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Centuria Property Funds Limited

CENTURIA METROPOLITAN REIT

Asset valuations result in \$17.6 million uplift

Sydney, 19 May 2016

Centuria Metropolitan REIT ("CMA" or the "Trust") announces a \$17.6 million increase in the value of its property portfolio.

In accordance with its Valuation Policy and in light of a recent increase in investor interest and sales activity within metropolitan office markets, CPFL has referred the Trust's portfolio for external valuation in its entirety as at 15 May 2016, detailed in Appendix A.

In summary, 2H16 valuations have resulted in an uplift in the Trust's portfolio value to \$396.7 million, an increase of \$17.6 million (\$15.0 million after capital expenditure) representing an increase of 4.6%¹. The increase in property values has been driven by CMA's active management delivering increased occupancy and income growth, as well as a general firming of capitalisation rates.

The valuations are expected to increase CMA's net tangible assets (NTA), after adjusting for a mark to market of the Trust's interest rate swaps², by approximately \$0.10 per security which results in an increase in NTA to \$2.15 per security compared to the Trust's NTA of \$2.05 per security as at 31 December 2015. Gearing is expected to reduce by approximately 1.0% as a result of the asset valuations.

CMA Trust Manager, Nicholas Blake said: "The increase in value of the Trust's assets is not surprising given that the demand for quality commercial space in metropolitan markets from office users is outstripping supply, resulting in declining vacancy rates and increased investor demand."

"Centuria has been an investor in the metropolitan markets for almost two decades and is a specialist in securing and managing these assets for maximum investor returns" Mr. Blake concluded.

- Ends -

¹ Unaudited

² Interest rate derivative liability approximately \$0.026 per security as at 9 May, 2016



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About Us

Centuria Property Funds Limited (CPFL) which is a wholly-owned subsidiary of CNI, is the Responsible Entity for the ASX-listed Centuria Metropolitan REIT "CMA". CMA focusses on investing in office and industrial assets in metropolitan markets across Australia and holds a portfolio of assets valued at \$379.2 million diversified across Sydney, Brisbane and Adelaide.

CPFL has over \$1.2 billion of property under management in 13 unlisted property funds and 1 unlisted fund.

Centuria Capital "CNI" is an ASX-listed specialist investment manager with \$1.9 billion in funds under management.

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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, CPFL and its directors. In particular, they speak only as of the date of this announcement, they assume the success of CPFL'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 CPFL 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.

Appendix A

Property	Prior Independent Valuation Date	31 Dec 15 fair value (\$m) ³	15 May 16 independent valuation (\$m)	Change (\$m) ⁴	Change (%) ³	31 Dec 15 Cap rate	15 May 16 Cap rate
Office							
9 Help Street, Chatswood, NSW	Dec 15	52.0	55.0	3.0	5.8%	7.75%	7.25%
203 Pacific Highway, St Leonards ⁵ , NSW	Oct 15	43.5	45.5	2.0	4.6%	7.75%	7.50%
3 Carlingford Road, Epping, NSW	Dec 15	25.0	27.0	2.0	8.0%	6.75%	6.25%
44 Hampden Road, Artarmon, NSW	Dec 14	8.0	8.5	0.5	6.9%	8.50%	8.50%
54 Marcus Clarke, Canberra, ACT	Mar 15	14.8	16.3	1.5	10.1%	9.75%	9.25%
60 Marcus Clarke, Canberra, ACT	Mar 15	49.2	51.7	2.5	5.1%	8.25%	8.25%
35 Robina Town Centre Drive, Robina, QLD	Mar 15	47.3	48.8	1.5	3.2%	7.75%	7.50%
555 Coronation Drive, Brisbane, QLD	Dec 14	33.8	33.1	(0.7)	(2.1%)	8.50%	8.25%
1 Richmond Road, Keswick, SA	Sep 14	25.2	26.5	1.3	5.2%	9.50%	9.25%
131-139 Grenfell Street, Adelaide, SA	Mar 15	20.4	20.5	0.1	0.5%	9.00%	8.75%
Industrial							
149 Kerry Road, Archerfield, QLD	Dec 14	23.6	24.5	0.9	3.8%	7.50%	7.50%
14 Mars Road, Lane Cove, NSW	Sep 14	19.3	21.5	2.2	11.4%	9.00%	8.00%
13 Ferndell Street, Granville, NSW	Sep 14	17.1	17.8	0.7	4.1%	8.00%	7.75%
Total Portfolio		379.2	396.7	17.6	4.6%	8.15%	7.85%

³ As disclosed in the audited financial statements for the period ended 31 December 2015

⁴ Unaudited

⁵ 50% interest