

## FY19 Financial Results

Tuesday, 13 August 2019

Centuria Capital Group (ASX: **CNI** or **Centuria**) is pleased to announce FY19 results for the period ending 30 June 2019.

### FY19 HIGHLIGHTS

- Strong AUM growth increases platform to \$6.2bn<sup>1</sup> (+27% from FY18)
- FY19 Distribution 9.25 cents per stapled security (cps) (+12.7% from FY18)
- FY19 Operating earnings per stapled security<sup>2</sup> 12.7 cps (FY19 16.3 cps)
- Entry into healthcare real estate sector through formation of Centuria Heathley
- FY 20 Distribution forecast of 9.7 cps (+4.9% from FY19)

John McBain, Joint CEO, said “Centuria continued to execute on its growth strategy through increased real estate acquisitions of \$1.7 billion<sup>3</sup> and its entry into the healthcare real estate sector. In May 2019, Centuria reported the acquisition of a 63% economic interest in leading healthcare real estate funds manager Heathley Limited which will be re-named Centuria Heathley on settlement of the transaction, expected to be in August 2019.”

“Centuria’s footprint has grown substantially through FY19 with a market capitalisation of over \$750 million and recording an FY19 total securityholder return<sup>4</sup> of 34%. We anticipate that Centuria Capital will qualify for inclusion in the S&P ASX 300 index in the current quarter. Moreover, our funds management platform is well positioned in the attractive office, industrial and healthcare real estate sectors and we expect continued healthy growth in these markets through FY20.”

In June 2019, the Centuria board appointed Jason Huljich Joint CEO alongside John McBain together with appointing Ross Lees as Head of Funds Management. These appointments are intended to strengthen Centuria’s senior executive team, reinforce the Group’s ability to continue its growth trajectory and position it for the future.

### FY19 FINANCIAL RESULTS

Earnings		FY19	FY18
Operating NPAT <sup>5</sup>	\$m	45.7	45.1
Operating EPS <sup>2</sup>	cps	12.7	16.3
Statutory NPAT	\$m	50.9	54.8
Statutory EPS <sup>6</sup>	cps	14.2	19.8
Distribution per stapled security	cps	9.25	8.20

1 AUM as at 31 July 2019 with pro forma adjustments to reflect Centuria Heathley Transaction and assets held for settlement

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

3 Includes pro forma adjustments to reflect Centuria Heathley Transaction and assets held for settlement

4 Source: Moelis Australia. Based on movement in security price from ASX closing on 1 July 2018 to ASX closing on 30 June 2019 plus distributions per security paid during the respective period(s) assuming re-investment of all distributions. Excludes non-cash dividend paid on 29 June 2019. Past performance is not a reliable indicator of future performance

5 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, Controlled Property Funds and share of equity accounted net profit in excess of distributions received

6 Attributable to securityholders

Statutory profit of \$50.9m was recorded for FY19. Operating NPAT<sup>5</sup> of \$45.7m generated an operating EPS<sup>2</sup> of 12.7 cents and a distribution per stapled security of 9.25 cents. The FY19 Operating EPS was skewed relative to the FY18 Operating EPS (16.3 cps) arising from the abnormally high-performance fee generated by the sale of 10 Spring Street, Sydney.

Recurring revenues accounted for 77% of total Group revenues in FY19 and Centuria's co-investments contributed \$27.6m towards FY19 recurring revenues while providing a total annualised return<sup>7</sup> of 26.6%. Centuria's balance sheet continues to strengthen with \$87.7m of cash on hand as at 30 June 2019. Centuria is utilising its cash surpluses to fund the acquisition of Heathley Limited securities, for deposits and co-investments in relation to managed funds and to fund future growth opportunities.

## **DIVISIONAL OVERVIEW**

### **Real Estate**

CNI's Real Estate division expanded to \$5.3bn (+33% from FY18) with acquisitions across both listed and unlisted divisions.

Centuria's listed vehicles added 13 assets across both Centuria Metropolitan REIT (CMA) and Centuria Industrial REIT (CIP) for a total of \$759m, including CMA completing the third largest Australian real estate transaction in CY18. Subsequently, CMA and CIP have expanded their respective AUM bases to \$1.4bn and \$1.3bn<sup>8</sup>.

The unlisted property division remained active during the FY19, expanding AUM by \$304 million. In addition the open-ended diversified fund (CDPF) increased 215% to \$118.9m of AUM<sup>9</sup>. Unlisted property will generate strong performance returns from the sale of the Zenith Centre in Chatswood for \$483m, this asset was acquired jointly with wholesale partner, Blackrock.

Jason Huljich, Joint CEO with specific responsibility for real estate and funds management, said "Our Real Estate platform now includes Australia's largest domestic pure play office and industrial REITs, the highly profitable unlisted division together with our new healthcare real estate initiative, Centuria Heathley. We have broadened our acquisition capacity and will continue to match our strong pipeline of real estate investment opportunities with our established retail investor base, our institutional partners and the equity capital markets. FY20 has commenced strongly with the acquisition of 80 Flinders St, Adelaide for \$127million which has received very strong support from our investor network."

### **Investment Bonds**

Centuria has invested further in Centuria Life with the launch of the new Centuria LifeGoals product, which provides investment bond options to a broad range of investor profiles and is aligned to select, high quality domestic and global fund managers. In addition to its traditional investment bond management revenues, we anticipate that the Centuria LifeGoals product, which commenced in 2H19, will generate growing investor and advisor group interest in FY20.

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7 Calculated based on total revenue divided by average carrying value of investments for the year ended 30 June 2019. Excludes finance costs  
8 Includes 75-95 & 105 Corio Quay Road North Geelong, and 680 Boundary Road, Richlands, which exchanged, but not settled by 30 June 2019  
9 Includes debt and amortised acquisition costs

## **SUMMARY & OUTLOOK**

Today, Centuria announces its FY20 forecast distribution guidance of 9.7 cents per stapled security, (+4.9% on FY19 actual 9.25 cps).

John McBain said, “Centuria remains focused on building a strong funds management platform aligned to the commercial, industrial and healthcare real estate sectors as well as continuing to build its investment bond business. Centuria’s suite of investment options are positioned to offer very attractive spreads for its investors in an investment universe where prolonged low interest rates and decreasing term deposits are a dominating factor. We continue to assess transaction opportunities that will complement the existing platform, using our expanded balance sheet and increased scale to generate further growth opportunities.”

## **FY19 RESULTS PRESENTATION**

CNI is providing a market briefing, which will be made available via the Centuria website.

<https://centuria.com.au/cni/annual-results/>

**– Ends –**

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## **About Centuria Capital Group**

Centuria Capital Group (CNI) is an ASX-listed specialist investment manager with \$6.2 billion<sup>1</sup> of assets 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.

[www.centuria.com.au](http://www.centuria.com.au)

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