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Centuria Capital Group

CENTURIA INCREASES PLG STAKE

CENTURIA RESPONSE TO PLG DEVELOPMENTS

16 October 2018

RELEVANT INTEREST OF 19.51%

Centuria Capital Group (ASX: **CNI** or **Centuria**) announces that it now holds a relevant interest in 19.51% of the issued capital of Propertylink Group (ASX: **PLG**). Please refer to the substantial holder notice lodged concurrently with this announcement.

ESR REVISED BID FOR PLG

Centuria also welcomes the announcement by PLG that its board is now engaging with ESR Real Estate (Australia) Pty Ltd (**ESR**) in respect of an increased offer to acquire all of PLG securities at \$1.20 cash per security (**Revised ESR Proposal**).

CNI notes the statements by PLG in its announcement today that:

- the Revised ESR Proposal is subject to a number of conditions including ESR completing satisfactory due diligence and negotiating a Bid Implementation Agreement (**BIA**) by 5 November 2018;
- at this time, PLG will not proceed with the proposal to acquire Centuria Industrial REIT (**CIP**) subject to certain conditions; and
- the PLG Board intends to unanimously recommend that Propertylink securityholders accept the Revised ESR Proposal subject to certain conditions being met.

PLG BID FOR CIP NOT PROCEEDING

Centuria has been critical of the PLG bid for CIP. In the circumstances, Centuria believes CIP Unitholders will benefit from the clarity around PLG's announced intention not to proceed with its non-binding indicative proposal to acquire CIP.

Previously, the Independent Board Committee for CPF2L, the responsible entity for CIP, had rejected PLG's indicative proposal having cited several concerns including:

- the nature of the consideration exposing CIP unitholders to considerable uncertainty on the future value of PLG stapled securities;
- change in the fundamental nature of CIP unitholders' investment; and
- a material increase in CIP's leverage and risks around maintaining a stable and positive earnings growth profile.

Centuria Capital Group

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Since Centuria assumed the management of CIP in January 2017, it has achieved a number of milestones including:

- CIP's NTA has increased from \$2.36 in December 2016 to \$2.56 in June 2018;
- CIP delivered a 17.2% return on equity for the financial year ended 30 June 2018;
- CIP's WALE has been extended and as at 30 June 2018 is 5.1 years; and
- CIP benefits from a stronger balance sheet with pro-forma gearing reduced below 40%

CIP now holds a high quality portfolio of industrial assets valued at over \$1bn and importantly is the only ASX listed REIT with 100% exposure to Australian industrial real estate.

The PLG announcement not to proceed provides certainty for all CIP investors on the future strategy of CIP and allows Centuria to focus its efforts on delivering a high quality, stable portfolio for CIP investors.

CENTURIA'S PROPOSAL TO RENEW THE PLG BOARD

On 20 September 2018, CNI announced that it had lost confidence in the PLG Board and requisitioned a meeting of PLG securityholders to remove 6 directors from the PLG board and appoint a new, majority independent, board of directors.

An Extraordinary General Meeting (**EGM**) of PLG has been called on 15 November 2018 to consider the resolutions.

Centuria notes the PLG announcement of the Revised ESR Proposal today may have a material effect on that EGM and the matters underlying it.

Based on PLG's disclosure, ESR aims to complete its due diligence and negotiate any BIA by 5 November 2018.

Whilst there is uncertainty around PLG and ESR entering a BIA, Centuria believes that it is prudent to continue to closely monitor the situation surrounding the EGM and looks forward to the PLG Board keeping all investors fully informed.

CENTURIA - CURRENT POSITION RE PLG

As the largest securityholder of PLG alongside ESR, Centuria encourages the PLG directors to continue to support the Revised ESR Proposal in the absence of a superior proposal and to engage meaningfully with ESR. Centuria believes that the recent performance in PLG's security price is a result of corporate activity and there is risk that the PLG security price will materially fall if ESR withdraws from the negotiations with PLG.

Whilst Centuria has not concluded a final view on its intentions in relation to the Revised ESR Proposal, it welcomes the opportunity to discuss the merits of the proposal or transaction alternatives with ESR and other major shareholders.

CNI will keep the market informed of any material developments.

- Ends -

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About Centuria Capital Group

Centuria Capital Group (CNI) is an ASX-listed specialist investment manager with \$5.5 billion in assets under management. We offer a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds. Our drive, allied with our in-depth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.

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