



Australian Securities Exchange - Company Announcements Platform

Centuria Capital Limited

Market Update

Property Funds Management and Investment Bond Divisions

Sydney, 1 October 2015

- \$86 million Sydney property being acquired jointly by listed and unlisted Centuria property divisions
- Increased first quarter net inflows to Centuria Life Investment Bond division

Following the Group's successful FY15 result which saw underlying profit up and the declaration of total dividends of 4.75 cents per share, Centuria is actively growing its core business units.

Property Funds Management Update

Centuria Property Funds Limited, as responsible entity for the Centuria property funds management entities, today announces it has entered into an unconditional agreement to acquire 203 Pacific Highway, St Leonards, part of the Forum complex, for \$86.05 million.

Centuria Metropolitan REIT ("CMA") will acquire a 50% interest in the asset and the remaining 50% interest will be acquired by a newly created Centuria retail unlisted trust. Settlement is scheduled to occur on 7 December 2015. The CMA platform release in respect of the acquisition may be accessed through the following link <http://www.centuria.com.au/wp-content/uploads/2015/10/Acquisiton-of-50-Per-Cent-Interest-in-203-Pacific-Hwy-St-Leonards.pdf>

203 Pacific Highway is an A-grade office building constructed in 2000 with a weighted average lease expiry of 5.0 years and it has been acquired on an initial yield of 8.0%. The building is prominently located over the St Leonards railway station and major tenants include Primary Health Care, Cardno and Verizon.

The acquisition is forecast to be income accretive to CMA, which will debt-fund its share, bringing the post-acquisition book value of its portfolio to \$366 million, further diversifying its tenancy base and continuing the strong growth which it has exhibited since listing in December 2014.

Centuria's unlisted division anticipates healthy demand from its retail client base due to the likely firm distribution yield and the strong fundamentals, the location of the property and the fact that Centuria Property Funds' most recent acquisition of a 50% interest in the Sydney Channel Seven Headquarters was the most heavily over-subscribed retail issue in the history of the Group.



Group CEO John McBain commented “The acquisition will increase total group property FUM by 10%, to \$0.96 billion, and this purchase is an excellent example of Centuria utilising its property skill-base. We were able to identify and execute on an opportunity for the listed and unlisted vehicles to jointly acquire what we believe will be a well-performing asset.

“We have made the point repeatedly, that while we will sell down assets where we can take attractive profits for our investors, we are still able to grow funds under management by careful analysis of markets, backing ourselves where we see opportunity and being able to act decisively to execute on transactions.”

Investment Bond Upswing - Centuria Life

Centuria has committed additional resources to its Investment Bond division. These include the appointment of industry specialist Neil Rogan and business development managers in order to focus on marketing its products through adviser networks.

This increased focus is showing positive early signs with net inflows across the Investment Bond division of \$4 million in the first quarter of FY16.

Mr McBain commented “We are entering a period where our bond products are gaining better market penetration. The tax-effectiveness and other benefits of Investment Bonds are being increasingly recognised as a good alternative, or supplement to, traditional superannuation investments.

“Further, increased FUM in this division provides high quality annuity-style revenues for the Group which supplement our property funds management revenues and performance fees.”

-Ends-

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About Us

Centuria Capital “CNI” is an ASX-listed specialist investment manager with \$1.7 billion in funds under management. We offer a diverse range of investment opportunities – from tax-effective investment bonds to unlisted property funds. Our drive, allied with our inside knowledge of the sector and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.