



Centuria Industrial REIT

MARKET UPDATE

ASX:CIP | 13 OCT 2021

Centuria

An aerial photograph of an industrial park in Fairfield, NSW. The image shows a dense cluster of industrial buildings, including large warehouses and smaller commercial structures. A large, rectangular warehouse with a light blue roof is highlighted by a white border. The surrounding area includes residential neighborhoods with houses and trees, and a golf course is visible on the left side. The text "Australia's largest domestic pure play industrial REIT" is overlaid in the upper right corner.

Australia's largest
domestic pure play
industrial REIT

A leading Australasian real estate funds manager

Centuria

CPF2L is the responsible entity for CIP and a wholly owned subsidiary of Centuria Capital Group (CNI)

\$18.1bn GROUP AUM

\$17.2bn REAL ESTATE AUM¹

\$6.1bn

LISTED REAL ESTATE

\$3.5bn

CENTURIA
INDUSTRIAL REIT
ASX:CIP

\$2.3bn

CENTURIA
OFFICE REIT
ASX:COF

\$0.3bn

ASSET PLUS
LIMITED
NZX:APL

\$11.1bn

UNLISTED REAL ESTATE

\$7.8bn

SINGLE
ASSET
FUNDS

\$1.5bn

MULTI
ASSET
FUNDS

\$1.8bn

MULTI ASSET
OPEN END
FUNDS

\$0.9bn

INVESTMENT BONDS

CENTURIA LIFE

CENTURIA
INVESTMENT BONDS

GUARDIAN FRIENDLY
SOCIETY



VISION

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

CIP

Australia's largest domestic ASX-listed pure play industrial REIT.
Overseen by an active management team with deep real estate expertise.
Strongly supported by Centuria Group.

A CLEAR AND SIMPLE STRATEGY

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

KEY OBJECTIVES

Portfolio Construction

A portfolio of high quality Australian industrial assets diversified by geography, sub-sector, tenants and lease expiry

Active Management

Focus on 'fit for purpose' assets that align to the needs of our high quality customers to ensure high retention and occupancy

Capital Management

A robust and diversified capital structure with appropriate gearing

Unlock opportunities to create further value

Reposition assets and execute value-add initiatives to maximise returns for unitholders

Exposure to the major Industrial sub-sectors¹

A well balanced portfolio across the major industrial sub-sectors

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SELECT TENANTS



1. Includes assets exchanged but not settled as at 13 October 2021, excludes development

Key metrics – Australia's largest domestic pure play industrial REIT

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PORTFOLIO ¹



75

High quality
assets



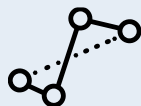
\$3.5bn

Portfolio
value



97.4%

Portfolio
occupancy ²



9.0yrs

Portfolio
WALE ²

FINANCIAL



No less than

18.1cpu

FY22 FFO guidance ³



17.3cpu

FY22 DPU guidance ³



4.7%

Forecast FY22
DPU yield ⁴

Moody's

Baa2

Credit rating



30.3%

Proforma gearing ⁵



\$3.77

Proforma Net
Tangible
Assets ⁶

1. Includes assets exchanged but not settled as at 13 October 2021

2. By income

3. Remains subject to unforeseen circumstances and material changes in operating conditions

4. Based on \$3.67 unit price as at 8 October 2021

5. Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill; As at 30 June 2021 adjusted for acquisitions and equity raising announced in September 2021

6. As at 30 June 2021 adjusted for acquisitions and equity raising announced in September 2021

\$456 million of high-quality industrial acquisitions FY22 YTD¹

100% of transactions secured off-market

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Increasing exposure to urban infill logistics assets



\$33.5m

160 NEWTON ROAD,
WETHERILL PARK, NSW
DISTRIBUTION CENTRE



\$37.1m

110 NORTHCORP BOULEVARD,
BROADMEADOWS, VIC
MANUFACTURING



\$200.2m

56-88 LISBON STREET,
FAIRFIELD, NSW
DISTRIBUTION CENTRE



\$36.8m

164-166 NEWTON ROAD,
WETHERILL PARK, NSW
DISTRIBUTION CENTRE



\$22.0m

51-65 WHARF ROAD,
PORT MELBOURNE, VIC
DISTRIBUTION CENTRE



\$11.9m

346 BOUNDARY ROAD,
DERRIMUT, VIC
TRANSPORT LOGISTICS



\$27.0m

29 PENELOPE CRESCENT,
ARNDELL PARK, NSW
DISTRIBUTION CENTRE



\$7.0m

85 FULTON DRIVE,
DERRIMUT, VIC
DISTRIBUTION CENTRE



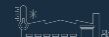
\$6.2m

31-35 HALLAM SOUTH ROAD,
HALLAM, VIC
TRANSPORT LOGISTICS



\$20.3m

51 DEPOT STREET,
BANYO, QLD
COLD STORAGE



\$19.0m

31 GRAVEL PIT ROAD,
DARRA, QLD
DISTRIBUTION CENTRE



\$35.1m

48-54 KEWDALE ROAD,
WELSHPOOL, WA
DISTRIBUTION CENTRE



1. Includes four assets worth \$104.6m which were contracted in FY21 and settled in Q1FY22 being: 160 Newton Road, Wetherill Park NSW; 29 Penelope Crescent, Arndell Park NSW; 110 Northcorp Boulevard, Broadmeadows, VIC; and 85 Fulton Drive, Derrimut VIC

Recent market transactions

CIP acquisitions providing relative value to recent market transactions

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Milestone Portfolio - 45 Assets

Sale Price:	\$3,812,000,000
Sale Date:	Apr-21
GLA:	~1.4 million sqm
Site Area:	~3.6 million sqm
Initial Yield (passing):	3.96%
WALE (yrs by income):	6.9

*Source: CBRE



McPhee Portfolio - 3 Assets (VIC, QLD)

Sale Price:	\$186,000,000
Sale Date:	Aug-21
GLA:	70,465 sqm
Site Area:	142,465 sqm
Initial Yield (passing):	4.05%
WALE (yrs by income):	6.7

*Source: JLL



MILP Portfolio - 3 Assets (NSW, VIC)

Sale Price:	\$160,575,000
Sale Date:	Aug-21
GLA:	75,970 sqm
Site Area:	151,530 sqm
Initial Yield (passing):	3.97%
WALE (yrs by income):	4.3

*Source: JLL



Spotlight Laverton (235-239 Boundary Road)

Sale Price:	\$72,400,000
Sale Date:	Aug-21
GLA:	33,358 sqm
Site Area:	57,280 sqm
Initial Yield (passing):	3.80%
WALE (yrs by income):	5.0

*Source: Colliers



EMKC Portfolio - 5 Assets (QLD, NSW, VIC, SA)

Sale Price:	~ \$430,000,000
Sale Date:	Sep-21
GLA:	198,598 sqm
Site Area:	391,599 sqm
Initial Yield (passing):	~4.00%
WALE (yrs by income):	13.0



1 Eucalyptus Place, Eastern Creek (Best & Less)

Sale Price:	\$130,115,000
Sale Date:	May-21
GLA:	36,404 sqm
Site Area:	60,110 sqm
Initial Yield (passing):	3.62%
WALE (yrs by income):	13.8

*Source: CBRE

CIP highlights¹

4.3%
Initial yield on
CIP FY22
acquisitions

4.5%
WACR on CIP
portfolio

\$3.77
NTA per unit

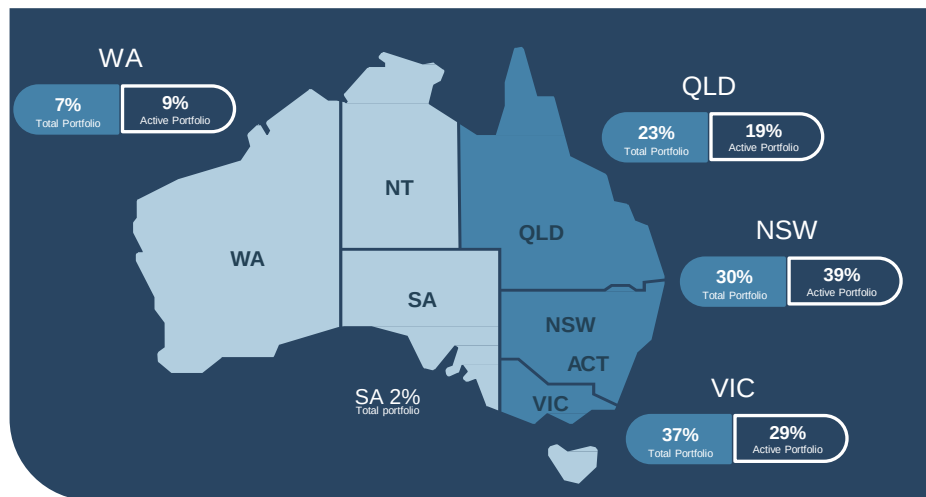
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Australia's largest domestic pure play industrial REIT

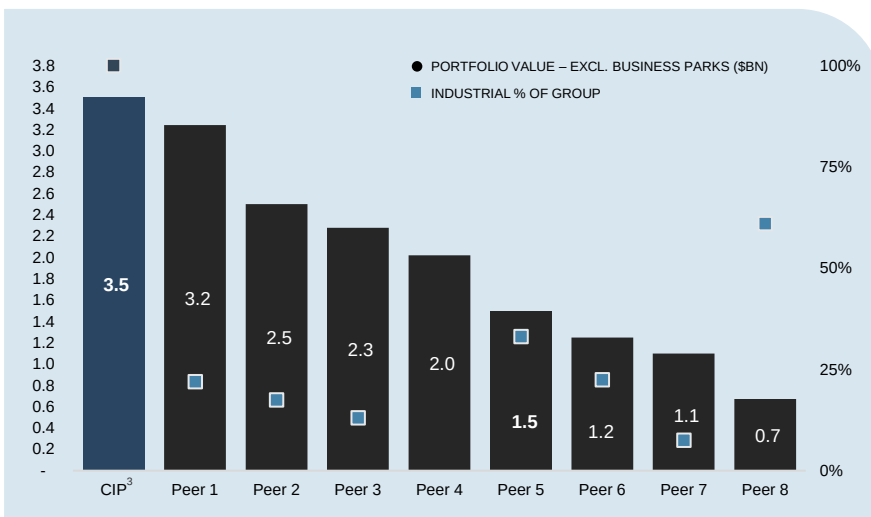
A high quality portfolio of freehold assets located in urban infill markets

Centuria

PORTFOLIO SNAPSHOT		FY21	Total portfolio Q1FY22 ¹	Active sub-portfolio ² Q1FY22
Number of assets	#	62	75	73
Book value	\$m	2,945	3,474	2,680
WACR	%	4.54	4.50	4.80
GLA	sqm	1,083,814	1,244,673	1,172,954
Average asset size	sqm	17,480	16,595	16,067
Occupancy by income	%	96.9	97.4	96.9
WALE by income	yrs	9.6	9.0	5.1
Freehold ownership	%	98.1	98.4	98.0
Located in infill markets	%	80	83	78



AUSTRALIAN LISTED PEERS ^{1,3}



Included in the **S&P/ASX 200 index** and **FTSE/EPRA NAREIT Global Developed Index**

83% of portfolio located in urban infill markets

98% freehold ownership

- Includes assets exchanged but yet to settle as at 13 October 2021.
- Excludes assets with a WALE of greater than 15 years, being Telstra Data Centre, Clayton VIC and 46 Robinson Road, East, Virginia QLD
- Peer metrics as at 30 June 2021, based on company filings

Delivering leasing outcomes across CIP's portfolio

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Leveraging Centuria's leasing capability as part of CIP's active management approach

FY22 YTD LEASING



32-54 KAURNA AVE, EDINBURGH PARK

13k sqm leased on a new 10-year term



160 NEWTON ROAD, WETHERILL PARK

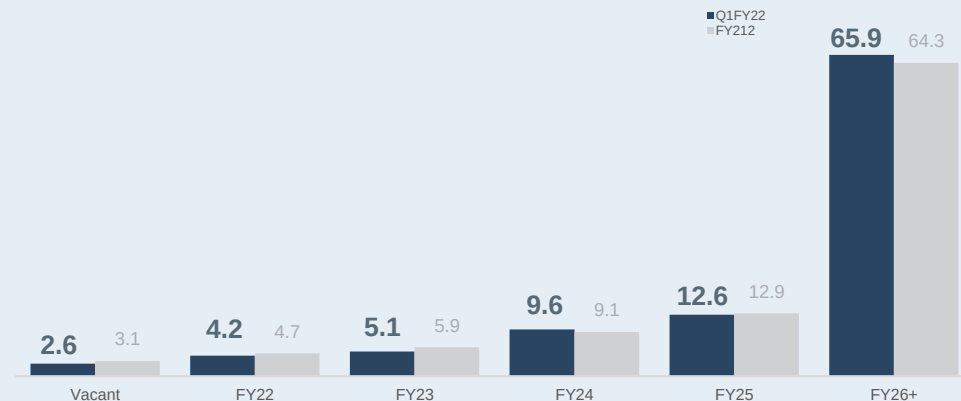
Renewed and expanded existing tenant over 13k sqm immediately following acquisition in July-21. Asset WALE increased from 0.9 years at settlement to 6.8 years



95-105 SOUTH GIPPSLAND HIGHWAY, DANDENONG SOUTH

Strong leasing momentum at the new Southside development. First agreement for lease secured over 3k sqm.

WEIGHTED AVERAGE LEASE EXPIRY (% BY INCOME)



**Terms agreed¹
Over 62,258sqm in
Q1 FY22
(5% of portfolio)**

DE-RISKING FORWARD EXPIRY PROFILE

Less than 10% of the portfolio expiring over the 24 months to 30 June 2023

LIMITED EXPIRY CONCENTRATION RISK

No single tenant exposure greater than 2.5% of portfolio income over the next 3 years

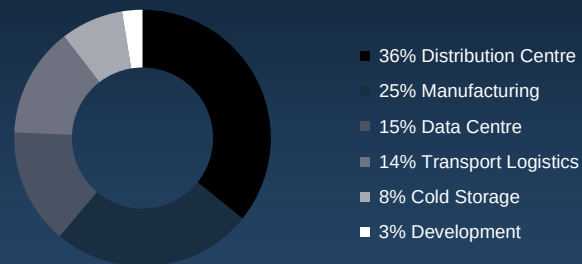
1. Includes heads of agreement (HOA)

Exposure to high quality tenants in attractive sub-sectors

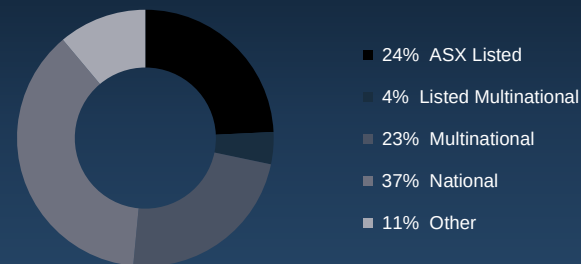
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89% of income collected from listed, national or multinational tenant customers

TENANT SUB-SECTOR DIVERSIFICATIONS ¹



TENANT INDUSTRY SECTOR DIVERSIFICATIONS ²



TOP 10 TENANT CUSTOMERS

RANK		TENANT CUSTOMER	% OF TOTAL	# ASSETS	WALE ²
1		Telstra	10%	1	28.9
2		Arnott's	8%	2	25.8
3		Woolworths	4%	2	10.0
4		AWH	4%	2	3.8
5		Visy	4%	3	5.8
6		Scott's Refrigerated	3%	2	5.0
7		Green's General Foods	3%	2	7.5
8		Fantastic Holdings	3%	1	5.1
9		API	2%	1	3.1
10		Bidfood	2%	1	5.8
TOTAL			43%		14.9

NEW TENANT CUSTOMERS ADDED IN FY21 / FY22



1. By value

2. By income

Sustainability at Centuria Capital

Developing a flexible and relevant sustainability framework

Centuria

Centuria Industrial REIT is externally managed by Centuria Capital (ASX:CNI) and benefits from Centuria Capital's sustainability approach.

Centuria Capital will be releasing its first Sustainability Report later this year. Highlights relating to Centuria Industrial REIT to be featured in this report are summarised here.

ENVIRONMENTAL



ESG Reporting

Centuria Capital to release its first Sustainability Report



Climate Action

Supports the recommendations of the TCFD



CENTURIA INDUSTRIAL REIT

42 Hoepner Rd, Bundamba

One of Australia's first
5 Star Green Star Certified Industrial assets

SOCIAL



Member of the
Diversity Council of
Australia

91%

Tenant Engagement¹
91% of surveyed tenants
would recommend Centuria
as an asset manager

\$1.0bn

**Specialised healthcare real
estate under management**
Completed \$72.2m of social
and affordable housing

94%

Employee engagement²
94% of employees enjoy
working at Centuria

GOVERNANCE

BOARD DIVERSIFICATION

Appointment of 4 independent
directors to Group and RE Boards
CENTURIA CAPITAL: Kristie Brown
(ASX:COF) **CPFL:** Nicole Green
(ASX:CIP) **CPFL2:** Jennifer Cook,
Natalie Collins



Culture & ESG Board Committee Established

Oversight of modern
slavery, diversity &
inclusion, climate change

First Modern Slavery Statement delivered

Over a third of Cleaning
Contract by value assessed
using the Property Council of
Australia informed 365 platform
Continued assessment in FY22



GENDER DIVERSITY AT CENTURIA

62% male employees
38% female employees

Employee training

Code of Conduct
Financial Education
Cyber security

1. Centuria undertake regular tenant surveys. The figure reported is from the Groups FY21 survey
2. Centuria undertake regular employee engagement surveys The reported figure is from the Groups FY21 survey

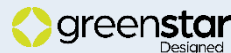


Over **5,000 individual solar panels** installed across CIP's portfolio



Onsite solar generation **avoided over 6,000 tonnes of carbon** being released in FY21

42 HOEPNER ROAD, BUNDAMBA, QLD
ONE OF AUSTRALIA'S FIRST FIVE-STAR
GREEN STAR INDUSTRIAL BUILDINGS



- ✓ Under the GBCA new V1.3 rating guidelines
- ✓ Leveraged Centuria's internal development capability
- ✓ Creating new development pipeline
- ✓ Enhanced product for Centuria's tenants
- ✓ Prime grade industrial facility
- ✓ 99kw solar system
- ✓ Onsite water harvesting for landscape irrigation
- ✓ Advanced building energy and water use metering
- ✓ Low embodied carbon concrete base, using recycled steel fibers, reducing steel reinforcement



95-105 South Gippsland Highway,
Dandenong – New development
targeting a 5 Star Green Star rating

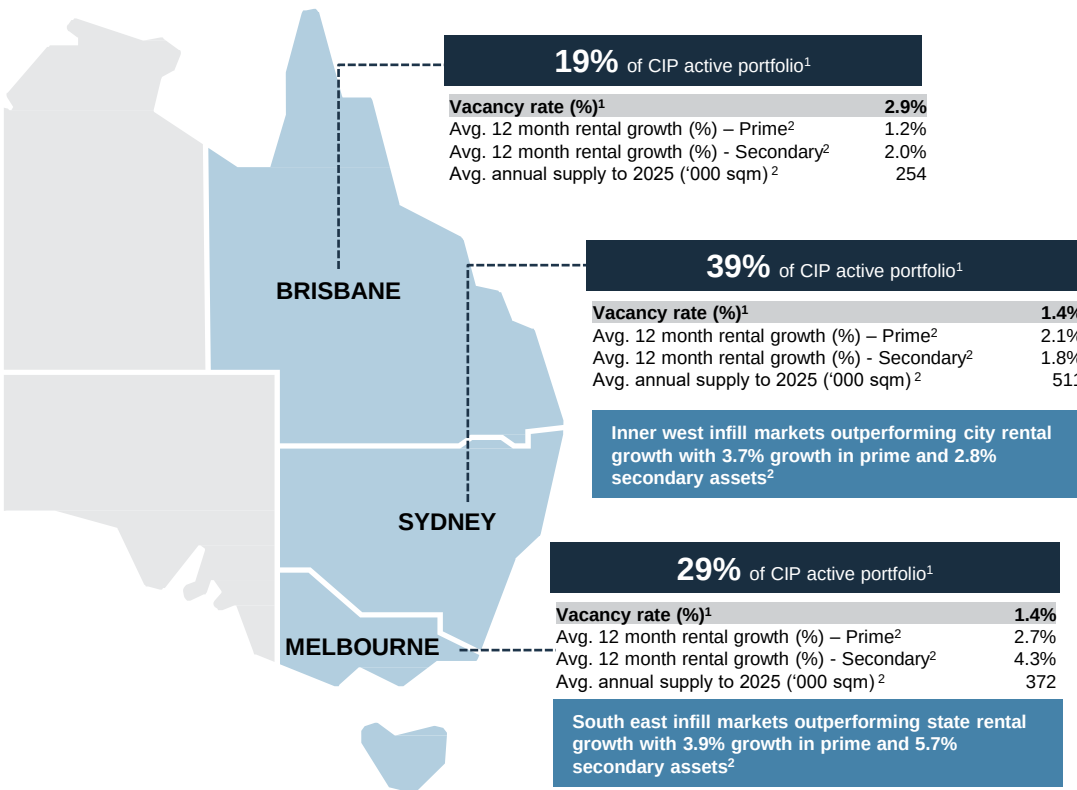


Artist impression

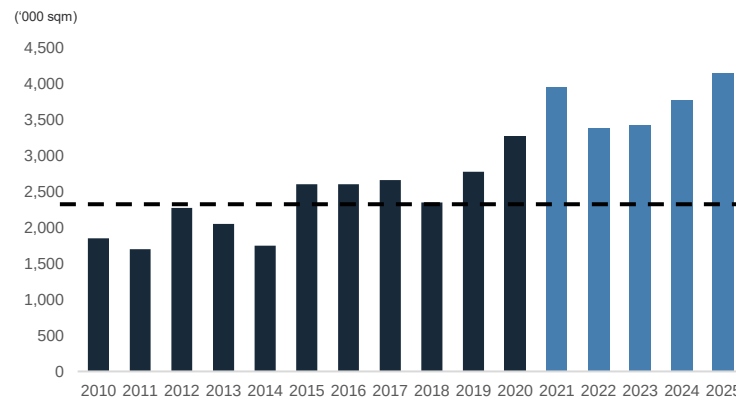
Low vacancy and accelerating occupier demand

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87% of CIP active portfolio with exposure to east coast markets with average vacancy of less than 2%



NATIONAL INDUSTRIAL GROSS TAKE UP 2010 to 2025³



- Occupier demand at historically high levels and expected to continue
- Average ~1million sqm of future annual supply compared to ~4million sqm of forecast gross take up
- Demand primarily driven by transport and logistics users and retail trade sectors due to increasing e-commerce adoption

1. CIP Active portfolio excludes assets with a WALE of greater than 15 years, being Telstra Data Centre, Clayton VIC and 46 Robinson Road, East, Virginia QLD

2. Source: CBRE Research – June 2021

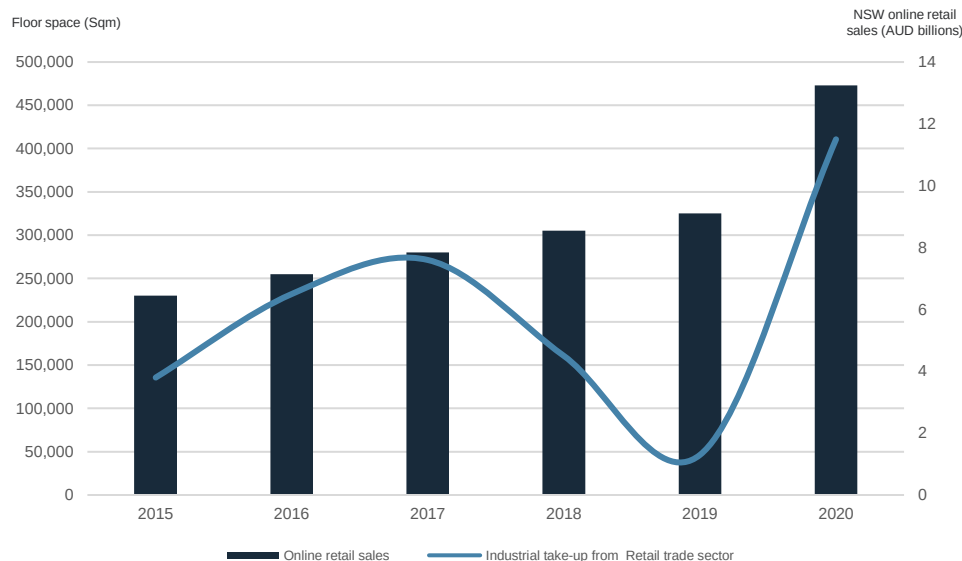
3. Source: JLL Research – August 2021

4. Source: Colliers Research – July 2021

Case Study: eCommerce on Sydney Industrial Market¹

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SYDNEY INDUSTRIAL & LOGISTICS GROSS TAKE-UP FROM THE RETAIL TRADE SECTOR AND ONLINE RETAIL SALES (12 MONTHS ROLLING)



NSW e-commerce penetration rate is **currently 14%** and expected to reach **20% by 2025**. This increase is expected to result in:

- ~\$10bn additional e-commerce sales
- ~720,000 sqm required to support e-commerce growth over the four year period to 2025
- ~180,000 sqm per annum additional space required. This is approximately 37% higher than the on average annual supply across the Sydney market since 2010

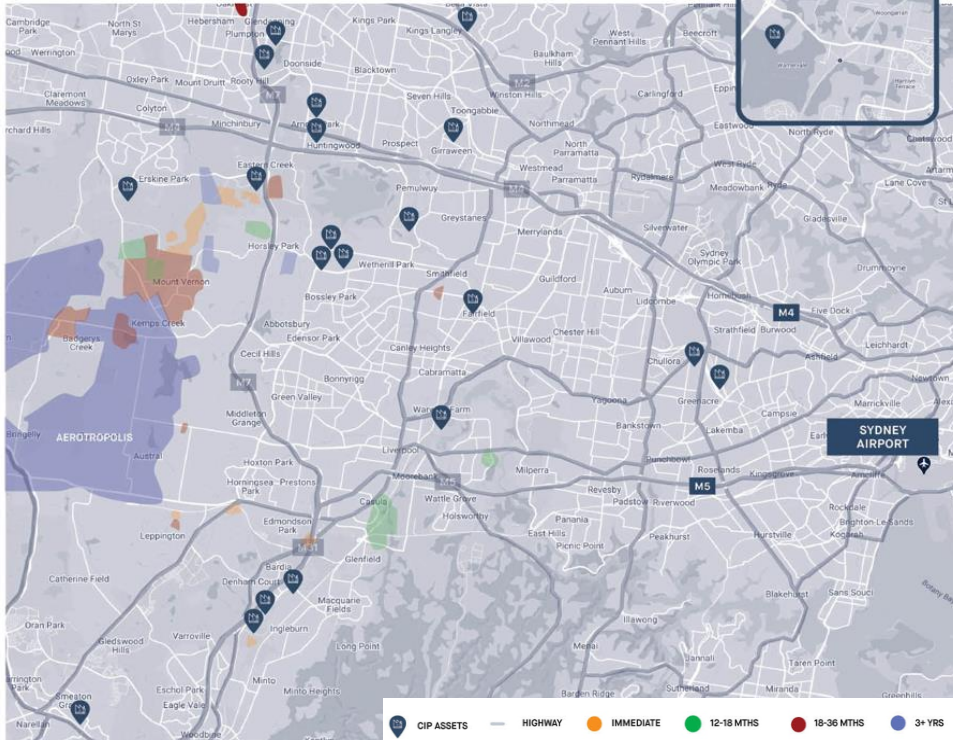
- E-commerce growth led to ~450,000sqm of industrial and logistics take-up in 2020
- 45% of total floorspace take-up in 2020 was contributed by Retail Trade

1. Source: CBRE Research – September 2021

Case Study: Limited land supply in Sydney infill markets¹

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UNDEVELOPED SERVICED LAND - FUTURE SUPPLY



- Undeveloped and serviced land supply predominantly located in outer western urban fringe of Sydney
- Limited to no land supply in urban infill Sydney
- The lack of supply in infill markets is expected to drive land values and market rents higher
- CIPs portfolio of assets are skewed to key infill markets across Sydney and is well positioned to benefit from low vacancy rates of 1.4% across Sydney and increasing tenant demand

Executing CIP's strategy – A strong start to FY22

Centuria

1

Portfolio profile

- Expanded to 75 assets and \$3.5bn portfolio value¹
- Balanced geographic diversification, 91%² of portfolio weighted to eastern seaboard located in urban infill markets with 98% freehold ownership
- Well diversified across the major sub-sectors of Industrial real estate

2

Active management

- Over 62,258 sqm of terms agreed in Q1FY22 (5% of portfolio)³ · High portfolio occupancy of 97.4%⁴, WALE of 9.0 years⁴
- Continuing to execute on value-add initiatives across the portfolio. Commenced development of South Side in Dandenong South with strong leasing enquiry and first lease secured; Well progressed with leasing of Bundamba and Bella Vista
- Strong interest from eCommerce and last mile logistics users across the portfolio

3

Capital management

- Strong balance sheet maintained with pro forma gearing at 30.3%⁵, pro forma NTA of \$3.77 per unit
- Assigned a Baa2 issuer rating with a stable outlook by Moody's Investor Services
- Included in the S&P ASX 200 A-REIT Index and FTSE EPRA Nareit Global Developed Index

4

Earnings and distribution guidance

- FY22 FFO guidance of no less than 18.1 cents per unit⁶
- FY22 distribution guidance of 17.3 cents per unit⁶, reflecting a 4.7% distribution yield⁷

1. Includes assets exchanged but not settled as at 13 October 2021

2. By value

3. By area, includes heads of agreement (HOA)

4. By income

5. Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill; As at 30 June 2021 adjusted for acquisitions and equity raising announced in September 2021

6. Remains subject to unforeseen circumstances and material changes in operating conditions

7. Based on \$3.67 unit price as at 8 October 2021

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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.



Centuria