Core Property
Fund Research & Ratings
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Unlisted Property Trust Report

Centuria Government Income Property Fund

July 2021

Metropolitan office fund with long term government tenancy targeting 5.25%+ p.a. distributions

Centuria Government Income Property Fund

Contents

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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 Government Income Property Fund

July 2021

The Centuria Government Income Property Fund ("the Fund") is an unlisted property fund that provides an opportunity to invest in a metropolitan office property secured by long-term government tenancies. The Fund's Responsible Entity, Centuria Property Funds No.2 Limited ("the RE" or "the Manager") is seeking to raise $133.0M through the offer of 133.0M units at $1.00 per unit ("the Offer"). Funds raised will be used in conjunction with debt to acquire the office asset at 1 McNab Avenue, Footscray Victoria ("the Property").

The Property is a well located, A-grade metropolitan office building primarily leased to government and state-owned entities in Victoria. Located in the emerging inner-western suburb of Footscray, the Property is highly accessible with train, trams and bus services all within 500 metres of the building. Constructed in 2014 as part of a government revitalisation project, the Property provides 20,191 sqm of net lettable area (NLA) spread across 14 levels, with 9 commercial office floors, 4 levels of car parking, ground floor retail and end of trip facilities. The Property was built to meet government requirements for ESG standards, including a 5.5-star NABERS energy rating and 5 star Green Star rating.

The Property provides strong investment metrics with: (1) a WALE of 11.8 years (by income); (2) anchored by three government tenancies accounting for 91.1% of gross income; (3) long dated government lease expiries in 2034, with a minimal 8.9% of the remaining leases falling due during the term of the Fund, and (4) contracted rent increases of 3.5% p.a. on government leases.

The Property is expected to benefit from the significant infrastructure occurring in and around Footscray, supporting the office market of the Melbourne western fringe. Footscray has been identified as a priority precinct of Melbourne, with approximately $92B worth of infrastructure projects commenced/planned that will directly benefit the suburb. Footscray has also been selected as the first of five suburban office co-working hubs for the Victorian government, launched to assist government employees during COVID.

The Manager has secured a five-year debt facility to provide certainty over the initial term of the Fund, with the first three years fully hedged at an estimated 1.70% p.a. The initial Loan to Valuation Ratio (LVR) of 49% provides a sufficient buffer to the LVR covenant of 60.0%. The initial Interest Coverage Ratio (ICR) of 4.0x is well above the ICR covenant of 2.0x.

The Fund has an initial NTA of $0.87 per unit, with most of the dilution coming from stamp duty on the transaction. Fees charged by the Fund are at the low-end of what Core Property has seen in the market.

The Manager is forecasting initial distributions of 5.25% p.a. in FY22 and 5.35% p.a. in FY23. Distributions are expected to average 5.36% p.a. over the five years, with the first three years being 100% tax deferred.

Core Property estimates the Fund to deliver an Internal Rate of Return (IRR) of between 5.3% - 8.8% p.a. (midpoint 7.1% p.a.) based on the Manager's assumptions and assuming a +/- 25 bps movement in capitalisation rates. The analysis includes the potential that investors may receive a capital gain or loss, based on market conditions.

Investor Suitability

Core Property considers the Fund will appeal to investors seeking a highly secure distribution yield supported by a well-positioned office building with long term state government leases. The Fund is expected to deliver a stable income stream with capital returns likely to minimal over the long term. The Fund should be considered as part of a Core investment strategy. The Fund is illiquid, and investors should expect to remain invested for the minimum initial term of 5-years.

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:	1 July 2021
Offer Close:	28 July 2021[1]
Min. Investment:	$50,000[2]
Unit Entry Price:	$1.00 per unit
Net Tangible Asset per unit:	$0.87 per unit
Liquidity:	Illiquid
Forecast Distributions:	5.25 cpu (FY22 annualised) 5.35 cpu (FY23)[3]
Distribution Frequency:	Monthly
Initial Investment Period:	5 years to 1 September 2026

1. The Manager may close the Offer at any time when sufficient commitments have been received.
2. The Manager may accept lower amounts at its discretion.
3. Based on the Manager's forecasts.

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Trust – Website

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

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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 total return of 16.8% p.a. and an average total return of 15.3% p.a.

Fund Structure: The Fund is a registered managed investment scheme and will own a 100% interest in the sub-trust which owns the Property.

Fund Strategy: The Fund offers a Core investment strategy to invest in a long WALE, government anchored office asset that is well positioned to benefit from surrounding infrastructure projects and government planning.

The Property: The Fund will invest in the office building at 1 McNab Avenue, Footscray Victoria. The Property is 100% occupied, with a Weighted Average Lease Expiry (WALE) of 11.8 years. The building was constructed in 2014, consisting of 14 levels, including 9 commercial office levels, 4 levels of carparking and ground floor retail. The Property has high ESG qualities, with a 5.5 star NABERS energy rating and 5 star Green Star rating. The building is anchored by three long term government tenants which provide for 91% of gross income (City West Water, State Trustees and Department of Treasury and Finance). The government leases have fixed rental increases of 3.5% p.a. and fall due in 2034. The remaining 9% falls due over the next 2 years.

Location: Footscray has been identified as a priority precinct within Melbourne. The suburb is currently experiencing heavy gentrification, as a result of significant government and private infrastructure projects. The asset is approximately 350 metres from the Footscray Train Station, which after the completion of the Melbourne Metro Tunnel (~2026) will be a key gateway for Melbourne's West to the Melbourne CBD. The Footscray building has been established as the first of five office co-working hubs for Victorian government employees.

Debt Profile: The Fund will have a five-year debt facility of $113.2M to provide finance certainty over the initial term. The facility will be fully hedged for the first three-years at an assumed average cost of 1.7% p.a. The initial Loan to Valuation Ratio (LVR) is 49%, against an LVR covenant of 60.0%. The initial Interest Coverage ratio (ICR) of 4.0x is above the ICR covenant of 2.0x. The Fund will also undertake a short-term bridging loan with Centuria Capital (ASX: CNI) for $13.7M to fund the deposit and provide security for the forward interest rate swap.

Initial NTA: The Fund's initial NTA is $0.87 per unit with most of the dilution coming from stamp duty.

Distributions: The Manager is forecasting FY22 distributions of 5.25% p.a. (annualised), increasing to 5.35% p.a. in FY23, averaging 5.4% p.a. over the five years. The Manager estimates distributions to be 100% - 90% tax effective.

Fees: Fees are at the low end of what Core Property has seen in the market.

Total Returns: Core Property estimates the Fund to deliver a five-year IRR of 5.3% - 8.8% p.a. (midpoint 7.1% p.a.) based on a +/- 25 bps sensitivity to capitalisation rates (see the *Financial Analysis section*). Investors should be aware the Fund is exposed to a capital gain or loss based on the sale price of the asset and the overall market conditions, which may deliver an IRR outside this range.

Illiquid investment: The Fund should be considered illiquid and investors should expect to remain invested for the initial 5 years. The Manager may extend the Fund for a further two years subject to an Ordinary Resolution (50% of votes in favour). At the end of the extended period the Manager may further extend the Fund, if it receives the approval of 100% of votes, or where there is less than 100% of votes then investors who votes against the extension are provided the opportunity to exit at the prevailing Withdrawal Price.

Investment Scorecard

Management Quality
★★★★★

Governance
★★★★☆

Asset Quality / Portfolio
★★★★☆

Income Return
★★★☆☆

Total Return
★★★☆☆

Gearing
★★★☆☆

Liquidity
★☆☆☆☆

Fees
★★★★☆

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Key Metrics

Trust Structure	
An unlisted property fund investing in an A-Grade, government anchored office building in Melbourne's fringe office market of Footscray, Victoria.	

Management
Centuria Property Funds No.2 Limited is a 100% owned subsidiary of ASX listed Centuria Capital (ASX: CNI) is a highly regarded and experienced real estate manager. Centuria has a successful track record of delivering strong investor returns for over 22 years, with $15.9B of real estate assets managed across its listed and unlisted portfolio.

Property Portfolio	
No. of Properties:	1
Valuation:	$223.7M
Property Location:	1 McNab Avenue, Footscray VIC
Property Sector:	Office
Key Tenants:	City West Water (31% of net income) State Trustees Ltd (32% of net income) Department of Treasury (28% of net income)
Occupancy:	100%
WALE:	11.8 years (by income)

Return Profile	
Forecast Distribution:	5.25% (FY22 annualised) 5.35% (FY23)
Distribution Frequency:	Monthly
Tax advantage:	100% tax deferred (FY22- FY24) forecast 90% tax deferred in FY25 forecast
Estimated Levered IRR (pre-tax, net of fees):	5.3% - 8.8% p.a. (midpoint 7.1% p.a.)
Investment Period:	5 years (Initial Fund Term)

Risk Profile	
Property/Market Risk:	Capital at risk will depend on an office building in Footscray, VIC. Investors will be exposed to a potential capital gain or loss, based on market conditions.
Interest Rate Movements:	The Manager will hedge interest rates for three years. Interest costs higher than forecasts in years 4 & 5 may impact the distributable income and total returns for investors.
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 the "Investment Considerations and Risks" section of the Product Disclosure Statement.

Fees Paid	
Entry Fees:	Nil
Exit Fees:	Nil
Management Upfront Fee (Property Acquisition Fee):	2.0% of purchase price.
Divestment Fee (Property Disposal Fee):	1.0% of sale price.
Management Fees:	- Management Fee: 0.60% p.a. of GAV. - Custodian Fee: The minimum of 0.015% p.a. of GAV or $15,000 p.a. - Property Expenses: 0.10% p.a. (est.) of GAV
Performance Fee:	20% of the outperformance over an IRR of 8.0%.

Debt Metrics – Indicative Terms	
Initial Debt / Facility Limit:	$109.6M / $113.2M
Loan Period:	5 years[1]
Initial LVR / LVR Covenant:	49.0% / 60.0%
Initial ICR / Lowest ICR/ ICR Covenant:	4.0x / 3.6x[2] /2.0x

Note 1: 5-year loan term with a 3-year fixed interest rate swap.
Note 2: Estimated ICR based on 3% all-in interest cost in years 4 and 5.

Legal	
Offer Document:	Centuria Government Income Property Fund Product Disclosure Statement, dated 1 July 2021
Wrapper:	Unlisted Property Trust
Trustee:	Centuria Investment Management (Property) No.3 Pty Limited
Custodian:	Centuria Property Funds No.2 Pty Limited
Responsible Entity & Manager:	Centuria Property Funds No.2 Limited (ABN 38 133 363 185, AFSL No. 340304)

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Fund Overview

The Fund is a closed-ended, single asset, unlisted property Fund aiming to provide investors with secure cash distributions through the acquisition of a government anchored, long WALE metropolitan office property located at 1 McNab Avenue, Footscray VIC ("the Property").

Centuria Property Funds No.2 Limited ("the Manager ") is seeking to raise $133.0M in equity through the issue of 133.0M units at $1.00 per unit ("the Offer"). The funds raised will be invested into a special unit wholly owned trust (Holding Trust), which will be used in conjunction with debt to acquire the Property for $223.7M (through the Holding Trust). Units will be available to retail and wholesale investors, with a minimum investment of $50,000, with multiples of $1,000 thereafter.

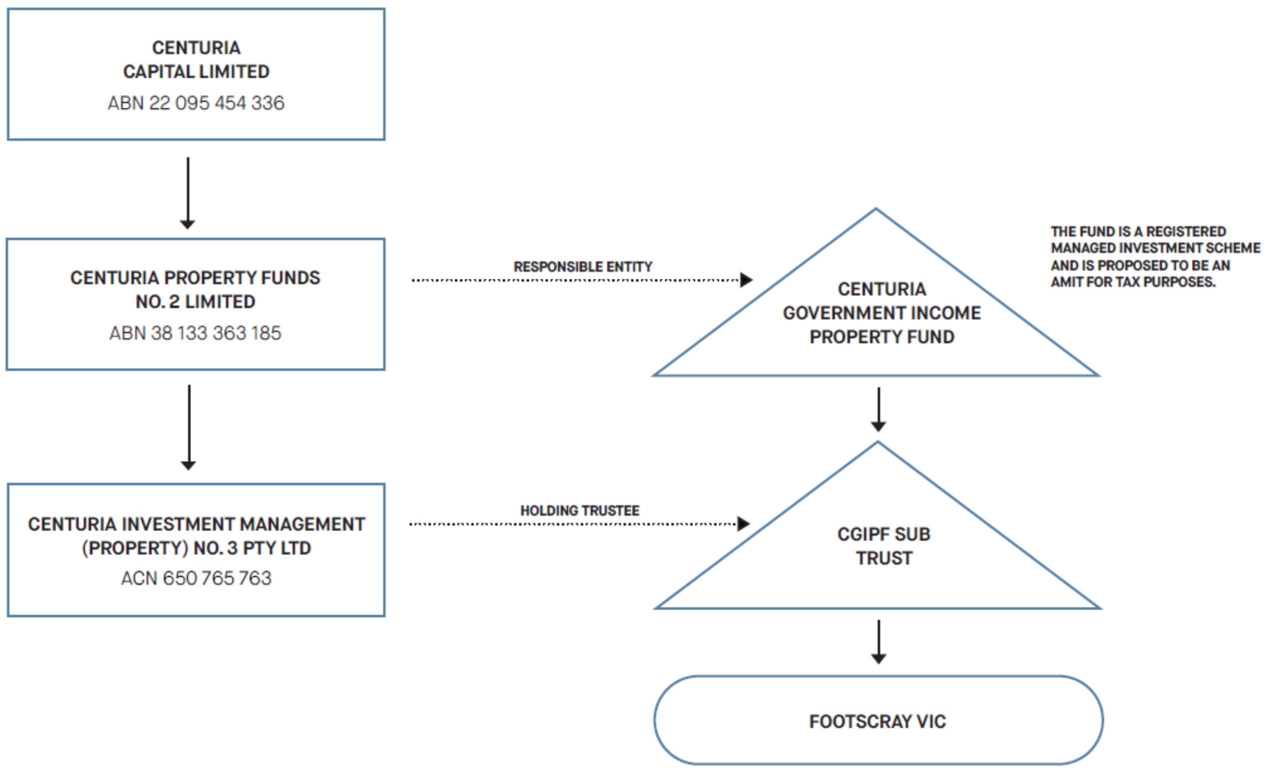
The Property is a 14 level A-Grade office building situated in the emerging inner western suburb of Footscray, one of five planned government hubs of Victoria. Located approximately 500 metres from Footscray Train Station, tram lines and bus routes, the Property is well connected and will benefit from the approximate $94B of infrastructure projects benefitting Footscray.

Constructed in 2014, the Property provides nine levels of office accommodation with panoramic 360 views, four levels of car parking fit for 248 cars, end of trip facilities and ground floor retail. The Property hosts attractive ESG standards, holding a 5.5 star NABERS energy rating, as well as a 5 star Green rating.

The Property is 100% occupied with a WALE of 11.8 years (by income), with only two leases expiring during the term of the Fund (9% of net income). The remaining 91% of net income is leased to long term government and state-owned entities, subject to rental increases of 3.5% p.a. until 2034.

The Fund has an initial term of five years with the ability to extend by a further two-years subject to Ordinary Resolution, (50% votes in favour) and a further two-years where a unanimous Resolution (100% of votes cast in favour). The Manager is targeting 100% tax deferral distributions for the first four financial years of the fund, and 90% in year 5. Initial distributions are forecast to be 5.25% p.a. in FY21 (annualised), increasing to 5.35% in FY22, with average distributions of 5.4% p.a. across the initial five-year term.

Figure 1: Fund structure



Source: Centuria

Fund strategy

The Fund's goal is to provide unitholders, with regular, consistent and considerably tax deferred income with potential capital growth. The Manager believes the Property meets the Fund's objective through the quality leases to the Victorian Government and state owned entities, with no key leases expiring during the investment term and fixed rental increases.

The Manager also considers the significant government infrastructure and private investment currently underway in the proximity of the building can provide a material uplift to the office market of Footscray. These significant government investments include:

- **$4B Geelong Fast rail (Stage 1 ~2023)**: Stopping via Footscray, the project will upgrade the rail corridor to improve travel times between Geelong and Melbourne.
- **$11B Melbourne Metro Tunnel (~2026):** Stopping through Footscray, the new Metro Tunnel will create 5 new underground stations and a new rail line that connects West Melbourne (Sunbury) to the South East (Cranbourne/Pakenham). Catering for an additional half a million passengers across Melbourne's rail system during peak periods.
- **$1.8B Western Roads Upgrade (Completed):**
- **$10B Melbourne Airport Rail (~2029):** The new connectivity of rail lines will provide commuters an 18 minute direct route to the Melbourne Airport with trains departing every 10 minutes.
- **$1.5B New Footscray Hospital (~2025):** The largest health infrastructure investment in Victorian history. Will accommodate more than 500 beds and approximately 15,000 patients each year.

Other considerable private investments in the area include:

- **$450M Oxford Properties and Investa Office Management Build to Rent Development (~2024)**: Comprising three towers with circa 700 units and 900 sqm of ground floor retail immediately adjoining the property.
- **Quay Riverina (under construction):** Five buildings with 968 apartments, a 1,500 sqm supermarket, 18 retail spaces and three showrooms.
- **Cowper Residence (under construction):** 412 residences across four buildings
- **Victoria Square (under construction):** Mixed use development across six towers with 1,039 apartments

Ultimately, these investments affirm the view by the Manager that over the coming years, Footscray will become a key metropolitan suburb with substantial retail amenity, and strong connectivity providing an efficient gateway to the Melbourne CBD. In the short term, the Manager will actively manage the short-term lease expiries and maintain the strong relationship with the current tenants.

Liquidity / exit strategy

Investors should view the Fund as illiquid in nature and expect to remain invested for the initial five-year term of the Fund. The Manager may also extend the Fund for two years subject to an Ordinary Resolution (50% of votes in favour).

The Fund may be extended beyond seven years for up to two years at a time, where a Unanimous Resolution (100% of votes cast in favour) is needed, or, where there is not a Unanimous Resolution, those who voted against the extension are provided the opportunity to exit the Fund at the prevailing Withdrawal Price (being the net asset value of the Fund based on an independent valuation and taking into account estimated transaction costs).

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Sources & Application of funds

The PDS sets out the sources and application of funds under the terms of the Offer.

Figure 2: Sources and Application of Funds

	$M	% of purchase price	% of total funds
Sources of funds			
Equity subscriptions	$133.0M	59.4%	54.8%
Bank debt	$109.6M	49.0%	45.2%
Total sources of funds	**$242.6M**	**108.4%**	**100.0%**
Application of funds			
Purchase price	$223.7M	100.0%	92.2%
Costs (Acquisition Costs, Fees)	$17.9M	8.0%	7.4%
Working Capital & Capital Expenditure Reserves	$1.0M	0.4%	0.4%
Total application of funds	**$242.6M**	**108.4%**	**100.0%**

Source: Centuria, Core Property

Debt Facility & Metrics

The Fund has indicative terms for a five-year debt facility of $113.2M with an initial draw down of $109.6M. The Manager will look to hedge the first three years at an all-in cost of 1.70% p.a.

The initial Loan to Valuation Ratio (LVR) is expected to be 49%, against an LVR covenant of 60.0%. Core Property calculates that the value of the Property must fall by 18.3% for the LVR covenant to be breached. The initial Interest Coverage ratio (ICR) is 4.0x against an ICR covenant of 2.0x. Core Property calculates the net operating income must fall by 50.0% for this covenant to be breached.

The Fund will also undertake a short-term loan with Centuria Capital (ASX: CNI) for $13.7M at a rate of 10% p.a. for approximately two months, to fund the deposit for the purchase of the Property and to provide security for the forward interest rate swap. The total interest on the loan is estimated at $0.3M and has been included in the costs of the transaction.

Investors should be aware that any change in the debt terms in the final years may impact returns provided by the Fund. The Manager has conservatively incorporated an increase in the all-in-cost of debt to 3.0% p.a. in its forecast assumptions for the Fund.

Figure 3: Indicative Debt Metrics

Details	Metric
Bank	Bank of China
Security	First ranking mortgage over the Property and a general security deed over the assets in the Fund. The financier will also hold a first ranking general security deed over the assets of the Holding Trusts.
Debt Facility drawn / Limit	$109.6M / $113.2M
Loan Period	5 Years from settlement
% Hedged / Fixed	100% Hedged for 3 years
Average cost of debt	1.70% for years 1-3, increasing to 3.0% for years 4 & 5[1]
Initial LVR / Peak LVR / LVR Covenant	49% / 49% / 60.0%
Initial interest covered ratio / Lowest ICR /ICR covenant	4.0x / 3.6x / 2.0x
Amount by which valuation will have to fall to breach LVR	18.3%
Decrease in rent income to breach ICR covenant	50.0%

Source: Core Property, Centuria. Note 1: Based on Manager's assumptions. Assumes two-year swap rate based on average forward looking rate of 1.8% as of 1 September 2024 and margin of 1.2%

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Fees Charged by the Fund

Overall, Core Property considers the fees charged to be at the low-end of what has been seen in the market (see All-in fee analysis below). Core Property notes that the Performance Fee on the Fund is calculated at 20% of the Fund's performance above an IRR of 8.0% p.a., which is considered to be reflective of the current market environment for this type of Fund.

Figure 4: Summary of Fees charged by the Fund

Fee Type	Fee Charged	Core Property Comment
Entry Fee:	Nil	
Exit Fee:	Nil	
Acquisition Fee:	2.0% of purchase price.	Core Property considers the Fee to be at the high end of the industry average of 1.0% - 2.0%.
Disposal Fee:	1.0% of sale price.	The Disposal Fee covers any external agency selling costs and is at the low end of the industry average of 1.0% - 2.0%.
Fees & Expenses – Management Fee, Custody Fees, Expenses:	- Management Fee of 0.60% p.a. of GAV. - Custodian Fee: The greater of 0.015% p.a. of GAV or $15,000 p.a. (with annual CPI increases) - 0.10% p.a. (est.) of Gross Assets for Expenses.	Core Property considers the Management Fee to be at the low end of what we have typically seen in the industry (0.7% - 1.1% p.a. of GAV). Other Fees appear appropriate.
Performance Fee:	20% of the Fund's outperformance over an IRR of 8.0%.	Core Property considers the IRR threshold of 8% to be appropriate for Fund.

Source: Centuria, Core Property

All-in fee analysis

Core Property has analysed the fees that accrue to the RE over the term of the Fund as a percentage of all cash flow generated after deducting interest costs but before management fees and performance fees.

Core Property estimates the Manager is entitled to 5.9% of the total cash flow. Core Property considers the fees paid to the Manager to be low when compared to similar products, which are typically around 7% - 9%. In terms of fees paid to the Manager, Core Property estimates that 39.8% of the estimate fee is paid upfront and the remainder relates to ongoing management fees. Core Property stresses that these estimates of how much investors will receive are not guaranteed amounts. For further details, please refer to the *Financial Analysis* section.

Figure 5: Fees in Perspective – based on five-year term

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:	$0.35
Total cash to investors:	**$1.35**
Acquisition fee:	$0.03
Base management fee:	$0.05
Disposal fee:	$0.00
Debt Arrangement fee:	$0.00
Fees for the RE (excluding disposal/admin):	**$0.08**
Total cash generated by Fund:	**$1.44**
Fees = % of total cash generated (before fees)	5.9%
Up-front fee vs total fees	39.8%

Source: Core Property

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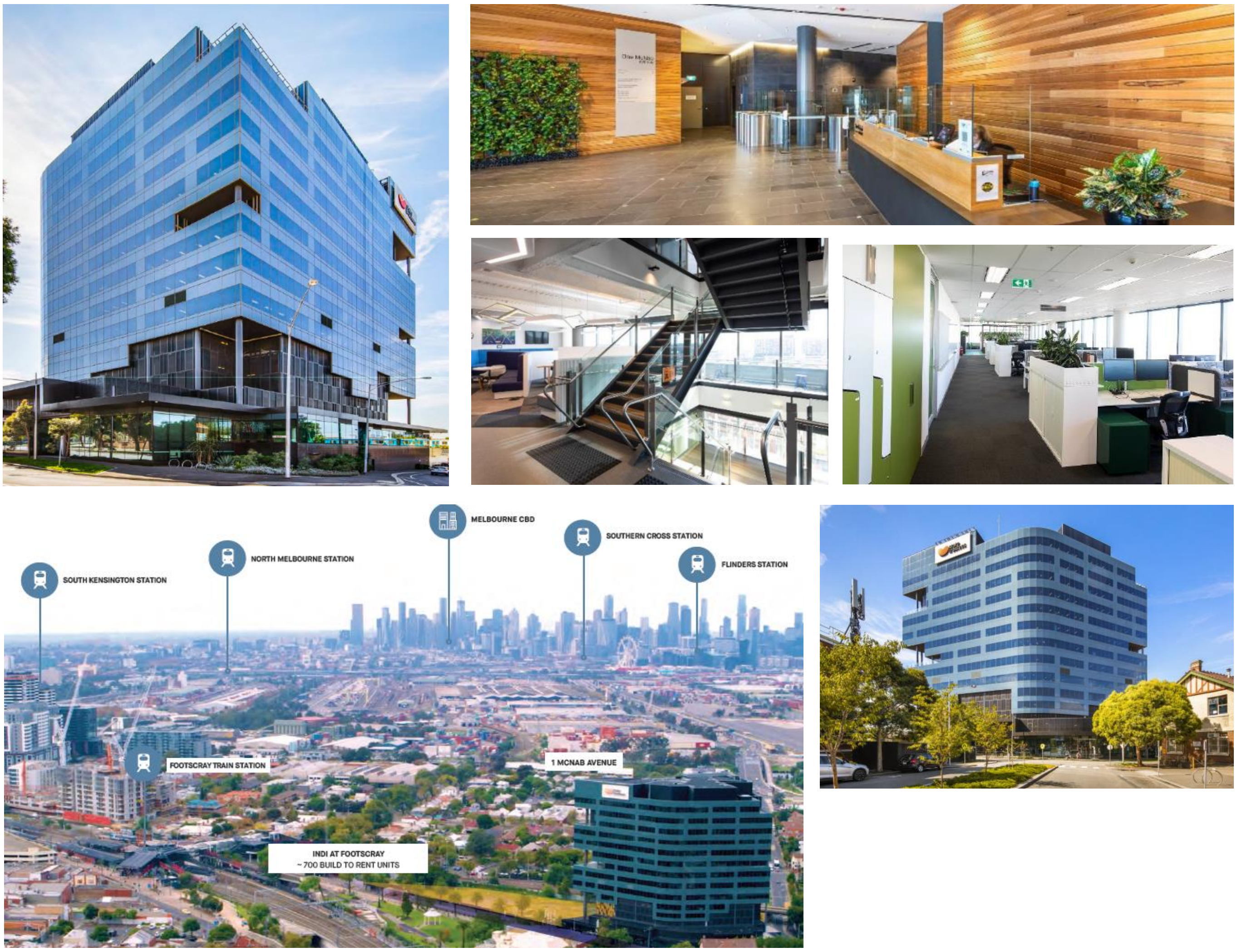
The Property

1 McNab Avenue is a Prime A-grade office building located in Footscray VIC valued at $223.7M. Constructed in 2014, the Property was built in partnership with the Victorian Government and is currently 100% occupied, with 91% of gross income sourced from government and state-owned entities. Spread across 14 floors, the building holds 20,191 sqm of net lettable area (NLA) with 9 levels of office accommodation, 4 levels of secure car parking for 248 vehicles, a ground floor retail level and end of trip facilities for tenants. The Property features efficient 'centre core' floor plates ranging from 1,983 – 2,149 sqm, providing natural light across all 4 sides of the building, with outdoor terraces located on levels 7,8 and 11. The Property has been rated with strong ESG ratings meeting government standards, including (1) a 5.5 stars NABERS Energy rating, (2) a 5.5 star NABERS Water rating, and (3) a 5 star Green Star rating.

Located in the western fringe of Melbourne, 1 McNab Avenue is approximately 6.5 km from the Melbourne CBD and is well located in the proximity of public transport being 350 metres from the Footscray Train Station, 350 metres from tram services and 500 metres from local bus services. Government infrastructure projects such as the Melbourne Metro and Melbourne Airport Rail are set to improve the desirability of the Property's location. Upon completion, the new infrastructure will make Footscray Train Station a key gateway from Melbourne's west to the Melbourne CBD. As well as providing a direct 18-minute route from the Melbourne Airport to Footscray.

The Property currently has a WALE of 11.8 years (by income), with only two expiries during the initial term of the Fund. These expiries represent approximately 9% of the Property's gross income, with the remaining 91% sourced from Government and state owned tenants; City West Water, State Trustees Ltd and the Department of Treasury.

Figure 6: 1 McNab Avenue, Footscray Victoria



Source: Centuria

Property Valuation

The Property has been assessed with an independent valuation by Colliers valuing the Property at $223.7M, in line with the acquisition price of $223.7M.

Figure 7: Valuation Metrics

1 McNab Avenue Footscray, VIC	
Title	100% Freehold
Acquisition date:	1 September 2021
Ownership	100%
Site Area	3,386 sqm
Net Lettable Area	20,191 sqm
Major Tenant	State Trustees Ltd– (32.1% of NLA) City West Water – (30.5% of NLA) Department of Treasury – (26.5% of NLA)
Weighted Average Lease Expiry	11.8 years by income
Occupancy	100.0% (by income)
Initial net passing income	$10.4M p.a.
Net Market income (fully leased)	$10.6M p.a.
Purchase price	$223.7M
Valuation	$223.7M
Passing initial yield	4.63%
Capitalisation rate	4.63%
Valuer	Colliers
Valuer's Discount rate	5.75%
Value/sqm	$11,079
Valuer's unleveraged 10-year IRR	5.85%

Source: Colliers

Leases, tenants and income

The Property has a defensive tenant portfolio with approximately 91% of gross income derived from government tenants, comprised from three main tenants, (1) City West Water (33% of income), (2) State Trustees (31% of income) and (3) Department of Treasury (28% of income).

The three government tenants are all on initial 20-year terms, with lease expiries in 2034. All leases hold 5+5 year option periods, and are subject to fixed rental increases of 3.5% p.a., providing a stable income growth profile for the Fund.

The remaining 9% of gross rental income is derived from the ground floor retail café, The Morning Rush (0.6% of gross income) and two office occupiers, McConnell Dowell Constructions (6.5% of gross income) and Carina Ford Lawyers (1.8% of gross income). All three leases are set to expire in 2022, with both office leases currently under rented. The Property has an extremely strong Weighted Average Lease Expiry (WALE) of 11.8 years (by income) and is 100% occupied.

A summary of the tenants is provided below:

- **City West Water (32.5% of gross income):** City West Water is one of three metropolitan Melbourne's water businesses owned by the VIC Government, with responsibilities of providing drinking water, sewerage water, trade waste and recycled water services in Melbourne's CBD, inner and western suburbs.

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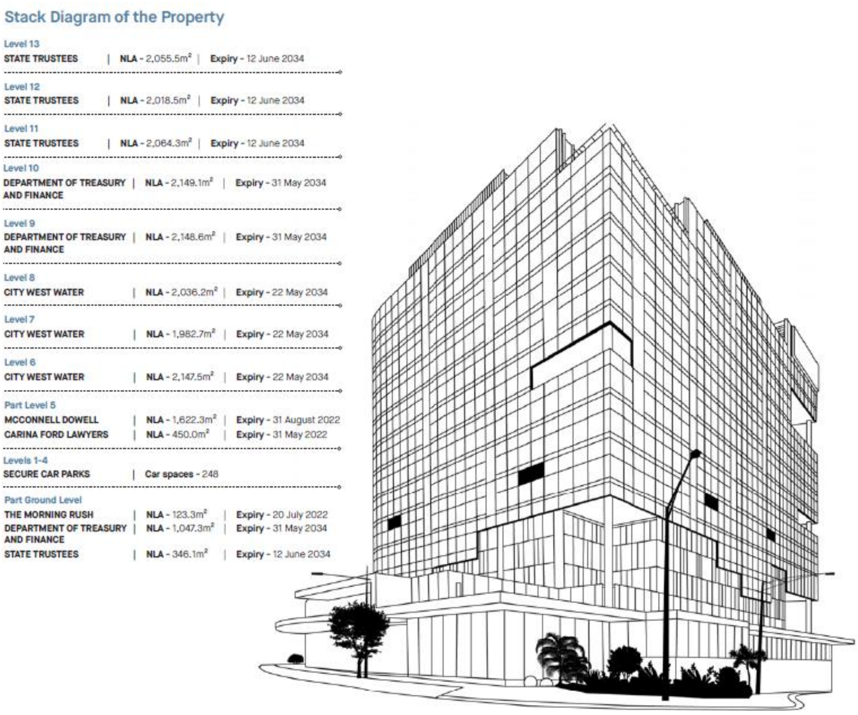
- **State Trustees (31.1% of gross income):** State Trustee is a State Government owned company – the Public Trustee for Victoria. The State Trustees became its own State Government-owned company in 1994, originally forming part of the government department until 1987. The Victorian State Trustee is the sole shareholder of the company, providing administration, trustee and estate related services, with three office locations. 1) Footscray head office, 2) Dandenong suburban office and 3) Bendigo regional office.
- **Victoria State Government (27.5% of gross income)**: The Department of Treasury and Finance forms part of the VIC State Government providing economic, financial and resource management advice to help the Victorian Government deliver its policies.
- **McConnell Dowell Constructions (6.5% of gross income):** McConnell Dowell Constructions is an established creative construction company that provides expertise across civil, electrical, fabrication, marine, mechanical, pipelines, rail, tunnel, and underground construction. The company was established in 1961 and has since grown to employ over 2,500 employees and has professional engineering and construction teams in Australia, New Zealand, and Asia.
- **Carina Ford Lawyers (1.8% of gross income):** Carina Ford has grown to become as one of Australia's most recognised pre-eminent migration lawyers. Carina established her own practice in 2004, having previously worked as an associate at Gadens Lawyers Melbourne. Carina is a practicing lawyer and an Accredited Immigration and Administrative Law Specialist.

Figure 8: Tenant Metrics

Type	Lease Expiry	Net Rent per sqm	Rent Review	Area (sqm)	% of NLA	% of Gross Income
City West Waters	May 34	$555	3.5%	6,165	31%	32.5%
State Trustees Ltd	Jun 34	$492	3.5%	6,483	32%	31.1%
Department of Treasury and Finance	May 34	$538	3.5%	5,345	26%	27.5%
McConnell Dowell Constructors Aust Pty Ltd	Aug 22	$388	Nil	1,622	8%	6.5%
Carina Ford Lawyers P/L	May 22	$385	Nil	450	2%	1.8%
The Morning Rush Café	Jun 22	$548	Nil	123	1%	0.6%
Total		**$459**		**20,191**	**100%**	**100%**

Source: Centuria, Colliers

Figure 9: Property Stack Diagram



Source: Centuria, Colliers

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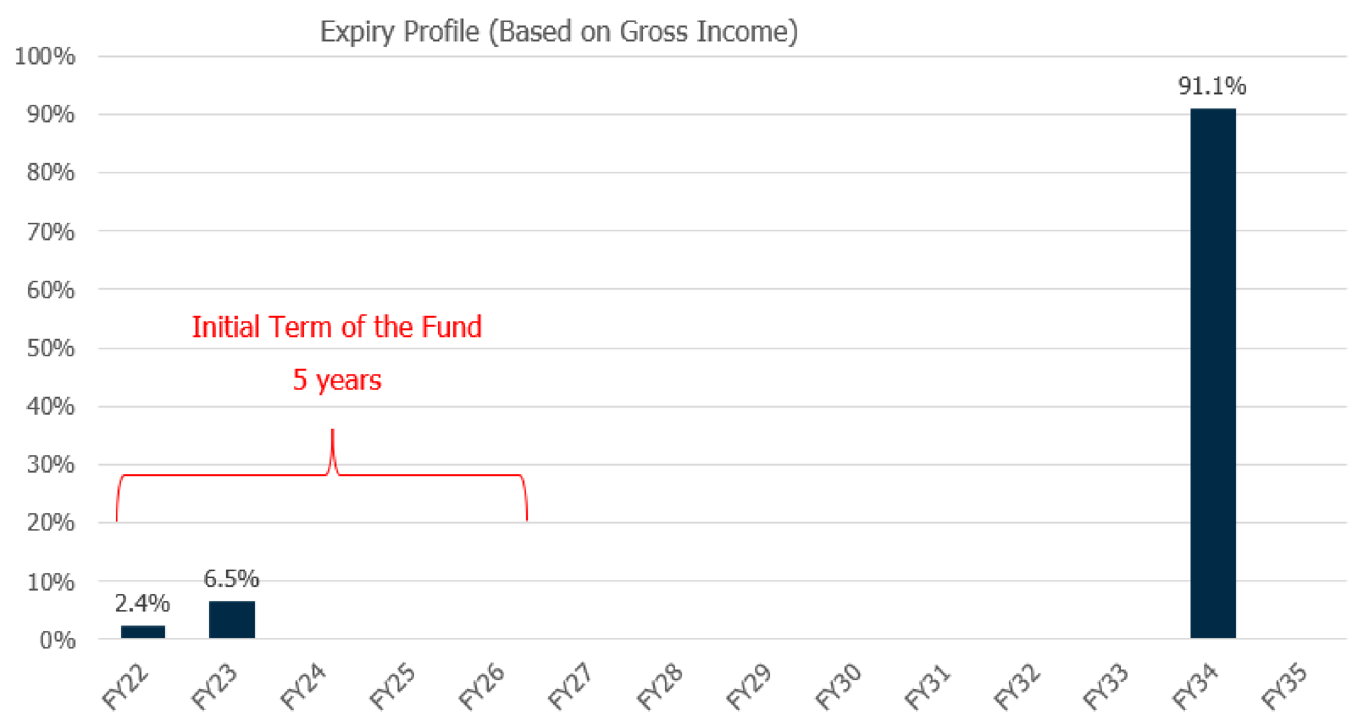
The figure below represents the Property's lease expiry by gross income with 8.9% falling due during the initial term of the Fund, while the remaining 91.1% falls due in 2034, providing the Fund with minimal expiries during the term of the Fund.

Figure 10: Property lease expiry (by gross income)



Source: Core Property

Market Sales Evidence

The table below shows the comparable sales transactions for similar long WALE office assets that were sold recently in the last 12 months. The capital value of $11,079 per sqm appears to be at the higher end of the range, between $7,501 - $12,247 per sqm.

Figure 11: Recent transaction evidence

Property	Sale Date	Sale Price	NLA (sqm)	WALE	Key Tenants	Initial Yield (%)	Price per sqm	Equivalent Yield (%)
913 Whitehorse Road, Box Hill, VIC	May 21	$230.0M	19,941	8.4 yrs	ATO	5.02%	$11,534	4.60%
399 Royal Parade, Parkville, VIC	Apr 21	$138.7M	13,300	12.3 yrs	Monash University	4.26%	$10,429	4.26%
17 O'Riordan St, Alexandria NSW	May 21	$159.0M	12,702	9.7 yrs	Red Cross	4.50%	$12,518	4.50%
14 Stratton Street, Newstead, QLD	Mar 21	$122.5M	9,088	10.0 yrs	Mater Misericordiae	4.85%	$13,479	4.78%
33 Richmond Road, Keswick, SA	Nov 20	$80.0M	6,532	11.8 yrs	SA Govt	4.80%	$12,247	5.00%
1 McNab Avenue, Footscray, VIC	**Sept 21**	**$223.7M**	**20,191**	**11.8 yrs**	**Vic Govt**	**4.63%**	**$11,078**	**4.67%**

Source: Colliers

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Market Rental Evidence

The main office tenants, City West Corporation, State Trustees Ltd and the Department of Treasury are currently leased at $459 - $555 per sqm (net). All three leases sit within the comparable range of $335 - $540 per sqm and in line with the assessed average net market rent for the Property of $460 per sqm. The following table is a summary of comparable Government office lease deals as provided by the Independent Valuer.

Figure 12: Recent rentals – Victorian Government office market

Property Address	Tenant	Commence Date	Area sqm	Rent per/sqm
60-62 Maroondah Highway, Ringwood VIC	Department of Justice	Nov 20	3,325	$385
12 Clarke Street, Sunshine, VIC	Government of Victoria	Oct 19	837	$380
840 Dandenong Road, Caufield VIC	Glen Eira City Council	Sep 19	1,278	$340
107 Overton Road, Williams Landing, VIC	Government of Victoria	Jul 19	3,126	$395
1242 Nepean Highway, Cheltenham, VIC	Centrelink	Aug 18	2,866	$335
12 Clarke Street, Sunshine, VIC	VicRoads	Jan 18	4,088	$356
617 Victoria Street, Abbotsford, VIC	Centrelink	May 17	1,658	$506
Range		**May 17 – Nov 20**	**837–4,088 sqm**	**$335 - $506**
1 McNab Avenue, Footscray VIC	**City West Corporation**	**Jun 14**	**6,166**	**$555**
	State Trustees Ltd	**Jun 14**	**6,484**	**$492**
	Department of Treasury	**Jun 14**	**5,345**	**$538**

Source: Colliers

Melbourne Fringe Office Market

Footscray is a western fringe metropolitan suburb located in Melbourne Victoria. In 2021, Footscray has an approximate population of 20,703, which is expected to almost double to 38,650 by 20141 (+4.4% p.a.). As a result, approximately 5,160 new apartments are potentially in the pipeline. This growth is underpinned by approximately $94B of infrastructure projects throughout Victoria which will directly benefit Footscray, transforming the inner city suburb to a major gateway connecting Melbourne's west to Melbourne's CBD.

Traditionally, the north and west fringes of the Melbourne CBD have been characterised by government occupied buildings. This is expected to increase, as the Victorian Government has announced to spend $20M to create five suburban government hubs so public servants can work closer to home. These hubs include the suburbs of Footscray, Williams Landing and Mulgrave, while the final two locations are yet to be announced, 1 McNab Avenue has been the first hub announced by the Government.

Research undertaken by Knight Frank suggests the current vacancy of Footscray is as low as 0.5% as at January 2021, while other fringe markets such as Richmond and Cremorne recorded higher vacancies of 8.3% and 13.9% respectively. This can be contributed to the low level of supply experienced by Footscray, as well as the rest of the north and western markets in general. Colliers Research found that as at September 2020, Vacancy's across the Melbourne Metropolitan market reached 11.2%, however individual precincts within this market has been mixed. The lack of supply in the north and western markets held vacancies to 6.8%, while greater stock coming alive in other markets (94,000 sqm) have resulted in higher vacancies. As at September 2020 ; City Fringe (11.8% vacancy), Inner East (11.0% vacancy), Outer East (12.2% vacancy) and South East (11.6% vacancy).

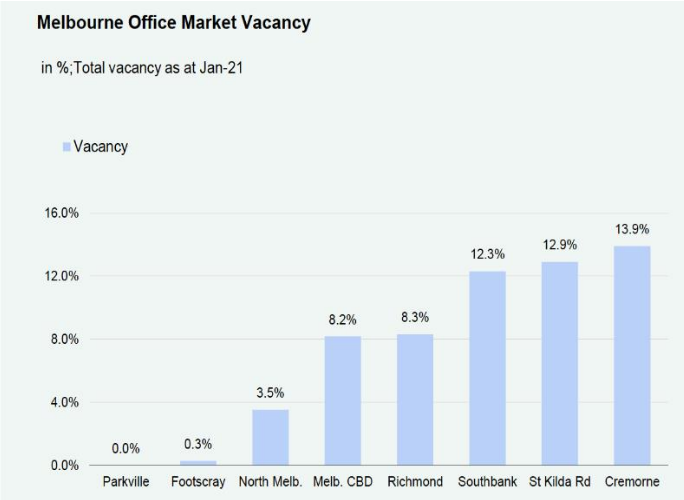
The impact of COVID-19 is expected to continue to alter leasing outcomes within the office market, however the metropolitan market is likely to remain resilient as the demand to work closer to home increases. According to Knight Frank Research, Footscray's current Net Face rent of $475 per sqm is well under the broader average fringe markets Net Face rent of $538 per sqm.

Figure 13: Melbourne Metropolitan Office – Stock & Vacancy by Precinct (September 2020)

Region	Stock (sqm)	Vacancy
City Fringe	1,112,580	11.8%
Inner East	580,880	11.0%
Outer East	899,097	12.2%
South East	419,090	11.6%
North / West	**379,586**	6.8%
Total	**3,391,223**	**11.2%**

Source: Colliers International Research

Figure 14: Melbourne Office Market vacancy



Source: Knight Frank Research, PCA

Figure 15: Melbourne Office Market Prime Rents

Source: Knight Frank Research

Capex

The Manager has indicated $3.6M of capital expenditure over the term of the fund, with the majority of the expense coming in year 2 with $1.2M allocated for general maintenance, incentives and refurbishment on expiry. This is in line with the independent technical due diligence report, while above the Independent Valuer's assumptions. The capital expenditure has been accounted for by the Manager and is expected to be funded through a draw down in the debt facility, with the LVR expected to peak at 50.1% during the initial term of the Fund.

Financial Analysis

Core Property has reviewed the financial forecasts by the Manager as provided in the PDS. The key observations are:

- The Manager is forecasting initial distributions of 5.25% p.a. (annualised) for FY22, increasing to 5.35% p.a. in FY23.
- Forecasts assume that debt is hedged for three years at 1.70% p.a., In years 4-5 the Manager is conservatively forecasting debt costs to increase to 3.00% p.a.
- Assumes settlement of the Property on 1 September 2021 and occupancy is maintained at 100% throughout.
- Forecasts assume annual rent increases of 3.50% p.a.

A summary of the Manager's forecasts from the PDS is presented below.

Figure 16: Profit & Loss Forecast & Balance Sheet

Profit & Loss - Forecast $M	**FY22 10 months (1 Sept 2021 - June 30 2022)**	**FY23 12 months**
Holding Trust		
Gross Property Income	12.8	15.4
Property Expenses	-2.4	-2.9
Net Operating Income	**10.4**	**12.5**
Straight Lining of Rental Income	-1.9	-2.0
Distributable Funds	**8.5**	**10.5**
Centuria Government Income Fund		
Fund Income	**8.5**	**10.5**
Fees, Expenses	-1.2	-1.5
Net Operating Income	**7.3**	**9.0**
Net Interest Expense	-2.3	-2.4
Amortised Borrowing Cost Paid at Settlement	0.4	0.5
Distributable Funds	**5.4**	**7.1**
Distributions from working capital	0.1	-
Add back: Interest on Centuria Capital Funding	0.3	-
Net Distributions Received by Investors	**5.8**	**7.1**
Distribution Yield % (pro - rata)	**5.25%**	**5.35%**
Estimated Tax Deferral	**100%**	**100%**

Balance Sheet – $M – Holding Trust	**On acquisition (est 1 Sep 2021)**
Investment Property	223.7
Less: Adjustment for outstanding rental abatements	-0.1
Total Assets	**223.6**
Total Liabilities	**-**
Net Assets	**223.6**
Centuria Government Income Fund	
Units in Holding Trust	223.7
Accumulated Cash, Receivables and Prepayments, Cash for Rental Abatements	0.3
Total Assets	**223.9**
Net Borrowings (Total Borrowing less Capitalised Borrowing Costs)	108.2
Total Liabilities	**108.2**
Net Assets (Total Assets – Total Liabilities)	**115.7**
Net Assets per Unit	**$0.87**
Debt/ Total assets	**49.0%**

Source: Centuria, Core Property

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Initial NTA

The starting NTA is an important consideration. It should be assessed in the context of statutory costs and fees paid to the Manager, which dilute investors' return over the term of the Fund. In this case, the starting NTA is $0.87 per unit including the capitalised interest cost. Core Property calculates the starting NTA excluding capitalised interest cost is $0.86 per unit, with most of the dilution coming from acquisition costs.

Figure 17: Initial NTA

Amount per unit	$ per unit
Issue Price	$1.00
Less:	
Stamp Duty/Acquisition Costs	-$0.09
Acquisition Fee	-$0.03
Debt & Fund Establishment costs	-$0.01
NTA per unit	**$0.87**

Source: Core Property

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 the assumptions provided by the Manager.

Using these assumptions Core Property expects the Fund to deliver a 5-year Internal Rate of Return (IRR) in the range of 5.3% - 8.8% p.a. (7.1% p.a. midpoint). The calculation is based on the Manager's forecasts and assumes a +/- 25bps movement in the terminal capitalisation rate. The calculation assumes an all-interest cost of 1.70% p.a. for the first three years, increasing to 3.00% p.a. for years four and five (based on the Manager's assumptions).

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.

Figure 18: Pre-tax, 5-year IRR (after fees) sensitivity analysis – Manager's assumptions

Terminal cap rate	Cost of Debt (Assumes debt is fully hedged at 1.70% p.a. for 3 years, then 3.0% p.a. thereafter)
4.13%	10.3%
4.38%	8.8%
4.63% (Base)	**7.1%**
4.88%	5.3%
5.13%	3.6%

Source: Core Property

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Management & Corporate Governance

The Manager, Centuria Property Funds No.2 Limited ("CPFL 2") is a wholly owned subsidiary of the ASX listed-Centuria Capital Limited (ASX: CNI). Centuria, was formed in 1998 with the specific focus on the purchasing of high quality, growth oriented commercial property investments.

Centuria has $15.9B of real estate assets managed on behalf of retail and wholesale investors across its listed and unlisted portfolio.

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 nots the Board of the RE structure of independent an independent Chairman and non-executive directors provides a high level of corporate governance.

Figure 19: The Board of the Responsible Entity

Name & Role	Experience
Roger Dobson **Independent Chairman** Master of Laws Columbia University, Bachelor of Law Adelaide University	Roger was appointed Chairman of the Board in July 2020, and having previously been an independent Non-Executive Director of Centuria Property Funds No.2 Ltd and the responsible entity of Centuria Industrial REIT. Roger holds extensive knowledge in large, complex restricting and insolvency matters in a diverse range of industries, with over a decade representing different entities. Roger heads Jones Day's Business Restructuring and Reorganisation Practice in Australia. Roger is a member of the Australian Restructuring Insolvency and Turnaround Association and INSOL International.
Peter Done **Non-Executive Director** Bachelor of Commerce (Accounting) UNSW and Fellow of Chartered Accountants Australia and New Zealand	Peter was appointed to the Board of Centuria Property Funds in 2007 and has 27 years' experience as a partner at KPMG from 1979 until retirement in 2006. During his years at KPMG, 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.
Nicholas Collishaw **Non-Executive Director** Dip Val, FAPI, FRICS, GAICD, SAFin.	Nicholas was the former CEO of Centuria Listed Property Funds from May 2013 to December 2017. Prior to this Nicholas was the CEO and Managing Director of Mirvac Group (ASX: MGR) from 2005 to 2012 and was responsible for successfully guiding the business through the impact of the global financial crisis and implementing a strategy to position the real estate developer and investor for sustained growth. With over 30 years' experience, he has held senior positions with James Fielding Group, Paladin Australia, Schroders Australia and Deutsche Asset Management.
Natalie Collins **Non-Executive Director** Bachelor of Economics (Accounting) and Member of the Australian Institute of Company Directors	Natalie has been an independent Non-Executive Director of Centuria Property Funds No.2 Limited since July 2020. She also sits on the Boards of Centuria Life Limited and Guardian Friendly Society and is a member of Centuria Capital Group's Culture and ESG Committee. More recently, Natalie was Head of Emerging Ventures and Co-Founder of Amatil X, the corporate venture capital arm at Coca-Cola Amatil, established to leverage the global start-up ecosystem to uncover disruptive business models and new technologies to drive growth. Natalie started her career as an auditor with PwC and has since gained 20 years' experience in global CPG/FMCG spanning finance, corporate strategy, supply chain, marketing and innovation. Natalie holds a Bachelor of Economics (Accounting) from Macquarie University and is a Graduate at the Australian Institute of Company Directors (GAICD).

Source: Centuria

Figure 20: Management Team

Name & Role	Experience
John McBain **Joint CEO** Dip.Tech (Valuations), Diploma in Urban Valuation	John joined the Centuria Capital Board (formerly Over Fifty Group) on 10 July 2006 and was appointed as Chief Executive Officer in April 2008. John has built an extensive reputation over the years within the property industry. John founded property funds manager Waltus Investments Australia Limited and Hanover Group Pty Limited a specialised property consultancy and boutique funds manager. 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 investments companies in Australia, New Zealand and the United Kingdom.

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Jason Huljich **Joint CEO** Bachelor of Commerce (Commercial Law)	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. 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.
Stuart Wilton **Fund Manager** Bachelor of Business (Property), Member of Australian Property Institute	Stuart joined Centuria in 2010 and was appointed as a Fund Manager in 2017.Prior to this, Stuart worked for as a Capital Markets Analyst for Potomac Realty Capital in Boston, and was involved in close to $500M worth of transactions across all sectors. Overseeing all operations of nine unlisted property funds, Stuart is responsible for the fund establishment, performance, reporting and investor relations of assets in excess of over $930M. Stuart previously held several key positions in the Centuria asset management division, most recently Portfolio Manager and was primarily responsible for the proactive and efficient management of Centuria's property portfolio across both the Centuria Office REIT, Centuria Industrial REIT and various unlisted property funds. Along with the Transactions team, Stuart was responsible for administering asset disposals and completing the due diligence process for proposed acquisitions.
Ross Lees **Head of Funds Management** Bachelor of Business (Property Economics), Master of Applied Finance	Ross is the Head of Centuria's Real Estate Funds Management business, which is responsible for both listed and unlisted property funds. This includes two ASX listed REITs as well as 22 unlisted funds. Ross was previously the Fund Manager, Centuria Industrial REIT (ASX:CIP). Ross joined Centuria in 2017 and has over 15 years of investment management experience having joined from Dexus where he held senior transactional and portfolio management roles. Prior experience includes over six years at Stockland (ASX: SGP) and four years at Logos Property Australia having established and led their asset management platform.
Andrew Essey **Head of Transactions** Bachelor of Business Admin	Andrew joined Centuria Property Funds in February 2013 as National Leasing Manager, was appointed Fund Manager in November 2015, and transitioned to the role of Head of Transactions in July 2017. As Head of Transactions, he is responsible for originating and managing the Group's property transactions and oversight of the Group's acquisitions team. Prior to joining Centuria, Andrew worked for DTZ in Sydney's North Shore Agency from 2007, most recently holding the position of Director. While at DTZ, Andrew's focus was on leasing and sales within Sydney's North Shore industrial and office park markets. Andrew hold a Bachelor of Business Administration from Radford University, Virginia, USA with a Major in Marketing and Economics.
Ben Harrop **Head of Distribution** Bachelor of Economics, Graduate Diploma in Applied Finance, Diploma of Financial Planning, Postgraduate Certificate in Management, Diploma from the Australian Institute of Company Directors	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.
Victor Georos **Head of Portfolio & Asset Management** BA (Land Economy), Graduate Dip. (Finance & Investment) (FINSIA)	Victor joined Centuria as Senior Portfolio Manager in April 2013 and was appointed Head of Portfolio and Asset Management in July 2015. He is responsible for overseeing portfolio and asset management of Centuria's portfolio, including the development and implementation of strategies to enhance value through active asset management and development. 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 ability to build high performance teams across all sectors. Prior to joining Centuria, Victor held senior positions with GPT Group and Lend Lease, including Head of Industrial & Business Parks at GPT.

Source: Centuria

Compliance and Governance

The Fund's compliance committee comprises of the two independent members of the board of Centuria Property Funds No.2 Limited (Roger Dobson and Peter Done)

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.

Core Property has reviewed the PDS in reference to the six benchmarks and eight disclosure principles recommended by RG46. The PDS relates to two benchmarks, with one not compliant. The guideline that it does not adhere to involves the payment of distributions from cash from operations as the Manager intends to pay a small portion of distributions from capital as a result of the impact of an adjustment for outstanding tenant incentives.

Benchmark 5 of ASIC guidelines relates to the Fund as a related party, Centuria, is providing a short term loan for the Fund to finance the deposit and secure the fixed three year swap rate. The benchmark requires Centuria to maintain and comply with a written policy on related-party transactions, including the assessment an approval processes for such transactions and arrangements to manage conflicts of interest. If the offer is not fully subscribed and as a result the Fund's interest in the Property is not acquired and the Fund's deposit is forfeited, Centuria Capital, and not investors will meet the cost of forfeiting the deposit.

Conflicts of Interests and Related Party Transactions

Centuria maintains a written policy on related party transactions, including the assessment and approval processes to manage any conflicts of interests. The policy is in compliance with ASIC's Disclosure Principles and Benchmarks set out in RG46. The PDS also sets out a number of related party transactions that are currently expected by the Fund:

- Centuria Capital has provided an unsecured loan to the Fund of $13.7M to finance the deposit payable for the Fund's 100% interest in the Property, as well as security to lock in the three-year interest rate swap under the Fund's proposed debt facility. Interest is charged at 10.0% p.a. and is forecast to be $0.3M. This is a related party transaction which was undertaken in compliance with Centuria's Conflicts of Interests policy. If the Offer is not fully subscribed and the Properties are not acquired, then Centuria Capital, not Investors, will meet the cost of forfeiting the deposits.

- On behalf of the Fund, the Holding Trust may engage Centuria Property Services to provide property management, facilities management, development management and leasing services to the Holding Trusts in respect of the Property. If Centuria Property Services is appointed to provide these services, then it will be paid an amount no higher than what is currently paid to the existing provider and will be undertaken in compliance with Centuria's Conflicts of Interests Policy and in compliance with ASIC Regulatory Guide 46.

Removal of the RE

The RE can be removed and replaced with another appropriately licensed responsible entity if investors pass an extraordinary resolution to that effect at a properly convened meeting of investors. If such a resolution is successful (requiring 35% of all units on issue and 50% of all units voted to approve), the RE will be entitled to recover any deferred fees. The RE will not be eligible to receive exit fees if removed prior to the completion of the Fund. Core Property notes that this is a strong feature of the Fund and is better than industry norms.

Past Performance

Centuria Syndicate 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%.

Readers should note that 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.

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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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