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Centuria Metropolitan REIT

CMA Announces Strong FY16 Annual Results

Sydney, 9 August 2016: Centuria Property Funds Limited ("CPFL") as Responsible Entity of Centuria Metropolitan REIT ("CMA" or the "Trust") (ASX code: CMA) announces CMA's full year 2016 annual financial results ended 30 June 2016.

FY16 Financial Highlights:

- Statutory net profit of \$44.8m
- Distributable earnings¹ of \$22.0m representing 18.4 cents per security ("cps")
- Increase in total assets to \$415.6m
- Increased net tangible assets ("NTA") of \$2.18 per security, up 21 cps or 11%
- Gearing of 33.2%
- Portfolio occupancy of 97.2%
- Portfolio weighted average lease expiry ("WALE") of 4.4 years

Nicholas Blake, Trust Manager of CMA, said "This strong FY16 result, 3 per cent up on guidance and at the upper range of analyst forecasts, reflects CMA's ability to drive maximum income from our assets. Strong fundamentals, coupled with growing demand for metropolitan assets, have driven NTA up 11 per cent to \$2.18 per security.

"Our active management of assets was a key driver of the result. Particular value has been driven by improving occupancy and maximizing income. Two examples are 9 Help Street, Chatswood with increased value from \$43m at listing to \$55m today, and 3 Carlingford Road, Epping which has risen from \$16m at the time of listing to \$27m today."

WELL POSITIONED PORTFOLIO TO ENSURE INCOME AND VALUE GROWTH

Leasing & Occupancy

Tenant diversity and contracted rental growth delivered predictable and growing earnings. The Trust executed 35 leases across 12,493 square metres ("sqm") representing 11.1 per cent of the portfolio Net Lettable Area ("NLA") in the period to 30 June 2016. This comprised 6,467 sqm of new leases and 6,026 sqm of renewals. Included in these transactions are seven lease commitments² totalling 4,315 square metres that substantially de-risk FY17 expiries.

Asset Valuations

The total value of the Trust's portfolio at 30 June 2016 was \$398.7 million, an increase of 9.3 per cent³. The weighted average capitalisation rate for the portfolio firmed 57 basis points to 7.86 per cent at 30 June 2016.

¹ Distributable earnings is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items. The Directors consider that distributable earnings reflect the core earnings of the Trust.

² Includes 2 transactions under HOA that are subject to lease finalisation and execution

³ On a like for like basis, excluding 203 Pacific Highway, St Leonards.



DISCIPLINED & CONSERVATIVE CAPITAL MANAGEMENT

Debt Profile

At 30 June 2016, the Trust had debt facilities totalling \$150m with a weighted average expiry of 3.8 years. Drawn borrowings totalled \$142.0m. All in interest cost of 3.9 per cent with 59 per cent of debt hedged. The Trust's gearing was 33.2 per cent.

Capital Expenditure

During the year the Trust completed two key refurbishment projects, at 1 Richmond Road, Keswick and 54 & 60 Marcus Clarke Street, Canberra. The modernisation of these assets ensure they offer the same level of services and amenity as competing buildings in their markets and are well suited to attract and retain quality tenants.

Proposed merger with GPT Metro Office Fund

CMA's proposed merger with GPT Metro Office Fund ("GMF") in partnership with Centuria Capital Limited ("CNI") was based on a strong strategic rationale given complementary portfolios and high cross investment by retail investors. On 1 August 2016 CMA formally withdrew its proposal as the benefits originally forecast could no longer be realised post the sale of GPT's GMF stake to the competing GMF bidder, Growthpoint.

"Our partnership approach with CNI, coupled with a disciplined assessment of value, supports our ability to grow CMA's portfolio to benefit to security holders. CMA will continue to assess acquisition opportunities that enhance the Trust's investment proposition," said Mr Blake.

ACTIVE MANAGEMENT STRATEGY & POSITIVE OUTLOOK

Strategy

CMA's strategy and ongoing focus remains unchanged. CMA is a conservatively managed AREIT with a robust tenancy base delivering predictable and growing earnings and distributions.

Management continues to focus on actively managing the Trust's portfolio with an emphasis on tenant retention to ensure income and occupancy are maximised coupled with asset repositioning strategies that may generate additional capital upside from the Trust's portfolio.

Outlook

The Trust's FY17 distributable earnings guidance range is 18.7 – 19.0 cps. FY17 distributions will total 17.5 cents per stapled security, an increase of 3 per cent on the previous financial year's distribution and reflecting a FY17 distribution yield⁴ of 7.8 per cent. Distributions will continue to be paid in equal quarterly installments.

"CMA is in a strong position to continue to deliver predictable and growing returns to security holders. The strong FY16 result ensures we are positioned to deliver on our FY17 guidance. We will continue to seek opportunities to extract maximum value from the portfolio through various asset management initiatives," said Mr Blake.

A prerecorded presentation of CMA's FY16 Annual Result is available via our website (<http://centuria.com.au/listed-property-funds/home/>).

- Ends -

⁴ Based on CMA's 5 day VWAP from 1 August to 5 August 2016 of \$2.26 per security



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About Us

Centuria Property Funds Limited (CPFL) which is a wholly-owned subsidiary of Centuria Capital (ASX:CNI), is the Responsible Entity for the ASX-listed Centuria Metropolitan REIT (ASX:CMA).

CMA listed in December 2014 and invests in commercial assets that are "fit for purpose" in metropolitan markets across Australia. The Trust's portfolio comprises ten office and three industrial assets which are geographically diversified across Sydney, Brisbane, Canberra and Adelaide. These assets have been independently valued at \$396.7 million.

CPFL has over \$1.3 billion of property under management in 13 unlisted property funds and 1 listed fund.

Centuria Capital is an ASX-listed specialist investment manager with \$1.9 billion in funds under management.