

## ASX/Media Announcement

13 September 2018

### Proposal to acquire Centuria Industrial REIT

Propertylink Group (ASX: PLG) (**Propertylink** or **the Group**) has today submitted a non-binding and indicative proposal (**Proposal**) to acquire all of the outstanding units in Centuria Industrial REIT (ASX: CIP) (**CIP**) for a combination of cash and PLG securities.

#### SUMMARY OF THE PROPOSAL

Propertylink<sup>1</sup> has proposed to acquire all outstanding CIP units, by way of an off-market takeover offer for a consideration of:

- 2.5327 PLG securities; and
- \$0.33 cash for each CIP unit.

Based on Propertylink's closing price on 12 September 2018, the implied value of Propertylink's Proposal is \$3.04 per CIP unit, which values the equity of CIP at \$755 million.<sup>2</sup>

The Proposal is subject to, among other conditions, Propertylink acquiring at least 50.1% of CIP units. Propertylink is not proposing to make a facilitation payment to CIP's responsible entity in connection with the Proposal.

Propertylink strongly believes the Proposal will provide significant benefits to both CIP unitholders and Propertylink securityholders and is in the best interests of CIP unitholders. Further details on the Proposal, its conditions, and its expected benefits to CIP unitholders are outlined in the attached Proposal letter to the Independent Directors of CIP's responsible entity.

#### RATIONALE FOR THE PROPOSAL

An acquisition of CIP is consistent with Propertylink's stated strategy of:

- being a leading owner and manager of Australian industrial real estate;
- growing the investment management business by establishing new funds; and
- providing securityholders with superior risk adjusted returns via its active approach to asset management.

---

<sup>1</sup> The proposal was submitted by Propertylink Investment Management Limited as responsible entity of the Propertylink Australian Industrial Partnership (the **bidder**). References to **Propertylink** in this announcement are references to the bidder, where applicable.

<sup>2</sup> Under the Proposal, the consideration will be reduced by the amount of any distributions that CIP unitholders become entitled to receive on or after 13 September 2018. CIP unitholders who accept Propertylink's takeover offer and become registered PLG securityholders prior to the record date for Propertylink's December 2018 semi-annual distribution, would receive this distribution compensating them for the reduction of consideration due to the payment of CIP distributions.

Since its listing on the ASX in August 2016, Propertylink has consistently delivered on its strategy. It has strengthened the wholly owned industrial portfolio through active leasing, development and asset repositioning while selectively acquiring new assets and divesting non-core assets to better position the portfolio. Across its funds management business it has realised strong returns for investors in external funds through asset divestments while delivering growth through disciplined acquisitions and the establishment of new funds. This has delivered returns to Propertylink securityholders in excess of the REIT index and has resulted in increasing distributions and NTA growth.

Acquiring CIP is a logical progression in the execution of Propertylink's strategy and the rationale is compelling for CIP unitholders and Propertylink securityholders. CIP owns a A\$1.0 billion portfolio of industrial and logistics centres that will benefit from Propertylink's management expertise and has the potential to deliver increased returns to Propertylink securityholders and CIP unitholders who accept the proposed offer.<sup>3</sup>

By acquiring 100% of CIP, Propertylink is expected to:

- **become the largest A-REIT focused on the ownership of Australian industrial real estate** with a combined portfolio of A\$1.8 billion;
- **increase geographical and tenant diversification and extend WALE;**
- **significantly improve its market position, scale and liquidity**, with the combined group likely to be eligible for inclusion in the S&P/ASX 200 Index;
- **enhance its integrated and in-house management platform** via the expansion of customer relationships and increased access to market intelligence, investment opportunities and capital; and
- **generate accretion to PLG's FY19 EPS and DPS** on a pro forma basis.

While it is Propertylink's intention to secure a 100% interest in CIP, it has also considered the commercial logic if it were to secure an interest of at least 50.1%. Under this scenario both Propertylink securityholders and CIP unitholders who accept the proposed offer would participate in many of the expected benefits achieved by acquiring 100% of CIP.

By acquiring 50.1% of CIP, Propertylink is expected to:

- **increase the management of Australian industrial real estate** to A\$2.2bn, when considering Propertylink's existing industrial funds and wholly owned portfolio;
- **increase external funds under management by A\$1bn;**

---

<sup>3</sup> Other than certain CIP unitholders who are ineligible to receive Propertylink securities under the proposed offer. References to CIP unitholders participating in the expected benefits of holding Propertylink securities are references to those who accept the proposed offer and are eligible to receive Propertylink securities.

- **increase the geographical diversification of the assets** owned and managed within the Group;
- **increase the number and diversity of tenants** within the Group;
- **enhance its integrated and in-house management platform** via the expansion of customer relationships and increased access to market intelligence, investment opportunities and capital; and
- **generate accretion to PLG's FY19 EPS and DPS** on a pro forma basis.

Once Propertylink acquires 50.1% of CIP it will seek to replace Centuria Industrial REIT's responsible entity, Centuria Property Funds No. 2 Limited, as the manager of CIP with a Propertylink group member. As a result, Propertylink will earn investment management fees in addition to property management, development management and other transaction based fees from the management of the CIP portfolio.

Stuart Dawes, Managing Director and CEO of Propertylink, said: "An acquisition of CIP would more than double the size of our wholly owned industrial portfolio, in particular providing our securityholders with greater exposure to the Sydney and Melbourne industrial markets where we are seeing strong opportunities from the emerging themes of e-commerce and urbanisation. The strategic rationale for the acquisition is supported by attractive expected financial outcomes, with forecast increases to earnings and distributions on an annualised basis.

"Our executive team has an average of 20 years' experience managing industrial property in Australia. Since listing in 2016, we have delivered above-market returns for investors in both Propertylink and our external funds. Propertylink's internalised and integrated investment, asset, property and development management capabilities provide us with proven ability to actively manage CIP's portfolio to deliver attractive returns for our securityholders.

"Further, our Proposal is expected to deliver significant benefits to CIP unitholders who accept our offer, including a material uplift in earnings and distributions, improved growth prospects, increased alignment of interests with management and an investment in what will be the largest ASX-listed REIT focused on Australian industrial property."

## PRO FORMA IMPACT TO PROPERTYLINK<sup>4</sup>

	Propertylink post 50.1% acquisition of CIP	Propertylink post 100% acquisition of CIP
<b><u>Financial metrics</u></b>		
<b>FY19 EPS accretion</b>	10.7% <sup>5</sup>	2.6% <sup>6</sup>
<b>Market capitalisation</b>	\$900m	\$1,236m
<b>Balance sheet gearing</b>	37.3% <sup>5</sup>	38.0% <sup>6</sup>
<b><u>Third party AUM</u></b>	\$1,987m	\$973m
<b><u>Owned portfolio metrics<sup>7</sup></u></b>		
<b>Number of properties</b>		68
<b>Gross lettable area</b>		1,210,753 sqm
<b>Portfolio value</b>		\$1,815m
<b>WACR</b>		6.73%
<b>Occupancy</b>		96.6%
<b>WALE</b>		4.5 years

## CURRENT INTEREST IN CIP

Propertylink currently holds a 12.3% strategic interest in CIP.

## NEXT STEPS

To facilitate making a recommended takeover offer, Propertylink is seeking to engage with the independent directors of CIP's responsible entity.

As CIP's responsible entity endorsed an approach by Centuria Capital Group to acquire 100% of Propertylink's securities in its indicative proposal submitted in September 2017, and given Propertylink's proposal would offer CIP unitholders superior expected financial outcomes, we expect CIP's Independent Directors to welcome the Proposal.

Propertylink will continue to keep the market informed of relevant developments.

<sup>4</sup> Pro forma accretion figures are based on CIP achieving distributable earnings of 18.5 cents per unit for FY19 (being the lower end of its guidance of 18.5 – 19.0 cents per unit). Pro forma market capitalisation assumes Propertylink trades at \$1.07 per security (representing the closing price of PLG securities on 12 September 2018).

<sup>5</sup> Assumes \$75 million of assets sold post gaining effective control of CIP.

<sup>6</sup> Assumes \$160 million of assets sold post gaining effective control of CIP.

<sup>7</sup> Metrics adjusted for CIP's divestment of 39-45 Wedgewood Drive, Hallam, Victoria and acquisition of 616 Boundary Road, Richlands, Queensland.

## ADVISERS

Propertylink is being advised by J.P. Morgan Securities Australia Limited (financial adviser) and Herbert Smith Freehills (Australian legal adviser).

## ENDS

## Further Enquiries

### Investors

Stuart Dawes  
Propertylink Group  
Managing Director and CEO  
+61 2 9186 4720  
sdawes@propertylink.com.au

### Media

Sue Cato  
Cato & Clegg  
Partner  
+61 2 8306 4244  
cato@catoandclegg.com

Carrie Barrack  
Propertylink Group  
Investor Relations Manager  
+61 2 9186 4747  
cbarrack@propertylink.com.au

## About Propertylink

Propertylink is an A-REIT, listed on the Australian Stock Exchange under the code “PLG”. Propertylink is an internally managed real estate group that owns and manages a diversified portfolio of logistics, business park and office properties and is a leading investment and asset management business with over A\$1.8 billion of assets under management. Propertylink’s integrated, in-house approach to active asset management is aimed at maximising the performance and value of assets under management for our global investors from North America, Europe, the Middle East, Asia and Australia.

13 September 2018

Mr Matthew Hardy and Mr Darren Collins  
Independent Directors  
Centuria Property Funds No. 2 Limited  
as responsible entity of Centuria Industrial REIT  
Level 39, 100 Miller Street  
Sydney, NSW 2000

Dear Mr Hardy and Mr Collins,

**INDICATIVE AND NON-BINDING \$3.04 PROPOSAL TO ACQUIRE OF ALL OF THE UNITS OF CENTURIA INDUSTRIAL REIT**

Propertylink Investment Management Limited, as responsible entity of the Propertylink Australian Industrial Partnership (**Propertylink**) is pleased to submit this indicative and non-binding proposal to Centuria Property Funds No. 2 Limited (**CPF2L**) as responsible entity of Centuria Industrial REIT (**CIP**) to acquire all of the units in CIP for the following cash and scrip consideration (expressed per CIP Unit):

- a cash payment of \$0.33; and
- 2.5327 Propertylink Group Securities;

by way of an agreed off-market takeover offer (the **Proposal**).<sup>1</sup> The Proposal is subject to the conditions described below.

Propertylink believes the Proposal represents a compelling proposition for CIP Unitholders to realise significant value for their Units while retaining a continued exposure to the largest A-REIT focused on the ownership of Australian industrial assets. As a demonstration of its commitment to the Proposal, Propertylink has acquired a 12.3% strategic interest in CIP.

**Compelling premium for CIP Unitholders**

The Proposal implies a price of \$3.04 per CIP Unit based on the closing price of Propertylink Group Securities on 12 September 2018 (**Proposal Price**).

The Proposal Price represents a significant premium to both CIP's historical trading levels and last reported NTA per Unit:

- 15.5% premium to the 3-month VWAP of \$2.63 up to 12 September 2018, being the last trading day prior to submission of this Proposal
- 18.8% premium to CIP's stated NTA as at 30 June 2018 of \$2.56
- 11.8% premium to the closing price of CIP Units of \$2.72 on 12 September 2018
- 13.1% premium to CIP's undisturbed 1-month VWAP of \$2.69, and

---

<sup>1</sup> Under the Proposal, consideration will be reduced by the amount of any distributions that CIP unitholders become entitled to receive on or after 13 September 2018. CIP unitholders who accept Propertylink's takeover offer and become registered PLG securityholders prior to the record date for Propertylink's December 2018 semi-annual distribution, will receive this distribution compensating them for the reduction of consideration due to the payment of CIP distributions.

- 5.7% premium to CIP's all time high trading price of \$2.875 on 31 August 2016.

Propertylink holds a strong conviction that the valuation of CIP implied by the Proposal Price would be found to be fair and reasonable by an Independent Expert.

In forming this opinion, Propertylink has made reference to the valuation methodology adopted by the Independent Expert in connection with the NTA-for-NTA merger of Centuria Urban REIT and Centuria Metropolitan REIT which underpinned the Independent Directors' recommendation for that transaction.

### Expected benefits to CIP Unitholders

The expected benefits of the Proposal for CIP Unitholders would include substantially all of the expected benefits described by the Boards of CP2FL and Centuria Capital Group (**CNI**) in their indicative, non-binding proposal to acquire Propertylink of 15 and 22 September 2017 (the **Centuria Proposal**) in respect of a merger between PAIP and CIP.

These benefits include:

- creation of the largest ASX listed REIT focused on Australian industrial properties;
- a material increase in scale, improving portfolio diversity, which should decrease risk;
- enhanced customer solutions facilitated by a greater number of assets providing the opportunity to maximise tenant retention and relocation solutions;
- an enlarged balance sheet providing greater flexibility including improved access to, and cost of, capital; and
- increased investor relevance and potential S&P/ASX 200 index inclusion.

The Proposal would also provide a number of significant expected benefits for CIP Unitholders in addition to the above, including:

- **increased earnings and distributions per CIP Unit** – equivalent earnings and distributions per CIP Unit are expected to increase from 18.5 cents to 22.2 cents and 18.4 to 21.3 cents respectively on a pro forma basis,<sup>2 3 4</sup> representing an increase of 19.8% and 15.7% respectively. These financial outcomes for CIP Unitholders are materially superior to those estimated by CPF2L and CNI under the Centuria Proposal;<sup>5</sup>
- **increased NTA and NAV per CIP Unit** – equivalent NTA and NAV per CIP Unit are expected to increase by 5.4% and 11.3% respectively on a pro forma basis. These financial outcomes for CIP Unitholders are materially superior to those estimated by CPF2L and CNI under the Centuria Proposal;<sup>6</sup>
- **significant cost savings and economies of scale** – estimated cost savings of over \$7 million per annum derived from the removal of funds management fees, internalisation of

<sup>2</sup> Based on the lower-end of CIP's FY19 distributable earnings guidance of 18.5 to 19.0 cents per CIP Unit and distribution guidance of 18.4 cents per CIP unit

<sup>3</sup> Pro forma figures are based on CIP Unitholders receiving 2.5327 PLG Securities per CIP Unit and reinvesting the cash component of the Offer in PLG Securities at a PLG Security price of \$1.07 (representing the closing price of PLG Securities on 12 September 2018)

<sup>4</sup> Assumes \$160 million of assets sold post gaining effective control of CIP

<sup>5</sup> Relative to the 0.6% increase in FY18 distributable earnings per CIP Unit stated in the Centuria Proposal

<sup>6</sup> Relative to the 0.2% increase in NAV per CIP Unit stated in the Centuria Proposal



property management and leasing and elimination of duplicated administrative costs. The combined group would also benefit from economies of scale as it grows;

- **improved growth prospects** – improved opportunities for growth via increased scale, higher weighting to the outperforming Sydney and Melbourne industrial markets and exposure to Propertylink Group's leading investment management business which has delivered a 25% total return across external funds since inception;
- **access to Propertylink Group's fully integrated management platform and specialist expertise** – the Propertylink Group has an integrated, in house investment, asset, property and development management platform specialised in industrial and active asset management which can add significant value to the CIP portfolio; and
- **enhanced alignment of interests** – Propertylink Group's internally managed structure would create greater alignment of interests between management and investors than CIP's current externally managed structure.

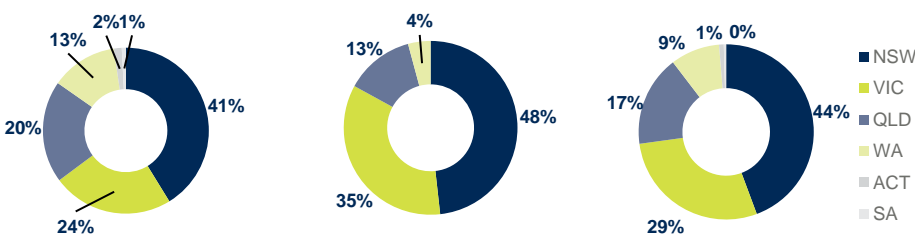
## Key Metrics of the Combined Group

The combination of two complementary industrial portfolios will create the largest A-REIT focused on Australian industrial assets, with the following attractive metrics:

Key metrics	CIP	PLG	Combined Group
No. of assets	38	30	68
Portfolio value	\$1,015m	\$800m	\$1,815m
WACR	6.78%	6.66%	6.73%
Occupancy	94.5%	99.2%	96.6%
WALE	5.1	3.8	4.5 years
Gross lettable area	749,147	461,606	1,210,735 sqm

**Geographic focus (by value)**



Region	CIP (%)	PLG (%)	Combined Group (%)
NSW	41%	48%	44%
VIC	24%	35%	29%
QLD	20%	13%	17%
WA	13%	4%	9%
ACT	2%	1%	1%
SA	1%	0%	0%

## Funding

Propertylink has amended its existing debt facility to provide sufficient capacity to fund the cash component of the Proposal. CIP's debt facilities will either be left in place or refinanced. Propertylink has obtained a binding commitment from JPMorgan Chase Bank NA, Sydney Branch to provide a debt facility to refinance CIP's debt facilities, should that be required.

## Due diligence and Exclusivity

The Proposal is conditional to the Propertylink Group Board being satisfied with the outcome of confirmatory due diligence on CIP. As Propertylink has conducted extensive public due diligence on CIP, we request a short exclusivity period of 7 days to conduct limited, confirmatory due diligence (commencing from the time the due diligence materials are made available in full). A list of essential due diligence items required by Propertylink has been provided together with this letter. Propertylink is



prepared to enter into a confidentiality and exclusivity agreement with CPF2L and commence due diligence immediately.

### **Independent Directors' Recommendation and Bid Implementation Agreement**

Propertylink intends that the Proposal be implemented by way of an agreed off-market takeover offer. Accordingly, the Proposal is conditional on:

- the Independent Directors of CPF2L unanimously recommending the Proposal; and
- CPF2L entering into a Bid Implementation Agreement with Propertylink. Propertylink is prepared to enter into a Bid Implementation Agreement containing customary terms and bid protections.

In addition, any subsequent takeover offer would be subject to a number of conditions, including a 50.1% minimum acceptance condition. The proposed conditions that would apply to the takeover offer are set out in Annexure 1.

### **Engagement with Centuria Capital Group (CNI)**

The Proposal has been submitted in the absence of any communication by Propertylink with CNI in relation to the Proposal. Propertylink anticipates engagement with CNI at an appropriate time in the future with the expectation that CNI would follow the recommendations of the Independent Directors of CPF2L.

### **Avoidance of conflicts of interest**

Propertylink has submitted the Proposal on the basis that the Board of CPF2L will act vigilantly to avoid any actual or perceived conflicts of interest and in the best interests of CIP Unitholders in relation to the Proposal, by:

- forming an independent board committee (IBC) to consider the Proposal; and
- appointing advisers that have no recent or foreseeable potential fee earning relationship with CNI and its related entities excluding CPFL2.

### **Timetable**

Propertylink expects to be able to complete its due diligence within 7 days of being granted access to due diligence material.

We also propose that the Bid Implementation Agreement be negotiated in parallel with the due diligence period.

Following completion of confirmatory due diligence, Propertylink will be prepared to commence a transaction as soon as possible. Propertylink expects to be in a position to file a Bidder's Statement with the ASX within 48 hours of signing a Bid Implementation Agreement with CPF2L. Documentation would be despatched to CIP Unitholders shortly afterwards.

### **Conclusion and Next Steps**

Propertylink believes that the Proposal provides compelling benefits for CIP Unitholders. These expected benefits are significantly in excess of the benefits articulated to CIP Unitholders as part of Centuria Capital's indicative offer to Propertylink in September last year – a proposal that was endorsed by the Chairman of CIP's responsible entity.

Propertylink has spent a significant amount of time analysing a combination with CIP and is able to complete due diligence in a highly expeditious manner. Preparation of transaction documentation is well advanced and debt facilities are in place to finance Propertylink's Proposal.

We would be pleased to meet with CPF2L's Independent Directors and advisers over the next 48 hours to discuss the Proposal so that we can agree exclusivity terms and commence confirmatory due diligence and negotiation of the Bid Implementation Agreement as soon as possible. Propertylink proposes to make an ASX announcement in relation to submission of this letter to CPF2L shortly.

Propertylink Group has appointed J.P. Morgan Securities Australia Limited as its financial adviser and Herbert Smith Freehills as legal adviser in relation to the Proposal.

Yours sincerely,



---

**Peter Lancken**  
Chairman  
Propertylink Group



---

**Stuart Dawes**  
Managing Director and CEO  
Propertylink Group

## **Annexure 1 – Offer conditions & associated definitions**

### **Offer conditions**

#### **(a) Regulatory approvals**

Before the end of the Offer Period, all approvals, waivers, exemptions, declarations, statements of no objection, orders, notices or consents that are required by law, or by or from any Public Authority, as are necessary to permit:

- (1) the Offer to be lawfully made to and accepted by CIP Unitholders; and
  - (2) the Takeover Bid to be completed,
- are:
- (3) granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same; or
  - (4) no longer required, including as a result of the expiry of any statutory period.

#### **(b) No regulatory action**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (1) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (2) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (3) no application is made to any Public Authority (other than by the Bidder or any Associate of the Bidder),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offers and the completion of the Takeover Bid or which requires the divestiture by the Bidder of any CIP Units or any material assets of the CIP Group.

#### **(c) Minimum acceptance**

At the end of the Offer Period, the Bidder has a Relevant Interest in at least 50.1% of the CIP Units (on a fully diluted basis).

#### **(d) No material adverse change**

- (1) Between the Announcement Date and the end of the Offer Period (each inclusive) none of the following occurs:

- (A) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (B) information is disclosed or announced by CIP (acting through CIP RE) concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (C) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to the Bidder (whether or not becoming public),

(each of (A), (B) and (C), a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that

have occurred, will occur or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (D) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the CIP Group, taken as a whole; or
- (E) without limiting the generality of Section (d)(1)(D):
  - (i) the effect of a diminution in the value of the consolidated net assets of the CIP Group, taken as a whole, by at least \$48,600,000 against what it would reasonably have been expected to have been but for such Specified Event;
  - (ii) the effect of a diminution in the consolidated earnings before interest and tax of the CIP Group, taken as a whole, by at least \$4,800,000 in any financial year for the CIP Group against what they would reasonably have been expected to have been but for such Specified Event;
  - (iii) the effect of a diminution in the consolidated net profits after tax of the CIP Group, taken as a whole, of at least \$7,400,000 in any financial year for the CIP Group against what they would reasonably have been expected to have been but for such Specified Event; or
  - (iv) the effect of a diminution in the distributable earnings of at least \$3,600,000 in any financial year for the CIP Group against what they would reasonably have been expected to have been but for such Specified Event.
- (2) For the purposes of Section (d)(1), the Bidder shall not be taken to know of information concerning any event, change, condition, matter or thing before the Announcement Date, unless the information has been fairly disclosed by CIP (acting through CIP RE) in its public filings with the ASX before the Announcement Date.

(e) **PLG Securities price**

The value of a PLG Security (when valued in connection with the Offer for the purposes of section 621(3) of the Corporations Act, as modified by *ASIC Corporations (Minimum Bid Price) Instrument 2015/1068*) does not fall below the maximum consideration that the Bidder or an associate provided, or agreed to provide, for a CIP Unit under any purchase or agreement during the 4 months before the date of the Offer.

(f) **No prescribed occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (1) CIP (acting through CIP RE) converting all or any of the CIP Units into a larger or smaller number of securities;
- (2) CIP RE or any other CIP Group Member (where applicable, acting through its responsible entity or trustee) resolving to reduce its capital in any way;
- (3) CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee):
  - (A) entering into a buyback agreement; or
  - (B) resolving to approve the terms of a buyback agreement;
- (4) CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee) issuing securities (including CIP Units), other than CIP Units issued as a result of the exercise, conversion or vesting of:

(A) options over CIP Units; or

(B) performance rights convertible into CIP Units,

in each case, which are on issue as at the Announcement Date, or granting an option over CIP Units or a performance right convertible into CIP Units, or agreeing to make such an issue or grant such an option or performance right;

- (5) CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee) issuing, or agreeing to issue, convertible notes;
- (6) CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee) disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (7) CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee) granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (8) CIP RE resolving that CIP be wound up or any other CIP Group Member resolving to be wound up;
- (9) the appointment of a liquidator or provisional liquidator of CIP, CIP RE, any other CIP Group Member or any responsible entity or trustee of any other CIP Group Member;
- (10) the making of an order by a court for the winding up of CIP, CIP RE, any other CIP Group Member or any responsible entity or trustee of any other CIP Group Member; or
- (11) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of CIP, CIP RE, any other CIP Group Member or any responsible entity or trustee of any other CIP Group Member.

(g) **No issue of convertible securities**

Between the Announcement Date and the end of the Offer Period (each inclusive), CIP (acting through CIP RE) does not issue or grant, or agree to issue or grant, any performance rights convertible into CIP Units or any other incentives which are convertible into CIP Units, under an equity incentive plan or otherwise.

(h) **No material acquisitions, disposals, capital expenditure or changes in the conduct of business**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither CIP (acting through CIP RE) nor any other CIP Group Member (where applicable, acting through its responsible entity or trustee):

- (1) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:
  - (A) the manner in which CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee) conducts its business; or
  - (B) the nature (including balance sheet classification), extent or value of the assets or liabilities of CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee);
- (2) without limiting Section (h)(1), enters into or agrees to enter into or announces any transaction which would, or would be likely to, involve CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee):
  - (A) acquiring or disposing of, or agreeing to acquire or dispose of, one or more companies, trusts or businesses (or any interest therein);

- (B) acquiring or disposing of, or agreeing to acquire or dispose of, any assets (including any real property) which have an aggregate value in excess of \$10,000,000;
- (C) acquiring, or agreeing to acquire, the “substantial industrial property” in Western Australia referred to in CIP’s ASX announcement dated 10 August 2018; or
- (D) entering into any contract or commitment (including the acquisition of, or agreement to acquire, any asset or entering into a lease or agreement for lease) that is not in the ordinary course of business;
- (3) waives any material third party default where the financial impact on the CIP Group will be in excess of \$1,000,000 (individually or in aggregate); or
- (4) accepts as a compromise of a matter less than the full compensation due to a CIP Group Member where the financial impact of the compromise on that CIP Group Member is more than \$1,000,000 (individually or in aggregate).

(i) **No destruction or damage to any Properties**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the Properties are destroyed or there is no physical damage to any Property such that the amount or value of the destruction or damage exceeds or would reasonably be expected to exceed \$1,000,000 after recovery of any insured amounts.

(j) **Responsible entity and other changes**

Between the Announcement Date and the end of Offer Period (each inclusive), none of the following occurs:

- (1) CIP RE implements, or agrees or proposes to implement or otherwise participate in, any transaction, proposal or arrangement under which (if implemented), any of the following would occur:
  - (A) CIP, or an entity the securities of which are at any time Stapled to CIP Units, acquires Control of CIP RE;
  - (B) securities in CIP RE, or an entity that Controls CIP RE, are Stapled to CIP Units; or
  - (C) management of CIP is ‘internalised’ in any other way;
- (2) CIP RE is removed or replaced as responsible entity of CIP or an agreement is entered into to remove or replace CIP RE as responsible entity of CIP;
- (3) the trustee of any Subsidiary of CIP as at the Announcement Date ceases to be the trustee of that Subsidiary;
- (4) CIP (acting through CIP RE) enter into or amend any contract or commitment (or any series of related contracts or commitments) which relates to the provision of investment management, administration or related services to CIP;
- (5) a change of Control occurs or is agreed to occur in respect of CIP, other than as a result of the Offer;
- (6) a change of Control occurs or is agreed to occur in respect of CIP RE;
- (7) a change is made or agreed to be made to any of the constitutional documents of CIP or of any other CIP Group Member; or
- (8) any special or extraordinary resolution is passed or agreed to be passed in respect of CIP or of any other CIP Group Member.

(k) **No litigation on foot or pending**

- (1) Between the Announcement Date and the end of the Offer Period (each inclusive) no litigation against any CIP Group Member which may reasonably result in a judgement of

\$1,000,000 or more is commenced, is threatened to be commenced, is announced, or is made known to the Bidder (whether or not becoming public) or CIP (acting through CIP RE), other than that which is in the public domain as at the Announcement Date.

(2) Between the Announcement Date and the end of the Offer Period (each inclusive), neither:

- (A) the consideration under the Offer is required to be increased from the amount stipulated in this Bidder's Statement; nor
- (B) the Bidder or an Associate of the Bidder is required or reasonably likely to be required to pay any amount to any one or more CIP Unitholder in connection with the Offer,

as a result of:

- (C) any litigation that is commenced, is threatened to be commenced, announced or is made known to the Bidder (whether or not becoming public); or
- (D) any preliminary or final decision or order of any Public Authority,

other than as a result of the Bidder publicly undertaking to increase the consideration under the Offer or the Bidder lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Offer.

**(I) Financing**

(1) Except for any transaction fairly disclosed by CIP (acting through CIP RE) in its public filings with the ASX prior to the Announcement Date, during the period from the Announcement Date to the end of the Offer Period (each inclusive), no CIP Group Member (where applicable, acting through its responsible entity or trustee) incurs, increases or guarantees any financial indebtedness of any kind or provides any financial accommodation to any entity, in either case, of an amount in excess of \$4,000,000.

(2) Between the Announcement Date and the end of the Offer Period (each inclusive), in respect of any financing arrangement, agreement or instrument which a CIP Group Member has with any other person, CIP (acting through CIP RE) or any other CIP Group Member (where applicable, acting through its responsible entity or trustee) does not:

- (A) breach any covenants or make any misrepresentations which are not remedied in accordance with the cure rights under the arrangement, agreement or instrument;
- (B) rely on any waiver or amendment to avoid the potential breach of any covenant or to avoid the making of any misrepresentation or to avoid an event of default or potential event of default occurring;
- (C) allow an event of default or potential event of default to occur which is not remedied in accordance with the relevant cure rights under the arrangement, agreement or instrument;
- (D) allow an obligation to pay any amount to be accelerated; or
- (E) permanently reduce the amount of debt ahead of a maturity date.

This does not apply to any breach, misrepresentation, event of default, potential event of default, acceleration or reduction in the amount of debt as a consequence of a change of control event (or similar event) occurring as a result of the Offer, or the acquisition of CIP Units pursuant to the Offer.

(3) Between the Announcement Date and the end of the Offer Period (each inclusive), the Bidder does not become aware that the aggregate net Debt of the CIP Group exceeds \$400,000,000.



(m) **No untrue statements to ASX or ASIC**

Between the Announcement Date and the end of the Offer Period (each inclusive), the Bidder does not become aware that any document filed or lodged by or on behalf of CIP RE, or by or on behalf of any person in relation to CIP, with ASX or ASIC:

- (1) contains a statement which is incorrect or misleading in a material particular; or
- (2) from which there is a material omission.

(n) **Equal access**

Between the Announcement Date and the end of the Offer Period (each inclusive), CIP (acting through CIP RE) promptly, and in any event within 2 Business Days, provides to the Bidder a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to the CIP Group, or its assets, liabilities or operations, that has been provided by CIP (acting through CIP RE) or any of the directors, officers, agents or representatives of CIP or CIP RE to any person other than the Bidder, other than in the ordinary course of ordinary business, including for the purposes of soliciting, encouraging or facilitating any proposal with respect to a Competing Proposal.

(o) **No break fees**

Between the Announcement Date and the end of the Offer Period (each inclusive), neither CIP (acting through CIP RE) nor any other CIP Group Member (where applicable, acting through its responsible entity or trustee) does not agree (whether conditionally or unconditionally) to:

- (1) make any payment by way of break fee, inducement fee, cost reimbursement or otherwise, to any person other than the Bidder; or
- (2) forgo or otherwise reduce any payment or benefit to which it would otherwise be entitled, in connection with any person (other than the Bidder) making or agreeing to participate in, or enter into negotiations concerning, a Competing Proposal.

**Associated definitions**

Term	Meaning
Announcement Date	the date on which the proposed Takeover Bid was first announced on the ASX, being 13 September 2018.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning given in Division 2 of Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to the Bidder's Statement.
ASX	as the context requires, ASX Limited ABN 98 008 624 691 or the securities market conducted by it.
Bidder	PIML as responsible entity of PAIP.
Bidder's Statement	the bidder's statement issued by Propertylink Investment Management Limited ACN 136 865 417 as responsible entity of Propertylink Australian Industrial Partnership ARSN 316 032 812 to acquire all of the units in Centuria Industrial REIT ARSN 099 680 252 under Part 6.5 of the Corporations Act.
Bill	a bill of exchange as defined in the <i>Bills of Exchange Act 1909</i> (Cth), but does not include a cheque.
Business Day	a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday in Sydney, New South Wales.
CIP	the Centuria Industrial REIT ARSN 099 680 252 (and, where applicable, the CIP RE as responsible entity of Centuria Industrial REIT).

CIP Group	CIP and its Subsidiaries (and, where applicable, the trustee of each member of the CIP Group that is a trust (including CIP) in its capacity as trustee of the relevant member of the CIP Group), and <b>CIP Group Member</b> means a member of the CIP Group.
CIP RE	Centuria Property Funds No. 2 Limited ABN 38 133 363 185, the responsible entity of CIP.
CIP Unitholders	a holder of CIP Units from time to time.
CIP Units	fully paid unit in the capital of CIP.
Competing Proposal	<p>means any proposal, offer or transaction by a third party (other than the Bidder or its Related Entities) that, if completed, would mean:</p> <ol style="list-style-type: none"> <li>1 a person would acquire a Relevant Interest or voting power in 15% or more of CIP Units;</li> <li>2 a person would enter into, buy, dispose of, terminate or otherwise deal with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or related to 15% or more of CIP Units;</li> <li>3 a person would directly or indirectly acquire or obtain an interest (including an economic interest) in all or a substantially part or material part of the business conducted by, or assets or property of, CIP (acting through CIP RE);</li> <li>4 a person would acquire Control of CIP;</li> <li>5 a person may otherwise acquire, or merge with, CIP (including by way of takeover bid, trust scheme, capital reduction, sale of assets, sale of securities, Stapling, strategic alliance, dual listed company structure, joint venture or partnership);</li> <li>6 any of the following would occur:             <ul style="list-style-type: none"> <li>• CIP, or an entity the securities of which are at any time Stapled to CIP Units, acquires Control of CIP RE;</li> <li>• securities in CIP RE, or an entity that Controls CIP RE, are Stapled to CIP Units; or</li> <li>• management of CIP is internalised in any other way; or</li> </ul> </li> <li>7 CIP will issue, on a fully diluted basis, 10% or more of its capital as consideration for the assets or share capital of another person,</li> </ol> <p>or any proposal by CIP to implement any reorganisation of capital or dissolution. Each successive material modification or variation of any proposal, offer or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Debt	<p>any present or future actual or contingent debt or other monetary liability in respect of money borrowed or raised or any financial accommodation, including in respect of any:</p> <ol style="list-style-type: none"> <li>1 Bill, bond, debenture, note or other financial instrument (whether or not negotiable);</li> <li>2 indemnity obligation to the issuer of a guarantee, indemnity, bank guarantee, bond, letter of credit or similar instrument;</li> <li>3 consideration for the acquisition of an asset or service payable more than 90 days after, as applicable, the date of the acquisition or the date on which the service is invoiced;</li> </ol>

	<ol style="list-style-type: none"> <li>4 lease or hire purchase entered into primarily as a method of raising finance or financing the acquisition of the asset leased or hired (including any sale and lease back transaction);</li> <li>5 obligation to deliver goods or other property or provide services paid for in advance by any financier or in relation to another financing transaction;</li> <li>6 redeemable shares where the holder has the right (conditional or not) to require redemption;</li> <li>7 receivables sold (other than to the extent they are sold on a non-recourse basis);</li> <li>8 Hedge Transaction; or</li> <li>9 Guarantee of other Debt described above.</li> </ol>
Guarantee	<p>a guarantee, indemnity, letter of credit, legally binding letter of comfort or other obligation of any kind:</p> <ol style="list-style-type: none"> <li>1 to provide funds (whether by the advance or payment of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or otherwise) for the payment or discharge of;</li> <li>2 to indemnify any person against the consequences of default in the payment of; or</li> <li>3 to be responsible for,</li> </ol> <p>an obligation or monetary liability of another person or the assumption of any responsibility or obligation in respect of the solvency or financial condition of another person.</p>
Hedge Transaction	any derivative, swap, forward contract, futures contract, financial option or other hedging or risk management transaction.
law	includes any applicable law, legislation, regulation, common law, ASX Listing Rule or order of a Public Authority.
Offer	the offer for CIP Units under the terms and conditions contained in the Bidder's Statement.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with the Bidder's Statement.
PAIP	Propertylink Australian Industrial Partnership ARSN 613 032 812.
PHL	Propertylink (Holdings) Limited ACN 092 684 798.
PIML	Propertylink Investment Management Limited ACN 136 865 417.
PLG Security	fully paid Stapled security in the capital of PHL, PT and PAIP.
Properties / Property	all properties owned or controlled by, or leased by, CIP RE as responsible entity for CIP.
PT	Propertylink Trust ARSN 613 032 750.
Public Authority	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including the Takeovers Panel, the Foreign Investment Review Board, ASIC and the Australian Competition and Consumer Commission), or any minister of the Crown in right of the Commonwealth of Australia or any State, any other federal, state, provincial, or local government, and including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.

Related Entity	in relation to an entity, an entity that is related to that entity within the meaning of section 50 of the Corporations Act or which is an entity under the Control of that entity.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Stapling	in relation to two or more securities, being linked together so that one may not be dealt with without the other or others, <b>Stapled</b> has the corresponding meaning.
Subsidiary	<p>has the meaning given to that term in the Corporations Act.</p> <p>However, the definition will also apply for purposes of determining whether an entity is a Subsidiary of another entity (where one or both of the relevant entities are not bodies corporate) as follows:</p> <ol style="list-style-type: none"> <li>1 an entity will be a Subsidiary of a trust if it would have been a Subsidiary if the trust were a body corporate; and</li> <li>2 a trust will be a Subsidiary of an entity if the trust would have been a Subsidiary if it were a body corporate, for the purposes of which a unit or other beneficial interest in the trust will be regarded as a share and the ability to control the appointment or removal of the trust's trustee was regarded as the ability to control the composition of the first body's board.</li> </ol> <p>An entity (whether a body corporate, trust or other entity) will also be taken to be a Subsidiary of another entity if it Controls the other entity. For these purposes, in relation to a trust, the entity reference includes the trustee of the trust.</p>
Takeover Bid	the off-market takeover bid constituted by the dispatch of the Offers in accordance with the Corporations Act.
Takeovers Panel	the peer review body that regulates corporate control transactions in widely held Australian entities, primarily by the resolution of takeover disputes.