

Centuria Industrial REIT

1H19 RESULTS | ASX:CIP | 06 FEBRUARY 2019



Contents

1. Introduction
2. Financial Results
3. Portfolio Overview
4. Guidance & Strategy
5. Appendices

SECTION ONE

Introduction



WOOLWORTHS WAY,
WARNERVALE, NSW

Centuria Profile

Centuria Capital Group

\$489m Market Capitalisation¹

\$5.6bn

Assets Under Management (AUM)

\$0.5bn

Co-Investments

\$4.8bn

Property Funds Management AUM

\$0.8bn

Investment Bonds AUM

Centuria
Metropolitan REIT
(CMA)

Centuria
Industrial REIT
(CIP)

Propertylink
Group
(PLG)

24.9%²

24.2%²

19.5%

Listed Property \$2.6bn

Unlisted Property \$2.2bn

Industrial REIT
(CIP)

Metropolitan REIT
(CMA)

Fixed term funds

Centuria
Diversified
Property Fund

\$1.2bn

\$1.4bn

15

AUM

AUM

¹ Based on CNI closing price of \$1.275 on 31 December 2018

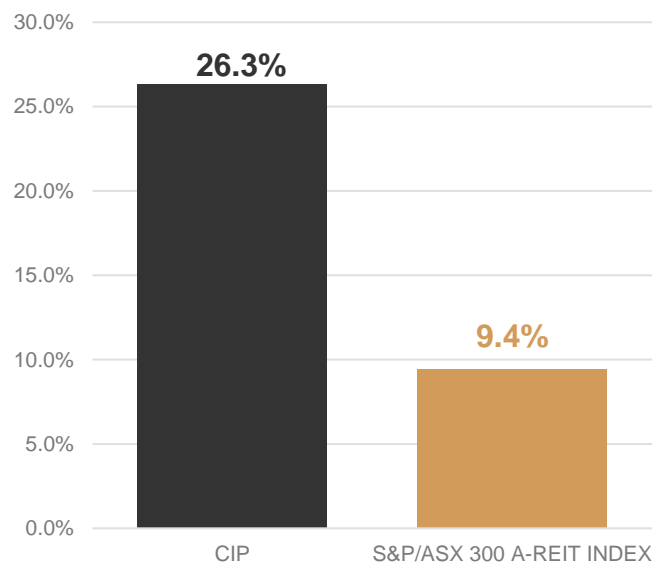
² Co-investment ownership percentage includes the ownership by associates of Centuria Capital Group

As at 31 December 2018

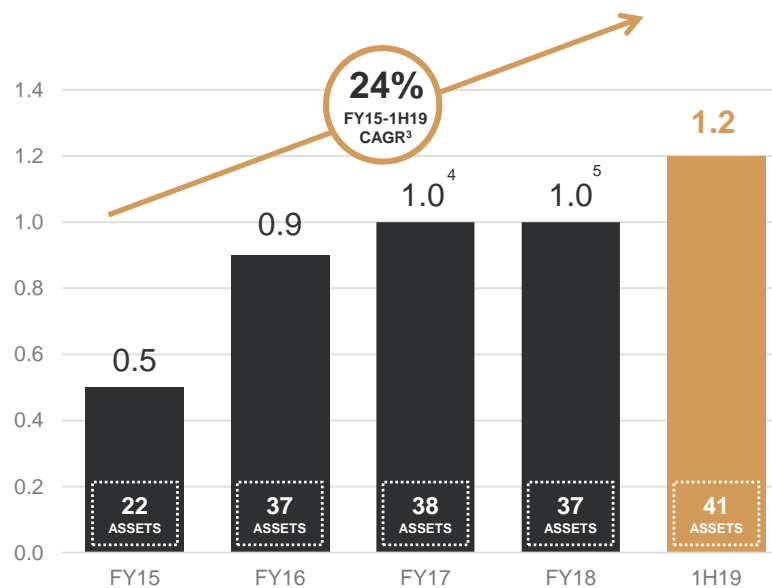
Centuria management – creating unitholder value

Total unitholder return 26.3% under Centuria's management^{1,2,3}

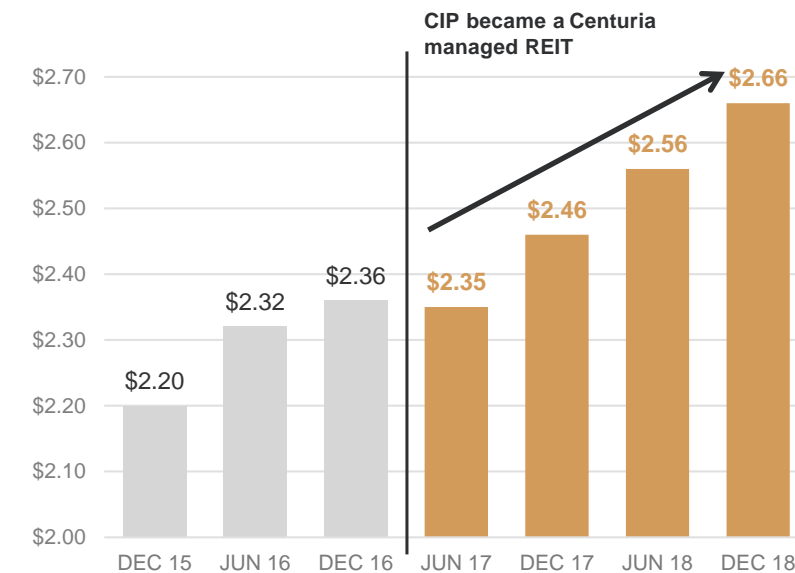
TOTAL RETURN SINCE UNDER CENTURIA'S MANAGEMENT OF CIP^{1,2,3}



PORTFOLIO VALUE (\$BN)



NTA PER UNIT⁶



1. Centuria management of CIP since 7 January 2017

2. Source: Moelis Australia

3. Past performance is not indicative of future performance

4. Includes acquisition of Lot 14 Sudlow Rd, Bibra Lake and 207-219 Browns Rd, Noble Park, which exchanged on 29 June 2017

5. Excludes 39-45 Wedgewood Dr, Hallam, VIC, divested on 13 July 2018

6. NTA per unit is calculated as net assets less goodwill divided by closing units on issue

Key metrics – a quality pure play industrial platform

PORTFOLIO



41

High quality assets



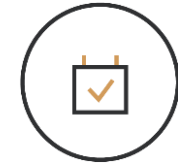
\$1.2bn

Portfolio value



97.1%

Portfolio occupancy¹



4.7yrs

Portfolio WALE¹

FINANCIAL



\$731m

Market capitalisation²



15.8%

12 month return on equity³



37.0%

Gearing⁴



16.1%

12 month total return⁵

S&P/ASX300 A-REIT accumulation index 3.3%

1. By income. Assumes 12 month rental guarantee for Cargo Business Park, 1 International Drive, Westmeadows, VIC

2. Based on CIP closing price of \$2.74 on 31 December 2018

3. Return on equity calculated as (closing NTA minus opening NTA plus distributions) divided by opening NTA

4. Gearing is as total borrowings less cash divided by total assets less cash and goodwill

5. Source: Moelis Australia

Delivering on FY19 priorities

1

Maintain leasing momentum

- Occupancy improved to 97.1%¹ (94.5% at FY18)
- Leases agreed for 65,902sqm (8% of the portfolio) in 1H19
- Remaining lease expiry in FY19 is 1.5% of portfolio

2

Improve Victoria portfolio

- Over 52,000sqm leased in the half
- Occupancy now above 96%¹
- Transacted \$52 million² of assets in 1H19 to improve portfolio quality

3

Prudently manage debt

- Reduced gearing to 37%³
- Refinanced \$210 million of debt, introduced new lender
- No debt maturing until May 2020

4

Continue to maximise ROE

- 12 month return on equity of 15.8%⁴
- Revaluations driving NTA⁵ increase of 3.9% in 1H19

5

Deliver FY19 earnings guidance

- 1H19 distributable earnings of 9.3cpu, distribution of 9.2cpu delivered
- Guidance for distributable earnings per unit of 18.5 - 19.0cpu, distribution per unit of 18.4cpu reiterated⁶

1. By income. Assumes 12 month rental guarantee for Cargo Business Park, 1 International Drive, Westmeadows, VIC

2. Before transaction costs

3. Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill

4. Return on equity calculated as (closing NTA minus opening NTA plus distributions) divided by opening NTA

5. NTA per unit is calculated as net assets less goodwill divided by closing units on issue

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

SECTION TWO

Financial Results



ASHBURN ROAD,
BUNDAMBA, QLD

On track to deliver FY19 guidance and focused on maximising return on equity

REVENUE		31 DEC 2018	31 DEC 2017	VARIANCE
Gross property income	(\$'000)	43.2	41.7	1.5
Other income	(\$'000)	0.4	1.7	(1.3)
Interest income	(\$'000)	0.1	0.1	0.0
Total revenue	(\$'000)	43.7	43.5	0.2
EXPENSES		31 DEC 2018	31 DEC 2017	VARIANCE
Direct property expenses	(\$'000)	(8.2)	(7.2)	(1.0)
Responsible entity fees	(\$'000)	(3.2)	(3.0)	(0.2)
Finance costs	(\$'000)	(8.1)	(8.1)	(0.0)
Management and other administrative expenses	(\$'000)	(0.9)	(0.9)	(0.0)
Total expenses	(\$'000)	(20.4)	(19.3)	(1.1)
Distributable earnings¹	(\$'000)	23.3	24.2	(0.9)
Weighted average units on issue	m	249.3	239.4	9.9
Distributable earnings per unit ¹	cpu	9.3	10.1	(0.8)
Distribution	\$m	23.7	24.1	(0.4)
Distribution per unit	cpu	9.2	9.7	(0.5)
Distribution yield ²	%	6.7	7.6	(0.9)
Return on equity ³	%	15.8	12.5	3.3
Payout ratio	%	99	96	3

Reflects **acquisitions** through CY18

1H18 included distributions from PLG investment, **since divested**

Like-for-like income **in line with 1H18**

Distributable earnings per unit in line with **FY19 guidance**

Return on equity driven by **leasing success and positive market fundamentals**

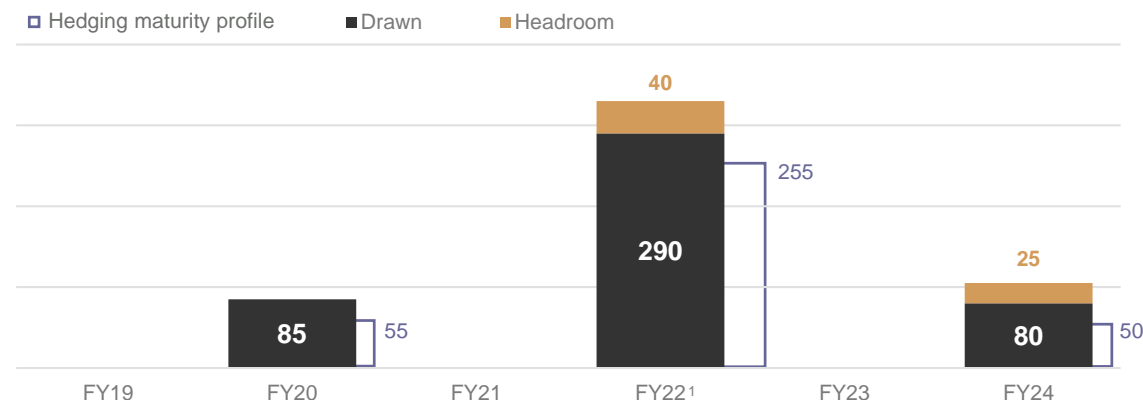
1. Distributable earnings is a financial measure which is not prescribed by Australian Accounting Standard ("AAS") represents the profit under AAS adjusted for specific non-cash and significant items. The Directors consider that distributable earnings reflect the core earnings of CIP

2. Based on CIP closing price of \$2.74 on 31 December 2018 and \$2.54 on 31 December 2017

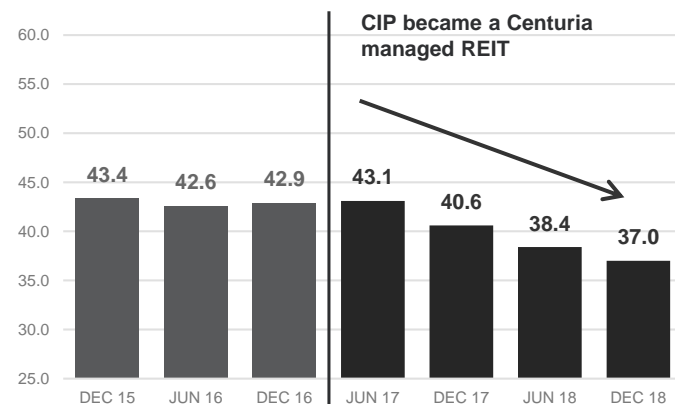
3. Return on equity calculated as (closing NTA minus opening NTA plus distributions) divided by opening NTA

Continuing to strengthen CIP's balance sheet

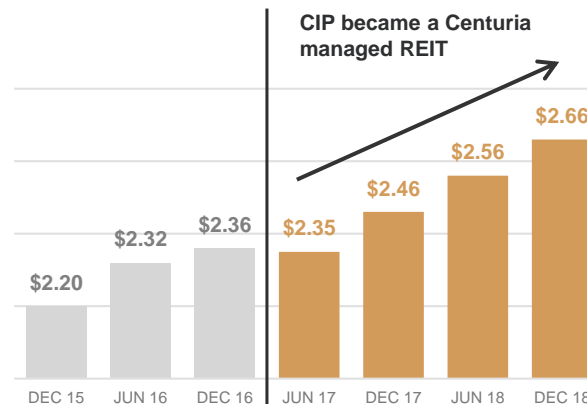
DEBT AND HEDGE MATURITY PROFILES¹



GEARING² PROFILE



NTA PER UNIT³



- **Refinanced existing \$150 million facility**
- **Additional \$60 million of facilities secured**
- **Headroom of \$65 million**
- **No maturities until May 2020**
- **Reduced gearing to 37.0%²**

KEY DEBT METRICS		1H19	FY18
Facility limit	\$m	520.0	460.0
Drawn amount	\$m	454.8	429.8
Weighted average debt expiry	Years	3.3	2.5
Proportion hedged	%	79.2 ¹	79.1
Weighted average hedge maturity	Years	3.3 ¹	2.9
Cost of debt ⁴	%	3.8	3.9
Interest cover ratio	Times	3.9	4.0
Gearing ²	%	37.0	38.4

1. Reflects new hedging entered into on 31 January 2019. Includes fixed debt, which matures in FY22

2. Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill

3. NTA per unit is calculated as net assets less goodwill divided by closing units on issue

4. Including weighted average swap rate, facility establishment fees and all-in margins (base & line fees)

SECTION THREE

Portfolio Overview

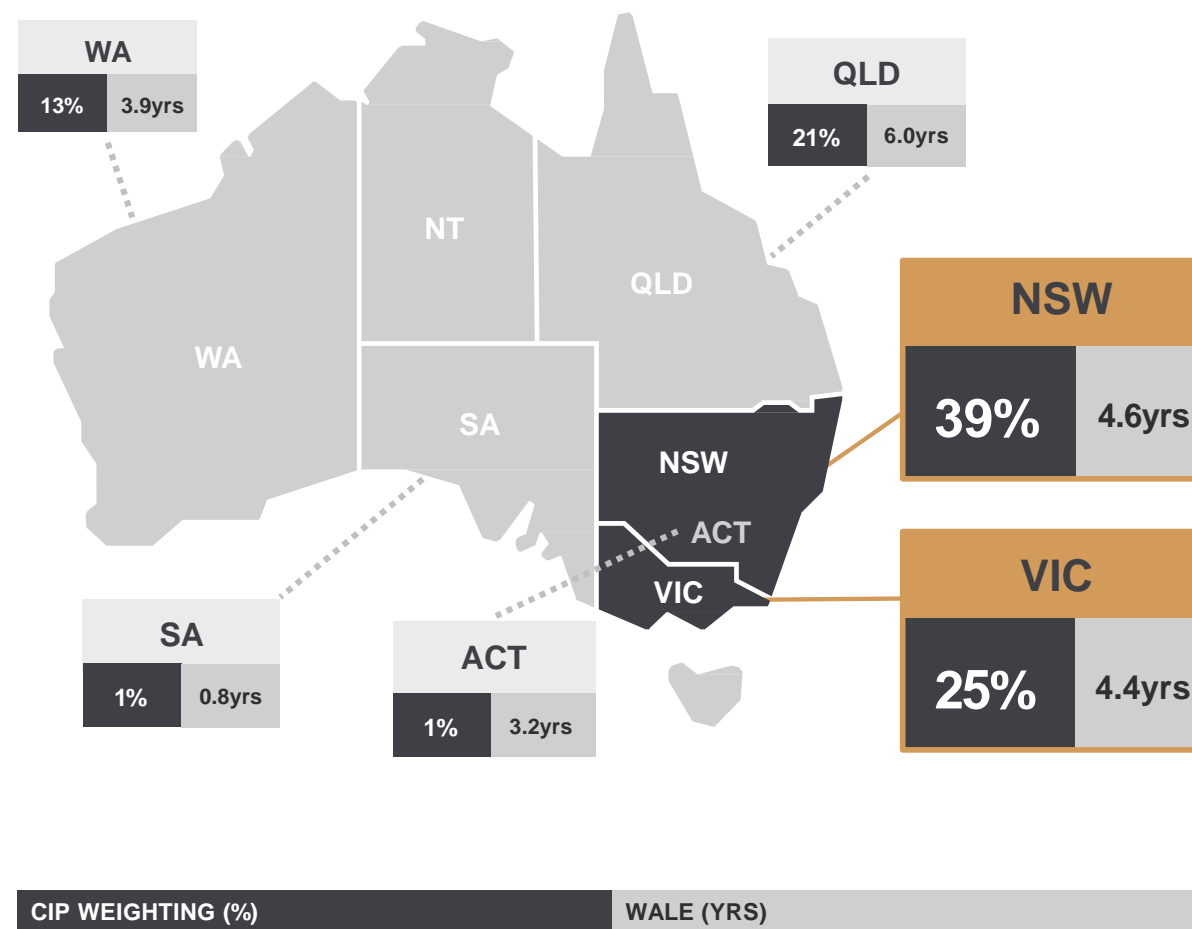


14-17 DANSU COURT,
HALLAM VIC

100% exposure to high quality Australian industrial assets

PORTFOLIO SNAPSHOT		1H19	FY18 ¹
Number of assets	#	41	37
Book value	\$m	1,154.7	999.0
WACR	%	6.54	6.76
GLA	sqm	798,840	735,384
Average asset size	sqm	19,484	19,352
Occupancy by income	%	97.1 ²	94.5
WALE by income	Years	4.7 ²	5.1

- A **\$1.2 billion** portfolio provides scalability and diversification in core markets
- Increased occupancy driven by **leasing success**, Strong WALE² of 4.7 years
- Highest weighting to **NSW and VIC** markets at **64%**
- **High concentration** of NSW and VIC sub portfolios located in infill locations or close to key infrastructure

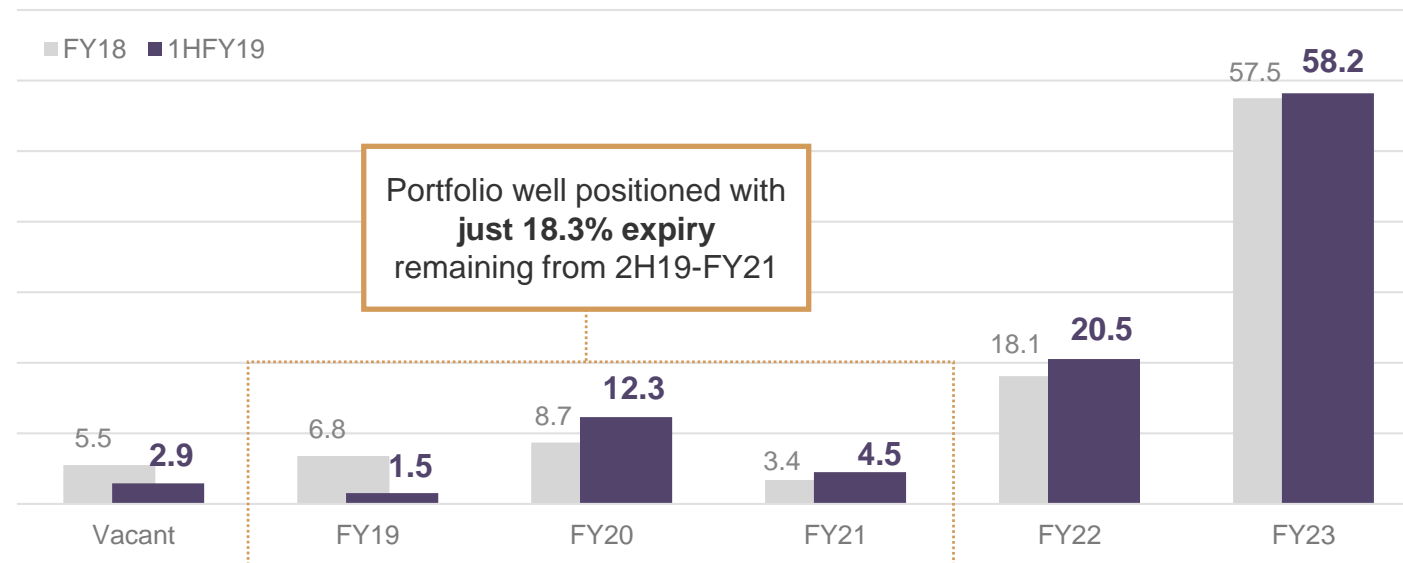


1. Excludes 39-45 Wedgewood Drive, Hallam, VIC, divested 13 July 2018

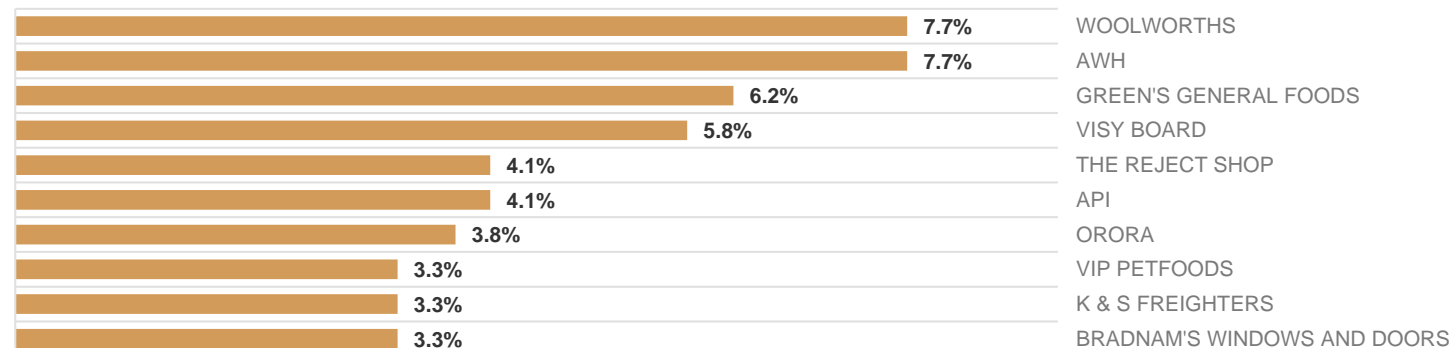
2. By income. Assumes 12 month rental guarantee for Cargo Business Park, 1 International Drive, Westmeadows, VIC

Continued leasing momentum in FY19

WEIGHTED AVERAGE LEASE EXPIRY (% BY INCOME)



TENANT % OF TOTAL INCOME



Significant leasing momentum continued with 65,902sqm¹ leased in 1H19

- Victoria sub portfolio significantly repositioned, 52,693sqm (80%) of total leasing delivered in 1H19, occupancy increased to 96.4%

Remaining FY19 expiry less than 2%

- Focus towards de-risking FY20 expiry

High quality, diversified tenant base

- No top 10 tenant expiries until FY22

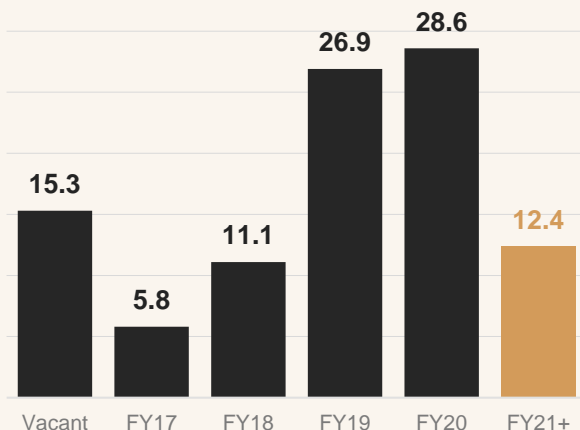
1. Includes heads of agreement (HOA)

Active management initiatives significantly reposition Victorian portfolio

LEASE EXPIRY PROFILE

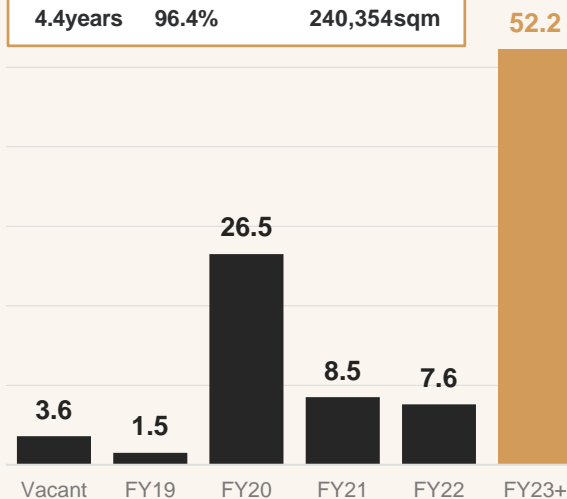
PORTFOLIO AS AT 31 DECEMBER 2016

WALE ¹	OCCUPANCY ¹	GLA
2.7years	84.7%	202,250sqm



PORTFOLIO AS AT 31 DECEMBER 2018

WALE ¹	OCCUPANCY ¹	GLA
4.4years	96.4%	240,354sqm



24 months of active asset management initiatives

- **164,841sqm** leased since Centuria commenced management
 - Represents **70%** of the Victorian sub portfolio
- WALE increased to **4.4yrs** (from 2.7yrs)
- Occupancy increased **11.7% to 96.4%**

1. By income

2. Before transaction costs

3. At time of acquisition

4. Purchase price includes a rental 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 a condition precedent

LEASING

KEY VIC LEASE TRANSACTIONS CY2018

24-32 STANLEY DRIVE
SOMERTON, VIC



Two new five year leases over 24,350sqm

14-17 DANSU COURT
HALLAM, VIC



3% year renewal of GM Holden over 15,333sqm

12-13 DANSU COURT
HALLAM, VIC



New 5 year lease to Enersys over 10,099sqm

TRANSACTIONS

ACQUISITIONS² | \$79.0m

207-219 BROWNS ROAD
NOBLE PARK, VIC



Price \$37.0m; Initial yield 7.0%; WALE 8.8 years^{1,3}

1 INTERNATIONAL DRIVE
TULLAMARINE, VIC



Price \$42.0m; WALE 2.3 years^{1,3,4}

DIVESTMENTS² | \$40.1m

39-45 WEDGEWOOD DRIVE
HALLAM, VIC



Price \$10.0m; premium to book value 7.5%; IRR under Centuria's management of 14%

6 ALBERT STREET
PRESTON, VIC



Price \$30.1m; premium to book value 10.7%; IRR under Centuria's management of 18%

NTA uplift driven by market fundamentals and leasing success

PORTFOLIO VALUATION SUMMARY

STATE	1H19 VALUATION	FY18 VALUATION	VALUATION MOVEMENT	1H19 WACR	FY18 WACR	MOVEMENT WACR
NSW	444.4	418.5	25.9	6.15%	6.51%	(0.36%)
VIC	252.4	239.3	13.1	6.54%	6.70%	(0.16%)
QLD	190.4	186.1	4.3	6.55%	6.70%	(0.15%)
WA	130.8	131.3	(0.5)	7.54%	7.55%	(0.00%)
SA	8.2	8.1	0.1	9.00%	9.00%	0.00%
ACT	16.0	15.7	0.3	6.75%	7.00%	(0.25%)
Like for Like Portfolio / Weighted Average	1,042.2	999.0	43.2	6.52%	6.76%	(0.24%)
Acquisitions	112.5	-	112.5	6.71%	-	-
Disposals	-	10.0	(10.0)	-	7.50%	-
Total Portfolio / Weighted Average	1,154.7	1,009.0	145.7	6.54%	6.76%	(0.22%)

GAIN IN VALUATIONS (BY % VALUE)

PROPERTY	1H19 VALUATION	FY18 VALUATION	VALUATION MOVEMENT	CAP RATE MOVEMENT	COMMENTS
74-94 Newton Road, Wetherill Park	34.4	28.2	22.0%	(0.25%)	Reflecting strength in infill NSW markets
14-17 Dansu Court, Hallam	21.1	18.6	13.2%	(0.25%)	Renewal of GM Holden
12-13 Dansu Court, Hallam	17.3	15.4	12.3%	(0.00%)	Driven by new lease to Dormakaba
75 Owen Street, Glendenning	8.5	7.6	11.8%	(0.50%)	Reflecting strength in infill NSW markets
69 Studley Court, Derrimut	21.5	19.3	11.4%	(0.25%)	Driven by market fundamentals and cap rate compression

- **100% of portfolio revalued** in September 2018
- Like for like revaluation **gain of \$43.2 million** in 1H19¹
- **WACR reduced** to 6.54%
- **Strong investor appetite** for industrial assets driving cap rate compression
- Driving **NTA uplift** of 3.9%
- **90%** of the valuation gains seen from NSW and VIC sub portfolios, which represent highest portfolio weighting

1. Reflects gross increase, does not include capital expenditure incurred

Active portfolio management with 87% of properties transacted off market and \$112.3m acquired YTD

FY18 | \$152.7m¹1HFY19 | \$168.6m¹

ACQUIRED

**\$37.0m**

207-219 Browns Rd, Noble Park, VIC

**\$28.0m**

Lot 14 Sudlow Rd, Bibra Lake, WA

**\$11.2m**

92 Robinson Ave, Belmont, WA

**\$2.2m**

43-45 Mica Street, Carole Park, QLD

**\$44.2m**

7.7% interest in Propertylink Group (ASX:PLG)

**\$30.1m**

6 Albert Street, Prestons, VIC

**\$30.6m**

149 Kerry Rd, Archerfield, QLD

**\$23.8m**

155 Lakes Rd & 103 Stirling Cres, Hazelmere, WA

**\$42.0m²**

1 International Dr, Westmeadows, VIC

**\$15.9m**

616 Boundary Rd, Richlands, QLD

**\$10.0m**

39-45 Wedgewood Dr, Hallam, VIC

**\$46.3m³**

7.7% interest in Propertylink Group (ASX:PLG)

DIVESTED

1. Before transaction costs

2. Purchase price includes a rental 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 a condition precedent

3. Net proceeds

SECTION FOUR

Guidance & Strategy



6 MACDONALD ROAD,
INGELBURN, NSW

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 unitholders

GUIDANCE

FY19 Guidance remains unchanged

- 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 **6.7%**¹



1. Based on CIP closing price of \$2.74 on 31 December 2018

SECTION FIVE

Appendices

Appendix A – Leasing Expiry by State

Appendix B – Market Research

Appendix C – Income Statement

Appendix D – Distribution Statement

Appendix E – Balance Sheet and NTA Movement

Appendix F – FFO Reconciliation

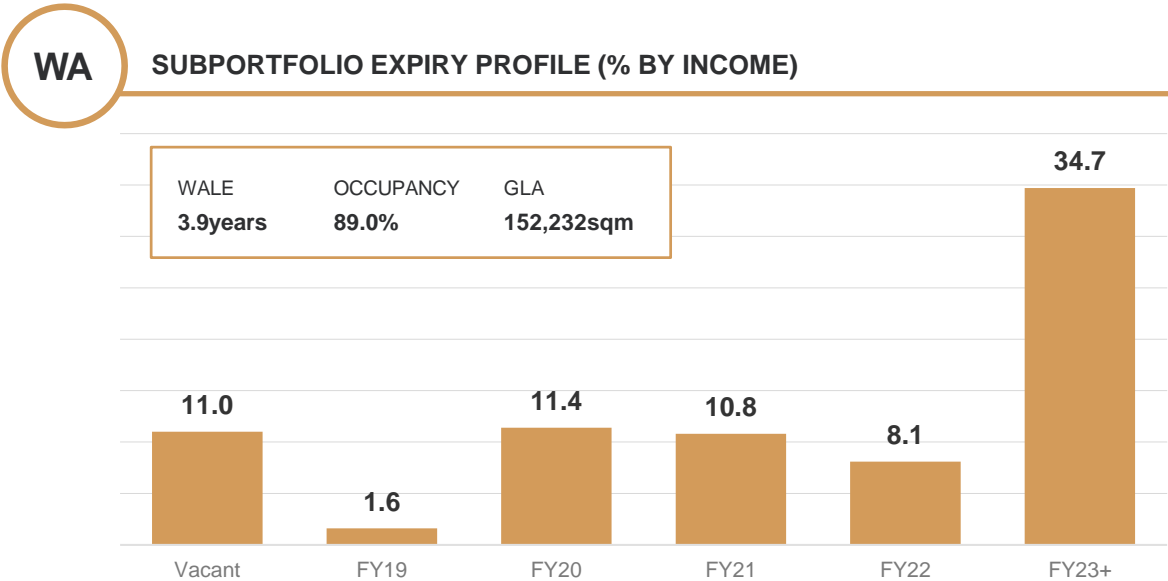
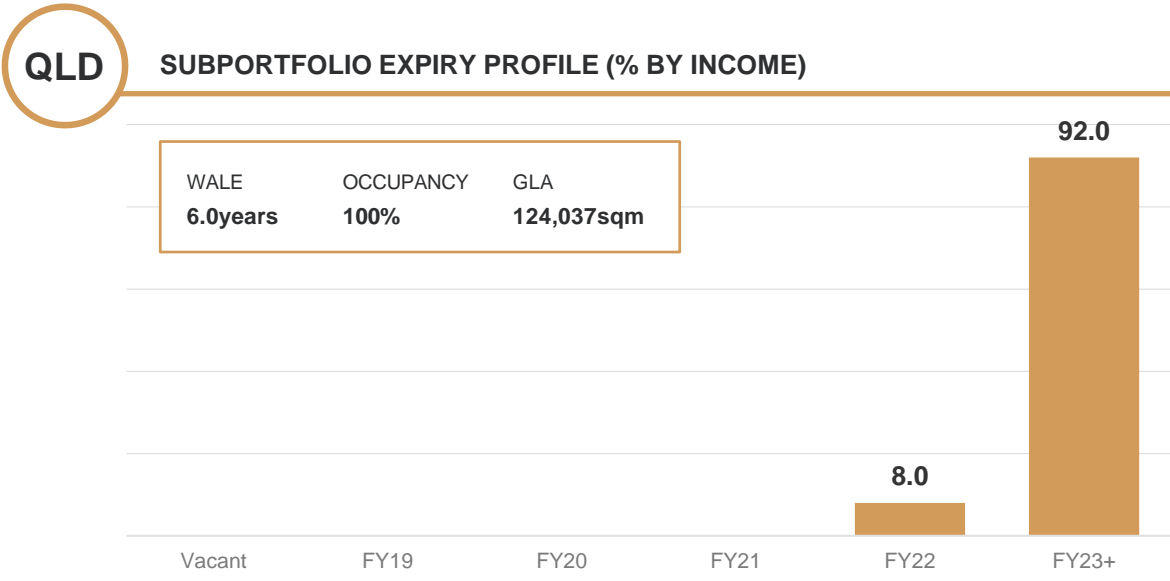
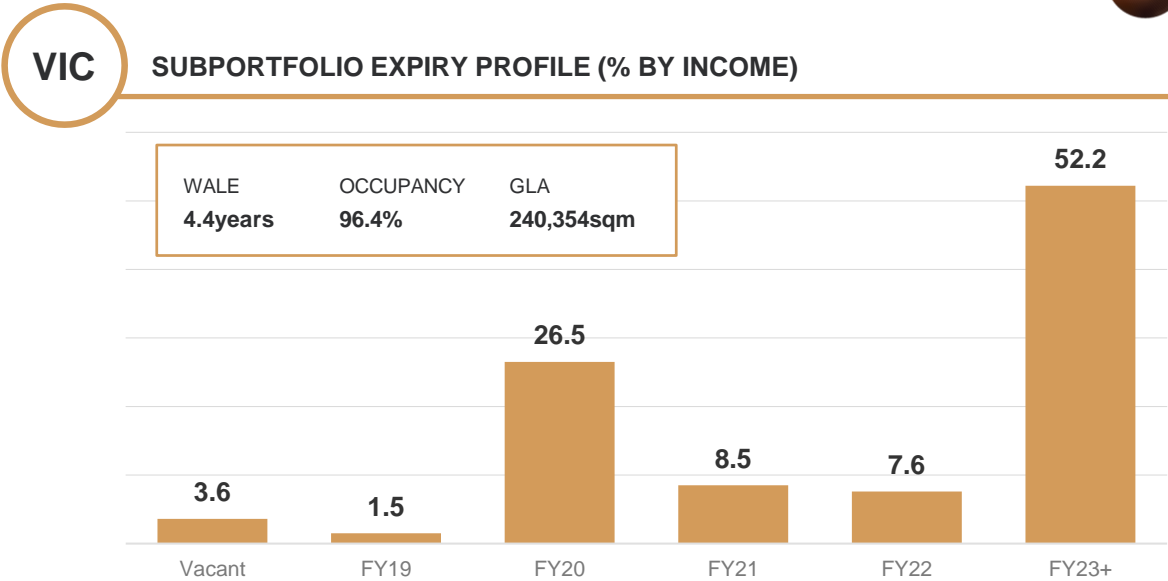
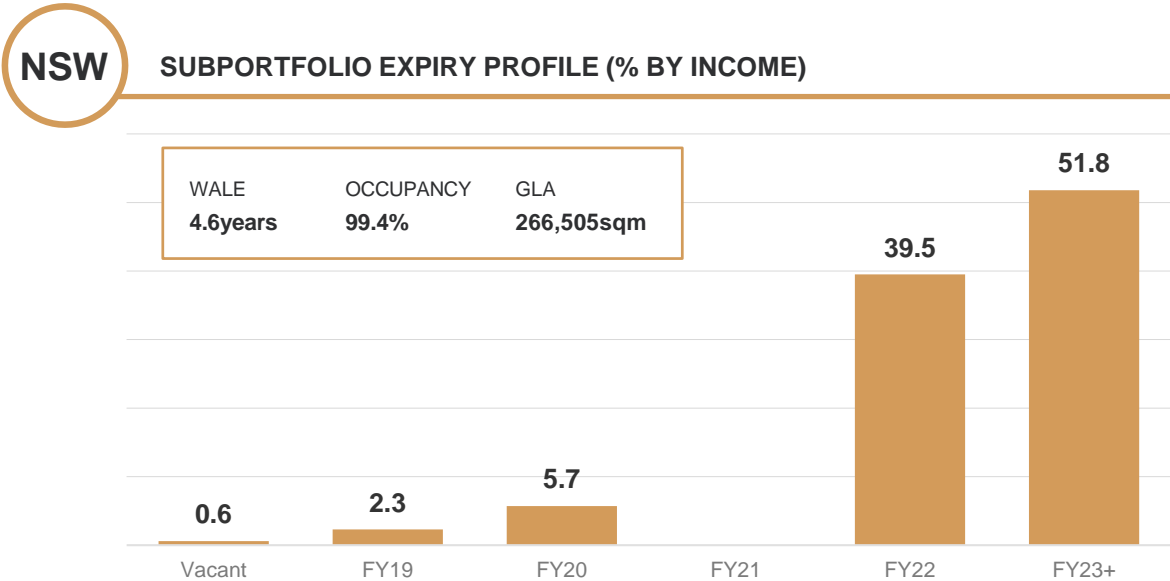
Appendix G – Key Vacancies and Upcoming Expiries

Appendix H – 1H19 Acquisition Profiles

Appendix I – Investment Portfolio

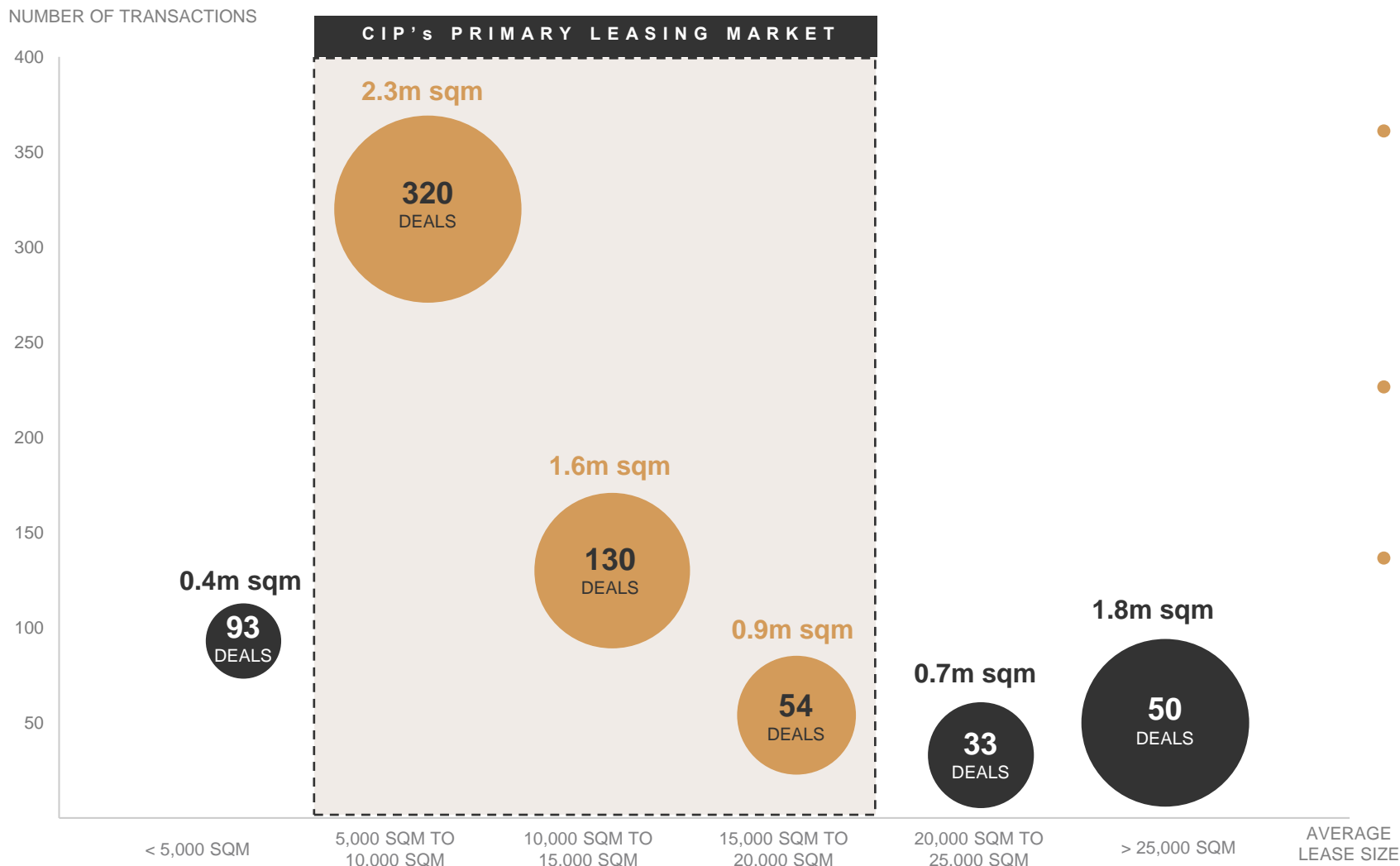


10 WILLIAMSON ROAD,
INGELBURN, NSW



1. ACT: WALE 3.2 years, occupancy 100%, GLA 8,689sqm
2. SA: WALE 0.8 years, occupancy 100% GLA 7,023sqm

Strong leasing activity in CIP core market segments^{1,2}



- With an average asset size of **19,484sqm**, CIP's portfolio remains well positioned to benefit from strong inquiry for this type of product in key infill locations
- **74%³** of total national leasing occurred for areas between **5,000sqm** to **15,000sqm** over the last two years
- CIP's greatest leasing velocity occurs between **5,000-15,000sqm** requirements and is supported by deepest transaction requirements

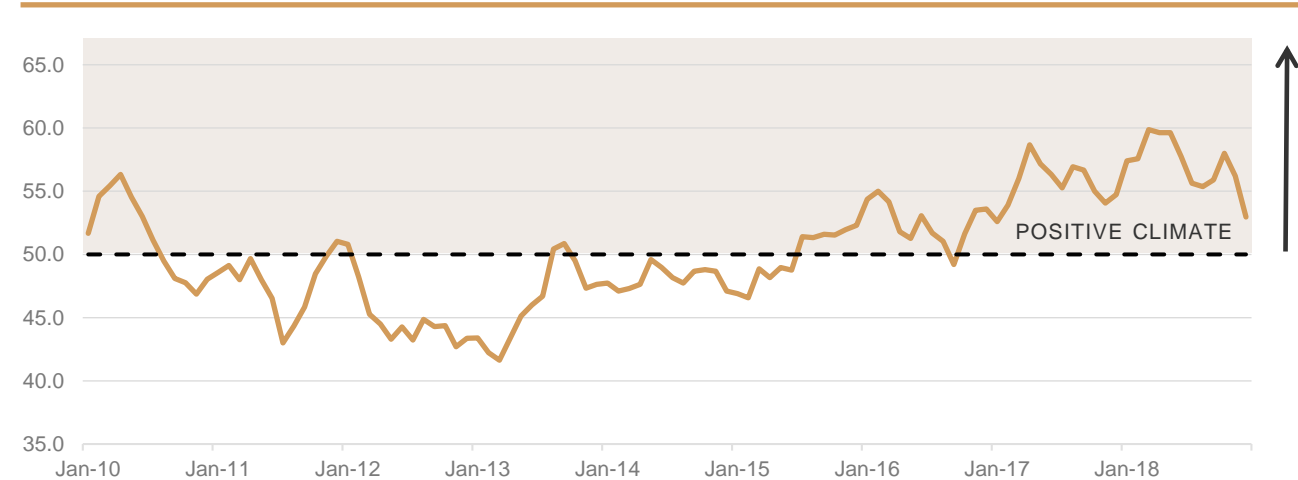
1. Source: JLL Research. Includes transactions greater than 5,000sqm for NSW and VIC and transactions greater than 3,000sqm for other markets

2. Includes leasing transactions from 1Q 2016 to 4Q 2018

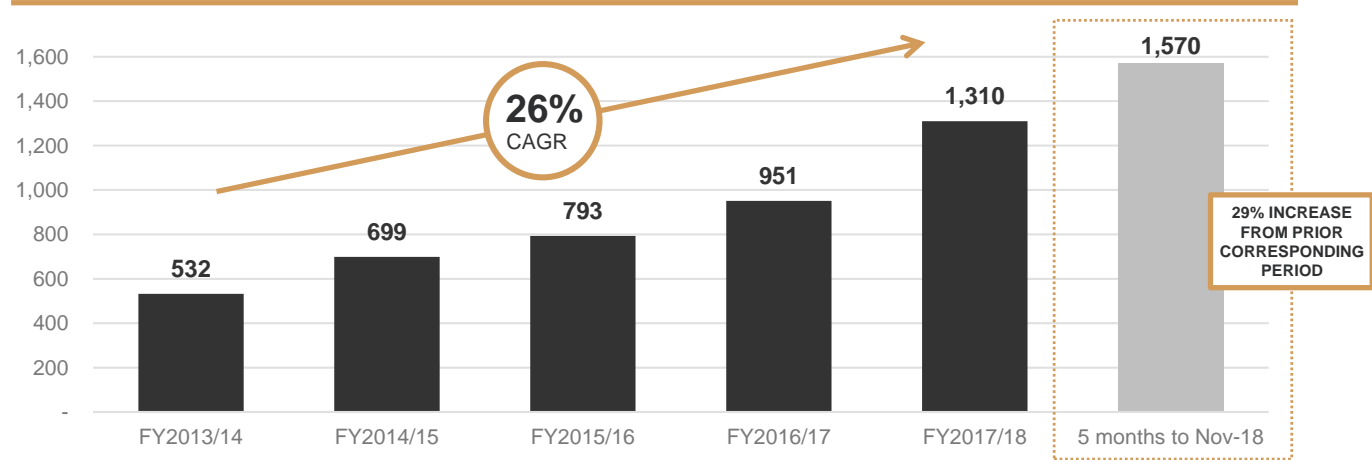
3. By number of deals

Underlying conditions remain positive for industrial occupiers

AUSTRALIAN MANUFACTURING PURCHASING MANAGERS INDEX¹ (3 MONTHS AVERAGE)



ONLINE RETAIL AND ECOMMERCE² (MONTHLY AVERAGE)



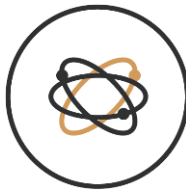
DRIVERS TRANSFORMING DEMAND REQUIREMENTS



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



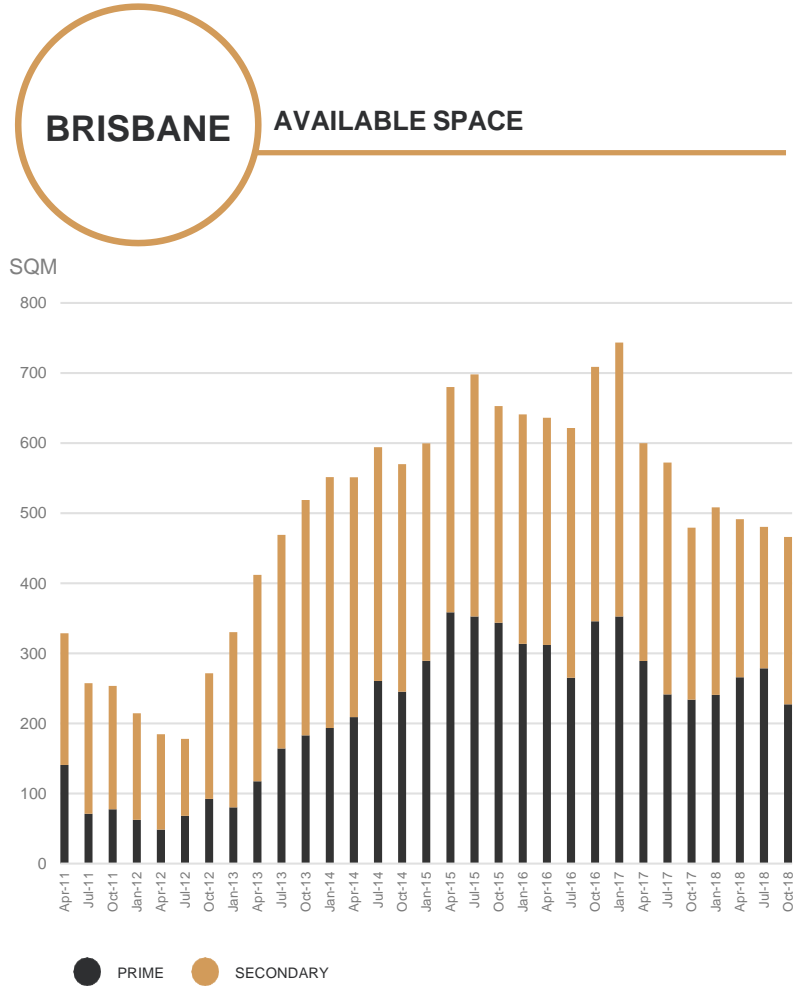
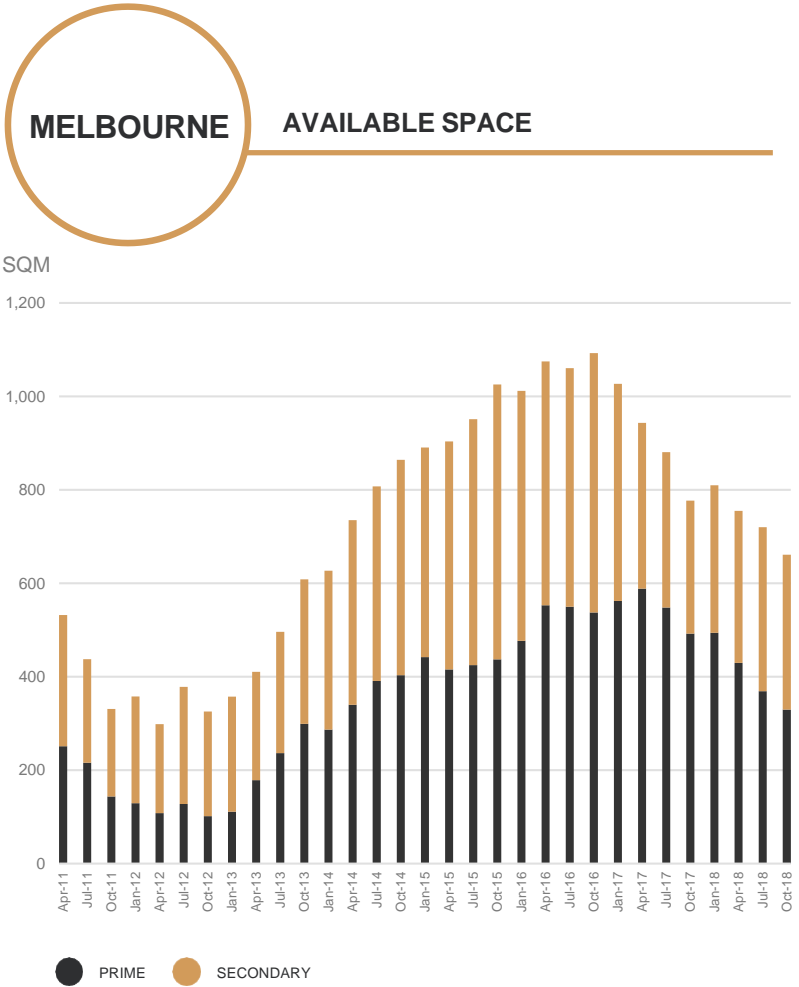
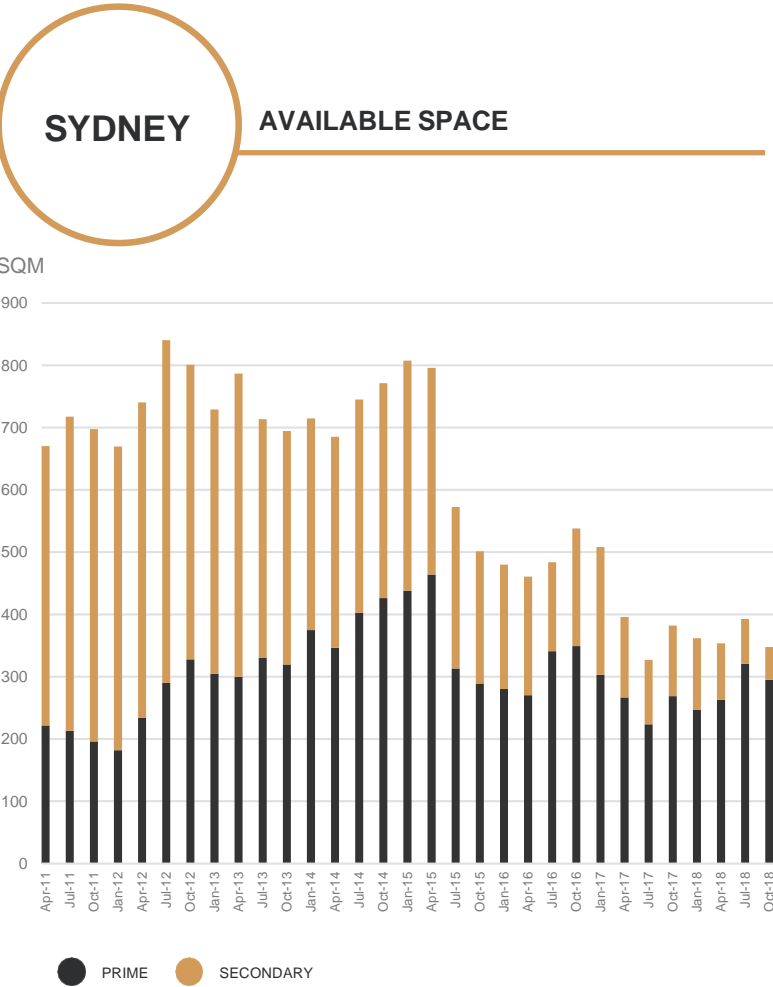
Growth in online retailing expected to continue, retailers adapting supply chains



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

1. Source: RBA property insights
2. Source: Colliers research

Availability reducing across all key markets



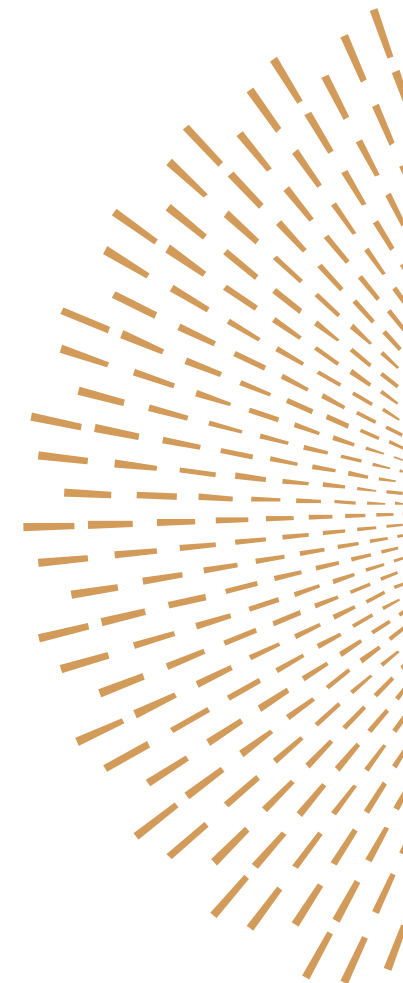
1. Source: Knight Frank Research

Income Statement

		31 DEC 2018	31 DEC 2017
REVENUE			
Gross property income	(\$'000)	43,202	41,719
Other income	(\$'000)	397	1,676
Interest income	(\$'000)	112	82
Total revenue	(\$'000)	43,711	43,477
EXPENSES			
Direct property expenses	(\$'000)	(8,161)	(7,170)
Responsible entity fees	(\$'000)	(3,226)	(3,013)
Finance costs	(\$'000)	(8,142)	(8,136)
Management and other administrative expenses	(\$'000)	(903)	(935)
Total expenses	(\$'000)	(20,432)	(19,254)
Distributable earnings	(\$'000)	23,279	24,223
Straight lining of rental income	(\$'000)	947	(720)
Amortisation of leasing commissions and tenant incentives	(\$'000)	(2,659)	(1,051)
Net gain on fair value of investment properties gain / (loss)	(\$'000)	30,395	24,885
Gain / (loss) on sale of investment properties	(\$'000)	(326)	-
Gain / (loss) on swap revaluation of investments	(\$'000)	(735)	492
Gain / (loss) on revaluation of investments	(\$'000)	(3,107)	2,142
Amortisation of capitalised borrowing costs	(\$'000)	(404)	(363)
Other transaction related costs	(\$'000)	(1,284)	-
Statutory net profit	(\$'000)	46,106	49,608

Distribution Statement

		31 DEC 2018	31 DEC 2017
Statutory net profit	(\$'000)	46,106	49,608
Straight lining of rental income	(\$'000)	(947)	720
Amortisation of leasing commissions and tenant incentives	(\$'000)	2,659	1,051
Net gain on fair value of investment properties (gain) / loss	(\$'000)	(30,395)	(24,885)
(Gain) / loss on sale of investment properties	(\$'000)	326	-
(Gain) / loss on swap revaluation of investments	(\$'000)	735	(492)
(Gain) / loss on revaluation of investments	(\$'000)	3,107	(2,142)
Amortisation of capitalised borrowing costs	(\$'000)	404	363
Other transaction related costs	(\$'000)	1,284	-
Distribute earnings	(\$'000)	23,279	24,223
Distribution	(\$'000)	23,695	24,051
Weighted average units on issue	m	249.3	239.4
Distributable Earnings per unit	(cpu)	9.3	10.1
Distribution per unit	(cpu)	9.2	9.7



Balance Sheet and NTA Movement

		31 DEC 2018	30 JUN 2018
Cash	(\$'000)	25,468	21,177
Investment properties	(\$'000)	1,154,650	1,009,000
Trade & other receivables	(\$'000)	6,509	3,606
Other assets	(\$'000)	-	52,564 ¹
Goodwill	(\$'000)	10,501	10,501
Derivative financial instruments	(\$'000)	-	51
Total assets	(\$'000)	1,197,128	1,096,899
Interest bearing liabilities ²	(\$'000)	453,056	427,987
Derivative financial instruments	(\$'000)	695	11
Other liabilities	(\$'000)	23,782	21,411
Total liabilities	(\$'000)	477,533	449,409
Net assets	(\$'000)	719,595	647,490
No. units on issues	(\$'000)	266,757	248,357
Net tangible assets per unit ³	(\$)	2.66	2.56
Gearing ⁴	(%)	37.0	38.4

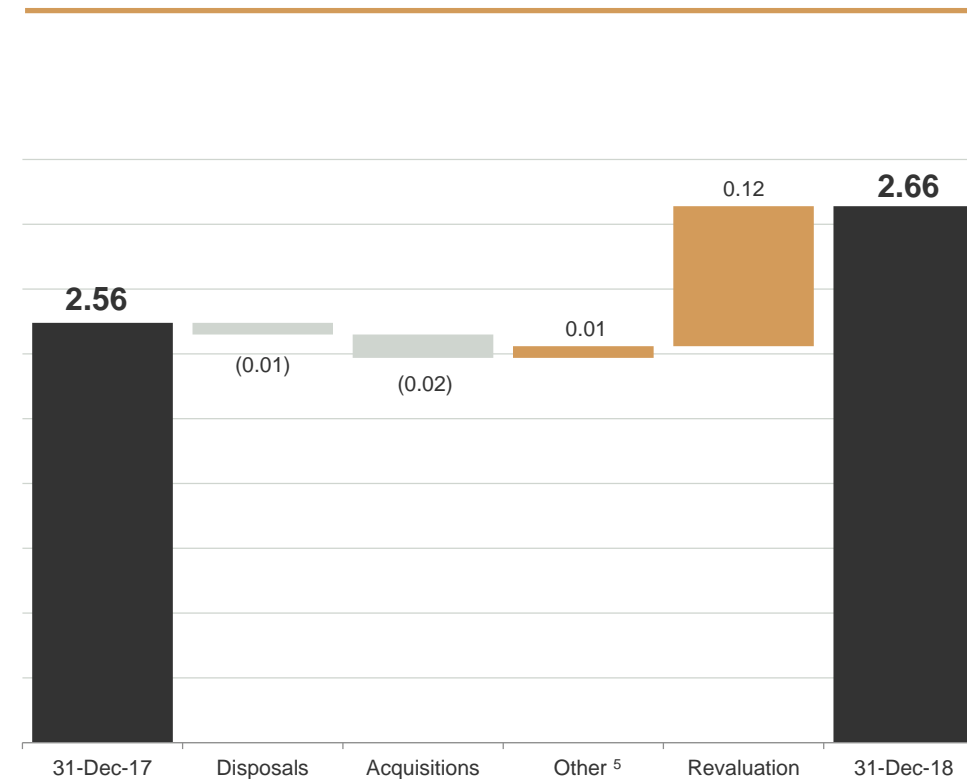
1. Includes CIP's 7.7% holding in Propertylink

2. Drawn debt net of borrowing costs

3. NTA per unit is calculated as net assets less goodwill divided by closing units on issue

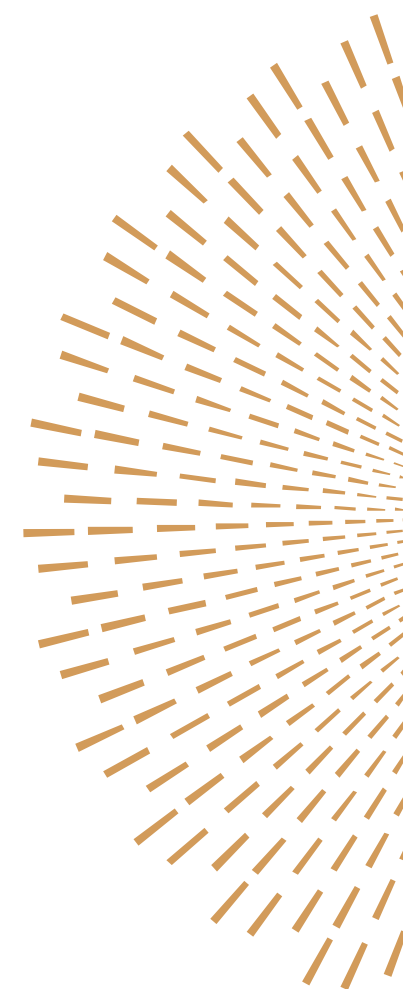
4. Gearing is defined as interest bearing liabilities less cash divided by total assets less cash

5. Other includes movement in cash, receivables and other liabilities

NTA GROWTH³

FFO Reconciliation

		DISTRIBUTABLE EARNINGS	FUNDS FROM OPERATIONS	VARIANCE
Statutory net profit	(\$'000)	46,106	46,106	-
Straight lining of rental income	(\$'000)	(947)	(947)	-
Amortisation of leasing commissions and tenant incentives	(\$'000)	2,659	3,732	1,073
Net gain on fair value of investment properties (gain) / loss	(\$'000)	(30,395)	(30,395)	-
(Gain) / loss on sale of investment properties	(\$'000)	326	326	-
(Gain) / loss on swap revaluation of investments	(\$'000)	735	735	-
(Gain) / loss on revaluation of investments	(\$'000)	3,107	3,107	-
Amortisation of capitalised borrowing costs	(\$'000)	404	-	(404)
Other transaction related costs	(\$'000)	1,284	1,284	-
Distribute earnings	(\$'000)	23,279		
Funds from operations	(\$'000)		23,948	
Distributable earnings per unit	(cpu)	9.3		
Funds from operations per unit	(cpu)		9.6	
Distribution	(\$'000)	23,695	23,695	
Distribution per unit	(cpu)	9.2	9.2	



Key vacancies and upcoming expiries

CURRENT KEY VACANCIES

PROPERTY	GLA (SQM)	% OF PORTFOLIO AREA	VACANT SINCE	STATUS
49 Temple Drive, Thomastown VIC	8,045	1.0	20-Jun-16	5,400sqm leased to in 1H19. Strong interest
99 Quill Way, Henderson WA	16,419	2.1	28-Feb-18	Being marketed suited to users in oil and gas industry
Others (under 3,000sqm)	4,101	0.5		
Total / Average	28,565	3.6		

UPCOMING EXPIRIES (CY19)

PROPERTY	1HCY19	2HCY19	Total CY19	STATUS
102–128 Bridge Road, Keysborough	407	15,556	15,963	Multiple tenancies
310 Spearwood Avenue, Bibra Lake	4,000	9,209	13,209	
500 Princes Highway, Noble Park	-	9,715	9,715	
1 International Drive, Westmeadows	2,053	5,339	7,392	Expiry of lease term on several smaller tenancies and the conclusion of the rental guarantee period
9-13 Caribou Drive, Direk	-	7,023	7,023	
75 Owen Street, Glendenning	4,600	-	4,600	
9 Fellowes Court, Tullamarine	-	4,072	4,072	
74-94 Newton Road, Wetherill Park	1,584	-	1,584	
102–128 Bridge Road, Keysborough	407	15,556	15,963	
Total	12,644	50,914	63,558	

149 Kerry Road, Archerfield, QLD



Property type	Industrial freehold
Ownership	100%
Purchase price	\$30.6m
Capitalisation rate	6.00%
Initial yield	6.5%
Occupancy ¹	100%
WALE by income ^{1,2}	6.1 years
Site area	4.4 hectares
GLA	13,774 sqm

1. Calculated by income
2. As at 30 November 2018

Key characteristics

Stable asset with high quality tenant in Bluescope Steel Limited with a long term lease commitment

- Strategic location with access to infrastructure connections including the Acacia Ridge Rail Terminal
- Low site coverage ratio of 31% offers flexibility to accommodate current and future tenant requirements
- Acquired from Centuria Metropolitan REIT (ASX:CMA). The acquisition was on arm's length terms with CIP participating in an on-market sales process. The CPF2L directors determined that the acquisition met CIP's investment criteria and was in the best interests of CIP unitholders



SITE OVERVIEW



WAREHOUSE INTERNALS



INTERNAL CATWALK



KEY LANDMARKS

1. Archerfield Asset
2. Acacia Ridge Rail Terminal
3. Archerfield Airport

155 Lakes Road & 103 Stirling Crescent, Hazelmere, WA



Property type	Industrial freehold
Ownership	100%
Purchase price	\$23.8m
Capitalisation rate	6.75%
Initial yield	7.5%
Occupancy ¹	100%
WALE by income ^{1,2}	1.6 years
Site area	6.0 hectares
GLA	9,990 sqm

1. Calculated by income
2. As at 30 November 2018

Key characteristics

High quality Perth metropolitan asset occupying a site area of 6.0 hectares across 2 freehold titles

- Both assets are occupied by subsidiaries of ASX listed entities (CIMIC and NRW Holdings)
- Valuation underpinned by land value with the buildings having low site coverage ratio of 17%
- Located in close proximity to key infrastructure including the Perth Airport and is adjacent to the intersection of the Great Eastern Highway bypass and Roe Highway, providing unique road train access



SITE OVERVIEW



WAREHOUSE INTERNALS



INTERNAL CATWALK



KEY LANDMARKS

- Hazelmere Assets
- Perth Airport

1 International Drive, Westmeadows VIC



Key characteristics

Cargo park is a high quality industrial unit estate with an overall **GLA of 25,866sqm** on a prime 5.6ha site

The property is located on the first exit ramp on the Tullamarine Freeway from Melbourne Airport and provides unparalleled exposure to **120,000 vehicles** per day with its 425m frontage

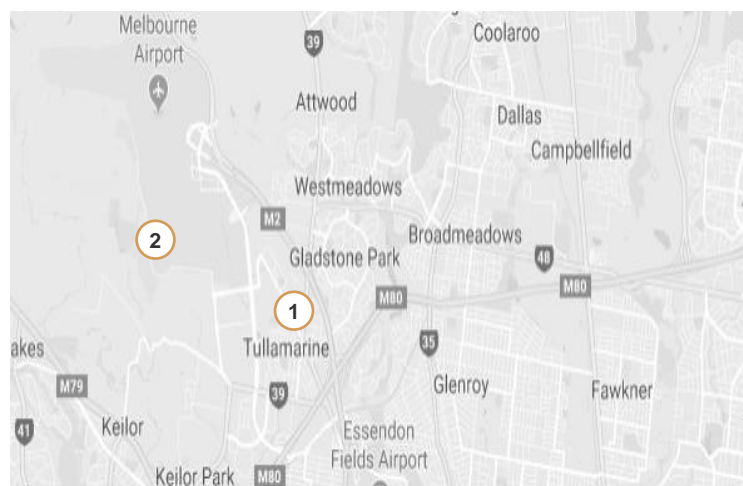
The location delivers exceptional access to service Melbourne Airports **350,000** annual tonnes of airfreight, creating demand from a series of high quality tenants

Property type	Industrial freehold
Ownership	100%
Purchase price	\$40.2m ¹
Capitalisation rate	7.00%
Occupancy ²	87%
WALE by income ^{2,3}	2.3 years
Site area	5.6 hectares
GLA	25,866 sqm

1. Purchase Price includes a rental 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

2. Calculated by income

3. As at November 2018



KEY LANDMARKS

1. Cargo Park
2. Melbourne Airport

616 Boundary Road, Richlands QLD



Key characteristics

The **13,763sqm** warehouse facility on a **3.1 hectare** site has dual street frontages is located in the prime Richlands market with surrounding occupiers including Coca-Cola and Target.

The property was acquired through a sale and leaseback transaction and is **100%** occupied by logistics group, Border Express. The **3.1 hectare** site has dual street frontages.

Property type	Industrial freehold
Ownership	100%
Purchase price	\$15.9m
Capitalisation rate	7.25%
Initial yield	8.2%
Occupancy ¹	100%
WALE by income ¹	3.0 years
Site area	3.1 hectares
GLA	13,763 sqm



KEY LANDMARKS

1. Richland Asset
2. Brisbane CBD

1. Calculated by income

Investment Portfolio

PROPERTY	STATE	BOOK VALUE	\$/SQM	CAP RATE	GLA (SQM)	WALE (YRS) ¹	OCCUPANCY % ¹
2 Woolworths Warnervale	NSW	81.2	1,489	7.00%	54,533	2.6	100.0%
10 Williamson Road, Ingleburn	NSW	48.9	1,794	5.75%	27,260	3.7	100.0%
29 Glendenning Road, Glendenning	NSW	45.7	2,143	5.50%	21,298	9.9	100.0%
92-98 Cosgrove Road, Enfield	NSW	44.5	1,313	6.25%	33,863	5.5	100.0%
12 Williamson Road, Ingleburn	NSW	38.8	1,510	6.25%	25,666	4.7	100.0%
37–51 Scrivener Strwick Farm	NSW	35.5	1,286	6.75%	27,599	3.5	100.0%
74-94 Newton Road, Wetherill Park	NSW	34.4	2,028	6.00%	16,962	2.9	100.0%
457 Waterloo Road, Chullora	NSW	29.1	1,810	5.75%	16,051	5.6	89.8%
6 Macdonald Road, Ingleburn	NSW	22.6	1,822	5.75%	12,375	3.1	100.0%
30 Clay Place, Eastern Creek	NSW	19.0	3,160	5.50%	6,012	6.9	100.0%
8 Penelope Crescent, Arndell Park	NSW	18.9	1,651	5.75%	11,420	8.7	100.0%
52-74 Quarry Road, Erskine Park	NSW	17.6	1,979	6.00%	8,867	2.9	100.0%
75 Owen Street, Glendenning	NSW	8.5	1,848	6.00%	4,600	0.4	100.0%
1 International Drive, Westmeadows	VIC	41.8	1,617	7.00%	25,852	2.2	100.0%
207-219 Browns Road, Noble Park	VIC	40.1	924	6.75%	43,331	6.7	100.0%
324-332 Frankston-Dandenong Road, Dandenong South	VIC	32.6	1,150	6.00%	28,316	5.7	100.0%
102–128 Bridge Road, Keysborough	VIC	29.9	1,211	7.00%	24,639	1.5	98.7%

1. By income

Investment Portfolio

PROPERTY	STATE	BOOK VALUE	\$/SQM	CAP RATE	GLA (SQM)	WALE (YRS) ¹	OCCUPANCY % ¹
24-32 Stanley Drive, Somerton	VIC	28.5	1,170	6.50%	24,350	4.7	100.0%
2 Keon Parade, Keon Park	VIC	25.1	1,285	5.75%	19,527	11.6	100.0%
69 Studley Court, Derrimut	VIC	21.5	1,493	6.50%	14,365	1.1	100.0%
14-17 Dansu Court, Hallam	VIC	21.1	1,233	6.50%	17,070	3.8	100.0%
500 Princes Highway, Noble Park	VIC	20.5	1,480	7.25%	13,852	3.1	100.0%
12-13 Dansu Court, Hallam	VIC	17.3	1,499	6.00%	11,541	9.7	100.0%
49 Temple Drive, Thomastown	VIC	11.7	867	7.50%	13,438	2.7	38.3%
9 Fellowes Court, Tullamarine	VIC	4.4	1,068	7.00%	4,072	1.0	100.0%
22 Hawkins Crescent, Bundamba	QLD	46.8	2,469	6.50%	18,956	5.9	100.0%
1 Ashburn Road, Bundamba	QLD	38.3	1,436	6.50%	26,628	6.1	100.0%
33-37 & 43-45 Mica Street, Carole Park	QLD	31.9	1,711	6.47%	18,613	10.7	100.0%
136 Zillmere Road, Boondall	QLD	31.6	1,968	6.75%	16,053	4.7	100.0%
69 Rivergate Place, Murarrie	QLD	31.0	2,691	6.25%	11,522	4.4	100.0%
149 Kerry Road, Archerfield	QLD	30.6	2,218	6.00%	13,774	6.0	100.0%

1. By income

Investment Portfolio

PROPERTY	STATE	BOOK VALUE	\$/SQM	CAP RATE	GLA (SQM)	WALE (YRS) ¹	OCCUPANCY % ¹
616 Boundary Road, Richlands	QLD	16.4	1,188	7.25%	13,763	2.6	100.0%
21 Jay Street, Townsville	QLD	11.0	2,317	7.50%	4,726	6.5	100.0%
310 Spearwood Avenue, Bibra Lake	WA	54.6	917	7.50%	59,508	5.1	96.9%
Lot 14 Sudlow Road, Bibra Lake	WA	33.7	852	7.50%	39,485	6.6	100.0%
103 Stirling Cres & 155 Lakes Rd, Hazelmere	WA	23.8	2,382	6.75%	9,990	1.5	100.0%
23 Selkis Road, Bibra Lake	WA	20.0	1,097	7.50%	18,235	3.5	100.0%
92 Robinson Avenue, Belmont	WA	11.4	1,321	7.75%	8,595	2.5	100.0%
99 Quill Way, Henderson	WA	11.3	688	7.75%	16,419	-	0.0%
54 Sawmill Circuit, Hume	ACT	16.0	1,841	6.75%	8,689	3.2	100.0%
9-13 Caribou Drive, Direk	SA	8.2	1,160	9.00%	7,023	0.8	100.0%
Total / Weighted Average		1,154.7	1,445	6.54%	798,840	4.7	97.1%

1. By income

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')).

The presentation contains selected summary information and does not purport to be all-inclusive or to contain all of the information that may be relevant, or which a prospective investor may require in evaluations for a possible investment CIP. It should be read in conjunction with CIP's periodic and continuous disclosure announcements which are available at www.centuria.com.au. The recipient acknowledges that circumstances may change and that this presentation may become outdated as a result. This presentation and the information in it are subject to change without notice and CPF2L is not obliged to update this presentation.

This presentation is provided for general information purposes only. It is not a product disclosure statement, pathfinder document or any other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. It should not be relied upon by the recipient in considering the merits of CIP or the acquisition of securities in CIP. Nothing in this presentation constitutes investment, legal, tax, accounting or other advice and it is not to be relied upon in substitution for the recipient's own exercise of independent judgment with regard to the operations, financial condition and prospects of CIP.

The information contained in this presentation does not constitute financial product advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. This presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. It is not an invitation or offer to buy or sell, or a solicitation to invest in or refrain from investing in, securities in CIP or any other investment product.

The information in this presentation has been obtained from and based on sources believed by CPF2L to be reliable.

To the maximum extent permitted by law, CPF2L and its related bodies corporate make no representation or warranty, express or implied, as to the accuracy, completeness, timeliness or reliability of the contents of this presentation. To the maximum extent permitted by law, CPF2L does not accept any liability (including, without limitation, any liability arising from fault or negligence) for any loss whatsoever arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters ('Forward Statements'). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of CPF2L represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this presentation. Except as required by law or regulation, CPF2L assumes no obligation to release updates or revisions to Forward Statements to reflect any changes. The reader should note that this presentation may also contain pro forma financial information.

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.

