



Australian Securities Exchange – Company Announcements Platform

Centuria Capital Group

13.1% FUM growth to \$4.4 billion to date in 1H FY18

Sydney, 5 December 2017:

Centuria Capital Group Limited (**Centuria** or **CNI**) update:

- **\$115 million increase of fund property valuations across the Centuria platform**
- **Acquisition of 50% interest in 201 Pacific Highway for \$86 million to establish new Centuria wholesale property fund**
- **Centuria Metropolitan REIT's (ASX:CMA) acquisition of the other 50% interest in 201 Pacific Highway, along with 77 Market Street, Wollongong for a combined value of \$119 million**
- **CNI to take up 100% of its rights and sub underwrite up to \$10 million in the \$60 million accelerated non-renounceable rights offer being undertaken by CMA to fund the two acquisitions.**

CNI FY18 highlights to date:

- 54% total return to existing investors¹ since 1 January 2017
- 1H FY18 gross property acquisitions \$540 million to date
- Group funds under management (FUM) increase 13.1% to \$4.4 billion from 1 July 2017
- Increased strategic co-investments in both CMA and Centuria Industrial REIT (ASX:CIP) to 19.9%
- \$26 million performance fee² from sale of 10 Spring Street, Sydney (6.8 cps³)
- \$60 million equity raising in 1H FY18, increasing market capitalisation to \$400 million⁴
- Likely S&P/ASX 300 inclusion in the near term. Once included, CNI will be positioned as a significant property fund manager in ASX 300⁵.

¹ As at 4 December 2017. Total return calculation based on closing security price accumulated for the reinvestment of dividends. Past performance is not an indication of future performance

² Net performance fee as announced on 26 September 2017

³ Post tax contribution

⁴ As at 4 December 2017

⁵ Ex-ASX 200



Revaluations of managed investment properties

Centuria is pleased to announce FUM has increased by \$115 million following independent revaluations across all Centuria managed fund properties, comprising:

- \$31 million valuation increase for CIP
- \$34 million valuation increase for CMA
- \$50 million increase in the carrying value of investment properties within Centuria unlisted funds.

Increased management fees flowing from increased FUM will impact positively from 2H FY18.

The financial statements for Centuria's unlisted property funds presently carry provisions for performance fees payable to CNI subsidiary Centuria Property Funds Limited upon the termination of each fund. These provisions are calculated by reference to valuation and accordingly as unlisted fund asset valuations increase, ultimately the performance fee provisions will increase.

Embedded performance fees are expected to be ongoing and can be substantial (e.g. \$16 million FY16 and \$26 million to date in FY18) and presently these fees are brought to account in CNI's financial statements in the financial period they are generated. At present seven live unlisted funds make provision for embedded performance fees, and the total value of these seven funds represent approximately half the \$1.5 billion unlisted property FUM.

In addition, the value of CNI's co-investments and other property securities held on balance sheet will impact the CNI balance sheet positively by approximately \$11 million or 4 cents per security. This adjustment will also impact CNI's statutory profit positively.

Asset acquisition and new Centuria Wholesale Fund

Centuria has entered into an unconditional put and call option agreement regarding a 50% interest in 201 Pacific Highway, St Leonards with the put option having a settlement date of 10 June 2018. The purchase consideration is \$86 million. CMA has acquired the balance of the property.

Centuria is presently establishing a new wholesale fund to ultimately acquire the interest in 201 Pacific Highway and anticipates making an announcement regarding the fund when it is finalised.

CMA asset acquisitions and \$60 million CMA equity raising

CMA announced today that it has entered into agreements to acquire two A Grade metropolitan office assets for \$119 million being:

- A 50% interest in 201 Pacific Highway, St Leonards, for \$86 million; and
- 77 Market Street, Wollongong – an expanding NSW metropolitan market – for \$33 million

As detailed in today's CMA ASX release (attached), the acquisitions will be funded by a fully underwritten \$60 million equity raising and existing CMA debt facilities.



Financial impact and guidance

CNI reaffirms FY18 distribution per security guidance of 8.2 cents per share, representing a 9.3% increase in distributions from FY17 and FY18 operating earnings guidance of 15.8 – 16.2 cents per security.

Centuria CEO, John McBain said:

“These acquisitions bring the total value of property assets purchased across the Centuria platform in the first half of FY18 to more than \$540 million. With further assets presently in due diligence, this makes us one of the most active and fastest growing property fund managers in our peer group.”

“The quality of these assets continues to demonstrate Centuria’s hands-on property management expertise and deep capital transaction experience. Our expanded balance sheet capability allows a step change in the style of assets we have been targeting, as we look to pivot our exposure to larger, more modern assets that still retain the potential for capital upside.”

“We have had a transformational year but really it is about what lies ahead. We look forward to the inclusion of our company in the S&P/ASX 300 Index which will be a true milestone for Centuria. There is tremendous momentum in our business as reflected in our share price, and this continues as we look to 2018. Our funds under management continues to grow and the pipeline of opportunity remains exceptionally strong.”

– Ends –

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About Centuria Capital Group

Centuria Capital Group (CNI) is an ASX-listed specialist investment manager with \$4.4 billion in funds under management. We offer a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds. Our drive, allied with our in-depth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.

Any forward-looking statements included in this announcement involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, CNI and its directors. In particular, they speak only as of the date of this announcement, they assume the success of CNI's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties, risks and other factors. Actual future events may vary materially from forward looking statements and assumptions on which those statements are based. Other than as required by law, although they believe there is a reasonable basis for the forward-looking statements, neither CNI nor its directors, officers, employees or any related body corporate, gives any representation, assurance or guarantee (express or implied) as to the accuracy or completeness of any forward-looking statement or that the occurrence of any event, result, performance or achievement will actually occur. Recipients are cautioned not to place undue reliance on such forward-looking statements.

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