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Centuria Property Funds No. 2 Limited CENTURIA INDUSTRIAL REIT

Strategic Acquisitions and Capital Raising

Sydney, 29 June 2017: Centuria Property Funds No. 2 Limited (**CPF2L**) as Responsible Entity of Centuria Industrial REIT (ARSN 099 680 252) (**CIP** or the **Trust**) today announced that it:

- has entered into an agreement for the acquisition of 207-219 Browns Road, Noble Park in VIC (**Noble Park Property**); and
- is in exclusive due diligence and advanced negotiations for the acquisition of Sudlow Road, Bibra Lake in WA¹ (**Bibra Lake Property**).

CPF2L believes that the acquisitions will complement and enhance the strategic value and financial metrics of CIP's property portfolio.

The total consideration for the acquisition of the Noble Park Property and the proposed acquisition of the Bibra Lake Property is \$65.0 million² which is comprised as follows:

- \$37.0 million for the Noble Park Property which has a total lettable area of 43,331sqm and adjoins an existing asset owned by the Trust at 500 Princes Hwy, Noble Park
- \$28.0 million³ for the Bibra Lake Property which is a 39,485sqm property that adjoins an existing asset owned by the Trust at 310 Spearwood Avenue, Bibra Lake

The key benefits of the acquisition of the Noble Park Property and the proposed acquisition of the Bibra Lake Property for CIP will include⁴:

- Opportunity to acquire quality assets which complement and enhance the strategic value of the existing portfolio at an attractive price
- 9.4% initial yield and 7.6% cap rate on acquired assets on a weighted average basis
- Acquisitions are 100% occupied and will increase the portfolio's pro forma 31 December 2016 WALE⁵ from 4.3 years to 4.5 years
- Earnings accretive from settlement
- Both transactions originated off-market demonstrating Centuria's industrial transaction capability

¹ A binding agreement has not yet been entered into.

² Excludes acquisition costs.

³ Purchase price is subject to execution of a binding agreement.

⁴ Refer to the investor presentation released to the ASX today for further detail.

⁵ By gross lettable area.

Settlement will be on a deferred basis and is expected to be 1 August for the Noble Park Property and 29 September for the Bibra Lake Property⁶ with the acquisitions to be funded via:

- a fully underwritten \$35.0 million institutional placement (**Placement**)⁷ including a \$25.0 million investment by the Lederer Group; and
- existing debt facilities for the balance

Following completion of the Placement, CPF2L will offer a non-underwritten unitholder purchase plan (**UPP**) to eligible CIP unitholders in Australia and New Zealand to raise up to \$7.5 million⁸. The proceeds raised under the UPP will be utilised to reduce debt.

CIP Trust Manager, Mr Ross Lees commented: "The acquisition of the Noble Park Property and the proposed acquisition of the Bibra Lake Property announced today continue to demonstrate the active approach Centuria is applying to the management of CIP. The assets have been sourced off-market and are strategically located adjoining existing assets owned by the Trust. Both assets provide predictable income streams to high quality tenants and enhance the financial metrics of the overall portfolio."

Acquisitions

207-219 Browns Road, Noble Park, VIC

- CIP to acquire a 100% ownership interest for \$37.0 million
- Industrial unit estate comprising 43,331sqm with 100% occupancy
- Adjoins existing asset owned by the Trust at 500 Princes Highway, Noble Park
- The property will have an initial yield of approximately 7.0% and WALE of 8.9 years whilst the total site area of 5.8ha combined with CIP's 4.0ha adjoining asset provides a substantial long-term land holding of approximately 10ha in an infill market
- Settlement of the acquisition is expected to occur on 1 August 2017

Sudlow Road, Bibra Lake, WA

- CIP proposing to acquire a 100% ownership interest for \$28.0 million
- Fit for purpose industrial property with a lettable area of 39,485sqm
- Adjoins existing asset owned by the Trust at 310 Spearwood Avenue, Bibra Lake, with the sole tenant, Australian Wool Handlers (**AWH**), occupying 100% of the Sudlow Road asset and 44,296 square metres of the Spearwood Avenue asset
- 100.0% occupied and will have a WALE of 2.7 years on settlement
- Acquisition of the property will allow the Trust to extend its existing relationship with AWH
- Settlement of the acquisition is expected to occur on 29 September 2017⁹

⁶ Assuming a binding agreement is entered into.

⁷ CPF2L has entered into an underwriting agreement on customary terms (including termination events) with Moelis Australia Advisory Pty. Ltd. as sole lead manager, bookrunner and underwriter

⁸ CPF2L may (in its absolute discretion) in a situation where total demand exceeds \$7.5 million, decide to increase the amount to be raised under the UPP to reduce or eliminate the need for scaleback.

⁹ Assuming a binding agreement is entered into.

Key financial metrics

Assuming the Bibra Lake Property is acquired, both acquisitions and the Placement are expected to result in the following¹⁰:

- Neutral to FY18 distributable earnings with immediate accretion realised from settlement of the acquisitions
- Pro forma 31 December 2016 net tangible assets (NTA) per unit of \$2.34 per unit¹¹
- Pro forma 31 December 2016 gearing of 43.0%¹²

Distribution reinvestment plan

CPF2L also announces the activation of CIP's distribution reinvestment plan (**DRP**) for the September 2017 quarter distribution as part of the Trust's capital management strategy.

CPF2L will provide further details in relation to its FY18 guidance with the release of its annual results on 14 August 2017 which will be announced on ASX and be available to unitholders on the Centuria website via the following link <http://centuria.com.au/industrial-reit/home/>.

Capital raising

Institutional Placement

The key details of the Placement are as follows:

- Fully underwritten \$35.0 million Placement to institutional and professional investors including a \$25.0 million investment by the Lederer Group.
- Underwritten by Moelis Australia Advisory Pty. Ltd.
- \$2.45 per unit issue price representing a:
 - 2.1% discount to the distribution-adjusted last traded price of \$2.5015 per unit¹³
 - 2.9% discount to the distribution-adjusted 5 day VWAP of \$2.5226 per unit¹³
- New units issued under the Placement will rank equally with existing units from the date of issue noting that the new units will be issued after the record date for CIP's quarterly distribution for June 2017 and as such will not be entitled to the June 2017 quarter distribution amount of 4.85 cents per unit
- The Placement is within CIP's existing capacity under ASX Listing Rule 7.1 and accordingly no unitholder approval is required in connection with the Placement

¹⁰ No adjustment has been made for the non-underwritten UPP of up to \$7.5 million.

¹¹ Includes additional pro forma adjustments to reflect the sale of 60 Marple Avenue, Villawood which settled on 17 February 2017 and the impact of the Trust's debt refinancing during the period.

¹² Gearing is adjusted for cash and intangible assets. Includes additional pro forma adjustments to reflect the sale of 60 Marple Avenue, Villawood which settled on 17 February 2017 and the impact of the Trust's debt refinancing during the period.

¹³ The June 2017 quarter distribution of 4.85 cents per unit has been deducted from the last trading price of \$2.55 per unit and 5 day VWAP of \$2.5711 per unit.

Unit Purchase Plan (UPP)

Following the completion of the Placement, CPF2L will also undertake a UPP to provide eligible unitholders in Australia and New Zealand with the opportunity to participate in the equity raising.

Eligible unitholders (who were registered as CIP unitholders as at 7.00pm on Wednesday, 28 June 2017) will be invited to subscribe for up to a maximum of \$15,000 of additional units per unitholder, free of brokerage and transaction costs. The UPP will not be underwritten and the total amount to be raised will be subject to a \$7.5 million cap.

CPF2L may (in its absolute discretion) decide to increase the cap to reduce or eliminate the need for scaleback should total demand exceed \$7.5 million.

The UPP is subject to the terms set out in the UPP offer booklet, which is expected to be lodged with ASX and sent to eligible unitholders on Wednesday, 19 July 2017.

As with the new units issued under the Placement, the new units issued under the UPP will rank equally with existing CIP units noting that the new units will be issued after the record date for CIP's quarterly distribution for June 2017 and as such will not be entitled to the June 2017 quarter distribution amount of 4.85 cents per unit.

Indicative timetable

The proposed timetable for the Placement and UPP is as follows:

Event	Date
Record Date for UPP	7.00pm Wednesday, 28 June 2017
June 2017 quarter distribution ex-date	Thursday, 29 June 2017
Trading halt and announcement of Placement and UPP	Before market on Thursday, 29 June 2017
Trading halt lifted and recommencement of trading	Before market on Friday, 30 June 2017
June 2017 quarter distribution record date	Friday, 30 June 2017
Settlement of units under the Placement	Wednesday, 5 July 2017
Issue of Placement units and commencement of trading on ASX	Thursday, 6 July 2017
Expected dispatch of UPP offer booklet to eligible unitholders	Wednesday, 19 July 2017
Expected UPP offer opening date	9.00am Wednesday, 19 July 2017
Expected UPP offer closing date	5.00pm Wednesday, 9 August 2017



Expected issue of UPP units	Monday, 14 August 2017
Expected commencement of trading of UPP units on ASX	Tuesday, 15 August 2017

All dates and times are indicative only and subject to change at the discretion of the Responsible Entity. All dates and times are references to Australian Eastern Standard Time. The commencement of quotation and trading of new units is subject to confirmation from ASX.

Important information

For more important information, see the investor presentation released to the ASX today which includes further details about the acquisitions, Placement, UPP and a description of key risks.

- Ends -

For further information, please contact:

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About Centuria Property Funds No. 2 Limited

Centuria Property Funds No. 2 Limited (CPF2L), a wholly-owned subsidiary of Centuria Capital Group (CNI), is the Responsible Entity for the ASX listed Centuria Industrial REIT (CIP). CPF2L, combined with Centuria Property Funds Limited (CPFL), the Responsible Entity for the ASX listed Centuria Metropolitan REIT (CMA), has approximately \$3.0 billion of funds under management in 17 unlisted property funds and 2 listed REIT's. CNI is an ASX-listed specialist investment manager with \$3.8 billion in total funds under management.



Disclaimer

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