

## Acquisition and Equity Raising

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**Tuesday, 10 December 2019**

Centuria Property Funds Limited (**CPFL**), as Responsible Entity for the Centuria Metropolitan REIT (**CMA**), is pleased to announce the following:

- The acquisition of NewActon Nishi Building, a high quality A-grade commercial office property in Canberra (the **Acquisition**) for a purchase price of \$256 million<sup>1</sup>;
- A fully underwritten institutional placement to raise \$185 million (**Placement**) at an issue price of \$3.00 per CMA unit (**Issue Price**);
- A non-underwritten unit purchase plan (**UPP**) to eligible unitholders in Australia and New Zealand to raise up to \$10 million<sup>2</sup>;
- CMA has independently revalued 8 of its existing 22 properties as at 31 December 2019, resulting in a gross increase of \$30.8 million<sup>3</sup>, or 3.4% on prior valuations;
- Pro forma gearing is forecast to be 34.8% and pro forma NTA per unit is forecast to increase by 6 cpu to \$2.57<sup>4</sup>; and
- FY20 FFO guidance of 19.0 cents per unit (cpu) and distribution guidance of 17.8 cpu re-affirmed.

### ACQUISITION

CPFL has entered into an agreement to acquire 100% of the following asset:

Properties	State	Purchase price <sup>1</sup>	Cap rate	NLA (sqm)	WALE <sup>5</sup> (yrs)	Occupancy <sup>6</sup>
NewActon Nishi Building, Canberra	ACT	\$256m	5.1%	27,411	7.9	99.5%

CMA Fund Manager, Mr Grant Nichols commented: "This acquisition reinforces CMA's position as Australia's largest listed pure play office REIT, by building a diversified portfolio of quality office assets underpinned by strong tenant covenants. NewActon Nishi Building is a high quality A-grade commercial office asset, leased predominantly to the Federal Government and strategically located in NewActon, a vibrant and gentrifying precinct within Civic, Canberra."

"The building, completed in 2012, is highly recognised with several industry awards, including 'Best International Project of the Year' by the Building Awards in London, and will lower the average age of CMA's

<sup>1</sup> Excluding transaction costs

<sup>2</sup> CMA may (in its absolute discretion) in a situation where total demand exceeds \$10 million, decide to increase the amount to be raised under the UPP to reduce or eliminate the need for scaleback. CMA reserves the right to scale back applications under the UPP at its discretion.

<sup>3</sup> Includes capital expenditure incurred of \$8.7 million

<sup>4</sup> Pro forma as at 30 June 2019, including the impact of the Acquisition, Placement and independent revaluation of 8 existing assets as at 31 December 2019. Refer to Appendix A of the investor presentation released to the ASX today for further detail

<sup>5</sup> By gross income

<sup>6</sup> By area

portfolio from 16.4 years to 15.2 years. Geographic diversification is improved as the Acquisition increases the portfolio weighting to the ACT, which is Australia's fourth largest office market, from 5% to 16%."

"The Acquisition continues to strengthen the quality of CMA's income streams, underpinned by leases to Federal Government tenants covering 54% of rental income, and structured rental growth with fixed rental reviews averaging 3.34% per annum. CMA's portfolio metrics are also enhanced with total portfolio value expanding to \$2.1 billion, and WALE increasing from 4.8 years to 5.1 years."

## PLACEMENT

To partially fund the Acquisition, CMA is undertaking a fully underwritten institutional placement to raise \$185 million.

The Issue Price of \$3.00 per CMA unit represents a:

- 4.8% discount to the last close price of \$3.15 on 9 December 2019;
- 4.7% discount to the 5 day VWAP of \$3.147 on 9 December 2019;
- 6.3% forecast FY20 funds from operations (**FFO**) yield; and
- 5.9% forecast FY20 distribution yield

The Placement will result in approximately 61.7 new units being issued, representing approximately 13.7% of CMA's existing issued capital<sup>7</sup>.

New units issued under the Placement will rank equally with existing CMA units from the date of issue, and will be entitled to the distribution for the quarter ending 31 December 2019 of 4.45 cpu.

## UNIT PURCHASE PLAN

Eligible unitholders in Australia and New Zealand will be invited to subscribe for up to \$30,000 in additional units at \$2.9555 per unit (being the Issue Price under the Placement adjusted for the 31 December 2019 distribution of 4.45 cpu), free of any brokerage or transaction costs. Units issued under the UPP will rank equally with existing units from the date of issue, however as they are issued after the distribution record date, new units will not be entitled to the distribution for the quarter ending 31 December 2019. The UPP is subject to a cap of \$10 million<sup>2</sup> and will not be underwritten.

Further information on the UPP will be lodged with the ASX and sent to eligible unitholders on Monday, 16 December 2019.

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<sup>7</sup> The Placement does not require unitholder approval

**VALUATION UPDATE**

CMA has independently revalued 8 of its existing 22 properties as at 31 December 2019, resulting in a gross increase of \$30.8 million<sup>3</sup>, or 3.4% on prior valuations, due to positive leasing outcomes and some capitalisation rate compression. The weighted average capitalisation rate has firmed 19 bps to 5.69% across the 8 properties independently revalued.

**SALES PROCESS UPDATE**

CMA is no longer actively marketing the sale of 483-517 Kingsford Smith Drive, Hamilton, QLD which was previously classified as an investment property held for sale, due to the reduced geographic weighting towards QLD following the Acquisition.

**FINANCIAL IMPACT**

Including the impact of the Acquisition and Placement, CMA reaffirms FY20 guidance previously provided of:

- FFO of 19.0 cpu; and
- Distribution of 17.8 cpu.

Pro forma gearing is forecast to be 34.8% and pro forma NTA per unit is forecast to increase by 6 cpu to \$2.57<sup>8</sup>.

**KEY DATES**

Key event	Date
Record date for UPP	Monday, 9 December 2019
Trading halt and announcement of the Acquisition and Placement	Tuesday, 10 December 2019
Placement bookbuild	Tuesday, 10 December 2019
Trading halt lifted	Wednesday, 11 December 2019
Settlement of units issued under the Placement	Friday, 13 December 2019
Allotment and ASX quotation of units issued under the Placement	Monday, 16 December 2019
UPP opens	Monday, 16 December 2019
Distribution record date	Tuesday, 31 December 2019
UPP closes	Tuesday, 14 January 2020
Allotment of units issued under the UPP	Tuesday, 21 January 2020
Normal trading of units issued under the UPP	Wednesday, 22 January 2020

<sup>8</sup> Pro forma as at 30 June 2019, including the impact of the Acquisition, Placement and revaluation of 8 existing assets as at 31 December 2019. Refer to Appendix A of the investor presentation released to the ASX today for further detail

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be posted on Centuria's website at [www.centuria.com.au](http://www.centuria.com.au).

## ADDITIONAL INFORMATION

Additional information about the Acquisition and Placement, including key risks, is contained in the CMA investor presentation released to the ASX today. The UPP offer booklet will be released to the ASX separately and mailed to eligible unitholders. This will also be available on the Listed Property Funds page of Centuria's website at [www.centuria.com.au/listed-property/investor-centre/](http://www.centuria.com.au/listed-property/investor-centre/).

– Ends –

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### About Centuria Metropolitan REIT

CMA is Australia's largest ASX listed pure play office REIT and is included in the S&P/ASX300 Index. CMA owns a portfolio of high quality metropolitan office assets situated in core metropolitan submarkets throughout Australia. CMA is overseen by a hands on, active manager and provides investors with income and the opportunity for capital growth from a pure play portfolio of high-quality Australian office assets.

Centuria Property Funds Limited (CPFL) is the Responsible Entity for the ASX listed Centuria Metropolitan REIT (CMA). CPFL, is a wholly owned subsidiary of Centuria Capital Group (CNI). CNI is an ASX-listed specialist investment manager with \$7.0 billion in total assets under management and offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds.

[www.centuria.com.au](http://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 CMA's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at [www.asx.com.au](http://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 CMA'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 CMA, which could cause actual results to differ materially from such statements. CMA 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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