

# Centuria Capital Group

## FY17 Annual Results



1

Overview

2

FY17 financial  
highlights

3

Property funds  
management

4

Unlisted property  
funds

5

Listed property  
funds

6

Investment  
bonds

7

Conclusion

8

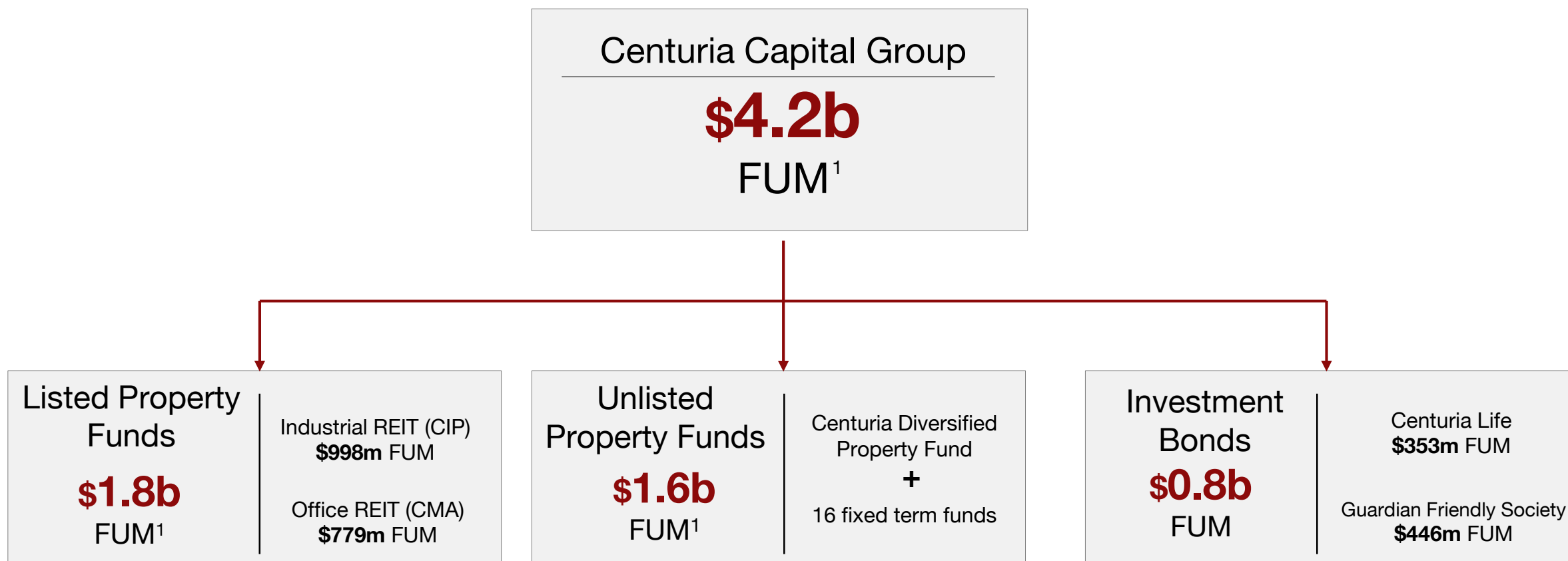
Appendices



# Overview






## Centuria profile

# ASX-listed specialist investment manager



1. Includes post 30 June 2017 acquisitions

## Operating highlights

	<b>Operating earnings</b>	<ul style="list-style-type: none"> <li>– Operating NPAT of 10.3 cps, in line with guidance</li> <li>– Recurring revenue contribution increased from 55% to 75% over FY17</li> </ul>
	<b>Distributions</b>	<ul style="list-style-type: none"> <li>– Final distribution of 5.2 cps</li> <li>– Total distributions for FY17 of 7.5 cps, in line with guidance</li> </ul>
	<b>Total FY17 returns</b>	<ul style="list-style-type: none"> <li>– To CNI Securityholders – 24%<sup>1</sup></li> <li>– To Unlisted Property Fund investors – 28%<sup>1</sup></li> <li>– To CMA Securityholders – 25%<sup>1</sup></li> </ul>
	<b>Funds under management</b>	<ul style="list-style-type: none"> <li>– 118% increase in FUM to \$4.2b<sup>1</sup> by organic growth and platform acquisitions</li> <li>– Includes \$1.4b FUM from acquisition of 360 Capital real estate platform and \$731m increase in FUM from the acquisition of 10 assets<sup>2</sup></li> </ul>
	<b>Capital management</b>	<ul style="list-style-type: none"> <li>– Accessed debt markets with \$100m corporate note issue</li> <li>– \$153m equity raise associated with 360 Capital acquisition and additional placement</li> <li>– Market capitalisation up from \$80m to \$290m<sup>3</sup></li> <li>– Good potential for CNI near-term ASX 300 inclusion</li> </ul>

1. Past performance is not indicative of future performance. Please refer to the Appendix for further important information on the calculation of total return figures

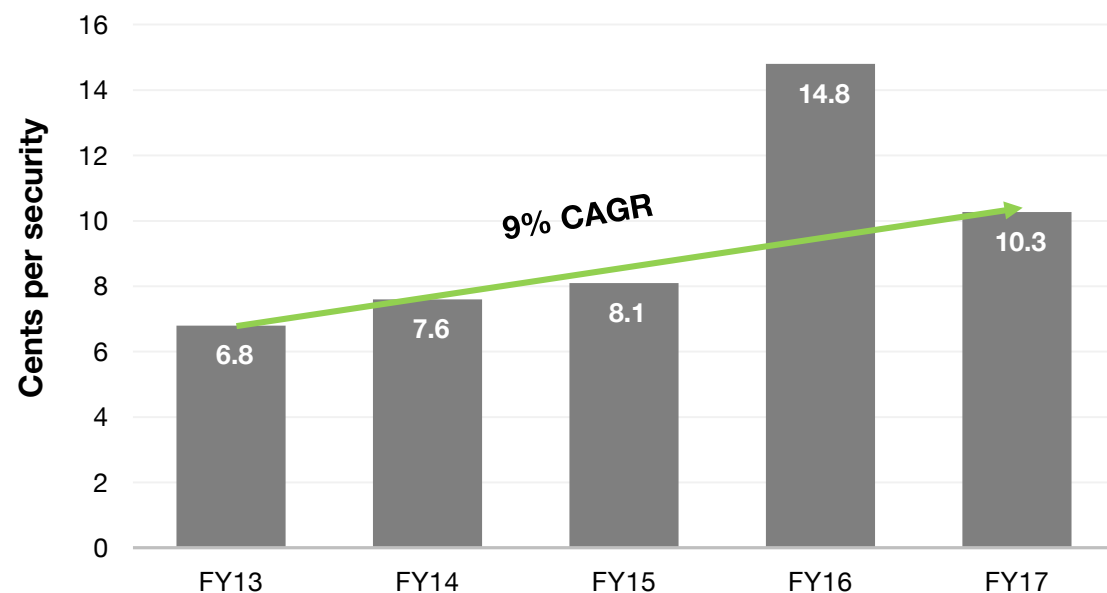
2. Includes post 30 June 2017 acquisitions

3. As at 21 August 2017

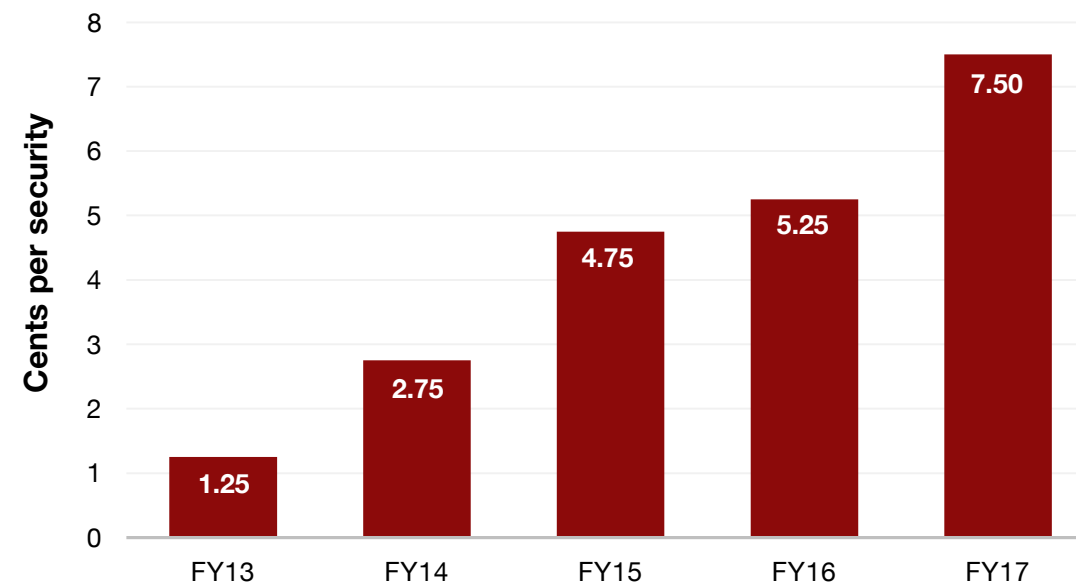
## Operating highlights

# Operating earnings and distributions continue to trend upwards

Operating earnings per security

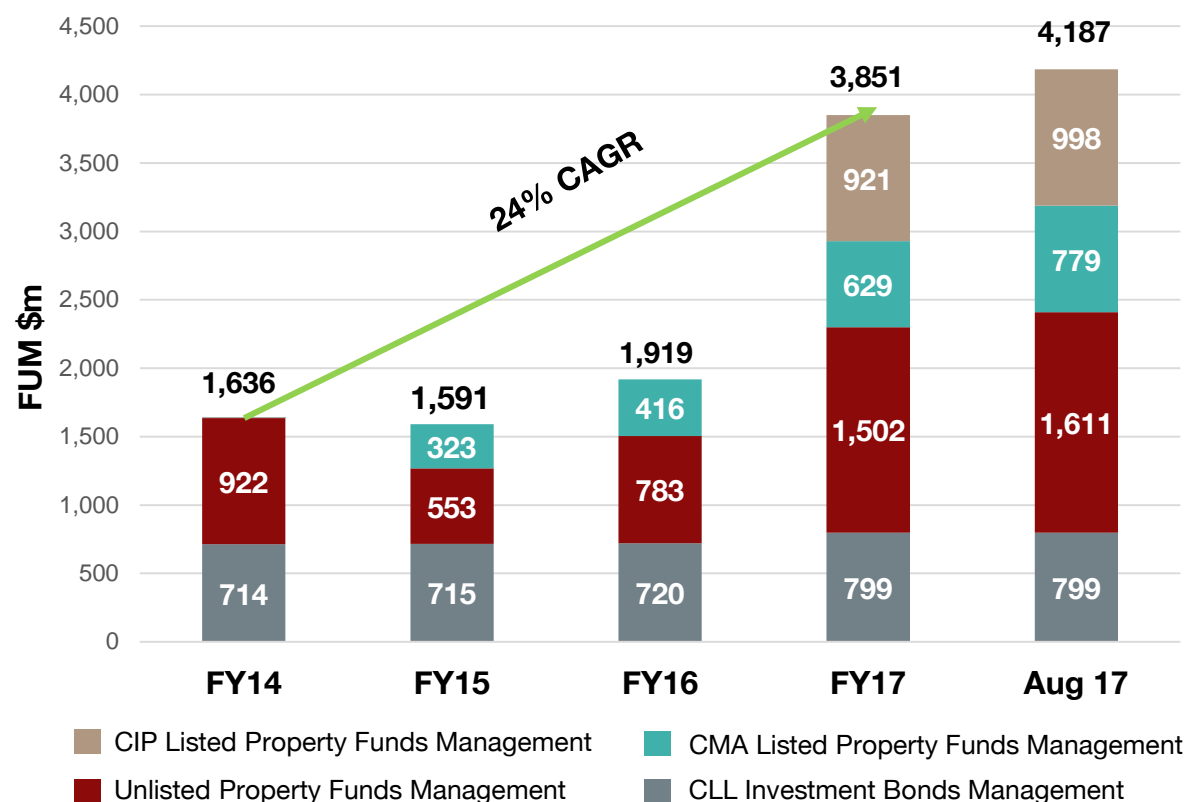


Distribution per security



Strong growth appetite

## Increased FUM by organic growth and platform acquisition



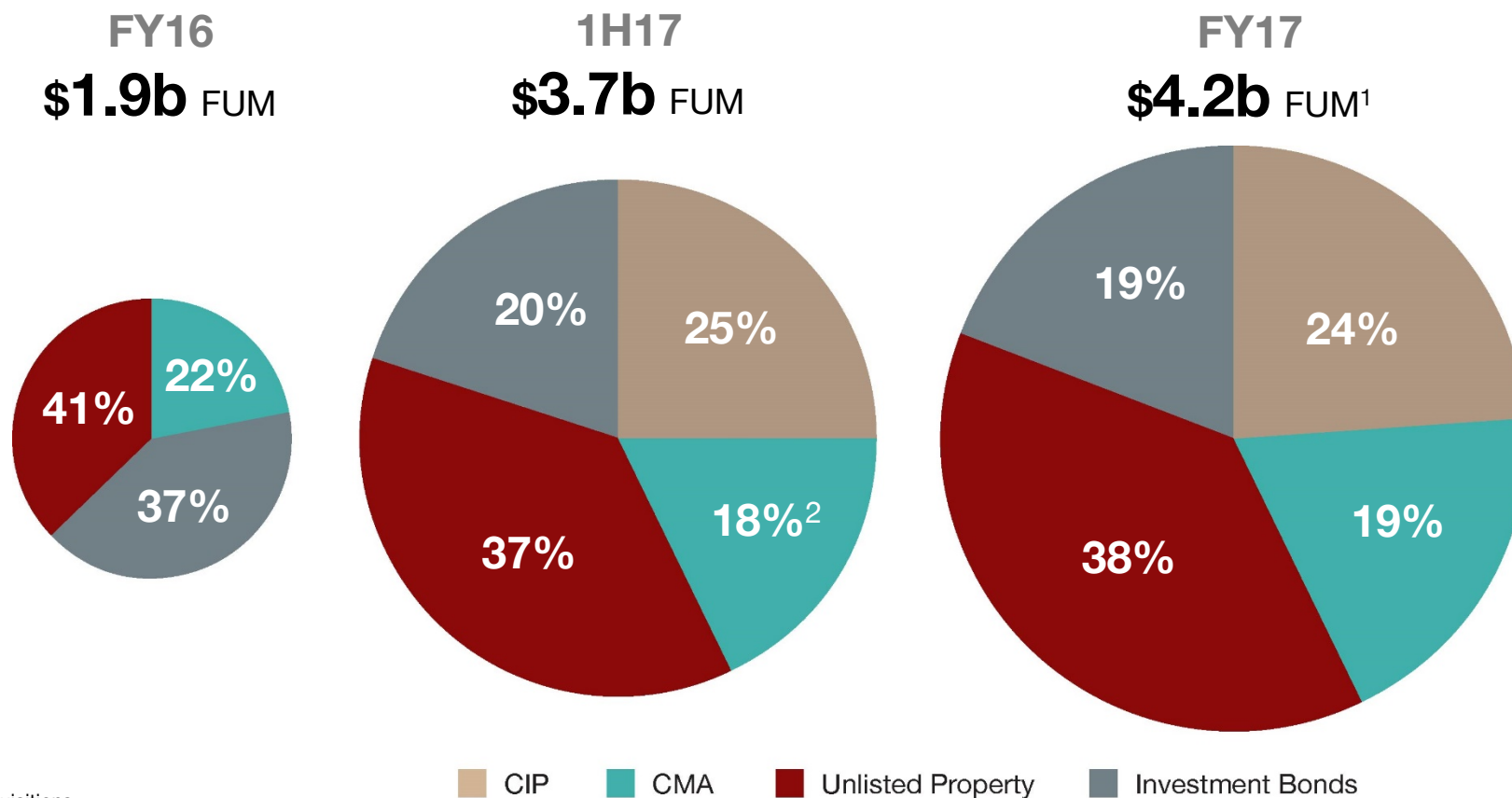
- Acquisition of 360 Capital platform added \$1.4b of FUM
- Strong organic growth with acquisition of 10 assets adding \$731m of FUM<sup>1</sup>
- Expanded distribution channels
  - Greater access to REIT market via CIP and CMA
  - High net worth & traditional channels growing strongly (10k + client base)
  - New capital partners (e.g. BlackRock) for larger joint acquisitions
  - Greater distribution opportunities with aligned financial advisers
- Investment Bonds FUM growth of 11%

1. Includes post 30 June 2017 acquisitions



Transformational FUM growth

## Setting a strong foundation for FY18 earnings



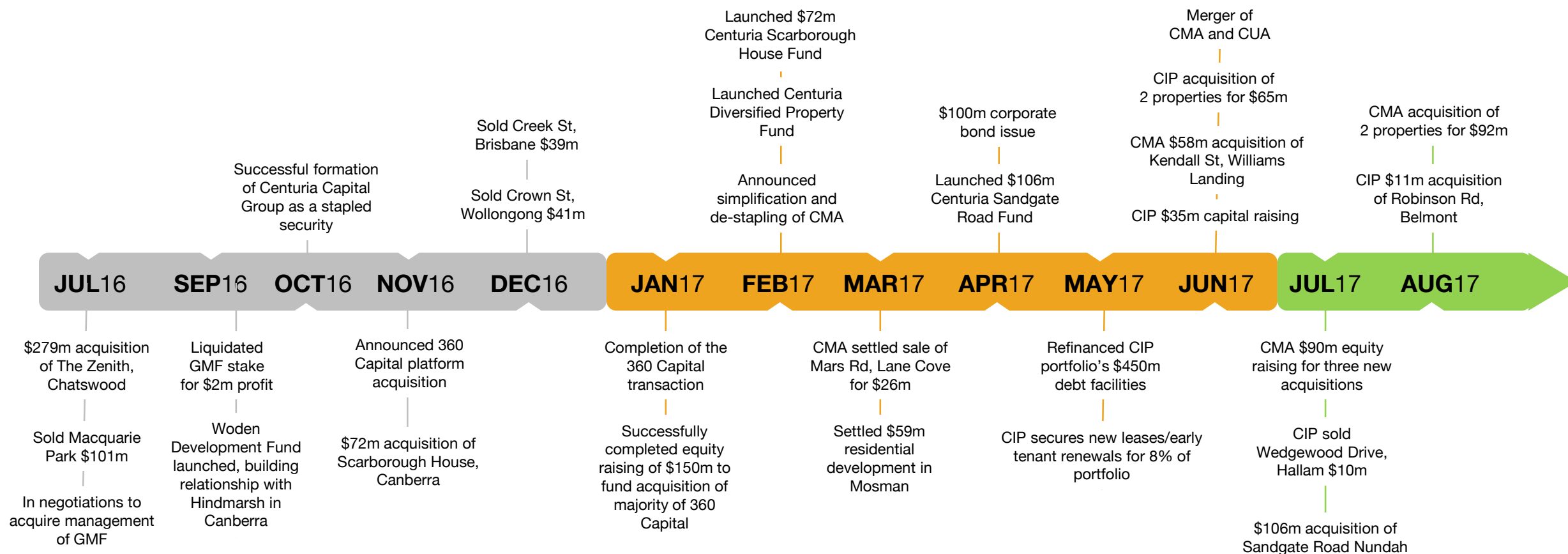
1. Includes post 30 June 2017 acquisitions

2. Includes Centuria Urban REIT



## FY17 corporate activity

# Centuria milestone timeline



## Strategy scorecard

# An important milestone year in Centuria's progress

Strategy	Initiative	Action
<b>Develop</b>	Corporate activity supporting growth and encouraging co-investment	<ul style="list-style-type: none"> <li>– Successful formation of CNI as a stapled security</li> <li>– Merger of CMA and CUA</li> <li>– Equity raising and 360 Capital platform acquisition added scale to business – market capitalisation \$290m<sup>1</sup></li> </ul>
<b>Support</b>	Strong parent support for listed and unlisted property and investment bonds	<ul style="list-style-type: none"> <li>– \$136m<sup>1</sup> co-investment in CIP/CMA</li> <li>– Balance sheet support for \$523m acquisitions in unlisted properties</li> </ul>
<b>Grow</b>	Platform positioned to build on FUM growth in real estate and investment bonds Increase recurring revenue streams via increased FUM and co-investments	<ul style="list-style-type: none"> <li>– Growth in FUM of 118%</li> <li>– FY17 recurring revenues increased to 75% of total revenues</li> <li>– Launch of six unlisted funds adding \$517m<sup>1</sup> FUM</li> <li>– Launch of open-ended diversified property fund</li> <li>– Record transaction The Zenith at \$279m<sup>2</sup></li> </ul>
<b>Perform</b>	Deliver superior returns to securityholders	<ul style="list-style-type: none"> <li>– EPS of 10.3 cps</li> <li>– DPS of 7.5 cps</li> </ul>

1. As at 21 August 2017  
2. In conjunction with BlackRock

## Outlook

- Greater scale and wider market recognition should lead to ASX 300 inclusion for Centuria in the near term
- Continue to support growth across all three property platforms (CMA, CIP and unlisted property)
- Greater access to capital markets (both equity and debt) and balance sheet depth will be utilised to:
  - accelerate unlisted property funds growth
  - increase co-investment stakes in CMA
  - review corporate acquisitions where appropriate
- Investment Bonds business in positive FUM growth; aim to improve position as Australia's fourth largest manager
- Further diversify distribution channels, build on existing wholesale relationships as well as traditional equity sources
- Anticipated benefits from existing unlisted fund performance fees as assets realised and group rewarded for asset outperformance
- Expect FY18 operating EPS to increase approximately 5%, assuming performance fee contribution is consistent with long term average

# FY17 financial highlights

## Group operating highlights

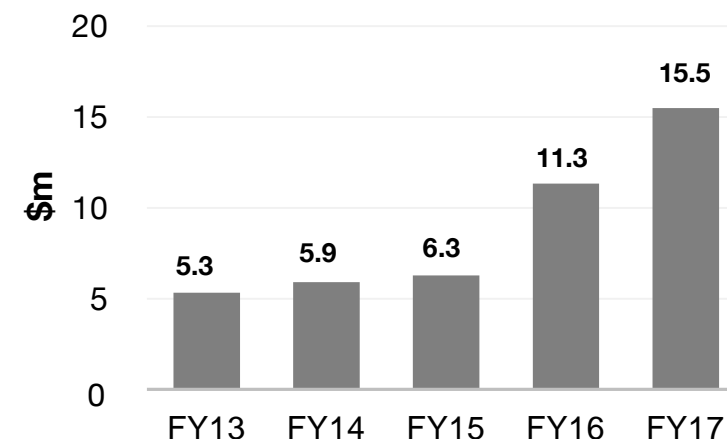
# Increased full year earnings

	FY17	FY16	% change
Operating NPAT	\$15.5m	\$11.3m	37%
Operating EPS	10.3cps	14.8cps <sup>1</sup>	(31%)
Statutory NPAT	\$26.3m	\$12.1m	117%
Statutory EPS	11.5cps	15.8cps	(27%)
Dividend/distribution per security	7.5cps	5.25cps	43%

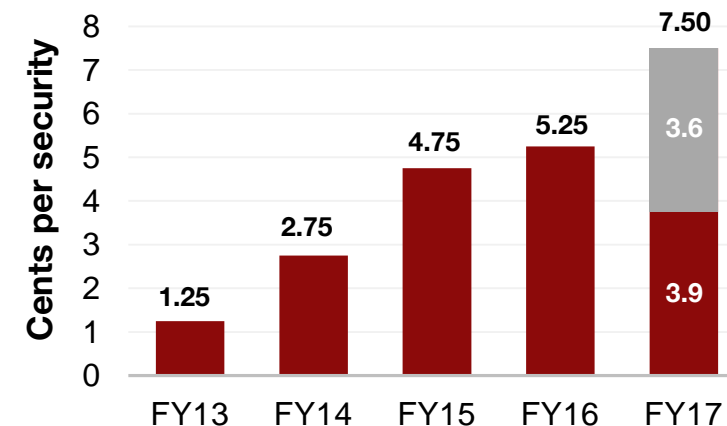
- Significant increase in operating NPAT reflects increased recurring revenue streams, including acquisition of 360 Capital real estate platform
- Distribution per security up 43% on FY16 with dividends fully franked and trust distributions 66% tax deferred

1. FY16 operating EPS includes \$15.8m in performance fees

Operating Net Profit After Tax



Distribution per security



■ Dividend per security ■ Trust distribution per security

## Operating segment results

# Significant increase in recurring earnings

- Operating EPS in line with guidance
- Significant growth in recurring revenue
- Co-investment earnings up on \$151m of investments
- Corporate costs in line with expectations from integration of the 360 Capital platform
- Improved effective tax rate

	FY17 (\$m)	FY16 (\$m)
<b>Operating profit by segment</b>		
Property Funds Management (ex. Performance Fees)	14.0	2.4
- performance fees	1.8	15.8
Investment Bonds division	4.4	4.5
Co-investment	5.9	1.8
- other income <sup>1</sup>	2.6	—
Reverse mortgages	0.0	(0.3)
Corporate	(7.5)	(6.3)
<b>Operating profit before interest and tax</b>	<b>21.2</b>	<b>17.9</b>
Corporate finance costs	(2.9)	(0.8)
<b>Operating profit before tax</b>	<b>18.3</b>	<b>17.1</b>
Operating tax expense	(2.8)	(5.8)
<b>Operating profit after tax</b>	<b>15.5</b>	<b>11.3</b>
Operating EPS - cps	10.3	14.8

1. Income from Belmont Rd, Mosman development

## Operating segment balance sheet

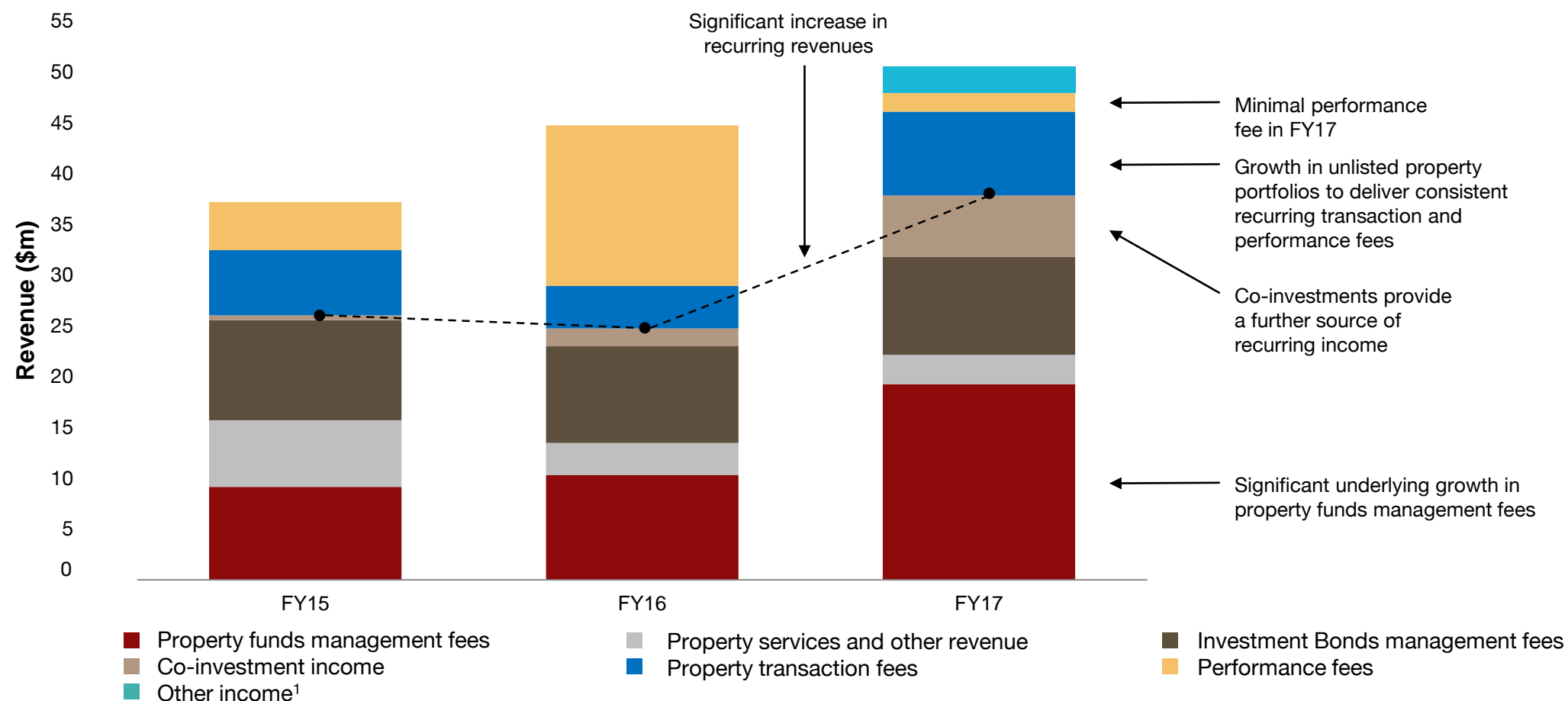
# Stronger balance sheet – a platform to support growth

	Property Funds Management \$'000	Investment Bonds Management \$'000	Co-investments \$'000	Reverse Mortgage \$'000	Corporate \$'000	Operating Balance Sheet FY17 \$'000	Operating Balance Sheet FY16 \$'000	
<b>Assets</b>								
Cash and cash equivalents	11,403	4,451	29,211	1,252	9,417	55,734	12,948	
Receivables	8,809	1,117	2,766	(25)	675	13,342	13,525	
Financial assets	-	-	151,354	46,186	-	197,540	109,577	← Significant increase in co-investments
Other assets	124	38	-	-	1,389	1,551	1,380	
Intangible assets	157,663	-	-	-	-	157,663	53,025	← Acquired management rights
<b>Total assets</b>	<b>177,999</b>	<b>5,606</b>	<b>183,331</b>	<b>47,413</b>	<b>11,481</b>	<b>425,830</b>	<b>190,455</b>	
<b>Liabilities</b>								
Payables	922	957	8,167	1,235	12,542	23,823	8,511	← Dividend distribution accrued this year
Liability to 360 Capital Group	-	-	7,938	-	-	7,938	-	
Provisions	624	-	-	-	677	1,301	1,155	
Borrowings	(6)	-	98,125	9,147	-	107,266	36,550	← \$100m corporate bond issue
Interest rate swap at fair value	-	-	-	18,190	-	18,190	20,753	
Deferred tax liability	422	(18)	-	(1)	(2,724)	(2,321)	2,900	
Provision for income tax	3,485	199	(123)	1,720	(2,497)	2,784	1,826	
<b>Total liabilities</b>	<b>5,447</b>	<b>1,138</b>	<b>114,107</b>	<b>30,291</b>	<b>7,998</b>	<b>158,981</b>	<b>71,695</b>	
<b>Net assets</b>	<b>172,552</b>	<b>4,468</b>	<b>69,224</b>	<b>17,122</b>	<b>3,483</b>	<b>266,849</b>	<b>118,760</b>	← \$153m in equity raised during the year



## Sources of operating revenue

### Increased recurring revenue



1. Revenue from Belmont Road, Mosman development

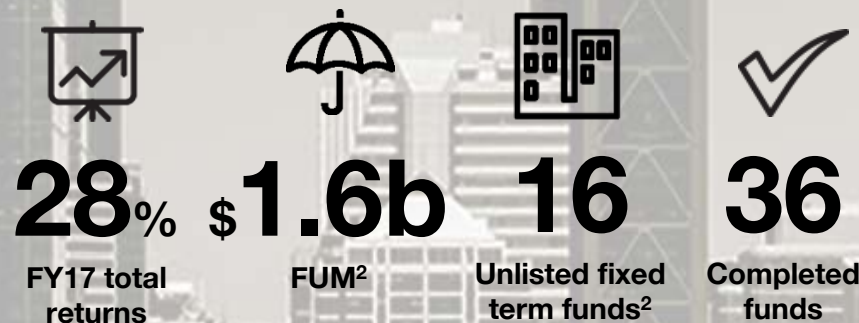
# Property funds management

## Property funds management division

### Unlisted property funds

Centuria's unlisted property business has a 20 year history of arranging the syndicated acquisition of investment-grade property to an extensive private client network.

Centuria has a strong track record of delivering competitive income returns and capital growth for our investors, with asset sales of \$1.3b and an average return to investors of 13.1%<sup>1</sup> across 36 completed funds.

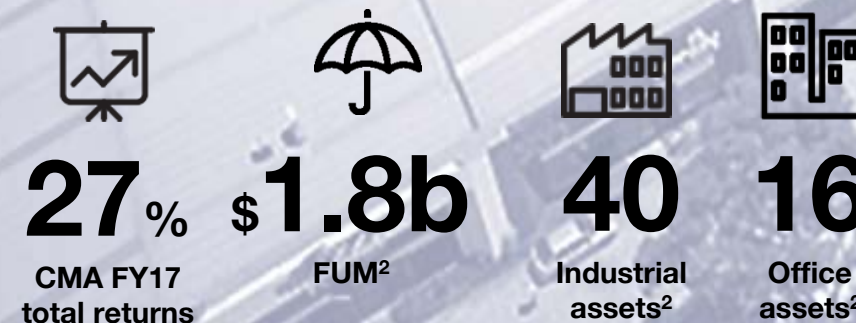


1. Past performance is not indicative of future performance. Please refer to the Appendix for further important information on the calculation of total return figures

### Listed property funds

Centuria's listed property business offers investments in high-quality office and industrial assets across Australia through two ASX listed REITs: Centuria Industrial REIT (CIP) and Centuria Metropolitan REIT (CMA).

The business focus is to deliver predictable and growing returns to investors by generating value throughout the property cycle – from the strategic acquisition of assets to actively managing properties to attract and retain good tenants.

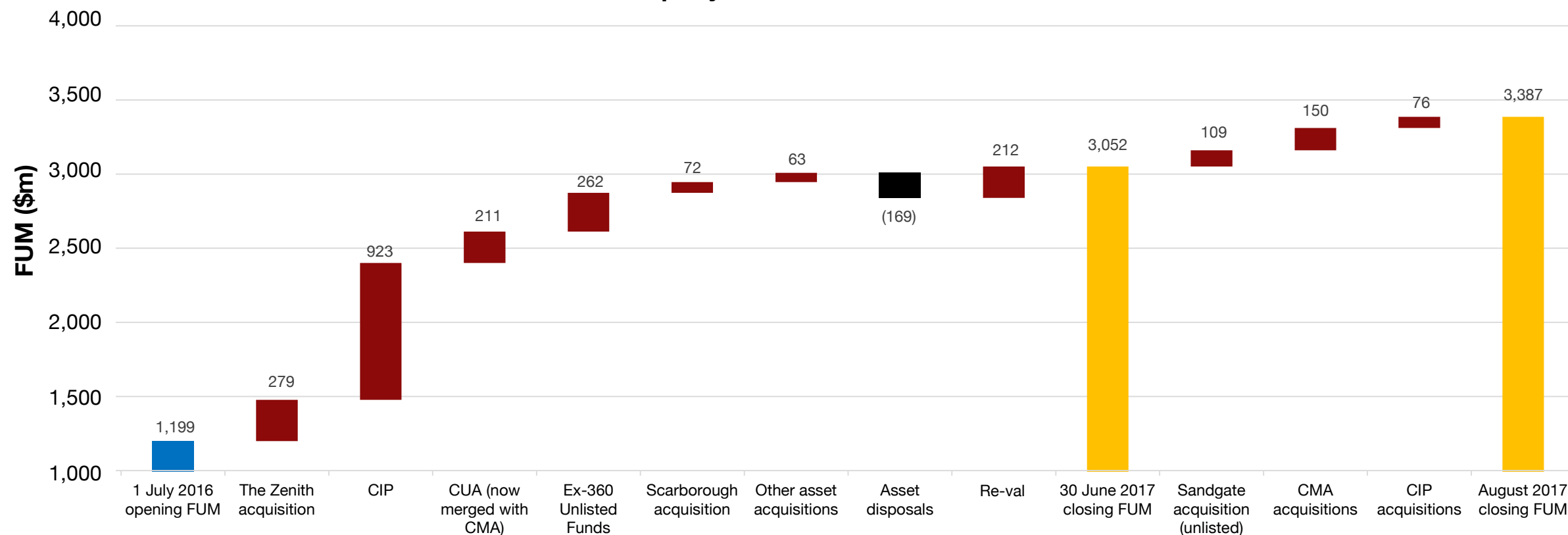


2. Includes post 30 June 2017 acquisitions

## Property highlights

# 183% growth in total property funds under management<sup>1</sup>

Centuria Property Funds Gross Asset Value



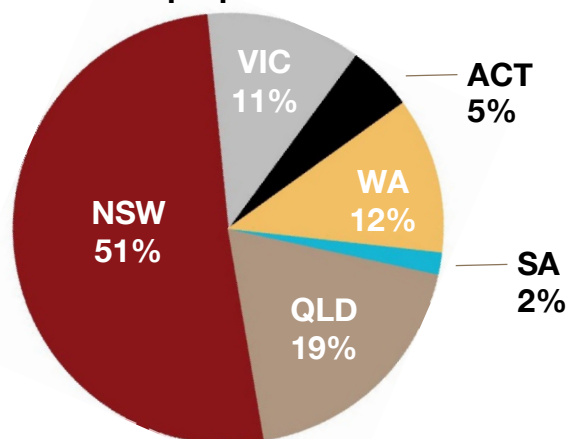
1. Includes post 30 June 2017 acquisitions

Growing our property footprint nationally

## Increased geographic diversification

- Acquired Australia's largest pure income-focused Industrial REIT (CIP)
- Grew CMA into the dominant listed metropolitan office REIT on ASX
- Unlisted property division FUM growth of 106%

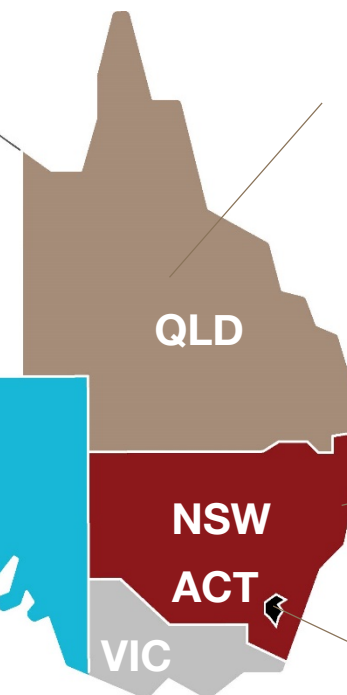
Geographic diversification of properties



**9 Properties valued at \$392m**  
 CMA Office: 2 properties at \$92m  
 CIP Industrial: 4 properties at \$111m  
 Unlisted Office: 3 properties at \$189m



**14 Properties valued at \$622m**  
 CMA Office: 4 properties at \$235m  
 CMA Industrial: 1 property at \$26m  
 CIP Industrial: 6 properties at \$178m  
 Unlisted Office: 2 properties at \$137m  
 Unlisted Retail: 1 property at \$46m



**27 Properties valued at \$1,665m**  
 CMA Office: 3.5 properties at \$149m  
 CMA Industrial: 1 property at \$18m  
 CIP Industrial: 13 properties at \$381m  
 Unlisted Office: 8.5 properties at \$1,095m  
 Unlisted Retail: 1 property at \$22m



**4 Properties valued at \$156m**  
 CMA Office: 2 properties at \$74m  
 CIP Industrial: 1 property at \$15m  
 Unlisted Office: 1 property at \$67m



**3 Properties valued at \$56m**  
 CMA Office: 2 properties at \$48m  
 CIP Industrial: 1 property at \$8m

**15 Properties valued at \$387m**  
 CMA Office: 2 properties at \$119m  
 CIP Industrial: 13 properties at \$268m



# Unlisted property funds



## Unlisted property highlights

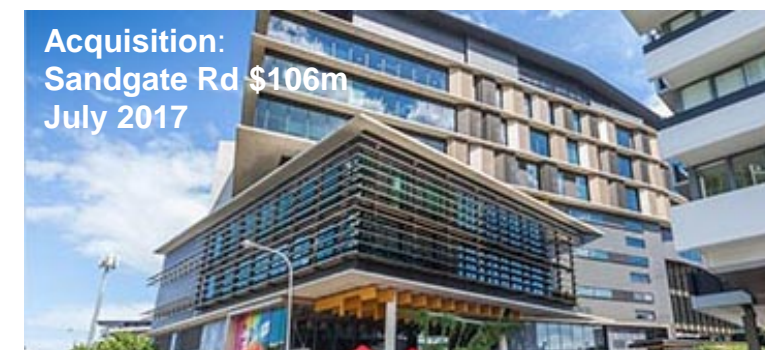
# Strong FUM growth of 106% to \$1.6b<sup>1</sup> in FY17

- Launched six new funds adding \$517m FUM<sup>1</sup>, highlights include:
  - Record transaction with The Zenith<sup>2</sup> at \$279m
  - Scarborough House \$72m, equity raising closed in five days
  - Acquisition of Sandgate Road for \$106m
  - Woden Green development fund fully subscribed
- Four funds acquired from 360 Capital adding \$262m FUM
- Completion of Belmont Road Development Fund, generating IRR of 20.4% pa
- Completion of 8 Australia Avenue Fund, generating IRR of 13.3% pa
- Launched the unlisted Centuria Diversified Property Fund
- Delivered 28.3% total return to unlisted investors in FY17<sup>3</sup>

1. Based on valuation at launch (includes post 30 June 2017 acquisitions)

2. In conjunction with BlackRock

3. Past performance is not indicative of future performance. Please refer to the Appendix for further important information on the calculation of total return figures.



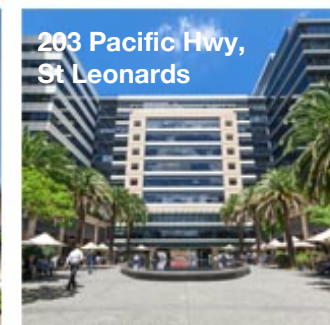
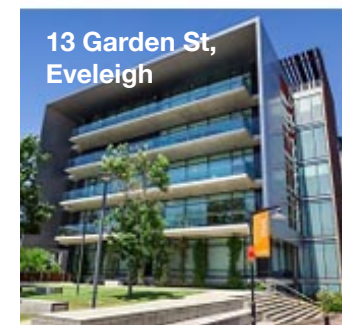
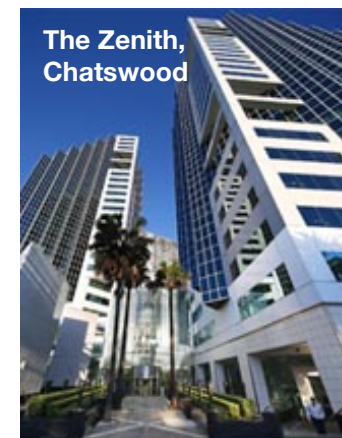


## Centuria Diversified Property Fund

# Diversified, platform-friendly property fund



- Currently invested in 9 quality office funds
- Daily unit pricing and applications
- Offers liquidity through a limited monthly redemption facility
- 12 month return of 19.5%, outperforming benchmark<sup>1</sup> by 144%
- “Recommended” rating from Lonsec<sup>2</sup> and Core Property
- Expanded distribution to aligned financial advisers via platforms



1. Benchmark of 8% reflects the funds long term asset allocation. Refer to the Centuria Diversified Property Fund PDS for more details.

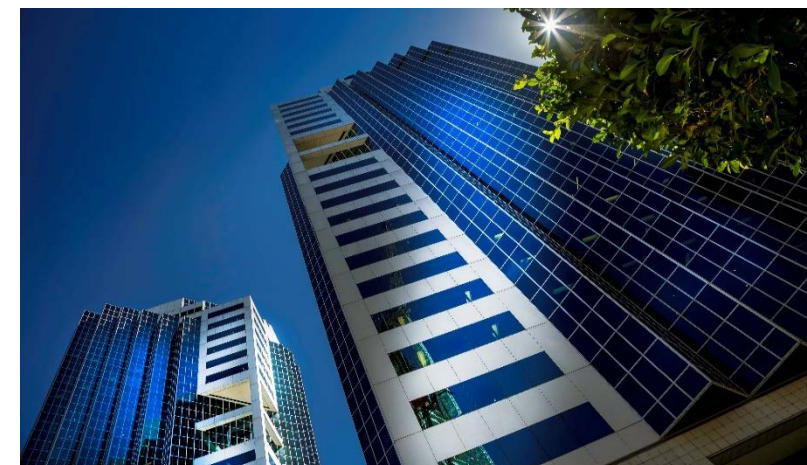
2. For information regarding the Lonsec rating, please refer to the Appendix

## Unlisted fund case study: The Zenith

# Total return of 28.6%<sup>1</sup> in 12 months

- Iconic institutional-grade office building located 12km north of Sydney CBD
- Acquired in July 2016 in partnership with BlackRock
- 21% uplift in property valuation since purchase
- Achieved substantial leasing progress in FY17 increasing WALE to 3.4 years<sup>2</sup>
  - 10 new leasing deals totaling 8,950sqm<sup>2</sup>
  - Exercised options totalling 4,236sqm<sup>2</sup>, and terms agreed with existing tenants over five deals for a further 8,595sqm<sup>2</sup>
- Strong rental growth, including record Chatswood rental of \$625/sqm net over a half floor
- Reduced outgoings by \$10/sqm

	July 17	Purchase
WALE	3.4 years	2.6 years
Value	\$339m	\$279m
Occupancy	94%	96%
August rental	\$523/sqm	\$490/sqm



1. Past performance is not indicative of future performance. The case study is in summary form only and has no correlation to any other property or fund. Total returns include capital gains as well as distributions paid since the inception of the fund in July 2016 shown on a per annum basis. The case study is provided strictly for the information of shareholders and should not be relied on by investors in any of Centuria's funds. The Centuria Zenith Fund is closed to new investment and returns will vary from year to year and may even be negative in future years. Each fund managed by Centuria Property Funds Limited will have different characteristics, properties and risk and should be assessed by an investor independently of the performance of completed funds. Please refer to the Appendix for further important information on the calculation of total return figures

2. Including areas that were under offer at 30 June 2017

## Unlisted fund case study: Belmont Road

# Adding value to deliver superior returns for investors

- High-end, boutique 62 apartment residential development in prestigious Mosman, Sydney
- Redevelopment of legacy unlisted Centuria office fund asset
- 100% pre-sold prior to completion
- Created the opportunity for investors to participate in attractive equity returns
- Fixed price contract completed on time and on budget
- Centuria co-invested alongside investors in a deal-specific development fund

### Fund overview

Fund launch	Feb 2015
Fund term	2.1 years
Equity raised	\$14m
Centuria co-investment	\$4m
Total return (per dollar invested)	\$1.45
Total return (% pa)	20.4%



This case study provides a selected example relating to returns for the Centuria Belmont Road Development Fund completed during the year. The case study is in summary form only and has no correlation to any other property or fund. Total returns include capital gains as well as distributions paid during the life of completed funds shown on a per annum basis. Performance has been determined after the property sold and the fund wound up. Each fund managed by Centuria Property Funds Limited will have different characteristics, properties and risk and should be assessed by an investor independently of the performance of completed funds.

## Unlisted property outlook

# Strong investor demand continues

### — Investor demand

- Investor demand for unlisted products continues to grow
- New investment products to be created to match investor appetite for risk and return (e.g. Centuria Diversified Property Fund)
- Income remains the key investment driver
- Increased enquiry for investment in alternate asset classes
- Well positioned to expand distribution to aligned financial advisers
- Centuria brand is well established in the Australian marketplace

### — Returns

- Investors benefiting from increased valuations and distributions
- Cap rate compression continuing in most markets
- Significant leasing success across the portfolio

*“Conditions continue to be optimal for the unlisted property business. In a market facing cap rate compression and low interest rates, there is broad consensus that Australian unlisted commercial property offers better value for investors seeking secure and stable income streams.”*

*“In FY17 we have pioneered retail funds with starting yields of 6.5% – 7.0% as return expectations adjust to prevailing market conditions.”*

**Jason Huljich**  
**CEO – Unlisted Property Funds**

# Listed property funds



## Listed property highlights

# Significant growth since launch of initial REIT in December 2014



**\$1.8b**  
FUM<sup>1</sup>

- Centuria Metropolitan REIT – \$779m FUM<sup>1</sup>
  - Market leading office REIT with 18 assets
  - Over 3,150 institutional and retail investors



**\$4.5m**  
Recurring revenues  
for group in FY17

- Centuria Industrial REIT now managed by Centuria following the acquisition of 360 Capital platform
  - Australia's largest asset-focused ASX listed industrial REIT with \$998m of FUM<sup>1</sup>
  - Over 7,850 institutional & retail investors



**11k**  
Institutional and retail  
investors

- Centuria Capital is now a top five manager of Australian listed real estate
- Poised for continued expansion in FY18

1. Includes post 30 June 2017 acquisitions

## Centuria Industrial REIT (CIP)

### — Australia's largest pure-play industrial REIT

- Market capitalisation of \$563m<sup>1</sup> – included in S&P ASX 300 Index
- Distribution yield 8.3%<sup>2</sup> based on unit price of \$2.47 per security

### — Geographically diverse portfolio of 38 industrial assets

- NSW, VIC, QLD, SA, WA and ACT
- Portfolio book value of \$961m<sup>3</sup>

### — Since assuming management of CIP on 9 January 2017 Centuria has:

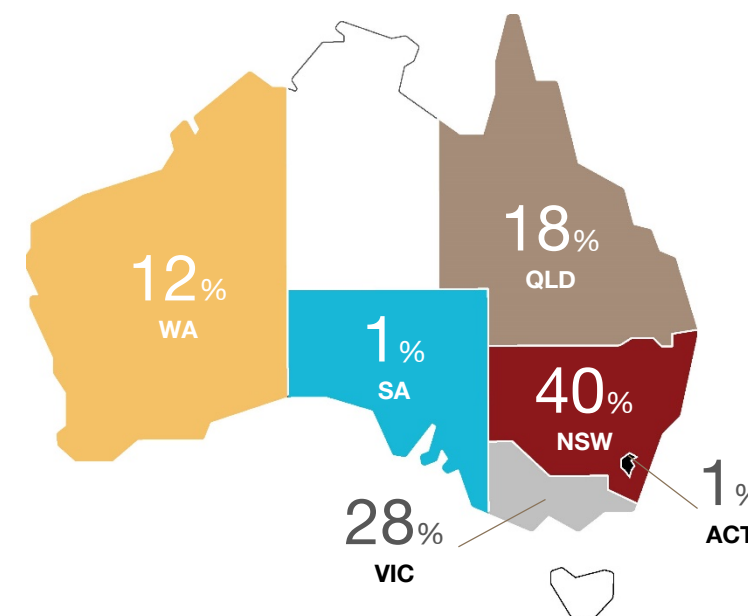
- Re-leased more than 17%<sup>2</sup> of the portfolio
- Acquired \$76m of complimentary assets, coupled with a \$35m equity raising
- Refinanced 100% of the REIT's \$450m debt facilities

1. As at 16 August 2017

2. As at 30 June 2017

3. Includes post 30 June 2017 acquisitions

Portfolio snapshot		FY17 <sup>3</sup>	FY16
Number of assets		38	37
Book value	\$m	961.2	905.2
WACR	%	7.33	7.45
GLA	sqm	757,944	686,411
Average asset size	sqm	19,945	18,551
WALE	years	4.4	4.7





## Centuria Metropolitan REIT (CMA)

### — Australia's dominant metropolitan office REIT

- Market capitalisation in excess of \$492m<sup>1</sup> primed for inclusion in S&P ASX 300 Index
- Distribution yield 7.6%<sup>2</sup> based on unit price of \$2.50 per security

### — Geographically diverse portfolio of 16 office and two industrial assets

- NSW, VIC, QLD, SA, WA, ACT
- Portfolio book value of \$760m<sup>3</sup>

### — Highlights:

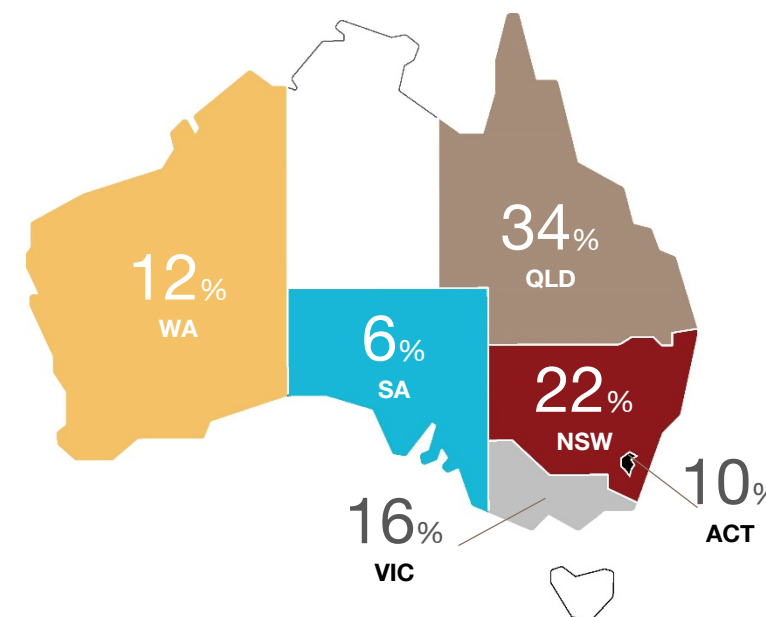
- Merged with Centuria Urban REIT (\$213m FUM) 29 June 2017
- Re-leased more than 15.5%<sup>1</sup> of the portfolio
- Acquired a further \$150m of office assets, coupled with a \$90m equity raising

1. As at 16 August 2017

2. As at 30 June 2017

3. Includes post 30 June 2017 acquisitions

Portfolio snapshot		FY17 <sup>1</sup>	FY16
Number of assets		18	13
Book value	\$m	760	398.7
WACR	%	7.17	7.86
NLA	sqm	163,411	112,653
WALE	years	4.3	3.9



# Investment Bonds

## Investment Bonds

### Centuria Life

With a 35-year heritage, Centuria Life offers flexible, tax-effective ways to create, transfer and protect wealth through unitised investment bonds and capital guaranteed funds.

Investment Bonds are a tax paid investment structure to help people grow their wealth and achieve financial goals – such as funding education, estate planning or finding an alternative to superannuation.

  
**\$353m**  
FUM

  
**50%**  
Access to non-aligned advisers via APLs

  
**7**  
Investment options


  
**13k**  
Customers

### Over Fifty Guardian Friendly Society

The Over Fifty Guardian Friendly Society invests the proceeds of prepaid funeral plans distributed by Invocare Limited.

The Society is well positioned, achieving strong growth to \$446m, with continued growth expected in the sector.

  
**\$446m**  
FUM

  
**75k**  
Customers

  
**21%**  
FUM growth

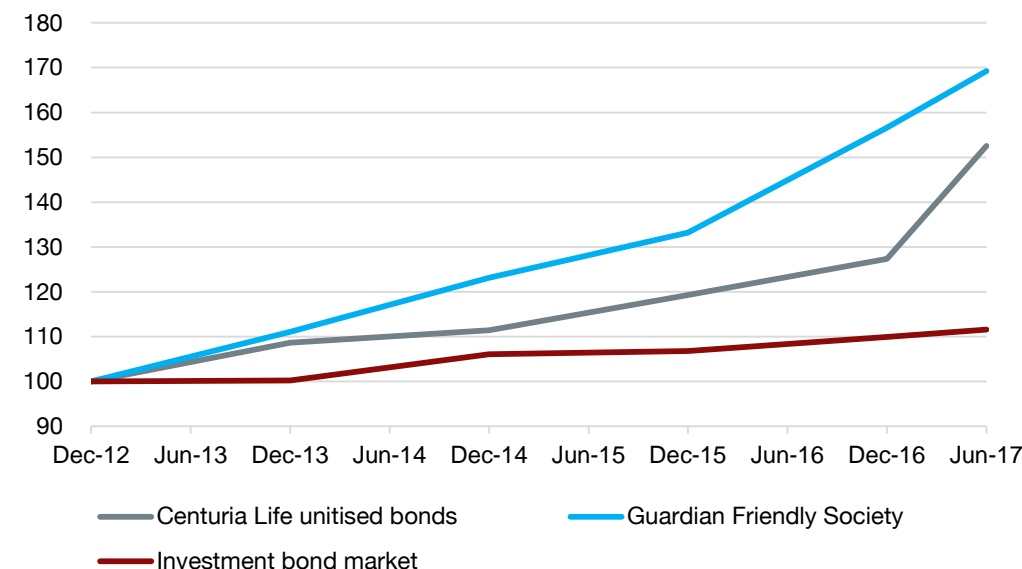
## Investment Bonds

# Fourth largest friendly society/insurance bond issuer in Australia

- 10.8% market share of \$7.4b total market
- Unitised investment bonds grew 28% from asset growth and new business
- Well positioned in the non-aligned financial adviser market

	FY17 (\$m)	FY16 (\$m)	Change	
Unitised Bonds (Centuria Life)	113	88	28.4%	▲
Capital Guaranteed (Centuria Life)	240	262	7.6%	▼
Prepaid funeral plans (Guardian)	446	370	21%	▲
<b>Total FUM</b>	<b>799</b>	<b>720</b>	<b>11%</b>	▲
Inflows	80	67	19%	▲
Redemptions	75	96	28%	▼

Centuria Investment bond division growth v investment bond market



## Investment Bonds

# Outlook

### Regulatory change

- 1 July 2017 super changes introduced to cap superannuation balances and limit the transfer of wealth

### Distribution strategy

- A continued focus on the non-aligned financial adviser market
- Increased interest from financial advisers in using investment bonds to supplement super savings and transfer wealth

### Enhanced customer and adviser service

- Direct online application form with no signature required
- New Xplan and Adviser logic data feed to improve Centuria visibility for advisers

*“With over 700 Australians turning 65 every day, Centuria’s Investment Bonds act as a structure for my clients to efficiently transfer wealth from one generation to the other.”*

**Val Nigol, Principal, Financial Freedom Solutions**

*“Investment Bonds provide advisors with an important addition to their strategic toolkit. With the recent changes to superannuation contribution caps, Centuria’s Investment Bonds offer a simple and flexible structure to supplement superannuation savings.”*

**Mark Nagle, Executive Director, Treysta Financial Life Management**

# Conclusion

## Conclusion

### A strong foundation for FY18 growth

- A transformational year for Centuria Capital, with group FUM increasing 118% to \$4.2b
- Acquisition of 360 Capital platform was a step-change for the group, bringing the business to scale
- Market leading real estate capability utilised to achieve \$731m in quality asset acquisitions across listed and unlisted businesses
- Delivered strong Securityholder returns across listed and unlisted funds
- Achieved accelerated, above market growth in both our unitised bonds business and the Guardian Friendly Society
- Platform is well placed for FY18, with strong activity across all business segments. Expecting operating EPS to increase approximately 5% to 10.8cps in FY18
- Good potential for CNI near-term ASX 300 inclusion



# Appendices

## Appendix

Past performance is not indicative of future performance:

- a) The total return figures for CNI and CMA on page 5 and 22 are based on the movement in security price from ASX opening on 1 July 2017 to ASX closing on 30 June 2017 plus the distribution per security declared during the financial year without re-investment of distributions. It is a one year performance figure provided strictly for the information of Securityholders only. Further information on the historical performance on Centuria's listed funds can be found on our website.
- b) The total return figure for unlisted funds on page 5, is an aggregated one year performance figure provided strictly for the information of shareholders only, and does not detail the performance of any particular fund. It is calculated based on the movement in the Net Tangible Asset backing per unit in each of Centuria's unlisted property funds from 1 July 2016 to 30 June 2017 plus the total of distributions to investors declared in that period and is calculated inclusive of actual fees paid and an assumption for performance fees if the property had been sold on 30 June 2017. The total return is an aggregated one year performance figure provided strictly for the information of shareholders only, and does not detail the performance of any particular fund. The total return figure is provided in relation to the current financial year only and does not indicate the returns that any particular fund has achieved or the performance of any fund since inception. Prospective investors in any of Centuria's funds should not rely on this information in respect of any decision in relation to an investment in any of Centuria's funds.
- c) The total return figures for various unlisted funds on pages 22, 23 and 24 calculated based on the movement in the Net Tangible Asset backing per unit in each of those unlisted property funds from 1 July 2016 to 30 June 2017 plus the total of distributions to investors declared in that period and is calculated inclusive of actual fees paid and an assumption for performance fees if the property had been sold on 30 June 2017.
- d) Annualised total return on page 18 of 13.1% is current as at 30 June 2017 and is the average of returns across all funds managed to completion (all real estate assets sold and debt repaid) by Centuria Property Funds Limited as responsible entity/trustee since 1998 and includes capital gains as well as distributions paid during the life of completed funds shown on a per annum basis. The annualised total return does not represent the current performance of any of Centuria's funds currently under management. Each fund managed by Centuria Property Funds Limited will have different characteristics, properties and risk and should be assessed by an investor independently of the performance of completed funds. Average per annum returns calculated at the completion of a fund do not take into account returns in any particular year and current or future funds may experience fluctuations in asset values and distributions during the life of a fund.

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For further information regarding Lonsec's Ratings methodology, please refer to Lonsec's website at <http://www.lonsecresearch.com.au/research-solutions/our-ratings>

## Definitions

**Operating Segments** - Group has five reportable operating segments. These reportable operating segments are the divisions which report to the Group's Chief Executive Officer and Board of Directors for the purpose of resource allocation and assessment of performance.

The reportable operating segments are:

**Property Funds Management** – Management of listed and unlisted property funds

**Investment Bonds Management** – Management of the Benefit Funds of Centuria Life Limited and management of the Over Fifty Guardian Friendly Society Limited. The Benefit Funds include a range of financial products, including single and multi-premium investments

**Co-investments** – Direct interest in property funds and other liquid investments

**Reverse mortgages** – Management of a reverse mortgage lending portfolio

**Corporate** – Overheads supporting the Group's operating segments

**Non-operating segments** – Non-operating items comprises transaction costs, mark-to-market movements on property and derivative financial instruments, and all other non-operating activities. Includes Benefits Funds and Controlled Property Funds

**Benefit Funds** – Represents the operating results and financial position of the Benefit Funds which are required to be consolidated in the Group's financial statements in accordance with accounting standards

**Controlled Property Funds** – Represents the operating results and financial position of property funds which are controlled by the Group and consolidated under accounting standards

Other definitions:

**CAGR** – Compound annual growth rate

**CIP** – Centuria Industrial REIT comprises the Centuria Industrial REIT ARSN 099 680 252 and its subsidiaries. The Responsible Entity of CIP is Centuria Property Funds No. 2 Limited ACN 133 363 185

**CMA** – Centuria Metropolitan REIT comprises the Centuria Metropolitan REIT ARSN 124 364 718 and its subsidiaries. The Responsible Entity of CMA is Centuria Property Funds Limited ACN 086 553 639

**CNI, CCG or the Group** – Centuria Capital Group comprises of Centuria Capital Limited ABN 22 095 454 336 (the 'Company') and its subsidiaries and Centuria Capital Fund ARSN 613 856 358 ('CCF') and its subsidiaries. The Responsible entity of CCF is Centuria Funds Management Limited ACN 607 153 588, a wholly owned subsidiary of the Company

**DPS** – Distribution Per Security

**EPS** – Earnings Per Security

**FUM** – Funds Under Management

**IRR** – Internal Rate of Return

**NPAT** – Net Profit After Tax

**WACR** – Weighted Average Capitalisation Rate

**WALE** – Weighted Average Lease Expiry

**360 Capital Transaction** – CCG's acquisition of the property funds management platform of 360 Capital Group (along with certain co-investment stakes), including management of two market leading listed REITs and four of its mature unlisted property funds

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