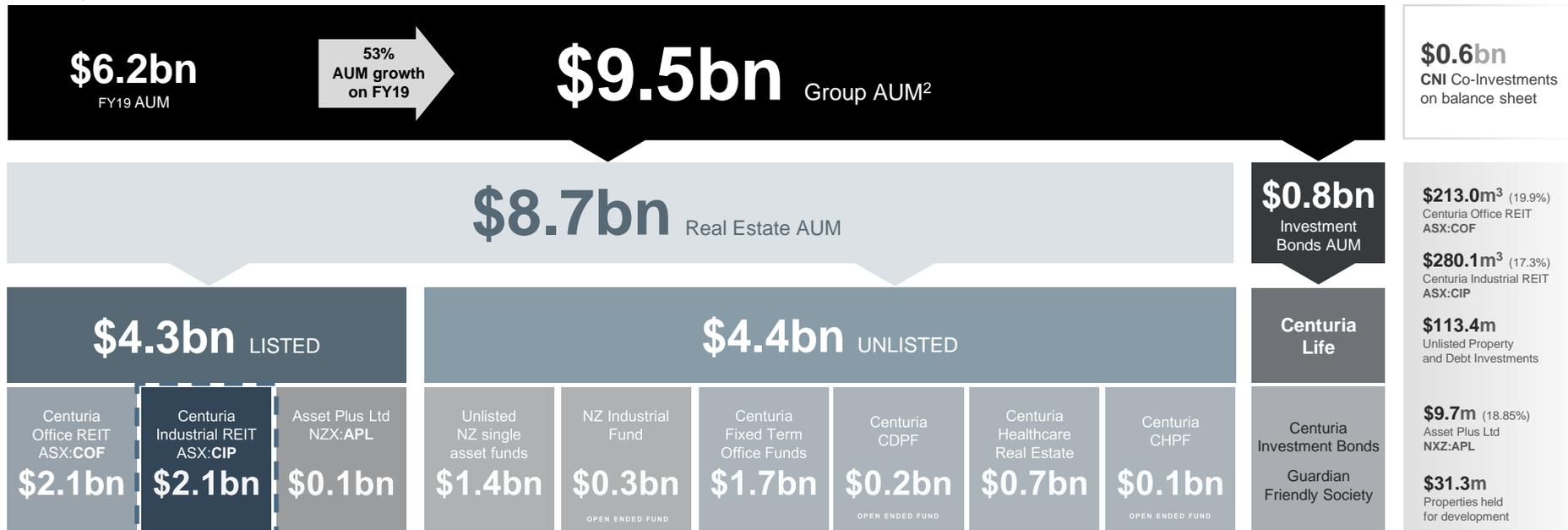
*As the only pure play industrial REIT listed on the ASX, CIP is well-positioned to take advantage of the current increased demand for industrial space*



# CIP is aligned to a highly experienced real estate funds manager (ASX:CNI)

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Market capitalisation<sup>1</sup> of **\$1.2bn**, included in the S&P/ASX300 Index



Note: All figures above are in Australian dollars (currency exchange ratio of AU\$1.000:NZ\$1.0823). Numbers presented may not add up precisely to the totals provided due to rounding

1. Based on CNI closing price at 9 October 2020
2. Centuria AUM as at 30 June 2020, Augusta AUM as at 31 March 2020. Includes CIP acquisitions announced after 30 June 2020 and CHPF announced 28 August 2020
3. Based on the respective close prices for COF and CIP at 9 October 2020. Includes ownership by associates of Centuria Capital Group



**VISION**

To build **Australia's leading domestic pure play industrial REIT**

**A CLEAR AND SIMPLE STRATEGY**

Deliver income and capital growth to investors from a portfolio of high quality Australian industrial assets

**CIP is**

Australia's largest <b>domestic pure play industrial REIT</b>	Overseen by an active management team with deep real estate expertise	Prudently managing its balance sheet to position for further growth	Strongly supported by Centuria Group
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**KEY OBJECTIVES**

Portfolio Construction	Active Management	Capital Management	Unlock opportunities to create further value
A portfolio of high quality Australian industrial assets diversified by geography, tenants and lease expiry	Focus on 'fit for purpose' assets that align to the needs of our high quality customers ensure high retention and occupancy	A robust and diversified capital structure with appropriate gearing	Reposition assets and execute value-add initiatives to maximise returns for unitholders

# Key metrics – Australia's largest domestic pure play industrial REIT<sup>1</sup>

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## PORTFOLIO



**56**

High quality assets<sup>1</sup>



**\$2.1bn**

Portfolio value<sup>1</sup>



**96.5%**

Portfolio occupancy<sup>2</sup>



**10.0yrs**

Portfolio WALE<sup>2</sup>

## FINANCIAL



**17.4c**

FY21 FFO<sup>3</sup>  
per unit guidance



**17.0c**

FY21 Distribution  
per unit guidance



**5.3%**

Forecast FY21  
DPU yield<sup>4</sup>



**31.2%**

Gearing<sup>5</sup>



**32.3%**

Loan to Valuation ratio<sup>5</sup>  
*Covenant of 55%*



**4.9x**

Interest cover ratio<sup>5</sup>  
*Covenant of 2x*

1. All figures are as at 13 October 2020, unless stated otherwise

2. Includes 144 Hartley Road Smeaton Grange NSW and 1 Lahrs Road, Ormeau QLD which have exchanged but not yet settled

3. Occupancy and Weighted Average Lease Expiry (WALE) By income

4. With the uncertainty surrounding COVID-19 a provision has been allowed for rent relief and tenant defaults however the full impact and duration of the pandemic is unknown and cannot be forecast

5. Based on CIP closing price of \$3.19 per unit on 13 October 2020

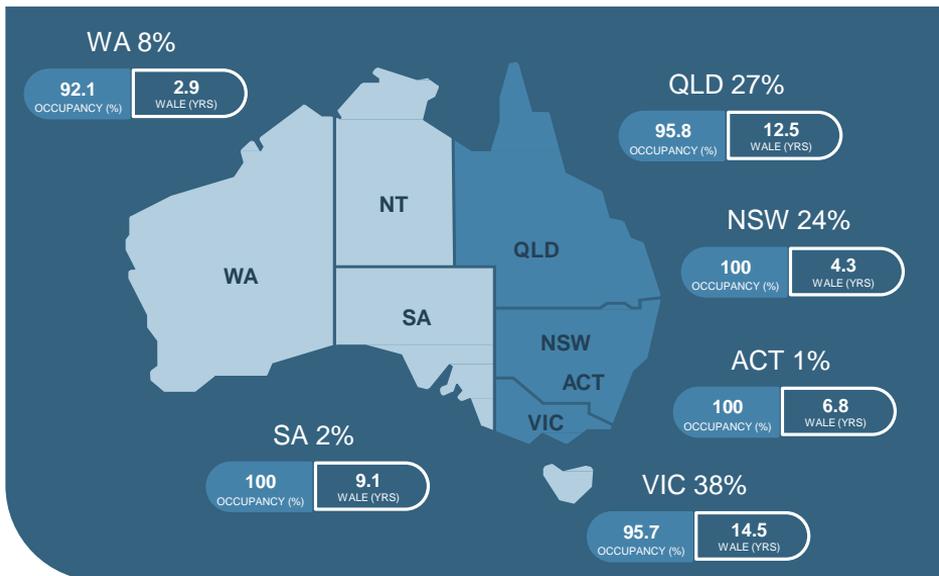
6. 30 June 2020 Pro forma adjusted for acquisitions and equity raising announced post balance date

# Australia's largest domestic pure play industrial REIT

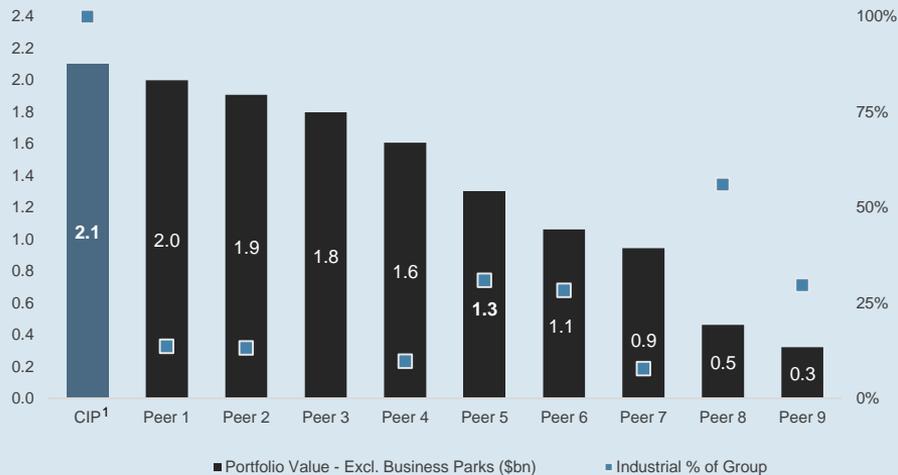
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## PORTFOLIO SNAPSHOT

		FY21 YTD <sup>1</sup>
Number of assets	#	56
Book value	\$m	2,125
WACR	%	5.68
GLA	sqm	1,016,571
Average asset size	sqm	18,153



## AUSTRALIAN LISTED PEERS<sup>2</sup>



- Included in the S&P/ASX 200 index
- Well positioned for potential future inclusion in the FTSE/EPRA NAREIT Index

1. As at 13 October 2020. Includes 144 Hartley Road Smeaton Grange NSW and 1 Lahrs Road, Ormeau QLD which have exchanged but not yet settled.  
 2. Peer metrics as at 30 June 2020, based on company filings

# Portfolio resilience demonstrated through COVID-19

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1 ASHBURN ROAD, BUNDAMBA, QLD

**97%**

Average rent collections from April to September<sup>1</sup>

**STRONG RENT COLLECTIONS IN SIX MONTHS TO SEPTEMBER 2020**

Majority of CIP tenants continue to operate through COVID period

**RESILIENT AND HIGH QUALITY TENANTS**

Task force established to ensure workspace preparedness and rapid response

**ASSET MANAGEMENT & RISK MITIGATION**

In house management facilitate greater tenant engagement through period of uncertainty

**PROPERTY & FACILITIES MANAGEMENT**

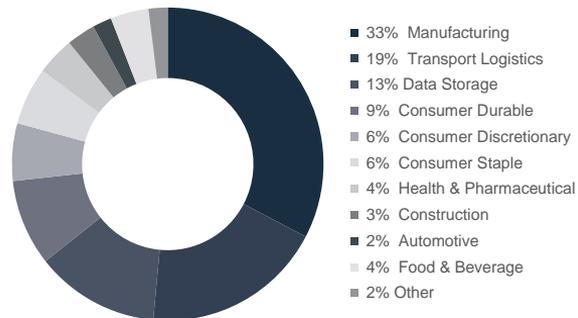
1. Based on billings over the period and collections to 13 October 2020. As COVID-19 impacts and the National Code of Conduct on Commercial Leases remain active, it is possible that further rent relief claims could be received for the April 2020 to September 2020 period

2. Revised up from 97% rent collections reported in FY20 results presentation, released on 5 August 2020

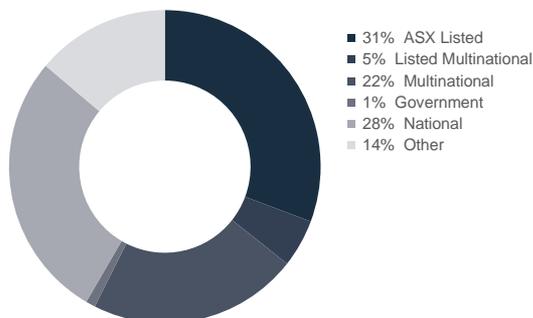
# Resilient and defensive tenant composition

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TENANT INDUSTRY SECTOR DIVERSIFICATIONS<sup>1</sup>



TENANT COMPOSITION<sup>1</sup>



- Approximately 30% of income derived from non discretionary, **food distribution and cold storage facilities**
- **33% of tenant income linked to manufacturing** and expected to benefit by significant fiscal stimulus
- **Quality income streams** with 86% of income from listed, multinational or national customers

58% of portfolio income derived from tenant customers directly linked to the production, packaging and distribution of consumer staples, pharmaceuticals and telecommunications



# Fit-for-purpose acquisitions that complement CIP's portfolio

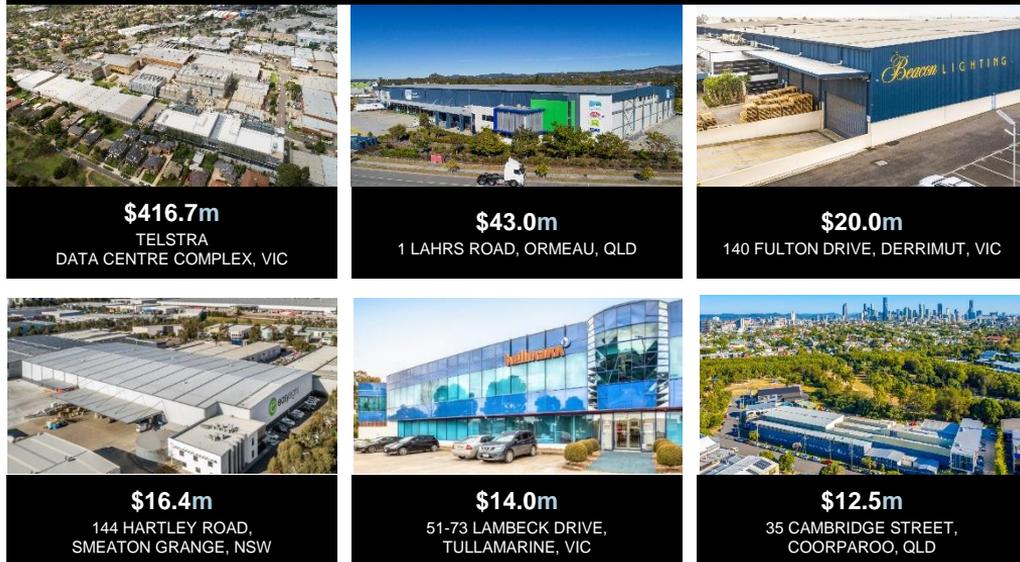
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Ability to find relative value in a supply constrained market

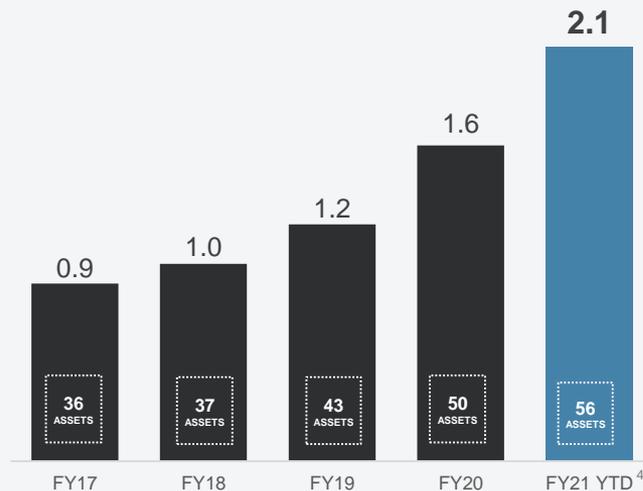
Executed \$833m since FY20, significantly enhancing portfolio quality

Acquisitions executed with 100%<sup>1</sup> occupancy, average WALE of 23yrs<sup>1,2</sup> and initial yield of 5.2%<sup>3</sup>

## FY21 YEAR TO DATE ACQUISITIONS



## PORTFOLIO VALUE (\$BN)



1. Based on acquisitions from beginning of FY20 to October 2020

2. Includes the new 12year lease executed by CIP immediately following acquisition of 75-95 & 105 Corio Quay Road, North Geelong

3. Before transaction costs

4. As at 13 October 2020. Includes 144 Hartley Road Smeaton Grange NSW and 1 Lahrs Road, Ormeau QLD which have exchanged but not yet settled.

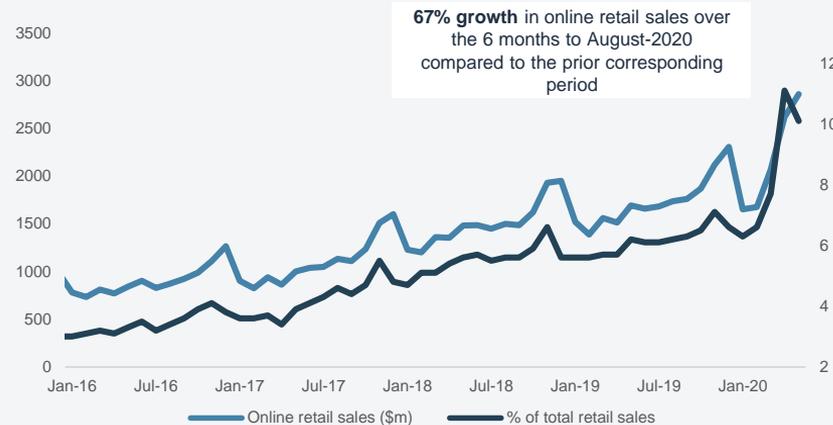
# Structural tailwinds for the industrial sector

## SHARE OF FOOD RETAIL TO TOTAL RETAIL<sup>1</sup>



- Demand for consumer staples including food is generally demand inelastic and therefore more resilient to economic cycles
- Food logistics tenants drive increased demand for well located, quality cold store facilities
- Overall supply shortage of cold storage facilities relative to supply in Australia

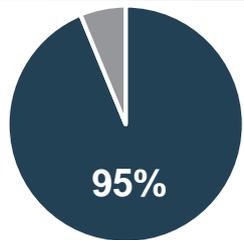
## GROWTH IN ONLINE RETAIL TRADE<sup>2</sup>



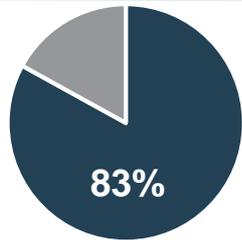
- Current environment accelerating the consumer shift to online retail
- Online penetration rate of total retail sales increased from 6.4% in August 2019 to 11% in August 2020
- Increased consumer demand for expedited delivery driving tenant need for infill warehousing in key metropolitan areas

1. Source: JLL Research  
2. Source: Australian Bureau of Statistics

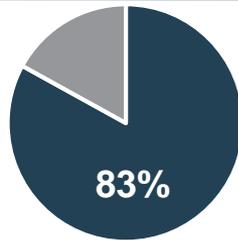
# Solidifying CIP's income streams



Acquisitions with WALE >5yrs<sup>1</sup>

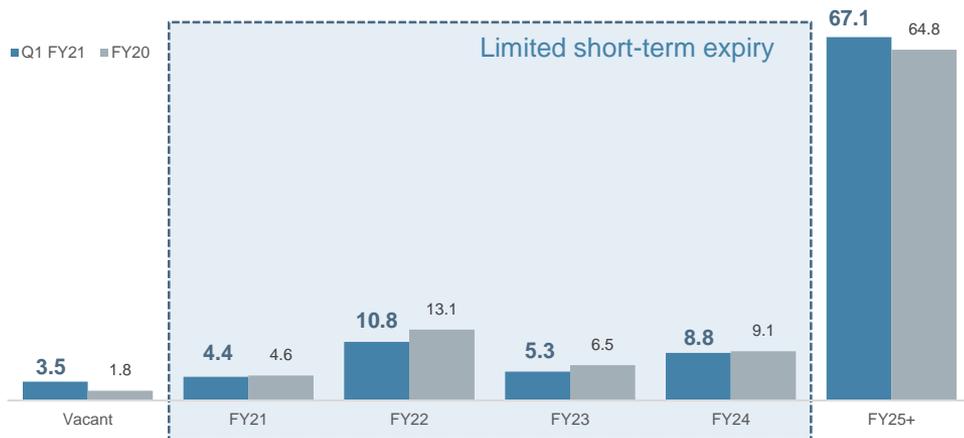


Acquisitions on sale and lease back<sup>1</sup>



Acquisitions on triple net leases<sup>1</sup>

## WEIGHTED AVERAGE LEASE EXPIRY (% BY INCOME)



**Acquisitions strengthen and complement CIP portfolio** through increasing WALE and quality defensive income streams

**Leasing success** with 45,318sqm of terms agreed (4.5% of portfolio) over the first quarter of FY21

**Only 4.4% of the portfolio expiring in FY21**, of which 1.8% expires in Q4

**Focus on forward leasing** and active asset management with **no more than 11% of the portfolio expiring in a single year**, over the next 4 years

1. Based on acquisitions from beginning of FY20 to October 2020

## DEVELOPMENT



21 JAY STREET, TOWNSVILLE, QLD

- **Development completed**, expanding the facility by **5,690 sqm**
- Generated **yield on cost of 7.75%**
- **Reset lease with Woolworths for a new 12 year term** from completion of the development

## REFURBISHMENT



46 GOSPORT STREET, HEMMANT, QLD

- **Refurbishment work completed** in March 2020
- **Cap rate compression of 75bps** reflecting improved asset

## DEVELOPMENT OPPORTUNITY



Artist's impression

42 HOEPNER ROAD, BUNDAMBA, QLD

- 2.4 ha site purchased in June 2020, **expanding CIP's holding** within the precinct
- **DA in place** to build ~10,200 sqm modern warehouse facility
- Anticipated **end value of \$17.5m**



**Australia's largest domestic pure play industrial REIT with a portfolio of \$2.1bn**

**Defensive and resilient tenant base, as demonstrated through the COVID-19 period**

**Measured and selective acquisitions significantly improved portfolio quality**

**Identified and executed opportunities to further unlock unitholder value**

**Reaffirmed FY21 earnings guidance of 17.4cpu and FY21 distribution guidance of 17.0cpu**

# Disclaimer

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