Centuria

CENTURIA PROPERTY FUNDS LIMITED

Centuria Diversified Property Fund

EXPLANATORY MEMORANDUM

in relation to a proposal to staple the units of the Centuria Diversified Property Fund to the units of the Primewest Property Income Fund issued by:

Centuria Property Funds Limited (ACN 086 553 639) in its capacity as responsible entity of the **Centuria Diversified Property Fund** (ARSN 611 510 699)

and

Primewest Management Ltd (ACN 091 415 833) in its capacity as responsible entity of the **Primewest Property Income Fund** (ARSN 645 597 404)

11 MARCH 2022

Important notices

Purpose of this Explanatory Memorandum

This Explanatory Memorandum is issued by Centuria Property Funds Limited (ACN 086 553 639) (**CPFL**) in its capacity as responsible entity of the Centuria Diversified Property Fund (ARSN 611 510 699) (**CDPF**) and Primewest Management Ltd ACN 091 415 833 (**Primewest**) in its capacity as responsible entity of the Primewest Property Income Fund (ARSN 645 597 404) (**PPIF**) (collectively, the **Responsible Entities**) and accompanies the separate Notices of Meeting sent to CDPF Unitholders and PPIF Unitholders (collectively, the **Unitholders**) dated in each case 11 March 2022.

The Explanatory Memorandum provides Unitholders with information about the Resolutions contained in the respective Notices of Meeting and the steps that will be required to implement the proposed stapling of CDPF and PPIF (each a **Fund**) to form a Stapled Fund. The Responsible Entities recommend that you read the Explanatory Memorandum, the Notice of Meeting for the Fund in which you hold Units and the Product Disclosure Statement in full before deciding how to exercise your vote on each of the Resolutions. You should also read the Target Market Determination for the Stapled Fund, which is available at https://centuria.com.au/cdpf-merger. If you are unsure what you should do, consult your tax, financial or other professional adviser. This Explanatory Memorandum and the Product Disclosure Statement provide information about the objectives of the Merger Proposal, the benefits and risks of the Merger Proposal to Unitholders in each Fund and details about the Stapled Fund. The Explanatory Memorandum also contains an Independent Expert's Report by BDO Corporate Finance (East Coast) Pty Ltd and a Taxation Report.

Regulatory information

This Explanatory Memorandum is dated 11 March 2022 and was lodged with ASIC on 22 February 2022 as required by section 218 of the Corporations Act in respect of the Related Party Transaction Resolution. Neither ASIC nor its respective officers take any responsibility for the contents of this Explanatory Memorandum.

Forward looking statements

This Explanatory Memorandum contains certain forward-looking statements, such as prospects, estimates, opinions expectations, projections or statements in relation to future matters (**Forward Statements**). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "expects", "plans", "forecast", or similar expressions. In particular, this Explanatory Memorandum includes Forward Statements regarding the merits of the Merger Proposal, the impact of the Merger Proposal on the operation of the Funds, the advantages and disadvantages expected to result from implementation of the Merger Proposal and the plans of CPFL in respect to the Stapled Fund. Forward Statements involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Responsible Entities (and their respective officers, employees, agents and advisers). Unforeseen or unpredictable events and various risks could affect future results of the Funds and the Stapled Fund following the implementation of the Merger Proposal set out in this Explanatory Memorandum, causing results to differ from those which are expressed, implied or projected in any Forward Statements.

Any Forward Statements are provided for information purposes only in order to assist Unitholders to make decisions about whether to vote in favour of the Resolutions. Unitholders are strongly cautioned not to place undue reliance on Forward Statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. None of the Responsible Entities, their respective officers, employees, agents, any person named in the Explanatory Memorandum or any person involved in the preparation of this Explanatory Memorandum makes any representation or warranty that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy or likelihood of achievement of any Forward Statements contained in this Explanatory Memorandum.

Disclaimer

The information in this Explanatory Memorandum is not financial product advice. The information in this Explanatory Memorandum does not take into account your investment objectives, financial situation, tax position or needs. It also does not analyse the implications of the Merger Proposal on "foreign persons" under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). It is important that you read the Explanatory Memorandum and the Product Disclosure Statement before making any voting decision. In particular, it is important that you consider the risks relating to the Merger Proposal (see Sections 4, 5 and 10 of this Explanatory Memorandum and Section 5 of the Product Disclosure Statement). You should carefully consider the risk factors in light of your investment objectives, financial situation, tax position and individual needs.

This Explanatory Memorandum contains historical financial information of each Fund. In assessing any historical information about the Funds, you should be aware that past performance is no indication of future performance.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of any information, opinion or conclusion contained in this Explanatory Memorandum. To the maximum extent permitted by law, the Responsible Entities and their respective officers, employees, agents and advisers and persons named in, and involved in the preparation of, this Explanatory Memorandum, disclaim all liability for any loss arising from the use of this Explanatory Memorandum or its contents or otherwise arising in connection with it. The information in this Explanatory Memorandum remains subject to change. The Responsible Entities may vary the timetable for implementing the Merger Proposal. Information relating to the Merger Proposal that is not materially adverse or required to be included in a supplementary disclosure document may be updated and made available to you on the CPFL website at https://centuria.com.au/diversified-property-fund/investor-centre/ and the Primewest website at https://primewest.biz/propertyincomefund/investor-centre. The information in this Explanatory Memorandum is current as at 11 March 2022 unless otherwise stated.

Important notices

Responsibility statement

The information contained in this Explanatory Memorandum and the Product Disclosure Statement (other than the Independent Expert's Report) has been prepared by the Responsible Entities. Each Responsible Entity takes responsibility for the contents of the Explanatory Memorandum and the Product Disclosure Statement (other than the Independent Expert's Report and extracts from such report).

Charts, maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Explanatory Memorandum and the Product Disclosure Statement are illustrative only and may not be drawn to scale.

Defined terms

Unless otherwise indicated, all references to Sections are references to Sections of this Explanatory Memorandum.

Capitalised terms used in this Explanatory Memorandum have the meaning given to them in the Glossary, as set out in Section 14.

Unless the contrary intention appears, the context requires otherwise or words are defined in Section 14, words and phrases in this Explanatory Memorandum have the same meaning and interpretations as in the Corporations Act.

Time

Unless stated otherwise, all references to time are to Sydney time.

Foreign jurisdictions

The release, publication or distribution of this Explanatory Memorandum or the Product Disclosure Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Explanatory Memorandum or the Product Disclosure Statement should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

Unitholders who are nominees, trustees or custodians should seek independent advice as to how they should proceed.

This Explanatory Memorandum and the Product Disclosure Statement have been prepared in accordance with laws of the Commonwealth of Australia and the information contained in this Explanatory Memorandum and the Product Disclosure Statement may not be the same as that which would have been disclosed if this Explanatory Memorandum or the Product Disclosure Statement had been prepared in accordance with the laws and regulations of jurisdictions outside Australia.

New Zealand Unitholders

There are product disclosure statements in respect of the issue of Units in CDPF and PPIF in return for the promissory notes issued to Unitholders as part of the Merger Proposal as explained in Section 6.3, which can be obtained online from the Disclose Register at https://disclose-register.companiesoffice.govt.nz/. There is also the Product Disclosure Statement for the Stapled Fund, which is attached to this Explanatory Memorandum. New Zealand investors should refer to the information under the heading 'New Zealand Investors' in the 'Important Information' section of the Product Disclosure Statement for the Stapled Fund.

Singapore Unitholders

The offer or invitation of Stapled Units (comprising Units in CDPF and Units in PPIF) in the Stapled Fund, which is the subject of this Explanatory Memorandum, does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act 2001, as amended or modified (the **SFA**) or recognised under Section 287 of the SFA. The Fund is not authorised or recognised by the Monetary Authority of Singapore (the **MAS**) and the Stapled Units are not allowed to be offered to the retail public. This Explanatory Memorandum and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you.

This Explanatory Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Explanatory Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Stapled Units may not be circulated or distributed, nor may Stapled Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

a. to an institutional investor under Section 304 of the SFA;

b. to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, and, where applicable, the conditions specified in Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

c. otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Stapled Units are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

Important notices

b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Stapled Units pursuant to an offer made under Section 305 of the SFA except:

a. to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;

b. where no consideration is or will be given for the transfer;

c. where the transfer is by operation of law;

d. as specified in Section 305A(5) of the SFA; or

e. as specified in Regulations 36A of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

Privacy

The Responsible Entities may collect personal information in the process of implementing the Merger Proposal. Such information may include the names, contact details and unit holdings of Unitholders and the names of persons appointed to act as a proxy, corporate representative or attorney at the Meetings. The primary purpose of the collection of personal information is to assist the Responsible Entities to conduct the Meetings and implement the Merger Proposal. Personal information of the type described above may be disclosed to the print and mail service providers and related bodies corporate of the Responsible Entities. Unitholders have a right to access their personal information. Unitholders should contact the Registry by phone: 1800 182 257 or email: Property.Enquiry@CenturiaInvestor.com.au. If they wish to access their personal information. Unitholders who appoint a named person to act as their proxy, corporate representative or attorney should ensure they inform that person of these matters. For further information on the privacy policy of the Responsible Entities please visit https://centuria.com.au/contact-us/privacy-policy/.

Currency and financial data

All amounts expressed in this Explanatory Memorandum are in Australian dollars unless stated otherwise and financial data is presented as at the date stated.

Financial information

Section 9 of this Explanatory Memorandum sets out in detail the financial information referred to in this Explanatory Memorandum and the basis of preparation of that information. The Historical Financial Information includes the audited Statutory Historical Income Statements of the Funds for the financial year ended 30 June 2021 (**FY21**) and the audited Statutory Historical Balance Sheets of the Funds as at 30 June 2021. The Financial Information also includes the Pro Forma Historical Consolidated Balance Sheet of the Stapled Fund as at 30 June 2021, which is derived from the Statutory Historical Balance Sheets of the Funds as at 30 June 2021, and the Pro Forma Historical Consolidated Income Statement of the Stapled Fund for the financial year ended 30 June 2021, derived from the FY21 Statutory Historical Income Statements of the Funds, after applying certain Pro Forma Adjustments to reflect the impact of the Merger Proposal.

The Financial Information in this Explanatory Memorandum should be read in conjunction with, and is qualified by reference to, the information contained in Section 9 of this Explanatory Memorandum. All financial amounts contained in this Explanatory Memorandum and the Product Disclosure Statement are expressed in Australian dollars and rounded to the nearest $0.1 million unless otherwise stated. Some numerical figures included in this Explanatory Memorandum and the Product Disclosure Statement have been subject to rounding adjustments. Rounding of the figures provided in this document may result in some discrepancies between the sum of components and the totals outlined within this document including in the tables and percentage calculations.

All financial information, operational information, and portfolio statistics contained in this Explanatory Memorandum and the Product Disclosure Statement are believed to be current as at the date of this Explanatory Memorandum.

All fees and charges are shown exclusive of GST. Where applicable, the Transaction Costs relating to the Merger Proposal are shown net of expected recoverable GST.

Additional information

If after reading this Explanatory Memorandum, the Notice of Meeting for the Fund in which you hold Units or the Product Disclosure Statement you have any questions, please contact your tax, financial or other professional adviser or the Centuria Investor Services Team on 1800 182 257 (from within Australia) or + 61 2 9290 9600 (from outside Australia) between 8:30am and 5:00pm (Sydney time), Monday to Friday (excluding public holidays).

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Key dates

Section 1

EVENT	DATE
Dispatch of Notices of Meeting, Explanatory Memorandum and Product Disclosure Statement to Unitholders	Friday 11 March 2022
Calculation Date (being the date the Conversion Ratio is calculated)	Friday 22 April 2022
Record date for CDPF Unitholders and PPIF Unitholders participating in the Merger Proposal	7:00pm AEST, Friday 22 April 2022
Deadline for lodgement of proxy forms for voting at Meeting of CDPF Unitholders	10:30am AEST, Monday 16 May 2022
Deadline for lodgement of proxy forms for voting at Meeting of PPIF Unitholders	12:30pm AEST, Monday 16 May 2022
Record date for voting at Meetings of CDPF Unitholders and PPIF Unitholders	7:00pm AEST, Monday 16 May 2022
Meeting of CDPF Unitholders	10:30am AEST, Wednesday 18 May 2022
Meeting of PPIF Unitholders	12:30pm AEST, Wednesday 18 May 2022
If the Resolutions required to effect the Merger Proposal are approved by Unitholders at the Meetings and all other Merger Proposal Conditions are satisfied, the following key dates apply:	
Implementation Date* • Date on which Unit divisions occur • Date on which capital distributions are made • Date on which new Units in CDPF and PPIF are issued • Date on which Units in CDPF and PPIF are Stapled	Thursday 19 May 2022
Holding statements for Stapled Units are despatched	Monday 23 May 2022

All dates following the issue date of this Explanatory Memorandum and the Product Disclosure Statement are indicative only. The Responsible Entities reserve the right to vary the dates and times set out above subject to the Corporations Act.

Any changes to the above timetable will be announced by the Responsible Entities on their respective websites: https://centuria.com.au/diversified-property-fund/investor-centre/ (for CDPF Unitholders) and https://primewest.biz/propertyincomefund/investor-centre (for PPIF Unitholders) and will be notified to Unitholders by email to their email addresses on the relevant Fund Register.

*The Implementation Date may be deferred if all Merger Proposal Conditions have not been satisfied by 18 May 2022.

Chairman's letter

Section 2

11 March 2022

Dear Unitholders,

This Explanatory Memorandum sets out the Merger Proposal, being the proposal to Staple Units in the Centuria Diversified Property Fund (**CDPF**) to Units in the Primewest Property Income Fund (**PPIF**) to create the Stapled Fund.

If the Merger Proposal is implemented, the Stapled Fund will be a diversified property fund comprising 10 direct property assets (including one under development) situated in New South Wales, Victoria, Queensland, South Australia, the ACT and Western Australia. The Stapled Fund's property portfolio will have a gross carrying value of approximately $269 million[1].

What action do you need to take?

As a Unitholder you will need to vote on the Merger Proposal. This Explanatory Memorandum outlines the rationale of the Merger Proposal and the key advantages, disadvantages and risks of the Merger Proposal for CDPF Unitholders and PPIF Unitholders. You should read this letter in conjunction with the detailed information contained in the Explanatory Memorandum.

Rationale for the Merger Proposal

Primewest was acquired by Centuria Capital Group (**CNI**) as part of CNI's off-market takeover of the Primewest Group in 2021. Following the acquisition, a review of the investment strategies of the individual funds operated by both Primewest and CPFL was undertaken. It was determined that PPIF is almost identical to CDPF in its investment objectives and structure. As a result, the Responsible Entities see benefits to Unitholders in merging the Funds rather than continuing to operate them as separate Funds.

What you will get

If the Merger Proposal is implemented, you will receive Stapled Units comprising Units in CDPF and Units in PPIF. You do not need to pay any money for the Stapled Units you receive.

One Stapled Unit will comprise one CDPF Unit and one PPIF Unit. After Stapling, CDPF Units and PPIF Units can only be dealt with together as one Stapled Unit and cannot be issued or transferred separately.

The Funds will be consolidated based on their respective Net Asset Value (**NAV**) as at 22 April 2022 (**Calculation Date**). The number of Stapled Units that you will receive on the Implementation Date will be determined by a Conversion Ratio, which will be calculated on the Calculation Date using the NAV per Unit in CDPF and the NAV per Unit in PPIF at that date.

Based on an Indicative Conversion Ratio calculated using the NAV per Unit in CDPF and NAV per Unit in PPIF as at 30 November 2021[2]:

- each CDPF Unitholder will receive 1.24 Stapled Units for every 1 CDPF Unit held pre-Merger Proposal; and
- each PPIF Unitholder will receive 0.99 Stapled Unit for every 1 PPIF Unit held pre-Merger Proposal.

If the final Conversion Ratio calculated using the NAV per Unit in each Fund as at the Calculation Date is materially different to the Indicative Conversion Ratio, the Responsible Entities will notify you by way of a supplementary Explanatory Memorandum.

Each Stapled Unit will have a NAV per Stapled Unit as at the Implementation Date of $1.00. The NAV of the Stapled Units that you are issued on the Implementation Date will be the same as the NAV of the Units that you hold in the relevant Fund on the Calculation Date.

Further details on the Conversion Ratios are set out in Sections 3 and 6.5 of this Explanatory Memorandum.

Key advantages of the Merger Proposal

The key advantages of the Merger Proposal for CDPF Unitholders include:

- greater portfolio scale and diversification through exposure to the combined assets of the Stapled Fund;
- exposure to social infrastructure property market;
- improvement to WALE[3] and portfolio gross occupancy[3].
- reduction of near-term lease expiry profile;
- reduction in Gearing Ratio[1];
- earlier periodic liquidity event;
- potential cost savings through efficiencies created by a combined management structure;
- improved access to capital and debt as part of a larger and more diversified group; and
- the increased size and better capitalisation of the Stapled Fund will increase opportunities for growth.

1. As at 15 November 2021.
2. The final Conversion Ratio will be calculated on 22 April 2022. The final Conversion Ratio may differ from the Indicative Conversion Ratio, meaning that you may receive more or less Stapled Units than as set out in this paragraph.
3. As at 15 November 2021 by weighted gross income.

Further details on the advantages and potential disadvantages of the Merger Proposal for CDPF Unitholders, the impact on the CDPF Unitholders and the key risks of the Merger Proposal are set out in Sections 4, 8 and 10 of this Explanatory Memorandum.

The key advantages of the Merger Proposal for PPIF Unitholders include:

- greater portfolio scale and diversification through exposure to the combined assets of the Stapled Fund;
- exposure to industrial property market;
- removal of finance facility fee;
- material reduction in tenant concentration risk;
- potential cost savings through efficiencies created by a combined management structure;
- improved access to capital and debt as part of a larger and more diversified group;
- the increased size and better capitalisation of the Stapled Fund will increase opportunities for growth; and
- lower threshold to remove responsible entity.

Further details on the advantages and potential disadvantages of the Merger Proposal for PPIF Unitholders, the impact on the PPIF Unitholders and the key risks of the Merger Proposal are set out in Sections 5, 8 and 10 of this Explanatory Memorandum.

What do the Directors recommend?

The CPFL Directors have concluded that implementing the Merger Proposal will deliver a better outcome for CDPF Unitholders compared to maintaining the operation of CDPF as a stand-alone fund. In reaching this conclusion, the CPFL Directors have considered the advantages, disadvantages and impact of the Merger Proposal for CDPF Unitholders (including those set out in Sections 4 and 8 of this Explanatory Memorandum), the risks of the Merger Proposal (including those set out in Sections 4 and 10 of this Explanatory Memorandum) and also the Independent Expert's opinion that the Merger Proposal is fair, reasonable and in the best interests of CDPF Unitholders.

The CPFL Directors recommend that CDPF Unitholders vote in favour of each CDPF Resolution.

The Primewest Directors have concluded that implementing the Merger Proposal will deliver a better outcome for PPIF Unitholders compared to maintaining the operation of PPIF as a stand-alone fund. In reaching this conclusion, the PPIF Directors have considered the advantages, disadvantages and impact of the Merger Proposal for the PPIF Unitholders (including those set out in Sections 5 and 8 of this Explanatory Memorandum), the risks of the Merger Proposal (including those set out in Sections 5 and 10 of this Explanatory Memorandum) and also the Independent Expert's opinion that the Merger Proposal is fair, reasonable and in the best interests of PPIF Unitholders.

The Primewest Directors recommend that PPIF Unitholders vote in favour of each PPIF Resolution.

Independent Expert's opinion

The Directors appointed BDO Corporate Finance (East Coast) Pty Ltd to prepare an Independent Expert's Report.

The Independent Expert has concluded that the Merger Proposal is fair, reasonable and in the best interests of CDPF Unitholders and PPIF Unitholders. A copy of the Independent Expert's Report is in the Explanatory Memorandum.

Voting on the Merger Proposal

The Merger Proposal is subject to a number of Conditions, including the approval of both CDPF Unitholders and PPIF Unitholders.

The Meetings to consider and, if thought fit, approve the Merger Proposal will be held virtually on 18 May 2022 at:

- 10:30am (AEST) for the Meeting of CDPF Unitholders; and
- 12:30pm (AEST) for the Meeting of PPIF Unitholders.

If the Resolutions required to effect the Merger Proposal are not approved by the Unitholders of CDPF and PPIF, the Merger Proposal will not be implemented and CDPF and PPIF will continue to be managed in the ordinary course as separate funds.

Related Party Transaction Resolution - CDPF Unitholders only

At the CDPF Meeting, the CDPF Unitholders will also be asked to consider a resolution for CPFL to issue Acquisition Units to Centuria Funds Management Limited as trustee of the Centuria Capital No.2 Fund (**CC2F**) as part of the Merger Proposal. CC2F currently holds Acquisition Units in PPIF and to enable the Stapling of those Acquisition Units to occur, CC2F must also hold Acquisition Units in CDPF[1]. Accordingly, CPFL is proposing to issue to CC2F such number of CDPF Acquisition Units as enables the Stapling of those Acquisition Units to the Acquisition Units CC2F holds in PPIF. The issue of Acquisition Units in CDPF to CC2F as part of the Merger Proposal (**Related Party Transaction**) is a related party transaction for the purposes of Chapter 2E of the Corporations Act and therefore CDPF Unitholder approval is required. Further details on the Related Party Transaction Resolution, including reasons why CDPF Unitholders may wish to vote for or against the Related Party Transaction Resolution, are set out in Section 6.9.

1. The Acquisition Units in PPIF and CDPF have substantially the same rights.

Chairman's letter

Section 2

The Merger Proposal is not conditional on the Related Party Transaction Resolution being passed. This means that if the Related Party Transaction Resolution is not passed, but all other Conditions of the Merger Proposal are satisfied, the Merger Proposal will be implemented. If the Related Party Transaction Resolution is not passed but the Merger Proposal proceeds, to facilitate the Stapling, CC2F has agreed to the conversion of its Acquisition Units in PPIF into ordinary Units, which will be Stapled to ordinary Units in CDPF.

The Independent Expert has concluded that the Related Party Transaction is reasonable but not fair to the non-interested CDPF Unitholders[2]. The Independent Expert has concluded that the Related Party Transaction is reasonable as, if the Related Party Transaction is approved, the value of CC2F's interests in CDPF and PPIF pre-Merger Proposal are materially the same as the value of CC2F's interests post-Merger Proposal. The Independent Expert has concluded that the Related Party Transaction is not fair as CC2F will be receiving Units with greater rights (being greater liquidity rights) than the ordinary Units that CC2F currently holds.

A copy of the Independent Expert's Report is in Section 13 of the Explanatory Memorandum.

The Directors encourage you to read this Explanatory Memorandum, the Notice of Meeting for the Fund in which you hold Units and the Product Disclosure Statement carefully. If after reading these documents you have any questions, please contact your tax, financial or other professional adviser or the Centuria Investor Services Team on 1800 182 257 (from within Australia) or + 61 2 9290 9600 (from outside Australia) between 8:30am and 5:00pm (Sydney time), Monday to Friday (excluding public holidays).

Yours faithfully,

Matthew Hardy
Chairman, Centuria Property Funds Limited

John Bond
Chairman, Primewest Limited

1. The non-interested CDPF Unitholders are those CDPF Unitholders other than CC2F.

Merger Proposal overview

Section 3

<table>
<tr><th>QUESTION</th><th>ANSWER</th><th>MORE INFORMATION</th></tr>
<tr><td colspan="3">Overview of the Merger Proposal</td></tr>
<tr><td>What is the Merger Proposal?</td><td>
The Merger Proposal is the Stapling of CDPF Units with PPIF Units and the creation of a common investor base in CDPF and PPIF. If the Merger Proposal is approved and implemented, CDPF Units will be Stapled to PPIF Units and CDPF and PPIF will operate as a combined fund. The Stapled Fund will be operated and managed by CPFL, which will be the responsible entity and manager of both CDPF and PPIF.
One Stapled Unit will comprise one CDPF Unit and one PPIF Unit. After Stapling, CDPF Units and PPIF Units can only be dealt with together as one Stapled Unit and cannot be issued or transferred separately.
The Merger Proposal is conditional on:

CDPF Unitholders approving the CDPF Resolutions and PPIF Unitholders approving the PPIF Resolutions. Unitholders of each Fund will consider and vote on the Resolutions at separate Meetings; and
the other Conditions being satisfied (as explained below).

Important information regarding the Stapled Units and Stapled Fund is set out in the Product Disclosure Statement.
</td><td>Section 6</td></tr>
<tr><td>What is the commercial outcome of the Merger Proposal?</td><td>
Following the implementation of the Merger Proposal, CDPF and PPIF will effectively operate as one combined fund. Each Fund will continue to exist as a separate entity however the Units in each Fund will be Stapled and the Funds will be operated and managed as one combined fund.
CPFL will be the responsible entity and manager of both CDPF and PPIF.
CDPF[1]

~$205m AUM
6 Direct Assets
7 Syndicate Holdings
89% Commercial
11% Industrial
98.5% Occupancy
4.11 year WALE

PPIF[1]

~$64m AUM
4 Direct Assets
64% Commercial
36% Social Infrastructure
100% Occupancy
9.73 year WALE

Stapled Fund[1]

~$269m AUM
10 Direct Assets
7 Syndicate Holdings
83% Commercial
8% Industrial
9% Social Infrastructure
98.8% Occupancy
5.15 year WALE

1. As at 15 November 2021. WALE and occupancy are by weighted gross income.
</td><td>Section 7</td></tr>
<tr><td>What is the rationale for the Merger Proposal?</td><td>Primewest was acquired by Centuria Capital Group (CNI) as part of CNI's off-market takeover of the Primewest Group in 2021. Following the acquisition, a review of the individual funds operated by both Primewest and CPFL was undertaken. It was determined that PPIF is almost identical to CDPF in its investment objectives and structure. As a result, the Responsible Entities see benefits to Unitholders in merging the Funds rather than continuing to operate them as separate funds.</td><td>Sections 4, 5 and 8</td></tr>
</table>

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
What are the advantages of the Merger Proposal and reasons to vote in favour of the Merger Proposal?	**CDPF** For CDPF Unitholders, the advantages of the Merger Proposal and reasons to vote in favour of the Merger Proposal are: • **A larger and more diversified asset portfolio:** the PPIF portfolio will add to the scale and diversification of CDPF's property portfolio. The improved scale and diversification is likely to reduce the risk of the portfolio by reducing exposure to any particular asset, tenant, market and geography. • **Improvement to WALE from 4.11 years to 5.15 years[1].** • **Improvement to portfolio gross occupancy from 98.51% to 98.79%[1].** • **Reduction of near-term lease expiry profile.** • **1.0% reduction in Gearing Ratio[2].** • **Potential for growth:** the increased size and better capitalisation of the Stapled Fund will increase the potential to pursue growth opportunities. • **Potential costs savings:** the Stapled Fund will present opportunities to achieve costs savings through a combined management structure. In particular, costs and expenses (such as audit and accounting costs) as a proportion of net assets will decrease as a result of the merger of the Funds. • **Periodic liquidity event timing:** if the Merger Proposal proceeds, then the first periodic liquidity event for the Stapled Fund is intended to be offered in or around December 2025, which is two months earlier than the currently scheduled periodic liquidity event for CDPF (being February 2026). Refer to Section 4.7 of the Product Disclosure Statement for more information on the Stapled Fund's periodic liquidity events. • **Potential improved access to debt financing:** introducing multiple financiers into the Stapled Fund may improve the ability of CPFL to refinance existing CDPF debt facilities and access new debt for the Stapled Fund on more favourable terms. • **Improved access to equity:** the Merger Proposal will improve the ability of CDPF to access capital as part of a larger and more diversified group. • **No competition between Funds:** the Funds have almost identical investment strategies and similar fund features. If the Merger Proposal does not proceed, the Funds will be competing against each other to attract new investors and capital. If the Merger Proposal proceeds, the Stapled Fund will be marketed as a single fund and there will be no competition for investors between the Funds. • **Independent Expert Conclusion:** the Independent Expert has concluded that the Merger Proposal is fair, reasonable and in the best interests of the CDPF Unitholders. Further details on the advantages of the Merger Proposal for CDPF Unitholders are set out in Section 4 of this Explanatory Memorandum. Further details on the impact of the Merger Proposal on CDPF Unitholders are set out in Section 8 of this Explanatory Memorandum.	Sections 4 and 8
	PPIF For PPIF Unitholders, the advantages of the Merger Proposal and reasons to vote in favour of the Merger Proposal are: • **A larger and more diversified property portfolio:** the CDPF portfolio will add to the scale and diversification of PPIF's property portfolio. The improved scale and diversification will reduce the risk of the portfolio by reducing exposure to any particular asset, tenant, market and geography. • **Removal of finance facility fee:** If the Merger Proposal is implemented, the finance facility fee payable by PPIF to the Primewest Group for procuring debt funding for PPIF or any of its wholly owned subsidiaries will be removed. • **Material reduction in tenant concentration risk:** the combining of portfolios of CDPF and PPIF will result in a material reduction in the tenant concentration risk of PPIF on a standalone basis.	Sections 5 and 8

1. As at 15 November 2021 by weighted gross income.
2. As at 15 November 2021.

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
What are the advantages of the Merger Proposal and reasons to vote in favour of the Merger Proposal? (continued)	• **Potential for growth:** the increased size and better capitalisation of the Stapled Fund will increase the potential to pursue growth opportunities. • **Potential costs savings:** the Stapled Fund will present opportunities to achieve costs savings through a combined management structure. In particular, costs and expenses (such as audit and accounting costs) as a proportion of net assets will decrease as a result of the merger of the Funds. • **Potential improved access to debt financing:** PPIF's existing debt facilities are currently fully drawn, whereas CDPF currently has approximately $11.85 million[1] in unallocated funds available to draw under its debt facilities. PPIF Unitholders will benefit from having access to CDPF's debt facilities which can be utilised by the Stapled Fund for acquisitions, future capital works projects, leasing expenses (including tenant fit outs) and any other capital incentives. In additional, introducing multiple financiers into the Stapled Fund may improve CPFL's ability (as the Stapled Fund's responsible entity) to refinance existing debt facilities and access new debt for the Stapled Fund on more favourable terms. • **Improved access to equity:** the Merger Proposal will improve the ability of PPIF to access capital as part of a larger and more diversified group which will be more attractive to new equity investors. • **No competition between Funds:** The Funds have almost identical investment strategies and similar fund features. If the Merger Proposal does not proceed, the Funds will be competing against each other to attract new investors and capital. If the Merger Proposal proceeds, the Stapled Fund will be marketed as a single fund and there will be no competition for investors between the Funds. • **Lower threshold to remove responsible entity:** As part of the proposed amendments to the PPIF Constitution, the voting threshold required to remove CPFL as the responsible entity of PPIF will be reduced to match that required under the CDPF Constitution. Under the Corporations Act, the removal of a responsible entity of a fund requires approval by 50% of all units on issue in a fund. CPFL considers that this test is too onerous for unitholders and therefore CPFL's practice across its funds is to reduce the voting threshold required to remove a responsible entity to: 35% of all units on issue in a fund and 50% of all units voted at the meeting. This is the voting threshold required for CDPF and will therefore become the voting threshold required for PPIF. Unitholders would need to approve the appointment of any replacement responsible entity by an Extraordinary Resolution (i.e. approval by at least 50% of all Stapled Units). • **Independent Expert Conclusion:** the Independent Expert has concluded that the Merger Proposal is fair, reasonable and in the best interests of the PPIF Unitholders. Further details on the advantages of the Merger Proposal for PPIF Unitholders are set out in Section 5 of this Explanatory Memorandum. Further details on the impact of the Merger Proposal on PPIF Unitholders are set out in Section 8 of this Explanatory Memorandum.	Sections 5 and 8
What are the disadvantages of the Merger Proposal and reasons that may lead you to vote against the Merger Proposal?	**CDPF** For CDPF Unitholders, the disadvantages of the Merger Proposal and reasons that may lead you to vote against the Merger Proposal are: • **One-off stamp duty:** stamp duty of $565,000 is payable by the Funds in connection with the Merger Proposal if implemented. The stamp duty will be allocated between CDPF and PPIF pro-rata based on the respective NAV of each Fund as at the Calculation Date. The stamp duty will form part of the amortised acquisition costs of the Stapled Fund and will be amortised over five years in line with the unit pricing policies of the Stapled Fund. • **Reduced exposure to performance of specific assets:** If the Merger Proposal is implemented, CDPF Unitholders will have exposure to a larger and more diversified portfolio of assets. This means that the exposure of CDPF Unitholders to any returns arising from the performance of any individual asset in CDPF's existing investment portfolio will be reduced. Increased diversification may not be part of your investment strategy and you may prefer to maintain your current level of exposure to the assets in CDPF's existing investment portfolio. • **Exposure to risks of investing in PPIF:** If the Merger Proposal is implemented, CDPF Unitholders will have exposure to the risks associated with an investment in PPIF (including those set out in Section 4 below). You may not wish to have exposure to the risks associated with an investment in PPIF and instead prefer to maintain your current level of exposure to risks of an investment in CDPF only.	Sections 4 and 8

1. As at 15 November 2021. Calculated as $25.59 million in undrawn debt, less $13.73 million required to fund the development of 36 Caribou Drive, Direk SA.

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
What are the disadvantages of the Merger Proposal and reasons that may lead you to vote against the Merger Proposal? (continued)	• **Exposure to Acquisition Units held by Centuria Funds Management Limited as trustee of the Centuria Capital No.2 Fund (CC2F):** CC2F currently holds a substantial number of Acquisition Units in PPIF. If the Merger Proposal is implemented and the Related Party Transaction Resolution is approved, to effect the Stapling, CC2F will be issued with Acquisition Units in CDPF which will be Stapled to CC2F's existing Acquisition Units in PPIF to form Stapled Acquisition Units. If CC2F makes a large withdrawal request in respect of these Stapled Acquisition Units, it may result in a reduction of the available liquidity to satisfy withdrawals under the Stapled Fund's limited quarterly withdrawal facility as described in Section 6.9.4. • **Conversion Ratio:** The Merger Proposal involves a consolidation of CDPF and PPIF based on the respective NAV of each Fund as at 22 April 2022 (being the Calculation Date). If the Merger Proposal is implemented, CDPF Unitholders will hold Stapled Units comprising Units in CDPF and Units in PPIF. The number of Stapled Units CDPF Unitholders will receive on the Implementation Date will be based on a Conversion Ratio calculated as at the Calculation Date. If the NAV of one Fund changes after the Calculation Date, the NAV per Unit in that Fund will be impacted. If the changes in NAV per Unit are not uniform across both Funds, this may imply a Conversion Ratio different to that used for the purposes of the Merger Proposal. Practically this means that after the Calculation Date, if the NAV per Unit in CDPF were to increase relative to the NAV per Unit in PPIF, or the NAV per Unit in PPIF were to decrease relative to the NAV per Unit in CDPF, the number of Stapled Units you will have received will be worth less than if the Merger Proposal were implemented at a later date. • **Dilution of voting power:** CDPF Unitholders as a whole currently control all of the votes in respect of CDPF. The Stapled Fund will be larger than CDPF, with a greater number of unitholders and units on issue. If the Merger Proposal is implemented, the voting power of CDPF Unitholders (as a whole and individually) will be diluted, with CDPF Unitholders as a whole holding approximately 78% of the votes in respect of the Stapled Fund. • **The taxation consequences of the Merger Proposal may not suit your financial position:** A general guide to the taxation implications of the Merger Proposal is set out in Section 12. This guide is expressed in general terms only and Unitholders should seek professional taxation advice regarding the tax consequences that are applicable to their own circumstances. • **Disagreement with the CPFL Directors and the Independent Expert:** Notwithstanding the recommendation of the CPFL Directors and the conclusion of the Independent Expert, you may believe that the Merger Proposal is not in your best interests or the best interests of the CDPF Unitholders. Further details on the disadvantages of the Merger Proposal for CDPF Unitholders are set out in Section 4 of this Explanatory Memorandum. Further details on the impact of the Merger Proposal on CDPF Unitholders are set out in Section 8 of this Explanatory Memorandum.	Sections 4 and 8
	PPIF For PPIF Unitholders, the disadvantages of the Merger Proposal and reasons that may lead you to vote against the Merger Proposal are: • **One-off stamp duty:** stamp duty of $565,000 is payable by the Funds in connection with the Merger Proposal if implemented. The stamp duty will be allocated between CDPF and PPIF pro-rata based on the respective NAV of each Fund as at the Calculation Date. The stamp duty will form part of the amortised acquisition costs of the Stapled Fund and will be amortised over five years in line with the unit pricing policies of the Stapled Fund. • **Decrease in WALE from 9.73 years to 5.15 years[1].** • **Slight decrease to portfolio gross occupancy from 100% to 98.79%[1].** • **3.4% increase in Gearing Ratio[2].** • **Reduced exposure to performance of specific assets:** If the Merger Proposal is implemented, PPIF Unitholders will have exposure to a larger and more diversified portfolio This means that the exposure of PPIF Unitholders to any returns arising from the performance of any individual asset in PPIF's existing investment portfolio will be reduced. Increased diversification may not be a part of your investment strategy and you may prefer to maintain your current level of exposure to the assets in PPIF's existing investment portfolio.	Sections 5 and 8

1. As at 15 November 2021 by weighted gross income.
2. As at 15 November 2021.

Merger Proposal overview

Section 3

<table>
<tr><th>QUESTION</th><th>ANSWER</th><th>MORE INFORMATION</th></tr>
<tr><td>What are the disadvantages of the Merger Proposal and reasons that may lead you to vote against the Merger Proposal? (continued)</td><td>

Exposure to risks of investing in CDPF: If the Merger Proposal is implemented, PPIF Unitholders will have exposure to the risks associated with an investment in CDPF (including those set out in Section 5 below). You may not wish to have exposure to the risks associated with an investment in CDPF and instead prefer to maintain your current level of exposure to risks of an investment in PPIF only.
Conversion Ratio: The Merger Proposal involves a consolidation of CDPF and PPIF based on the respective NAV of each Fund as at 22 April 2022 (being the Calculation Date). If the Merger Proposal is implemented, PPIF Unitholders will hold Stapled Units comprising Units in CDPF and Units in PPIF.

The number of Stapled Units held by PPIF Unitholders after the Implementation Date will be based on a Conversion Ratio calculated as at the Calculation Date. If the NAV of one Fund changes after the Calculation Date, the NAV per Unit in that Fund will be impacted. If the changes in NAV per Unit are not uniform across both the Funds, this may imply a Conversion Ratio different to that used for the purposes of the Merger Proposal. Practically this means that after the Calculation Date, if the NAV per Unit in PPIF were to increase relative to the NAV per Unit in CDPF, or the NAV per Unit in CDPF were to decrease relative to the NAV per Unit in PPIF, the number of Stapled Units you will have received will be worth less than if the Merger Proposal were implemented at a later date.
Less frequent processing of withdrawals: Currently, PPIF offers a limited withdrawal facility under which PPIF Unitholders can request to withdraw their investment each month, with the amount available for withdrawals each month normally being 0.5% of Net Asset Value of PPIF.

If the Merger Proposal is implemented, then the Stapled Fund will process withdrawal requests quarterly rather than monthly, and the amount available for withdrawals each quarter will usually be capped at 2.5% of the Net Asset Value[1] of the Stapled Fund per quarter. Refer to Section 4.6 of the Product Disclosure Statement for more information on the Stapled Fund's limited quarterly withdrawal facility.
Dilution of voting power: PPIF Unitholders as a whole currently control all of the votes in respect of PPIF. The Stapled Fund will be larger than PPIF, with a greater number of unitholders and units on issue. If the Merger Proposal is implemented, the voting power of PPIF Unitholders (as a whole and individually) will be diluted, with PPIF Unitholders as a whole holding approximately 22% of the votes in respect of the Stapled Fund.
The taxation consequences of the Merger Proposal may not suit your financial position: A general guide to the taxation implications of the Merger Proposal is set out in Section 12. This guide is expressed in general terms only and Unitholders should seek professional taxation advice regarding the tax consequences that are applicable to their own circumstances.
Disagreement with the Primewest Directors and the Independent Expert: Notwithstanding the recommendation of the Primewest Directors and the conclusion of the Independent Expert, you may believe that the Merger Proposal is not in your best interests or the best interests of the CDPF Unitholders.

Further details on the disadvantages of the Merger Proposal for PPIF Unitholders are set out in Section 5 of this Explanatory Memorandum.</td><td>Sections 5 and 8</td></tr>
<tr><td>What will I receive if the Merger Proposal is approved and implemented?</td><td>If the Merger Proposal is implemented, you will receive Stapled Units comprising Units in CDPF and Units in PPIF. One Stapled Unit will comprise one CDPF Unit and one PPIF Unit. You do not need to pay any money for the Stapled Units you receive.

The Funds will be consolidated based on their respective NAVs as at 22 April 2022, being the Calculation Date. The number of Stapled Units that you will receive on the Implementation Date will be determined by a Conversion Ratio, which will be calculated on the Calculation Date using the NAV per Unit in CDPF and the NAV per Unit in PPIF as at that date.

Based on an Indicative Conversion Ratio calculated using the NAV per Unit in each Fund as at 30 November 2021[2]:

each CDPF Unitholder will receive 1.24 Stapled Units for every 1 CDPF Unit held pre-Merger Proposal; and
each PPIF Unitholder will receive 0.99 Stapled Unit for every 1 PPIF Unit held pre-Merger Proposal.
</td><td>Section 6.5</td></tr>
</table>

1. As calculated in accordance with the respective Fund Constitutions.
2. The final Conversion Ratio will be calculated on 22 April 2022. The final Conversion Ratio may differ from the Indicative Conversion Ratio, meaning that you may receive more or less Stapled Units than as set out in this paragraph.

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
What will I receive if the Merger Proposal is approved and implemented? (continued)	Each Stapled Unit will have a NAV as at the Implementation Date of $1.00, meaning that on the Indicative Conversion Ratio: • if pre-Merger Proposal you held 1,000 CDPF Units with a NAV per Unit of $1.24[1] (total NAV of $1,238.00[2]), you will hold 1,238 Stapled Units at a NAV per Stapled Unit of $1.00 post-Merger Proposal (total NAV of $1,238.00); and • if pre-Merger Proposal you held 1,000 PPIF Units with a NAV per Unit of $0.99[3] (total NAV of $991.00[4]), you will hold 991 Stapled Units at NAV per Stapled Unit of $1.00 post-Merger Proposal (total NAV of $991.00). The NAV of the Stapled Units that you are issued on the Implementation Date will be the same as the NAV of the Units that you hold in the relevant Fund on the Calculation Date (being 22 April 2022). Further details on the Conversion Ratio are set out in Section 6.5 of this Explanatory Memorandum.	Section 6.5
How will I know what the final Conversion Ratio is and how many Stapled Units I will receive?	The final Conversion Ratios will be calculated on the Calculation Date (being 22 April 2022) using the NAV per Unit in CDPF and the NAV per Unit in PPIF as at that date. The reason the final Conversion Ratios will be calculated on the Calculation Date is that each Fund will continue to operate in the ordinary course until the Calculation Date. Each Fund will remain open to applications and withdrawals and continue to make distributions which may result in changes to the NAV per Unit in the respective Funds. In addition, some Fund assets may be revalued prior to the Calculation Date which may result in changes to the NAV per Unit in the respective Funds. To ensure the Funds are consolidated on the basis of Net Asset Values which are as up-to-date as possible and reflect changes as a result of applications, withdrawals, distributions and asset revaluations, the Conversion Ratios will be calculated on the Calculation Date. The Funds will be closed to applications and withdrawals, and distributions will be suspended, from the Calculation Date until the Implementation Date[5]. If the final Conversion Ratio applicable to your Units differs by 5.0% or more from the Indicative Conversion Ratio, the Responsible Entities will notify you by way of a supplementary Explanatory Memorandum. Specifically, if on the final Conversion Ratio applicable to CDPF Units, CDPF Unitholders would receive: • 1.1757 Stapled Units or less for every 1 CDPF Unit held pre-Merger Proposal; or • 1.2295 Stapled Units or more for every 1 CDPF Unit held pre-Merger Proposal, the Responsible Entities will notify CDPF Unitholders by way of a supplementary Explanatory Memorandum. If on the final Conversion Ratio applicable to PPIF Units, PPIF Unitholders would receive: • 0.9411 Stapled Units or less for every 1 PPIF Unit held pre-Merger Proposal; or • 1.0402 Stapled Units or more for every 1 PPIF Unit held pre-Merger Proposal, the Responsible Entities will notify PPIF Unitholders by way of a supplementary Explanatory Memorandum. Further details on the Conversion Ratios are set out in Section 6.5 of this Explanatory Memorandum.	Section 6.5

1. NAV per Unit of $1.24 is equal to the CDPF unit price of $1.36 as at 30 November 2021 less 12 cents in acquisition costs as at 30 November 2021.
2. Total NAV of $1,238.00 is equal to 1,000 Units multiplied by NAV per Unit rounded to three decimal places of $1.238 as at 30 November 2021.
3. NAV per Unit of $0.99 is equal to the PPIF unit price of $1.08 as at 30 November 2021 less 9 cents in acquisition costs as at 30 November 2021.
4. Total NAV of $991.00 is equal to 1,000 Units multiplied by NAV per Unit rounded to three decimal places of $0.991 as at 30 November 2021.
5. Any applications, withdrawal requests or unit transfers must be received by 5:00pm AEDT on Thursday 31 March 2022 in order to be processed by the Calculation Date.

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
What are the Conditions that must be satisfied for the Merger Proposal to be implemented?	The following Conditions must be satisfied before the Merger Proposal is implemented: • ASIC grants all relief, consents, waivers and approvals necessary to effect the Merger Proposal (as at the date of this Explanatory Memorandum, this Condition has been satisfied); • CDPF Unitholders approve the CDPF Resolutions necessary to effect the Merger Proposal; • PPIF Unitholders approve the PPIF Resolutions necessary to effect the Merger Proposal; • all approvals and consents from the financiers to CDPF and PPIF necessary to effect the Merger Proposal are obtained and are not withdrawn (as at the date of this Explanatory Memorandum, this Condition has been satisfied); and • no court or Government agency issues or takes steps to issue any order or takes any action to restrain or prevent the Merger Proposal. If all of the Conditions are not satisfied, the Merger Proposal will not be implemented.	Section 6.2
What Resolutions of CDPF Unitholders are required for the Merger Proposal to proceed?	The Resolutions that CDPF unitholders must approve in order for the Merger Proposal to proceed are: • **Merger Proposal Implementation Resolution:** approval by an Ordinary Resolution of the Merger Proposal and of the Transaction Steps required to implement the Merger Proposal; and • **Constitution Amendment Resolution:** approval by a Special Resolution to amend the CDPF Constitution to give effect to the Merger Proposal. If these Resolutions are not approved by the CDPF Unitholders, the Merger Proposal will not be implemented.	Section 6.8
What Resolutions of PPIF Unitholders are required for the Merger Proposal to proceed?	The Resolutions that PPIF unitholders must approve in order for the Merger Proposal to proceed are: • **Merger Proposal Implementation Resolution:** approval by an Ordinary Resolution of the Merger Proposal and of the Transaction Steps required to implement the Merger Proposal; • **Constitution Amendment Resolution:** approval by a Special Resolution to amend the PPIF Constitution to give effect to the Merger Proposal; and • **Change in Responsible Entity Resolution:** approval by an Extraordinary Resolution for Primewest to retire as responsible entity of PPIF and CPFL to be appointed as the new responsible entity of PPIF. If these Resolutions are not approved by the PPIF Unitholders, the Merger Proposal will not be implemented.	Section 6.8
Who is the Independent Expert and what does it think about the Merger Proposal?	The Directors of CPFL and Primewest have commissioned BDO Corporate Finance (East Coast) Pty Ltd to prepare an Independent Expert's Report to express an opinion as to whether the Merger Proposal is fair, reasonable and in the best interests of the Unitholders of each Fund and to state the reasons for reaching those opinions. The purpose of the Independent Expert's Report is to assist the Directors of CPFL and Primewest in making their recommendations to Unitholders and to assist Unitholders in their consideration of whether or not to vote to approve the Merger Proposal. There is no statutory requirement to commission an independent expert's report for the Merger Proposal however the Directors of CPFL and Primewest have decided to do so given the complexity of the Merger Proposal. The Independent Expert has considered the merits of the Merger Proposal, assessed the relative value of CDPF and PPIF and identified the advantages and disadvantages that the Independent Expert considers relevant to an evaluation of whether the Merger Proposal is fair, reasonable and in the best interests of the Unitholders of each Fund. **The Independent Expert has concluded that, in its opinion, the Merger Proposal is fair, reasonable and in the best interests of the CDPF Unitholders and PPIF Unitholders.** The Independent Expert's Report is set out in full in Section 13.	Section 13

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Section 3

QUESTION	ANSWER	MORE INFORMATION
What other Resolutions are CDPF Unitholders being asked to approve?	In addition to the Resolutions required for the Merger Proposal to proceed, CDPF Unitholders will be asked to approve the following Resolution: • **Related Party Transaction Resolution:** approval to issue Acquisition Units in CDPF to Centuria Funds Management Limited as trustee of the Centuria Capital No.2 Fund, a related party of CPFL, as part of the Merger Proposal. The Responsible Entities have in the past raised additional capital by issuing Acquisition Units in CDPF and PPIF (respectively) to third parties and entities within the Centuria Group. Acquisition Units differ from ordinary Units in that the holders of Acquisition Units may require that they be withdrawn from the proceeds of the issue of ordinary Units in priority to the ordinary class of Units. This means the holders of Acquisition Units may have their Acquisition Units withdrawn outside the quarterly withdrawal facility available to Unitholders. Otherwise, the Acquisition Units have the same terms as ordinary Units in the respective Funds. The terms of issue of the Acquisition Units in both Funds are substantially the same. The Funds use Acquisition Units as a way to source equity funding quickly to use for asset acquisitions. Centuria Funds Management Limited as trustee of the Centuria Capital No.2 Fund (**CC2F**), an entity wholly-owned by the Centuria Capital Group (**CNI**), holds approximately 11.82 million[1] Acquisition Units in PPIF having a value of $12.73 million[2]. There are no Acquisition Units on issue in CDPF. To effect the Stapling, the Acquisition Units CC2F holds in PPIF must be Stapled to Acquisition Units in CDPF. Accordingly, CPFL proposes to issue to CC2F such number of Acquisition Units in CDPF as enables the Acquisition Units in CDPF and PPIF to be Stapled on a one-for-one basis to create Stapled Acquisition Units. The NAV of the Acquisition Units held by CC2F in the Stapled Fund will be the same as the NAV of the Acquisition Units it holds in PPIF on the Calculation Date. CPFL and CC2F are wholly-owned by CNI and are therefore related parties for the purposes of the related party transaction restrictions in Chapter 2E of the Corporations Act (as modified by section 601LA). The issue of the Acquisition Units to CC2F is a related party transaction and therefore, in the absence of an applicable exception, requires the approval of CDPF Unitholders under Chapter 2E of the Corporations Act (as modified by section 601LA). If the Related Party Transaction Resolution is not approved by CDPF Unitholders, in order to facilitate the Stapling, CC2F has agreed to the conversion of its Acquisition Units in PPIF into ordinary Units in PPIF. CPFL would then issue CC2F with ordinary Units in CDPF which will be Stapled with ordinary Units in PPIF on a one-for-one basis to form a Stapled Unit. As CPFL and CC2F are both entities that are wholly-owned by CNI, the Directors of CPFL do not consider it appropriate to make a recommendation to CDPF Unitholders on the Related Party Transaction Resolution and do not make any recommendation.	Sections 6.8 and 6.9
What does the Independent Expert think about the issue of Acquisition Units to CC2F?	Given the Directors of CPFL are not making any recommendation on the Related Party Transaction Resolution, the Directors of CPFL have requested that the Independent Expert express an opinion as to whether the issue by CPFL of Acquisition Units in CDPF to CC2F as part of the Merger Proposal is fair and reasonable to the non-interested CDPF Unitholders[3]. The purpose of the Independent Expert's Report is to assist CDPF Unitholders in their consideration of whether or not to vote in favour of the Related Party Transaction Resolution. **The Independent Expert has concluded that, in its opinion, the issue by CPFL of Acquisition Units in CDPF to CC2F as part of the Merger Proposal is reasonable but not fair to the non-interested CDPF Unitholders[3].** The Independent Expert has concluded that the Related Party Transaction is reasonable as, if the Related Party Transaction is approved, the value of CC2F's interests in CDPF and PPIF pre-Merger Proposal are materially the same as the value of CC2F's interests post-Merger Proposal. The Independent Expert has concluded that the Related Party Transaction is not fair as CC2F will be receiving Units with greater rights (being greater liquidity rights) than the ordinary Units that CC2F currently holds.	Section 13

1. As at 31 January 2022.
2. As at 31 January 2022 by PPIF unit price.
3. The non-interested CDPF Unitholders are those CDPF Unitholders other than CC2F.

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
What are your choices and how do the CPFL and Primewest Boards recommend you vote?	You have the choice to vote either in favour, or against, each of the Resolutions (or do nothing) at the relevant Meeting.	
	The CPFL Directors have concluded that implementing the Merger Proposal will deliver a better outcome for CDPF Unitholders relative to maintaining the operation of CDPF as a separate fund. In reaching this conclusion, the CPFL Directors have considered the advantages and disadvantages of the Merger Proposal for CDPF Unitholders (including those set out in Section 4 of this Explanatory Memorandum) and also the Independent Expert's opinion that the Merger Proposal is fair, reasonable and in the best interests of CDPF Unitholders.	Sections 4 and 6.10
	The CPFL Directors recommend that CDPF Unitholders vote in favour of each CDPF Resolution. As CPFL and CC2F are both entities that are wholly-owned by Centuria Capital Group (**CNI**), the CPFL Directors do not consider it appropriate to make a recommendation to CDPF Unitholders on the Related Party Transaction Resolution.	
	The Primewest Directors have concluded that implementing the Merger Proposal will deliver a better outcome for PPIF Unitholders relative to maintaining the operation of PPIF as a separate fund. In reaching this conclusion, the PPIF Directors have considered the advantages and disadvantages of the Merger Proposal for PPIF Unitholders (including those set out in Section 5 of this Explanatory Memorandum) and also the Independent Expert's opinion that the Merger Proposal is fair, reasonable and in the best interests of PPIF Unitholders.	Sections 5 and 6.10
	The Primewest Directors recommend that PPIF Unitholders vote in favour of each PPIF Resolution.	
Can I apply to withdraw my Units in CDPF or PPIF before the Meeting?	Yes.	Section 6.11
	CDPF Unitholders may apply to withdraw their investment in CDPF under the usual CDPF limited quarterly withdrawal facility by completing and lodging a Withdrawal Request Form with CPFL by 5:00pm AEDT on 31 March 2022. A Withdrawal Request Form may be obtained from Centuria's website at: centuria.com.au/cdpf/forms and must be lodged in accordance with the instructions on the form.	
	The amount available for withdrawal will be subject to available liquidity and will be capped at 2.5% of the Fund's NAV. CPFL will process withdrawal requests and determine whether any scale-back needs to be applied. If a scale-back is applied and the Merger Proposal is implemented, CDPF Unitholders will participate in the Merger Proposal in respect of any CDPF Units that are not withdrawn.	
	For more information on how to make a withdrawal request refer to Section 6.11.	
	If the Merger Proposal is implemented, any withdrawal request that has not been satisfied (in full or in part) prior to the Calculation Date will be taken to have been withdrawn on the Calculation Date. Unitholders will need to make a new withdrawal request from the Stapled Fund in accordance with the process set out in Section 4.6 of the Product Disclosure Statement.	
	PPIF Unitholders may apply to withdraw their investment in PPIF under the usual PPIF limited monthly withdrawal facility by completing and lodging a Withdrawal Request Form with Primewest by 5:00pm AEDT on 31 March 2022. A Withdrawal Request Form may be obtained from Primewest's website at: https://primewest.biz/propertyincomefund/investor-centre and must be lodged in accordance with the instructions on the form.	
	The amount available for withdrawal will be subject to available liquidity and will be a minimum of 0.5% of the Fund's Net Asset Value[1]. Primewest will process withdrawal requests and determine whether any scale-back needs to be applied prior to the Calculation Date. If a scale-back is applied and the Merger Proposal is implemented, PPIF Unitholders will participate in the Merger Proposal in respect of any PPIF Units that are not withdrawn as a result of the scale-back.	
	For more information on how to make a withdrawal request refer to Section 6.11.	
	If the Merger Proposal is implemented, any withdrawal request that has not been satisfied (in full or in part) prior to the Calculation Date will be taken to have been withdrawn on the Calculation Date. Unitholders will need to make a new withdrawal request from the Stapled Fund in accordance with the process set out in Section 4.6 of the Product Disclosure Statement.	

1. As calculated in accordance with the PPIF Constitution.

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
Can I withdraw my Stapled Units in the Stapled Fund after the Implementation Date?	Yes. If the Merger Proposal is implemented, the Stapled Fund will process withdrawals quarterly on a limited basis commencing in June 2022. Withdrawal requests will be subject to the terms and conditions of the Stapled Fund's quarterly limited withdrawal facility outlined in Section 4.6 of the Product Disclosure Statement. Unitholders may apply to withdraw their investment in the Stapled Fund by submitting a withdrawal request after the Implementation Date. For more information on how to make a withdrawal from the Stapled Fund if the Merger Proposal is implemented refer to Section 4.6 of the Product Disclosure Statement.	Section 4.6 of the Product Disclosure Statement
Do I need to make any payments to participate in the Merger Proposal?	No. For CDPF Unitholders, CPFL will make a capital distribution to you which will be immediately applied by CPFL (compulsorily on your behalf) as consideration to acquire Units for you in PPIF. For PPIF unitholders, Primewest will make a capital distribution to you which will be immediately applied by Primewest (compulsorily on your behalf) to acquire Units for you in CDPF.	Section 6.3
What are the key risks associated with the Merger Proposal and the Stapled Fund?	The key risks associated with the Merger Proposal are set out in detail in Section 10. The key risks associated with the Stapled Units and the Stapled Fund are set out in Section 5 of the Product Disclosure Statement.	Sections 10 and 5 of the Product Disclosure Statement
What are the Transaction Costs?	If the Merger Proposal is approved and implemented, the Funds will incur approximately $565,000 in stamp duty. In addition, the Funds have already incurred $630,000 (exclusive of GST and disbursements) in one-off Transaction Costs in connection with the Merger Proposal, including: • $65,000 for preparation of the Independent Expert's Report; • $470,000 in legal costs; • $35,000 in tax advisory costs; • $35,000 in financial advisory costs; and • $25,000 in printing, meeting costs and other costs. If the Merger Proposal is implemented, the Transaction Costs (including stamp duty) will be allocated between CDPF and PPIF pro-rata based on the respective NAV of each Fund as at the Calculation Date and will decrease the NAV across each Fund. If the Merger Proposal is not implemented, each Fund will pay for certain Transaction Costs (such as its own legal fees) with other Transaction Costs to be allocated between the Funds pro-rata based on the respective NAV of each Fund and will decrease the NAV across each Fund.	Section 11.1
What fees will change if the Merger Proposal proceeds?	Refer to Sections 7.5 and 8.6 of this Explanatory Memorandum and to Section 6 of the Product Disclosure Statement for further information regarding fees of the Stapled Fund.	Sections 7.5 and 8.6 and Section 6 of the Product Disclosure Statement
What happens if the Resolutions are not approved and the Merger Proposal does not proceed?	If Unitholders of CDPF and PPIF do not approve the Resolutions necessary to effect the Merger Proposal: • the Merger Proposal will not be implemented; • CDPF and PPIF will operate as they do currently as separate funds with no changes to their structure; • the CDPF Constitution and the PPIF Constitution will not be amended; and • the NAV of CDPF and the NAV of PPIF will have decreased as a result of CDPF and PPIF paying their respective portions of the Transaction Costs incurred prior to implementation of the Merger Proposal.	Section 6.8.1

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
Alternatives to merger by way of Stapling	Before arriving at the Merger Proposal which is now put before Unitholders, the Responsible Entities considered the option of continuing to operate CDPF and PPIF as is. The respective Responsible Entities consider that implementing the Merger Proposal will deliver a better outcome for Unitholders relative to maintaining the operation of PPIF and CDPF as separate funds. The Responsible Entities also considered alternative ways to structure the merger of CDPF and PPIF (set out below) but determined that the Merger Proposal resulted in the most favourable tax outcome for the Funds. The Responsible Entities considered the following alternative structures to effect a merger of CDPF and PPIF: • **Trust scheme** The Responsible Entities considered effecting the merger of the Funds by way of trust scheme in which CDPF would acquire all Units on issue in PPIF from PPIF Unitholders in consideration for PPIF Unitholders receiving Units in CDPF. The trust scheme would have resulted in materially higher stamp duty in comparison to the Merger Proposal. If CDPF were to acquire all of the Units in PPIF, it is estimated that CDPF would have incurred $2.948 million[1] in stamp duty (in comparison to the $565,000 in stamp duty to implement the Merger Proposal). • **Property acquisition** The Responsible Entities could have effected the merger of the Funds by way of a property acquisition whereby CDPF acquired all PPIF's assets and issued CDPF Units to PPIF Unitholders. However, if CDPF were to acquire the PPIF properties directly, it would incur stamp duty of approximately $2.948 million[1] (in comparison to the $565,000 in stamp duty to implement the Merger Proposal). The Merger Proposal offers Unitholders an opportunity to own additional property assets without incurring material stamp duty.	N/A
How have the responsible entities of CDPF and PPIF managed any perceived conflicts of interest in the Merger Proposal?	Both Primewest and CPFL are wholly-owned by the Centuria Capital Group (**CNI**) and have a common senior management team. Accordingly, appropriate conflicts protocols for the Merger Proposal were established by the Boards of CPFL and Primewest to manage any actual or perceived conflicts of interest in considering the Merger Proposal. The conflicts protocols that have been adopted are summarised below: • the Merger Proposal was to be put before Unitholders only if it resulted in CPFL, as responsible entity and manager of the Stapled Fund, receiving the same or lower fees (based on fee percentages) than the total fees (based on fee percentages) received by CPFL as responsible entity and manager of CDPF and Primewest as responsible entity and manager of PPIF; • separate management teams were established to assess the commercial merits of the Merger Proposal; • an independent expert's report was commissioned for both the Merger Proposal and the Related Party Transaction; and • the Merger Proposal was approved by the Boards of CPFL and Primewest.	N/A
What is the profile of the Stapled Fund?	If the Merger Proposal is implemented, the Stapled Fund will own a portfolio of assets with a total carrying value of $269 million[2] comprising 10 direct properties, investments in unlisted property funds and ASX-listed A-REITs and cash. The 10 direct property assets comprise five commercial office buildings, two industrial facilities (including one under development), and three social infrastructure assets, located in all Australian states and territories other than Tasmania and the Northern Territory.	Section 7

1. Based on an average GST rate of 5.5%.
2. As at 15 November 2021.

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
Who is the responsible entity of the Stapled Fund?	If the Merger Proposal is implemented, the Stapled Fund will be operated and managed by CPFL, which will be the responsible entity and manager of both CDPF and PPIF.	Section 7.5 and Section 3 of the Product Disclosure Statement
What is the investment objective of the Stapled Fund?	The investment objective of the Stapled Fund is to provide Unitholders with stable income returns and the potential for capital growth by investing (directly and indirectly) in a diversified property portfolio.	Section 7.4 and Section 1 of the Product Disclosure Statement
What is the investment strategy of the Stapled Fund?	In order to achieve the investment objective, the Stapled Fund will: • own properties that have a stable income profile, underpinned by long-term leases with reputable tenants; • invest (directly or indirectly) in a quality portfolio of Australian properties; • diversify the portfolio by location, property type, tenant and use; and • utilise Centuria Capital Group's relationships and expertise in the acquisition, divestment, and management of the diversified portfolio.	Section 7.4 and Section 1 of the Product Disclosure Statement
What is the impact on distributions from the Merger Proposal?	The pro forma underlying profit of the Stapled Fund for the year ending 30 June 2021 does not indicate any adverse distribution impacts for CDPF Unitholders or PPIF Unitholders arising from the Merger Proposal itself. CPFL intends to make monthly distributions from the Stapled Fund from Funds from Operations (**FFO**). Distributions will generally be paid by the 10th calendar day of the following month.	Section 8.5 and Section 4.5 of the Product Disclosure Statement
How will the April and May distributions be treated?	**CDPF** The March 2022 monthly distribution for CDPF will be paid to CDPF Unitholders in the ordinary course on 11 April 2022. CPFL will suspend payment of distributions in the period from the Calculation Date to the Implementation Date (being the April and May distributions). Distributions during the suspended period will accrue and be paid to CDPF Unitholders: • if the Merger Proposal is implemented, with the first monthly distribution for the Stapled Fund on 10 June 2022; and • if the Merger Proposal is not implemented, with the monthly distribution for CDPF on 10 June 2022. **PPIF** The March 2022 monthly distribution for PPIF will be paid to PPIF Unitholders in the ordinary course on 11 April 2022. Primewest will suspend payment of distributions in the period from the Calculation Date to the Implementation Date (being the April and May distributions). Distributions during the suspended period will accrue and be paid to PPIF Unitholders: • if the Merger Proposal is implemented, with the first monthly distribution for the Stapled Fund on 10 June 2022; and • if the Merger Proposal is not implemented, with the monthly distribution for PPIF on 10 June 2022.	Section 8.2 and Section 4.5 of the Product Disclosure Statement
Where can I find more information about the Stapled Fund?	More information about the Stapled Fund can be found in Section 11 of this Explanatory Memorandum and the Product Disclosure Statement.	Section 11 and Product Disclosure Statement

Merger Proposal overview

Section 3

QUESTION	ANSWER	MORE INFORMATION
Will I have to pay brokerage or stamp duty to participate in the Merger Proposal?	CDPF Unitholders and PPIF Unitholders will not incur any brokerage or stamp duty directly as a result of the Merger Proposal.	Section 12
Will tax consequences arise from implementing the Merger Proposal?	The general taxation implications of the Merger Proposal for Australian and New Zealand resident Unitholders are set out in Section 12.	Section 12
Further information		

What do I need to do?	You need to:
	• Read the Notice of Meeting for the Fund in which you hold Units, this Explanatory Memorandum and the Product Disclosure Statement.
	• Vote on the Merger Proposal by:
	  • attending the virtual Meeting for the Fund in which you hold Units; or
	  • appointing a proxy to vote on your behalf at the virtual Meeting by following the instructions set out in the relevant Notice of Meeting.
		Notice of Meeting, Explanatory Memorandum and Product Disclosure Statement

How can I obtain further information?	You can obtain further information by speaking to your financial adviser or by contacting the Centuria Investor Services Team on 1800 182 257 (from within Australia) or +61 2 2920 9600 (from outside Australia) between 8:30am and 5:00pm (Sydney time), Monday to Friday (excluding public holidays).	N/A

Specific information for CDPF Unitholders

Section 4

QUESTION	ANSWER
What are the advantages of the Merger Proposal for CDPF Unitholders and reasons why CDPF Unitholders may wish to vote in favour of the Merger Proposal?	The advantages of the Merger Proposal for CDPF Unitholders and reasons why CDPF Unitholders may wish to vote in favour of the Merger Proposal are: **a. A larger and more diversified portfolio of assets[1]** The PPIF portfolio will add to the scale and diversification of CDPF's portfolio of assets, providing exposure to an additional four direct property assets in the commercial office and social infrastructure sectors with an aggregate carrying value of approximately $55.5 million and $8.9 million in cash. The combined portfolios of CDPF and PPIF will consist of 10 direct property assets (including one under development) in the office, industrial and social infrastructure sectors, investments in unlisted property funds and ASX-listed A-REITs, cash and cash equivalents, with an aggregate carrying value of approximately $269 million. The improved scale and diversification will reduce the risk of the portfolio by reducing exposure to any particular asset, tenant, market and geography. **b. Improvement to WALE[2]** The Stapled Fund WALE will be 5.15 years which is an improvement to CDPF's current WALE of 4.11 years. **c. Slight improvement to portfolio gross occupancy[2]** The Stapled Fund portfolio gross occupancy will be 98.79% which is an improvement to the current CDPF portfolio gross occupancy of 98.51%. **d. Reduction of near-term lease expiry profile[2]** The Stapled Fund lease expiry for FY22-24 will be 26.3% which is a reduction to the current lease expiry profile of CDPF for FY22-24 of 32.2%. **e. 1.0% reduction in Gearing Ratio[1]** The Stapled Fund's Gearing Ratio will be 40.4% which is 1.0% lower than CDPF's Gearing Ratio of 41.5%. **f. Periodic liquidity event timing** If the Merger Proposal proceeds, then the first periodic liquidity event for the Stapled Fund is intended to be offered in or around December 2025, which is two months earlier than the currently scheduled periodic liquidity event for CDPF (being February 2026). Refer to Section 4.7 of the Product Disclosure Statement for more information on the Stapled Fund's periodic liquidity events. **g. Potential for growth** The increased size and better capitalisation of the Stapled Fund will increase the potential to pursue growth opportunities. **h. Potential costs savings** The Stapled Fund will present opportunities to achieve costs savings through a combined management structure. In particular, costs and expenses (such as audit and accounting costs) as a proportion of net assets will decrease as a result of the merger of the Funds. **i. Potential improved access to debt financing** Introducing multiple financiers into the Stapled Fund may improve CPFL's ability to refinance existing CDPF debt facilities and access new debt for the Stapled Fund on more favourable terms. **j. Improved access to equity** The Merger Proposal will improve the ability of CDPF to access capital as part of a larger and more diversified investor group which will be more attractive to new equity investors. **k. No competition between Funds** The Funds have almost identical investment strategies and similar fund features. If the Merger Proposal does not proceed, the Funds will be competing against each other to attract new investors and capital. If the Merger Proposal proceeds, the Stapled Fund will be marketed as a single fund and there will be no competition for investors between the Funds. **l. Independent Expert Conclusion** The Independent Expert has concluded that the Merger Proposal is fair, reasonable and in the best interests of the CDPF Unitholders.

1. Figures as at 15 November 2021.
2. Figures at 15 November 2021 by weighted gross income.

Specific information for CDPF Unitholders

Section 4

QUESTION	ANSWER
What are the disadvantages of the Merger Proposal for CDPF Unitholders and reasons that may lead CDPF Unitholders to vote against the Merger Proposal?	Disadvantages of the Merger Proposal for CDPF Unitholders and reasons that may lead CDPF Unitholders to vote against the Merger Proposal are: **a. Stamp Duty** The Funds will incur approximately $565,000 in stamp duty to implement the Merger Proposal, which will be allocated between CDPF and PPIF pro-rata based on the respective NAV of each Fund as at the Calculation Date. The stamp duty incurred by CDPF in connection with the Merger Proposal will decrease the NAV of CDPF by approximately 0.36%. This stamp duty will form part of the amortised acquisition costs of the Stapled Fund and will be amortised over five years in line with the unit pricing policies of the Stapled Fund. **b. Reduced exposure to performance of specific assets** If the Merger Proposal is implemented, CDPF Unitholders will have exposure to a larger and more diversified portfolio of assets, including three social infrastructure assets and one office asset located across Queensland, Western Australia and South Australia. This means that the exposure of CDPF Unitholders to any returns arising from the performance of any individual asset in CDPF's existing investment portfolio will be reduced. Increased diversification may not be a part of your investment strategy and you may prefer to maintain your current level of exposure to the assets in CDPF's existing investment portfolio. **c. Exposure to risks of investing in PPIF** If the Merger Proposal is implemented, CDPF Unitholders will have exposure to the risks associated with an investment in PPIF (including those set out below). You may not wish to have exposure to the risks associated with an investment in PPIF and instead prefer to maintain your current level of exposure to risks of an investment in CDPF only. **d. Exposure to Acquisition Units held by Centuria Funds Management Limited as trustee of the Centuria Capital No.2 Fund (CC2F)** CC2F currently holds a number of Acquisition Units in PPIF. If the Merger Proposal is implemented and the Related Party Transaction Resolution is approved, to effect the Stapling, CC2F will be issued with Acquisition Units in CDPF which will Stapled to CC2F's existing Acquisition Units in PPIF to form Stapled Acquisition Units. If CC2F makes a large withdrawal request in respect of these Stapled Acquisition Units, it may result in a reduction of the available liquidity to satisfy withdrawals under the Stapled Fund's limited quarterly withdrawal facility as described in Section 6.9.4. **e. Conversion Ratio** The Merger Proposal involves a consolidation of CDPF and PPIF based on the respective NAVs of the Funds as at 22 April 2022 (being the Calculation Date). If the Merger Proposal is implemented, CDPF Unitholders will hold Stapled Units comprising Units in CDPF and Units in PPIF. The number of Stapled Units held by CDPF Unitholders after the Implementation Date will be based on a Conversion Ratio calculated as at the Calculation Date. If the NAV of one Fund changes after the Calculation Date, the NAV per Unit in that Fund will be impacted. If the changes in NAV per Unit are not uniform across the Funds, this may imply a Conversion Ratio different to that used for the purposes of the Merger Proposal. Practically this means that after the Calculation Date, if the NAV per Unit in CDPF were to increase relative to the NAV per Unit of PPIF, or the NAV per Unit in PPIF were to decrease relative to the NAV per Unit of CDPF, the number of Stapled Units you will have received will be worth less than if the Merger Proposal were implemented at a later date. **f. Dilution of voting power** CDPF Unitholders as a whole currently control all of the votes in respect of CDPF. The Stapled Fund will be larger than CDPF, with a greater number of unitholders and units on issue. If the Merger Proposal is implemented, the voting power of CDPF Unitholders (as a whole and individually) will be diluted, with CDPF Unitholders as a whole holding approximately 78% of the votes in respect of the Stapled Fund. **g. The taxation consequences of the Merger Proposal may not suit your financial position** A general guide to the taxation implications of the Merger Proposal is set out in Section 12. This guide is expressed in general terms only and Unitholders should seek professional taxation advice regarding the tax consequences that are applicable to their own circumstances. **h. Conclusion of Independent Expert and CPFL Directors** Notwithstanding the recommendation of the CPFL Directors and the conclusion of the Independent Expert, you may believe that the Merger Proposal is not fair, reasonable and in your best interests or not fair, reasonable and in the best interests of CDPF Unitholders.

Specific information for CDPF Unitholders

Section 4

QUESTION	ANSWER
What are the key risks of the Merger Proposal for CDPF Unitholders?	As a result of the Merger Proposal, CDPF Unitholders will be exposed to the specific risks associated with an investment in PPIF. PPIF Unitholders are already exposed to these risks. **a. Increased exposure to social infrastructure property market** The direct property investments in the PPIF portfolio provide CDPF Unitholders with broader exposure to the social infrastructure property market, specifically childcare centres. There are specific risks associated with childcare centre assets, including: **i.** Regulatory risk: childcare operators work within a complex regulatory framework and, to varying degrees, their revenues rely on government subsidies. Changes in government regulation and policies, including in relation to government subsidies, may adversely impact the ability of childcare operators to generate sufficient revenue to meet rental payments. A reduction in rental income received from these investments may impact the level of distributions the Stapled Fund can make to Unitholders and may have an adverse impact on the value of the childcare assets and the Stapled Units; and **ii.** Tenancy risk: Childcare operators must comply with complex regulatory framework, manage reputational risk and retain quality staff. If the childcare operators face performance or financial issues, this may impact the rental income received from these investments. A reduction in rental income may impact the level of distributions the Stapled Fund can make to Unitholders and may have an adverse impact on the value of the childcare assets and the Stapled Units. In addition, as will other asset classes, there is no guarantee that the value of PPIF's childcare assets will increase in value or not fall in value. **b. Increased exposure to Queensland commercial office market** The direct property investments of PPIF will increase the concentration of CDPF Unitholders' investments in the Queensland commercial office market. Increasing the concentration of the portfolio to a particular location and real estate market increases the impact that any adverse event affecting the location and market will have on the income or value of the Stapled Fund and Stapled Units. Risks which are not unique to PPIF but which relate to the business of the Stapled Fund or the implementation of the Merger Proposal are set out in Section 10. Unitholders should also read Section 5 of the Product Disclosure Statement.

Specific information for PPIF Unitholders

Section 5

QUESTION	ANSWER
What are the advantages of the Merger Proposal for PPIF Unitholders and reasons why PPIF Unitholders may wish vote in favour of the Merger Proposal?	The advantages of the Merger Proposal for PPIF Unitholders and reasons why PPIF Unitholders may wish to vote in favour of the Merger Proposal are: **a. A larger and more diversified portfolio of assets[1]** The CDPF portfolio will add to the scale and diversification of PPIF's portfolio of assets, providing exposure to an additional six direct property assets (including one under development) in the commercial office and industrial sectors, as well as investments in 7 Centuria syndicates, ASX-listed A-REITs and cash and cash equivalents, with an aggregate carrying value of approximately $205 million. The combined portfolios of PPIF and CDPF will consist of 10 direct property assets (including one under development) in the office, industrial and social infrastructure sectors, investments in unlisted property funds and ASX-listed A-REITs, cash and cash equivalents, with an aggregate carrying value of approximately $269 million. The improved scale and diversification will reduce the risk of the portfolio by reducing exposure to any particular asset, tenant, market and geography. **b. Removal of finance facility fee** If the Merger Proposal is implemented, the finance facility fee payable by PPIF to the Primewest Group for procuring debt funding for PPIF or any of its wholly owned subsidiaries will be removed. **c. Material reduction in tenant concentration risk** The combining of portfolios of CDPF and PPIF will result in a material reduction in the tenant concentration risk of PPIF on a standalone basis. Currently four tenants account for approximately 55% of PPIF's rental income. Under the Stapled Fund, the largest tenant concentration risk is 15%, attributed to Entain plc, a multinational London Stock-Exchange listed tenant whose lease expires in 2029. **d. Potential for growth** The increased size and better capitalisation of the Stapled Fund will increase the potential to pursue growth opportunities. **e. Potential costs savings** The Stapled Fund will present opportunities to achieve costs savings through a combined management structure. In particular, costs and expenses (such as audit and accounting costs) as a proportion of net assets will decrease as a result of the merger of the Funds. **f. Improved access to debt** PPIF's existing debt facilities are currently fully drawn whereas CDPF currently has approximately $11.85 million[2] in unallocated funds available to draw under its debt facilities. PPIF Unitholders will benefit from having access to CDPF's debt facilities which can be utilised by the Stapled Fund for acquisitions, future capital works projects, leasing expenses (including tenant fit outs) and any other capital incentives. In additional, introducing multiple financiers into the Stapled Fund may improve CPFL's ability (as the Stapled Fund responsible entity) to refinance existing debt facilities and access new debt for the Stapled Fund on more favourable terms. **g. Improved access to equity** The Merger Proposal will improve the ability of PPIF to access capital as part of a larger and more diversified group which will be more attractive to new equity investors. **h. No competition for investors between Funds** The Funds have almost identical investment strategies and similar fund features. If the Merger Proposal does not proceed, the Funds will be competing against each other to attract new investors and capital. If the Merger Proposal proceeds, the Stapled Fund will be marketed as a single fund and there will be no competition for investors between the Funds. **i. Lower threshold to remove responsible entity** As part of the proposed amendments to the PPIF Constitution, the voting threshold required to remove CPFL as the responsible entity of PPIF will be reduced to match that required under the CDPF Constitution. Under the Corporations Act, the removal of a responsible entity of a fund requires approval by 50% of all units on issue in a fund. CPFL considers that this test is too onerous for unitholders and therefore CPFL's practice across its funds is to reduce the voting threshold required to remove a responsible entity to: 35% of all units on issue in a fund and 50% of all units voted at the meeting.

1. Figures as at 15 November 2021.
2. As at 15 November 2021. Calculated as $25.59 million in undrawn debt, less $13.73 million required to fund the development of 36 Caribou Drive, Direk SA.

Specific information for PPIF Unitholders

Section 5

QUESTION	ANSWER
What are the advantages of the Merger Proposal for PPIF Unitholders and reasons why PPIF Unitholders may wish vote in favour of the Merger Proposal? (continued)	This is the voting threshold required for CDPF and will therefore become the voting threshold required for PPIF Unitholders would need to approve the appointment of any replacement responsible entity by an Extraordinary Resolution (i.e. approval by at least 50% of all Stapled Units). **j. Independent Expert Conclusion** The Independent Expert has concluded that the Merger Proposal is fair, reasonable and in the best interests of the PPIF Unitholders.
What are the disadvantages of the Merger Proposal for PPIF Unitholders and reasons why PPIF Unitholders may wish to vote against the Merger Proposal?	Disadvantages of the Merger Proposal for PPIF Unitholders and reasons that may lead PPIF Unitholders to vote against the Merger Proposal are: **a. Stamp Duty** The Funds will incur approximately $565,000 in stamp duty to implement the Merger Proposal, which will be allocated between CDPF and PPIF pro-rata based on the respective NAV of each Fund as at the Calculation Date. The stamp duty incurred by PPIF in connection with the Merger Proposal will decrease the NAV of PPIF by 0.36%. These costs will form part of the amortised acquisition costs of the Stapled Fund and will be amortised over five years in line with the unit pricing policies of the Stapled Fund. **b. Decrease in WALE from 9.73 years to 5.15 years[1]** The WALE of the Stapled Fund is 5.15 years which is less than the WALE of PPIF of 9.73 years. **c. 3.4% increase in Gearing Ratio[2]** The Gearing Ratio of the Stapled Fund is 40.4% which is an increase to the PPIF Gearing Ratio of 37.1%. **d. Slight decrease to portfolio gross occupancy[1]** The Stapled Fund portfolio gross occupancy will be 98.79% which is slight decrease to the PPIF portfolio occupancy of 100%. **e. Reduced exposure to performance of specific assets** If the Merger Proposal is implemented, PPIF Unitholders will have exposure to a larger and more diversified portfolio of assets, predominately weighted towards the office sector. This means that the exposure of PPIF Unitholders to any returns arising from the outperformance of any individual asset in PPIF's existing investment portfolio will be reduced. Increased diversification may not be a part of your investment strategy and you may prefer to maintain your current level of exposure to the assets in PPIF's existing investment portfolio. **f. Exposure to risks of investing in CDPF** If the Merger Proposal is implemented, PPIF Unitholders will have exposure to the risks associated with an investment in CDPF (including those set out below). You may not wish to have exposure to the risks associated with an investment in CDPF and instead prefer to maintain your current level of exposure to risks of an investment in PPIF only. **g. Conversion Ratio** The Merger Proposal involves a consolidation of CDPF and PPIF based on the respective NAV of each Fund as at 22 April 2022 (being the Calculation Date). If the Merger Proposal is implemented, PPIF Unitholders will hold Stapled Units comprising Units in CDPF and Units PPIF. The number of Stapled Units held by PPIF Unitholders after the Implementation Date will be based on a Conversion Ratio calculated as at the Calculation Date. If the NAV of one Fund changes after the Calculation Date, the NAV per Unit in that Fund will be impacted. If the changes in NAV per Unit are not uniform across the Funds, this may imply a Conversion Ratio different to that used for the purposes of the Merger Proposal. Practically this means that after the Calculation Date, if the NAV per Unit in PPIF were to increase relative to the NAV per Unit of CDPF, or the NAV per Unit in CDPF were to decrease relative to the NAV per Unit of CDPF, the number of Stapled Units you will have received will be worth less than if the Merger Proposal were implemented at a later date.

1. As at 15 November 2021 by weighted gross income.
2. As at 15 November 2021.

Specific information for PPIF Unitholders

Section 5

QUESTION	ANSWER
What are the disadvantages of the Merger Proposal for PPIF Unitholders and reasons why PPIF Unitholders may wish to vote against the Merger Proposal? (continued)	**h. Less frequent processing of withdrawals** Currently, PPIF offers a limited withdrawal facility under which PPIF Unitholders can request to withdraw their investment each month, with the amount available for withdrawals each month normally being 0.5% of Net Asset Value of PPIF. If the Merger Proposal is implemented, then the Stapled Fund will process withdrawal requests quarterly rather than monthly, and the amount available for withdrawals each quarter will usually be capped at 2.5% of the Net Asset Value[1] of the Stapled Fund. Refer to Section 4.6 of the Product Disclosure Statement for more information. **i. Dilution of voting power** PPIF Unitholders as a whole currently control all of the votes in respect of PPIF. The Stapled Fund will be larger than PPIF, with a greater number of unitholders and units on issue. If the Merger Proposal is implemented, the voting power of PPIF Unitholders (as a whole and individually) will be diluted, with PPIF Unitholders as a whole holding approximately 22% of the votes in respect of the Stapled Fund. **j. The taxation consequences of the Merger Proposal may not suit your financial position** A general guide to the taxation implications of the Merger Proposal is set out in Section 12. This guide is expressed in general terms only and Unitholders should seek professional taxation advice regarding the tax consequences that are applicable to their own circumstances. **k. Conclusion of Independent Expert and Primewest Directors** Notwithstanding the recommendation of the Primewest Directors and the conclusion of the Independent Expert, you may believe that the Merger Proposal is not fair, reasonable and in your best interests or not fair, reasonable and in the best interests of PPIF Unitholders.
What are the key risks of the Merger Proposal for PPIF Unitholders?	As a result of the Merger Proposal, PPIF Unitholders will be exposed to the specific risks associated with an investment in CDPF. CDPF Unitholders are already exposed to these risks. **a. Increased exposure to specific markets** The direct property investments in the CDPF portfolio provide PPIF Unitholders with exposure to the industrial property market. There are specific risks associated with the industrial property market, including: **i.** Tenant risk: industrial property is often unique in nature and in some cases finding a replacement tenant may take some time. Importantly though, the development at 36 Caribou Drive, Direk SA will incorporate generic improvements. In the event the proposed tenant vacates, CPFL believes this facility would be an attractive facility that would appeal to a wide range of tenants; and **ii.** Contamination risk: given the nature of the businesses conducted by tenants at industrial properties, there is a greater risk of the Fund being required to remediate a site to comply with environmental laws than with other real estate investments such as commercial offices. In addition, as with other asset classes, there is no guarantee that the value of CDPF's industrial assets will increase in value or not fall in value. **b. A-REIT price risk** The CDPF portfolio includes investments in ASX-listed A-REITs which comprise approximately 8.21%[2] of CDPF's total assets. Being a listed investment, A-REITs will move in value on a daily basis in line with the broader share market. PPIF Unitholders will be exposed to the risks that such movements may not be reflective of the underlying value of those investments and may be affected by investor sentiment. If the value of the A-REITs held by CDPF falls, then this will have an adverse effect on the NAV of the Stapled Fund and the value of Units in the Stapled Fund. **c. Change of management risk** There can be no guarantee that CPFL will be able to achieve returns for the Stapled Fund similar to those achieved historically by Primewest as responsible entity of PPIF on a standalone basis. **d. Risks associated with 36 Caribou Drive, Direk SA** CDPF is contracted to fund the construction costs of an industrial facility at 36 Caribou Drive, Direk SA which is expected to reach practical completion in January 2023. The construction costs will be paid by CDPF on a fund-through basis progressively throughout the construction period. CDPF will fund the construction costs through a combination of existing debt facilities and the proceeds of future equity raisings. CDPF will receive monthly fixed coupon payments of 5.25% from the developer. CC2F has committed to CPFL to fund any shortfall in the construction costs for the industrial facility through further equity investments in CDPF.

1. As calculated in accordance with the respective Constitutions of the Funds.
2. As at 15 November 2021.

Specific information for PPIF Unitholders

Section 5

QUESTION	ANSWER
What are the key risks of the Merger Proposal for PPIF Unitholders? (continued)	**d. Risks associated with 36 Caribou Drive, Direk SA** (continued) PPIF Unitholders will be exposed to general risks associated with the development of the facility including delivery of the development being delayed by counterparties. CPFL has sought to mitigate risk contractually and believes there is an appropriate incentive for construction to complete, without the Stapled Fund incurring unforeseen costs. However, should circumstances arise, this may have an adverse financial impact on the Stapled Fund, the level of distributions the Stapled Fund can make to Unitholders and the value of the Stapled Units. CDPF has entered into an agreement with Apex Steel Suppliers, under which CDPF has agreed to grant Apex Steel Suppliers a 15-year lease of the facilities to be entered into following completion of the development. Although an agreement is in place, there is a low risk that the 15-year lease to Apex Steel Suppliers is not entered into or that Apex Steel Suppliers enters into the lease but defaults. Any period that the facilities are vacant would have an adverse impact on the income of the Stapled Fund and may have an adverse impact on the value of the Fund and the Stapled Units. Risks which are not unique to PPIF but which relate to the business of the Stapled Fund or the implementation of the Merger Proposal are set out in Section 10. Unitholders should also read Section 5 of the Product Disclosure Statement.

Details of the Merger Proposal

Section 6

6.1 Background to the Merger Proposal

CDPF was established in June 2016 as an open-ended unlisted property fund offering unitholders tax effective monthly income distributions and potential for long term capital growth, through investment in a diversified Australian property portfolio.

Today, CDPF has grown to include high-quality direct property investments and investments in unlisted property funds. CDPF's funds under management (**FUM**) is approximately $205 million[1] and is expected to reach approximately $235 million[2] in January 2023.

PPIF was established in November 2020 as an open-ended unlisted property fund offering unitholders stable monthly income distributions with the potential for capital growth through investing in a diversified portfolio of commercial property in Australia.

Primewest was acquired by Centuria Capital Group (**CNI**) as part of CNI's off-market takeover of the Primewest Group. Following the acquisition of the Primewest Group, a review of the investment strategies of the individual funds operated by Primewest and CPFL was undertaken. It was determined that PPIF is almost identical to CDPF in its investment objectives and structure. As a result, the Responsible Entities see benefits to Unitholders in merging the Funds rather than continuing to operate them as separate Funds.

6.2 Conditions to the implementation of the Merger Proposal

The Merger Proposal will not proceed unless all of the following Conditions are satisfied:

- (**Conditional Resolutions**) the Resolutions required for the Merger Proposal to proceed are passed by the requisite majorities of CDPF Unitholders and PPIF Unitholders.

  A summary of the Resolutions required for the Merger Proposal to proceed is set out in Section 6.8.1.
- (**Regulatory approvals**) ASIC grants all relief, consents, waivers and approvals necessary to effect the Merger Proposal. As at the date of this Explanatory Memorandum, this Condition has been satisfied.
- (**Financier consents**) all approvals and consents from the financiers to CDPF and PPIF necessary to effect the Merger Proposal are obtained and are not withdrawn. As at the date of this Explanatory Memorandum, this Condition has been satisfied.
- (**No court or Government action**) no court or Government agency issues or takes steps to issue any order or takes any action to restrain or prevent the Merger Proposal.

6.3 Transaction Steps

The Merger Proposal involves creating the same Unitholder base in both CDPF and PPIF and Stapling the Units in CDPF and PPIF to form the Stapled Fund. Following the implementation of the Merger Proposal, each Unitholder will hold the same number of Units in CDPF as they do in PPIF. One CDPF Unit will be Stapled to one PPIF Unit to form one Stapled Unit.

The implementation of the Merger Proposal involves a number of sequential steps that will occur on the Implementation Date. Each step will only occur once the previous step has been completed. The Merger Proposal will only be implemented if each of the seven steps are completed.

The steps are as follows (**Transaction Steps**):

1. The Constitutions of CDPF and PPIF will be amended to include provisions to facilitate the Merger Proposal (including Stapling provisions) and to otherwise make the Constitution of PPIF consistent with the Constitution of CDPF.
2. The CDPF Units and PPIF Units on issue will be split into such number of Units as will result in each CDPF Unit and each PPIF Unit having a NAV of $1.00[3].
3. CPFL will make a capital distribution of promissory notes in CDPF to CDPF Unitholders and Primewest will make a capital distribution of promissory notes in PPIF to PPIF Unitholders. The face value of the promissory notes in each Fund will be equal.
4. The promissory notes issued to CDPF Unitholders will be applied compulsorily by CPFL (on behalf of CDPF Unitholders) to subscribe for newly issued Units in PPIF and the promissory notes issued to PPIF Unitholders will be applied compulsorily by Primewest (on behalf of PPIF Unitholders) to subscribe for newly issued Units in CDPF.
5. CPFL will issue the CDPF Units subscribed for to the PPIF Unitholders and Primewest will issue the PPIF Units subscribed for to the CDPF Unitholders and the promissory notes will be cancelled. If the Related Party Transaction Resolution is passed, CDPF Acquisition Units will be issued to CC2F (if the Related Party Transaction Resolution is not passed, CC2F will instead receive ordinary Units in CDPF). Following the issue of Units, CDPF and PPIF will have the same number of Units on issue (and if the Related Party Transaction Resolution is approved, the same number of Acquisition Units on issue).
6. The Stapling Deed will come into effect and the CDPF Units and PPIF Units will be Stapled together to form Stapled Units. If the Related Party Transaction Resolution is approved, CDPF Acquisition Units and PPIF Acquisition Units will be Stapled together to form Stapled Acquisition Units.
7. Primewest will retire as responsible entity of PPIF and CPFL will be appointed as responsible entity of PPIF.

Further information on each of the Transaction Steps is set out next.

1. As at 15 November 2021.
2. Following completion of a fund-through development of the industrial asset at 36 Caribou Drive, Direk SA.
3. Based on the respective NAV of CDPF Units and PPIF Units as at the Calculation Date.

Details of the Merger Proposal

Section 6

Step 1: Amendment of CDPF Constitution and PPIF Constitution

The Constitutions of CDPF and PPIF will be amended to include provisions to facilitate the Merger Proposal, (including Stapling provisions) and to otherwise make the Constitution of PPIF consistent with the Constitution of CDPF.

A summary of the material proposed changes to the CDPF Constitution and PPIF Constitution is set out in Section 11.6 of this Explanatory Memorandum.

The Responsible Entities recommend that Unitholders review the draft CDPF Supplemental Deed Poll and draft PPIF Supplemental Deed Poll (as applicable) which show all of the changes that will be made to each Fund's Constitution if the Resolutions are approved. You can access the draft Supplemental Deed Polls of each Fund at https://centuria.com.au/cdpf-merger. If you wish to receive a hard copy of the Supplemental Deed Poll, please contact the Centuria Investor Services Team on 1800 182 257 (from within Australia) or + 61 2 9290 9600 (from outside Australia).

Step 2: Split of Units in CDPF and PPIF

In order to facilitate the Stapling on a one-to-one basis, the NAV per Unit of CDPF Units and the NAV per Unit of PPIF Units must be rebased to $1.00. This requires the Responsible Entity of each Fund to undertake a unit split on the Implementation Date. Using the NAV per CDPF Unit and NAV per PPIF Unit as at the Calculation Date, the Units in CDPF and PPIF will be split into such number of Units as will result in each CDPF Unit and each PPIF Unit having a NAV per Unit of $1.00[1]. The total NAV of a Unitholder's investment in a Fund will not change as a result of this step.

Step 3: Capital distribution of promissory notes to Unitholders in CDPF and PPIF

CPFL will make a capital distribution in the form of promissory notes to CDPF Unitholders. Primewest will make a capital distribution in the form of promissory notes to PPIF Unitholders.

The only purpose for the capital distributions of promissory notes is to enable Unitholders in each Fund to subscribe for Units in the Fund in which they do not currently hold Units.

Step 4: Application of capital distributions to subscribe for Units in the other Fund

The promissory notes distributed to Unitholders in the preceding step will be applied compulsorily by CPFL and Primewest on behalf of Unitholders of the relevant Fund to subscribe for newly issued Units in the other Fund. This will involve:

- CPFL, on behalf of each CDPF Unitholder, subscribing for one PPIF Unit for every one CDPF Unit held by the CDPF Unitholder; and
- Primewest, on behalf of each PPIF Unitholder, subscribing for one CDPF Unit for every one PPIF Unit held by the PPIF Unitholder.

Step 5: Issuance of Units in CDPF and Units in PPIF

In return for the promissory notes, CPFL will:

- issue to each PPIF Unitholder such number of CDPF Units as will result in the PPIF Unitholder holding the same number of Units in PPIF and CDPF; and
- enter into the CDPF Register the name and addresses of each PPIF Unitholder as holders of the CDPF Units.

In return for the promissory notes, Primewest will:

- issue to each CDPF Unitholder such number of PPIF Units as will result in the CDPF Unitholder holding the same number of Units in PPIF and CDPF; and
- enter into the PPIF Register the name and addresses of each PPIF Unitholder as holders of the CDPF Units.

If the Related Party Transaction Resolution is passed, CDPF Acquisition Units will be issued to CC2F. If the Related Party Transaction Resolution is not passed, CC2F will instead receive ordinary Units in CDPF.

The issue of new Units in CDPF and PPIF will result in the total number of CDPF Units on issue equalling the total number of PPIF Units on issue (and if the Related Party Transaction Resolution is approved, the same number of Acquisition Units on issue).

Step 6: Stapling

The Stapling Deed will come into effect and the CDPF Units and PPIF Units will be Stapled together to form Stapled Units. If the Related Party Transaction Resolution is approved, CDPF Acquisition Units and PPIF Acquisition Units will be Stapled together to form Stapled Acquisition Units. The process to achieve the Stapling is set out in Section 6.4 below.

Step 7: Change responsible entity of PPIF

Primewest will retire as the responsible entity of PPIF and CPFL will be appointed as the responsible entity of PPIF. This will enable the Stapled Fund to be operated efficiently and eliminate duplicated costs associated with each Fund having a different responsible entity.

1. Based on the respective NAV of CDPF Units and PPIF Units as at the Calculation Date.

Details of the Merger Proposal

Section 6

6.4 Stapling

Stapling will be achieved by amendments to the Constitutions of the Funds and through the Stapling Deed.

By operation of the Stapling Deed, together with the amended CDPF and PPIF Constitutions, one CDPF Unit will be Stapled to one PPIF Unit to form one Stapled Unit.

The Stapling provisions in the Constitutions of the Funds are described in Section 11.6 and in summary require that:

- a transfer of Units in any of the Funds can only be completed if it is accompanied by a transfer of an equal number of Units in the other Fund; and
- any issue, repurchase or redemption of Units by one Fund must be matched by an issue, repurchase or redemption of an equal number of Units in the other Fund.

After the implementation of the Merger Proposal, the Funds will have identical investors holding identical proportionate interests in each Fund and the Stapled Units will not be able to be dealt with separately.

The amended Constitutions and the Stapling Deed also require the Funds to co-operate with each other in conducting their affairs. Specifically, Stapled Unitholders will receive combined annual and other reports and one monthly distribution payment. However, for legal and Australian tax purposes CDPF Units and PPIF Units will remain separate assets. The Tax Report in Section 12 sets out details of the taxation consequences of holding and selling Stapled Units.

6.5 Conversion Ratios

If the Merger Proposal is implemented, you will receive Stapled Units comprising Units in CDPF and Units in PPIF. You do not need to pay any money for the Stapled Units you receive.

One Stapled Unit will comprise one CDPF Unit and one PPIF Unit. After Stapling, CDPF Units and PPIF Units can only be dealt with together as one Stapled Unit and cannot be issued or transferred separately.

The number of Stapled Units that you will hold after the Implementation Date will be determined by a Conversion Ratio which will be calculated on 22 April 2022 (**Calculation Date**) using the NAV per Unit in CDPF and the NAV per Unit in PPIF at that date.

Based on an Indicative Conversion Ratio calculated on the NAV per Unit in CDPF and NAV per Unit in PPIF as at 30 November 2021:

- each CDPF Unitholder will receive 1.24 Stapled Units for every 1 CDPF Unit held pre-Merger Proposal; and
- each PPIF Unitholder will receive 0.99 Stapled Unit for every 1 PPIF Unit held pre-Merger Proposal.

Each Stapled Unit will have a NAV as at the Implementation Date of $1.00 meaning that, on the Indicative Conversion Ratios[1]:

- if you held 1,000 CDPF Units at a NAV per Unit of $1.24[2] pre-Merger Proposal (total NAV of $1,238.00[3]), you will hold 1,238 Stapled Units at a NAV per Stapled Unit of $1.00 post-Merger Proposal (total NAV of $1,238.00); and
- if you held 1,000 PPIF Units at a NAV per Unit of $0.99[4] pre-Merger Proposal (total NAV of $991.00[5]), you will hold 991 Stapled Units at NAV per Stapled Unit of $1.00 post-Merger Proposal (total NAV of $991.00).

Indicative Conversion Ratio on NTA as at 30 November 2021[6]:

	UNITS ON ISSUE AS AT 30.11.21	NAV AT 30.11.21 ($)	NAV PER UNIT AT 30.11.21 ($)[7]	CONVERSION RATIO[7]	STAPLED UNITS IN STAPLED FUND[8]	NAV OF STAPLED UNITS POST MERGER PROPOSAL ($)	NAV PER STAPLED UNIT POST MERGER PROPOSAL ($)
CDPF	98,402,055	121,783,505	1.2376	1.2376	121,783,505	121,783,505	1.000
PPIF	33,883,933	33,566,316	0.9906	0.9906	33,566,316	33,566,316	1.000

1. The final Conversion Ratio will be calculated on 22 April 2022. The final Conversion Ratio may differ from the Indicative Conversion Ratio, meaning that you may receive more or less Stapled Units than as set out in this paragraph.
2. NAV per Unit of $1.24 is equal to the CDPF unit price of $1.36 as at 30 November 2021 less 12 cents in acquisition costs as at 30 November 2021.
3. Total NAV of $1,238.00 is equal to 1,000 Units multiplied by NAV per Unit rounded to three decimal places of $1.238 as at 30 November 2021.
4. NAV per Unit of $0.99 is equal to the PPIF unit price of $1.08 as at 30 November 2021 less 9 cents in acquisition costs as at 30 November 2021.
5. Total NAV of $991.00 is equal to 1,000 Units multiplied by NAV per Unit rounded to three decimal places of $0.991 as at 30 November 2021.
6. The final Conversion Ratio will be calculated on 22 April 2022. The final Conversion Ratio may differ from the Indicative Conversion Ratio, meaning that you may receive more or less Stapled Units than as set out in this paragraph.
7. Rounded to four decimal places.
8. Adjusted for the impact of the unit split as outlined in Section 6.3.

Details of the Merger Proposal

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The final Conversion Ratios will be calculated on the Calculation Date (being 22 April 2021) using the NAV per Unit in CDPF and the NAV per Unit in PPIF as at that date as follows:

CDPF Conversion Ratio

Number of Stapled Units the CDPF Unitholder will receive	=	(NAV of CDPF as at the Calculation Date/Units on issue in CDPF as at the Calculation Date)	X	Number of CDPF Units held as at the Calculation Date

PPIF Conversion Ratio

Number of Stapled Units the PPIF Unitholder will receive	=	(NAV of PPIF as at the Calculation Date/ Units on issue in PPIF as at the Calculation Date)	X	Number of PPIF Units held as at the Calculation Date

The NAV per Stapled Unit as at the Implementation Date will be $1.00. The unit price of a Stapled Unit as at the Implementation Date will be equal to the NAV per Stapled Unit (i.e. $1.00) plus unamortised acquisition costs.

The reason the final Conversion Ratios will be calculated on the Calculation Date is that each Fund will continue to operate in the ordinary course until the Calculation Date. Each Fund will remain open to new applications and withdrawals and will continue to make distributions, which may result in changes to the NAV per Unit in the respective Funds. In addition, some Fund assets may be revalued prior to the Calculation Date which may result in changes to the NAV per Unit in the respective Funds. To ensure the Funds are consolidated on the basis of Net Asset Values which are as up-to-date as possible and reflect changes as a result of applications, withdrawals, distributions and asset revaluations, the Conversion Ratios will be calculated on the Calculation Date.

Outlined in the table below for illustration purposes is the number of Stapled Units in the Stapled Fund you will own after the implementation of the Merger Proposal for every 10,000 Units you own in the relevant Fund before the implementation of the Merger Proposal based on the Indicative Conversion Ratios (calculated as at 30 November 2021)[1]:

UNITS OWNED PRE MERGER PROPOSAL	NAV AT 30.11.21 ($)	NAV PER UNIT AT 30.11.21 ($)[2]	CONVERSION RATIO[2]	STAPLED UNITS IN STAPLED FUND	POST MERGER PROPOSAL NAV OF STAPLED UNITS ($)	POST MERGER PROPOSAL NAV PER STAPLED UNIT ($)
10,000	12,376	1.2376	1.2376	12,376	12,376	1.000
10,000	9,906	0.9906	0.9906	9,906	9,906	1.000

If the final Conversion Ratio applicable to your Units differs by 5% or more to the Indicative Conversion Ratio applicable to your Units, the Responsible Entities will notify you by way of a supplementary Explanatory Memorandum.

Specifically, if on the final Conversion Ratio applicable to CDPF Units, CDPF Unitholders would receive:

- 1.1757 Stapled Units or less for every 1 CDPF Unit held pre-Merger Proposal; or
- 1.2995 Stapled Units or more for every 1 CDPF Unit held pre-Merger Proposal,

the Responsible Entities will notify CDPF Unitholders by way of a supplementary Explanatory Memorandum.

If on the final Conversion Ratio applicable to PPIF Units, PPIF Unitholders would receive:

- 0.9411 Stapled Units or less for every 1 PPIF Unit held pre-Merger Proposal; or
- 1.0402 Stapled Units or more for every 1 PPIF Unit held pre-Merger Proposal,

the Responsible Entities will notify PPIF Unitholders by way of a supplementary Explanatory Memorandum.

6.6 Who will participate in the Merger Proposal

6.6.1 Record date for Unitholders participating in the Merger Proposal

If the Merger Proposal is implemented, CDPF Unitholders who are recorded as Unitholders on the CDPF Register at 7:00pm AEST on the Calculation Date, being Friday 22 April 2022 will participate in the Merger Proposal in respect of the CDPF Units they hold at that time.

If the Merger Proposal is implemented, PPIF Unitholders who are recorded as Unitholders on the PPIF Register at 7:00pm AEST on the Calculation Date, being Friday 22 April 2022 will participate in the Merger Proposal in respect of the PPIF Units they hold at that time.

1. The final Conversion Ratio will be calculated on 22 April 2022. The final Conversion Ratio may differ from the Indicative Conversion Ratio, meaning that you may receive more or less Stapled Units than as set out in this paragraph.
2. Rounded to four decimal places.

6.6.2 Transfers of Units

For the purposes of determining the holdings of Unitholders participating in the Merger Proposal, any sales, transfers, transmissions or disposals of Units in CDPF and PPIF will only be recognised if registrable transfers of transmission applications in respect of those dealings are received by the Registry of the Funds by 5:00pm AEDT on Thursday 31 March 2022.

The Responsible Entities will not accept for registration or recognise for any purpose any transfer or transmission application in respect of Units received after 5:00pm AEDT on Thursday 31 March 2022 or received prior to that time but not in registrable form.

6.7 Implementation date

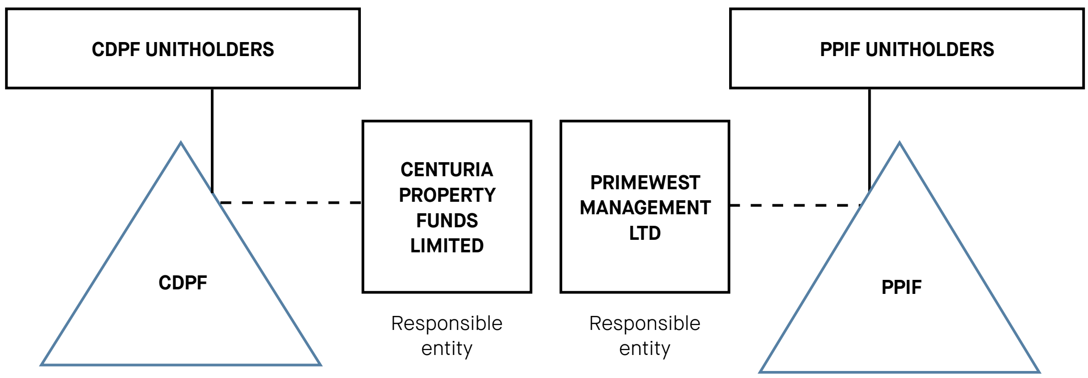
Subject to the Merger Proposal Conditions being satisfied, the Merger Proposal will become effective on the Implementation Date. If the Resolutions required for the Merger Proposal to proceed are passed at the Meetings and the other Merger Proposal Conditions are satisfied, immediately after the Meetings the amended Constitutions of each Fund and the notice of change of responsible entity of PPIF will be lodged with ASIC.

6.7.1 Structure diagrams

The diagrams below provide a simplified illustration of the structure of the Funds immediately before and after the Merger Proposal is implemented.

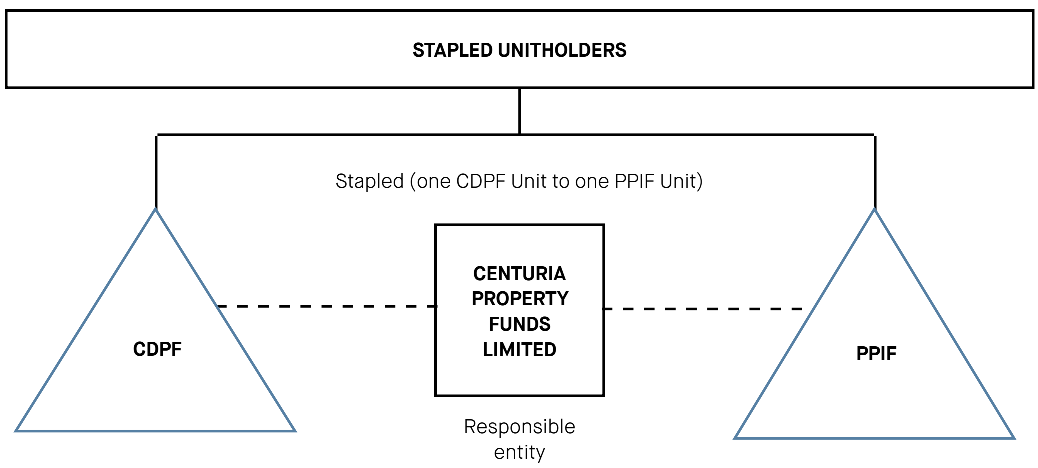
Pre-Merger Proposal structure

Before the Merger Proposal, the individual structures of CDPF and PPIF are as follows:



Post-Merger Proposal structure

After the implementation of the Merger Proposal, the structure of the Stapled Fund will be as follows:



Details of the Merger Proposal

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6.8 Summary of the Resolutions

Unitholders will be asked to consider, and if thought fit, pass the Resolutions set out in the relevant Notice of Meeting and summarised below.

6.8.1 Resolutions required for the Merger Proposal to proceed

The Resolutions that Unitholders must approve in order for the Merger Proposal to proceed are:

RESOLUTIONS	DESCRIPTION OF RESOLUTIONS
Merger Proposal Implementation Resolution	**CDPF** An Ordinary Resolution for all purposes to approve the Merger Proposal and all Transaction Steps to implement the Merger Proposal as set out in this Explanatory Memorandum. **PPIF** An Ordinary Resolution for all purposes to approve the Merger Proposal and all Transaction Steps to implement the Merger Proposal as set out in this Explanatory Memorandum.
Constitution Amendment Resolutions	**CDPF** A Special Resolution for the purposes of section 601GC(1)(a) of the Corporations Act and for all other purposes to approve amendments to the CDPF Constitution as set out in this Explanatory Memorandum and authorise CPFL to execute and lodge with ASIC a supplemental deed to give effect to such amendments to the CDPF Constitution. **PPIF** A Special Resolution for the purposes of section 601GC(1)(a) of the Corporations Act and for all other purposes to approve amendments to the PPIF Constitution as set out in this Explanatory Memorandum and authorise Primewest to execute and lodge with ASIC a supplemental deed to give effect to such amendments to the PPIF Constitution.
Change of Responsible Entity Resolution	**PPIF** An Extraordinary Resolution for the purposes of section 601FL(1) of the Corporations Act to approve CPFL as the new responsible entity of PPIF.

If the Resolutions above are not approved by the requisite majority of Unitholders of the relevant Fund, then:

a. the Merger Proposal will not be implemented;

b. CDPF and PPIF will continue to operate as separate funds as they do currently with no changes to their structure;

c. the CDPF Constitution and the PPIF Constitution will not be amended; and

d. the NAV of CDPF and the NAV of PPIF will decrease as a result of CDPF and PPIF paying their respective portions of the Transaction Costs incurred prior to the implementation of the Merger Proposal.

6.8.2 Other Resolutions

In addition to the Resolutions required to implement the Merger Proposal, CDPF Unitholders are being asked to approve the following Resolution:

RESOLUTIONS	DESCRIPTION OF RESOLUTIONS
Related Party Transaction Resolution	**CDPF** An ordinary resolution for the purposes of Chapter 2E of the Corporations Act (as amended by section 601LA) to approve the issue of Acquisition Units in PPIF to Centuria Funds Management Limited as trustee of the Centuria Capital No.2 Fund.

Implementation of the Merger Proposal is not conditional on the Related Party Transaction Resolution being approved. If the Resolutions required to implement the Merger Proposal as summarised in Section 6.8.1 are approved but the Related Party Transaction Resolution is not approved, the Merger Proposal will still be implemented[1].

1. Assuming that all other Conditions required to implement the Merger Proposal are satisfied.

6.9 Related Party Transaction Resolution - CDPF Unitholders only

6.9.1 Background

The Responsible Entities have in the past raised additional capital by issuing Acquisition Units in CDPF and PPIF (respectively) to third parties and entities within the Centuria Group.

Acquisition Units differ from ordinary Units in that the holders of Acquisition Units may require that they be withdrawn from the proceeds of the issue of ordinary Units in priority to the withdrawal of ordinary Units. This means the holders of Acquisition Units may have their Acquisition Units withdrawn outside the quarterly withdrawal facility available to Unitholders. Otherwise, the Acquisition Units have the same terms as ordinary Units in the respective Funds. The terms of issue of the Acquisition Units in both Funds are substantially the same. The Funds use Acquisition Units as a way to source equity funding quickly to use for asset acquisitions.

Centuria Funds Management Limited as trustee of the Centuria Capital No.2 Fund (**CC2F**) holds 11.82 million[1] Acquisition Units in PPIF having a value of $12.73 million[2]. There are no Acquisition Units on issue in CDPF.

To effect the Stapling, the Acquisition Units in PPIF must be Stapled to newly issued Acquisition Units in CDPF. Accordingly, CPFL proposes to issue to CC2F such number of Acquisition Units in CDPF as enables the Acquisition Units in CDPF and PPIF to be Stapled on a one-for-one basis to create Stapled Acquisition Units.

6.9.2 Regulatory requirements

CPFL and CC2F are both wholly-owned by Centuria Capital Group (**CNI**) and therefore CPFL and CC2F are related parties.

Under Chapter 2E of the Corporations Act (as modified by section 601LA), a responsible entity of a registered scheme must obtain approval of the unitholders of the registered scheme in order to give a financial benefit to a related party (unless an exemption applies).

As part of the Merger Proposal, CPFL is giving CC2F a 'financial benefit', being Acquisition Units in CDPF. The Acquisition Units differ from the ordinary Units being issued to non-related party Unitholders of PPIF as they carry the preferential withdrawal rights explained above. Accordingly, under Chapter 2E of the Corporations Act (as modified by section 601LA), the approval of the Unitholders of CDPF is required for CPFL to issue Acquisition Units to CC2F.

6.9.3 Intentions of CC2F

If the Related Party Transaction Resolution is not approved by CDPF Unitholders but the other Resolutions are approved and the Merger Proposal proceeds, CC2F has agreed to the conversion of its Acquisition Units in PPIF into ordinary Units in PPIF in order to facilitate the Stapling. CC2F will then be issued ordinary Units in CDPF which will be Stapled to those newly converted ordinary Units in PPIF on a one-for-one basis to form a Stapled Unit.

As CPFL and CC2F are both entities that are wholly-owned by CNI, the Directors of CPFL do not consider it appropriate to make a recommendation to CDPF Unitholders on the Related Party Transaction Resolution and do not make any recommendation.

6.9.4 Conclusions of the Independent Expert

The Independent Expert has concluded that the Related Party Transaction is reasonable but not fair to the non-interested CDPF Unitholders[3]. The Independent Expert has concluded that the Related Party Transaction is reasonable as, if the Related Party Transaction is approved, the value of CC2F's interests in CDPF and PPIF pre-Merger Proposal are materially the same as the value of CC2F's interests post-Merger Proposal. The Independent Expert has concluded that the Related Party Transaction is not fair as CC2F will be receiving Units with greater rights (being greater liquidity rights) than the ordinary Units that CC2F currently holds.

The Independent Expert's conclusions on the Related Party Transaction are explained in Section 18 of the Independent Expert's Report.

6.9.5 Considerations in voting on the Related Party Transaction Resolution

Reasons why CDPF Unitholders may wish to vote in favour of the Related Party Transaction Resolution

If the Related Party Transaction Resolution is not approved by CDPF Unitholders but the Merger Proposal proceeds, CC2F has agreed that its Acquisition Units in PPIF will be converted into ordinary Units in PPIF, which will be Stapled to ordinary Units in CDPF.

If CC2F holds ordinary Stapled Units instead of Stapled Acquisition Units, then CC2F will not be able to apply to have its Stapled Units redeemed outside of the Stapled Fund's limited quarterly withdrawal facility and the only way it can apply to have its Stapled Units redeemed is through the limited quarterly withdrawal facility available to all Unitholders.

Given CC2F's material holding in the Stapled Fund of 22.89%[4], if CC2F makes a large redemption request in a quarterly withdrawal facility, there will be less liquidity available to other Unitholders wishing to redeem their Stapled Units and a greater chance of the 2.5% Liquidity Cap being reached, requiring a scale-back of redemption requests.

1. As at 31 January 2022.
2. As at 31 January 2022 by PPIF unit price.
3. The non-interested CDPF Unitholders are those CDPF Unitholders other than CC2F.
4. As at 31 January 2022 by CDPF unit price and PPIF unit price.

If CC2F instead holds Acquisition Units, CC2F may submit redemption requests outside of the quarterly withdrawal facility thereby reducing the need for CC2F to make a redemption request through the quarterly withdrawal facility. Redemption requests submitted by CC2F outside of the quarterly withdrawal facility are not taken into account for the purposes of the 2.5% Liquidity Cap. This means there will be greater liquidity available to other Unitholders making redemption requests in quarterly withdrawal facility (although any redemption request submitted by CC2F outside the quarterly withdrawal facility would still reduce the overall cash available to satisfy withdrawals).

In addition, if the Related Party Transaction Resolution is not approved and CC2F's Acquisition Units are converted into ordinary Units, CC2F would be holding $39.19 million[1] in Stapled Units that it can now only withdraw through limited quarterly withdrawal windows. The CPFL Directors consider that limiting the withdrawal rights on CC2F's $12.73 million[2] investment may impact the availability of future capital from CC2F to fund future acquisitions in the short to medium term. A reduction in the availability of future capital support from CC2F may be disadvantageous to the Stapled Fund as, without the support of CC2F, it may be harder for the Stapled Fund to raise equity quickly in order to acquire new assets for the Stapled Fund in a timely manner.

Reasons why CDPF Unitholders may wish to vote against the Related Party Transaction Resolution

If the Related Party Transaction Resolution is approved, CC2F will be issued with Acquisition Units in CDPF that will then be Stapled to CC2F's Acquisition Units in PPIF to form Stapled Acquisition Units.

CC2F will have the right to require that those Stapled Acquisition Units be withdrawn from the proceeds of the issue of ordinary Units in priority to the withdrawal of ordinary Units. When the Stapled Fund satisfies such a withdrawal request from CC2F, it will reduce overall cash that would otherwise be available to satisfy withdrawals of Unitholders in the quarterly withdrawal facility, for future asset acquisitions or for working capital.

6.10 Alternative to the Merger Proposal: continuing to operate as stand-alone Funds

Before arriving at the Merger Proposal which is now put before Unitholders, the Responsible Entities considered the option of continuing to operate CDPF and PPIF as is, but consider that implementing the Merger Proposal will deliver a better outcome for Unitholders relative to maintaining the operation of each Fund separately.

In reaching this conclusion:

- the CPFL Directors have considered the advantages and disadvantages of the Merger Proposal for CDPF Unitholders (including those set out in Section 4), the impact on CDPF Unitholders (as set out in Section 8) and the key risks of the Merger Proposal (set out in Sections 4 and 10) and also the Independent Expert's opinion that the Merger Proposal is fair, reasonable and in the best interests of CDPF Unitholders; and
- the Primewest Directors have considered the advantages and disadvantages of the Merger Proposal for PPIF Unitholders (including those set out in Section 5), the impact on PPIF Unitholders (as set out in Section 8) and the key risks of the Merger Proposal (set out in Sections 5 and 10) and also the Independent Expert's opinion that the Merger Proposal is fair, reasonable and in the best interests of PPIF Unitholders.

6.11 Unitholders who do not want to participate in the Merger Proposal: withdrawal

6.11.1 Information for CDPF Unitholders

CDPF Unitholders may apply to withdraw their investment in CDPF under CDPF's usual limited quarterly withdrawal facility, by completing and lodging a Withdrawal Request Form with CPFL by 5:00pm AEDT on 31 March 2022. A Withdrawal Request Form may be obtained from Centuria's website: centuria.com.au/cdpf/forms and must be lodged in accordance with the instructions on the form.

The amount available for withdrawal will be subject to available liquidity and will be capped at 2.5% of the Fund's Net Asset Value[3]. CPFL will process withdrawal requests and determine whether any scale-back needs to be applied. If a scale-back is applied and the Merger Proposal is implemented, CDPF Unitholders will participate in the Merger Proposal in respect of any CDPF Units that are not withdrawn.

Proceeds from accepted withdrawal requests will be paid by the Calculation Date. CDPF Unitholders who submit a withdrawal request that is not satisfied in full will be notified by email to their email address on the CDPF Register by the Calculation Date.

If the Merger Proposal is implemented, any withdrawal request that has not been satisfied prior to the Calculation Date will be cancelled on the Calculation Date. Unitholders will need to make a new withdrawal request from the Stapled Fund in accordance with the process set out in Section 4.6 of the Product Disclosure Statement.

1. As at 31 January 2022 by CDPF unit price and PPIF unit price.
2. As at 31 January 2022 by PPIF unit price.
3. As calculated in accordance with the CDPF Constitution.

6.11.2 Information for PPIF Unitholders

PPIF Unitholders may apply to withdraw their investment in PPIF under PPIF's usual limited monthly withdrawal facility, by completing and lodging a Withdrawal Request Form with Primewest by 5:00pm AEDT on 31 March 2022. A Withdrawal Request Form may be obtained from Primewest's website: https://primewest.biz/propertyincomefund/investor-centre and must be lodged in accordance with the instructions on the form.

The amount available for withdrawal will be subject to available liquidity and will be a minimum of 0.5% of the Fund's Net Asset Value[1]. Primewest will process withdrawal requests and determine whether any scale-back needs to be applied. If a scale-back is applied and the Merger Proposal is implemented, PPIF Unitholders will participate in the Merger Proposal in respect of any PPIF Units that are not withdrawn.

Proceeds from accepted withdrawal requests will be paid by the Calculation Date. PPIF Unitholders that submit a withdrawal request that is not satisfied in full will be notified by email to their email address on the PPIF Register or by post by the Calculation Date.

If the Merger Proposal is implemented, any withdrawal request that has not been satisfied prior to the Calculation Date will be cancelled on the Calculation Date. Unitholders will need to make a new withdrawal request from the Stapled Fund in accordance with the process set out in Section 4.6 of the Product Disclosure Statement.

1. As calculated in accordance with the PPIF Constitution.

Profile of the Stapled Fund

Section 7

This Section contains summary information only in relation to the Stapled Fund. The effect of the Merger Proposal will be that CDPF and PPIF will still exist as separate funds but will operate as a combined fund. Further information on the Stapled Fund is provided in the Product Disclosure Statement. You should also read the Target Market Determination for the Stapled Fund, which is available at https://centuria.com.au/cdpf-merger.

7.1 Stapled Fund overview

If the Merger Proposal is implemented, the Stapled Fund will own a portfolio of assets comprising 10 direct property assets, investments in unlisted property funds and ASX-listed A-REITs, cash and cash equivalents. The 10 direct property assets comprise five commercial office buildings, three childcare centres, and two industrial facilities (including one under development).

The three childcare assets have a combined WALE of 17.2 years[1] and are 100% occupied[1]. Out of the three childcare assets, two of those are leased to ASX-listed Think Childcare (ASX:TNK), which operates 90 childcare centres nationally with over 2,200 employees.

The office portfolio will comprise five assets – three located in Queensland (65%), one in the Australian Capital Territory (20%), and one in Victoria (15%). The office portfolio has a weighted average WALE of 4.0 years[1] and a weighted average capitalisation rate of 6.24%[1]. Four of the five office assets are 100% occupied[1]. The remaining office asset is 93.6% occupied[1] with only one vacant tenancy.

The industrial portfolio will comprise two industrial assets (including one under development). One industrial asset is a waste vehicle depot facility leased to a wholly owned subsidiary of ASX-listed Cleanaway (ASX:CWY), Transpacific Cleanaway Pty Ltd. Transpacific has occupied the facility for over 20-years and has 3.9 years[1] remaining on its current lease term. The second industrial asset is being developed via a fund-through arrangement, with completion expected to occur in January 2023. CDPF has entered into an agreement with Apex Steel Suppliers, under which CDPF has agreed to grant Apex Steel Suppliers a 15-year lease of the facilities to be entered into following completion of the development. The facility has an expected value, once complete, of $39.36 million[2] based on an expected weighted average capitalisation rate for valuation purposes of 5.25%[2].

The Stapled Fund will also hold investments in seven close-ended unlisted property funds (syndicates) managed by entities within the Centuria Capital Group (allocations of funds to these investments currently range between 0.02% and 3.92% of the Stapled Fund) and comprise approximately 6.57%[1] of the Stapled Fund's gross assets. The properties held by the syndicates have occupancy levels of 90%[1] or more. The syndicates have a current weighted average cash distribution rate per unit of 7.88 cents[3].

7.2 Stapled Fund property portfolio overview

A summary of the property portfolio of the Stapled Fund on implementation of the Merger Proposal is set out below.

Property valuations are as at 15 November 2021 and based on the most recent independent valuations of those properties. Occupancy and WALE are provided as at 15 November 2021, unless otherwise stated.

STAPLED FUND PROPERTY PORTFOLIO SUMMARY

Diversified Portfolio	10 direct property assets (including one under development) located in major metropolitan areas across Australia in the commercial office, industrial and social infrastructure sectors, and investments in 7 unlisted property funds and cash.
Occupancy	98.79%
Lease Expiry Profile (WALE)	5.15 years
Tenancy Profile	Commercial Office assets: Entain plc (LSE:ENT), Optus, Tyco Australia Group, PZ Cuzzons, Cliftons, Carter Grange Home Industrial assets: Cleanaway (ASX:CWY) Social Infrastructure: Think Childcare (ASX:TNK), Bluebird Early Learning

1. As at 15 November 2021 by weighted gross income.
2. Forecasted as at January 2023.
3. As at 15 November 2021, weighted by CDPF carrying value.

Profile of the Stapled Fund

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Stapled Fund portfolio overview (as at 15 November 2021)

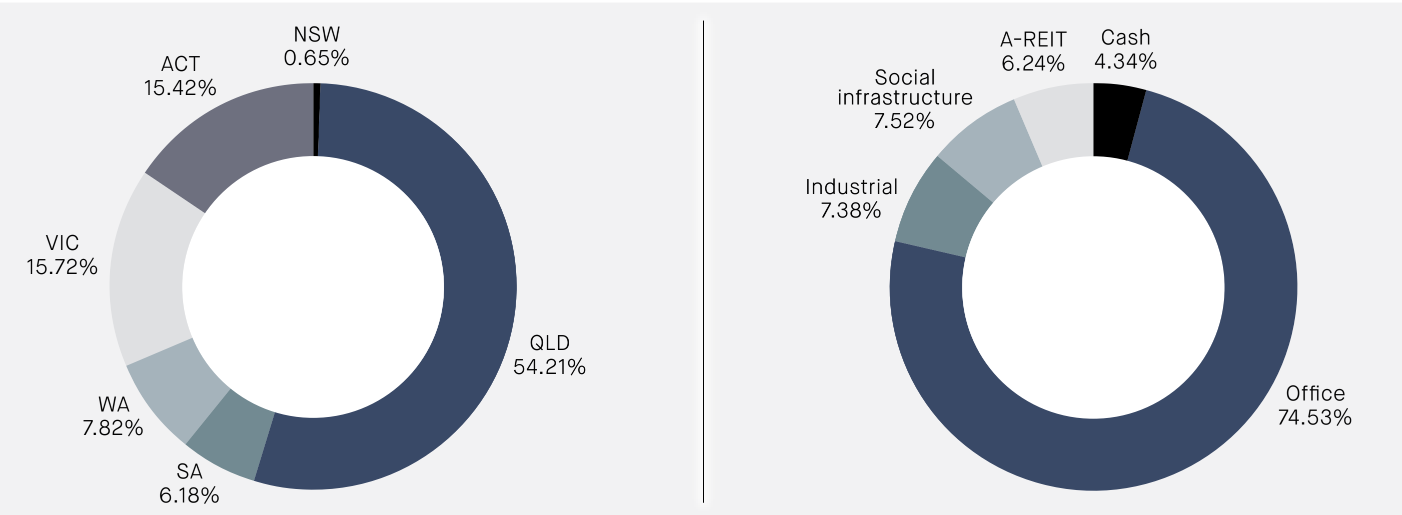
ASSET	STATE	SECTOR	TOTAL NLA/ GLA (SQM)	OCCUPANCY[1]	WALE[1] (YEARS)	VALUE ($M)	CAP RATE
10 Moore Street, Canberra	ACT	Commercial office	6,709	94%	2.55	$35.00	6.50%
381 Macarthur Avenue, Hamilton	QLD	Commercial office	2,846	100%	3.36	$19.30	6.50%
25 Montpelier Street, Bowen Hills	QLD	Commercial office	7,739	100%	5.54	$60.00	6.125%
13-15 Compark Circuit, Mulgrave	VIC	Commercial office	5,851	100%	1.76	$25.25	6.25%
171 Camboon Road, Malaga	WA	Industrial	3,228	100%	3.92	$12.00	5.75%
36 Caribou Drive, Direk[2]	SA	Industrial	-	-	-	$8.84	5.25%
60 Investigator Drive, Robina	QLD	Social infrastructure	427	100%	14.17	$7.70	6.00%
26 Westbrook Parade, Ellenbrook	WA	Social infrastructure	301	100%	19.25	$5.80	5.75%
36-40 John Rice Avenue, Elizabeth Vale	SA	Social infrastructure	310	100%	19.33	$6.00	5.50%
Foundation Place, 8 Market Lane, Maroochydore	QLD	Commercial office	4,526	100%	5.58	$33.00	6.00%
Syndicate Property Holdings	N/A	Indirect holding	127,300	98.81%	6.02	$17.71[3]	6.00%

Portfolio lease expiry

If the Merger Proposal is implemented, the Stapled Fund will have a WALE of 5.15 years based on income as at 15 November 2021. The Stapled Fund will provide greater overall tenant diversification and less exposure to any single tenant lease expiry compared to each Fund on a standalone basis.

Sector and geographic diversification (by asset value as at 15 November 2021)

If the Merger Proposal is implemented, the Stapled Fund will own diversified assets across the commercial office, industrial and social infrastructure sectors located in all Australian states and territories other than Tasmania and the Northern Territory.



1. By gross income.
2. Expected to be complete in January 2023.
3. The Fund's proportionate ownership in Centuria syndicates.

Tenant Portfolio

If the Merger Proposal is implemented, the top 10 tenants by income in the Stapled Fund as at 15 November 2021 (which make up 63% of the total income of the Stapled Fund) will be as set out below.

	TENANT	TENANT TYPE	% OF GROSS INCOME	PROPERTIES	SECTOR
1	Entain	Listed Multinational	15.31%	25 Montpelier Road, Bowen Hills QLD	Commercial office
2	Transport Accident Commission	Government	6.76%	60 Brougham Street, Geelong VIC	Commercial office
3	Cleanaway	ASX-listed	5.53%	171 Camboon Road, Malaga WA	Industrial
4	Optus	Listed Multinational	5.35%	10 Moore Street, Canberra ACT	Commercial office
5	Tyco Australia Group	Multinational	4.42%	13-15 Compark Circuit, Mulgrave VIC	Commercial office
6	Think Childcare	ASX-listed	3.93%	26 Westbrook Parade, Ellenbrook WA and 36-40 John Rice Avenue, Elizabeth Vale SA	Social infrastructure
7	Clinical Network Services	Multinational	3.47%	381 Macarthur Avenue, Hamilton QLD	Commercial office
8	PZ Cuzzons	Multinational	3.32%	13 - 15 Compark Circuit, Mulgrave VIC	Commercial office
9	Leo Pharma	Multinational	3.27%	25 Montpelier Road, Bowen Hills QLD	Commercial office
10	Cliftons	National	3.22%	10 Moore Street, Canberra ACT	Commercial office

7.3 Historical performance of the Funds

The performance of the assets in each Fund is set out in the table below, which compares the latest independent valuation and purchase value for each property asset. The historical performance of the Funds should not be considered indicative of the future performance of the Stapled Fund.

		AT ACQUISITION		AS AT 15 NOV 2021	
ASSET	FUND	CAP RATE	VALUE ($M)	CAP RATE	VALUE ($M)
10 Moore Street, Canberra ACT	CDPF	6.75%	33.25	6.50%	35.00
381 Macarthur Avenue, Hamilton QLD	CDPF	6.75%	18.85	6.50%	19.30
25 Montpelier Street, Bowen Hills QLD	CDPF	6.25%	59.60	6.13%	60.00
13-15 Compark Circuit, Mulgrave VIC	CDPF	6.25%	26.03	6.25%	25.25
171 Camboon Road, Malaga WA	CDPF	6.00%	11.75	5.75%	12.00
36 Caribou Drive, Direk SA[1]	CDPF	5.25%	8.84	5.25%	8.84
60 Investigator Drive, Robina QLD	PPIF	6.00%	7.25	6.00%	7.70
26 Westbrook Parade, Ellenbrook WA	PPIF	6.50%	5.22	5.75%	5.80
36-40 John Rice Avenue, Elizabeth Vale SA	PPIF	6.50%	5.18	5.50%	6.00
8 Market Lane, Maroochydore QLD	PPIF	6.25%	29.65	6.00%	33.00
Total/weighted average		**6.32%**	**205.61**	**6.13%**	**212.89**

1. Expected to be complete in January 2023.

Profile of the Stapled Fund

Section 7

7.4 Investment objective and strategy

Investment objective

The Stapled Fund will continue the investment objective of CDPF and PPIF, which is to provide investors with stable income returns and the potential for capital growth by investing directly and indirectly in a diversified property portfolio.

Investment strategy

In order to achieve the investment objective, the Stapled Fund will continue the investment strategy of CDPF which is to:

- own properties that have a stable income profile, underpinned by long-term leases with reputable tenants;
- invest (directly or indirectly) in a quality portfolio of Australian properties;
- diversify the portfolio by location, property type, tenant and use; and
- utilise Centuria's relationships and expertise in the acquisition, divestment, and management of the diversified portfolio.

The responsible entity, CPFL, may invest in direct property and unlisted property funds, A-REITs and cash or cash-like products.

The Manager

If the Merger Proposal is implemented, CPFL will be the responsible entity of both CDPF and PPIF and the manager of the Stapled Fund. CPFL:

- is wholly owned by Centuria Capital Group which is listed on the ASX (ASX:CNI);
- manages over $20 billion[1] of real estate assets on behalf of retail and institutional Investors (includes assets managed by related company Centuria Property Funds No. 2 Limited);
- has a successful track record of delivering strong investor returns for over 20 years;
- has extensive experience in managing commercial and industrial property investments; and
- is an award-winning fund manager with between three and six funds in the top 10 Property Council/IPD Australia Unlisted Core Retail Property Fund Index over the last 22 quarters[2].

7.5 Key terms of the Stapled Fund

Responsible Entity and Manager	The Stapled Fund will be operated and managed by CPFL, which will be the responsible entity of both CDPF and PPIF.
Investment structure	The Stapled Fund will consist of two registered managed investment schemes Stapled together, being CDPF and PPIF. The Stapled Fund will be an unlisted property fund. The Stapled Fund will invest in real property both directly and indirectly (via investing in units in unlisted property funds), ASX-listed A-REITs, cash and cash equivalents. All assets of the Stapled Fund will be held by CDPF and PPIF or by their respective controlled entities.
Investment Term	The Stapled Fund will have rolling-five year investment terms. CPFL intends to offer a periodic liquidity event at the end of each investment term.
Distributions	CPFL intends to make monthly distributions from Funds from Operations (**FFO**). A distribution reinvestment plan (**DRP**) will be available whereby Unitholders can elect to reinvest all (or some) of their distributions to acquire additional Stapled Units.
Fees	Stapled Unitholders will be charged the following fees and costs (through the Stapled Fund): • a management fee of 0.8% per annum of the Stapled Fund's Gross Asset Value. The management fee will be proportionately reduced to the extent the Stapled Fund invests in units in an unlisted property funds managed by an entity within the Centuria Capital Group and the entity is already paid a fee of 0.8% per annum for managing the property fund; • expenses (other than Abnormal Expenses) up to a cap of 0.35% per annum of the Stapled Fund's Gross Asset Value. Any expenses incurred by CPFL in excess of this amount will be paid by CPFL from its own funds;

1. As at 31 January 2022.
2. As based on total return for the 12 months to the end of each quarter up until 31 December 2021. Past performance is not indicative of future performance.

Profile of the Stapled Fund

Section 7

Fees (continued)	• an establishment and placement fee of up to 2.0% of the gross value of any asset acquired (directly or indirectly) by the Stapled Fund, multiplied by the legal or beneficial percentage interest the Stapled Fund has in the asset (whichever is greater). If the Stapled Fund invests in another unlisted property fund where an establishment and placement fee has already been charged, CPFL will not charge an additional establishment and placement fee unless the unlisted property fund has recovered its acquisition costs or CPFL has negotiated a purchase price that is at a discount to the net asset value of the unlisted property fund; • a performance fee of 20% of the Stapled Fund's outperformance over a total return of 8.0% per annum (pre-tax, net of fees). The performance fee will be calculated quarterly and payable within 10 days of the end of the relevant quarter out of the assets of the Stapled Fund. The performance fee will only be charged once any prior underperformance of the Stapled Fund is recovered; and • a disposal fee of up to 1.0% of the gross sale price of any asset in which the Stapled Fund holds a direct or indirect interest multiplied by the legal or beneficial percentage interest the Stapled Fund has in the asset (whichever is greater). Refer to Section 6 of the Product Disclosure Statement for a detailed explanation of fees and costs of the Stapled Fund.
Withdrawals and liquidity	Stapled Unitholders will not have any right to withdraw from the Stapled Fund. However, CPFL intends to offer limited liquidity to Stapled Unitholders to enable them to redeem their investment in one of two ways, as described below. The nature of property as an investment class means that CPFL may not be able to offer the liquidity opportunities it intends to offer in all circumstances. CPFL will not be required to offer liquidity to Stapled Unitholders. **Limited quarterly withdrawal facility** CPFL intends to offer Stapled Unitholders the opportunity to withdraw their investment quarterly on a limited basis (March, June, September and December). The amount available to meet withdrawal requests for the quarter will be up to 2.5% of the Stapled Fund's Net Asset Value[1] as at the last Business Day before the withdrawals are processed, and will be capped at 10% p.a. However, CPFL may in its discretion increase the amount available in a given quarter. If the aggregate value of withdrawal requests received during the quarter exceeds the quarterly available funds, CPFL will scale back the withdrawal requests on a pro rata basis. The unmet portion of the withdrawal request will be deemed to carry over to the following quarter. CPFL is allowed up to 365 days in which to accept any withdrawal requests. Stapled Units will be redeemed at the prevailing Stapled Unit price on the last Business Day of the relevant quarter less any applicable sell spread. It is not currently intended that the Stapled Fund will charge a sell spread. Proceeds from accepted withdrawal requests will generally be paid within 21 days of the last Business Day of the relevant quarter. In certain circumstances, CPFL may vary the terms and conditions of any withdrawal facility by extending the period by which a withdrawal request must be satisfied, determining not to give effect to a withdrawal, or suspending withdrawals for a period of time, including where sufficient assets of the Stapled Fund cannot be realised at an appropriate price or on adequate terms or otherwise due to a circumstance outside the control of CPFL. Withdrawal requests will generally be satisfied from the Stapled Fund's cash and cash equivalents or realisation of the Stapled Fund's A-REIT holdings. Unitholders should read Section 4.6 of the Product Disclosure Statement which contains important information about suspensions or variations of withdrawals in the Stapled Fund. **Periodic liquidity events** CPFL intends to offer a periodic liquidity event at the end of each 5-year investment term where, subject to its obligations at law, it will use reasonable endeavours to provide liquidity to Stapled Unitholders wishing to redeem all or some of their investment in the Stapled Fund. Where a periodic liquidity event is offered, CPFL will seek to satisfy withdrawal requests within a 6-month period following the close of the offer. However, CPFL is allowed up to 365 days after the close of the offer in which to accept any withdrawal requests. The first periodic liquidity event is intended to be offered on or around December 2025.

1. As calculated in accordance with the respective Fund Constitutions.

Profile of the Stapled Fund

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New applications	The Stapled Fund will be open for new applications after the Implementation Date. A new Product Disclosure Statement and application form for the Stapled Fund will be made available on the Stapled Fund's website following the Implementation Date.
Valuation policy	CPFL will have a valuation policy for the Stapled Fund. Under the valuation policy, direct properties will be independently valued at least once every 24 months. An updated valuation will be obtained within two months of the CPFL Directors determining that there is likely to be a material change in the value of a property. Properties in which the Stapled Fund has an indirect interest (for example, via an investment in an unlisted fund) will be accounted for by the Stapled Fund at their current valuation, as provided by the responsible entity or trustee of the relevant fund.
Gearing	The Stapled Fund may borrow to acquire direct property assets. The Stapled Fund may also invest in funds that are already geared. Gearing on a look-through basis will not exceed 50%. If the value of the Stapled Fund's assets fall and look-through gearing increases above this level, CPFL will implement a strategy to restore the level of gearing to 50% or below. CPFL has a target look-through gearing level of between 35-50%.

Impact on Unitholders of each Fund

Section 8

8.1 Introduction

The benefits and potential disadvantages of the Merger Proposal for Unitholders as considered by the Responsible Entities are set out in detail in Sections 4 and 5 of this Explanatory Memorandum. This Section 8 provides additional information regarding the specific impacts of the Merger Proposal on the Unitholders of each Fund, including on the respective property portfolios, key financial metrics, fee structures and liquidity frameworks.

8.2 Fund features

The following table sets out the key features of the Stapled Fund, compared to the current position of each Fund.

	CDPF	PPIF	STAPLED FUND
Unit pricing	NAV of the Fund + unamortised acquisition costs, divided by the number of Units on issue in the Fund.	NAV of the Fund + unamortised acquisition costs, divided by the number of Units on issue in the Fund.	No change. NAV of the Stapled Fund + unamortised acquisition costs, divided by the number of Stapled Units on issue in the Stapled Fund.
Minimum investment	$10,000	$10,000	No change. $10,000
Target asset allocation	90%-100% property, 0%-10% A-REITs, cash or cash-like products.	85% property, 10% A-REITs, 5% cash or cash-like products.	90%-100% property, 0%-10% A-REITs, cash or cash-like products.
Target look-through gearing level	35-50%, with a maximum level of 50%.	35-50%, with a maximum level of 60%.	35-50%, with a maximum level of 50%.
Distribution frequency	Monthly in arrears.	Monthly in arrears.	No change. Monthly in arrears.
Liquidity[1]	Limited quarterly withdrawals capped at 10% p.a. of the Fund's Net Asset Value (2.5% of the Fund's Net Asset Value per quarter).	Limited monthly withdrawals of a minimum of 0.5% of the Fund's Net Asset Value.	Limited quarterly withdrawals capped at 10% p.a. of Stapled Fund's Net Asset Value[2] (2.5% of the Stapled Fund's Net Asset Value per quarter).
Periodic liquidity[3]	Full liquidity every 5 years.	Full liquidity every 5 years.	Full liquidity every 5 years.
Next periodic liquidity event	February 2026	December 2025	December 2025
Valuation policy (direct properties)	Valuations are undertaken: **1.** before a property is acquired; and **2.** at least once every 24 months after a property is acquired (or within 2 months of the CPFL Directors forming the view that there has been a material change in the value of the property).	Valuations are undertaken: **1.** before a property is acquired; **2.** at least once every 24 months after a property is acquired (or within 2 months of the Primewest Directors forming the view that there has been a material change in the value of the property); and **3.** if the Primewest believes the value of a property increased or decreased by more than 5%.	Valuations will be undertaken: **1.** before a property is acquired; and **2.** at least once every 24 months after a property is acquired (or within 2 months of the CPFL Directors forming the view that there has been a material change in the value of the property).

1. Assuming sufficient liquidity and no suspension or variation of withdrawals.
2. As calculated in accordance with the respective Fund Constitutions.
3. Assuming no suspension, cancellation, deferral or scale-back of the relevant liquidity event.

Impact on Unitholders of each Fund

Section 8

8.3 Portfolio exposure

The following table sets out the key portfolio statistics of the combined property portfolio of the Stapled Fund, compared to the current position of each Fund.

	CDPF	PPIF	STAPLED FUND
Gross Carrying Value ($m)[1]	$204.9	$64.5	$269.4
Number of direct assets	6	4	10
GLA (sqm)	26,374	5,564	31,938
Occupancy[2]	98.51%	100%	98.79%
WALE[2]	4.11	9.73	5.15
Sector allocation (by value)			
Office	89.3%	63.5%	83.3%
Industrial	10.7%	0.0%	8.2%
Social infrastructure	0.0%	36.5%	8.4%
Geographical allocation (by value)			
NSW	0.8%	0.0%	0.7%
QLD	47.0%	78.2%	54.2%
SA	4.8%	10.9%	6.2%
WA	6.9%	10.9%	7.8%
VIC	20.4%	0.0%	15.7%
ACT	20.0%	0.0%	15.4%

8.4 Fund financier details

The following table sets out key financier/loan facility information of the Stapled Fund compared to the current position of each Fund.

	CDPF	PPIF	STAPLED FUND
Financier	NAB	Bankwest	NAB and Bankwest
Drawn[4]	$74.4m	$22.6m	$97.0m
Undrawn[4]	$25.6m	$0	$25.6m
Facility limit	Tranche A – $70.0m Tranche B – $30.0m	$22.6m	CDPF (Tranche A) – $70.0m CDPF (Tranche B) – $30.0m PPIF – $22.6m
Expiry	Tranche A – 31 July 2024 Tranche B – 31 August 2022	19 February 2024	CDPF A – 31 July 2024 CDPF B – 31 August 2022 PPIF – 19 February 2024
Margin[4]	Tranche A – 1.90% Tranche B – 1.65%	1.55%	CDPF (Tranche A) – 1.90% CDPF (Tranche B) – 1.65% PPIF – 1.55%

1. As at 15 November 2021.
2. As at 15 November 2021 by weighted gross income.
3. As at 31 December 2021 by weighted gross income.
4. As at 31 December 2021.

Impact on Unitholders of each Fund

Section 8

	CDPF	PPIF	STAPLED FUND
Hedged amounts[1]	$13.0m (0.86%), expiring 11 August 2022. $15.0m (0.69%), expiring 14 November 2022. $15.0m (1.01%), expiring 15 December 2023. $25.0m (1.59%), commencing 15 December 2022 and expiring 15 December 2023.	$0	$13.0m (0.86%), expiring 11 August 2022. $15.0m (0.69%), expiring 14 November 2022. $15.0m (1.01%), expiring 15 December 2023. $25.0m (1.59%), commencing 15 December 2022 and expiring 15 December 2023.
LVR/Covenant[2]	45.8% (Cov. 55%)	43.1% (Cov. 55%)	45.2% (Cov 55%)
ICR/Covenant[1]	4.87 times (Cov. 2.0x)	8.09 times (Cov. 2.0x)	5.39 times (Cov. 2.0x)

8.5 Financial impact

The following table sets out the key financial impacts to each Fund arising from the Merger Proposal. Further information on the financial impacts of the Merger Proposal on each Fund can be found in Section 9 of this Explanatory Memorandum.

	CDPF	PPIF
NAV ($ per Unit)	1.2376	0.9906
NAV as at 30 November 2021 (pre-Merger Proposal)	$121,783,505	$33,566,316
Transaction Costs	-$904,000	-$291,000
Pro forma equivalent NAV (post-Merger Proposal)	$122,687,533	$33,857,288
Increase/(decrease) %	-0.74%	-0.87%
Gearing Ratio		
Gearing Ratio as at 15 November 2021 (pre-Merger Proposal)	41.5%	37.1%
Pro forma Gearing Ratio as at 15 November 2021 (post-Merger Proposal)	40.4%	40.4%
Increase/(decrease)	-1.0%	3.4%

8.6 Fee structures

The following table summarises the existing fee structures of the Funds, compared to the proposed fee structure of the Stapled Fund.

	CDPF	PPIF	STAPLED FUND
Management Fee	0.8% per annum of the CDPF's Gross Asset Value.	0.8% per annum of the PPIF's Gross Asset Value.	No change. 0.8% per annum of the Stapled Fund's Gross Asset Value.
Expenses (other than abnormal expenses)[3]	Capped at 0.35% per annum of CDPF's Gross Asset Value.	Capped at 0.35% per annum of PPIF's Gross Asset Value.	No change. Capped at 0.35% per annum of the Stapled Fund's Gross Asset Value.
Establishment and Placement Fee/ Acquisition Fee (PPIF)	Up to 2.0% of the gross value of any asset acquired by CDPF.	Up to 2.0% of the gross value of any asset acquired by PPIF.	No change. Up to 2.0% of the gross value of any asset acquired by the Stapled Fund.

1. As at 31 December 2021.
2. Direct assets only. Calculated as drawn debt as at 31 December 2021 divided by most recent independent valuations (CDPF – 31 December 2021, PPIF – 15 November 2021).
3. Abnormal expenses are due to abnormal events and are not necessarily incurred in any given year. They include (but are not limited to) the cost of convening and hosting unitholder meetings, agents costs, preparing a new offer document for a fund, legal costs incurred by changes to the establishing documents of a fund, or commencing or defending legal proceedings.

Impact on Unitholders of each Fund

Section 8

	CDPF	PPIF	STAPLED FUND
Performance Fee	20% of CDPF's outperformance over a total return of 8.0% per annum (pre-tax, net of fees). The performance fee will only be payable after any prior underperformance is recovered.	20% of PPIF's outperformance over a total return of 8.0% per annum (pre-tax, net of fees). The performance fee will only be payable after any prior underperformance is recovered.	No change. 20% of the Stapled Fund's outperformance over a total return of 8.0% per annum (pre-tax, net of fees). The performance fee will only be payable after any prior underperformance is recovered.
Sale Fee/Disposal Fee	Up to 1.0% of the gross sale price of any asset of CDPF.	Up to 1.0% of the gross sale price of any asset of PPIF.	No change. Up to 1.0% of the gross sale price of any asset of the Stapled Fund.
Other fees	N/A	Finance facility fee: 0.21% of the total amount that is borrowed by PPIF or a property trust in which it holds an investment under a finance facility.	N/A

Refer to Section 6 of the Product Disclosure Statement for further information on fees and charges of the Stapled Fund.

Financial information

Section 9

9.1 Introduction

Financial information contained in this Section includes the following:

- the Statutory Historical Income Statements of the Funds for the year ended 30 June 2021 (**Statutory Historical Income Statements**), the Statutory Historical Balance Sheets of the Funds as at 30 June 2021 (**Statutory Historical Balance Sheets**) (together, **Statutory Historical Financial Information**); and
- the Pro Forma Historical Consolidated Income Statement of the Stapled Fund for the year ended 30 June 2021 (**Pro Forma Historical Consolidated Income Statement**), the Pro Forma Historical Consolidated Balance Sheet of the Stapled Fund as at 30 June 2021 (**Pro Forma Historical Consolidated Balance Sheet**) (together, **Pro Forma Historical Financial Information**);

Collectively the Statutory Historical Financial Information and the Pro Forma Historical Financial Information comprise the Financial Information (**Financial Information**).

The Financial Information has been prepared to reflect the implementation of the Merger Proposal. The Stapled Fund will operate on a financial year ending 30 June. Rounding of the figures provided in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Information provided in this Section 9 should be read in conjunction with the risk factors outlined in Section 10 of this Explanatory Memorandum and other information provided in this Explanatory Memorandum and the Product Disclosure Statement.

9.2 Basis of preparation and presentation of the Financial Information

The Financial Information in this Explanatory Memorandum is intended to present Unitholders with information to assist them in understanding the pro forma financial position and financial performance of the Stapled Fund.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (**AAS**), the Funds' adopted accounting policies and other mandatory professional reporting requirements in Australia.

Certain significant accounting policies relevant to the Financial Information are disclosed in Section 9.10 of this Explanatory Memorandum. The Financial Information is presented in an abbreviated form and does not contain all of the presentation and disclosures, statements or comparative information as required by AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

The Pro Forma Historical Consolidated Income Statements for periods prior to 30 June 2021 have not been provided in this Explanatory Memorandum on the basis that this does not include the current investment property portfolio of the Stapled Fund, as PPIF was established and commenced its operation in around November 2020. As such the historical financial information for the year ended 30 June 2021 is the first full year financial reporting period which incorporates twelve months of financial performance for all of the assets which are proposed to be included in the Stapled Fund. Any presentation of pro forma financial performance prior to this period would involve making highly uncertain assumptions in relation to the performance of that particular asset and the capital structure.

Forecast financial information has not been provided in this Explanatory Memorandum given the heightened level of uncertainty in providing forecasts to Unitholders in a market environment that continues to evolve in response to the COVID-19 pandemic and is subject to significant uncertainty, particularly in relation to Government imposed restrictions on trading conditions and movement of citizens. The Responsible Entity Boards also recognises that near term forecasts will also be impacted by strategies implemented in response to the COVID-19 pandemic and initiatives already undertaken or being considered with tenants. Unitholders should also refer to the related risk described in Section 10.

9.3 Preparation of Statutory Historical Financial Information

The Statutory Historical Financial Information for the financial year ended 30 June 2021 has been extracted from the audited financial statements of each of the Funds for the year ended 30 June 2021. The financial statements for CDPF and PPIF were audited by KPMG and RSM respectively in accordance with Australian Auditing Standards. Both KPMG and RSM issued an unmodified audit opinion on each of the financial reports. The Board of CPFL intends to appoint KPMG as the auditor of the Stapled Fund.

9.4 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information after making certain Pro Forma Adjustments to reflect the impact of the Merger Proposal.

The Pro Forma Historical Financial Information has been compiled based on the following transaction assumptions:

- the Merger Proposal is implemented in accordance with the Transaction Steps summarised in Section 6.3 of this Explanatory Memorandum;
- certain events subsequent to 30 June 2021, including asset acquisitions and revaluations, are reflected in the Pro Forma Consolidated Balance Sheet; and
- Transaction Costs are reflected in the Pro Forma Consolidated Balance Sheet.

The Pro Forma Adjustments are explained in more detail in Sections 9.5.2 and 9.7.2 of this Explanatory Memorandum.

9.5 Pro Forma Historical Consolidated Income Statement

9.5.1 Pro Forma Historical Consolidated Income Statement of the Stapled Fund

The Pro Forma Historical Consolidated Income Statement presents the aggregated Statutory Historical Income Statements of the Funds for the financial year ended 30 June 2021, adjusted to reflect certain transactions entered into as part of the Merger Proposal, which are described in Section 9.5.2 below.

$'000	FY21 STATUTORY AGGREGATED	PRO FORMA ADJUSTMENTS ALIGNMENT OF ACCOUNTING TREATMENT	PRO FORMA CONSOLIDATED
Revenue			
Rent and recoverable outgoings	12,844	-	12,844
Total revenue from continuing operations	**12,844**	**-**	**12,844**
Other property income			
Distribution income	2,393	-	2,393
Interest income	2	-	2
Gain on fair value of financial assets	9,525	-	9,525
Gain on fair value of investment properties	-	-	-
Gains on fair value of derivative financial instruments	116	-	116
Total revenue from continuing operations and other income	**24,881**	**-**	**24,881**
Expenses			
Settlement costs	3,494	(3,494)	-
Rates, taxes and other property outgoings	3,565	-	3,565
Borrowing costs	77	-	77
Finance costs	1,558	-	1,558
Management fees	1,389	-	1,389
Professional fees	657	-	657
Loss on fair value of investment properties	1,125	3,494	4,619
Loss on fair value of financial assets	-	-	-
Loss on fair value of derivative financial instruments	-	-	-
Other expenses	317	-	317
Profit/(loss) from continuing operations for the year	**12,697**	**-**	**12,697**
Net profit/(loss) for the year	**12,697**	**-**	**12,697**
Other comprehensive income			
Other comprehensive income for the year	-	-	-
Total comprehensive income/(loss) for the year	**12,697**	**-**	**12,697**

9.5.2 Pro Forma Adjustments to the Statutory Historical Income Statements

The following Pro Forma Adjustment has been made in producing the Pro Forma Historical Consolidated Income Statement of the Stapled Fund as at 30 June 2021:

- $3.5 million of PPIF acquisition settlement costs re-classed to be recognised as losses on fair value of investment properties.

9.6 Statutory historical income statements

$'000	CDPF	PPIF	FY21 STATUTORY AGGREGATED
Revenue			
Rent and recoverable outgoings	11,788	1,056	12,844
Total revenue from continuing operations	**11,788**	**1,056**	**12,844**
Other property income			
Distribution income	2,393	-	2,393
Interest income	2	0	2
Gain on fair value of financial assets	9,525	-	9,525
Gain on fair value of investment properties	-	-	-
Gains on fair value of derivative financial instruments	116	-	116
Total revenue from continuing operations and other income	**23,824**	**1,057**	**24,881**
Expenses			
Settlement costs	-	3,494	3,494
Rates, taxes and other property outgoings	3,418	147	3,565
Borrowing costs	-	77	77
Finance costs	1,458	100	1,558
Management fees	1,275	114	1,389
Professional fees	657	-	657
Loss on fair value of investment properties	1,125	-	1,125
Loss on fair value of financial assets	-	-	-
Loss on fair value of derivative financial instruments	-	-	-
Other expenses	215	102	317
Profit/(loss) from continuing operations for the year	**15,676**	**(2,979)**	**12,697**
Net profit/(loss) for the year	**15,676**	**(2,979)**	**12,697**
Other comprehensive income			
Other comprehensive income for the year	-	-	-
Total comprehensive income/(loss) for the year	**15,676**	**(2,979)**	**12,697**

Financial information

Section 9

9.7 Pro Forma Historical Consolidated Balance Sheet

This Section outlines the Pro Forma Historical Consolidated Balance Sheet as though the Merger Proposal was implemented as at the close of business on 30 June 2021.

9.7.1 Pro Forma Historical Consolidated Balance Sheet of the Stapled Fund

The table below illustrates the derivation of the Pro Forma Historical Consolidated Balance Sheet of the Stapled Fund as at 30 June 2021.

$'000	FY21 STATUTORY AGGREGATED	FY22 ACQUISITIONS	INVESTMENTS DISTRIBUTION	CDPF DISTRIBUTION	ADDITIONAL INDIRECT INVESTMENT	NET EQUITY MOVEMENTS	PROPERTY REVALUATIONS	TRANSACTION COSTS	PRO FORMA CONSOLIDATED
ASSETS									
Current assets									
Cash and cash equivalents	16,830	(10,714)	16,372	(6,598)	(9,100)	8,445	-	(1,200)	14,035
Trade and other receivables	1,638	-	-	-	-	-	-	-	1,638
Investments in unit trusts	24,213	-	(16,372)	-	9,100	-	-	-	16,941
Other assets	656	-	-	-	-	-	-	-	656
Total current assets	**43,337**	**(10,714)**	**-**	**(6,598)**	**-**	**8,445**	**-**	**(1,200)**	**33,270**
Non-current assets									
Investment properties	188,440	20,587	-	-	-	-	3,860	-	212,887
Investment in unit trusts	16,805	-	-	-	-	-	-	-	16,805
Total non-current assets	**205,245**	**20,587**	**-**	**-**	**-**	**-**	**3,860**	**-**	**229,692**
Total assets	**248,582**	**9,874**	**-**	**(6,598)**	**-**	**8,445**	**3,860**	**(1,200)**	**262,963**
LIABILITIES									
Current liabilities									
Trade and other payables	6,292	1,837	-	-	-	874	-		9,003
Derivative financial instruments	117	-	-	-	-	-	-		117
Total current liabilities	**6,409**	**1,837**	**-**	**-**	**-**	**874**	**-**		**9,120**
Non-current liabilities									
Borrowings	87,529	9,264	-	-	-	-	-		96,793
Derivative financial instruments	118	-	-	-	-	-	-		118
Total non-current liabilities	**87,647**	**9,264**	**-**	**-**	**-**	**-**	**-**		**96,911**
Total liabilities	**94,056**	**11,102**	**-**	**-**	**-**	**874**	**-**		**106,032**
Net assets	**154,526**	**(1,228)**	**-**	**(6,598)**	**-**	**7,571**	**3,860**		**156,931**
EQUITY	**154,526**	**(1,228)**	**-**	**(6,598)**	**-**	**7,571**	**3,860**		**156,931**

9.7.2 Pro Forma Adjustments to the Statutory Historical Balance Sheets

The following Pro Forma Adjustments have been made in producing the Pro Forma Historical Consolidated Balance Sheet of the Stapled Fund as at 30 June 2021 to reflect material transactions between 1 July 2021 and 30 November 2021:

- $20.6 million of investment property and $9.3 million additional debt, $1.2 million of acquisition related expenses written off and $1.8 million of post settlement adjustments, relating to two property acquisitions by CDPF assuming both acquisitions had occurred on 30 June 2021.
- $16.4 million of investment capital return from CDPF's indirect investments in Centuria Havelock House Fund and Centuria Scarborough House Fund transacted in September and October 2021.
- $6.6 million of distributions paid by CDPF to CDPF Unitholders in October 2021.
- $9.2 million of indirect investments entered in October 2021.
- $7.6 million of net equity inflows and outflows for both CDPF and PPIF for the period from 1 July 2021 to 30 November 2021.
- $3.9 million of valuation uplift for property revaluations conducted in November 2021.
- $1.2 million of Transaction Costs assuming the transaction had occurred by 30 June 2021.

9.8 Statutory Historical Balance Sheet

$'000	CDPF	PPIF	FY21 STATUTORY AGGREGATED
ASSETS			
Current assets			
Cash and cash equivalents	11,868	4,962	16,830
Trade and other receivables	724	914	1,638
Investments in unit trusts	24,213	-	24,213
Other assets	656	-	656
Total current assets	**37,461**	**5,876**	**43,337**
Non-current assets			
Investment properties	139,700	48,740	188,440
Investment in unit trusts	16,805	-	16,805
Total non-current assets	**156,505**	**48,740**	**205,245**
Total assets	**193,966**	**54,616**	**248,582**
LIABILITIES			
Current liabilities			
Trade and other payables	5,253	1,039	6,292
Derivative financial instruments	117	-	117
Total current liabilities	**5,370**	**1,039**	**6,409**
Non-current liabilities			
Borrowings	64,919	22,610	87,529
Derivative financial instruments	118	-	118
Total non-current liabilities	**65,037**	**22,610**	**87,647**
Total liabilities	**70,407**	**23,649**	**94,056**
Net assets	**123,559**	**30,967**	**154,526**
EQUITY	**123,559**	**30,967**	**154,526**

9.9 Subsequent events

Material events which have arisen subsequent to the 30 June 2021 balance sheet date have been adjusted in the Pro Forma Historical Consolidated Balance Sheet of the Stapled Fund at Section 9.7.2.

The COVID-19 pandemic has caused significant disruption to businesses and economic activities and there remains significant uncertainty as the situation continues to evolve. As discussed earlier in this Section 9, the valuation of the investment properties and future cash flows and distributions of the Stapled Fund subsequent to the 30 June 2021 balance sheet date are subject to change as a result of the impact of the COVID-19 pandemic. Additional details on the impact of the COVID-19 pandemic on the Stapled Fund are provided in Section 10 of this Explanatory Memorandum.

9.10 Significant accounting policies

The preparation of the Financial Information requires estimates, judgements and assumptions that affect the reported amounts of gross revenues, gross expenses, assets and liabilities, and fair valuation of investment properties. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected.

9.10.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

a. Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Rental income not received at reporting date is reflected in the consolidated statement of financial position as a receivable. If rents are paid in advance these amounts are recorded as payables in the consolidated statement of financial position.

b. Recoverable outgoings

The Fund recovers the costs associated with general building and tenancy operation from lessees in accordance with specific clauses within lease agreements. These are invoiced monthly based on an annual estimate. The consideration is due 30 days from the invoice date. Should any adjustment be required based on actual costs incurred, this is recognised in the statement of profit or loss and other comprehensive income within the same reporting period and billed annually.

c. Interest revenue

Interest revenue is accrued based on the principal outstanding using the effective interest rate method.

d. Distribution income

Distribution income from investments is recognised as revenue when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Fund and the amount of income can be measured reliably.

9.10.2 Expenses

a. Finance costs

Finance costs include interest expense and amortised borrowing costs. Finance costs are recognised in profit or loss as they accrue. Finance costs are recognised using the effective interest rate applicable to the financial liability.

b. Other expenses

All other expenses including management fees are recognised in profit or loss on an accruals basis. Other operating expenses include legal, accounting and audit fees.

c. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as an input tax credit (ITC). Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included in receivables or payables in the consolidated statement of financial position. Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

9.10.3 Trade and other receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance under the expected credit loss (ECL) method.

9.10.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are initially recorded at cost. Subsequently, the investment properties are measured at fair value with any change in value recognised in profit or loss. The carrying amount of investment properties includes components relating to deferred rent, lease incentives and leasing fees.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

9.10.5 Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when a Fund becomes a party to the contractual provisions of the instrument.

a. Financial assets

A financial asset is designated as at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and AASB 9 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as fair value through profit and loss.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss.

b. Derivative financial instruments

Under interest rate swap contracts, the Fund agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Fund to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate debt held.

Derivatives are initially recognised at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and the resulting gain or loss is recognised in profit or loss. The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to transfer the swap at reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

9.10.6 Borrowings

Borrowings are recorded initially at fair value, net of any attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method with any difference between the initial and recognised amount and redemption value being recognised in profit or loss over the period of borrowing and are derecognised when the contractual obligations are discharged, cancelled or expire.

9.10.7 Trade and other payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services and are recorded initially at fair value, net of any attributable transaction costs.

9.10.8 Unit capital

All units in the Fund are of the same class and carry equal rights to capital and income distributions. An equity instrument is any contract that evidences a residual interest in the assets of a Fund after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs.

a. Distribution to unitholders

Distributions paid and payable are recognised as distributions within equity. A liability is recognised where distributions have been declared but not been paid. Distributions paid are included in cash flows from financing activities in the consolidated statement of cash flows.

9.10.9 Adoption of new and revised accounting standards

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting year.

Key risks

Section 10

This Section describes the key risks related to the implementation of the Merger Proposal. It does not purport to be an exhaustive list of every risk faced by Stapled Unitholders of the Stapled Fund, either now or in the future. Many of these risks, or the consequences of them, are outside the control of the Stapled Fund. If one or more of these risks eventuates, then the future operating performance of the Stapled Fund and the value of your investment in the Stapled Fund may be significantly affected.

Unitholders should consider the Product Disclosure Statement which includes further information about the risks of investing in the Stapled Fund.

Impact of COVID-19

A number of the Stapled Fund's properties and tenants have been affected by the COVID-19 pandemic and related governmental actions, business closures, work stoppages, lockdowns, quarantines, travel restrictions and the broader impact on the Australian economy and capital markets. Given the degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess its full impact on the Stapled Fund at this time. This includes the risk of sudden spread/outbreak in specific localities which result in heightened government restrictions. These conditions may have an adverse impact on the financial position and performance of the Stapled Fund over the short to medium term (one to five years) and this may extend further into the future.

Economic and market conditions

There is the risk that changes in economic and market conditions may affect asset returns and values and may decrease the value of the Stapled Units. The overall performance of Stapled Units may be affected by changing economic or property market conditions. These may include movements in interest rates, exchange rates, units markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies. A general economic downturn may have a significant negative impact on the price of the Stapled Units.

Implementation risk

The implementation of the Merger Proposal is conditional on the satisfaction of each Condition. This includes the Unitholders of each Fund approving the Resolutions required for the Merger Proposal to proceed by the requisite majorities, and each other Condition being satisfied. Further information on the Resolutions are set out in Section 6.8 of this Explanatory Memorandum. It is possible that these Conditions may not be satisfied and that the Merger Proposal may not be implemented.

Change in investment profile

If the Merger Proposal is implemented, Unitholders will gain exposure to an investment which differs to their current investment, including but not limited to changes to:

- their exposure to particular assets;
- their exposure to various asset classes, tenants, markets and geographies;
- economic factors impacting their investment;
- the capital structure of the investment;
- the policies and fee structure of the fund; and
- applicable laws and regulations.

Risks and returns to investors may increase or reduce as a result of these changes.

New stapled entity

The Stapled Fund will be a new Stapled entity with no previous history operating as a combined entity. As such, administrative costs may be higher than forecast.

Capital distribution and capital gains tax implications

As a result of the capital distribution of promissory notes that will be undertaken in the implementation of the Merger Proposal, the CGT cost base of an Australian resident Unitholder's Units in the Funds will be reduced. To the extent that the cost base of those Units is reduced to zero, future distributions of tax deferred amounts and capital distributions will be assessable as a capital gain. Where the amount of the capital distribution is greater than the CGT cost base in the Units held in the Fund from which you receive the capital distribution, a capital gain will arise in the income year in which the distribution occurs.

Liquidity risk

Despite the Stapled Fund offering certain liquidity opportunities as described in Section 7.5, there may be circumstances where withdrawal requests are unable to be satisfied. The ability to withdraw (in part or full) from the Stapled Fund is not promised or guaranteed. It may be difficult for CPFL to maintain the limited quarterly withdrawal facility and to offer any periodic liquidity events.

Key risks

Section 10

Refinancing risk

CPFL may seek to refinance the Stapled Funds' existing debt facilities with a facility secured against all of the assets of the Stapled Fund. The Stapled Fund 's ability to refinance the facilities on favourable terms is dependent on a number of factors including:

- the general economic and political climate;
- the state of debt capital markets;
- the performance, reputation and financial strength of the Stapled Fund ; and
- the short term impact of COVID-19 pandemic related disruption.

Changes to any one of these underlying factors could lead to an increased cost of funding or impact the ability to attract funding. An inability to refinance the existing Stapled Funds' debt facilities (either on acceptable terms or at all), or any increase in the cost of such funding, may adversely impact performance and financial position of the Stapled Fund.

Experience of the responsible entity

CPFL has acted as responsible entity of CDPF since inception. It will have not acted as responsible entity of PPIF until the implementation of the Merger Proposal. There can be no guarantee that CPFL will be able to achieve similar returns or outcomes for the Stapled Fund that it has achieved historically for CDPF or that Primewest has achieved historically for PPIF.

Forward Looking Statements

The Forward Statements provided in this Explanatory Memorandum, including any financial forecasts, are based on assumptions. There can be no guarantee that the assumptions and contingencies on which the Forward Statements are based will ultimately prove to be valid or accurate. The Forward Statements depend on various factors, many of which are outside the control of the Stapled Fund. Various factors, both known and unknown, may impact the Stapled Fund's performance and cause actual performance to vary significantly from what was expected. There can be no guarantee the Stapled Fund will achieve its stated objectives or that any Forward Statement will eventuate.

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11.1 Implementation Deed

CPFL as responsible entity of CDPF and Primewest as responsible entity of PPIF entered into the Implementation Deed on 11 March 2022. The Implementation Deed sets out the obligations of the parties to undertake the Transaction Steps and implement the Merger Proposal.

The key terms of the Implementation Deed are as follows:

- (**Agreement to implement the Merger Proposal**) the parties agree to use all reasonable endeavours to take all necessary actions to complete the steps required to implement the Stapling, including:
  - to apply for regulatory approvals required to implement the Merger Proposal;
  - to convene the Unitholder meetings required to implement the Merger Proposal; and
  - to negotiate in good faith the documents required to implement the Merger Proposal.
- (**Transaction Costs**) if the Merger Proposal is implemented, all Transaction Costs will be allocated between, and paid by the respective Funds, pro-rata based on the Net Asset Value of each Fund as calculated for the purposes of determining the Conversion Ratio. If the Merger Proposal is not implemented, each Fund will pay its own costs other than the following shared costs which will be allocated between, and paid by the respective Funds, pro-rata based on the Net Asset Value of each Fund as calculated for the purposes of determining the Conversion Ratio:
  - costs payable to the Independent Expert for the Independent Expert's Report;
  - tax advisory costs;
  - legal costs for foreign legal advice; and
  - any other costs agreed by the Responsible Entities.
- (**Conditions precedent**) the parties agree that the Merger Proposal will not be effective until each condition precedent is satisfied or waived in writing by both parties, including:
  - receipt of an independent expert's report concluding the Merger Proposal is fair, reasonable and in the best interests of the Unitholders;
  - the CDPF and PPIF Unitholders approve the Resolutions necessary to effect the Merger Proposal;
  - no court or Government agency takes steps to issue any order or takes any action to restrain or prevent the Merger Proposal; and
  - all approvals from financiers to CDPF and PPIF required to implement the Merger Proposal have been received and have not been withdrawn.
- (**Representations and warranties**) the parties make certain representations and warranties and confirm that each representation and warranty is true and correct as at the date of the Implementation Deed and at all times until implementation of the Merger Proposal.
- (**Termination**) the Implementation Deed may be terminated if the parties so agree in writing.

11.2 Stapling Deed

Stapling will be achieved by amendments to the Constitutions of the Funds and through the Stapling Deed.

The Stapling Deed will take effect on the date that the respective Boards of CPFL and Primewest determine that the Stapling is to take effect and after the issue of the Units to the CDPF Unitholders and PPIF Unitholders as contemplated in the Transaction Steps. By operation of the Stapling Deed together with the Constitutions, each CDPF Unit will be Stapled to one PPIF Unit to form one Stapled Unit. The Stapling provisions in the Constitutions of the Funds and in the Stapling Deed require that:

- a transfer of Units in a Fund can only be completed if it is accompanied by a transfer of an equal number of Units in the other Fund; and
- any issue, repurchase or redemption of Units by one Fund must be matched by an issue, repurchase or redemption of an equal number of units in the other Fund.

The Stapling Deed also imposes obligations on the Responsible Entities to co-operate to facilitate the operation of the Stapled Fund, such as co-ordinating the announcement and payment of distributions.

11.3 Deed of Retirement and Appointment of Responsible Entity

As part of the implementation of the Merger Proposal CPFL will replace Primewest as responsible entity of PPIF. CPFL and Primewest entered into the Deed of Retirement and Appointment on 11 March 2022 which sets out the terms upon which Primewest will retire as responsible entity of PPIF and CPFL will be appointed as responsible entity of PPIF if the Merger Proposal is approved and implemented.

A summary of the key term of the Deed of Retirement and Appointment is as follows:

- (**Conditions precedent**) the retirement of Primewest and appointment of CPFL as responsible entity of PPIF is conditional on PPIF Unitholders approving the Change of Responsible Entity Resolution and the Constitution Amendment Resolution and the Stapling occurring.

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- (**Release**) Primewest is released from all obligations, duties and liabilities in respect of PPIF arising after the Implementation Date except for liabilities which Primewest could not have been indemnified out of PPIF assets in respect of those liabilities before the Implementation Date and obligations or liabilities under or in connection with the Deed of Retirement and Appointment.
- (**Indemnification**)
  - In addition to any right of indemnify or reimbursement Primewest is entitled under the PPIF Constitution or at law, CPFL must indemnify Primewest out of the PPIF assets for any liability Primewest incurs in connection with CPFL acting as responsible entity of PPIF after the Implementation Date or Primewest acting as responsible entity of PPIF before the Implementation Date to the extent that Primewest could have been indemnified out of PPIF assets in respect of those liabilities had it remained responsible entity of PPIF.
  - Primewest must indemnify CPFL for any liability CPFL incurs arising out of Primewest's performance of its duties and obligations as responsible entity of PPIF to the extent that Primewest would not have had a right of indemnify out of the PPIF assets in respect of those liabilities and Primewest would have been liable for those liabilities had it remained responsible entity of PPIF.
- (**Fees and expenses**) Primewest is entitled to any fees and reimbursement of expenses in respect of the period before the Implementation Date and CPFL is entitled to any fees and reimbursement of expenses in respect of the period after the Implementation Date.
- (**Costs**) All costs and expenses reasonably and properly incurred by Primewest in connection with the change in responsible entity must be paid by CPFL out of the PPIF assets.

11.4 Termination of investment management agreement

There is currently in place an investment management agreement between Primewest and Primewest P/Q Pty Ltd ABN 28 620 298 339 (**Primewest P/Q**), in relation to the management of PPIF. If the Merger Proposal is implemented, this agreement will be terminated (by agreement between Primewest and Primewest P/Q), as CPFL will become the responsible entity and manager of PPIF.

11.5 Continuous disclosure

Both CPFL and Primewest are "disclosing entities" under the Corporations Act and are subject to regular reporting and disclosure obligations. Copies of documents disclosed in accordance with these obligations are available at https://centuria.com.au/diversified-property-fund/investor-centre/ (for CDPF) and https://primewest.biz/propertyincomefund/investor-centre (for PPIF).

11.6 Constitutions of CDPF and PPIF

The following table summarises the amendments that will be made to the Constitutions of CDPF and PPIF if the Resolutions required for the Merger Proposal to proceed are approved. The amendments that will be made are to facilitate the Stapling. In addition, to ensure that a uniform governing document applies to the Stapled Fund, the terms of the Constitution of PPIF will be aligned to the terms of the Constitution of CDPF.

The Responsible Entities recommend that Unitholders review the draft CDPF Supplemental Deed Poll and draft PPIF Supplemental Deed Poll (as applicable) which show all of the changes that will be made to each Fund's Constitution if the Resolutions are approved. You can access each draft Supplemental Deed Poll at https://centuria.com.au/cdpf-merger. If you wish to receive a hard copy of the Supplemental Deed Poll, please contact the Centuria Investor Services Team on 1800 182 257 (from within Australia) or + 61 2 9290 9600 (from outside Australia).

11.6.1 CDPF Constitution

ITEM	CURRENT CDPF CONSTITUTION	PROPOSED CHANGES TO CPDF CONSTITUTION
Merger Proposal		
Merger Proposal	No equivalent provision	CPFL will be given the power to do all things that it considers necessary or desirable to give effect to the Merger Proposal and the transactions contemplated by it. A provision will be included in the Constitution that sets out the steps that will be taken by CPFL to implement the Merger Proposal, including: **a.** the subdivision of CDPF Units; **b.** the capital distribution of promissory notes by the responsible entity to CDPF Unitholders; **c.** the application for PPIF Units by the responsible entity as agent and attorney for the CDPF Unitholders with the promissory notes being assigned or indorsed to Primewest as consideration for the PPIF Units; **d.** the issue of CDPF Units to PPIF Unitholders; and **e.** the Stapling of one CDPF Unit to one PPIF Unit. CPFL and all CDPF Unitholders will be required to do all things and execute all documents CPFL considers necessary or desirable to give effect to the Merger Proposal and the transactions contemplated by it. (See clause 6)
Covenants by CDPF Unitholders	No equivalent provision	Provisions will be included in which each CDPF Unitholder will make certain acknowledgements and agreements to facilitate the Merger Proposal, including: **a.** an acknowledgement that the provisions in the Constitution that relate to the Merger Proposal bind all CDPF Unitholders from time to time without the need for any further act by the CDPF Unitholders; **b.** an agreement to become a member of PPIF; and **c.** consent to the responsible entity and Primewest doing all things and executing all documents as may be necessary or desirable to give full effect to the Merger Proposal and the transactions contemplated by it. (See clause 6.4).
Power of attorney	No equivalent provision	Provisions will be included in which each CDPF Unitholder, without the need for any further act, irrevocably appoints CPFL and any director, secretary or attorney of CPFL (**Representative**) severally as its agent, representative and attorney to do all things, and to execute all documents, as may be necessary or desirable to give effect to the terms of the Merger Proposal and the transactions contemplated by it, including applying for Units in PPIF. (See clause 6.7)
No liability	No equivalent provision	None of CPFL, the Representatives nor any of their directors, officers, employees or associates will have any liability to CDPF Unitholders, beyond the extent to which the responsible entity is actually indemnified out of the CDPF assets, arising in connection with the implementation of the Merger Proposal. (See clause 6.8)

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ITEM	CURRENT CDPF CONSTITUTION	PROPOSED CHANGES TO CPDF CONSTITUTION
Instructions and withdrawals	No equivalent provision	Any withdrawal request which has not be satisfied by the Calculation Date will be taken to be withdrawn by the CDPF Unitholder at the Calculation Date. Any binding instruction or notification between a CDPF Unitholder and the responsible entity will be deemed to be a similarly binding instruction or notification to Primewest in respect of PPIF Units. (See clause 6.5)
Stapling		
Power to Staple CDPF Units	No equivalent provision	Provisions will be inserted allowing the responsible entity to Staple Units in CDPF to other securities. The responsible entity will be given power to Staple PPIF Units to CDPF Units to create a Stapled entity. While the changes in the Constitution refer to 'Other Securities', in the context of the Merger Proposal that term includes the CDPF Units. For convenience this summary therefore refers to 'CDPF Units'. (See clause 5.1)
Provisions to govern dealings in Stapled Units and the operation of the Stapled Fund	No equivalent provision	Provisions will be included to govern dealings in the Stapled Units and the operation of the Stapled Fund, including: **a.** a requirement that CDPF Units remain Stapled to PPIF Units for as long as the CDPF Units remain on issue; **b.** prohibitions on dealings with CDPF Units unless there is an identical dealing with PPIF Units; **c.** prohibitions on the responsible entity undertaking offers, issues, sales, reorganisations, redemptions or buy-backs of CDPF Units unless there is an identical offer, issue, sale, reorganisation, redemption or buy-back of PPIF Units; **d.** the responsible entity will be given power to apply proceeds of an application for, and pay money for a redemption or buy-back of, a Stapled Unit between CDPF and PPIF in proportion to the NAV of the respective scheme assets and apportion the receipts or payments between CDPF and PPIF; **e.** in exercising its powers or discretions, the responsible entity will be given power to take into account the interests of holders of PPIF Units and exercise its powers and discretions even though to do so would be for the benefit of PPIF Unitholders and not for the direct benefit of CDPF Unitholders; **f.** the responsible entity will be given power to provide an indemnity or pay remuneration out of CDPF assets to the responsible entity of PPIF or become liable for the payment of any money or performance of any obligation by the responsible entity of PPIF; **g.** the responsible entity will be given power to pay or reimburse expenses that are incurred by the responsible entity of PPIF or are incurred by the responsible entity jointly with the responsible entity of PPIF; **h.** the responsible entity will be required to co-operate with the responsible entity of PPIF in everything relating to the Stapled Fund, including co-ordinating disclosures, member reporting and the payment of distributions; and **i.** the responsible entity will be given power to hold meetings of CDPF Unitholders concurrently with meetings of PPIF Unitholders and will have power to determine that a vote cast on a resolution by a CDPF Unitholder is to be treated also as a vote cast for an equivalent number of the Unitholder's PPIF Units. (See clauses 5.2, 5.4 and 18.18)

ITEM	CURRENT CDPF CONSTITUTION	PROPOSED CHANGES TO CPDF CONSTITUTION
Un-stapling	No equivalent provision	The Constitution will be amended such that on the occurrence of one of the following events, Stapling will cease to apply to CDPF Units; **a.** the responsible entity declares that Stapling will cease to apply; **b.** CDPF terminates; or **c.** CDPF Unitholders resolve by Special Resolution that Stapling will cease to apply. If Stapling ceases to apply to CDPF Units, all provisions in the Constitution that relate to the Stapling will cease to apply to CDPF Units. (See clause 5.3)
Reallocations of capital between Funds	No equivalent provision	Provisions will be inserted to permit capital reallocations to be made from CDPF to PPIF and vice versa. The responsible entity will be given the power to make a distribution or other payment (whether in the nature of capital, income or otherwise) to CDPF Unitholders on terms that the amount paid in respect of each CDPF Unit is to be automatically reinvested as an additional capital payment in PPIF in respect of the PPIF Unit to which the CDPF Unit is Stapled. In addition, the responsible entity will be given the power to accept as an additional capital payment in CDPF any return of capital or distribution paid by the responsible entity of PPIF to PPIF Unitholders on terms that the amount to be returned or paid in respect of each PPIF Unit is to be automatically reinvested as an additional capital payment in CDPF in respect of the CDPF Unit to which the PPIF Unit is Stapled. (See clause 17.27)
Accounts	No equivalent provision	New requirement for the responsible entity to prepare combined accounts for CDPF and PPIF. (See clause 17.4)
Distribution reinvestment	No equivalent provision	A new provision to ensure that if a Unitholder chooses to reinvest distributions to acquire additional CDPF Units, then the reinvestment will not occur unless at the same time they are also issued with the corresponding number of PPIF Units. (See clause 17.23)
Processing applications for Units	No equivalent provision	Whilst CDPF Units are stapled to PPIF Units, the responsible entity must reject an application for Units if the applicant does not also at the same time apply for PPIF Units, or the corresponding number of PPIF Units will not be issued contemporaneously to the applicant. (See clause 9.16)

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ITEM	CURRENT CDPF CONSTITUTION	PROPOSED CHANGES TO CPDF CONSTITUTION
Unit pricing		
Formulae for price of Stapled Units	Contains pricing formulae which apply to the issue and redemption of Units in CDPF	Addition of new pricing formulae which will apply to the issue and redemption of CDPF Units when they are Stapled. Whilst CDPF Units are Stapled to PPIF Units, the responsible entity may determine an issue price for a CDPF Unit which would differ from the issue price calculated under the CDPF Constitution, provided that the total issue price for the Stapled Unit equals the sum of the CDPF Unit issue price as calculated under the CDPF Constitution and the PPIF Unit issue price calculated in accordance with the PPIF Constitution. (See clause 9.15) Whilst CDPF Units are Stapled to PPIF Units, the responsible entity may determine a withdrawal price for a CDPF Unit which would differ from the withdrawal price calculated under the CDPF Constitution, provided that the total withdrawal price for the Stapled Unit equals the sum of the CDPF Unit withdrawal price as calculated under the CDPF Constitution and the PPIF Unit withdrawal price calculated in accordance with the PPIF Constitution. (See clause 10.15)
Issue price of Units issued in connection with Merger Proposal	No equivalent provision	The CDPF Units issued to PPIF Unitholders in accordance with the Merger Proposal will be issued at an issue price calculated as follows: Face value of promissory notes indorsed or assigned to the responsible entity of CDPF by PPIF Unitholders ÷ number of CDPF Units issued to PPIF Unitholders in connection with the Merger Proposal. One Stapled Unit, comprising one CDPF Unit and one PPIF Unit, will have a Net Asset Value per Stapled Unit on the Implementation Date of $1.00. (See clause 6.9)
Performance Fee		
Performance Fee	No equivalent provision	The performance fee has been altered to include provisions that apply when CDPF is Stapled to PPIF. The performance fee will be calculated based on the performance of the Stapled Fund rather that the performance of CDPF alone. CDPF will pay its allocation of the performance fee which will be determined pro-rata based on the relevant NAV of each Fund. The Performance Fee is equal to 20% of the Stapled Fund's outperformance over a total return of 8.0% per annum (pre-tax, net of fees). The performance fee will only be payable after any prior underperformance is recovered. The first calculation period will commence on the day after the Implementation Date and end on 30 June 2022. Thereafter, the performance fee will be calculated at the end of each quarter. (See schedule 4)

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ITEM	CURRENT CDPF CONSTITUTION	PROPOSED CHANGES TO CPDF CONSTITUTION
CDPF Acquisition Units terms of issue		
CDPF Acquisition Units terms of issue	No equivalent provision	The current terms of issue of CDPF Acquisition Units were adopted pursuant to a resolution of the CPFL Board. As part of the proposed amendments to the CDPF Constitution, CPFL is taking the opportunity to include the current terms of issue in the CDPF Constitution. The Constitution will be amended to include the current terms of issue of CDPF Acquisition Units which are as follows: **a.** CDPF Acquisition Units will have an issue price equal to the prevailing issue price of ordinary CDPF Units that would apply under the CDPF Constitution; **b.** CDPF Acquisition Units will have a preferential right of withdrawal from the proceeds of the issue of ordinary CDPF Units at a withdrawal price equal to the prevailing issue price of ordinary CDPF Units that would apply under the CDPF Constitution; and **c.** in all other respects, CDPF Acquisition Units rank equally with ordinary CDPF Units. (See schedule 5) The CDPF Acquisition Unit terms of issue are unchanged other than: **a.** the inclusion of the ability for the responsible entity to determine an issue price for Stapled Acquisition Units which would differ from the issue price calculated under the CDPF Constitution, provided that the total issue price for the Stapled Acquisition Units equals the sum of the issue price for the PPIF Acquisition Units as calculated under the PPIF Constitution and the issue price for the CDPF Acquisition Units calculated in accordance with the CDPF Constitution; and **b.** the inclusion of the ability for the responsible entity to determine a withdrawal price for Stapled Acquisition Units which would differ from the withdrawal price calculated under the CDPF Constitution, provided that the total withdrawal price for the Stapled Acquisition Units equals the sum of the withdrawal price for the PPIF Acquisition Units as calculated under the PPIF Constitution and the withdrawal price for the CDPF Acquisition Units calculated in accordance with the CDPF Constitution.

11.6.2 PPIF Constitution

ITEM	CURRENT PPIF CONSTITUTION	PROPOSED CHANGES TO PPIF CONSTITUTION
Stapling		
Power to Staple	No equivalent provision	Provisions will be inserted allowing the responsible entity to Staple Units in PPIF to other securities. The responsible entity will be given power to Staple PPIF Units to CDPF units to create a Stapled entity. While the changes in the constitution refer to 'Other Securities', in the context of the Merger Proposal term will include CDPF Units. For convenience this summary therefore refers to 'CDPF Units'. (See clause 3.1)
Stapling conditions and powers	No equivalent provision	Provisions will be included to govern dealings in the Stapled Units and the operation of the Stapled Fund, including: **a.** a requirement that PPIF Units remain Stapled to CDPF Units for as long as the PPIF Units remain on issue; **b.** prohibitions on dealings with PPIF Units unless there is an identical dealing with CDPF Units; **c.** prohibitions on the responsible entity undertaking offers, issues, sales, reorganisations, redemptions or buy-backs of PPIF Units unless there is an identical offer, issue, sale, reorganisation, redemption or buy-back of CDPF Units; **d.** the responsible entity will be given power to apply proceeds of an application for, and pay money for a redemption or buy-back of, a Stapled Unit between PPIF and CDPF in proportion to the NAV of the respective scheme assets and apportion the receipts or payments between PPIF and CDPF; **e.** in exercising its powers or discretions, the responsible entity will be given power to take into account the interests of holders of CDPF Units and exercise its powers and discretions even though to do so would be for the benefit of CDPF Unitholders and not for the direct benefit of PPIF Unitholders; **f.** the responsible entity will be given power to provide an indemnity or pay remuneration out of PPIF assets to the responsible entity of CDPF or become liable for the payment of any money or performance of any obligation by the responsible entity of CDPF; **g.** the responsible entity will be given power to pay or reimburse expenses that are incurred by the responsible entity of PPIF or are incurred by the responsible entity jointly with the responsible entity of PPIF; **h.** the responsible entity will be required to co-operate with the responsible entity of CDPF in everything relating to the Stapled Fund, including co-ordinating disclosures, member reporting and the payment of distributions; and **i.** the responsible entity will be given power to hold meetings of PPIF Unitholders concurrently with meetings of CDPF Unitholders and will have the power to determine that a vote cast on a resolution by a PPIF Unitholder is to be treated also as a vote cast for an equivalent number of the Unitholder's CDPF Units. (See clauses 3.1, 3.2, 3.4, 3.5 and 25.17)

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ITEM	CURRENT PPIF CONSTITUTION	PROPOSED CHANGES TO PPIF CONSTITUTION
Un-stapling	No equivalent provision	The Constitution will be amended such that on the occurrence of one of the following events, Stapling will cease to apply to PPIF Units; **a.** the responsible entity declares that Stapling will cease to apply; **b.** PPIF terminates; or **c.** PPIF Unitholders resolve by Special Resolution that Stapling will cease to apply. If Stapling ceases to apply to PPIF Units, all provisions in the Constitution that relate to the Stapling will cease to apply to PPIF Units. (See clause 3.3)
Reallocations of capital between Funds	No equivalent provision	Provisions will be inserted to permit capital reallocations to be made from PPIF to CDPF and vice versa. The responsible entity will be given the power to make a distribution or other payment (whether in the nature of capital, income or otherwise) to PPIF Unitholders on terms that the amount paid in respect of each PPIF Unit is to be automatically reinvested as an additional capital payment in CDPF in respect of the CDPF Unit to which the PPIF Unit is Stapled. In addition, the responsible entity will be given the power to accept as an additional capital payment in PPIF any return of capital or distribution paid by the responsible entity of CDPF to CDPF Unitholders on terms that the amount to be returned or paid in respect of each CDPF Unit is to be automatically reinvested as an additional capital payment in PPIF in respect of the PPIF Unit to which the CDPF Unit is Stapled. (See clause 17.24)
Accounts	No equivalent provision	New requirement for the responsible entity to prepare combined accounts for PPIF and CDPF. (See clause 15.4)
Distribution reinvestment	No equivalent provision	A new provision to ensure that if a Unitholder chooses to reinvest distributions to acquire additional PPIF Units, then the reinvestment will not occur unless at the same time they are also issued with the corresponding number of CDPF Units. (See clause 18.4)
Processing applications for Units	No equivalent provision	Whilst PPIF Units are stapled to CDPF Units, the responsible entity must reject an application for Units if the applicant does not also at the same time apply for CDPF Units, or the corresponding number of CDPF Units will not be issued contemporaneously to the applicant. (See clause 6.12)

ITEM	CURRENT PPIF CONSTITUTION	PROPOSED CHANGES TO PPIF CONSTITUTION
Implementation of Merger Proposal		
Power to implement Merger Proposal	No equivalent provision	Primewest will be given the power to do all things that it considers necessary or desirable to give effect to the Merger Proposal and the transactions contemplated by it. A provision will be included in the Constitution that sets out the steps that will be taken by Primewest to implement the Merger Proposal, including: **a.** the subdivision of PPIF Units; **b.** the capital distribution of promissory notes by the responsible entity to PPIF Unitholders; **c.** the application for CDPF Units by the responsible entity as agent and attorney for the PPIF Unitholders with the promissory notes being assigned or indorsed to CDPF as consideration for the CDPF Units; **d.** the issue of PPIF Units to CDPF Unitholders; and **e.** the Stapling of one PPIF Unit to one CDPF Unit. Primewest and all PPIF Unitholders will be required to do all things and execute all documents Primewest considers necessary or desirable to give effect to the Merger Proposal and the transactions contemplated by it. (See clause 4)
Covenants by Unitholders	No equivalent provision	Provisions will be included in which each PPIF Unitholder will make certain acknowledgements and agreements to facilitate the Merger Proposal, including: **a.** an acknowledgement that the provisions in the Constitution that relate to the Merger Proposal bind all PPIF Unitholders from time to time without the need for any further act by the PPIF Unitholders; **b.** an agreement to become a member of CDPF; and **c.** consent to the responsible entity and CPFL doing all things and executing all documents as may be necessary or desirable to give full effect to the Merger Proposal and the transactions contemplated by it. (See clause 4.4).
Power of attorney	No equivalent provision	Provisions will be included in which each PPIF Unitholder, without the need for any further act, irrevocably appoints Primewest and any director, secretary or attorney of Primewest (Representative) severally as its agent, representative and attorney to do all things, and to execute all documents, as may be necessary or desirable to give effect to the terms of the Merger Proposal and the transactions contemplated by it, including applying for Units in CDPF. (See clause 4.7)
No liability	No equivalent provision	None of Primewest, the Representatives nor any of their directors, officers, employees or associates will have any liability to PPIF Unitholders, beyond the extent to which the responsible entity is actually indemnified out of the PPIF assets, arising in connection with the implementation of the Merger Proposal. (See clause 4.8)

ITEM	CURRENT PPIF CONSTITUTION	PROPOSED CHANGES TO PPIF CONSTITUTION
Instructions and withdrawals	No equivalent provision	Any withdrawal request which has not been satisfied by the Calculation Date will be taken to be withdrawn by the PPIF Unitholder at the Calculation Date. Any binding instruction or notification between a PPIF Unitholder and the responsible entity will be deemed to be a similarly binding instruction or notification to CPFL in respect of CDPF Units. (See clause 4.5)
Unit pricing		
Formulae for price of Stapled Units	Contains pricing formulae which apply to the issue and redemption of Units in PPIF	Addition of new pricing formulae which will apply to the issue and redemption of PPIF Units when they are Stapled. Whilst PPIF Units are Stapled to CDPF Units, the responsible entity may determine an application price for a PPIF Unit which would differ from the application price calculated under the PPIF Constitution, provided that the total application price for the Stapled Unit equals the sum of the PPIF Unit application price as calculated under the PPIF Constitution and the CDPF Unit application price calculated in accordance with the CDPF Constitution. (See clause 5.16) Whilst PPIF Units are Stapled to CDPF Units, the responsible entity may determine a withdrawal price for a PPIF Unit which would differ from the withdrawal price calculated under the PPIF Constitution, provided that the total withdrawal price for the Stapled Unit equals the sum of the PPIF Unit withdrawal price as calculated under the PPIF Constitution and the CDPF Unit withdrawal price calculated in accordance with the CDPF Constitution. (See clause 8.3)
Issue price of Units issued in connection with Merger Proposal	No equivalent provision	The PPIF Units issued to CDPF Unitholders in accordance with the Merger Proposal will be issued at an application price calculated as follows: Face value of promissory notes indorsed or assigned to the responsible entity of PPIF by CDPF Unitholders ÷ number of PPIF Units issued to CDPF Unitholders in connection with the Merger Proposal. One Stapled Unit, comprising one CDPF Unit and one PPIF Unit, will have an initial Net Asset Value per Stapled Unit on the Implementation Date of $1.00. (See clause 4.9)

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ITEM	CURRENT PPIF CONSTITUTION	PROPOSED CHANGES TO PPIF CONSTITUTION
Withdrawal procedures		
Withdrawals from PPIF	The withdrawal provisions reflect the terms of PPIF's current limited withdrawal facility and of any periodic liquidity events	These existing provisions of the PPIF Constitution which provide for a limited monthly withdrawal facility are being amended to be consistent with the limited quarterly withdrawal facility which currently applies to CDPF. The amount available under the limited quarterly withdrawal facility will be a maximum of 2.5 percent of the Net Asset Value at the last valuation time before the date of payment of the withdrawal request. This has been altered from the previous amount being a minimum of 0.5 percent of the Net Asset Value per month at the last valuation time before the end of the month. Any withdrawal requests in excess of the available amount will continue to be processed on a pro rata basis and unmet proportions are carried forward to the next limited quarterly withdrawal facility. (See clause 9.11(f)-(h)) The provisions relating to a periodic liquidity event have been amended so the timing and operation of the periodic liquidity events for PPIF are consistent with the corresponding provision in the CDPF Constitution. (See clause 9.11(j))
Fees		
Fees	The fee provisions reflect the current management fee structure which applies to PPIF	The fee provisions are being amended to make them consistent with the fee provisions in CDPF's Constitution and to reflect the fee structure for the Stapled Fund, as outlined in the Product Disclosure Statement. The difference in fees is as follows: **a.** the acquisition fee has been changed to an establishment and placement fee and reduced from 3 percent to 2 percent of the Gross Asset Value of any asset in which the Fund acquires a direct or indirect interest; **b.** the disposal fee has been changed to a sale fee and reduced from 1.5 percent to 1 percent of the gross sale price; **c.** the management fee has been reduced from up to 1.2 percent to 0.8 percent and is payable within 5 Business Days of the end of each month; **d.** the finance facility fee has been removed; and **e.** the performance fee has been altered to include provisions that apply when PPIF is Stapled to CDPF. The changes make the hurdle rate consistent with the corresponding provision in the CDPF Constitution. As a result of the change the performance fee will be calculated based on the following principles: i. The hurdle rate has been amended to be 2 percent per quarter (or 8 percent per annum). ii. Calculation of the performance fee is to be done at the end of each quarter. iii. The performance fee is equal to 20% of the Stapled Fund's outperformance over a total return of 8.0% per annum (pre-tax, net of fees). iv. The performance fee will only be payable after any prior underperformance is recovered. v. PPIF will pay its allocation of the performance fee which will be determined pro-rata based on the relevant NAV of each Fund. (See clause 16 and schedule 4)

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ITEM	CURRENT PPIF CONSTITUTION	PROPOSED CHANGES TO PPIF CONSTITUTION
PPIF Acquisition Units terms of issue		
PPIF Acquisition Units terms of issue	The Acquisition Units terms of issue reflect the terms of PPIF's current Acquisition Units on issue	The application price which applies to Acquisition Units has been amended to be consistent with the changes referred to in clause 5.16, as described above under 'Unit Pricing'. (See schedule 5)

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11.7 ASIC relief

ASIC has granted CPFL and Primewest the following relief from, and modifications to, certain provisions of the Corporations Act.

Relief required to implement the Merger Proposal

- **Section 1012B:** relief to allow the Responsible Entities to issue Units in the relevant Fund to the Unitholders of the other Fund without being required to issue the current PDS of the Fund to those Unitholders.
- **Section 1016A(2):** modifications to allow the Responsible Entities to issue Units in the relevant Fund to Unitholders of the other Fund without the need for Unitholders to first provide an application form.
- **Section 1015C:** modifications to allow the Responsible Entities to distribute this Explanatory Memorandum to the addresses of Unitholders as they appear in the relevant register of Unitholders.
- **Section 941A:** relief from the requirement to provide a financial services guide in connection with this Explanatory Memorandum.
- **Section 1019A:** modification so the Unitholders do not have a right to return the Units issued as part of the Merger Proposal during a cooling-off period.

Relief to facilitate the operation of the Stapled Fund

- **Sections 601FC(1)(c)** and **601FD(1)(c):** modifications to allow CPFL and its officers to act in the best interests of Stapled Unitholders collectively rather than the separate interests of the Unitholders of each Fund.
- **Sections 601FC(1)(e)**, **601FD(1)(d)** and **601FD(1)(a):** modifications to allow CPFL, its officers and employees to have regard to the interests of Unitholders of each Fund as members of both Funds in performing their obligation to not make use of information in order to cause detriment to those Unitholders.
- **Sections 601FD(1)(e)** and **601FE(1)(b):** modifications to allow the officers and employees of CPFL to have regard to the interests of Unitholders of each Fund as members of both Funds in performing their obligation to not make use of their position in order to cause detriment to those Unitholders.
- **Section 601LC:** a modification to allow financial benefits to flow across the Stapled Fund without the approval of Unitholders.
- **Section 1012D(3):** modifications to allow the offer of Stapled Units issued under the DRP without a product disclosure statement.
- **Section 1017E:** relief from the requirement to hold application moneys in respect of new Stapled Units in a single bank account.

11.8 consents

The persons listed below have given and have not, at the date of this Explanatory Memorandum, withdrawn their written consent to (where applicable):

- be named in this Explanatory Memorandum and the Product Disclosure Statement in the form and context in which they are named;
- the inclusion of their respective reports or statements noted and the references to those reports or statements in the in the form and context in which they are named in this Explanatory Memorandum and the Product Disclosure Statement; and
- the inclusion of other statements in this Explanatory Memorandum and the Product Disclosure Statement which are based on or referable to statements made in those reports or statements or which are based on or referable to other statements made by those persons in the form and context in which they are included.

NAME OF PERSON	NAMED AS	REPORT OR STATEMENT
BDO Corporate Finance (East Coast) Pty Ltd	Independent Expert	Independent Expert's Report in Section 13
CBRE	Independent property valuer	Independent Expert's Report in Section 13
Colliers	Independent property valuer	Independent Expert's Report in Section 13
M3 Property	Independent property valuer	Independent Expert's Report in Section 13
Cushman & Wakefield	Independent property valuer	Independent Expert's Report in Section 13
Urbis	Independent property valuer	Independent Expert's Report in Section 13
Savills	Independent property valuer	Independent Expert's Report in Section 13
Centuria Funds Management Limited as trustee of the Centuria Capital No. 2 Fund	CC2F	Statements of intention of CC2F in Sections 3, 5 and 6.9.
KPMG	Auditor for CDPF	Sections 9.3, 9.6. 9.8
RSM	Auditor for PPIF	Sections 9.3, 9.6. 9.8

Additional information

Section 11

NAME OF PERSON	NAMED AS	REPORT OR STATEMENT
Perpetual Corporate Trust Limited	Custodian	N/A
Boardroom Pty Limited	Registry of CDPF and PPIF	N/A
HWL Ebsworth Lawyers	Lawyers for CPFL	N/A
McMahon Clarke	Lawyers for Primewest	N/A

None of the persons specified above makes any representation or warranty as to the fairness, accuracy, completeness or appropriateness of any information contained in this Explanatory Memorandum or the Product Disclosure Statement, or takes any responsibility for statements in this Explanatory Memorandum or the Product Disclosure Statement, other than any report or statement included in this Explanatory Memorandum or the Product Disclosure Statement with the consent of that person specified above.

Each of the persons specified above:

- has not authorised or caused the issue of this Explanatory Memorandum or the Product Disclosure Statement, nor do they make any offer of the Stapled Units; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement in or omissions from this Explanatory Memorandum or the Product Disclosure Statement other than references to its name or a statement or report included in this Explanatory Memorandum or the Product Disclosure Statement (in the context in which that reference or statement is made) with the consent of that person specified above.

Taxation Report

Section 12

12.1 Australian tax

12.1.1 General

The Section below provides a general summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty implications consequences of:

- the Merger Proposal; and
- the acquisition and disposal of interests in the Stapled Fund.

The comments in this Section deal only with the Australian tax implications of investing in the Stapled Fund if you:

- are a resident for Australian income tax purposes; and
- hold your existing Units in CDPF or PPIF and Stapled Units on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes;
- hold your existing Units in CDPF or PPIF and Stapled Units as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of trading in Stapled Units); or
- are subject to the 'TOFA provisions' in Division 230 of the Income Tax Assessment Act 1997 in relation to the Stapled Units.

The tax implications of the investment in the Stapled Fund will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the particular tax treatment that will apply to you.

None of CPFL, Primewest, their respective officers, employees, tax or other advisers accept any liability or responsibility in respect of any statement concerning tax consequences, or in respect of the tax consequences.

This tax summary is necessarily general in nature. It is strongly recommended that each Stapled Unitholder seek their own independent professional tax advice applicable to their particular circumstances.

This tax summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to tax issues and is only one of the matters you need to consider when making a decision about your investments. You should consider taking advice from a licensed adviser, before making a decision about your investments.

12.1.2 Transaction Steps

a. Australian income tax implications

The total CGT cost base of the existing CDPF and PPIF Unitholders in their CDPF and PPIF Units, respectively, should not change as a result of the split into a larger number of Units pursuant to step 2 of the Transaction Steps.

Provided that each existing CDPF and PPIF Unitholder has sufficient cost base in CDPF and PPIF Units respectively, the capital distribution of promissory notes at step 3 of the Transaction Steps should not give rise to an immediate taxable capital gain to the existing Unitholder. Rather, the capital distribution of promissory notes should reduce the cost base of the CDPF and PPIF units held by the existing Unitholder under CGT Event E10.

If the Unitholder does not have sufficient cost base in its Units, the capital distribution of promissory notes may give rise to an immediate taxable capital gain to the Unitholder under CGT Event E10. Unitholders that are individuals, trusts or superannuation funds may be entitled to apply a CGT discount to reduce their taxable capital gain.

As a result of subscribing to the newly issued Units in CDPF and PPIF pursuant to steps 3 and 4 of the Transaction Steps:

- the PPIF Unitholders should acquire a new capital gains tax (CGT) asset, being CDPF units, with a CGT cost base in the newly issued CDPF Units equal to the promissory note applied for the subscription amount; and
- the CDPF Unitholders should acquire a new CGT asset, being PPIF Units, with a CGT cost base in the newly issued PPIF Units equal to the promissory note applied for the subscription amount.

The newly issued CDPF and PPIF Units will be treated for CGT purposes (including the CGT discount rules) as having been acquired when the Responsible Entity issues or allots the CDPF and PPIF Units to the existing Unitholder.

Despite the Stapling of the CDPF and PPIF Units in step 6 of the Transaction Steps, CDPF and PPIF should continue to be considered separate and distinct entities for Australian income tax purposes, and each Unit in CDPF and PPIF should remain a separate CGT asset.

b. Australian stamp duty implications

The Transaction Steps should not have any duty implications for Stapled Unitholders.

12.1.3 Treatment of investment in Stapled Fund

Following the Merger Proposal, CDPF and PPIF (collectively referred to as Stapled Trusts) should each remain a "flow through" trust (and not a public trading trust) such that the trustees of CDPF and PPIF will not be liable to pay tax on the net income they derive each year. Each of the Stapled Trusts will be administered such that all of the Stapled Trust's income will be attributed to the Stapled Unitholders each year.

a. Managed Investment Trust (MIT) and Attribution Management Investment Trust (AMIT)

It is expected that both CDPF and PPIF will continue to qualify as AMITs following the Merger Proposal.

In May 2016, the Australian Federal Government enacted legislation establishing a new attribution tax system for MITs. Trusts that meet the eligibility criteria may elect to become an attribution managed investment trust (**AMIT**). The existing Responsible Entity of each Stapled Trust has made an election into the AMIT regime. Once an AMIT election is made, the election is irrevocable.

The AMIT regime includes the following measures:

- A mechanism for the taxable income and tax offsets of the Stapled Trust to be attributed to Stapled Unitholders on a "fair and reasonable" basis, rather than being allocated proportionally based on the income distributed, or each Stapled Unitholder's present entitlement, to the income of the Stapled Trust. This aims to ensure that the income retains the tax character it had in the hands of the Stapled Trust and the Stapled Trust may not be held liable to tax on any undistributed income.
- An ability for under estimations and over-estimations of attributed amounts at the Stapled Trust level to be carried forward and adjusted in the year in which the variation is discovered.
- An ability for the cost base of a Stapled Unitholder's Units to be increased where the cash distribution received from the Stapled Trust is less than the attributed amount that is taxable to the Stapled Unitholder.

Stapled Unitholders will be issued an AMIT Member Annual (**AMMA**) Statement each year. The AMMA Statement will set out the components of attributed income and other relevant tax information to assist Australian resident Stapled Unitholders with the preparation of their income tax returns.

b. Distributions from the Stapled Trusts

Stapled Unitholders will be subject to Australian income tax on their share of the net taxable income of the Stapled Trusts for the relevant year, irrespective of whether actual distributions differ from the net taxable income of the Stapled Trusts. The allocation of taxable components of the Stapled Trust's income will be allocated to the Stapled Unitholders on a fair and reasonable basis in accordance with each Stapled Trust's Constitution and the AMIT regime requirements.

Distributions may also include tax deferred distributions, which arise where the net taxable income of a Stapled Trust is lower than the cash distribution amount for the income year (e.g. due to tax deductions arising for capital allowances on assets held by Stapled Trusts). Tax deferred distributions are not immediately assessable to Stapled Unitholders when received but reduce their CGT cost base in their Units. This reduction in cost base will impact on the calculation of any taxable capital gain or capital loss on any disposal of the Units. If the aggregate tax deferred distributions received from a Stapled Trust reduces a Stapled Unitholder's cost base in the Units in that Stapled Trust to nil, any further tax deferred distributions received from that Stapled Trust are assessable as capital gains to the Stapled Unitholder in the income year they are received.

Due to the application of the AMIT regime, distributions of taxable income that are in excess of cash distribution for the same period should result in an increase to the cost base of the Stapled Unitholder's investment in the Stapled Trusts (refer to the comments on the AMIT regime below).

Stapled Unitholders will be able to identify the categories of distributions from the AMMA which will be issued by the Responsible Entity each year to assist Stapled Unitholders in preparing their tax returns.

12.1.4 Disposal of Property by the Stapled Trusts

From time to time, the Stapled Trusts may dispose of property investments.

Distributions to Stapled Unitholders may include net capital gain, CGT discount and CGT concession components which typically result from a Stapled Trust's disposal of Property. The CGT discount rules operate such that where a Stapled Trust derives a capital gain in respect of an asset held for at least 12 months, it should be entitled to a 50% discount in the calculation of the taxable capital gain that is distributed to Stapled Unitholders.

Where a distributed capital gain includes a discounted capital gain component, the Stapled Unitholder is required to 'gross up' that amount by the discount applied by the Stapled Trust (i.e. 50%). The gross capital gain prior to discount is then included in the calculation of the Stapled Unitholder's net capital gain or loss. Australian resident Stapled Unitholders who are individuals, trusts and complying superannuation funds may then be entitled to apply their own capital losses from other investments and/or the CGT discount.

The CGT concession component of a distribution typically represents the portion of a gross capital gain which is excluded from the calculation of the Stapled Trust taxable capital gain due to the CGT discount.

Subject to the comments above regarding the calculation of the Stapled Unitholder's net capital gains, a CGT concession amount should not be assessable when received by Stapled Unitholders. Further, there will be no reduction in cost base of the Units held by the Stapled Unitholder in respect of the CGT concession component of a Stapled Trust distribution.

For completeness, on 8 May 2018 the Government announced an integrity measure to prevent MITs and AMITs from applying the 50% discount at the trust level. The Government has since announced that the start date would be revised from 1 July 2020 to income years commencing on or after 3 months after the legislation receives royal assent. Under the measure, MIT and AMITs that derive a capital gain will still be able to distribute the income as a capital gain that can be discounted in the hands of the beneficiaries. The measures have yet to receive royal assent.

The Stapled Unitholders should not be liable to stamp duty in relation to the disposal of the Property.

12.1.5 Disposal of Stapled Units

On any future disposal of Stapled Units in the Stapled Fund, a Stapled Unitholder will be disposing of the Units in each of CDPF and PPIF. For tax purposes, the gain or loss arising from the disposal of Units in CDPF should be calculated separately from the gain or loss arising from the disposal of Units in PPIF. The capital proceeds received in respect of the disposal of each Stapled Unit will need to be apportioned on a reasonable basis as capital proceeds received in respect of the disposal of those underlying Units in CDPF and PPIF. The relative market values of the Units at the time of disposal may be considered a reasonable basis for apportioning the capital proceeds received by a Stapled Unitholder.

The Stapled Unitholders will:

- make a capital gain if the applicable capital proceeds are greater than the cost base of the Units in CDPF and PPIF; or
- make a capital loss if the applicable capital proceeds are less than the reduced cost base of the Units in CDPF and PPIF.

The time of the CGT event will be the date when the Stapled Unitholder enters into the contract for the disposal of the Stapled Units.

Stapled Unitholders must include any realised capital gain or loss in their net capital gain calculation for the income year.

In determining the cost base or reduced cost base of the Stapled Unit, a Stapled Unitholder will need to take into account any returns of capital and tax deferred distributions received in respect of their Units. Australian resident Stapled Unitholders who are individuals, trusts and complying superannuation funds may be entitled to apply the relevant CGT discount to a capital gain to the extent that it is included in their net capital gain for the income year provided that they have held their Units for a continuous period of at least 12 months.

The Stapled Unitholders should not be liable to stamp duty in relation to the disposal of the Stapled Units.

12.1.6 Tax file number

Stapled Unitholders are not required to quote their tax file number (**TFN**) or Australian Business Number (**ABN**) in relation to an investment in the Stapled Fund. However, if a Stapled Unitholder does not quote a TFN (or ABN where appropriate) or provide an appropriate TFN exemption, tax may be required to be deducted from distributions at the current rate of 47%

12.1.7 Other Australian taxes

a. Goods and Services Tax (GST)

The acquisition or disposal of the Stapled Units by Stapled Unitholders will not attract Australian GST. The acquisition or disposal of the Stapled Units will ordinarily be treated as an input taxed financial supply. Whilst no GST should be payable, any GST incurred on expenses by Stapled Unitholders that are registered for GST and that relate to the acquisition or disposal of the Stapled Units (such as legal and accounting fees) may not be recoverable in full.

Stapled Unitholders should seek their own tax advice on the impact of GST as relevant to their own particular circumstances.

12.1.8 Australian Taxation of Non-Resident Unitholders

Statutory deductions of Australian withholding tax and income tax will be made from distributions of Australian sourced taxable income to non-resident Stapled Unitholders, as relevant.

a. Fund payments made by the Stapled Trusts

Pursuant to the MIT withholding tax regime, the Responsible Entity is required to withhold tax at a rate of 15% from distributions of "fund payments" (including net rental income and capital gains from property sales) made to non-resident investors. The Stapled Fund is also required to provide a payment summary to such Stapled Unitholders which sets out the total of the withholding payments that the payment summary covers and the total of the amounts withheld by the Stapled Fund from those withholding payments. In some instances, such as investments in residential or agricultural assets, a 30% rate (rather than the 15% concessional rate) may apply to amounts that would otherwise be categorised as fund payments.

b. Capital gains from disposal of Stapled Units

Generally speaking, non-residents should only be subject to tax in Australia on the disposal of the Stapled Units where either:

- the non-resident Stapled Unitholder and its associates have an interest of 10% or more in the Stapled Fund and more than 50% of each Stapled Trust's value is directly or indirectly attributable to taxable Australian property; or
- the Stapled Units are used in carrying on business through an Australian permanent establishment.

Non-residents seeking to invest in the Stapled Fund should obtain tax advice for their specific circumstances.

12.2 New Zealand tax

12.2.1 Introduction

The Section below provides a general summary of the New Zealand income tax and goods and services tax (**GST**) and consequences of the proposed Transaction Steps for Unitholders.

The comments in this Section deal only with the New Zealand tax implications of the Merger Proposal if you are a New Zealand resident for income tax purposes and assumes that no Unitholder together with their associates holds, or will hold, more than 10% of the total Units of either PPIF or CDPF.

The tax implications of the Merger Proposal for Unitholders subsequent investment in the Stapled Fund will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice.

None of CPFL, Primewest, their respective officers, employees, tax or other advisers accept any liability or responsibility in respect of any statement concerning tax consequences, or in respect of the tax consequences.

This tax summary is necessarily general in nature. As above, it is strongly recommended that each Stapled Unitholder seeks their own independent professional tax advice applicable to their particular circumstances.

12.2.2 Merger Proposal transaction steps

The Merger Proposal involves seven sequential steps (as detailed above at Section 6.3). Subject to our comments below regarding the proposed capital distribution of promissory notes at step 3, there should be no adverse New Zealand income tax implications for Unitholders as a result of the Merger Proposal Transaction Steps. However, as noted above, Unitholders should seek their own advice to confirm the outcomes applicable to their own personal circumstances.

As a result of the unit split which takes place at step 2, each Unitholder will hold a larger number of Units, and the cost base of each Unit will be proportionately reduced. However, the total cost base of each Unitholders Units in PPIF/CDPF (as applicable) should not change as a result of the unit split. See further below for the impact of the proposed capital distribution (step 3 of the Transaction Steps) is expected to have on Unitholders cost base in PPIF/CDPF.

The cost base of the Units acquired by Unitholders as a result of step 4 by way of applying the promissory note issued to subscribe for Units in CDPF/PPIF will be the value of the promissory note applied to subscribe for those Units.

As New Zealand does not have a comprehensive capital gains tax, the cost base of the Units is generally only relevant for the purpose of determining whether the Foreign Investment Fund (FIF) regime (see further below) applies to each Unitholder's Units, and for any non-FIF Unitholders which hold their Units on revenue account.

12.2.3 Capital distribution of promissory notes

The New Zealand income tax implications of the capital distribution of promissory notes for Unitholders will depend on whether their Units are subject to tax under the ordinary tax regime or the Foreign Investment Fund (FIF) regime.

The application of the FIF regime is complex. We recommend independent tax advice is sought by New Zealand tax resident Unitholders to determine how the FIF rules apply to them.

a. Tax treatment Under FIF Regime

A New Zealand tax resident Unitholder will be taxed under the FIF regime if the Unitholder is:

- a New Zealand resident natural person or a trustee of an eligible trust;
- and holds certain offshore investments (FIF interests) with a total cost of more than NZD$50,000 (or with a cost of less than NZD 50,000 if an election to apply the FIF regime has been made); or
- any other New Zealand resident Unitholders (i.e., a NZ resident company).

The FIF interests which are taken into account when determining whether the NZD$50,000 FIF threshold applies include foreign (non-NZ) equities and units in a foreign (non-NZ) unit trusts, but does not include, amongst other things, shares in most Australian resident companies listed on the ASX.

Unitholders taxed under the FIF regime are required to elect a FIF calculation method for the purpose of determining the taxable income arising in relation to their attributing FIF interests. The tax implications of the proposed capital distribution under the FIF regime will depend on which FIF calculation method is adopted for the relevant income year:

- For Unitholders which have elected the cost method or fair dividend rate method, the capital distribution of promissory notes will not be considered FIF income and therefore, no NZ income tax will arise in relation to the distribution of capital (unless the Units were acquired in the same income year that the distribution of capital takes place, in which case, some of the gain may be subject to tax under the 'quick sale' rules). If Unitholders consider that quick sale rules apply to them, independent advice should be sought from their tax advisor to determine the tax implications of this.
- For Unitholders which have elected the comparative value method (only available to individual and personal trust investors), investors are taxed on both realised and unrealised gains, as a result of which the distribution of capital will be taxable to them.

FIF Unitholders are able to adopt different calculation methods each income year. Accordingly, a Unitholder is able to choose a method for an income year which results in a lower level of taxable income (however, the same method must be applied for all the investors relevant FIF interests for that income).

b. Tax treatment under ordinary principles

Unitholders not subject to the FIF regime will be subject to tax on their investment in the PPIF/CDPF under ordinary principles. For NZ income tax purposes, the proposed capital distribution of promissory notes could be considered taxable income if there is a transfer of value to Unitholders which are natural persons or trustees of a trust. If there is a transfer of value, the taxable income will be equal to the value of the promissory note received, subject to income tax at that Unitholders marginal income tax rate.

c. Effect on cost base

If the proposed capital distribution of the promissory note is treated as a dividend (and not a return of capital) for New Zealand income tax purposes, the capital distribution of the promissory note will not reduce (or otherwise impact) the cost base of the Unitholders existing Units in CDPF/PPIF (as applicable).

12.2.4 Ongoing treatment of holding Stapled Units

The New Zealand income tax implications of holding the Stapled Units following the Merger Proposal will depend on whether the Stapled Units are subject to tax under the ordinary tax regime or the Foreign Investment Fund (FIF) regime (and should be the same as the New Zealand income tax implications of holding the Units in PPIF/CDPF, prior to the Merger Proposal).

For Unitholders taxed under the FIF regime, the New Zealand income tax implications of holding the Stapled Units will depend on the calculation method the Unitholder has elected for their FIF interests in the relevant income year. Under the cost method and fair dividend method, actual returns from the Stapled Fund (including distribution and gains/losses on the sale of Stapled Units) will be ignored (except in the case of Stapled Units acquired and disposed of in the same year), and Unitholders will be subject to New Zealand income tax on a deemed rate of return (broadly, 5% is applied to the market value of their FIF interests).

If the Comparative Value (mark to market) Method has been adopted (only available to individual and personal trust investors), Unitholders will be taxed on any realised and unrealised gains in relation to their FIF interests (including any distributions, as well as any realised gains/losses on the sale of Stapled Units).

A corresponding foreign tax credit should be available for any Australian Withholding tax levied on distributions against the New Zealand tax liability on FIF income.

Unitholders not subject to the FIF regime will be subject to tax on their investment in the Stapled Fund under normal principles. Accordingly, the following tax treatment should apply:

- Distributions received will be taxable income for Unitholders, a corresponding foreign tax credit should be available for any Australian Withholding tax levied on the distribution (see Section 12.1.8 above);
- If the Stapled Units are held on capital account, any gains/losses derived on the disposal of the Stapled Units will be a non-taxable capital gain;
- If the Stapled Units are held on revenue account, any gains/losses derived on the disposal of the Stapled Units will be subject to New Zealand income tax.

12.2.5 GST

There are no New Zealand GST implications in relation to the Merger Proposal.

INDEPENDENT EXPERT REPORT

Centuria Property Funds Limited, as Responsible Entity of Centuria Diversified Property Fund, and

Primewest Management Ltd, as Responsible Entity of Primewest Property Income Fund

In relation to the proposed stapling of units

10 March 2022

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

FINANCIAL SERVICES GUIDE

Dated: 10 March 2022

This Financial Services Guide ('**FSG**') helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd ('**BDO Corporate Finance, we, us, our').**

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us $80,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 24 hours (or one business day) or, if that timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited (AFCA). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

> Australian Financial Complaints Authority Limited
> GPO Box 3
> MELBOURNE VIC 3001
> Toll free: 1800 931 678
> Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

SUMMARY OF FINDINGS

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret Street
Sydney NSW 2000
Australia

The Directors
Centuria Property Funds Limited as responsible entity
for Centuria Diversified Property Fund
Level 41, Chifley Tower 2 Chifley Square
SYDNEY NSW 2000

The Directors
Primewest Management Ltd as responsible entity
for Primewest Property Income Fund
Level 1, 307 Murray Street
PERTH WA 6841

10 March 2022

Dear Directors,

INDEPENDENT EXPERT REPORT IN RELATION TO THE STAPLING OF UNITS

INTRODUCTION AND PURPOSE

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been appointed by the directors of Centuria Property Funds Limited (**CPFL**) as responsible entity for Centuria Diversified Property Fund (**CDPF**), and the directors of Primewest Management Ltd (**PML**) as responsible entity for Primewest Property Income Fund (**PPIF**) (collectively, the **Directors**), to prepare an independent expert report (**Report** or **IER**) setting out our opinion as to whether the proposed merger of CDPF with PPIF by way of a stapling of units is fair and reasonable, and in the best interests of the CDPF Unitholders and PPIF Unitholders (collectively the **Unitholders**).

Overview of the Merger Proposal

CDPF and PPIF are proposing to merge by way of a stapling of units (**Merger Proposal**). The newly stapled fund will be a diversified property fund comprising 10 direct assets situated across all mainland Australian states and the Australian Capital Territory (**Stapled Fund**).

If the Merger Proposal proceeds, Unitholders will receive stapled units comprising one CDPF unit and one PPIF unit (**Stapled Units**). These Stapled Units will have interests in the assets and liabilities of both existing funds. Unitholders will not need to pay any money for the Stapled Units. The number of Stapled Units held by existing CDPF and PPIF Unitholders will be determined by the Conversion Ratios calculated on 22 April 2022 (**Calculation Date**). The Conversion Ratios will be calculated based on the relative net asset value (**NAV**) per unit in CDPF and the NAV per unit in PPIF at that date. This IER has been based on Conversion Ratios calculated as at 30 November 2021 and on the conversion ratio methodology. The actual Conversion Ratios will be calculated using the same methodology.

The proposed merger of CDPF and PPIF will be achieved through a stapling of the units in CDPF to the units in PPIF. The constitutions of CDPF and PPIF will be amended to effect the stapling. The merger and amendments to the constitutions must be approved by the Unitholders of CDPF and PPIF. CDPF Unitholders will also vote on whether to approve a related party transaction.

Overview of the Related Party Transaction

CDPF Unitholders are also to consider the approval of the issue of Acquisition Units in CDPF to Centuria Funds Management Limited as responsible entity of the Centuria Capital No.2 Fund (**CC2F**), a related party of CPFL, as part of the Merger Proposal.

Both CDPF and PPIF have historically had two classes of units on issue: Ordinary Units and Acquisition Units. Acquisition Units differ from Ordinary Units as holders of Acquisition Units may require that they be withdrawn from the proceeds of the issue of Ordinary Units in priority to the ordinary class of units. This means that the holders of Acquisition Units may have their Acquisition Units withdrawn outside the respective withdrawal facilities.

Both CPFL and PML as responsible entities of CDPF and PPIF (**Responsible Entities**) have arranged for the issue of Acquisition Units in the past to secure assets for the funds.

To effect the Stapling, the Acquisition Units CC2F holds in PPIF must be Stapled to Acquisition Units in CDPF. As at the date of this report there were no Acquisition Units on issue in CDPF (the Acquisition Units on issue at 30 November 2021 were converted to Ordinary Units in February 2022). Accordingly, CPFL proposes to issue to CC2F such number of Acquisition Units in CDPF as enables the Acquisition Units in CDPF and PPIF to be Stapled on a one-for-one basis to create Stapled Acquisition Units (**Related Party Transaction**).

CPFL and CC2F are wholly owned by Centuria Capital Group (**CNI**) and are therefore related parties for the purposes of the related party transaction restrictions in Chapter 2E of the Corporations Act (as modified by section 601LA). The issue of the Acquisition Units to CC2F is a related party transaction and therefore, in the absence of an applicable exception, requires the approval of CDPF Unitholders under Chapter 2E of the Corporations Act (as modified by section 601LA).

The CPFL directors are seeking CDPF Unitholder approval of the Related Party Transaction by way of resolution as part of the Merger Proposal. Further details of the Merger Proposal and Related Party Transaction are provided in the Notice of Meeting and Explanatory Memorandum (**Transaction Document**).

APPROACH

The Directors have requested BDOCF prepare an IER stating whether, in our opinion, the Merger Proposal is fair and reasonable, and in the best interests of both CDPF and PPIF Unitholders. The IER is to:

- provide relevant information to enable the Unitholders to make an informed decision regarding the Merger Proposal; and
- satisfy the requirements of Chapter 2E of the Corporations Act (Cth) regarding the Related Party Transaction.

There is no legal or statutory requirement for an independent expert's report to be provided to the Unitholders of each fund regarding the Merger Proposal. However, the Directors are required to provide relevant information for the Unitholders to enable them to make an informed decision as to whether or not to vote to approve the Merger Proposal and have therefore engaged BDO to prepare this IER.

In preparing our IER, we have considered the requirements of:

- ASIC Regulatory Guide 111 Content of expert reports (**RG 111**);
- ASIC Regulatory Guide 112 Independence of experts (**RG 112**);
- ASIC Regulatory Guide 76 Related party transactions (**RG 76**); and
- Accounting Professional & Ethical Standards Board (**APESB**) professional standard APES 225 'Valuation Services' (**APES 225**). RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist securityholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

This engagement is a Valuation Engagement as defined by APES 225.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act (as modified by section 601LA 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 (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 issue of Acquisition Units by CPFL to CC2F constitutes the giving of a financial benefit to a related party and requires the approval of CDPF Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

The CPFL directors have determined to seek the approval of CDPF Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA).

Fairness

Based on our interpretation of RG 111, we have considered the Merger Proposal to be 'fair' if the value of the new Stapled Units received is equal to or greater than the value of the units held prior to the Merger Proposal. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Reasonableness

In accordance with RG 111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for securityholders to accept the proposal.

When deciding whether a proposed transaction is 'reasonable', factors an expert might consider include:

- the financial situation and solvency of the entity;
- the alternative options available to the entity and likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any securityholder, particularly the related party;
- any special value of the transaction to the purchaser; and
- the liquidity of the market in entity's securities.

SUMMARY OF OPINION

We have considered the terms of the Merger Proposal, as outlined in the body of this Report, and have concluded that it is fair, reasonable and in the best interests of both CDPF and PPIF Unitholders.

A summary of our analysis in forming the above opinion is provided below. This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Fairness Assessment

We have analysed the impact of the Merger Proposal on CDPF Unitholders and PPIF Unitholders in determining the appropriate approach to assessing fairness. The key factors we considered are:

- The key assets of both CDPF and PPIF are property assets. The stapling will result in Unitholders of both funds holding an interest in an enlarged group of assets. Property assets are primarily passive in nature and significant synergies are not generally available in any merger and acquisition activity. However, benefits are available to both parties of the stapling through increased size and scale, and diversification of the property portfolio.
- CDPF and PPIF's property portfolios have similar assets. Management advise that the existing investment strategy of both entities is consistent with the proposed strategy for the Stapled Fund.
- PPIF is managed by PML, and CDPF is managed by CPFL. If the Merger Proposal is implemented, CPFL will be appointed as the new responsible entity of PPIF. Both managers are part of the Centuria Group. The existing management terms are similar (as discussed at Section 5.5), and there are no material differences between the existing management terms and the proposed terms.

In summary, there is no significant change in the nature of the investments held by CDPF Unitholders and PPIF Unitholders as a result of the Merger Proposal. The Unitholders will hold a smaller interest in a larger pool of assets. There is no significant change in strategy or management of either entity. Any benefits of the Merger Proposal (primarily increase in size, scale and diversification) will be enjoyed by both CDPF Unitholders and PPIF Unitholders.

Therefore, we have considered the Merger Proposal to be 'fair' if the value of the new Stapled Units received is greater than or equal to the value of the units held prior to the Merger Proposal. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis for CDPF Unitholders has been performed by comparing:

- the fair market value (**FMV**) of the units held by CDPF Unitholders pre-transaction; and
- the FMV of the Stapled Units received by CDPF Unitholders (**CDPF Consideration Units**).

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Our analysis for PPIF Unitholders has been performed by comparing:

- the FMV of the units held by PPIF Unitholders pre-transaction; and
- the FMV of the Stapled Units received by PPIF Unitholders (**PPIF Consideration Units**).

As BDOCF are not property valuers, our fairness analysis required reliance on valuation performed by independent property valuers. CBRE Valuations Pty Ltd, CIVAS (NSW/QLD) Pty Limited (Colliers), Cushman & Wakefield, m3 Property Australia Pty Ltd, Savills Valuations Pty Ltd and Urbis Valuations Pty Ltd (collectively, the **Independent Property Valuers**) were appointed by CDPF and PPIF.

The results of our fairness analysis for CDPF and PPIF Unitholders are summarised below.

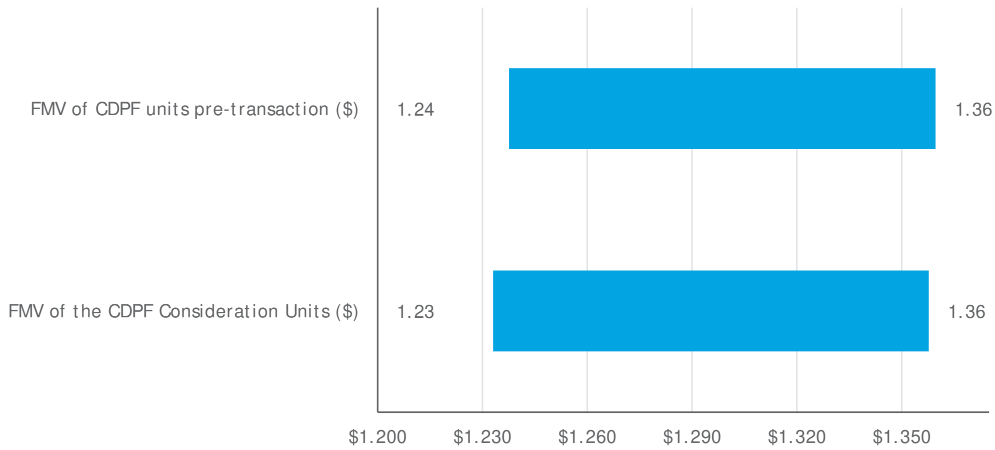
Results of fairness analysis – CDPF

Table 1: Fairness summary – CDPF Unitholders

	NAV	Unit price
Value of CDPF unit pre transaction	$ 1.24	$ 1.36
Value of CDPF Consideration Units received	$ 1.23	$ 1.36

Source: BDOCF analysis

Figure 1: Fairness assessment – CDPF Unitholders



Source: BDOCF analysis

As set out above, the FMV of the CDPF Consideration Units has significant overlap with the FMV of CDPF units held pre-transaction. We note that there is a small decrease in the NAV value due to stamp duty being incurred to implement the Merger Proposal.

Therefore, we have concluded that the Merger Proposal is fair to CDPF Unitholders.

We have also concluded that the Merger Proposal will remain fair to CDPF Unitholders if the same Conversion Ratio methodology is used to calculate the number of CDPF Consideration Units per CDPF Unit on the Calculation Date using the NAV per unit in CDPF and the NAV per unit in PPIF at that date.

If upon calculation of the final Conversion Ratios as at the Calculation Date, the number of Stapled Units received per CDPF unit or the number of Stapled Units received per PPIF unit differs by 5% or more to the number of Stapled Units received on the Indicative Conversion Ratios, CPFL and PML as the responsible entities of CDPF and PPIF will issue a supplementary Explanatory Memorandum.

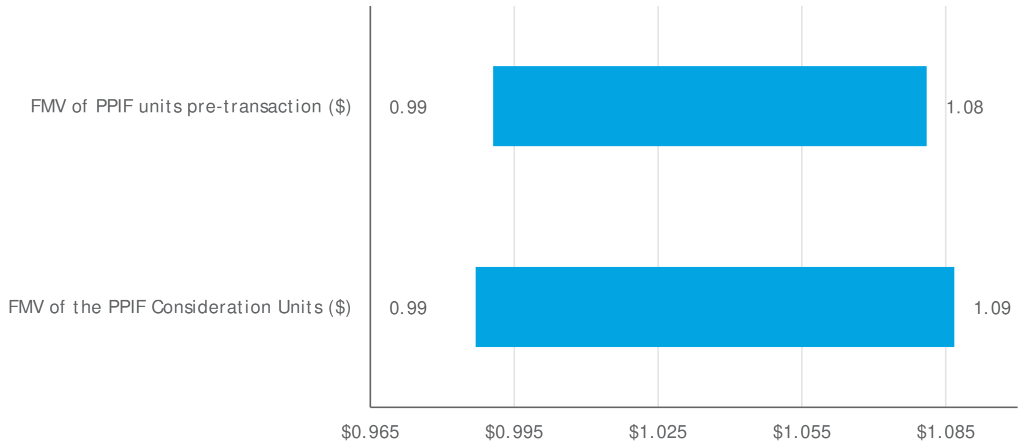
Results of fairness analysis - PPIF

Table 2: Fairness summary – PPIF Unitholders

	NAV	Unit price
Value of PPIF unit pre transaction	$ 0.99	$ 1.08
Value of PPIF Consideration Units received	$ 0.99	$ 1.09

Source: BDOCF analysis

Figure 2: Fairness assessment – PPIF Unitholders



Source: BDOCF analysis

As set out above, the FMV of the PPIF Consideration Units has significant overlap with the FMV of PPIF units held pre-transaction.

Therefore, we have concluded that the Merger Proposal is fair to PPIF Unitholders.

We have also concluded that the Merger Proposal will remain fair to PPIF Unitholders if the same Conversion Ratio methodology is used to calculate the number of PPIF Consideration Units per PPIF Unit on the Calculation Date using the NAV per unit in PPIF and the NAV per unit in CDPF at that date.

If upon calculation of the final Conversion Ratios as at the Calculation Date, the number of Stapled Units received per CDPF unit or the number of Stapled Units received per PPIF unit differs by 5% or more to the number of Stapled Units received on the Indicative Conversion Ratios, CPFL and PML as the responsible entities of CDPF and PPIF will issue a supplementary Explanatory Memorandum.

Table 3: Summary of factors considered in the reasonableness assessment – CDPF

Advantages	
The Merger Proposal is fair	Our analysis concludes that the Merger Proposal is fair to CDPF Unitholders. RG 111 states that an offer is reasonable if it is fair.
Increased size and diversification	The Merger Proposal will result in the creation of a larger, more diversified portfolio of properties in terms of the asset type, tenant mix and geographic spread. Moreover, CDPF will gain access to social infrastructure assets with a longer WALE, extending the fund's WALE from 4.11 years to 5.15 years. This diversification may reduce the overall risks associated with the fund. The increased diversification may improve the ability to withstand short term volatility in the future compared to the fund on a standalone basis. Further, the NAV of the fund is growing from c. $122 million to c. $155 million as a result of the Merger Proposal.
Gearing levels	The Stapled Fund will have a gearing target consistent with that of CDPF, being 35% to 50% with a maximum of 50% CDPF's gearing ratio will decrease from 41.5% to 40.4% if the Merger Proposal is approved.
Potential management cost savings	The Stapled Fund may allow for cost savings through a combined management structure. Further, costs such as audit and accounting expenses will reduce in proportion to net assets as a result of the group structure.
Potential improvement to debt financing	By introducing a new financier into the Stapled Fund, CPFL may improve its ability to refinance existing debt facilities and access debt on more favourable terms.
No competition between funds	CDPF and PPIF have similar investment strategies and fund features. If the Merger Proposal is passed, then the two funds will not be competing against each other for new investors or capital.
Disadvantages	
Stamp duty	The Stapled Fund will incur stamp duty of c. $565k if the Merger Proposal is approved. This marginally reduces the NAV of the Stapled Fund.
Exposure to risks of investing in PPIF	If the Merger Proposal is passed, CDPF Unitholders will be exposed to the risks associated with investing in PPIF. Individual investors may not want to invest in the assets held by PPIF and instead may wish to maintain their current investment in CDPF.
Other considerations	
Transaction costs	In addition to the stamp duty of c. $565k mentioned above, transaction costs of c. $635k will be incurred irrespective of whether the Merger Proposal is approved or rejected. If the Merger Proposal is rejected these costs will generally be shared in line with CDPF's and PPIF's net assets. Although, each party will pay their own legal costs.
Consistent liquidity	The liquidity feature of the Stapled Fund will be consistent with that of CDPF. Being, quarterly and capped at 2.5% of NAV with a full liquidity event every 5 years.
Consistent constitution and fee structure	The fees payable out of the assets of the funds will be consistent with those of CDPF as set out in Section 5.6.
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Unitholders in connection with the Merger Proposal. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Unitholder.

Source: BDOCF analysis

Table 4: Summary of factors considered in the reasonableness assessment – PPIF

Advantages	
The Merger Proposal is fair	Our analysis concludes that the Merger Proposal is fair to PPIF Unitholders. RG 111 states that an offer is reasonable if it is fair.
Increased size and diversification	The Merger Proposal will result in the creation of a larger, more diversified portfolio of properties in terms of the asset type, tenant mix and geographic spread. NAV of the fund is growing from c. $34 million to c. $155 million as a result of the Merger Proposal. Specifically, PPIF Unitholders will increase their exposure to commercial and industrial assets and receive access to 7 syndicate holdings. This diversification may reduce the overall risk of the Unitholders' investment.
Reduction in fund management expenses	PPIF currently pays a finance facility fee of 0.21% This fee will no longer be payable if the Merger Proposal is approved. All other fees will remain the same.
Potential management cost savings	The Stapled Fund may allow for cost savings through a combined management structure. Further, costs such as audit and accounting expenses will reduce in proportion to net assets as a result of the group structure.
Potential improvement to debt financing	By introducing a new financier into the Stapled Fund, CPFL may improve its ability to refinance existing debt facilities and access debt on more favourable terms.
No competition between funds	PPIF and CDPF have similar investment strategies and fund features. If the Merger Proposal is passed then the two funds will not be competing against each other for new investors or capital.
Disadvantages	
Stamp duty	The Stapled Fund will incur stamp duty of c. $565k if the Merger Proposal is approved. This marginally reduces the NAV of the Stapled Fund.
Decrease in WALE	Should the Merger Proposal be approved, PPIF's WALE will decrease from 9.73 years to 5.15 years increasing the risk of vacancies in the short to medium term.
Exposure to risks of investing in PPIF	If the Merger Proposal is passed, PPIF Unitholders will be exposed to the risks associated with investing in CDPF. Individual investors may not want to invest in the assets held by CDPF and instead may wish to maintain their current investment in PPIF.
Gearing levels	The Stapled Fund will have a gearing target consistent with that of CDPF, being 35% to 50% with a maximum of 50% PPIF's gearing ratio will increase from 37.1% to 40.4%
Other considerations	
Transaction costs	In addition to the stamp duty of c. $565k mentioned above, transaction costs of c. $635k will be incurred irrespective of whether the Merger Proposal is approved or rejected. If the Merger Proposal is rejected these costs will generally be shared in line with CDPF's and PPIF's net assets. Although, each party will pay their own legal fees
Impact on liquidity	Currently, PPIF Unitholders have access to a liquidity facility whereby a minimum of 0.5% of the fund's net asset value will be made available for redemptions each month. If the Merger Proposal is approved, the liquidity facility will be capped at 2.5% of the net asset value per quarter.
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Unitholders in connection with the Merger Proposal. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Unitholder.

Source: BDOCF analysis

Based on the above analysis, we consider the Merger Proposal to be reasonable to the Unitholders of both CDPF and PPIF.

Related Party Transaction – CDPF only

If the Related Party Transaction and the Merger Proposal are approved CC2F will be issued with Acquisition Units in CDPF. These Acquisition Units will have greater liquidity rights than the Ordinary Units that CC2F currently holds.

Therefore, the Related Party Transaction is not fair under RG 111 and a financial benefit would be provided to CC2F if the Merger Proposal and the Related Party Transaction are approved. As the only additional rights attached to Acquisition Units relate to priority redemption, we do not consider the financial benefit to be significant.

As the primary purpose of the Related Party Transaction is to effect the Merger Proposal, we have compared the value of CC2F's interests in Acquisition Units and Ordinary Units pre- and post-Merger Proposal.

Table 5: Value of CC2F's units pre- and post-Merger Proposal

	Low value	High value
CC2F Ordinary Units		
Pre-Merger Proposal	$23,718,844	$26,058,675
Post-Merger Proposal	$23,632,580	$26,020,869
Change in value	**-0.36%**	**-0.15%**
CC2F Acquisition Units		
Pre-Merger Proposal	$11,704,648	$12,772,952
Post-Merger Proposal	$11,662,079	$12,840,639
Change in value	**-0.36%**	**0.53%**
CC2F total units		
Pre-Merger Proposal	$35,423,493	$38,831,627
Post-Merger Proposal	$35,294,659	$38,861,508
Change in value	**-0.36%**	**0.08%**

Source: Management information, BDOCF analysis

We consider the Related Party Transaction to be reasonable as, if the Related Party Transaction is approved, the value of CC2F's interests in CDPF and PPIF pre-Merger Proposal are materially the same as the value of CC2F's interests post-Merger Proposal. The primary purpose of the Related Party Transaction is to effect the Merger Proposal. Therefore, we conclude that the Related Party Transaction is not fair but reasonable for non-interested CDPF Unitholders.[1]

OTHER MATTERS

Unitholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the Merger Proposal on the particular circumstances of individual Unitholders. Some individual Unitholders may place a different emphasis on various aspects of the Merger Proposal from that adopted in this IER. Accordingly, individual Unitholders may reach different conclusions as to whether or not the Merger Proposal is fair and reasonable in their individual circumstances.

The decision of an individual Unitholder in relation to the Merger Proposal may be influenced by their particular circumstances and accordingly Unitholders are advised to seek their own independent advice.

Approval or rejection of the Merger Proposal is a matter for individual Unitholders based on their expectations as to the expected value and future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Unitholders should carefully consider the Transaction Document. The Unitholders who are in doubt as to the action they should take in relation to the Merger Proposal should consult their professional adviser.

[1] Non-interested CDPF Unitholders are those CDPF Unitholders other than CC2F.

General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Merger Proposal. In preparing the IER, we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Merger Proposal;
- the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- that we have been appointed as independent expert for the purposes of providing an IER in relation to the Merger Proposal for the Directors;
- that we have relied on information provided by the Directors and management of CDPF and PPIF (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

Glossary

Capitalised terms used in this IER have the meanings in the glossary set out in **Appendix 1**.

Sources of information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion. The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by CDPF and PPIF.

Under the terms of our engagement, CPFL and PML has agreed to indemnify BDOCF and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Unitholders to assist them in their decision to approve or reject the Merger Proposal. This IER is to accompany the Transaction Document to be sent to the Unitholders to consider the Merger Proposal and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Unitholders without our written consent. We accept no responsibility to any person other than the Directors and the Unitholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER within the Transaction Document. Apart from this IER, we are not responsible for the contents of the Transaction Document or any other document associated with the Transaction Document. We acknowledge that this IER may be lodged with regulatory authorities.

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Summary

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Financial Service Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully
BDO CORPORATE FINANCE (EAST COAST) PTY LTD

David McCourt
Director

Sebastian Stevens
Director

Independent Expert's Report

Section 13

INDEPENDENT EXPERT REPORT

BDO

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BDO

1. PURPOSE AND BACKGROUND

1.1. Purpose

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1.3. Overview of the Related Party Transaction

CDPF Unitholders are also to consider the approval of the issue of Acquisition Units in CDPF to Centuria Funds Management Limited as responsible entity of the Centuria Capital No.2 Fund (**CC2F**), a related party of CPFL, as part of the Merger Proposal.

Both CDPF and PPIF have historically had two classes of units on issue: Ordinary Units and Acquisition Units. Acquisition Units differ from Ordinary Units as holders of Acquisition Units may require that they be withdrawn from the proceeds of the issue of Ordinary Units in priority to the ordinary class of units. This means that the holders of Acquisition Units may have their Acquisition Units withdrawn outside the respective withdrawal facilities.

Both CPFL and PML as responsible entities of CDPF and PPIF (**Responsible Entities**) have arranged for the issue of Acquisition Units in the past to secure assets for the funds.

To effect the Stapling, the Acquisition Units CC2F holds in PPIF must be Stapled to Acquisition Units in CDPF. As at the date of this report there were no Acquisition Units on issue in CDPF (the Acquisition Units on issue at 30 November 2021 were converted to Ordinary Units in February 2022). Accordingly, CPFL proposes to issue to CC2F such number of Acquisition Units in CDPF as enables the Acquisition Units in CDPF and PPIF to be Stapled on a one-for-one basis to create Stapled Acquisition Units (**Related Party Transaction**).

CPFL and CC2F are wholly owned by Centuria Capital Group (**CNI**) and are therefore related parties for the purposes of the related party transaction restrictions in Chapter 2E of the Corporations Act (as modified by section 601LA). The issue of the Acquisition Units to CC2F is a related party transaction and therefore, in the absence of an applicable exception, requires the approval of CDPF Unitholders under Chapter 2E of the Corporations Act (as modified by section 601LA).

The CPFL directors are seeking CDPF Unitholder approval of the Related Party Transaction by way of resolution as part of the Merger Proposal. Further details of the Merger Proposal and Related Party Transaction are provided in the Notice of Meeting and Explanatory Memorandum (**Transaction Document**).

2. SCOPE AND LIMITATIONS

2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Merger Proposal is fair and reasonable, and in the best interests of the Unitholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value (**FMV**) of various units, assets and liabilities. For the purposes of our opinion, the term FMV is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.2. Summary of regulatory requirements

The Directors have requested BDOCF prepare an IER stating whether, in our opinion, the Merger Proposal is fair and reasonable, and in the best interests of both CDPF and PPIF Unitholders. The IER is to:

- provide relevant information to enable the Unitholders to make an informed decision regarding the Merger Proposal; and
- satisfy the requirements of Chapter 2E of the Corporations Act (Cth) regarding the Related Party Transaction.

There is no legal or statutory requirement for an independent expert's report to be provided to the Unitholders of each fund regarding the Merger Proposal. However, the Directors are required to provide relevant information for the Unitholders to enable them to make an informed decision as to whether or not to vote to approve the Merger Proposal and in respect of the CDPF Unitholders, whether or not to approve the Related Party Transaction, and have therefore engaged BDO to prepare this IER.

In preparing our IER, we have considered the requirements of:

- ASIC Regulatory Guide 111 Content of expert reports (**RG 111**);
- ASIC Regulatory Guide 112 Independence of experts (**RG 112**);
- ASIC Regulatory Guide 76 Related party transactions (**RG 76**); and
- Accounting Professional & Ethical Standards Board (**APESB**) professional standard APES 225 'Valuation Services' (**APES 225**). RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist securityholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

This engagement is a Valuation Engagement as defined by APES 225.

2.3. Related Party Transaction and Chapter 2E of the Corporations Act

CDPF Unitholders are also to consider the approval of the issue of Acquisition Units in CDPF to Centuria Funds Management Limited as responsible entity of the Centuria Capital No.2 Fund, a related party of CPFL, as part of the Merger Proposal.

To effect the Stapling, the Acquisition Units CC2F holds in PPIF must be Stapled to Acquisition Units in CDPF. As at the date of this report there were no Acquisition Units on issue in CDPF (the Acquisition Units on issue at 30 November 2021 were converted to Ordinary Units in February 2022). Accordingly, CPFL proposes to issue to CC2F such number of Acquisition Units in CDPF as enables the Acquisition Units in CDPF and PPIF to be Stapled on a one-for-one basis to create Stapled Acquisition Units.

CPFL and CC2F are wholly owned by CNI and are therefore related parties for the purposes of the related party transaction restrictions in Chapter 2E of the Corporations Act (as modified by section 601LA). The issue of the Acquisition Units to CC2F is a related party transaction and therefore, in the absence of an applicable exception, requires the approval of CDPF Unitholders under Chapter 2E of the Corporations Act (as modified by section 601LA).

2.4. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act (as modified by section 601LA 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 (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 issue of Acquisition Units by CPFL to CC2F constitutes the giving of a financial benefit to a related party and requires the approval of CDPF Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

The CPFL directors have determined to seek the approval of CDPF Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA).

2.5. Basis of assessment

In determining whether the Merger Proposal and Related Party Transaction Resolution is fair and reasonable to the Unitholders, we have had regard to:

- RG 111 'Content of expert reports';
- RG 112 'Independence of experts';
- RG 76 'Related party transactions'; and
- Accounting Professional & Ethical Standards Board (**APESB**) professional standard APES 225 'Valuation Services' (**APES 225**). This engagement is a Valuation Engagement as defined by APES 225.

RG 111 establishes two distinct criteria for an expert analysing a control transaction. The tests are:

- Is the offer 'fair'?
- Is it 'reasonable'?

The terms fair and reasonable are regarded as separate elements and are not regarded as a compound phrase.

2.6. Fairness

We have analysed the impact of the Merger Proposal on CDPF Unitholders and PPIF Unitholders in determining the appropriate approach to assessing fairness. The key factors we considered are:

- The key assets of both CDPF and PPIF are property assets. The stapling will result in Unitholders of both funds holding an interest in an enlarged group of assets. Property assets are primarily passive in nature and significant synergies are not generally available in any merger and acquisition activity. However, benefits are available to both parties of the stapling through increased size and scale, and diversification of the property portfolio.
- CDPF and PPIF's property portfolios have similar assets. Management advise that the existing investment strategy of both entities is consistent with the proposed strategy for the Stapled Fund.
- PPIF is managed by PML, and CDPF is managed by CPFL. If the Merger Proposal is implemented, CPFL will be appointed as the new responsible entity of PPIF. Both managers are part of the Centuria Group. The existing management terms are similar (as discussed at section 5.5), and there are no material differences between the existing management terms and the proposed terms.

In summary, there is no significant change in the nature of the investments held by CDPF Unitholders and PPIF Unitholders as a result of the Merger Proposal. The Unitholders will hold a smaller interest in a larger pool of assets. There is no significant change in strategy or management of either entity. Any benefits of the Merger Proposal (primarily increase in size, scale and diversification) will be enjoyed by both CDPF Unitholders and PPIF Unitholders.

Therefore, we have considered the Merger Proposal to be 'fair' if the value of the new Stapled Units received is greater than or equal to the value of the units held prior to the Merger Proposal. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis for CDPF Unitholders has been performed by comparing:

- the FMV of the units held by CDPF Unitholders pre-transaction; and
- the FMV of the Stapled Units received by CDPF Unitholders (**CDPF Consideration Units**).

Our analysis for PPIF Unitholders has been performed by comparing:

- the FMV of the units held by PPIF Unitholders pre-transaction; and
- the FMV of the Stapled Units received by PPIF Unitholders (**PPIF Consideration Units**).

As BDOCF are not property valuers, our fairness analysis required reliance on valuation performed by independent property valuers. CBRE Valuations Pty Ltd (**CBRE**), CIVAS (NSW/ QLD) Pty Limited (**Colliers**), Cushman & Wakefield, m3 Property Australia Pty Ltd (**m3 Property**), Savills Valuations Pty Ltd (**Savills**) and Urbis Valuations Pty Ltd (**Urbis**) (collectively, the **Independent Property Valuers**) were appointed by CDPF and PPIF.

Further details regarding the engagement and independence of the Independent Property Valuers are provided in Section 6.4.

2.7. Reasonableness

In accordance with RG 111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for securityholders to accept the proposal.

When deciding whether a proposed transaction is 'reasonable', factors an expert might consider include:

- the financial situation and solvency of the entity;
- opportunity costs;
- the alternative options available to the entity and likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any securityholder, particularly the related party;
- any special value of the transaction to the purchaser; and
- the liquidity of the market in entity's securities.

2.8. General requirements in relation to the IER

In preparing the IER ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Merger Proposal. In preparing the IER we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Merger Proposal;
- the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- we have been appointed as independent expert for the purposes of providing an IER in relation to the Merger Proposal for the Directors;
- that we have relied on information provided by the Directors and management of CDPF and PPIF (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- that we have received representations from the Directors and Management of CDPF and PPIF in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.9. Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the FMV. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of FMV as it relates to the individual circumstances of special purchasers.

2.10. Reliance on information

This IER is based upon financial and other information provided by the Directors, Management and other representatives of CDPF and PPIF. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Merger Proposal is fair and reasonable, and in the best interests of the Unitholders.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, CPFL and PML has agreed to indemnify BDOCF, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.11. Limitations

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Transaction Document to be sent to the Unitholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Transaction Document and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities in respect of CDPF or PPIF. We understand that the Directors have been advised by legal, accounting, tax and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of the Unitholders and no opinion has been provided in relation to same. Some individual Unitholders may place a different emphasis on various aspects of the Merger Proposal from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Merger Proposal is fair and reasonable and in their best interests. An individual Unitholder's decision in relation to the Merger Proposal may be influenced by their particular circumstances and, therefore, Unitholders are advised to seek their own independent advice.

Apart from the IER and extracts from the IER, we are not responsible for the contents of the Transaction Document or any other document. We have provided consent for inclusion of the IER in the Transaction Document. Our consent and the Transaction Document acknowledge that we have not been involved with the issue of the Transaction Document and that we accept no responsibility for the Transaction Document apart from the IER and extracts from the IER.

2.12. Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- assumptions outlined in the valuation sections;
- that matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- information sent out in relation to the Merger Proposal to the Unitholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects;
- publicly available information relied on by us is accurate, complete and not misleading;
- if the Merger Proposal is implemented, that it will be implemented in accordance with the stated terms;
- the legal mechanisms to implement the Merger Proposal are correct and effective; and
- there are no undue changes to the terms and conditions of the Merger Proposal or material issues unknown to us.

3. PROFILE OF CENTURIA DIVERSIFIED PROPERTY FUND

3.1. Overview

Centuria Diversified Property Fund (**CDPF**) is an open-ended unlisted property fund with daily unit pricing and a limited quarterly liquidity facility intended to provide exposure to direct properties, unlisted property investments, and listed property investments. CDPF was established in June 2016 with investment opportunities being opened to retail investors in February 2017. The manager of the fund is Centuria Property Funds Limited (**CPFL**), which is also the responsible entity of the fund. CPFL is a wholly owned subsidiary of Centuria Capital Group (**CNI**). CNI (through CC2F) currently owns 19.5%of the units in CDPF.

CDPF aims to provide investors with stable income returns and the potential for capital growth by investing in a diversified property portfolio.

Table 6: CDPF Key Statistics as at 15 November 2021

Key Statistics	
Fund commencement	2016
Responsible entity	Centuria Property Funds Limited
Interest held by CNI (through CC2F) and associates	19.5%
Number of direct properties held	6
Number of syndicate holdings	7
Total funds under management	$204.92 million
Australian Real Estate Investment Trusts (A-REITs)	$16.82 million
Direct property (excluding capitalised acquisition costs)	$160.38 million
Direct property (including capitalised acquisition costs)	$168.00 million
Unlisted property	$17.39 million
Liquid assets	$2.71 million
Occupancy rate (Direct Property)	98.51%
Weighted Average Lease Expiry (WALE) (years)	4.11
Distribution cycle	Monthly
FY22YTD distribution (cents per unit)	7.30
Passing yield (as at 15 November 2021)	5.37%
Unit price as at 15 November 2021	$1.3591
Unit price as at 30 November 2021	$1.3597

Source: Management information, CDPF Factsheet November 2021 *www.centuria.com.au/diversified-property-fund/home/*

3.2. Directors and Management

The current board of directors and senior management of CPFL are listed in the following table.

Table 7: Directors and management

Name	Position
Peter Done	Independent Chairman
Matthew Hardy	Independent Non-Executive Director
Darren Collins	Independent Non-Executive Director
Elizabeth McDonald	Independent Non-Executive Director
John McBain	Joint Chief Executive Officer
Jason Huljich	Joint Chief Executive Officer
Doug Hoskins	Fund Manager
Anna Kovarik	Company Secretary

Source: Management information

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3.3. Asset portfolio

CDPF's portfolio is comprised of investments in direct real estate, unlisted property funds, and liquid assets. Independent property valuations were conducted on the direct properties owned within the CDPF portfolio. Summaries of the investments held as at 15 November 2021 are provided in the following tables and chart.

Table 8: CDPF Indirect Real Estate Portfolio as at 15 November 2021

Asset	Sector	Fund weighting (%)	Gross carrying value ($m)[1]	Capitalisation rate as at 15 Nov 2021 (%)	Property NLA/GLA	WALE by income (years)	Occupancy rate (%)
Syndicates							
Centuria ATP Fund , NSW	Office	0.5%	1.1	5.39%	19,979	5.5	94.2%
Centuria 8 Central Ave Fund No.2, NSW	Office	0.1%	0.1	5.13%	36,619	8.3	96.5%
Centuria 203 Pacific Highway, NSW	Office	0.2%	0.3	5.75%	11,735	3.7	98.9%
Centuria SOP Fund, NSW	Office	0.0%	0.1	6.00%	6,546	3.2	100.0%
Centuria Sandgate Road Fund, QLD	Office	1.7%	3.5	6.25%	12,958	5.2	100.0%
Centuria Geelong Office Fund, VIC	Office	5.2%	10.6	6.00%	16,102	6.7	98.6%
Centuria 80 Grenfell Street Fund, SA	Office	0.8%	1.7	6.00%	23,361	4.1	100.0%
Total value/ Weighted average		**8.5%**	**17.4**	**6.00%**	**127,300**	**6.0**	**98.8%**

Source: Management information as at 15 November 2021

Note 1: Gross carrying value = (NAV of syndicate + unamortised costs of syndicate) x units held by CDPF

Table 9: CDPF Direct Real Estate Portfolio as at 15 November 2021

Asset	Sector	Fund weighting (%)	Independent property valuations ($m)	Capitalisation rate as at 15 Nov 2021 (%)	Property NLA/GLA	WALE by income (years)	Occupancy rate (%)
Direct properties							
10 Moore Street, Canberra, ACT	Office	18.1%	35.0	6.50%	6,709	2.5	93.6%
381 Macarthur Avenue, Hamilton, QLD	Office	10.0%	19.3	6.50%	2,846	3.4	100.0%
25 Montpelier Street, Bowen Hills, QLD	Office	30.8%	60.0	6.13%	7,739	5.5	100.0%
13 & 15 Compark Circuit, Mulgrave, VIC	Office	13.3%	25.3	6.25%	5,851	1.8	100.0%
171 Camboon Road, Malalga, WA	Industrial	6.2%	12.0	5.75%	3,228	3.9	100.0%
36 Caribou Drive, Direk, SA	Industrial	3.5%	8.8	5.25%	-	-	-[1]
Total value/ Weighted average		**82.0%**	**160.4**	**6.21%**	**26,374**	**3.80**	**98.5%**

Source: Management information as at 15 November 2021

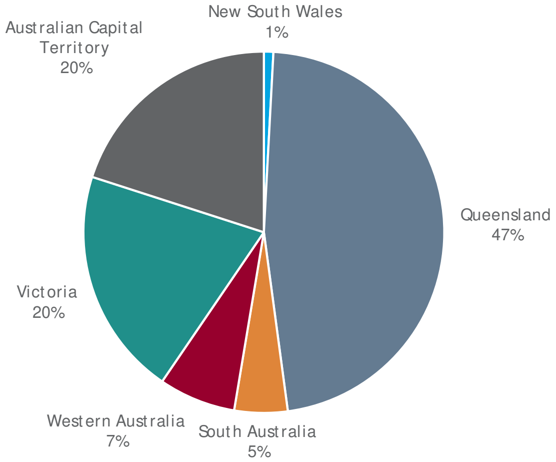
Note 1: Property is still under development with a January 2023 completion date. However, a 15-year lease has been signed and will commence upon completion.

Table 10: CDPF Liquid Assets as at 15 November 2021

Liquid Assets	Fund Weighting (%)	Gross carrying value ($m)
Vanguard REIT	8.2%	16.8
Cash and Liquid Assets	1.3%	2.7
Total Value	**9.5%**	**19.5**

Source: Management information as at 15 November 2021

Figure 3 – CDPF portfolio geographic diversification as at 15 November 2021



Source: Management information as at 15 November 2021

3.4. Tenants summary

As at 15 November 2021, CDPF had 86 tenants, with a WALE of 4.11 years and a weighted occupancy of 98.5% CDPF has a strong tenant base composed of both commercial and government clients. The largest tenant is Entain (Ladbrokes) and accounts for 18.8% of CDPF's rental income. The 10 largest tenants provide for 66.0% of the total income for the portfolio and are summarised in the following table.

Table 11: Summary of CDPF's major tenants as at 15 November 2021

Tenant	Percentage of total income (%)
Entain	18.8%
Transport Accident Commission	8.3%
Cleanaway	6.8%
Optus	6.6%
Tyco Australia Group	5.4%
Clinical Network Services	4.3%
PZ Cuzzons	4.1%
Leo Pharma	4.0%
Cliftons	4.0%
St Vincent's Care Services	3.8%
Sub-Total	**66.0%**
Others	32.5%
Total	**98.5%**

Source: Management information as at 15 November 2021

3.5. Management terms

CPFL charges CDPF various fees depending on the transaction which is being undertaken. The fees charged by the fund are typical of the market average. CDPF pays no acquisition or disposal fee when an investment is made into an unlisted property syndicate where an acquisition fee and/or sale fee has already been charged. If CDPF invests in a fund managed by CNI that is already charging management fees below 0.80%, the difference between the underlying fund's management fee and 0.80% is payable. The summary of the various fees charged by the fund are listed in the following table.

Table 12: CDPF Fee Summary

Fee type	Amount
Acquisition fee	2.00% of total acquisition price of any property asset
Management fee	0.80% p.a. of CDPF's gross asset value less unlisted syndicates
Trust expense recovery	Capped at 0.35% p.a. of CDPF's gross asset value
Performance fee	20.00% of the outperformance above total return benchmark of 8% p.a.
Disposal fee	1.00% of the sale price of any property asset
Other fees	Nil

Source: Management information

3.6. CDPF Financial Summary

The Historical Statements of Profit or Loss for CDPF for the financial years ending 30 June 2020 (**FY20**) and 30 June 2021 (**FY21**), and Management accounts for the year to 30 November 2021 are presented below.

Table 13: CDPF's Historical Statement of Profit or Loss

$'000		FY20	FY21	YTD Nov 21
Revenue				
Rent and recoverable outgoings	1	8,925	11,788	5,674
Distribution income	2	2,444	2,393	682
Total revenue		**11,369**	**14,181**	**6,356**
Expenses				
Rates, taxes and other property outgoings		(2,853)	(3,418)	(1,440)
Management fees		(1,024)	(1,275)	(569)
Professional fees		(394)	(657)	391
Other expenses		(64)	(215)	(16)
EBITDA		**7,034**	**8,616**	**4,722**
Interest expenses		(1,233)	(1,458)	(836)
Interest income		24	2	-
Gain/ (Loss) on fair value of investment properties	3	(9,957)	(1,125)	(2,178)
Gain/ (Loss) on fair value of financial assets	3	(1,087)	9,525	499
Gain/ (Loss) on fair value of derivative financial instruments	3	(351)	116	107
Net profit		**(5,570)**	**15,676**	**2,315**

Source: Centuria Diversified Property Fund FY21 Annual Report, November Management Accounts

Notes:

1	**Rent and recoverable outgoings** Rental income from investment properties represents the primary source of income for CDPF ($9.6m in FY21). Other associated income includes recovery of outgoings from tenants.
2	**Distribution income** CDPF sourced distribution income of approximately $2.4 million from the portfolio of listed and unlisted fund investments.
3	**Fair value adjustments** CDPF has recognised movements in the fair value of the fund's investment properties and investments in listed and unlisted unit trusts (financial assets) and interest rate swaps.

The Historical Statements of Financial Position for CDPF as at 30 June 2020, 30 June 2021 and 30 November 2021 are presented below.

Table 14: CDPF's Historical Statements of Financial Position

$'000		30-Jun-20	30-Jun-21	30-Nov-21	30 Nov-21 revaluation
Assets					
Current Assets					
Cash and cash equivalents		18,013	11,868	4,850	4,850
Trade and other receivables		851	724	(160)	(160)
Investments in unit trusts	1	10,754	24,213	17,093	17,093
Other assets		51	656	357	357
Total current assets		**29,669**	**37,461**	**22,140**	**22,140**
Non-current assets					
Investment properties	1	140,200	139,700	161,260	160,350
Investments in unit trusts	1	26,264	16,805	17,153	17,153
Other non-current assets					-
Total non-current assets		**166,464**	**156,505**	**178,412**	**177,503**
Total assets		**196,133**	**193,966**	**200,552**	**199,642**
Liabilities					
Current liabilities					
Trade and other payables		4,023	5,253	4,412	3,502
Derivative financial instruments		-	117	-	-
Total current liabilities		**4,023**	**5,370**	**4,412**	**3,502**
Non-current liabilities					
Borrowings	2	64,988	64,919	74,229	74,229
Derivative financial instruments		351	118	128	128
Total non-current liabilities		**65,339**	**65,037**	**74,357**	**74,357**
Total liabilities		**69,362**	**70,407**	**78,768**	**77,859**
Net assets		**126,771**	**123,559**	**121,784**	**121,784**
Equity					
Issued capital	3	137,942	125,576	124,386	124,386
Accumulated losses		(11,171)	(2,017)	(2,602)	(2,602)
Total equity		**126,771**	**123,559**	**121,784**	**121,784**

Source: Centuria Diversified Property Fund FY21 Annual Report, November Management Accounts

Notes:

1 **Investments**

The book values for current and non-current investments in properties and unit trusts have fluctuated with acquisitions, gains and losses on revaluation, and disposals.

Two properties were acquired between 30 June 2021 and 30 November 2021 being 171 Camboon Road and 36 Caribou Drive for $11.8 million and $8.8 million respectively.

The portfolio of 6 investment properties was revalued on 15 November 2021 which resulted in a net increase in the value of the portfolio to $160.35 million, an increase of $100k from 30 June 2021. The management accounts recorded an automatic accrual for capital expenditures that increased the value of the properties by $910k with a corresponding increase in trade and other payables. We have reversed both of these adjustments in our adjusted balance sheet.

CDPF divested from a unit trust investment in Centuria Havelock House Fund and Centuria Scarborough House Fund worth $16.4m in September 2021 and subsequently invested in $9.1m of Vanguard units on 26 October 2021. The fund made a special distribution of $0.1125 per unit from the proceeds of the Havelock House and Scarborough House sales.

CDPF syndicate investments were revalued by $1.4 million during FY21 and during the same period had $1.3 million amortised from the book value.

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2	**Borrowings** CDPF holds a secured loan facilities with a total debt facility limit of $100 million. The maturity dates for the facilities are 31 July 2024 for the tranche A ($70 million) and 31 August 2022 for the tranche B ($30 million). The debt facilities are secured by first mortgages over the Fund's investment properties and a first ranking fixed and floating charge over all assets of the fund.
3	**Issued capital** As at 30 November 2021, CDPF has 98,402,055 units on issue. 7,151,094 of these are Acquisition Units and 91,250,961 are Ordinary Units. In February 2022, the Acquisition Units held by CC2F were converted to Ordinary Units.

3.7. Unitholders of CDPF

Centuria Funds Management Limited as trustee of the Centuria Capital No. 2 Fund (**CC2F**) holds the largest share of CDPF units with 19.5% as at 30 November 2021. The second largest Unitholder holds 12.7% of units on issue.

Table 15: CDPF Units as at 30 November 2021

Unitholder	Unit type	CDPF Units	% holding
Centuria Funds Management Ltd <Centuria Capital NO2 Fund AC>	Acquisition	7,151,094	7.3%
Centuria Funds Management Ltd <Centuria Capital NO2 Fund AC>	Ordinary	12,013,924	12.2%
Other Unitholders	Ordinary	79,237,037	80.5%
Total		**98,402,055**	**100.0%**

Source: Management information, CDPF Register as at 30 November 2021

CDPF has two types of units, Acquisition Units and Ordinary Units. The Acquisition Units and Ordinary Units have the same rights except Acquisition Units may be redeemed from the proceeds of Ordinary Units in priority to the ordinary class of units. As at 30 November 2021, CC2F held Acquisition Units in CDPF, however, CC2F as at that date had waived the preferential redemption rights attached to the Acquisition Units. The Acquisition Units were converted to Ordinary Units in February 2022.

3.8. Property Valuations

On 15 November 2021, CDPF had the portfolio of properties valued by the valuation firms listed in the following table.

Table 16: CDPF Portfolio Independent Valuers

CDPF portfolio of assets	Valuation Firm	Valuer
10 Moore Street, Canberra ACT	M3	Josh Marks
381 Macarthur Avenue, Hamilton QLD	Cushman & Wakefield	Aaron Timmins
25 Montpellier Road, Bowen Hills QLD	Urbis	Fraser Bentley
13-15 Compark Circuit, Mulgrave, VIC	Savills	Ben Koops
171 Camboon Road, Malaga WA	Savills	Ryan Jacob
36 Caribou Drive, Direk SA 5110	CBRE	Paul McKay

Source: Valuation reports 15 November 2021

This resulted in two properties increasing in value, being 381 Macarthur Avenue and 171 Camboon Road, and one property decreasing in value, being 13-15 Compark Circuit. In total, the portfolio increased in value by $0.1m or 0.1%. The table below displays the change in value between 30 June 2021 and 15 November 2021.

Table 17: CDPF Portfolio Value as at 15 November 2021

Valuations/ Acquisition Prices (AUDm)	Acquisition Date	Acquisition Price	FY21 accounts	Valuation 15-Nov-21	Variance ($m)	Variance (%)
CDPF portfolio of assets						
10 Moore Street, Canberra ACT	May-19	33.25	35.00	35.00	-	0.0%
381 Macarthur Avenue, Hamilton QLD	Jun-19	18.85	19.20	19.30	0.10	0.5%
25 Montpellier Road, Bowen Hills QLD	Oct-19	59.60	60.00	60.00	-	0.0%
13-15 Compark Circuit, Mulgrave, VIC	Nov-19	26.03	25.50	25.25	(0.25)	-1.0%
171 Camboon Road, Malaga WA	Jul-21	11.75	n/a	12.00	0.25	2.1%
36 Caribou Drive, Direk SA 5110	Oct-21	8.84	n/a	8.84	-	0.0%
Total – CDPF			**139.70**	**160.38**	**0.10**	**0.1%**

Source: Management information and valuation reports 15 November 2021

4. PROFILE OF PRIMEWEST PROPERTY INCOME FUND

4.1. Overview

The Primewest Property Income Fund (**PPIF**) is an unlisted open-ended property fund which holds a diversified portfolio of commercial property in Australia. PPIF was established in December 2020 and is managed by Primewest P/Q Pty Ltd, and the responsible entity is Primewest Management Ltd (**PML**). PML was acquired by CNI in July 2021 as part of CNI's off-market takeover of Primewest Group Limited (**Primewest**).

PPIF aims to provide investors with monthly income and the potential for capital growth by investing in a diversified and growing portfolio of property assets located in Australia. The Fund may invest in a property directly or indirectly via investing in other property funds. It is also intended for the fund to invest a portion of its assets in liquid investments, such as interests in A-REITs.

Table 18: PPIF Key Statistics as at 15 November 2021

Key Statistics	
Fund commencement	2020
Responsible entity	Primewest Management Pty Ltd
Interest held by Centuria Group and associates	34.9%
Number of direct properties held	4
Total funds under management	$64.47 million
Direct property (excluding capitalised acquisition costs)	$52.50 million
Direct property (including capitalised acquisition costs)	$55.50 million
Liquid assets	$8.97 million
Occupancy rate	100.00%
Weighted Average Lease Expiry (WALE) (years)	9.73
Distribution cycle	Monthly
FY21 distribution (cents per unit)	5.5
Passing yield (as at 15 November 2021)	5.07%
Unit price (as at 15 November 2021)	$1.0842
Unit price (as at 30 November 2021)	$1.0810

Source: Management information, PPIF Monthly Product Disclosure December 2021, www.primewest.biz/propertyincomefund

4.2. Directors and Management

The current board of directors and senior management of PML are listed in the following table.

Table 19: Directors and management

Name	Position
John Bond	Director
David Schwartz	Director
John McBain	Director
Jason Huljich	Director
Anna Kovarik	Company Secretary
Daniel Miskiewicz	Fund Manager

Source: Management information

4.3. Asset portfolio

PPIF has an asset allocation strategy which targets 70%-90% investment direct property, 0%-15% investment in A-REITs, and 0%-15% investment in liquid assets. The portfolio as at November 2021 consisted of cash and direct investments in 4 properties in Queensland, South Australia and Western Australia, as summarised in the following tables and chart.

Table 20: PPIF Direct Real Estate Portfolio as at 15 November 2021

Property	Sector	Fund weighting (%)	Independent valuation ($m)	Capitalisation rate as at 15 Nov 2021 (%)	Property NLA/GLA	WALE by income (years)	Occupancy rate (%)
8 Market Street, Maroochydore QLD	Office	54.7%	33.0	6.00%	4,526	5.6	100.0%
26 Westbrook Parade, Ellenbrook WA	Social Infrastructure	9.4%	5.8	5.75%	301	19.3	100.0%
40 John Rice Avenue, Elizabeth Vale SA	Social Infrastructure	9.4%	6.0	5.50%	310	19.3	100.0%
60 Investigator Drive, Robina QLD	Social Infrastructure	12.6%	7.7	6.00%	427	14.2	100.0%
Total value/ Weighted average		**86.1%**	**52.5**	**5.92%**	**5,564**	**9.7**	**100.0%**

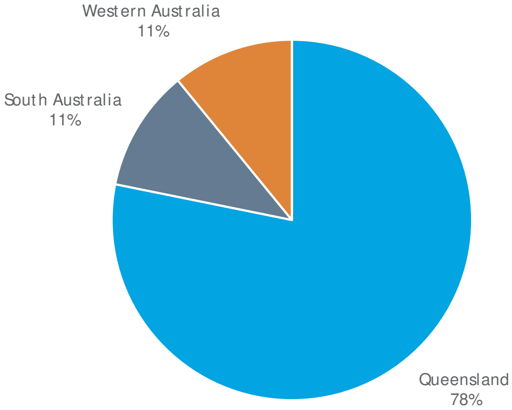
Source: Management information as at 15 November 2021

Table 21: PPIF's Liquid Assets as at 15 November 2021

Liquid Assets	Fund weighting (%)	Gross carrying value ($m)
Cash and Liquid Assets	13.9%	9.0
Total value	**13.9%**	**9.0**

Source: Management information as at 15 November 2021

Figure 4: PPIF portfolio geographic diversification as at 15 November 2021



Source: Management information as at 15 November 2021

4.4. Tenants summary

As at 30 November 2021, PPIF had 21 tenants, with a WALE of 9.73 years. The 5 largest tenants as at 30 June 2021 provided for 55.33% of the total income for the portfolio, as summarised below.

Table 22: Summary of PPIF's major tenants as at 30 June 2021

Tenant	Percentage of total income (%)
Solvana Child Care Pty Ltd	13.77
Think Childcare 5112 Pty Ltd	10.99
Think Ellenbrook 6069 Pty Ltd	10.90
Locality Planning Energy Pty Ltd	10.34
GHD Pty Ltd	9.33
Sub-Total	**55.33**
Others	44.67
Total	**100.00**

Source: PPIF Monthly Disclosure Template June 2021

3 of PPIF's direct properties, Ellenbrook, Robina, and Elizabeth Vale, are childcare centres with single tenants. The Robina property is leased for 15 years with 3 x 10-year options. Ellenbrook and Elizabeth Vale are subject to 20-year leases with 2 x 10-year options.

The Maroochydore property is an office building which has 17 occupied tenancies that provide diversification of earnings for the property. The largest tenant in the space is Locality Planning Energy which accounts for 15.9% of the NLA. The office leases are generally on a 5-year lease term whereas the retail leases are on 10-year leases.

4.5. Management agreement and fees

A summary of the fees charged by Primewest are listed below.

Table 23: PPIF Fee Summary

Fee type	Amount
Acquisition fee	2.00% of purchase price
Management fee	0.80% p.a. of PPIF's gross asset value
Trust expense recovery	Capped at 0.35% p.a. of PPIF's gross asset value
Performance fee	20.00% of the outperformance above total return benchmark of 8% p.a.
Disposal fee	1.00% of sale price of any property asset
Finance facility fee	Primewest has the ability under the PPIF constitution to charge 0.21% of the total amount borrowed

Source: Management information

4.6. PPIF Financial Summary

The Historical Statement of Profit or Loss for PPIF for FY21 as per the PPIF Annual Report includes only 8 months of performance, as PPIF was established on 9 November 2020. The performance for FY21 and the year-to-date performance to November 2021 as per Management accounts and are presented in the following table.

Table 24: PPIF's Historical Statement of Profit or Loss

$'000		FY21[1]	YTD Nov 21
Revenue			
Rent and recoverable outgoings	1	1,056	1,516
Total revenue		**1,056**	**1,516**
Expenses			
Settlement costs	2	(3,494)	-
Borrowing costs		(77)	-
Rates, taxes and other property outgoings		(147)	(301)
Management fees		(114)	(130)
Professional fees		-	(65)
Fair value adjustment	3	-	3,760
Incentive fees		-	(292)
Other expenses		(102)	-
EBITDA		**(2,879)**	**4,488**
Interest expenses		(100)	(154)
Interest income		0	-
Net profit		**(2,979)**	**4,334**

Source: Primewest Property Income Fund FY21 Annual Report and Management Accounts
Note 1: FY21 represents the period from 9 November 2020 to 30 June 2021

Notes:

1	**Rent and recoverable outgoings** The majority of revenue earned by PPIF has been generated from rental income from investment properties (FY21: $912k). The remaining income relates to the recovery of costs associated with general building and tenancy operation from the lessees in accordance with specific clauses of the lease agreements.
2	**Settlement costs** Settlement costs of $3.494 million are costs incurred in connection with the acquisition of the investment properties.
3	**Fair value adjustment** PPIF's property portfolio was valued on 15 November 2021 and as a result saw a gain in the fair value of the investment properties of $3.8 million.

The Historical Statements of Financial Position for PPIF as at 30 June 2021 and 30 November 2021 are presented below.

Table 25: PPIF's Historical Statements of Financial Position

$'000		30-Jun-21	30-Nov-21
Assets			
Current Assets			
Cash and cash equivalents		4,962	8,835
Trade and other receivables		914	(51)
Prepaid expenses		-	11
Accrued income		-	
Total current assets		**5,876**	**8,795**
Non-current assets			
Investment properties	1	48,740	52,500
Settlement costs		-	-
Total non-current assets		**48,740**	**52,500**
Total assets		**54,616**	**61,295**
Liabilities			
Current liabilities			
Trade and other payables		1,039	149
Lease incentive		-	539
Accrual control account		-	4,348
Prepaid rent		-	44
Tax liabilities		-	40
Total current liabilities		**1,039**	**5,119**
Non-current liabilities			
Borrowings	2	22,610	22,610
Total non-current liabilities		**22,610**	**22,610**
Total liabilities		**23,649**	**27,729**
Net assets		**30,967**	**33,566**
Equity			
Issued capital	3	33,946	32,221
Accumulated losses		(2,979)	2,400
Unitholder distribution		-	(1,056)
Total equity		**30,967**	**33,566**

Source: Primewest Property Income Fund FY21 Annual Report and Management Accounts

Notes:

1 **Investment properties**
The four properties acquired in FY21 were purchased for a total price of $48.74 million. The investment property value increased by $3.8m in the period to November 2021 due to valuations conducted on 15 November 2021.

2 **Borrowings**
As at 30 June 2021, PPIF held a secured loan facility with a maturity date of 19 February 2024. The debt is secured by first mortgages over PPIF's investment properties and a first ranking fixed and floating charge over all assets of PPIF.

3 **Issued capital**
As at 30 November 2021 there are 33,883,933 units outstanding.

4.7. Unitholders of PPIF

PPIF has two types of units, Acquisition Units and Ordinary Units. The Acquisition Units and Ordinary Units have the same rights except Acquisition Units may be redeemed from the proceeds of Ordinary Units in priority to the ordinary class of units.

Centuria Funds Management Limited as trustee of the Centuria Capital No. 2 Fund (**CC2F**) holds the largest share of PPIF units with 34.9% as at 15 November 2021.

Table 26: PPIF Units as at 15 November 2021

Unitholder	Unit type	PPIF Units	% holding
Centuria Funds Management Ltd as trustee of CC2F	Acquisition	11,815,402	34.9%
Other Unitholders	Ordinary	22,068,531	65.1%
Total		**33,883,933**	**100%**

Source: Management information, PPIF Holdings Register as at 15 November 2021

4.8. Property Valuations

On 15 November 2021, PPIF had the portfolio of properties valued by the valuation firms listed in the following table.

Table 27: PPIF portfolio independent valuers

PPIF portfolio of assets	Valuation Firm	Valuer
60 Investigator Drive, Robina QLD	Colliers International	Paul Ellis
26 Westbrook Parade, Ellenbrook WA	Colliers International	Emily Quick
36-40 John Rice Avenue, Elizabeth Vale SA	Colliers International	Emily Quick
Foundation Place, 8 Market Ln, Maroochydore QLD	Colliers International	Craig Clayworth

Source: Valuation reports 15 November 2021

In total, the portfolio increased in value by $3.8m or 7.2% compared to valuations as at 30 June 2021. The table below displays the change in value between 30 June 2021 and 15 November 2021.

Table 28: PPIF portfolio values

Observed Valuations/ Acquisition Prices (AUDm)	Acquisition Date	Acquisition Price	FY21 accounts	Valuation 15-Nov-21	Variance ($m)	Variance (%)
PPIF portfolio of assets						
60 Investigator Drive, Robina QLD	Dec-20	7.25	7.25	7.70	0.45	5.8%
26 Westbrook Parade, Ellenbrook WA	Dec-20	5.22	5.22	5.80	0.58	10.0%
36-40 John Rice Avenue, Elizabeth Vale SA	Mar-21	5.18	5.18	6.00	0.83	13.8%
Foundation Place, 8 Market Ln, Maroochydore QLD	Dec-20	29.65	31.10	33.00	1.90	5.8%
Total – PPIF			**48.75**	**52.50**	**3.76**	**7.2%**

Source: Management information and valuation reports 15 November 2021

5. PROFILE OF THE STAPLED FUND

5.1. Overview

If the Merger Proposal is implemented, the Stapled Fund will be a diversified property fund comprising 10 direct asset investments in the office, industrial and social infrastructure sectors across all mainland Australian states and the Australian Capital Territory. The Stapled Fund will have assets under management (**AUM**) of approximately $269.4 million.

The investment objective for the Stapled Fund is to provide investors with stable income returns and the potential for capital growth by investing (directly and indirectly) in a diversified Australian-based property portfolio.

CDPF and PPIF will each continue to exist as separate funds however the units in each fund will be stapled and the funds will be managed as one combined fund. CPFL will be the responsible entity and manager of the Stapled Fund.

Table 29: Stapled Fund pro-forma statistics as at 15 November 2021

Key Statistics	
Responsible entity	Centuria Property Funds Limited
Interest held by Centuria Group (as at 31 January 2021)	22.89%
Number of direct properties held	10
Number of syndicate holdings	7
Total funds under management	$269.39 million
Direct property (excluding capitalised acquisition costs)	$212.85 million
Direct property (including capitalised acquisition costs)	$223.50 million
Unlisted property	$17.39 million
Liquid assets	$28.50 million
Occupancy rate	98.79%
Weighted Average Lease Expiry (WALE) (years)	5.15
Distribution cycle	Monthly

Source: Management information as at 15 November 2021

5.2. Directors and Management

If the Merger Proposal is implemented, CPFL will replace PML as the responsible entity of PPIF and replace Primewest P/Q Pty Ltd as the manager of PPIF to be the responsible entity and manager of the Stapled Fund. The following table shows the proposed directors and management of the Stapled Fund.

Table 30: Directors and management

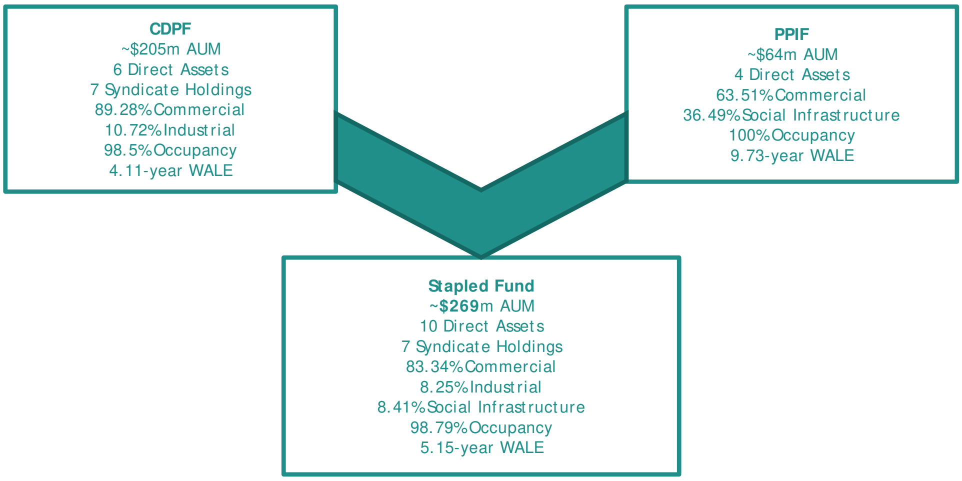
Name	Position
Peter Done	Independent Chairman
Matthew Hardy	Independent Non-Executive Director
Darren Collins	Independent Non-Executive Director
Elizabeth McDonald	Independent Non-Executive Director
John McBain	Joint Chief Executive Officer
Jason Huljich	Joint Chief Executive Officer
Doug Hoskins	Fund Manager
Anna Kovarik	Company Secretary

Source: Management information

5.3. Asset portfolio

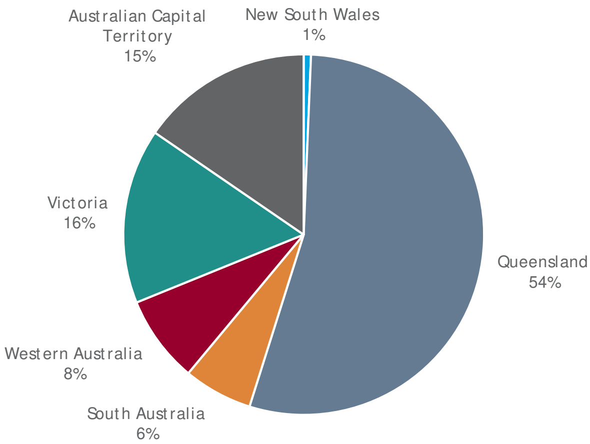
The following charts summarise the proposed key features of the asset portfolio of the Stapled Fund.

Chart 1: Comparison of CDPF, PPIF and Stapled Group asset portfolio



Source: Management information as at 15 November 2021, Explanatory Memorandum dated 11 March 2022

Figure 5: Proposed portfolio geographic diversification as at 15 November 2021 for the Stapled Fund



Source: Management information as at 15 November 2021

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5.4. Tenants summary

The combined tenants of the Stapled Fund based on the CDPF and PPIF tenants as at 15 November 2021 are summarised in the following table.

Table 31: Summary of the Stapled Funds major tenants as at 15 November 2021

Tenant	Percentage of total income (%)
Entain	15.3%
Transport Accident Commission	6.8%
Cleanaway	5.5%
Optus	5.4%
Tyco Australia Group	4.4%
Think Childcare	3.9%
Clinical Network Services	3.5%
PZ Cuzzons	3.3%
Leo Pharma	3.3%
Cliftons	3.8%
Sub-Total	**55.1%**
Others	44.9%
Total	**100.0%**

Source: Management information as at 15 November 2021

5.5. Stapled Fund features

A comparison of the current fund features and fee structure of CDPF and PPIF, and the proposed fund features and fee structure of the Stapled Fund is provided below.

Table 32: Comparison of CDPF, PPIF and Stapled Group fund features

Fund Features	CDPF	PPIF	Stapled Fund	Comment on variance
Unit Price Policy	NAV + unamortised acquisition costs	NAV + unamortised acquisition costs	NAV + unamortised acquisition costs	No change.
Minimum Investment	$10,000	$10,000	$10,000	No change.
Asset Allocation target	90%property, 10%liquid	85%property, 10%AREIT, 5%cash or cash-like	90% property, 10% liquid	CDPF and the Stapled Fund have slightly lower target allocation to liquid assets
Gearing target	35-50% with max of 50%	35-50% with max of 60%	35-50% with max of 50%	PPIF has a higher maximum gearing.
Distribution Consistency	Monthly in arrears	Monthly in arrears	Monthly in arrears	No change.
Managers Holding (as at 31 January 2022)	19.6%	35.3%	22.9%	Refer to 'other transaction considerations' section
Acquisition Units Treatment	Acquisition Units have preferential redemption rights over Ordinary Units.	Acquisition Units have preferential redemption rights over Ordinary Units	If the Related Party Transaction Resolution is approved, CC2F will receive stapled Acquisition Units. If not, CC2F has agreed its Acquisition Units will be converted into Ordinary Units and stapled to Ordinary Units in CDPF	Acquisition Units will retain their preferential right of redemption
Liquidity	Quarterly: capped at 2.5%of net asset value. Full liquidity every 5 years	Monthly: minimum of 0.5%of net asset value. Full liquidity every 5 years	Quarterly: capped at 2.5%of net asset value. Full liquidity every 5 years	Feature reflective of CDPF.
Next Periodic Liquidity Event	Feb-26	Dec-25	Dec-25	Feature broadly aligned

Fund Features	CDPF	PPIF	Stapled Fund	Comment on variance
Valuation Policy	Every 24 months, within 2 months of material event, or if value has increased greater than 5%	Every 24 months, within 2 months of material event, or if value has increased greater than 5%	Direct properties will be independently valued at least once every 24 months. If CPFL believes that a property has had a significant valuation movement, an updated valuation will be obtained within two months of identification of the change in price. Properties in which the Stapled Fund has an indirect interest (for example, via an investment in an unlisted fund) will be accounted for by the Stapled Fund at their current valuation, as provided by the responsible entity or trustee of the relevant fund.	No change.

Source: Management information

5.6. Management agreement and fee structure

A comparison of the current fee structure of CDPF and PPIF, and the proposed fee structure of the stapled group is provided below.

Table 33: Comparison of CDPF, PPIF and Stapled Fund fee structures

Fee	CDPF	PPIF	Stapled Fund	Commentary
Acquisition fee	2.00%	2.00%	2.00%	Fee aligned
Management Fee	0.80%	0.80%	0.80%	Fee aligned
Trust Expense Recovery	Capped at 0.35%	Capped at 0.35%	Capped at 0.35%	Fee aligned
Performance fee	20% over 8% total return	20% over 8% total return	20% over 8% total return	Fee aligned
Disposal fee	1.00%	1.00%	1.00%	Fee aligned
Finance facility fee	Nil	0.21% finance fee payable to Primewest	Nil	CDPF and the Stapled Fund do not have a finance facility fee

Source: Management information

Note: All fees are a percentage of gross asset value

If the Merger Proposal is implemented, the finance facility fee payable by PPIF to Primewest for procuring debt funding for PPIF or any if its wholly owned subsidiaries will be removed.

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5.7. Stapled Fund pro-forma financial summary

The pro-forma Statement of Profit or Loss for the Stapled Fund for FY21 is presented below.

Table 34: Stapled Fund pro-forma profit or loss

$'000		CDPF FY21	PPIF FY21	Pro-forma adjustments	Stapled Fund FY21
Revenue					
Rent and recoverable outgoings		11,788	1,056	-	12,844
Distribution income		2,393	-	-	2,393
Total revenue		**14,181**	**1,056**	**-**	**15,237**
Expenses					
Settlement costs	1	-	(3,494)	3,494	-
Borrowing costs		-	(77)	-	(77)
Rates, taxes and other property outgoings		(3,418)	(147)	-	(3,565)
Management fees		(1,275)	(114)	-	(1,389)
Professional fees		(657)	-	-	(657)
Other expenses		(215)	(102)	-	(317)
EBITDA		**8,616**	**(2,879)**	**3,494**	**9,231**
Interest expenses		(1,458)	(100)	-	(1,558)
Interest income		2	0	-	2
Gain/ (loss) on fair value of investment properties	1	(1,125)	-	(3,494)	(4,619)
Gain/ (loss) on fair value of financial assets		9,525	-	-	9,525
Gain/ (loss) on fair value of derivative financial instruments		116	-	-	116
Net profit		**15,676**	**(2,979)**	**-**	**12,697**

Source: Management information

Notes:

1	**Pro-forma adjustment** The $3.5 million adjustment relates to a reclassification of PPIF settlement costs to Gain/ (loss) on fair value of investment properties, to be consistent with CDPF's accounting policy.

The pro-forma Statement of Financial Position for the Stapled Fund for FY21 is presented below.

Table 35: Stapled Fund pro-forma financial position

$'000	30-Nov-21 CDPF (revalued)	30-Nov-21 PPIF	Subtotal	Variable Transaction costs	Stapled Fund consolidated
Notes	1			2	
Assets					
Current Assets					
Cash and cash equivalents	4,850	8,835	13,685	(565)	13,120
Trade and other receivables	(160)	(51)	(211)	-	(211)
Investments in unit trusts	17,093	11	17,104	-	17,104
Other assets	357	-	357	-	357
Total current assets	**22,140**	**8,795**	**30,935**	**(565)**	**30,370**
Non-current assets					
Investment properties	160,350	52,500	212,850	-	212,850
Investment in unit trusts	17,153	-	17,153	-	17,153
Total non-current assets	**177,503**	**52,500**	**230,003**	**-**	**230,003**
Total assets	**199,642**	**61,295**	**260,937**	**(565)**	**260,372**
Liabilities					
Current liabilities					
Trade and other payables	3,502	149	3,651	-	3,651
Derivative financial instruments	-	-	-	-	-
Lease incentive	-	539	539	-	539
Accrual control account	-	4,348	4,348	-	4,348
Prepaid rent	-	44	44	-	44
Tax liabilities	-	40	40	-	40
Total current liabilities	**3,502**	**5,119**	**8,621**	**-**	**8,621**
Non-current liabilities					
Borrowings	74,229	22,610	96,839	-	96,839
Derivative financial instruments	128	-	128	-	128
Total non-current liabilities	**74,357**	**22,610**	**96,967**	**-**	**96,967**
Total liabilities	**77,859**	**27,729**	**105,588**	**-**	**15,588**
Net assets	**121,784**	**33,566**	**155,350**	**(565)**	**154,785**
Equity					
Issued capital	124,386	32,221	156,607	-	156,607
Retained earnings/ (accumulated losses)	(2,602)	2,400	(1,112)	(565)	(767)
Unitholder distributions	-	(1,056)	(1,056)	-	(1,056)
Total equity	**121,784**	**33,566**	**155,350**	**(565)**	**154,785**

Source: Management Accounts

Notes:

1	**Property valuations** CDPF had its direct property portfolio revalued on 15 November 2021 to $160.35 million.
2	**Variable Transaction costs** Management estimates $565k in variable transaction costs relating to the Merger Proposal, relating primarily to stamp duty. These transaction costs will only be incurred if the Merger Proposal is approved. Other transaction costs totalling circa $635k will be incurred irrespective of whether the Merger Proposal is approved or rejected. As these costs will be incurred under both outcomes, we have not included these costs in the above analysis.

5.8. Indicative Conversion Ratios and Unitholding

The stapling/conversion mechanism of the Merger Proposal has been designed to create the same Unitholder base in both CDPF and PPIF and stapling the units in CDPF and PPIF to form the Stapled Fund. Upon implementation of the Merger Proposal, each Unitholder will hold the same number of units in CDPF as they do in PPIF. One CDPF unit will be stapled to one PPIF unit to form one stapled unit.

Both CDPF and PPIF have two classes of units on issue: Ordinary Units and Acquisition Units. The Acquisition Units differ from Ordinary Units in that the proceeds from the issue of Ordinary Units may be used to withdraw any Acquisition Units in priority to the withdrawal of Ordinary Units. We note that the Acquisition Units in CDPF held by CC2F were converted into Ordinary Units in February 2022. The number of Stapled Units issued for the Stapled Fund will be determined by the Conversion Ratios which will be calculated on the Calculation Date using the NAV per unit in CDPF and the NAV per unit in PPIF at that date.

The Indicative Conversion Ratios, calculated on the NAV per unit in CDPF and PPIF as at 30 November 2021 are:

- each CDPF Unitholder will receive 1.24 Stapled Units for every 1 CDPF unit held pre-transaction;
- each PPIF Unitholder will receive 0.99 Stapled Units for every 1 PPIF unit held pre-transaction;

(collectively the **Indicative Conversion Ratios**).

The Indicative Conversion Ratios and the final Conversion Ratios have/will be calculated using the following formulas.

Table 36: CDPF Conversion Ratio

CDPF Conversion Ratio
Number of Stapled Units the CDPF Unitholder will receive
=
(NAV of CDPF as at the Calculation Date / units on issue in CDPF as at the Calculation Date
x
Number of CDPF Units held as at the Calculation Date

Source: Management information

Table 37: PPIF Conversion Ratio

PPIF Conversion Ratio
Number of Stapled Units the PPIF Unitholder will receive
=
(NAV of PPIF as at the Calculation Date / units on issue in PPIF as at the Calculation Date
x
Number of PPIF Units held as at the Calculation Date

Source: Management information

The net asset value per Stapled Unit as at the Implementation Date will be $1.00.

The calculation of the Indicative Conversion Ratios is presented in the following table.

Table 38: Indicative Conversion Ratios

Fund	CDPF	PPIF	New Fund
Starting units on Issue	98,402,055	33,883,933	
Starting unit price	$1.3597	$1.0810	
Carrying value	**$133,797,275**	**$36,628,531**	**$170,425,806**
less unamortised costs	$12,013,770	$3,062,215	$15,075,985
Net Assets pre stapling	**$121,783,505**	**$33,566,316**	**$155,349,821**
Desired net assets per unit	$1.00	$1.00	
Net Assets post stapling	**$121,783,505**	**$33,566,316**	**$155,349,821**
Merger Ratio	78.4%	21.6%	
Indicative Conversion Ratios	**1.24**	**0.99**	

Source: Management information

As CDPF and PPIF Unitholders may withdraw their investment or apply for more units prior to the Calculation Date, the actual number of units at the final Calculation Date may be different. If upon calculation of the final Conversion Ratios as at the Calculation Date, the number of Stapled Units received per CDPF unit or the number of Stapled Units received per PPIF unit differs by 5% or more to the number of Stapled Units received on the Indicative Conversion Ratio, CPFL and PML as the responsible entities of CDPF and PPIF will issue a supplementary Explanatory Memorandum.

BDO

6. FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

6.1. Fairness assessment overview

We have analysed the impact of the Merger Proposal on CDPF Unitholders and PPIF Unitholders in determining the appropriate approach to assessing fairness. The key factors we considered are:

- The key assets of both CDPF and PPIF are property assets. The stapling will result in Unitholders of both funds holding an interest in an enlarged group of assets. Property assets are primarily passive in nature and significant synergies are not generally available in any merger and acquisition activity. However, benefits are available to both parties of the stapling through increased size and scale, and diversification of the property portfolio.
- CDPF and PPIF's property portfolios have similar assets. Management advise that the existing investment strategy of both entities is consistent with the proposed strategy for the Stapled Fund (as noted at section 5.5).
- PPIF is managed by PML, and CDPF is managed by CPFL. If the Merger Proposal is implemented, CPFL will be appointed as the new responsible entity of PPIF. Both managers are part of the Centuria Group. The existing management terms are similar, and there are no material differences between the existing management terms and the proposed terms (as noted at Sections 5.5 and 5.6).

In summary, there is no significant change in the nature of the investments held by CDPF Unitholders and PPIF Unitholders as a result of the Merger Proposal. The Unitholders will hold a smaller interest in a larger pool of assets. There is no significant change in strategy or management of either entity. Any benefits of the Merger Proposal (primarily increase in size, scale and diversification) will be enjoyed by both CDPF Unitholders and PPIF Unitholders.

Therefore, we have considered the Merger Proposal to be 'fair' if the value of the new Stapled Units received is greater than or equal to the value of the units held prior to the Merger Proposal. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis for CDPF Unitholders has been performed by comparing:

- the FMV of the units held by CDPF Unitholders pre-transaction; and
- the FMV of the Stapled Units received by CDPF Unitholders (**CDPF Consideration Units**).

Our analysis for PPIF Unitholders has been performed by comparing:

- the FMV of the units held by PPIF Unitholders pre-transaction; and
- the FMV of the Stapled Units received by PPIF Unitholders (**PPIF Consideration Units**).

As BDOCF are not property valuers, our fairness analysis required the engagement of independent property valuers to value the assets of the Merger Proposal. CBRE Valuations Pty Ltd (**CBRE**), CIVAS (NSW/QLD) Pty Limited (**Colliers**), Cushman & Wakefield, m3 Property Australia Pty Ltd (**m3 Property**), Savills Valuations Pty Ltd (**Savills**) and Urbis Valuations Pty Ltd (**Urbis**) (collectively, the **Independent Property Valuers**) were appointed by CDPF and PPIF.

Further details regarding the engagement and independence of the Independent Property Valuers are provided in Section 6.4.

6.2. Valuation methodologies

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our fairness assessment of the CDPF and PPIF units held prior to the Merger Proposal, and the Stapled Units received as a result of the Merger Proposal.

Details of common methodologies for valuing businesses and assets are included at Appendix 3. The principal methodologies which can be considered are as follows:

- Discounted cash flow (**DCF**)
- Capitalisation of earnings (**COE**)
- Net asset value (**NAV**)
- Net tangible assets on a realisation basis (**NRV**)
- Quoted market price basis (**QMP**)
- Recent capital raise.

6.3. Selected valuation approach

We consider the most appropriate valuation methodologies to be as follows:

Table 39: Selection of valuation methodology

Methodology	Appropriate	Explanation
NAV	✓	The NAV approach considers the valuation of the net tangible assets on a going concern basis and is usually appropriate where the majority of assets consist of cash or passive investments, or where the business is under performing. All assets and liabilities of the entities are valued at market value under this method, and the combined market value forms the basis for the valuation of the CDPF and PPIF units. The relevant net assets of CDPF and PPIF have been valued using the market valuations undertaken by Independent Property Valuers dated as at 15 November 2021. Further details of the independent property valuations are provided below in Section 6.4.
QMP	✓	CDPF and PPIF are not listed. However, the funds do issue and redeem units on a regular basis. Both CDPF and PPIF price their respective units based on the NAV plus unamortised acquisition costs. Acquisition costs are amortised over 5 years.
DCF	X	The DCF approach is appropriate where the business' cash flows are expected to fluctuate and where earnings are capable of being forecast for a reasonable period (preferably 5 to 10 year) with reasonable accuracy. We have not applied the DCF methodology to value CDPF and PPIF. However, we note the Independent Property Valuers have utilised the DCF methodology in their valuations.
COE	X	The Capitalisation of Earnings method is most commonly applicable to profitable businesses with steady growth history and forecasts. We have not adopted the COE approach; however we note that the Independent Property Valuers have adopted similar capitalisation approaches in their valuations.

Source: BDOCF analysis

6.4. Reliance on independent property valuations

As BDOCF are not property valuation experts, we have relied on the opinion of the Independent Property Valuers. Market valuations have been undertaken for each of the properties in the CDPF and PPIF portfolios by the Independent Property Valuers as at 15 November 2021. The property, valuation firm and valuer are listed in the following tables.

Table 40: Independent Property Valuers

CDPF portfolio of assets	Valuation Firm	Valuer
10 Moore Street, Canberra ACT	M3	Josh Marks
381 Macarthur Avenue, Hamilton QLD	Cushman & Wakefield	Aaron Timmins
25 Montpellier Road, Bowen Hills QLD	Urbis	Fraser Bentley
13-15 Compark Circuit, Mulgrave, VIC	Savills	Ben Koops
171 Camboon Road, Malaga WA	Savills	Ryan Jacob
36 Caribou Drive, Direk, SA	CBRE	Paul McKay

PPIF portfolio of assets	Valuation Firm	Valuer
60 Investigator Drive, Robina QLD	Colliers International	Paul Ellis
26 Westbrook Parade, Ellenbrook WA	Colliers International	Emily Quick
36-40 John Rice Avenue, Elizabeth Vale SA	Colliers International	Emily Quick
Foundation Place, 8 Market Ln, Maroochydore QLD	Colliers International	Craig Clayworth

Source: Independent Property Valuer valuation reports (refer to https://centuria.com.au/cdpf-merger)

The Independent Property Valuers were appointed by Mr Troy Dafter, Chief Risk Officer –Financial Services of Centuria Capital Limited on behalf of CPFL and PML for the purposes of obtaining independent property valuations to be used in calculating the Indicative Conversion Ratios and determining the Conversion Ratio methodology.

Centuria provided the Independent Valuation Reports to BDO to consider in our analysis of the Merger Proposal. Centuria:

- Authorised BDOCF to make any enquiry of the valuers that we deemed necessary in order to determine if we could rely on the independent property valuations for the purpose of our independent expert report;
- Authorised BDOCF to engage any other independent valuer directly should we determine not to rely on the independent property valuation provided. Costs of additional valuations were to be incurred by Centuria;

We have reviewed the valuation reports, and where required discussed the valuation with the Independent Property Valuers. Each Property Valuation, or a summary of the Property Valuation, is available at *https://centuria.com.au/cdpf-merger*.

BDOCF considered the identity of each valuation firm engaged, and is satisfied as to the independence, capability and terms of engagement of each property valuer. We consider each of the Independent Property Valuers to be independent of CDPF and PPIF, and to have the required skills and expertise to prepare the valuations.

The basis of each of the Independent Property Valuers' valuations was Market Value. Market Value has been defined by each of the Independent Property Valuers in line with the International Valuation Standards Council and endorsed by the Australian Property Institute as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the partiers had each acted knowledgably, prudently and without compulsion". This is consistent with our definition of FMV.

The Independent Property Valuers used combinations of income capitalisation, direct comparison and DCF approaches.

We have compared the valuations as at 15 November 2021 to the values reported in the FY21 accounts.

Table 41: Recent valuations

Observed Valuations/ Acquisition Prices (AUDm)	Acquisition Date	Acquisition Price	FY21 Accounts	Valuation 15-Nov-21	Variance ($)	Variance (%)
CDPF portfolio of assets						
10 Moore Street, Canberra ACT	May-19	33.25	35.00	35.00	-	0.0%
381 Macarthur Avenue, Hamilton QLD	Jun-19	18.85	19.20	19.30	0.10	0.5%
25 Montpellier Road, Bowen Hills QLD	Oct-19	59.60	60.00	60.00	-	0.0%
13-15 Compark Circuit, Mulgrave, VIC	Nov-19	26.03	25.50	25.25	(0.25)	-1.0%
171 Camboon Road, Malaga WA	May-21	11.75	n/a	12.00	0.25	2.1%
36 Caribou Drive, Direk SA 5110	Oct-21	8.84	n/a	8.84	-	0.0%
Total – CDPF			**139.70**	**160.38**	**0.10**	**0.1%**
PPIF portfolio of assets						
60 Investigator Drive, Robina QLD	Dec-20	7.25	7.25	7.70	0.45	5.8%
26 Westbrook Parade, Ellenbrook WA	Dec-20	5.22	5.22	5.80	0.58	10.0%
36-40 John Rice Avenue, Elizabeth Vale SA	Mar-21	5.18	5.18	6.00	0.83	13.8%
Foundation Place, 8 Market Ln, Maroochydore QLD	Dec-20	29.65	31.10	33.00	1.90	5.8%
Total – PPIF			**48.75**	**52.50**	**3.76**	**7.2%**

Source: Management information, Independent Valuation Reports

Whilst the market values for the CDPF properties have remained relatively constant, the market values for each of the PPIF properties have increased by over 5%

We have reviewed the valuation reports underlying the FY21 Account fair values for the PPIF properties and note the following observations for the change in valuations:

- The prior valuation for 36-40 John Rice Avenue, Elizabeth Vale SA was undertaken as at 3 December 2020 when the property was not yet fully developed, approximately 4 weeks from practical completion.
- The prior valuation of 26 Westbrook Parade, Ellenbrook WA was undertaken on 12 November 2020 when the subject property was an active construction site.
- Each of the PPIF valuation reports applied lower capitalisation and discount rates and higher rates per childcare place/ Net Lettable Area as at 15 November 2021 than the earlier valuation report. The shift in rates was influenced by the inclusion of more recent comparable sales transactions and exclusion of older transactions, indicating change in market evidence between valuation dates.
- 3 of the properties (60 Investigator Drive, 26 Westbrook Parade and Foundation Place) were valued by the same Certified Practising Valuer/ team of Valuers for FY21 and as at 15 November 2021. 36-40 John Rice Avenue was valued by Jones Lang Lasalle IP, INC as at 3 December 2020 and by Colliers as at 15 November 2021.

Based on the above, we consider the valuations commissioned for the Merger Proposal and IER to be appropriate and reliable for the purposes of our analysis.

6.5. Other valuation considerations

6.5.1. Opining on data as at 30 November as a proxy, and not actual numbers

Management have prepared the pro-forma financial statements, and an indicative Conversion Ratios disclosed in the Transaction Document as at 30 November 2021.

The number of Stapled Units that Unitholders will receive after the Implementation Date will be determined by the Conversion Ratios which will be calculated on 22 April 2022 (**Calculation Date**) using the NAV per unit in CDPF and the NAV per unit in PPIF as at that date.

The reason the final Conversion Ratios will be calculated on the Calculation Date is that the Funds will remain open for new applications and withdrawals, valuations of the Fund's assets, and distributions in the ordinary course up to the Calculation Date. As a result, the NAV per Unit in CDPF and the NAV per Unit in PPIF may change in the period up to the Calculation Date and therefore the Conversion Ratios may change in the period up to the Calculation Date.

If the Conversion Ratios were calculated prior to the Calculation Date, the Funds would not be able to accept new applications or withdrawals until the Calculation Date.

In order for the Conversion Ratios to reflect the changes in the relative NAVs of the Funds as a result of withdrawals, applications, distributions and any revaluations undertaken during this period, the Conversion Ratios will be calculated on the Calculation Date. The Funds will be closed to applications, withdrawals and distributions from the Calculation Date until the Implementation Date.

If upon calculation of the final Conversion Ratios as at the Calculation Date, the Conversion Ratios differ by 5% or more to the Indicative Conversion Ratios, the Responsible Entities will notify Unitholders by way of a supplementary Explanatory Memorandum.

6.5.2. Future events

The business of CDPF and PPIF assumed in this valuation, is that which exists at the current date. Other growth potential, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of this valuation.

6.5.3. Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

7. VALUATION OF CDPF UNITS PRE-TRANSACTION

This section values CDPF units using the NAV and unit pricing methodologies prior to the Merger Proposal.

7.1. Overview of CDPF units pre-transaction

As at 30 November 2021, CDPF had 98,402,055 units on issue, including 7,151,094 Acquisition Units held by CC2F and 91,250,961 Ordinary Units. CC2F waived its preferential right of redemption on the 7.15 million Acquisition Units in CDPF in September 2019, therefore these Acquisition Units have the same rights as Ordinary Units.

7.2. NAV valuation of CDPF

We have assessed the FMV of the units held by CDPF Unitholders pre-transaction using the NAV methodology. The NAV valuation has been performed on the basis of the pro-forma statement of financial position provided by Management as at 30 November 2021, and is summarised in the following table.

Table 42: CDPF NAV per unit, pre-transaction

$'000	Notes	30-Nov-21	Fair value adjustments	Pre-transaction NAV
Assets				
Current Assets				
Cash and cash equivalents		4,850	-	4,850
Trade and other receivables		(160)	-	(160)
Investments in unit trusts	1	17,093	-	17,093
Other assets		357	-	357
Total current assets		**22,140**	**-**	**22,140**
Non-current assets				
Investment properties	2	161,260	(910)	160,350
Investments in unit trusts	1	17,153	-	17,153
Other non-current assets		-	-	-
Total non-current assets		**178,412**	**-**	**177,503**
Total assets		**200,552**	**(910)**	**199,642**
Liabilities				
Current liabilities				
Trade and other payables		4,412	(910)	3,502
Derivative financial instruments		-	-	-
Total current liabilities		**4,412**	**(910)**	**3,502**
Non-current liabilities				
Borrowings		74,229	-	74,229
Derivative financial instruments		128	-	128
Total non-current liabilities		**74,357**	**-**	**74,357**
Total liabilities		**78,768**	**-**	**77,859**
Net assets		**121,784**	**-**	**121,784**
Equity				
Issued capital		124,386	-	124,386
Accumulated losses		(2,602)	-	(2,602))
Total equity		**121,784**	**-**	**121,784**
Units on issue				98,402,055
NAV per unit				$1.24

Source: Management information, BDOCF analysis

Notes:

1

Investments in unit trusts

As at 15 November 2021, CDPF held $16.8 million in Vanguard REIT, and $17.4 million in Syndicate assets.

- **Current assets – Vanguard REIT**

  The Vanguard REIT investment is short term and cash based therefore we consider the book value of the current investments in unit trusts as at 15 November 2021 to be a reliable proxy for the fair market value at that date.

- **Non-current assets – Syndicate investments**

  CDPF held 7 syndicate assets as at 15 November 2021:

Table 43: CDPF syndicate assets

Syndicates	% held by CDPF	Sector	NLA/ GLA (m2)	WALE (yrs)	Occupancy	Gross carrying value ($AUDm)	% of CDPF investment portfolio
Centuria ATP Fund	0.43%	Office	19,979.4	5.51	94.17%	1,054	0.51%
Centuria 8 Central Ave Fund No.2	0.07%	Office	36,618.5	8.30	96.51%	133	0.06%
Centuria 203 Pacific Highway	0.47%	Office	11,734.6	3.74	98.90%	318	0.16%
Centuria SOP Fund	0.12%	Office	6,545.9	3.22	100.00%	65	0.03%
Centuria Sandgate Road Fund	3.22%	Office	12,958.0	5.24	100.00%	3,514	1.71%
Centuria Geelong Office Fund	8.12%	Office	16,102.3	6.74	98.62%	10,561	5.15%
Centuria 80 Grenfell Street Fund	1.82%	Office	23,361.2	4.12	100.00%	1,741	0.85%
Average/ Total				**6.0**	**98.8%**	**17,387**	**8.48%**

Source: Management information as at 15 November 2021

CDPF's syndicate investments are in the office sector with an average WALE for the syndicate properties of 6.0 years with average occupancy of 98.8% The values for CDPF's syndicate investments are shown in the table above and the CDPF pro-forma are based upon valuations commissioned by the responsible entities for each syndicate as at 15 November 2021, for financial reporting purposes. Management have advised that the next valuations to be commissioned are likely to be as at 31 December 2021.

As these assets represent 8.5%of the total assets of CDPF, and the asset values are relatively stable given their low vacancy and long WALEs, the values at 31 December 2021 are not expected to be materially different to the values disclosed above.

2

Investment properties

The investment property values are based upon current valuations performed by the Independent Property Valuers as at 15 November 2021, as discussed in Sections 3.8, 4.8, and 6.4. The management accounts at 30 November 2021 included an automatic capital expenditure accrual of $910k. We have reversed this accrual in the above analysis.

7.3. Unit pricing and liquidity

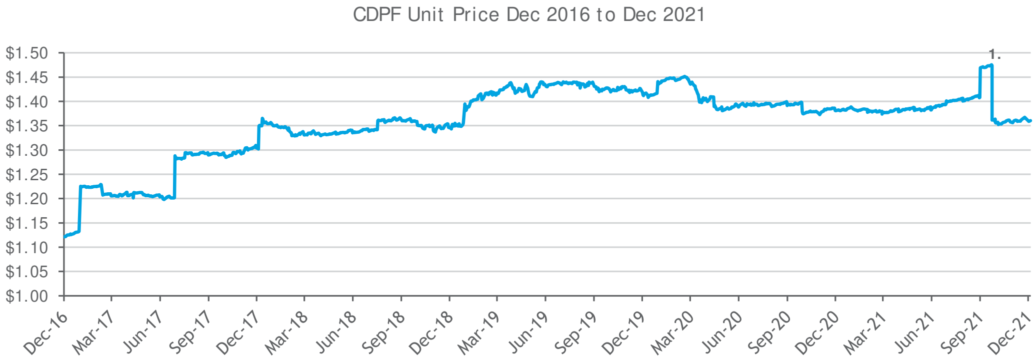
CDPF provides daily unit pricing and quarterly liquidity.

The fund calculates its unit price on a daily basis, based on its net asset value plus the unamortised value of acquisition costs divided by the number of units. The acquisition costs are amortised over a 5-year period.

A limited quarterly withdrawal facility is in place for investors, capped at 10% per annum of CDPF's net asset value or 2.5% per quarter. CPFL also provides a full liquidity event for withdrawals every 5 years, with the next full liquidity event expected around February 2026. The withdrawal price for the facilities will be at the net asset value plus unamortised acquisition costs per unit of CDPF, with no buy/sell spread currently in place.

A chart of the unit price history for CDPF since December 2016 is presented below.

Figure 6: CDPF unit price history December 2016 to December 2021



Source: https://centuria.com.au/diversified-property-fund/investor-centre/, BDOCF analysis

Note 1: On 23 September 2021, CDPF announced a special distribution of $0.1125 per unit.

The daily unit price as at 30 November was $1.3597. The lowest price observed since December 2016 was $1.1214 on 2 December 2016. The highest price was $1.4754 on 23 September 2021 prior to the fund issuing a special distribution of $0.1125 per unit.

7.4. Conclusion on the FMV per CDPF unit, pre-transaction

Based on our analysis of the NAV per unit, we have assessed the FMV of CDPF Unitholders interests prior to the Merger Proposal to be a range between $1.2376 and $1.3597 per CDPF unit. The primary difference between the two valuations is that the unit price includes the unamortised value of acquisition costs such as stamp duty. This is summarised in the following table.

Table 44: FMV per CDPF unit, pre-transaction

NAV per unit	$1.2376
CDPF Unit price	$1.3597

Source: BDOCF analysis

8. VALUATION OF PPIF UNITS PRE-TRANSACTION

This section values PPIF units using the NAV and unit pricing methodologies prior to the Merger Proposal.

8.1. Overview of PPIF units pre-transaction

As at 30 November 2021, PPIF had 33,883,933 units on issue, including 11,815,402 Acquisition Units held by CC2F and 22,068,531 Ordinary Units. The only difference between Ordinary Units and Acquisition Units is a liquidity preference on Acquisition Units. We do not consider this difference to be material and have therefore treated the two classes of units as being the same in this analysis.

8.2. NAV valuation of PPIF

We have assessed the FMV of the units held by PPIF Unitholders pre-transaction using the NAV methodology. The NAV valuation has been performed on the basis of the pro-forma statement of financial position provided by Management as at 30 November 2021, and is summarised in the following table.

Table 45: PPIF NAV per unit, pre-transaction

$'000	30-Nov-21	Fair value adjustments	Pre-transaction NAV
Assets			
Current Assets			
Cash and cash equivalents	8,835	-	8,835
Trade and other receivables	(51)	-	(51)
Prepaid expenses	11	-	11
Accrued income	-	-	-
Total current assets	**8,795**	**-**	**8,795**
Non-current assets			-
Investment properties	52,500	-	52,500
Settlement costs	-	-	-
Total non-current assets	**52,500**	**-**	**52,500**
Total assets	**61,295**	**-**	**61,295**
Liabilities			
Current liabilities			
Trade and other payables	149	-	149
Lease incentive	539	-	539
Accrual control account	4,348	-	4,348
Prepaid rent	44	-	44
Tax liabilities	40	-	40
Total current liabilities	**5,119**	**-**	**5,119**
Non-current liabilities			
Borrowings	22,610	-	22,610
Total non-current liabilities	**22,610**	**-**	**22,610**
Total liabilities	**27,729**	**-**	**27,729**
			-
Net assets	**33,566**	**-**	**33,566**
Equity			
Issued capital	32,221	-	32,221
Accumulated losses	2,400	-	2,400
Unitholder distribution	(1,056)	-	(1,056)
Total equity	**33,566**	**-**	**33,566**
Units on issue			33,883,933
NAV per unit			**$ 0.99**

Source: Management information, BDOCF analysis

8.3. Unit pricing and liquidity

PPIF provides daily unit pricing and monthly liquidity.

The fund calculates its unit price on a daily basis, based on its net asset value adjusted for unamortised value of acquisition costs, and divided by the number of units. Acquisition costs are defined in the PPIF Product Disclosure Statement as including capital raising expenses, acquisition fees, legal fees, brokerage, stamp duty, taxes and other costs that have been incurred in connection with the acquisition of assets held within the portfolio. The acquisition costs are usually written off over a 5-year period.

A limited monthly withdrawal facility is in place for investors, with the amount available to satisfy withdrawal requests for a month expected to be at least 0.5% of the fund's net asset value. PPIF also provides a full liquidity event for withdrawals every 5 years, with the next full liquidity event expected around December 2025. The withdrawal price for the facilities will be the prevailing unit price less any applicable sell spread on the transaction date. The unit price as at 30 November 2021 was $1.0810.

8.4. Conclusion on the FMV per PPIF unit, pre-transaction

Based on our analysis of the NAV per unit and daily unit price of PPIF, we have assessed the FMV of PPIF Unitholders interests prior to the Merger Proposal to be a range of between $0.9906 and $1.0810 per PPIF unit, as summarised in the following table.

Table 46: FMV per PPIF unit, pre-transaction

NAV per unit	$ 0.9906
PPIF Unit price	$ 1.0810

Source: BDOCF analysis

9. VALUATION OF THE STAPLED UNITS

9.1. Overview of the Stapled Units post-transaction

In order to implement the Merger Proposal, CDPF and PPIF each undertake a unit split to rebase the unit price of the net assets of the Stapled Fund to a desired price. Total investor equity does not change.

On the basis of the units outstanding and Stapled Fund net asset value as at 30 November 2021, Management estimate that there will be 155,349,821 new Stapled Units following the implementation of the Merger Proposal. The calculation of the total number of Stapled Units is summarised in the following table.

Table 47: Indicative new Stapled Units as at 30 November 2021

Fund	CDPF	PPIF	New Fund
Starting units on Issue	98,402,055	33,883,933	132,285,988
Starting unit price	$1.3597	$1.0810	
Carrying value	**$133,797,275**	**$36,628,531**	**$170,425,806**
less unamortised costs	$12,013,770	$3,062,215	15,075,985
Net Assets pre stapling	**$121,783,505**	**$33,566,316**	**$155,349,821**
Desired net assets per unit	$1.00	$1.00	
Net Assets post stapling	**$121,783,505**	**$33,566,316**	**$155,349,821**
Merger Ratio	78.4%	21.6%	
Indicative Conversion Ratios	1.24	0.99	
Units post stapling	**121,783,505**	**33,566,316**	**155,349,821**

Source: Management information

9.2. Valuation of the Stapled Units based on NAV

We have assessed the FMV of the Stapled Units post-transaction using the NAV methodology. The NAV valuation has been performed based on the management accounts provided by Management as at 30 November 2021, and is summarised in the following table.

Table 48: Stapled Fund pro-forma financial position

$'000	30-Nov-21 CDPF (revalued)	30-Nov-21 PPIF	Subtotal	Transaction costs	Stapled Fund consolidated
Assets					
Current Assets					
Cash and cash equivalents	4,850	8,835	13,685	(565)	13,120
Trade and other receivables	(160)	(51)	(211)	-	(211)
Investments in unit trusts	17,093	11	17,104	-	17,104
Other assets	357	-	357	-	357
Total current assets	**22,140**	**8,795**	**30,935**	**(565)**	**30,370**
Non-current assets					
Investment properties	160,350	52,500	212,850	-	212,850
Investment in unit trusts	17,153	-	17,153	-	17,153
Total non-current assets	**177,503**	**52,500**	**230,003**	**-**	**230,003**
Total assets	**199,642**	**61,295**	**260,937**	**(565)**	**260,372**
Liabilities					
Current liabilities					
Trade and other payables	3,502	149	4,560	-	3,561
Derivative financial instruments	-	-	-	-	-
Lease incentive	-	539	539	-	539
Accrual control account	-	4,348	4,348	-	4,348
Prepaid rent	-	44	44	-	44
Tax liabilities	-	40	40	-	40
Total current liabilities	**3,502**	**5,119**	**9,530**	**-**	**8,621**
Non-current liabilities					
Borrowings	74,229	22,610	96,839	-	96,839
Derivative financial instruments	128	-	128	-	128
Total non-current liabilities	**74,357**	**22,610**	**96,967**	**-**	**96,967**
Total liabilities	**77,859**	**27,729**	**106,497**	**-**	**105,588**
Net assets	**121,784**	**33,566**	**155,350**	**(565)**	**154,785**
Equity					
Issued capital	124,386	32,221	156,607	-	156,607
Retained earnings/ (accumulated losses)	(2,602)	2,400	(202)	(565)	(767)
Unitholder distributions	-	(1,056)	(1,056)	-	(1,056)
Total equity	**121,784**	**33,566**	**155,350**	**(565)**	**154,785**
Stapled Units	121,784	33,566			155,349,821
NAV per unit					**0.9964**

Source: Management Accounts, management information and BDO analysis

The above data is sourced from the management accounts for CDPF and PPIF in Sections 3.4 and 4.4 respectively. Should the Merger Proposal be implemented, Management predicts that the Stapled Fund will incur approximately $565k in stamp duty. Therefore, this amount has been withdrawn from cash and retained earnings. Moreover, Management estimate that there will be 155,349,821 new Stapled Units following the implementation of the Merger Proposal. The calculation of the total number of Stapled Units is summarised in Section 9.1.

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9.3. Valuation of Stapled Units based on unit pricing

We have valued of the Stapled Units using the unit pricing methodology. Our approach has been to combine the total value of CPDF units and PPIF units with reference to their trading prices at 30 November 2021 (refer to Sections 7.3 and 8.3).

Table 49: FMV per unit pricing methodology

	CDPF	PPIF	Total Combined value
Recent unit pricing	$ 1.3597	$ 1.0810	
Units on issue	98,402,055	33,883,933	155,349,820
Total equity value	**$ 133,797,275**	**$ 36,629,971**	**$ 170,427,246**
Unit price of Stapled Unit			$1.10

Source: Management information, BDOCF analysis

Should the Merger Proposal occur, stamp duty of an estimated $565k will be incurred. However, this outflow will be capitalised into the value of the units based on the unit pricing policy and therefore, there will be no change to the market capitalisation as a result of this payment. Therefore, if the unit pricing convention continues, the pro-forma unit price will be the market capitalisation divided by the units on issue.

9.4. Conclusion on the FMV of the Stapled Units

The following table summarises the FMV of a Stapled Unit at 30 November 2021.

Table 50: FMV per Stapled Unit

NAV per unit	$ 1.00
Unit price	$ 1.10

Source: BDOCF analysis

10. VALUATION OF THE CDPF CONSIDERATION UNITS

The FMV of the CDPF Consideration Units have been calculated by multiplying the value of a Stapled Unit post-transaction by the Merger Ratio as summarised in the table below.

Table 51: Value of CDPF Consideration Unit

	NAV	Unit price
Value per Stapled Unit (Section 9.4)	$ 1.00	$ 1.10
Consideration Units per CDPF unit (Section 9.1)	1.24	1.24
Consideration Unit value (Section 9.1)	$ 1.23	$ 1.36

Source: BDOCF analysis

11. VALUATION OF THE PPIF CONSIDERATION UNITS

The FMV of the PPIF Consideration Units have been calculated by multiplying the value of a Stapled Unit post-transaction by the Merger Ratio as summarised in the table below.

Table 52: Value of PPIF Consideration Unit

	NAV	Unit price
Value per Stapled Unit (Section 9.4)	$ 1.00	$ 1.10
Consideration Units per PPIF unit (Section 9.1)	0.99	0.99
Consideration Unit value (Section 9.4)	$ 0.99	$ 1.09

Source: BDOCF analysis

12. FAIRNESS ASSESSMENT – CDPF

In undertaking our assessment of fairness, we have had regard to the ASIC's RG 111.

The Merger Proposal is 'fair' if the value of the new Stapled Units received is greater than or equal to the value of the units held prior to the Merger Proposal. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis has been performed by comparing:

- the FMV of the units held by CDPF Unitholders pre-transaction; and
- the FMV of the CDPF Consideration Units.

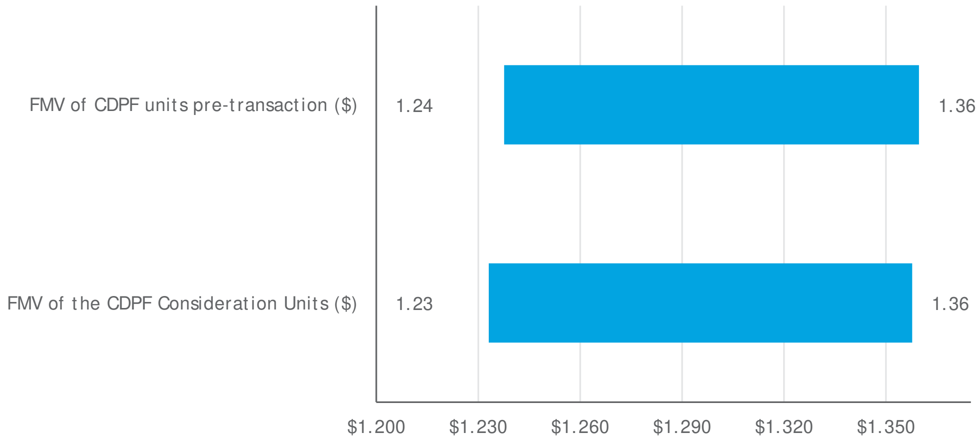
The results of our fairness analysis for CDPF Unitholders are summarised below.

Table 53: Fairness summary – CDPF

	NAV	Unit price
Value of CDPF unit pre transaction	$ 1.24	$ 1.36
Value of CDPF Consideration Units	$ 1.23	$ 1.36

Source: BDOCF analysis

Figure 7: Fairness assessment - CDPF



Source: BDOCF analysis

There is a slight decrease in the net asset value after the transaction due to of stamp duty of $565k being incurred.

Based on the above there is significant overlap between the value pre and post transaction therefore we have concluded that the Merger Proposal is fair to CDPF Unitholders.

We have also concluded that the Merger Proposal will remain fair to CDPF Unitholders if the same Conversion Ratio methodology is used to calculate the number of CDPF Consideration Units per CDPF Unit on the Calculation Date using the NAV per CDPF Unit and NAV per PPIF Unit at that date.

If upon calculation of the final Conversion Ratios as at the Calculation Date, the number of Stapled Units received per CDPF unit or the number of Stapled Units received per PPIF unit differs by 5% or more to the number of Stapled Units received on the Indicative Conversion Ratios, CPFL and PML as the responsible entities of CDPF and PPIF will issue a supplementary Explanatory Memorandum.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

13. FAIRNESS ASSESSMENT - PPIF

In undertaking our assessment of fairness, we have had regard to the ASIC's RG 111.

The Merger Proposal is 'fair' if the value of the new Stapled Units received is greater than or equal to the value of the units held prior to the Merger Proposal. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis has been performed by comparing:

- the FMV of the units held by PPIF Unitholders pre-transaction; and
- the FMV of the PPIF Consideration Units.

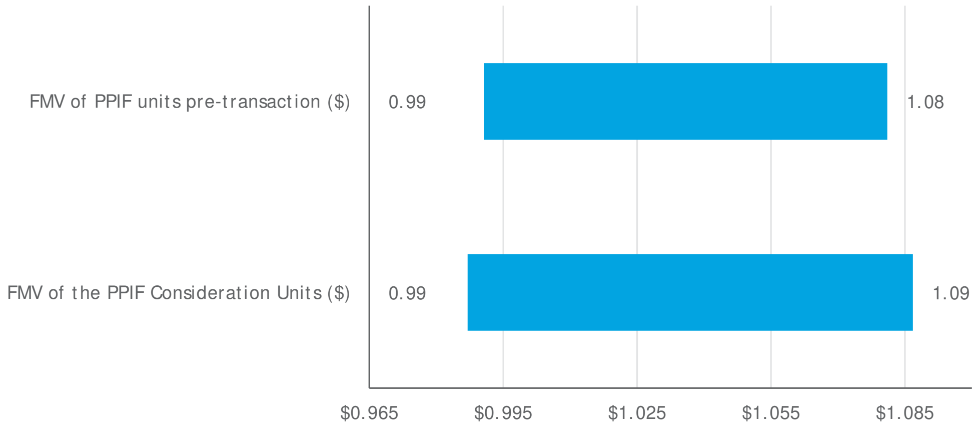
The results of our fairness analysis for PPIF Unitholders are summarised below.

Table 54: Fairness summary - PPIF

	NAV	Unit price
Value of PPIF unit pre transaction	$ 0.99	$ 1.08
Value of PPIF Consideration Units	$ 0.99	$ 1.09

Source: BDOCF analysis

Figure 8: Fairness assessment - PPIF



Source: BDOCF analysis

There is a slight decrease in the net asset value after the transaction due stamp duty of $565k being incurred.

Based on the above there is significant overlap between the value pre and post transaction therefore we have concluded that the Merger Proposal is fair to PPIF Unitholders.

We have also concluded that the Merger Proposal will remain fair to PPIF Unitholders if the same Conversion Ratio methodology is used to calculate the number of PPIF Consideration Units per PPIF Unit on the Calculation Date using the NAV per PPIF Unit and NAV per CDPF Unit at that date.

If upon calculation of the final Conversion Ratios as at the Calculation Date, the number of Stapled Units received per CDPF unit or the number of Stapled Units received per PPIF unit differs by 5% or more to the number of Stapled Units received on the Indicative Conversion Ratios, CPFL and PML as the responsible entities of CDPF and PPIF will issue a supplementary Explanatory Memorandum.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

14. REASONABLENESS ASSESSMENT - CDPF

In accordance with RG 111 an offer is reasonable if it is fair. As the Merger Proposal is fair to CDPF Unitholders, Merger Proposal is also reasonable.

We have set out below a summary of reasonableness factors we consider relevant in assisting the Unitholders of CDPF in deciding whether or not to vote in favour of the Merger Proposal.

Table 55: Summary of factors considered in the reasonableness assessment - CDPF

Advantages	
The Merger Proposal is fair	Our analysis concludes that the Merger Proposal is fair to CDPF Unitholders. RG 111 states that an offer is reasonable if it is fair.
Increased size and diversification	The Merger Proposal will result in the creation of a larger, more diversified portfolio of properties in terms of the asset type, tenant mix and geographic spread. Moreover, CDPF will gain access to social infrastructure assets with a longer WALE, extending the fund's WALE from 4.11 years to 5.15 years. This diversification may reduce the overall risks associated with the fund. The increased diversification may improve the ability to withstand short term volatility in the future compared to the fund on a standalone basis. Further, the NAV of the fund is growing from c. $122 million to c. $155 million as a result of the Merger Proposal.
Gearing levels	The Stapled Fund will have a gearing target consistent with that of CDPF, being 35% to 50% with a maximum of 50% CDPF's gearing ratio will decrease from 41.5% to 40.4% if the Merger Proposal is approved.
Potential management cost savings	The Stapled Fund may allow for cost savings through a combined management structure. Further, costs such as audit and accounting expenses will reduce in proportion to net assets as a result of the group structure.
Potential improvement to debt financing	By introducing a new financier into the Stapled Fund, CPFL may improve its ability to refinance existing debt facilities and access debt on more favourable terms.
No competition between funds	CDPF and PPIF have similar investment strategies and fund features. If the Merger Proposal is passed, then the two funds will not be competing against each other for new investors or capital.
Disadvantages	
Stamp duty	The Stapled Fund will incur stamp duty of c. $565k if the Merger Proposal is approved. This marginally reduces the NAV of the Stapled Fund.
Exposure to risks of investing in PPIF	If the Merger Proposal is passed, CDPF Unitholders will be exposed to the risks associated with investing in PPIF. Individual investors may not want to invest in the assets held by PPIF and instead may wish to maintain their current investment in CDPF.
Other considerations	
Transaction costs	In addition to the stamp duty of c. $565k mentioned above, transaction costs of c. $635k will be incurred irrespective of whether the Merger Proposal is approved or rejected. If the Merger Proposal is rejected these costs will generally be shared in line with CDPF's and PPIF's net assets. Although, each party will pay their own legal costs.
Consistent liquidity	The liquidity feature of the Stapled Fund will be consistent with that of CDPF. Being, quarterly and capped at 2.5% of NAV with a full liquidity event every 5 years.
Consistent constitution and fee structure	The fees payable out of the assets of the funds will be consistent with those of CDPF as set out in Section 5.6.
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Unitholders in connection with the Merger Proposal. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Unitholder.

Source: BDOCF analysis

Based on the above analysis, we consider the Merger Proposal to be reasonable to Unitholders of CDPF.

BDO

15. REASONABLENESS ASSESSMENT - PPIF

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, the Merger Proposal is reasonable to PPIF Unitholders. We have set out below a summary of reasonableness factors we consider relevant in assisting the Unitholders of PPIF in deciding whether or not to vote in favour of the Merger Proposal.

Table 56: Summary of factors considered in the reasonableness assessment - PPIF

Advantages	
The Merger Proposal is fair	Our analysis concludes that the Merger Proposal is fair to PPIF Unitholders. RG 111 states that an offer is reasonable if it is fair.
Increased size and diversification	The Merger Proposal will result in the creation of a larger, more diversified portfolio of properties in terms of the asset type, tenant mix and geographic spread. NAV of the fund is growing from c. $34 million to c. $155 million as a result of the Merger Proposal. Specifically, PPIF Unitholders will increase their exposure to commercial and industrial assets and receive access to 7 syndicate holdings. This diversification may reduce the overall risk of the Unitholders' investment.
Reduction in fund management expenses	PPIF currently pays a finance facility fee of 0.21% This fee will no longer be payable if the Merger Proposal is approved. All other fees will remain the same.
Potential management cost savings	The Stapled Fund may allow for cost savings through a combined management structure. Further, costs such as audit and accounting expenses will reduce in proportion to net assets as a result of the group structure.
Potential improvement to debt financing	By introducing a new financier into the Stapled Fund, CPFL may improve its ability to refinance existing debt facilities and access debt on more favourable terms.
No competition between funds	PPIF and CDPF have similar investment strategies and fund features. If the Merger Proposal is passed then the two funds will not be competing against each other for new investors or capital.
Disadvantages	
Stamp duty	The Stapled Fund will incur stamp duty of c. $565k if the Merger Proposal is approved. This marginally reduces the NAV of the Stapled Fund.
Decrease in WALE	Should the Merger Proposal be approved, PPIF's WALE will decrease from 9.73 years to 5.15 years increasing the risk of vacancies in the short to medium term.
Exposure to risks of investing in PPIF	If the Merger Proposal is passed, PPIF Unitholders will be exposed to the risks associated with investing in CDPF. Individual investors may not want to invest in the assets held by CDPF and instead may wish to maintain their current investment in PPIF.
Gearing levels	The Stapled Fund will have a gearing target consistent with that of CDPF, being 35% to 50% with a maximum of 50% PPIF's gearing ratio will increase from 37.1% to 40.4%
Other considerations	
Transaction costs	In addition to the stamp duty of c. $565k mentioned above, transaction costs of c. $635k will be incurred irrespective of whether the Merger Proposal is approved or rejected. If the Merger Proposal is rejected these costs will generally be shared in line with CDPF's and PPIF's net assets. Although, each party will pay their own legal fees
Impact on liquidity	Currently, PPIF Unitholders have access to a liquidity facility whereby a minimum of 0.5% of the fund's net asset value will be made available for redemptions each month. If the Merger Proposal is approved, the liquidity facility will be capped at 2.5% of the net asset value per quarter.
Tax consequences	We have not considered the specific taxation implications that may be relevant for individual Unitholders in connection with the Merger Proposal. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Unitholder.

Source: BDOCF analysis

Based on the above analysis, we consider the Merger Proposal to be reasonable to Unitholders of PPIF.

16. OVERALL OPINION - CDPF

We have considered the terms of the Merger Proposal, as outlined in this Report, and have concluded that it is fair and reasonable, and in the best interests of CDPF Unitholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

17. OVERALL OPINION - PPIF

We have considered the terms of the Merger Proposal, as outlined in this Report, and have concluded that it is fair and reasonable, and in the best interests of PPIF Unitholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

18. CHAPTER 2E OF THE CORPORATIONS ACT – CDPF ONLY

CDPF Unitholders are also to consider the approval of the issue of Acquisition Units in CDPF to Centuria Funds Management Limited as responsible entity of the Centuria Capital No.2 Fund, a related party of CPFL, as part of the Merger Proposal.

To effect the Stapling, the Acquisition Units CC2F holds in PPIF must be Stapled to Acquisition Units in CDPF. As at the date of this report there were no Acquisition Units on issue in CDPF (the Acquisition Units on issue and held by CC2F at 30 November 2021 were converted to Ordinary Units in February 2022). Accordingly, CPFL proposes to issue to CC2F such number of Acquisition Units in CDPF as enables the Acquisition Units in CDPF and PPIF to be Stapled on a one-for-one basis to create Stapled Acquisition Units.

CPFL and CC2F are wholly owned by CNI and are therefore related parties for the purposes of the related party transaction restrictions in Chapter 2E of the Corporations Act (as modified by section 601LA). The issue of the Acquisition Units to CC2F is a related party transaction and therefore, in the absence of an applicable exception, requires the approval of CDPF Unitholders under Chapter 2E of the Corporations Act (as modified by section 601LA).

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act (as modified by section 601LA 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 (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 issue of Acquisition Units by CPFL to CC2F constitutes the giving of a financial benefit to a related party and requires the approval of CDPF Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by section 601LA of the Corporations Act) unless an exception applies.

18.1. Background

Prior to the Merger Proposal, CDPF only has Ordinary Units on issue. If the Merger Proposal and the Related Party Transaction are approved, then CC2F will be issued Acquisition Units in CDPF. CC2F's unitholding in CDPF will increase as it is being issued new units in CDPF. All PPIF Unitholders (including CC2F) will get a new unitholding in CDPF, so that all PPIF Unitholders will be holding the same number of shares in PPIF as they do in CDPF.

The value of Acquisition Units held in PPIF will be the same as the value of Acquisition Units held in the merged fund. CC2F's interest across both funds will not change as a result of the merger.

The Acquisition Units in CDPF are being issued to CC2F to effect the stapling. The issue of the Acquisition Units will enable the Acquisition Units in CDPF and PPIF to be Stapled on a one-for-one basis to create Stapled Acquisition Units.

The Responsible Entities have proposed the process set out at Section 6.9 of the Explanatory Memorandum dated11 March 2022 as they do not consider the stapling of different classes together to be a viable alternative for the following reasons:

- A separate unit price would need to be determined for the Ordinary and Acquisition Stapled Units or the Acquisition Units if sitting outside the stapled structure; and
- If excluded from stapling, the merged fund would be reduced by the value of the PPIF Acquisition Units.

Stapling units of different classes together would involve significant complexity and ongoing costs.

Accordingly, to facilitate the stapling on a one-to-one basis, CDPF and PPIF must have the same number of Ordinary Units on issue and same number of Acquisition Units on issue.

Acquisition Units and Ordinary Units will have the same rights except Acquisition Units have priority redemption rights.

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Therefore, looking at CDPF in isolation (as opposed to the Stapled Fund post-Merger Transaction), CC2F has received units with greater rights than they current hold. Therefore, the Related Party Transaction is not fair under RG 111, and a financial benefit would be provided to CC2F if the Merger Proposal and the Related Party Transaction are approved.

As the only additional rights attached to Acquisition Units relate to priority redemption, we do not consider the financial benefit to be significant.

18.2. Reasonableness of the Related Party Transaction

As the primary purpose of the Related Party Transaction is to effect the Stapling of Acquisition Units held by CC2F in PPIF to the new units in CDPF, we consider it appropriate to compare:

a. The value of units held by CC2F in CDPF and PPIF prior to the Merger Proposal; and
b. The value of units held by CC2F in the Stapled Fund post the Merger Proposal.

As discussed in Sections 3.7, 4.7 and 5.7, both CDPF and PPIF have two classes of units on issue at 30 November 2021: Ordinary Units and Acquisition Units. The Acquisition Units on issue to CC2F in CDPF were converted to Ordinary Units in February 2022. The units held by CC2F in CDPF and PPIF as at 30 November 2021 after accounting for the conversion of the Acquisition Units in CDPF to Ordinary Units is as follows.

Table 57: CC2F Holdings in CDPF & PPIF – 30 November 2021 (accounting for change in CDPF Acquisition Units)

	CDPF	PPIF
Ordinary Units	19,165,018	-
Acquisition Units	-	11,815,402
Total units	**19,165,018**	**11,815,402**

Source: Management information, BDOCF analysis

18.3. Assessment of the Potential Benefit given to CC2F as a Result of the Merger Proposal

We have assessed the value of the potential benefit to be given to CC2F by CPFL as a result of the Merger Proposal. We have assessed the potential benefit by comparing:

a. The value of units held by CC2F in CDPF and PPIF prior to the Merger Proposal; and
b. The value of units held by CC2F in the Stapled Fund post the Merger Proposal.

We consider the Related Party Transaction to be reasonable as, if the Related Party Transaction is approved, the value of CC2F's interests in CDPF and PPIF pre-Merger Proposal are materially the same as the value of CC2F's interests post-Merger Proposal.

18.4. Value of Units held by CC2F in CDPF and PPIF prior to Merger Proposal

Prior to the Merger Proposal, CC2F holds the following securities in CDPF and PPIF.

Table 58: CC2F Holdings in CDPF and PPIF prior to the Merger Proposal

	CDPF	PPIF
Ordinary Units	19,165,018	-
Acquisition Units	-	11,815,402
Total units	**19,165,018**	**11,815,402**

Source: Management information, BDOCF analysis

We have valued the units in CDPF and PPIF at Sections 7 and 8 of this Report. We have not differentiated between the value of an Ordinary Unit and an Acquisition Unit in these valuations as the only difference is a withdrawal preference which we do not consider to have significant value. However, in this analysis we have quarantined the values of Ordinary and Acquisition Units to allow us to assess the relative value of each class of security pre and post the Merger Proposal.

Table 59: Value of CC2F's Ordinary Units in CDPF prior to the Merger Proposal

	Low value	High value
FMV per unit	$ 1.24	$ 1.36
Ordinary Units held by CC2F	19,165,018	19,165,018
Total value of Ordinary Units held by CC2F	**$ 23,718,844**	**$ 26,058,675**

Source: Management information, BDOCF analysis

Table 60: Value of CC2F's Acquisition Units in PPIF prior to the Merger Proposal

	Low value	High value
FMV per unit	$0.99	$1.08
Acquisition Units held by CC2F	11,815,402	11,815,402
Total value of Acquisition Units held by CC2F	**$11,704,648**	**$12,772,952**

Source: Management information, BDOCF analysis

Prior to the Merger Proposal CC2F holds the following interest in CDPF and PPIF.

Table 61: Total value of CC2F's interest in CDPF and PPIF prior to the Merger Proposal

	Low value	High value
Ordinary Units in CDPF	$23,718,844	$26,058,675
Acquisition Units in PPIF	$11,704,648	$12,772,952
Total value of units	**$35,423,493**	**$38,831,627**

Source: Management information, BDOCF analysis

18.5. Value of Units held by CC2F in CDPF and PPIF post the Merger Proposal

If the Merger Proposal proceeds at the Indicative Conversion Ratios set out in Section 5.8, CC2F will receive the following securities as consideration for their holdings in CDPF and PPIF.

Table 62: CC2F's interest post the Merger Proposal

	No. of units
Ordinary Stapled Units	23,718,845
Acquisition Stapled Units	11,704,648
Total Units	**35,423,493**

Source: Management information, BDOCF analysis

We have valued the Stapled Units post the Merger Proposal at Section 9 of this report. We have not differentiated between the value of an Ordinary Unit and an Acquisition Unit in this valuation as the only difference is a withdrawal preference which we do not consider having significant value. However, in this analysis we have quarantined the value of Ordinary and Acquisition Units to allow us to assess the relative value of each class of security pre and post the Merger Proposal.

Table 63: Value of CC2F's Ordinary Units in the Stapled Fund post the Merger Proposal

	Low value	High value
FMV per unit	$1.00	$1.10
Ordinary Units held by CC2F	23,718,845	23,718,845
Total value of Ordinary Units held by CC2F	**$23,632,8580**	**$26,020,869**

Source: Management information, BDOCF analysis

Table 64: Value of CC2F's Acquisition Units in the Stapled Fund post the Merger Proposal

	Low value	High value
FMV per unit	$1.00	$1.10
Acquisition Units held by CC2F	11,704,648	11,704,648
Total value of Acquisition Units held by CC2F	**$11,662,079**	**$12,840,639**

Source: Management information, BDOCF analysis

18.6. Comparison of Value of Units held by CC2F pre and post the Merger Proposal

We have compared the value of units held by CC2F pre and post the Merger Proposal to assess any financial benefit granted to CC2F. As the rights attached to Acquisition Units different to Ordinary Units, we have analysed each class separately.

18.7. Ordinary Units held by CC2F

The value of Ordinary Units held by CC2F pre and post the Merger Proposal is set out below.

Table 65: Value of CC2F's Ordinary Units in the Stapled Fund post the Merger Proposal

	Low value	High Value
Pre-Merger Proposal	$23,718,844	$26,058,675
Post-Merger Proposal	$23,632,580	$26,020,869
Change in value	**-0.36%**	**-0.15%**

Source: Management information, BDOCF analysis

18.8. Acquisition Units held by CC2F

The value of Acquisition Units held by CC2F pre and post the Merger Proposal is set out below.

Table 66: Value of CC2F's Acquisition Units in the Stapled Fund post the Merger Proposal

	Low value	High Value
Pre-Merger Proposal	$11,704,648	$12,772,952
Post-Merger Proposal	$11,662,079	$12,840,639
Change in value	**-0.36%**	**0.53%**

Source: Management information, BDOCF analysis

18.9. Overall conclusion

If the Related Party Transaction and the Merger Proposal are approved CC2F will be issued with Acquisition Units in CDPF. These Acquisition Units will have greater liquidity rights than the Ordinary Units that CC2F currently holds. As the Acquisition Units have beneficial rights compared to Ordinary Units, we conclude that a financial will be provided to CC2F, when looking at CDPF in isolation (as opposed to the Stapled Fund). However, we do not consider the value of an Acquisition Unit to be significantly greater than an Ordinary Unit.

The Related Party Transaction is not fair, as when assessing the impact of the transaction on CDPF is isolation, CC2F is receiving a preferential class of units for no additional consideration. As the primary purpose of the Related Party Transaction is to effect the Merger Proposal, we have compared the value of CC2F's interests in Acquisition Units and Ordinary Units pre- and post-Merger Proposal.

Table 67: Value of CC2F's units pre- and post-Merger Proposal

	Low value	High value
CC2F Ordinary Units		
Pre-Merger Proposal	$23,718,844	$26,058,675
Post-Merger Proposal	$23,632,580	$26,020,869
Change in value	**-0.36%**	**-0.15%**
CC2F Acquisition Units		
Pre-Merger Proposal	$11,704,648	$12,772,952
Post-Merger Proposal	$11,662,079	$12,840,639
Change in value	**-0.36%**	**0.53%**
CC2F total units		
Pre-Merger Proposal	$35,423,493	$38,831,627
Post-Merger Proposal	$35,294,659	$38,861,508
Change in value	**-0.36%**	**0.08%**

Source: Management information, BDOCF analysis

We consider the Related Party Transaction to be reasonable as, if the Related Party Transaction is approved, the value of CC2F's interests in CDPF and PPIF pre-Merger Proposal are materially the same as the value of CC2F's interests post-Merger Proposal. The primary purpose of the Related Party Transaction is to effect the Merger Proposal. Therefore, we conclude that the Related Party Transaction is not fair but reasonable for non-interested CDPF Unitholders.[2]

[2] Non-interested CDPF Unitholders are those CDPF Unitholders other than CC2F.

19. QUALIFICATIONS, DECLARATIONS AND CONSENTS

19.1. Qualifications

BDOCF is the licensed corporate finance arm of BDO Group Holdings Limited, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, B.Bus, CA, is a director of BDOCF. Mr McCourt is also a partner of BDO Group Holdings Limited. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 20 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDOCF. Mr Stevens is also a partner of BDO Group Holdings Limited.

Mr Stevens is the Director responsible for the review of this IER. Mr Stevens has over 25 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

19.2. Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

BDOCF prepared an Independent Expert Report dated October 2021 in relation to the acquisition of 50% leasehold interest in 203 Pacific Highway, St Leonards by the Centuria 203 Pacific Highway Fund.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for CDPF or PPIF in relation to the Merger Proposal. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with CDPF or PPIF that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Merger Proposal.

BDOCF will receive a fee of up to $80,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Merger Proposal, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Merger Proposal.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to Unitholders as a result of issuing the draft IER.

19.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and the Unitholders of CDPF and PPIF. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Unitholders of CDPF and PPIF without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and the Unitholders of CDPF and PPIF in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives and Management of the Company.

APPENDIX 1: GLOSSARY

Term	Definition
AFCA	Australian Financial Complaints Authority
AFSL	Australian financial services licence
APES 225	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
APESB	Accounting Professional & Ethical Standards Board Limited
Acquisition Units	The Acquisition Units differ from Ordinary Units as they carry preferential withdrawal rights, in that the proceeds from the issue of Ordinary Units may be used to withdraw any Acquisition Units in priority to the withdrawal of Ordinary Units (the Acquisition Units will only have priority to those proceeds of issue for withdrawals).
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
Calculation Date	The date at which the Conversion Ratios will determine the number of Stapled Units to be issued.
CBRE	CBRE Valuations Pty Ltd, Independent Property Valuer
CC2F	Centuria Capital No.2 Fund
CDPF	Centuria Diversified Property Fund
CPFL	Centuria Property Funds Limited
CNI	Centuria Capital Group
Colliers	CIVAS (NSW/QLD) Pty Limited, Independent Property Valuer
Corporations Act	Corporations Act 2001
Cushman & Wakefield	Cushman & Wakefield, Independent Property Valuer
DCF	Discounted cash flow method
Directors	Directors of CDPF and PPIF
FMV	Fair market value
FSG	Financial Services Guide
Independent Property Valuers	Independent property valuers appointed by CDPF and PPIF to perform market valuations of the CDPF and PPIF portfolio of assets. The valuation firms engaged are Colliers International, M3, Cushman & Wakefield, Urbis and Savills.
Indicative Conversion Ratios	The indicative conversion ratios, calculated on the NAV per unit in CDPF and PPIF as at 30 November 2021.
Licence	Australian Financial Services Licence No: 247420
m3 Property	m3 Property Australia Pty Ltd, Independent Property Valuer
Management	Management of CDPF and PPIF
Merger Proposal	The proposed merger of CDPF with PPIF by way of a stapling of the units in CDPF to the units in PPIF.
NAV	Net Asset Value
Ordinary Units	Ordinary units held in the Stapled Fund, CDPF and PPIF
PML	Primewest Management Ltd
PPIF	Primewest Property Income Fund
Primewest	Primewest Group Limited
Related Party Transaction	The issue of Acquisition Units in CDPF to CC2F, a related party of CPFL, as part of the Merger Proposal
Report or IER	Independent expert's report
RICS	Royal Institution of Chartered Surveyors
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
Savills	Savills Valuations Pty Ltd, Independent Property Valuer
Stapled Fund	The newly fund formed from the merger of CDPF and PPIF, comprising 10 direct assets situated across all mainland Australian states and the Australian Capital Territory.
Stapled Units	New units in the Stapled Fund
Transaction Document	Notice of Meeting and Explanatory Memorandum dated in 11 March 2022
Unitholders	Unitholders of CDPF and PPIF
Urbis	Urbis Valuations Pty Ltd, Independent Property Valuer
WALE	Weighted average lease expiry

Source: BDOCF

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- Notice of Meeting and Explanatory Memorandum dated 11 March 2022
- Centuria Diversified Property Fund Annual Financial Report for the year ended 30 June 2021
- CDPF Management Accounts as at September 2021, October 2021, and November 2021
- CDPF Register as at 30 September 2021
- CDPF Unit Pricing History Report as at 30 November 2021
- Primewest Property Income Fund Annual Financial Report for the period 9 November 2020 to 30 June 2021
- Primewest Property Income Fund monthly disclosure template June 2021
- PPIF Management Accounts as at September 2021, October 2021, and November 2021
- PPIF Holdings Report as at 22 October 2021
- PPIF Unit Pricing History Report as at 30 November 2021
- Primewest Property Income Fund Product Disclosure Statement
- Centuria Diversified Property Fund Product Disclosure Statement
- Core Property Fund Research & Ratings, Unlisted Property Trust Report for Primewest Property Income Fund, March 2021
- Core Property Fund Research & Ratings, Unlisted Property Trust Report for Centuria Diversified Property Fund, April 2021
- Discussions with the Management of CDPF and PPIF
- Information sourced from Capital IQ
- ASIC guidance notes and regulatory guides as applicable
- Announcements sourced from ASX
- Other generally available public information

APPENDIX 3: VALUATION METHODS – BUSINESS AND ASSETS

In conducting our assessment of the fair market value, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Earnings Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the vendor's business and exclude any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business securities or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Quoted Market Prices

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- the security trades in an efficient marketplace where 'willing' buyers and sellers readily trade the entity's security; and
- the market for the entity's security is active and liquid.

Other Valuation Considerations

Future events

The businesses of EMPR, ELHF, and AHS to be considered in this valuation is that which exists as at the current date.

Future growth which arises from the commercialisation of the prospective resources has been considered in this valuation through our consideration of the fair market value of the tenements.

Other growth potentials, which may result from new activities, business initiatives, acquisitions and the like (which are not capable of estimation), is not within the scope of this valuation.

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Glossary

Section 14

TERM	DEFINITION
$	Australian dollars.
2.5% Liquidity Cap	2.5% of the Net Asset Value of the Stapled Fund.
AAS	Australian Accounting Standards.
AASB 3	Australian Accounting Standard 3 ("Business Combinations").
AASB 9	Australian Accounting Standard 9 ("Financial Instruments").
AASB 16	Australian Accounting Standard 16 ("Leases").
Acquisition Unit	A unit in a Fund known as an 'acquisition unit'.
AEDT	Australian Eastern Daylight Time.
AEST	Australian Eastern Standard Time.
A-REIT	An Australian real estate investment trust.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or the market operated by it as the context requires.
AUM	Assets under management.
Business Day	A day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).
Calculation Date	The date on which the final Conversion Ratios will be calculated, being 22 April 2022.
CC2F	CFML as trustee of the Centuria Capital No.2 Fund ABN 24 858 616 727 or the Centuria Capital No.2 Fund ABN 24 858 616 727, as the context requires.
CDPF	Centuria Diversified Property Fund ARSN 611 510 699.
CDPF Constitution	The constitution establishing CDPF dated 21 March 2016, as amended from time to time.
CDPF Resolutions	Means Resolutions 1 and 2 in the CDPF Notice of Meeting as summarised in Section 6.8.1 of this Explanatory Memorandum.
CDPF Supplemental Deed Poll	The deed poll to be entered into by CPFL amending the CDPF Constitution pursuant to section 601GC(1) of the Corporations Act.
CFML	Centuria Funds Management Limited ACN 607 153 588.
Change of Responsible Entity Resolution	Resolution 3 in the PPIF Notice of Meeting as summarised in Section 6.8.1 of this Explanatory Memorandum.
CNI or Centuria Capital Group	Centuria Capital Limited ACN 095 454 336 and Centuria Funds Management Limited ACN 607 153 588 as responsible entity of the Centuria Capital Fund ARSN 613 856 358.
Conditions	The conditions to the implementation of the Merger Proposal summarised in Section 6.2.
Constitutional Amendment Resolution	Resolution 2 in the CDPF Notice of Meeting and Resolution 2 in the PPIF Notice of Meeting as summarised in Section 6.8.1 of this Explanatory Memorandum.
Constitutions	The CDPF Constitution and PPIF Constitution.
Conversion Ratios	The number of Stapled Units in the Stapled Fund a Unitholder will receive for each Unit they own in a Fund as calculated in accordance with the formula set out in Section 6.5.
Corporations Act	The *Corporations Act 2001* (Cth).
CPFL	Centuria Property Funds Limited ACN 086 553 639 and where the context requires, Centuria Property Funds Limited ACN 086 553 639 as responsible entity of the Centuria Diversified Property Fund ARSN 611 510 699.
CPFL Board	The Board of Directors of CPFL.

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Section 14

TERM	DEFINITION
Deed of Retirement and Appointment	The deed of retirement and appointment entered into by Primewest as responsible entity of PPIF and CPFL dated 11 March 2022 setting out the terms upon which Primewest will retire as responsible entity of PPIF and CPFL will be appointed as responsible entity of PPIF if the Merger Proposal is approved and implemented.
Directors	As relevant, the directors of CPFL and/or Primewest.
DRP	The Stapled Fund's distribution reinvestment plan.
Explanatory Memorandum	This explanatory memorandum, including all annexures.
Extraordinary Resolution	A resolution that has been passed by at least 50% of the total votes that may be cast by unitholders entitled to vote on the resolution (including unitholders who are not present in person or by proxy).
FFO or **Funds from Operations**	Funds from operations.
Financial Information	Has the meaning given in Section 9.1.
Forward Statements	Has the meaning given in the 'Important Notices' Section.
FUM	Funds under management.
Fund	Each of CDPF and PPIF.
GAV or **Gross Asset Value**	The gross value of the assets of the relevant Fund and, when used in respect of the Stapled Fund, means the gross value of the assets of the Stapled Fund.
Gearing Ratio	Total interest-bearing liabilities divided by total assets.
GLA	Gross lettable area: the amount of floor space available to be rented in a commercial property.
GST	Goods and services tax.
ICR	Interest coverage ratio.
IER or **Independent Expert's Report**	The report prepared and issued by the Independent Expert in relation to the Merger Proposal contained in Section 13 (including any update or variation to it).
Implementation Date	The date on which the Merger Proposal is implemented, being 19 May 2022 or such other date determined by the Responsible Entities and notified to the Unitholders.
Implementation Deed	The implementation deed entered into by CPFL as responsible entity of CDPF and Primewest as responsible entity of PPIF dated 11 March 2022 which regulates the basis on which the Merger Proposal will be implemented.
Independent Expert	BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170.
Indicative Conversion Ratios	The Conversion Ratios calculated in accordance with the formula set out in Section 6.5 using the NAV per Unit in CDPF and NAV per Unit in PPIF as at 30 November 2021.
LSE	London Stock Exchange.
LVR	Loan-to-value ratio.
MAS	Monetary Authority of Singapore.
Meeting	The meetings of CDPF Unitholders and PPIF Unitholders convened by the Notices of Meeting.
Meeting Date	The date of the meetings of CDPF Unitholders and PPIF Unitholders in relation to the Merger Proposal, being 18 May 2022 or such other date as notified to the Unitholders.
Merger Proposal	The Merger Proposal to create the Stapled Fund as detailed in this Explanatory Memorandum and concerning the Stapling of the CDPF Units to PPIF Units.
Merger Proposal Implementation Resolution	Resolution 1 in the CDPF Notice of Meeting and Resolution 1 in the PPIF Notice of Meeting as summarised in Section 6.8.1 of this Explanatory Memorandum.

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Section 14

TERM	DEFINITION
NAV or **Net Asset Value**	Net asset value, being the value of the assets of the relevant Fund less the liabilities of that Fund, as calculated in accordance with the Constitution of the relevant Fund and, when used in respect of the Stapled Fund, means the aggregate of the net asset values of each Fund, as calculated in accordance with the respective Constitutions of each Fund.
NAV per Unit	The NAV of the relevant Fund divided by the number of Units on issue in the Fund.
NLA	Net lettable area.
Notices of Meeting	For each Fund, the Notice of Meeting send to Unitholders of that Fund relating to the Resolutions.
Ordinary Resolution	A resolution that has been passed by more than 50% of the votes cast by unitholders entitled to vote on the resolution.
PPIF	Primewest Property Income Fund ARSN 645 597 404.
PPIF Constitution	The constitution establishing PPIF dated 2 November 2020, as amended from time to time.
PPIF Resolutions	Resolution 1, 2 and 3 in the PPIF Notice of Meeting as summarised in Section 6.8.1 of this Explanatory Memorandum.
PPIF Supplemental Deed Poll	The deed poll to be entered into by Primewest amending the PPIF Constitution pursuant to section 601GC(1) of the Corporations Act.
Primewest	Primewest Management Ltd ACN 091 415 833 and where the context requires, Primewest Management Ltd ACN 091 415 833 as responsible entity of the Primewest Property Income Fund ARSN 645 597 404.
Primewest Board	The Board of Directors of Primewest.
Primewest P/Q	Primewest P/Q Pty Ltd ABN 28 620 298 339.
Product Disclosure Statement	The product disclosure statement in respect of the Stapled Units.
Pro Forma Adjustments	Pro Forma Adjustments represent certain Pro Forma Adjustments made to the Statutory Historical Financial Information to reflect the impact of the Merger Proposal.
Pro Forma Historical Consolidated Balance Sheet	The pro forma historical consolidated balance sheet which presents the Statutory Balance Sheet of the Stapled Fund as at 30 June 2021, adjusted to reflect certain transactions entered into as part of the Merger Proposal. The Pro Forma Historical Consolidated Balance Sheet and the adjustments made to the Statutory Historical Balance Sheet can be found in Section 9 of this Explanatory Memorandum.
Pro Forma Historical Consolidated Income Statement	The pro forma historical consolidated income statement which presents the Statutory Historical Income Statements of the Stapled Fund for the year ended 30 June 2021, adjusted to reflect certain transactions entered into as part of the Merger Proposal. The Pro Forma Consolidated Income Statement and the adjustments made to the Statutory Historical Income Statements can be found in Section 9 of this Explanatory Memorandum.
Pro Forma Historical Financial Information	The Pro Forma Historical Financial Information contained in Section 9 which includes the Pro Forma Consolidated Income Statement, the Pro Forma Historical and the Consolidated Balance Sheet of the Stapled Fund for the year ended 30 June 2021.
Proxy Form	The form authorising the proxyholder to act and vote on a Unitholder's behalf at the Meeting of the relevant Fund and any adjournment of that Meeting.
Register	As relevant, the unit register of CDPF and/or PPIF.
Registry	Boardroom Pty Limited ABN 14 003 209 836.
Related Party Transaction	Means the issue of CPFL of Acquisition Units in CDPF to CC2F as part of the Merger Proposal.
Related Party Transaction Resolution	Resolution 3 in the CDPF Notice of Meeting as summarised in Section 6.8.2.
Resolutions	The resolutions to be considered, and if thought fit, passed at the Meetings, being the CDPF Resolutions, the Related Party Transaction Resolution and the PPIF Resolutions.
Responsible Entities	The responsible entities of the Funds, being CPFL and Primewest.
SFA	Securities and Futures Act of Singapore.

Glossary

Section 14

TERM	DEFINITION
Special Resolution	A resolution that has been passed by at least 75% of the votes cast by unitholders entitled to vote on the resolution.
Stapled/Stapling	The linking together of all of the rights and obligations which attach to a Unit in CDPF with the rights and obligations which attach to a Unit in PPIF such that the Units may not be dealt with separately.
Stapled Acquisition Unit	One CDPF Acquisition Unit and one PPIF Acquisition Unit which are Stapled on a one-for-one basis.
Stapled Fund	The notional fund formed through the Stapling of Units in CDPF to Units in PPIF.
Stapled Unit	One CDPF Unit and one PPIF Unit which are Stapled on a one-for-one basis.
Stapled Unitholder	The registered holder of a Stapled Unit.
Stapling Deed	The Stapling deed entered into by CPFL as responsible entity of CDPF and Primewest as responsible entity of PPIF dated 11 March 2022 to effect the Stapling and facilitate the operation of the Stapled Fund.
Taxation Report	The tax report prepared in relation to the Merger Proposal contained in Section 12.
Transaction Costs	The costs incurred by the Responsible Entities in implementing the Merger Proposal as summarised in Section 3.
Transaction Steps	The transaction steps outlined in Section 6.3.
Unit	A unit of any class in a Fund.
Unitholder	A registered holder of a Unit in CDPF or PPIF.
WALE	Weighted average lease expiry by income.

Directory

Responsible Entity

CENTURIA PROPERTY FUNDS LIMITED
Level 41, Chifley Tower,
2 Chifley Square, Sydney, NSW, 2000

Phone: +61 2 8923 8923
Fax: +61 2 9460 2960

Web: **centuria.com.au**
Email: contactus@centuria.com.au

AFSL 231149

Custodian

PERPETUAL CORPORATE TRUST LIMITED
Level 18, Angel Place
123 Pitt Street, Sydney, NSW, 2000

Phone: +61 2 9229 9000
Web: **www.perpetual.com.au**

Auditor of the Funds

KPMG
Level 38, International Tower 3
300 Barangaroo Avenue
Sydney NSW 2000

Phone: +61 2 9335 7000
Fax: +61 2 9299 7001

Legal Adviser

HWL EBSWORTH LAWYERS
Level 14, Australia Square
264-278 George Street, Sydney, NSW, 2000

Phone: +61 2 9334 8555

Unit Registrar

BOARDROOM PTY LIMITED
GPO Box 3993
Sydney, NSW, 2001

Phone: 1800 182 257 (from within Australia) or
+61 2 9290 9600 (from outside Australia)
between 8:30am and 5:00pm (Sydney time),
Monday to Friday (excluding public holidays).
Email: Property.Enquiry@CenturiaInvestor.com.au

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centuria.com.au