

22 November 2023 | ASX:CIP

Centuria Industrial REIT

Bell Potter Foundations Real Estate Conference

12-13 AND 14-17 DANSU COURT, HALLAM VIC

Intelligent investing for 25 years

Centuria

CIP: Vision, strategy and objectives

VISION

To be Australia's leading domestic pure play industrial REIT

Centuria 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 Capital 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

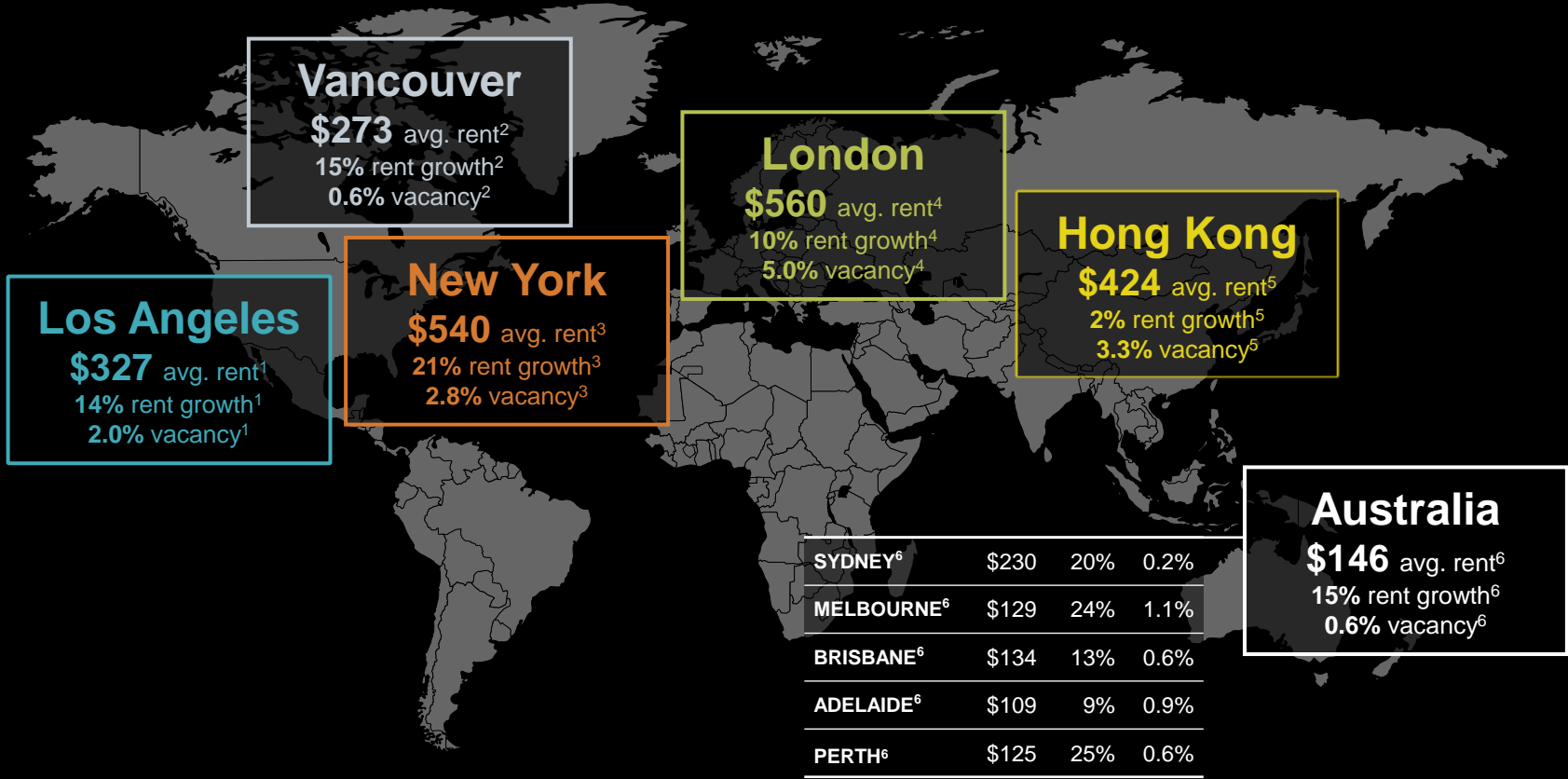
Unlock opportunities to create further value

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

Australian industrial vacancy rates are one of the lowest in the world

Australian rents remain affordable in a global context

Avg. global rents (AU\$ equivalent/per square metre) and 12-month rental growth (%)



Australian National Industrial market vacancy rate of 0.6%, one of the lowest globally

Historically low vacancy and limited supply together with sustained tenant demand is driving strong upward pressure on Australian industrial rents

Australian industrial rents remain more affordable in comparison to global cities

1. Source: Cushman & Wakefield U.S. national market beat Q2 2023
 2. Source: Colliers – Vancouver Industrial Market Report Q2 2023
 3. Source: JLL – Industrial insights – NYC Outer Boroughs Q2 2023
 4. Source: Knight Frank – Logic: London & South East Q2 2023
 5. Source: Knight Frank – Hong Kong Industrial Summary Q1 2023
 6. Source: CBRE Research Q2 2023

Fundamentals support strong market rent growth in Australia

CIP's pure play infill industrial portfolio is well positioned to benefit from supply-demand imbalance



BRISBANE
17%
of CIP active portfolio¹

VACANCY RATE (%)²	0.6%
Avg. 12 month rental growth (%) – Prime ²	13.2%
Avg. 12 month rental growth (%) – Secondary ²	20.8%



SYDNEY
37%
of CIP active portfolio¹

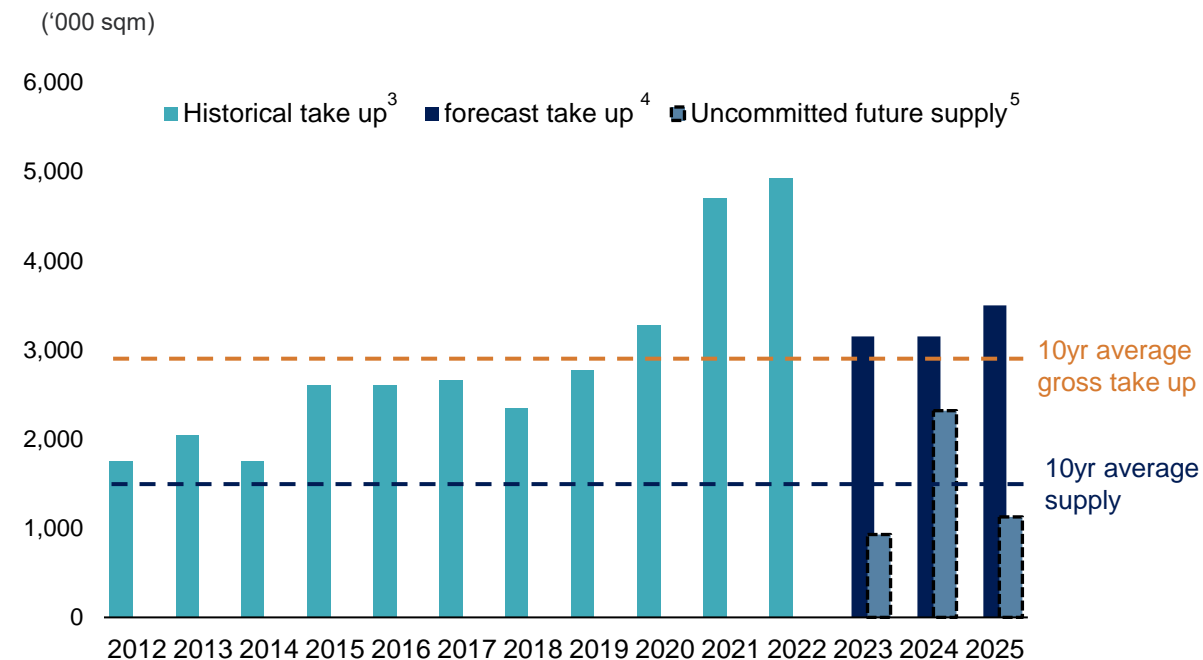
VACANCY RATE (%)²	0.2%
Avg. 12 month rental growth (%) – Prime ²	20.4%
Avg. 12 month rental growth (%) – Secondary ²	25.1%



MELBOURNE
33%
of CIP active portfolio¹

VACANCY RATE (%)²	1.1%
Avg. 12 month rental growth (%) – Prime ²	24.0%
Avg. 12 month rental growth (%) – Secondary ²	24.2%

Industrial spaces supply-demand forecast



- Occupier demand at historically high levels and expected to continue
- 71% of 2023 development supply pre-committed with c.1million sqm of uncommitted supply against forecast take-up of over c.3million sqm
- Demand forecast to exceed uncommitted new supply over the next three years to 2025

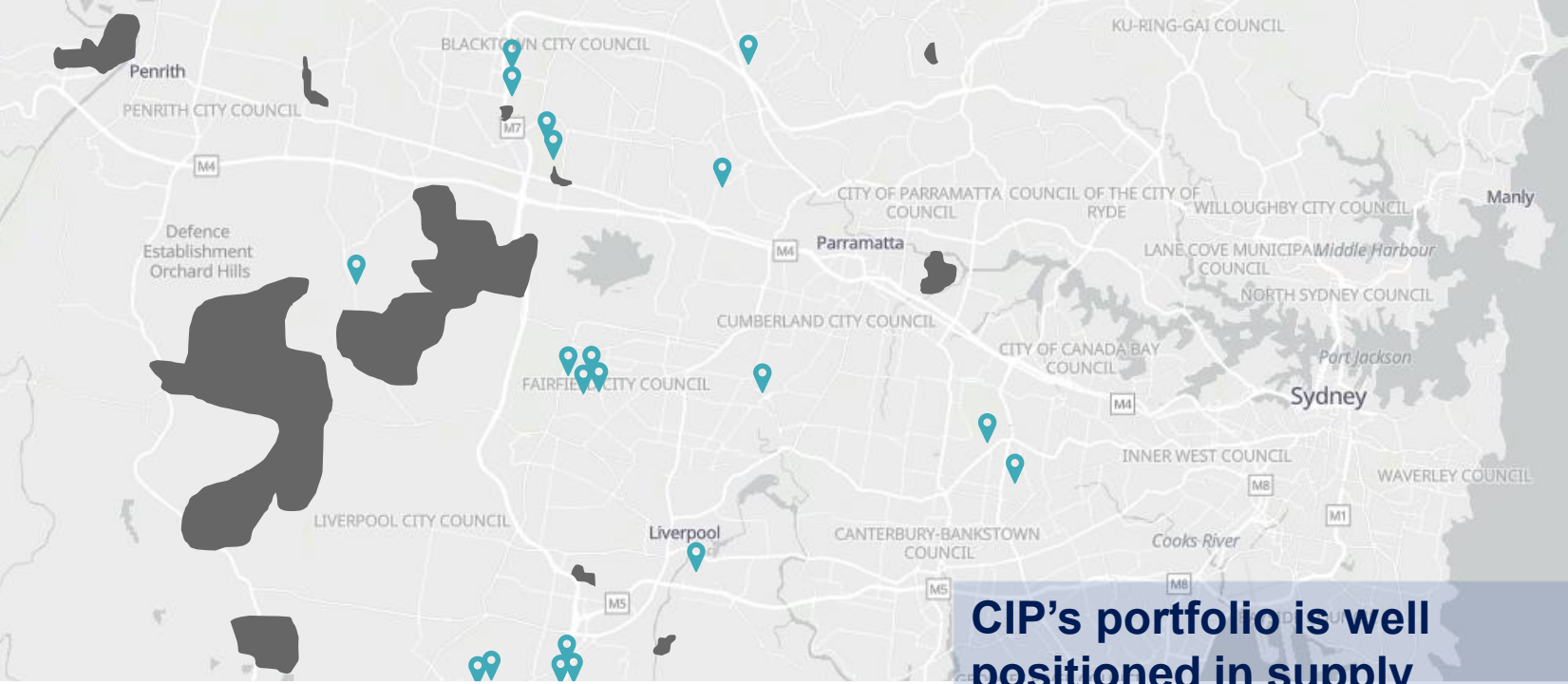
1. CIP Active portfolio excludes assets with a WALE of greater than 15 years, being Telstra Data Centre, Clayton VIC and 46 Robinson Road, East, Virginia QLD

2. Source: CBRE Research Q2 2023

3. Source: Colliers Research – Q4 2023

4. Source: Colliers Research – Q3 2022

5. Source: CBRE Research – Q2 2023



Sydney industrial land supply


- New land supply concentrated around the new Badgerys Creek Airport precinct, Kemps Creek and Eastern Creek
- Current planning delays and increased infrastructure costs delaying new supply coming to market



CIP's portfolio is well positioned in supply constrained urban infill markets and insulated from the supply response

Melbourne industrial land supply

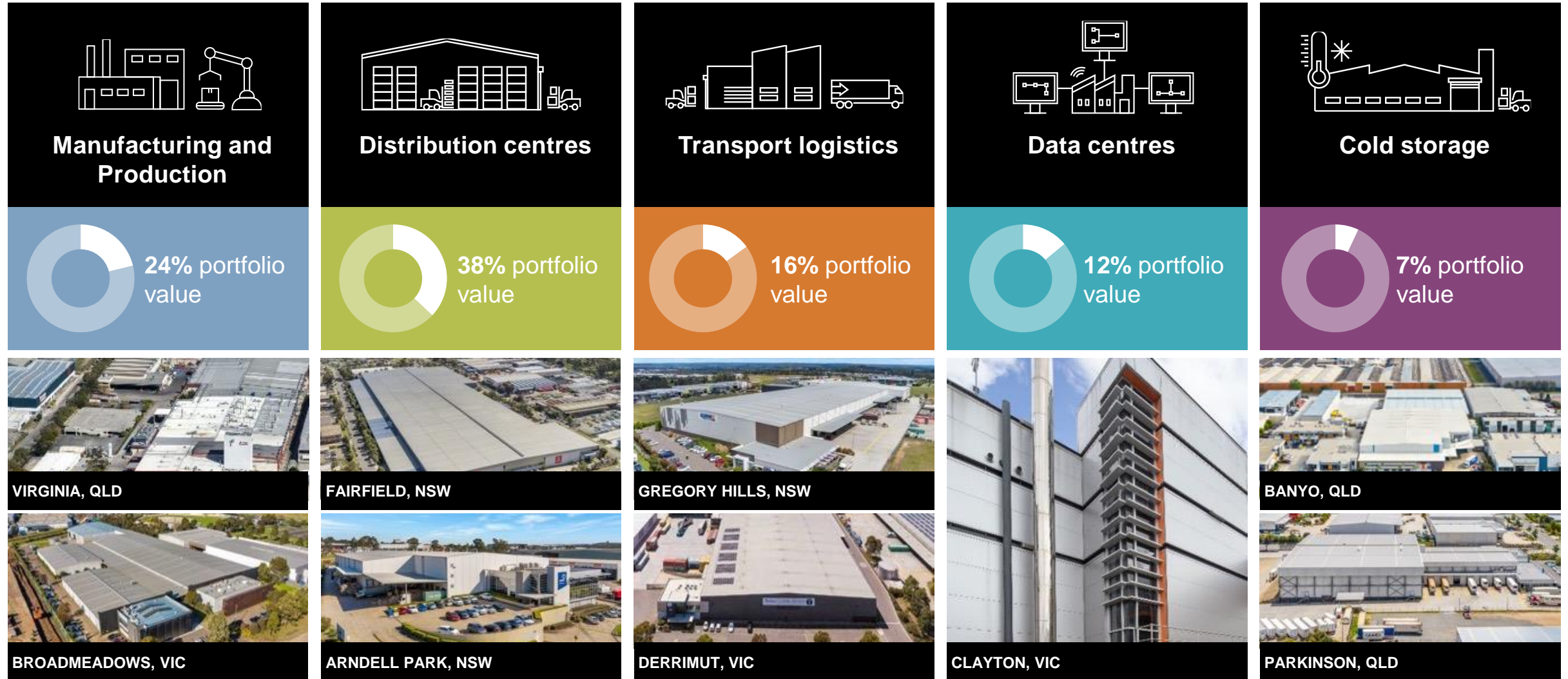
- Majority of urban infill markets currently built out with minimal supply response available
- Urban fringe markets of Truganina and Ravenhall in the outer West and Pakenham in the outer south east providing with available land supply

 CIP ASSETS

 LAND SUPPLY – SOURCE SA1 PROPERTY INCLUDES INDUSTRIAL ZONED LAND AND UNZONED POTENTIAL FUTURE LAND SUPPLY

Exposure to the major industrial sub-sectors¹

A well-balanced portfolio across the major industrial sub-sectors



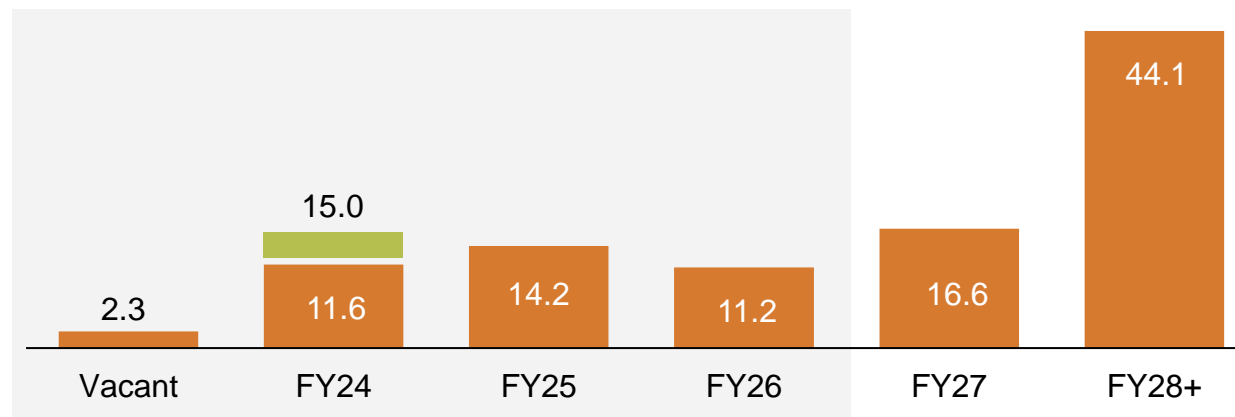
1. By value. 3% Development projects

CIP active portfolio¹

An active portfolio providing exposure to strong market rental growth and value-add opportunities

Active portfolio snapshot		FY23 ²
Number of assets	#	87
Book value	\$m	3,134
WACR	%	5.4
Gross lettable area	sqm	1,217,406
Occupancy by income	%	97.7
WALE by income	years	4.2
Landholding	ha	298

■ Mark to market leasing expiry opportunity (% income)
■ Development exposure



Located in prime land constrained urban infill markets

- 298ha of land with 98% freehold ownership
- Valuations substantially underpinned by an average land value of c.\$1,000/sqm

Provides access to strong market rental growth

- Active portfolio: Short 4.2-year WALE with 43% of the portfolio providing mark to market opportunity to FY26
- Accelerating leasing spreads: average 30% in FY23, increasing from 19% in 1HFY23 to 37% in 2HFY23³

43%
portfolio provides access to market rental growth
Over the 3 years to FY26

30%
average positive re-leasing spreads achieved in FY23

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 At CIP ownership share of joint venture assets
³ On a net rent basis compared to prior passing rents

CIP ultra-long WALE sub-portfolio¹

Generating long term reliable and growing rental income streams²

Portfolio snapshot		FY23
Book value	\$m	705
WACR	%	4.7
Gross lettable area	sqm	71,719
Occupancy by income	%	100.0
WALE by income	years	26.9
CPI linked rent reviews	%	59
Landholding	ha	10

26.9 Ultra-long WALE

Secure cashflows provides an income ballast to support distributions

100% Triple net lease structures

Eliminating cashflow leakage through outgoings and maintenance capex

4.7% Weighted average capitalisation rate

Generates stable cashflow

- Iconic Australian blue chip brands, Telstra and Arnott's, generating reliable rental income streams
- 100% of the sub-portfolio under triple net lease structures eliminating cashflow leakage through outgoings or maintenance capex

Strong rental review profile

- 59% of long WALE income is linked to CPI indexation, providing a natural hedge in a high inflationary environment
- Average rent review of 4.4% for FY24 based on CPI indexation of 5.6%



TELSTRA DATA CENTRE, CLAYTON VIC

1. Includes assets with a WALE of greater than 15 years, being Telstra Data Centre, Clayton VIC and 46 Robinson Road East, Virginia QLD
2. Reliable based on strong tenancy profile and growing based on inflationary linked and fixed indexation leases

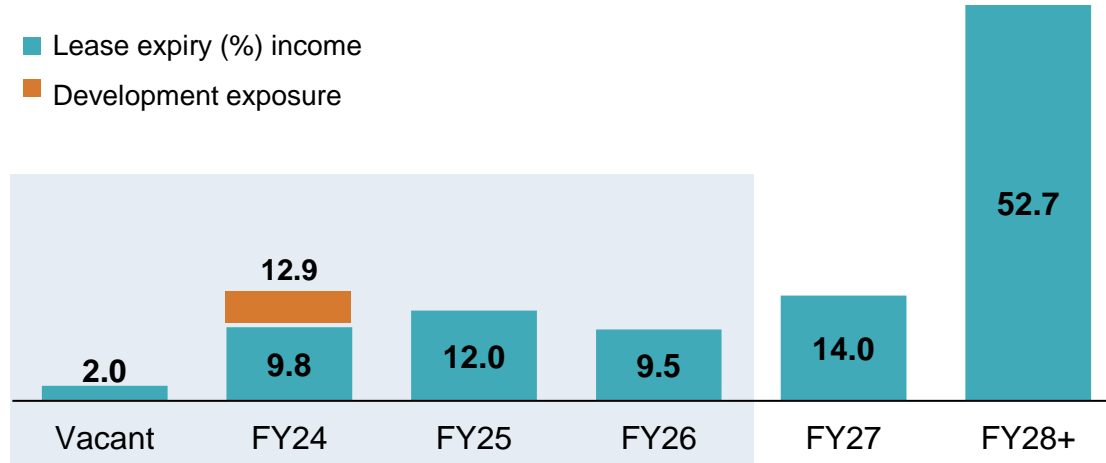
Average re-leasing spreads of 30% for FY23¹

Over 182,000sqm of leasing (14% of portfolio) delivered in FY23²

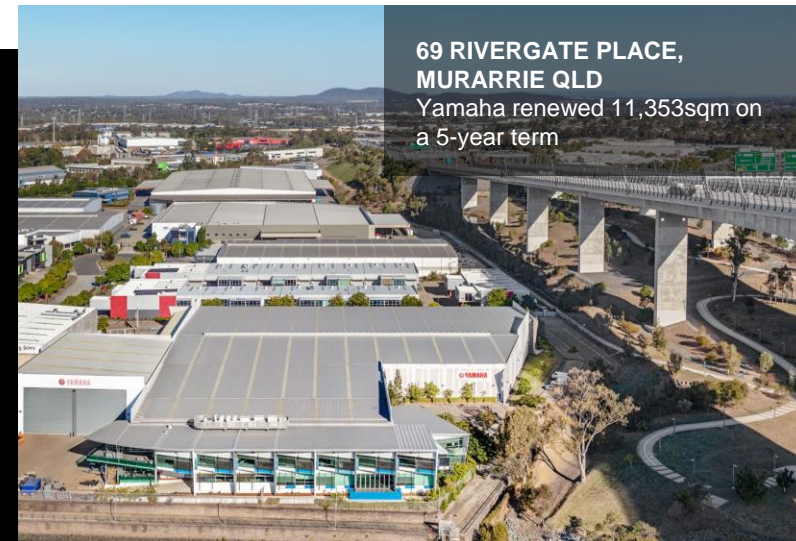
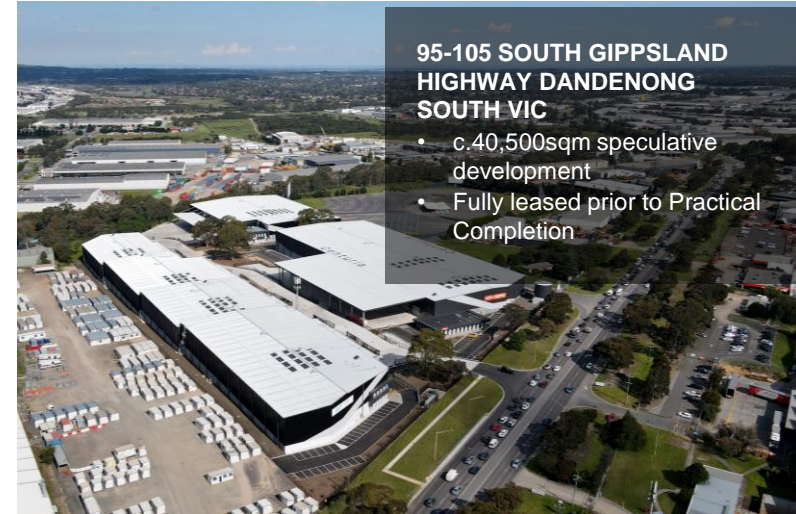


Forward expiry

Opportunities to execute new leasing initiatives with c.36% of income marking to market over the next three years



Select FY23 leasing outcomes



37% re-leasing spreads in 2HFY23

Up from 19% in HY23¹

135,080sqm of FY23 leasing delivering 30% re-leasing spreads

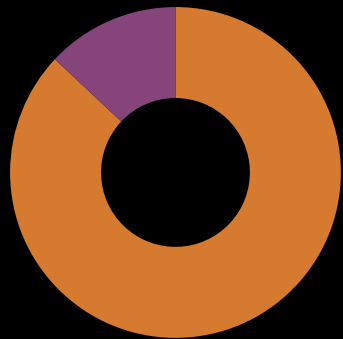


1. On a net rent basis compared to prior passing rents
 2. Includes heads of agreement (HOA)
 3. Leasing secured by tenants exercising options and negotiations currently underway to determine rent

High quality tenant customers

Secure income backed by blue chip tenant customers

Tenant industry sector diversifications¹



■ 87% Listed, multinational or national tenant customers

■ 13% Other

Top 10 tenant customers

	Income	Locations
Telstra	9%	1
Woolworths	7%	4
Arnott's	7%	2
AWH	4%	2
Visy	4%	3
Fantastic Furniture	2%	1
Green's General Foods	2%	2
API	2%	1
Bidfood Australia	2%	1
Opal ANZ	2%	2



1. By income

Leveraging CIP's scale to generate a 'networking effect' to grow and service customers across multiple locations

Strong relationships providing insights and visibility on future demand

31% of portfolio GLA are multi-location customers

98% of leases are net or triple net

31 days average downtime in FY23

Creating critical mass and scale in land constrained infill markets

CIP strategic consolidation

- 12 examples of site consolidation covering over 100ha of land within the CIP portfolio
- Strategic consolidation achieved through targeted individual acquisitions
- Fit for purpose assets provide ongoing lease income and provide value-add development optionality in the medium to long term
- 100% of assets acquired in FY23 were consolidation strategies

CASE STUDY: COOPERS PLAINS, QLD

- 51 Musgrave Street, Coopers Plains acquired in FY23¹ following the acquisition of 55 Musgrave Street in FY22
- The acquisitions consolidates a 4.5ha site in the core infill market. The assets are close to the Acacia Ridge Rail Terminal providing excellent shipping container logistics from the Port of Brisbane

1. Exchanged in FY23, settled in July 2023



51 AND 55 MUSGRAVE ROAD, COOPERS PLAINS VIC

Our strategic sustainability focus

CIP has continued to grow a portfolio of leading green certified assets

Sustainability targets

CIP is committed to developing leading green certified assets under Centuria's in-house development capability, and this year announces a target to be powered by 100% renewable electricity by 2028.

Growing Green Star portfolio

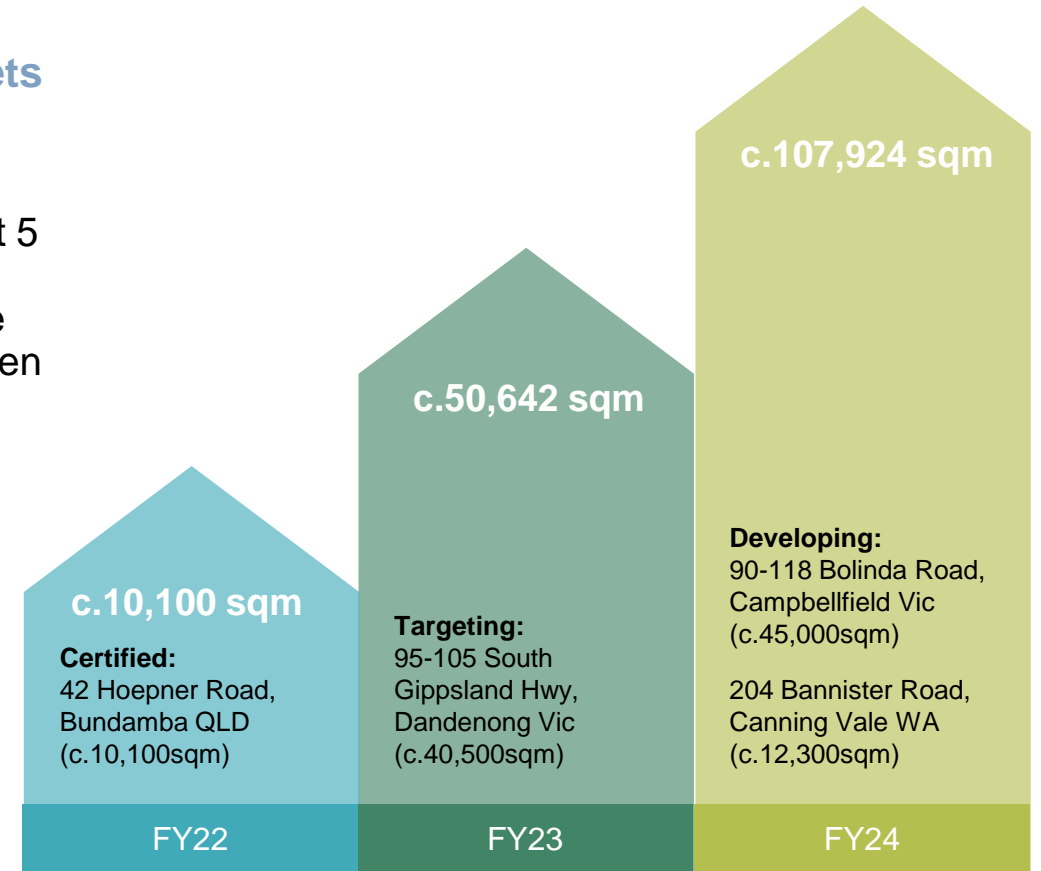
CIP completed one of Australia's first 5 Star Green Star certified² industrial properties in FY22. CIP aims to have more than 100,000sqm of 5 star Green Star certified assets by FY24.



Targeting
Zero Scope 2
emissions¹ by 2028



5 star
Green Star for all
new developments



Our memberships and industry participation



Member of the Diversity Council of Australia³



Ongoing support of Healthy Heads



Member of the Green Building Council of Australia⁴



Supported the NABERS Warehouse and Cold stores accelerate program

1. Centuria will account for zero Scope 2 emissions by being powered by the equivalent of 100% renewable electricity through a combination of onsite solar and largescale generation certificate deals which match our consumption

2. Under the version 1.3 Design Review Certified Rating Guidelines

3. Centuria Capital Group is a member of the Diversity Council of Australia

4. Centuria Capital Group is a member of the Green Building Council of Australia

FY24 priorities



Leveraging strong market fundamentals

- Drive leasing outcomes to capture embedded portfolio leasing spreads
- Leverage tenant relationships and network effect to enhance the quality of CIP's customer base



Deliver value-add opportunities to maximise return

- Unlock repositioning projects to improve overall portfolio quality
- Activate development pipeline to take advantage of current market fundamentals and deliver modern, sustainable assets



Proactive capital management

- Maintain balance sheet strength, diversity of lenders and a flexible hedging strategy to reduce earnings volatility through changes in interest rates

2 KEON PARADE AND 49 TEMPLE DRIVE, KEON PARK VIC

A solid start to FY24 - Momentum over the three months to 30 September 2023

ASX: CIP included in the S&P/ASX200 Index and EPRA Nareit Global Developed Index

01 Active management



- 53,297sqm of terms agreed over 11 transactions¹. High occupancy maintained at 98.6%, 7.8-year WALE²
- 48%³ positive re-leasing spreads during Q1 FY24 (2H23: 37%³)
- c.57,300sqm of development completions due in Q2 FY24

02 Portfolio profile



- 83% of portfolio in urban infill markets benefitting from strong rental growth, strong 90% east coast exposure⁴
- Circa one third of portfolio leases expire over the next three years, 19% income from CPI indexed leases, 98% net or triple net⁴
- 5.26% portfolio capitalisation rate; Market rental growth substantially offsetting 107bps capitalisation rate expansion⁴
- Centuria has released its 2023 Sustainability Report

03 Proactive capital management



- \$70m of divestments further strengthening balance sheet

04 FY24 guidance



- FY24 FFO guidance of 17.0 cents per unit⁵
- FY24 Distribution guidance of 16.0 cents per unit⁵

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

2. By income

3. On a net rental basis compared to prior passing rents

4. At 30 June 2023

5. Guidance remains subject to unforeseen circumstances and material changes in operating conditions, and assumes the average floating rate is based on a BBSW rate of 4.6% over FY24

Disclaimer

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

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