Centuria Capital Group

$60 MILLION EQUITY RAISING

Not for release or distribution in the United States

IMPORTANT NOTICES

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Summary information

Centuria securities comprise shares in the Company and units in the Trust, stapled together (**Securities**). Centuria is listed on the ASX (ASX code: CNI).

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IMPORTANT NOTICES

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Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

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This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by use of forward looking words such as "anticipate", "expect", "likely", "intend", "should", "could", "may", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the future performance of Centuria and the outcome and effects of the Entitlement Offer and use of proceeds. No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this Presentation, or any events or results expressed or implied in any forward-looking statement. Forward-looking statements, opinions and estimates provided in this Presentation are not guarantees of future performance and are by their nature inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, Centuria and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

Financial data

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

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Executive Summary

EXECUTIVE SUMMARY

Transformed CNI	— Centuria Capital Group (**Centuria or CNI**) is an ASX-listed specialist investment manager with $4.2 billion in funds under management — CNI underwent transformative growth in 2017 so far with 91% increase in funds under management (**FUM**) since 31 December 2016 to $4.2bn (from $2.2 bn) — Since 1 January 2017, CNI has delivered a 40% total return to investors and significantly outperformed the broader ASX300 A-REIT index[1]
Equity raising	— CNI is seeking to raise approximately $60m via a 1-for-4.90 underwritten accelerated non-renounceable entitlement offer (**Entitlement Offer**) to: – Replenish CNI's free cash position post the $53m acquisition of a 9.3% interest in ASX-listed Propertylink Group (**PLG**); – Support co-investments in Centuria's listed funds, undertake corporate M&A initiatives (including Centuria's proposal to PLG) and provide capacity to support growth in the unlisted property funds management business (deposits or underwriting/warehousing); – Reduce CNI's gearing and provide additional working capital — Issue price of $1.28 per Security represents[1]: – 5.2% discount to the last traded price of $1.35 – 6.9% discount to the five day VWAP of $1.374
Impact of equity raising	— Expected to be marginally accretive (1%+) to FY18 operating earnings per security (**EPS**) excluding performance fee contribution — Forecast FY18 operating EPS of 15.8-16.2cps (including 10 Spring Street performance fee[2]) — CNI reaffirms FY18 distribution per security (**DPS**) guidance of 8.2 cents representing a 9.3% increase in distributions from FY17 — Material reduction in proforma operating gearing[3] to 7.1% — 39% increase in CNI's proforma NTA[4] to 66 cps primarily from 10 Spring Street performance fee and the equity raising — Increased scale and improved relevance to equity investors with CNI's market capitalisation increasing to over $372m post equity raising, with potential for further enhancement through inclusion in the ASX300

1. As at 3 October 2017. Past performance is not an indication of future performance.
2. On 26 September 2017, CNI announced the sale of 10 Spring Street, Sydney by one of its managed funds. Centuria Property Funds Limited (**CPFL),** a wholly owned subsidiary of CNI, will generate a net performance of $25.8m before tax as a result of the sale.
3. Pro forma operating gearing calculated as (corporate & reverse mortgage debt less cash) / (total assets less cash) at 30 June 2017 adjusted for certain pro forma adjustments including receipt of the net performance fee on the sale of the 10 Spring Street property, the investment in PLG, the payment of FY17 distribution and the proposed equity raising
4. Pro forma adjustments to 30 June 2017 NTA primarily relate to the receipt of net performance fee ($25.8m before tax) earnt through the sale of the 10 Spring Street property and net proceeds from the proposed equity raising.

Market Update

Centuria profile

ASX-listed specialist investment manager

Centuria Capital Group

$4.2b

FUM [1]

Listed Property Funds

$1.8b

FUM[1]

Centuria Industrial REIT (**CIP**)
$998m FUM

Centuria Metropolitan REIT (**CMA**)
$779m FUM

Unlisted Property Funds

$1.6b

FUM[1]

Centuria Diversified Property Fund
+
16 fixed term funds

Investment Bonds

$0.8b

FUM

1. FUM as at 3 October 2017

Transformation of CNI

2017 has been a transformative year for CNI and building scale was an important step for Centuria to deliver outcomes for all stakeholders

JAN17
- Completion of the 360 Capital transaction
- Successfully completed equity raising of $150m to fund acquisition of majority of 360 Capital

FEB17
- Launched $72m Centuria Scarborough House Fund
- Launched Centuria Diversified Property Fund
- Announced simplification and de-stapling of CMA

MAR17
- CMA settled sale of Mars Rd, Lane Cove for $26m
- CNI settled $59m residential development in Mosman

APR17
- $100m corporate bond issue by CNI
- Launched $106m Centuria Sandgate Road Fund

MAY17
- Refinanced CIP portfolio's $450m debt facilities
- CIP secures new leases/early tenant renewals for 8% of portfolio

JUN17
- Merger of CMA and Centuria Urban REIT (**CUA**)
- CIP acquisition of 2 properties for $65m & undertakes $35m capital raising
- CMA $58m acquisition of Kendall St, Williams Landing

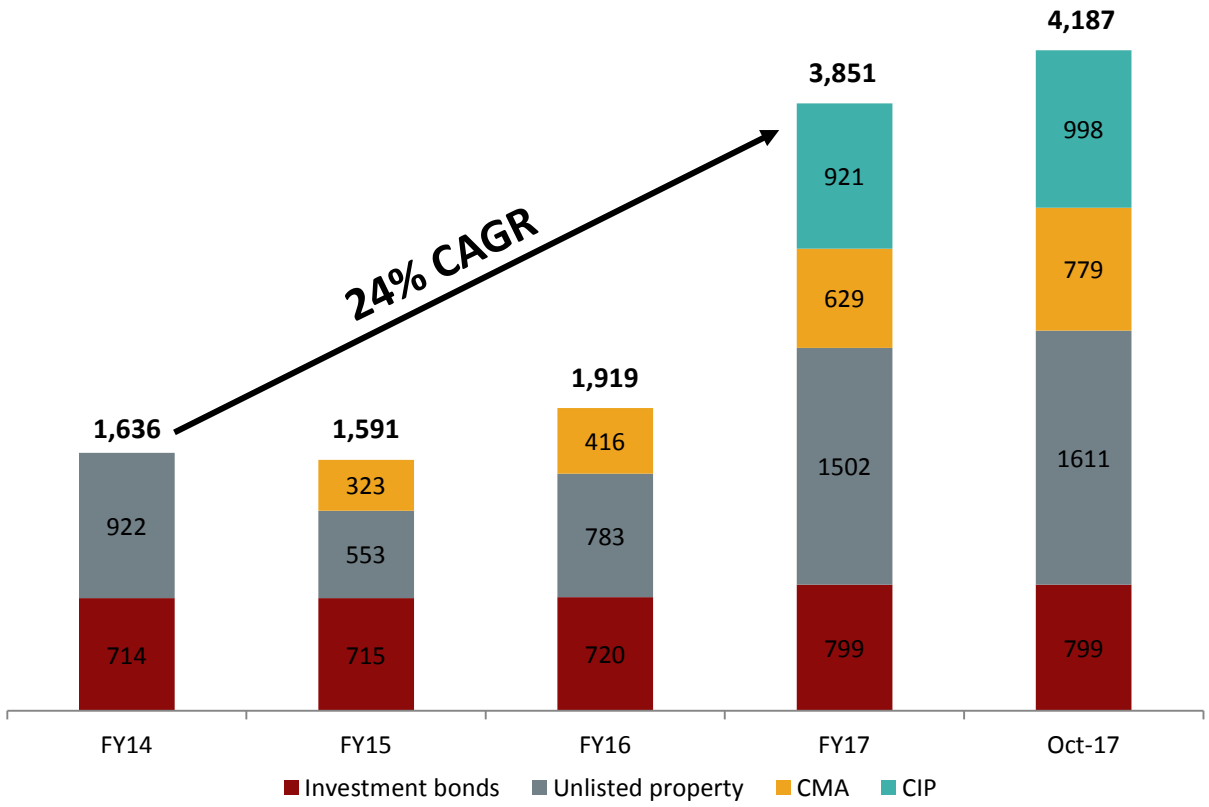
JUL17
- CMA $90m equity raising for three new acquisitions
- CIP sold Wedgewood Drive, Hallam $10m
- CPFL acquires Sandgate Road Nundah ($106m) for new unlisted fund

AUG17
- CMA acquisition of 2 properties for $92m
- CIP $11m acquisition of Robinson Rd, Belmont

SEP17
- CPFL generates performance fee of $26m on sale of 10 Spring Street
- $25m corporate bond issuance by CNI
- CNI acquire $53m of PLG securities (9.3%)
- CIP acquires 7.7% of PLG securities and completes $44m placement

Funds Management Platform Growing Strongly

CNI has grown FUM by 24% per annum since FY14 with additional opportunities for future growth

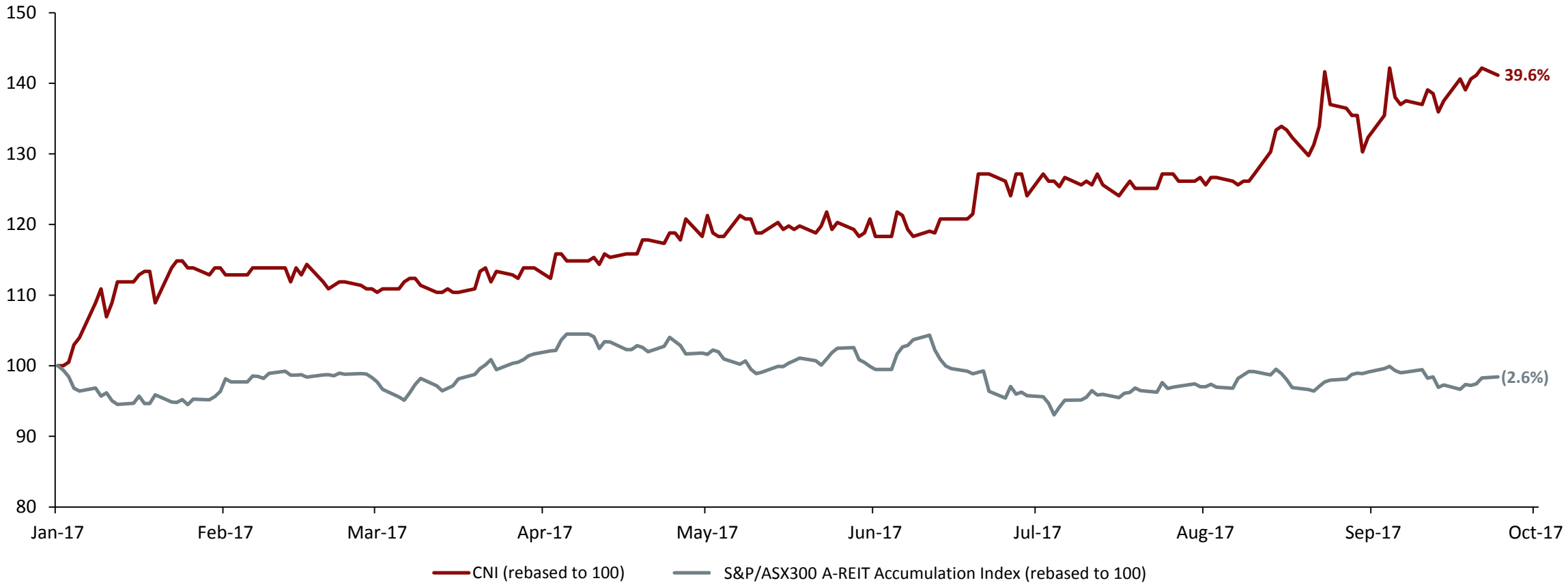


- CNI has successfully increased FUM by organic growth and platform acquisitions, contributing to a 24% CAGR in FUM from FY14 to FY17
  - The acquisition of the 360 Capital Group property funds management platform grew property FUM to $2.9bn (total FUM of $3.6bn)
- Since the start of FY18, $332 million of property assets have been settled bringing the total property FUM to $3.4bn (total FUM of $4.2bn)
- CNI anticipates further organic growth in existing FUM as assets are revalued in December 2017
- On 26 September 2017, CNI announced the sale of 10 Spring Street by the unlisted Centuria 10 Spring Street Fund
  - Sold for $270 million representing approximately 3x the original acquisition price of $91 million in 2013
  - The responsible entity, CPFL[1] will earn a net performance fee of $25.8 million (before tax) as a result of the sale
  - Investment Bonds FUM to increase following settlement of the sale of 10 Spring Street as a proportion of the fund profit from the asset sale is retained for bondholders

1. CPFL is a 100% owned subsidiary of CNI

CNI TOTAL RETURN VS S&P/ASX300 A-REIT Accumulation index

Since 1 January 2017, CNI has delivered a 40% total return[1] to investors and significantly outperformed the broader ASX300 A-REIT index



1. As at 3 October 2017. Total return calculation based on closing security price accumulated for the reinvestment of dividends. Past performance is not an indication of future performance.

UPDATE ON ACQUISITION OF 17.0% COMBINED STAKE IN PLG

- On 7 September 2017, a 17.0% combined interest in PLG was acquired by CNI (9.3%) and CIP (7.7%)
- Subsequently, CNI and CIP approached the PLG Board with a non-binding proposal to acquire all of the stapled securities in PLG via schemes of arrangement under which:
  - CNI proposed to acquire PLG's funds management platform through acquiring Propertylink (Holdings) Limited and PLG's co-investments through acquiring Propertylink Trust for CNI scrip and cash; and
  - CNI and CIP proposed to acquire Propertylink Australian Industrial Partnership Trust for a combination of CNI scrip, CIP scrip and cash
- Centuria believes there is strong strategic rationale supporting a merger and that its proposal represents a compelling financial and strategic opportunity for PLG securityholders
- To date, the PLG Board has informed the market that they rejected Centuria's non binding indicative proposal[1]. CNI's current intention is to continue to actively pursue a merger of the Groups
- CNI is also aware that a broker acting on behalf of a foreign client is seeking up to a 20% stake in PLG at $1.02 per PLG security, comprised of up to a 9.99% direct interest and a total return swap of up to 10%. At the time this investor presentation is released to ASX, CNI is not aware of any substantial holding notice or other ASX announcement regarding this. CNI will monitor the situation. At the moment CNI's intentions regarding PLG are unchanged.
- CNI believes the merger would create the following benefits for CNI investors:

Benefits to CNI investors		Comments
✓	**Leading real estate funds management platform**	– With $5.7bn in FUM including the management of retail funds, wholesale funds and REITs, the merger would create a real estate platform with substantial scale amongst its peers – Increased scale will create a more efficient and competitive property funds management platform
✓	**Diversified capital sources**	– Diversification of capital sources with potential demand from retail, high net worth / wealth, listed and wholesale platforms – Larger listed vehicles would enjoy greater access to global debt markets
✓	**Increased investor relevance**	– Improved scale and relevance to equity investors enhanced further through potential inclusion in the ASX300

[1] Announced to the market on 25 September 2017

Overview of Equity Raising

KEY OFFER METRICS

- CNI is undertaking an underwritten 1-for-4.90 accelerated non-renounceable entitlement offer to raise approximately $60 million
- Offer price of $1.28 per Security represents:
  - 5.2% discount to last closing price
  - 6.9% discount to five day VWAP
- Compelling financial metrics for CNI securityholders with:
  - Expected to be marginally accretive (1%+) to FY18 operating EPS excluding performance fee contribution
  - Forecast FY18 operating EPS of 15.8-16.2cps (including 10 Spring Street performance fee)
  - FY18 DPS guidance reaffirmed at 8.2cps
  - Material increase in proforma NTA from 47 cents to 66 cents on 30 June 2017[1]
  - Material reduction in proforma operating gearing

KEY OFFER METRICS	
Offer	
Offer Price ($)	1.28
Amount raised ($m)	60.2
Discount to last closing price (%)[2]	5.2
Discount to five day VWAP (%)[2]	6.9
Key Financial Metrics	
Forecast FY18 Operating EPS (cps)	15.8-16.2
Pro forma NTA (cps)[1]	66
Pro forma operating gearing[3] (%)	7.1
Market Metrics	
FY18 DPS Yield on Offer Price (%)	6.4
Pro forma market capitalisation post equity raising ($m)	372

1. Pro forma adjustments to 30 June 2017 NTA primarily relate to the receipt of net performance fee ($25.8m before tax) earnt through the sale of the 10 Spring Street property and net proceeds from the proposed equity raising
2. As at 3 October 2017
3. Pro forma operating gearing calculated as (corporate & reverse mortgage debt less cash) / (total assets less cash) at 30 June 2017 adjusted for certain pro forma adjustments including receipt of the net performance fee on the sale of the 10 Spring Street property, the investment in PLG, the payment of FY17 distribution and the proposed equity raising

ADDITIONAL DETAILS OF THE EQUITY RAISING

Equity Raising Details	— An Entitlement Offer of approximately 47 million new Securities to raise approximately $60 million
Entitlement Offer	— 1-for-4.90 accelerated non-renounceable entitlement offer — Record date is 7:00pm (Sydney time) 6 October 2017[1] — Entitlement Offer will comprise an accelerated Institutional Entitlement Offer and a Retail Entitlement Offer — New Securities in respect of institutional entitlements not subscribed for will be placed into an institutional bookbuild[2] — Retail Entitlement Offer opens on 10 October 2017 and closes on 20 October 2017[1] — Securityholders applying for Securities under the Retail Entitlement Offer may apply for additional Securities in excess of their entitlement[3]
Ranking	— New Securities issued under the equity raising will rank equally with existing Securities
Pricing	— The Offer Price of $1.28 per new Security represents: – 5.2% discount to the last traded price of $1.350 – 6.9% discount to the five day VWAP of $1.374
Underwriter	— The Entitlement Offer is underwritten by Moelis Australia Advisory Pty Ltd
Directors' intentions	— The Directors who hold Securities intend to take up all or some of their entitlements in the Entitlement Offer. In addition, certain Directors (or entities associated with these Directors) have agreed to sub-underwriting commitments in connection with the Entitlement Offer as detailed in Appendix A

1. All dates are indicative only and the timetable is subject to change at CNIs discretion with the prior written consent of the Underwriter (subject to the law and ASX listing rules)
2. The issue of the shortfall will be at the discretion of the Directors of CNI and the Underwriter
3. The issue of additional Securities will be at the discretion of the Directors of CNI and the Underwriter and may be subject to scale back

SOURCES AND USES OF THE PROCEEDS

- Proceeds from the equity raising will be used to replenish CNI's free cash position post the $53m acquisition of a 9.3% interest in PLG and to strengthen CNI's balance sheet to:
  - support co-investments in Centuria's listed funds (CMA and CIP), which are in a growth phase and may continue to seek additional capital to fund that growth
  - undertake corporate M&A transactions to grow Centuria's property funds management platform and FUM (for example through Centuria's investment in PLG)
  - grow its unlisted property funds management business by increasing CNI's capacity to co-invest in unlisted property funds, by CNI itself acquiring on balance sheet properties, or providing funding for deposits to its subsidiary fund managers to acquire properties, that can subsequently be used to establish new unlisted property funds and to provide back-stop underwriting for new unlisted property funds offerings
  - provide additional working capital
  - reduce CNI's gearing to 7.1% (corporate & reverse mortgage debt less cash) / (total assets less cash). Gearing is expected to increase as the cash proceeds of the offer are invested

Sources	$m	Uses of funds	$m
Entitlement Offer Proceeds	60.2	Co-investments, underwriting, acquisitions and working capital	57.9
		Transaction costs	2.3
Total sources	**60.2**	**Total uses**	**60.2**

INDICATIVE TIMETABLE

Key event	Date[1]
Announcement of the Entitlement Offer	Wednesday, 4 October 2017
Institutional Entitlement Offer opens	Wednesday, 4 October 2017
Institutional Entitlement Offer closes	Wednesday, 4 October 2017
Record Date for Retail Entitlement Offer (7:00pm Sydney time)	Friday, 6 October 2017
Retail Entitlement Offer opens	Tuesday, 10 October 2017
Early Retail Acceptance Due Date (5:00pm Sydney time)	Wednesday, 11 October 2017
Settlement of the new Securities issued under the Institutional Entitlement Offer & Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Friday, 13 October 2017
Allotment and ASX quotation of new Securities issued under the Institutional Entitlement Offer & Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Monday, 16 October 2017
Despatch of holding statements for new Securities issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Tuesday, 17 October 2017
Retail Entitlement Offer Closes (5:00pm Sydney time)	Friday, 20 October 2017
Settlement of the remaining new Securities issued under the Retail Entitlement Offer	Thursday, 26 October 2017
Allotment of the remaining new Securities issued under the Retail Entitlement Offer	Friday, 27 October 2017
ASX quotation of the remaining new Securities issued under the Retail Entitlement Offer	Monday, 30 October 2017
Despatch of holding statements for remaining new Securities issued under the Retail Entitlement Offer	Tuesday, 31 October 2017

1. All dates are indicative only and the timetable is subject to change at CNIs discretion with the prior written consent of the Underwriter (subject to the law and ASX Listing Rules)

Appendices

APPENDIX A: UNDERWRITING AND DIRECTOR SUB-UNDERWRITING COMMITMENTS

The Directors of CNI are supportive of the Entitlement Offer.

Certain Directors (or entities associated with these Directors) of CNI, agreed to sub-underwriting commitments in connection with the Entitlement Offer as detailed below:

Director	Sub-underwriting Commitment Limit ($)
Garry Charny	• $150,000
John Slater	• $158,720

Underwriting Agreement

Moelis Australia Advisory Pty Ltd (**Underwriter**) is acting as co-lead manager[1], bookrunner and underwriter to the Entitlement Offer. Centuria has entered into an Underwriting Agreement with the Underwriter in respect of the Entitlement Offer. The Underwriter will receive a underwriting fee payable out of the proceeds of the Entitlement Offer. Subject to certain exceptions, Centuria has agreed to indemnify the Underwriter its affiliates and related bodies corporate, and their respective directors, officers, employees, partners, agents, advisers and representatives (each an Indemnified Party) from and against all losses suffered or incurred by an Indemnified Party, directly or indirectly, arising out of or in connection with the Entitlement Offer or the Underwriting Agreement. The Underwriting Agreement also contains representations and warranties in favour of the Underwriter. The Underwriter may, in certain circumstances, terminate its obligations under the Underwriting Agreement on the occurrence of certain termination events including, but not limited to, where

- Centuria is unable to issue the new Securities under the Entitlement Offer on the required allotment date (unless remedied in accordance with the terms of the Underwriting Agreement and subject to certain consultation obligations in the event of a delay caused by a regulatory intervention);
- Centuria alters its capital structure or its constitution without the prior written consent of the Underwriter(such consent not to be unreasonably withheld or delayed); or
- Centuria, or any of its directors or officers engage in any fraudulent conduct or activity in connection with the Entitlement Offer.

If Moelis terminates the Underwriting Agreement, Moelis will not be obliged to perform any of its obligations which remain to be performed under the Underwriting Agreement.

Director Sub-underwriting

The Underwriter has entered into sub-underwriting arrangements with each of the above Directors, pursuant to individual sub-underwriting agreements (**Sub-underwriting Agreements**). Pursuant to each Sub-underwriting Agreement, each of the above Directors (or entities associated with those Directors) has given a sub-underwriting commitment in favour of the Underwriter up to the Sub-underwriting Commitment Limits as set out above. In the event that there is a shortfall in the number of New Securities to be issued to existing security holders under the Entitlement Offer, the terms of the Sub-underwriting Agreements require each Director to subscribe for the number of New Securities allocated to them by the Underwriter up to their respective Sub-underwriting Commitment Limit, at the issue price of $1.28. Each Director who is providing a sub-underwriting commitment is entitled to a sub-underwriting fee of 1.5% in respect of their respective Sub-underwriting Commitment Limit, which is payable by the Underwriter.

In the event that the Underwriting Agreement is terminated, each Sub-underwriting Agreement will be terminated without any obligation to the relevant sub-underwriter. The sub-underwriters have no specific termination rights under the Sub-underwriting Agreements and have acknowledged and agreed that they will accept the decisions and actions of the Underwriter under the Underwriting Agreement.

1. Shaw and Partners Limited has been appointed as a co-lead manager

APPENDIX B: RISKS

- All investments carry risk, including loss of some or all of the capital invested and failure of investments to generate a positive return. You should carefully consider whether an investment in CNI Securities is a suitable investment for you. Some of the risks investing in CNI include the following:

General Risks:

Economic Environment

- General economic factors such as interest rates, exchange rates, inflation, business and consumer confidence and general market factors may have an adverse impact on Centuria's earnings or value of its assets. Aspects of the business that could be affected include reduced management and performance fees, reduced funds under management, Centuria's swap arrangements, reduced distribution income or other adverse consequences.

ASX Market Volatility

- The market price of Centuria's securities will fluctuate due to various factors, many of which are non-specific to Centuria, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, exchange rates, changes in government, fiscal and monetary and regulatory policies (including APRA prudential requirements), changes to laws (particularly taxation laws), global investment markets, global geo-political events and hostilities, investor perceptions and other factors that may affect Centuria's financial performance and position. In the future, these factors may cause Centuria's securities to trade at or below their issue price. Factors such as those mentioned above may also affect the income, expenses and liquidity of Centuria. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Centuria.

Liquidity and realisation risk

- There can be no guarantee that there will be an active market in the CNI Securities or that their value will increase. There may be relatively few or many buyers or sellers of the CNI Securities on the ASX at any one time which may lead to increased price volatility and affect the price at which security holders are able to sell their CNI Securities .

Taxation

- Future changes in Australian taxation law (including the goods and services tax and stamp duty), including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of your investment in Centuria securities or the holding and disposal of those securities. Further, changes in tax law (including the goods and services tax and stamp duty) or changes in the way tax law is expected to be interpreted in the jurisdictions in which Centuria operates, may impact the future tax liabilities of Centuria.

Litigation

- Centuria may, in the ordinary course of business, be involved in possible litigation disputes. Any such dispute may be costly and adversely affect the operational and financial results of Centuria.

Industry Specific Risks

Property Sector Risks

- Centuria is subject to the prevailing property market conditions in the sectors in which each of the funds under the control of Centuria operate and the jurisdiction in which each of its funds' assets are located. The demand for property as an asset class changes over time and can be influenced by general economic factors such as interests rates and economic cycles. A deterioration in investment market conditions in the property sector due to a sustained downturn in the domestic and/or global economic climate could adversely impact on Centuria's earnings through directly reducing the value of Centuria's existing funds under management, reducing the value of property assets, and through reducing the attractiveness of the property sector to investors.
- The property market may be at or near the top of the investment value cycle and the value of properties may fluctuate relatively quickly (for property assets).

Property Liquidity

- The property assets to which Centuria and the funds managed by Centuria are exposed are, by their nature, illiquid investments. There is a risk that Centuria may not be able to realise property assets within a short period of time or may not be able to realise property assets at valuation including selling costs, which could materially adversely affect the financial performance of Centuria.

Liquidity and realisation risk

- The ongoing value of properties held by funds managed by Centuria may fluctuate due to a number of factors including rental levels, occupancy assumptions, vacancy periods, rental incomes, capitalisation rates and market sentiment, all of which may change for a variety of reasons including the risks outlined in this Presentation. Valuations represent only the analysis and opinion of qualified experts at a certain point in time. There is no guarantee that a property will achieve a capital gain on its sale or that the value of the property will not fall as a result of the assumptions on which the relevant valuations are based proving to be incorrect.

Regulatory risk and changes in legislation

- Centuria operates in a highly regulated environment and it, and the Centuria Funds Management business is subject to a range of industry specific and general legal and other regulatory controls (including Australian Financial Services Licensing and Anti Money Laundering / Counter Terrorism Funding requirements). Regulatory breaches may affect Centuria's operational and financial performance, through penalties, liabilities, restrictions on activities and compliance and other costs. ASIC routinely undertakes surveillance of Australian financial services licensees, and from time-to-time undertakes regulatory and enforcement action in relation to such licensees. If ASIC was to take such action against Centuria or Centuria's Funds Management business, then this action might result in Centuria or Centuria's Funds Management business being restricted or prohibited from providing financial services, including operating its Funds Management business, or might lead to the imposition of additional compliance costs or reputational damage. ASIC may make a public announcement of its regulatory action.
- Changes in government legislation and policy in jurisdictions in which Centuria and the Centuria Funds Management business operate may affect the value of funds managed by Centuria and the financial performance of Centuria. This may include changes in stamp duty or tenancy legislation, policies in relation to land development and zoning and delays in the granting of approvals or registration of subdivision plans.

Risks Specific To Centuria

Funds Management

- Centuria manages a number of funds on behalf of third party investors. The majority of Centuria's income is derived from fees calculated with reference to the value of funds under the control of the Centuria Funds Management business. Centuria's financial performance may be adversely affected if it was not able to appropriately respond to the following risks:
  - significant or prolonged underperformance of the Centuria Funds that may affect the ability of Centuria to retain existing funds and to attract new funds under management.
  - unitholder or competitor actions initiated to remove funds from the control of the Centuria Funds Management business.
  - a number of funds under the control of the Centuria Funds Management business are fixed term funds or funds where strategic review dates fall due in the short to medium term. Unitholder approval and/or endorsement is required for extensions to the term of these funds. There is a risk that investors may not approve or endorse such extensions or that key investors may terminate management arrangements or otherwise remove their funds from the control of Centuria Funds Management business at any time.
  - the direct property funds that Centuria Funds Management manages have exposure to a variety of entities that lease or otherwise occupy the properties owned by these funds. Insolvency or financial distress leading to a default by a major lessee or lessees across a number of leases, or failure to secure new leases on acceptable terms, could give rise to earnings volatility and breach of financial covenants within these funds.
  - to the extent that property values or income levels in a particular fund fall, there is a risk that the management fee income derived from that fund may be adversely impacted.

Reliance on third party equity

- As a fund manager, growth in Centuria's earnings may be impacted by the ability of Centuria to establish new listed or unlisted funds. Specifically such income growth is dependent on the ability of Centuria to continue to source and maintain equity from new and existing investors for current and future funds.

Co-Investments

- Centuria long term strategy is to continue holding co-investments in a number of the funds it manages. Such investments are subject to the general investment risks outlined above. Factors influencing the financial performance of these managed funds may adversely impact the value of Centuria's assets or quantum of its earnings which may in turn impact the price of the Securities.

Funding

- Centuria and funds managed by the Centuria Funds Management business relies on access to various sources of capital, along with the refinancing and/or variation of existing debt facilities. An inability to obtain the necessary funding or refinancing on acceptable terms and at commercial rates or a material increase in the costs of such funding may have an adverse impact on Centuria's performance or financial position. Further, these debt facilities are subject to various covenants including interest coverage ratios and loan to valuation ratios. The use of debt funding may enhance returns and increase the number of assets that Centuria can acquire, but it may also substantially increase the risk of loss. Use of debt funding may adversely affect Centuria when economic factors such as rising interest rates and/or margins, severe economic downturns, availability of credit, reduction in asset values or further deterioration in the condition of debt and equity markets occur. If an investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of Centuria's equity component could be significantly reduced.

Acquisition risks

- Centuria also has a significant potential acquisition pipeline that it is pursuing in order to drive future growth of the business. There is no guarantee that Centuria will be able to execute all current or future acquisitions. To the extent that or any current or future acquisitions are not successfully integrated with Centuria's existing business, the financial performance of Centuria could be materially adversely affected.
- There is a risk that Centuria will be unable to identify future acquisition opportunities that meet its investment objectives, or if such acquisition opportunities are identified, that they can be acquired on appropriate terms, thereby potentially limiting the growth of Centuria and its Funds Management business. Any failure to identify appropriate assets or successfully acquire such assets could materially adversely affect the growth prospects and financial performance of Centuria. While it is Centuria's policy to conduct a thorough due diligence process in relation to any such acquisition, risks remain that are inherent in such acquisitions.

Dilution risk

- Centuria's security holders who do not participate in the Entitlement Offer, or do not take up all of their entitlements under the Entitlement Offer, will have their investment in Centuria diluted and receive no value for their entitlement. Investors may also have their investment in Centuria diluted by future capital raisings. Centuria may issue new securities to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor's interest. Centuria will only raise equity if it believes that the benefit to investors of acquiring the relevant assets or reducing gearing is greater than the short term detriment caused by the potential dilution associated with a capital raising.

Information system disruption

- Centuria relies on its infrastructure and information technology in order to operate its business. A severe disruption to or failure of Centuria's information technology systems may adversely impact the operations of Centuria and its current and future business and financial performance.

Personnel risk

- The ability of Centuria to successfully deliver on its strategy is dependent on retaining key employees (such as John McBain (Group CEO), Jason Huljich (CEO of Unlisted Property Funds), Simon Holt (CFO) and Neil Rogan (General Manager Investment Bonds). The loss of senior management, or other key personnel, could adversely impact on Centuria's current and future business and financial performance.

APPENDIX C: INTERNATIONAL OFFER RESTRICTIONS

This document does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The New Securities have not been and will not be, registered under the US Securities Act of 1933 (US Securities Act) or the securities laws of any state or other jurisdiction in the United States. The New Securities may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US State securities laws.

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Stapled Securities have not been and will not be offered or sold in Hong Kong other than to “professional investors" (as defined in the SFO). No advertisement, invitation or document relating to the Stapled Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (FMC Act). The Stapled Securities are not being offered to the public within New Zealand other than to existing securityholders of Centuria with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Other than in the Entitlement Offer, the Stapled Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore (MAS) and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (SFA) in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The issuer is not authorised or recognised by the MAS and the Stapled Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Stapled Securities may not be circulated or distributed, nor may the Stapled Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA. This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any offer is not made to you with a view to the Stapled Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.