

Centuria Capital Group

Proposal to acquire Augusta
Capital Limited and \$60m
Placement

ASX:CNI 29 January 2020

Centuria



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Centuria proposal to acquire Augusta Capital Limited



Transaction overview

- Centuria Capital Group (**Centuria, ASX:CNI**) has entered into a bid implementation agreement that outlines a proposal to acquire Augusta Capital Limited (**Augusta**), one of New Zealand's largest listed real estate funds management companies, for NZ\$180 million (A\$174 million) (**Transaction**)
- Augusta shareholders will be offered NZ\$2.00 per share¹ in either cash or Centuria scrip² via a "Mix and Match" facility (**Bid Consideration**). The Bid Consideration represents a:
 - 19.8% premium to the closing price of Augusta shares of NZ\$1.67 on 28 January 2020; and
 - 28.3% premium to the 30 day VWAP of Augusta shares of NZ\$1.56 on 28 January 2020
- Pre-bid lock up agreements³ executed by Augusta shareholders holding 36.2%⁴ of Augusta shares (including the two founders)
- The transaction will be funded by a combination of existing cash reserves, debt, scrip and the net proceeds of a A\$60 million placement (**Placement**)



\$60m Placement

- Centuria is undertaking the fully underwritten institutional placement to raise A\$60 million at an issue price of A\$2.34 per security
- New securities issued under the Placement will rank equally with existing Centuria securities and will be entitled to the full distribution for the six months ending 30 June 2020



1H20 unaudited results and FY20 guidance

- 1H20 organic AUM growth of A\$1.2bn to A\$7.3bn. Augusta acquisition to add a further A\$1.9bn resulting in pro forma AUM of A\$9.2bn
- 1H20 unaudited earnings per security of 8.1 cents
- FY20 earnings per security guidance of 12.5 cents
- FY20 distribution per security guidance of 9.7 cents reaffirmed
- Transaction expected to be implemented in FY21 and does not impact FY20 earnings per security guidance

1. The offer price will be reduced by any future distributions declared by Augusta in respect of the period commencing after 1 January 2020

2. For the purposes of Section 91 of the Financial Markets Conduct Act 2013 (NZ) (**FMCA**), in respect of the Centuria Scrip Consideration, no funds are currently being sought. The Scrip Consideration cannot currently be applied for or accepted as consideration under the intended takeover offer; and if Scrip Consideration is offered under the intended takeover offer, the offer of Scrip Consideration in New Zealand will be made in accordance with the FMCA (or an exemption from the FMCA)

3. A lock up agreement is a legal commitment by a shareholder in a company listed on the New Zealand Exchange to accept a takeover offer. Pre-bid lock up agreements are commonly entered into prior to the public announcement of a takeover offer in New Zealand

4. Percentage reflects the total number of Augusta shares following the issue of 2,183,145 ordinary shares that have vested under Augusta's Long Term Incentive Plan

Benefits for new and existing Centuria securityholders



Increases scale and relevance

Group AUM would increase by 26% to ~\$9.2bn

Market capitalisation would increase by a minimum of ~A\$101m¹ to ~A\$1.2bn

Enhanced potential for S&P/ASX 200 Index inclusion



Combines two complementary real estate platforms

Acquires one of New Zealand's largest listed funds managers

Augusta has expertise in New Zealand office and industrial sectors with excellent long-term track record

Broadens sector diversification

Opens new distribution channels across Australia and New Zealand



Financially compelling

Expands real estate recurring revenues

Attractive fee card across listed and unlisted funds

Transaction provides strong momentum for Centuria's FY21 earnings growth

Potential revenue and cost synergies available by deploying Centuria balance sheet and rationalisation of systems



Diversification into New Zealand real estate

Market leading New Zealand based platform

Established Trans-Tasman investor appetite for similar funds

New Zealand is a globally recognised and comparable real estate market to Australia

Significant exposure to strongly performing Auckland office and industrial markets

1. Increase in market capitalisation includes A\$60m in Placement and A\$41m in scrip to be issued to Augusta investors as Bid Consideration under pre-bid lock up arrangements. If other Augusta shareholders select Centuria scrip under the Bid Consideration, the market capitalisation of Centuria will increase further

Transaction will expand Centuria Group AUM to \$9.2bn (+26%)

\$9.2bn

Pro forma Group AUM¹ASX:CNI – Pro forma market capitalisation of ~\$1.2bn²

\$8.3bn

Real Estate AUM

\$0.9bn

Investment Bonds AUM

Listed Real Estate AUM

\$3.8bn

Unlisted Real Estate AUM

\$4.5bn

Centuria
Life

AUGUSTA CAPITAL LIMITED

Centuria
Metropolitan
REIT
ASX:CMA

\$2.1bn

Centuria
Industrial
REIT
ASX:CIP

\$1.6bn

Asset Plus
Limited
(NZX:APL)

\$154m

Augusta
Unlisted
Real Estate

\$1.8bn

Centuria
Unlisted
Real Estate

\$2.0bn

Centuria
Heathley
Healthcare
Real Estate

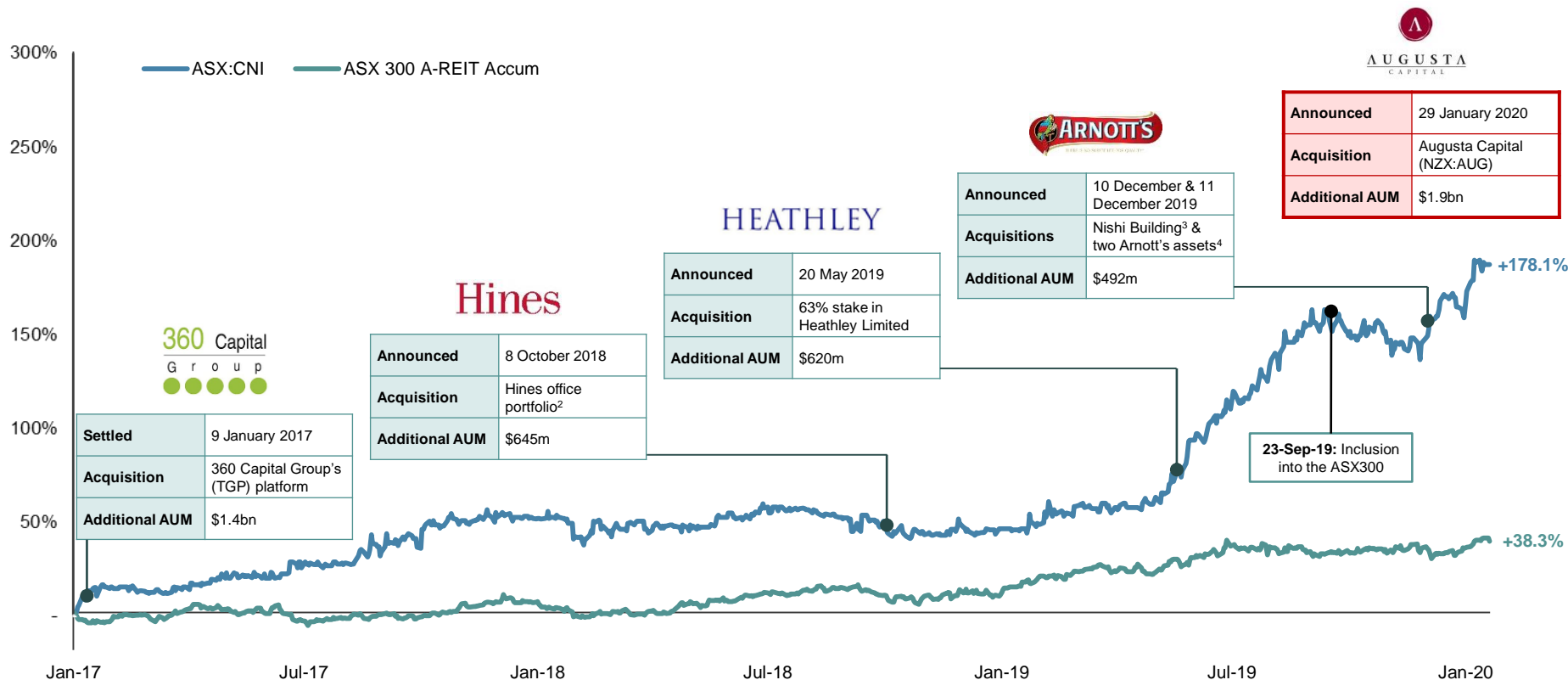
\$0.7bn

Centuria Investment Bonds
Guardian Friendly Society

Note: All figures above are in Australian dollars. Numbers presented may not add up precisely to the totals provided due to rounding

- \$9.2 billion pro forma AUM is calculated assuming Centuria's offer is successful and Centuria acquires 100% of Augusta
- Increase in market capitalisation includes \$60m in Placement and \$41m in scrip to be issued to Augusta investors as Bid Consideration under pre-bid lock up arrangements. If other Augusta shareholders select Centuria scrip under the Bid Consideration, the market capitalisation of Centuria will increase further

Centuria has delivered 178% total securityholder return since 2017¹



Note: All figures above are in Australian dollars






1. Total securityholder return (TSR) is the profit generated by a combination of the change in the security price over the measurement period, plus any distributions paid. It assumes the reinvestment of distributions. TSR calculated from 9 January 2017 to last close (28 January 2020)
2. Acquired by CMA and The Lederer Group
3. Acquired by CMA
4. Acquired by CIP

Transaction summary



17-19 Man Street, Central Queenstown (artist's impression)

Key details of the Transaction

	Consideration	<ul style="list-style-type: none">Centuria to make a takeover offer to Augusta shareholders for NZ\$180 million or NZ\$2.00 per share (less any distributions announced after 29 January 2020):<ul style="list-style-type: none">19.8% premium to the closing price of Augusta shares of NZ\$1.67 on 28 January 2020; and28.3% premium to the 30 day VWAP of Augusta shares of NZ\$1.56 on 28 January 2020Augusta shareholders may elect to receive either NZ\$2.00 in cash (Cash Consideration) or Centuria scrip (Scrip Consideration), or a combination of both<ul style="list-style-type: none">Augusta shareholders who elect to receive Centuria scrip will receive 0.807 Centuria securities for every one Augusta share held						
	Pre-bid lock up agreements	<ul style="list-style-type: none">Augusta's founders and largest shareholders, Mark Francis (17.2%) and Bryce Barnett (6.1%) (Founders) have both entered into binding pre-bid lock up agreements in relation to the Transaction<ul style="list-style-type: none">The Founders have elected to receive all Scrip Consideration and will continue to lead the Augusta funds management platform as key executives of the Centuria teamThe Founders have agreed to sign three year employment contracts on terms similar to their existing employment arrangements. Their Scrip Consideration will be subject to escrow arrangement for up to three yearsCenturia has approached a number of other Augusta shareholders and as a result, a total 36.2%¹ of Augusta's shares (including the Founders' shares) are subject to pre-bid lock up agreements and so will accept the offer						
	Board support	<ul style="list-style-type: none">Augusta's Independent Board Committee unanimously recommends the Transaction, in the absence of a superior proposal and subject to the offer price being within or above the Augusta independent adviser's value range						
	Conditions	<ul style="list-style-type: none">The takeover offer, when made, will be subject to a number of conditions including the following:<ul style="list-style-type: none">Consent from the Overseas Investment Office in relation to sensitive lands regulations;Augusta shareholders accepting the takeover offer for at least 90% of Augusta's shares; andOther customary conditions including prohibitions on changes to Augusta's capital structure, prohibitions on distributions by Augusta (without offeror approval), requirements to operate the Augusta business in the ordinary course and the absence of material adverse changes.						
	Indicative timing	<table><tr><td>Takeover Notice provided to Augusta</td><td>Late March 2020</td></tr><tr><td>Takeover offer opening</td><td>Late April 2020</td></tr><tr><td>Last date for satisfaction of the takeover offer conditions (assuming a 60 working day offer period)</td><td>Late August 2020</td></tr></table>	Takeover Notice provided to Augusta	Late March 2020	Takeover offer opening	Late April 2020	Last date for satisfaction of the takeover offer conditions (assuming a 60 working day offer period)	Late August 2020
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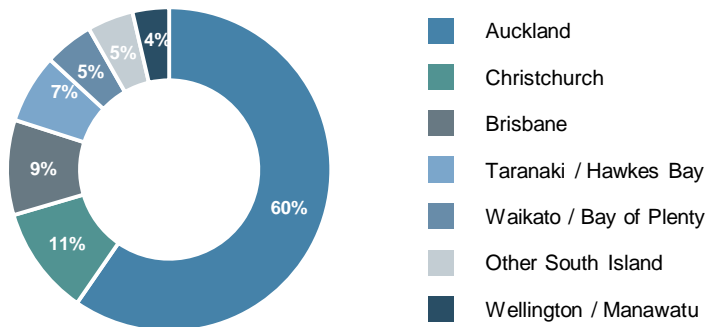
1. Percentage reflects the total number of Augusta shares following the issue of 2,183,145 ordinary shares that have vested under Augusta's Long Term Incentive Plan

Overview of Augusta Capital Limited

BUSINESS DESCRIPTION

- Augusta is one of New Zealand's largest listed real estate funds management companies with an excellent track record
 - 19 year history cultivating deep market expertise in New Zealand
 - Growth orientated philosophy
- NZ\$2.0bn AUM across listed and unlisted real estate funds
 - ~70% of AUM derived from office and industrial sectors
- ~60% of AUM located in Auckland, a resilient and globally recognised real estate market
- Established distribution and capital channels servicing retail and wholesale investors

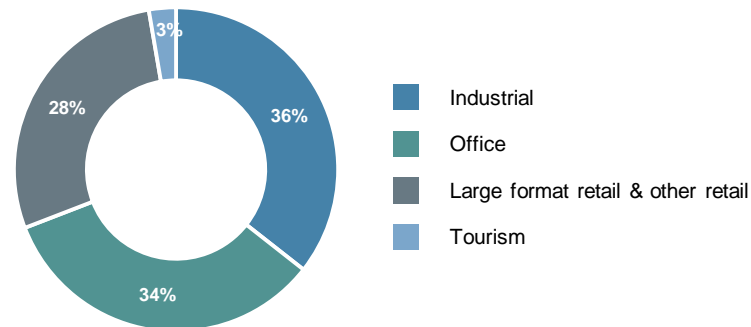
GEOGRAPHIC DIVERSIFICATION BY AUM



KEY METRICS

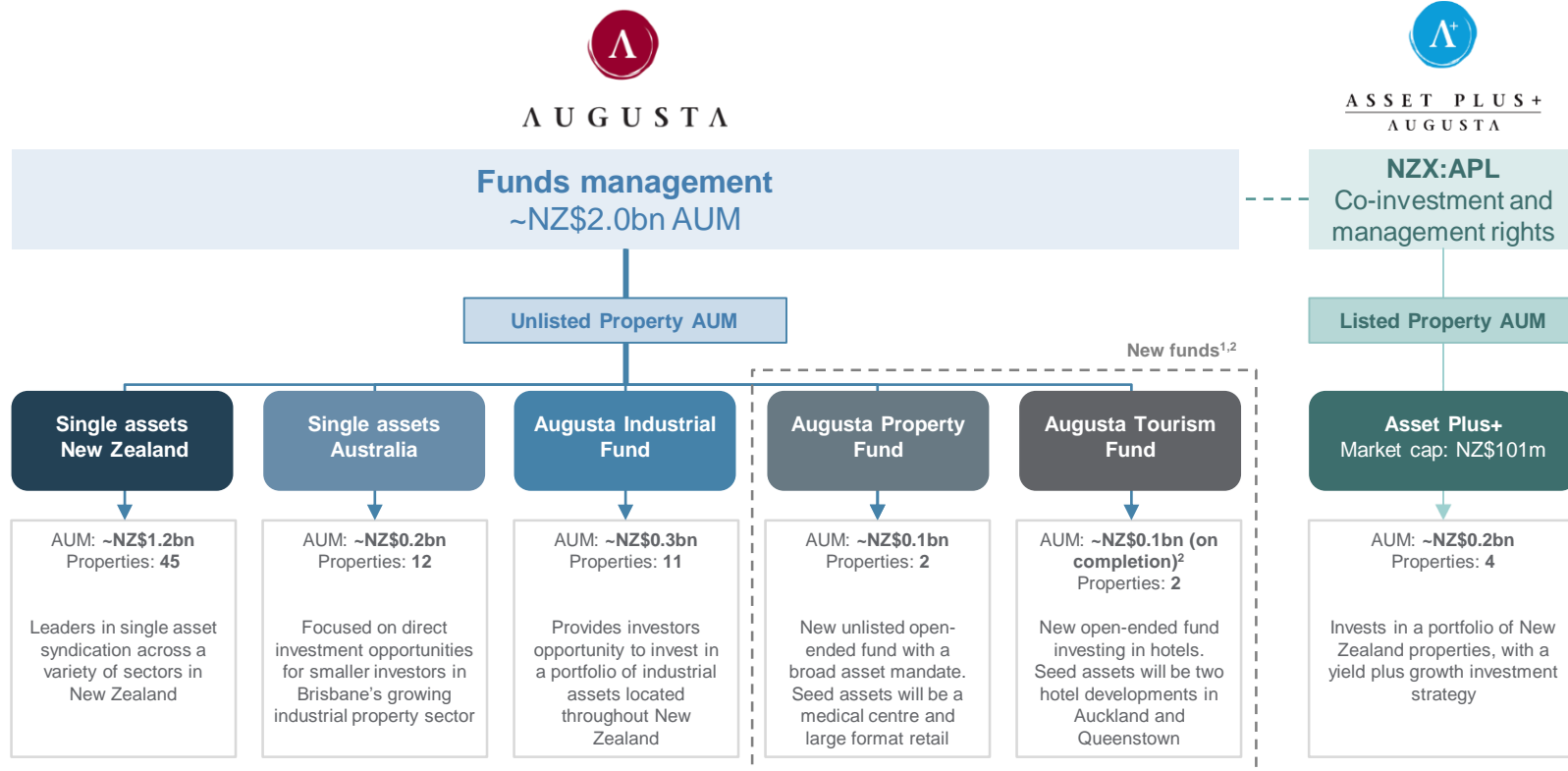
Current AUM	NZ\$2.0bn
FY15-1H20 AUM CAGR	11.0%
Number of assets under management	76
Market capitalisation at announcement ¹	NZ\$150m

SECTOR DIVERSIFICATION BY AUM



1. Fully diluted market capitalisation based on 90.0m securities on issue (including performance rights) at closing price of NZ\$ 1.67 as at 28 January 2020

Augusta is a market leading New Zealand based platform

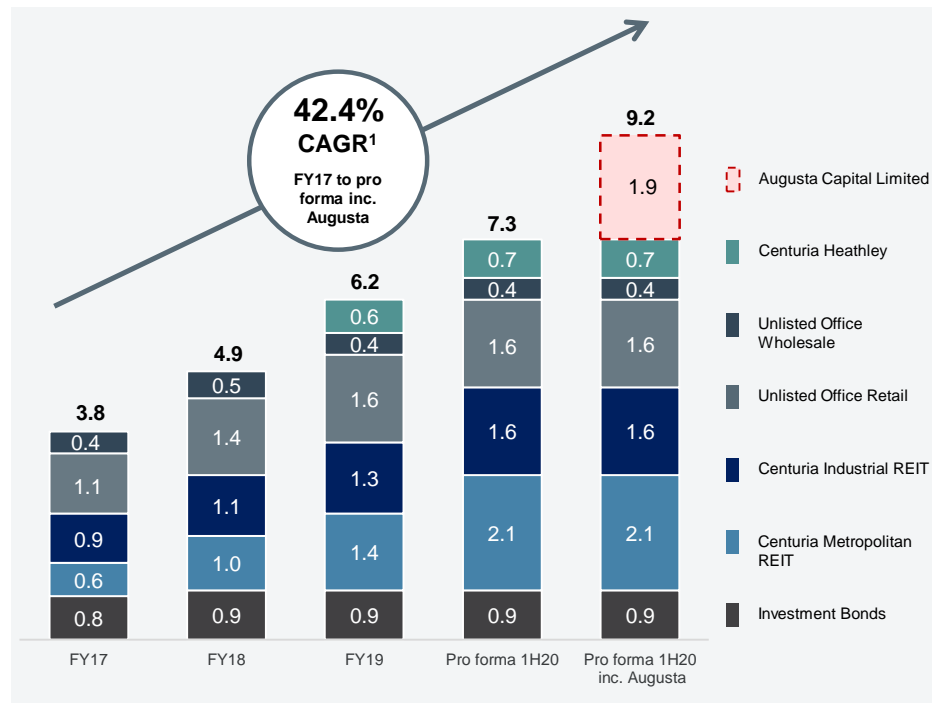


1. New funds scheduled to be launched in February and March 2020

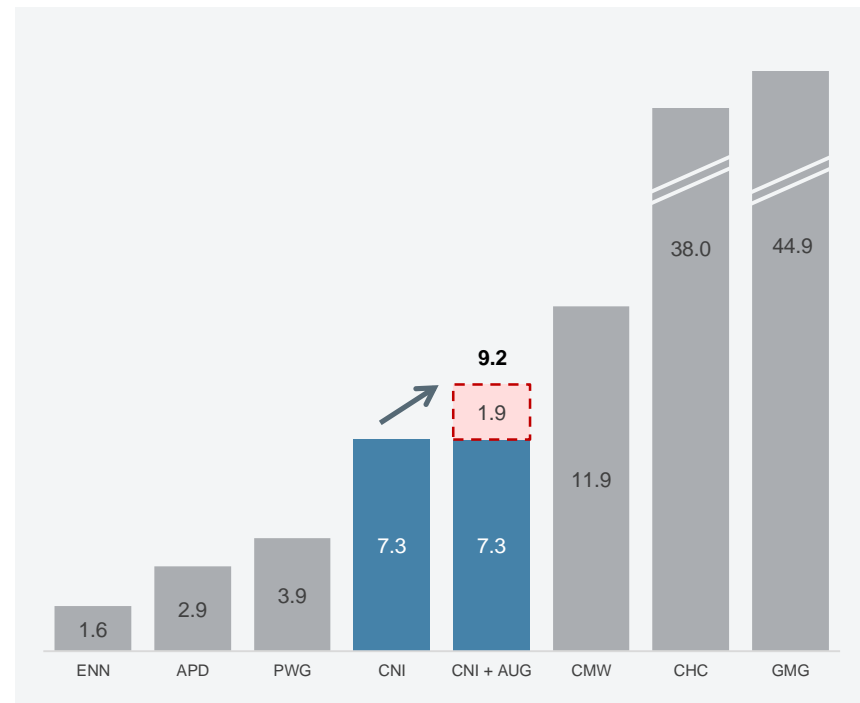
2. Augusta Tourism Fund will be seeded with ~NZ\$45m of assets from Augusta's balance sheet

Centuria's pro forma platform to grow by 26% to \$9.2bn

ASSETS UNDER MANAGEMENT (A\$BN)



LISTED FUNDS MANAGER PEER SET (AUM A\$BN)



Note: All figures above are in Australian dollars and rounded to one decimal place. Numbers presented may not add up precisely to the totals provided due to rounding

1. Past performance is not indicative of future performance

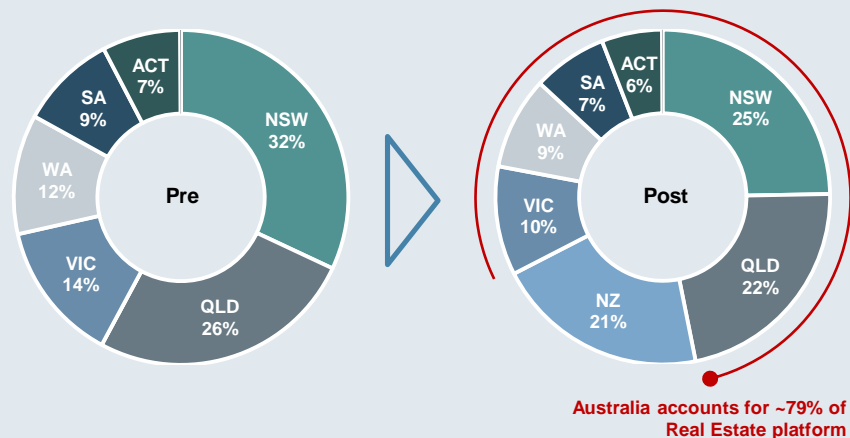
Enhanced diversification post transaction

GEOGRAPHIC DIVERSIFICATION

Enhances Centuria's presence as a leading funds manager across Australia and New Zealand

- Centuria to become one of New Zealand's largest funds managers in a globally recognised, comparable real estate market to Australia
- Post transaction, Australian real estate exposure represents ~79% of Centuria's established platform

Geographic diversification by AUM (pre and post Transaction)¹



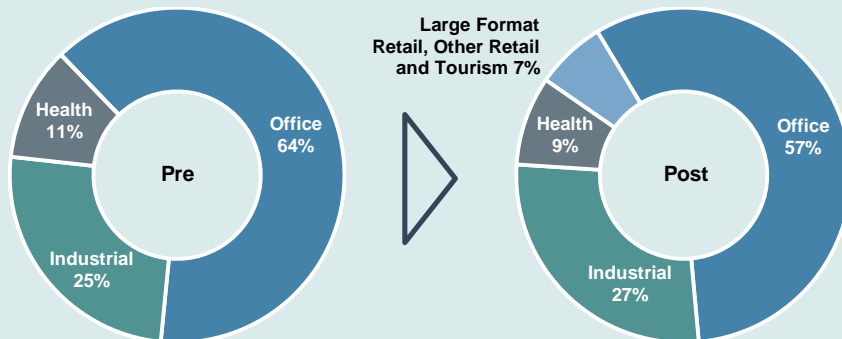
1. Excludes AUM from investment bonds

SECTOR DIVERSIFICATION

Augusta's complementary platform is highly aligned to Centuria's sectors of expertise

- Office and industrial continue to be the platform's predominant sectors
- Select exposure to New Zealand's emerging tourism and large format retail

Sector diversification by AUM (pre and post Transaction)¹



Placement summary



Aerial image of The Hub, Seaview, Wellington

Funding the Transaction

Sources of proceeds	A\$m
Existing cash	32.1
Placement proceeds	60.0
Scrip issued under pre-bid lock up agreements (including founders) ²	40.6
Maximum drawn debt ³	50.0
Total sources	182.7

Uses of proceeds	A\$m
Acquisition of Augusta	174.2
Transaction costs	8.5
Total uses	182.7

- Acquisition of Augusta for \$174.2 million based on an exchange rate of 1.03 AUD/NZD
- The acquisition and associated transaction costs will be funded by a combination of existing cash, debt, scrip issuance and proceeds from the Placement
 - Augusta shareholders holding 23.3%¹ of Augusta's shares have elected to take scrip in the pre-bid lock up agreements²
 - New debt facilities of \$50.0 million will be available to draw on
 - \$60.0 million Placement based on an issue price of 2.34 per security
- Additional Augusta shareholders that elect Scrip Consideration under the takeover offer will reduce the level of drawn debt and gearing
- The net proceeds of the Placement will be redirected to new growth initiatives if the Transaction does not proceed or to the extent they are otherwise not required

Note: All figures above are in Australian dollars. Numbers presented may not add up precisely to the totals provided due to rounding

1. Percentage reflects the total number of Augusta shares following the issue of 2,183,145 ordinary shares that have vested under Augusta's Long Term Incentive Plan
2. This equates to A\$41m based on a merger ratio of 0.807 Centuria securities for every Augusta share held and an exchange rate of 1.03 AUD/NZD
3. Assumes all remaining Augusta shareholders (other than those who entered into pre-bid lock up agreements) select Cash Consideration. If these shareholders select Scrip Consideration, the level of drawn debt and gearing will be lower

Placement details and indicative timetable

Offer details	<ul style="list-style-type: none"> An underwritten institutional placement of approximately 25.6 million Centuria securities at an issue price of \$2.34 per new Centuria security to raise \$60.0 million
Pricing	<ul style="list-style-type: none"> Issue price of \$2.34 per new Centuria security, representing a: <ul style="list-style-type: none"> 2.9% discount to the last close price of \$2.41 on 28 January 2020 2.5% discount to the 5-day VWAP \$2.40 on 28 January 2020
Ranking	<ul style="list-style-type: none"> New Centuria securities issued under the Placement will rank equally with existing Centuria securities from the date of issue, and will be entitled to the distribution for the six months ending 30 June 2020
Underwriting	<ul style="list-style-type: none"> Moelis Australia Advisory Pty Ltd (Moelis) is acting as Financial Advisor to the Transaction Moelis and UBS AG, Australia Branch are acting as Joint Lead Managers and Underwriters to the Placement (Underwriters). Shaw and Partners is acting as Co-Lead Manager to the Placement

Key event	Date ¹
Trading halt and announcement of the Transaction and Placement	Wednesday, 29 January 2020
Placement bookbuild	Wednesday, 29 January 2020
Trading re-commences	Thursday, 30 January 2020
Settlement of the Placement	Monday, 3 February 2020
Issue and ASX quotation of new Centuria securities issued under the Placement	Tuesday, 4 February 2020

Note: All figures above are in Australian dollars

1. All dates and times are indicative only and, to the extent permitted by applicable law, subject to change at the discretion of Centuria. All dates and times are references to Sydney Time

Appendices



2-4 Graham Street, Auckland Central

APPENDIX A




Augusta senior management






12 Brick Street, Henderson, Auckland

Appendix A: Augusta senior management

- Founders Mark Francis and Bryce Barnett have executed pre-bid lock up agreements in relation to the transaction and will receive Centuria scrip as Bid Consideration
- They have also agreed to three year senior executive employment agreements

Name	Biography
 <p>Mark Francis Managing Director</p>	<ul style="list-style-type: none"> • Formed Augusta Group Limited in 2001 and began property syndication through Augusta Funds Management in 2003 • Director of Augusta since October 2006 • Largest shareholder in Augusta, also a director of Augusta Industrial • Previously had roles in finance and property at Hendry Hay MacIntosh, Force Corporation Limited and Village Roadshow Australia
 <p>Bryce Barnett Executive Director</p>	<ul style="list-style-type: none"> • Previously Chief Accountants at Moller Group, Managing Director of General Properties Consolidation Limited and General Manager of MacDow Properties • Held several executive positions within publicly listed and private companies with a strong emphasis on property • Over 48 years experience in property management
 <p>Simon Woollams CFO</p>	<ul style="list-style-type: none"> • Joined Augusta in 2007 • Previously held property and finance roles with BDO Spicers and the ANZ National Bank

Name	Biography
 <p>Joel Lindsey COO</p>	<ul style="list-style-type: none"> • Joined Augusta in 2018 • Previously Senior Director of Real Estate at Aviva Investors in London, and more recently Head of Business Development and Project Director at Panuku Development Auckland • Over 20 years of funds management experience
 <p>Luke Fitzgibbon General Counsel</p>	<ul style="list-style-type: none"> • Joined Augusta in 2016 • Previously worked in the corporate team at Chapman Tripp where he advised on securities law (including Augusta's syndications), merger & acquisitions and general corporate law • Advised Augusta on capital raisings and their merger with KCL before joining Augusta as an employee
 <p>Adelle McBeth Head of Operations</p>	<ul style="list-style-type: none"> • Previously worked with KCL Property as a marketing manager • Oversees HR, marketing, IT and IR components at Augusta

APPENDIX B

Key risks



33 Broadway, Newmarket, Auckland

Appendix B: Key risks

All investments carry risk, including loss of some or all of the capital invested and failure of investments to generate a positive return. You should carefully consider whether an investment in CNI securities is a suitable investment for you. Some of the risks investing in CNI include the following:

Risks specific to the Placement

Risks specific to the Transaction

- The Transaction is subject to a number of conditions. In particular, the takeover offer is subject to CNI receiving acceptances under the offer for the acquisition of at least 90% of the voting rights of Augusta shares and the Overseas Investment Office of New Zealand providing all necessary consents or exemptions to permit the Transaction under the Overseas Investment Act 2005 (NZ) and Overseas Investment Regulations 2005 (NZ), among other additional conditions set out in the Bid Implementation Agreement released to the market on 29 January 2020.
- If one or more of the conditions are not satisfied or waived, the Transaction will not proceed. If the Transaction does not proceed, the funds raised from the Placement will be used for new growth initiatives.
- There is no guarantee that the Transaction will complete. To the extent that the Transaction is not successfully integrated with CNI's existing business, the financial performance of CNI could be materially adversely affected. Further, while CNI's policy is to conduct a thorough due diligence process in relation to any acquisitions, risks remain that are inherent in all acquisitions.

Underwriting risk

- CNI has entered into an underwriting agreement with the Underwriters for the equity raising (**Underwriting Agreement**). The Underwriters' obligation to underwrite the equity raising is subject to customary terms and conditions, including termination rights for the Underwriters in specific circumstances.
- If the Underwriters are entitled to, and do, terminate the Underwriting Agreement, CNI may not otherwise be able to raise sufficient equity capital to meet its obligations and commitments in respect of the Transaction and for all of the intended purposes as set out in this presentation, which may materially and adversely affect CNI's financial position and the market price for CNI securities.

General Risks

Economic Environment

- General economic factors such as interest rates, exchange rates, inflation, business and consumer confidence and general market factors may have an adverse impact on Centuria's earnings or value of its assets. Aspects of the business that could be affected include reduced management and performance fees, reduced funds under management, Centuria's swap arrangements, reduced distribution income or other adverse consequences.

ASX Market Volatility

- The market price of Centuria's securities will fluctuate due to various factors, many of which are non-specific to Centuria, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, exchange rates, changes in government, fiscal and monetary and regulatory policies (including APRA prudential requirements), changes to laws (particularly taxation laws), global investment markets, global geo-political events and hostilities, investor perceptions and other factors that may affect Centuria's financial performance and position. In the future, these factors may cause Centuria's securities to trade at or below their issue price. Factors such as those mentioned above may also affect the income, expenses, and liquidity of Centuria. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of Centuria.

Liquidity and realisation risk

- There can be no guarantee that there will be an active market in CNI securities or that their value will increase. There may be relatively few or many buyers or sellers of the CNI securities on the ASX at any one time which may lead to increased price volatility and affect the price at which securityholders are able to sell their CNI securities.

Taxation

- Future changes in Australian taxation law (including goods and services tax and stamp duty), including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of your investment in Centuria securities or the holding and disposal of those securities. Further, changes in tax law (including goods or services tax and stamp duty) or changes in the way tax law is expected to be interpreted in the jurisdictions in which Centuria operates, may impact the future tax liabilities of Centuria.

Litigation

- Centuria may, in the ordinary course of business be involved in possible litigation disputes. Any such dispute may be costly and adversely affect the operational and financial results of Centuria.

Appendix B: Key risks

Industry Specific Risks

Property Sector Risks

- Centuria is subject to the prevailing property market conditions in the sectors in which each of the funds under the control of Centuria operate and the jurisdiction in which each of its funds' assets are located. The demand for property as an asset class changes over time and can be influenced by general economic factors such as interest rates and economic cycles. A deterioration in investment market conditions in the property sector due to a sustained downturn in the domestic and/or global economic climate could adversely impact on Centuria's earnings through directly reducing the value of Centuria's existing funds under management, reducing the value of property assets, and through reducing the attractiveness of the property sector to investors.
- The property market may be at or near the top of the investment value cycle and the value of properties may fluctuate relatively quickly (for property assets).

Property Liquidity

- The property assets to which Centuria and the funds managed by Centuria are exposed are, by their nature, illiquid investments. There is a risk that Centuria may not be able to realise property assets within a short period of time or may not be able to realise property assets at valuation including selling costs, which could materially adversely affect the financial performance of Centuria.

Liquidity and realisation risk

- The ongoing value of properties held by funds managed by Centuria may fluctuate due to a number of factors including rental levels, occupancy assumptions, vacancy periods, rental incomes, capitalisation rates and market sentiment, all of which may change for a variety of reasons including the risks outlined in this presentation. Valuations represent only the analysis and opinion of qualified experts at a certain point in time. There is no guarantee that a property will achieve a capital gain on its sale or that the value of the property will not fall as a result of the assumptions on which the relevant valuations are based proving to be incorrect.

Regulatory risk and changes in legislation

- Centuria operates in a highly regulated environment and it, and the Centuria funds management business is subject to a range of industry specific and general legal and other regulatory controls (including Australian Financial Services Licensing and Anti Money Laundering / Counter Terrorism Funding requirements). Regulatory breaches may affect Centuria's operational and financial performance, through penalties, liabilities, restrictions on activities and compliance and other costs. ASIC routinely undertakes surveillance of Australian financial services licensees, and from time-to-time undertakes regulatory and enforcement action in relation to such licensees. If ASIC was to take such action against Centuria or Centuria's funds management business, then this action might result in Centuria or Centuria's funds management business being restricted or prohibited from providing financial services, including operating its funds management business, or might lead to the imposition of additional compliance costs or reputational damage.
- Changes in government legislation and policy in jurisdictions in which Centuria and the Centuria funds management business operate may affect the value of funds managed by Centuria and the financial performance of Centuria. This may include changes in stamp duty or tenancy legislation, policies in relation to land development and zoning and delays in the granting of approvals or registration of subdivision plans.

Risks Specific to Centuria

Funds management

- Centuria manages a number of funds on behalf of third party investors. The majority of Centuria's income is derived from fees calculated with reference to the value of funds under the control of the Centuria funds management business. Centuria's financial performance may be adversely affected if it was not able to appropriately respond to the following risks:
 - significant or prolonged underperformance of the Centuria funds that may affect the ability of Centuria to retain existing funds and to attract new funds under management;
 - unitholder or competitor actions initiated to remove funds from the control of the Centuria funds management business;
 - a number of funds under the control of the Centuria's funds management business are fixed term funds or funds where strategic review dates fall due in the short to medium term. Unitholder approval and/or endorsement is required for extensions to the term of these funds. There is a risk that investors may not approve or endorse such extensions or that key investors may terminate management arrangements or otherwise remove their funds from the control of Centuria's funds management business at any time;
 - the direct property funds that Centuria funds management manages have exposure to a variety of entities that lease or otherwise occupy the properties owned by these funds. Insolvency or financial distress leading to a default by a major lessee or lessees across a number of leases, or failure to secure new leases on acceptable terms, could give rise to earnings volatility and breach of financial covenants within these funds; and
 - to the extent that property values or income levels in a particular fund fall, there is a risk that the management fee income derived from that fund may be adversely impacted.

Appendix B: Key risks

Reliance on third party equity

- As a fund manager, growth in Centuria's earnings may be impacted by the ability of Centuria to establish new listed or unlisted funds. Specifically such income growth is dependent on the ability of Centuria to continue to source and maintain equity from new and existing investors for current and future funds.

Co-Investments

- Centuria's long term strategy is to continue holding co-investments in a number of the funds it manages. Such investments are subject to the general investment risks outlined above. Factors influencing the financial performance of these managed funds may adversely impact the value of Centuria's assets or quantum of its earnings which may in turn impact the price of its securities.

Funding

- Centuria and funds managed by the Centuria funds management business rely on access to various sources of capital, along with the refinancing and/or variation of existing debt facilities. An inability to obtain the necessary funding or refinancing on acceptable terms and at commercial rates or a material increase in the costs of such funding may have an adverse impact on Centuria's performance or financial position. Further, these debt facilities are subject to various covenants including interest coverage ratios and loan to valuation ratios. The use of debt funding may enhance returns and increase the number of assets that Centuria can acquire, but it may also substantially increase the risk of loss. Use of debt funding may adversely affect Centuria when economic factors such as rising interest rates and/or margins, severe economic downturns, availability of credit, reduction in asset values or further deterioration in the condition of debt and equity markets occur. If an investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of Centuria's equity component could be significantly reduced.

Acquisition risks

- Centuria also has a significant potential acquisition pipeline that it is pursuing in order to drive future growth of the business. There is no guarantee that Centuria will be able to execute all current or future acquisitions. To the extent that any current or future acquisitions are not successfully integrated with Centuria's existing business, the financial performance of Centuria could be materially adversely affected.
- There is a risk that Centuria will be unable to identify future acquisition opportunities that meet its investment objectives, or if such acquisition opportunities are identified, that they can be acquired on appropriate terms, thereby potentially limiting the growth of Centuria and its funds management business. Any failure to identify appropriate assets or successfully acquire such assets could materially adversely affect the growth prospects and financial performance of Centuria. While it is Centuria's policy to conduct a thorough due diligence process in relation to any such acquisition, risks remain that are inherent in such acquisitions.

Dilution risk

- Centuria's securityholders who do not participate in the Placement, will have their investment in Centuria diluted. Centuria's securityholders may have their investment in Centuria diluted by future capital raisings. Centuria may issue new securities to finance future acquisitions or pay down debt which may, under certain circumstances, dilute the value of a securityholder's interest. Centuria will only raise equity if it believes that the benefit to securityholders of acquiring the relevant assets or reducing gearing is greater than the short term detriment caused by the potential dilution associated with a capital raising.

Information system disruption

- Centuria relies on its infrastructure and information technology in order to operate its business. A severe disruption to or failure of Centuria's information technology systems may adversely impact the operations of Centuria and its current and future business and financial performance.

Personnel risk

- The ability of Centuria to successfully deliver on its strategy is dependent on retaining key employees (such as John McBain (Group Joint CEO), Jason Huljich (Group Joint CEO) and Simon Holt (CFO)). The loss of senior management, or other key personnel, could adversely impact on Centuria's current and future business and financial performance.

APPENDIX C

International offer restrictions



96 St Georges Bay Road, Auckland

Appendix C: International offer restrictions

This document does not constitute an offer of Stapled Securities of CNI in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Stapled Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Stapled Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Stapled Securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Stapled Securities or the offering of Stapled Securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Stapled Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Stapled Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the Stapled Securities outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Stapled Securities.

CNI as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon CNI or its directors or officers. All or a substantial portion of the assets of CNI and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against CNI or such persons in Canada or to enforce a judgment obtained in Canadian courts against CNI or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Stapled Securities purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against CNI if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against CNI. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Stapled Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against CNI, provided that (a) CNI will not be liable if it proves that the purchaser purchased the Stapled Securities with knowledge of the misrepresentation; (b) in an action for damages, CNI is not liable for all or any portion of the damages that CNI proves does not represent the depreciation in value of the Stapled Securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the Stapled Securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the Stapled Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the Stapled Securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Stapled Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Appendix C: International offer restrictions

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Stapled Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Stapled Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Stapled Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Stapled Securities are not being offered to the public within New Zealand other than to existing security holders of CNL with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the Stapled Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. CNL is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the Stapled Securities are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Stapled Securities may not be circulated or distributed, nor may the Stapled Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Stapled Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The Stapled Securities may not be distributed in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Stapled Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Stapled Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Stapled Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of Stapled Securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Stapled Securities.

This document is personal to the recipient only and not for general circulation in Switzerland.

Centuria