

## Acquisitions and Equity Raising

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**Wednesday, 18 September 2019**

Centuria Property Funds Limited (**CPFL**), as Responsible Entity for the Centuria Metropolitan REIT (**CMA**), is pleased to announce the following:

- The acquisition of interests in two A-grade office properties in fringe CBD locations across Sydney and Perth (**Acquisitions**) for a total purchase price of \$380.5 million<sup>1</sup>; and
- An underwritten<sup>2</sup> equity raising to raise approximately \$273 million (**Equity Raising**) at an issue price of \$2.86 per CMA security (**Issue Price**).

### ACQUISITIONS

CPFL has entered into agreements to acquire the following properties:

Properties	State	Interest	Purchase price <sup>1</sup>	Cap rate	NLA (sqm)	WALE <sup>3</sup> (yrs)	Occupancy <sup>4</sup>
8 Central Avenue, Eveleigh <sup>5</sup>	NSW	50%	\$191.0m	5.4%	36,570 <sup>6</sup>	8.5	100%
William Square, Northbridge	WA	100%	\$189.5m	6.4%	21,765	7.7	100%
<b>Total / weighted average</b>			<b>\$380.5m</b>	<b>5.9%</b>	<b>58,335</b>	<b>8.1</b>	<b>100%</b>

CMA Fund Manager, Mr Grant Nichols commented: "The Acquisitions are high quality A-grade office properties, strategically located in fringe Sydney and Perth CBD locations near key transport infrastructure and retail amenity."

"8 Central Avenue is located in the South Eveleigh Precinct, 4km south of the Sydney CBD and in close proximity to Redfern Station, Sydney University and Newtown Entertainment Precinct. The area is rapidly gentrifying with significant adjacent developments creating a vibrant workplace with substantial amenity. The acquisition of 8 Central Avenue further consolidates CMA's exposure to key Sydney metropolitan markets."

"William Square is centrally located in Northbridge, just north of Perth's CBD, approximately 350 metres from Perth bus and train interchange. The Northbridge area has been the subject of approximately \$6 billion of Government and private investment, with a number of new hotels and retail offerings improving the appeal of the area to tenants. The acquisition of William Square increases CMA's exposure to Perth as

<sup>1</sup> CMA's interest, excluding costs

<sup>2</sup> The Equity Raising will be underwritten other than in respect of the Conditional Placement

<sup>3</sup> By gross income

<sup>4</sup> By area

<sup>5</sup> The acquisition of 8 Central Avenue requires approval from CMA securityholders via an ordinary resolution and approval from Centuria 8 Central Ave Fund unitholders via a special resolution

<sup>6</sup> 100% of NLA

market conditions improve and provides an attractive value spread to comparable quality properties on the East Coast."

"The Acquisitions are underpinned by a WALE of 8.1 years and fixed rental reviews of 3% per annum or greater across 90% of income. CMA's portfolio composition is enhanced with the introduction of a number of new high quality tenants, with the proportion of income from Government tenants increasing from 11% to 20%, and the portfolio WALE increasing from 3.9 years to 4.8 years<sup>7</sup>."

### EQUITY RAISING

To partially fund the Acquisitions, CMA is undertaking a \$273 million Equity Raising, comprising:

- an underwritten 1 for 10 accelerated non-renounceable entitlement offer to raise \$102 million (**Entitlement Offer**);
- an underwritten institutional placement to raise \$141 million (**Institutional Placement**); and
- a conditional placement of \$30 million to Centuria Capital Group (**CNI**), which is subject to CMA securityholder approval (**Conditional Placement**).

The Issue Price of \$2.86 per CMA security represents a:

- 3.2% discount to the distribution-adjusted last close price of \$2.96 on 17 September 2019<sup>8</sup>;
- 4.0% discount to the distribution-adjusted 5 day VWAP of \$2.98 on 17 September 2019<sup>9</sup>;
- 6.6% forecast FY20 funds from operations (**FFO**) yield; and
- 6.2% forecast FY20 distribution yield.

New securities issued under the Equity Raising will rank equally with existing CMA securities from the date of issue, however as they are issued after the distribution record date, new securities will not be entitled to the distribution for the quarter ending 30 September 2019 of 4.45 cents per security.

CNI, CMA's largest securityholder, has committed to take up \$37.5 million under the Equity Raising, comprising \$30.0 million under the Conditional Placement and \$7.5 million in the Entitlement Offer.

### SECURITYHOLDER APPROVAL

The 50% interest in 8 Central Avenue is being acquired from Centuria 8 Central Ave Fund, a closed-end unlisted fund managed by CPFL which has reached the end of its investment term<sup>10</sup>.

<sup>7</sup> By gross income, assuming the acquisition of 8 Central Avenue proceeds

<sup>8</sup> Based on the last close price of \$3.00 on 17 September 2019 adjusted for the distribution for the quarter ending 30 September 2019 of 4.45 cents per security

<sup>9</sup> Based on the 5 day VWAP of \$3.02 on 17 September 2019 adjusted for the distribution for the quarter ending 30 September 2019 of 4.45 cps

<sup>10</sup> The acquisition of 8 Central Avenue also requires approval from the Centuria 8 Central Ave Fund unitholders via a special resolution

Approval from CMA securityholders via an ordinary resolution is required for the:

- acquisition of 8 Central Avenue under Chapter 2E and listing rule 10.1, as the vendor is a related party of CMA; and
- Conditional Placement to CNI, a related party of CMA, under listing rule 10.11.

The meeting of CMA securityholders is expected to take place on Tuesday, 29 October 2019 and a separate Notice of Meeting and Explanatory Memorandum will be sent to CMA securityholders.

## FINANCIAL IMPACT

Including the impact of the Acquisitions and Equity Raising, CMA reaffirms FY20 guidance previously provided of:

- FFO of 19.0 cents per security<sup>11</sup>; and
- Distribution of 17.8 cents per security.

Pro forma gearing is forecast to be 34.9%<sup>12</sup>. CMA has commenced a marketing campaign to divest 483-517 Kingsford Smith Drive, Hamilton QLD. Post the divestment, CMA's pro forma gearing is forecast to reduce to approximately 32%<sup>13</sup>.

## KEY DATES

Key event	Date (2019)
Trading halt and announcement of the Acquisitions and Equity Raising	Wednesday, 18 September
Institutional Placement and institutional Entitlement Offer opens and closes	Wednesday, 18 September
Trading re-commences on an ex-entitlement basis	Thursday, 19 September
Record date for Entitlement Offer	Friday, 20 September
Retail Entitlement Offer opens	9.00am Tuesday, 24 September
Early retail acceptances due date	5.00pm Monday, 30 September
Settlement of the Institutional Placement, institutional Entitlement Offer and early retail Entitlement Offer	Tuesday, 1 October
Allotment and ASX quotation of securities issued under Institutional Placement, institutional Entitlement Offer and early retail Entitlement Offer	Wednesday, 2 October
Retail entitlement offer closes	5.00pm Tuesday, 8 October

<sup>11</sup> Assumes the acquisition of 8 Central Avenue and the Conditional Placement proceed. If these do not proceed, CMA expects FY20 FFO to be 18.7 cps

<sup>12</sup> As at 30 June 2019 adjusted for the impact of the Acquisitions and Equity Raising. If the acquisition of 8 Central Avenue and the Conditional Placement do not proceed, CMA expects pro forma gearing to be 28.3%

<sup>13</sup> Assumes 483-517 Kingsford Smith Drive, Hamilton, QLD is sold for the current book value

# Centuria Metropolitan REIT (CMA)

## ASX Announcement

# Centuria

Key event	Date (2019)
Final settlement of the retail entitlement offer	Monday, 14 October
Allotment of the retail entitlement offer securities	Tuesday, 15 October
ASX quotation of the retail entitlement offer securities and despatch of holding statements	Wednesday, 16 October
Securityholder meetings for CMA and Centuria 8 Central Ave Fund	Tuesday, 29 October
Settlement of the Conditional Placement	Wednesday, 30 October
Allotment and ASX quotation of the Conditional Placement	Thursday, 31 October

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. 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 CMA investor presentation released to the ASX today. The retail entitlement offer booklet will be released separately and mailed to eligible securityholders. This will also be available on the Listed Property page of Centuria's website at [www.centuria.com.au/listed-property/investor-centre/](http://www.centuria.com.au/listed-property/investor-centre/).

– Ends –

#### For more information or to arrange an interview, please contact:

**Grant Nichols****Fund Manager – CMA**

Centuria Metropolitan REIT

Phone: 02 8923 8923

Email: [grant.nichols@centuria.com.au](mailto:grant.nichols@centuria.com.au)**Tim Mitchell****Group Head of Investor Relations**

Centuria Capital Limited

Phone: 02 8923 8923

Email: [tim.mitchell@centuria.com.au](mailto:tim.mitchell@centuria.com.au)

### About Centuria Metropolitan REIT

CMA is Australia's largest ASX listed pure play office REIT and is included in the S&P/ASX300 Index. CMA owns a portfolio of high quality metropolitan office assets situated in core metropolitan submarkets throughout Australia. CMA is overseen by a hands on, active manager and provides investors with income and the opportunity for capital growth from a pure play portfolio of high-quality Australian office assets.

Centuria Property Funds Limited (CPFL) is the Responsible Entity for the ASX listed Centuria Metropolitan REIT (CMA). CPFL, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$6.5 billion<sup>14</sup> in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds.

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

<sup>14</sup> Subject to the completion of CMA's transactions

### Summary Information

The following disclaimer applies to this announcement and any information contained in it (the Information). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with CMA's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at [www.asx.com.au](http://www.asx.com.au). You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

### Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on CMA's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of CMA, which could cause actual results to differ materially from such statements. CMA makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

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