

CENTURIA OFFICE REIT

NOTICE OF MEETING OF UNITHOLDERS

Notice is hereby given that a general meeting of Unitholders (**General Meeting**) of the Centuria Office REIT ARSN 124 364 718 (**COF**) will be held virtually on Friday, 12 November 2021 at 10.30 am (AEDT).

The purpose of the General Meeting is for Unitholders to consider, and if thought fit, pass the Resolution set out below, being a resolution for the approval of the acquisition of a 50% leasehold interest in 203 Pacific Highway, St Leonards NSW from a related party of Centuria Property Funds Limited, the responsible entity of COF.

The Independent Expert has determined in the Independent Expert's Report that the proposed 203 Pacific Highway Acquisition is fair and reasonable to the existing Unitholders¹.

To minimise health risks created by the COVID-19 pandemic, COF intends to hold the General Meeting virtually. Unitholders and their proxies or authorised representatives will be able to participate in the General Meeting online but will not be able to attend a physical meeting.

To join the General Meeting, visit:
<https://web.lumiagm.com/347-044-965>

To enable you to make an informed voting decision, further information about the Resolution is set out in the accompanying Explanatory Memorandum which forms part of this Notice of Meeting.

This Notice of Meeting is issued by Centuria Property Funds Limited in its capacity as responsible entity of COF (**CPFL**).

Terms and abbreviations are defined in the Glossary at the end of this Notice of Meeting and Explanatory Memorandum.

¹ Please refer to sections 3.3 and 3.4 of the Explanatory Memorandum for further information on the findings of the Independent Expert, the property valuation conducted by Colliers, the appointment of Colliers and the views of ASIC on the appointment of Colliers.

ITEM OF BUSINESS

1. RESOLUTION: Approval under Listing Rule 10.1 and Chapter 2E of the Corporations Act for the 203 Pacific Highway Acquisition

To consider, and if thought fit, to pass the following resolution as an ordinary resolution of COF:

"That for the purposes of Listing Rule 10.1, Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act) and for all other purposes, approval be given for the purchase of a 50% leasehold interest in the land and building at 203 Pacific Highway, St Leonards NSW from Centuria Property Funds Limited as responsible entity of the Centuria 203 Pacific Highway Fund (203 Pacific Highway Acquisition), as detailed in the Explanatory Memorandum accompanying this Notice of Meeting."

Independent Expert's Report: The Independent Expert has determined in the Independent Expert's Report that the proposed 203 Pacific Highway Acquisition is fair and reasonable to the existing Unitholders.

Voting Exclusion:

Pursuant to section 253E of the Corporations Act, CPFL and its associates are not entitled to vote their interest on the Resolution as they have an interest in the Resolution other than as a Unitholders. In addition, CPFL will disregard votes cast in favour of the Resolution by or on behalf of:

- (a) a party to the 203 Pacific Highway Acquisition and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a Unitholder); and
- (b) an associate of such person or persons.

However, CPFL will not disregard a vote if:

- (a) it is cast by a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) it is cast by the Chair of the General Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - ii. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

VOTING INSTRUCTIONS

Voting entitlement

The Directors have determined that persons holding Units in COF at 7:00 pm on Wednesday, 10 November 2021 will, for the purposes of determining voting entitlements at the General Meeting, be taken to be the Unitholders of COF.

How to vote

Unitholders may vote by attending the virtual General Meeting, by proxy or by authorised representative. Please refer to the information below on how Unitholders can participate in the General Meeting.

Voting by proxy

A Unitholder who is entitled to attend and vote at the General Meeting has the right to appoint a proxy to attend and vote for them. Unitholders are strongly encouraged to complete a proxy form to appoint the Chair of the General Meeting (or other person) as their proxy and to provide specific instructions on how the Unitholder's vote is to be exercised on the Resolution. Your appointed proxy must follow your instructions. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder's attendance at the General Meeting. The proxy does not have to be a Unitholder of COF.

Unitholders holding two or more Units can appoint either one or two proxies. Where two proxies are appointed, the appointing Unitholder can specify the number of votes or the proportion of the Unitholder's votes they want each proxy to exercise. If no number or proportion is specified, each proxy may exercise half of the Unitholder's votes. Neither proxy may vote on a show of hands.

Corporate Unitholders must provide COF with satisfactory evidence of the appointment of any corporate representative prior to the commencement of the General Meeting.

A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- (a) appoints an individual as its corporate representative to exercise its powers at meetings; and
- (b) provides COF with satisfactory evidence of the appointment of its corporate representative prior to commencement of the General Meeting.

The Chair of the General Meeting is deemed to be appointed to act as proxy in respect of a signed proxy that is returned and which does not contain the name of a proxy. In addition, if you direct your proxy how to vote and your nominated proxy does not attend (virtually) the General Meeting, or attends (virtually) but does not vote, on a poll on the Resolution, the Chair will act in place of the nominated proxy and vote in accordance with any instructions.

If you received this Notice of Meeting by post, a proxy form and a reply paid envelope are enclosed with this Notice of Meeting. If you are accessing this Notice of Meeting online, a proxy form and a reply paid envelope are enclosed with the letter you received dated 18 October 2021 that contains information regarding how to access this Notice of Meeting online. If you wish to appoint two proxies, please obtain an additional form from the Registry or make a photocopy of the enclosed proxy form. To be effective, a duly completed proxy form and, if the proxy form is signed by the Unitholder's attorney, the power of attorney or other authority under which the proxy form is signed or a certified copy of the power of attorney or relevant authority must be received at the Registry at

least 48 hours before the start of the General Meeting (being no later than 10:30 am (AEDT) on Wednesday, 10 November 2021).

Proxies may be returned to the Registry as follows:

Online:

<https://www.votingonline.com.au/cofgm2021>

By mail to:

GPO Box 3993, Sydney NSW 2001
(a reply paid envelope is enclosed)

By facsimile to:

+61 2 9290 9655

In person to:

Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

By email to:

COF.Enquiry@CenturiaInvestor.com.au

Note: original or certified copies of powers of attorney or other authorities under which a proxy form is signed will not be accepted by email, facsimile or online. These documents must be sent by mail to the Registry.

Undirected proxies

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote by marking either "For", "Against" or "Abstain" against the Resolution on the proxy form. If you do not direct your proxy how to vote, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.

If the Chair of the General Meeting is your proxy and the appointment directs the way the Chair is to vote, the Chair must vote on a poll, and must vote as directed, on the proxy form. However, if the Chair is your proxy and you do not direct the way the Chair is to vote, then by signing and returning the proxy form you will be expressly authorising the Chair to vote as he sees fit. **The Chair intends to vote available undirected proxies in favour of the Resolution.**

Voting during the General Meeting

The General Meeting will be made accessible to Unitholders, their proxies and authorised representatives online and will include a facility for Unitholders, proxies and authorised representatives to vote and ask questions in relation to the business of the General Meeting.

Unitholders who wish to participate in the General Meeting online may do so:

- (a) From their computer, by entering the following URL into their browser: <https://web.lumiagm.com/347-044-965>; or
- (b) From their mobile device by either entering the following URL in their browser: <https://web.lumiagm.com/347-044-965>

If you choose to participate in the General Meeting online, you can log into the General Meeting by entering:

- (a) Your username, which is your Voter Access Code (VAC) located on your proxy form or Notice of Meeting email.
- (b) Your password, which is the postcode registered to your holding if you are an Australian Unitholder. Overseas Unitholders should refer to the user guide for their password details.
- (c) If you have been nominated as a third party proxy, please contact the Registry on 1800 182 257 or +61 9290 9689.

Attending the General Meeting online enables Unitholders, proxies and authorised representatives to ask questions and cast direct votes at the appropriate times whilst the General Meeting is in progress.

We recommend logging in to the online platform at least 15 minutes prior to the scheduled start time for the General Meeting. Online voting will be open between the commencement of the General Meeting at 10.30 am (AEDT) on Friday, 12 November 2021 and the time at which the Chair announces the closure of voting.

Submitting questions

Unitholders are encouraged to submit questions in advance of the General Meeting to COF. Questions must be submitted by emailing the Company Secretary at anna.kovarik@centuria.com.au prior to the date of the General Meeting.

Unitholders will also have the opportunity to submit questions during the General Meeting in respect to the formal item of business, however it would be preferable for them to be submitted to COF in advance of the General Meeting. In order to ask a question during the General Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the General Meeting. Unitholders are limited to a maximum of two questions each (including any submitted in advance of the General Meeting). The Chair will request prior to a Unitholder asking a question that they identify themselves (including the entity name of their Unitholding and the number of Units they hold).

IMPORTANT NOTES

Quorum

COF's constitution provides that a quorum is two Unitholders at all times during the General Meeting present in person or by proxy or, in the case of a body corporate by representative, holding at least 10% by value of Units on issue at such time prior to the date of the General Meeting as is determined by the responsible entity.

Required voting thresholds

The vote on the Resolution will be conducted by way of a poll.

On a poll each Unitholder has one vote for each \$1.00 of the value of the Units they hold.

The Resolution is an ordinary resolution and will be passed if more than 50% of the votes cast on the Resolution are in favour of it.

Technical difficulties

The Chair has discretion as to whether and how the General Meeting should proceed if a technical difficulty arises. In exercising this discretion, the Chair will have regard to the nature of the technical difficulty, the number of Unitholders impacted and the extent to which participation in the business of the General Meeting is affected.

Appointment of Chair

The Chairman of CPFL, Mr Matthew Hardy, is to be the Chair of the General Meeting. Failing him, another person appointed by the Board will act as Chair of the General Meeting.

By order of the Board of Directors of Centuria Property Funds Limited.



Anna Kovarik

Company Secretary

18 October 2021

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared to provide Unitholders with information to assess the merits of the Resolution to be put to them at the General Meeting to be held virtually at 10.30am on Friday, 12 November 2021.

The Independent Expert's Report has been provided which contains an analysis as to whether the 203 Pacific Highway Acquisition from the Centuria 203 Pacific Highway Fund (an entity that is controlled by the responsible entity of COF) is fair and reasonable to the existing Unitholders whose votes are not to be disregarded.

The Independent Expert has determined in the Independent Expert's Report that the proposed 203 Pacific Highway Acquisition is fair and reasonable to the existing Unitholders.

You should read the Explanatory Memorandum, as well as the Notice of Meeting and the Independent Expert's Report (Annexure A), carefully and in their entirety before making any decisions in relation to the Resolution.

2. Background

2.1 203 Pacific Highway Acquisition

As announced to the ASX on 6 September 2021, COF has exercised its pre-emptive rights under the Co-owners' Agreement to acquire a 50% leasehold interest in the land and building at 203 Pacific Highway, St Leonards NSW (**203 Pacific Highway Acquisition**).

COF currently owns a 50% leasehold interest in 203 Pacific Highway (through its wholly-owned sub-trust, the Centuria Metropolitan Property Trust). The remaining 50% leasehold interest is owned by the Centuria 203 Pacific Highway Fund, a fixed term unlisted fund that is also managed by Centuria Property Funds Management Limited as responsible entity (**203 PH Fund**). Through the acquisition, COF will increase its interest in 203 Pacific Highway to a 100% leasehold interest.

COF and the 203 PH Fund have entered into an agreement (dated 10 September 2021) for the 203 Pacific Highway Acquisition (**Acquisition Agreement**). Completion of the 203 Pacific Highway Acquisition is conditional on:

- (a) Rail Corporation NSW, the owner of the freehold interest, who granted the leasehold interests which comprise 203 Pacific Highway, consenting to the sale pursuant to the Acquisition Agreement and the grant of a mortgage over 203 Pacific Highway to COF's mortgagee;
- (b) the COF Unitholders passing the Resolution in this Notice of Meeting; and
- (c) the unitholders in 203 PH Fund approving the sale of 203 Pacific Highway by way of an ordinary resolution.

If one or more of these conditions is not satisfied, the 203 Pacific Highway Acquisition will not proceed.

A summary of the key terms of the Acquisition Agreement is set out in section 2.7.

A co-owners' agreement is in place in respect of 203 Pacific Highway between CPFL as responsible entity of the 203 PH Fund and The Trust Company (Australia) Limited as custodian for the 203 PH Fund and CPFL as responsible entity of the Centuria Metropolitan Property Trust and Australian Executors Trustee Limited as custodian for the Centuria Metropolitan Property Trust (**Co-Owners' Agreement**).

Under the Co-Owners' Agreement, if either party wishes to sell its leasehold interest in 203 Pacific Highway, it must give the other party notice of its intention to sell. The other party then has the right to acquire the leasehold interest in the property at a price determined by a valuer of at least 10 years standing jointly appointed by the parties.

On 20 August 2021 COF received notice from 203 PH Fund of its intention to sell its 50% leasehold interest in 203 Pacific Highway. In response, COF exercised its right to acquire that interest under the Co-Owners' Agreement.

In accordance with the Co-Owners Agreement, the parties agreed to appoint Colliers to undertake the valuation of 203 Pacific Highway². Colliers valued the interest of 230 PH Fund at \$68 million and accordingly COF has agreed to acquire the property for \$68 million (**Purchase Price**).

In addition to the Purchase Price, COF will pay the 203 PH Fund by way of settlement adjustment an amount equal to any costs incurred by the 203 PH Fund between the date of the Acquisition Agreement and completion for capital expenditure on the property that is agreed by the parties (**Settlement Adjustment**). The Settlement Adjustment is determined on a dollar for dollar basis, meaning any amount paid by COF in addition to the Purchase Price will equal the exact amount that has been incurred by the 203 PH Fund, for the benefit of COF, for capital expenditure on the property.

Given COF currently owns a 50% leasehold interest in the property and is aware of the capital works required on the property and the forecasted capital expenditure, COF expects that the 203 PH Fund will incur an amount of approximately \$200,000³ for capital expenditure between the date of the Acquisition Agreement and completion.

2.2 203 Pacific Highway

203 Pacific Highway is an A-grade office building completed in 2000 and located over the St Leonards Railway Station in the centre of the St Leonards business precinct approximately four kilometres north of the Sydney CBD.

The site area of the property is approximately 4,690 square metres, with the building providing 11,735 square metres of net lettable area comprising 11 upper office levels with 7 retail tenancies on the ground floor and secure basement parking for 151 cars.

203 Pacific Highway is currently 99.3% occupied and has a weighted average lease expiry (WALE) by income of 3.9 years⁴.

² Colliers was appointed jointly by COF, 203 PH Fund and BDO as the Independent Expert. See section 3.4 for more information on the process for appointing Colliers and ASIC's views on the appointment of Colliers.

³ This cost represents the 203 PH Fund's contribution towards the pre-payment for lift components that will be delivered after completion of the Acquisition Agreement.

⁴ As at 30 June 2021.

2.3 Strategic rationale for acquiring 203 Pacific Highway

The 203 Pacific Highway Acquisition presents the following strategic benefits for COF:

- (a) it is an on strategy acquisition in a market where COF has substantial existing experience;
- (b) the building provides high quality office accommodation with good levels of natural light and views;
- (c) the acquisition consolidates COF's interest in a high performing existing asset in an established metropolitan office market;
- (d) the acquisition enhances COF's portfolio diversification; and
- (e) St Leonards is set to benefit from improving transport infrastructure, notably the Crows Nest metro station set to be completed in 2024.

2.4 Funding the 203 Pacific Highway Acquisition

Existing debt facilities will be used to fund the 203 Pacific Highway Acquisition.

2.5 Financial impact of the 203 Pacific Highway Acquisition

The following table outlines the financial impact on COF of approving the 203 Pacific Highway Acquisition.

	Resolution Passed	Resolution not passed
Forecast FY22 FFO per unit	18.0cpu ⁵	17.6cpu ³
Forecast FY22 DPU	16.6cpu ³	16.6cpu ³
Proforma NTA	\$2.44 ⁶	\$2.45 ⁷
Proforma Gearing ⁸	33.7%	31.5%

2.6 Why are COF unitholders being asked to vote?

For the purposes of Listing Rule 10.1, the 203 PH Fund is considered to be a related party of COF by virtue of the fact that it has the same responsible entity as COF. Accordingly, the 203 Pacific Highway Acquisition is an acquisition which requires Unitholder approval under Listing Rule 10.1.

Given that the 203 PH Fund is an entity that has the same responsible entity as COF, the 203 Pacific Highway Acquisition also requires Unitholder approval pursuant to Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act). Consequently, the Resolution seeks Unitholder approval under Listing Rule 10.1 and Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act) for the 203 Pacific

⁵ As per the reaffirmed guidance in the Investor Presentation for the 203 Pacific Highway Acquisition and Entitlement Offer announced on the ASX on 6 September 2021. Guidance is subject to unforeseen circumstances and material changes in operating conditions.

⁶ As at 30 June 2021.

⁷ As at 30 June 2021.

⁸ Gearing is defined as total borrowings less cash divided by total assets less cash and goodwill.

Highway Acquisition.

2.7 Summary of the Acquisition Agreement

On 10 September 2021, the Trust Company (Australia) Limited as custodian for the 203 PH Fund (**Vendor**) and COF, through a wholly-owned sub-trust (**Purchaser**), entered into the Acquisition Agreement pursuant to which the Purchaser agreed to acquire a 50% leasehold interest in 203 Pacific Highway for \$68 million plus the Settlement Adjustment. The key terms of the Acquisition Agreement are as follows:

- (a) The purchase price for the 50% leasehold interest being acquired is \$68 million with a 5% deposit payable on exchange of the Acquisition Agreement.
- (b) The Acquisition Agreement will be subject to the following conditions precedent:
 - i. the owner of the freehold interest, who granted the leasehold interests which comprise 203 Pacific Highway, consenting to the sale pursuant to the Acquisition Agreement and the grant of a mortgage over the property to the Purchaser's mortgagee;
 - ii. the COF Unitholders passing the Resolution the subject of this Notice of Meeting; and
 - iii. the unitholders in the 203 PH Fund resolving to approve the sale by way of an ordinary resolution.
- (c) If all of the conditions precedent are not satisfied by 28 February 2022, either party may terminate the Acquisition Agreement and the deposit (and interest) will be refunded to the Purchaser.
- (d) The Acquisition Agreement is due to complete on the date that is the latest of:
 - i. the 28th day after the date of the Acquisition Agreement;
 - ii. the 10th day after the freehold owner consents to the sale; and
 - iii. the 10th day after the last of the unitholder approvals referred to above is given.
- (e) The 50% leasehold interest is being purchased subject to the existing leases of the property.
- (f) The Purchaser on completion of the Acquisition Agreement must pay to the Vendor by way of settlement adjustment an amount equal to any capital expenditure on the property that is agreed by the parties and actually paid by the Vendor (as its contribution) after the date of the Acquisition Agreement but prior to completion⁹. Otherwise there is to be no adjustment on account of outstanding incentives to tenants as the price is based on a net valuation.
- (g) The Purchaser will sign an accession of occupancy deed under a deed poll, assuming all obligations of the Vendor under the occupancy deed.
- (h) The Purchaser will sign an accession of shared services deed under a deed poll, assuming all obligations of the Vendor under the shared services deed.

⁹ As at the date of this Notice of Meeting, the parties expect that the Vendor will pay an amount of approximately \$200,000 by way of capital expenditure (being pre-payment for lift components that will be delivered after completion).

3. Approval under Listing Rule 10.1 and Chapter 2E of the Corporations Act for the 203 Pacific Highway Acquisition

3.1 Background

Centuria Property Funds Limited is the responsible entity of both COF and the 203 PH Fund and therefore the entities are related parties for the purposes of the Listing Rule 10.1.1 and Chapter 2E of the Corporations Act.

The Resolution seeks approval from Unitholders to allow the Company to enter into the 203 Pacific Highway Acquisition in compliance with Listing Rule 10.1 and Chapter 2E of the Corporations Act (as modified by Part 5C.7). If Unitholders do not approve the Resolution, the 203 Pacific Highway Acquisition will not proceed. The financial effect of proceeding or not proceeding with the 203 Pacific Highway Acquisition is set out in section 2.5 above.

3.2 Listing Rule 10.1

Under Listing Rule 10.1, CPFL as the responsible entity of COF must not acquire, or agree to acquire, a substantial asset from a related party of CPFL without first obtaining the approval of Unitholders.

An asset is substantial if 'its value, or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity, as set out in the latest accounts given to ASX under the listing rules'.

The Purchase Price to be paid by COF to acquire the remaining 50% leasehold interest in 203 Pacific Property is \$68 million, which comprises approximately 5.3% of the equity interests in COF. As a result, the 203 Pacific Highway Acquisition is an acquisition of a substantial asset from a related party.

Listing Rule 10.3 sets out a number of exceptions to Listing Rule 10.1, however none of these exceptions are relevant to the 203 Pacific Highway Acquisition. Accordingly, COF requires the approval of Unitholders pursuant to Listing Rule 10.1 in order to complete the 203 Pacific Highway Acquisition.

3.3 Independent Expert's Report

In accordance with Listing Rule 10.5.10, a notice of meeting seeking Unitholder approval for the purposes of Listing Rule 10.1 must include a report on the 203 Pacific Highway Acquisition from an independent expert. The report must state the independent expert's opinion as to whether the transaction is fair and reasonable to the Unitholders whose votes are not to be disregarded.

COF has appointed BDO as an independent expert and commissioned it to prepare a report to provide an opinion as to whether or not the 203 Pacific Highway Acquisition from the 203 Pacific Highway Fund is fair and reasonable to the existing Unitholders whose votes are not to be disregarded for the purposes of Listing Rule 10.1.

A copy of the report dated 8 October 2021 (**Independent Expert's Report**) is annexed to this Explanatory Memorandum as Annexure A and is available on COF's website at <https://centuria.com.au/cof-nom>. You may also request a paper copy of the Independent Expert's Report by contacting the Company Secretary at: Anna.Kovarik@centuria.com.au.

BDO has concluded in the Independent Expert's Report that the 203 Pacific Highway

Acquisition is fair and reasonable to the existing Unitholders.

The Directors recommend that Unitholders read the Independent Expert's Report in full.

3.4 Process for appointing the property valuer, Colliers

As BDO, the Independent Expert, is not a property valuation expert, BDO required an external property valuer to undertake a valuation of 203 Pacific Highway for the purposes of the Independent Expert's Report.

As noted above, under the Co-Owners' Agreement, should either COF or the 203 PH Fund wish to sell their leasehold interest in 203 Pacific Highway, the other party has a right to acquire the leasehold interest at a price determined by a valuer of at least 10 years standing jointly appointed by the parties.

In accordance with the Co-Owners Agreement, COF and the 203 PH Fund nominated Colliers to be appointed to undertake the valuation of 203 Pacific Highway. Before agreeing to appoint Colliers, COF asked BDO if BDO was comfortable with Colliers' independence, experience and whether BDO was comfortable to jointly engage Colliers with COF and the 203 PH Fund (in order to satisfy the requirements of the Co-Owners Agreement). BDO confirmed it was comfortable on these matters and Colliers was jointly engaged by BDO, COF and the 203 PH Fund.

To ensure the independence of Colliers, a protocol was established by COF and the 203 PH Fund under which any communications with Colliers (including the engagement terms) was managed by Anna Kovarik, Group Chief Risk Officer of Centuria Capital Limited, and BDO, independent of both COF and the 203 PH Fund. In order to maintain the independence of Colliers and in accordance with this protocol, Colliers was instructed to correspond only with BDO and Ms Kovarik.

We note that ASIC has advised BDO and COF that it does not consider the terms of Collier's engagement to be consistent with the guidance in *ASIC Regulatory Guide 112 – Independence of experts* and that a best practice approach would have involved BDO procuring its own property valuer.

BDO states in its Independent Expert's Report that it considers the approach adopted to appoint Colliers to be appropriate for the Independent Expert's Report as:

- although COF and the 203 PH Fund were involved in the identification of the property valuer, they did not at any time correspond with Colliers;
- the scope of the property valuation was prepared by Ms Kovarik, Group Chief Risk Officer of Centuria Capital Limited independent of COF and the 203 PH Fund. This scope was confirmed by BDO to be appropriate for the purposes of this IER;
- Colliers is independent of both COF and the 203 PH Fund; and
- Colliers has the required skills and expertise to prepare the valuation.

BDO states in its Independent Expert's Report that, based on the above, BDO was satisfied that the appointment of Colliers to value the property would result in an independent assessment of the market value of the property that is appropriate for the Independent Expert's Report.

3.5 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act) prohibits:

- (a) a responsible entity; or
- (b) an entity that the responsible entity controls; or
- (c) an agent of, or person engaged by, the responsible entity,

from giving a financial benefit to a person described in paragraphs (a), (b) or (c) above, or a related party of such persons, unless either:

- (d) giving the financial benefit falls wholly within one of the nominated exceptions to the provisions; or
- (e) prior Unitholder approval is obtained to give the financial benefit no later than 15 months after receipt of the approval.

The proposed payment of the Purchase Price and Settlement Adjustment to the 203 PH Fund in consideration for the 203 Pacific Highway Acquisition constitutes giving a financial benefit.

CPFL controls the 203 PH Fund because it is the responsible entity of the 203 PH Fund. Accordingly, the payment of the Purchase Price and Settlement Adjustment to the 203 PH Fund by CPFL constitutes the giving of a financial benefit to a related party of CPFL for the purposes of Chapter 2E.

Under section 210 of the Corporations Act, Unitholder approval does not need to be obtained for an entity to give a financial benefit to a related party if the financial benefit were given on terms that would be reasonable in the circumstances if CPFL and the related party were dealing at arms' length or are less favourable to the related party than the terms referred to immediately above.

While the Directors have no reason to believe that the Acquisition Agreement was not entered into on arms' length terms (including because the Purchase Price was determined by a valuer and not by the parties) the Board has determined to seek Unitholder approval for the 203 Pacific Highway Acquisition pursuant to Chapter 2E of the Corporations Act (as modified by Part 5C.7) given Unitholder approval is already required under Listing Rule 10.1.

3.6 Specific information required by Chapter 2E of the Corporations Act

In accordance with section 219 of the Corporations Act, the following information is provided in relation to the 203 Pacific Highway Acquisition:

- (a) **Identity of the related party to whom the Resolution would permit a financial benefit to be given**

The Purchase Price and Settlement Adjustment will be paid to the 203 PH Fund by COF. The parties are related parties as Centuria Property Funds Limited is the responsible entity of both the 203 PH Fund and COF.

- (b) **Nature of the financial benefit**

The nature of the financial benefit to be provided to the 203 PH Fund is the proposed payment of the Purchase Price and Settlement Adjustment under the Acquisition

Agreement. Further details of the Purchase Price and Settlement Adjustment are set out in section 2.1.

(c) **Valuation of the financial benefit**

The value of the consideration and the pricing methodology is set out in the Independent Expert's Report.

(d) **Existing relevant interests**

Except for the fact that COF and the 203 PH Fund have the same responsible entity, the 203 Pacific Highway Fund does not have any other interests in COF.

3.7 **Directors' recommendation**

The Directors are each directors of CPFL, the responsible entity of both COF and the 203 PH Fund. Consequently, the Directors each have an interest in the outcome of the Resolution due to the duties they owe to unitholders in each of COF and the 203 PH Fund. As a result of this interest, the Directors do not consider it appropriate to make a recommendation to Unitholders in relation to how to vote on the Resolution.

3.8 **Consents**

Colliers has consented:

- to being named in the Notice of Meeting and Independent Expert's Report in the form and context in which Colliers is named;
- to the inclusion of the valuation report of Colliers dated 31 August 2021 (**Valuation Report**) in the Independent Expert's Report and Notice of Meeting;
- to the inclusion of all statements by Colliers, in the form and context in which it is included in the Notice of Meeting and Independent Expert's Report (if any); and
- to the inclusion of all statements said in the Notice of Meeting and Independent Expert's Report to be based on a statement by Colliers (including all research, data or other information), in the form and context in which it is included in the Notice of Meeting and Independent Expert's Report (if any).

Colliers does not make, or purport to make, any statement in the Notice of Meeting and Independent Expert's Report other than those statements referred to above (including the Valuation Report). Apart from as set out above, to the maximum extent permitted by law, Colliers expressly disclaims and takes no responsibility for any other part of the Notice of Meeting and Independent Expert's Report. Colliers has not withdrawn its consent prior to the date of this Notice of Meeting.

BDO has consented:

- to being named in the Notice of Meeting in the form and context in which BDO is named;
- to the inclusion of the Independent Expert's Report in the Notice of Meeting;
- to the inclusion of all statements by BDO, in the form and context in which it is included in the Notice of Meeting (if any); and
- to the inclusion of all statements said in the Notice of Meeting to be based on a statement by BDO (including all research, data or other information), in the form and context in which it is included in the Notice of Meeting (if any).

BDO does not make, or purport to make, any statement in the Notice of Meeting other than those statements referred to above (including the Independent Expert's Report). Apart from as set out above, to the maximum extent permitted by law, BDO expressly disclaims and takes no responsibility for any other part of the Notice of Meeting. BDO has not withdrawn its consent prior to the date of this Notice of Meeting.

Glossary

In this Notice of Meeting the following words have the meanings shown:

203 Pacific Highway	the land and building at 203 Pacific Highway, St Leonards NSW.
203 Pacific Highway Acquisition	the proposed acquisition by COF of a 50% leasehold interest in 203 Pacific Highway from the 203 PH Fund.
Acquisition Agreement	the contract for the sale and purchase of a 50% leasehold interest in 203 Pacific Highway between COF and the 203 PH Fund dated 10 September 2021.
ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited ABN 98 008 624 691, and, where the context requires, the financial market that it operates.
BDO or Independent Expert	BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170.
Board	the board of Directors of CPFL.
203 PH Fund	the Centuria 203 Pacific Highway Fund ARSN 608 736 223, and, where the context requires, Centuria Property Funds Limited ACN 086 553 639 as responsible entity of the Centuria 203 Pacific Highway Fund ARSN 608 736 223.
Chair	the person appointed by the Board to act as Chair of the General Meeting.
COF	the Centuria Office REIT ARSN 124 364 718, and, where the context requires, Centuria Property Funds Limited ACN 086 553 639 as responsible entity of the Centuria Office REIT ARSN 124 364 718.
Colliers	CIVAS (NSW) Pty Limited ACN 168 282 728.
Co-Owners Agreement	has the meaning given in section 2.1.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
CPFL	Centuria Property Funds Limited ACN 086 553 639.
Director	a director of CPFL.
Explanatory Memorandum	this explanatory memorandum.
General Meeting	the general meeting of the Unitholders of COF to be held virtually on Friday, 12 November 2021 at 10.30 am (AEDT).
Independent Expert's Report	the independent expert's report provided by BDO dated 8 October 2021, as annexed to the Explanatory Memorandum as Annexure A.

Listing Rules	the listing rules of ASX.
Notice of Meeting	this notice of meeting, including the Explanatory Memorandum.
Purchase Price	the purchase price of \$68 million, to be paid together with the Settlement Adjustment as consideration for the 203 Pacific Highway Acquisition under the Acquisition Agreement.
Registry	Boardroom Pty Limited ABN 14 003 209 636.
Resolution	the resolution set out in section 1 of the Notice of Meeting proposed to be considered and, if thought fit, to be passed at the General Meeting.
Settlement Adjustment	has the meaning given in 2.1.
Unit	a fully paid ordinary unit in COF.
Unitholder	a holder of a Unit

Annexure A - Independent Expert's Report