

EQUITY RAISING

Not for release to U.S. wire services or distribution in the United States

Thursday, 9 April 2020

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

- A fully underwritten institutional placement to raise \$130.0 million (**Placement**); and
- A non-underwritten Unit Purchase Plan to raise approximately \$10.0 million (**UPP**)¹

(together, the **Equity Raising**).

New units will be offered at a price that will be determined via a book build process today (subject to an underwritten floor price of \$2.54 per unit).

The underwritten floor price represents an 8.0% discount to the CIP closing price of \$2.76 per unit on 8 April 2020 and an 8.6% discount to 31 December 2019 pro forma NTA per unit.

RATIONALE

The proceeds from the Equity Raising will be used to strengthen CIP's balance sheet and provide funding flexibility to execute CIP's strategy of owning quality industrial assets located within infill markets close to major infrastructure. The strengthened balance sheet further increases headroom to CIP's debt covenants increasing the resilience of CIP's balance sheet whilst providing significant flexibility to pursue opportunities which are complementary to the portfolio.

CIP Fund Manager, Mr Jesse Curtis, commented: "CIP's portfolio is currently in a strong position with high occupancy, a long weighted average lease expiry profile and income backed by a defensive tenant base. Undertaking the Equity Raising will further strengthen CIP's balance sheet by reducing gearing to 27.7% and provide significant liquidity. As Australia's largest domestic pure play industrial REIT, CIP will have over \$200 million in cash and undrawn debt facilities, which will significantly increase headroom to debt covenants and provide the opportunity to capitalise on attractive transaction opportunities should they arise."²

CIP INVESTMENT HIGHLIGHTS

- Quality industrial portfolio with high occupancy at 96.4% and long WALE of 6.9 years
- Resilient and defensive tenant composition with 54% of portfolio income derived from tenants that are linked to the production, packaging and distribution of consumer staples and pharmaceuticals
- Prudent capital management with gearing reduced to 27.7%²
- Australia's largest domestic pure play industrial REIT with a market capitalisation of \$1.1bn² and potential for inclusion in the S&P/ASX 200 index

¹ CIP may (in its absolute discretion), if total demand exceeds \$10.0 million, decide to increase the amount to be raised under the UPP to reduce or eliminate the need for a scale back. CIP reserves the right to scale back applications under the UPP at its discretion.

² Excludes potential proceeds from the non-underwritten UPP.

PLACEMENT

CIP is undertaking a fully underwritten institutional placement to raise \$130.0 million.

The issue price is to be determined via a book build process today (subject to an underwritten floor price of \$2.54 per unit). The underwritten floor price represents a:

- 8.0% discount to the last close price of \$2.76 per unit on 8 April 2020;
- 8.6% discount to 31 December pro forma NTA per unit;
- 7.5% FY20 FFO yield;³ and
- 7.4% FY20 distribution yield.⁴

The Placement is fully underwritten by Moelis Australia Advisory Pty Ltd and J.P. Morgan Securities Australia Limited (**Underwriters**).

UNIT PURCHASE PLAN (UPP)

Eligible unitholders in Australia and New Zealand will be invited under the UPP to subscribe for up to \$30,000 in additional units at the same issue price as the Placement, free of any brokerage or transaction costs. The UPP is subject to a cap of \$10.0 million and will not be underwritten.

The \$10 million cap may be increased by the responsible entity in its absolute discretion. In accordance with an ASX Listing Rule class waiver granted by ASX, the responsible entity must use its best endeavours to ensure that UPP participants have a reasonable opportunity to participate equitably in the overall capital raising. Accordingly, any scale back arrangements will be applied on a pro rata basis to all participants.

The responsible entity also obtained relief from the Australian Securities and Investments Commission amending its existing class order relief to permit the making of the UPP offer without a disclosure document even though a UPP has previously been offered by the responsible entity within a 12 month period before the proposed date for the making of the new UPP offer.

New units issued under the Equity Raising will rank equally with existing CIP units from the date of issue and will be entitled to the distribution for the quarter ending 30 June 2020.

FINANCIAL IMPACT

The financial impact of the Placement is:

- FY20 FFO guidance revised to between 18.9 – 19.3 cents per unit;
- FY20 distribution guidance of 18.7 cents per unit is maintained;
- Pro forma gearing⁵ is forecast to be 27.7% (reducing from 35.5%);⁶ and
- Pro forma 31 December 2019 NTA per unit is forecast to be \$2.78 per unit.⁷

³ Based on FY20 FFO guidance of 18.9 – 19.3 cents per unit.

⁴ Based on FY20 distribution guidance of 18.7 cents per unit.

⁵ Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill.

⁶ Pro forma as at 31 December 2019, adjusted for the impact of the Placement. Excludes potential proceeds from the non-underwritten UPP. Refer to pro forma balance sheet in Appendix A of the investor presentation released to the ASX today for further detail.

Centuria Industrial REIT (CIP) ASX Announcement

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KEY DATES

Key event	Date
Record date for UPP	Wednesday, 8 April 2020
Trading halt and announcement of the Equity Raising	Thursday, 9 April 2020
Placement bookbuild	Thursday, 9 April 2020
Trading halt lifted	Tuesday, 14 April 2020
Settlement of units issued under the Placement	Thursday, 16 April 2020
UPP opens	Monday, 20 April 2020
UPP closes	Friday, 15 May 2020
Issue of units under the UPP	Friday, 22 May 2020
Normal trading of units issued under the UPP	Monday, 25 May 2020

All dates and times are indicative only and subject to change at the discretion of CPF2L with the prior written consent of the Underwriters. All dates and times are references to Australian Eastern Standard Time (AEST). Any changes to the timetable will be posted on Centuria's website at www.centuria.com.au.

ADDITIONAL INFORMATION

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

– Ends –

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

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Authorised for release by Anna Kovarik, Company Secretary

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About Centuria Capital Group

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

Centuria Property Funds No. 2 Limited (CPF2L), is the Responsible Entity for the ASX-listed Centuria Industrial REIT (CIP). CPF2L, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$7.3 billion in total assets under management and strong offerings across listed real estate investment trusts, unlisted real estate funds and investment bonds.

www.centuria.com.au

Summary Information

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

Forward Looking Statements

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

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