

29 May 2019

Dear Investor,

**Re: Centuria Diversified Property Fund
Purchase of 10 Moore Street, Canberra**

We are pleased to report that the Centuria Diversified Property Fund (CDPF) has acquired 10 Moore Street, Canberra. This is the second direct property acquisition of the CDPF, following the recent purchase of a high quality, multi tenanted office building located at 381 Macarthur Avenue, Northshore Hamilton, QLD. As a result, the Assets Under Management (AUM) of the CDPF are expected to exceed \$100m¹.

10 Moore Street is a centrally-located property in Civic, which is in the heart of Canberra's CBD precinct. There is excellent public transport to the area, and stage 1 of the light rail, which is currently under construction, will improve transport links further. Canberra is Australia's second fastest growing city (after Melbourne),² and this, combined with 10 Moore Street's central location, were key factors in the decision to acquire the property.

About the property

10 Moore Street is a 6-level office building with 6,709 sqm of net lettable area, fronting Moore and Rudd Street in Canberra's Civic precinct. The property currently has 14 tenants which are a diverse group of high-quality occupants, some of which have been in the building for over 25 years. The building has recently been refurbished and is one of the few Civic buildings with a 5.0-star NABERS energy rating. The property provides modern end-of-trip facilities (including showers, lockers and bike storage) and upgraded lobbies, lifts, bathrooms, and exterior.

CDPF strong fund growth

It is particularly pleasing to see that the CDPF's AUM has grown from \$37.8m as at 30 June 2018, to over \$60m³ prior to the direct property acquisitions. As a result of these direct acquisitions, the CDPF has broadened its geographic and tenant exposure, and AUM is expected to exceed \$100m¹. Both of these properties are quality buildings and, importantly, provide the CDPF Investors access to direct property investments as well as improving the underlying cashflows of the Fund.

¹ Forecast AUM is based on the settlement of 381 Macarthur Ave, Hamilton (contracts exchanged) and the settlement of 10 Moore Street, Canberra. Various reasonable assumptions have been made in respect to equity inflows and does not consider potential redemptions.

² <https://www.abs.gov.au/ausstats/abs@.nsf/latestProducts/3218.0Media%20Release12017-18>

³ AUM as at 27 May 2019

Financial support from Centuria Capital Group

To assist the CDPF to acquire both properties in a relatively short timeframe, Centuria Capital Group will support the acquisitions by investing \$20m into the CDPF via special class acquisition units. This is consistent with the provisions of our current Product Disclosure Statement (PDS). The acquisition units acquired by the Centuria Capital Group rank equally with ordinary units in terms of distributions and price per unit, except that acquisition units carry a priority for redemption over ordinary units but only from the proceeds of the issue of new ordinary units. Both the issue price and the withdrawal price of these acquisition units are at the prevailing unit price of ordinary units at the relevant times.

The Fund also has a limited monthly liquidity facility available to all Investors. The amount available for redemption is updated on the CDPF website each month. This facility is currently open, and Investors are able to access this facility and apply to redeem units on a monthly basis⁴. Where the Centuria Capital Group is unable to redeem its units from the issue of ordinary units, it may participate in the limited monthly liquidity facility on the same terms and conditions as ordinary unit holders.

Future strategy of CDPF

Growth, particularly via direct acquisitions of quality property, is a key part of the fund's strategy. CDPF is likely to continue to invest in Centuria's unlisted property trusts, due to their high-quality income streams, however, the CDPF intends to make further direct property acquisitions as well. Direct property is attractive as it gives us more control over the geographical diversity of the Fund, and the ability to tilt our portfolio to where we see the most opportunity.

Should you have any queries in respect to your investment, or this letter, please contact me.

Kind regards,



Doug Hoskins

Fund Manager

Disclaimer

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⁴ Redemptions are limited to the terms detailed in the PDS and are subject to CDPF's liquidity policy