

Centuria Capital Group

1H19 RESULTS | ASX:CNI | 13 FEBRUARY 2019



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2. Financial Results
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5. Appendices



SECTION ONE

Overview & Highlights



201- 203 PACIFIC HIGHWAY,
ST LEONARDS, NSW

Centuria Profile

Centuria Capital Group

\$499m Market Capitalisation¹

\$5.6bn

Assets Under Management (AUM)

\$0.5bn

Co-Investments

\$4.8bn

Property Funds Management AUM

\$0.8bn

Investment Bonds AUM

Listed Property \$2.6bn

Unlisted Property \$2.2bn

Centuria
Metropolitan REIT
(CMA)

\$1.4bn

AUM

Centuria
Industrial REIT
(CIP)

\$1.2bn

AUM

Fixed term funds

15

Centuria
Diversified
Property Fund

Centuria
Metropolitan REIT
(CMA)

\$202m²

24.9%²

Centuria
Industrial REIT
(CIP)

176m²

24.2%²

Propertylink
Group
(PLG)

\$137m

19.5%

¹ Based on CNI closing price of \$1.30 on 8 February 2019

² Co-investment ownership percentage includes the ownership by associates of Centuria Capital Group

As at 31 December 2018

Delivering on key initiatives in 1H19



Material AUM growth

- Strong **14.3%** platform growth in **1H19 to \$5.6bn**
- **Australia's third largest real estate acquisition in CY18** (\$645m¹ Hines portfolio)
- Investment Bonds new product "**LifeGoals**" launch positions business for growth opportunities



Capital management initiatives

- **Strengthened balance sheet** capacity supports further growth opportunities
- **Successful \$100m equity raise** and **\$80m bond issuance** supporting corporate initiatives and increased co-investment in Centuria REITs, CMA (24.9%)² and CIP (24.2%)²



Operating earnings, distributions and returns

- Delivered 1H19 operating **EPS^{3,4} of 6.5cps** (1H18 12.1cps)
 - FY19 Operating EPS forecast of 12.7cps
- Strong **recurring revenue uplift to \$42.0m** (1H18 \$32.1m)
- Delivered 1H19 **distribution of 4.25 cps** (3.7% increase from 1H18)
 - Reaffirm FY19 distribution forecast of 9.25cps (12.8% increase from FY18)
- **Co-investments** annualised total **return up 14.3%**⁵
 - Driven by increased distributions and co-investment stakes

1. Includes CMA's 25% interest and the Lederer Group's 75% interest in 465 Victoria Avenue, Chatswood, NSW

2. Co-investment ownership percentage includes the ownership by associates of Centuria Capital Group

3. Operating NPAT of the Group comprises of the results of all operating segments and excludes non-operating items such as transaction costs, mark to market movements on property and derivative financial instruments including share of net profit of equity accounted investments in excess of distributions received, the results of Benefit Funds and Controlled Property Funds

4. Operating EPS is calculated based on the Operating NPAT of the Group divided by the weighted average number of securities

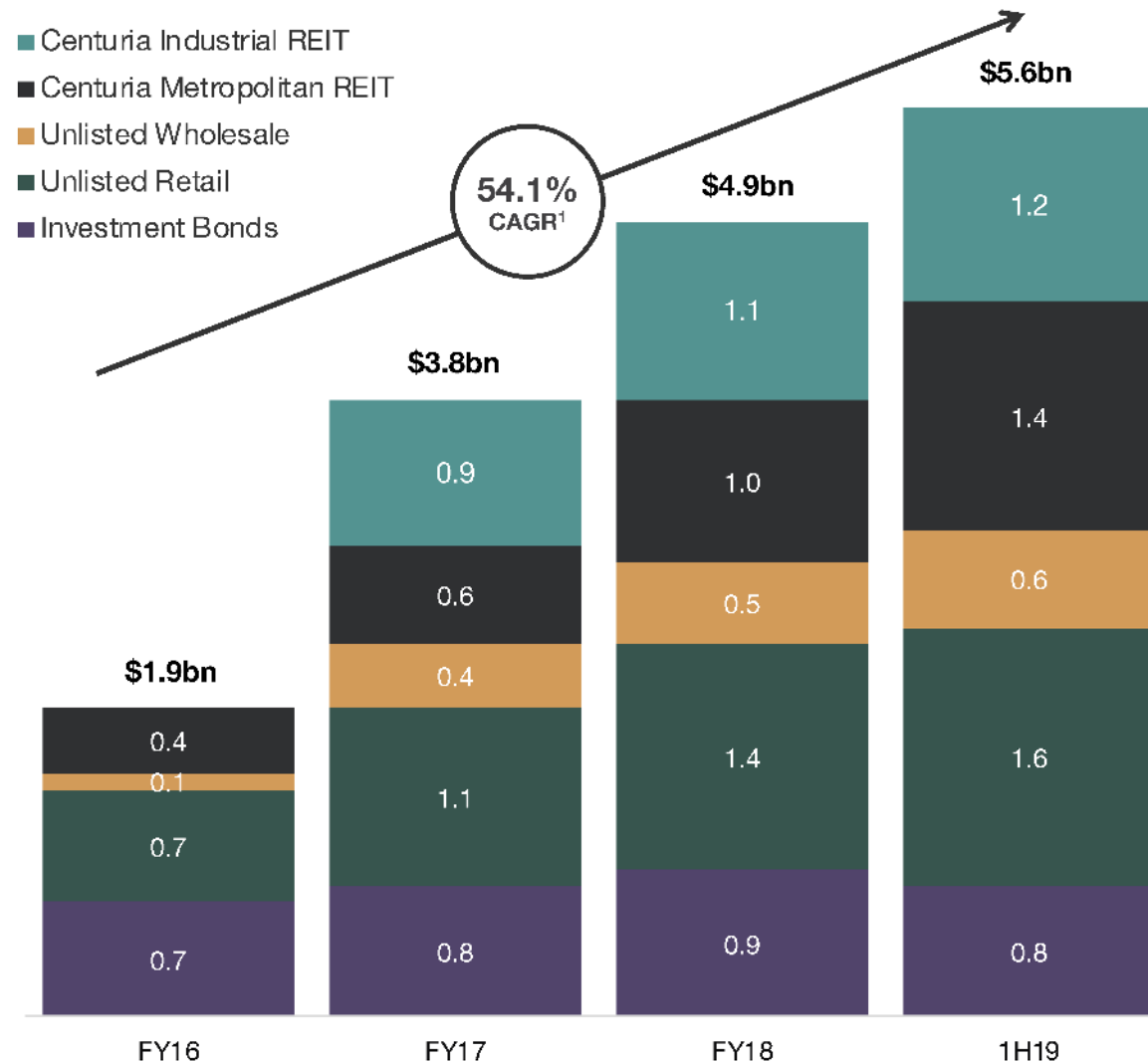
5. Calculated based on total revenue divided by average carrying value of investments for the year ended 31 December 2018. Excludes finance costs

Strong AUM increase driven by real estate platform

- Total platform AUM growth of **\$0.7bn** (14.3% in 1H19)
- Increased AUM across all real estate divisions in 1H19
 - Real estate AUM growth to **\$4.8bn**, 20% uplift during the period
 - **\$0.74bn** of listed acquisitions in 1H19
 - Revaluation uplift of **\$0.16bn²** during 1H19
- Centuria is one of the **fastest growing** Australian real estate funds managers in its peer group¹ with annualised AUM growth of 54.1%¹ over the past 2.5 years
- New Investment Bonds product “**LifeGoals**” launched in January 2019

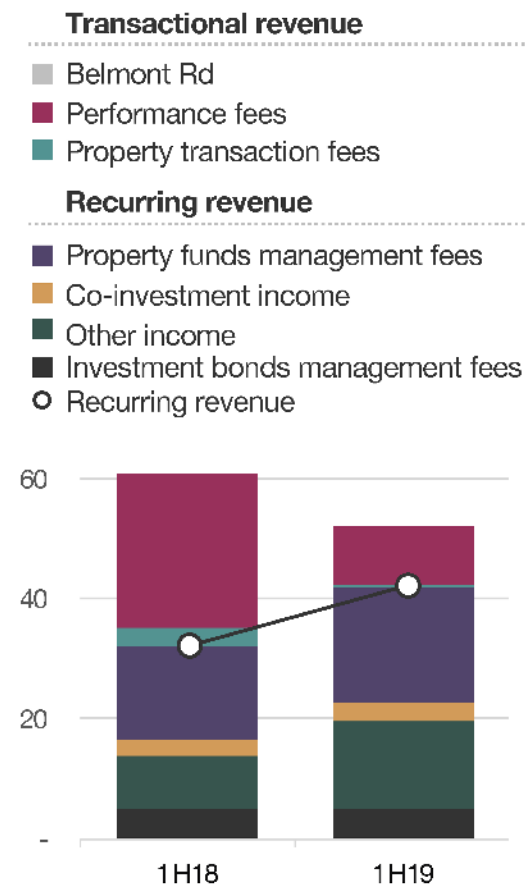
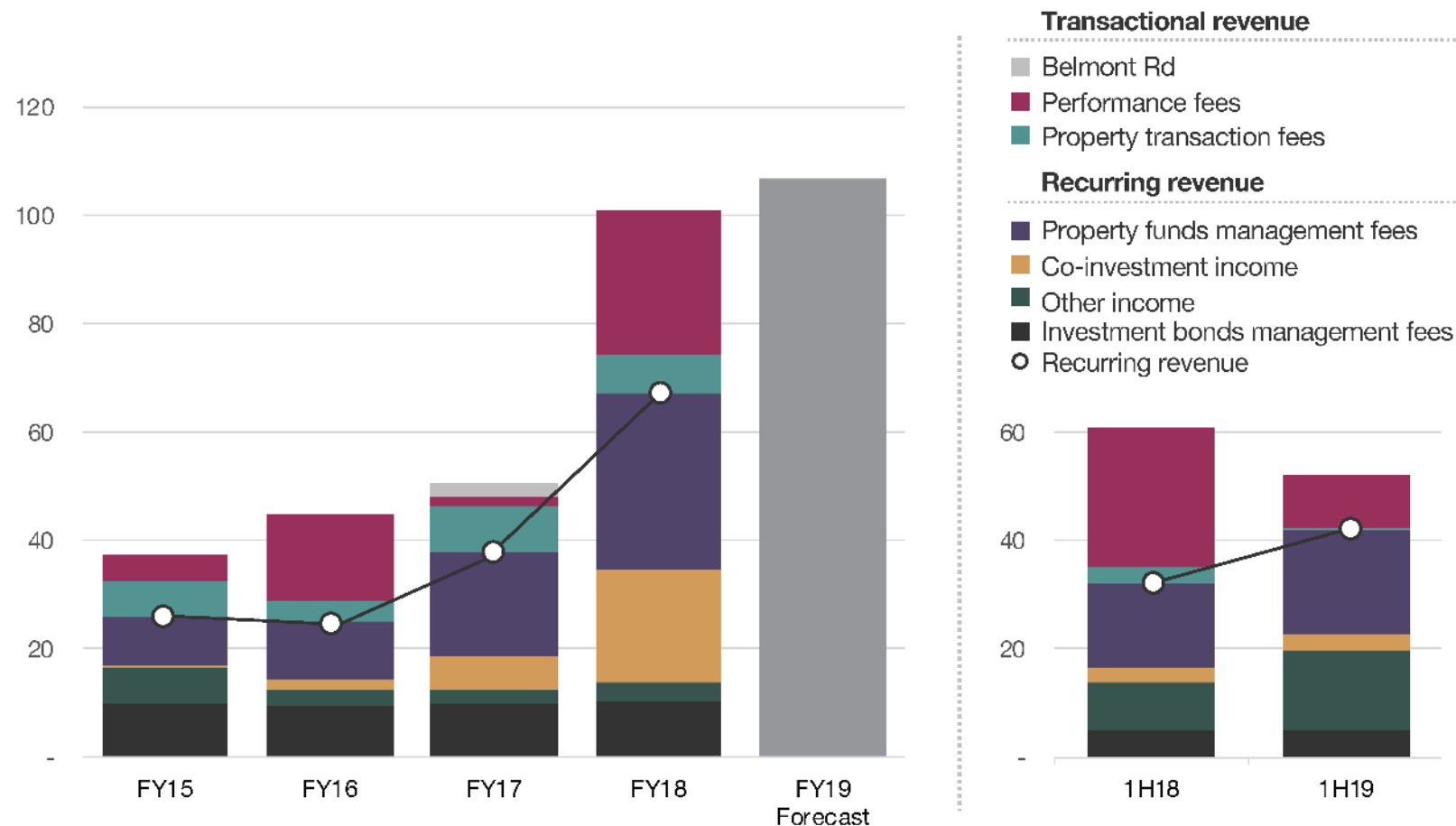
1. Past performance is not indicative of future performance
 2. Based on 100% equity ownership

ASSETS UNDER MANAGEMENT (\$BN)



AUM growth and co-investments underpin recurring revenues

CNI REVENUE COMPOSITION



- **Greater proportion of recurring revenue** from Property Funds Management Fees and co-investment income
- **Accrued performance fees** recognised in accordance with new accounting standards
- **1H19 recurring revenue up 30.8%** on 1H18
- **\$25.8 million before tax FY18 performance fee revenue** from 10 Spring St, Sydney sale exceeded normal performance fee expectations

SECTION TWO

1H19 Financial Results



60 BROUGHAM STREET,
GEE LONG, VIC

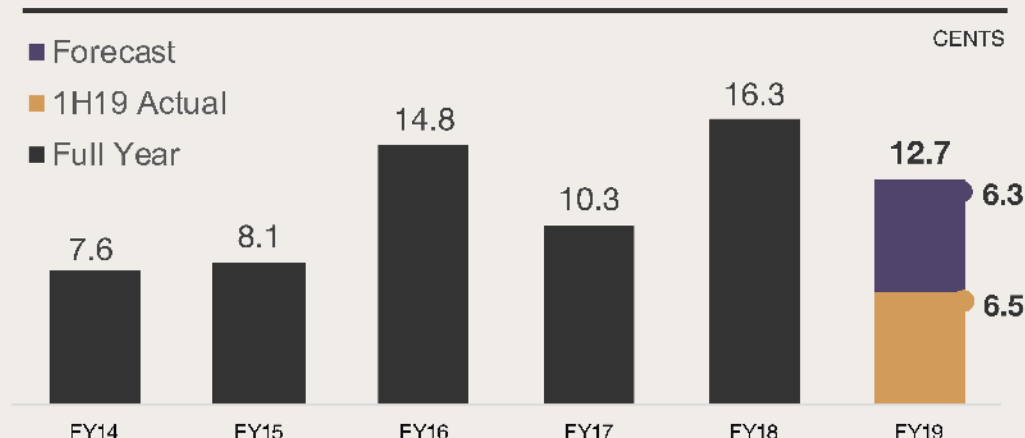
Delivering strong investor returns

- Delivered operating EPS **6.5cps¹** in 1H19
 - Listed property acquisitions of \$0.74bn in 1H19, continuing to assess unlisted acquisition opportunities
- Delivered distribution per stapled security of **4.25 cents in 1H19, 3.7% increase** from 1H18
 - Supported by **\$42.0m** recurring revenues, **30.8% increase** from 1H18
- FY19 operating EPS forecast of 12.7cps
- FY19 distribution forecast of 9.25cps

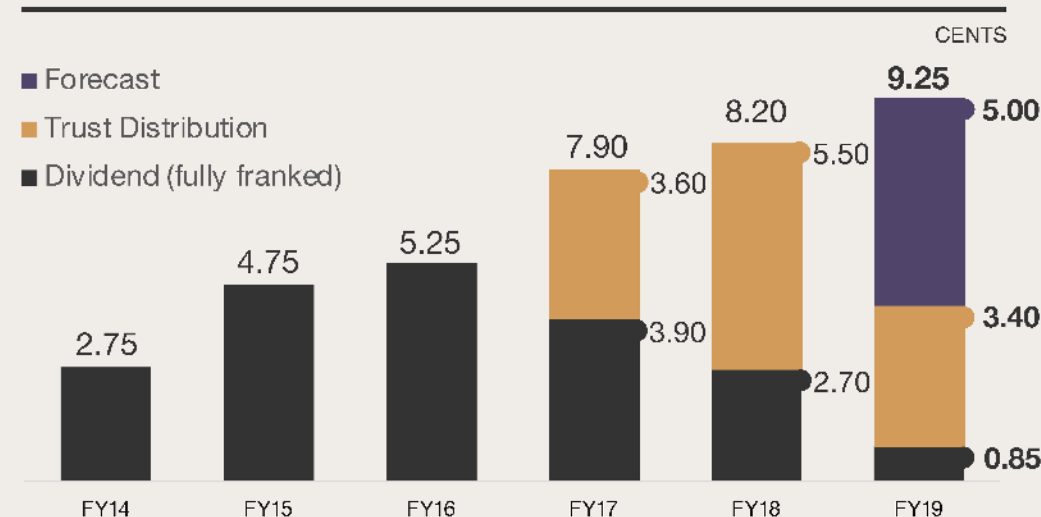
		1H19	1H18
Operating NPAT ²	\$m	21.7	30.2
Operating EPS ¹	cps	6.5	12.1
Statutory NPAT ³	\$m	21.4	33.6
Statutory EPS ³	cps	6.4	13.4
Distribution per stapled security	cps	4.25	4.10

- Operating EPS is calculated based on the Operating NPAT of the Group divided by the weighted average number of securities
- Operating NPAT of the Group comprises of the results of all operating segments and excludes non-operating items such as transaction costs, mark to market movements on property and derivative financial instruments, the results of Benefit Funds and Controlled Property Funds
- Attributable to securityholders

OPERATING EARNINGS PER SECURITY (CPS)



DISTRIBUTION PER SECURITY ATTRIBUTION (CPS)



Operating profit underpinned by property funds management and co-investments

OPERATING PROFIT BY SEGMENT	1H19 (\$m)	1H18 (\$m)
Property funds management ¹	10.9	10.9
— Performance fees	9.6	25.8
Investment bonds management	1.8	2.4
Co-investments earnings	15.4	9.4
Corporate	(6.1)	(4.3)
Operating profit before interest and tax	31.6	44.2
Corporate finance costs ²	(6.2)	(4.2)
Operating profit before tax	25.4	40.0
Operating tax expense	(3.7)	(9.8)
Operating profit after tax	21.7	30.2
<i>Operating EPS (cents per stapled security)</i>	6.5	12.1

Profit increased **\$2.8m** half on half excluding property transaction fees in 1H18

1H19 adoption of new accounting standard³
1H18 included **Spring St** performance fee

Reflects investment in growth initiatives from **LifeGoals** launch

Increased **co-investment** stakes

Growth in platform scale and higher governance resourcing / costs

When excluding performance fees, **Operating profit after tax up \$2.9m from 1H18**

1. Excluding performance fees
2. Excluding reverse mortgages borrowing costs
3. Refer to Appendix 3

Strengthened balance sheet supports growth opportunities and increased co-investment

- **\$100m** equity raise and **\$80m** corporate bond issuance support co-investment increases
- Investments in CMA and CIP increased during period to over 20% resulting in equity accounting treatment¹
- Operating gearing ratio² of **24.8%** (1H18 13.3%)
- Operating interest cover ratio³ of **5.1** times (1H18 8.9 times)
- Tenure of Corporate Bonds; \$100m matures in **2.3 years** and \$80m matures in **4.3 years**
- Operating net assets per stapled security of **\$1.29⁴** (\$1.29⁴ at 30 June 2018)

1. CMA and CIP now equity accounted

2. Gearing ratio is calculated based on (operating borrowings less cash) divided by (operating total assets less cash)

3. Operating interest cover ratio is calculated based on operating finance costs divided by operating profit before tax excluding finance costs (excluding reverse mortgages)

4. Number of securities on issue at 31 December 2018: 383,483,149 (at 30 June 2018: 304,793,174)

OPERATING BALANCE SHEET	31 DEC 2018 (\$m)	30 JUN 2018 (\$m)
ASSETS		
Cash and cash equivalents	45.9	76.4
Receivables	33.9	17.1
Financial assets	201.6	326.0
Other assets	2.1	2.0
Equity accounted investments ¹	351.8	-
Intangible assets	157.7	157.7
Total assets	793.0	579.2
LIABILITIES		
Payables	30.8	26.8
Borrowings	230.9	132.0
Interest rate swap at fair value	22.5	22.9
Provisions, deferred tax and other liabilities	14.3	5.7
Total liabilities	298.5	187.4
Net assets	494.5	391.8

Delivering increased recurring revenues



- **Increase in size and scale of co-investments portfolio to \$0.5bn**

- Expanded co-investment stakes increase contribution to recurring revenue (\$14.6m for 1H19)
- Annualised total return of 14.3%¹

- **Increased alignment to CMA and CIP**

- CNI² is the largest unitholder of CMA (24.9%) and CIP (24.2%), aligning its interests to unitholders

1. Calculated based on total revenue divided by average carrying value of investments for the year ended 31 December 2018. Excludes finance costs

2. Co-investment ownership includes the ownership by associates of Centuria Capital Group

3. Co-Investments previously recognised as financial assets carried at fair value through the Profit & Loss now accounted for using the equity method

4. All information in relation to the financial contribution of the Group's co-investments stakes in CMA and CIP exclude interests held through Benefit Funds

5. Comprises non operating fair value gains and equity accounted earnings in excess of distribution income

CO-INVESTMENTS	CARRYING VALUE 31 DEC 2018 (\$m)	DISTRIBUTION INCOME 1H19 (\$m)	CARRYING VALUE 31 DEC 2017 (\$m)	DISTRIBUTION INCOME 1H18 (\$m)
Centuria Metropolitan REIT (CMA) ^{2,3,4}	178.8	4.4	66.1	2.1
Centuria Industrial REIT (CIP) ^{2,3,4}	173.0	5.5	122.9	4.0
Propertylink Group (PLG)	136.9	4.2	55.9	2.0
Unlisted Property and Debt Funds	18.8	0.5	32.2	1.1
Total	507.5	14.6	277.1	9.2
Capital Growth ⁵		13.5		3.3
Total Earnings		28.1		12.5
Annualised Total Return (%) ¹		14.3%		12.7%

SECTION THREE

Divisional Overview



8 CENTRAL AVENUE,
EVELEIGH, NSW

20% growth to \$4.8 billion¹ property AUM



1. Includes cash and other financial assets
2. Excludes acquisition of 16-18 Baile Road, Canning Vale, WA in February 2019
3. Includes 13 Ferndell St, Granville held for sale (Settled 31 January 2019)

Creating value through active management

- **15.8% increase in 1H19 AUM** underpinned by new management of 75% interest¹ in 465 Victoria Avenue Chatswood, NSW
- Active asset management initiatives repositioning several unlisted assets
 - **47 leasing transactions** across over 51,400sqm (20.6% total unlisted NLA) in CY18
 - **21 leasing transactions** across over 30,900sqm (12.4% total unlisted NLA) in 1H19
- **\$22.6m divestment of Windsor Shopping Centre** from Centuria Retail Fund
- **Six funds** in the top 10 Property Council/IPD Australia Unlisted Core Retail Property Fund Index²
 - **Each quarter** over the last **seven quarters**³

1. Acquired by Lederer Group

2. Property Council/IPD Australia Unlisted Core Retail Property Funds Index for the 12 months to 31 December 2018. Past performance is not indicative of future performance

3. Overall investment return for the 12 months to the end of each quarter



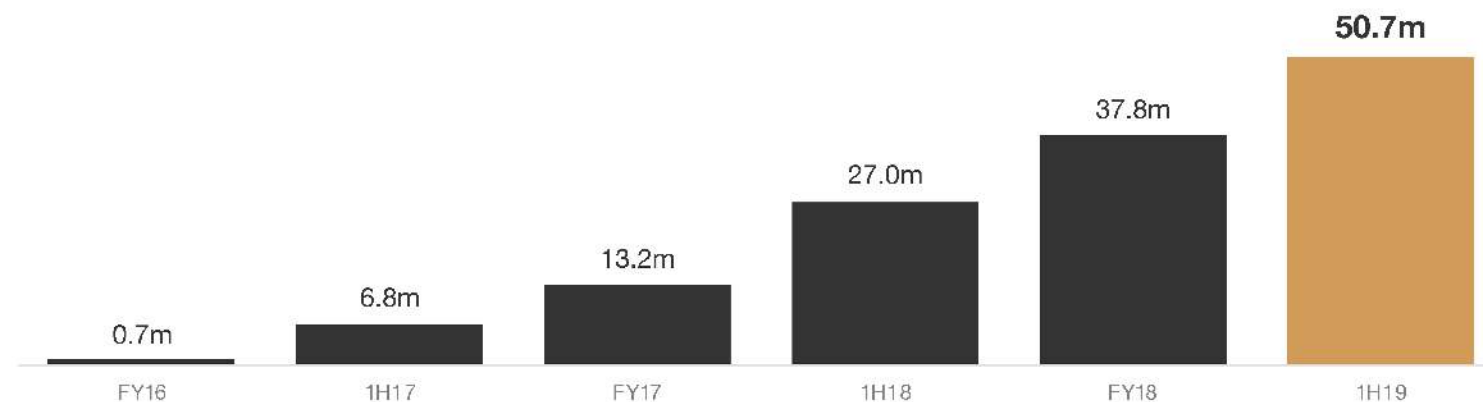


UNLISTED PROPERTY HIGHLIGHTS



Centuria Diversified Property Fund (CDPF)

CDPF ASSETS UNDER MANAGEMENT



Multi-asset open-ended unlisted fund with limited monthly liquidity facility¹



Diversified asset allocation, mix of unlisted property schemes, listed index REITs and cash



Daily application and unit pricing



Distributions paid monthly



Limited monthly withdrawals¹



CDPF now accepted on 13 investment and superannuation wrap platforms²



Increasing fund inflows



Well positioned to acquire direct assets

1. Limited to the terms detailed in the PDS and are subject to the Fund's liquidity policy
2. As at February 2019

Leasing success and active asset management creates significant value

- A Grade asset acquired in July 2016 for **\$279m**, 50% JV with Blackrock
- Potential sale¹ would trigger CNI performance fee
- **Significant capital** works and initiatives to maximise leasing profile:
 - Total area of 44,102 sqm, 785 basement car parks
 - New end of trip facilities
 - Refurbishments: foyer and ten floors of bathrooms
 - Commenced full lift upgrade (Target completion May 2020)
 - Constructed speculative fit-outs in vacant space

		PURCHASE JULY 2016	DECEMBER 2018
WALE (by income)	years	2.5	4.4
Occupancy (by area)	%	95	100
Average net passing rental (office)	\$/sqm	476	545
LVR	%	51.4	39.0

¹ Subject to a unitholder vote

The case study provides a selected example relating to Centuria Zenith Fund. It is in summary form only and has no correlation to any other property or fund. 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. Past performance is not indicative of future performance.

MAJOR LEASING SUCCESS

Completed over
40,700sqm, 56 deals
since acquisition

Major renewal:
19,857sqm to various
state government
departments

Highest office rents:
\$660psqm net 36%
above average net
market rent at purchase

80% tenant retention



THE ZENITH, 821 PACIFIC
HIGHWAY, ST LEONARDS, NSW

Australia's largest pure play office REIT

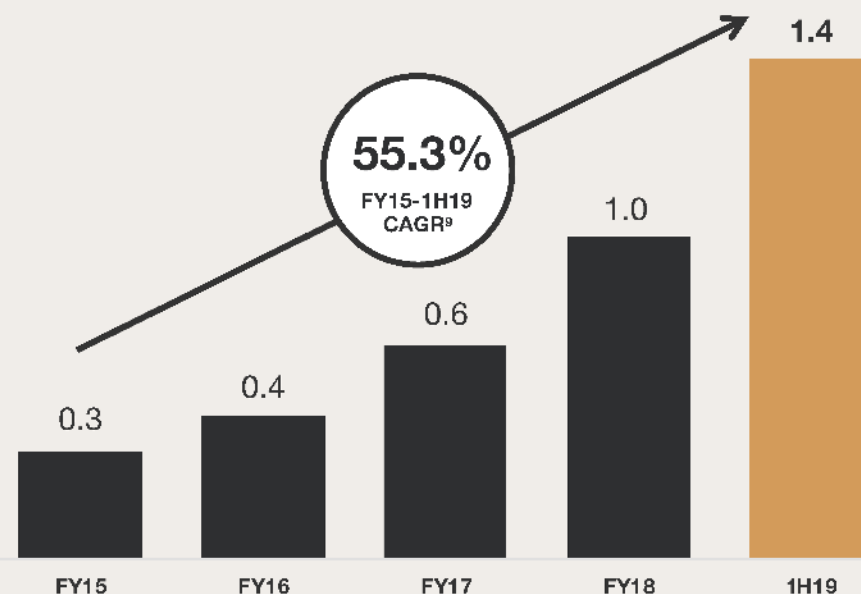
- **Increased AUM to \$1.4bn** underpinned by **\$520m¹** portfolio acquisition of four high quality office assets
- Successfully completed **\$278m** equity raising
 - **\$78m** support from CNI increased co-investment (CNI² 24.9% holding)
- **\$2.47 NTA³, 2.1% uplift** following October 2018 portfolio acquisition
- Leasing momentum totalling over 14,500sqm, representing **6.7%** of portfolio NLA in 1H19
- Delivered 12 month return on equity of **10.9%⁴**
- CMA repositioned as Australia's **largest pure play office REIT**

Included in the
**S&P/ASX 300
INDEX**

CMA
\$884m
market capitalisation⁵

PORTFOLIO SNAPSHOT		1H19 ⁶	FY18 ⁷
Number of assets		20	19
Book value	\$m	1,376.4	930.5
Book value	\$/sqm	6,308	\$5,818
WACR	%	6.32	6.68
Occupancy by area	%	98.8	98.9
WALE by gross income	years	4.3	4.0
Leases agreed by area	sqm	14,564	17,970
Average NABERS rating (by value) ⁸	Stars	4.6	4.3
Average building age	years	15.5	18.4

ASSETS UNDER MANAGEMENT (\$bn)



¹ Includes CMA's 25% interest in 465 Victoria Avenue, Chatswood, NSW

² Co-investment ownership percentage includes the ownership by associates of Centuria Capital Group

³ NTA per unit is calculated as net assets less goodwill divided by closing units on issue

⁴ Calculated as (closing NTA minus opening NTA plus distributions) divided by opening NTA

⁵ Based on CMA closing price of \$2.48 on 8 February 2019

⁶ Excludes 13 Ferndell Street, Granville, NSW (settled 31 January 2019)

⁷ Includes 2 Kendall Street, Williams Landing, VIC as if complete

⁸ Excludes 13 Ferndell St, Granville, NSW, 14 Kerry Road, Archerfield, QLD and 35 Robina Town Centre, Robina, QLD

⁹ Past performance is not indicative of future performance. IPO in December 2014. AUM at 30 Dec 2014 \$0.19 billion

Australia's largest income focused industrial REIT

AUM uplift to \$1.2 billion in 1H19

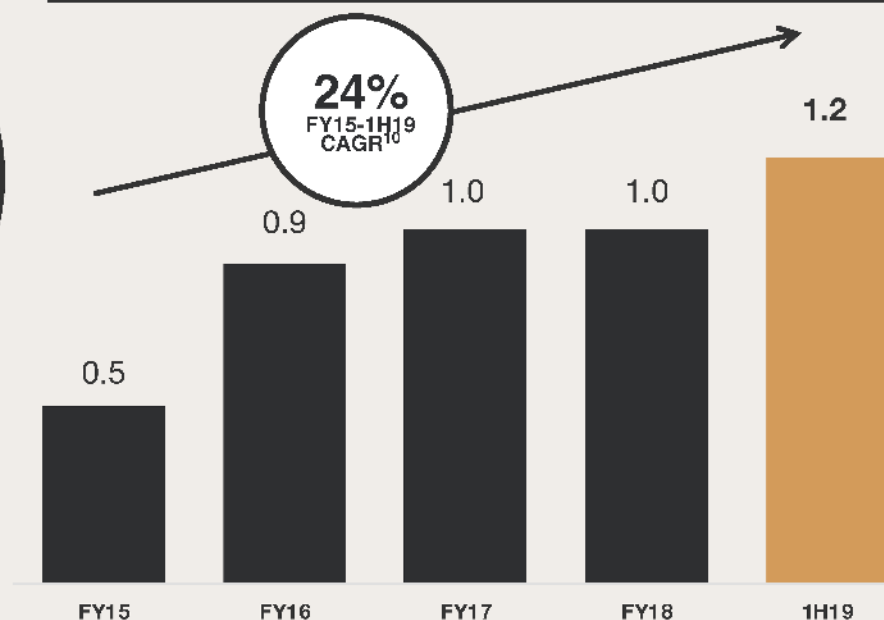
- Transaction initiatives improve portfolio quality
 - Four acquisitions **\$112.3m¹**
 - Divestments **\$56.3m²**
- Delivered 12 month return on equity of **15.8%³**
- Successfully completed **\$51m** equity raise
 - \$21m** support from CNI increased co-investment (CNI⁴ 24.2% holding)
- Continued strong leasing momentum, **65,902sqm** (8.2% of the portfolio in 1H19)
- Gearing of **37.0%⁵**, (40.6% at 1H18)
- NTA⁶ **\$2.66**, 1H19 uplift **3.9%**

Included in the
**S&P/ASX 300
INDEX**

CIP
\$750m
market capitalisation⁷

PORTFOLIO SNAPSHOT		1H19	FY18 ⁸
Number of assets		41	37
Book value	\$m	1,154.7	999.0
Book value	\$/sqm	1,455	1,358
WACR	%	6.54	6.76
GLA	sqm	798,840	735,384
Average asset size	sqm	19,484	19,352
Leases agreed GLA	sqm	65,902	238,189
WALE by income	years	4.7 ⁹	5.1
Occupancy by income	%	97.1 ⁹	94.5

ASSETS UNDER MANAGEMENT (\$bn)



1. Excludes transaction costs

2. Includes divestment of 7.7% interest in Propertylink Group

3. Calculated as (closing NTA minus opening NTA plus distributions) divided by opening NTA

4. Co-investment ownership percentage includes the ownership by associates of Centuria Capital Group

5. Gearing is defined as total borrowings minus cash divided by total assets minus cash and goodwill

6. NTA per unit is calculated as net assets less goodwill divided by closing units on issue

7. Based on CIP closing price of \$2.79 on 8 February 2019

8. Excludes 39-45 Wedgewood Drive, Hallam which exchanged in FY18 and settled on 13 July 2018

9. Assumes 12 month rental guarantee for Cargo Business Park, 1 International Drive, Westmeadows, VIC

10. Past performance is not indicative of future performance

Scalable platform well positioned to benefit from increased market interest

- New, contemporary product Centuria **'LifeGoals'** launched January 2019
- **Centuria Life:** five investment options (excluding Centuria LifeGoals)
- **Guardian Friendly Society:** Invests pre-paid funeral plan proceeds distributed by Invocare Limited
- **Unitised Bonds and Prepaid funeral plans** impacted by negative external market returns and volatility in 4Q CY18
- **Net outflows from Capital Guaranteed** result of lower returns from cash and fixed interest (legacy product)

TOTAL AUM (\$m)	1H19	FY18	CHANGE TO 1H19 (%)	1H18	CHANGE TO 1H19 (%)
Unitised Bonds (Centuria Life)	134.2	141.9	(5.4)	134.7	(0.3)
Capital Guaranteed (Centuria Life)	204.3	216.0	(5.4)	225.2	(9.3)
Prepaid funeral plans (Guardian) ¹	489.5	508.5	(3.8)	492.6	(0.6)
Total	828.0	866.4	(4.4)	852.5	(2.9)
Flows Breakdown (\$m)	UNITISED BONDS	CAP GUAR	PRE-PAID FUNERAL PLANS	TOTAL	
Applications	6	1	18	25	
Redemptions	4	13	21	38	

1. Centuria Life Limited (CLL) is the key service provider to Over 50 Guardian Friendly Society



	TOTAL RETURN 1 YEAR (%)	TOTAL RETURN 3 YEARS (%)	TOTAL RETURN 5 YEARS (%)	MORNINGSTAR RANKING (SORTED BY A 5 YEAR BASIS) ¹	MORNINGSTAR RATING 5 YEARS ¹
Centuria Australian Shares	(3.33)	4.07	6.49	Equity Australia Large Blend 1/56	★★★★★
Centuria Growth Bond	(1.28)	4.66	6.46	MultiSector Growth 1/88	★★★★★
Centuria Balanced Bond	(0.01)	4.4	5.34	MultiSector Growth 4/88	★★★★★

¹ Performance ratings from the universe of investment/insurance providers as at 31 December 2018
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Centuria LifeGoals – new product launched January 2019

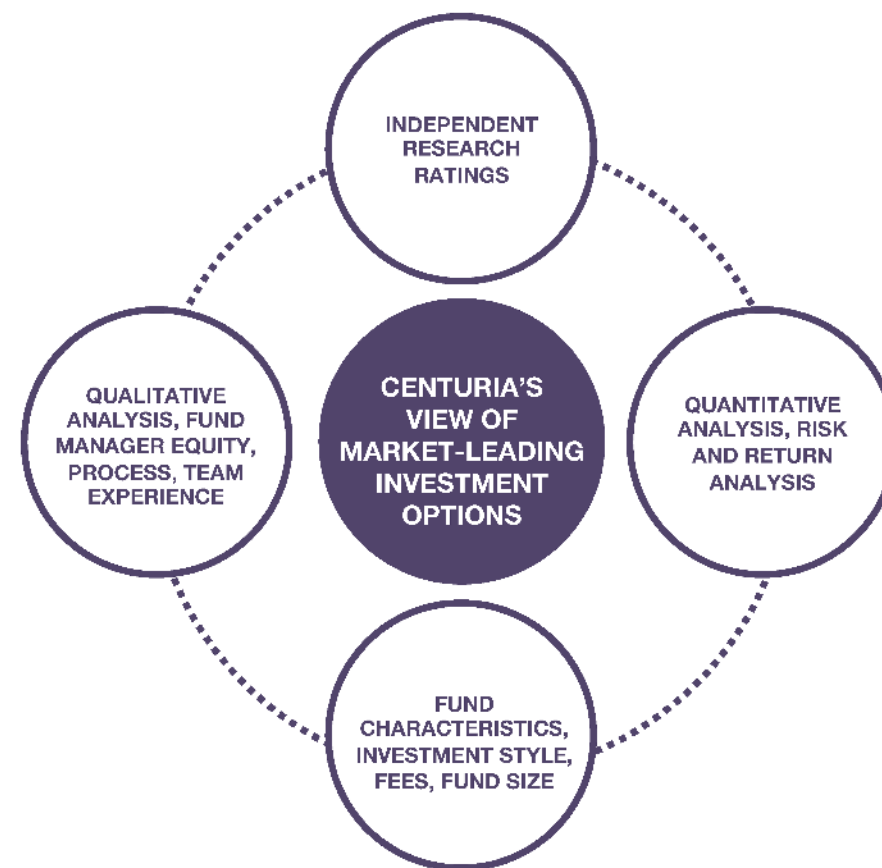
Unique “active” manager selection process

- Partner with high quality fund managers across range of investment styles and asset classes
- Ongoing monitoring of fund manager performance
- Ability to substitute underperforming mandates
- Formal investment decision making process

Strategic partnerships with fund managers and distribution networks

- 22 new investment options / 13 fund managers; range of investment styles and risk appetites
- Fund manager rebates received are passed onto investors

CENTURIA MANAGER SELECTION PROCESS



SOME OF CENTURIA LIFE'S STRATEGIC PARTNERSHIPS



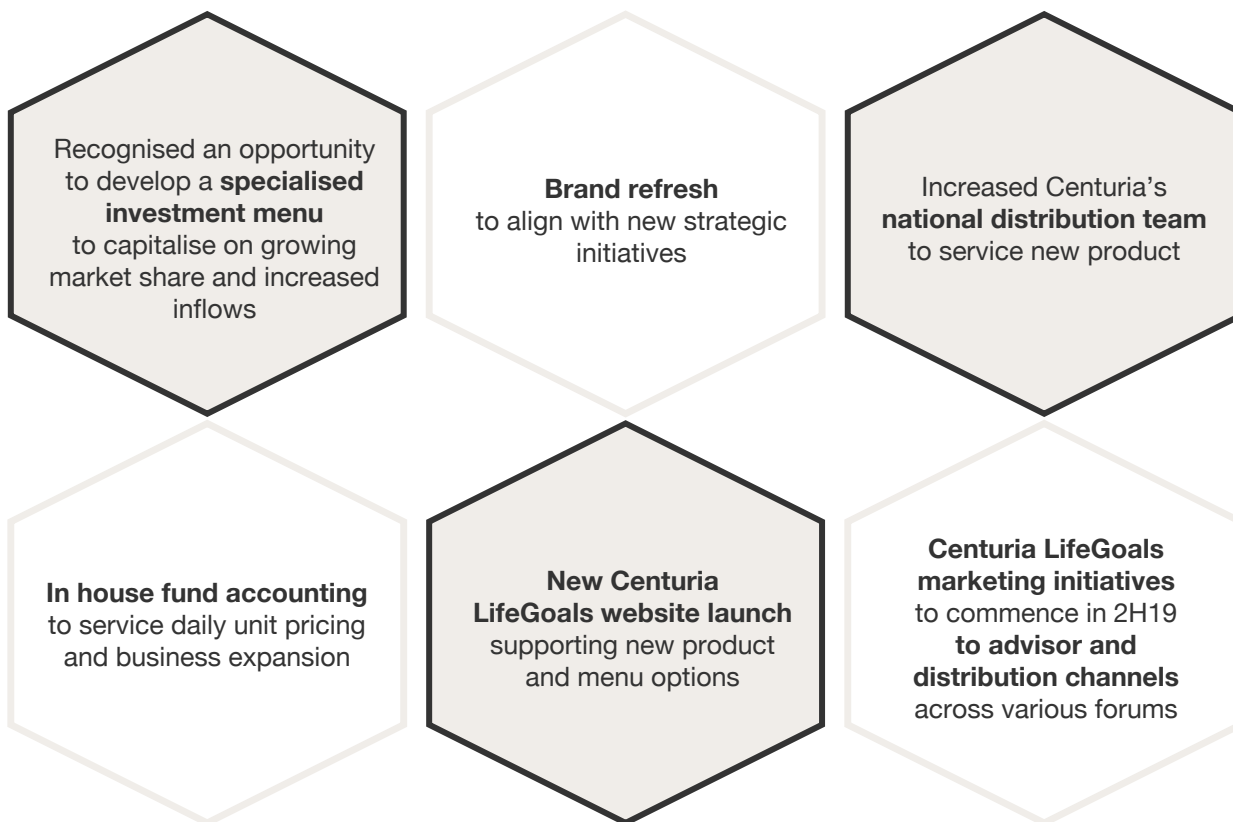
T.Rowe Price®



PENDAL®



Centuria LifeGoals product launch in January 2019 positions business for growth opportunities



“As successive legislative changes impact superannuation and trust structures for investors, investment bonds are becoming increasingly attractive, providing high quality investment options in a structure that offers tax benefits, flexibility and accessibility.”

“To maintain and enhance our position in the Australian market we have launched Centuria LifeGoals, a new, contemporary bond series allowing investors to select high quality fund managers.”

Michael Blake

HEAD OF CENTURIA LIFE

SECTION FOUR

Strategy



1231 SANDGATE ROAD,
NUNDAH, QLD

Market commentary and capital management



MARKET COMMENTARY

- **Low interest rate** environment continues to support attractive spreads to property yields
- **Vacancy rates**, supply and demand fundamentals across several office and industrial markets continue to support rent growth
- FY19 a period of intense focus on **financial markets**
 - Centuria enjoy a strong 20 year reputation with the investor community
 - Centuria supports sensible “whole of industry changes” likely in the near future
- **Short term** reactions to political or regulatory changes may provide acquisition opportunities in the real estate and capital markets



CAPITAL MANAGEMENT

Centuria has a considerable 19.5% shareholding in Propertylink (ASX code PLG).

The Board has now secured a securityholder mandate to decide on a sale of Centuria's PLG stake into the current bid for PLG should it decide that this is appropriate.

Should this occur, Centuria will update the market accordingly and will offer securityholders sensible guidance in respect of use of the proceeds of such a sale.

Strategic outlook



STRATEGIC OUTLOOK

- Remain focused on securityholder returns and earnings growth, supported by stable recurring revenues
- Assess corporate transaction opportunities that complement the strategic direction of our business – and where these make sense we will execute on them
- In near term, companies with high quality predictable earnings and experienced management teams/boards will be better placed to weather market volatility
- Utilise core real estate and investment experience, proven distribution capacity balance sheet strength to achieve continued growth despite any market “chatter”



SPECIFIC AREAS OF FOCUS

- We are enthusiastic regarding the roll out of the “LifeGoals” investment bond product
- This market has shown strength over the last 18 months and we are confident the market will support the LifeGoals offering. Any changes in the taxation and regulatory environment should assist this new product
- Finally, we are reviewing other property-related investment opportunities to deploy capital profitably. As these evolve we will update the market

SECTION FIVE

Appendices



ATP 13 GARDEN STREET
EVELEIGH, NSW

Reconciliation of statutory profit to operating profit

	1H19 (\$m)	1H18 (\$m)
Statutory net profit after tax	22.2	36.3
<i>Statutory EPS (cents)¹</i>	6.4	13.4
Less non-operating items:		
Unrealised loss/(gain) on fair value movements in derivatives, property and investments	(0.9)	(1.7)
Corporate restructure & transaction costs	5.3	0.1
Profit attributable to controlled property funds	(1.0)	(2.9)
Eliminations between the operating and non-operating segment	0.0	(1.2)
Equity accounting adjustments	(2.70)	-
Tax impact of above non-operating adjustments	(1.2)	(0.4)
Operating net profit after tax²	21.7	30.2
<i>Operating EPS (cents)³</i>	6.5	12.1

1. Attributable to securityholders

2. Operating NPAT of the Group comprises of the results of all operating segments and excludes non-operating items such as transaction costs, mark to market movements on property and derivative financial instruments, the results of Benefit Funds and Controlled Property Funds

3. Operating EPS is calculated based on the Operating NPAT of the Group divided by the weighted average number of securities



Operating segment balance sheet

OPERATING BALANCE SHEET	PROPERTY FUNDS MANAGEMENT (\$m)	INVESTMENT BONDS MANAGEMENT (\$m)	CO-INVESTMENTS (\$m)	CORPORATE (\$m)	31 DEC 2018 (\$m)	30 JUN 2018 (\$m)
ASSETS						
Cash and cash equivalents	17.8	6.3	10.5	11.3	45.9	76.4
Receivables	20.9	1.0	10.5	1.5	33.9	17.1
Financial assets	-	-	155.7	45.9	201.6	326.0
Other assets	0.1	0.3	-	1.7	2.1	2.0
Equity accounted investments	-	-	351.8	-	351.8	-
Intangible assets	157.7	-	-	-	157.7	157.7
Total assets	196.5	7.6	528.5	60.4	793.0	579.2
LIABILITIES						
Payables	3.9	1.0	31.8	7.0	43.7	33.4
Borrowings	-	-	222.6	8.3	230.9	132.0
Interest rate swap at fair value	-	-	-	22.5	22.5	22.9
Provisions, deferred tax and other liabilities	0.8	0.3	6.1	(5.8)	1.4	(0.9)
Total liabilities	4.7	1.3	260.5	32.0	298.5	187.4
Net assets	191.8	6.3	268.0	28.4	494.5	391.8



New revenue accounting standard's impact on performance fees

AASB 15 Revenue from customers applies to all contracts with customers to deliver goods or services as part of the entity's ordinary course of business excluding insurance contracts, financial instruments and leases which are addressed by other standards. It replaces existing revenue recognition guidance, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*.

In accordance with AASB 15, based on the Group's assessment of when performance obligations are satisfied there is no change to the classification, measurement or timing of revenue recognition (other than property performance fees) when comparing to the previous accounting policy, other than the change in terminology.

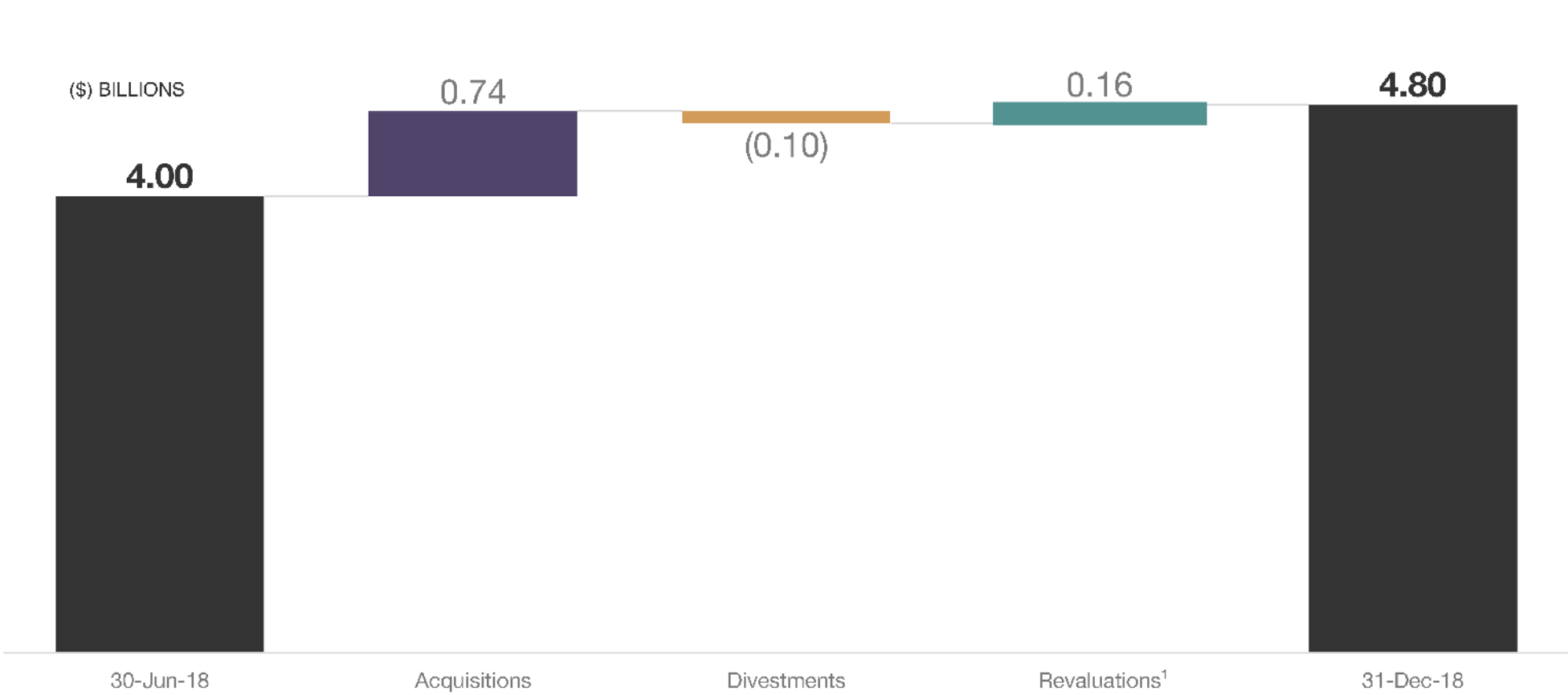
Performance fees were previously recognised upon satisfaction of all conditions precedent to the sale of an investment property and when significant risks

and rewards have transferred. There is no transitional impact from adoption of AASB 15, however future performance fees will be recognised over-time. In assessing the timing and measurement of performance fees to be recognised, consideration is given to the facts and circumstances with respect to each investment property including external factors such as its current valuation, passage of time and outlook of the property market. Performance fees are only recognised when they are deemed to be highly probable and the amount of the performance fees will not result in a significant reversal in future periods.

In accordance with AASB 15, the Group has recognised \$9,557,000 of property performance fees for the period ended 31 December 2018. Under AASB 118, the Group would not have recognised any property performance fees.

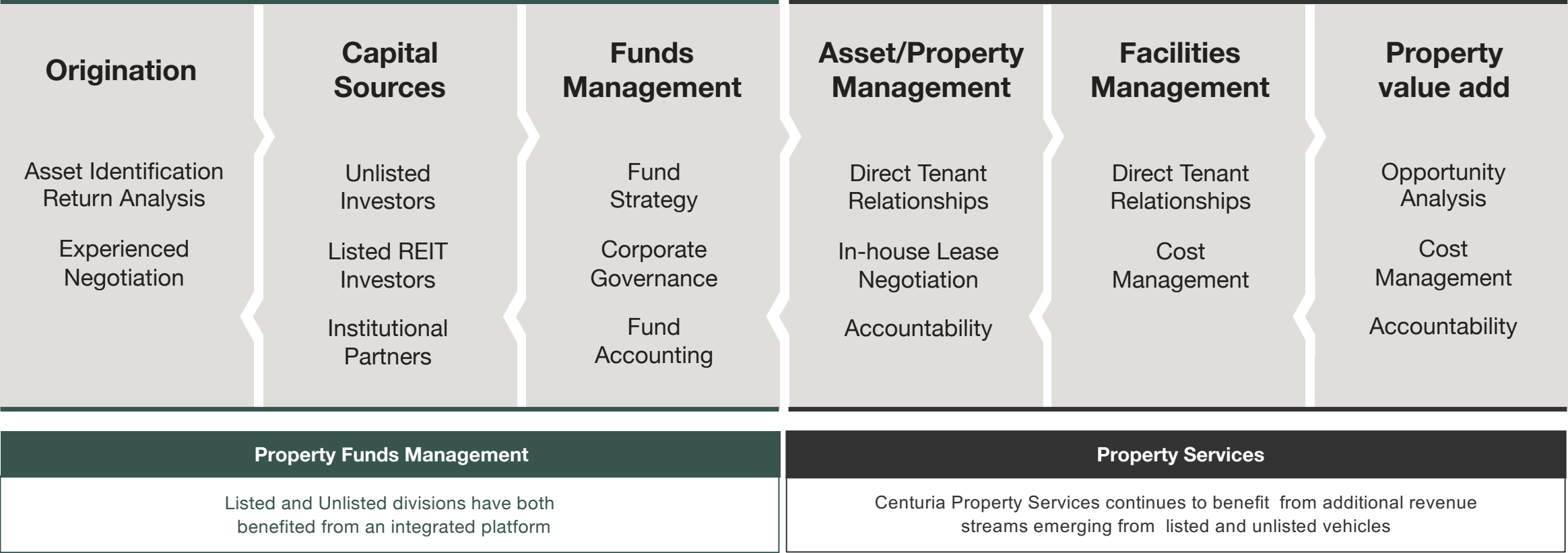


Property assets under management movement



1. Based on 100% equity ownership

Centuria’s Integrated property platform enhances group scalability



Investment bond attributes

Changing market dynamics present opportunities for investment bonds to supplement investment options

Potential for market growth following changes to regulatory and political landscapes

ATTRACTIVE INVESTMENT ALTERNATIVES

- Tax effective structure
- Increasing interest from financial advisers
- Favourable estate and wealth transfer planning benefits

Each year you can make up to **125%** of the prior year contribution

Distributions
reinvested

Withdrawals made
ten years after initial
investment
– **no tax**

Maximum tax paid
on earnings 30%

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

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. 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

AUM: Assets under management

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

CPFL: Centuria Property Funds Limited

DPS: Distribution per stapled security

EPS: Earnings per stapled security

IRR: Internal Rate of Return

NPAT: Net Profit After Tax

NTA: Net Tangible Assets

REIT: Real Estate Investment Trust

WACR: Weighted Average Capitalisation Rate

WALE: Weighted Average Lease Expiry

Disclaimer



This presentation has been prepared by Centuria Capital Limited and Centuria Funds Management Limited as responsible entity of Centuria Capital Fund (together the stapled listed entity CNI).

Centuria Property Funds Limited (ABN 11 086 553 639, AFSL 231 149) ('CPFL') and Centuria Property Funds Management No. 2 Limited (ABN 38 133 363 185, AFSL 340 304) ('CPF2L') are fully owned subsidiaries of CNI. CPF2L is the responsible entity for the Centuria Industrial REIT (ARSN 099 680 252) (ASX: CIP) and the Centuria Retail Fund (ARSN 601 486 668). CPFL is the responsible entity for the Centuria Metropolitan REIT (ARSN 124 364 718) (ASX: CMA), the Centuria Diversified Property Fund (ARSN 611 510 699) and the rest of Centuria's unlisted property funds. Investment in Centuria's property funds is subject to risks that are set out in the Product Disclosure Statement ('PDS') for the fund. The PDS for any open fund is made available Centuria's website (centuria.com.au). Investors should read the PDS in full before making a decision to invest.

Past performance is not a guarantee of future performance.

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