



Centuria Metropolitan REIT

**Meeting of Members
131-139 Grenfell Street, Adelaide
Acquisition**

ACQUISITIONS AND ENTITLEMENT OFFER: SUMMARY

The Fund seeks to provide investors with income returns and the potential for capital growth

1 Property acquisitions

- The Fund entered into agreements to acquire four properties from three separate vendors (**Acquisitions**)⁽¹⁾
- The total purchase price for the Acquisitions is \$129.3 million, reflecting an initial yield of 8.5%⁽²⁾ and a WALE of 4.5 years⁽³⁾
- The Acquisitions are in line with the Fund's strategy to invest in office and industrial assets in Australian metropolitan markets which generate income returns and offer the potential for capital growth through active management
- Three acquisitions have settled with Grenfell Street still subject to unit holder approval

2 Entitlement Offer

- To partially fund the Acquisitions, the Fund undertook a fully underwritten 2 for 3 accelerated non-renounceable entitlement offer raising approximately \$100 million at a fixed price of \$2.10 per Stapled Security (the Entitlement Offer)
- New Stapled Securities rank equally with existing Stapled Securities and are be fully entitled to the June 2015 quarterly distribution
- Pro forma gearing is expected to be approximately 25%⁽⁴⁾
- The Fund is committed to maintaining a conservative capital structure, with a target gearing range of 25 – 35%

3 Financial forecast

- The Fund is forecasting a distribution for the quarter ending June 2015 of 4.16 cents per Stapled Security. If all Acquisitions proceed, there will be no impact to this forecast as a result of the Entitlement Offer and Acquisitions
- The Fund is forecasting a 3.5% increase to distributable earnings in FY16⁽⁵⁾

4 Stapled Securityholder approval

- One of the properties (Grenfell Street, Adelaide) is being acquired from a related party of CPFL, and is subject to approval by CMA Stapled Securityholders⁽⁶⁾
- The Entitlement Offer was not conditional on CMA Stapled Securityholder approval of the acquisition of Grenfell Street, Adelaide

(1) One of the four properties to be acquired by the Fund, Grenfell Street, Adelaide, is being acquired from Centuria 131-139 Grenfell Street Fund, which is a related party of CPFL, the responsible entity of CMA. Stapled Securityholder approval is required under ASX Listing Rule 10.1 for this acquisition.

(2) As at 1 July 2015 excluding any acquisition costs.

(3) By area.

(4) On completion of the Acquisitions and the Entitlement Offer.

(5) Assumes the completion of the Acquisitions. Based on restated PDS forecast of 17.3 cents per Stapled Security.

GRENFELL STREET, ADELAIDE: APPROVAL

Stapled Securityholder approval is required to acquire Grenfell Street, Adelaide



131-139 Grenfell Street, Adelaide

- The Fund is proposing to acquire Grenfell Street, Adelaide from Centuria 131-139 Grenfell Street Fund, which is a related party of CPFL, the responsible entity of CMA. Stapled Securityholder approval is therefore required under ASX Listing Rule 10.1
 - Stapled Securityholder approval was not required for the acquisition of the three other properties, as they were acquired from vendors not related to CPFL
 - The Entitlement Offer was not conditional on Stapled Securityholder approval of the acquisition of Grenfell Street
- An ordinary resolution (more than 50% threshold) is required to approve the acquisition of Grenfell Street, Adelaide. CPFL and its associates are not able to vote their Stapled Securities
- In the event that the acquisition of Grenfell Street, Adelaide is not approved by Stapled Securityholders
 - the Fund will draw upon less debt and pro forma gearing would reduce to approximately 19%. The Fund would maintain the debt capacity for future acquisition opportunities
 - FY16 forecast distributable earnings would fall by approximately 5% to 17.1 cents per Stapled Security and distributions would fall by approximately 5% to 16.2 cents per Stapled Security⁽¹⁾

(1) Assumes a consistent payout ratio to current FY16 forecast.

CONCLUSION

- ✓ **CMA continues to offer investors strong financial metrics with an attractive quarterly distribution, a conservative capital structure, low gearing and the potential for capital growth**

- ✓ **The Acquisition of Grenfell Street is in line with the Fund's strategy to invest in office and industrial assets in Australian metropolitan markets which generate income returns and offer the potential for capital growth through active management**

- ✓ **The Acquisition of Grenfell Street will be accretive to distributable earnings from settlement**