



Australian Securities Exchange – Company Announcements Platform

## Centuria Property Funds No. 2 Limited

### CENTURIA INDUSTRIAL REIT

#### UBS Australasia Conference 2018

**Tuesday, 13 November 2018**

Centuria Property Funds No. 2 Limited (**CPF2L**), as Responsible Entity of Centuria Industrial REIT (**ASX:CIP**) today releases the attached presentation to be used as part of the UBS Australasia Conference held in Sydney.

**– Ends –**

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#### **About Centuria Property Funds No. 2 Limited**

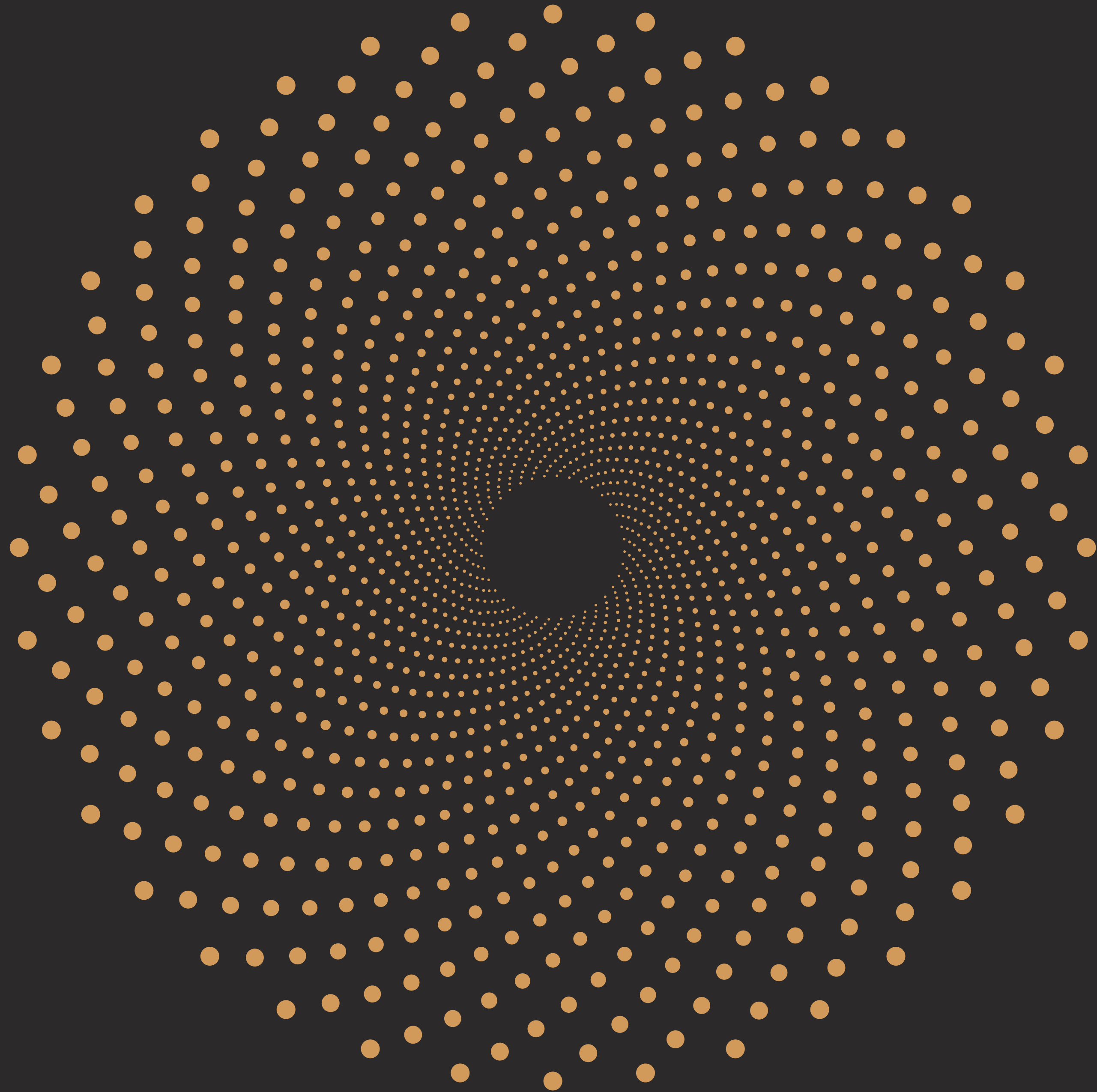
Centuria Property Funds No. 2 Limited (CPF2L), is the Responsible Entity for the ASX-listed Centuria Industrial REIT (CIP).

CIP is Australia's largest ASX-listed income focused industrial investment vehicle and is included in the S&P/ASX 300 Index. CIP owns a portfolio of 39 high quality industrial assets with a value of approximately \$1.1 billion, the properties are in key metropolitan locations throughout Australia.

CPF2L, combined with Centuria Property Funds Limited (CPFL), are wholly owned subsidiaries of Centuria Capital Group (CNI) and have approximately \$4.6 billion of assets under management across 15 unlisted property funds, one open-ended diversified property fund and two listed REITs.

CNI is an ASX-listed specialist investment manager with approximately \$5.5 billion in assets under management.

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



# Centuria Industrial REIT

UBS AUSTRALASIA CONFERENCE  
ASX:CIP | 13 NOVEMBER 2018



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- 2 Market Indicators
- 3 Financial Results
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SECTION ONE

# Introduction



WOOLWORTHS WAY,  
WARNERVALE, NSW

Centuria is an established ASX-listed specialist investment manager



Centuria Capital Group  
\$497m Market Capitalisation<sup>1</sup>

\$5.5bn  
Assets Under Management (AUM)

\$0.4bn  
Co-Investments

\$4.6bn  
Property Funds Management AUM

\$0.9bn  
Investment Bonds AUM

Centuria  
Metropolitan REIT  
(CMA)

Centuria  
Industrial REIT  
(CIP)

Propertylink  
Group  
(PLG)

24.9%<sup>2</sup>

22.9%<sup>2</sup>

19.5%

Listed Property \$2.6bn

Unlisted Property \$2.0bn

Industrial REIT  
(CIP)

Metropolitan REIT  
(CMA)

Fixed term funds

Centuria  
Diversified  
Property Fund

\$1.1bn

\$1.5bn

15

AUM

AUM

<sup>1</sup> Based on CNI closing price of \$1.29 on 9 November 2018

<sup>2</sup> Co-investment ownership percentage includes the ownership by associates of Centuria Capital Group

As at 9 November 2018

# Key metrics as at 30 September 2018



**39**

High quality assets<sup>1</sup>



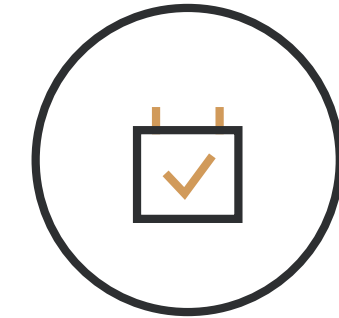
**\$1.1bn**

Portfolio value<sup>1</sup>



**94.1%**

Portfolio occupancy<sup>2</sup>



**5.0yrs**

Portfolio wale<sup>2</sup>



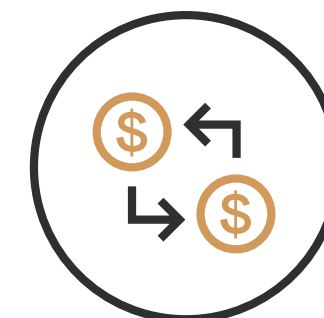
**\$698m**

Market capitalisation<sup>3</sup>



**6.54%**

Portfolio weighted  
average cap rate



**\$2.69**

Net tangible assets<sup>4</sup>



**20.3%**

12 month total return<sup>5</sup>

<sup>1</sup> Includes acquisition of Cargo Park in October 2018

<sup>2</sup> By income

<sup>3</sup> Based on CIP closing price of \$2.81 as at 9 November 2018

<sup>4</sup> Includes pro-forma adjustments for; 1) disposal of 39-45 Wedgewood Drive, Hallam, VIC; 2) disposal of 7.7% interest in Propertylink Group (ASX:PLG); 3) acquisition of 616 Boundary Road, Richlands, QLD, 4) acquisition of 1 International Drive, Westmeadows, VIC; and 5) Portfolio revaluations

<sup>5</sup> Source: Moelis Australia

SECTION TWO

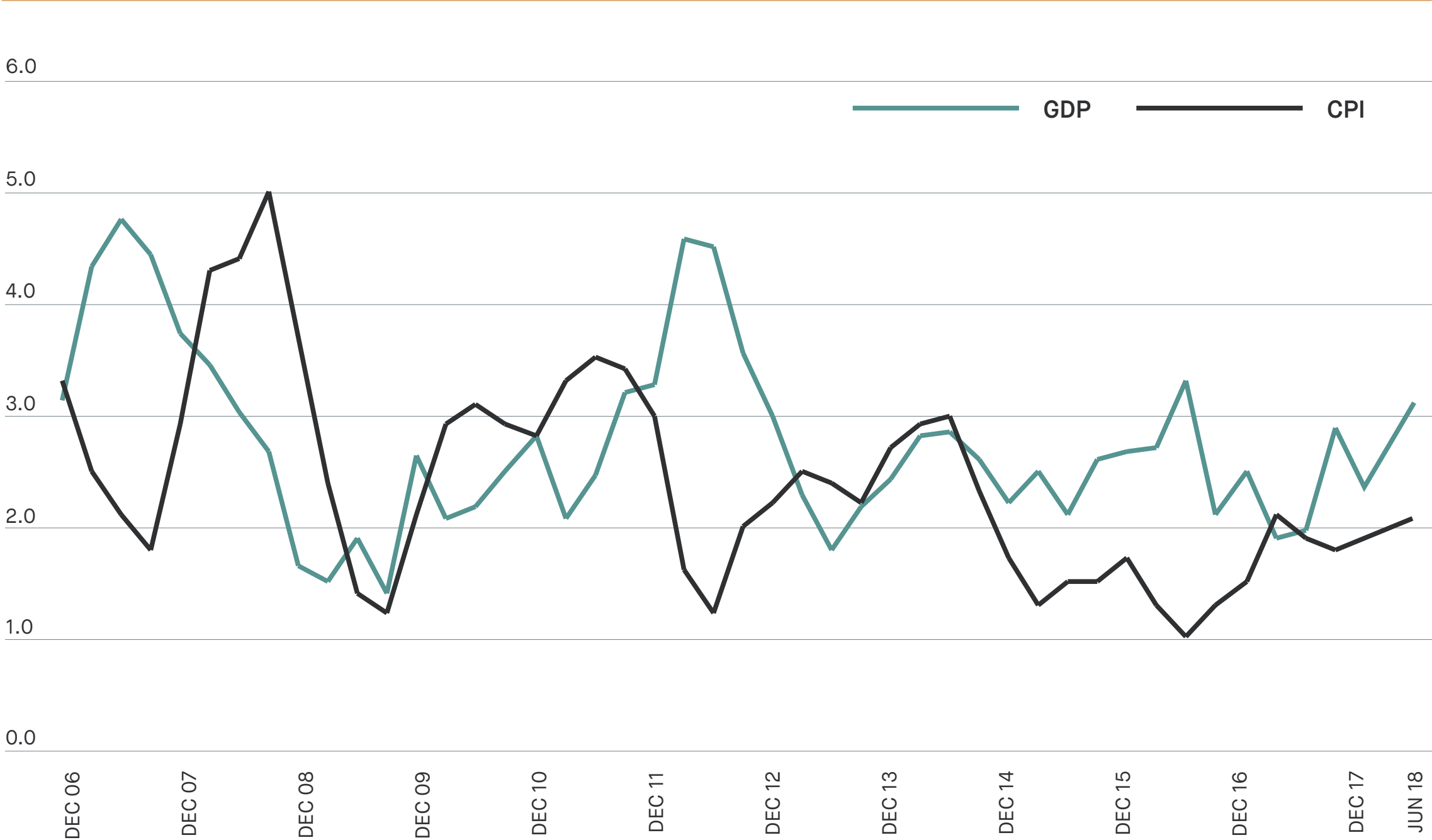
# Market Indicators



69 STUDELY COURT,  
DERRIMUT, VIC

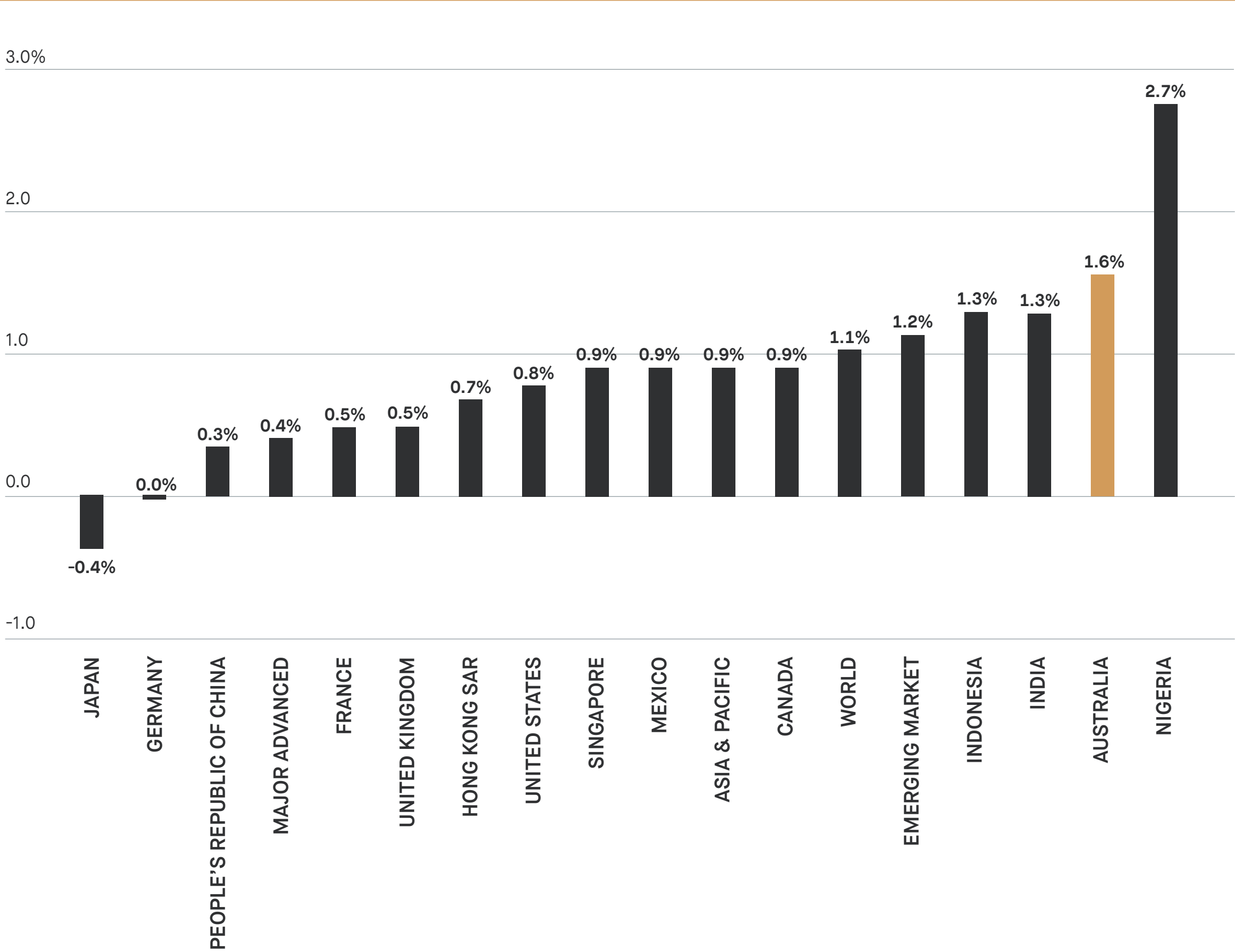
# Underlying conditions remain positive for industrial occupiers

AUSTRALIAN GDP AND CPI<sup>1</sup>



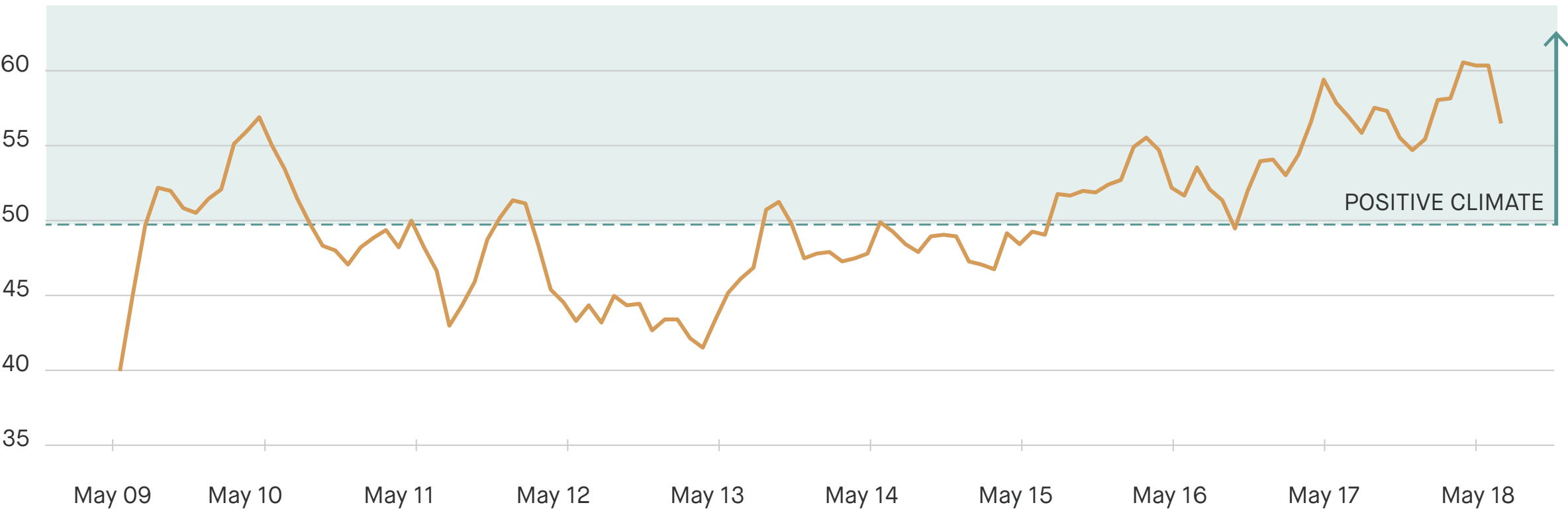
<sup>1</sup> Source: ABS  
<sup>2</sup> Source: IMF

PROJECTED AVERAGE POPULATION GROWTH (2018-2023)<sup>2</sup>

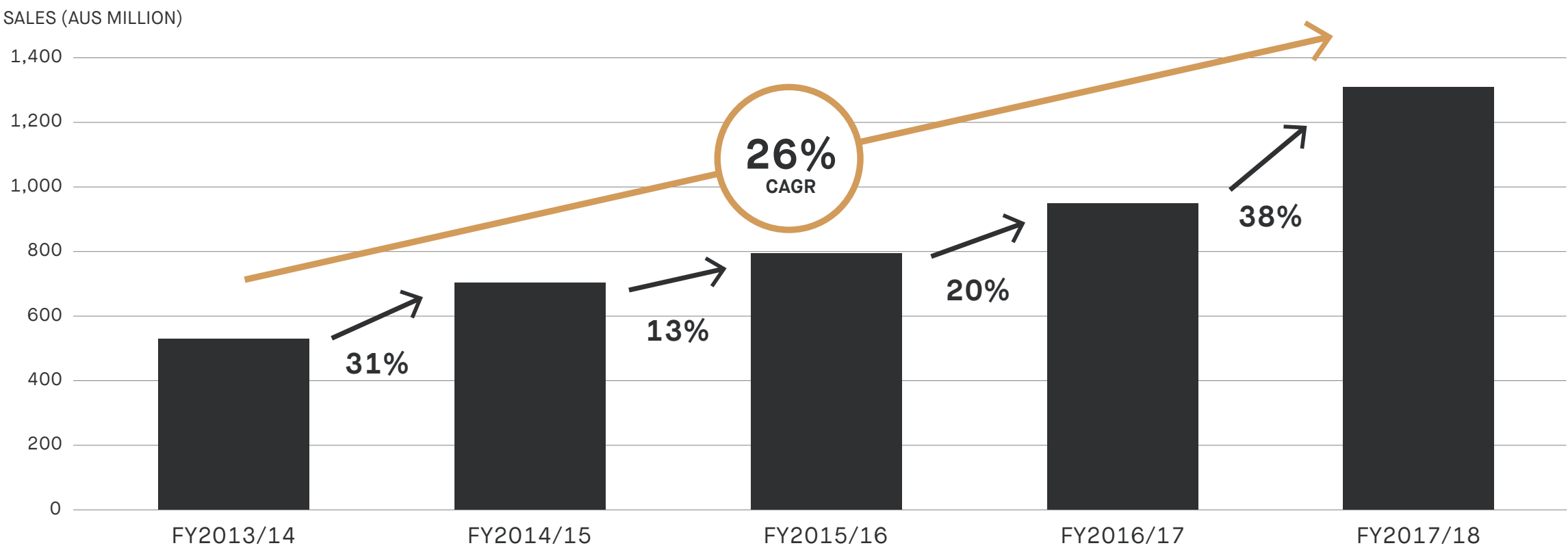


# Underlying conditions remain positive for industrial occupiers

AUSTRALIAN MANUFACTURING PURCHASING MANAGERS INDEX<sup>1</sup> (3 MONTHS AVERAGE)



## ONLINE RETAIL AND ECOMMERCE



## DRIVERS TRANSFORMING DEMAND REQUIREMENTS



Manufacturing has experienced sustained positive momentum, driven by lower \$AUD



Growth in online retailing expected to continue, retailers adapting supply chains

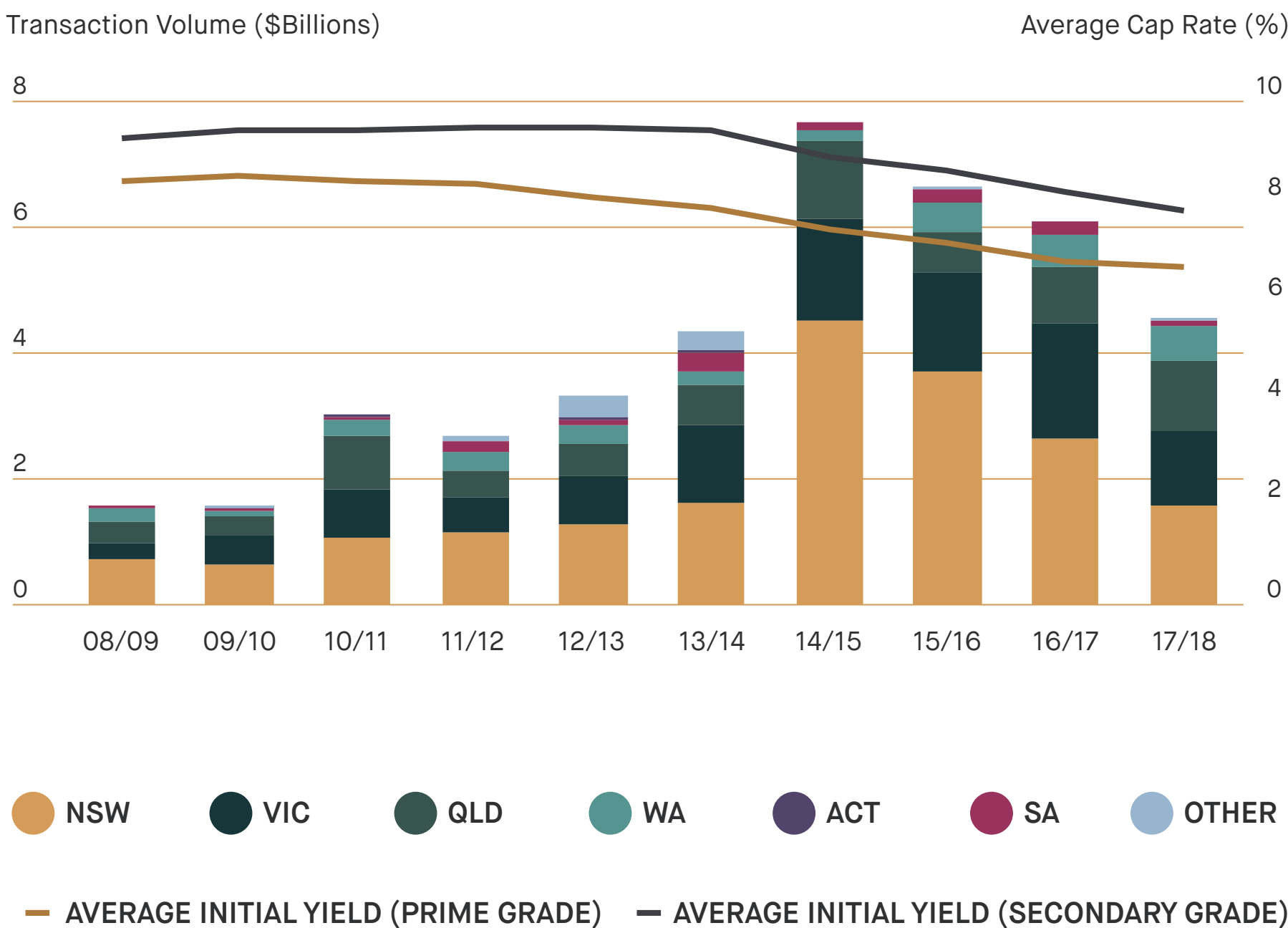


Investment in technology for manufacturers & distribution companies driving requirement for longer lease terms

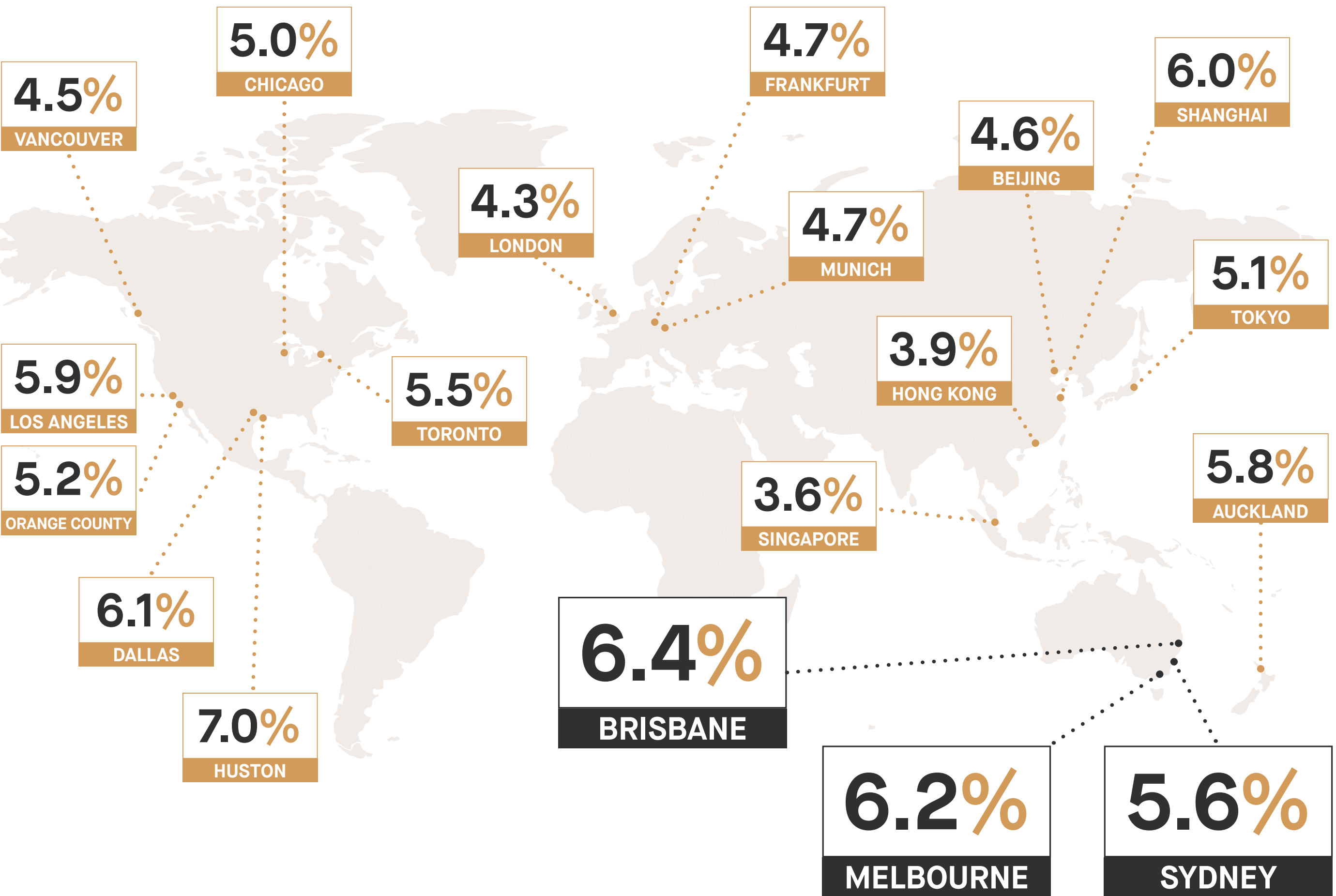
<sup>1</sup> Source: RBA Property Insights

# Competition for assets drives transaction volumes

TRANSACTION VOLUMES AND AVERAGE CAP RATE<sup>1</sup>

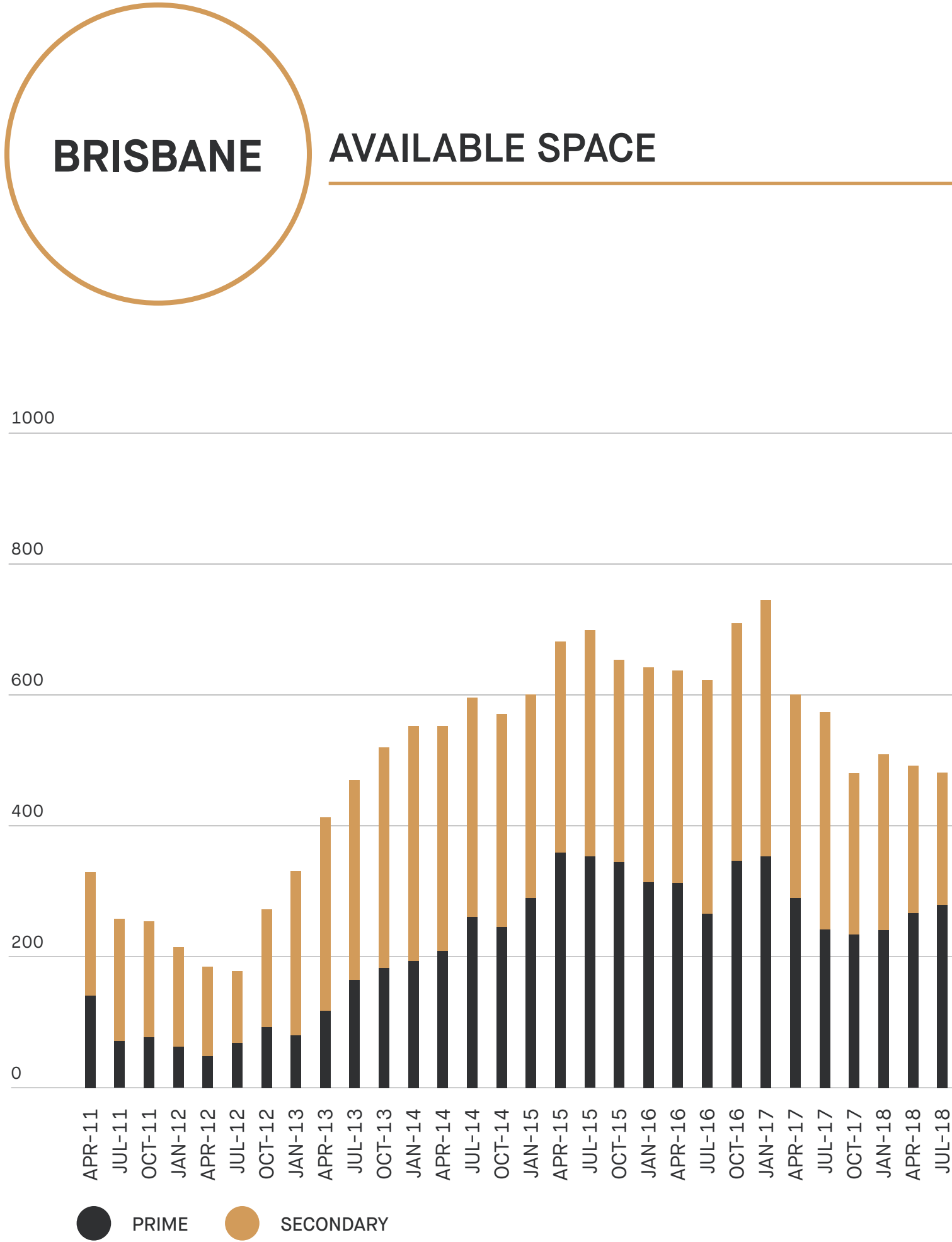
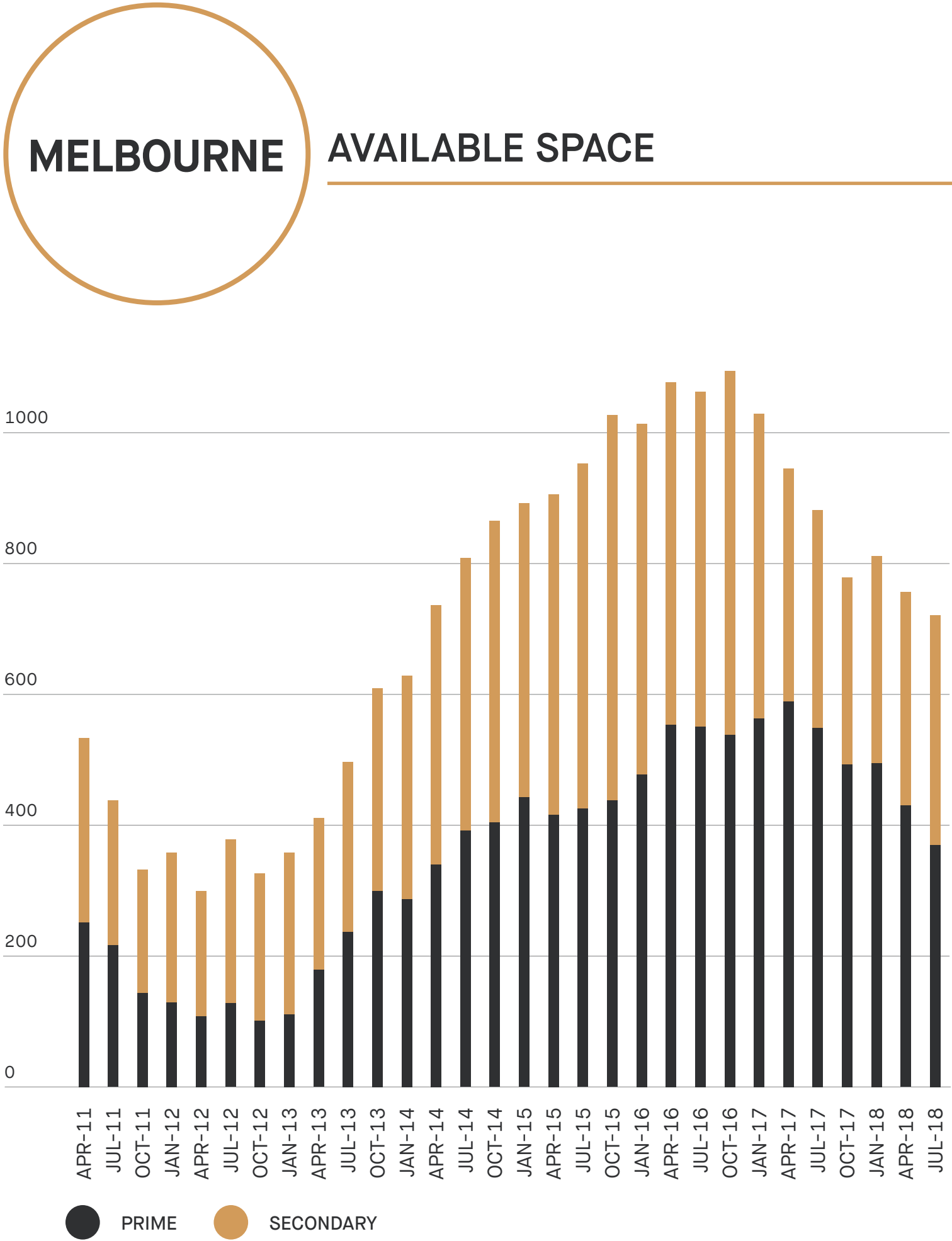
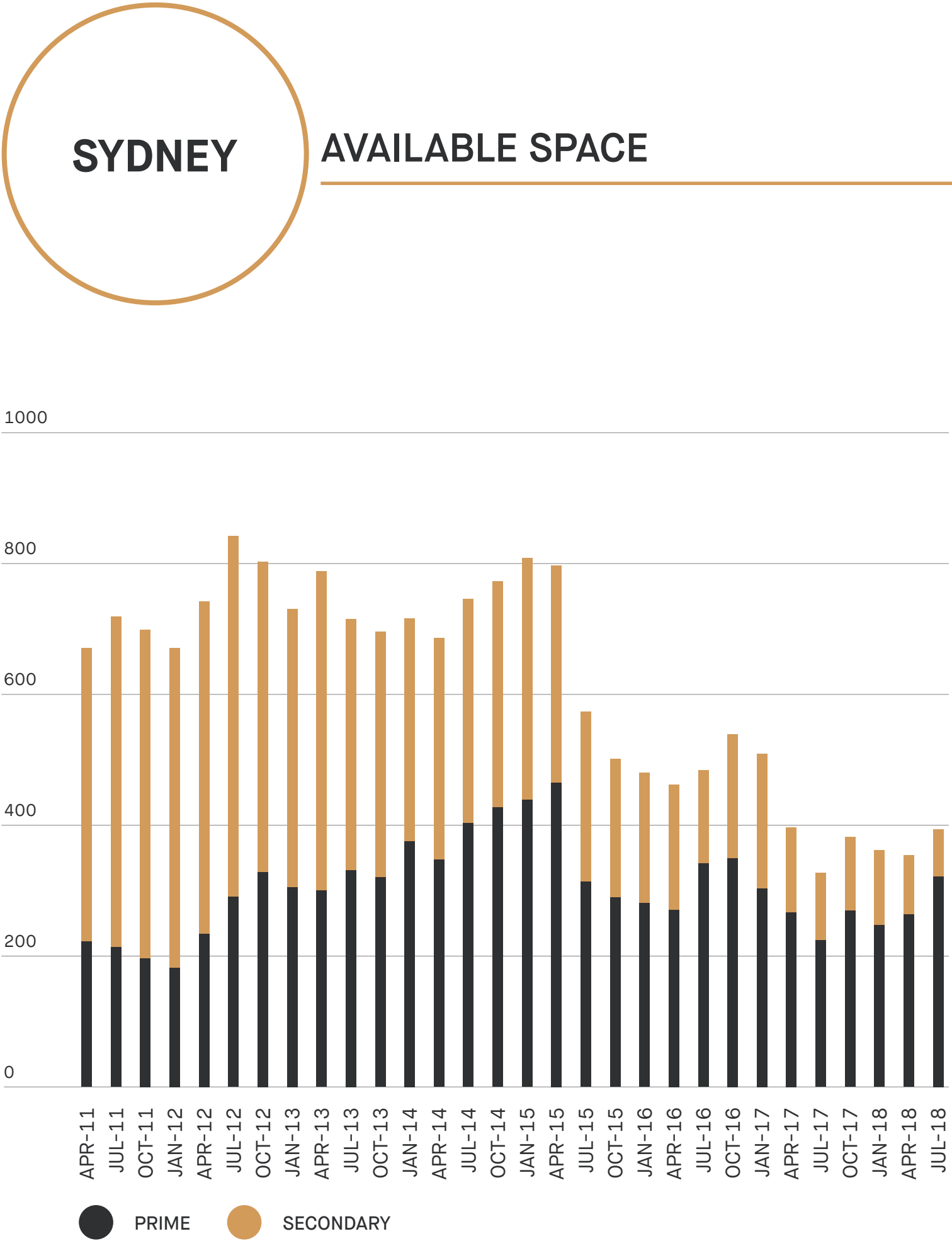


AVERAGE INDUSTRIAL YIELD BY CITY (2017)<sup>1</sup>



<sup>1</sup> Source: Colliers Research

# Availability reducing across all key markets



<sup>1</sup> Source: Knight Frank Research

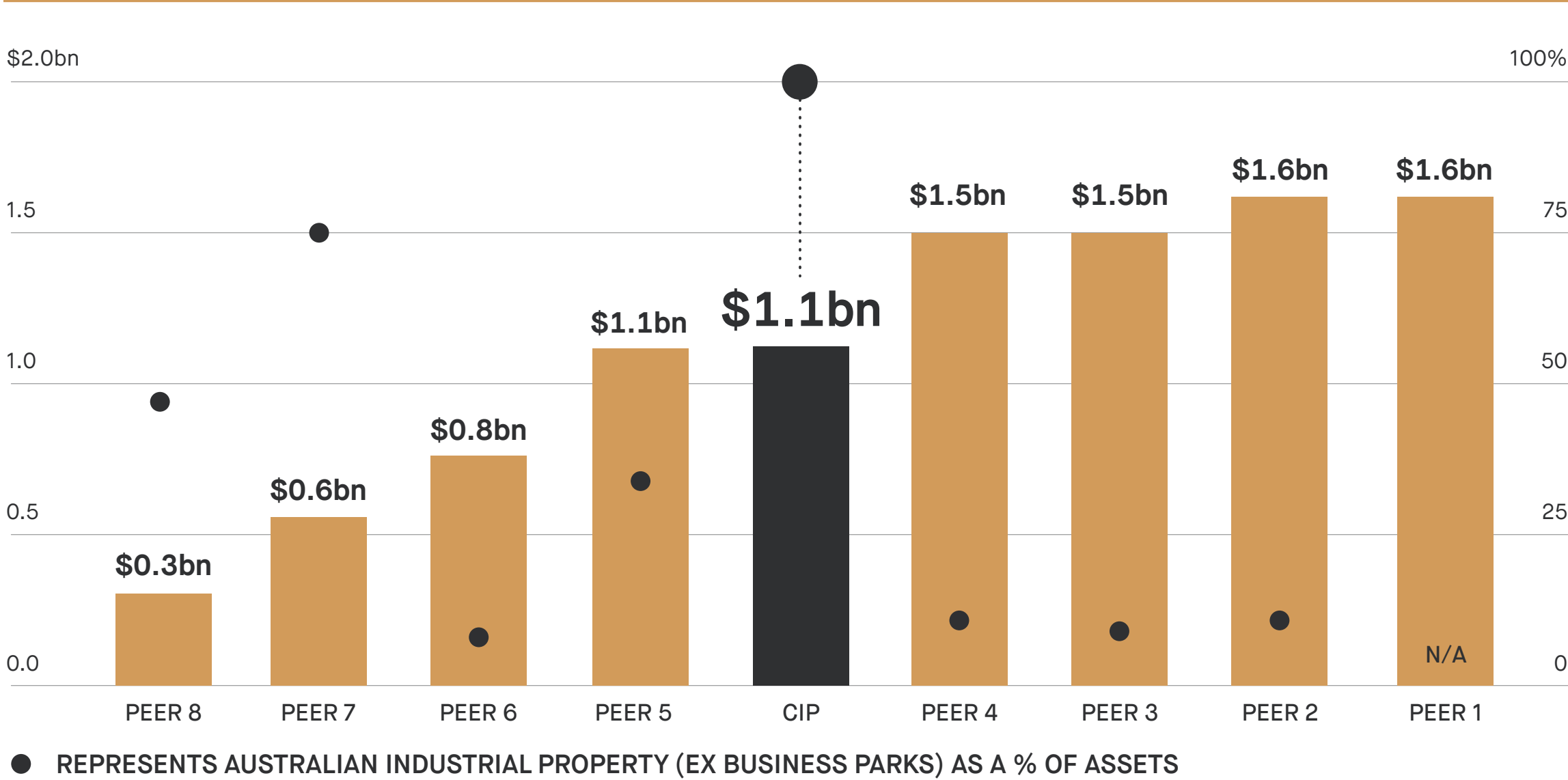
AUSTRALIA'S LARGEST ASX LISTED INCOME FOCUSED INDUSTRIAL REIT

# Potfolio indicators

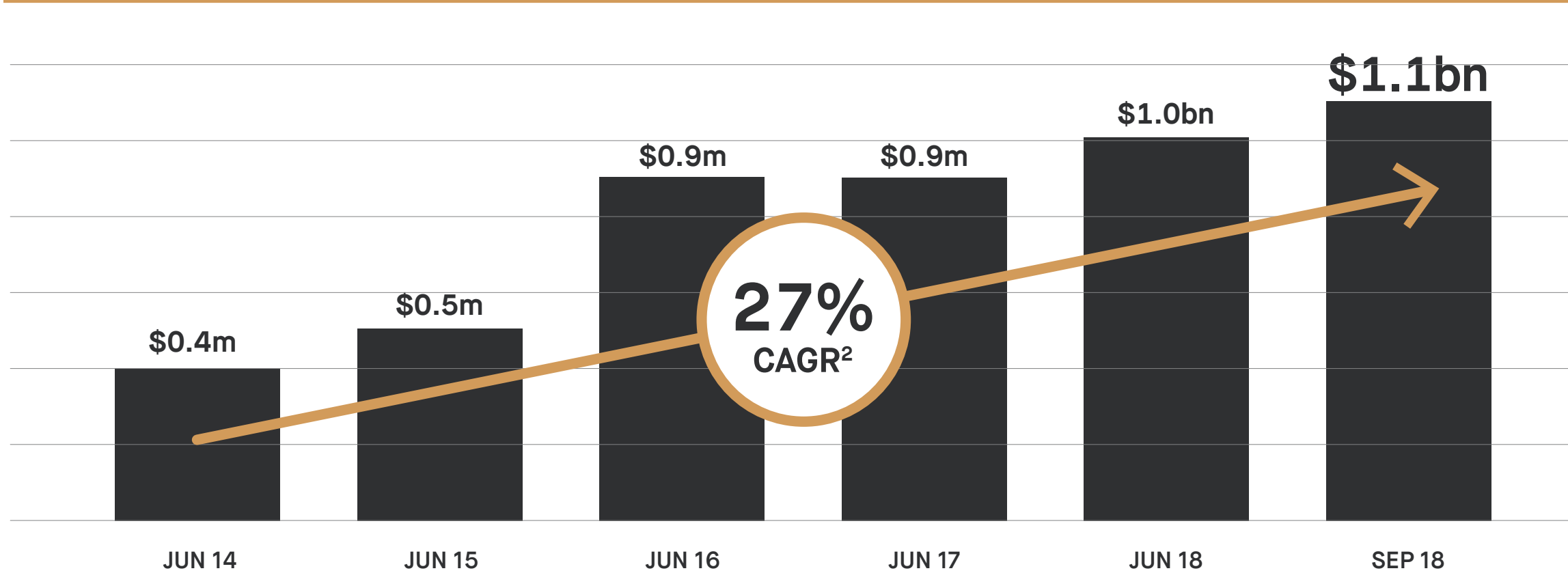


- Only ASX listed REIT with **100% exposure to Australian** industrial real estate
- Large scale, **geographically diversified** industrial portfolio
- Included in **S&P/ASX 300 index**
- **Significant growth** in portfolio value

VALUE OF OWNED INDUSTRIAL PORTFOLIO (EX BUSINESS PARKS)<sup>1</sup>



CIP PORTFOLIO VALUE



<sup>1</sup> Source: ASX disclosures at 30 June 2018, CIP as at 30 September 2018

<sup>2</sup> Past performance is not an indicator of future performance

## SECTION THREE

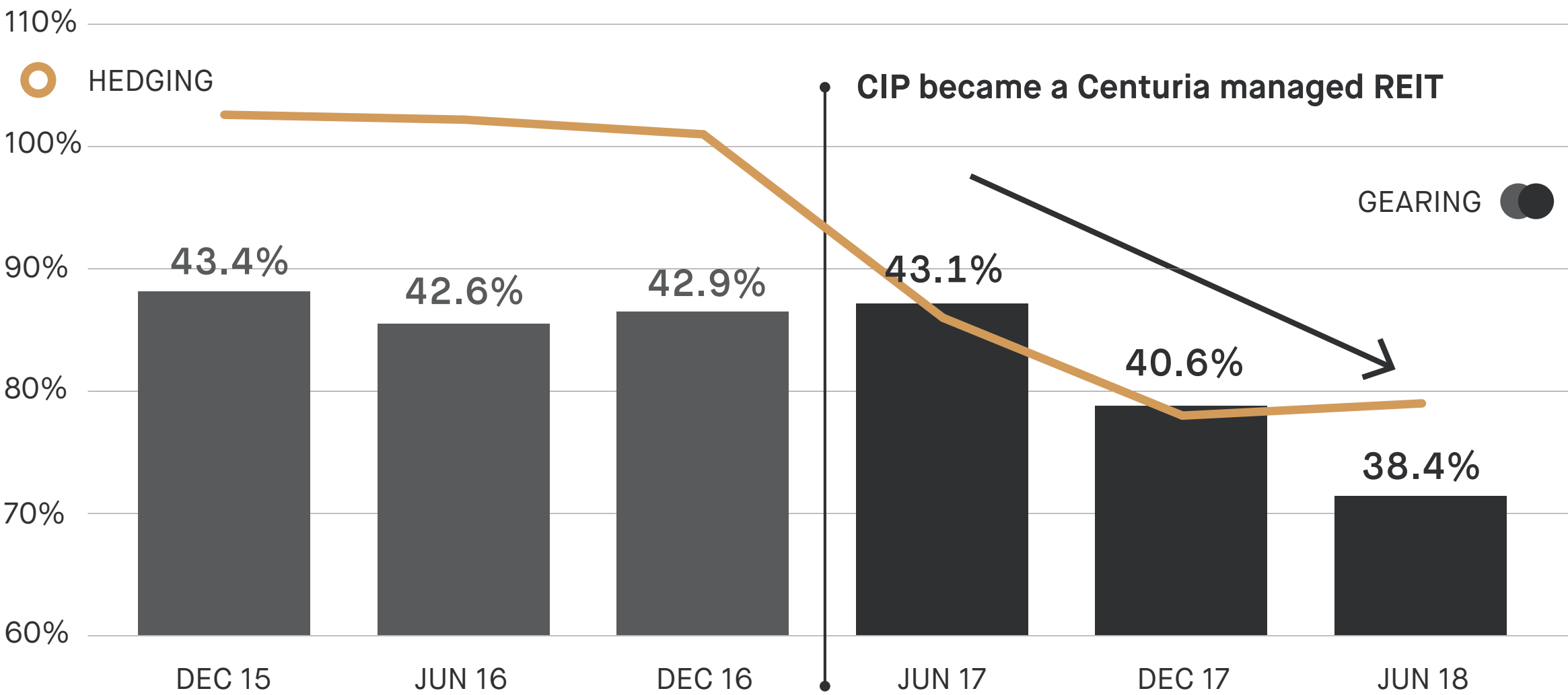
# Financial Results



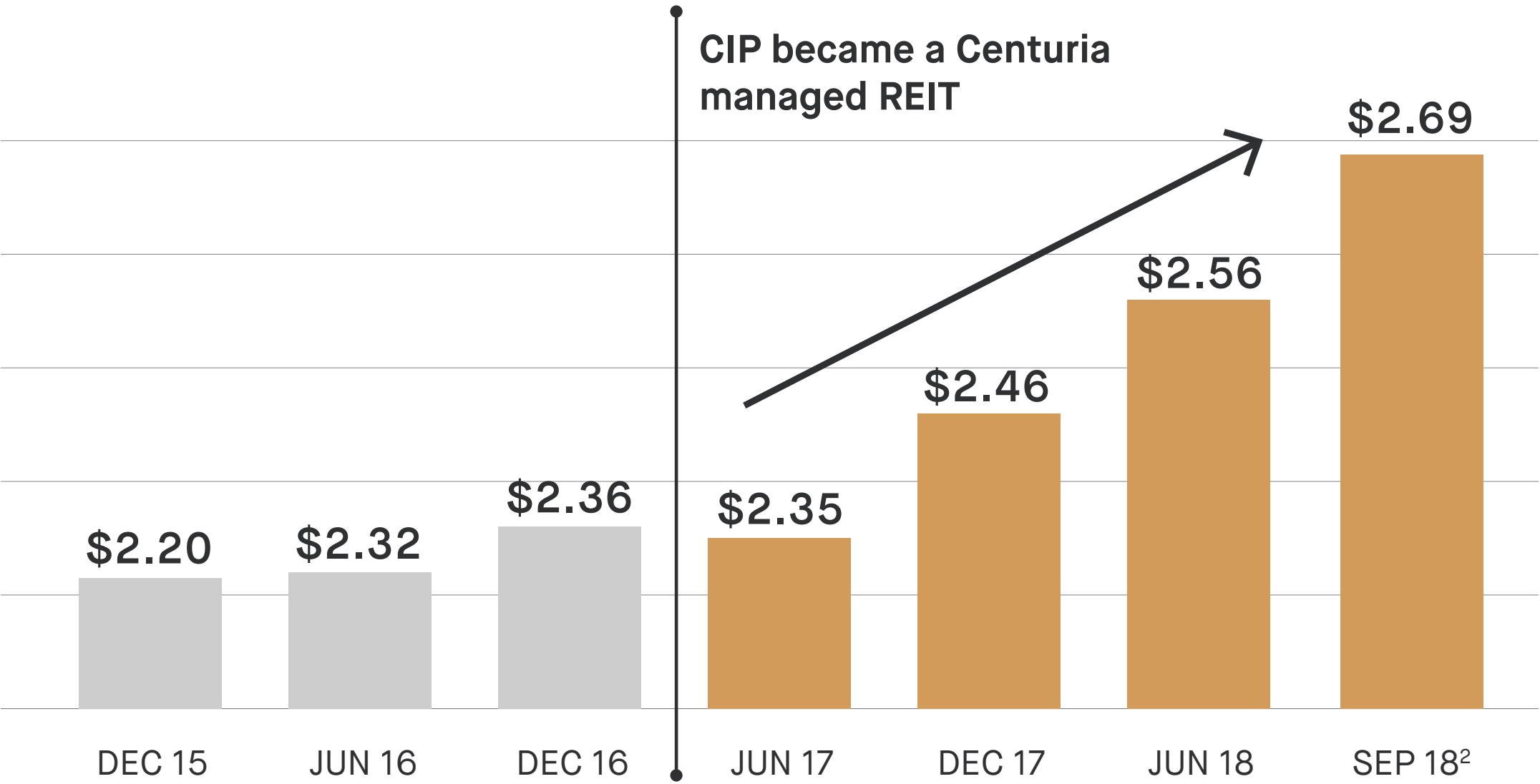
ASHBURN ROAD,  
BUNDAMBA, QLD

# Accelerated de-leveraging and NTA uplift strengthens balance sheet

GEARING<sup>1</sup> AND HEDGING PROFILES



NTA PER UNIT



<sup>1</sup> Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill  
<sup>2</sup> Includes pro-forma adjustments for; 1) disposal of 39-45 Wedgewood Drive, Hallam, VIC; 2) disposal of 7.7% interest in Propertylink Group (ASX:PLG); 3) acquisition of 616 Boundary Road, Richlands, QLD, 4) acquisition of 1 International Drive, Westmeadows, VIC; and 5) Portfolio revaluations

SECTION FOUR

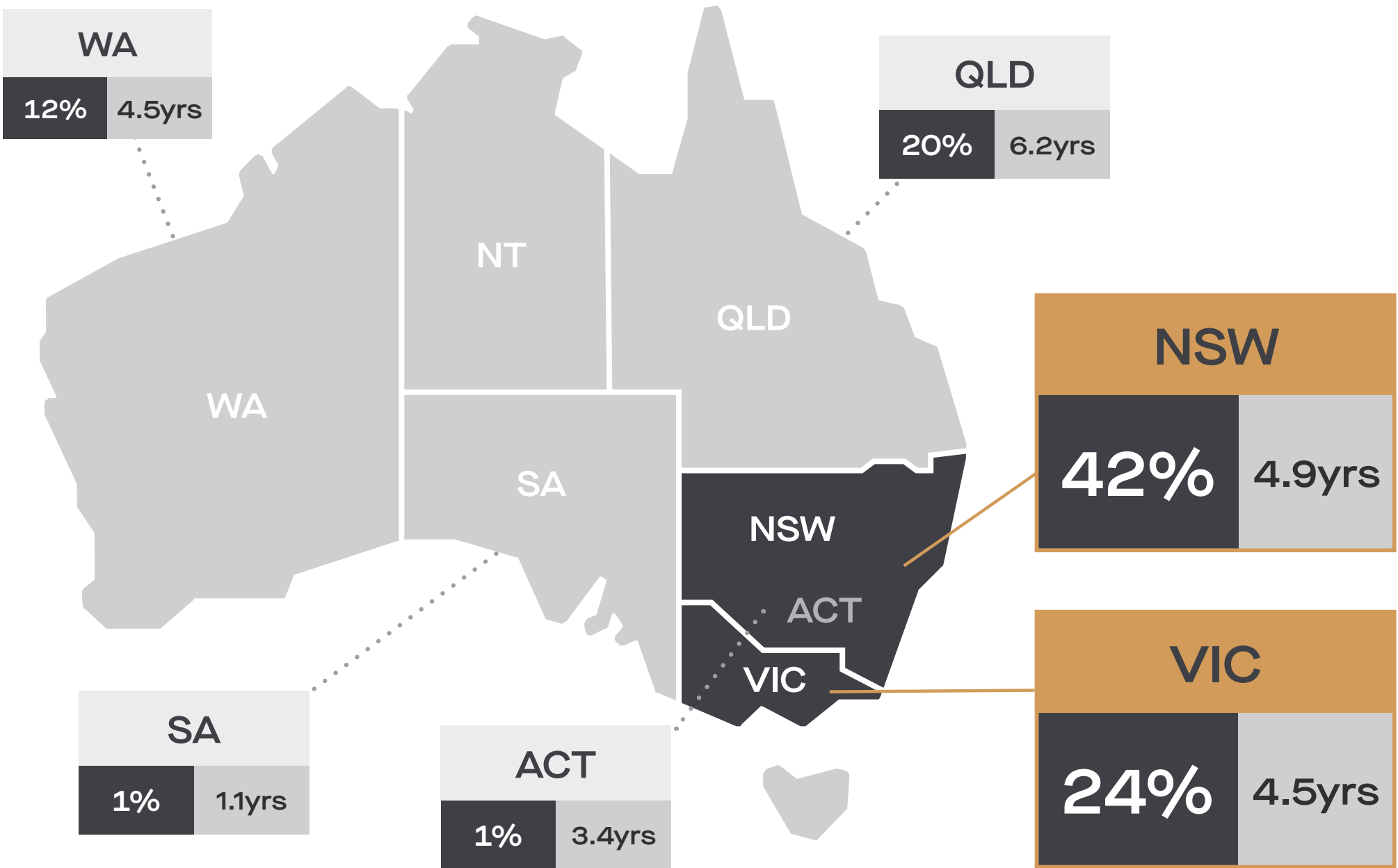
# Portfolio Overview



ASHBURN ROAD,  
BUNDAMBA, QLD

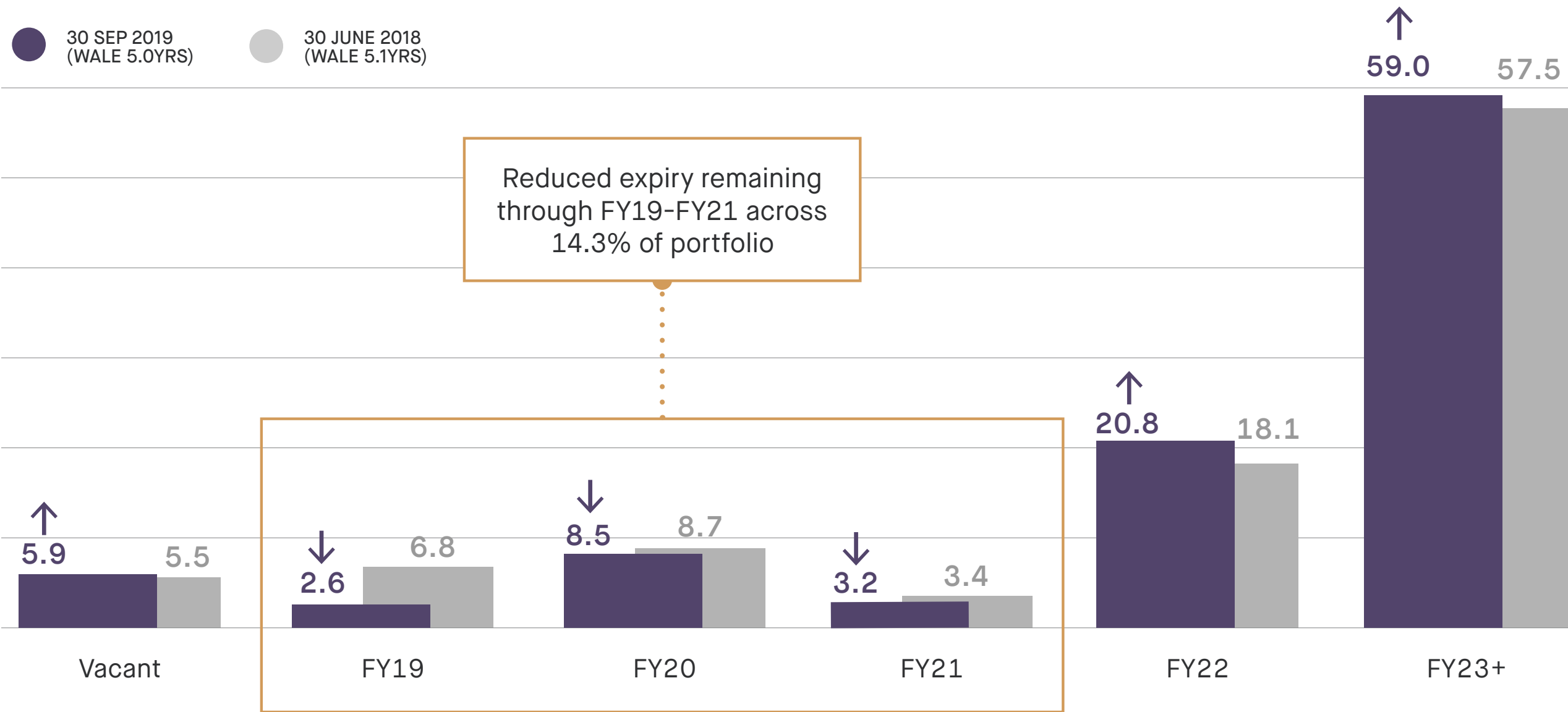
# 100% exposure to high quality Australian industrial assets

GEOGRAPHIC DIVERSIFICATION (BY VALUE)



CIP WEIGHTING (%)	WALE (YRS)
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WEIGHTED AVERAGE LEASE EXPIRY (% BY INCOME)



# Unlocking infill sites in strong performing industrial markets

207-219 BROWNS ROAD  
NOBLE PARK, VIC



**\$37.0m** acquisition,  
7.0% initial yield<sup>1</sup>

**8.8 year** WALE<sup>2</sup>

Adjoins existing CIP four hectare asset at 500 Princess Highway, Noble Park. Located approximately 350 metres north east of Princess Highway and 25 kilometres south of Melbourne CBD.

92 ROBINSON AVENUE  
BELMONT, WA



**\$11.2m** acquisition,  
11.0% initial yield<sup>1</sup>

**100% leased** to Toll  
transport until 2021

**High quality**, fit-for-purpose asset in infill location situated between Perth CBD and Perth Airport. Location provides close proximity to arterial routes including the Great Eastern Highway

616, BOUNDARY ROAD  
RICHLANDS, QLD



**\$15.9m** acquisition,  
8.2% initial yield<sup>1</sup>

Sale and three year leaseback to logistics group, Border Express

3.1 hectare site, dual street frontage, closely located to the Ipswich Motorway and Centenary Highway, located approximately 18 kilometres from the Brisbane CBD

1 INTERNATIONAL DRIVE  
TULLAMARINE, VIC



**\$42.0** million acquisition<sup>3</sup>, acquired on a capitalisation rate of 7.0%<sup>4</sup>

High quality multi-tenanted industrial estate, 2.3 year WALE<sup>2</sup> and 87% occupancy<sup>2</sup>

Strategically located on the first exit ramp on the Tullamarine Freeway, approximately five kilometres from the Melbourne Airport. It provides unparalleled exposure to 120,000 vehicles per day with its 425m frontage. The location delivers exceptional access to service Melbourne Airport's 350,000 annual tonnes tonnes of airfreight

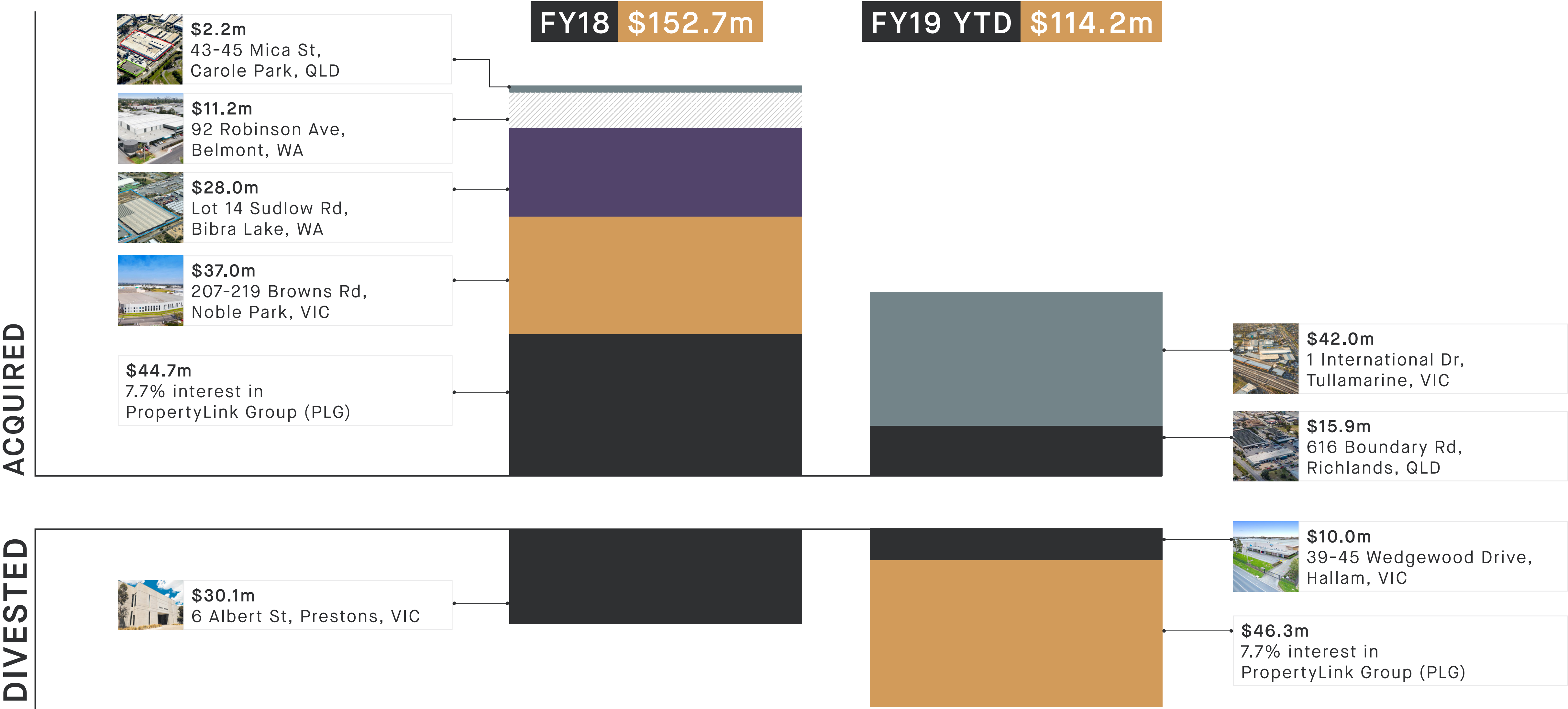
<sup>1</sup> Acquisition prices and initial yields before transaction costs

<sup>2</sup> WALE by area

<sup>3</sup> Purchase price includes a rent guarantee of up to \$0.45m that may be applied to current vacancies. The purchase price also includes an amount of \$0.5m that is retained and subject to the satisfaction of conditions precedent

<sup>4</sup> Based on an independent valuation undertaken by JLL

\$267 million of transactions since FY18



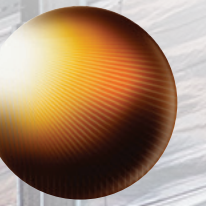
SECTION FIVE

# Guidance & Strategy



6 MACDONALD ROAD,  
INGELBURN, NSW

# Continue to build Australia's dominant income focused industrial REIT



1

**Maintain leasing** momentum through FY19

2

**Maintain Victoria leasing** momentum engaging known upcoming expiries

3

**Prudently manage** debt book including renegotiation of FY19 debt maturity

4

**Continue to maximise return** on equity through active management

5

**Deliver** FY19 earnings guidance



RIVERGATE PLACE,  
MURARRIE, QLD

# Continue to build Australia's dominant income focused industrial REIT

## STRATEGY

CIP has a simple Strategy – to deliver income and capital growth to investors from a portfolio of high quality Australian industrial assets; by

- Focusing on **'fit for purpose'** assets that are relevant to our quality customer base
- Anticipating and **meeting the needs** of our customers to ensure high retention and occupancy
- **Re-positioning assets** to maximise value to unit holders

## GUIDANCE

### FY19 Guidance

- Forecast FY19 distributable earnings of **18.5-19.0 cents per unit**
- Forecast FY19 distributions of **18.4 cents per unit**
- Forecast distribution **yield of 6.5%**<sup>1</sup>

<sup>1</sup> Based on CIP closing price of \$2.81 on 9 November 2018



HAWKINS CRES  
BUNDAMBA, QLD

# Disclaimer



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

Thank you