

Strategic Acquisitions and Equity Raising

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Wednesday, 11 December 2019

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

- The acquisition of two high quality industrial assets via a sale and leaseback with Arnott's (the **Acquisitions**) for \$236 million¹;
- A fully underwritten institutional placement to raise approximately \$154 million (**Placement**) at an issue price of \$3.41 per unit (**Issue Price**) to partially fund the Acquisitions;
- Independently revalued 9 of the existing 46 properties as at 31 December 2019, resulting in an increase of \$19.0 million², or 9.5% on prior valuations; and
- FY20 FFO and FY20 DPS re-affirmed.

ACQUISITIONS

CIP has entered into agreements to acquire 100% freehold interests in the following properties:

Properties	State	Purchase price ¹	Initial yield	Cap rate	GLA (sqm)	WALE (yrs)	Occupancy
46 Robinson Road East, Virginia	QLD	\$211.8m	5.8%	5.00%	44,785	30.0	100%
23-41 Galway Avenue, Marleston	SA	\$24.4m	7.4%	7.25%	23,593	12.0	100%
Total / weighted average		\$236.2m	5.9%	5.23%	68,378	27.7	100%

Centuria's Head of Funds Management, Mr Ross Lees commented: "The acquisition of these two high quality industrial assets materially increases CIP's portfolio WALE and overall scale. Following the transaction, the portfolio value will increase to over \$1.5bn cementing CIP's position as Australia's largest pure play industrial REIT and increases CIP's near-term prospects for inclusion in the S&P/ASX200 index."

CIP Fund Manager, Mr Jesse Curtis commented: "The acquisitions are 100% leased to Arnott's, an iconic Australian brand with the leading market position in the manufacture and supply of Australian biscuits. The assets contain significant "mission critical" infrastructure that is core to the tenants ongoing operations. Both assets feature long term, triple net leases with a combined WALE of 27.7 years and fixed annual reviews supporting CIP's future income streams."

¹ Excluding costs

² Reflects gross revaluation, does not include capital expenditure incurred

"CIP's portfolio metrics will be significantly strengthened, with the Acquisitions increasing the portfolio WALE from 4.4 years to 7.2 years and introducing a new national tenant customer to the REIT. The acquisitions are consistent with CIP's focus on identifying quality real estate located within infill markets with close proximity to major infrastructure."

Settlement of the Acquisitions are expected to occur during December 2019.

PLACEMENT

To partially fund the Acquisitions, CIP is undertaking a fully underwritten institutional placement to raise approximately \$154 million.

The Issue Price of \$3.41 per unit represents a:

- 3.9% discount to the last close price of \$3.55 on 10 December 2019;
- 5.8% forecast FY20 funds from operations (**FFO**) yield; and
- 5.5% forecast FY20 distribution yield.

New units issued under the Placement will rank equally with existing CIP units from the date of issue, and will be entitled to the distribution for the quarter ending 31 December 2019.

To fund the balance of the Acquisitions and associated costs, CIP is establishing a new \$100 million debt facility with an existing lender.

VALUATION UPDATE

CIP has independently revalued 9 of its existing 46 properties as at 31 December 2019, resulting in an increase of \$19.0 million³, or 9.5% on prior valuations, and reflecting 36 bps of capitalisation rate compression on those properties. As a result of these revaluations, the portfolio weighted average capitalisation rate has firmed 6 bps to 6.41% prior to the Acquisitions.

FINANCIAL IMPACT

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

- FFO of between 19.6–19.9 cents per unit, which represents growth of 2-3% from FY19; and
- Distribution of 18.7 cents per unit.

³ Reflects gross revaluations, does not include capital expenditure incurred

Pro forma gearing is forecast to be 35.1%⁴ following completion of the Acquisitions and Placement and including the impact of independent revaluations, providing capacity to pursue future opportunities in line with CIP's strategy.

Pro forma NTA per unit is forecast to increase by 8 cpu to \$2.83 per unit⁵.

KEY DATES

Key event	Date (2019)
Trading halt and announcement of the Acquisitions and Placement	Wednesday, 11 December 2019
Placement bookbuild	Wednesday, 11 December 2019
Trading re-commences	Thursday, 12 December 2019
Settlement of the Placement	Monday, 16 December 2019
Issue and ASX quotation of New Units issued under the Placement	Tuesday, 17 December 2019

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.

ADDITIONAL INFORMATION

Additional information about the Acquisitions and Placement, including key risks, is contained in the CIP investor presentation released to the ASX today.

– Ends –

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

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⁴ Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill

⁵ Pro forma as at 30 June 2019, adjusted for the impact of the Acquisitions, Placement, revaluations as at 31 December 2019 and other post-balance date adjustments Refer to pro forma balance sheet in Appendix A of the investor presentation released to the ASX today for further detail

About Centuria Industrial REIT

CIP is Australia's largest domestic pure play industrial REIT and is included in the S&P/ASX 300 Index. CIP's portfolio of high-quality industrial assets is situated in key metropolitan locations throughout Australia and is underpinned by a quality and diverse tenant base. CIP is overseen by a hands on, active manager and provides investors with income and an opportunity for capital growth from a pure play portfolio of high quality Australian industrial assets.

Centuria Property Funds No. 2 Limited (CPF2L), is the Responsible Entity for the ASX-listed Centuria Industrial REIT (CIP). CPF2L, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$7.2 billion in total assets under management and strong offerings across listed real estate investment trusts, unlisted real estate funds and investment bonds.

www.centuria.com.au

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 CIP's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at 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.

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