

# Unlisted Property Trust Report

## Centuria Diversified Property Fund

April 2021

Diversified property fund with a solid track record  
of yield and capital growth

## Centuria Diversified Property Fund

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## About Core Property Research

Core Property Research Pty Ltd was established in July 2017 to provide market leading and insightful research on the property funds sector for its clients and investors. Our ratings and research cover sector level research, ratings and recommendations on listed and unlisted property funds, and is built upon the extensive research experience of its staff.

The Core Property team collectively, has over 50 years' experience across property, financial services and investment markets. The team has also evaluated over 500 different funds across multiple sectors and a range of investment structures over the last decade.

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# Centuria Diversified Property Fund

April 2021

The Centuria Diversified Property Fund (“the Fund”) is an open-ended diversified property fund designed to provide exposure to direct properties, unlisted property investments and listed property investments. The Fund is managed by Centuria Property Funds Limited as Responsible Entity and Manager (“RE” or “the Manager”). Centuria is a well-regarded property manager with a solid track record of performance since 1999.

The Fund provides an opportunity to invest in a diversified portfolio of properties through both direct properties as well as unlisted property funds managed by Centuria. Historically Centuria has typically provided single asset, closed-ended property syndicates for investors, however the Fund provides an opportunity to invest in a diversified portfolio in an open-ended fund.

The Fund has a solid track record, delivering total returns of 13.07% p.a. since inception, including 6.05% p.a. in distributions and 7.02% p.a. in capital growth. The Manager is targeting distributions of 7.00 cents per units in 2021, which equates to a distribution yield of 5.1% based on the current unit price. Distributions are paid monthly.

The Fund predominantly invests in direct properties and unlisted property funds, with a target allocation of 90% - 100% across these classes combined. A further 0% - 10% is allocated to liquid assets such as A-REITs, cash and cash like products.

The Fund’s current portfolio holds 92.3% in direct properties and unlisted property funds, with the remaining 7.7% in liquid assets. Direct properties account for 77.7% of the portfolio, spread across 4 metropolitan office assets, with a carrying value of \$149.3M, with 96% occupancy and a WALE of 3.6 years. The Manager continues to look for additional properties to further diversify the Fund and has confirmed that industrial properties are also being considered. The Fund also invests 14.6% of the portfolio in 9 unlisted property funds also managed by Centuria.

The Fund has a debt facility on the direct properties with a total Loan to Valuation Ratio (LVR) of 46.8%. The Fund has a target gearing of 35% - 50%.

Fees are considered to be at the low end of what Core Property has seen in the market. (see Fees in Perspective). A key feature of the Fund is that it does not charge additional fees where Centuria has already earned the same fee in an underlying investment.

Core Property estimates the pre-tax equity IRR to be between 6.0% - 8.1% p.a. (midpoint 7.1% p.a.) over an estimated five-year period (see Financial Analysis section). Investors should note that, as an open-ended fund, actual returns will be dependent on entry and exit prices (which may deliver a capital gain or loss), as well as any changes in investments over time.

The Fund also provides additional liquidity for investors, which is not normally available in closed-ended funds. A Limited Quarterly Withdrawal Facility is offered every quarter, capped at 2.5% of the Fund’s NAV per quarter, and the Manager will provide a liquidity event every 5-years, with the next commencing in February 2026. Investors may enter the Fund based on a daily unit price.

## Investor suitability

Core Property considers the Fund to be suitable for investors seeking an exposure to a diversified portfolio of direct properties managed by Centuria. The main attraction of the Fund lies in its ability for investors to access Centuria’s investment capabilities in an open-ended structure, with the additional features of diversification, monthly distributions, daily unit pricing and quarterly liquidity.

As an open-ended fund, investors should expect the investment profile to change as new properties are acquired or sold. Investors should also expect valuation movements to impact the unit price and the ongoing yield of the Fund.

## Recommended

See the Appendix for a description of our ratings. The above rating must be viewed in the context of comparable Funds and not across all products

### Fund Details

Offer Open:	Open-ended
Offer Close:	No close date
Min. Investment:	\$10,000 <sup>1</sup>
Unit Price:	\$1.3826 (12 April 2021)
Entry / Exit Price:	\$1.3826 / \$1.3826 <sup>2</sup>
Liquidity:	Limited Quarterly and full liquidity every 5-years
Forecast Distributions:	FY21: 7.00 cpu (5.1% yield on current unit price)
Distribution Frequency:	Monthly
Recommended Investment Period:	5 years

1. Minimum investment \$10,000. Subsequent additional applications have a minimum of \$1,000. The Manager may accept initial investments that are less than \$10,000 at its discretion.  
2. Based on a Buy/ Sell Spread of +0.0% / -0.0%

### Fund Contact Details

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### Fund – Website

<http://www.centuria.com.au>

Note: This report is based on the Centuria Diversified Property Fund Product Disclosure Statement dated 1 February 2021, together with other information provided by Centuria.

## Key Considerations

**Management:** Well-regarded fund manager with a solid track record of managing property funds, corporate governance, maintaining and improving occupancy rates. Since 1999 Centuria has completed 44 funds delivering a weighted average return of 16.8% p.a. and an average total return of 15.3%. The Board of the RE consists of only independent and non-executive Directors providing a high level of scrutiny and independence for the Fund. Centuria currently own 21.3% of the units in the Fund, providing an alignment of interests with Ordinary Investors.

**Strategy:** The Fund is an open-ended unlisted property fund that primarily invests in real estate via direct property and property funds. The Fund has a target allocation to invest 90% - 100% in direct and unlisted property funds. A further 0% - 10% is allocated to liquid assets (A-REITs, cash and cash-like products) to support the liquidity of the Fund.

**Investment Portfolio:** The Fund currently owns four direct properties, with a combined carrying value of \$149.3M, representing 77.7% of the investment portfolio. The properties consist of four commercial office buildings in well situated metropolitan locations in QLD, VIC and ACT, with 96.0% occupancy and a Weighted Average Lease Expiry (WALE) of 3.6 years. The Manager has confirmed it is considering additional acquisitions for the Fund, including industrial properties. The Fund also invests in 9 unlisted property funds, managed by Centuria, valued at \$28.1M or 14.6% of the portfolio. A further 7.7%, (\$14.8M) is held in liquid assets to support the liquidity of the Fund, held in Cash (\$3.9M) and an A-REITs Fund (\$10.9M). Investors should expect that, as an open-ended fund, the investment portfolio is likely to change over time.

**Distributions:** The Manager is targeting distributions of 7.00 cents per unit in 2021. Based on the current unit price of \$1.3826 per unit, this equates to a distribution yield of 5.1% p.a. Distributions are paid monthly.

**Unit Pricing:** The Fund calculates its unit price on a daily basis, based on its net asset value plus the amortised value of acquisition costs divided by the number of shares. The acquisition costs are amortised over a five-year period.

**Fees:** Fees charged by the Fund are at the low-end of what Core Property has seen in the market (see Figure 6: Fees in Perspective). The Fund does not charge a Management Fee, Acquisition Fee or Disposal Fee where Centuria has already earned the same fee in an underlying investment.

**Total Return:** Core Property estimates the Fund to deliver a total return of 6.0% - 8.1% p.a. (midpoint 7.1% p.a.) over a five-year period, based on the Fund's sensitivities to debt and capitalisation rates (see the Financial Analysis section). As the Fund is open-ended, Investors should be aware that total returns will be impacted by their entry and exit price and any changes in the investment portfolio. The Fund is exposed to a capital gain or loss based on market conditions and lease outcomes, which may deliver an IRR outside this range.

**Debt:** The Fund has a target gearing of 35% - 50% calculated on a look through basis. The Fund has a debt facility with four tranches for the four direct properties, with cross collateralisation in place. The Loan To Valuation Ratio (LVR) across the four properties is 46.8% against an LVR Covenant of 55.0%. The debt has a maturity date of June 2022 and the Fund will need to extend or replace the debt to maintain the properties in the Fund.

**Liquidity:** The Fund provides a Limited Quarterly Withdrawal Facility for investors who wish to redeem some or all of their investment. The facility is capped at 10% p.a. of the Fund's Net Asset Value (NAV), or 2.5% per quarter. The Manager will also provide a full liquidity event for withdrawals every 5-years, with the next full liquidity event expected around February 2026. The withdrawal price for the facilities will be at the Net Tangible Asset per unit of the Fund, with no Buy/Sell Spread currently in place.

## Investment Scorecard

<b>Management Quality</b>	★★★★★
<b>Governance</b>	★★★★☆
<b>Property / Portfolio</b>	★★★★☆
<b>Income Return</b>	★★★☆☆
<b>Total Return</b>	★★★☆☆
<b>Gearing</b>	★★★☆☆
<b>Liquidity</b>	★★★☆☆
<b>Fees</b>	★★★☆☆

## Key Metrics

Trust Structure						Fees Paid	
A registered Managed Investment Scheme investing in direct property, unlisted and listed property funds.						Establishment / Contribution Fee:	Nil
Management						Withdrawal / Exit Fee:	Nil
The Manager, Centuria Property Funds, is a subsidiary of ASX-listed specialist investment manager, Centuria Capital Group (ASX: CNI), a well-regarded Australian fund manager with demonstrable experience in property and finance. The Board of the Manager consists entirely of independent and non-executive directors, providing a higher level of corporate governance.						Buy/Sell Spread:	0.0% / 0.0%
31 Mar 2021	Direct Property	Unlisted Property	A-REITs	Cash	Total Portfolio	Acquisition Fee:	2% of gross value of acquired property
Target Asset Allocation:	90% - 100%		0% - 10%		100%	Disposal (Sale) Fee:	1% of sale price of disposed property
Actual Allocation:	77.7%	14.6%	5.7%	2.0%	100%	Management Fee:	0.80% of the GAV of the Fund
Holdings:	4 properties	9 funds	1 fund	Cash		Fund Costs and Expenses:	Capped at 0.35% p.a. of GAV
Carrying Value:	\$149.3M	\$28.1M	\$10.9M	\$3.9M	\$192.2M	Performance Fee:	20.0% of the amount above an 8.0% benchmark total return. Subject to a high watermark.
Property Location:	QLD, VIC, ACT	Various	Various	NA	Australia	Debt Metrics	
Property Sector:	Office	Office, Healthcare	Various	NA	Various	Drawn Debt / Facility Limit:	\$65.2M / \$71.0M
Occupancy:	96.0%	98.4%	NA	NA	NA	Loan Expiry:	June 2022
WALE:	3.6 years	7.4 years	NA	NA	NA	Direct Properties LVR / LVR Covenant:	46.8% / 55.0%
Return Profile						Direct Properties ICR / ICR Covenant:	5.7x / 2.0x
Forecast Distributions:	FY21: 7.00 cents per unit (5.1% yield on current unit price)					Legal	
Current Unit Price:	\$1.3826 per unit (12 April 2021)					Offer Document:	Centuria Diversified Property Fund Product Disclosure Statement dated 1 February 2021
Distribution Frequency:	Monthly					Wrapper:	Unlisted Unit Trust
Tax advantage:	Est. 80%					Responsible Entity Manager:	Centuria Property Funds Limited (ACN 086 553 639, AFSL 231149)
Estimated Levered Internal Rate of Return (IRR):	6.0% – 8.1% p.a. (midpoint 7.1% p.a.), (net of fees)					Administrator & Custodian:	Perpetual Corporate Trust Limited & Custodian (ACN 000 341 533)
Recommended Investment Period:	The Fund is open ended. The Manager advises a minimum investment period of 5-years.						
Risk Profile							
Property/Market Risk:	The Fund invests in directly owned properties and investments in unlisted and listed property funds. Investors will be exposed to a potential capital gain or loss, based on market conditions. The portfolio is expected to change over time, which may impact the risk profile.						
Interest Rate Movements:	Any changes in the cost of debt may impact investment returns of the Fund.						
Property Specific Risks:	Property investments are exposed to a change in vacancy rates, prevailing market rents, and economic supply and demand.						
For a more detailed list of the key risks, refer to "Section 6: Investment considerations and risks" of the Product Disclosure Statement.							

## Fund Overview

The Centuria Diversified Property Fund (“the Fund”) is an open-ended unlisted property fund that provides investors with a diversified exposure to property assets in Australia. The Fund is managed by Centuria Property Funds Limited (“the Manager”) as the Responsible Entity. Centuria is a recognised and established property manager with over \$10B of assets under management in Australia and New Zealand. Centuria currently owns 21.3% of the units in the Fund, on the same terms as Ordinary Investors. Core Property considers this provides a strong alignment of interests with Ordinary Investors.

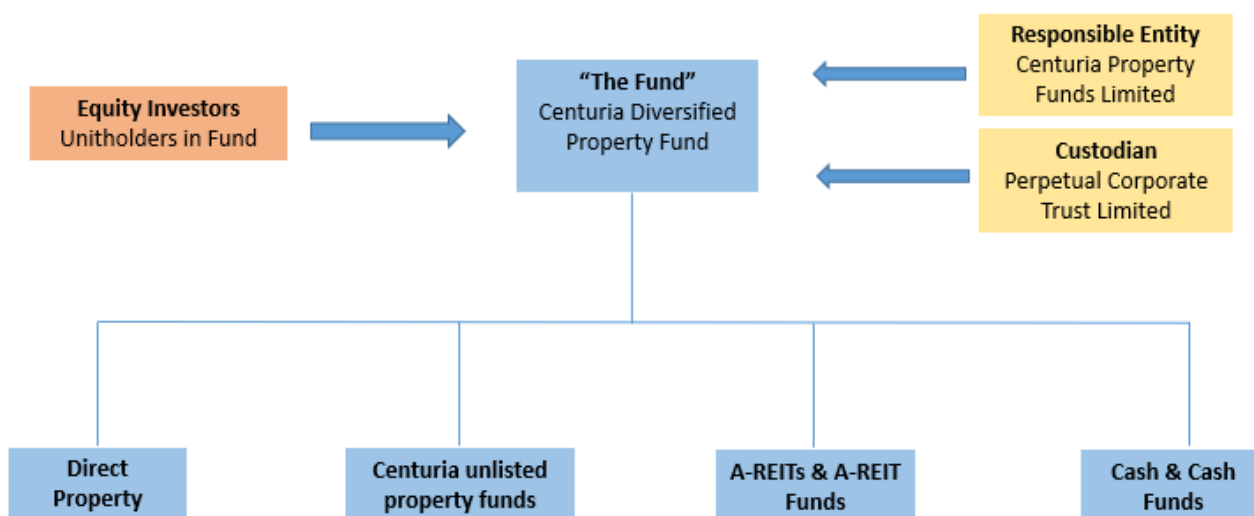
The Fund aims to provide a stable income returns for investors by investing in a combination of direct properties, unlisted and listed property investments and cash. The Fund seeks to provide a monthly tax effective income with daily entry prices and a quarterly withdrawal facility.

The Fund is open ended, and investors may acquire units based on the prevailing daily unit price. The current unit price as at 12 April 2021 is \$1.3826 per unit. The Fund is open to Australian, New Zealand and Singapore investors with a minimum investment of \$10,000 and increments of \$1,000 thereafter. The Manager may accept lesser investments at its discretion.

The Fund aims to invest up to 90% - 100% portfolio in direct properties and unlisted property funds. The direct properties are acquired by separate sub trusts to provide flexibility. The fund currently invests 92.3% of the portfolio in properties, consisting of 77.7% in direct properties and 14.6% in unlisted property funds managed by Centuria. In addition, the Fund targets to invest up to 10% in liquid assets, such as A-REITs, cash and cash like products, to support the liquidity of the Fund. Currently 7.7% of the portfolio is held in liquid assets.

The Manager is currently targeting distributions of 7.00 cents per unit for 2021, which equates to a distribution yield of 5.1% based on the current unit price. Distributions are paid monthly.

Figure 1: Fund structure



Source: Centuria, Core Property

## Fund Strategy

The Fund aims to provide investors with stable income returns and the potential for capital growth by investing in a diversified property portfolio. In order to achieve this, the Fund invests in real property through both listed and unlisted property funds which are diversified across different properties, sectors, geographic locations and tenancy mixes. The Manager maintains a focus to invest in assets that are underpinned by strong tenant covenants and provide steady income.

The Fund's target asset allocation is set out in the following table. The target asset allocation is a guide only and the actual asset composition may at time fall outside the target range.

Figure 2: Fund target asset allocation

Asset Class	Target Asset Allocation
Direct Property and Unlisted Property Funds	90% - 100%
A-REITS, cash or cash like products	0% - 10%
<b>Total</b>	<b>100%</b>

Source: Centuria

## History of the Fund

The Fund was established in March 2016 with initial investments being made in related Centuria managed property funds. In February 2017 the Fund opened investment to retail investors, whilst maintaining its investments in unlisted property funds as well as investing in liquid assets such as cash and cash like products, and A-REIT products.

- Since June 2017, the Fund has consistently paid a distribution yield of 5.0% -5.2% p.a. to investors.
- In June 2019 the Fund acquired its first direct property asset, the office property at 381 Macarthur Avenue, Hamilton QLD. This was followed by the Fund's second direct property, 10 Moore Street, Canberra, ACT in the same month.
- The Fund has since acquired two more direct properties, being office properties at 25 Montpelier Road, Bowen Hills QLD and 13-15 Compark Ct, Mulgrave, VIC.
- In January 2021, the Manager proposed a number of changes to the Constitution, which were passed at a General Meeting of unitholders. The changes included: (1) reducing the Fund's target allocation to liquid assets to 10% (from 20% previously); (2) moving to a Quarterly Limited Withdrawal Facility (from Monthly, previously); (3) moving to a Performance Fee benchmark of 8.0% p.a. total return (from a composite benchmark previously); as well as (4) refinements to unit price calculations and technical and administrative changes.
- Since inception, the Fund has delivered a total return of 13.07% p.a., consisting of 6.05% p.a. in distributions and 7.02% p.a. capital growth.

The table below provides a summary of the historical metrics of the Fund.

Figure 3: Historical Metrics of the Fund

Centuria Diversified Property Fund	June 2017	June 2018	June 2019	June 2020	12 April 2021
Unit Price (Exit price)	\$1.29	\$1.34	\$1.44	\$1.40	\$1.3826
Distributions per unit - annualised	3.15 cpu	6.46 cpu	7.00 cpu	7.30 cpu	7.00 cpu
Distribution yield (%) - annualised	2.8%	5.01%	5.21%	5.08%	5.1%
<b>Investment Portfolio</b>					
Total FUM	\$13.3M	\$37.7M	\$118.9M	\$204.7M	\$192.2M
A-REITs	\$0.9M	\$3.9M	\$6.0M	\$7.5M	\$10.9M
Direct Property	\$0.0M	\$0.0M	\$59.4M	\$152.3M	\$149.3M
Unlisted Property	\$11.6M	\$30.5M	\$32.4M	\$27.4M	\$28.1M
Cash & Equivalents	\$0.8M	\$3.3M	\$21.1M	\$17.5M	\$3.9M

Source: Centuria



## Unit Pricing

Core Property has reviewed the calculation of Unit Prices and considers it to be appropriate for an open-ended fund of this type. The Fund calculates its Unit Price on a daily basis by taking the net asset value of the Fund plus the amortised value of acquisition costs divided by the number of units on issue. The amortisation of acquisition costs is written off over a five-year period. If an asset is sold, any outstanding acquisition costs are written off immediately against the sale. If an investment period is shorter (eg an investment in a fund with two years remaining), then the acquisition costs will be written off over the shorter period.

Investors may purchase units in the Fund on a daily basis with the entry price determined by the daily Unit Price plus any Buy Spread. Currently the Buy Spread is Nil. Investors wishing to exit the Fund may have access to a Limited Quarterly Withdrawal Facility with the exit price based on the Unit Price on the last business day of the quarter less any Sell Spread. Currently the Sell Spread is Nil, however the Manager may apply a Sell Spread in future where it would reflect an equitable allocation of the costs associated with the redeeming of units.

## Liquidity / exit strategy

The Fund is open-ended and offers liquidity to investors via two withdrawal options:

- 1) A Limited Quarterly Withdrawal Facility: The Fund provides investors the opportunity to submit a withdrawal for some or all of their investment on a quarterly basis, in March, June, September and December. The withdrawal amount is subject to the available liquidity of the Fund and is capped at 10.0% p.a of the Net Asset Value (NAV) of the Fund, or 2.5% of NAV per quarter. If the total withdrawal requests exceed the amount that is offered, then withdrawals may be scaled back during the period and the remainder amount will be automatically rolled over into the following quarter, unless the investor requests otherwise. Any rolled over requests do not have priority in the next quarter, but form part of the pool of new withdrawal requests for that quarter. Withdrawal requests are generally satisfied from the Fund's liquid assets.
- 2) At the end of each five-year term: The Fund has five-year rolling investment terms, commencing from 1 February 2021. At the end of every five-year term the Manager intends to offer a full liquidity event for investors who wish to redeem all or part of their investment. The Manager will use best endeavours to meet all withdrawal requests within six-months but will have up to 1 year to fulfill the requests.

Investors should be aware the Fund may suspend or cancel a withdrawal opportunity under certain circumstances. For example, where the Fund has insufficient liquid reserves to satisfy withdrawal requests, if the withdrawal requests would compromise the operation of the Fund, if it is impracticable or impossible to calculate the withdrawal price, or where the Manager determines it is in the best interests of all Investors. Core Property considers the suspension or cancellation of a withdrawal facility to be appropriate and commonplace for open-ended funds in such circumstances.

The Withdrawal Price is determined by the applicable Net Tangible Asset per unit of the Fund adjusted for any amortisation of acquisition costs and any Buy/Sell Spread. The current Buy/Sell Spread is 0%/0%. The Manager has advised that a Buy/Sell Spread may be applied where there are unforeseen additional costs relating to the issue or redemption of new units in the Fund and a Buy/Sell Spread would reflect an equitable allocation of these costs.



## Debt Facility & Metrics

The Fund has a target gearing of 35% - 50%, with a maximum gearing level of 50%. Gearing is calculated on a look-through basis to include the gearing of any unlisted investment that the Fund holds but does not take into account any debt held in listed investments (A-REITs), which Core Property considers to be an acceptable approach.

The Fund's look through gearing at 31 March 2021 was 43.6%.

The Fund has a single debt facility with four separate tranches in place for each asset:

- Tranche A is a \$17.5M debt facility, drawn to \$15.75M and is secured against 10 Moore Street, Canberra ACT. The LVR is 42.0% against an LVR covenant of 55%.
- Tranche B is a \$10.0M debt facility, fully drawn to \$10.0M and is secured against 381 Macarthur Avenue, Hamilton QLD. The LVR is 48.6% against an LVR covenant of 55%.
- Tranche C is a \$30.0M debt facility, drawn to \$27.1M and is secured against 25 Montperlier Road, Bowen Hills QLD. The current LVR is 42.8% against an LVR covenant of 55%.
- Tranche D is a \$13.5M debt facility, drawn to \$12.3M and is secured against 13-15 Compark Circuit, Mulgrave VIC. The current LVR is 44.2% against an LVR covenant of 55%.

The debt facilities have cross-collateralisation in place which allows the properties to be used as security across all the loans. On a combined basis:

- The total Loan to Valuation Ratio (LVR) across the four properties is 46.8%, against a bank LVR covenant of 55%. Core Property calculates the value of the properties will need to fall 14.9% for the LVR covenant to be breached.
- The total Interest Coverage Ratio (ICR) across the four properties is 5.7x, against a bank ICR covenant of 2.0x. Core Property calculates the net operating income must fall 64.9% for the ICR covenant to be breached.

The debt expires in June 2022 and the Fund will need to extend or replace the debt facility in order to maintain the properties in the Fund. Investors should be aware that any change in debt terms, including any change as a result of acquisitions or disposals, may impact the returns of the Fund.

Figure 4: Debt Metrics – Direct Property as at 31 March 2021

Details	Total
Bank	NAB
Security	First ranked mortgage in 4 tranches across 4 properties
Debt Maturity Date	June 2022
Facility Limit	\$71.0M
Drawn Amount	\$65.15M
% Hedged	43.0%
All-in-cost of debt	2.15%
Loan To Valuation Ratio	46.8%
LVR Covenant	55.0%
Interest Coverage Ratio (ICR)	5.7x
ICR Covenant	2.0x
Amount by which valuation will have to fall to breach LVR covenant	14.9%
Amount by which income will have to fall to breach ICR covenant	64.9%

Source: Centuria

## Fees Charged by the Fund

Overall, Core Property considers the fees charged by the Fund to be at the low end of what has been seen in the market.

Core Property notes that there is no acquisition and disposal fee when the Fund invests into another unlisted property syndicate where an acquisition fee of 2% has already been charged and/or a sale fee of 1% on the sale price has already been charged. If the Fund invests in an underlying fund managed by Centuria that is already charging management fees below 0.80%, then the difference between the underlying funds management fee and 0.80% is payable. Currently the Fund invests in the Vanguard Australian Property Securities Index Fund, which charges management fees of 0.23% p.a. The Manager has elected to rebate this fee to the Fund, effectively absorbing it as part of the overall 0.80% p.a. management fee.

Investors should note the Performance Fee benchmark was changed, effective from 1 February 2021, to an 8.0% p.a. total return. The new benchmark measurement date was 1 July 2020. The previous benchmark was a composite benchmark (consisting of 80% of the Property Council/IPD Australia Unlisted Core Retail Property Fund Index, 15% of the S&P/ASX300 A-REIT Accumulation Index and 5% of the RBA official cash rate). The Performance Fee is measured and paid quarterly (equivalent to 2.0% per quarter) and has a high watermark in place. Core Property considers the 8.0% p.a. benchmark hurdle provides a simplified hurdle that is in line with current market practice.

Figure 5: Summary of Fees charged by the Fund

Fee Type	Fee Charged	Core Property Comment
Entry Fee:	Nil	
Contribution fee:	Nil	
Withdrawal fee:	Nil	
Exit Fee:	Nil	
Management fee & expenses:	Ongoing management fee of 0.8% of GAV. Expenses (excluding Abnormal Expenses) capped at 0.35% of GAV	Core Property notes that the ongoing Management fee is at the low end of the industry average at 0.7-1.1%.
Manager Upfront Fee (Acquisition Fee):	Up to 2% of the Gross Value (Purchase Price) of any property asset acquired both directly or indirectly.	This fee will not be applicable when the Fund invests into another unlisted property syndicate where an acquisition fee of 2% or more has already been charged unless the underlying investment fund has recovered its initial acquisition costs.
Divestment Fee (Disposal Fee):	Up to 1% of the sale price of any property asset that has been disposed.	This fee will not be applied when the Fund invests in another unlisted property syndicate where a sale fee of 1% has already been charged.
Performance Fee:	20% of the outperformance above a total return benchmark.	The financial benchmark for the Fund is a total return of 8.0% p.a. Core Property notes this is a standard performance fee within the industry.

Source: Centuria, Core Property

## All-in fee analysis

Core Property has estimated the fees that will accrue to the Manager over an estimated five-year period as a percentage of all cash flow generated after deducting interest costs but before management fees are payable. The calculation is based on the current portfolio, with no acquisitions or disposal of assets.

- Calculations assume a five-year investment period.
- Assumes a Buy/Sell spread of Nil.
- A Performance Fee has not been included, in line with the current fee structure.
- Core Property assumes there is no change in the forecast portfolio terminal cap rate at the end of the initial term, which effectively assumes no cap rate compression. A lower terminal cap rate would lead to a higher sale price and performance fees may become payable.

Overall, Core Property estimates the Manager will receive approximately 5.9% of the total cash flow from the current portfolio, which leaves investors with approximately 94.1% of the total. Core Property believes the fees paid to the Manager to be lower than the market when compared to similar products, which are typically around 7% - 9%.

Core Property stresses that these are estimates of how much investors will receive and not guaranteed amounts. For further details, please refer to the *Financial Analysis* section.

Figure 6: Fees in Perspective – over an estimated five-year period

Core Property estimates that for every \$1.00 of equity invested the Fund can return:	Amount per \$1.00 unit
Principal repayment to investors:	\$1.00
Income and capital gains to investors:	\$0.36
<b>Total cash to investors:</b>	<b>\$1.36</b>
Acquisition fee:	\$0.02
Base management fee:	\$0.06
Disposal fee:	\$0.00
Fees for the RE (excluding disposal/admin):	\$0.08
<b>Total cash generated by Fund:</b>	<b>\$1.44</b>
Fees = % of total cash generated (before fees)	5.9%
Fees= % of gains (before fees)	19.2%
Up-front fee vs total fees	28.2%

Source: Core Property estimates

## Investment Portfolio

The Fund invests across direct property assets, listed and unlisted property funds, cash and cash like investments in Australia.

- Direct and Unlisted property trusts:** The fund has a target asset allocation between 90% – 100% for Direct and Unlisted Property Trusts. Currently, the Fund holds 77.7% of the portfolio in direct properties and 14.6% in unlisted property funds. Direct property has a total carrying value of \$149.3M, consisting of four high quality office buildings diversified across VIC, QLD and ACT. The unlisted property trusts consist of 9 funds managed within the Centuria group, with a value of \$28.1M. In total, the Fund holds 92.3% of the portfolio in direct and unlisted property funds with a value of \$177.4M, above the target allocation of 90.0%. The weighted average lease expiry across these two platforms is 4.7 years, with occupancy of 98.0%.
- Liquid Assets:** The Fund has an asset allocation to hold up to 10% in A-REITs, Cash and Cash Equivalent investments. The current allocation is 7.7%, with 5.7% held in the Vanguard Australian Properties Securities Index Fund, and 2.0% in Cash.

The following table is a summary of the Fund's metrics as at 31 March 2021.

Figure 7: Investment Portfolio as of 31 March 2021

Investment Portfolio	Carrying Value	Fund Weighting
<b>Direct Properties</b>		
25 Montpelier Road, Bowen Hills QLD	\$63.4M	33.0%
10 Moore Street, Canberra ACT	\$37.5M	19.5%
13 & 15 Compark Circuit, Mulgrave VIC	\$27.8M	14.5%
381 Macarthur Avenue, Hamilton QLD	\$20.6M	10.7%
<b>Total Direct Properties</b>	<b>\$149.3M</b>	<b>77.7%</b>
<b>Unlisted Property Funds</b>		
Centuria Geelong Office Fund	\$10.6M	5.5%
Centuria Havelock House Fund	\$8.1M	4.2%
Centuria Sandgate Road Fund	\$3.5M	1.8%
Centuria Scarborough House Fund	\$2.6M	1.4%
Centuria 80 Grenfell Street Fund	\$1.8M	0.9%
Centuria ATP Fund	\$1.0M	0.5%
Centuria 203 Pacific Highway Fund	\$0.3M	0.2%
Centuria 8 Central Ave Fund No.2	\$0.1M	0.1%
Centuria SOP Fund	\$0.1M	0.0%
<b>Total Unlisted Property Funds</b>	<b>\$28.1M</b>	<b>14.6%</b>
<b>Liquid Assets</b>		
Vanguard Property Securities Fund	\$10.9M	5.7%
Cash	\$3.9M	2.0%
<b>Total Liquid Assets</b>	<b>\$14.8M</b>	<b>7.7%</b>
<b>Total Investment Portfolio</b>	<b>\$192.2M</b>	<b>100%</b>

Source: Centuria

## Direct Properties – 77.7% of portfolio

The Fund owns four direct properties with a total combined carrying value of \$149.3M, which represents 77.7% of the investment portfolio. The properties are well located metropolitan office assets.

- 381 Macarthur Avenue, Hamilton QLD
- 25 Montpelier Road, Bowen Hills QLD
- 13-15 Compark Ct, Mulgrave VIC
- 10 Moore Street, Canberra ACT

Three of the properties (in QLD and VIC) were completed between 2006 – 2018, whilst the ACT asset was built in 1985, and underwent progressive refurbishment between 2015 – 2019.

As an open-ended fund, the valuation of the properties are continually updated to ensure the unit price is accurate. The Carrying Value of the properties are based on the independent valuations adjusted for amortised acquisition costs, in accordance with the Unit Pricing policy. Below is a summary of the four direct properties currently held in the portfolio.

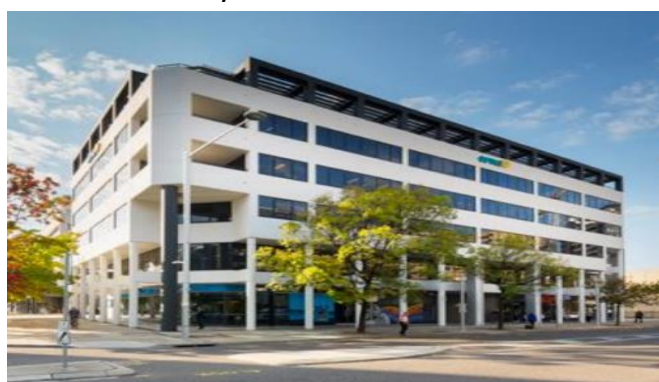
### 381 Macarthur Avenue, Hamilton QLD



Constructed in 2018, the property is an A-Grade commercial office building with a NLA of 2,847 sqm across three levels. The building holds 33 on site car parking spots, with an additional 87 bays within a multi-level car parking structure north of the building, which are allocated to the property under a Community Management Statement. Located roughly 10km north of the Brisbane CBD in the suburb of Hamilton, the local area marks a growth precinct underpinned by a strong economy and infrastructure developments. The building is currently 89.4% occupied, leased to 6 office tenants and 1 retail tenant, with a WALE of 2.7 years (by income). The key tenant, Clinical Network Solutions represents 39% of NLA. No major lease expiries are set to expire until 2023, where 23% of NLA will fall due.

As at 31 March 2021	
Carrying Value	\$20.6M
Capitalisation Rate	6.50%
NLA (sqm)	2,847 sqm
Occupancy-by NLA	89.4%
WALE	2.7 yrs

### 10 Moore Street, Canberra ACT



The property is a six-level B-grade commercial office building originally built in 1985. Between 2015-2019, the building underwent progressive refurbishment transforming into a 5-star NABERS rated office block, with ground floor retail, five office levels and a basement carpark with 44 car parking bays. Located in the heart of Canberra's civic precinct, the office building is well connected, with close proximity to the light rail station, City bus interchange and the Canberra/Bunda Street retail precinct. The building is currently 100% occupied with a WALE of 3.0 years by income, with 24% of NLA set to expire by the end of 2022. Major tenants include Optus (33.9% of NLA), Training Rooms Australia Pty Ltd (19.3% of NLA) and Griffin Legal Pty Ltd (6.7% of NLA).

As at 31 March 2021	
Carrying Value	\$37.5M
Capitalisation Rate	6.75%
NLA (sqm)	6,709 sqm
Occupancy-by NLA	100%
WALE	3.0 yrs



## 25 Montpelier Road, Bowen Hills QLD



As at 31 March 2021

<b>Carrying Value</b>	\$63.8M
<b>Capitalisation Rate</b>	6.25%
<b>NLA (sqm)</b>	7,739 sqm
<b>Occupancy-by NLA</b>	100%
<b>WALE</b>	4.7 yrs

The property is an A-Grade commercial office building constructed in 2009 and located 3km from the Brisbane CBD, within close proximity to the Bowen Hills train station. The 4-level office has 112 car parking bays for tenants as well as 18 spaces leased to the car parking operator Secure Parking. The asset sits on the northern alignment of Montpelier Road and is set to benefit from the redevelopment of the RNA Showgrounds and upgraded Exhibition Station which is due for completion in 2025. The property is 100% occupied with a WALE of 4.7 years and holds a strong tenant covenant across gaming, pharmaceutical and aged care services. Ladbrokes is the major tenant holder of the office with 44% of NLA, while Neds and Leo Pharma hold a combined 25%, with lease terms set to expire in April and August 2022, respectively.

## 13-15 Compark Circuit, Mulgrave VIC



As at 31 March 2021

<b>Carrying Value</b>	\$27.8M
<b>Capitalisation Rate</b>	6.25%
<b>NLA (sqm)</b>	5,851 sqm
<b>Occupancy-by NLA</b>	89.4%
<b>WALE</b>	2.2 yrs

The property is located in the suburb of Mulgrave, approximately 20 kms south east of Melbourne's CBD, situated on the northern side of Compark Circuit in the heart of the Monash Office and Technology precinct. Constructed in 2006 the property comprises of two freestanding, two-level high-quality office buildings with a 4-star NABERS rating and 226 car parking bays. The asset currently holds a WALE of 2.2 years, with 89% occupancy, anchored by Tyco Australia Group Pty Ltd which holds 38.9% of NLA. By the end of 2022, a total of 39% of lease expires will fall due with all expiring tenants holding the right to initiate their option terms.

## Leases, tenants and income

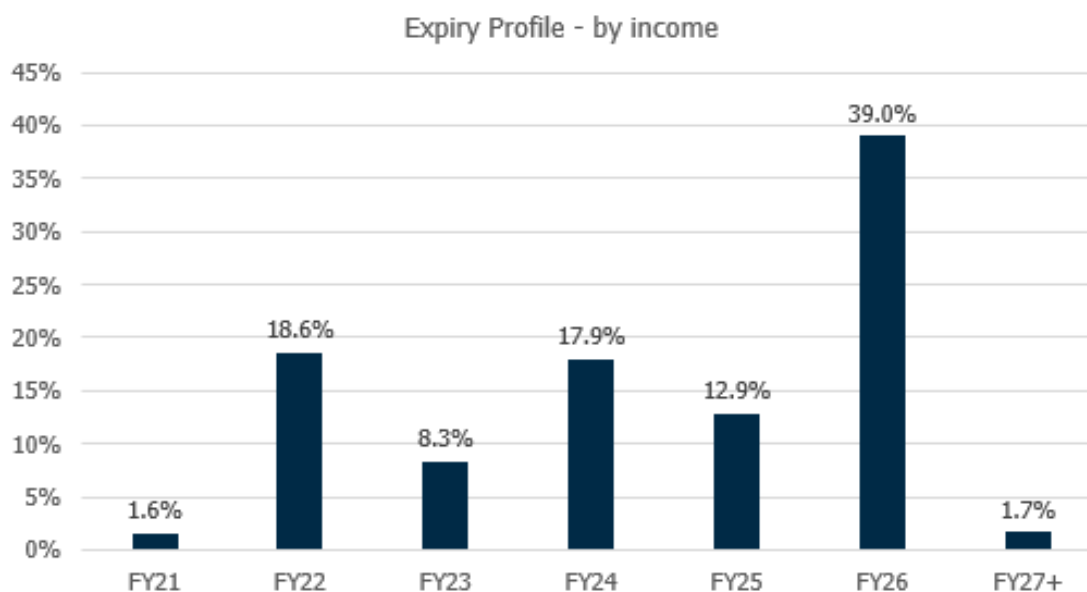
The direct portfolio has a WALE of 3.6 years (at 31 March 2021). The 8 largest income providers for the portfolio contribute 46.2% of total revenue and include Listed Multinational, Multinational and National entities:

- Ladbrokes – 25 Montpelier – (13.8%)
- Optus – 10 Moore – (6.6%)
- Tyco Australia Group – 13-15 Compark (5.3%)
- Neds International Pty Ltd – 25 Montpelier (4.7%)
- Clinical Network Services – 381 Macarthur (4.2%)
- Cliftons – 10 Moore (3.9%)
- Leo Pharma Pty Ltd – 25 Montpelier (3.9%)
- Pz Cuzzons – 13-15 Compark (3.9%)

The Direct Properties have around 18.6% of income falling due in FY22. Key lease expiries 25 Montpelier Rd, Bowen Hills QLD include NEDs (6.4% of Direct Property income) and Leo Pharma (5.2% of Direct Property income) well as 13-15 Compark Circuit, Mulgrave VIC with Tyco (7.1% of Direct Property income). The Manager has advised that it is currently in discussions over renewal options for these tenants.

The figure below represents the Fund's weighted average lease expiry by income. The key lease expiries occur in 2022, 2024, 2026 and 2029.

Figure 8: Direct Property lease expiry (by income)



Source: Core Property

## Capex assumptions

The capex assumptions in the forecasts provided by Core Property only include identified capital expenditure for the current portfolio. These assumptions are based on the independent valuers' assumptions relating to tenant reletting assumptions and general maintenance capital expenditure. It is expected that the Manager will fund the capex requirements out of debt, with no material impact on gearing levels.

## Unlisted Investments – 14.6% of portfolio

The Fund is able to invest in unlisted property funds offered by external fund managers as well as funds managed by the Centuria Group. Currently the portfolio consists entirely of Centuria managed funds, and there are no external funds in the portfolio. Core Property notes that the Centuria funds were acquired both at the inception of the fund, as well as during the life of the fund from investors wishing to exit a non-liquid fund. Core Property considers this to be a key feature of the Fund, as it is able to access an entry point into an otherwise illiquid Centuria Fund. The ability of the Fund to negotiate a fair and reasonable entry price will impact on the returns of the Fund.

The Manager has advised that the purchase of units in Centuria unlisted funds may be undertaken via a related Centuria entity purchasing Acquisition units in the fund, and then on-selling the units to the Fund at a later stage. The pricing and sale of these units are managed in accordance with its Conflicts of Interest policy to ensure the transaction is undertaken on an arms-length basis.

Around 4.7% of the Fund's portfolio is held in two unlisted property funds which fall due in April – May 2021. The funds, the Centuria ATP Fund and Centuria Havelock House Fund have scheduled unitholder meetings to vote on the options for the funds. If the funds are wound up, this would provide additional liquidity for the Fund. Investors need to be aware that the Fund is a minority investor in each of the underlying investments and will not have the ability to influence any major decisions in its investments. However, Centuria, as the RE across the investments and the Fund, provides a level of comfort as a common Manager.

The following table is a summary of the maturity profile of the current unlisted investments and the amount of liquidity that would be provided if the investments were redeemed.



Figure 9: Unlisted Investments - as of 31 March 2021

Unlisted Property Fund	Properties	Fund Incept Date	Fund End Date (Initial end date)	Fund Ownership (Carrying Value)	Cap Rate (31 Dec 2020)	Portfolio Weight
Centuria ATP Fund	13 Garden Street, South Eveleigh NSW; 1 Central Avenue, South Eveleigh NSW; 6 Cornwallis Street, South Eveleigh NSW	Mar-16	Apr-21	\$1.0M	5.39%	0.5%
Centuria Havelock House Fund	Havelock House, Perth WA	Jul-02	May-21	\$8.1M	6.00%	4.2%
Centuria Scarborough House Fund	8 Atlantic Street, Wooden ACT	Apr -17	Apr-22	\$2.6M	6.75%	1.4%
Centuria SOP Fund	8 Australia Avenue, Sydney Olympic Park NSW	May-17	Jun-22	\$0.06M	6.25%	0.0%
Centuria 203 Pacific Highway Fund	203 Pacific Highway, St Leonards NSW	Nov-15	Dec-22	\$0.3M	5.88%	0.2%
Centuria Geelong Office Fund	60 Brougham Street, Geelong VIC	Apr-18	Apr-23	\$10.6M	6.00%	5.5%
Centuria Sandgate Road Fund	1321 Sandgate Road, Nundah QLD	Jul-17	Jul-23	\$3.5M	6.25%	1.8%
Centuria 80 Grenfell Street Fund	80 Grenfell Street, Adelaide SA	Jul-18	Jul-23	\$1.7M	6.00%	0.9%
Centuria 8 Central Ave Fund No.2	8 Central Avenue, South Eveleigh NSW	Apr-15	Jan-24	\$0.1M	5.38%	0.1%
<b>Total</b>				<b>\$28.1M</b>	<b>5.98%</b>	<b>14.6%</b>

Source: Centuria, Core Property

## Liquid Assets – 7.7% of portfolio

The Fund has a target allocation to invest up to 10% of its portfolio in liquid assets, consisting of listed property securities, cash and cash like products. The allocation to liquid assets provides support for the liquidity options for the Fund.

As at 31 March 2021, the Fund invests 7.7% in Liquid assets, consisting 5.7% in a property securities fund and 2.0% in cash.

- The Fund has \$10.9M invested in the Vanguard Australian Property Securities Index Fund (VAP) which is benchmarked to the S&P/ASX 300 A-REIT Index. VAP invests in A-REITs listed on the ASX, providing diversification through the exposure to a range of sectors including retail, office, industrial and diversified. Since inception, the VAP fund has delivered a total return of 6.38% p.a., slightly above the benchmark of 6.35% p.a.
- The Fund also holds \$3.9M of Cash, providing additional liquidity. The Fund may also invest in cash-like funds as part of its allocation.

Core Property considers the Vanguard Fund and Cash allocations to provide suitable liquidity for the Fund, whilst maintaining an appropriate return for investors.

## Financial Analysis

Core Property has undertaken a financial forecast of the fund, based on the current portfolio and discussions with the Fund Manager. The forecast below is based on certain assumptions that may change as a result of market conditions, changes in the investment portfolio and the changing performance of the properties. Thus, the forecasts should be seen as indicative only. The key assumptions in our forecasts are:

- Based on the current portfolio, with 89.9M of units on issue. Assumes the debt facility is maintained on current terms.
- Assumes allocation to liquid assets remains the same and distributions are maintained at the same portfolio average level.
- Assumes Unlisted Property Funds have distributions maintained at the same portfolio average. Assumes any expiry of an unlisted fund is replaced with a similar unlisted or listed fund with the same return profile.
- Capital expenditure dealing with tenant incentives and general maintenance expenditure are as per the independent valuers' assumptions over a five-year period for the direct asset portfolio.
- We have maintained a forecast distribution of 7.00 cpu, based on the current level of distributions. We note the Fund has delivered a higher distribution of 7.6 cpu prior to the impact of COVID-19. Core Property also notes that our forecast payout ratio of 74% is likely to change as a result of movements in the number of units in the Fund over time.

The forecasts below are Core Property's estimates and are unaudited, based on the current portfolio and assumptions.

Figure 10: Centuria Diversified Property Fund – Profit & Loss Forecast – Core Property assumptions

Profit & Loss - Forecast \$M	12 months to 31 March 2022	12 months to 31 March 2023
Net Property Income	10.0	10.3
Distributions Received - Unlisted Property Funds & Liquid Assets	2.1	2.1
Management Fees	-1.4	-1.4
Fund Expenses	-0.7	-0.7
Finance Costs (net)	-1.5	-1.5
<b>Funds from operations</b>	<b>8.5</b>	<b>8.8</b>
<b>Cash available for distribution</b>	<b>8.5</b>	<b>8.8</b>
Payout Ratio	74%	72%
<b>Cash Distributions</b>	<b>6.3</b>	<b>6.3</b>
<b>Forecast Distributions (cents)</b>	<b>7.00 cpu</b>	<b>7.00 cpu</b>
<b>Annualised Cash Payment Yield – based on \$1.3826 unit</b>	<b>5.1% p.a.</b>	<b>5.1% p.a.</b>
Balance Sheet – \$M	Core Property estimate as at March 2021 (unaudited)	
Cash and cash equivalents		3.9
Investment property		149.3
Other assets		39.1
<b>Total Assets</b>		<b>192.2</b>
Interest-bearing liabilities		65.2
Other liabilities		2.5
<b>Total Liabilities</b>		<b>67.7</b>
<b>Net Assets</b>		<b>124.5</b>
Units on Issue (Millions)		89.9
<b>NTA per unit</b>		<b>\$1.38</b>
<b>Debt/ Total assets</b>		<b>33.9%</b>
<b>LVR (Debt/ Property Valuation)<sup>1</sup> – Direct Assets</b>		<b>46.8%</b>

Note 1: LVR is based on Direct Property valuation of \$139.2M. Source: Core Property estimates

## Expected Future Performance (IRR Sensitivity)

The three main performance drivers in a property syndicate are:

1. The property income profile (lease structure);
2. The terminal value upon the sale of the property (asset quality + market conditions); and
3. The cost of debt (depending on leverage).

Core Property has estimated the total return from the Fund based on an assumed 5-year investment term in the Fund.

**Using these assumptions Core Property expects the Fund to deliver a 5-year Internal Rate of Return (IRR) in the range of 6.0% - 8.1% p.a. (midpoint 7.1% p.a.).**

**Investors should be aware the sensitivities include the potential for the valuation of the assets to increase or decrease (depending on market conditions) which will result in either a capital gain or loss for investors.**

As an open-ended fund, investors should be aware that returns may be impacted by a number of factors, including:

1. The timing for when investors enter or exit the Fund, impacting Entry and Exit Prices.
2. Any changes in equity in the Fund, including the issue of additional units.
3. Any changes in investments by the Fund, including acquisitions and disposals.

As such, the IRRs should be seen as indicative only, as the portfolio metrics are subject to change over time.

The table below summarises our expected IRRs.

Figure 11: Pre-tax, 5-year IRR (after fees) sensitivity analysis

Terminal cap rate	IRR based on cost of debt				
	1.15%	1.65%	2.15%	2.65%	3.15%
<b>5.94%</b>	9.3%	9.1%	8.9%	8.6%	8.4%
<b>6.19%</b>	8.4%	8.1%	7.9%	7.7%	7.5%
<b>6.44% (base)</b>	7.5%	7.3%	<b>7.1%</b>	6.8%	6.6%
<b>6.69%</b>	6.7%	6.4%	6.2%	6.0%	5.7%
<b>6.94%</b>	5.9%	5.6%	5.4%	5.2%	4.9%

Source: Core Property

## Management & Corporate Governance

The Manager, Centuria Property Funds Limited (“CPFL”) is a wholly owned subsidiary of the ASX listed-Centuria Capital Group (ASX: CNI). CPFL, formerly Century Funds Management, was formed in 1999 with a specific focus on the purchasing of high quality, growth oriented commercial property investments.

Core Property has reviewed the composition of the RE Board and senior executive team and consider it has the relevant skills and experience to operate the Fund successfully. Core Property notes the Board of the RE consists entirely of independent and non-executive directors which provides a higher level of corporate governance.

Figure 12: The Board of the Responsible Entity

Name & Role	Experience
<p><b>Peter Done</b> Independent Chairman</p>	<p>Peter joined the Centuria Capital Group Board as an Independent Non- Executive Director in November 2007. He is also Chairman of Centuria Capital Group’s Audit, Risk Management and Compliance Committee. He has extensive knowledge in accounting, audit and financial management in the property development and financial services industries, corporate governance, regulatory issues and Board processes through his many senior roles. Peter hails from a 38-year career at KPMG. From 1979, he held the position of Partner until his retirement in 2006. During his 27 years as Partner, Peter was the lead audit partner for many clients, including those involved in property development, primary production and television and film production and distribution. Peter holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is a Fellow of Chartered Accountants Australia and New Zealand.</p>
<p><b>Nicholas Collishaw</b> Non-Executive Director</p>	<p>Nicholas has been a Non-Executive Director of Centuria Capital Group since October 2017. Previously he was Centuria Capital’s CEO of Listed Property Funds, joining in May 2013. Nicholas brings to the Boards more than 30 years’ experience across domestic and international real estate and investment markets. Between 2005 and 2012, he was Mirvac Group’s CEO and Managing Director, responsible for successfully guiding the real estate development and investment company through the Global Financial Crisis and implementing sustained growth strategies. Nicholas has held senior positions with James Fielding Group, Paladin Australia, Schroders Australia and Deutsche Asset Management. He has extensive experience in all major real estate markets in Australia and investment markets in the United States, United Kingdom and the Middle East. Nicholas is currently Executive Director and Co-Founder of Lincoln Place, an Australian funds manager specialising in the retirement sector, as well as Chairman of Redcape Hotel Group</p>
<p><b>Matthew Hardy</b> Independent Non-Executive Director</p>	<p>Matthew has been an Independent Non-Executive Director of Centuria Property Funds Limited (CPFL) since July 2013. He is also Chairman of CPFL’s Audit, Risk Management and Compliance Committee. He brings more than 30 years, senior-level experience across direct real estate, equities and funds management to the Board. His career spans UK and Australian markets in direct property valuation and consultancy for global companies including Richard Ellis (now CBRE) and Jones Lang Wootton (now JLL). Previous roles include Hambros Equities’ senior REIT analyst and Barclays Global Investors’ Head of Property and Director of Property Investments, where he managed property securities funds as well as Listed and Wholesale property funds. Since 2002, Matthew has been a founding Director of real estate specialist executive search and consultancy, Conari Partners, and its corporate predecessor, Thomas Hardy. Prior to assuming his current Board positions, Matthew was General Manager to the Mirvac-managed, listed REIT, Capital Property Trust. He was also Mirvac Fund Management’s Head of Investments and Developments where he drove strategy and new business development. After leaving his executive position at Mirvac, Matthew served as a Nonexecutive Director of Mirvac Funds Management. He is a member of the Royal Institution of Chartered Surveyors (RICS) and the Australian Institute of Company Directors (AICD). Matthew holds a Bachelor of Science (Urban Estate Surveying) from Nottingham Trent University. Matthew is also an Independent Non-Executive Director of Centuria Healthcare Asset Management Limited.</p>
<p><b>Darren Collins</b> Independent Non-Executive Director</p>	<p>Darren has been an Independent Non-Executive Director of Centuria Property Funds Limited (CPFL) since March 2015. He is also a member of CPFL’s Audit, Risk Management and Compliance Committee. He brings extensive accounting, audit and financial management experience to the Board having been the lead financial executive for businesses operating in Asia, Australia and the United States of America. He has a strong background in corporate governance and regulation for listed companies. Between 1997 and 2013, Darren was Computer Sciences Corporation (CSC)’s Vice President of Finance and Administration of several operating divisions. From 2004 to 2009, he was also a non-executive director of three IT services companies listed on the stock exchanges of Singapore, Hong Kong and Kuala Lumpur, respectively. Darren holds a Bachelor of Commerce (Accounting) from the University of New South Wales and is an associate of Chartered Accountants Australia and New Zealand.</p>

Source: Centuria

Figure 13: Management Team

Name & Role	Experience
<b>John McBain</b> <b>Joint CEO</b>	<p>John joined the Centuria Board (formerly Over Fifty Group) on 10 July 2006. He was appointed as Chief Executive Officer of the Over Fifty Group in April 2008. John was also a founding director and major shareholder in boutique funds manager Century Funds Management, which was established in 1999 and acquired by Over Fifty Group in July 2006. Prior to forming Century, John founded property funds manager Waltus Investments Australia Limited and Hanover Group Pty Limited a specialized property consultancy. Waltus was formed in 1995 and was one of the first dedicated property funds managers in Australia. Prior to 1990 John held senior positions in a number of property development and property investment companies in Australia, New Zealand and the United Kingdom. John holds a Diploma in Urban Valuation (University of Auckland).</p>
<b>Jason Huljich</b> <b>Joint CEO</b>	<p>Jason became the Centuria Group Joint CEO in June 2019 after previously leading Centuria's Real Estate and Funds Management business. Jason was also a founding director and major shareholder in boutique funds manager Century Funds Management, which was established in 1999 and acquired by Over Fifty Group in July 2006. He is an Executive Director of Centuria Capital Group. In his role he is responsible for providing strategic leadership and ensuring the effective operation of Centuria's real estate portfolio and funds management operations. Jason has extensive experience in the commercial property sector, with specialist skills in property investment and funds management. He is also a past President of the Property Funds Association (PFA), which represents the \$125 billion direct property investment body in Australia, and continues to serve on their national executive. Jason holds a Bachelor of Commerce (Commercial Law) from the University of Auckland, New Zealand.</p>
<b>Doug Hoskins</b> <b>Fund Manager</b>	<p>Doug is a Fund Manager and has been with Centuria since 2006. Doug has diverse experience in the commercial property sector and is responsible for the performance and management of several unlisted property funds. He has oversight over the fund establishment process, fund strategies, investor communications and daily operations. He works with the Asset Management team to develop fund strategies, liaises with financiers to secure and renew debt facilities, and works with the distribution team during the capital-raising process. Doug holds a Masters of Business Administration (MBA), Master of Operations Management, Diploma in Property Development, and a full property licence.</p>
<b>Ross Lees</b> <b>Head of Funds Management</b>	<p>Ross Lees is the Head of Centuria's Real Estate Funds Management business, which is responsible for both listed and unlisted property funds in the office, industrial &amp; healthcare sectors. This includes Australia's largest ASX listed pure play office &amp; industrial REITs (ASX:COF &amp; ASX:CIP), an open ended unlisted diversified property fund as well as 22 unlisted funds with AUM of &gt;\$6 billion. Ross was previously the Fund Manager, Centuria Industrial REIT (ASX:CIP), with overall responsibility for the operation, performance and strategy of the REIT. Ross joined Centuria in 2017 and has over 15 years of industrial investment management experience having joined Centuria from Dexu where he held senior transactional and portfolio management roles. Prior experience includes over six years at Stockland, and four years at Logos Property Australia having established and led their asset management platform. Ross holds a Master of Applied Finance from Macquarie University and Bachelor of Business (Property Economics) from UWS.</p>
<b>Ben Harrop</b> <b>Head of Distribution</b>	<p>Ben leads a team of professionals who proactively distribute, service and support Investors and advisers. His team manages the servicing of Centuria's unlisted property funds, the diversified property fund as well as Centuria Life investment bonds. Ben has spent 25 years in wealth management in various senior leadership positions. Ben brings broad market experience across the full advice and product spectrum. Prior to joining the Centuria Group, Ben worked at ANZ Wealth as Head of Strategic Accounts Management and managed the distribution and research of investment, platform, private client and insurance solutions at firms such as AMP Capital, Zurich, Bankers Trust and Macquarie Bank. Ben commenced his career working in his family insurance broking business. Ben is a Senior Associate with FINSIA (the Financial Services Institute of Australasia), and an active member of industry associations having been a judge for the AFA Rising Star of the year award.</p>
<b>Victor Georos</b> <b>Head of Portfolio &amp; Asset Management</b>	<p>Victor joined Centuria as Senior Portfolio Manager in April 2013 and was appointed Head of Portfolio and Asset Management in July 2015. In his role he is responsible for overseeing portfolio and asset management of Centuria's property portfolio, including the development and implementation of strategies to enhance value through active asset management and development. Victor works closely with the Funds Management and the Development teams. In addition, Victor manages Centuria Property Funds' valuation program and is actively involved with the constant review of best practice policies and procedures. Victor has extensive experience in asset and investment management, development and funds management across the office, retail and industrial sectors, with a key focus on results and building high-performance teams across all sectors. Prior to joining Centuria, Victor held senior positions with GPT Group and Lend Lease, including Head of Industrial and Business Parks at GPT.</p>

Source: Centuria

## Compliance and Governance

The Fund is an Australian managed investment scheme that is structured as a unit trust and is registered with the Australian Securities and Investments Commission (ASIC). The Fund is required to comply with the Corporations Act and the provisions of its Australian Financial Services license. The Fund's compliance committee comprises of the three independent members of the board of Centuria Property Funds (Peter Done, Mathew Hardy and Darren Collins).

ASIC Regulatory Guide 46 "Unlisted property schemes: Improving disclosure for retail investors" and Regulatory Guide 198 "Unlisted disclosing entities: continuous disclosure obligations" describe ASIC's preferred benchmarks and principles. The Manager undertakes a

regular review of the six benchmarks and eight disclosure principles recommended by RG46 and publishes the Fund's compliance and adherence on the Fund's website. Core Property has reviewed the PDS in reference to the six benchmarks and eight disclosure principles recommended by RG46. The PDS adheres to all of the ASIC guidelines.

## Past Performance

The Manager has advised that, since 1999, Centuria Capital Limited has completed 44 funds at a weighted average total return of 16.8% and an average total return of 15.3%.

Investors should note that past performance is not a reliable indicator of future performance as each fund, and its respective underlying property, has its own specific risks and attributes.

## Appendix – Ratings Process

Core Property has developed a framework for rating property and property related investment product offerings in Australia. The methodology gives consideration to a number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product and underlying portfolio construction; strength and depth of management team, product structure, risk management, financial analysis, and likely outcomes.

**It is important for financial planners and investors to view the recommendation and rating in the context of comparable products only and not across all products rated by Core Property.**

### The Ratings

Financial Advisers and investors should note that for all ratings categories, the product may not suit the risk/return profiles of all investors.

Rating	Definition
Highly Recommended	This is the highest rating provided by Core Property and is indicative of the product exceeding the requirements of our review process across a number of parameters.
Recommended	Indicates that the product has an above average grade profile across a number of Core Property's parameters and has the potential to deliver above average risk adjusted total returns.
Approved	Indicates that the product has met the aggregate requirements of Core Property's criteria. The product has an acceptable risk/return trade-off and is potentially able to generate risk-adjusted returns in line with stated investment objectives.
Speculative	Core Property believes this is a product that has a number of positive attributes; however, there are a number of risks that make investing in this product a speculative proposal. While Core Property does not rule out investing in this product, investors should be very aware of, and be comfortable with the specific risks. The product may provide unique diversification opportunities, although concerns over one or more features mean that it may not be suitable for most investors.
Not Approved	Indicates that the product has failed to meet the minimum aggregate requirements of Core Property's criteria. While the product may have some positive attributes, Trusts in this category are considered high risk.

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