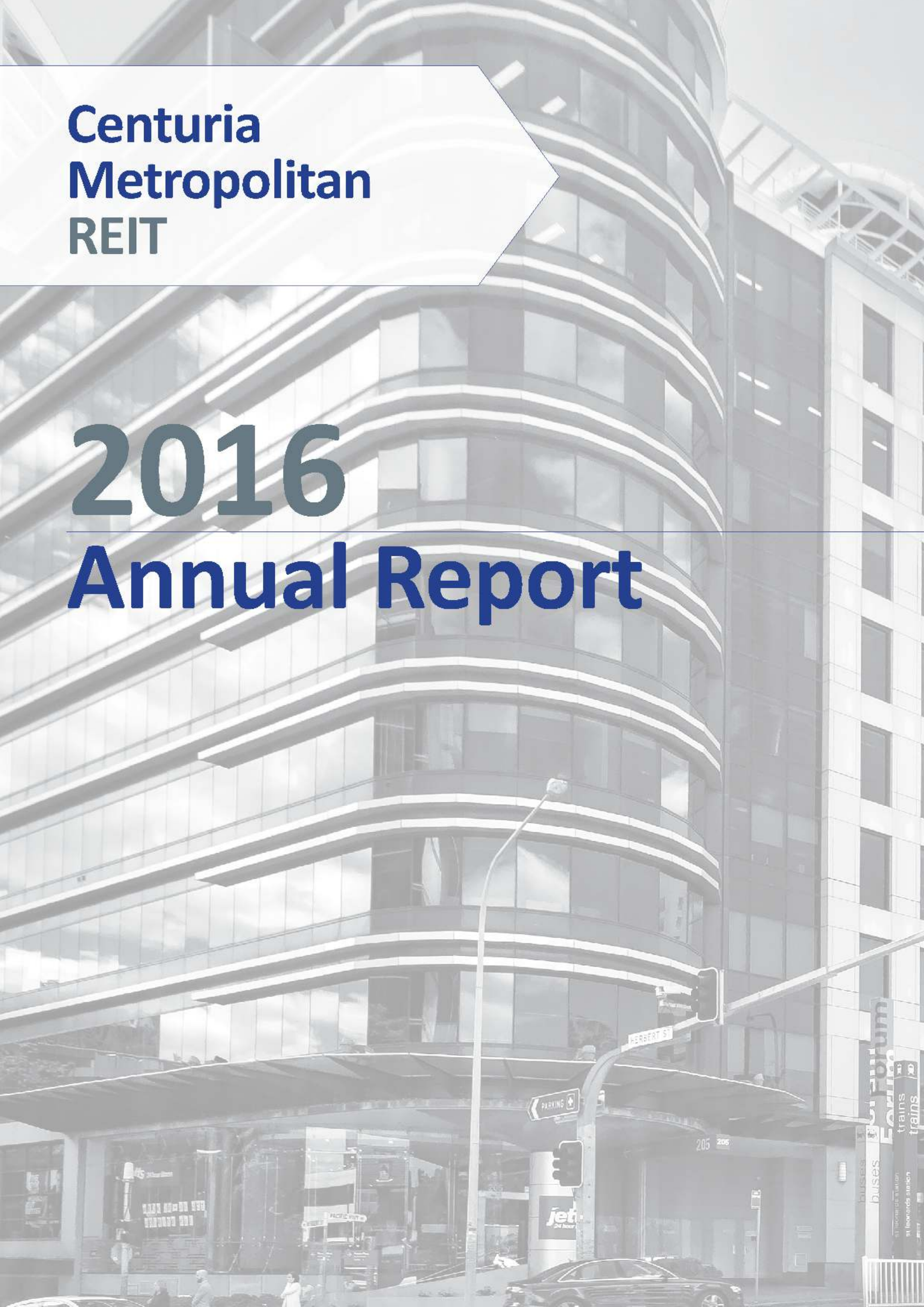
Centuria

ANNUAL REPORT 2016

Centuria Metropolitan REIT

Centuria Metropolitan REIT

2016 Annual Report



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About Us

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

CMA listed on the ASX 10 December 2014 and invests in metropolitan assets across Australia. CMA's portfolio comprises 13 assets with a combined value of $398.7 million that are geographically diversified across Sydney, Brisbane, Canberra and Adelaide.

CPFL manages $1.3 billion of real estate assets across 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.

CMA Management left to right standing - Shalome Ruiter, Nicholas Collishaw - CEO, Nicholas Blake, Scott Creelman, Sitting - Hengky Widjaja, Simon Holt

Letter from the Chairman

Peter Done, Chairman

Dear Securityholders

I am delighted to introduce the 2016 Annual Report for Centuria Metropolitan REIT (CMA).

Pleasingly, CMA delivered on its earnings promise and is positioned to continue do so again in the year ahead. As forecast, CMA paid annual distributions totaling 17 cents per security in equal quarterly installments of 4.25 cents during the year.

Key performance highlights for the year include:

- An increase in distributable earnings to 18.4 cents per security
- Distribution paid in line with forecasts
- An increase in portfolio valuations of 9.3 per cent
- An increase in NTA of 11 per cent to $2.18 per security, and
- An increase in portfolio occupancy to 97.2% with a weighted average lease term ("WALE") of 4.4 years

CMA's FY16 distributable earnings of 18.4 cents per security is 3 per cent up on guidance reflecting CMA's ability to drive maximum income from the portfolio.

"Strong property fundamentals, coupled with growing demand for metropolitan assets, have increased the portfolio valuation to $398.7 million...

CMA has maintained a disciplined capital structure with gearing at 33.2%. Strong property fundamentals, coupled with growing demand for metropolitan assets, have increased the portfolio valuation to $398.7 million with the entire portfolio independently valued in May 2016.

I am pleased to report CMA is in a strong position to continue to deliver predictable and growing returns to security holders. CMA will continue to seek opportunities to extract maximum value from its portfolio through various asset management and repositioning initiatives.

We remain focused on growing CMA through acquisitions that complement its existing portfolio. We will continue to pursue the acquisition of quality, fit for purpose metropolitan real estate while keeping a disciplined approach to value and capital management.

Letter from the Chairman

During the year CMA in partnership with Centuria Capital Limited proposed a merger with GPT Metro Office Fund (GMF) that was based on a strong strategic rationale of complementary portfolios and investment strategies. CMA ultimately withdrew its proposal as the benefits originally forecast could no longer be realised post the sale of GPT's 13% holding in GMF being sold to a competing bidder.

CMA has confirmed distributable earnings guidance for FY17 in the range of 18.7 – 19.0 cents per security. Distribution guidance for FY17 is also increased to 17.5 cents per security. This equates to a distribution yield of 7.8 per cent[1] and an expected payout ratio of 92%- 94%[2].

We appreciate your ongoing support of CMA and look forward to a positive 2017.

Peter Done

Chairman - Centuria Property Funds Limited

1. Based on CMA 5 day VWAP from 1 August to 5 August 2016 of $2.26 per security
2. Based on guidance of 18.7-19.0 cps.

Fund update

Financial Performance in line with Guidance

Centuria Metropolitan REIT delivered a strong FY16 result with key metrics continuing to strengthen since listing in December 2014. CMA delivered on its earnings promise and is positioned to continue do so again in the year ahead.

CMA reported a statutory net profit of $44.8 million dollars for FY16 and distributable earnings of 22.0 million, representing 18.4 cents per security.

CMA paid annual distributions totaling 17 cents per security in equal quarterly installments during the year, delivering on CMA's securityholders desire for secure and predictable income.

CMA's Net Tangible Asset's increased 21 cents, or 11 per cent, to $2.18 per security, with all assets independently valued in May 2016. CMA's gearing remains at a conservative 33.2 per cent.

WELL POSITIONED PORTFOLIO TO ENSURE INCOME AND VALUE GROWTH

CMA's portfolio is well positioned to ensure occupancy and income continue to be maximised.

Solid Investment Portfolio Growth
Strong fundamentals in metropolitan markets and active asset management generated a significant valuation uplift during the year. The entire portfolio was independently valued in May 2016 resulting in the Trust's average capitalization rate firming 57 basis points to 7.86 per cent, reflecting an increase in portfolio value of 9.3 per cent to $398.7 million.

Active Leasing is core to CMA
Leasing remains at the core of CMA's business and underpins the portfolio's ability to deliver predictable and growing earnings for CMA security holders.

During the year management leased a total of 12,500 square meters of space across 35 transactions, representing 11 per cent of our portfolio by area. This includes the renewal of a number of near term leasing expiries that will ensure the security of income through FY17 and beyond.

Management has continued de-risking FY17 expiries having executed eight lease commitments totaling 5,207 square metres[3].

As at 30 June 2016 portfolio WALE was 4.4 years and occupancy had increased to 97.2 per cent.

Rental growth underpinned
Tenant diversity and contractual rental growth delivers CMA robust earnings. Approximately 76 per cent of rental revenue is derived from ASX-listed, multinational, national or government tenants. Rental growth in the portfolio is supported by 94 per cent of leases containing average fixed rental reviews of 3.6 per cent per annum.

DISCIPLINED & CONSERVATIVE CAPITAL MANAGEMENT

Conservative capital management is a core philosophy of CMA to ensure that our balance sheet remains strong.

Debt Profile
At 30 June 2016 the Trust had four debt facilities totalling $150 million with a weighted average expiry of 3.8 years. Drawn borrowings totalled $142 million. All in interest cost was 3.9% with 59% of debt hedged for the term of the facilities. The Trust's gearing was 33.2% with significant headroom on all debt covenants.

3. Includes renewal of Appen Buttler Hill at 9 Helo Street. HOA signed 4 August 2016.

Fund update

Capital Expenditure

CMA selects its assets on their ability to meet the needs of its tenants. The portfolio's assets need to be fit for purpose, or have the ability to be so with minor refurbishment.

During the year CMA completed two key refurbishment projects, 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.

1 Richmond Road, Keswick, has been transformed through a combination of repainting the façade, landscaping, new signage, refurbishment of the main lobby and installation of end of trip facilities.

With this work now complete management has accelerated it's marketing campaign of the 4,680 square meters of space occupied by the Minister for Transport and Infrastructure that expires in June 2017.

In Canberra, we have upgraded the foyers and street presence of 54 & 60 Marcus Clarke Street to modern architectural standards, activating the unique atrium space at 60 Marcus Clarke Street resulting in combined occupancy post completion of these works of greater than 90%.

With the works now complete the properties are attracting greater tenant enquiry with the retail tenancies along Marcus Clarke Street now presenting great potential for new food based businesses.

Acquisitions

CMA acquired a 50% interest in 203 Pacific Highway, St Leonards in December 2015 for $43 million. The asset is an A grade office tower on Sydney's North Shore, 100 per cent leased, the building constructed in 2008 has an average lease term of over 4.4 years.

The asset sits directly above the St Leonards railway station and has 150 car spaces, ensuring it is well positioned to benefit from new road and rail infrastructure that will ensure ongoing tenant appeal.

The acquisition was in-line with our investment strategy to invest in quality metropolitan assets in markets where competing supply is constrained.

1 Richmond Road, Keswick

Proposed merger with GPT Metro Office Fund (GMF)

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 their complementary portfolios and high cross investment by retail investors. CMA and CNI purchased a combined interest in GMF of 16.2 per cent ahead of launching a cash and scrip proposal to merge CMA and GMF.

CMA maintained a disciplined assessment of value through this process. On 1 August 2016 CMA formally withdrew its proposal as the benefits to both CMA and GMF investors originally forecast could no longer be realised post the sale of GPT's 13 per cent holding in GMF to a competing bidder.

The support from CNI, coupled with a disciplined assessment of value, demonstrates our desire to grow CMA's portfolio to benefit security holders. CMA will continue to manage its existing portfolio with the goal of extracting maximum income and generating capital gains. We will also continue to assess acquisition opportunities that complement and enhance the Trust's investment proposition.


54 Marcus Clarke Street, ACT

Strategy & Guidance

CMA's strategy remains appropriate for the current low interest rate/low growth environment. Investment in quality Australian metropolitan assets located in established suburban and fringe CBD markets, particularly those where competing supply is being withdrawn for alternate uses, should continue to provide a basis for secure and predictable income with the opportunity for capital growth.

CMA acquires metropolitan assets with stable and secure income streams that can be further enhanced through active asset management and repositioning strategies. CMA intends to grow through acquisitions that provide meaningful benefits to securityholders. We will continue to pursue the acquisition of quality, fit for purpose metropolitan real estate while keeping a disciplined approach to value and capital management. CMA will also continue to assess corporate actions where there is opportunity and it is beneficial to security holders to do so.

Guidance

CMA's distributable earnings guidance for FY17 is 18.7 – 19.0 cents per security.

CMA's distribution guidance for FY17 has been increased to 17.5 cents per stapled security, a 3% increase on FY16 distributions. This represents a distribution yield of 7.8%[1] and an expected payout ratio of 92%-94%. Distributions will continue to be paid in equal quarterly instalments.

> FY16 Results

Financial snapshot		
Statutory profit/(loss)	($m)	44.8
Statutory profit/(loss) per security	(cps)	37.5
Distributable earnings	($m)	22.0
Distributable earnings per security	(cps)	18.4
Annualised distributable earnings yield[2]	(%)	8.6
Distribution	($m)	20.3
Distribution per security	(cps)	17.0
Annualised distribution yield[2]	(%)	7.9

Balance sheet metrics		
Investment Properties	($m)	398.7
Total Assets	($m)	415.6
Total Liabilities	($m)	155.4
Net Assets	($m)	260.1
Securities on Issue	(m)	119.4
NTA per stapled security	($)	2.18
Gearing	(%)	33.2

1. Based on CMA 5 day VWAP from 1 August to 5 August 2016 of $2.26 per security
2. Based on closing price on 30 June 2016 of $2.14 pss.

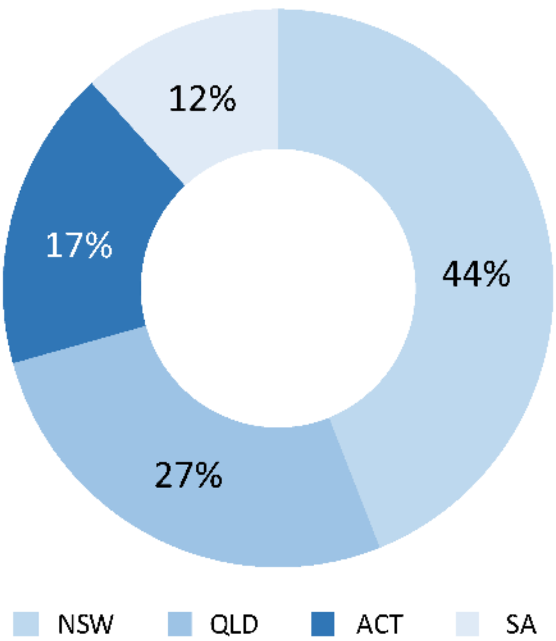
203 Pacific Highway interior

Portfolio Overview

Portfolio positioned to ensure income and value continue to grow

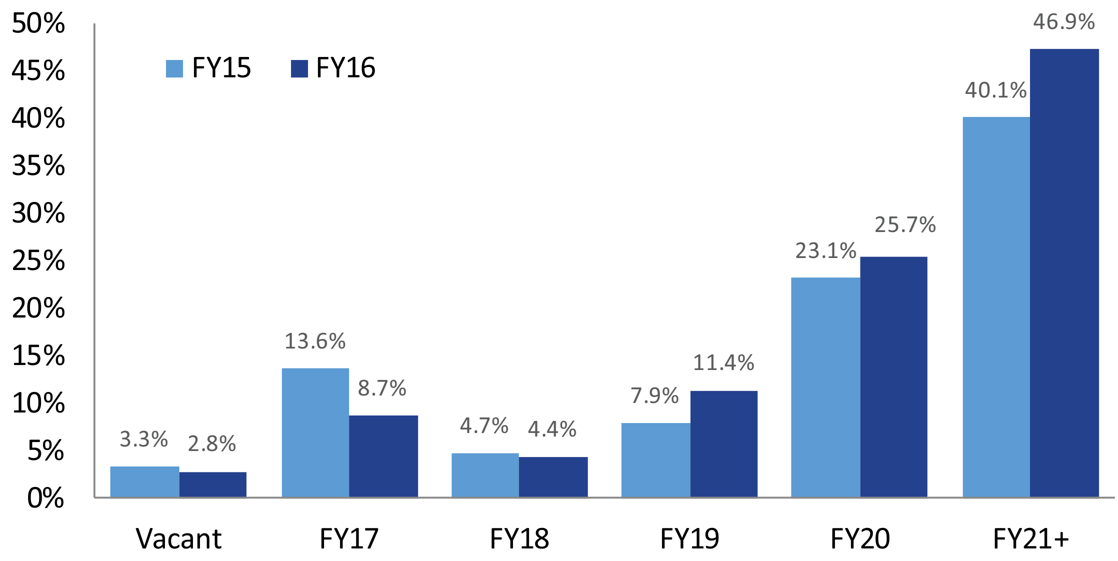
Portfolio snapshot		FY16	FY15	
Number of assets	(#)	13	12	▲
Book value	($m)	398.7	323.1	▲
WACR	(%)	7.86	8.43	▼
FY16 NOI[1]	($m)	28.1	10.3	▲
Occupancy[2]	(%)	97.2	96.7	▲
FY17 expiries	(%)	8.7	13.6	▼
WALE[2]	(years)	4.4	4.8	▼

Geographic diversification (by value)

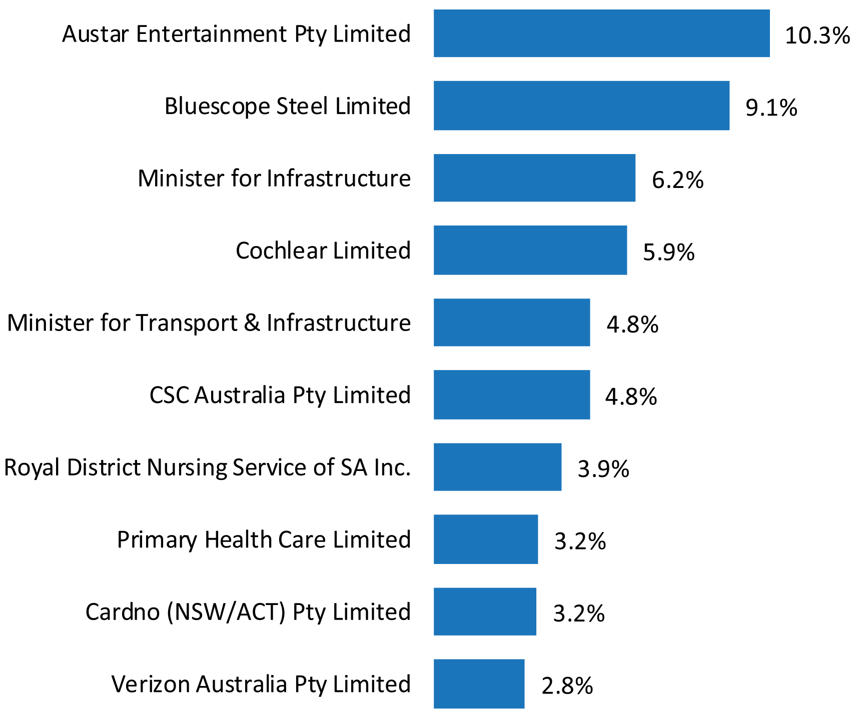


1. Represents 6.3 months of income since listing
2. Includes 2 transactions under HOA subject to lease finalisation and execution

Weighted Average Lease Expiry[2,3]



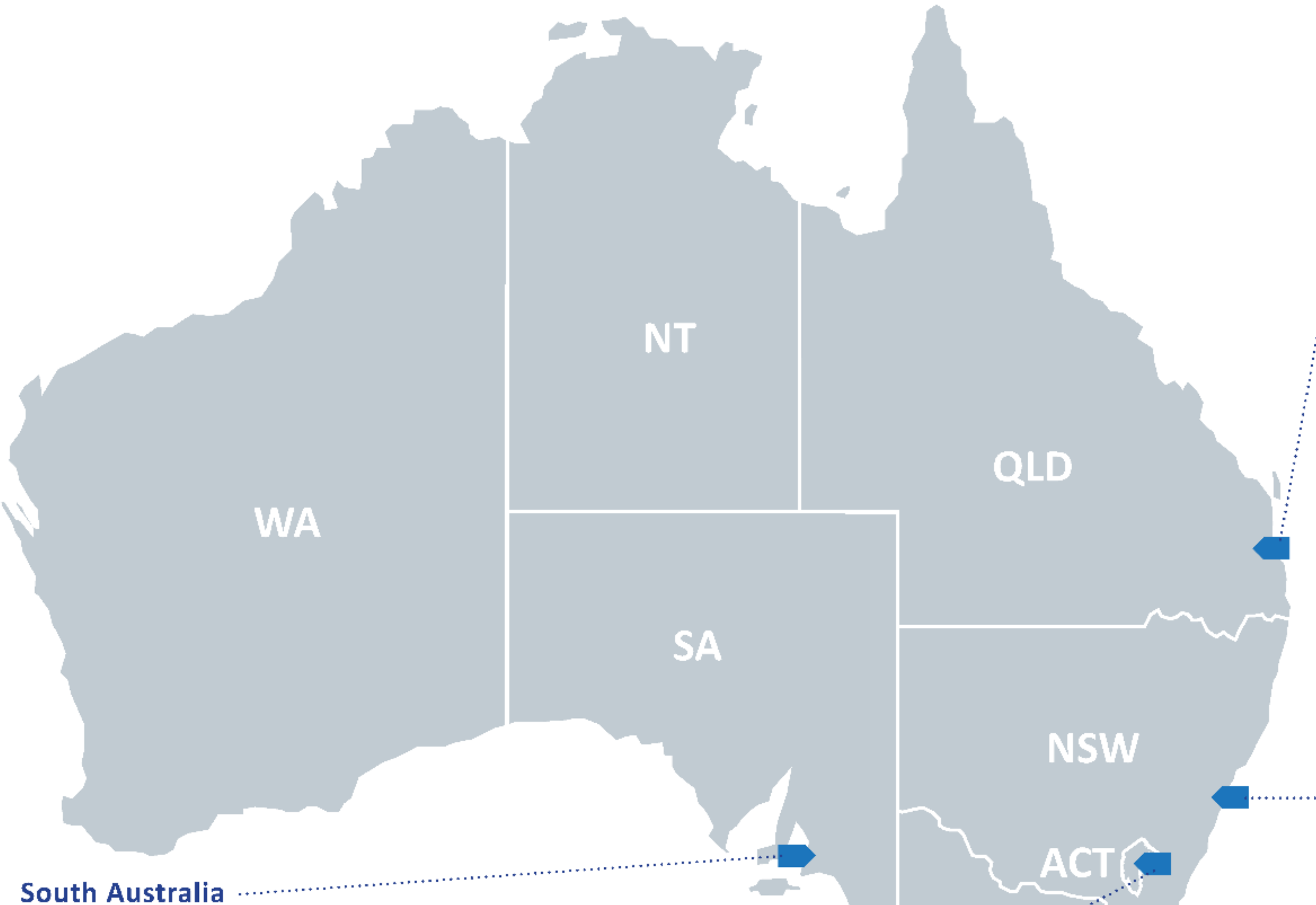
Tenancy Diversification (top 10 tenants by gross income)



2. Includes 2 transactions under HOA subject to lease finalisation and execution
3. By NLA

Portfolio overview

Property profile




South Australia

131-139 Grenfell Street
Adelaide
Office Property
Distance from CBD: 0.6 kms

1 Richmond Road
Keswick
Office Property
Distance from CBD: 3.5 kms

Australian Capital Territory

54 Marcus Clarke Street
Canberra
Office Property
Distance from CBD: 0.7 kms

60 Marcus Clarke Street
Canberra
Office Property
Distance from CBD: 0.7 kms

Queensland

555 Coronation Drive
Brisbane
Office Property
Distance from CBD: 3.0 kms

149 Kerry Road
Archerfield
Industrial Property
Distance from CBD: 13 kms

35 Robina Town Centre
Robina
Office Property
Distance from CBD: 85 kms

New South Wales

203 Pacific Highway
St Leonards
Office Property
Distance from CBD: 9 kms

3 Carlingford Road
Epping
Office Property
Distance from CBD: 23 kms

44 Hampden Road
Artarmon
Office Property
Distance from CBD: 9 kms

13 Ferndell Street
Granville
Industrial Property
Distance from CBD: 23 kms

9 Help Street
Chatswood
Office Property
Distance from CBD: 10 kms

14 Mars Road
Lane Cove
Industrial Property
Distance from CBD: 12 kms

Directors

Centuria Property Fund Directors left to right - Matthew Hardy, Peter Done - Chairman, Jason Huljich and Darren Collins

Directors report

For the year ended 30 June 2016

The directors of Centuria Property Funds Limited, the Responsible Entity of Centuria Metropolitan REIT being a stapled scheme consisting of Centuria Metropolitan REIT No. 1 ('the Parent' or 'CMR1') and Centuria Metropolitan REIT No. 2 ('CMR2') and its controlled entities, present their report together with the financial report of the Trust for the year ended 30 June 2016 and the independent auditor's report thereon.

Directors of the Responsible Entity

The directors of Centuria Property Funds Limited during or since the end of the financial year are:

Name	Position	Appointed	Resigned
Peter Done	Non-Executive Chairman	05 Dec 2007	Continuing
Jason Huljich	Executive Director	30 Mar 2001	Continuing
Matthew Hardy	Non-Executive Director	04 Jul 2013	Continuing
Darren Collins	Non-Executive Director	10 Mar 2015	Continuing

The company secretaries of Centuria Property Funds Limited during or since the end of the financial year are:

Name	Appointed	Resigned
Matthew Coy	19 Oct 2009	14 Aug 2015
James Lonie	14 Aug 2015	Continuing

The relevant interest of each director in the stapled securities in the Trust as at the date of this report are:

Director	Stapled securities held
Jason Huljich	3,000
Peter Done	75,000
Matthew Hardy	17,000
Darren Collins	20,000
	115,000

No director holds a right or option over interests in the Trust. No options over any issued or unissued stapled securities in the Trust have been issued to any director.

There are no contracts to which any director is a party to under which a director is entitled to a benefit and/or confers a right to call for or be delivered interests in the Trust.

The following table sets out the directorships of other Australian listed companies held by the directors during the three years immediately before the end of the financial year:

Director	Company	Appointed	Resigned
Jason Huljich	Centuria Capital Limited	28 Nov 2007	Continuing
Peter Done	Centuria Capital Limited	28 Nov 2007	Continuing
Matthew Hardy	Not applicable		
Darren Collins	Not applicable		

Directors report

For the year ended 30 June 2016

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia.

The principal activity of the Trust in the course of the financial year is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement ('PDS') dated 11 November 2014, with the key asset category being a metropolitan investment property.

The Trust did not have any employees during the financial year.

Significant change in the state of affairs

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Review of operations

Results

The results of the operations of the Trust are disclosed in the consolidated statement of profit or loss and other comprehensive income of these financial statements. The Trust's profit from continuing operations for the year ended 30 June 2016 was $44,785,000 (2015: $8,931,000).

As at 30 June 2016, the Trust's Net Tangible Assets ('NTA') has increased by 21 cents per stapled security ('cps'), or 11 %, to $2.18 per stapled security.

Investment property valuations

The total value of the Trust's portfolio as at 30 June 2016 was $398.7 million, an increase of 9.3% on a like for like basis, excluding 203 Pacific Highway, St Leonards. All properties were independently valued in May 2016 ensuring all values reflect the improving fundamentals and growing demand for metropolitan assets.

The weighted average capitalisation rate for the portfolio firmed 57 basis points to 7.86% as at 30 June 2016.

Leasing and occupancy

The Trust executed 35 leases across 12,493 square metres ('sqm') representing 11.1 % of the portfolio's Net Lettable Area ('NLA') in the year ended 30 June 2016. This comprised 6,467 sqm of new leases and 6,026 sqm of renewals. Included in these transactions are 7 lease commitments totalling 4,315 sqm that substantially de-risk expiries in the 2017 financial year.

As at 30 June 2016, the Weighted Average Lease Expiry ('WALE') was 4.4 years and the occupancy rate was 97.2%.

Capital expenditure

During the year the Trust completed two key refurbishment projects, 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 amenities as competing buildings and are well suited to attract and retain quality tenants.

Capital management

As at 30 June 2016, the Trust had debt facilities totalling $150.0 million with a weighted average expiry of 3.8 years. Drawn borrowings totalled $142.0 million, with an all in interest cost of 3.9% and 59% of debt hedged. The Trust's gearing was 33.2%.

Proposed merger with GPT Metro Office Fund

During the second half of the financial year, the Trust in partnership with Centuria Capital made a proposal to merge with GPT Metro Office Fund. On 1 August 2016, the Trust formally withdrew its proposal following the sale of GPT's 13% holding in GMF to a competing bidder.

Outlook

The Responsible Entity's strategy and ongoing focus remains unchanged. 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.

The Trust seeks to acquire 'fit for purpose' metropolitan real estate assets delivering stable and secure income streams.

The Trust's 2017 financial year distributable earnings guidance range is 18.7-19.0 cps.

The Trust's 2017 financial year distribution guidance is 17.5 cps, an increase of approximately 3% on the previous financial year's distribution. Distributions will continue to be paid in equal quarterly instalments.

Distributions

Distributions paid or payable in respect of the financial year were:

> Distribution to stapled security holders

	30 June 2016		30 June 2015	
	Cents per security	**$'000**	**Cents per security**	**$'000**
September quarter	4.25	5,075	0.76	626
1 Oct 2014 to 30 Nov 2014	-	-	0.50	415
December quarter	4.25	5,075	-	-
March quarter	4.25	5,075	5.06	3,618
June quarter^	4.25	5,074	4.16	4,957
Total	**17.00**	**20,299**	**10.48**	**9,616**
Allocation between stapled entities:				
CMR1-pre-listing	-	-	0.63	521
CMR1-post-listing	8.98	10,728	4.94	4,596
Total	**8.98**	**10,728**	**5.57**	**5,117**
CMR2-pre-listing	-	-	0.63	521
CMR2-post-listing	8.02	9,571	4.28	3,978
	8.02	9,571	4.91	4,499
Total	**17.00**	**20,299**	**10.48**	**9,616**

^On 23 June 2016, the Responsible Entity announced an estimated distribution for the June 2016 quarter of 4.25 cents per stapled security. This was later ratified by the directors of the Responsible Entity on 30 June 2016.

For the year ended 30 June 2016

Review of operations (continued)

Distributions (continued)

Key dates in connection with the 30 June 2016 distribution are:

Event	Date
Ex-distribution date	29 Jun 16
Record date	30 Jun 16
Distribution payment date	12 Aug 16

The distributable earnings for the Trust are in line with the forecast distributable earnings presented in the PDS. The Trust will aim to distribute between 90% and 100% of its distributable earnings each year. The table below provides a reconciliation from the statement of profit or loss and other comprehensive income to the distributable earnings for the year:

	30 June 2016 ($'000)
Net profit for the year	44,785
Adjustments:	
Net (gain) on fair value of investment properties	(23,246)
Loss on fair value of derivative financial instruments	2,373
Straight-lining of rental income	(3,263)
Net loss on fair value of GPT Metro Office Fund investment less transaction costs	113
Lease incentives funded by vendors on property acquisitions	1,193
Distributable earnings for the period	**21,955**

Environmental regulation

The Trust's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation.

Options granted

No options were granted over unissued stapled securities in the Trust during or since the end of the financial year. No unissued stapled securities in the Trust were under option as at the date of this report.

No stapled securities were issued in the Trust during or since the end of the financial year as a result of the exercise of an option over unissued stapled securities in the Trust.

Events subsequent to balance date

On 1 August 2016, the Responsible Entity notified GPT Platform Limited, as responsible entity of GMF, that it will not be proceeding with its takeover bid for GMF. The Responsible Entity determined it would be unreasonable for the Trust to proceed with the proposed offer.

Indemnifying officers or auditors

Indemnification

Under the Trust's constitution the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Trust.

The Responsible Entity has not indemnified or agreed to indemnify any auditor or other officer of the Trust, or any related body corporate.

Insurance premiums

The Responsible Entity has paid insurance premiums in respect of directors' and officers' liability and legal expense insurance contracts, for current and former directors and officers, including senior executives of the Responsible Entity.

Trust information in the directors' report

Responsible Entity interests

The following fees were paid and/or payable to the Responsible Entity and its related parties during the financial year:

	30 Jun 2016 ($'000)	30 Jun 2015 ($'000)
Finance costs on convertible note	-	48
Incentive fees waived	-	(123)
Leasing fees	135	165
Management fees	1,985	953
Property management fees	340	162
Development fees	206	61
Other professional fees	34	68
Total	**2,700**	**1,334**

The Responsible Entity and/or its related parties have held stapled securities in the Trust during the financial year as outlined in Note 17 to the financial statements.

Other Trust information

The number of stapled securities in the Trust issued and redeemed during the financial year, and the balance of issued stapled securities at the end of the financial year are disclosed in Note 12 to the financial statements.

The recorded value of the Trust's assets as at the end of the financial year is disclosed in the consolidated statement of financial position as "Total assets" and the basis of recognition and measurement is included in Note 3 to the financial statements.

Auditor's independence declaration

The auditor's independence declaration is set out on page 26 and forms part of the directors' report for year ended 30 June 2016.

Rounding off of amounts

The scheme is a scheme of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the board of directors of Centuria Property Funds Limited made pursuant to of the Corporations Act 2001.

Peter Done- **Director**
Dated at Sydney this 9th day of August 2016

Jason Huljich- **Director**

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Centuria Property Funds Limited, the Responsible Entity of Centuria Metropolitan REIT (a stapled entity comprising Centuria Metropolitan REIT No. 1 and Centuria Metropolitan REIT No. 2 and its controlled entities)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Steven Gatt
Partner

Sydney

Consolidated statement

For the year ended 30 June 2016

> Consolidated statement of profit or loss and other comprehensive income

	Note	30 June 2016 ($ '000)	30 June 2015 ($ '000)
Revenue			
Rent and recoverable outgoings		39,536	18,757
Other income			
Interest income		77	104
Net gain on fair value of investment properties after write-down of stamp duty and other transaction costs	7	23,246	-
Gain on fair value of derivative financial instruments		-	498
Expenses			
Net loss on fair value of investment properties after write-down of stamp duty and other transaction costs	7	-	(451)
Net loss on fair value of listed investments held at fair value through profit or loss after transaction costs	8	(113)	-
Loss on fair value of derivative financial instruments		(2,373)	-
Rates, taxes and other property outgoings		(8,153)	(4,105)
Finance costs		(4,427)	(3,928)
Incentive fees waived		-	123
Management fees	17	(1,985)	(953)
Professional fees		(657)	(318)
Public Offer transaction costs		-	(660)
Other expenses		(366)	(136)
Profit from continuing operations for the year		**44,785**	**8,931**
Net profit for the year		**44,785**	**8,931**
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**44,785**	**8,931**
Net profit attributable to:			
Members of the Parent		26,676	7,091
Non-controlling interest- CMR2	13	18,109	1,840
		44,785	**8,931**
Total comprehensive income attributable to:			
Members of the Parent		26,676	7,091
Non-controlling interest- CMR2		18,109	1,840
		44,785	**8,931**
Basic and diluted earnings per CMA stapled security			
Stapled securities on issue (cents per stapled security)	15	37.52	16.12
Basic and diluted earnings per CMR1 unit			
Units on issue (cents per unit)	15	22.35	12.80

The notes on pages 25 to 48 form an integral part of these financial statements.

As at 30 June 2016

> Consolidated statement of financial position

	Note	30 June 2016 ($ '000)	30 June 2015 ($ '000)
Assets			
Current assets			
Cash and cash equivalents	5	4,911	6,273
Trade and other receivables	6	377	232
Investments held at fair value through profit or loss	8	11,113	-
Prepayments		432	379
Total current assets		**16,833**	**6,884**
Non-current assets			
Investment properties	7	398,730	323,110
Total non-current assets		**398,730**	**323,110**
Total assets		**415,563**	**329,994**
Liabilities			
Current liabilities			
Trade and other payables	9	11,225	10,093
Total current liabilities		**11,225**	**10,093**
Non-current liabilities			
Borrowings	10	141,090	83,912
Derivative financial instruments	11	3,106	733
Total non-current liabilities		**144,196**	**84,645**
Total liabilities		**155,421**	**94,738**
Net assets		**260,142**	**235,256**
Equity			
Issued capital	12	129,328	129,110
Retained earnings/(accumulated losses)		11,564	(4,384)
Non-controlling interest - CMR2	13	119,250	110,530
Total equity		**260,142**	**235,256**

The notes on pages 25 to 48 form an integral part of these financial statements.

For the year ended 30 June 2016

> Consolidated statement of changes in equity

	Note	Issued capital	Retained earnings/ (accumulated losses)	Non-controlling interest	Total equity
		$'000	**$'000**	**$'000**	**$'000**
Balance at 1 July 2014		29,255	(6,358)	20,269	43,166
Net profit for the year		-	7,091	1,840	8,931
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**7,091**	**1,840**	**8,931**
Applications	12 & 13	111,328	-	103,084	214,412
Redemptions	12 & 13	(7,308)	-	(6,325)	(13,633)
Equity raising costs	12 & 13	(4,165)	-	(3,839)	(8,004)
Distributions to security holders	14	-	(5,117)	(4,499)	(9,616)
Balance at 30 June 2015		**129,110**	**(4,384)**	**110,530**	**235,256**
Net profit for the year		-	26,676	18,109	44,785
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	26,676	18,109	44,785
					-
Distributions reinvested	12 & 13	265	-	229	494
Equity raising costs	12 & 13	(47)	-	(47)	(94)
Distributions to security holders	14	-	(10,728)	(9,571)	(20,299)
Balance at 30 June 2016		**129,328**	**11,564**	**119,250**	**260,142**

The notes on pages 25 to 48 form an integral part of these financial statements.

For the year ended 30 June 2016

> Consolidated statement of cash flows

	Note	30 June 2016 ($ '000)	30 June 2015 ($ '000)
Cash flows from operating activities			
Receipts from customers		41,310	20,130
Payments to suppliers		(14,310)	(7,657)
Interest received		81	101
Interest paid		(4,175)	(3,722)
Net cash generated by operating activities	**5**	**22,906**	**8,852**
Cash flows from investing activities			
Payments for investment properties		(49,916)	(209,606)
Payments for investments held at fair value through profit or loss		(10,800)	-
Net cash used in investing activities		**(60,716)**	**(209,606)**
Cash flows from financing activities			
Proceeds on issue of stapled securities		-	214,411
Payments to procure issued stapled securities		(356)	(7,743)
Payments for redemption of stapled securities		-	(13,632)
Distributions paid		(20,181)	(4,659)
Proceeds from borrowings		57,417	84,610
Repayment of borrowings		-	(67,944)
Payments to procure borrowings		(432)	(776)
Net cash generated by financing activities		**36,448**	**204,267**
Net (decrease)/increase in cash and cash equivalents		**(1,362)**	**3,513**
Cash and cash equivalents at beginning of financial year		6,273	2,760
Cash and cash equivalents at end of financial year	**5**	**4,911**	**6,273**

The notes on pages 25 to 48 form an integral part of these financial statements.

For the year ended 30 June 2016

1. General information

Centuria Metropolitan REIT is a registered managed investment scheme under the Corporations Act 2001 and domiciled in Australia. The principal activity of the Trust is disclosed in the directors' report.

2. Application of new and revised accounting standards

(a) Adoption of new and revised accounting standards

In the current year, the Trust has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting year. New and revised Standards and amendments thereof and Interpretations effective for the current period that are relevant to the Trust include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'. Effective for annual reporting periods beginning on or after 1 July 2015.

The adoption of these new and revised Standards and Interpretations has not had any significant impact on the disclosures or amounts reported in these financial statements.

(b) New standards and interpretations not yet adopted

At the date of this report, the Standards and Interpretations listed below were on issue but not yet effective. They are available for early adoption at 30 June 2016, but have not been applied in preparing these financial statements. The potential effect of the below Standards and Interpretations on the Trust's financial statements has not yet been determined:

- AASB 9 'Financial Instruments', AASB 2009-11, AASB 2010-7 and AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9'. Effective for annual reporting periods beginning on or after 1 January 2018.

- AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'. Effective for annual reporting periods beginning on or after 1 January 2017.

- AASB 16 'Leases'. Effective for annual reporting periods beginning on or after 1 January 2019.

- AASB 2014-4 'Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation'. Effective for annual reporting periods beginning on or after 1 January 2016.

- AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'. Effective for annual reporting periods beginning on or after 1 January 2016.

- AASB 2015-2 'Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB101'. Effective for annual reporting periods beginning on or after 1 January 2016.

For the year ended 30 June 2016

3. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards including Interpretations, and complies with other requirements of the law.

The financial statements and notes of the Trust comply with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB').

For the purposes of preparing the financial statements, the Trust is a for-profit entity.

The financial report was authorised for issue in accordance with a resolution of the board of directors of Centuria Property Funds Limited, the Responsible Entity, on 9 August 2016.

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at fair value, as explained in the accounting policies set out below.

The scheme is a scheme of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Use of estimates and judgements

In the application of the Trust's accounting policies, the Responsible Entity is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods. The key estimates and judgements in the financial report relate to the valuation of investment properties (per Note 7) and derivative financial instruments (per Note 16).

Judgements made by the Responsible Entity that have significant effects on the financial statements and estimates with significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Trust's functional currency.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust. Control is achieved where the Trust is exposed to, or has rights to, the variable returns from its involvement with an entity and has the ability to affect these returns through its power over the entity.

The Trust accounts for business combinations using the acquisition method when control is transferred to the Trust. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. When the Trust loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which control commences until the date on which control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the consolidated group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets attributable to security holders of consolidated subsidiaries are identified separately from the Trust's security holders. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

i. Stapled scheme

Centuria Metropolitan REIT was established for the purpose of facilitating a relationship between CMR1 and CMR2. The Trust was formed by stapling units in CMR1 and CMR2. Security holders in the Trust are entitled to an equal interest in each stapled entity within the Trust.

The Trust is required to appoint a parent under the stapling arrangement. CMR1 has been appointed parent of the Trust. On the basis that there is no ownership interest between the entities involved in the stapling arrangement, the net assets and profit or loss of CMR2 are disclosed separately as a non-controlling interest. The operations of CMR2 are merely to hold a 50% investment in another Trust vehicle (refer to Note 3(d)(ii) below).

ASX reserves the right (but without limiting its absolute discretion) to remove CMR1 and CMR2 from the official list of ASX if any of the units in each entity cease to be stapled together or any units are issued by a stapled entity in the Trust which are not stapled to the equivalent units in the other stapled entity.

The stapling arrangement includes a cross guarantee whereby CMR1 and CMR2 is liable to cover each other's shortfall should either entity not have sufficient funds to cover its liabilities.

The stapling arrangement will cease upon the earlier of the winding up of any of the stapled entities, or any of the entities terminating the stapling arrangement.

For the year ended 30 June 2016

3. Significant accounting policies (continued)

ii. Subsidiaries

The consolidated financial statements include the assets, liabilities and results of Centuria Metropolitan Property Trust. This trust is 50% held by CMR1 and 50% by CMR2. As a result, 50% of the net assets and profit or loss of Centuria Metropolitan Property Trust are disclosed separately as a non-controlling interest.

(e) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash in banks, net of outstanding bank overdrafts.

(f) Investments

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently stated at amortised cost using the effective interest rate method, less impairment losses.

ii. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are initially recorded at cost which includes stamp duty and other transaction costs. Subsequently, the investment properties are measured at fair value with any change in value recognised in profit or loss. The carrying amount of investment properties includes components relating to deferred rent, lease incentives and leasing fees.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

iii. Financial assets at fair value through profit or loss

A financial asset is designated as at fair value through profit or loss upon initial recognition if:

(a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Trust's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(c) It forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as fair value through profit and loss.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described in Note 16.

(g) Impairment

The carrying amounts of the Trust's assets, other than those recorded at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised directly in profit or loss.

(h) Financial instruments

i. Derivative financial instruments

The Trust holds derivative financial instruments to hedge its interest rate exposures.
Derivatives are initially recognised at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and the resulting gain or loss is recognised in profit or loss.

The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to transfer the swap at reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The Trust has not applied hedge accounting to its derivative financial instruments.

(i) Payables

Trade payables and other accounts payable are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services and are recorded initially at fair value, net of any attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

(j) Borrowings

Borrowings are recorded initially at fair value, net of any attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method with any difference between the initial and recognised amount and redemption value being recognised in profit or loss over the period of borrowing and are derecognised when the contractual obligations are discharged, cancelled or expire.

(k) Provisions

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(l) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a Trust after deducting all of its liabilities. Equity instruments issued by the Trust are recognised at the proceeds received, net of direct issue costs.

For the year ended 30 June 2016

3. Significant accounting policies (continued)

(m) Revenue

i. Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Rental income not received at reporting date is reflected in the consolidated statement of financial position as a receivable. If rents are paid in advance these amounts are recorded as payables in the consolidated statement of financial position.

Lease incentives granted are recognised as an integral part of the net consideration agreed for the use of the leased premises, irrespective of the incentive's nature or form or the timing of payments. The aggregate cost of lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

Contingent rents based on the future amount of a factor that changes other than with the passage of time are only recognised when charged.

ii. Recoverable outgoings

Recoverable outgoings are recognised on an accrual basis.

(n) Expenses

i. Finance costs

Finance costs include interest expense and amortised borrowing costs. Interest expense is recognised in profit or loss as it accrues. Finance costs are recognised using the effective interest rate applicable to the financial liability.

ii. Other expenses

All other expenses, including management fees, are recognised in profit or loss on an accruals basis. Other operating expenses include legal, accounting and audit fees.

(o) Distribution and taxation

Under current legislation the Trust is not subject to income tax when its taxable income (including assessable realised capital gains) is distributed in full to the security holders. The Trust ordinarily fully distributes its distributable income, calculated in accordance with the Trust constitution and applicable taxation legislation, to the security holders who are presently entitled to the income under the constitution.

Investments and financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gains tax will be distributed to security holders so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to security holders but are retained in the Trust to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses the excess is distributed to the security holders.

Distributions paid and payable are recognised as distributions within equity. A liability is recognised where distributions have been declared but not been paid. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

(p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as an input tax credit (ITC).

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

(q) Segment reporting

The Trust operates in one segment, being investments in Australian industrial, metropolitan and business park office property. The Trust has determined its one operating segment based on the internal information that is provided to the chief operating decision maker and which is used in making strategic decisions. The Responsible Entity has been identified as the Trust's chief operating decision maker.

35 Robina Town Centre Drive, QLD

For the year ended 30 June 2016

	30 June 2016 ($ '000)	30 June 2015 ($ '000)
4. Auditor's remuneration		
KPMG:		
Audit and review of financials	119	75
Investigating Accountants Report	-	300
Taxation and property due diligence services	63	120
Financial due diligence services & advice	143	-
Total	**325**	**495**

5. Cash and cash equivalents		
Cash and bank balances	4,911	6,273
	4,911	**6,273**
Reconciliation of profit for the year to net cash flows from operating activities:		
Net profit for the year	44,785	8,931
Adjustments:		
Net (gain)/loss on fair value of investment properties	(23,246)	451
Net loss on fair value of listed investments	113	-
Loss/(gain) on fair value of derivatives	2,373	(498)
Change in deferred rent and lease incentives	(3,263)	(162)
Change in capitalised leasing fees	(597)	(164)
Borrowing cost amortisation	193	111
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	28	(112)
Increase in other assets	(53)	(145)
Increase in payables	2,573	563
Decrease in provisions	-	(123)
Net cash generated by operating activities	**22,906**	**8,852**

6. Trade and other receivables		
Current		
Trade debtors	72	195
Interest receivable	-	4
Distributions receivable	173	-
Other current receivables	132	33
Total	**377**	**232**

Refer to Note 16 for details on fair value measurement and the Trust's exposure to risks associated with financial assets (other receivables are not considered to be financial assets).

For the year ended 30 June 2016

	30 June 2016 ($ '000)	30 June 2015 ($ '000)
7. Investment properties		
Opening balance	**323,110**	**110,450**
Purchase price of investment properties	43,025	200,950
Stamp duty and other transaction costs	2,491	9,996
Capital improvements	2,998	1,839
Total purchase costs	**48,514**	**212,785**
Gain on fair value before write-down of stamp duty and other transaction costs	25,737	9,545
Write-down of stamp duty and other transaction costs	(2,491)	(9,996)
Gain/(loss) on fair value	**23,246**	**(451)**
Change in deferred rent and lease incentives	3,263	162
Change in capitalised leasing fees	597	164
Closing balance^	**398,730**	**323,110**

^The carrying amount of investment properties includes components related to deferred rent, capitalised lease incentives and leasing fees amounting to $8,165,000 (2015: $4,305,000).

During the year, the Trust acquired the following investment property (excluding stamp duty and other transaction costs):

Property	Purchase Price ($'000)	Month Acquired
203 Pacific Hwy, St Leonards NSW (50% ownership interest)	43,025	Dec 2015
Total	**43,025**	

Leases as lessor

The Trust leases out its investment properties under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	30 Jun 2016 ($'000)	30 Jun 2015 ($'000)
Less than one year	32,117	31,414
Between one and five years	88,856	88,005
More than five years	20,431	29,707
Total	**141,404**	**149,126**

Property	30 Jun 2016 Valuer	"30 Jun 2016 Capitalisation Rate"	Most Recent Independent Valuer Capitalisation Rate	"30 Jun 2016 Fair Value $'000"	Last Independent Valuation Date	Independent Valuer Firm
3 Carlingford Rd, Epping NSW	Director	6.25%	6.25%	27,000	May 2016	JLL
44 Hampden Rd, Artarmon NSW ^	Director	8.50%	8.50%	8,500	May 2016	CW
1 Richmond Rd, Keswick SA	Director	9.25%	9.25%	26,700	May 2016	Savills
9 Help St, Chatswood NSW	Director	7.25%	7.25%	55,100	May 2016	CW
14 Mars Rd, Lane Cove NSW	Director	8.00%	8.00%	21,500	May 2016	CI
555 Coronation Dr, Brisbane QLD	Director	8.25%	8.25%	33,100	May 2016	CBRE
149 Kerry Rd, Archerfield QLD	Director	7.50%	7.50%	24,500	May 2016	CBRE
13 Ferndell St, Granville NSW	Director	7.75%	7.75%	17,800	May 2016	CW
35 Robina Town Ctr Dr, Robina QLD	Director	7.50%	7.50%	48,800	May 2016	CBRE
54 Marcus Clarke St, Canberra ACT	Director	9.25%	9.25%	16,930	May 2016	KF
60 Marcus Clarke St, Canberra ACT	Director	8.25%	8.25%	52,800	May 2016	KF
131-139 Grenfell St, Adelaide SA	Director	8.75%	8.75%	20,500	May 2016	Savills
203 Pacific Hwy, St Leonards NSW *^	Director	7.50%	7.50%	45,500	May 2016	CBRE
Total				**398,730**		

* The Trust owns 50% of 203 Pacific Highway, St Leonards NSW.
^ The Trust holds a leasehold interest in 44 Hampden Road, Artarmon NSW and 203 Pacific Highway, St Leonards NSW.
The Trust's weighted average capitalisation rate for the year is 7.86% (2015: 8.43%).

Fair value measurement

The fair value measurement of investment property has been categorised as a Level 3 fair value as it is derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Valuation techniques and significant unobservable inputs

The fair value of the investment properties were determined by the directors of the Responsible Entity or by an external, independent valuation company having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is based on market values, being the estimated amount for which a property could be exchanged on the

For the year ended 30 June 2016

date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations were prepared by considering the following valuation methodologies:

- Capitalisation Approach: the annual net rental income is capitalised at an appropriate market yield to arrive at the property's market value. Appropriate capital adjustments are then made where necessary to reflect the specific cash flow profile and the general characteristics of the property.
- Discounted Cash Flow Approach: this approach incorporates the estimation of future annual cash flows over a 10 year period by reference to expected rental growth rates, ongoing capital expenditure, terminal sale value and acquisition and disposal costs. The present value of future cash flows is then determined by the application of an appropriate discount rate to derive a net present value for the property.
- Direct Comparison Approach: this approach identifies comparable sales on a dollar per square metre of lettable area basis and compares the equivalent rates to the property being valued to determine the property's market value.

Valuation techniques and significant unobservable inputs (continued)

The valuations reflect, when appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between the lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and, where appropriate, counter notices have been served validly and within the appropriate time.

The following table outlines the significant unobservable inputs used in the above valuation techniques and their relationship with the fair value measurement:

Significant unobservable inputs	Relevant valuation method(s)	Range of inputs	Relationship with fair value
Discount rate	Discounted Cash Flow	7.50% to 9.75%	The higher/lower the rate, the lower/higher the fair value.
Terminal yield	Discounted Cash Flow	7.75% to 9.50%	The higher/lower the rate, the lower/higher the fair value.
Capitalisation rate	Capitalisation	6.25% to 9.25%	The higher/lower the rate, the lower/higher the fair value.
Vacancy period	Capitalisation & Discounted Cash Flow	6 to 12 months	The longer/shorter the period, the lower/higher the fair value.
Rental growth rate	Capitalisation & Discounted Cash Flow	0.25% to 5.00%	The higher/lower the rate, the higher/lower the fair value.
Rent per square metre	Direct Comparison	$91 to $586	The higher/lower the amount, the higher/lower the fair value.

	30 June 2016 ($ '000)	30 June 2015 ($ '000)
8. Investments held at fair value through profit or loss		
Investment in GPT Metro Office Fund ('GMF')		
Opening balance	-	-
Acquisitions	10,755	-
Gain on fair value (excluding transaction costs)	358	-
Closing balance	**11,113**	**-**

Net loss on fair value of investment in GMF		
Gain on fair value (excluding transaction costs)	358	-
Brokerage and other transaction costs	(644)	**-**
Distribution income	173	-
Net loss on fair value after transaction costs	**(113)**	**-**

Refer to Note 16 for details on fair value measurement and the Trust's exposure to risks associated with financial assets.

9. Trade and other payables

Current		
Trade creditors and expenses payable	1,931	669
Interest payable	229	151
Distributions payable	5,075	4,957
Deferred settlement on investment property	-	2,000
Accrued investment property costs	1,810	1,212
Accrued investment transaction costs	599	-
Accrued equity raising costs	-	262
Other current creditors and accruals	1,581	842
Total	**11,225**	**10,093**

Refer to Note 17 for amounts payable to related parties.

10. Borrowings

Non-current		
Secured loan	142,027	84,610
Borrowing costs	(937)	(698)
Total	**141,090**	**83,912**

At 30 June 2016, the Trust had the following secured debt facilities:

For the year ended 30 June 2016

10. Borrowings (continued)

	Execution Date	Maturity Date	Debt Facility Limit ($'000)	Drawn Amount ($'000)	Hedged Amount* ($'000)	Funds Available ($'000)
30 Jun 2016						
Tranche A	09 Dec 14	31 Dec 19	55,000	55,000	48,000	-
Tranche B	28 May 15	31 May 20	40,000	40,000	36,000	-
Tranche C	22 Dec 15	22 Dec 20	45,000	45,000	-	-
Tranche D	24 May 16	24 May 18	10,000	2,027	-	7,973
			150,000	**142,027**	**84,000**	**7,973**
30 Jun 2015						
Tranche A	09 Dec 14	31 Dec 19	55,000	53,463	48,000	1,537
Tranche B	28 May 15	31 May 20	40,000	31,147	-	8,853
			95,000	**84,610**	**48,000**	**10,390**

* Refer to Note 11 for further details on interest rate swap contracts held at, and contracts executed subsequent to, 30 June 2016.

The interest only facilities are secured by first mortgages over the Trust's investment properties and a first ranking fixed and floating charge over all assets of the Trust.

The secured loan has covenants in relation to Loan to Value Ratio ('LVR') and Interest Coverage Ratio ('ICR') which the Trust has complied with during the year.

Refer to Note 16 for details on the Trust's exposure to risks associated with financial liabilities.

11. Derivatives

Interest rate swap contracts

Under interest rate swap contracts, the Trust agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Trust to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate debt held. The following table details the specific instruments held at reporting date, showing the notional principal amounts and contracted fixed interest rate of each contract:

Type of contract	Maturity Date	Contracted fixed interest rate	Notional amount of contract $'000	Fair value of assets $'000	Fair value of liabilities $'000
30 Jun 2016					
Interest rate swap	10 Dec 19	2.85%	48,000	-	(1,889)
Interest rate swap	10 Jul 20	2.55%	36,000	-	(1,217)
			84,000	**-**	**(3,106)**
30 Jun 2015				-	-
Interest rate swap	10 Dec 19	2.85%	48,000	-	(733)
			48,000	**-**	**(733)**

On 9 July 2015, the Responsible Entity executed an interest rate swap contract to hedge an additional $36,000,000 of the secured debt facility at a fixed base rate of 2.55% plus margin and line fees. The interest rate swap will mature on 10 July 2020. As a result, the Trust has now hedged 59.14% of the drawn debt and 56.00% of the total debt facility.

Refer to Note 16 for details on the Trust's exposure to risks associated with financial liabilities.

	30 June 2016		30 June 2015	
12. Issued capital - CMR1	**Units ('000)**	**$ '000**	**Units ('000)**	**$ '000**
Opening balance	119,167	129,110	82,824	29,255
Redemptions- 9 Dec 2014	-	-	(26,730)	(7,308)
Consolidation of units- 9 Dec 2014	-	-	(41,749)	-
Public Offer applications- 9 Dec 2014	-	-	57,155	61,277
Entitlement issue- 4 May 2015	-	-	47,667	50,051
Distributions reinvested	240	265	-	-
Equity raising costs	-	(47)	-	(4,165)
Closing balance	**119,407**	**129,328**	**119,167**	**129,110**

CMR1 has been designated parent of the Trust. All units in CMR1 are of the same class and carry equal rights to capital and income distributions.

13. Non-controlling interest - CMR2

	Units ('000)	$ '000	Units ('000)	$ '000
Opening balance	119,167	110,530	82,824	20,269
Redemptions- 9 Dec 2014	-	-	(26,730)	(6,325)
Consolidation of units- 9 Dec 2014	-	-	(41,749)	-
Public Offer applications- 9 Dec 2014	-	-	57,155	53,033
Entitlement issue- 4 May 2015	-	-	47,667	50,051
Distributions reinvested	240	229	-	-
Equity raising costs	-	(47)	-	(3,839)
Distributions to members of CMR2	-	(9,571)	-	(4,499)
Net profit attributable to members of CMR2	-	18,109	-	1,840
Closing balance	**119,407**	**119,250**	**119,167**	**110,530**

On the basis that there is no ownership interest between the entities involved in the stapling arrangement, the net assets and profit or loss of CMR2 are disclosed separately as a non-controlling interest. All units in CMR2 are of the same class and carry equal rights to capital and income distributions.

For the year ended 30 June 2016

14. Distributions to stapled security holders	30 June 2016 Cents per unit	30 June 2016 $ '000	30 June 2015 Cents per unit	30 June 2015 $ '000
September quarter	4.25	5,075	0.76	626
1 Oct 2014 to 30 Nov 2014	-	-	0.50	415
December quarter	4.25	5,075	-	-
March quarter	4.25	5,075	5.06	3,618
June quarter^	4.25	5,074	4.16	4,957
Distributions reinvested	**17.00**	**20,299**	**10.48**	**9,616**
Allocation between stapled entities:				
CMR1- pre-listing	-	-	0.63	521
CMR1- post-listing	8.98	10,728	4.94	4,596
Total	**8.98**	**10,728**	**5.57**	**5,117**
CMR2- pre-listing	-	-	0.63	521
CMR2- post-listing	8.02	9,571	4.28	3,978
Sub-total	**8.02**	**9,571**	**4.91**	**4,499**
Total	**17.00**	**20,299**	**10.48**	**9,616**

^ On 23 June 2016, the Responsible Entity announced an estimated distribution for the June 2016 quarter of 4.25 cents per stapled security. This was later ratified by the directors of the Responsible Entity on 30 June 2016.

Key dates in connection with the 30 June 2016 distribution are:

Event	Date
Ex-distribution date	29 Jun 16
Record date	30 Jun 16
Distribution payment date	12 Aug 16

15. Earnings per unit/stapled security	30 June 2016	30 June 2015
Basic and diluted earnings per CMA stapled security (cents per stapled security)	37.52	16.12
Earnings used in calculating basic and diluted earnings per stapled security ($'000)	44,785	8,931
Weighted average number of CMA stapled securities ('000)	119,381	55,424
Basic and diluted earnings per CMR1 unit (cents per unit)	22.35	12.80
Earnings used in calculating basic and diluted earnings per unit ($'000)	26,676	7,091
Gain on fair value before write-down of stamp duty and other transaction costs	119,381	55,424

16. Financial instruments

A. Fair value

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position are as follows:

	Measurement	Fair Value Hierarchy	Carrying amount	Fair value
30 Jun 2016			**$ '000**	**$ '000**
Financial assets				
Investments in listed trust	Fair Value	Level 2	11,113	11,113
Total			**11,113**	**11,113**
Financial liabilities				
Payables (excluding non-financial payables)	Amortised Cost	Not applicable	9,685	9,685
Borrowings (excluding borrowing costs)	Amortised Cost	Not applicable	142,027	142,027
Interest rate swaps	Fair Value	Level 2	3,106	3,106
Total			**154,818**	**154,818**

30 Jun 2015				
Financial assets				
Note applicable				
Financial liabilities				
Payables (excluding non-financial payables)	Amortised Cost	Not applicable	9,265	9,265
Borrowings (excluding borrowing costs)	Amortised Cost	Not applicable	84,610	84,610
Interest rate swaps	Fair Value	Level 2	733	733
Total			**94,608**	**94,608**

These financial assets and liabilities are recognised in accordance with the accounting policies described in Note 3 to the financial statements.

The directors of the Responsible Entity consider that the carrying amount of the financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair value.

Valuation techniques

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of interest rate swaps are determined using a discounted cash flow analysis. The future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The Trust classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Trust can access at the measurement date.

For the year ended 30 June 2016

16. Financial instruments (continued)

- Level 2: derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Fair value hierarchy

The table below sets out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

	Total ($'000)	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)
30 Jun 2016				
Financial assets held at fair value				
Investments in listed property trusts	11,113	-	11,113	-
Total	**11,113**	**-**	**11,113**	**-**
Financial liabilities held at fair value				
Interest rate swaps	3,106	-	3,106	-
Total	**3,106**	**-**	**3,106**	**-**
30 Jun 2015				
Financial assets held at fair value				
Not applicable				
Financial liabilities held at fair value				
Interest rate swaps	733	-	733	-
Total	**733**	**-**	**733**	**-**

There were no transfers between Level 1 and Level 2 during the period.

The Responsible Entity obtains independent valuations to measure the fair value of financial instruments at each reporting date. The Responsible Entity assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of International Financial Reporting Standards, including the level in the fair value hierarchy that the resulting fair value estimate should be classified.

B. Financial risk management objectives

The Trust is exposed to a variety of financial risks as a result of its activities. These potential risks include market risk (interest rate risk), credit risk and liquidity risk. The Trust's risk management and investment policies seek to minimise the potential adverse effects of these risks on the Trust's financial performance.

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's activities expose it primarily to the financial risks of changes in interest rates. The Trust enters into derivative financial instruments to manage its exposure to interest rate risk and these include interest rate swaps that the Trust has entered into to mitigate the risk of rising interest rates.

There has been no change to the Trust's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

Interest rate risk management

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at reporting date:

		30 June 2016		30 June 2015	
	Note	**Effective interest rate**	**Total ($'000)**	**Effective interest rate**	**Total ($'000)**
Financial assets					
Cash and cash equivalents	5	1.08%	4,911	1.28%	6,273
Total			**4,911**		**6,273**
Financial liabilities					
Borrowings (excluding borrowing costs)	10	3.09%	142,027	3.26%	84,610
Interest rate swaps	11	2.72%	3,106	2.85%	733
Total			**145,133**		**85,343**

The sensitivity analysis below has been determined based on the Trust's exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period, in the case of financial assets and financial liabilities that have variable interest rates.

At reporting date, if variable interest rates had been 100 (2015: 100) basis points higher or lower and all other variables were held constant, the impact to the Trust would have been as follows:

		Sensitivity impact	
	Variable + / -	**Rate increase $'000**	**Rate decrease $'000**
30 Jun 2016			
Net profit/(loss)	1.00%	2,343	(2,467)
		2,343	**(2,467)**
30 Jun 2015			
Net profit/(loss)	1.00%	1,636	(1,688)
		1,636	**(1,688)**

For the year ended 30 June 2016

16. Financial instruments (continued)

The Trust's sensitivity to interest rates calculated above is after taking into account the impact of interest rate changes on the interest rate swap fair values. The methods and assumptions used to prepare the sensitivity analysis have not changed during the year.

D. Credit risk

The Trust has adopted the policy of dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the financial risk of financial loss from default. The Trust's exposure and the credit ratings of its counterparties are continuously monitored by the Responsible Entity.

At 30 June 2016, the main financial assets exposed to credit risk are trade receivables. There were no significant concentrations of credit risk to counterparties at 30 June 2016. Refer to Note 6 for details of trade receivables.

The credit risk on receivables is minimal because of the proven remittance history of the counterparties. Credit risk from balances with banks and financial institutions is managed by the Responsible Entity in accordance with the Trust's investment policy. Cash investments are made only with approved counterparties.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

E. Liquidity risk

The Trust's strategy of managing liquidity risk is in accordance with the Trust's investment strategy. The Trust manages liquidity risk by maintaining adequate banking facilities and through the continuous monitoring of forecast and actual cash flows and aligning the profiles of financial assets and liabilities.

The following tables summarise the maturity profile of the Trust's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust can be required to pay. The tables include both interest and principal cash flows:

	Effective interest rate	Total principal and interest	Less than 1 year	1 to 5 years	5 plus years
		$'000	$'000	$'000	$'000
30 Jun 2016					
Trade and other payables	-	9,685	9,685	-	-
Borrowings	3.09%	167,647	4,631	163,016	-
Derivative financial instruments	2.72%	3,417	935	2,482	-
Total		**180,749**	**15,251**	**165,498**	-
30 Jun 2015					
Trade and other payables	-	9,266	9,266	-	-
Borrowings	3.26%	96,874	2,761	94,113	-
Derivative financial instruments	2.85%	826	186	640	-
Total		**106,966**	**12,213**	**94,753**	**-**

The principal amounts included in the above borrowings is $142,027,000 (2015: $84,610,000).

17. Related parties

Key management personnel

The Trust does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the key management personnel. The directors of the Responsible Entity are key management personnel of that entity and their names are:

Jason Huljich
Peter Done
Matthew Hardy
Darren Collins

No compensation is paid directly by the Trust to any of the directors or key management personnel of the Responsible Entity.

Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Responsible entity fees and other transactions

The Responsible Entity is entitled to a management fee which is calculated at 0.55% of the gross value of assets held plus GST.

At reporting date an amount of $189,000 (2015: $175,000) owing to the Responsible Entity was included in trade and other payables. The payables are non-interest bearing with payment terms and conditions consistent with normal commercial practices.

The following fees were paid and/or payable to the Responsible Entity and its related parties during the financial year:

	30 Jun 2016 ($'000)	30 Jun 2015 ($'000)
Finance costs on convertible note	-	48
Incentive fees waived	-	(123)
Leasing fees	135	165
Management fees	1,985	953
Property management fees	340	162
Development fees	206	61
Other professional fees	34	68
Total	**2,700**	**1,334**

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time Centuria Property Funds Limited, its directors or its director-related entities may buy or sell stapled securities in the Trust. These transactions are on the same terms and conditions as those entered into by other Trust investors.

For the year ended 30 June 2016

17. Related parties (continued)

Stapled securities in the Trust held by related parties

At 30 June 2016, the following related parties of the Responsible Entity hold stapled securities in the Trust:

	Closing stapled securities held	Closing interest held
	Units '000	%
30 Jun 2016		
Over Fifty Guardian Friendly Society Limited	11,522	9.65%
Centuria Growth Bond Fund	4,739	3.97%
Centuria Capital Limited	2,591	2.17%
Centuria Balanced Bond Fund	357	0.30%
Roger Dobson	208	0.17%
Nicholas Collishaw	133	0.11%
Peter Done	75	0.06%
John McBain	63	0.05%
Darren Collins	20	0.02%
Matthew Hardy	17	0.01%
Jason Huljich	3	0.003%
Total	**19,728**	**16.51%**
30 Jun 2015		
Over Fifty Guardian Friendly Society Limited	11,522	9.67%
Centuria Growth Bond Fund	4,739	3.98%
Centuria Capital Limited	2,539	2.13%
Centuria Balanced Bond Fund	357	0.30%
Roger Dobson	208	0.17%
CBF1 Investment Trust 1	161	0.14%
Peter Done	75	0.06%
John McBain	62	0.05%
Nicholas Collishaw	42	0.03%
Jason Huljich	3	0.003%
Total	**19,708**	**16.53%**

No other related parties of the Responsible Entity held stapled securities in the Trust.

Other transactions within the Trust

No director has entered into a material contract with the Trust since the end of the previous year and there were no material contracts involving directors' interests subsisting at year end.

18. Events subsequent to reporting date

On 1 August 2016, the Responsible Entity notified GPT Platform Limited, as responsible entity of GMF, that it will not be proceeding with its takeover bid for GMF. The Responsible Entity determined it would be unreasonable for the Trust to proceed with the proposed offer.

	30 Jun 2016 ($'000)	30 Jun 2015 ($'000)
19. Parent entity disclosures		
Financial position*		
Assets		
Current assets	5,352	3,820
Non-current assets	152,654	128,259
Total assets	**158,006**	**132,079**
Liabilities		
Current liabilities	5,363	2,993
Non-current liabilities	4,293	4,359
Total liabilities	**9,656**	**7,352**
Equity		
Issued capital	129,328	129,110
Retained earnings/(accumulated losses)	19,022	(4,383)
Total equity	**148,350**	**124,727**
Financial performance*		
Profit for the year*	26,676	7,091
Other comprehensive income	-	-
Total comprehensive income for the year	**26,676**	**7,091**

* The above table represents the stand alone financial position and performance of CMR1 and does not include the financial position or performance of its subsidiaries. Accordingly, the amounts reflected above may be different from the consolidated financial statements.

At reporting date, CMR1 has not entered into any guarantees or commitments to purchase property plant and equipment.

As part of the stapling arrangement, CMR1 is liable to cover any shortfall should CMR2 not have sufficient funds to cover its liabilities.

20. Contingent assets, liabilities and commitments

Unless otherwise stated in this report, the Trust has no contingent assets, liabilities or commitments as at 30 June 2016.

21. Additional information

The registered office and principal place of business of the Trust and the Responsible Entity are as follows:

Registered office:

Suite 39.01, Level 39, 100 Miller Street

NORTH SYDNEY NSW 2060

Principal place of business:

Suite 39.01, Level 39, 100 Miller Street

NORTH SYDNEY NSW 2060

Directors' declaration

For the year ended 30 June 2016

The directors of Centuria Property Funds Limited, the Responsible Entity of Centuria Metropolitan REIT ('the Trust'), declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(b) the attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 3(a) to the financial statements; and

(c) in the directors' opinion, the attached financial statements and notes 1 to 21 are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and giving a true and fair view of the Trust's financial position as at 30 June 2016 and of its performance for the financial year ended on that date.

Signed in accordance with a resolution of the board of directors of the Responsible Entity made pursuant to s.295(5) of the Corporations Act 2001.

Peter Done
Director

Jason Huljich
Director

Dated at Sydney this 9th day of August 2016.

Independent auditor's report to the unitholders of Centuria Metropolitan REIT (a stapled entity comprising Centuria Metropolitan REIT No. 1 and Centuria Metropolitan REIT No. 2 and its controlled entities)

We have audited the accompanying financial report of Centuria Metropolitan REIT (a stapled entity comprising Centuria Metropolitan REIT No.1 and Centuria Metropolitan REIT No.2 and its controlled entities) (the Stapled Entity), which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Centuria Property Funds Limited (the Responsible Entity) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 3(a), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Stapled Entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Centuria Metropolitan REIT is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Stapled Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report of the Stapled Entity also complies with International Financial Reporting Standards as disclosed in note 3(a).

KPMG

Steven Gatt
Partner

Sydney

9 August 2016

Corporate governance statement

For the year ended 30 June 2016

The Corporate Governance Statement for the Trust can be found in the current Product Disclosure Statement dated 11 November 2014 and is also available on the Centuria website at **http://www.centuria.com.au/listed-property/corporate-governance/**

Additional ASX information

As at 31 July 2016

Distribution of holders of stapled securities

Holding range	Number of securities	Number of holders	Percentage of total (%)
1 to 1,000	18,470	103	0.02
1,001 to 5,000	809,538	224	0.68
5,001 to 10,000	2,597,239	327	2.18
10,001 to 100,000	21,781,224	702	18.24
100,001 and over	94,201,293	73	78.88
Total	**119,407,764**	**1,429**	**100.00**

Substantial security holders

	Number of securities	Percentage of total (%)
Citicorp Nominees Pty Limited	18,402,283	15.41
HSBC Custody Nominees (Australia) Limited	15,214,798	12.74
PEJR Investments Pty Ltd <Lederer Investment A/C>	12,096,667	10.13
J P Morgan Nominees Australia Limited	8,303,262	6.95
National Nominees Limited	8,189,993	6.86
Total	**62,207,003**	**52.09**

Voting rights

All stapled securities carry one vote per security without restriction.

Top 20 security holders

	Number of securities	Percentage of total (%)
Citicorp Nominees Pty Limited	18,402,283	15.41
HSBC Custody Nominees (Australia) Limited	15,214,798	12.74
PEJR Investments Pty Ltd <Lederer Investment A/C>	12,096,667	10.13
J P Morgan Nominees Australia Limited	8,303,262	6.95
National Nominees Limited	8,189,993	6.86
BNP Paribas Noms Pty Ltd	3,262,309	2.73
Centuria Capital Limited	2,590,837	2.17
AMP Life Limited	1,819,015	1.52
Sandhurst Trustees Ltd <SISF A/C>	1,800,000	1.51
G C F Investments Pty Ltd	1,666,667	1.40
Contemplator Pty Ltd <ARG Pension Fund A/C>	1,452,779	1.22
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	1,333,333	1.12
RBC Investor Services Australia Nominees Pty Limited <Piselect>	1,080,965	0.91
Navigator Australia Ltd <MLC Investment Sett A/C>	964,862	0.81
South Creek Investments Pty Ltd <The Giuffrida S/F A/C>	850,000	0.71
Avanteos Investments Limited <1703553 Johnson A/C>	721,918	0.60
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	632,106	0.53
Paklite Holdings Pty Ltd	596,704	0.50
Matist (Aust.) Pty Ltd <GZP NO2 Discretionary A/C>	596,702	0.50
Horrie Pty Ltd	545,000	0.46
Total	**82,120,200**	**68.78**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Centuria Metropolitan REIT

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