



Australian Securities Exchange - Company Announcements Platform

Centuria Capital Group

CNI platform acquires the \$645 million Hines office portfolio

Centuria forecast 7.0% Operating Earnings growth in FY19

10 October 2018

- Centuria platform investors to acquire the \$645m Hines office portfolio
- Post transaction, Centuria group AUM will increase by 12% from June 2018 to \$5.5bn
- Forecast FY19 Distribution of 9.25 cps, a 13% increase on FY18
- Forecast FY19 Operating Earnings of 10.2 cps, a 7% increase on FY18
- Centuria will undertake a \$100 million equity raising at \$1.30 per security
- Centuria has also commenced a corporate bond issuance seeking to raise \$75 million

Transaction Details

Centuria Capital Group (ASX: **CNI** or **Centuria**) announces that Centuria Metropolitan REIT (**CMA**) and the Lederer Group have entered into agreements to acquire \$645 million of four high quality office assets from a subsidiary of Hines Global REIT, Inc (**Hines Portfolio**).

CMA has agreed to acquire a 100% interest in three of the assets (818 Bourke Street, Melbourne, 825 Ann Street and 100 Brookes Street, Fortitude Valley, Brisbane) and a 25% interest in 465 Victoria Avenue, Chatswood, Sydney for \$501 million.

To partially fund the acquisitions, CMA will undertake a \$276m equity raising (**CMA Equity Raising**). CNI currently holds 23.4% of CMA and has committed to subscribe for its full entitlement in the CMA Equity Raising¹. In addition, CNI has sub-underwritten \$50m of the CMA Equity Raising in support of CMA in funding the Transaction.

To help facilitate a step change in CMA's quality, scale and relevance, CNI will make a \$20 million contribution² to the acquisition of the Hines Portfolio. This contribution lowers the portfolio acquisition price for CMA which results in CMA acquiring the portfolio at a 3.8% discount to independent valuation.

The Lederer Group will acquire a 75% interest in 465 Victoria Avenue, Chatswood for approximately \$125 million via a co-ownership agreement. This is the third successful direct asset partnership (201 Pacific Highway, St Leonards and 80 Grenfell Street, Adelaide) with the Lederer Group in 2018 and Centuria now manages over \$300 million of direct real estate assets on behalf of the Lederer Group.

¹ Excluding funds managed by CNI on behalf of Over Fifty Guardian Friendly Society Limited

² CNI will subscribe for \$20 million of ordinary shares in its wholly-owned subsidiary, Centuria Property Funds Limited, the responsible entity of CMA, which will be held on trust for the CMA unitholders and be used for the acquisition of the Hines Portfolio. The contribution is not subject to repayment terms nor does it bear interest.



John McBain, CEO of CNI, said:

"This transaction represents another step change for the Centuria platform. The significant increase in high quality assets under management and the major co-investment in CMA (circa \$78 million) is testimony to CNI's strong, ongoing commitment to its funds management vehicles."

"Post the Equity Raising, CNI's market capitalisation will increase to over \$500 million, making CNI the 247th largest ASX company and further enhancing potential inclusion in the ASX300."

"We are also delighted to invest alongside the Lederer Group for the third time this calendar year, they are a substantial and important investor in the Centuria platform and we welcome their continued interest".

Over the last three months, Centuria has been actively investing in our Listed REITs, with \$41 million in further co-investments in CMA and Centuria Industrial REIT (CIP). Centuria is CMA's (23.4%) and CIP's (22.9%) largest unitholder with over \$320 million invested across both REITs, ensuring it is closely aligned with the interests of the other Centuria listed REIT investors.

The increased co-investment in CIP and CMA substantially increase CNI's recurring revenue, generating stable and recurring cash flows. In FY19 (post transaction), recurring revenue is expected to represent 90% of Centuria Capital Group's total revenue (excluding performance fees) which also underpins the increased forecast distribution per security.

FY19 Guidance

Centuria provides the following FY19 guidance:

- Operating earnings per Security (EPS) guidance of 10.2 cps (excluding performance fee contribution), a 7% increase on FY18
- Distribution per Security (DPS) guidance of 9.25 cps, a 13% increase on FY18

Equity Raising Details

Centuria is undertaking a fully underwritten \$100 million equity raising at an issue price of \$1.30 per security (The **Equity Raising**). The Equity Raising will comprise a 1 for 5 accelerated non-renounceable entitlement offer to raise \$79.7 million and a \$20.3 million institutional placement.

The Issue Price of \$1.30 per CNI security represents a 3.3% discount to the 5 day VWAP of \$1.345 on 9 October 2018.

New securities issued under the Equity Raising will rank equally with existing CNI securities and will be entitled to the full distribution for the FY19 half, ending 31 December 2018.

In addition, Centuria is commencing a corporate bond issuance seeking to raise an additional \$75 million. The proceeds of the Equity Raising and bond issuance is sized to fund CNI's commitment to the CMA transaction and provide working capital for growth initiatives and strategic co-investments.

Moelis Australia Advisory Pty Ltd acted as sole lead manager and underwriter to the Equity Raise. Shaw and Partners acted as Co-lead Manager on the Equity Raising and HWL Ebsworth is Legal Advisor to CNI.



Indicative timetable

Key event	Date
Trading Halt, announcement of the Support to CMA, Equity Raising and institutional bookbuild	Wednesday, 10 October 2018
Trading recommences on an ex-entitlement basis	Thursday, 11 October 2018
Record date for entitlement offer	Friday, 12 October 2018
Retail entitlement offer opens	9:00am, Tuesday, 16 October 2018
Early retail acceptance due date	5:00pm, Friday, 19 October 2018
Settlement of the placement, institutional entitlement offer & early retail entitlement offer	Monday, 22 October 2018
Allotment and ASX quotation of placement & institutional entitlement offer and early retail entitlement offer securities	Tuesday, 23 October 2018
Retail entitlement offer closes	5:00pm, Friday, 26 October 2018
Final settlement of the retail entitlement offer	Thursday, 1 November 2018
Allotment of the retail entitlement offer	Friday, 2 November 2018
ASX quotation of the retail entitlement offer and despatch of holding statements for retail entitlement offer	Monday, 5 November 2018

All dates and times are indicative only and subject to change at the discretion of CNI with the prior written consent of the Underwriter. All dates and times are references to Australian eastern daylight time (AEDT).

Additional information

Additional information about CNI's support to CMA acquisitions and the Equity Raising, including key risks, is contained in the CNI investor presentation released to the ASX today. The retail entitlement offer booklet will be released separately and mailed to eligible securityholders.

- Ends -



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About Centuria Capital Group

Centuria Capital Group (CNI) is an ASX-listed specialist investment manager with \$5.5 billion in assets under management. We offer a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds. Our drive, allied with our in-depth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.

www.centuria.com.au