



Australian Securities Exchange - Company Announcements Platform

## Centuria Property Funds No. 2 Limited CENTURIA INDUSTRIAL REIT

### Strategic Acquisitions and Equity Raising

4 December 2018

Centuria Property Funds No. 2 Limited (**CPF2L**), as Responsible Entity of Centuria Industrial REIT (ASX:**CIP**), is pleased to announce the following:

- Acquisition of two high quality industrial assets (the **Acquisitions**) for a combined value of \$54.4 million (excluding costs); and
- An underwritten<sup>1</sup> accelerated non-renounceable entitlement offer to raise approximately \$51.0 million (**Equity Raising**) at an issue price of \$2.77 per CIP unit (**Issue Price**) to partially fund the Acquisitions.

#### Acquisitions

CPF2L has entered into unconditional contracts to acquire 100% freehold interests in the following properties:

Property	State	Purchase price	Initial yield	Cap rate	GLA (sqm)	WALE (years)	Occupancy
149 Kerry Road, Archerfield	QLD	\$30.6m	6.5%	6.00%	13,774	6.1	100%
155 Lakes Road and 103 Stirling Crescent, Hazelmere	WA	\$23.8m	7.5%	6.75%	9,973	1.6	100%
<b>Total / weighted average</b>		<b>\$54.4m</b>	<b>7.0%</b>	<b>6.33%</b>	<b>23,747</b>	<b>3.9</b>	<b>100%</b>

The Acquisitions represent an opportunity to acquire high quality, complementary assets that are:

- Well positioned in established industrial markets close to major transport infrastructure;
- 100% occupied by high quality ASX-listed tenants with strong potential for renewals; and
- Land rich with a low site coverage ratio of 23% providing future flexibility.

CIP Fund Manager, Mr Ross Lees commented: "The Acquisitions are consistent with CIP's strategy of investing in attractive fit-for-purpose assets in established locations and improves CIP's profile as Australia's leading pure-play industrial REIT."

149 Kerry Road, Archerfield (**Archerfield**) is 100% leased to Bluescope Steel Limited, a high quality, ASX-listed tenant and the low site coverage ratio of 31% offers flexibility to accommodate current and future tenant requirements. Furthermore, the property is strategically located with access to infrastructure connections including the Acacia Ridge Rail Terminal.

155 Lakes Road and 103 Stirling Crescent, Hazelmere (**Hazelmere**) is an industrial unit estate comprising two freehold titles, with a low site coverage ratio of 17%. The property is considered strategic for both of its tenants,

<sup>1</sup> The Equity Raising will be underwritten other than in respect of the commitments received from certain Centuria entities with respect to the Equity Raising



which are subsidiaries of blue-chip ASX-listed tenants. Furthermore, the property is a unique metropolitan site with road train access and is well located in close proximity to key infrastructure including the Perth Airport and is adjacent to the intersection of the Great Eastern Highway bypass and Roe Highway.

Settlement of Archerfield is expected to occur during December 2018. Archerfield was acquired from Centuria Metropolitan REIT (ASX:**CMA**) on arm's length terms with CIP participating in an on-market process. The CPF2L directors determined that the acquisition met CIP's investment criteria and was in the best interests of CIP unitholders. The settlement of Hazelmere will occur in two tranches with the settlement of 103 Stirling Crescent, Hazelmere expected to occur during December 2018 and 155 Lakes Road, Hazelmere expected to settle by February 2019.

## Equity Raising

To partially fund the Acquisitions, CIP is undertaking a 1 for 13.5 accelerated non-renounceable entitlement offer to raise approximately \$51.0 million.

The Issue Price of \$2.77 per unit represents a:

- 3.1% discount to the last close price of \$2.86 on 3 December 2018;
- 2.8% discount to the 5-day VWAP of \$2.85 on 3 December 2018;
- 6.7% FY19 forecast distributable earnings yield;<sup>2</sup> and
- 6.6% FY19 forecast distribution yield.<sup>3</sup>

New units issued under the Equity Raising will rank equally with existing units from the date of issue and will be entitled to the full distribution for the quarter ending 31 December 2018, expected to be 4.6 cents per unit.

The Equity Raising is underwritten<sup>4</sup> by Moelis Australia Advisory Pty. Ltd. and UBS AG, Australia Branch (the **Underwriters**)

Centuria Capital Group (ASX:**CNI**) has committed to take up its entitlement under the Equity Raising and has also agreed to sub-underwrite the entire retail component of the Equity Raising, which is approximately \$22 million

## Financial impact

Following completion of the Acquisitions and Equity Raising, CIP reaffirms FY19 guidance previously provided to the market:

- Distributable earnings per unit (**EPU**) of 18.5 - 19.0 cents per unit; and
- Distribution per unit (**DPU**) of 18.4 cents per unit.

CIP continues its de-gearing strategy with pro forma gearing reducing from 38.4% to 36.5%<sup>5</sup> following completion of the Acquisitions and Equity Raising. This continued focus on prudent capital management has created headroom to pursue future growth opportunities.

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<sup>2</sup> EPU yield calculated from lower end of FY19 EPU guidance of 18.5 to 19.0 cents per unit

<sup>3</sup> DPU yield calculated on FY19 DPU guidance of 18.4 cents per unit

<sup>4</sup> The Equity Raising will be underwritten other than in respect of the commitments received from certain Centuria entities with respect to the Equity Raising

<sup>5</sup> Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill. Gearing of 38.4% as of 30 June 2018



## Indicative timetable

The proposed timetable for the Equity Raising is as follows:

Key event	Date
Trading halt and announcement of the Acquisitions and Equity Raising	Tuesday, 4 December 2018
Institutional entitlement offer opens and closes	Tuesday, 4 December 2018
Trading re-commences on an ex-entitlement basis	Wednesday, 5 December 2018
Record date for the retail entitlement offer	7:00pm, Thursday, 6 December 2018
Retail entitlement offer opens	9:00am, Monday, 10 December 2018
Early retail acceptance due date	5:00pm, Friday, 14 December 2018
Settlement of the institutional entitlement offer and early retail entitlement offer	Monday, 17 December 2018
Issue and ASX quotation of New Units issued under the institutional entitlement offer and early retail entitlement offer	Tuesday, 18 December 2018
Retail entitlement offer closes	5:00pm, Wednesday, 19 December 2018
Final settlement of the retail entitlement offer	Monday, 24 December 2018
Issue of the remaining New Units issued under the retail entitlement offer	Thursday, 27 December 2018
ASX quotation of the retail entitlement offer units and despatch of holding statements	Friday, 28 December 2018

All dates and times are indicative only and subject to change at the discretion of CPF2L with the prior written consent of the Underwriters. All dates and times are references to Australian Eastern Daylight Time (AEDT). Any changes to the timetable will be posted on Centuria's website at [www.centuria.com.au](http://www.centuria.com.au).

## Additional information

Additional information about the Acquisitions and Equity Raising, including key risks, is contained in the CIP investor presentation released to the ASX today. The retail entitlement offer booklet will also be released separately and mailed to eligible securityholders.

- Ends -



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### **About Centuria Property Funds No. 2 Limited**

Centuria Property Funds No. 2 Limited (CPF2L), is the Responsible Entity for the ASX-listed Centuria Industrial REIT (CIP).

CIP is Australia's largest ASX-listed income focused industrial investment vehicle and is included in the S&P/ASX 300 Index. CIP owns a portfolio of 41 high quality industrial assets with a value of \$1.1 billion, the properties are in key metropolitan locations throughout Australia.

CPF2L, combined with Centuria Property Funds Limited (CPFL), are wholly owned subsidiaries of Centuria Capital Group (CNI) and have approximately \$4.6 billion of assets under management across 15 unlisted property funds, one open-ended diversified property fund and two listed REITs.

CNI is an ASX-listed specialist investment manager with approximately \$5.5 billion in assets under management.

**[www.centuria.com.au](http://www.centuria.com.au)**