

4 December 2018

ASX Market Announcements
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

**Centuria Industrial REIT (ASX Code: CIP): Accelerated non-renounceable entitlement offer
Notice under section 1012DAA(2)(f) of the Corporations Act 2001 (Cth)**

This notice is given by Centuria Property Funds No. 2 Limited ACN 133 363 185 as responsible entity of the Centuria Industrial REIT ARSN 099 680 252 (**CIP**), under section 1012DAA(2)(f) of the Corporations Act 2001 (Cth) (**Corporations Act**), as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Legislative Instrument**).

CIP has today announced an accelerated non-renounceable entitlement offer to raise approximately \$51 million (before costs) (**Entitlement Offer**).

The **Entitlement Offer** is underwritten by Moelis Australia Advisory Pty Ltd (**Moelis**) and UBS AG, Australia Branch (**UBS**) (together, the **Underwriters**), subject to the terms of the underwriting agreement entered into between CIP and the Underwriters.

The Entitlement Offer comprises the issue of 1 new unit in CIP (**New Unit**) for every 13.5 units in CIP held by eligible existing CIP unitholders at 7pm (AEDT) on 6 December 2018 (**Eligible Unitholders**).

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) seeks to raise approximately \$22 million (before costs).

The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) seeks to raise approximately \$29 million (before costs)

With respect to the Entitlement Offer, CIP advises that:

- (a) the New Units will be issued without a product disclosure statement under Part 7.9 of the Corporations Act;
- (b) this notice is being given under section 1012DAA(2)(f) of the Corporations Act, as modified by the Legislative Instrument;
- (c) as a disclosing entity, CIP is subject to regular reporting and disclosure obligations;
- (d) as at the date of this notice, CIP has complied with:
 - (1) the provisions of Chapter 2M of the Corporations Act as they apply to CIP; and
 - (2) section 674 of the Corporations Act as it applies to CIP;
- (e) as at the date of this notice, there is no excluded information of the type referred to in sections 1012DAA(8) or 1012DAA(9) of the Corporations Act; and
- (f) in respect to section 1012DAA(7)(f) of the Corporations Act, the potential effect of the issue of the Units pursuant to the Entitlement Offer on the control of CIP and the consequences of that effect will depend on a number of factors, including the extent to which Eligible Unitholders take up the New Units under the Entitlement Offer.

The potential effect on control is summarised below:

- (1) If all Eligible Unitholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of CIP;
- (2) If 50% of Eligible Unitholders take up their entitlements under the Entitlement Offer, then new investors¹ will receive 9.2 million New Units (being 3.4% of units on issue in CIP following the Entitlement Offer) and the interests of those Eligible Unitholders who do not take-up their entitlements under the Entitlement Offer will be diluted;
- (3) If 25% of Eligible Unitholders take up their entitlements under the Entitlement Offer, then new investors² will receive 13.8 million New Units (being 5.2% of units on issue in CIP following the Entitlement Offer) and the interests of those Eligible Unitholders who do not take-up their entitlements under the Entitlement Offer will be diluted;
- (4) If no Eligible Unitholders take up their entitlements under the Entitlement Offer, then new investors³ will receive 18.4 million New Units (being 6.9% of the units on issue in CIP following the Entitlement Offer and the interests of all Eligible Unitholders will be diluted.

The New Units offered under the Entitlement Offer will represent 6.9% of the total number of units on issue (post Entitlement Offer).

Underwriters

In addition to the sub-underwriting arrangement with CNI detailed below, the Underwriters are seeking sub-underwriting commitments for the New Units to be issued under the Entitlement Offer. However, even if those sub-underwriting commitments do not eventuate or are defaulted on, neither Moelis nor UBS could obtain a relevant interest above the 20% acquisition threshold through the Entitlement Offer. If there was a 0% take-up of entitlements under the Entitlement Offer and no sub-underwriting at all (including CNI), neither Moelis nor UBS would reach voting power in excess of 5% and so the underwriting arrangements will not have a significant impact on the control of CIP.

CNI

Centuria Capital Group⁴ (ASX: **CNI**) and its associates currently have voting power of 22.9% in CIP. CNI has provided a commitment to CIP that it will take up its entitlement under the Institutional Entitlement Offer.

CNI has also agreed to sub-underwrite the entire Retail Entitlement Offer, which is estimated to be \$22 million.

CNI will not sub-underwrite the Institutional Entitlement Offer.

CNI may through its sub-underwriting commitment increase its voting power in CIP, which is already above 20%.

¹ Potentially including the Underwriters and certain sub-underwriters appointed in relation to the Entitlement Offer.

² Potentially including the Underwriters and certain sub-underwriters appointed in relation to the Entitlement Offer.

³ Potentially including the Underwriters and certain sub-underwriters appointed in relation to the Entitlement Offer.

⁴ Centuria Capital Group is a stapled entity listed on the ASX (ASX: CNI) comprising Centuria Capital Limited (ACN 095 454 336) and Centuria Capital Fund (ARSN 613 856 358).

The following table sets out the interests of CNI in the following scenarios:

	Retail take-up (%) ⁵	Total theoretical percentage interest held by CNI ⁶
Scenario A	0%	25.8%
Scenario B	50%	24.3%
Scenario C	100%	22.9%

It is important to note that even under the worst case scenario, Scenario A, CNI's relevant interest in CIP does not increase by more than 3%, which would not have an effect on the control of CIP. No other person other than CNI will exceed the 20% acquisition threshold.

The interests of Eligible Unitholders who do not take up their entitlements under the Entitlement Offer will be diluted. CIP's Unitholders who are not Eligible Unitholders (being foreign Unitholders to whom an Entitlement Offer will not be made) are not entitled to participate in the Entitlement Offer and their percentage holding in CIP will also be diluted.

Yours faithfully,



Anna Kovarik

Company Secretary
Centuria Property Funds No. 2 Limited as responsible
entity of Centuria Industrial REIT

⁵ Assumes that the retail component of the Entitlement Offer is approximately \$22 million (approximately 42% of the total Entitlement Offer).

⁶ Assumes that CNI takes up its full rights under the Retail Entitlement Offer and that CNI sub-underwrites 100% of the Retail Entitlement Offer.