



CMA

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Monday, 11 December 2017

Dear Securityholder,

Centuria Metropolitan REIT – Notification to Ineligible Securityholders

On 5 December 2017, Centuria Property Funds Limited (**Centuria**), as Responsible Entity of Centuria Metropolitan REIT (**CMA**, the **REIT** or the **Fund**), announced an underwritten¹ A\$60 million 1 for 8.65 accelerated non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary securities (**New Securities**) at an offer price of \$2.39 per New Security ("**Offer Price**").

The Offer will raise approximately A\$60 million before costs and the proceeds will be used to partially fund the acquisition of two properties from separate vendors for a total of A\$119.1 million (**Acquisitions**) including:

- a 50% interest in the office building located at 201 Pacific Highway, St Leonards, NSW for A\$85.8 million; and
- a 100% interest in the office building located at 77 Market Street, Wollongong, NSW for A\$33.3 million.

The Acquisitions are in line with the Fund's strategy to invest in office and industrial assets in Australian metropolitan markets which generate stable income returns and offer the potential for capital growth through active management.

The acquisition price represents a weighted average capitalisation of 6.7%.

The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to Eligible Retail Securityholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**).

¹ The Entitlement Offer has been underwritten by UBS AG, Australia Branch and Moelis Australia Advisory Pty Ltd other than in respect of commitments received from Centuria Capital Limited. Centuria Capital Limited has also committed to sub-underwrite a portion of the retail component of the Entitlement Offer (on economically equivalent terms to other sub-underwriters (including any sub-underwriting fees that will be paid out of underwriting fees)).

The Entitlement Offer is being made by Centuria in accordance with section 1012DAA of the *Corporations Act 2001* (Cth) (**Act**) as modified by the Australian Securities and Investments Commission Corporations Instrument (Non-Traditional Rights Issue) Instrument 2016/84, meaning that no product disclosure statement or other disclosure document needs to be prepared. The Institutional Entitlement Offer has already closed and the results announced to the ASX.

This notice is to inform you about the Retail Entitlement Offer and to explain why you will not be able to subscribe for New Securities under the Retail Entitlement Offer. This letter is not an offer to issue New Securities to you, nor an invitation for you to apply for New Securities. **You are not required to do anything in response to this letter.**

DETAILS OF THE RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is being made to Eligible Retail Securityholders (as defined below), on the basis of 1 new security for every 8.65 existing securities (**Existing Securities**) held at 7:00pm (Sydney time) on Thursday, 7 December 2017 (**Record Date**).

Documents relating to the Retail Entitlement Offer were lodged with the ASX on Wednesday, 6 December 2017 and are being mailed to Eligible Retail Securityholders.

Eligibility criteria

Centuria has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, that it would be unreasonable to make offers to securityholders in countries other than Australia and New Zealand in connection with the Retail Entitlement Offer having regard to:

- (a) the relatively small number of securityholders in the other jurisdictions where the Retail Entitlement Offer would be made;
- (b) the number and value of securities for which such securityholders would otherwise have been entitled; and
- (c) the costs of complying with the legal and regulatory requirements in each other jurisdiction where the Retail Entitlement Offer would be made.

Securityholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Securityholders**) are securityholders who:

- (a) are registered as a holder of Existing Securities as at 7.00pm (Sydney time) on the Record Date;
- (b) have a registered address in Australia or New Zealand as listed on Centuria's security register on the Record Date;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such a person holds Existing Securities in CMA for the account or benefit of such persons in the United States);
- (d) were not institutional securityholders eligible to participate under the Institutional Entitlement Offer (and were not treated as ineligible institutional securityholders under the Institutional Entitlement Offer); and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or other formal offer document to be lodged or registered.



Centuria may (at its absolute discretion) extend the Retail Entitlement Offer to certain institutional securityholders in foreign jurisdictions who did not participate in the institutional component of the Entitlement Offer (subject to compliance with applicable laws).

Unfortunately, Centuria has determined that you do not satisfy the eligibility criteria for an Eligible Retail Securityholder stated above. Accordingly, Centuria wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Securities under the Retail Entitlement Offer. You will also not be sent the retail offer document relating to the Retail Entitlement Offer nor be able to subscribe for New Securities under the Retail Entitlement Offer.

CPFL has appointed Moelis Australia Securities Pty Ltd (**Nominee**) in accordance with section 615 of the Corporations Act, as nominee for the Ineligible Securityholders, to arrange for the sale of New Securities the entitlements (**Ineligible Securities**) which otherwise would have been available to be issued to those Ineligible Securityholders had they been entitled to participate in the Entitlement Offer. Each Ineligible Securityholder will then receive an amount (less expenses and withholding taxes) equal to the difference (if any) between the sale price and the Offer Price multiplied by the number of Ineligible Securities sold on behalf of that Ineligible Securityholder. The Nominee will, in consultation with Centuria and the Underwriters, have the absolute and sole discretion to determine the timing and the price at which the Ineligible Securities will be sold and the manner of any sale. Neither Centuria nor the Nominee will be subject to any liability for the failure to sell the Ineligible Entitlements or to sell them at a particular price.

If the Nominee, is not able to achieve a surplus over the Offer Price, then the Ineligible Securities will form part of the shortfall.

Further information

If you have any questions in relation to any of the above matters, please contact the Centuria Metropolitan REIT Entitlement Offer Information Line on 1300 090 791 (within Australia) or +61 3 9415 4319 (outside Australia) from 9.00am to 5.00pm (Sydney time) Monday to Friday. For other questions, you should contact your stockbroker, accountant, taxation advisor, financial adviser or other professional adviser.

On behalf of the Board and management of Centuria, thank you for your continued support of CMA.

Yours faithfully,

Centuria Property Funds Limited

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Securities in CMA in any jurisdiction. In particular, this letter does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any person in the United States. Neither the entitlements nor the New Securities that will be offered and sold in the Entitlement Offer have been, or will be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Securities may not be offered or sold, directly or indirectly, to persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable U.S. state securities law. The entitlements and the New Securities to be offered and sold in the Entitlement Offer may only be offered and sold to persons that are not in the United States and are not acting for the account or benefit of persons in the United States, in each case, in “offshore transactions” (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the Securities Act.

IMPORTANT NOTICE TO NOMINEES: Because of legal restrictions, you must not send copies of this letter nor any material relating to the Entitlement Offer to any of your clients (or any other person) in the United States or any other person acting for the account or benefit of persons in the United States or to any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws. The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

About Us

Centuria Property Funds Limited (CPFL), a wholly-owned subsidiary of Centuria Capital Group (CNI), is the Responsible Entity for the ASX-listed Centuria Metropolitan REIT (CMA). CMA focusses on investing in office and industrial assets in metropolitan markets across Australia and holds a portfolio of assets diversified across Sydney, Brisbane and Adelaide.

CPFL, combined with Centuria Property Funds No.2 Limited (CPF2L), has approximately \$3.5 billion of funds under management in 16 unlisted property funds, one open-ended diversified property fund and two listed REITs.

CNI is an ASX-listed specialist investment manager with \$4.4 billion in total funds under management.