

CENTURIA OFFICE REIT

NOTICE OF MEETING OF UNITHOLDERS

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

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

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

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

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

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

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

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

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

ITEM OF BUSINESS

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

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

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

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

Voting Exclusion:

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

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

However, CPFL will not disregard a vote if:

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

VOTING INSTRUCTIONS

Voting entitlement

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

How to vote

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

Voting by proxy

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

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

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

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

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

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

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

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

Proxies may be returned to the Registry as follows:

Online:

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

By mail to:

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

By facsimile to:

+61 2 9290 9655

In person to:

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

By email to:

COF.Enquiry@CenturiaInvestor.com.au

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

Undirected proxies

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

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

Voting during the General Meeting

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

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

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

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

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

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

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

Submitting questions

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

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

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

IMPORTANT NOTES

Quorum

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

Required voting thresholds

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

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

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

Technical difficulties

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

Appointment of Chair

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

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



Anna Kovarik

Company Secretary

18 October 2021

EXPLANATORY MEMORANDUM

1. Introduction

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

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

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

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

2. Background

2.1 203 Pacific Highway Acquisition

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

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

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

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

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

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

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

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

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

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

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

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

2.2 203 Pacific Highway

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

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

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

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

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

⁴ As at 30 June 2021.

2.3 Strategic rationale for acquiring 203 Pacific Highway

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

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

2.4 Funding the 203 Pacific Highway Acquisition

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

2.5 Financial impact of the 203 Pacific Highway Acquisition

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

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

2.6 Why are COF unitholders being asked to vote?

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

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

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

⁶ As at 30 June 2021.

⁷ As at 30 June 2021.

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

2.7 Summary of the Acquisition Agreement

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

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

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

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

3.1 Background

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

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

3.2 Listing Rule 10.1

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

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

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

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

3.3 Independent Expert's Report

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

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

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

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

Acquisition is fair and reasonable to the existing Unitholders.

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

3.4 Process for appointing the property valuer, Colliers

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

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

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

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

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

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

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

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

3.5 Chapter 2E of the Corporations Act

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) **Existing relevant interests**

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

3.7 **Directors' recommendation**

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

3.8 **Consents**

Colliers has consented:

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

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

BDO has consented:

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

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

For personal use only

Glossary

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

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

Listing Rules

the listing rules of ASX.

Notice of Meeting

this notice of meeting, including the Explanatory Memorandum.

Purchase Price

the purchase price of \$68 million, to be paid together with the Settlement Adjustment as consideration for the 203 Pacific Highway Acquisition under the Acquisition Agreement.

Registry

Boardroom Pty Limited ABN 14 003 209 636.

Resolution

the resolution set out in section 1 of the Notice of Meeting proposed to be considered and, if thought fit, to be passed at the General Meeting.

Settlement Adjustment

has the meaning given in 2.1.

Unit

a fully paid ordinary unit in COF.

Unitholder

a holder of a Unit

Annexure A - Independent Expert's Report

INDEPENDENT EXPERT REPORT

Centuria Office REIT

In relation to the acquisition of 50% leasehold interest in 203 Pacific Highway, St Leonards NSW from Centuria 203 Pacific Highway Fund

8 October 2021

FINANCIAL SERVICES GUIDE

Dated: 8 October 2021

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 \$40,000 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

The Directors
Centuria Property Funds Limited
Level 41, Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

8 October 2021

Dear Directors

INDEPENDENT EXPERT REPORT IN RELATION TO THE PROPOSED ACQUISITION OF 50% LEASEHOLD INTEREST IN 203 PACIFIC HIGHWAY, ST LEONARDS NSW FROM A RELATED PARTY OF CENTURIA PROPERTY FUNDS LIMITED, THE RESPONSIBLE ENTITY OF CENTURIA OFFICE REIT.

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 (**Directors**) of Centuria Property Funds Limited (**CPFL**) in its capacity as a Responsible Entity of the Centuria Office REIT (**COF**), to prepare an independent expert report (**Report or IER**) setting out our opinion as to whether the proposed acquisition of 50% leasehold interest in 203 Pacific Highway St Leonards NSW (**Property**) from Centuria 203 Pacific Highway Fund (**203 PH Fund**), a related party of CPFL, is fair and reasonable to the unitholders of COF (**Unitholders**).

Overview of the Proposed Transaction

CPFL is the responsible entity of COF and 203 PH Fund.

On 6 September 2021, COF announced that it has exercised its pre-emptive right under the co-owners agreement to acquire the remaining 50% leasehold interest in the Property from the 203 PH Fund for a total cash consideration of \$68.0 million (**Proposed Transaction**). On or about 10 September 2021, COF and 203 PH Fund entered into an agreement pursuant to which COF will acquire the remaining 50% leasehold interest in the Property from the 203 PH Fund for a total cash consideration of \$68.0 million (**Acquisition Agreement**).

In addition, COF on completion of the Acquisition Agreement must pay to 203 PH Fund by way of settlement adjustment an amount equal to any capital expenditure on the Property that is agreed by the parties and actually paid by 203 PH Fund (as its contribution) after the date of the Acquisition Agreement but prior to completion. Based on our discussions with CPFL, we understand that the only capital expenditure that is expected to be incurred on the Property during this period is \$400,000 for lift components that may be paid before completion but will be delivered following the completion. As COF already owns 50% leasehold interest of the Property, the additional consideration due to capital expenditure is \$200,000. We note that this payment may occur after the completion and therefore would be a cost payable by COF.

In our analysis we have assumed that this cost is incurred prior to completion.

The Acquisition Agreement is to complete on the date that is the latest of:

- i. the 28th day after the date of the Acquisition Agreement;
- ii. the 10th day after the freehold owner consents to the sale; and
- iii. the 10th day after the last of the unitholder approvals is given.

After the Proposed Transaction, COF will own a 100% leasehold interest in the Property. The Acquisition Agreement is subject to the following conditions precedent:

- ▶ the owner of the freehold interest, who granted the leasehold interests which comprise the Property, consenting to the sale pursuant to the Acquisition Agreement and the grant of a mortgage over the property to the Purchaser's mortgagee;

- ▶ the Unitholders passing the resolution, the subject of the Notice of Meeting; and
- ▶ the unitholders in the 203 PH Fund resolving to approve the sale by way of an ordinary resolution.

If all of the conditions precedent are not satisfied by 28 February 2022, either party may terminate the Acquisition Agreement and the deposit (and interest) will be refunded to COF.

The Proposed Transaction will be funded through existing debt facilities of COF.

Further details of the Proposed Transaction are provided in the Notice of Meeting and Explanatory Memorandum (**Notice of Meeting**).

The Notice of Meeting has been prepared to assist the Unitholders in their considerations of whether or not to approve the Proposed Transaction.

This Report sets out our opinion as to whether the Proposed Transaction is fair and reasonable to the Unitholders.

APPROACH

The Directors of CPFL (**Directors**) have requested BDOCF to prepare an IER stating whether, in our opinion, the Proposed Transaction is fair and reasonable to the Unitholders, to satisfy the requirements of:

- ▶ ASX Listing Rule 10.1 (**LR 10.1**); and
- ▶ Chapter 2E of the Corporations Act (Cth)

ASX Listing Rule 10.1

LR 10.1 deals with transactions between an entity and persons in a position to influence the entity. If an ASX listed entity is acquiring a substantial asset from a related party, LR 10.1 requires the securityholders to approve the acquisition.

Under Listing Rule 10.2, an asset is substantial if 'its value, or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity, as set out in the latest accounts given to ASX under the listing rules'.

LR 10.5.10 requires that a report on the transaction from an independent expert be included in the notice of meeting. The report must state the expert's opinion as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes in favour of the transaction are not to be disregarded under LR 14.11.

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 the Unitholders to make informed decisions about transactions.

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

RG 112 establishes guidelines in respect of the need of an expert to be independent.

RG 76 establishes guidelines in respect of disclosure and governance for related party transactions.

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 Part 5C.7 of the Corporations Act) prohibits:

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

from giving a financial benefit to a person described in (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.

COF and 203 PH Fund are both entities controlled by the same responsible entity, being CPFL. Accordingly, the cash consideration payable by COF to 203 PH Fund constitutes the giving of a financial benefit to a related party of CPFL and requires the approval of Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act) unless an exception applies.

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

The Board has determined to seek the approval of the Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by Part 5C.7) as Unitholder' approval is already required under Listing Rule 10.1.

Whilst there is no specific requirement for an IER under the Corporations Act, the notice of meeting sent to Unitholders must include all information that is reasonably required in order for the members to decide whether it is in their best interests to pass the proposed resolution.

Accordingly, the Directors of CPFL, acting as responsible entity for COF, have requested BDOCF to prepare an IER stating whether the Proposed Transaction is fair and reasonable to the Unitholders.

Fairness

RG 111 indicates that where the proposed transaction consists of an asset acquired by the entity, it is 'fair' if the value of the financial benefit being paid by the entity to the related party is less than or equal to the value of interest in the assets being acquired. 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 111.60, a proposed related party transaction is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for Unitholders to vote for 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;
- ▶ the entity's bargaining position;
- ▶ whether there is selective treatment of any Unitholder; and
- ▶ any special value of the transaction to the purchaser.

SUMMARY OF OPINION

We have considered the terms of the Proposed Transaction, as outlined in the body of this Report, and have concluded that the Proposed Transaction is fair and reasonable to the 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

In undertaking our assessment of fairness, we have had regard to the ASIC's RG 111.

The Proposed Transaction is 'fair' if the value of the financial benefit being paid by COF is less than or equal to the value of asset being acquired. 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 fair market value (FMV) of 50% leasehold interest in the Property; and
- ▶ the financial benefit being provided by COF, being the cash consideration.

The results of our fairness analysis are summarised below.

Table 1: Fairness summary

\$m	Low	Mid	High
FMV of 50% leasehold interest in the Property	67.2	68.2	69.2
Cash consideration	68.2	68.2	68.2
Premium/ (discount)	1.0	-	(1.0)

Source: BDOCF analysis

Figure 1: Fairness assessment



Source: BDOCF analysis

As set out above, the FMV of 50% leasehold interest in the Property ranges between \$67.2 million and \$69.2 million. The cash consideration offered to 203 PH Fund is \$68.2 million which falls at the midpoint of the FMV range of 50% leasehold interest in the Property.

Therefore, we have concluded that the Proposed Transaction is fair to the Unitholders.

Reasonableness assessment

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, the Proposed Transaction is reasonable to the Unitholders.

Nevertheless, we have set out below a summary of other factors we consider relevant in assisting the Unitholders in deciding whether or not to approve the Proposed Transaction.

Table 2: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Transaction is fair	Based on our fairness assessment, the FMV of 50% leasehold interest in the Property ranges between \$67.2 million and \$69.2 million. The cash consideration of \$68.2 million falls within the FMV range of 50% leasehold interest in the Property.
Increase in the value of COF's portfolio and FFO per unit	After the Proposed Transaction, the value of properties held by COF will increase from \$2,014.3 million (Book value as at 30 June 2021) to \$2,082.5 million. In addition, funds from operations (FFO) per unit will increase from 17.6 cents to 18.0 cents.
Ownership of 100% leasehold interest in the Property	As a result of the Proposed Transaction, COF will acquire the remaining 50% leasehold interest in the Property. There may be efficiencies gained from owning 100% of the Property.
Disadvantages	
Increase in debt	In order to acquire the 50% leasehold interest in the Property, COF has agreed to pay a cash consideration of \$68.2 million to 203 PH Fund. In addition, there will be transaction costs (including stamp duty) amounting to c.\$3.8 million. The Proposed Transaction will be funded through COF's existing debt facilities and will result in increase in proforma gearing from 31.5% to 33.7%
WALE of COF portfolio after the Proposed Transaction will be less than the WALE of COF prior to the Proposed Transaction	The WALE of COF's portfolio prior to the Proposed Transaction is 4.34 years (by income), which will reduce to 4.33 years (by income) after the Proposed Transaction.
Tenants concentration	The net lettable area of the Property is 11,735 square meters. The major tenants includes Idameneo (No. 789) Ltd (c.30%), Verizon Australia (c.30%) and Cardno (c.30%) which contributes to c.90% of the total gross rent. A loss of one of these tenants may negatively impact the financial performance of the property in the short term.

Source: BDOCF analysis

Based on the above analysis, we consider that the Proposed Transaction is reasonable to the Unitholders.

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 Proposed Transaction on the particular circumstances of individual Unitholders. Some individual Unitholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in this IER. Accordingly, individual Unitholders may reach different conclusions as to whether or not the Proposed Transaction is fair and reasonable and on arm's length terms in their individual circumstances.

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

Approval or rejection of the Proposed Transaction 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 Notice of Meeting. The Unitholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional adviser.

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 Proposed Transaction. 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 Proposed Transaction;
- ▶ 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 Proposed Transaction for the Directors;
- ▶ that we have relied on information provided by the Directors and management of CPFL (**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 set out in the glossary. A glossary of terms used throughout this IER is 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 the Management.

Under the terms of our engagement, CPFL 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 Directors and the Unitholders to assist them in their decision to approve or reject the Proposed Transaction. This IER is to accompany the Notice of Meeting to be sent to the Unitholders to consider the Proposed Transaction 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 Notice of Meeting. Apart from this IER, we are not responsible for the contents of the Notice of Meeting or any other document associated with the Notice of Meeting. We acknowledge that this IER may be lodged with regulatory authorities.

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 REPORT

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1. PURPOSE AND BACKGROUND

1.1. Purpose

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (BDOCF, we, us or our) has been appointed by the directors (Directors) of Centuria Property Funds Limited (CPFL) in its capacity as a Responsible Entity of the Centuria Office REIT (COF), to prepare an independent expert report (Report or IER) setting out our opinion as to whether the proposed acquisition of 50% leasehold interest in 203 Pacific Highway St Leonards NSW (Property) from Centuria 203 Pacific Highway Fund (203 PH Fund), a related party of CPFL, is fair and reasonable to the unitholders of COF (Unitholders).

This IER is to accompany the Notice of Meeting and Explanatory Memorandum (Notice of Meeting) to be provided to the Unitholders. It has been prepared to assist and enable the Unitholders to assess the proposed transaction.

1.2. Overview of the Proposed Transaction

CPFL is the responsible entity of COF and 203 PH Fund.

On 6 September 2021, COF announced that it had exercised its pre-emptive right under the co-owners agreement to acquire the remaining 50% leasehold interest in the Property from 203 PH Fund (Proposed Transaction).

On or about 10 September 2021, COF and 203 PH Fund entered into an agreement pursuant to which COF will acquire the remaining 50% leasehold interest in the Property from the 203 PH Fund for a total cash consideration of \$68.0 million (Acquisition Agreement).

After the Proposed Transaction, COF will own 100% leasehold interest in the Property. The Acquisition Agreement is subject to the following conditions precedent:

- ▶ the owner of the freehold interest, who granted the leasehold interests which comprise the Property, consenting to the sale pursuant to the Acquisition Agreement and the grant of a mortgage over the property to COF's mortgagee;
- ▶ the Unitholders passing the resolution the subject of the Notice of Meeting; and
- ▶ the unitholders in the 203 PH Fund resolving to approve the sale by way of an ordinary resolution.

If all of the conditions precedent are not satisfied by 28 February 2022, either party may terminate the Acquisition Agreement and the deposit (and interest) will be refunded.

The Proposed Transaction will be funded through existing debt facilities of COF.

Further details of the Proposed Transaction are provided in the Notice of Meeting and Explanatory Memorandum (Notice of Meeting).

The Notice of Meeting has been prepared to assist the Unitholders in their considerations of whether or not to approve the Proposed Transaction.

2. SCOPE AND LIMITATIONS

2.1. Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Transaction is fair and reasonable to 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 the 50% leasehold interest in the Property. 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

COF and 203 PH Fund are both entities controlled by the same responsible entity, being CPFL. Consequently, the Proposed Transaction requires the approval of the Unitholders.

The Directors have requested BDOCF to prepare an IER stating whether, in our opinion, the Proposed Transaction is fair and reasonable to the Unitholders, to satisfy the requirements of:

- ▶ ASX Listing Rule 10.1 (LR 10.1); and
- ▶ Chapter 2E of the Corporations Act (Cth)

2.2.1. Listing Rule 10.1

LR 10.1 deals with transactions between an entity and persons in a position to influence the entity. If an ASX listed entity is acquiring a substantial asset from a related party, LR 10.1 requires the shareholders to approve the acquisition.

Under Listing Rule 10.2, an asset is substantial if 'its value, or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity, as set out in the latest accounts given to ASX under the listing rules'.

LR 10.5.10 requires that a report on the transaction from an independent expert be included in the notice of meeting. The report must state the expert's opinion as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes in favour of the transaction are not to be disregarded under LR 14.11.

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 the Unitholders to make informed decisions about transactions.

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

RG 112 establishes guidelines in respect of the need of an expert to be independent.

RG 76 establishes guidelines in respect of disclosure and governance for related party transactions.

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

2.2.2. Chapter 2E of the Corporations Act

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

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

from giving a financial benefit to a person described in (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.

COF and 203 PH Fund are both entities controlled by the same responsible entity, being CPFL. Accordingly, the cash consideration payable by COF to 203 PH Fund constitutes the giving of a financial benefit to a related party of CPFL and requires the approval of Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by Part 5C.7 of the Corporations Act) unless an exception applies.

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

The Board has determined to seek the approval of the Unitholders pursuant to Chapter 2E of the Corporations Act (as modified by Part 5C.7) as Unitholders' approval is already required under Listing Rule 10.1.

Whilst there is no specific requirement for an IER under the Corporations Act, the notice of meeting sent to Unitholders must include all information that is reasonably required in order for the members to decide whether it is in their best interests to pass the proposed resolution.

Accordingly, the Directors of CPFL, acting as responsible entity for COF, have requested BDOCF to prepare an IER stating whether the Proposed Transaction is fair and reasonable to the Unitholders.

2.3. Basis of assessment

In determining whether the Proposed Transaction is fair and reasonable to the Unitholders, we have had regard to:

- ▶ RG 111 'Content of expert reports'
- ▶ RG 112 'Independence of experts'

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.

2.3.1. Fairness

RG 111 indicates that where the proposed transaction consists of an asset acquired by the entity, it is 'fair' if the value of the interest in asset being received by the entity from the related party is greater than or equal to the value of consideration being paid. 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 50% leasehold interest in the Property; and
- ▶ the financial benefit provided by COF for the Property, being the cash consideration.

2.3.2. Reasonableness

In accordance with RG 111.60, a proposed related party transaction is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons to Unitholders to vote for 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;
- ▶ the entity's bargaining position;
- ▶ whether there is selective treatment of any Unitholder; and
- ▶ any special value of the transaction to the purchaser.

2.3.3. 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 Proposed Transaction. 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 Proposed Transaction;
- ▶ 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 Proposed Transaction for the Directors;
- ▶ that we have relied on information provided by the Directors and management of CPFL (**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 Management in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.4. 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.

2.5. Reliance on information

This IER is based upon financial and other information provided by the Directors, Management and other representatives of the CPFL. 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 Proposed Transaction is fair and reasonable.

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 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.

2.6. Limitations

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Notice of Meeting to be sent to the Unitholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Notice of Meeting 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 CPFL and its associates. 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 Proposed Transaction from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable. An individual Unitholder’s decision in relation to the Proposed Transaction may be influenced by their particular circumstances and, therefore, Unitholders are advised to seek their own independent advice.

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

2.7. 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 Proposed Transaction 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 Proposed Transaction is implemented, that it will be implemented in accordance with the stated terms;
- ▶ the legal mechanisms to implement the Proposed Transaction are correct and effective; and
- ▶ there are no undue changes to the terms and conditions of the Proposed Transaction or material issues unknown to us.

3. PROFILE OF CENTURIA OFFICE REIT

3.1. Overview

COF is an externally managed real estate investment trust focused on investing in quality, highly connected and affordable office space. COF listed on the Australian Securities Exchange (ASX) in December 2014.

COF has approximately \$2.0 billion of assets across New South Wales, Australian Capital Territory, Queensland, Victoria, South Australia, and Western Australia. COF is Australia's largest ASX listed pure-play office real estate investment trust (REIT).

The table below outlines the key statistics of COF:

Table 3 - COF Key Statistics

Key Statistics	
Fund commencement	2014
Responsible entity	Centuria Property Funds Limited
Interest held by Centuria Capital Group and associates	19.9%
Number of properties held	22
Average asset age (years)	16.8
Book value of the properties as at 30 June 2021	\$2,014.3m
Book value of the net assets as at 30 June 2021	\$1,275.0m
Gross rental income FY21 (\$m)	\$161.8m
Net Lettable Area in square metres (Sq ^m)	287,007
Weighted Average Lease Expiry (WALE) (years)	4.34
Distributions cycle	Quarterly
FY21 distribution (cents per unit)	16.5
Forecast FY22 distribution (cents per unit)	16.6

Source: Management information

3.2. Directors and Management

The current board of directors of the responsible entity of COF, Centuria Property Funds Limited (CPFL) are listed in the following table:

Table 4 - CPFL Directors and Management

Name	Position
Matthew Hardy	Independent Chairman
Peter Done	Independent Non-Executive Director
Darren Collins	Independent Non-Executive Director
Nicole Green	Independent Non-Executive Director
Anna Kovarik	Company Secretary
Simon Holt	Chief Financial Officer
Grant Nichols	Fund Manager

Source: Centuria Office REIT's reviewed financial statements for FY21 as updated by the ASX announcement dated 30 August 2021

3.3. Asset portfolio

As at 30 June 2021, COF owned interests in 22 office properties with a total value of approximately \$2.0 billion. The table below lists the properties with their respective values, capitalisation rates, and occupancy rates:

Table 5 - COF Real Estate Portfolio

Property	Ownership (%)	Book Value as at 30 June 2021 (\$m)	Capitalisation Rate (%)	Occupancy Rate (%)	Net Lettable Area (Sqm)
New South Wales (NSW)					
8 Central Avenue, Eveleigh	50	200.0	5.13	99.4	36,619
9 Help Street, Chatswood	100	92.5	5.38	90.9	9,384
201 Pacific Highway, St Leonards	50	107.0	5.63	98.7	16,498
203 Pacific Highway, St Leonards	50	68.0	5.75	99.3	11,735
77 Market Street, Wollongong	100	36.0	6.75	100.0	6,755
Victoria (VIC)					
818 Bourke Street, Docklands	100	220.0	5.13	60.7	23,096
576 Swan Street, Richmond	100	65.5	5.50	66.6	8,240
2 Kendall Street, Williams Landing	100	69.0	5.75	100.0	12,961
Queensland (QLD)					
825 Ann Street, Fortitude Valley	100	155.0	6.00	100.0	19,151
154 Melbourne Street, South Brisbane	100	80.5	6.00	99.0	11,292
100 Brookes Street, Fortitude Valley	100	82.0	6.00	100.0	9,533
483 Kingsford Smith Drive, Hamilton	100	77.0	6.25	96.3	9,241
35 Robina town Centre Drive, Robina	100	42.0	7.50	88.6	9,003
555 Coronation Drive, Toowong	100	39.0	6.75	100.0	5,567
Australian Capital Territory (ACT)					
2 Phillip Law Street, Canberra	100	252.0	5.00	99.9	27,411
60 Marcus Clarke Street, Canberra	100	61.0	6.75	76.9	12,094
54 Marcus Clarke Street, Canberra	100	22.8	7.25	89.8	5,200
Western Australia (WA)					
235 William Street, Northbridge	100	181.8	6.50	94.9	21,575
144 Stirling Street, Perth	100	70.0	6.00	100.0	11,042
42-46 Colin Street, West Perth	100	35.0	7.00	100.0	8,467
South Australia (SA)					
1 Richmond Road, Keswick	100	39.2	7.00	100.0	8,085
131-139 Grenfell Street, Adelaide	100	19.0	7.00	100.0	4,059
Total Value		2,014.3			287,077

Source: COF - FY21 Property Compendium

3.4. Unitholders of Centuria Office REIT

COF's top 20 Unitholders are set out in the table below. Centuria Capital Group together with its associates own 19.9% of total units on issue.

Table 6 - Summary of COF's Unitholders

Unitholders	Percentage of total (%)
HSBC Custody Nominees	31.5
Centuria Investment Holdings Pty Limited	14.0
J P Morgan Nominees Australia Limited	12.2
Citicorp Nominees Pty Limited	9.2
National Nominees Limited	4.9
BNP Paribas Noms Pty Ltd	1.0
The Trust Company (Australia) Limited	0.8
Centuria Funds Management Limited	0.7
Binet Pty Ltd	0.7
Centuria Property Funds	0.4
BNP Paribas Nominees Pty Ltd	0.4
One Managed Investment Funds	0.4
BNP Paribas Noms (NZ) Ltd	0.4
GCF Investments Pty Ltd	0.4
South Creek Investments Pty Ltd	0.2
Koll Pty Ltd	0.2
Buttonwood Nominees Pty Ltd	0.2
Wyllie Group Pty Ltd	0.2
Tristar Metals Pty Ltd	0.2
Horrie Pty Ltd	0.2
Top 20	78.0
Others	22.0
Total	100.0

Source: Management information

3.5. Tenants Summary

COF has a net lettable area of 287,077 Sqm with total occupancy rate of 93.1%. COF has a strong tenant base composed of both commercial and government clients.

The largest tenant is the Australian Federal Government and accounts for 15.7% of COF's rental income. The occupancy rate has decreased during FY21 from 98.1% to 93.1%, due primarily to an increase in vacancy at 818 Bourke Street, Docklands. COF has a WALE of 4.3 years.

Table 7 - Summary of COF's major tenants

Tenant	Percentage of total income (%)
Australian Federal Government	15.7
WA Government	5.0
Laing O'Rourke	4.3
Ericsson Australia	3.4
Seven Network	3.2
Target Australia	3.2
QLD Government	3.0
Insurance Australia	2.6
NSW Government	2.4
Cisco Systems Australia	2.1
Sub-Total	44.9
Others	55.1
Total	100.0

Source: Management information

3.6. COF Historical Financials

Below is the summary of financial statements of COF for the year ended 30 June 2020 (FY20) and 30 June 2021 (FY21).

3.6.1. COF Historical Statements of Profit or Loss

Table 8 - Historical Statement of Profit or Loss

\$'000	Notes	FY20	FY21
Revenue			
Rent and recoverable outgoings	1	146,314	161,805
Gain on fair value of derivative financial instruments		-	4,816
Interest income		106	7
Total revenue		146,420	166,628
Expenses			
Rates, taxes and other property outgoings	2	35,638	41,167
Finance costs	3	22,719	18,418
Loss/(gain) on fair value of investment properties	4	38,102	15,137
Management fees		10,421	11,543
Other expenses		1,975	2,251
Rental waivers expenses		1,538	942
Expected credit loss expense		1,694	234
Goodwill impairment expense		6,356	-
Loss on fair value of derivative financial instruments		4,876	-
Transaction costs		48	-
Total expenses		123,367	89,692
Profit from continuing operations		23,053	76,936
Net profit		23,053	76,936

Source: Centuria Office REIT's reviewed financial statements for FY21

Notes:

1	Rent and recoverable outgoings
	Rental income for COF is recognised on a straight line basis over the term of the lease. Any rental income not received at reporting date is reflected in the consolidated statement of financial position as a receivable. COF also recovers the costs associated with general building and tenancy operation from the lessees in accordance with their lease agreements. These are invoiced monthly based on an annual estimate. Should this amount require adjustment, this is recognised in the income statement within the same reporting period.
2	Rates, taxes and other property outgoings
	Property outgoings include costs associated with general building and tenancy operation from lessees. These amounts are found within specific clauses in their tenancy agreements. Rates includes utilities such as power and water expenses. Land tax is included in operating expenses as the company must incur these as part of regular business operations. Land tax varies between states and as this figure is positively correlated with valuations, this line item has risen between FY20 and FY21.
3	Finance costs
	Includes interest expense and amortised borrowing costs. The debt facilities are secured by first mortgages over the investment properties and a first ranking fixed and floating charge over all assets of COF. Borrowings have covenants in relation to Loan to Value Ratio and Interest Coverage Ratio which COF has complied with during the year
4	Loss/(gain) on fair value of investment properties
	An investment property is derecognised upon disposal. Any gain or loss arising upon de-recognition is included in the income statement in the period in which the property is derecognised. Transaction volumes in the office market reduced during the COVID-19 pandemic driven by uncertainties around government mandates and the future of flexible working.

3.6.2. COF Historical Statements of Financial Position

Table 9 - Historical Statements of Financial Position

\$'000	Notes	FY20	FY21
Assets			
Current Assets			
Cash and cash equivalents		28,809	15,644
Trade and other receivables		3,263	5,369
Other assets		1,536	1,625
Total current assets		33,608	22,638
Non-current assets			
Investment properties	1	2,085,650	2,046,221
Total non-current assets		2,085,650	2,046,221
Total assets		2,119,258	2,068,859
Liabilities			
Current liabilities			
Trade and other payables		22,260	31,943
Distributions payables		22,896	21,224
Total current liabilities		45,156	53,167
Non-current liabilities			
Borrowings	2	746,372	700,800
Derivative financial instruments		12,056	7,240
Lease liabilities		32,722	32,660
Total non-current liabilities		791,150	740,700
Total liabilities		836,306	793,867
Net assets		1,282,952	1,274,992
Equity			
Issued capital		1,283,138	1,283,138
Accumulated losses		(186)	(8,146)
Total equity		1,282,952	1,274,992

Source: Centuria Office REIT's reviewed financial statements for FY21

Notes:

Investment properties

1

The investment properties includes a portfolio of 22 assets distributed around in NSW, QLD, WA, VIC, ACT and SA. Properties with a value of c.\$624 million were purchased during FY20. 465 Victoria Ave, Chatswood NSW was sold during FY21 for \$44.7 million.

Borrowings

2

Borrowings are composed of a secured loan which has a drawdown facility. The facility limit during FY21 was \$812.5 million. COF's debt facilities are secured by first mortgage over the trust's investment properties and a first ranking fixed and floating charge over all assets of the trust.

4. OVERVIEW OF THE PROPOSED TRANSACTION

The Property is an eleven storey commercial office building located in St Leonards, New South Wales (NSW). It was constructed in 2000 and forms part of the Forum complex. The leasehold interest in the Property is equally owned by COF and 203 PH Fund.

On 6 September 2021, COF announced that it had exercised its pre-emptive right under the co-owners agreement to acquire the remaining 50% leasehold interest in the Property from 203 PH Fund. On or about 10 September 2021, COF and 203 PH Fund entered into an agreement pursuant to which COF will acquire the remaining 50% leasehold interest in the Property from the 203 PH Fund for a total cash consideration of \$68.0 million (**Acquisition Agreement**).

A summary of the Proposed Transaction is as follows:

- ▶ COF will acquire 50% leasehold interest in the Property from the 203 PH Fund;
- ▶ COF will pay \$68.0 million cash consideration for the acquisition;
- ▶ After the Proposed Transaction, COF will own 100% leasehold interest in the Property.

In addition, COF on completion of the Acquisition Agreement must pay to 203 PH Fund by way of settlement adjustment an amount equal to any capital expenditure on the Property that is agreed by the parties and actually paid by 203 PH Fund (as its contribution) after the date of the Acquisition Agreement but prior to completion. Based on our discussions with CPFL, we understand that the only capital expenditure that is expected to be incurred on the Property during this period is \$400,000 for lift components that may be paid before completion but will be delivered following the completion. As COF already owns 50% leasehold interest of the Property, the additional consideration due to capital expenditure is \$200,000. We note that this payment may occur after the completion and therefore would be a cost payable by COF.

In our analysis we have assumed that this cost is incurred prior to completion.

The Acquisition Agreement is to complete on the date that is the latest of:

- i. the 28th day after the date of the Acquisition Agreement;
- ii. the 10th day after the freehold owner consents to the sale; and
- iii. the 10th day after the last of the unitholder approvals is given.

The Acquisition Agreement is subject to the following conditions precedent:

- ▶ the owner of the freehold interest, who granted the leasehold interests which comprise the Property, consenting to the sale pursuant to the Acquisition Agreement and the grant of a mortgage over the property to COF's mortgagee;
- ▶ the Unitholders passing the resolution, the subject of the Notice of Meeting; and
- ▶ the unitholders in the 203 PH Fund resolving to approve the sale by way of an ordinary resolution.

If all of the conditions precedent are not satisfied by 28 February 2022, either party may terminate the Acquisition Agreement and the deposit (and interest) will be refunded to COF.

The Proposed Transaction will be funded through existing debt facilities of COF.

Summary of Co-Owners Agreement

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

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

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

In accordance with the Co-Owners Agreement, the parties nominated CIVAS (NSW) Pty Limited (**Colliers**) to be appointed to undertake the valuation of the Property. Before agreeing to appoint Colliers, COF asked BDOCF if BDOCF was comfortable with Colliers' independence, experience and whether BDOCF was comfortable to jointly engage Colliers with COF and the 203 PH Fund. BDOCF confirmed it was comfortable on these matters and Colliers was jointly engaged by BDOCF, COF and the 203 PH Fund.

Further details of the Proposed Transaction are provided in the Notice of Meeting.

5. OVERVIEW OF THE PROPERTY

The Property that is the subject of the Proposed Transaction is a modern, 11 level commercial office building constructed in 2000, and forms part of The Forum complex. The property incorporates the central plaza area of the development, and features seven retail tenancies on the ground floor, together with secure basement parking for approximately 150 vehicles.

The Property is directly above the entrance to the St Leonards railway station, approximately four kilometres north of the Sydney Central Business District. It is well-served by public transport and the amenities provided by the retail are contained within the Forum complex. It adjoins COF's 201 Pacific Highway property.

The net lettable area of the Property is 11,735 square meters with current occupancy levels at approximately 99.3%. The major tenants includes Idameneo (No. 789) Ltd (c.30%), Verizon Australia (c.30%) and Cardno (c.30%) and the WALE (by income) is 3.9 years.

The table below summarises the key statistics for the Property.

Table 10: Key statistics of the Property

Key Statistics	
Property type and title	Office space and leasehold
NABERS rating	5.0 (Energy) and 4.0 (Water)
Ownership Interest %	50.0% (COF) and 50.0% (203 PH Fund)
Net Lettable Area in Square meters (Sqm)	11,735
Occupancy	99.3%
WALE (years)	3.9 years

Source: COF-FY21-Property-Compendium

5.1. Income statement of the Property

Below is the summary of income statement of the Property for the year ended 30 June 2020 and 30 June 2021:

Table 11: Historical Statements of Profit or Loss

\$'000	Notes	FY20	FY21
Revenue			
Rental Income	1	7,475	7,759
Outgoing recoveries	1	1,478	1,581
Other service income		131	209
Total revenue		9,084	9,549
Expenses			
Rates, taxes and other property outgoings		662	675
Operating expenditures		310	333
Owner expense items		153	246
Electricity		144	111
Facilities management		139	100
Recoverable items		98	75
Other expenses		253	366
Total expenses		1,759	1,906
Net Profit after owner expenditure		7,325	7,643

Source: 203PH Income statement - FY20 and FY21

Notes:

1 Rental Income and outgoing recoveries

The net lettable area of the Property is 11,735 square meters with current occupancy levels at approximately 99.3%. Rental income primarily comprises of receipts from three tenants Idameneo (No. 789) Ltd, Verizon Australia and Cardno.

Costs associated with general building and tenancy operations are recovered from the lessees in accordance with their lease agreements. These are invoiced monthly based on an annual estimate.

6. OVERVIEW OF 203 PH FUND

203 PH Fund is a single-asset, close-ended unlisted property fund. Its sole investment is a of 50% leasehold interest in 203 Pacific Highway, St Leonards NSW which is also the subject for the Proposed Transaction.

CPFL is the responsible entity and the manager of 203 PH Fund.

203 PH Fund's top 20 unitholders own c.62.8% of the units on issue, with the largest unitholder owning c.21.3% of the total units. Centuria Diversified Property Fund, which is a related entity of CPFL holds c.0.7% of the total units.

7. FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

7.1. Fairness assessment overview

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.

The Proposed Transaction will be fair if the cash consideration payable by COF is equal to or less than FMV of the 50% leasehold interest in the Property to be acquired.

7.2. Valuation approach

As BDOCF are not property valuation experts, we have relied on the opinion on an independent property valuer. A market valuation has been undertaken for the Property by external property valuer, Colliers.

The basis of Colliers' valuations was Market Value. Market value has been defined by Colliers in the valuation report (**Valuation Report**) 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 parties had each acted knowledgeably, prudently and without compulsion. This is consistent with our definition of FMV.

We have reviewed the Valuation Report at Appendix 3 and discussed the valuation with Colliers. We consider Colliers to be independent of CPFL (as responsible entity of COF and the 203 PH Fund), and to have the required skills and expertise to prepare the valuation.

7.3. 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.

8. INDEPENDENT VALUATION OF THE PROPERTY

CPFL, in its capacity as the responsible entity of COF and 203 PH Fund along with BDOCF engaged Colliers to estimate the market value of the Property.

Under the terms of the Co-owners' Agreement between COF and the 203 PH Fund, should either COF or the 203 PH Fund wish to sell its leasehold interest in 203 Pacific Highway, the other party has a right to acquire the leasehold interest at a price determined by a valuer of at least 10 years standing jointly appointed by the parties.

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

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

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

BDO considers the approach adopted to appoint Colliers to be appropriate for this IER as:

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

Based on the above, BDO was satisfied that the appointment of Colliers to value the Property would result in an independent assessment of the market value of the property that is appropriate for our IER.

The Valuation Report prepared by Colliers is as at 31 August 2021 is included as Annexure 3 to this report. The Valuation Report should be read in conjunction with reference to section 13.3.1.

Market value is defined 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 parties had each acted knowledgeably, prudently, and without compulsion.

The valuation by Colliers has been undertaken for financial reporting purposes in accordance with AASB 13 - Fair Value Measurement and AASB 140 - Investment Property. Fair value is defined in AASB 13 as follows:

"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Underlying the definition of fair value is a presumption that the entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Similarly, to determine the fair value of an asset, it is assumed that the asset is exchanged after an adequate period of marketing to obtain its most advantageous price. The fair value of an asset is determined by reference to its highest and best use, that is, the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value. Opportunities that are not available to the entity are not taken into account.

Having regard to the definitions of fair value and market value, Colliers consider the terms to be interchangeable in so far as they are used within the Valuation Report.

We consider the market value definition as per Colliers to be consistent with our definition of fair market value.

We have analysed the Valuation Report of the Property and noted the following:

- (a) Colliers is independent with respect to COF and 203 PH Fund;
- (b) The valuation methods used in the valuation of the Property are appropriate and appear to have been correctly applied to estimate the FMV of the Property; and
- (c) The assumptions and valuation metrics used do not appear unreasonable or inappropriate for the purpose of estimating the FMV of the leasehold interest in the Property.

We have obtained the written consent of Colliers to refer to the Valuation Report in the IER. Such consent was given on the basis that reference is made for readers of the IER without any assumption, representation or warranty, either express or implied, of any reliance by those readers or any duty owed to those readers in connection with or arising out of the Valuation Report.

Colliers are responsible for the Valuation Report.

On this basis, we have had regard to the Valuation Report in our assessment of the fair market value of the Property. BDO has reviewed the Valuation Report of the Property and no changes were made to the valuations as a result of our review.

8.1. FMV of the Property

The market value of the Property, as determined by Colliers as at 31 August 2021, is set out below:

Table 12: Market value of 100% interest in the Property determined by Colliers

\$'000	Low	Mid	High
Market value of 100% interest in the Property - Passing capitalisation approach	129.0	135.0	141.0
Market value of 100% interest in the Property - Market capitalisation approach	132.0	138.0	144.0
Market value of 100% interest in the Property - Discounted cash flows approach	134.0	134.0	134.0
Adopted market value of 100% leasehold interest in the Property		136.0	

Source: Colliers Valuation Report dated 31 August 2021

Table 13: Market value of 50% interest in the Property

\$'000	Low	Mid	High
Market value of 50% interest in the Property - Passing capitalisation approach	64.5	67.5	70.5
Market value of 50% interest in the Property - Market capitalisation approach	66.0	69.0	72.0
Market value of 50% interest in the Property - Discounted cash flows approach	67.0	67.0	67.0
Adopted market value of 50% leasehold interest in the Property		68.0	

Source: Colliers Valuation Report dated 31 August 2021 and BDOCF analysis

Key considerations in our analysis of the above valuations by Colliers include:

► Valuation approach

Colliers adopted three industry recognised valuation methods to value the leasehold interest in the Property: passing capitalisation approach, market capitalisation approach and a discounted cash flow approach (DCF). Relevant general and economic factors, including recent sales and leasing transactions of comparable properties were also considered. On the basis of our review, the assumptions underlying the main value drivers of the market yield and discount rate appears to be supported with the market parameters.

► **Passing capitalisation approach**

The passing capitalisation approach has been undertaken by Colliers by applying yield rate to the potential fully let passing net income. The adopted capitalisation rate by Colliers is 5.75% after consideration of the relevant determining factors. The resulting market value for the 100% leasehold interest in the Property as per passing capitalisation approach arrived between \$129.0 million and \$141.0 million, with a mid-point of \$135.0 million.

► **Market capitalisation approach**

The market capitalisation approach has been undertaken by Colliers by applying yield rate to the potential fully let market net income. The adopted capitalisation rate by Colliers is 5.75% after considering relevant market evidence and determining factors. The resulting market value range for the 100% leasehold interest in the Property as per market capitalisation approach arrived between \$132.0 million and \$144.0 million, with a mid-point of \$138.0 million.

► **Discounted cash flow approach**

The DCF approach adopted by Colliers involved discounting of the net cash flows on a monthly basis over 10 years. The net cash flow comprised of all the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period.

Cash inflows comprise income from the property adjusted to reflect actual rental income, speculative rental income and rental growth, whilst cash outflows comprise outgoings adjusted to reflect anticipated inflation, lease incentives and leasing and marketing fees. The terminal value has been determined by the capitalisation of the net market income in the year 11 with allowances for any relevant capital adjustments.

The target discount rate adopted for DCF approach by Colliers is 6.25%. Terminal value on year 11 has been calculated by capitalising the net market income for the year 10 at a rate of 6.0%. The resulting market value of the 100% leasehold interest in the Property as per DCF approach is \$134.0 million.

► **Speculative Lease Assumptions**

Colliers has assumed that all tenancies expire as at the respective lease expiry dates. Accordingly, the DCF valuation analysis does not assume the take up of the respective lease option periods (where applicable), which would generally comprise a variety of unique rental review structures (including but not limited to effective market reviews and tenancy make good variations) that may not necessarily be reflective of current market lease terms. Rather, the DCF valuation assumes that post the respective lease expiry dates there will be period of rental void (downtime), subsequent to which a new lease (speculative lease) will commence on market terms.

► **Capital expenditure**

Colliers has assumed capital expenditure (Capex) requirements of \$8.1 million over the cash flow period of 10 years. Capex requirements for the terminal year has been assumed to be c.2.0 million (in perpetuity).

► **Other key assumptions**

- The valuation has been assessed subject to the financials as at 31 August 2021
- Levels 4, 5, 6 and Suite 7.02 and associated parking (Occupied by Idameneo (No.789) Ltd) - 0.0% retention applied
- Shop 3 (Occupied by CW Leasing Service) - 0.0% retention applied
- COVID Assumption, Retail Income - 50% rent waiver until 31 December 2021

8.2. Valuation of the Property as at 30 June 2021 for statutory reporting

Independent property valuers Jones Lang LaSalle Australia Pty Limited (JLL) assessed the FMV of leasehold interest in the Property for statutory reporting purposes as at 30 June 2021.

The FMV of 50% leasehold interest in the Property as per JLL was \$68.0 million and is reflected by COF in the statutory accounts dated 30 June 2021.

We note that the FMV of leasehold interest in the Property as per JLL falls within the FMV range assessed by Colliers.

8.3. Conclusion on the FMV of the Property

On the basis of the above analysis, we consider the FMV of 50% leasehold interest in the Property to range between \$67.0 million and \$69.0 million before considering capital expenditure paid prior to the completion of the acquisition.

As detailed in section 4, capital expenditure amounting to \$400,000 is expected to be incurred on the Property for lift components that may be paid before completion, but will be delivered following completion. As COF already owns 50% leasehold interest in the Property, the additional consideration due to Capex is \$200,000. For our analysis, we have assumed this cost to be incurred prior to completion. If the capital expenditure is paid prior to completion, the forecast capital expenditure included in the property valuation would be reduced. This would increase the value of the property by the same amount.

Table 14: Summary of concluded FMV of the Property

\$m	Low	Mid	High
FMV range of 50% leasehold interest in the Property, prior to Capex adjustment	67.0	68.0	69.0
Capex paid prior to completion	0.2	0.2	0.2
FMV range of 50% leasehold interest in the Property, after Capex adjustment	67.2	68.2	69.2

Source: Colliers Valuation Report dated 31 August 2021 and BDOCF analysis

The low end of our range is similar to the DCF valuation performed by Colliers.

The high end of the range is similar to the midpoint of the market capitalisation approach.

We also note that JLL has assessed the value of 50% leasehold interest in the property to be \$68.0 million for the statutory reporting purposes as at 30 June 2021, which is in line with our midpoint valuation, and Colliers adopted valuation.

9. CASH CONSIDERATION

The cash consideration of \$68.0 million payable by COF for the 50% leasehold interest in the Property has been determined by COF with reference to the Valuation Report.

In addition, COF on completion of the Acquisition Agreement will pay additional consideration of \$200,000 on account of the capital expenditure incurred prior to the completion date.

Below is the summary of agreed cash consideration for the Property:

Table 15: Summary of cash consideration

\$m	Total
Cash consideration for 50% leasehold interest in the Property	68.2

Source: Colliers Valuation Report dated 31 August 2021; Management information

10. FAIRNESS ASSESSMENT

RG 111.58 indicates that where the proposed transaction consists of an asset acquisition by the entity, it is 'fair' if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. 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 50% leasehold interest in the Property; and
- ▶ the financial benefit being provided by COF, being the cash consideration.

The Proposed Transaction will be fair if the cash consideration is equal to or less than the FMV of 50% leasehold interest in the Property.

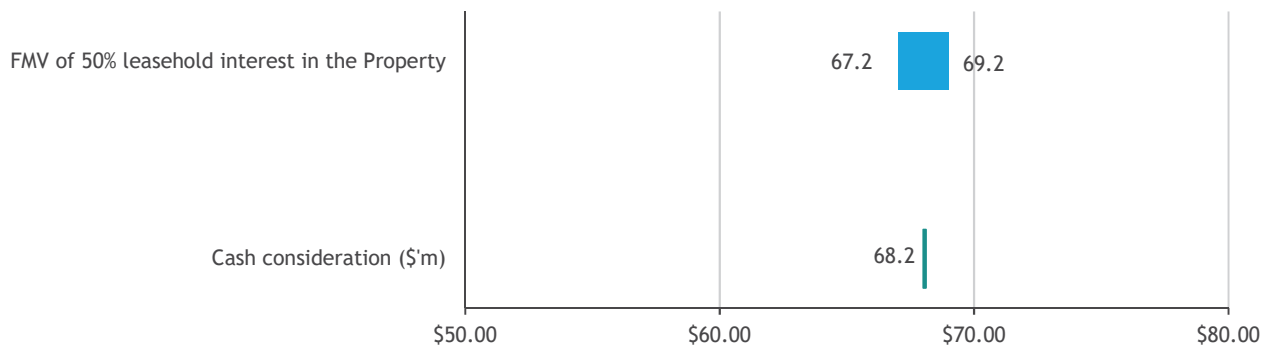
The result of our fairness analysis is summarised below.

Table 16: Fairness summary

\$m	Low	Mid	High
FMV of 50% leasehold interest in the Property	67.2	68.2	69.2
Cash consideration	68.2	68.2	68.2
Premium/ (discount)	1.0	-	(1.0)

Source: BDOCF analysis

Figure 1: Fairness assessment



Source: BDOCF analysis

As set out above, the FMV of 50% leasehold interest in the Property ranges between \$67.2 million and \$69.2 million. The cash consideration offered to 203 PH Fund is \$68.2 million which falls at the midpoint of the FMV of 50% leasehold interest in the Property.

Therefore, we have concluded that the Proposed Transaction is fair to the 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.

11. REASONABLENESS ASSESSMENT

In accordance with RG 111 an offer is reasonable if it is fair. On this basis, the Proposed Transaction is reasonable to the Unitholders.

Nevertheless, we have set out below a summary of other factors we consider relevant in assisting the Unitholders in deciding whether or not to approve the Proposed Transaction.

Table 17: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Transaction is fair	Based on our fairness assessment, the FMV of 50% leasehold interest in the Property ranges between \$67.2 million and \$69.2 million. The cash consideration of \$68.2 million falls within the FMV range of 50% leasehold interest in the Property.
Increase in the value of COF's portfolio and FFO per unit	After the Proposed Transaction, the value of properties held by COF will increase from \$2,014.3 million (Book value as at 30 June 2021) to \$2,082.5 million. In addition, funds from operations (FFO) per unit will increase from 17.6 cents to 18.0 cents.
Ownership of 100% leasehold interest in the Property	As a result of the Proposed Transaction, COF will acquire the remaining 50% leasehold interest in the Property. There may be efficiencies gained from owning 100% of the Property.
Disadvantages	
Reduction in cash and increase in debt	In order to acquire the 50% leasehold interest in the Property, COF has agreed to pay a cash consideration of \$68.2 million to 203 PH Fund. In addition, there will be transaction costs (including stamp duty) amounting to c.\$3.8 million. The Proposed Transaction will be funded through COF's existing debt facilities and will result in increase in proforma gearing from 31.5% to 33.7%
WALE of COF portfolio after the Proposed Transaction will be less than the WALE of COF prior to the Proposed Transaction	The WALE of COF's portfolio prior to the Proposed Transaction is 4.34 years (by income), which will decrease to 4.33 years (by income) after the Proposed Transaction.
Tenants concentration	The net lettable area of the Property is 11,735 square meters. The major tenants includes Idameneo (No. 789) Ltd (c.30%), Verizon Australia (c.30%) and Cardno (c.30%) which contributes to c.90% of the total gross rent. A loss of one of these tenants may negatively impact the financial performance of the property in the short term.

Source: BDOCF analysis

Based on the above analysis, we consider that the Proposed Transaction is reasonable to the Unitholders.

12. OVERALL OPINION

We have considered the terms of the Proposed Transaction, as outlined in this Report, and have concluded that it is fair and reasonable to the Unitholders.

13. QUALIFICATIONS, DECLARATIONS AND CONSENTS

13.1. 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.

13.2. 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 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 CPFL in relation to the Proposed Transaction. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with CPFL that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

BDOCF will receive a fee of up to \$40,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, 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 Proposed Transaction.

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 the Unitholders as a result of issuing the draft IER.

BDOCF is satisfied as to the independence, capability and terms of engagement of the property valuer Colliers and considers the terms of the engagement of the property valuer to be consistent with the requirements of ASIC Regulatory Guide 112 - Independence of experts in relation to the independence of experts and the use of specialists.

13.3. 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. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Unitholders without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and the Unitholders 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.

13.3.1. Disclaimer - Use of independent expert

Colliers consents to the inclusion of the Valuation Report in Notices of Meeting and explanatory memorandum in relation to unitholder meetings for the 203 PH Fund and COF, and an extract summary of the Valuation Report to be published in the Notice of Meeting- subject to the comments, terms and assumptions contained within the Valuation Report, and the further condition that CPFL (Centuria) includes these qualifications and warnings.

The Valuation Report has been prepared for CPFL in its capacity as the responsible entity of the 203 PH Fund and CPFL in its capacity as the responsible entity of COF only and for the specific purposes outlined within the Valuation Report. In showing or disclosing the Valuation Report to third parties it may do so on the basis that it discloses to those third parties that it does so without any assumption, representation or warranty, either express or implied, of any reliance by that third party or any duty owed to that third party in connection with or arising out of the Valuation Report. For the avoidance of doubt, no exemption or limitation applies to any statutory liability or reliance on the Valuation Report by any security holders of CPFL in its capacity as the responsible entity of the 203 PH Fund and CPFL in its capacity as the responsible entity of COF relying on the Valuation Report as an expert report limited to the specific purpose outlined within the Valuation Report. Colliers has not been involved in the preparation of the Notices of Meeting and explanatory memoranda in relation to the Unitholder meetings for 203 PH Fund and COF nor has the Valuation Report had regard to the other material contained in these documents. The Valuation Report and its content do not take into account any matters concerning the investment opportunity contained in the Notice of Meeting and explanatory memorandum in relation to Unitholder meetings for 203 PH Fund and COF.

In accordance with the Australian Property Institute Valuers Limited (APIV), The Valuation Report is current as at the date of valuation only. The value assessed in the Valuation Report may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as is liability where the Valuation Report is relied upon more than 90 days after the date of the letter.

APPENDIX 1: GLOSSARY

Term	Definition
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 Agreement	Agreement pursuant to which COF will acquire the remaining 50% leasehold interest in the Property from the 203 PH Fund for a total cash consideration of \$68.0 million
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)
Cash Consideration	The agreed cash payable for 50% leasehold interest in the Property of \$68.0 million
Centuria 203 Pacific Highway Fund	203 PH Fund
COF	Centuria Office REIT
Colliers	CIVAS (NSW) Pty Limited
Corporations Act	Corporations Act 2001
CPFL	Centuria Property Fund Limited
Directors	Directors of CPFL
FMV	Fair market value
FSG	Financial Services Guide
FY20	Financial year ended 30 June 2020
FY21	Financial year ended 30 June 2021
JLL	Jones Lang LaSalle Australia Pty Limited
Licence	Australian Financial Services Licence No: 247420
LR 10.1	ASX Listing Rule 10 paragraph 1
Management	Management of CPFL
NSW	New South Wales
Property	203 Pacific Highway, St Leonards, NSW, 2065
Proposed Transaction	COF's acquisition of 50% leasehold interest in the Property
REIT	Real estate investment trust
Report or IER	Independent expert's report
RICS	Royal Institution of Chartered Surveyors
RG 76	ASIC Regulatory Guide 111 Related party transactions
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
Notice of Meeting	Notice of Meeting and Explanatory Memorandum dated 5 October 2021
Unitholders	Unitholders of Centuria Office REIT
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:

- ▶ Centuria Office REIT's 2021 Financial Report
- ▶ Centuria Office REIT's 2021 Property Compendium
- ▶ Centuria Office REIT's 2021 Results Presentation
- ▶ Centuria 203 Pacific Highway Fund's 2019 Financial Report
- ▶ Centuria 203 Pacific Highway Fund's 2020 Financial Report
- ▶ Centuria 203 Pacific Highway Fund's 2021 Income Statement
- ▶ Centuria 203 Pacific Highway Fund's Product Disclosure Statement
- ▶ Colliers Valuation Report dated 31 August 2021
- ▶ Discussions with the Management of CPFL
- ▶ Notice of Meeting and Explanatory Memorandum dated 5 October 2021
- ▶ Information sourced from Capital IQ
- ▶ ASIC guidance notes and regulatory guides as applicable
- ▶ Other generally available public information

For personal use only

Valuation Report

203 Pacific Highway,
St Leonards, NSW

Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria 203 Pacific Highway Fund (The 203 Fund); Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria Office REIT (COF); Westpac Banking Corporation; Commonwealth Bank of Australia; Credit Agricole CIB Australia Limited; Australia and New Zealand Banking Group Limited; National Australia Bank Limited and BDO Corporate Finance (East Coast) Pty Ltd.

31 August 2021

CIVAS Ref: N4277



Executive Summary

\$8,701,056
Net Passing
Income

m² 11,734.60 m²
NLA

WALE

3.92 Years by
Income

Sydney
Metropolitan - St
Leonards



98.90%
Leased

5.0 Star NABERS
Energy

Valuation Details

Instructing Party

Anna Kovarik
Group Chief Risk Office and Company
Secretary
Centuria
Level 41, Chifley Tower
2 Chifley Square
Sydney NSW 2000
&
David McCourt
Director
BDO Corporate Finance (East Coast) Pty
Limited
Level 11, 1 Margaret Street
Sydney, NSW 2000

Reliant Party

Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria 203 Pacific Highway Fund (The 203 Fund); Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria Office REIT (COF); Westpac Banking Corporation; Commonwealth Bank of Australia; Credit Agricole CIB Australia Limited; Australia and New Zealand Banking Group Limited; National Australia Bank Limited and BDO Corporate Finance (East Coast) Pty Ltd.

Registered Proprietor

Rail Corporation New South Wales (Freehold) – This valuation relates to the leasehold interest in the land

Purpose of Report

Acquisition, Divestment and First Mortgage Security

Interest Valued

50% Leasehold - Stratum Title Interest

Date of Valuation

31 August 2021

Date of Inspection

26 August 2021

Property Overview

The subject property comprises a 11 storey, A-grade office building completed circa mid 2000's, comprising ground floor plaza retail accommodation, 10 upper levels of office accommodation, plus basement parking for a total of 151 cars. The property consists of the leasehold stratum interest, forming part of The Forum development, which is a mixed-use office retail and residential complex.

The property is situated on the northern side of Pacific Highway with 201 Pacific Highway, adjoining the eastern boundary, and 205 Pacific Highway, adjoining the western boundary. The property is centrally located within the core of the St Leonards CBD, situated above the St Leonards railway station and the 'Forum' retail plaza, and within 700 metres north west of the location of the new Crows Nest metro station with practical completion forecast for 2024.

The improvements are erected upon an irregular shaped site over two lots of approximately 4,609m² zoned B3 Commercial Core in accordance with the North Sydney LEP 2013.

Current Sales Process- Related Parties Partial Interest Sale (50%)

We have been advised that a partial interest in the subject property (50%) is currently under consideration for an internal related parties transfer ("fund to fund"). We have not been provided with a Head of Agreement/ Contract of Sale relating to the acquisition. Our valuation has been assessed on a net valuation basis- that is, including contracted outstanding incentives.



Tenancy Details

Major Tenants

Verizon Australia Pty Ltd	3,528.00 m ²
Gardno (NSW/ACT) Pty Ltd	3,502.80 m ²
Idameneo(No.789) Ltd	4,161.50 m ²
CW Leasing Service	101.50 m ²
Chaleece Pty Ltd	97.50 m ²
Remainder of Tenanted NLA	214.00 m ²
Vacant NLA	129.30 m ²
Total NLA	11,734.60 m²

Car Parking

151 spaces
(1 space per 78 m² of NLA)

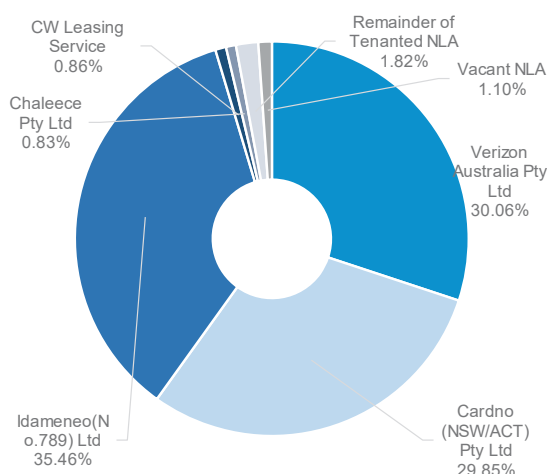
Weighted Average Lease Expiry (Area)

3.91 years

Weighted Average Lease Expiry (Income)

3.92 years

Tenant Composition by NLA



Financial Details

Component	Passing Income	Market Income
Office	\$7,141,598	\$7,224,546
Retail	\$799,089	\$1,022,491
Telecoms	\$7,342	\$7,342
Storage	\$14,266	\$14,266
Car Parking	\$756,830	\$764,114
Outgoings Recoveries	\$1,621,691	\$1,639,759
Total Gross Passing Income	\$10,340,815	\$10,672,517
Vacant Areas (Gross)	\$271,470	
Potential Fully Leased Gross Income	\$10,612,285	\$10,672,517
Adopted Outgoings (\$139.74 /m ²)	(\$1,639,759)	(\$1,639,759)
Potential Fully Leased Net Income	\$8,972,526	\$9,032,758
Net Passing Income	\$8,701,056	

Component	Avg. Passing Rent	Avg. Market Rent
Office	\$638 /m ² Net	\$645 /m ² Net
Retail	\$1,935 /m ² Net	\$1,885 /m ² Net

Passing Capitalisation Approach

Market Capitalisation Approach

Adopted Cap Rate	Fully Leased Passing NOI	Total Adjustments	Cap Result	Adopted Cap Rate	Fully Leased Market NOI	Total Adjustments	Cap Result
5.750%	\$8,972,526	(\$17,506,763)	\$135,000,000	5.750%	\$9,032,758	(\$15,611,622)	\$138,000,000

DCF Approach (10 Year DCF)

CAGR (Net Face)		Avg. Incentives		Total Capex		DCF Metrics		DCF Result	DCF Ratios	
Office	Retail	Office	Retail	Inflated	% of Value	Term Yield	Disc. Rate	Rounded	% Term	% Cash Flow
3.51%	2.22%	26.25%	15.00%	\$8,087,689	5.95%	6.000%	6.250%	\$134,000,000	70.05%	29.95%

Valuation

Adopted Value (100% Leasehold Interest)	\$136,000,000 (GST Exclusive)
Adopted Value (50% Leasehold Interest)	\$68,000,000 (GST Exclusive)
Initial Passing Yield	6.29%
Equivalent Initial Yield	5.70%
Equivalent Revisionary Yield	5.82%
Internal Rate of Return (including capex)	6.08%
Direct Comparison Rate	\$11,590 /m ² of NLA

Valuation completed by: Joe Bolster, AAPI - National Director, Metropolitan Office e: joe.bolster@colliers.com ph: + 61 2 9004 5818
 Susanna Guan, AAPI – Senior Valuer e: susanna.guan@colliers.com ph: + 61 2 9004 5821

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

Liability Limited by a scheme approved under Professional Standards Legislation.

Centuria Property Funds Limited Executive Summary

Date of Valuation	31 August 2021		
Adopted Valuation Figure	\$136,000,000 – GST Exclusive (100% Interest)		
	\$68,000,000 – GST Exclusive (50% Interest)		
Adopted Valuation Figure (psm)	\$11,590 per m² Lettable Area		
Value based on Capitalisation Method	Initial Yield Approach: \$135,000,000		
	Reversionary Yield Approach: \$138,000,000		
Value based on DCF Method	\$134,000,000		
Notional Breakup - land & improvements (absolute and psm)	Land	\$64,500,000	\$13,753 /m² of Site Area
	Building	\$71,500,000	\$6,093 /m² of NLA
Passing Initial Yield	6.29%		
Initial Yield (fully leased)	6.50%		
Equated Market Yield	5.82%		
Core Capitalisation Rate (on market rental)	5.750%		
Discount Rate/Targeted IRR	6.250%		
Internal Rate of Return (10 years)	6.08% (including capex)		
Terminal Capitalisation Rate (10 years)	6.000%		
Net Passing Income (pa & psm)	\$8,701,056 p.a		
	\$741 psm p.a		
Adopted Outgoings (pa & psm)	\$1,639,759 p.a		
	\$140 psm p.a		
Gross Passing Income (pa & psm)	\$10,340,815 p.a	\$881 psm p.a	
Net Market Income (pa & psm)	\$9,032,758 p.a	\$765 psm p.a	
Gross Market Income (pa & psm)	\$10,672,517 p.a	\$909 psm p.a	
Letting Up Allowance (# months)	Office: 9-15 months (market) at 50% retention; Retail: 9 months (market) at 50% retention.		
Office Incentive Allowance (# months & %)	20.00% - 30.00% gross	12 – 18 months (5 year term)	

Centuria Property Funds Limited Executive Summary (continued)

Renewal Probability (%)	Office- 50%, Retail- 50%
Average Annual Market Rental Growth (pa)	3.51% net face
Average Contract Rental Growth (pa)	3.75%
Capital Expenditure (\$ and % of value)	\$10,071,446: Inclusive of terminal sale – 7.4% of adopted value \$9,169,259: Exclusive of terminal sale – 6.7% of adopted value
Occupancy Level	98.9% by NLA
Weighted Average Lease Expiry (by income)	3.92 years
Total Lettable Area (state net or gross)	11,734.60 m ² NLA
Site Area (sqm)	4,690 square metres
Site Coverage (% of site area)	Fully developed
FSR	5.5:1
Office Ratio	95.37% of NLA
Car Parking (# of cars)	151 spaces
NABERS Energy Rating	5 Star NABERS Energy (expiring November 2021).

Key Assumptions & Important Comments

COVID 19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, impacted global financial markets and travel restrictions implemented by many countries.

The onset of COVID-19 saw real estate market activity in Australia impacted in many sectors resulting in limited transaction evidence from which to draw reliable valuation conclusions. However, in recent months, investment activity in most Australian commercial office markets has recovered to a substantial degree. In this regard, we comment in recent weeks and relevant at the time of writing, an increased number of locations throughout Australia (including capital cities and regional areas) have been placed into lockdown due to the evolving COVID-19 pandemic.

Whilst RICS and API guidance on valuation uncertainty due to the Pandemic remain a relevant consideration, we are satisfied that the available office sector transactional evidence is adequate to enable appropriate valuation analysis and conclusions. We caution however that an extended period of lockdown may result in a slowdown in transaction volumes and increased market uncertainty.

Despite these comments, markets continue to be heavily influenced by unprecedented global economic and political environments. While commercial property returns remain attractive in the current low 'risk-free return' market, valuations in many sectors are at peak historic levels, and therefore could be vulnerable to any significant increase in return hurdles across alternative investment markets. Furthermore, additional risks are posed by improving but fragile leasing market conditions and uncertainty around longer term demand for office space in a 'COVID normal' society.

With regard to the investment market, at the time of writing, there still appears to be a strong weight of capital willing to invest in most Australian office markets, with assets offering secure cash flows still being well sought after. Conversely assets with a high proportion of small and medium enterprises (SME's) are becoming increasingly difficult to price from an underwriting perspective given uncertainty surrounding the current secure cash flow position.

The commentary prepared herein is current as at the date of writing, however in light of the aforementioned potential COVID-19 impacts and velocity of change experienced to date, it is likely that forecasts may continue to change, and market activity alter rapidly.

Accordingly, we highlight that our valuation provides a 'point in time' opinion only, which is subject to future changes in market conditions. CIVAS (NSW) Pty Limited recognises that the global risk outlook, particularly with regard to COVID-19, is extremely fluid. For that reason, we recommend the situation be closely monitored and regular updates be initiated by the reliant party.

We assume all information provided by the Instructing Party is correct and current.

Key Assumptions & Important Comments

First Mortgage Security

This report has been prepared for first mortgage security purposes. We note that the reliance of this report will not extend beyond 90 days from the date of valuation, being (31 August 2021 + 90 days).

Tenancy Assumptions

- The valuation has been assessed subject to financials as at 31 August 2021.
- Levels 4, 5, 6 and Suite 7.02 and associated parking (Occupied by Idameneo (No.789) Ltd) – 0.0% retention applied
- Shop 3 (Occupied by CW Leasing Service) – 0.0% retention applied
- COVID Assumption, Retail Income – 50% rent waiver until 31 December 2021

Current Sales Process- Related Parties Partial Interest Sale (50%)

We have been advised that a partial interest in the subject property (50%) is currently under consideration for an internal related parties transfer ("fund to fund"). We have not been provided with a Head of Agreement/ Contract of Sale relating to the acquisition. Our valuation has been assessed on a net valuation basis- i.e. including contracted outstanding incentives etc.

Aluminium Composite Panelling

We have been provided with a Final Occupation Certificate (CD-2019/382/3) prepared by Willoughby City Council in relation to the replacement of external cladding of the building dated 12 October 2020. The Willoughby City Council certifies:

- It has been appointed as the principle certifying authority under s 109E,
- A complying development certificate is in force with respect to the building,
- The building is suitable for occupation or use in accordance with its classification under the Building Code of Australia,
- The health and safety of the occupants have been considered.

SWOT Analysis



Strengths

- Modern building providing high quality office accommodation.
- The subject property is 98.9% leased by NLA with a WALE by income of 3.92 years.
- Leases are structured to provide income growth throughout the term of each lease, via a mixture of predominantly fixed increases ranging from 3.75% to 5.00%.
- High level of car parking totalling 151 spaces reflecting a ratio of one space for approximately every 78 square metres of Lettable Area.
- Well located asset within the core of the St Leonards CBD forming part of the Forum development.
- St Leonards railway station is situated below the property and bus exchange to the Pacific Highway frontage. The property will benefit further from being within close proximity to the Crows Nest Station (due 2024).
- Metropolitan Sydney is currently benefiting from significant investment in infrastructure and commercial & mixed-use development.



Weaknesses

- Impending lease expiries associated with various tenants within Years 1-2, which collectively occupy approximately 38.1% of the total Lettable Area.
- Outstanding incentives dilute the cash flow (PV- \$4,267,873).
- Major tenant, Idameneo (No.789) Ltd who occupy 35.46% of the total Lettable Area is vacating the building.
- Leasehold Stratum tenure may deter some market participants.
- Views will be impacted due to residential towers being constructed on the opposite side of Pacific Highway.



Opportunities

- If short term vacancy risk is mitigated and new leases confirmed, the property is likely to see a substantially improved WALE and will immediately be a more attractive and saleable asset.
- Lease up current vacancy at or above market levels.
- Continue capital expenditure and refurbishment programme to maintain the position of the property in the St Leonards office market
- Proactively manage lease expiries in Years 1 to 2 of the cash flow in order to retain tenants.
- Explore further development potential pursuant to the St Leonards and Crows Nest 2036 Plan (additional height and FSR).



Threats

- The market for investment grade assets has firmed noticeably over the last 3 years with yields now considered to be reaching historical lows. At some point, it is quite possible that the cycle could move into a downward phase and yields could soften. If this was to occur, then values will reduce.
- Lock downs currently being experience in Sydney continue post 2021.

Occupier Market – COVID Commentary

- Anecdotal evidence suggests a weakening occupier market due to COVID-19.
- This sentiment is reflected in our calculations through limited short-term rental growth (2021 - 0.00%, 2022 - 1.125%), elevated incentive levels and increased downtime adjustments over the short term.
- The risks and impact of the deteriorating occupier market should be a key consideration when relying upon this valuation.
- Deteriorating NOI for retail income given the implications of current lockdowns.

Capital Markets- COVID Commentary

- Marketing campaigns which were expected to commence during Q2 2020 did not proceed. We note during Q3-4 2020 & Q1 2021, numerous office investments have now progressed to various stages of sale within Metropolitan Sydney. These transactions assist in validating market sentiment outlined herein.
- We consider that we can attach less weight to market evidence negotiated prior to March 2020 for comparison purposes to inform opinions of value.

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1 Instructions

1.1 Purpose of Valuation

We have received written instructions from Anna Kovarik, Group Chief Risk Officer and Company Secretary of Centuria, dated 27 August 2021 on behalf of:

- Centuria Property Funds Limited in its capacity as a Responsible Entity of the Centuria Office REIT
- Centuria Property Funds Limited in its capacity as a Responsible Entity of the Centuria 203 Pacific Highway Fund
- BDO Corporate Finance (East Coast) Pty Limited

to determine the Market Value of 203 Pacific Highway, St Leonards, NSW as at 31 August 2021.

Purpose of Valuation	Reliant Party
Divestment	Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria 203 Pacific Highway Fund (The 203 Fund)
Acquisition	Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria Office REIT (COF)
First Mortgage Security	National Australia Bank Limited in its capacity as security trustee for the Centuria Office REIT Security Trust and its relevant financiers (listed below) for first mortgage security purposes. <ul style="list-style-type: none"> • Westpac Banking Corporation; • Commonwealth Bank of Australia; • Credit Agricole CIB Australia; • Australia New Zealand Banking Group Limited; and • National Australia Bank Limited.
Inclusion in an expert report	BDO Corporate Finance (East Coast) Pty Ltd

We have assumed that the instructions and all subsequently supplied material is a full and frank disclosure of all relevant information.

This valuation has been prepared in accordance with our standard Terms & Conditions as provided to you and appended to this report.

We note Clause 19.1 and Clause 19.3 of our Terms of Business do not apply to **Westpac, Commonwealth Bank of Australia, National Australia Bank, Suncorp and their subsidiaries.**

Our valuation has been prepared in accordance with the Australian Property Institute (API) Australia and New Zealand Valuation and Property Standards and the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2017 (Red Book).

A copy of the Letter of Instruction is attached to the rear of this report.

Pecuniary Interest

We confirm that the Primary Valuer who has undertaken this valuation:

- a) *is suitably qualified to carry out such valuations and has at least five years appropriate experience;*
- b) *is authorised under the law of the state or territory where the valuation takes place to practice as a Valuer;*
- c) *has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property; and*
- d) *accepts instructions to value the property only from the Trustee / Responsible Entity.*

Conflict of Interest

We also confirm that the Valuers have no conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property.

1.2 Date of Valuation

31 August 2021 based upon our inspection of **26 August 2021**.

Given potential changes to the market and the property, this valuation represents our opinion as at the date of valuation only. We do not accept any liability for losses arising from such subsequent changes in value.

For the purpose of this valuation, we have assumed that the property and the market have remained unchanged between our inspection date and the date of valuation.

1.3 Sources of Information

Our valuation conclusions have been reached after reviewing financial and tenancy information provided by Centuria Funds Management. The information reviewed and supplied includes, although is not limited to, the following:

- Various executed Sub Lease documents/ licence agreements for the existing tenancies.
- Tenancy schedule dated 31 August 2021 prepared by Centuria.
- FY2021/22 budgeted outgoings schedule.
- Copies of statutory notices.
- FY22 CAPEX budget.
- Various Floorplans and building plans/ surveys.
- Car Parking Plans.
- Site Identification Plan.
- Arrears report prepared by Centuria for the period of August 2021.
- Final Occupation Certificate (CD-2019/382/3) prepared by Willoughby City Council
- Other relevant information.

1.4 Basis of Valuation

We have assessed the valuation on the basis of Leasehold Stratum title Interest, subject to Registered Leases.

Included in the amount of this valuation are normal fixtures and fittings. Excluded from the amount of this valuation are items of furniture and furnishings, and tenant's fixtures and fittings. This valuation is determined on the basis that the property, the title thereto and its use is not affected by any matter other than that mentioned in this report.

Market Value Definition

This valuation has been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Council (IVSC) and endorsed by the API:

Market Value

"Market Value is 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 parties had each acted knowledgeably, prudently, and without compulsion."

We further note that this valuation has been undertaken for financial reporting purposes and has been completed in accordance with International Financial Reporting Standards 13 (as defined in the International Valuation Standards 2017 – Fair Value), Australian Accounting Standards Board AASB 13 – Fair Value Measurement and AASB 140 – Investment Property. The respective Fair Value definitions are as follows:

Fair Value Definition

Fair Value

The valuation has been undertaken in accordance with Australian Accounting Standards including AASB 140 – Investment Property and AASB 13 Fair Value Measurement.

We note AASB 13 is consistent with International Reporting Standard (IFRS) 13.

Fair Value is defined in (AASB) 13 as follows:

"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Underlying the definition of Fair Value is a presumption that the entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Similarly, to determine the Fair Value of an asset, it is assumed that the asset is exchanged after an adequate period of marketing to obtain its most advantageous price. The Fair Value of an asset is determined by reference to its highest and best use, that is, the use of the asset that is physically possible, legally permissible, financially feasible, and which results in the highest value. Opportunities that are not available to the entity are not taken into account.

Having regard to the definitions of Fair Value and Market Value, we consider the terms to be interchangeable in so far as they are used within our report.

In accordance with AASB 140 and IFRS 13, we note the following additional reporting requirements:

AASB 13 Valuation Technique

AASB 13 requires disclosure of one of three valuation techniques as follows:

Market Approach – A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets. Analysis is generally completed on a unit of comparison basis, such as calculating the price per square metre of building area.

Income Approach – This includes valuation techniques that convert future amounts (e.g. cash flows or income and expenses) to a single current (discounted) amount. The Fair Value measurement is determined on the basis of the value indicated by current market expectations about those future amounts, with the Income Capitalisation Approach and Discounted Cash Flow Approach being the most commonly used methodologies.

Cost Approach – The amount required to replace the service capacity of the asset. The common valuation method applied in this circumstance is the depreciated replacement costs. This method is used when there is limited transaction evidence, and principally applies to specialised property assets.

For the purpose of our assessment, we confirm that we have applied the following valuation techniques in order to determine Fair Value:

Income Approach – The Capitalisation of Net Income approach has been undertaken by applying a yield to both the potential fully let passing net income (initial yield) and the potential reversionary net income (reversionary yield). To the value derived, adjustments have been made for any relevant rental reversions including letting up allowances for vacant space, incentives, leasing fees, capital expenditure and other appropriate capital allowances.

Discount Cash Flow Approach – The Discounted Cash Flow approach involves the discounting of the net cash flow on a monthly basis over the assumed cash flow period at an appropriate rate to reflect risk to derive a market value. The net cash flow comprises the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period.

AASB 13 Fair Value Hierarchy

We have completed our assessment of the Fair Value of the asset with consideration for the data input ratings nominated in the Standards and referred to as Levels 1, 2 and 3. Our understanding of the inputs is as follows:

Level 1 Inputs are quoted prices (unadjusted) for identical assets in active markets. These inputs provide the most reliable evidence of fair value and are given the highest priority.

Level 2 Inputs include those other than quoted prices within Level 1 that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable (such as interest rates) and market corroborated inputs. If a significant adjustment is required to a Level 2 Input, it should then be classified as Level 3.

Level 3 Inputs are unobservable and are only applied when observable inputs are not available. They are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk.

Fair Value Measurement

For disclosure purposes, we confirm that the overall Fair Value measurement of the asset has been classified as Level 3.

Highest & Best Use

The Fair Value of an asset is determined by reference to its highest and best use, that is, the use of the asset that is physically possible, legally permissible and financially feasible.

We believe that the current use of the property is reflective of the highest and best use of the asset.

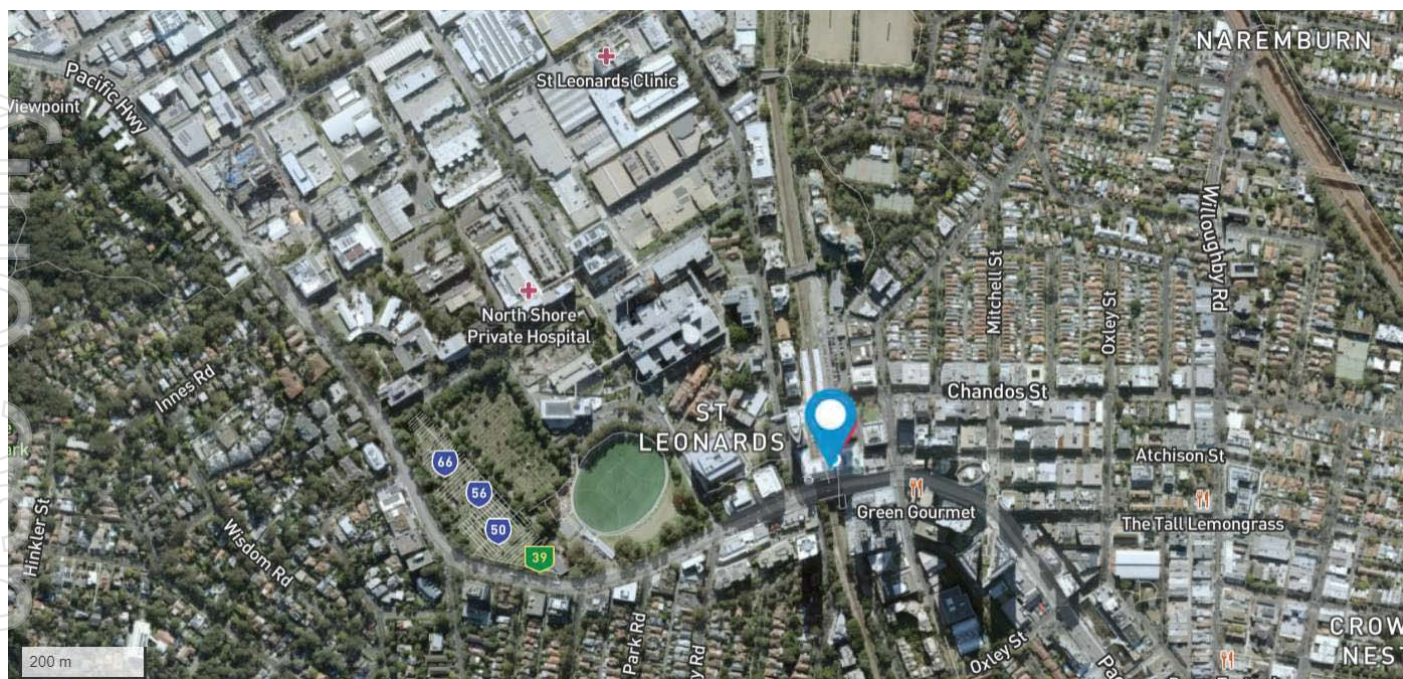


2 Location

The locational attributes of the subject property are summarised as follows:

Precinct	St Leonards Central Business District
Position	The property is situated on the northern side of Pacific Highway, within the centre of St Leonards' commercial precinct.
Surrounding Development	<p>The Pacific Highway is characterised by low to high rise commercial buildings, with retail services available above St Leonards Railway Station, whilst additional retail accommodation is located to the south east in Crows Nest. Directly to the west is the Royal North Shore Hospital.</p> <p>The location affords ease of access to the Pacific Highway, being the major arterial route spanning the northern suburbs of Sydney, extending to the Sydney/Newcastle F3 Freeway at its northern extremity, and the Central Business District of North Sydney at its southern extremity.</p> <p>Located opposite the subject on the southern side of Pacific Highway are various new residential developments including 500-520 Pacific Highway, a new 44 storey residential/mixed use tower known as 'The Landmark' developed by VIMG, '88' by JQZ and "St Leonards Square", developed by Mirvac and which comprises two towers of 27 and 35 stories. Prominent surrounding commercial developments include Space 207, 201 Pacific Highway, 601 Pacific Highway & 72 Christie Street.</p>
Public Transport	<p>The property is well located to public transport facilities with regular bus services operating along the Pacific Highway with the St Leonards bus exchange situated to the front of the Forum development. Rail transport is available beneath the subject property at St Leonards Railway Station.</p> <p>We note the subject property, and the wider Crows Nest/St Leonards market will benefit following the completion of a new railway station which forms part of the Sydney Metro. To be known as Crows Nest Station, the metro station will be located at the corner of Hume Street and the Pacific Highway, approximately 500 metres south east of the subject property. The station will improve accessibility to the Crows Nest/St Leonards commercial market, providing access to North Sydney and Barangaroo to the south and Chatswood to the North. As at the date of valuation, construction has commenced with completion slated for 2024.</p>
Positive Attributes	<ul style="list-style-type: none">• Large 4,690 square metre site;• Forms part of the Forum development with St Leonards Railway Station beneath the subject property.
Negative Attributes	<ul style="list-style-type: none">• Leasehold ownership structure;• Stratum Title Ownership Structure.
Distance from CBD	The Sydney CBD lies approximately six (6) kilometres to the southeast whilst the North Sydney CBD is situated approximately three (3) kilometres to the southeast of the subject property.

A location map is provided overleaf:



Source: Metromap

3 Title Particulars

3.1 Title Reference

The legal Title for the subject property can be described as follows:

Search Date	24 August 2021
Local Government Area	Willoughby City Council
Parish	Willoughby
County	Cumberland
Legal Description	Lot 5 in Deposited Plan 879307 Lot 2 in Deposited Plan 879307
Folio Identifier	5/879307 2/879307

3.2 Registered Proprietor

The Registered Proprietor of the land is shown as Rail Corporation New South Wales (Freehold property owner). We note, this valuation relates to a leasehold interest in the land pursuant to Dealings 6680910 & 6680914.

3.3 Encumbrances

The Second Schedule of the registered title indicates the property is subject to the following notifications:

Lot 5

Notification & Dealing Number	Description
1.	The land above described is limited in stratum in the manner described in the title diagram.
2. DP269140	Easement for access variable width (A) appurtenant to the land above described.
3. DP269140	Positive covenant affecting the part shown so burdened designated (a) in the title diagram.
4. DP269140	Easement to use lift 2.7 wide (L) appurtenant to the land above described.
5. DP269140	Positive covenant affecting the part shown so burdened designated (L) in the title diagram.
6. DP269140	Easement for access variable width (B) appurtenant to the land above described.
7. DP269140	Positive covenant affecting the part shown burdened & designated (B) in the title diagram.
8. DP269140	Easement for access variable width (C) appurtenant to the land above described.
9. DP269140	Easement to use lift variable width (G) appurtenant to the land above described.
10. DP269140	Easement for access variable width (F) appurtenant to the land above described.
11. DP269140	Easement for access variable width (H) affecting the part shown so burdened in dp269140.
12. DP269140	Positive covenant affecting the part shown so burdened designated (H) in the title diagram.
13. DP269140	Easement for access variable width (R) affecting the part shown so burdened in dp269140.
14. DP169140	Easement for recreation variable width (S) affecting the part shown so burdened in dp269140.
DP1018607	Released in so far as the easement is appurtenant to 2 & 6/879307, 10-13/1003022, 9/1005532, 13 & 14/1006213 cp/sp61518 & cp/sp622272.
15. DP269140	Restriction(s) on the use of land.

Notification & Dealing Number		Description
16.	DP169140	Easement for support 44 wide (k) affecting the part shown so burdened in dp269140.
17.	DP269140	Easement for support 44 wide (k) appurtenant to the land above described.
18.	DP269140	Easement for services 44 wide (m) affecting the part shown so burdened in dp269140.
19.	DP269140	Easement for support of SRA overhead structures variable width (N) affecting the part shown so burdened in DP269140.
20.	DP269140	Easement for planters variable width (E) appurtenant to the land above described.
21.	DP269140	Positive covenant affecting the part shown so burdened designated (E) in the title diagram.
22.	DP269140	Easement to use lift variable width (U) appurtenant to the land above described.
23.	DP269140	Easement for access 3.3 wide and variable width (V) appurtenant to the land above described.
24.	DP269140	Easement for access 3.3 wide and variable width (W) appurtenant to the land above described.
25.	DP169140	Positive covenant affecting the part shown so burdened designated (W) in the title diagram.
26.	DP260140	Easement for access variable width (X) appurtenant to the land above described.
27.	DP1006213	Easement for access 3.2 wide(D2) appurtenant to the land above described.
28.	DP1006213	Easement for access variable width (D3) appurtenant to the land above described.
29.	6680914	Lease to Winten Developments Pty Limited Expires: 30/5/2088.
	7364231	Transfer of Lease 6680914 Lessee Now Challenger Property Nominees Pty Limited.
	AC690707	Transfer of Lease 6680914 Lessee Now Challenger Property Nominees Pty Limited In 2/5 Share and Challenger Listed Investments Limited In 3/5 Share.
	AK146902	Change of Name Affecting Lease 6680914 Lessee Now Challenger Life Nominees Pty Ltd & Challenger Life CDI Nominees Pty Ltd.
	AK146904	Transfer of Lease 6680914 Lessee Now the Trust Company (Australia) Limited & Australian Executor Trustees Limited.
30.	DP1018607	Easement for support and overhang (BD) affecting the part(s) shown so burdened in DP1018607.
31.	DP1018607	Easement for drainage and detention (BE) appurtenant to the land above described.
32.	DP1018607	Easement for services variable width (BF) affecting the part(s) shown so burdened in DP1018607.
33.	DP1018607	Easement for services variable width (BF) appurtenant to the land above described.
34.	DP1018607	Positive covenant (BF) referred to and numbered 10 in the s.88b instrument.
35.	DP1018607	Easement for services (BFA) variable width affecting the part(s) shown so burdened in DP1018607.
36.	DP1018607	Easement for water pipes variable width (BH) appurtenant to the land above described.
37.	DP1018607	Easement for reflection pool (bi) appurtenant to the land above described.
38.	DP1018607	Easement for passive recreation (BQ) affecting the part(s) shown so burdened in DP1018607.
39.	DP1018607	Easement for passive recreation (BQA) affecting the part(s) shown so burdened in DP1018607.
40.	DP1018607	Easement for restricted recreation (BR) affecting the part(s) shown so burdened in DP1018607.
41.	DP1018607	Easement for restricted recreation (BS) affecting the part(s) shown so burdened in DP1018607.
	8599850	Easement released in so far as it benefits lots 21, 23 & 25 in dp1018607.
42.	DP1018607	Easement for restricted recreation (BF) affecting the part(s) shown so burdened in DP1018607.
43.	8592990	Easement for services affecting the site shown as "easement for services (m)" in DP269140.
44.	DP1048033	Easement for overhang variable width affecting the part(s) shown so burdened in DP1048033.
45.	9059835	Easement for access affecting the site shown as "easement for access variable width (h)" in DP269140.

Lot 2

Notification & Dealing Number		Description
1.		The land above described is limited in stratum in the manner described in the title diagram.
2.	DP269140	Easement for access variable width (A) appurtenant to the land above described.
3.	DP269140	Easement to use lift 2.7 wide (L) appurtenant to the land above described.
4.	DP269140	Easement for access variable width (B) appurtenant to the land above described.
5.	DP269140	Easement for access variable width (c) affecting the part shown so burdened in DP269140.
6.	DP269140	Positive covenant affecting the part shown burdened designated (C) in the title diagram.
7.	DP269140	Easement to use lift variable width (G) appurtenant to the land above described.
8.	DP269140	Easement for access variable width (F) affecting the part shown so burdened in DP269140.
9.	DP269140	Positive covenant affecting the part shown so burdened designated (f) in the title diagram.
10.	DP269140	Easement for access variable width (P) affecting the part shown so burdened in DP269140.
11.	DP269140	Easement for access variable width (H) appurtenant to the land above described.
12.	DP269140	Restriction(s) on the use of land.
13.	DP269140	Easement for support 44 wide (K) affecting the part shown so burdened in DP269140.
14.	DP169140	Easement for support 44 wide (K) appurtenant to the land above described.
15.	DP269140	Easement for services 44 wide (M) affecting the part shown so burdened in DP269140.
16.	DP269140	Easement for support of SRA overhead structures variable width (n) affecting the part shown so burdened in DP269140.
17.	DP269140	Easement to use lift variable width (U) appurtenant to the land above described.
18.	DP269140	Easement for access 3.3 wide and variable width (V) appurtenant to the land above described.
19.	DP269140	Easement for access 3.3 wide and variable width (W) appurtenant to the land above described.
20.	DP269140	Positive covenant affecting the part shown so burdened designated (W) in the title diagram.
21.	DP269140	Easement for access variable width (X) appurtenant to the land above described.
22.	DP1006213	Easement for access 3.2 wide(D2) appurtenant to the land above described.
23.	DP1006213	Easement for access variable width (D3) appurtenant to the land above described.
24.	DP1006213	Restriction(s) on the use of land referred to and numbered 16 in the s.88b instrument.
25.	DP1006213	Restriction(s) on the use of land referred to and numbered 17 in the s.88b instrument.
26.	6680910	Lease to Winten Developments Pty Limited Expires: 30/5/2088.
	7364229	Transfer of Lease 6680910 Lessee now Challenger Property Nominees Pty Limited.
	7411812	Variation of Lease 6680910.
	AC690707	Transfer of Lease 6680910 Lessee now Challenger Property Nominees Pty Limited In 2/5 Share and Challenger Listed Investments Limited In 3/5 Share.
	AF932053	Change of name affecting lease 6680910 lessee now Challenger Life Nominees Pty Limited & Challenger Listed Investments Limited.
	AG616724	Lease of Lease 6680910 to Viachem Pty Limited of shop 3p3, The Forum, 201-203 Pacific Highway, St Leonards. Expires: 30/4/2019.
	AG856604	Mortgage of Lease Ag616724 To Bendigo And Adelaide Bank Limited.
	AH192403	Lease of Lease 6680910 To Flight Centre Limited of shop 3p1, The Forum, 203 Pacific Highway, St Leonards. Expires: 14/8/2016.
	AH520780	Lease of Lease 6680910 to Chaleece Pty Limited of shop 3p2, The Forum, 203 Pacific Hwy, St Leonards. Expires: 31/7/2017.

Notification & Dealing Number	Description
AH897962	Lease of Lease 6680910 to Cardno (NSW/ACT) Pty Limited of Suite 1, Level 7 & Levels 8-10 (Inclusive) 203 Pacific Highway St Leonards. Expires: 31/3/2019. Option of Renewal: 5 Years.
27. 7120125	Positive covenant.
28. DP1018607	Easement for fan room (HA) affecting the part(s) shown so burdened in DP1018607.
29. DP1018607	Easement for fan room (BAA) affecting the part(s) shown so burdened in DP1018607.
30. DP1018607	Easement for emergency egress (bb) affecting the part(s) shown so burdened in DP1018607.
31. DP1018607	Easement for emergency egress (BBA) affecting the part(s) shown so burdened in DP1018607.
32. DP1018607	Easement for stair pressurisation ducts and air intakes (BC) affecting the part(s) shown so burdened in DP1018607.
33. DP1018607	Easement for stair pressurisation ducts and air intakes (BCA) affecting the part(s) shown so burdened in DP1018607.
34. DP1018607	Easement for grease arrestor (BG) appurtenant to the land above described.
35. DP1018607	Easement for water pipes variable width (BH) appurtenant to the land above described.
36. DP1018607	Easement for reflection pool (BI) affecting the part(s) shown so burdened in DP1018607.
37. DP1018607	Easement for emergency egress (BK) affecting the part(s) shown so burdened in DP1018607.
38. DP1018607	Easement for emergency egress (BKA) affecting the part(s) shown so burdened in DP1018607.
39. DP1018607	Easement for passive recreation (BQ) appurtenant to the land above described.
40. DP1018607	Easement for restricted recreation (BR) appurtenant to the land above described.
41. DP1017606	Easement for parking (R3) appurtenant to the land above described.
42. DP1017606	Right of footway (A1) appurtenant to the land above described.
43. DP1017606	Easement for support appurtenant to the land above described.
44. DP1017606	Easement for overhang appurtenant to the land above described.
45. DP1017606	Easement to use lift (L1) appurtenant to the land above described.
46. DP1017606	Easement for services appurtenant to the land above described.
47. DP1048033	Easement for overhang variable width affecting the part(s) shown so burdened in DP1048033.
48. 9059834	Easement for access affecting the site shown as "easement for access variable width (C)" in DP269140.
49. 9059834	Easement for access affecting the site shown as "easement for access variable width (F)" in DP269140.

Title Discussion

We note several entries on the certificate of title are preceded by an asterisk. As such they do not appear on the current certificate of title. No further searches have been undertaken in this instance.

Dealing 6680914 relates to the leasehold interest in the land - Refer to Ground Lease Summary for further details.

Dealing 6680910 relates to the leasehold interest in the land - Refer to Ground Lease Summary for further details.

Pursuant to the 88B Instrument for DP269140, the subject is burdened by a Positive Covenant which requires each person who is at any time entitled to an estate or interest in the Lot to ensure proper maintenance, repair and replacement of all improvements on the easement site, pay for the cost of the works and comply with all legal requirements under section 8 of the Transport Administration Act 1988.

Pursuant to the 88B Instrument for DP269140, the subject is burdened by a Restriction on Use which states each person other than SRA are not entitled to enjoy the benefit of easements, covenants and restrictions on use until those lots have first entered into a deed in terms of the Plaza Deed between SRA and Winten Developments Pty Limited. This is not considered onerous on an 'as is' basis.

Pursuant to the 88B Instrument for DP1018607, the subject is burdened by a Positive Covenant which requires each person who is at any time entitled to an estate or interest in the Lot to ensure proper maintenance, repair and replacement of all improvements and works on the easement site and promptly repair any damage to those improvements, keep current all reasonable insurance policies in connection with the works; pay for the cost of the works, comply with all laws and legal requirements in relation to the works and make good any collateral damage. Works means install wires, cables, pipes, conduits, equipment and other structures and things in respect of any electrical or other services in the fan room. This is not considered onerous on an 'as is' basis.

The notations listed on each Title generally include references to various easements and rights of carriageway which are relate to the stratum title ownership structure and are not considered to have a negative impact on the market value of the subject property. The remaining notations listed on each Title generally refer to various current and expired leases.

We have assumed that there are no other encumbrances or notations except those shown on Title or noted in this valuation report.

We have reviewed the various notifications on Title and do not consider that they have any adverse effect on the value of the subject property. Expert legal advice would be required to confirm our opinion.

A full copy of the Title search is attached to the rear of this report.

3.4 Ground Lease Summary

Pursuant to Dealing 6680914 (as varied) & Dealing 6680910 (as varied), this valuation addresses the leasehold interest in the land. A summary of the pertinent details is provided below:

203 Pacific Highway, St Leonards NSW

Dealing	6680914 (As Varied)
Torrens Title	Folio Identifier Lot 5 in Deposited Plan 879307 being 203 Pacific Highway, St Leonards NSW
Lessor	State Rail Authority of New South Wales
Lessee	Winten Developments Pty Limited (Original Developer – Since been varied)
Lease Commencement	3 February 2000
Lease Termination Date	30 May 2088
Lease Term	88 years 4 months less 3 days
Lease Term Remaining	66.75 years
Ground Rent	\$1 for each year of the term
Use	Primary means of entrance to the Railway Station. In accordance with any easements affecting or benefitting the title to the land including, without limitation, those access for the State Rail Authority of New South Wales, its employees, agents and invitees to the railway station and the right to sit, set out tables for outdoor licensed café and restaurant eating, set up and use kiosks selling food, drinks or newspapers.
Outgoings	Net Lease. Lessee is to pay all outgoings which includes all Rates, Taxes and other charges including any insurance premium and services in connection with the premises on time.
Repair, replace and renovate	Pursuant to Clause 9.8, the Lessee must keep the improvements in good working order and repair, reinstate and replace the improvements. The lessee must renovate the improvements at least once in every fifteen years of the term to the standard required by the landlord.
Relocation of apparatus	The tenant must pay to the landlord on demand the cost of relocating apparatus under clause 9.7.
Assignment	Pursuant to Clause 10.1, the Lessee may only transfer this lease if they meet the criteria specified.
Sublease Conditions	Pursuant to Clause 10.2, the Lessee may not sublet the premises.
Demolition of building	Pursuant to Clause 12.8, the Lessee must demolish all or part of the improvements and leave the relevant part of the land cleared vacant and made good by the expiry date if the landlord gives the tenant a notice no later than four years before the expiry date. If the tenant cannot demolish the improvements they must pay the landlord the cost of doing so.
Make Good	Pursuant to Clause 12 and upon expiry of the Head Lease, the Lessee is to vacate and leave the premises in a condition satisfactory to the landlord judged by reference to the state the premises would be in if the tenant had fully complied with its obligation under the lease. Tenant must remove all their property.

203 Pacific Highway, St Leonards NSW

Dealing	6680910 (As Varied)
Torrens Title	Folio Identifier Lot 2 in Deposited Plan 879307 being 203 Pacific Highway, St Leonards NSW
Lessor	State Rail Authority of New South Wales
Lessee	Winten Developments Pty Limited (Original Developer – Since been varied)
Lease Commencement	3 February 2000
Lease Termination Date	30 May 2088
Lease Term	88 years 4 months less 3 days
Lease Term Remaining	66.75 years
Ground Rent	\$1 for each year of the term
Use	The Lessee may use the premises for any lawful use except any use which the landlord considers offensive or immoral by more than a very small proportion of the Landlord's invitees on or near the landlord's property or the railway station, and a use which in any way interferes or may interfere with normal railway operations. Any interference with normal railway operations may cause damage to the landlord and Rail Access Corporation for which the tenant may be liable to compensate the landlord and Rail Access Corporation.
Outgoings	Net Lease. Lessee is to pay all outgoings which includes all Rates, Taxes and other charges including any insurance premium and services in connection with the premises on time.
Repair, replace and renovate	Pursuant to Clause 9.8, the Lessee must keep the improvements in good working order and repair, reinstate and replace the improvements. The lessee must renovate the building at least twice during the term so that the finishes, plant, equipment and services offered by the building and the building generally are of a standard comparable to buildings in Chatswood's business district.
Relocation of apparatus	The Lessee must pay to the landlord on demand the cost of relocating apparatus under clause 9.7.
Assignment	Pursuant to Clause 10.1, the Lessee may only transfer this lease if they meet the criteria specified.
Sublease Conditions	Pursuant to Clause 10.2, the Lessee may only sublet or licence the premises if the sublease or licence document contains a provision that the sub-tenant or licensee may not do anything which may be a breach of this lease if done by the tenant. .
Demolition of building	Pursuant to Clause 12.9, the Lessee must demolish all or part of the improvements and leave the relevant part of the land cleared vacant and made good by the expiry date if the landlord gives the tenant a notice no later than four years before the expiry date. If the tenant cannot demolish the improvements, they must pay the landlord the cost of doing so.
Make Good	Pursuant to Clause 12 and upon expiry of the Head Lease, the Lessee is to vacate and leave the premises in a condition satisfactory to the landlord judged by reference to the state the premises would be in if the tenant had fully complied with its obligation under the lease. Tenant must remove all their property.

4 Site Particulars

4.1 Dimensions and Area

The Deposited Plan indicates the site is regular in shape (Stratum ownership structure) with the following dimensions and area:

Lot 2

Stratum Ownership Structure	Unlimited in Height but limited in depth by the Level Plane ranging between 77.00 – 88.2
Pacific Highway Frontage	44.075 metres
Western Boundary	36.34 metres
Northern Boundary	62,250 metres
Eastern Boundary	33.79 metres
Total Site Area	1,884 m²

Lot 5

Stratum Ownership Structure	Unlimited in Height but limited in depth by the Level Plane ranging between 77.00 – 88.2
Southern Boundary	62.250 metres
Western Boundary	63.925 metres
Northern Boundary	44.000 metres
Eastern Boundary	63.925 metres
Total Site Area	2,806 m²

Total Site Area

Lot 2 in Deposited Plan 879307	1,884 m ²
Lot 5 in Deposited Plan 879307	2,806 m ²
Total Combined Site Area	4,690 m²

We requested and were provided with a Site Survey.

We have reviewed an Identification Survey dated 28th September 2015 prepared by Real Serve (Reference – 57629) which identifies the following encroachments over the subject land, outside of those listed as notations on title:

- Architectural features and roof of the adjoining building to the west overhang the subject land (Lot 2) as shown on the accompanying plan. These overhangs lie within an Easement for Overhang burdening the subject land.
- Concrete structures (covering the walkways) and awnings being part of the buildings erected on the adjoining lands stand over the subject land (Lot 5). It appears an easement for support burdening the subject land covers these encroachments.

Should such an updated survey detect any further discrepancies or encroachments, the details of that survey should be provided to us for comment and amendment where required.

[illegible]

Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria 203 Pacific Highway Fund (The 203 Fund); Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria Office REIT (COF); Westpac Banking Corporation; Commonwealth Bank of Australia; Credit Agricole CIB Australia Limited; Australia and New Zealand Banking Group Limited; National Australia Bank Limited and BDO Corporate Finance (East Coast) Pty Ltd. N4277 31 August 2021

4.2 Site Features

Identifying site features and characteristics are noted as follows:

Topography & Drainage	<ul style="list-style-type: none"> The site falls from the Pacific Highway in a northerly direction along Herbert Street, whilst a cross fall exists from east to west. The site has been excavated to accommodate the current improvements and we assume drainage from the site to be adequate.
Access & Exposure	<ul style="list-style-type: none"> No direct vehicular ingress or egress to the site is permitted from the Pacific Highway. Access to the car park is via Herbert and Chandos Street at 201 Pacific Highway. The Pacific Highway is a major roadway spanning the northern suburbs of Sydney and receives high levels of traffic flow throughout most periods of the day. Herbert and Chandos Street comprises a dual direction bitumen sealed roadway with concrete kerb, channelling and footpaths on either side. It receives moderate levels of traffic flow during most periods of the day. Primary pedestrian access into the building is via recessed automatic glass sliding doors from the Pacific Highway frontage.
Utilities	<ul style="list-style-type: none"> Connected to all major utility services including electricity, water, telephone, sewer, drainage and gas
Site Identification	<ul style="list-style-type: none"> The site has been identified by reference to the Deposited Plan, site survey and street address.

4.3 Environmental Issues

EPA Search Date	1 September 2021
Site Contamination	Unlisted Current
Comments	<ul style="list-style-type: none"> The parent building was constructed in circa mid 2000's and comprises a multi-level mixed use development with ground floor retail and upper levels of office accommodation. We would not anticipate that the current uses would provide a major environmental risk, however we are unaware of the complete history of the site.
Surrounding Environmental Risks	Unlikely
Flooding & Landslip	<ul style="list-style-type: none"> Our inquiries with Willoughby Council were unable to confirm if flooding and landslip is an issue with the subject property without formal written application. For the purposes of this valuation, we have assumed that the subject property is not flood liable or within a landslip designated area.

Conclusion

We have assumed that the property is not impacted by any environmental issues. We have also assumed the use of the property complies with all relevant environmental law.

5 Planning Controls

5.1 Current Planning Controls

An overview of the main planning related controls over the subject property are outlined as follows:

Local Government Area	Willoughby City Council
Planning Scheme	Willoughby Local Environmental Plan 2012
Gazettal Date	31 January 2013
Zoning	B3 Commercial Core
Permitted Use	Building identification signs; Business identification signs; Child care centres; Commercial premises; Community facilities; Educational establishments; Entertainment facilities; Function centres; Hotel or motel accommodation; Information and education facilities; Medical centres; Passenger transport facilities; Recreation facilities (indoor); Registered clubs; Respite day care centres; Restricted premises; Roads; Serviced apartments; Any other development not specified in item 2 or 4
Base Floor Space Ratio	5.5:1
Height Limit	RL of 90 metres
Heritage Listing	Not Listed
Native Title	N/A

Our valuation is based on town planning information sourced from online databases including local and state government websites. The reliant parties could confirm this by obtaining their own Section 10.7 Certificate of the Environmental Planning and Assessment Act 1979 (NSW).

5.2 St Leonards and Crows Nest 2036

Pursuant to the St Leonards and Crows Nest 2036 Plan, the following provisions apply to the Subject Property:

Planning Scheme	St Leonards and Crows Nest 2036
Zoning	B3 – Commercial Core
Floor Space Ratio	Proposed FSR change to a minimum non-residential FSR of 5.2:1
Building Form	Proposed Height Limit change to 11 (height in stories)
Status	The Department has finalised the planning package for St Leonards and Crows Nest, which includes the St Leonards and Crows Nest 2036 Plan. The 2036 Plan is a strategic document to guide future rezoning proposals in the area and is supported by a section 9.1 Ministerial Direction.

5.3 Planning and Development Approvals

We have not sighted any planning or building approvals in relation to the construction of the subject property. We have assumed that appropriate permission has been granted by the relevant statutory authority in relation to the existing improvements on site.

Our discussions with Council indicated that there have been no recent development applications or approvals applicable to the subject property.

6 Statutory Assessment

As at the date of valuation the following statutory land valuation was being utilised for the levying of Council Rates and Land Tax:

Property Address	Lot & DP	Rating Year	Statutory Land Value
203 Pacific Hwy, St Leonards NSW 2065	Lot 2 in Deposited Plan 879307	1 July 2019	\$17,500,000
		1 July 2020	\$18,200,000
		1 July 2021	\$15,400,000
Land Value Used for Rating Purposes (3 Yr avg.)			\$17,033,333
Land Tax Payable – 2021 Land Tax Year			\$310,223

Property Address	Lot & DP	Rating Year	Statutory Land Value
203 Pacific Hwy, St Leonards NSW 2065	Lot 5 in Deposited Plan 879307	1 July 2019	\$619,000
		1 July 2020	\$643,000
		1 July 2021	\$546,000
Land Value Used for Rating Purposes (3 Yr avg.)			\$602,667
Land Tax Payable – 2021 Land Tax Year			\$0

We note, on a single holding basis, for the levying of Land Tax the average taxable land value for the individual Lot is below the 2021 Land Tax year threshold amount of \$755,000. Therefore no land tax is payable for this lot in isolation.

It should be noted that the statutory land value assessments are for rating and taxation purposes only, and accordingly are not necessarily representative of the current open market value of the underlying land

In One Line

Property Address	Lot & DP	Rating Year	Statutory Land Value
203 Pacific Hwy, St Leonards NSW 2065	Lots 2 and 5 in Deposited Plan 879307	1 July 2019	\$18,119,000
		1 July 2020	\$18,843,000
		1 July 2021	\$15,946,000
Land Value Used for Rating Purposes (3 Year avg.)			\$17,636,000
Land Tax Payable – 2021 Land Tax Year			\$322,276

For the purpose of this valuation, we have adopted the Land Tax amount of \$330,000 in accordance with the FY22 budget supplied.

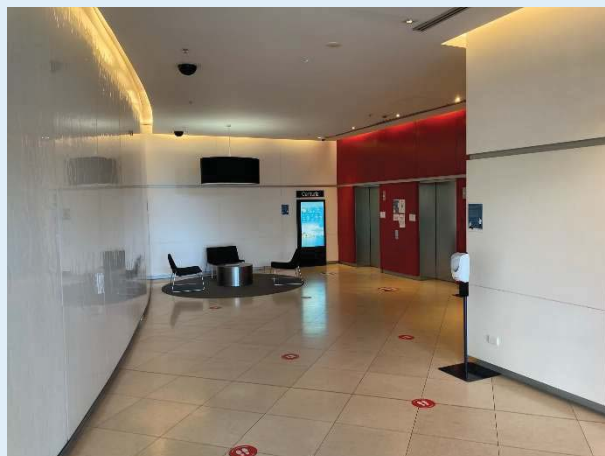
7 Improvements

7.1 General Description

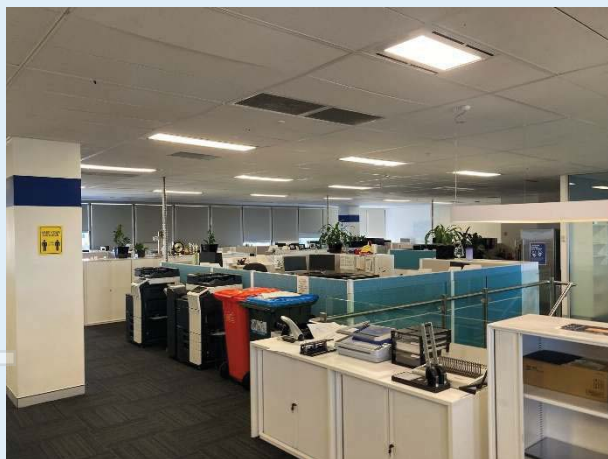
The subject property comprises a 11 storey, A-grade office building completed circa mid 2000's, comprising ground floor plaza retail accommodation, 10 upper levels of office accommodation, plus basement parking for a total of 151 cars. The property consists of the leasehold interest, forming part of The Forum development, which is a mixed-use office retail and residential complex. The property is situated on the northern side of Pacific Highway with 201 Pacific Highway, adjoining the eastern boundary, and 205 Pacific Highway, adjoining the western boundary



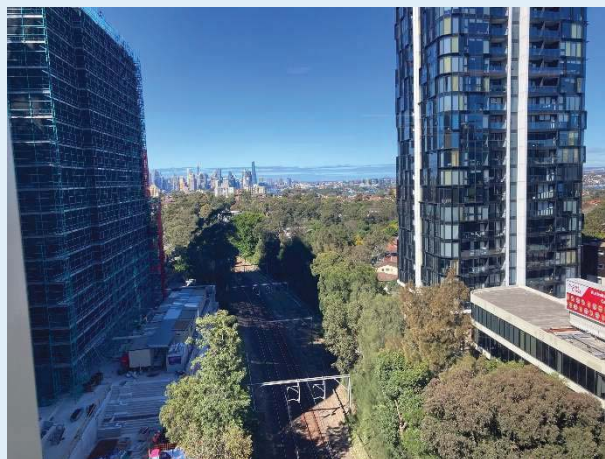
Subject Property



Lobby



Typical Office Accommodation



View Profile

7.2 Lettable Areas

We have been provided with a floor-by-floor Tenancy Schedule and corresponding survey plans which indicates the following lettable areas:

Component	Lettable Area (m ²)
Office	11,192.30 m ²
Retail	542.30 m ²
Total NLA	11,734.60m²
Other Areas	
Storage	2 tenants
Car Parking	151 spaces

For the purpose of this valuation, we have relied upon the lettable areas provided. Should an updated building survey prove these areas to be incorrect, we reserve the right to review this valuation.

7.3 Construction and Building Services

A summary of the building construction is as follows:

Main Building	Conventional reinforced concrete column beam and slab structure.
Facade	Vertical panels with aluminium framed glazed windows.
Internal Walls	Rendered and painted plasterboard to office areas along with decorative polyurethane panels and painted plasterboard to the ground floor lobby.
Roof	Reinforced concrete with waterproof membrane.
Office Ceilings	Suspended acoustic tiles to office areas, along with recessed fluorescent lighting and decorative down lighting in association with decorative plasterboard to the ground floor foyer.
Lighting	Recessed fluorescent lighting (T5 lighting) provided to the office areas. The ground floor foyer features spot lighting whilst strip lighting is provided to the basement.
Windows and doors	Aluminium framing and double-glazed windows.
Floor Coverings	Post-tensioned concrete slab. Polished granite floors to the ground floor lobby, along with carpet to office areas and ceramic tiles to amenities.

A summary of the base building services is as follows:

Vertical Access	Three (3), Kone lifts (20 persons or 1,360-kilogram capacity). Two lift service the basement car parking levels. An additional lift services the loading dock.
Air Conditioning	Central plant comprising three cooling towers and two chillers at roof level in association with one plant room comprising one air handling unit.
Access & Security	Access control system comprising proximity card system, along with CCTV system with equipment centralised at the security room.
BMS	The building incorporates a BMS monitoring air-conditioning faults and temperature settings.
Fire and Hydraulic	The building is fully fitted with an automatic fire sprinkler system, break-glass alarms, hose reels, hydrants, and smoke detectors as well as an emergency warning and intercommunication system. Additionally, fire extinguishers are strategically positioned throughout the building.

7.4 Accommodation

The general accommodation for the subject property is outlined as follows:

Office/ Retail



Typical Office Accommodation



Typical Office Accommodation

The ground floor lobby is accessed via recessed automatic glass sliding doors from the Pacific Highway frontage. Three passenger lifts provide access to upper-level office accommodation.

Office accommodation is arranged over 10 upper levels and is configured into mostly whole floor tenancies with one level subdivided into suites. Office floor plates are regular in shape and afford the flexibility of whole floor occupation or subdivision. The lift bank is positioned towards the eastern boundary of the property, along with amenities. The average floor plate size from levels one to eight is approximately 1,060 square metres, with levels nine and ten being smaller by virtue of an open terrace to level nine.

Tenancies are fitted out to each tenants' specifications comprising open plan and portioned offices whilst Verizon also incorporates significant computer data halls and associated plant.

The retail accommodation has been configured to provide street frontage tenancies to the Pacific Highway frontage of the subject property. Additional tenancies are provided along a pedestrian walkway which provides a throughfare from Pacific Highway to the Plaza.

Retail accommodation incorporates a variety of tenancies which have been fitted out to suit the requirements of various tenants. These tenancies largely incorporate glazed shop fronts, suspended ceilings, recessed fluorescent lighting and decorative down lighting.

The Central Plaza provides a paved thoroughfare which provides direct access to St Leonards Railway station to the north. This area has been landscaped and provides a well presented public open space.

7.5 Car Parking



Basement Car Park

There are 151 car parking bays situated in the basement of 201 Pacific Highway. Access to the car park is via Herbert and Chandos Street.

7.6 Key Points

We note the following construction related key points as they relate to the subject:

Construction Date	Circa 2000		
Refurbishment Dates	Ongoing – we understand there is plans to construct an EOT facility and refurbish the building lobby.		
Building Materials	Hazardous Materials Present	Contamination Register	
	Unlikely	Reviewed (no listing)	
Performance Ratings	NABERS Energy	NABERS Water	Green Star
	5 Stars	4 Stars	N/A
BEEC Certificate	Registered B0060-2020/11 (Expiry of 15 November 2021)		
	On the basis of the buildings existing ratings, we do not foresee any short term non-compliance issues. Should our assumptions in this regard prove to be incorrect we reserve the right to review and appropriately amend our valuation analysis.		

7.7 Combustible Cladding Materials

We have been provided with a Final Occupation Certificate (CD-2019/382/3) prepared by Willoughby City Council in relation to the replacement of external cladding of the building dated 12 October 2020. The Willoughby City Council certifies:

- It has been appointed as the principle certifying authority under s 109E,
- A complying development certificate is in force with respect to the building,
- The building is suitable for occupation or use in accordance with its classification under the Building Code of Australia,
- The health and safety of the occupants have been considered.

The improvements were constructed circa mid 2000's and as such we are of the opinion that it is unlikely that asbestos products were used in the construction. Furthermore, it is possible for non conforming building materials to be present in a building of any age.

Building Materials Conclusion and Warning

We recommend the reliant parties request the owner to commission a survey and prepare a register should they have any concerns in relation to any potential non conformance.

Our advice will require amendment in the event that the survey determines that the property carries higher than normal risk and requires capital expenditure to rectify any non conforming building materials. The value, cashflow, risk profile and market depth could be affected.

7.8 Building Materials, Condition and Functionality

Our investigations reveal the following:

Condition of Improvements	Good
Functional Obsolescence	Fit for purpose? Yes Unlikely to suffer in the medium term
Building Code Compliance	Unconfirmed
Likelihood of Non Compliance	Low
Building Notices / Orders	No enquiries made

For the purpose of this valuation we have assumed that no significant capital expenditure is required for the subject property at the present time (other than as discussed elsewhere in this report).

We have assumed that the property complies with the appropriate statutory regulations and that there are no other defects applicable to the subject.

During our inspection we did not notice any obvious building defects, except for items of a cosmetic nature. We are unable to verify that any uninspected areas are free from defect and no warranty can be given regarding the condition of the building. We would therefore advise the reliant parties satisfy themselves on the physical condition of the property. In the event that any defects, building notices or compliance issues are identified, this valuation may require amendment.

8 Tenancy Details

8.1 Main Tenant Sub Leases

The following is a summary of the main tenant Leases:

Levels 4, 5 & 6 and Suite 7.02, 203 Pacific Highway, St Leonards NSW	
Sub Lease Status	Executed Lease
Sub Lessee	Idameneo (No.789) Ltd
Use	Commercial Offices
Sub Lease Commencement	1 October 2015
Term	7 years
Sub Lease Expiry	30 September 2022
Option	5 years
Leased Area	Level 4: 1,213 m ² Level 5: 1,212 m ² Level 6: 1,215 m ² Suite 7.02: 521.5 m ² Total: 4,161.5m²
Commencement Rental	\$1,955,905 per annum net face
Commencement Rate	\$470/m ² per annum net face
Review Structure	Fixed annual increases of 3.75%
Outgoings	Net lease - Tenant is responsible for an area-based proportion of outgoing
Incentives	A total incentive of \$1,232.42 per square metre of the lettable area in the following manner: a) \$1,114.92 per square metre of the lettable area of the premises as a fitout payment b) \$117.50 per square metre of the lettable area of the premises as a rental credit
Car Parking	25 single spaces at \$400 per space per month plus GST and car park levy. The licence fee will be reviewed separately using the same review structure as the Rent.
Make Good	Pursuant to Clause 11 – the lessee has full make good obligations, and is required to redecorate the premises.

Suite 7.01, Level 8, 9 and 10 Pacific Highway, St Leonards NSW

Sub Lease Status	Executed Lease
Sub Lessee	Cardno (NSW/ACT) Pty Ltd
Use	Commercial Offices
Sub Lease Commencement	1 April 2019
Term	10 years
Lease Expiry	31 March 2029
Option	5 years
Leased Area	Suite 7.01: 636.3 m ² Level 8: 1,215 m ² Level 9: 825 m ² Level 10: 826.5 m ² Total: 3,502.8 m²
Commencement Rental	\$2,171,736 per annum net face
Commencement Rate	\$620/m ² per annum net face
Review Structure	Fixed annual increases of 4.00%
Outgoings	Net lease - Tenant is responsible for an area-based proportion of outgoings
Incentives	A total incentive amount of (rent + outgoings) x 10 years x 20%. The landlord agrees to contribute up to \$20,000 towards balustrade works.
Car Parking	40 single spaces at \$500 per space per month plus GST and car park levy. The licence fee will be reviewed separately using the same review structure as the Rent.
Make Good	Pursuant to Clause 12 – the lessee has full make good obligations.
Storage	3 storage areas which total 131 m ² at \$822.46 per calendar month reviewed at the same time and in the same manner as the rent.

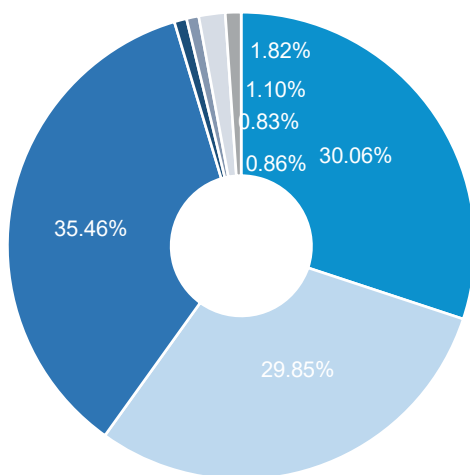
Levels 1,2 & 3, 203 Pacific Highway, St Leonards NSW

Sub Lease Status	Executed Lease
Sub Lessee	Verizon Australia
Use	Commercial Offices
Sub Lease Commencement	29 June 2015 (29 June 2020 as varied)
Term	10 years (as varied)
Lease Expiry	28 June 2025 (as varied)
Option	N/A
Leased Area	Level 1: 1,159 m ² Level 2: 1,157 m ² Level 3: 1,212 m ² <u>Total: 3,528 m²</u>
Commencement Rental	\$2,328,480 per annum net face as at 29 June 2020
Commencement Rate	\$660/m ² per annum net face
Review Structure	Fixed annual increases of 4.00%
Outgoings	Net lease - Tenant is responsible for an area-based proportion of outgoings
Incentives	A total of \$1,513,512 to be taken as net rent reduction.
Car Parking	37 single spaces at \$500 per space per month plus GST and car park levy. The licence fee will be reviewed separately using the same review structure as the Rent.
Make Good	Pursuant to Clause 17.2 – the lessee has limited make good obligations, the lessee does not need to return the premises and any licenced areas to open plan base building condition but for the obligation to reinstate the bathrooms previously removed by the lessee on Level 2 only.

8.2 Tenant Composition

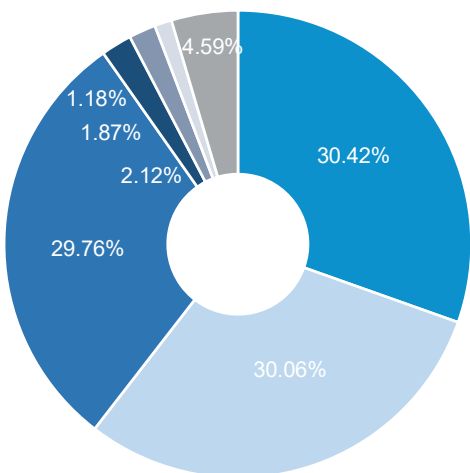
As at the date of valuation, we note that the subjects tenant composition is as follows:

Tenant Composition by NLA



Tenant	Area m ²	% of NLA
Verizon Australia Pty Ltd	3,528.00 m ²	30.06%
Cardno (NSW/ACT) Pty Ltd	3,502.80 m ²	29.85%
Idameneo(No.789) Ltd	4,161.50 m ²	35.46%
CW Leasing Service	101.50 m ²	0.86%
Chaleece Pty Ltd	97.50 m ²	0.83%
Remainder of Tenanted NLA	214.00 m ²	1.82%
Vacant NLA	129.30 m ²	1.10%
Total NLA	11,734.60 m²	

Tenant Composition by Gross Income



Tenant	Gross Passing	%
Verizon Australia Pty Ltd	\$3,145,492	30.42%
Cardno (NSW/ACT) Pty Ltd	\$3,108,680	30.06%
Idameneo(No.789) Ltd	\$3,076,980	29.76%
CW Leasing Service	\$219,453	2.12%
Chaleece Pty Ltd	\$193,591	1.87%
Holdover tenants	\$122,114	1.18%
Other tenants	\$474,506	4.59%
Sundry Income	-	-

8.3 Recent Leasing Deals

In addition to the above, we note the following most recent leasing transactions completed within the building:

Level / Suite	Tenant	Area (m ²)	Lease Date	Term (Years)	Net Passing Rent		Gross Incentive %
					\$ pa	\$ /m ²	
Shop 5	Bengong's Tea Australia Pty Ltd	48.40 m ²	7-Sep-2020	7.1	\$98,852	\$2,042	Fitout incentive
Total		48.40 m²			\$98,852	\$2,042	

A copy of our detailed Tenancy Schedule is appended to this report.

8.4 Outstanding Incentives

As per information provided by Centuria, the following outstanding incentives have been incorporated within the valuation analysis:

Level / Suite	Tenant	Lump Sum (\$)	Payment Date	Rebate (\$ /mth)	Months Remain	Total PV	Total Sum
Level 10	Cardno (NSW/ACT) Pty Ltd	-	-	\$10,182	91.0	\$756,904	\$926,543
Level 9	Cardno (NSW/ACT) Pty Ltd	-	-	\$10,163	91.0	\$755,530	\$924,861
Level 8	Cardno (NSW/ACT) Pty Ltd	-	-	\$14,968	91.0	\$1,112,691	\$1,362,069
Level 7 Suite 7.01	Cardno (NSW/ACT) Pty Ltd	-	-	\$7,839	91.0	\$582,720	\$713,321
Level 3	Verizon Australia Pty Ltd	-	-	\$8,666	46.0	\$359,180	\$398,049
Level 2	Verizon Australia Pty Ltd	-	-	\$8,273	46.0	\$342,881	\$379,986
Level 1	Verizon Australia Pty Ltd	-	-	\$8,287	46.0	\$343,474	\$380,643
Shop 2	Chaleece Pty Ltd	-	-	\$267	40.0	\$9,770	\$10,683
Shop 3	CW Leasing Service	-	-	\$600	8.0	\$4,723	\$4,800
Total						\$4,267,873	\$5,100,955

Should the advice provided to us in this regard upon which we have relied prove to be incorrect, we reserve the right to review and possibly amend our valuation advice detailed herein.

8.5 Pending Rental Reviews

We note the following pending rental reviews due within the next 6 months:

Level / Suite	Tenant	Area (m ²)	Review Date	Review Type
Shop 5	Bengong's Tea Australia Pty Ltd	48.40 m ²	7-Sep-2021	4.00%
Level 4	Idameneo(No.789) Ltd	1,213.00 m ²	1-Oct-2021	3.75%
Level 5	Idameneo(No.789) Ltd	1,212.00 m ²	1-Oct-2021	3.75%
Level 6	Idameneo(No.789) Ltd	1,215.00 m ²	1-Oct-2021	3.75%
Level 7 Suite 7.02	Idameneo(No.789) Ltd	521.50 m ²	1-Oct-2021	3.75%
Shop 2	Chaleece Pty Ltd	97.50 m ²	1-Jan-2022	4.00%
Total		4,307.40 m²		

8.6 Arrears

We have been provided with an arrears report prepared by Centuria dated August 2021. Provided below is a summary of the arrears:

Arrears	30 Days	60 Days	90 Days	120 Days	Total Due
Totals	\$51,511.68	\$46,254.57	\$5,307.97	\$329,333.04	\$478,655.54

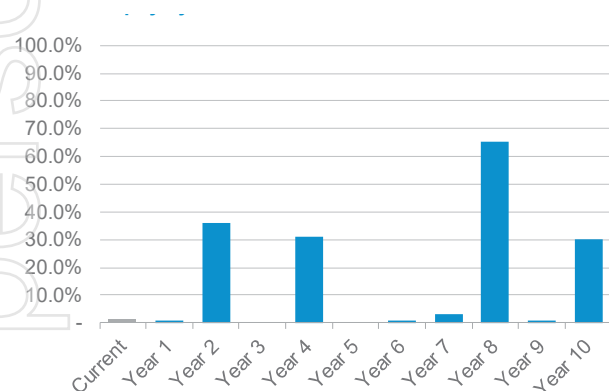
We have further been advised by Centuria, that the arrears mainly relate to the retailers noting the following:

- Chaleece is on a payment plan, given recent lockdown Centuria will likely claim the bank guarantee if not recovered.
- Xquizit Hair – currently in mediation with a plan to recover.
- Ipic – will be recovered.
- Bengong Tea – currently in a backlog with Covid-19. Will be recovered, likely to get some relief under the code which Centuria have provisioned for in the cash flow.

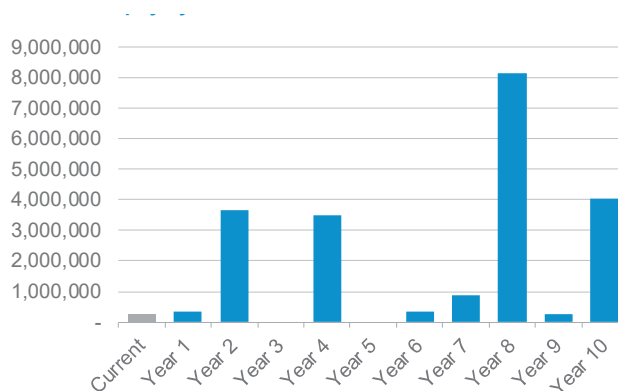
Further, our valuation incorporates a COVID Assumption, a 50% rent waiver until 31 December 2021 for all retail income. Our valuation assumes all arrears will be recovered. Should this prove to be incorrect we reserve the right to review and possibly amend our valuation.

8.7 Lease Expiry Profile

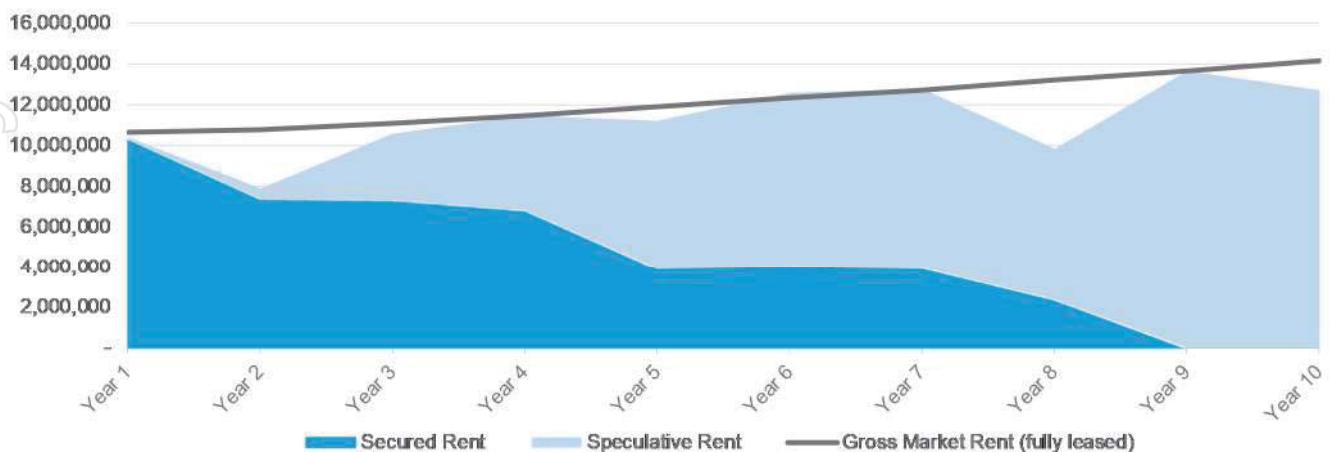
The following graphs show the expiry profile for the tenants on an area and rental basis over the cash flow period:



Tenancy Profile by Rental Income



The existing and speculative income profile graph below highlights the secured income and potential speculative income based on the adopted tenancy profile and lease assumptions.



8.8 Weighted Average Lease Expiry (WALE)

The weighted lease duration for the subject property is as follows:

Weighted Lease Duration by Area	3.91 Years
Weighted Lease Duration by Income	3.92 Years

8.9 Existing Vacancies

At the date of valuation, the property has a current total vacancy rate of 1.10% which relates to the following areas:

Component	Area (NLA m ²)	Rate (%)	Non NLA	Rate (%)	Comments
Retail	129.30 m ²	1.10%	-	-	12 months downtime applied
Car Parking	-	-	5.00	1.64%	12 months downtime applied
Total	129.30 m²	1.10%			

The individual vacancies are further depicted as follows:

Level / Suite	Area (NLA m ²)	Non NLA	Net Market Rent		Letting Up	PV Letting Up	Applied Gross
			\$ pa	\$ /m ²	Period	Allowance	Incentive (%)
Shop 6	87.30 m ²	-	\$153,671	\$1,760	15 months	\$207,224	25.00%
Shop 1	42.00 m ²	-	\$69,731	\$1,660	15 months	\$94,448	25.00%
Parking	-	5	\$30,000	-	12 months	\$30,000	-
Office	-	-	-	-	12 months	-	30.00%
Total	129.30 m²		\$253,402	\$1,960		\$331,672	

8.10 Pending Lease Expiries

We note the following tenancies are due to expire within the next 24 months:

Level / Suite	Tenant	Area (m ²)	Expiry Date	Comments
Shop 3	CW Leasing Service	101.50 m ²	30-Apr-2022	0.0% retention applied
Level 4	Idameneo(No.789) Ltd	1,213.00 m ²	30-Sep-2022	0.0% retention applied
Level 5	Idameneo(No.789) Ltd	1,212.00 m ²	30-Sep-2022	0.0% retention applied
Level 6	Idameneo(No.789) Ltd	1,215.00 m ²	30-Sep-2022	0.0% retention applied
Level 7 Suite 7.02	Idameneo(No.789) Ltd	521.50 m ²	30-Sep-2022	0.0% retention applied
Shop 7	Ipic Pty Ltd	80.00 m ²	31-Jan-2023	50.0% retention applied
Total		4,343.00 m²		

8.11 Holdover Tenancies

Level / Suite	Tenant	Area (m ²)	Net Market Rent		Net Passing Rent		Holdover Period
			\$ pa	\$ /m ²	\$ pa	\$ /m ²	
Parking	Forum Properties Pty Ltd	-	\$122,114	-	\$122,114	-	1 months
Total		-	\$122,114		\$122,114		

8.12 Sundry Income Summary

Additional Income	Passing Income		Market Income		Comments
	\$ pa	% of Total	\$ pa	% of Total	
Car Parking	\$756,830	7.32%	\$764,114	7.16%	Parking Income
Other	\$41,425	0.40%	\$22,446	0.21%	Storage, Telecoms, Seating and Electricity income
Total	\$798,255	7.72%	\$786,559	7.37%	

9 Income Analysis

9.1 Passing Income

Component Income	Passing Income		
	\$ p.a.	\$/m ²	% of Total
Office	\$7,141,598	\$638	69.06%
Retail	\$799,089	\$1,935	7.73%
Telecoms	\$7,342	-	0.07%
Storage	\$14,266	-	0.14%
Car Parking	\$756,830	\$5,184	7.32%
Outgoings Recoveries	\$1,621,691	\$138	15.68%
Total Gross Passing Income	\$10,340,815	\$881	
Vacant Areas (Gross)	\$271,470	\$23	2.56%
Potential Fully Leased Gross Income	\$10,612,285	\$904	
Adopted Outgoings (\$139.74 /m ²)	(\$1,639,759)	(\$140)	
Potential Fully Leased Net Income	\$8,972,526	\$765	
Net Passing Income	\$8,701,056	\$741	

9.2 Market Rental Evidence

In assessing the market rental for the office and car parking component of the subject property, we have considered a variety of available rental evidence, a selection of which is detailed as follows:

Levels 1,2 & 3, 203 Pacific Highway, St Leonards NSW

Sub Lessee	Verizon Australia
Sub Lease Commencement	June 2020
Term	5 years
Option	N/A
Leased Area	3,528 m ²
Commencement Rate	\$660/m ² per annum net face
Review Structure	Fixed annual increases of 4.00%
Outgoings	Net lease - Tenant is responsible for an area-based proportion of outgoings
Incentives	A total of \$1,513,512 to be taken as net rent reduction. The total incentive equates to 13% net
Car Parking	37 single spaces at \$500 per space per month plus GST and car park levy. The licence fee will be reviewed separately using the same review structure as the Rent.
Comments	Reflective of a lease renewal.

Shop 3P05, The Forum, 203 Pacific Highway, St Leonards NSW

Sub Lessee	Bengong's Tea Australia Pty Ltd
Sub Lease Commencement	September 2020
Term	7 years
Option	N/A
Leased Area	48.4m ²
Commencement Rental	\$2,042/m ² per annum net face
Review Structure	Fixed annual increases of 4.00%.
Outgoings	Net lease – Tenant is responsible for an area-based proportion of outgoings
Incentives	A total incentive of \$10,000 to be taken as fitout contribution
Car Parking	Nil

Considered the primary benchmarks in assessing market rentals for the subject property.

In addition to the evidence located within the subject property we have considered transactions from the broader St Leonards' office market.

Level 3, Suite 3.01, 601 Pacific Highway, St Leonards NSW

Lessee	AsteRx Pty Ltd
Lease Commencement	June 2021
Term	3 years
Option	N/A
Leased Area	434.0m ²
Passing Rental	\$635/m² per annum net face
Review Structure	Fixed annual increases of 3.25%.
Outgoings	Net lease – Tenant is responsible for an area-based proportion of outgoings
Incentives	Total incentive amount of \$337,947.12 to be taken as rental abatement. Equivalent to 40.88% net incentive.
Car Parking	1 single space at \$6,000 per space per annum plus GST and car park levy. The licence fee will be reviewed separately using the same review structure as the Rent.

Level 4, Suite 4.02, 601 Pacific Highway, St Leonards NSW

Lessee	Treasury Wine Estates Australia Limited
Lease Commencement	September 2020
Term	2 years
Option	N/A
Leased Area	343.0m ²
Passing Rental	\$583/m² per annum net face
Review Structure	Fixed annual increases of 3.75%.
Incentives	Total incentive amount of \$71,880 to be taken as rental abatement. Equivalent to 17.97% net incentive.
Car Parking	Nil

Inferior location and proximity to retail and transport, comparable standard of accommodation and building services. On balance we have applied market rents above the range of these transactions.

Level 10, Suite 1002, 201 Pacific Highway, St Leonards NSW

Lessee	Christie Street Development Pty Ltd
Lease Commencement Date	September 2020 (as varied)
Term	6 years (as varied)
Further Term	1 years (as varied)
Leased Area	596.20 m ²
Leased Rate	\$710 per m² p.a. net
Reviews	Fixed annual increases of 4.00%
Incentives	Total incentive equated to 8.33% net
Outgoings	Payable by lessee (\$151/m ²)
Car Parking	Nil
Comments	Reflective of a lease renewal

Comparable location, comparable standard of accommodation and building services. We have applied market rents below this transaction.

Ground Level, Levels 1-9, SHOR Building, 1 Reserve Road, St Leonards

Lessee	Property NSW
Lease Commencement Date	August 2020
Term	15 years
Further Term	5+5+5 years
Leased Area	28,153 m ²
Leased Rate	Office- \$597 per m² p.a. net Retail (Childcare) - \$540 per m² p.a. net Outdoor Area - \$114 per m² p.a. gross
Reviews	Fixed annual increases of 3.50% Year 6 & 11: Effective market review with cap and collar provisions (+/- 5%, Clause 5.7)
Incentives	Silent
Outgoings	Payable by lessee (~\$125/m ²)
Car Parking	115 parking bays at \$6,251 per annum

Larger area leased, superior building services and asst quality, inferior location, inferior view profiles, near effective rent precommitment deal. We have applied market rents above this transaction.

Level 1 Suite 2 & Parking, 33 Herbert St, St Leonards NSW 2065

Lessee	Acor Consultants Pty Ltd
Lease Commencement Date	May 2020
Term	3 years
Leased Area	1,019.80 m ²
Commencing Rate	\$500 per m² p.a. net face
Outgoings	Net lease. Outgoings payable by Lessee on a proportionate basis (\$112 /m ²)
Review Structure	Fixed annual increases of 3.75%.
Incentives	Total incentive of \$469,316, to be provided as a rental abatement over the term of the lease. Equivalent to 24.50% net.
Car Parking	10 car spaces at a commencing rental of \$405 per bay per calendar month, to be reviewed in the same manner as the office lease.
Comment	Lease particulars reflective of a renewal to a sitting tenant.

Inferior location, inferior asset quality, inferior proximity to retail and transport. Overall considered inferior.

Lots 13, 14 & 15 (Suits 401-406), Level 4, 205 Pacific Highway, St Leonards, NSW, 2065

Lessee	Velocity Concepts Pty Ltd
Use	Office
Lease Commencement Date	February 2020
Term	2 years
Leased Area	443.00 m ²
Commencing Passing Rate	\$580 per m² p.a. net face
Outgoings	Net Lease (Payable by the Lessee on a proportionate basis – 5.725%).
Review Structure	Annual reviews fixed at 3.50%.
Incentives	Silent.
Car Parking	4 secure basement spaces provided at \$19,416 (\$4,854 per space p.a.)

Comparable location, inferior standard of accommodation and building services. We have applied market rents above this transaction.

9.3 Assessment of Market Rents

Commercial Office

In assessing market rents for the subject property, we have had regard to the following factors:

- Leasing transactions completed within St Leonards and the surrounding locality;
- The adopted capital expenditure program applied within this valuation;
- Quality of office accommodation;
- Location of the subject property; and
- Views and natural light.

In deriving our opinion of the office market rental value, we have placed primary reliance on the market evidence contained within St Leonards and the surrounding precinct, recognising however that this evidence was negotiated over a reasonably wide time horizon and hence could be expected to demonstrate some variances due to fluctuations in the marketplace over the period. Our adopted market rental applied for the subject property on a whole floor basis is summarised hereunder:

Whole Floor Rental Rate (\$/m ² net face p.a.)	
Level 1 – Level 10 Inclusive	\$640-\$655

Car Parking

Having regard to the most recently executed leasing transactions of car parking accommodation within the surrounding precincts we have assessed market rents as follows:

- \$6,000 per space per annum (\$500 per space per calendar month) for basement car spaces;

We note, for the income derived from Forum Parking, we have assessed the market income in line with the existing passing (\$231 per space per calendar month).

Retail Income

In assessing the market rental for the retail component of the subject property, we are of the opinion the current passing rental is reflective of market. We note, comparable leasing evidence which has been reviewed to establish this opinion is retained on file.

For the existing vacancies (Shops 1 & 6) we have adopted market incomes ranging between \$1,800/m² - \$1,900/m² gross face.

Storage and Other Income

With regards to Storage and other income we have adopted the passing rental as being reflective of market. We note, comparable leasing evidence which has been reviewed to establish this opinion is retained on file.

We have not applied a market rent to Coed Pies' seating licence given this will terminate.

9.4 Income Summary

The income is summarised as follows:

Component Income	Passing Income			Market Income			Variance	
	\$ pa	\$/m ²	% of total	\$ pa	\$/m ²	% of total	\$ pa	%
Office	\$7,141,598	\$638	67.30%	\$7,224,546	\$645	67.69%	(82,947)	-1.16%
Retail	\$799,089	\$1,935	7.53%	\$1,022,491	\$1,885	9.58%	(223,402)	-27.96%
Telecoms	\$7,342	-	0.07%	\$7,342	-	0.07%	-	0.00%
Storage	\$14,266	-	0.13%	\$14,266	-	0.13%	-	0.00%
Car Parking	\$756,830	\$5,184	7.13%	\$764,114	-	7.16%	(7,284)	-0.96%
Sundry Income	-	-	0.00%	-	-	0.00%	-	-
Outgoings Recoveries	\$1,621,691	\$138	15.28%	\$1,639,759	\$140	15.36%	(18,068)	-1.11%
Total Gross Passing Income	\$10,340,815	\$881	97.44%	\$10,672,517	\$909	100.00%	(331,701)	-3.21%
Vacant Areas (gross)	\$271,470	\$23	2.56%	-	-	0.00%	271,470	100.00%
Potential Fully Leased Gross Income	\$10,612,285	\$904	100.00%	\$10,672,517	\$909	100.00%	(60,231)	-0.57%
Less Adopted Outgoings	(\$1,639,759)	(\$140)		(\$1,639,759)	(\$140)		-	0.00%
Potential Fully Leased Net Income	\$8,972,526	\$765		\$9,032,758	\$770		(60,231)	-0.67%

* Minor discrepancies may occur due to rounding

9.5 Outgoings Summary

We have been provided with the 2021/2022 budgeted outgoings schedule. We have reviewed the information provided and adopted the following.

Outgoings Item	Budget Amount		Adopted Amount		Variance		PCA *
	\$ p.a.	\$ /m ²	\$ p.a.	\$ /m ²	\$ p.a.	\$ /m ²	\$ /m ²
Statutory Charges							
Municipal/Council Rates	\$106,081	\$9.04	\$106,081	\$9.04	-	-	\$6.29
Water and Sewerage Rates	\$47,592	\$4.06	\$47,592	\$4.06	-	-	\$3.54
Land Tax	\$330,000	\$28.12	\$330,000	\$28.12	-	-	\$12.32
Other Statutory Charges	\$216,000	\$18.41	\$216,000	\$18.41	-	-	n.a.
Total Statutory Charges	\$699,673	\$59.62	\$699,673	\$59.62	-	-	\$26.89
Operating Expenses							
Insurance Premiums	\$64,163	\$5.47	\$64,163	\$5.47	-	-	\$3.79
Air Conditioning/Ventilation	\$56,100	\$4.78	\$56,100	\$4.78	-	-	\$6.02
Common Area Cleaning	\$67,880	\$5.78	\$67,880	\$5.78	-	-	\$12.16
Building Supervision	\$105,613	\$9.00	\$105,613	\$9.00	-	-	\$10.34
Car Parking	-	-	-	-	-	-	n.a.
Electricity	\$135,000	\$11.50	\$135,000	\$11.50	-	-	\$23.46
Fire Protection/Public Address	\$23,200	\$1.98	\$23,200	\$1.98	-	-	\$3.63
Gas & Oil	-	-	-	-	-	-	\$1.95
Lifts & Escalators	\$38,748	\$3.30	\$38,748	\$3.30	-	-	\$4.47
Pest Control	\$1,872	\$0.16	\$1,872	\$0.16	-	-	\$0.21
Repairs & Maintenance	\$72,500	\$6.18	\$72,500	\$6.18	-	-	\$7.50
Emergency Generators	-	-	-	-	-	-	n.a.
Energy Management/Building Automation Sys -	-	-	-	-	-	-	\$1.17
Security/Access Control	-	-	-	-	-	-	\$2.78
Gardening/Landscaping	\$26,670	\$2.27	\$26,670	\$2.27	-	-	\$0.69
Administration/Management Fee	\$347,840	\$29.64	\$347,840	\$29.64	-	-	\$12.19
Telephones	\$500	\$0.04	\$500	\$0.04	-	-	-
Miscellaneous	-	-	-	-	-	-	\$1.49
Total Operating Expenses	\$940,086	\$80.11	\$940,086	\$80.11	-	-	\$93.37
Total Recoverable Expenses	\$1,639,759	\$139.74	\$1,639,759	\$139.74	-	-	-
Total Outgoings	\$1,639,759	\$139.74	\$1,639,759	\$139.74	-	-	-

* Median Sydney Metropolitan: Crows Nest / St Leonards / Chatswood

The operating expenses have been derived from consideration of the budgeted and actual figures prepared by the Building Manager and our own knowledge of building outgoings generally.

9.6 Capital Expenditure

In terms of capital expenditure, we have adopted a total amount of \$8,087,689 (as inflated) during the cash flow term, of which \$2,100,392 is to be spent during the first year. We have adopted a budgeted capital expenditure amount, as provided by the instructing party reflecting \$2,401,846 (as inflated) within our analysis. A refurbishment allowance rate of \$150 /m² of NLA has been applied to each initial and subsequent lease expiry throughout the cash flow term, in addition to a general capital expenditure allowance of \$10.00 /m² of NLA (current amount) applied annually, commencing 1 July 2023. Furthermore, we highlight that an additional \$1,983,758 of capital expenditure is being captured in the Terminal Value calculation, increasing the total applied capital expenditure to \$10,071,446 or \$858 /m².

Our assumptions regarding capital expenditure are as follows overleaf:



















203 Pacific Highway, St Leonards, NSW

Capital Expenditure	Current Amount	Escalated Amount	Year 1 01-Sep-21	Year 2 01-Sep-22	Year 3 01-Sep-23	Year 4 01-Sep-24	Year 5 01-Sep-25	Year 6 01-Sep-26	Year 7 01-Sep-27	Year 8 01-Sep-28	Year 9 01-Sep-29	Year 10 01-Sep-30	Year 11 01-Sep-31
Centuria FY22 Capex Budget	\$2,023,600	\$2,023,600	\$2,023,600	-	-	-	-	-	-	-	-	-	-
Centuria FY23 Capex Budget	\$367,500	\$378,246	\$61,250	\$316,996	-	-	-	-	-	-	-	-	-
Budgeted Capital Expenditure	\$2,391,100	\$2,401,846	\$2,084,850	\$316,996	-	-	-	-	-	-	-	-	-
Sinking Fund	\$1,075,672	\$1,343,737	-	\$20,244	\$125,870	\$130,644	\$135,670	\$140,894	\$146,243	\$151,961	\$157,924	\$164,006	\$170,283
Refurbishment on Expiry	\$3,743,810	\$4,512,389	\$15,542	\$1,109,685	-	\$1,026,546	-	\$15,854	\$67,967	\$1,510,008	\$20,186	\$746,601	-
Total Capital Expenditure	\$7,210,582	\$8,257,972	\$2,100,392	\$1,446,925	\$125,870	\$1,157,189	\$135,670	\$156,748	\$214,210	\$1,661,969	\$178,110	\$910,607	\$170,283



10 Economic Overview

Australian Economic Indicators – July 2021

 Cash Rate  0.25% Jul-20 0.1% Jul-21	 Inflation Rate  -0.3% Jun-20 3.8% Jun-21	 AUD to USD Exchange Rate  \$0.69 Jun-20 \$0.75 Jun-21
 GDP Growth  1.44% Mar-20 1.11% Mar-21	 Unemployment Rate  7.4% Jun-20 4.9% Jun-21	 Population Growth  1.54% Dec-19 0.53% Dec-20
 Retail MAT Growth  5.8% May-20 7.7% May-21	 Consumer Sentiment Index  87.9 Jul-20 108.8 Jul-21	 Business Conditions Index  -14.3 Jun-20 21.9 Jun-21

Source: ABS / RBA / NAB / Westpac / Colliers Research

- The Australian economy continued to rebound strongly in the March quarter with quarterly growth of 1.8%, bringing annual growth to 1.1%. A remarkable result with the Australian economy larger than it was pre-pandemic, which is better than most economies globally still in the recovery phase. All states saw growth in the March quarter. The savings rate has eased slightly to 11.6% but is still well above the pre-pandemic level of 5.4%.
- There has been no impact on the unemployment rate following the removal of JobKeeper. Unemployment fell to 5.1% in May and 4.9% in June. Payroll data also confirms this with total jobs 3.3% above pre-pandemic levels as at 3 July 2021.
- Net overseas migration was -24,900 people in the December 2020 quarter compared to 51,330 people in December 2019. NSW and Vic have seen higher population growth over the last decade and will be more impacted. Population growth had fallen to 0.53% in December 2020, down from 1.54% in December 2019.
- The COVID-19 vaccination programme has started to gain pace. A boost in Pfizer supply, the preferred vaccine for the under 50s, will see the vaccination rate accelerate. A target vaccination rate of 80% is required to see international borders reopen. No time frame has been set for this to be achieved, but it is likely to be in the first quarter of 2022.
- The cash rate remains at an all-time low of 0.1% in July 2021.
- Australian Consumer Price Index (CPI) increased by 0.8% in the June quarter with an annual rate of 3.8%. Underlying CPI was 1.7% YoY.
- The AUD was trading at US75c at the end of June 2021. Increased iron ore exports supported the AUD.
- Business confidence remained in positive territory in June with a 21.9 index which is at decade highs. Consumer confidence remains positive at 108.8 for July.
- Retail sales have risen by 7.7% YoY in May. However, non-discretionary spending grew by 1.1% YoY, and discretionary spending fell by 0.1%.

11 Market Commentary

Metropolitan Office Market Commentary

Overview

Space indicators across Sydney's main metropolitan office markets are tabled hereunder.

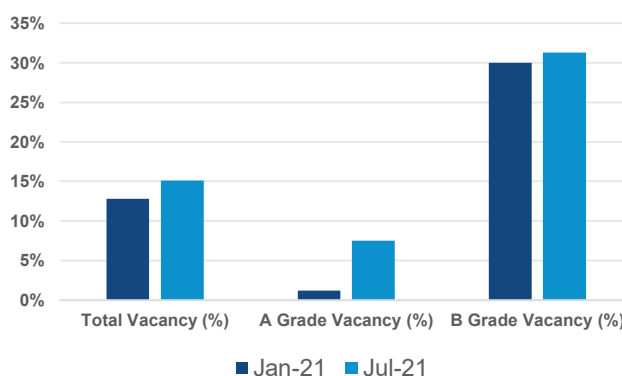
	Jan-21	Jul-21	Vacancy Graphs
North Sydney			
Total Stock (m ²)	922,793	922,793	
Total Vacancy (%)	19.50%	16.40%	
Net Absorption (m ²) 6 months	12,294	776	
Premium A Grade Stock (m ²)	137,464	137,464	
A Grade Stock (m ²)	227,072	227,072	
A Grade Vacancy (%)	18.70%	18.60%	
B Grade Stock (m ²)	401,286	401,286	
B Grade Vacancy (%)	17.1%	19.8%	
Macquarie Park			
Total Stock (m ²)	904,710	904,710	
Total Vacancy (%)	9.60%	9.70%	
Net Absorption (m ²) 6 months	-15,573	-571	
Premium A Grade Stock (m ²)	0	0	
A Grade Stock (m ²)	631,600	631,600	
A Grade Vacancy (%)	10.1%	9.2%	
B Grade Stock (m ²)	241,807	241,807	
B Grade Vacancy (%)	8.1%	10.1%	
Parramatta			
Total Stock (m ²)	809,526	836,026	
Total Vacancy (%)	6.40%	10.20%	
Net Absorption (m ²) 6 months	28,673	-7,016	
Premium A Grade Stock (m ²)	0	0	
A Grade Stock (m ²)	368,113	394,613	
A Grade Vacancy (%)	3.4%	11.4%	
B Grade Stock (m ²)	232,966	232,966	
B Grade Vacancy (%)	6.5%	5.7%	

Jan-21

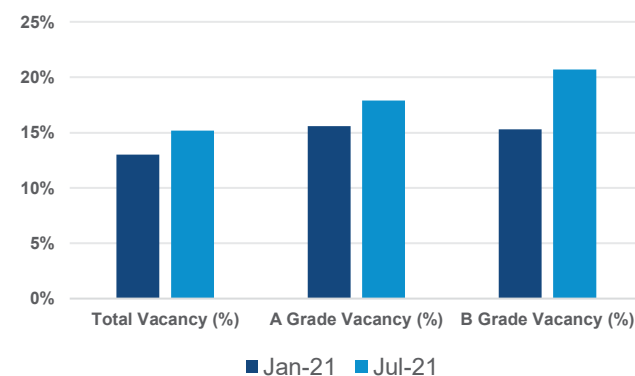
Jul-21

Vacancy Graphs

Total Stock (m ²)	331,047	338,435
Total Vacancy (%)	12.80%	15.10%
Net Absorption (m ²) 6 months	11,909	-1,256
Premium A Grade Stock (m ²)	0	0
A Grade Stock (m ²)	107,912	115,300
A Grade Vacancy (%)	1.2%	7.5%
B Grade Stock (m ²)	84,226	84,226
B Grade Vacancy (%)	30.0%	31.3%

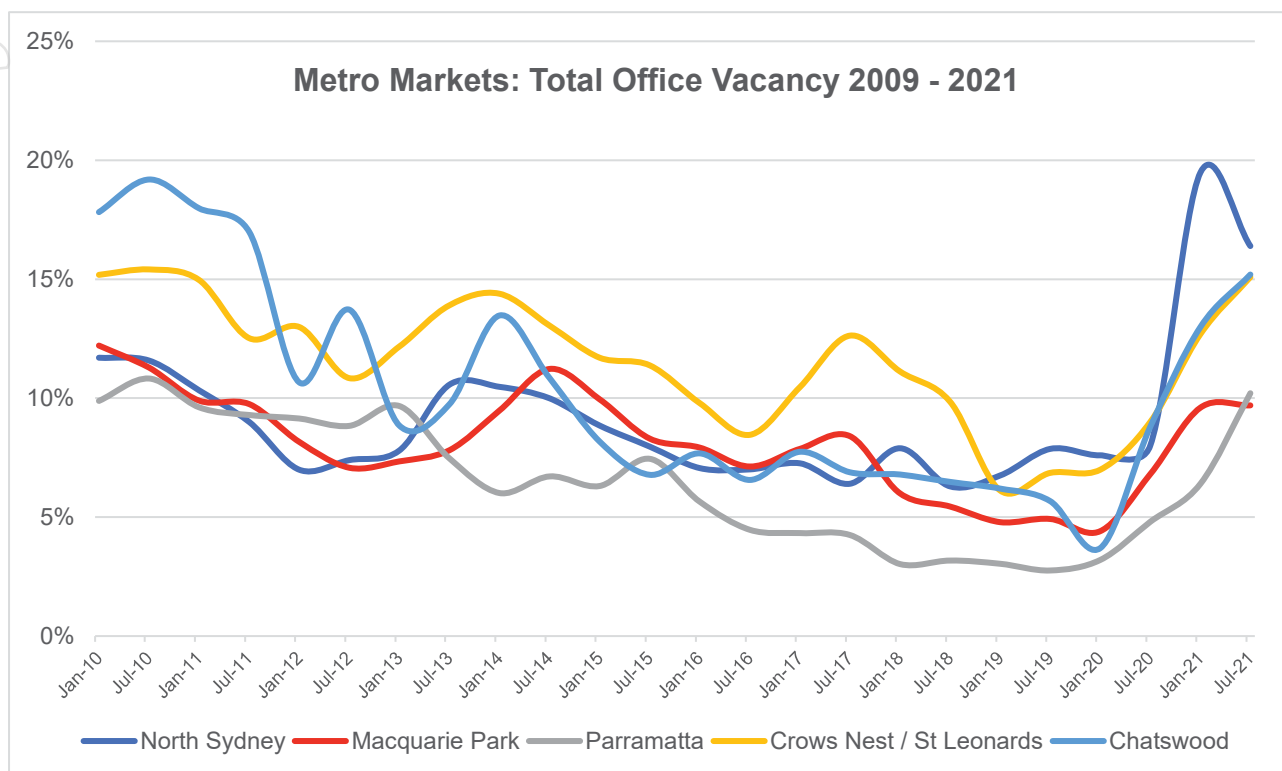


Total Stock (m ²)	273,454	273,454
Total Vacancy (%)	13.00%	15.20%
Net Absorption (m ²) 6 months	-12,185	-5,810
Premium A Grade Stock (m ²)	0	0
A Grade Stock (m ²)	132,181	132,181
A Grade Vacancy (%)	15.60%	17.90%
B Grade Stock (m ²)	58,392	58,392
B Grade Vacancy (%)	15.3%	20.7%



We note Sydney Olympic Park and Rhodes which form part of Sydney's metropolitan markets are not included in bi-annual publications released by the PCA. From our research and investigations, we understand the total stock of these markets totals circa 264,000 square metres with anecdotal evidence suggesting a current vacancy of between 10% and 15%.

Total office vacancy for each metropolitan sub-markets is illustrated in the graph below:



Source: PCA and CIVAS

Rental Market

Key details of office rental transactions to have occurred across Sydney's metropolitan markets for in recent times are highlighted hereunder:

Address	Grade	Tenant	Date	Area (sqm)	Term (Years)	Net Rent (\$/sqm)	Incentive (%)
North Sydney							
L31, 1 Denison Street	Premium	Datacom	Jul-21	1,350	7	\$1,000	34.50% gross
L19, 100 Arthur Street	A	SAIC Motor	Feb-22	950	7	\$800	35.00% gross
L11, 118 Mount Street	A	Equigroup	Nov-21	811	5	\$898	35.00% gross
L24, 111 Pacific Hwy	A	Minetek	Aug-21	450	5	\$870	30.00% gross
L14, 100 Pacific Highway	A	Seek	May-21	1,269	5	\$860	32.50% gross
L6, 73 Miller Street	A	TTW	Apr-21	1,721	7.5	\$860	37.50% gross
L25-31, 1 Denison Street	Premium	Microsoft	Apr-21	10,650	10	\$865	Undisclosed
L19-24, 1 Denison Street	Premium	Fairfax	Apr-21	9,771	11.6	\$850	Undisclosed
L13 & 14, 80 Pacific Hwy	A	Okta	Feb-21	1,800	5	\$887	26% gross
Parramatta							
Level 15, 32 Smith Street	A	Coleman Greig Lawyers	Apr-21	1,352	7.5+4	\$647.50	30.47% net
Levels 16-25, 32 Smith Street	A	QBE Management Services Pty	Feb-21	13,586.3	10+5	\$655	25% net
L1-5, 25 Smith Street	A	IAG	Apr-20	6,685	5	\$567	1.76% net
L8, 25 Smith Street	A	Ernst & Young	Jul-20	1,297.5	5	\$590	18.87% net
L9-12, 18 Smith Street	A	Telstra	Apr-20	4,859.7	7	\$560	18% net
Macquarie Park / North Ryde							
Buildings A & B, 4 Drake Ave	A	Aristocrat	Q1 2021	15,524	5	\$427	20% net
2 Banfield Road	A	Biogen	Oct-20	1,500	7	\$460	25% net
2 Banfield Road	A	Schneider	Sep-20	6,943	10	\$435	Undisclosed
118 Talavera Road	A	Goodman Fielder	Aug-20	4,085	4	\$450	31.50% net
22 Giffnock Avenue	A	PSNW	Jun-20	2,900	5	\$440	23% net
Crows Nest / St Leonards / Chatswood							
L10, S1002, 201 Pacific Highway	A	Christie Street Development Pty Ltd	Sep-20	596.2	6+1	\$710	8.33% net
L1-3, 203 Pacific Hwy	A	Verizon	Jun-20	3,528	5	\$660	13% net
L4, S403, 9 Help Street	B	Cleanaway Operations	Apr-20	411.7	5	\$540	18.92% net
Rhodes / Sydney Olympic Park							
Part L2, 4 Murray Rose Drive	A	Dialysis Australia	May-21	270.3	3+3	\$475	Undisclosed
G & L2-3, Building G, Rhodes	A	Unisys	Mar-21	6,025.4	5	\$450	23.50% net
L6, Building F, Rhodes	A	Puma Australia Pty Ltd	Feb-20	327	8	\$450	30.42% net

From our analysis of rental transactions across Sydney's metropolitan markets and from discussions held with leasing agents active in the respective marketplaces, we provide a summary of average net face rents and incentives for prime, A and B grade office stock as tabled below.

	Type	Average Net Face Rent (\$/m²pa)		Incentive Range	
		Lower	Upper	Lower	Upper
North Sydney	Prime/Pre-commitments	\$800	\$1,150	30.00% (G)	35.00% (G)
	A Grade	\$760	\$900	30.00% (G)	35.00% (G)
	Secondary/B Grade	\$650	\$750	30.00% (G)	35.00% (G)
Macquarie Park	Prime/Pre-commitments	\$450	\$500	27.50% (N)	32.50% (N)
	A Grade	\$400	\$450	27.50% (N)	32.50% (N)
	Secondary/B Grade	\$325	\$400	27.50% (N)	32.50% (N)
Parramatta	Prime /Pre-commitments	\$600	\$675	30.00% (N)	37.50% (N)
	A Grade	\$550	\$600	30.00% (N)	37.50% (N)
	Secondary/B Grade	\$450	\$550	30.00% (N)	37.50% (N)
Crows Nest / St Leonards	Prime/Pre-commitments	\$675	\$750	27.50% (G)	35.00% (G)
	A Grade	\$600	\$675	27.50% (G)	35.00% (G)
	Secondary/B Grade	\$450	\$600	27.50% (G)	35.00% (G)
Chatswood	Prime/Pre-commitments	\$650	\$750	27.50% (G)	35.00% (G)
	A Grade	\$530	\$675	27.50% (G)	35.00% (G)
	Secondary/B Grade	\$460	\$550	27.50% (G)	35.00% (G)
Rhodes / SOP	Prime/Pre-commitments	\$450	\$475	32.50% (N)	37.50% (N)
	A Grade	\$425	\$450	32.50% (N)	37.50% (N)
	Secondary/B Grade	\$350	\$400	32.50% (N)	37.50% (N)

Infrastructure Upgrades

Key details of major infrastructure upgrades which will impact Sydney's metropolitan office markets are detailed hereunder:

Project	Delivery	Key Features
Sydney Metro (City & Southwest)	Stage 2 2024	<ul style="list-style-type: none"> 30 km new rail line extending from Chatswood Metro Line to Bankstown. 15.5 km twin tunnel rail crossing under Sydney Harbour linking North Sydney (Victoria Cross) and Barangaroo. Seven new metro stations and 11 upgraded stations including Crows Nest, North Sydney, Barangaroo, Waterloo & Marrickville. Enable movement of 100,000 extra commuters. Increase capacity on the Sydney rail network by up to 60%
Sydney Metro (West)	Stage 3 2030	<ul style="list-style-type: none"> 24 km new underground rail line connecting Westmead and the Sydney CBD Seven new metro stations have been confirmed, including Sydney CBD, Bays Precinct, Five Dock, Burwood North, North Strathfield, Sydney Olympic Park, Parramatta & Westmead with two optional stations at Pyrmont & Rydalmere. Will double the rail capacity of the Parramatta to Sydney CBD corridor.
NorthConnex	Complete (Q4 2020)	<ul style="list-style-type: none"> 9km tunnel linking M1 Pacific Motorway in Wahroonga with the M2 Motorway at West Pennant Hills. 5,000 trucks removed off Pennant Hills Road each day. Longest road tunnel project in Australia.
WestConnex	2024	<ul style="list-style-type: none"> Largest transport infrastructure project in Australia. Link the M4 with M5 Motorways via a new underground tunnel between Kingsgrove and Haberfield.
Parramatta Light Rail (Stage 1)	2023	<ul style="list-style-type: none"> Will connect Westmead to Carlingford via the Parramatta CBD with a two-way track spanning 12 km. 28,000 people expected to use light rail every day by 2026. New stations at Bankwest Stadium, Camellia Town Centre, Powerhouse Museum and Riverside Theatres and Rosehill Gardens Racecourse. Preferred route for Stage 2 announced which will connect Stage 1 at the Parramatta CBD to Ermington Melrose Park, Wentworth Point and Sydney Olympic Park via a 9 km route.
Western Harbour Tunnels and Beaches Link	2027	<ul style="list-style-type: none"> Project approved by the Minister for Planning and Public Spaces in January 2021. Concept design, environmental assessments and planning approval are expected to be finalised in mid 2021, with construction to commence in 2023. Will connect the Northern Beaches to the WestConnex via a single roadway. The development will include over 11km of tunnels and approximately 5km of surface road upgrades. 3km of Wakehurst Parkway to the Northern Beaches Hospital will be upgraded.

Delivery of these projects will enhance connectivity and access between metropolitan office markets, improving the attractiveness of secondary commercial locations for prospective tenants.



Source: NSW Government

Investment Market

The table below outlines key investment metrics of office sales to have occurred across Sydney Metropolitan Markets up to 30 June 2021.

Address	Grade	Date	Sale Price (\$m)	NLA (m ²)	WALE	\$/m ² NLA	Equivalent Rev. Yield	IRR
2021 Sales								
Williamtown Aerospace Centre, Williamtown	A	May-21	\$54.885	7,557	3.41	\$7,263	6.01%	6.80%
Gateway - 241 O'Riordan Street, Mascot	A	May-21	\$151.50	19,042	2.66	\$7,956	6.06%	6.52%
37 Epping Road, Macquarie Park	B	May-21	\$55.00	8,068	3.13	\$6,817	5.45%	6.30%
Aust. Red Cross, 17 O'Riordan St, Alexandria	B	May-21	\$159.00	12,702	9.70	\$12,518	4.51%	6.00%
11 Murray Rose Avenue, Sydney Olympic Park	A	May-21	\$53.50	5,684	3.88	\$9,412	5.38%	6.02%
815 Pacific Highway, Chatswood	B	Apr-21	\$56.00	6,766	2.24	\$8,277	5.42%	6.03%
68 Waterloo Road, Macquarie Park	B	Apr-21	\$106.50	13,486	3.87	\$7,897	5.12%	6.03%
L5' UNSW 227 Anzac Parade, Kensington	A	Mar-21	\$80.15	10,685	10.78	\$7,501	5.26%	6.13%
3 Bridge Street, Pymble	B	Mar-21	\$17.30	2,626	4.33	\$6,588	6.33%	6.43%
Riverview - 3 Richardson Place, North Ryde	B	Feb-21	\$115.00	17,187	2.45	\$6,691	6.25%	6.51%
Quads 2-3, Sydney Olympic Park	B	Feb-21	\$66.10	9,982	1.85	\$6,622	6.21%	6.43%
2020 Sales								
12 Narabang Way, Belrose	B	Dec-20	\$60.00	9,516	3.69	\$6,305	6.37%	6.45%
1-5 Thomas Holt Drive, Macquarie Park	A	Dec-20	\$295.00	39,115	4.41	\$7,542	5.66%	6.04%
65 Berry Street, North Sydney	A	Dec-20	\$211.81	14,466	2.18	\$14,642	5.16%	6.18%
60 Miller Street, North Sydney	A	Nov-20	\$275.00	19,632	2.98	\$13,905	5.30%	6.00%
27 Argyle Street, Parramatta	B	Oct-20	\$73.97	10,385	2.71	\$7,123	5.39%	6.31%
2 Banfield Avenue, Macquarie Park	A	Oct-20	\$144.00	14,721	6.99	\$9,782	5.09%	6.25%
53 Berry Street, North Sydney	B	Sep-20	\$54.00	3,442	2.70	\$15,690	5.15%	6.01%
170 Pacific Highway, St Leonards	B	Sep-20	\$42.00	4,402	5.18	\$9,540	6.16%	6.49%
45 Kembla Road, Wollongong	A	Sep-20	\$57.40	6,621	7.00	\$8,669	5.48%	6.00%
Buildings A-B, Pinnacle, Macquarie Park	A	Sep-20	\$306.00	35,021	4.60	\$8,738	5.23%	6.02%
3 Minna Close, Belrose	B	Aug-20	\$26.00	4,000	2.48	\$6,500	6.40%	6.88%
MQX4, 1 Giffnock Avenue Macquarie Park	A	Jul-20	\$167.24	19,384	3.00	\$8,62	6.04%	6.19%
51-61 Bolton Street, Newcastle	B	Jul-20	\$35.50	6,142	8.99	\$5,780	6.12%	7.03%
60 Pacific Highway, St Leonards	B	Jul-20	\$33.80	2,921	2.82	\$11,571	5.34%	6.14%
16 - 18 Wentworth Street, Parramatta	B	Jun-20	\$40.00	6,408	0.82	\$6,242	5.97%	6.45%
120 Christie Street, St Leonards	B or C	Mar-20	\$13.60	1,155	4.48	\$11,775	4.66%	5.43%
475 Victoria Avenue, Chatswood, 50% Interest	A	Feb-20	\$120.00	24,812	2.54	\$9,673	5.81%	6.68%
100 Walker Street, North Sydney	B	Jan-20	\$166.50	10,986	6.00	\$15,155	4.87%	5.95%

Commercial Land Sales

Key sales of commercial development sites which have occurred over the past 24 months are tabled below:

Address	Sale Price (million)	Sale Date	Site Area (m ²)	Potential GFA (m ²)	\$/m ² Site Area	Sales Price \$/m ² GFA
70-74 Berry Street, North Sydney ^(§)	\$25.00	Jun-21	966	5,641	\$25,880	\$4,453
44-50 Waterloo Rd, Macquarie Park ^(#)	\$71.00	Mar-21	15,189	45,567	\$5,392	\$1,797
388-390 Lane Cove Rd, Macquarie Park ^(^)	\$16.00	Dec-20	2,478	7,434	\$4,843	\$1,614
1-5 Khartoum Rd, Macquarie Park – 'Johnson & Johnson' (*)	~\$150 – 160	Jul-20	~40,000	~110,000	~\$3,986	~\$1,450
41-43 Hunter Street, Parramatta	\$40.81	Jul-20	1,480	4,440 (**)	\$27,574	\$9,191
85-91 George Street, Parramatta	\$74.66	Apr-20	2,871	33,172	\$26,005	\$2,251
845 Pacific Highway, Chatswood	\$53.00	Oct-19	2,074	25,493	\$25,554	\$2,079
21A-23A George Street, Parramatta	\$8.10	Feb-19	715	2,860	\$11,329	\$2,832

(*) *Deferred Settlement*

(#) *Metrics adjusted for secured holding income & cash contributions to secure incentivised FSR Controls under the Ryde LEP*

(^) *Metrics adjusted to reflect added benefit of existing excavation works*

(**) *Existing Planning Controls, under the Draft Parramatta Planning CBD Proposal the site can accommodate 10:1 (or 11.5 Including Design excellence)*

(§) *We note the property was acquired by an adjoining land owner who can benefit from achieving higher densities via a site amalgamation. Our analysis reflects the site in isolation only.*

Prevailing Market Conditions

On a real estate and sector specific basis, we consider office markets to be less affected than sectors such as the accommodation, health and age care sectors. For office, it remains too early to understand the extent to which leasing requirements may be adversely affected. However, both tenant and landlord decision making will be influenced in the short term to some degree. Both demand for, and supply of, office space will be impacted by the expected economic downturn however the extent and duration of any such impact is unclear at the time of writing.

The outcome of issues raised above will be largely dependent upon the behaviour of the COVID-19 virus and any government responses to the evolving situation. CIVAS (NSW) Pty Limited recognises that the global risk outlook, particularly with regard to COVID-19, is extremely fluid. For that reason, we recommend the situation be closely monitored and regular updates be initiated by the reliant parties.

11.1 Sales Evidence

In arriving at our opinion of appropriate capital value market parameters for the subject property, we have considered sales evidence from the Sydney Metropolitan commercial market.

A summary of the considered evidence is provided below:

Property	100% Sale Price (million)	Sale Date	WALE (Years by Income)	Capital Value (\$/m ²)	Initial Yield	Reversionary Yield	IRR
Gateway – 241 O'Riordan Street, Mascot	\$151.50	May-21	2.66	\$7,956	6.46%	6.06%	6.52%
37 Epping Road, Macquarie Park	\$55.00	May-21	3.13	\$6,817	5.20%	5.45%	6.30%
11 Murray Rose Avenue, Sydney Olympic Park	\$53.50	May-21	3.88	\$9,412	5.34%	5.38%	6.02%
815 Pacific Highway, Chatswood	\$56.00	Apr-21	2.24	\$8,277	5.00%	5.42%	6.03%
L5* UNSW, 221-227 Anzac Parade, Kensington	\$80.15	Mar-21	10.78	\$7,501	4.53%	5.26%	6.13%
68 Waterloo Road, Macquarie Park	\$106.50	Mar-21	3.87	\$7,897	4.89%	5.12%	6.03%
Quads 2-3, SOP	\$66.10	Feb-21	1.85	\$6,622	7.21%	6.21%	6.43%
Riverview - 3 Richardson Place, North Ryde	\$115.00	Feb-21	2.45	\$6,691	6.75%	6.25%	6.51%
1-5 Thomas Holt Drive, Macquarie Park	\$295.00	Dec-20	4.41	\$7,542	5.69%	5.66%	6.04%

We have had regard to the transactions over the following pages and utilised these as a guide only. Appropriate adjustments have been made based on our experience and opinion in determining the drivers of market value that have been applied to the subject property.

We note the sales detailed over the following pages are based on Colliers International's understanding of the transaction and whilst we understand the facts to be generally reliable, we are unable to guarantee their accuracy. As such, the results of our analysis may change should new information come to light.

'Gateway' – 241 O'Riordan Street, Mascot, NSW



'Gateway' comprises an A Grade office stratum development positioned within the South Sydney metropolitan mixed use suburb Mascot. The asset was originally constructed in 1992 and adjoins the Stamford Sydney Airport Hotel, with both having been constructed as a single lot, then subdivided during 2002 to provide two separate allotments. We have been advised that approximately \$20 million in capital expenditure has been expensed over the course of 2014/15 and 2017/19, including upgrades to the foyer, lifts, air conditioning, fire systems and BMS. In its current configuration, the property extends over Ground and 10 upper floors with a range of split and whole floor office tenancies. Finally, basement parking is provided for 401 vehicles (1:47.5 m²).

Lease expiry risk is elevated in the short term with some 79.7% of NLA due to expire over Years 1-3 of the cashflow. Further, there is uncertainty surrounding the anchor tenants (GPNSW- 44.67% of NLA) ongoing tenure post term certain (31 December 2023). Accordingly, our analysis has been assessed based upon both a 24 and 36 month expiry horizon, with the 36 month expiry horizon explicitly capturing the pending expiry risk of GPNSW (based upon a 50% retention probability) (*).

The property occupies a prominent South Sydney corner site of 16,248 square metres (various levels limited in stratum) opposite the main entry to Sydney Airport's Domestic Terminal. Mascot is located approximately seven kilometres south of Sydney's GPO with the subject being approximately one kilometre south of the Mascot Railway Station. The property is zoned 'B5 – Business Development' in accordance with the Botany Bay Local Environment Plan 2013.

Sale Particulars

		Adjustment Horizon	24 months (*)	36 months (*)
Sale Date (Exchange / Settlement)	May / July 2021	Passing Initial Yield	6.46%	6.46%
Sale Amount (Ex. GST)	\$151,500,000- Gross Headline	Equivalent Initial Yield	6.40%	6.04%
Vendor	Fort Street Capital	Equivalent Rev. Yield	6.43%	6.06%
Purchaser	Savills Investment Management	Internal Rate of Return	6.52% (incl capex) 6.98% (excl capex)	
Net Lettable Area	19,042.40 m ²	Capital Value (\$/m ² NLA)	\$7,956 /m ² NLA	
Vacancy	435 m ² (2.19% of NLA)	NABERS Energy	5.5 Star NABERS Energy Rating	

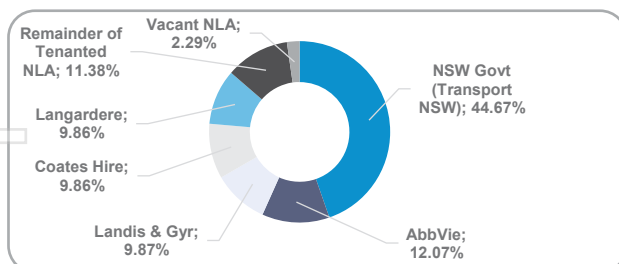
Financial Details

Gross Passing Income	\$12,284,186 pa (fully leased)
Outgoings	\$2,183,733 pa (\$115/m ²)
Net Passing Income	\$10,124,455 pa (fully leased)
Gross Market Income	\$12,308,188 pa (fully leased)
Net Market Income	\$10,124,455 pa (fully leased)
Av. Passing Office Rental	\$464 /m ² Net \$579 /m ² Gross
Av. Market Office Rental	\$468 /m ² Net \$582 /m ² Gross
Av. Parking Rental (Per Space)	\$206 /cm Passing \$211 /cm Market
Weighted Lease Duration	2.59 yrs. (by Area) 2.66 yrs. (by Income)

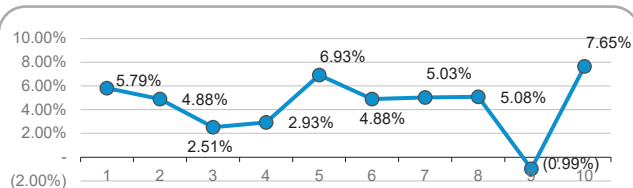
DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face) 3.24%
	Retail (Gross Face) 2.96%
10 Year Average CPI (DAE)	2.13%
Office, Retail & Parking Renewal Assumptions	5 year lease term; 9 months let up; 3.50% pa; adopting a 50% renewal probability and 100% incentive probability (office & retail only)
Gross Incentive Range	35.00% (current) & 27.30% (10 Yr. Av.)
Capex (As Inflated)	\$7,797,900 (5.15%) over cash flow term
Terminal Capitalisation Rate	6.375%

Major Tenant Composition



Project Running Yield Analysis



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

Comments

The property was acquired by Savills Investment Management following an expressions of interest campaign. We understand that the 'On Market' process resulted in two rounds of bidding from both offshore and domestic capital sources. Finally, noting the strength of the capital markets at the date of sale and the depth of capital sources, we have been advised that the stratum ownership structure of the property somewhat diluted the buy side demand for the asset.

37 Epping Road, Macquarie Park, NSW



The property comprises a B-Grade commercial office building completed in 2003. The building provides 2 levels of office accommodation, with 1 retail suite occupied by Officeworks located on the ground floor. Additionally, the site has onsite parking for 220 cars (1:37m²).

The property is situated on the north eastern alignment of Epping Road, approximately 150 metres south east of its intersection with Wicks Road and approximately 750 metres south east of its intersection with Lane Cove Road.

We note, the asset has short term expiry risk with approximately 39.9% of NLA due to expire within years 1-3 of the cash flow. Accordingly, our analysis has been assessed based upon a 36 month expiry horizon capturing the pending expiry risk.

The improvements are erected on a regular shaped 8,010m² site zoned B7 Business Park pursuant to the provisions of the Ryde Local Environmental Plan 2014. Additionally, 37 Epping Road is within the Macquarie Park Investigation Area which is being undertaken by the DPIE in conjunction with the Greater Sydney Commission and City of Ryde Council. As part of this process, the current vendor in conjunction with adjoining land owners have been seeking a mixed-use zoning outcome for the precinct and increase in density to the various sites, with an agreed co-owners exit strategy. At the date of sale, the planning outcomes remain outstanding.

Sale Particulars

Sale Date (Exchange/Settlement)	May 2021/June 2021	Passing Initial Yield	5.20%
Sale Amount	\$55,000,000 (Gross Headline)	Equivalent Initial Yield (*)	5.11%
Vendor	CorVal 37 Epping Road Trust	Equivalent Rev. Yield (*)	5.45%
Purchaser	Charter Hall Wholesale Management Limited	Internal Rate of Return	6.30% (incl. capex) 7.09% (excl. capex)
Net Lettable Area	8,067.8 m ²	Capital Value	\$6,817 /m ² of NLA
Vacancy	0 m ² (0.00%)	NABERS / GreenStar Rating	5 Star NABERS Energy Rating
		(*) 36 month expiry horizon	

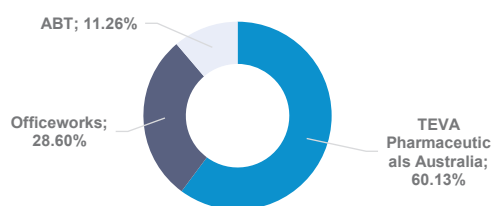
Financial Details

Gross Passing Income	\$3,560,297 pa (fully leased)
Outgoings	\$591,696 pa (\$73.34 /m ²)
Net Passing Income	\$2,968,601 pa (fully leased)
Gross Market Income	\$3,786,009 pa (fully leased)
Net Market Income	\$3,298,830 pa (fully leased)
Av. Passing Office Rental	\$324 /m ² Net \$398 /m ² Gross
Av. Market Office Rental	\$340 /m ² Net \$413 /m ² Gross
Av. Passing Retail Rental	\$388 /m ² Net \$416 /m ² Gross
Av. Market Retail Rental	\$425 /m ² Net \$453 /m ² Gross
Av. Parking Rental (Per Space ++)	\$77 /cm Passing \$136 /cm Market
Weighted Lease Duration	3.31 yrs. (by Area) 3.13 yrs. (by Income)

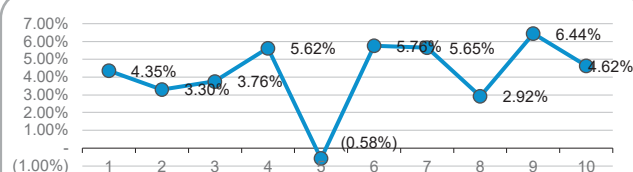
DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face) 3.50%
	Retail (Net Face) 3.02%
10 Year Average CPI (DAE)	2.09%
Office Renewal Assumptions	5 year lease term; 9 months let up; 3.50% pa; adopting a 50% renewal probability and 100% incentive probability
Retail Renewal Assumptions	5 year lease term; 9 months let up; 3.50% pa; adopting a 50% renewal probability and 100% incentive probability
Gross Incentive Range	24.68% (current) & 20.58% (10 Yr. Av.)
Capex (As Inflated)	\$5,037,134 (9.16%) over cash flow term
Terminal Capitalisation Rate	5.625%

Major Tenant Composition



Project Running Yield Analysis



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

Comments

We have been advised that Charter Hall acquired 100% of the freehold interest in the property following an expression of interest campaign (EOI) which closed 25 March 2021. We understand there were two rounds of competitive bidding including 13 first round and 7 second round bids, with three groups within 2.5% of the originally negotiated purchase price.

11 Murray Rose Avenue, Sydney Olympic Park, NSW



The property comprises an A Grade commercial office building completed in 2018. The asset provides three ground floor retail tenancies, five upper levels of office accommodation and two levels of basement parking accommodating 61 car spaces (1:93m²). The floorplates are configured as generic rectangular floorplates with an average size of approximately 1,045 square metres of NLA. End of trip facilities are provided on Basement Level 1.

The office component is 100% leased to a mix of whole floor and part floor tenancies. The major tenant B2G Consortium (Part Level 4 & Level 5) enjoys early termination rights at 31 March 2026 which have been captured in our analysis. Additionally, we have been advised that a HOA was executed during the EOI process for a Ground Level retail tenancy. Accordingly, at the date of sale the WALE by Income reflects 3.88 Years based upon the assumptions detailed. Should the early termination rights enjoyed by B2G Consortium not be triggered, the WALE (by Income) would increase to 5.17 Years.

The improvements are erected on an irregular shaped 2,644m² allotment zoned B4 Mixed Use under the provisions of the State Environmental Planning Policy (State Significant Precincts) 2005 Sydney Olympic Park. The site has a prescribed FSR of 5:1 and permitted building Height of 26 metres. We highlight, under the Sydney Olympic Park Master Plan 2030, the site has a prescribed Commercial Land Use, a Permitted Building Height of 6 Storeys, and a FSR of 5:1.

Finally, this transaction involves a Leasehold Interest in the land which has 95.9 years remaining from the date of sale with no ground rental liability applicable.

Sale Particulars

Exchange Date	May 2021	Passing Initial Yield	5.34%
Sale Amount	\$53,500,000 (Gross Headline)	Equivalent Initial Yield	5.44%
Vendor	Charter Hall Direct Sydney Olympic Park Fund	Equivalent Rev. Yield	5.38%
Purchaser	Growthpoint Properties Australia	Internal Rate of Return	6.02% (incl. capex) 6.17% (excl. capex)
Net Lettable Area	5,684.0	Capital Value	\$9,412 /m ² of NLA
Vacancy	0 m ² (0.00%)	NABERS / GreenStar Rating	5.0 Star NABERS Energy Rating

Financial Details

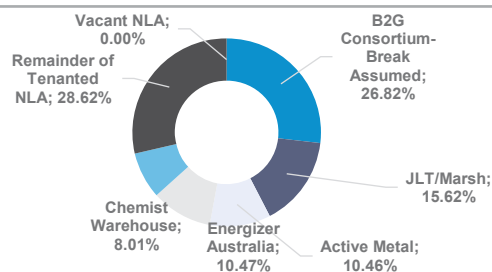
Gross Passing Income	\$3,300,225 pa (fully leased)
Outgoings (\$/m ²)	\$425,831 pa (\$74.92 /m ²)
Net Passing Income	\$2,874,394 pa (fully leased)
Gross Market Income	\$3,262,155 pa (fully leased)
Net Market Income	\$2,836,324 pa (fully leased)
Av. Passing Office Rental	\$457 /m ² Net \$532 /m ² Gross
Av. Market Office Rental	\$450 /m ² Net \$525 /m ² Gross
Av. Passing Retail Rental	\$597 /m ² Net \$672 /m ² Gross
Av. Market Retail Rental	\$597 /m ² Net \$672 /m ² Gross
Av. Parking Rental (Per Space ++)	\$236 /cm Passing \$233 /cm Market
Weighted Lease Duration	3.93 yrs. (by Area) 3.88 yrs. (by Income) (*)

(*) subject assuming early termination rights are triggered by B2G

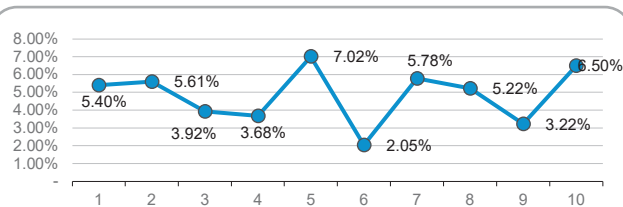
DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face): 3.35%
	Retail (Net Face): 2.92%
10 Year Average CPI (DAE)	2.07%
Office Renewal assumptions	5 year lease term; 9 months let up; 3.75% pa; adopting a 50% renewal probability and 100% incentive probability
Retail Renewal assumptions	5 year lease term; 6 months let up; 4.00% pa; adopting a 50% renewal probability and 100% incentive probability
Gross Incentive Range	27.86% (current) & 23.12% (10 Yr. Av.)
Capex (As Inflated)	\$906,111 (1.69%) over cash flow term
Terminal Capitalisation Rate	5.625%

Major Tenant Composition



Project Running Yield Analysis



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

Comments

11 Murray Rose Avenue, Sydney Olympic Park was formally marketed via an Expressions of Interest Campaign during Q2 2021, resulting in three rounds of competitive bidding. We understand that four groups progressed to the final round with all parties within ~1% of the reportedly negotiated sale price (on a gross headline basis).

815 Pacific Highway, Chatswood, NSW



815 Pacific Highway, Chatswood is a B Grade commercial office building completed circa early 1970's with minor refurbishments occurring on a piecemeal basis. The building comprises two basement levels of parking for 88 vehicles (1:77m²), ground level entrance foyer and retail café area with 13 upper levels of office accommodation. The total Net Lettable Area (NLA) extends to approximately 6,766.00 square metres with the average floor plate being approximately 500 square metres. As at the date of sale, the property was 78.27% leased with 24 vacant parking spaces., noting the property sold with rental guarantees across the residual vacancies for 2 years.

The improvements are erected on a rectangular shaped site of 1,657 square metres. The property is zoned B3 Commercial Core in accordance with the Willoughby Local Environmental Plan 2013 with a prescribed FSR of 5:1 permitting 8,285 square metres of GFA.

The property is situated on the north eastern corner of the Pacific Highway and Help Street, positioned towards the western end of the Chatswood Central Business District (CBD) and is located approximately 12 kilometres north west of the Sydney CBD.

Sale Particulars

Sale Date (Exchange/Settlement)	April 2021/ July 2021	Passing Initial Yield	5.00% (*)
Sale Amount	\$56,000,000 (Gross Headline)	Equivalent Initial Yield	4.86%
Vendor	QTKT Pty Ltd	Equivalent Rev. Yield	5.42%
Purchaser	Fivex	Internal Rate of Return	6.03% (incl. capex) 6.42% (excl. capex)
Net Lettable Area	6,766.0 m ²	Capital Value	\$8,277 /m ² of NLA
Vacancy	0% (21.73% subject to rental guarantee)	NABERS / GreenStar Rating	3.5 Stars NABERS Energy Rating
		(*) subject to rental guarantees	

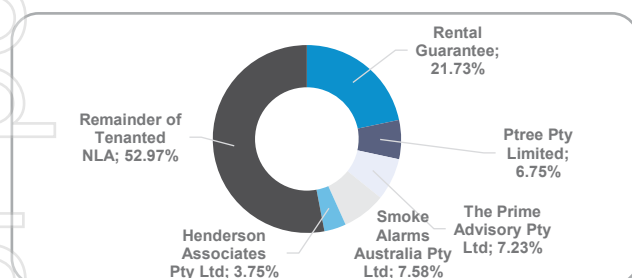
Financial Details

Gross Passing Income	\$3,766,327 pa (fully leased)
Outgoings	\$881,096 pa (\$130.22 /m ²)
Net Passing Income	\$2,885,231 pa (fully leased)
Gross Market Income	\$4,138,989 pa (fully leased)
Net Market Income	\$3,257,893 pa (fully leased)
Av. Passing Office Rental	\$385 /m ² Net \$516 /m ² Gross
Av. Market Office Rental	\$436 /m ² Net \$566 /m ² Gross
Av. Parking Rental (Per Space ++)	\$160 /cm Passing \$300 /cm Market
Weighted Lease Duration	2.27 yrs. (by Area) 2.24 yrs. (by Income)

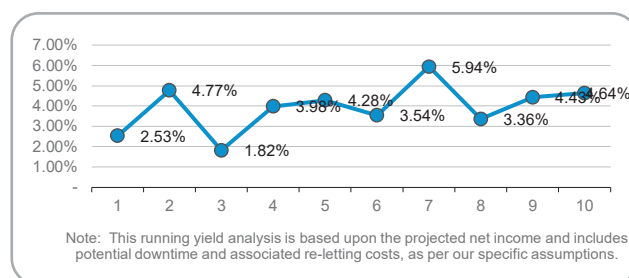
DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face) 3.43%
	Car Parking(Net Face) 3.43%
10 Year Average CPI (DAE)	2.06%
Office Renewal Assumptions	5 year lease term; 9 months let up; 3.75% pa; adopting a 50% renewal probability and 100% incentive probability
Car Parking Renewal Assumptions	5 year lease term; 9 months let up; 3.75% pa; adopting a 50% renewal probability and 100% incentive probability
Net Incentive Range	32.50% (current) & 20.58% (10 Yr. Av.)
Capex (As Inflated)	\$2,493,434 (4.45%) over cash flow term
Terminal Capitalisation Rate	5.625%

Major Tenant Composition

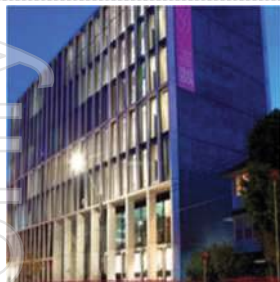


Project Running Yield Analysis



Comments

815 Pacific Highway, Chatswood was formally marketed via an Expressions of Interest Campaign during Q1 2020, resulting in two rounds of competitive bidding and featuring three parties in the final round. We note all vacant office accommodation was underwritten with a 24 month gross rental guarantee post settlement. We understand the campaign generated interest from a range of private capital sources.

'L5' UNSW,221 – 227 Anzac Parade, Kensington, NSW

'L5' UNSW, 221-227 Anzac Parade, Kensington is a purpose built office development completed in 2005, occupied by University of New South Wales (UNSW). Accommodation is arranged over two buildings (East and West buildings), being interconnected via lower ground, ground and mezzanine levels. The East building is configured across six levels, with the West building rising to three levels. Configured on a whole floor basis, floor plates generally range from 680.7m² to 796.8m².

Accommodation provides traditional office space together with classrooms, with the building utilised for varied teaching purposes and UNSW administration offices. The building contains limited parking provisions for four vehicles. The improvements are constructed upon an infill site of approximately 2,466m², situated directly opposite the main UNSW Kensington campus.

The income stream of the asset is underpinned on a triple net sub-lease to UNSW, on an initial 25 year term due to expire in January 2032. The lease incorporates fixed 3.00% annual reviews.

The property is subject to a 99 year Ground Lease expiring 11 January 2106, with nil annual ground rent liability. As at the date of sale, the unexpired ground lease term is 84.8 years.

Sale Particulars

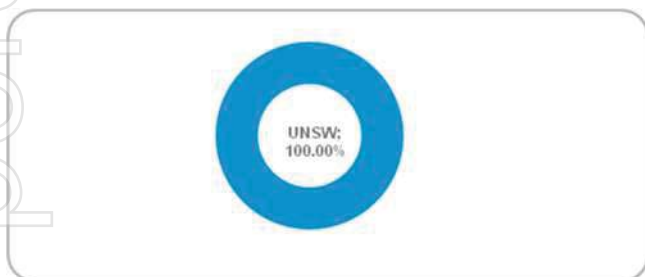
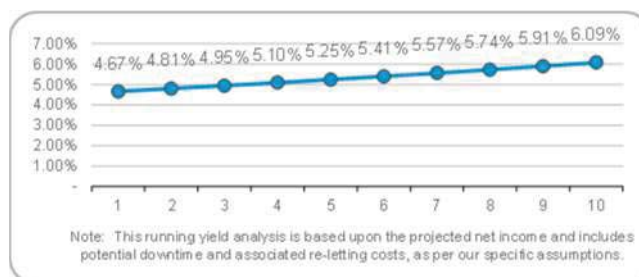
Sale Date	March 2021/ April 2021	Passing Initial Yield	4.53%
Sale Amount	\$80,150,000	Equivalent Initial Yield	4.53%
Vendor	Abacus Property (Managed)	Equivalent Rev. Yield	5.26%
Purchaser	Charter Hall Direct PFA Fund	Internal Rate of Return	6.13% (incl capex) 6.13% (excl capex)
Net Lettable Area	10,685.40 m ²	Capital Value	\$7,501 /m ² of NLA
Vacancy	0.00 m ² (0%)		

Financial Details

Gross Passing Income	\$4,614,769 pa (fully leased)
Outgoings (\$/m ²)	\$900,000 pa (\$84.23 /m ²)
Net Passing Income	\$3,714,769 pa (fully leased)
Gross Market Income	\$5,441,295 pa (fully leased)
Net Market Income	\$4,541,295 pa (fully leased)
Av. Passing Office Rental	\$348 /m ² Net \$432 /m ² Gross
Av. Market Office Rental	\$450 /m ² Net \$534 /m ² Gross
Weighted Lease Duration	10.78 yrs. (by Area) 10.78 yrs. (by Income)

DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face): 3.19%
10 Year Average CPI (DAE)	1.93%
UNSW Renewal Assumptions	5 year lease term; 24 months let up; 3.50% pa; adopting a 50% renewal probability and 100% incentive probability
Gross Incentive Range	27.12% (current) & 22.71 (10 Yr Av)
Terminal Capitalisation Rate	5.375%

Major Tenant Composition**Project Running Yield Analysis****Comments**

The property was acquired 'off market' by Charter Hall Direct PFA Fund. We understand that the acquisition aligns to PFA's strategy of acquiring assets with a long leases to strong tenant covenants. Whilst our analysis incorporates a market income above the existing passing income, given there is +10 year before reversion can be captured we consider that the principle investment benchmark reflected in the acquisition is the Initial Yield.

68 Waterloo Road, Macquarie Park, NSW

68 Waterloo Road, Macquarie Park comprises a ~1999 five-level commercial office building (approximately 78% of lettable area) with an attached high clearance warehouse (approximately 22% of lettable area) to the rear and side.

Car parking is provided to the property for a total of 395 vehicles, apportioned as 155 single secure spaces, 70 tandem secure spaces, 130 on-grade secure spaces and 40 on grade spaces.

As at the date of sale the property sold fully leased by lettable area. Lease expiry risk is concentrated in Years 1-4 of the cashflow when 62.8% of NLA is due to expire.

The improvements are positioned on the southern alignment of Waterloo Road with additional rear access provided via Giffnock Avenue. The improvements are erected upon a regular shaped allotment extending to a total site area of approximately 14,844m² zoned B3 Commercial Core in accordance with the Ryde LEP 2014.

Sale Particulars

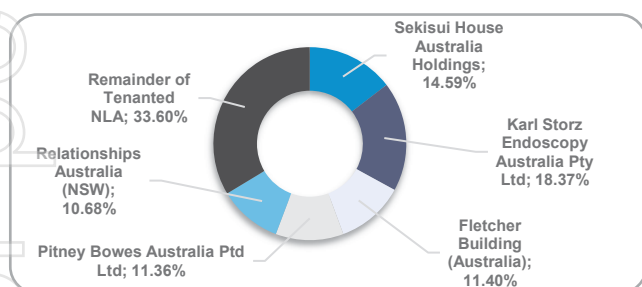
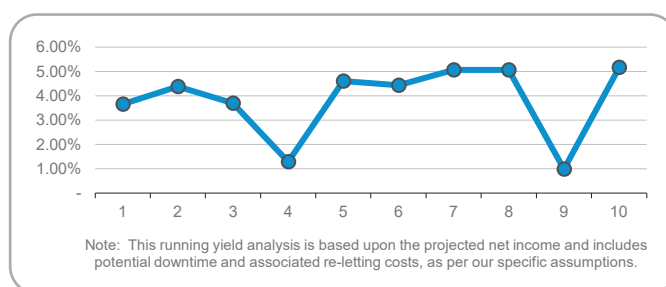
Sale Date	April 2021	Passing Initial Yield	4.89%
Sale Amount	\$106,500,000	Equivalent Initial Yield	4.90%
Vendor	AMP Capital	Equivalent Rev. Yield	5.12%
Purchaser	Cessleigh Pty Ltd	Internal Rate of Return	6.03% (incl. capex) 6.30% (excl. capex)
Net Lettable Area	13,486.0 m ²	Capital Value	\$7,897 /m ² of NLA
Vacancy	0 m ² (0.00%)	NABERS / GreenStar Rating	5 Star NABERS Energy

Financial Details

Gross Passing Income	\$6,700,086 pa (fully leased)
Outgoings (\$/m ²)	\$1,432,030 pa (\$106.19 /m ²)
Net Passing Income	\$5,268,056 pa (fully leased)
Gross Market Income	\$6,960,244 pa (fully leased)
Net Market Income	\$5,528,214 pa (fully leased)
Av. Passing Office Rental	\$363 /m ² Net \$469 /m ² Gross
Av. Market Office Rental	\$384 /m ² Net \$490 /m ² Gross
Av. Passing Industrial Rental	\$180 /m ² Net \$286 /m ² Gross
Av. Market Industrial Rental	\$200 /m ² Net \$306 /m ² Gross
Av. Parking Rental (Per Space ++)	\$164 /cm Passing \$177 /cm Market
Weighted Lease Duration	3.87 yrs. (by Income)

DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face) 3.40%
	Industrial (Net Face) 3.24%
10 Year Average CPI (DAE)	1.97%
Office Renewal Assumptions	5 year lease term; 9 months let up; 3.75% pa; adopting a 50% renewal probability and 100% incentive probability
Industrial Renewal Assumptions	5 year lease term; 9 months let up; 3.75% pa; adopting a 50% renewal probability and 100% incentive probability
Gross Incentive Range	30.00% (current) & 25.25% (10 Yr. Av.)
Capex (As Inflated)	\$3,265,069 (3.07%) over cash flow term
Terminal Capitalisation Rate	5.35%

Major Tenant Composition**Project Running Yield Analysis****Comments**

The property was formally marketed via an Expressions of Interest Campaign. We understand the campaign received 19 first round offers with various groups entering the second round. We have been advised that there was underbidder support for the reportedly negotiated purchase price.

Quad 2 & 3, 6 Parkview Drive & 102 Bennelong Parkway, Sydney Olympic Park, NSW



Located at 6 Parkview Drive, Quad 2 comprises a modern A-grade office building extending over four levels completed circa 2002. The ground floor comprises a formal entrance foyer and small office tenancy of 162.50 m² whilst levels 1-3 feature regular shaped floorplates extending to an average NLA of 1,600 m² configured into suites and one whole floor (Level 1). Parking for 143 vehicles is provided on site, consisting of 103 on-grade spaces and 40 covered spaces.

Located at 102 Bennelong Parkway, Quad 3 comprises a modern A-grade office building extending over four levels completed circa 2004. The ground floor comprises a formal entrance foyer whilst levels 1-3 feature regular shaped floorplates configured into suites which range in size between 74 m² and 900 m². We note part of Level 1 has been configured to provide short term leasing arrangements with tenancy sizes ranging between 12 m² and 40m². Parking for 140 vehicles is provided on site, consisting of 87 on-grade spaces and 53 covered spaces.

Quad 2 is erected upon on a leasehold site of approximately 7,788 square metres with 79.96 years remaining from the date of sale whilst Quad 3 is erected upon on a leasehold site of approximately 6,635 square metres with 81.96 years remaining from the date of sale.

The properties are situated within the developing Sydney Olympic Park commercial precinct approximately 17 kilometres west of the Sydney CBD and are zoned B4 Mixed Use in accordance with the State Environmental Planning Policy (State Significant Precincts) Sydney Olympic Park.

We note 26.44% of NLA was vacant as at the date of sale, however benefitted from a 12 month rental guarantee.

Sale Particulars – 'In One Line'

			Quad 2	Quad 3	In One Line
Sale Date	February 2021	Passing Initial Yield	7.26%	7.14%	7.21%
Sale Amount (Ex. GST)	\$66,100,000	Equivalent Initial Yield	6.17%	6.44%	6.33%
Vendor	Growthpoint Properties Australia Ltd	Equivalent Rev. Yield	6.10%	6.30%	6.21%
Purchaser	EG Funds Management Pty Ltd	Internal Rate of Return	6.46%	6.52%	6.43%
Net Lettable Area	9,981.66 m ²	Capital Value (\$/m ² NLA)	\$6,550	\$6,694	\$6,622
Vacancy	0% (26.44% subject to rental guarantee)	NABERS Energy	5 Stars	3.5 Stars	N/A

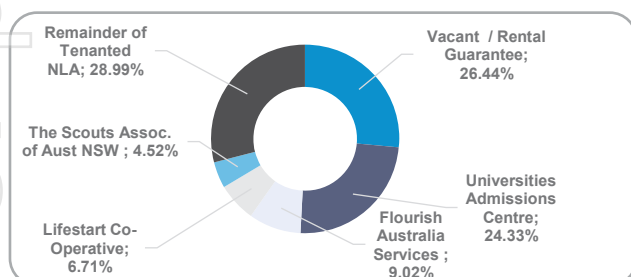
Financial Details

Gross Passing Income	\$6,298,708 pa (fully leased)
Outgoings	\$1,517,114 pa (\$152 /m ²)
Net Passing Income	\$4,781,594 pa (fully leased)
Gross Market Income	\$6,202,850 pa (fully leased)
Net Market Income	\$4,675,751 pa (fully leased)
Av. Passing Office Rental	\$412 /m ² Net \$565 /m ² Gross
Av. Market Office Rental	\$397 /m ² Net \$550 /m ² Gross
Av. Parking Rental (Per Space)	\$167 /cm Passing \$180 /cm Market
Weighted Lease Duration	1.91 yrs. (by Area) 1.85 yrs. (by Income)

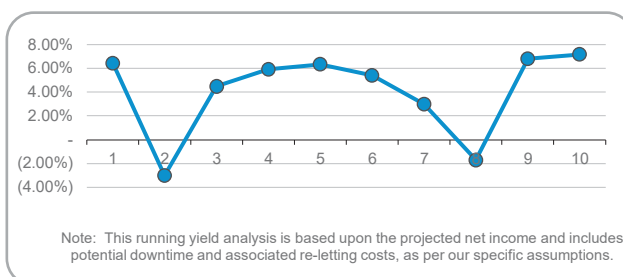
DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face) 3.17%
	Car Parking (Net Face) 3.29%
10 Year Average CPI (DAE)	1.86%
Office & Parking Renewal Assumptions	5 year lease term; 9 months let up; 3.50% pa; adopting a 50% renewal probability and 100% incentive probability (office only)
Gross Incentive Range	30.00% (current) & 27.30% (10 Yr. Av.)
Capex (As Inflated)	\$4,825,351 (7.30%) over cash flow term
Terminal Capitalisation Rate	6.50%

Major Tenant Composition



Project Running Yield Analysis



Comments

Quad 2 & 3, Sydney Olympic Park were acquired 'In One Line' following an expressions of interest campaign which closed December 2020. We understand that three groups were provided the opportunity to submit formal offers in the second round of bidding, with the subsequent purchase acquiring both assets for \$66,100,000 (gross headline basis). We note all vacant office and parking accommodation was supported with a 12 month rental guarantee post settlement with all outstanding incentives paid out by the vendor. We understand the property generated interest from domestic and offshore capital.

Riverview Business Park, 3 Richardson Place, North Ryde, NSW

Riverview Business Park comprises two office buildings completed in 2001. Each building extends over a ground and five upper levels with a mixture of basement and on grade parking for a total of 633 vehicles. Building B0 is positioned towards the western portion of the site, whilst Building B1 is located towards the eastern elevation. The two buildings are linked via a common forecourt positioned along the southern portion of the site overlooking Lane Cove River which includes a café tenancy.

As at the date of sale the property sold fully leased by NLA. Lease expiry risk is concentrated in Year 1 of the cashflow when 40.9% of NLA is due to expire.

The improvements are erected upon an irregular shaped allotment extending to a total site area of 17,930 m² zoned B7 Business Park in accordance with the Ryde LEP 2014.

The property is located on the southern alignment of Richardson Place, approximately 200 metres south east of its intersection with Julius Avenue at North Ryde. To the immediate south west is the Lane Cove River, whilst to the west is Lane Cove National Park.

Sale Particulars

Sale Date (Exchange / Settlement)	February 2021 / March 2021	Passing Initial Yield	6.75%
Sale Amount	\$115,000,000 – Gross Headline	Equivalent Initial Yield	6.27%
Vendor	Goodman	Equivalent Rev. Yield	6.25%
Purchaser	Quintessential Equity	Internal Rate of Return	6.51% (incl. capex) 7.09% (excl. capex)
Net Lettable Area	17,187.40 m ²	Capital Value	\$6,691 /m ² of NLA
Vacancy	0 m ² (0.00%)	NABERS	4.5 Star NABERS Energy

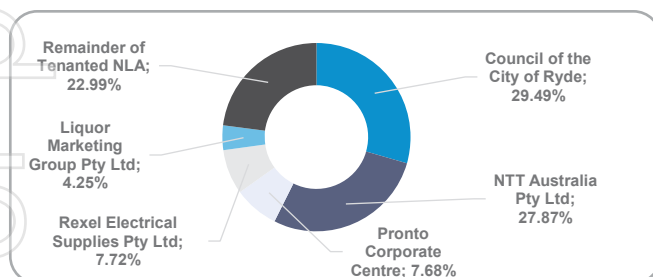
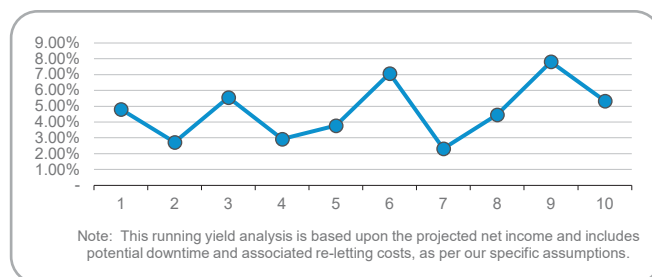
Financial Details

Gross Passing Income	\$9,403,610 pa (fully leased)
Outgoings	\$1,637,808 pa (\$95.29 /m ²)
Net Passing Income	\$7,765,802 pa (fully leased)
Gross Market Income	\$9,379,220 pa (fully leased)
Net Market Income	\$7,741,412 pa (fully leased)
Av. Passing Office Rental	\$350 /m ² Net \$445 /m ² Gross
Av. Market Office Rental	\$349 /m ² Net \$445 /m ² Gross
Av. Parking Rental (Per Space)	\$227 /cm Passing \$226 /cm Market
Weighted Lease Duration	2.45 yrs. (by Income)*

*Subject to early termination rights of City of Ryde Council

DCF Assumptions

Cash Flow Term	10 years
Avg. Growth Rates	Office (Gross Face) 3.37%
	Car Parking (Net Face) 3.46%
10 Year Average CPI (DAE)	2.05%
Office Renewal Assumptions	5 year lease term; 9 months let up; 3.50% pa; adopting a 50% renewal probability and 100% incentive probability
Parking Renewal Assumptions	5 year lease term; 9 months let up; 3.50% pa; adopting a 50% renewal probability
Net Incentive Range	30.00% (current) & 25.00% (10 Yr. Av.)
Capex (As Inflated)	\$7,357,457 (6.40%) over cash flow term
Terminal Capitalisation Rate	6.625%

Major Tenant Composition**Project Running Yield Analysis****Comments**

The property was acquired 'off market' following a selected sales process which spanned Q3 – Q4 2020 with exchange occurring in February 2021. We understand all incentives were paid out by the vendor and have therefore been excluded from our analysis. We note Council of the City of Ryde benefits from an early termination clause taking effect in 2024 (which we have incorporated in our analysis). Should City of Ryde not exercise their right to early termination the WALE (by income) increases to 3.03 years.

1-5 Thomas Holt Drive, Macquarie Park, NSW



1-5 Thomas Holt Drive, Macquarie Park is a business park located on the south eastern alignment of Thomas Holt Drive, approximately 50 metres from its intersection with Waterloo Road. 1 and 3 Thomas Holt Drive comprises an office/warehouse building (7 and 8 stories respectively) and 5 Thomas Holt Drive comprises a 6 storey office building providing a total Net Lettable Area (NLA) of 39,115 square metres in association with basement parking for 1,107 vehicles.

The property benefits from limited short term expiry risk and a diversified income and tenant profile with ~16 sitting office/warehouse and retail tenants across three buildings. Expiry risk peaks in Years 5-6 of the cashflow with ~82% (by NLA) expiring, coinciding with the expiry of the major office tenants Metcash Trading Limited and Foxtel Management Pty Limited. Finally, as a condition of sale the vendor has underwritten existing vacancies with a 3 year rental guarantee executed at ~\$380/m² net face.

The improvements are erected upon an irregular shaped parcel extending to 34,980 square metres zoned B3 Commercial Core with a prescribed base FSR control of ranging between 1 and 2:1 in accordance with the Ryde LEP 2014. This can be increased to 3:1 (incentive control).

Sale Particulars

Sale Date (Exchange / Settlement)	December 2020/ January 2021	Passing Initial Yield	5.69%
Sale Amount	\$295,000,000 (Gross Headline)	Equivalent Initial Yield	5.61%
Vendor	AMP Capital	Equivalent Rev. Yield	5.66%
Purchaser	Ascendas REIT	Internal Rate of Return	6.04% (incl. capex) 6.41% (excl. capex)
Net Lettable Area	39,115.0	Capital Value	\$7,542 /m ² of NLA
Vacancy	0 m ² (0.00%)	NABERS / GreenStar Rating	1 TH: 5 Stars, 3 TH: 5 Stars, 5 TH: 0 Stars

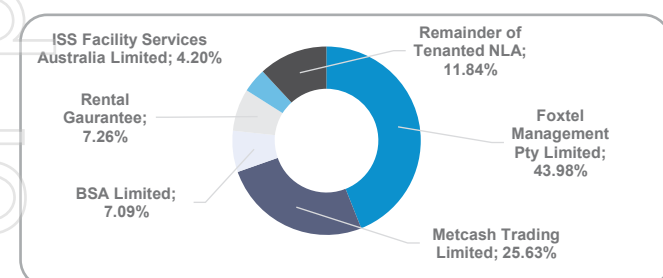
Financial Details (subject to rental guarantees)

Gross Passing Income	\$20,309,933 pa (fully leased)
Outgoings	\$3,413,462 pa (\$87.27 /m ²)
Net Passing Income	\$16,896,471 pa (fully leased)
Gross Market Income	\$20,413,689 pa (fully leased)
Net Market Income	\$17,000,227 pa (fully leased)
Av. Passing Office Rental	\$387 /m ² Net \$475 /m ² Gross
Av. Market Office Rental	\$382 /m ² Net \$469 /m ² Gross
Av. Parking Rental (Per Space ++)	\$195 /cm Passing \$221 /cm Market
Weighted Lease Duration	4.47 yrs. (by Area) 4.41 yrs. (by Income)

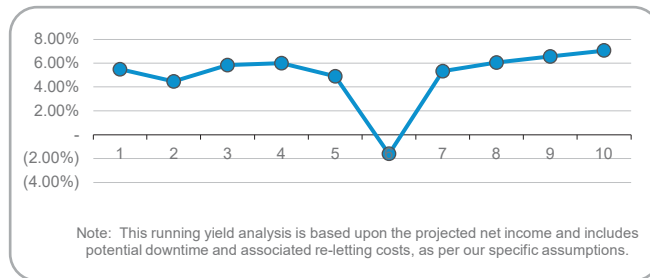
DCF Assumptions

Cash Flow Term	10 years
Average Growth Rates	Office (Gross Face): 3.34%
	Industrial (Net Face): 3.22%
10 Year Average CPI (DAE)	2.08%
Office Renewal assumptions	5 year lease term; 9 months let up; 3.75% pa; adopting a 50% renewal probability and 100% incentive probability
Car Parking Renewal assumptions	5 year lease term; 9 months let up; 3.75% pa; adopting a 50% renewal probability and 100% incentive probability
Net Incentive Range	27.50% (current) & 25.50% (10 Yr. Av.)
Capex (As Inflated)	\$11,838,252 (4.01%) over cash flow term
Terminal Capitalisation Rate	5.875%

Major Tenant Composition



Project Running Yield Analysis



Comments

1-5 Thomas Holt Drive, Macquarie Park was formally marketed via an Expressions of Interest Campaign which closed 22nd of October 2020. We understand that acquisition forms a strategic investment approach for Ascendas REIT who are continuing to expand their presence in the Australian metropolitan office market. We note this is Ascendas REIT's second acquisition in Macquarie Park following the purchase of the fund through of MQX4.

11.2 Sales Evidence Conclusions

Property Address	Comments
Gateway – 241 O'Riordan Street, Mascot	<p>Inferior commercial locality, inferior proximity to transport and retail infrastructure, inferior asset quality, inferior WALE, comparable Stratum ownership structure with elevated short term expiry risk.</p> <p>We have adopted a lower reversionary capitalisation rate and lower discount rate for the subject property.</p>
37 Epping Road, Macquarie Park	<p>Inferior commercial locality, inferior quality of accommodation and building services, inferior asset quality, inferior WALE. We note the site may benefit from longer term redevelopment potential with the property included in a co-owners agreement with various surrounding sites stipulating a collective group sales subject to planning outcomes.</p> <p>We have adopted a higher reversionary capitalisation rate and comparable discount rate for the subject property.</p>
11 Murray Rose Avenue, Sydney Olympic Park	<p>Inferior commercial locality, comparable WALE, superior asset quality, comparable tenure being a leasehold interest- albeit ~96 years remaining, comparable ground lease structure (peppercorn rent payable).</p> <p>We have adopted a higher reversionary capitalisation rate and higher discount rate for the subject property</p>
815 Pacific Highway, Chatswood	<p>Slightly inferior commercial locality, lower B Grade asset quality, inferior quality of accommodation and building services, inferior WALE. Lower value quantum with a higher number of market participants (including private capital) driving competitive tension in pricing.</p> <p>We have adopted a higher reversionary capitalisation rate and higher discount rate for the subject property.</p>
221-227 Anzac Pde, Kensington	<p>Inferior commercial locality, superior WALE, inferior proximity to retail infrastructure, superior covenant strength, below market income with no reversion opportunities available hence the key investment metric is the Initial Yield. Comparable ownership structure (leasehold) albeit the site has an onerous ground lease structure.</p> <p>We have adopted a higher reversionary capitalisation rate and higher discount rate for the subject property.</p>
68 Waterloo Road, Macquarie Park	<p>Inferior commercial locality, inferior quality of accommodation and building services, diversified use incorporating office and warehouse accommodation, similar WALE. Larger land holding with the resulting metrics appearing at the firmer end of the market range.</p> <p>We have adopted a higher reversionary capitalisation rate and higher discount rate for the subject property.</p>
Riverview, North Ryde	<p>Large quantum value for North Ryde which may have reduced market depth. Inferior location and proximity to rail access, inferior accommodation and building services, inferior WALE.</p> <p>We have adopted a lower reversionary capitalisation rate and lower discount rate for the subject property.</p>
Quads 2 & 3, Sydney Olympic Park	<p>Inferior commercial locality, comparable tenure being a leasehold interest, superior repositioning potential, dual asset configuration with diversified income profile, inferior WALE.</p> <p>We have adopted a lower reversionary capitalisation rate and lower discount rate for the subject property.</p>
1-5 Thomas Holt Drive, Macquarie Park	<p>Large quantum value for Macquarie Park which may have reduced market depth. Inferior location and proximity to rail access, inferior accommodation and building services, diversified use incorporating office and warehouse accommodation, superior WALE.</p> <p>We have adopted a higher reversionary capitalisation rate and higher discount rate for the subject property.</p>

Conclusions

In assessing the investment parameters for the subject property, we have had regard to the following factors:

- The implications of Covid-19 on the occupier and capital markets;
- Stratum leasehold ownership structure with circa 66.75 years remaining;
- WALE of 3.92 years (by income);
- The asset benefits from good levels of natural light available to the majority of office levels;
- Proximity to rail and retail infrastructure;
- Quantum of value in the metropolitan commercial market; and
- Well located asset within the core of the St Leonards CBD and will benefit further from being within close proximity to the Crows Nest Station (due 2024).

Based upon the sales evidence and taking into consideration the comments above we have assessed the following valuation parameters for the subject property:

Subject Property	Capital Value (\$/m ²)	Initial (Passing) Capitalisation Rate %	Reversionary (Market) Capitalisation Rate %	Discount Rate %
203 Pacific Hwy, St Leonards NSW 2065	\$11,000 - \$12,500	5.75%	5.75%	6.25%

In addition to the sale evidence above, our opinion has also been formed from our regular discussions with a variety of market participants, including but not limited to senior sales operatives, intending purchasers, and industry analysts in light of the prevailing and predicted market sentiment.

It is our recommendation that regular valuation updates be initiated and instructed by any party wishing to rely upon this valuation, particularly as new comparable market sales transactions come to fruition which may provide further direction as to appropriate market parameters.

Potential Peak Market Conditions

Investment yields are now at the lower end of the historical range which could indicate that we are approaching the top of the cycle.

An alternative view is that returns on various types of property investments remain attractive in the current environment relative to alternative investment options (i.e. government bonds, offshore property, cash, equities, etc.) and that geared returns remain acceptable due to historically low debt pricing. Either way, asset prices are at historical highs and if alternative investment markets were to shift and become more attractive, or if lending interest rates were to increase, property investment yields would most likely begin to decompress having a direct impact on property values.

Accordingly, whilst the positive market sentiment and associated momentum is now evident, we are unable to provide any indication to its longevity. Accordingly, we caution the reliant parties that market dynamics can shift quickly and can adjust in a negative manner accordingly. It is therefore our very strong recommendation that this valuation advice be updated at regular intervals.

12 Valuation Methodology

Basis of Valuation

In determining the current market value of the property we have examined the available market evidence and applied this analysis to both the traditional capitalisation approach and the discounted cash flow approach. These approaches have in turn been checked by the direct comparison approach, analysed on a rate per square metre of total lettable area.

12.1 Capitalisation Approach

The central premise of this approach is that the adopted capitalisation rate is derived from the yields indicated by sales of similar property investments. The yield derived from comparable sales evidence is purported to reflect any expectations of future growth in income and capital value.

The capitalisation of net income approach has been undertaken by applying a yield to both the potential fully let passing net income (initial yield) and the potential market net income (market capitalisation). To the value derived, adjustments have been made for any relevant rental reversions including letting up allowances for vacant space, incentives, leasing fees, capital expenditure and other appropriate capital allowances.

Detailed below are the definitions of yields used in our assessment of the valuation for the subject property:

Passing Initial Yield	The net passing income for the property divided by the sale price or the adopted value.	$\frac{\text{Net Passing Income}}{\text{Sale Price or Adopted Value}}$
Equivalent Initial Yield (Fully Leased)	The net passing income for the property plus the market income across any vacancies, divided by the sale price or the adopted value plus any capital adjustments to the core value such as letting up allowances, capital expenditure.	$\frac{\text{Net Passing Income} + \text{Market Rent on Vacant Space}}{\text{Sale Price or Adopted Value} + \text{Capital Adjustments}}$
Market Capitalisation Approach	The assessed net market income divided by the sum of the sale price or the adopted value plus any capital adjustments to the core value such as letting up allowances, capital expenditure and present value of reversions.	$\frac{\text{Net Market Income}}{\text{Sale Price or Adopted Value} + \text{Capital Adjustments}}$

Initial Yield Approach

We have adopted a core capitalisation rate of 5.750% for the initial yield approach after consideration of the relevant evidence and determining factors. A detailed analysis of our initial yield approach is as follows:

Initial (Passing) Capitalisation Approach				
Office			\$7,141,598	
Retail			\$799,089	
Telecoms			\$7,342	
Storage			\$14,266	
Car Parking			\$756,830	
Current Passing Income			\$8,719,124	
Add Recoverable Outgoings			\$1,621,691	
Add Estimated Gross Income Value on Vacant Space			\$271,470	
Potential Gross Income (Fully Leased)			\$10,612,285	
Less Adopted Outgoings	(\$140/m ²)		(\$1,639,759)	
Potential Net Income (Fully Leased)			\$8,972,526	
Net Income			\$8,972,526	
Initial (Passing) Capitalisation Rate	6.000%	5.750%		5.500%
Present value of net income for remaining leasehold term of 66.7 years at 5.75%	\$146,482,129	\$152,305,861		\$158,560,045
Core Capital Value (\$/m²)	\$12,483	\$12,979		\$13,512
Capital Value Adjustments				
Capital Value of Special Income	-	-		-
Capital Value of Other Adjustments	\$249,230	\$249,230		\$249,230
Outstanding Incentives	(\$4,237,157)	(\$4,267,873)		(\$4,298,991)
Deferred Commencement Tenancies				
Letting Up Allowances	-	-		-
Incentive Allowances	-	-		-
Leasing Costs Allowances	-	-		-
Existing Vacancy Allowances				
Letting Up Allowances	(\$331,672)	(\$331,672)		(\$331,672)
Incentive Allowances	(\$301,838)	(\$301,838)		(\$301,838)
Leasing Costs Allowances	(\$38,006)	(\$38,006)		(\$38,006)
Refurbishment Allowances	(\$19,395)	(\$19,395)		(\$19,395)
Imminent Expiry Allowances				
Letting Up Allowances	24 months	(\$4,150,548)	(\$4,165,978)	(\$4,181,508)
Incentive Allowances	24 months	(\$4,733,382)	(\$4,765,373)	(\$4,797,707)
Leasing Costs Allowances	24 months	(\$479,440)	(\$481,820)	(\$484,218)
Refurbishment Allowances	24 months	(\$1,003,069)	(\$1,005,605)	(\$1,008,154)
Capital Expenditure				
Budgeted Capital Expenditure	24 months	(\$2,378,434)	(\$2,378,434)	(\$2,378,434)
Capital Sinking Fund Allowance	24 months	-	-	-
Total Capital Value Adjustments		(\$17,423,710)	(\$17,506,763)	(\$17,590,692)
Capitalised Value		\$129,058,419	\$134,799,099	\$140,969,353
Capitalised Value (\$/m²)		\$10,998	\$11,487	\$12,013
Rounded Initial Capitalisation Value		\$129,000,000	\$135,000,000	\$141,000,000
Rounded Capitalised Value (\$/m²)		\$10,993	\$11,504	\$12,016

Market Capitalisation Approach

We have adopted a core capitalisation rate of 5.750% for the market capitalisation approach after consideration of the relevant evidence and determining factors. A detailed analysis of our market capitalisation approach is as follows:

Reversionary (Market) Capitalisation Approach

Office		\$7,224,546		
Retail		\$1,022,491		
Telecoms		\$7,342		
Storage		\$14,266		
Car Parking		\$764,114		
Market Income		\$9,032,758		
Add Recoverable Outgoings		\$1,639,759		
Total Gross Market Income		\$10,672,517		
Less Adopted Outgoings	(\$140/m ²)	(\$1,639,759)		
Net Market Income		\$9,032,758		
Net Income		\$9,032,758		
Reversionary (Market) Capitalisation Rate		6.000%	5.750%	5.500%
Present value of net income for remaining leasehold term of 66.7 years at 5.75%		\$147,465,443	\$153,328,269	\$159,624,436
<i>Core Capital Value (\$/m²)</i>				
Capital Value Adjustments				
Present Value of Rental Reversions		\$1,879,441	\$1,895,140	\$1,911,045
Capital Value of Special Income		-	-	-
Capital Value of Other Adjustments		\$249,230	\$249,230	\$249,230
Outstanding Incentives		(\$4,237,157)	(\$4,267,873)	(\$4,298,991)
Capital Value of Additional Land		-	-	-
Deferred Commencement Tenancies				
Letting Up Allowances		-	-	-
Incentive Allowances		-	-	-
Leasing Costs Allowances		-	-	-
Existing Vacancy Allowances				
Letting Up Allowances		(\$331,672)	(\$331,672)	(\$331,672)
Incentive Allowances		(\$301,838)	(\$301,838)	(\$301,838)
Leasing Costs Allowances		(\$38,006)	(\$38,006)	(\$38,006)
Refurbishment Allowances		(\$19,395)	(\$19,395)	(\$19,395)
Imminent Expiry Allowances				
Letting Up Allowances	24 months	(\$4,150,548)	(\$4,165,978)	(\$4,181,508)
Incentive Allowances	24 months	(\$4,733,382)	(\$4,765,373)	(\$4,797,707)
Leasing Costs Allowances	24 months	(\$479,440)	(\$481,820)	(\$484,218)
Refurbishment Allowances	24 months	(\$1,003,069)	(\$1,005,605)	(\$1,008,154)
Capital Expenditure				
Budgeted Capital Expenditure	24 months	(\$2,378,434)	(\$2,378,434)	(\$2,378,434)
Capital Sinking Fund Allowance	24 months	-	-	-
Total Capital Value Adjustments		(\$15,544,269)	(\$15,611,622)	(\$15,679,647)
Capitalised Value		\$131,921,174	\$137,716,647	\$143,944,790
<i>Capitalised Value (\$/m²)</i>		<i>\$11,242</i>	<i>\$11,736</i>	<i>\$12,267</i>
Rounded Reversionary Capitalisation Value		\$132,000,000	\$138,000,000	\$144,000,000
<i>Rounded Capitalised Value (\$/m²)</i>		<i>\$11,249</i>	<i>\$11,760</i>	<i>\$12,271</i>

We provide additional commentary on the following specific allowances incorporated within our market capitalisation approach.

Capital Value Adjustments Summary

Present Value of Rental Reversions	Reversions have been calculated on a Step basis in accordance with the adopted Cap rate over the respective periods based on our assessed market rentals. The overall PV of rental reversions represents an overage (addition) of \$1,895,140
Capital Value of Special Income	Nil
Capital Value of Other Adjustments	COVID-19 Rent waiver to all retail tenants
Outstanding Incentives	All remaining outstanding tenant incentives have been incorporated on a PV basis, equating to -\$4,267,873
Deferred Commencement Tenancies	
Letting Up Allowances	Nil
Incentive Allowances	Nil
Leasing Costs Allowances	Nil
Existing Vacancy Allowances	
Letting Up Allowances	Retail- 15 months downtime Car Parking- 12 months downtime
Incentive Allowances	Retail - 25.00% gross based upon the adopted lease renewal term Car Parking- Nil
Leasing Costs Allowances	14% of Year 1 gross rent
Refurbishment Allowances	\$150/m ² by NLA
Imminent Expiry Allowances	
Letting Up Allowances	Office/ Car Parking- 15 months downtime with an application of 0% tenant retention equivalent to 15 months gross rent; Retail- 9 months downtime with an application of 50% tenant retention equivalent to 4.5 months gross rent
Incentive Allowances	Office- 2021 & 2022 - 30.0% -32.50% gross based upon the adopted lease renewal term with the application of a 100% incentive probability Retail- 15% gross based upon the adopted lease renewal term with the application of a 100% incentive probability
Leasing Costs Allowances	Reflects the weighted average of our adopted renewal leasing fee of 7% and new leasing fee of 14% in accordance with our adopted retention rate.
Refurbishment Allowances	Office- Equivalent to \$150/m ² - \$250/m ² upon tenancy expiries (depending upon Make Good requirements and on floor condition). Retail- Equivalent to \$150/m ²
Capital Expenditure	
Budgeted Capital Expenditure	Reflects the budgeted capex proposed over the nominated period, equating to - \$2,378,434
Capital Sinking Fund Allowance	Nil

12.2 Discounted Cash Flow

We have also determined the market value of the subject property through the use of DCF analysis. The DCF approach involves the discounting of the net cash flow on a monthly basis over the assumed cash flow period at an appropriate rate to reflect risk to derive a market value. The net cash flow comprises the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period.

Cash inflows comprise income from the property adjusted to reflect actual rental income, speculative rental income and rental growth, whilst cash outflows comprise outgoings adjusted to reflect anticipated inflation, lease incentives and leasing and marketing fees. The terminal value is determined by the capitalisation of the imputed net market income in the month after the final cash flow period with allowances for any relevant capital adjustments.

The projected income stream reflects the anticipated growth, or otherwise, inherent in a property investment based upon the physical, tenancy or market characteristics related to that property. In addition to projected outgoings and allowances, future capital expenditure is reflected in the cash flow.

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate.

Having regard to the above factors we have prepared a 10 year cash flow projection for the subject property in which we have assumed that the property is sold at the commencement of the eleventh year of the cash flow. The cash flow has been prepared on a tenant-by-tenant monthly basis and is based upon the following assumptions.

A summary of the input assumptions and a 10-year tenant-by-tenant projection of income is attached to the rear of this report.



Growth Rates

The growth rates adopted for the cash flow period are as follows:

Net Face Growth Profile														
Calendar Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10Y	1-5Y	6-10Y
CPI	2.24%	1.89%	2.24%	2.32%	2.36%	2.34%	2.27%	2.48%	2.40%	2.33%	2.33%	2.29%	2.23%	2.36%
Office	0.00%	1.13%	3.63%	4.13%	3.63%	3.88%	3.88%	3.88%	3.88%	4.38%	4.13%	3.51%	3.01%	4.01%
Retail	0.00%	1.89%	2.24%	2.32%	2.36%	2.34%	2.27%	2.48%	2.40%	2.33%	2.33%	2.22%	2.07%	2.36%
Telecoms	0.00%	1.89%	2.24%	2.32%	2.36%	2.34%	2.27%	2.48%	2.40%	2.33%	2.33%	2.22%	2.07%	2.36%
Storage	0.00%	1.89%	2.24%	2.32%	2.36%	2.34%	2.27%	2.48%	2.40%	2.33%	2.33%	2.22%	2.07%	2.36%
Car Parking	0.00%	1.89%	2.24%	2.32%	2.36%	2.34%	2.27%	2.48%	2.40%	2.33%	2.33%	2.22%	2.07%	2.36%

Speculative Lease Assumptions

Unless specified otherwise within this report, the DCF valuation analysis assumes that all tenancies expire as at the respective lease expiry dates. Accordingly, our DCF valuation analysis does not assume the take up of the respective lease option periods (where applicable), which would generally comprise a variety of unique rental review structures (including but not limited to effective market reviews and tenancy make good variations) that may not necessarily be reflective of current market lease terms.

Rather, our DCF valuation analysis assumes that post the respective lease expiry dates there will be period of rental void (downtime), subsequent to which a new lease (speculative lease) will commence on market terms. Despite this assumption, our DCF valuation analysis does adopt a retention probability profile for both the application of downtime and tenant incentives. However, these retention assumptions are on the basis of a new lease to the existing tenant(s) on new market terms only.

Should the parties to which this report is addressed require a different assumption to that outlined above and adopted herein, this request for alternative valuation advice should be promptly initiated and instructed for application by the Valuer.

We have adopted the following speculative lease assumptions upon the expiry of the existing tenancies:

Renewal Profile	Lease Term	Letting Up Period Market	Letting Up Period Applied	Renewal Probability	Applied (Gross) Leasing Fee	Incentive Probability	Review Type
Office	5 years	9.0 Months	4.5 Months	50.00%	10.50%	100.00%	3.75% p.a.
Retail	5 years	9.0 Months	4.5 Months	50.00%	10.50%	100.00%	3.75% p.a.
Telecoms	5 years	9.0 Months	4.5 Months	50.00%	10.50%	100.00%	3.75% p.a.
Storage	5 years	9.0 Months	4.5 Months	50.00%	10.50%	100.00%	3.75% p.a.
Car Parking	5 years	12.0 Months	6.0 Months	50.00%	10.50%	100.00%	3.75% p.a.

Tenant incentives adopted throughout the cash flow are summarised as follows:

Incentive Profile	Calendar Year											Avg.
Calendar Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10Y
Office												
Gross Incentives	30.00%	30.00%	30.00%	27.50%	25.00%	25.00%	25.00%	25.00%	22.50%	22.50%	20.00%	26.25%
Incentive Probability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Applied Gross Incentives	30.00%	30.00%	30.00%	27.50%	25.00%	25.00%	25.00%	25.00%	22.50%	22.50%	20.00%	26.25%
Retail												
Gross Incentives	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Incentive Probability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Applied Gross Incentives	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

Capital Expenditure

The adopted capital expenditure is highlighted as follows:

Capex Summary	10 Year Cash Flow	Terminal *	Total
Budgeted Capital Expenditure	\$2,401,846	-	\$2,401,846
Sinking Fund	\$1,173,454	\$485,932	\$1,659,386
Refurbishment on Expiry	\$4,512,389	\$1,497,825	\$6,010,214
Total	\$8,087,689	\$1,983,758	\$10,071,446
% of Adopted Value	5.95%	1.46%	7.41%

* (Incl. 24 Month Capture Period)

Terminal Value

An inherent assumption in the DCF is that the property is sold on the open market at the end of Year 10 of the cash flow. In determining the terminal yield we have given consideration to forecast market trends, the perceived marketability of the property at the terminal date and assumptions regarding income and capital expenditure of the property through our cash flow horizon. The terminal capitalisation rate is then applied to the net operating income in the 11th year which we have then discounted back to the date of valuation.

Terminal Value	
Terminal Net Market Income (Fully Leased)	\$12,449,367
Terminal Capitalisation Rate	6.000%
Relationship of Terminal Yield to Reversionary Yield	+25.00 basis points
Terminal Year Allowances for Tenancies Expiring within	36 Months
Gross Terminal Value	\$183,441,026
Disposal Costs	0.650%
Net Terminal Value	\$182,248,659
Terminal Initial Yield	6.60%
Terminal Reversionary Yield	6.00%
Capital Value	\$15,531 /m ² of NLA
Weighted Lease Duration by Area at Terminal	3.40 Years
Weighted Lease Duration by Income at Terminal	3.27 Years

Acquisition and Disposal Costs

Acquisition and disposal costs incorporated within the DCF analysis are outlined as follows:

Acquisition Costs		Disposal Costs	
Stamp Duty	5.50%	Legal Fees	0.10%
Legal Fees	0.10%	Agents Fees	0.50%
Due Diligence	0.10%	Marketing Costs	0.05%
Other	-	Other	-
Total Acquisition Costs	5.70%	Total Disposal Costs	0.65%

Discounted Cash Flow Summary

The cash flow summary is reflected as follows:

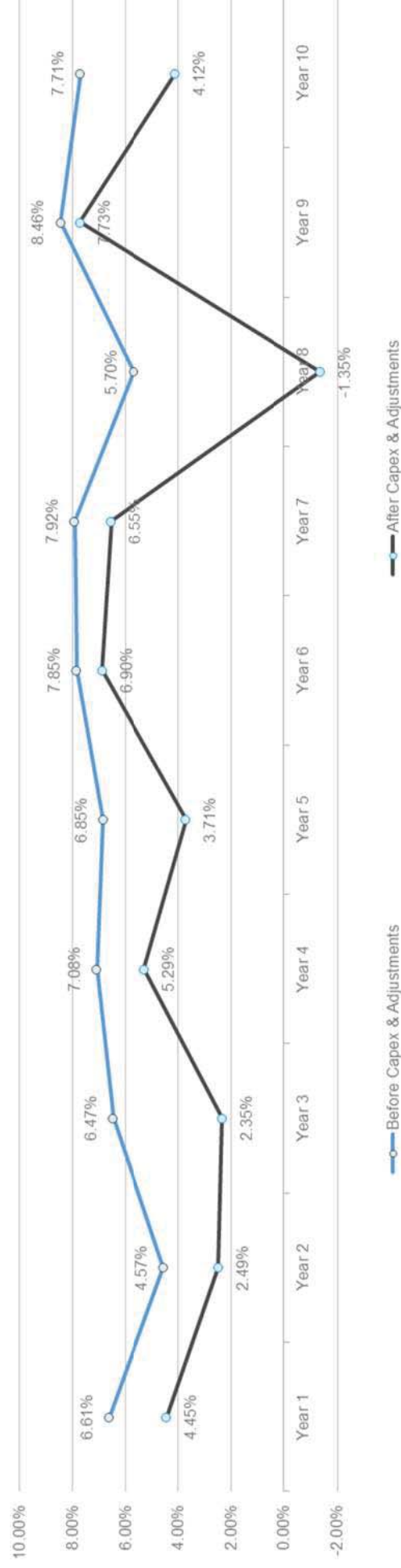
Cash Flow Year	Year 1 01-Sep-21	Year 2 01-Sep-22	Year 3 01-Sep-23	Year 4 01-Sep-24	Year 5 01-Sep-25	Year 6 01-Sep-26	Year 7 01-Sep-27	Year 8 01-Sep-28	Year 9 01-Sep-29	Year 10 01-Sep-30
Base Passing Rent										
Office	\$7,277,371	\$5,225,718	\$7,096,480	\$7,821,413	\$7,504,264	\$8,622,906	\$8,953,021	\$6,410,765	\$9,378,116	\$8,599,112
Retail	\$742,264	\$847,959	\$1,088,227	\$1,046,528	\$1,153,253	\$1,168,709	\$887,526	\$1,167,427	\$1,177,333	\$1,258,164
Telecoms	\$6,118	\$5,908	\$7,685	\$7,973	\$8,272	\$8,582	\$5,339	\$8,569	\$8,891	\$9,224
Storage	\$13,247	\$13,425	\$15,484	\$16,094	\$16,728	\$17,387	\$16,366	\$12,919	\$17,037	\$17,676
Car Parking	\$722,295	\$684,206	\$802,403	\$839,143	\$811,730	\$865,392	\$930,709	\$747,871	\$927,430	\$847,691
Total Base Passing Rent	\$8,761,295	\$6,777,216	\$9,010,280	\$9,731,151	\$9,494,247	\$10,682,976	\$10,792,962	\$8,347,552	\$11,508,806	\$10,731,867
Base Passing Rent										
Secured Rent	\$8,694,998	\$6,284,422	\$6,229,786	\$5,801,222	\$3,394,458	\$3,501,747	\$3,379,793	\$2,010,575	-	-
Speculative Rent	\$66,297	\$492,794	\$2,780,494	\$3,929,929	\$6,099,789	\$7,181,230	\$7,413,169	\$6,336,377	\$11,508,806	\$10,731,867
Base Passing Rent	\$8,761,295	\$6,777,216	\$9,010,280	\$9,731,151	\$9,494,247	\$10,682,976	\$10,792,962	\$8,347,552	\$11,508,806	\$10,731,867
Recoveries										
Secured Recoveries	\$1,624,717	\$1,104,484	\$1,084,019	\$1,013,789	\$579,744	\$596,648	\$596,758	\$357,734	-	-
Speculative Recoveries	-	\$25,094	\$461,646	\$694,226	\$1,108,957	\$1,333,888	\$1,376,514	\$1,110,039	\$2,130,747	\$1,957,230
Total Recoveries	\$1,624,717	\$1,129,578	\$1,545,665	\$1,708,015	\$1,688,701	\$1,930,536	\$1,973,271	\$1,467,773	\$2,130,747	\$1,957,230
Other Income										
Other Adjustments	\$249,230	-	-	-	-	-	-	-	-	-
Total Income	\$10,635,243	\$7,906,794	\$10,555,944	\$11,439,167	\$11,182,947	\$12,613,513	\$12,766,233	\$9,815,325	\$13,639,553	\$12,689,097

Cash Flow Year	Year 1 01-Sep-21	Year 2 01-Sep-22	Year 3 01-Sep-23	Year 4 01-Sep-24	Year 5 01-Sep-25	Year 6 01-Sep-26	Year 7 01-Sep-27	Year 8 01-Sep-28	Year 9 01-Sep-29	Year 10 01-Sep-30
Outgoings										
Statutory Expenses	\$703,048	\$723,815	\$747,388	\$772,238	\$798,179	\$824,776	\$852,058	\$881,582	\$911,422	\$941,753
Operating Expenses	\$944,621	\$972,524	\$1,004,196	\$1,037,585	\$1,072,439	\$1,108,175	\$1,144,831	\$1,184,501	\$1,224,594	\$1,265,347
Total Outgoings	\$1,647,669	\$1,696,339	\$1,751,584	\$1,809,823	\$1,870,618	\$1,932,950	\$1,996,889	\$2,066,083	\$2,136,017	\$2,207,100
Potential Net Income (fully leased)	\$8,987,574	\$6,210,455	\$8,804,360	\$9,629,344	\$9,312,330	\$10,680,563	\$10,769,344	\$7,749,242	\$11,503,537	\$10,481,996
Net Income	\$8,987,574	\$6,210,455	\$8,804,360	\$9,629,344	\$9,312,330	\$10,680,563	\$10,769,344	\$7,749,242	\$11,503,537	\$10,481,996
Allowances										
Outstanding Incentives	\$828,526	\$823,726	\$823,726	\$769,458	\$517,819	\$517,819	\$517,819	\$302,061	-	-
Future Incentives	-	\$456,268	\$4,158,107	\$483,587	\$3,261,049	\$614,153	\$1,042,032	\$6,729,262	\$814,723	\$3,519,654
Leasing Costs	\$12,851	\$91,525	\$501,643	\$21,890	\$352,168	\$14,479	\$91,488	\$893,958	-	\$453,725
Total Allowances	\$841,378	\$1,371,520	\$5,483,476	\$1,274,935	\$4,131,035	\$1,146,451	\$1,651,338	\$7,925,281	\$814,723	\$3,973,379
Net Income Before Capital Expenditure	\$8,146,196	\$4,838,936	\$3,320,884	\$8,354,409	\$5,181,294	\$9,534,111	\$9,118,006	(\$176,039)	\$10,688,814	\$6,508,617
Capital Expenditure										
Budgeted Capex	\$2,084,850	\$316,996	-	-	-	-	-	-	-	-
Sinking Fund	-	\$20,244	\$125,870	\$130,644	\$135,670	\$140,894	\$146,243	\$151,961	\$157,924	\$164,006
Refurbishment on Expiry	\$15,542	\$1,109,685	-	\$1,026,546	-	\$15,854	\$67,967	\$1,510,008	\$20,186	\$746,601
Total Capital Expenditure	\$2,100,392	\$1,446,925	\$125,870	\$1,157,189	\$135,670	\$156,748	\$214,210	\$1,661,969	\$178,110	\$910,607
Terminal Valuation (Start Year 11)										
Net Income										\$12,449,367
Terminal Capitalisation Rate										6.000%
PV of net income for remaining leasehold term of 66.7 years										\$199,886,018
Capital Value Adjustments										(\$16,444,992)
Capitalised Terminal Value										\$183,441,026
Disposal Costs @ 0.65%										(\$1,192,367)
Net Sale Proceeds										\$182,248,659

In light of the aforementioned assumptions and allowances, our resultant analysis may be summarised as follows:

Projected Running Yield	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Before Capex & Adjustments	6.61%	4.57%	6.47%	7.08%	6.85%	7.85%	7.92%	5.70%	8.46%	7.71%
After Capex & Adjustments	4.45%	2.49%	2.35%	5.29%	3.71%	6.90%	6.55%	-1.35%	7.73%	4.12%
Before Capex & incl. Adjustments	5.99%	3.56%	2.44%	6.14%	3.81%	7.01%	6.70%	-0.13%	7.86%	4.79%

The following graph indicates the anticipated running yield, before capital expenditure and after capital expenditure, based on the adopted value for the cash flow term.



Discounted Cash Flow Conclusions

In light of the aforementioned assumptions and allowances, our resultant analysis may be summarised as follows:

DCF Conclusions	
DCF Outputs	
Sum of Discounted Cash Flows @ 6.25% Target Discount Rate	\$42,494,844
Present Value of Terminal Value	\$99,397,384
NPV (Before Acquisition Costs)	\$141,892,228
Less Acquisition Costs @ 5.70%	(\$7,651,710)
NPV (After Acquisition Costs)	\$134,240,518
Rounded NPV (DCF Value)	\$134,000,000
DCF Ratios	
Percentage of NPV Attributable to Cash Flows	29.95%
Percentage of NPV Attributable to Terminal Value	70.05%
Rate of Increase in Capital Value	3.19%

A summary of the Discounted Cash Flow Calculations have been appended to this report.

12.3 Valuation Conclusions

Our considered valuation conclusions are summarised as follows:

Valuation Approach	Valuation Figure
Discounted Cash Flow Approach	\$134,000,000
Reversionary (Market) Capitalisation Approach	\$138,000,000
Initial (Passing) Capitalisation Approach	\$135,000,000
Adopted Value	\$136,000,000

Our adopted 100% Leasehold value of \$136,000,000 (GST Exclusive) reflects the following parameters:

Passing Initial Yield	6.29%
Equivalent Initial Yield	5.70%
Equivalent Reversionary Yield	5.82%
Internal Rate of Return (including capital expenditure)	6.08%
Direct Comparison	\$11,590 /m ² of NLA

We consider that the resultant Initial and Reversionary Yields, Internal Rate of Return and Direct Comparison Rate are reflective of the characteristics of the subject property, the current market fundamentals and comparable evidence considered.

13 Goods and Services Tax

13.1 Leases

We note that all leases sighted contain a specific GST clause indicating the recovery of any GST liability from the respective lessees. Furthermore, we have been advised by the instructing party that there is no shortfall in this regard. Should this prove to be incorrect we reserve the right to review and possibly amend our valuation.

This valuation is based on the assumption that the cost of any supply made under or in accordance with both the current and future leases will be increased by the amount of GST so levied or imposed. If this assumption is found to be incorrect, or if the party on whose instruction this valuation is provided wishes our valuation to be based on a different assumption, then this valuation should be referred back to the Valuer for comment and in appropriate cases, amendment.

Even where a lease appears to address the issue of GST, the Valuer expresses no view as to whether the provisions of the lease entitle the lessor to pass on the GST to the lessee, as to do so would require the Valuer to express a legal expert opinion. The Valuer recommends that before relying on the valuation the parties should undertake a legal audit of all contracts affecting the property including lease documentation and to check the results against the assumptions made within the valuation report.

13.2 Going Concern

We note that the property would be considered a Going Concern under the Australian Taxation Office Ruling GSTR 2002/5, and as such would not attract GST on the sale price. In this regard we further advise that this valuation is a GST exclusive market valuation, on the basis that the property would be sold as a Going Concern.

14 Additional Requests

14.1 Insurance Replacement Cost

We are of the opinion that the GST exclusive Insurance Replacement Cost Estimate of the subject property is in the sum of **\$104,000,000 (ONE HUNDRED FOUR MILLION DOLLARS)**.

This figure includes an allowance for the following:

- Current construction costs;
- Professional fees, preliminaries and contingency costs;
- Inflation factor in respect to:
 - (i) Lead time for demolition and building approval;
 - (ii) Construction period;
 - (iii) Policy year;
- Removal of debris excluding any allowance for the safe removal of unknown hazardous materials.

The above Insurance Replacement Cost Estimate does not make any allowance for loss of rent, profit from the business and/or releasing / associated costs. Additional insurance cover should also be taken out for loss of profits, key-man, stock and contents, as required.

Furthermore, this Estimate is made on a 'new for old' basis and assumes the construction of a new building of the same size and dimensions to that which is currently erected upon the land, however does not take into account the costs associated with reinstatement of any unique characteristics of the existing building, including heritage related elements of design and construction.

Excluded are finance costs, all items of furniture, fittings and equipment and any additional allowance for fire protection services not built into the adopted construction cost rate as well as any costs associated with large scale catastrophes that may have a material impact on the cost and availability of labour and building materials.

The reliant party is advised that the undersigned is not a Quantity Surveyor or construction expert and has relied upon published building costing guides and our own analysis of any available construction costs for comparable properties to arrive at our opinion of the above reinstatement value. From this data, we have applied a rate per square metre to arrive at our adopted construction costs. We highlight that we have not undertaken an elemental cost analysis, an approach which would produce a more robust assessment.

We further note that we have not sighted a current insurance policy and therefore not had regard to any specific details or requirements within any policy.

The reliant party is advised that the Insurance Replacement Cost Estimate in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate is recommended to be confirmed by an elemental cost analysis conducted in accordance with ANZVTIP 4 of the Australia and New Zealand Valuation and Property Standards – Valuations for Insurance Purposes or verified by a suitably qualified quantity surveyor and / or building expert.

14.2 IFRS Requirements

In accordance with your instructions and International Financial Reporting Standards (IFRS), we have included the following items within our valuation:

IFRS Summary		
Current / Existing Lease Incentives	Current Value	NPV
Totals	\$5,100,955	\$4,267,873
Total Realisation & Selling Costs (Within Terminal Value)	Current Value	NPV
Totals	\$1,192,367	\$650,094

14.3 Value of Partial Interest

We advise that the 50% interest nominated within this report is a direct apportionment of the overall value of the asset, as we consider that the sale of such an interest would not attract a discount or premium in the current market. Furthermore, the aforementioned apportionment is considered appropriate in light of the overall quantum of value, the advised proportionate voting and decision making related processes, and the apparently uncomplicated asset management structure, that is with no overarching long term facilities management or similar agreements in place.

14.4 Reasonable Selling Period

In the current market, we would anticipate a likely selling period of between 3 and 6 months. The selling period assumed in this instance is however contingent upon an orderly, on-market campaign undertaken by a suitably qualified real estate professional.

Should market conditions vary, the selling period applicable to this asset would in all probability be subject to change.

14.5 Sales History

Our research indicates that the subject property has not traded in the last five years.

14.6 Current Sales Process- Related Parties Partial Interest Sale (50%)

We have been advised that a partial interest in the subject property (50%) is currently under consideration for an internal related parties transfer ("fund to fund"). We have not been provided with a Head of Agreement/ Contract of Sale relating to the acquisition. Our valuation has been assessed on a net valuation basis – that is including contracted outstanding incentives.

14.7 First Mortgage Security

Security Quality

It is considered that the subject property is suitable security for first mortgage finance, subject to the comments within this report. These comments are made solely in relation to the property and prevailing market conditions impacting on the property and its marketability at the date of valuation.

15 Valuation

In accordance with our instructions, we assess the Market Value of the subject property as at **31 August 2021** and subject to the details referred to herein, to be:

100% Leasehold Interest	50% Leasehold Interest *
\$136,000,000 (GST Exclusive)	\$68,000,000 (GST Exclusive)
(ONE HUNDRED THIRTY SIX MILLION DOLLARS)	(SIXTY EIGHT MILLION DOLLARS)

In accordance with our normal practice, we confirm that this report is confidential and provided by CIVAS (NSW) Pty Limited and not by any other company in the Colliers International Group. The valuation has been prepared for the parties and purposes as detailed earlier in this report and should not be relied upon for any other purpose or by any other person. Any reliance on this report by the nominated party must be based on the actual possession or sighting by them of an original signed [and counter-signed] document.

CIVAS (NSW) Pty Limited




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Certified Practising Valuer
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Report Verification: Adam Gruchot | Director

QA ID: 6961516

This valuation and the associated report have undergone verification in accordance with the Colliers Quality Management System (QMS). This QMS has been independently and externally audited and certified in accordance with ISO9001:2015, which confirms the quality of the verification and Quality Assurance process.

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16 Report Qualifications

CIVAS (NSW) Pty Limited accepts no responsibility for any statements in this report other than for the stated purpose. This report is issued on the basis that the statements expressed in this report are those of CIVAS only. No liability attaches to the companies in the Colliers International Group other than CIVAS (NSW) Pty Limited in relation to any statements contained in this valuation report.

No responsibility is accepted for liability to any third party in respect of the opinions expressed in this valuation. Neither the whole of this report, or any part or reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

In accordance with the Australian Property Institute Valuers Limited (APIV), this valuation is current as at the date of valuation only. The values assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuation is relied upon more than 90 days after the date of valuation.

Unless stated elsewhere in this report, we have assumed that the property complies with the appropriate statutory, building and fire safety regulations and we have also assumed that there is no timber infestation, asbestos or other defect and have made no investigations for them, not have we undertaken a structural survey or tested the building services.

Real property is classified as a dynamic form of investment. The value of the asset is highly dependent on its net cash flow position and prevailing market conditions. On this basis therefore, we would recommend that this valuation be updated at regular intervals.

This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other), may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. This clause (Prudent Lenders Clause) only applies if the lender is not a lender regulated by the Banking Act of 1959.

Report Qualifications continued...

>> Unless specified otherwise within this report, the DCF valuation analysis assumes that all tenancies expire as at the respective lease expiry dates. Accordingly, our DCF valuation analysis does not assume the take up of the respective lease option periods (where applicable), which would generally comprise a variety of unique rental review structures (including but not limited to effective market reviews) and variations to tenancy make good obligations, that may not necessarily be reflective of current market lease terms. Rather, our DCF valuation analysis assumes that post the respective lease expiry dates there will be a period of rental void (downtime), subsequent to which a new lease (speculative lease) will commence on market terms. Despite this assumption, our DCF valuation analysis does adopt a retention probability profile for both the application of downtime and tenant incentives. However, these retention assumptions are on the basis of a new lease to the existing tenant(s) on new market terms only can produce a quite different outcome.

>> Further to the above comments, our valuation analysis herein assumes varying tenancy renewal probability assumptions, which at a future date may or may not prove to be correct. Accordingly, the reliant parties should be fully aware that the impact of a tenant to renew at market terms or depart at lease expiry can have a material impact on value.

Appendix A Valuations Calculations

For personal use only



Key Valuation Outputs

203 Pacific Hwy, St Leonards NSW 2065

VALUATION DETAILS				
Date of Valuation	31 August 2021			
Date of Cash Flow Model	1 September 2021			
Purpose of Valuation	Acquisition and First Mortgage			
Interest Valued	100% & 50% Leasehold 30 May 2088 (66.7 years remaining)			
INCOME ASSESSMENT		NET	GROSS	
Passing Income		\$8,701,056	\$741/m ²	\$10,340,815
Passing Income (fully leased)		\$8,972,526	\$765/m ²	\$904/m ²
Market Income		\$9,032,758	\$770/m ²	\$909/m ²
Outgoings \$ pa.		(\$1,639,759)	(\$140/m ²)	(\$140/m ²)
Vacancy Factor		-	-	-
Office Passing Income		\$7,141,598	\$638/m ²	\$8,705,578
Office Market Income		\$7,224,546	\$645/m ²	\$8,788,525
				\$785/m ²
CAPITAL EXPENDITURE		\$	\$/m ²	% of Value
Capital Expenditure adopted In Cap Val (24 months)		\$3,384,039	\$288/m ²	2.5%
Capital Expenditure (10 years, inflated)		\$9,087,689	\$699/m ²	5.9%
Capital Expenditure (10 years, PV)		\$6,486,520	\$553/m ²	4.8%
Capex (10 yrs incl. terminal value allowances, inflated)		\$10,071,446	\$858/m ²	7.4%
Capex (10 yrs incl. terminal value allowances, PV)		\$9,169,259	\$781/m ²	6.7%

AREA & OCCUPANCY DETAILS		
Total NLA		11,734.60 m ²
Occupied NLA	98.9%	11,605.30 m ²
Vacant NLA	1.1%	129.30 m ²
Weighted Lease Duration By Area		3.91 years
Weighted Lease Duration By Net Passing Income		3.92 years

VALUATION RECONCILIATION	
Initial (Passing) Capitalisation Approach (PV for remaining leasehold term of 66.7 years)	\$135,000,000
Reversionary (Market) Capitalisation Approach (PV for remaining leasehold term of 66.7 years)	\$138,000,000
DCF Approach	\$134,000,000
Adopted Market Value	\$136,000,000
Initial Passing Yield (Adjusted for Leasehold)	6.29%
7 Year IRR	5.64%
Initial Passing Yield (Fully Leased) (Adjusted for Leasehold)	6.50%
Equivalent Initial Yield	5.70%
Reversionary Yield	6.55%
Equivalent Market Yield	5.82%
Capital Value \$/m ²	11,590/m ²
10 Year IRR	6.08%
7 Year IRR	6.01%
5 Year IRR	6.29%
3 Year IRR	4.61%
10 Year Average Cash on Cash (on Gross Investment Capital)	3.99%
Capital Value of Additional Land	-
Capital Value including Additional Land	11,590/m ²

CAPITALISATION APPROACH				
Expiry Allowances for Tenancies expiring before	31-Aug-23	24 months	Capturing 38% of NLA	
Reversionary (Market) Capitalisation Rate	6.000%	5.750%	5.500%	
Reversionary (Market) Capitalisation Value	\$131,921,174	\$137,716,647	\$143,944,790	
Rounded Reversionary (Market) Capitalisation Value	\$132,000,000	\$138,000,000	\$144,000,000	

Initial (Passing) Capitalisation Rate	6.000%	5.750%	5.500%
Initial (Passing) Capitalisation Value	\$129,058,419	\$134,799,099	\$140,969,353
Rounded Initial (Passing) Capitalisation Value	\$129,000,000	\$135,000,000	\$141,000,000

DISCOUNTED CASH FLOW APPROACH				
Cash Flow period	10 years			
Discount Rate	6.250%			
Terminal Capitalisation Rate	6.000%	+ 25.0 bp spread		
Terminal Allowance for Tenancies expiring before	01-Sep-34	36 months	Capturing 69% of NLA	
Assumed WALE By Area (as at 31-Aug-31)	3.40 years			
Assumed WALE By Net Passing Income (as at 31-Aug-31)	3.27 years			

Sum of Discounted Cash Flows		\$42,494,844	29.9%
Present Value of Terminal Value		\$99,397,384	70.1%
NPV (before acquisition costs)		\$141,892,228	
Acquisition Costs @ 5.70%		\$7,651,710	
NPV (after acquisition costs)		\$134,240,518	
Rounded NPV		\$134,000,000	

10 YEAR DCF SENSITIVITY MATRIX					
Terminal Yield	Discount rate				
	6.75%	6.50%	6.25%	6.00%	5.75%
	122,331,646	124,737,814	127,203,066	129,729,036	132,317,411
	125,583,050	128,066,354	130,610,758	133,217,957	135,889,696
	129,046,337	131,611,802	134,240,518	136,934,239	139,694,773
	132,739,987	135,393,080	138,111,715	140,897,713	143,752,949
Terminal Yield	136,684,393	139,431,062	142,245,721	145,130,260	148,086,628

10 YEAR IRR SENSITIVITY MATRIX						
Terminal Yield	Adopted Value					
	138,720,000	137,360,000	136,000,000	134,640,000	133,280,000	
	5.15%	5.28%	5.40%	5.53%	5.66%	
	5.49%	5.61%	5.74%	5.86%	5.99%	
	5.83%	5.96%	6.08%	6.21%	6.34%	
	6.19%	6.32%	6.44%	6.57%	6.70%	
Terminal Yield	6.56%	6.68%	6.81%	6.94%	7.07%	

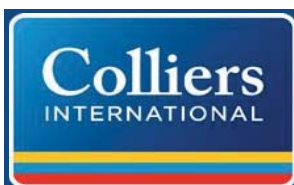
CAPITAL EXPENDITURE SUMMARY	10 Year Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Budgeted Capex	2,401,846	2,084,850	316,996	-	-	-	-	-	-	-	-
Total Sinking Fund	1,173,454	-	20,244	125,870	130,644	135,670	140,894	146,243	151,961	157,924	164,006
Total Refurbishment Allowances	4,512,389	15,542	1,102,695	-	1,025,546	-	15,854	67,967	1,510,008	20,186	746,601
Total Capital Expenditure	8,087,689	2,100,392	1,446,925	125,870	1,157,189	135,670	156,748	214,210	1,661,969	178,110	910,607
Terminal Capital Expenditure Allowance	1,983,758										1,983,758
Total Capital Expenditure (Incl. Allowances)	10,071,446	2,100,392	1,446,925	125,870	1,157,189	135,670	156,748	214,210	1,661,969	178,110	2,894,364

EXPENSE GROWTH	10 Year CAGR	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CPI - June '21 Update	2.29%	2.01%	2.13%	2.29%	2.35%	2.35%	2.30%	2.41%	2.42%	2.35%	2.33%
Statutory Expenses	3.30%	2.89%	3.24%	3.32%	3.36%	3.34%	3.27%	3.48%	3.40%	3.33%	3.33%
Operating Expenses	3.30%	2.89%	3.24%	3.32%	3.36%	3.34%	3.27%	3.48%	3.40%	3.33%	3.33%
Building Capex	3.79%	3.51%	3.63%	3.79%	3.85%	3.85%	3.80%	3.92%	3.92%	3.85%	3.83%
Adopted Outgoings	3.30%	2.96%	3.26%	3.33%	3.36%	3.33%	3.31%	3.47%	3.38%	3.33%	3.33%

INCOME GROWTH	10 Year CAGR	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Office Market Rent Growth - Net	3.51%	0.75%	2.78%	3.96%	3.79%	3.79%	3.87%	3.87%	3.87%	4.21%	4.21%
Office Market Rent Growth - Gross	3.47%	1.16%	2.85%	3.84%	3.71%	3.71%	3.77%	3.79%	3.79%	4.05%	4.05%
Retail Market Rent Growth - Net	2.22%	1.26%	2.13%	2.29%	2.35%	2.35%	2.30%	2.41%	2.42%	2.35%	2.33%
Retail Market Rent Growth - Gross	2.30%	1.38%	2.20%	2.37%	2.42%	2.37%	2.49%	2.49%	2.50%	2.43%	2.40%
Car Parking Market Rent Growth - Net	2.22%	1.26%	2.13%	2.29%	2.35%	2.35%	2.30%	2.41%	2.42%	2.35%	2.33%
Car Parking Market Rent Growth - Gross	2.22%	1.26%	2.13%	2.29%	2.35%	2.35%	2.30%	2.41%	2.42%	2.35%	2.33%

OFFICE	Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expiry Profile	m ²	-	4,162	-	3,528	-	-	-	7,664	-	3,528
Renewal Probability	%	-	50%	50%	50%	50%	50%	50%	50%	50%	50%
Downtime	months	12.0	9.0	15.0	9.0	12.0	9.0	9.0	12.0	9.0	9.0
Applied Downtime	months	12.0	4.5	7.5	4.5	4.5	6.0	4.5	6.0	4.5	4.5
Lease term	years	5	5	5	5	5	5	5	5	5	5
Gross Incentives	%	30.0%	30.0%	30.0%	30.0%	27.5%	25.0%	25.0%	25.0%	22.5%	22.5%
Incentive Probability	%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Gross Incentives	%	30.0%	30.0%	30.0%	30.0%	27.5%	25.0%	25.0%	25.0%	22.5%	22.5%
Applied Incentives	months	18.0	18.0	18.0	18.0	16.5	15.0	15.0	15.0	13.5	13.5
Applied Leasing Costs	%	14.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Applied Refurbishment Expiry Allowance	\$/m ²	\$150.00	\$155.26	\$160.90	\$167.00	\$173.42	\$180.10	\$186.94	\$194.25	\$201.87	\$209.64
Net Market Rent (start of period)	\$/m ²	\$645	\$650	\$668	\$695	\$721	\$749	\$778	\$808	\$839	\$874
Gross Market Rent (start of period)	\$/m ²	\$785	\$794	\$817	\$848	\$880	\$912	\$947	\$983	\$1,020	\$1,061
Occupancy Rate (Weighted by Area)	%	100.0%	65.9%	87.6%	94.5%	89.7%	100.0%	100.0%	69.8%	100.0%	88.3%

RETAIL	Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expiry Profile	m ²	129	102	80	-	98	-	86	359	-	98
Renewal Probability	%	-	50%	50%	50%	50%	50%	50%	50%	50%	50%
Downtime	months	12.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Applied Downtime	months	12.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Lease term	years	5	5	5	5	5	5	5	5	5	5
Gross Incentives	%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Incentive Probability	%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Applied Gross Incentives	%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Applied Incentives	months	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Applied Leasing Costs	%	14.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Applied Refurbishment Expiry Allowance	\$/m ²	\$150.00	\$155.26	\$160.90	\$167.00	\$173.42	\$180.10	\$186.94	\$194.25	\$201.87	\$209.64
Net Market Rent (start of period)	\$/m ²	\$1,885	\$1,909	\$1,950	\$1,995	\$2,041	\$2,089	\$2,137	\$2,189	\$2,242	\$2,295
Gross Market Rent (start of period)	\$/m ²	\$2,025	\$2,053	\$2,098	\$2,148	\$2,200	\$2,253	\$2,307	\$2,364	\$2,423	\$2,482
Occupancy Rate (Weighted by Area)	%	69.8%	80.8%	100.0%	93.4%	100.0%	97.3%	74.4%	97.6%	94.7%	98.5%



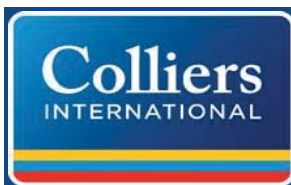
Initial (Passing) Capitalisation Approach
203 Pacific Hwy, St Leonards NSW 2065

Passing Income Valuation Date: 31 August 2021

Office	7,141,598		
Retail	799,089		
Industrial	-		
Signage	-		
Telecoms	7,342		
Storage	14,266		
Warehouse	-		
Residential	-		
[SPARE]	-		
Car Parking	756,830		
Sundry Income	-		
Passing Income	8,719,124		
Add back Outgoings recovered in Net valuation	1,621,691		
Add Gross Income on Vacant Space	271,470		
Potential Gross Passing Income (fully leased)	10,612,285		
Less Adopted Outgoings	(1,639,759)		
Less Ground Rent	-		
Potential Net Income (fully leased)	8,972,526		
Less Vacancy Factor	-		
Net Income	8,972,526		
Initial (Passing) Capitalisation Rate	6.000%	5.750%	5.500%
Present value of net income for remaining leasehold term of 66.7 years at 5.75%	146,482,129	152,305,861	158,560,045
Core Capital Value (\$/m ²)	12,483	12,979	13,512

Capital Value Adjustments

Capital Value of Special Income	-	-	-
Capital Value of Other Adjustments	249,230	249,230	249,230
Outstanding Incentives	(4,237,157)	(4,267,873)	(4,298,991)
Capital Value of Additional Land	-	-	-
Deferred Commencement Tenancies			
Letting Up Allowances	-	-	-
Incentive Allowances	-	-	-
Leasing Costs Allowances	-	-	-
Existing Vacancy Allowances			
Letting Up Allowances	(331,672)	(331,672)	(331,672)
Incentive Allowances	(301,838)	(301,838)	(301,838)
Leasing Costs Allowances	(38,006)	(38,006)	(38,006)
Refurbishment Allowances	(19,395)	(19,395)	(19,395)
Imminent Expiry Allowances			
Letting Up Allowances	24 months (4,150,548)	(4,165,978)	(4,181,508)
Incentive Allowances	24 months (4,733,382)	(4,765,373)	(4,797,707)
Leasing Costs Allowances	24 months (479,440)	(481,820)	(484,218)
Refurbishment Allowances	24 months (1,003,069)	(1,005,605)	(1,008,154)
Capital Expenditure			
Budgeted Capital Expenditure	24 months (2,378,434)	(2,378,434)	(2,378,434)
Capital Sinking Fund Allowance	24 months -	-	-
Total Capital Value Adjustments	(17,423,710)	(17,506,763)	(17,590,692)
Capitalised Value	129,058,419	134,799,099	140,969,353
Capitalised Value (\$/m ²)	10,998	11,487	12,013
Rounded Initial (Passing) Capitalisation Value	129,000,000	135,000,000	141,000,000
Rounded Capitalised Value (\$/m ²)	10,993	11,504	12,016
Adopted Value		136,000,000	
Initial Passing Yield (Adjusted for Leasehold)		6.29%	
Equivalent Initial Yield		5.70%	
Equivalent Market Yield		5.82%	
Capital Value (\$/m ²)		11,590	



Reversionary (Market) Capitalisation Approach
203 Pacific Hwy, St Leonards NSW 2065

Market Income		Valuation Date: 31 August 2021		
Office		7,224,546		
Retail		1,022,491		
Industrial		-		
Signage		-		
Telecoms		7,342		
Storage		14,266		
Warehouse		-		
Residential		-		
[SPARE]		-		
Car Parking		764,114		
Sundry Income		-		
Market Income		9,032,758		
Add back Outgoings recovered in Net valuation		1,639,759		
Gross Market Income		10,672,517		
Less Adopted Outgoings		(1,639,759)		
Less Ground Rent		-		
Net Market Income		9,032,758		
Less Vacancy Factor		-		
Net Income		9,032,758		
		9,032,758	139,845,850	
Reversionary (Market) Capitalisation Rate	6.000%	5.750%	5.500%	
Present value of net income for remaining leasehold term of 66.7 years at 5.75%	147,465,443	153,328,269	159,624,436	
Core Capital Value (\$/m ²)	12,567	13,066	13,603	
Capital Value Adjustments				
Present Value of Rental Reversions		1,879,441	1,895,140	1,911,045
Capital Value of Special Income		-	-	-
Capital Value of Other Adjustments		249,230	249,230	249,230
Outstanding Incentives		(4,237,157)	(4,267,873)	(4,298,991)
Capital Value of Additional Land		-	-	-
Deferred Commencement Tenancies				
Letting Up Allowances		-	-	-
Incentive Allowances		-	-	-
Leasing Costs Allowances		-	-	-
Existing Vacancy Allowances				
Letting Up Allowances		(331,672)	(331,672)	(331,672)
Incentive Allowances		(301,838)	(301,838)	(301,838)
Leasing Costs Allowances		(38,006)	(38,006)	(38,006)
Refurbishment Allowances		(19,395)	(19,395)	(19,395)
Imminent Expiry Allowances				
Letting Up Allowances	24 months	(4,150,548)	(4,165,978)	(4,181,508)
Incentive Allowances	24 months	(4,733,382)	(4,765,373)	(4,797,707)
Leasing Costs Allowances	24 months	(479,440)	(481,820)	(484,218)
Refurbishment Allowances	24 months	(1,003,069)	(1,005,605)	(1,008,154)
Capital Expenditure				
Budgeted Capital Expenditure	24 months	(2,378,434)	(2,378,434)	(2,378,434)
Capital Sinking Fund Allowance	24 months	-	-	-
Total Capital Value Adjustments		(15,544,269)	(15,611,622)	(15,679,647)
Capitalised Value		131,921,174	137,716,647	143,944,790
Capitalised Value (\$/m ²)		11,242	11,736	12,267
Rounded Reversionary (Market) Capitalisation Value		132,000,000	138,000,000	144,000,000
Rounded Capitalised Value (\$/m ²)		11,249	11,760	12,271
Adopted Value		136,000,000		
Initial Passing Yield (Adjusted for Leasehold)		6.29%		
Equivalent Initial Yield		5.70%		
Equivalent Market Yield		5.82%		
Capital Value (\$/m ²)		11,590		



DCP Valuation Summary

203 Pacific Hwy, St Leonards NSW 2065

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	01-Sep-21	01-Sep-22	01-Sep-23	01-Sep-24	01-Sep-25	01-Sep-26	01-Sep-27	01-Sep-28	01-Sep-29	01-Sep-30
	31-Aug-22	31-Aug-23	31-Aug-24	31-Aug-25	31-Aug-26	31-Aug-27	31-Aug-28	31-Aug-29	31-Aug-30	31-Aug-31

Valuation Date: 31 August 2021

Base Passing Rent										
Office	7,277,371	5,225,718	7,096,480	7,821,413	7,504,264	8,622,906	8,953,021	6,410,765	9,378,116	8,599,112
Retail	742,264	847,959	1,088,227	1,046,528	1,153,253	1,168,709	887,526	1,167,427	1,177,333	1,258,164
Industrial	-	-	-	-	-	-	-	-	-	-
Signage	-	-	-	-	-	-	-	-	-	-
Telecoms	6,118	5,908	7,685	7,973	8,272	8,582	5,339	8,569	8,891	9,224
Storage	13,247	13,425	15,484	16,094	16,728	17,367	16,366	12,919	17,037	17,676
Warehouse	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	-	-	-	-	-
(SPARE)	-	-	-	-	-	-	-	-	-	-
Car Parking	722,295	684,206	802,403	839,143	811,730	865,392	930,709	747,871	927,430	847,691
Base Passing Rent	8,761,295	6,777,216	9,010,280	9,731,151	9,494,247	10,682,976	10,792,962	8,347,552	11,508,806	10,731,867

Base Passing Rent										
Secured rent	8,694,998	6,284,422	6,229,786	5,801,222	3,394,458	3,501,747	3,379,793	2,010,575	-	-
Speculative rent	66,297	492,794	2,780,494	3,929,929	6,099,789	7,181,230	7,413,169	6,336,977	11,508,806	10,731,867
Base Passing Rent	8,761,295	6,777,216	9,010,280	9,731,151	9,494,247	10,682,976	10,792,962	8,347,552	11,508,806	10,731,867

Recoveries										
Secured recoveries	1,624,717	1,104,484	1,084,019	1,013,789	579,744	596,648	596,758	357,734	-	-
Speculative recoveries	-	25,094	461,646	694,226	1,108,957	1,333,888	1,376,514	1,110,039	2,130,747	1,957,230
Recoveries	1,624,717	1,129,578	1,545,665	1,708,015	1,688,701	1,930,536	1,973,271	1,467,773	2,130,747	1,957,230

Other Income										
Sundry Income	-	-	-	-	-	-	-	-	-	-
Special Income	-	-	-	-	-	-	-	-	-	-
Other Adjustments	249,230	-	-	-	-	-	-	-	-	-

Total Income	10,635,243	7,906,794	10,555,944	11,439,167	11,182,947	12,613,513	12,766,233	9,815,325	13,639,553	12,689,097
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Outgoings										
Statutory expenses	703,048	723,815	747,388	772,238	798,179	824,776	852,058	881,582	911,422	941,753
Operating expenses	944,621	972,524	1,004,196	1,037,585	1,072,439	1,108,175	1,144,831	1,184,501	1,224,594	1,265,347
Ground Rent	-	-	-	-	-	-	-	-	-	-
Non-recoverable expenses	-	-	-	-	-	-	-	-	-	-
Outgoings	1,647,669	1,696,339	1,751,584	1,809,823	1,870,618	1,932,950	1,996,889	2,066,083	2,136,017	2,207,100

Net Income (excl. Vacancy Factor)	8,987,574	6,210,455	8,804,360	9,629,344	9,312,330	10,680,563	10,769,344	7,749,242	11,503,537	10,481,996
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Vacancy Factor	-	-	-	-	-	-	-	-	-	-
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Net Income	8,987,574	6,210,455	8,804,360	9,629,344	9,312,330	10,680,563	10,769,344	7,749,242	11,503,537	10,481,996
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Allowances										
Outstanding Incentives	828,526	823,726	823,726	769,458	517,819	517,819	517,819	302,061	-	-
Future Incentives	-	456,268	4,158,107	483,587	3,261,049	614,153	1,042,032	6,729,262	814,723	3,519,654
Leasing Costs	12,851	91,525	501,543	21,890	352,168	14,479	81,488	893,958	-	453,725
Allowances	841,378	1,371,520	5,483,476	1,274,935	4,131,035	1,146,451	1,651,338	7,925,281	814,723	3,973,379

Net Income before Capital Expenditure	8,146,196	4,838,936	3,320,884	8,354,409	5,181,294	9,534,111	9,118,006	(176,039)	10,688,814	6,508,617
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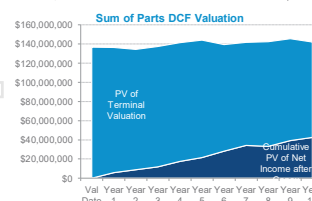
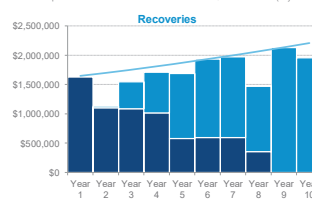
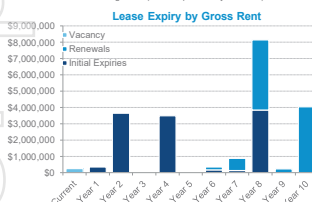
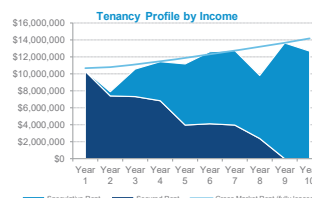
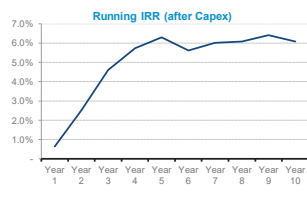
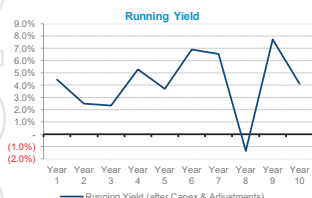
Capital Expenditure										
Budgeted Capex	2,084,850	318,996	-	-	-	-	-	-	-	-
Sinking Fund	-	20,244	125,870	130,644	135,670	140,894	146,243	151,961	157,924	164,006
Refurbishment on Expiry	15,542	1,109,685	-	1,026,546	-	15,854	87,967	1,510,008	20,186	746,601
Capital Expenditure	2,100,392	1,446,925	125,870	1,157,189	135,670	156,748	214,210	1,661,969	178,110	910,607
Net Income after Capital Expenditure	6,045,805	3,392,011	3,195,015	7,197,220	5,045,625	9,377,363	8,903,796	(1,838,009)	10,510,704	5,598,011

Terminal Valuation (Start Year 11)										
Gross Market Income	-	-	-	-	-	-	-	-	-	14,717,338
Less Adopted Outgoings	-	-	-	-	-	-	-	-	-	(2,267,971)
Net Market Income	-	-	-	-	-	-	-	-	-	12,449,367
Less Vacancy Factor	-	-	-	-	-	-	-	-	-	-
Net Income	-	-	-	-	-	-	-	-	-	12,449,367

Discount Rate	6.25%
Terminal Capitalisation Rate	6.00%
PV of net income for remaining leasehold term of 56.7 years	199,886,018
Capital Value Adjustments	(16,444,992)
Capitalised Value	183,441,026
Disposal Costs @ 0.65%	(1,192,367)
Net Sale Proceeds	182,248,659

Sum of Discounted Cash Flows	42,494,844
Present Value of Terminal Value	99,397,384
NPV (before acquisition costs)	141,892,228
Less Acquisition Costs @ 5.79%	(7,851,710)
NPV (after acquisition costs)	134,040,518
Rounded NPV	134,000,000

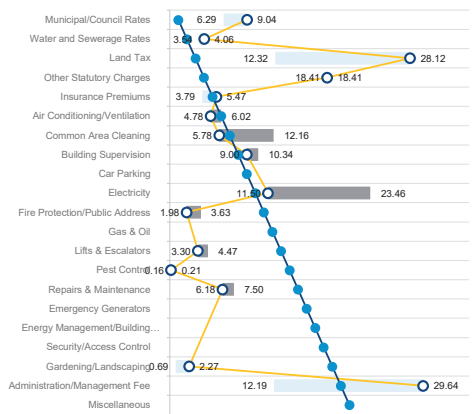
Running Yield *	10 yr avg 4.22%	4.45%	2.49%	2.35%	5.29%	3.71%	6.90%	6.55%	(1.35%)	7.73%
Running IRR		0.64%	2.53%	4.61%	5.74%	6.29%	5.62%	6.01%	6.08%	6.41%
* Running Yield is calculated using the Adopted Value as the denominator										



OUTGOINGS SCHEDULE						Metropolitan, Crows Nest / St Leonards / C			
Valuation Date: 31 August 2021						Lower	Benchmark	Upper	
	Budget Year Ending 30-Jun-22	Adopted (Budgeted) Year Ending 30-Jun-22	Variance between Bdgt - Adopted						
	\$ pa.	\$/m² pa.	\$ pa.	\$/m² pa.	\$ pa.	\$/m² pa.	\$/m² pa.	\$/m² pa.	
Municipal/Council Rates	106,081	9.04	106,081	9.04	-	4.97	6.29	7.93	
Water and Sewerage Rates	47,592	4.06	47,592	4.06	-	3.19	3.54	3.89	
Land Tax	330,000	28.12	330,000	28.12	-	10.47	12.32	14.18	
Other Statutory Charges	216,000	18.41	216,000	18.41	-	n.a.	n.a.	n.a.	
Total Statutory Charges	699,673	59.62	699,673	59.62	-	19.24	26.89	34.54	
OPERATING EXPENSES									
Insurance Premiums	64,163	5.47	64,163	5.47	-	2.80	3.79	4.78	
Air Conditioning/Ventilation	56,100	4.78	56,100	4.78	-	4.43	6.02	7.05	
Common Area Cleaning	67,880	5.78	67,880	5.78	-	10.17	12.16	14.14	
Building Supervision	105,613	9.00	105,613	9.00	-	7.09	10.34	12.03	
Car Parking	-	-	-	-	-	n.a.	n.a.	n.a.	
Electricity	135,000	11.50	135,000	11.50	-	20.18	23.46	25.23	
Fire Protection/Public Address	23,200	1.98	23,200	1.98	-	2.27	3.63	4.36	
Gas & Oil	-	-	-	-	-	1.65	1.95	2.50	
Lifts & Escalators	38,748	3.30	38,748	3.30	-	3.91	4.47	5.00	
Pest Control	1,872	0.16	1,872	0.16	-	0.17	0.21	0.26	
Repairs & Maintenance	72,500	6.18	72,500	6.18	-	5.95	7.50	9.29	
Emergency Generators	-	-	-	-	-	n.a.	n.a.	n.a.	
Energy Management/Building Automation Systems	-	-	-	-	-	0.96	1.17	1.47	
Security/Access Control	-	-	-	-	-	1.66	2.78	3.90	
Gardening/Landscaping	26,670	2.27	26,670	2.27	-	0.58	0.69	0.83	
Administration/Management Fee	347,840	29.64	347,840	29.64	-	9.44	12.19	13.61	
Miscellaneous	-	-	-	-	-	0.94	1.49	2.83	
Total Operating Expenses	940,086	80.11	940,086	80.11	-	77.65	93.37	105.69	
Total Recoverable Outgoings	1,639,759	139.74	1,639,759	139.74	-	105.28	118.30	131.32	
NON-RECOVERABLES									
Ground Rent	-	-	-	-	-				
Body Corporate Sinking Fund (SPARE6)	-	-	-	-	-				
(SPARE7)	-	-	-	-	-				
(SPARE8)	-	-	-	-	-				
Total Non-Recoverable Expenses	-	-	-	-	-				
Total Outgoings	1,639,759	139.74	1,639,759	139.74	-				

Note: Italicised red text highlight outgoings where the adopted amount differs from the budgeted amount

Outgoings Comparison Adopted Outgoings vs PCA Median Benchmark - \$/m²



* Data sourced from the Property Council of Australia



Outstanding Incentives
203 Pacific Hwy, St Leonards NSW 2065

VALUATION DATE: 31 AUGUST 2021		LUMP SUM PAYMENT				REBATES				RENT FREE				OUTSTANDING INCENTIVES	
Level/Suite	Tenant	Amount \$	Payment Date	Present Value	Total	Amount \$/month	Months Remaining	Present Value	Total	Amount \$/month	Months Remaining	Present Value	Total	Present Value	Total
Level 10	Cardno (NSW/ACT) Pty Ltd	-	-	-	-	10,182	91.0	756,904	926,543	-	-	-	-	756,904	926,543
Level 9	Cardno (NSW/ACT) Pty Ltd	-	-	-	-	10,163	91.0	755,530	924,861	-	-	-	-	755,530	924,861
Level 8	Cardno (NSW/ACT) Pty Ltd	-	-	-	-	14,968	91.0	1,112,691	1,362,069	-	-	-	-	1,112,691	1,362,069
Level 7 Suite 7.01	Cardno (NSW/ACT) Pty Ltd	-	-	-	-	7,839	91.0	582,720	713,321	-	-	-	-	582,720	713,321
Level 3	Verizon Australia Pty Ltd	-	-	-	-	5,666	46.0	359,180	398,049	-	-	-	-	359,180	398,049
Level 2	Verizon Australia Pty Ltd	-	-	-	-	8,273	46.0	342,881	379,986	-	-	-	-	342,881	379,986
Level 1	Verizon Australia Pty Ltd	-	-	-	-	8,287	46.0	343,474	380,643	-	-	-	-	343,474	380,643
Shop 2	Chaleece Pty Ltd	-	-	-	-	267	40.0	9,770	10,683	-	-	-	-	9,770	10,683
Shop 3	CW Leasing Service	-	-	-	-	600	8.0	4,723	4,800	-	-	-	-	4,723	4,800
TOTAL								4,267,873	5,100,955					4,267,873	5,100,955
IFRS Requirement Summary															
Total Lease Incentive		4,267,873													



Appendix B Current Title Particulars

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NSW LRS - Title Search

NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 2/879307

SEARCH DATE	TIME	EDITION NO	DATE
2/9/2021	11:32 AM	13	3/10/2014

LAND

LOT 2 IN DEPOSITED PLAN 879307
AT ST LEONARDS
LOCAL GOVERNMENT AREA WILLOUGHBY
PARISH OF WILLOUGHBY COUNTY OF CUMBERLAND
TITLE DIAGRAM DP879307

FIRST SCHEDULE

RAIL CORPORATION NEW SOUTH WALES (AP AB387316)

SECOND SCHEDULE (49 NOTIFICATIONS)

- 1 THE LAND ABOVE DESCRIBED IS LIMITED IN STRATUM IN THE MANNER DESCRIBED IN THE TITLE DIAGRAM
- 2 DP269140 EASEMENT FOR ACCESS VARIABLE WIDTH (A) APPURTENANT TO THE LAND ABOVE DESCRIBED
- 3 DP269140 EASEMENT TO USE LIFT 2.7 WIDE (L) APPURTENANT TO THE LAND ABOVE DESCRIBED
- 4 DP269140 EASEMENT FOR ACCESS VARIABLE WIDTH (B) APPURTENANT TO THE LAND ABOVE DESCRIBED
- 5 DP269140 EASEMENT FOR ACCESS VARIABLE WIDTH (C) AFFECTING THE PART SHOWN SO BURDENED IN DP269140
- 6 DP269140 POSITIVE COVENANT AFFECTING THE PART SHOWN BURDENED DESIGNATED (C) IN THE TITLE DIAGRAM
- 7 DP269140 EASEMENT TO USE LIFT VARIABLE WIDTH (G) APPURTENANT TO THE LAND ABOVE DESCRIBED
- 8 DP269140 EASEMENT FOR ACCESS VARIABLE WIDTH (F) AFFECTING THE PART SHOWN SO BURDENED IN DP269140
- 9 DP269140 POSITIVE COVENANT AFFECTING THE PART SHOWN SO BURDENED DESIGNATED (F) IN THE TITLE DIAGRAM
- 10 DP269140 EASEMENT FOR ACCESS VARIABLE WIDTH (P) AFFECTING THE PART SHOWN SO BURDENED IN DP269140
- 11 DP269140 EASEMENT FOR ACCESS VARIABLE WIDTH (H) APPURTENANT TO THE LAND ABOVE DESCRIBED
- 12 DP269140 RESTRICTION(S) ON THE USE OF LAND
- 13 DP269140 EASEMENT FOR SUPPORT 44 WIDE (K) AFFECTING THE PART SHOWN SO BURDENED IN DP269140
- 14 DP269140 EASEMENT FOR SUPPORT 44 WIDE (K) APPURTENANT TO THE LAND ABOVE DESCRIBED
- 15 DP269140 EASEMENT FOR SERVICES 44 WIDE (M) AFFECTING THE PART SHOWN SO BURDENED IN DP269140

END OF PAGE 1 - CONTINUED OVER

PRINTED ON 2/9/2021

SECOND SCHEDULE (49 NOTIFICATIONS) (CONTINUED)

16 DP269140 EASEMENT FOR SUPPORT OF SRA OVERHEAD STRUCTURES
VARIABLE WIDTH (N) AFFECTING THE PART SHOWN SO
BURDENED IN DP269140

17 DP269140 EASEMENT TO USE LIFT VARIABLE WIDTH (U) APPURTENANT
TO THE LAND ABOVE DESCRIBED

18 DP269140 EASEMENT FOR ACCESS 3.3 WIDE AND VARIABLE WIDTH (V)
APPURTENANT TO THE LAND ABOVE DESCRIBED

19 DP269140 EASEMENT FOR ACCESS 3.3 WIDE AND VARIABLE WIDTH (W)
APPURTENANT TO THE LAND ABOVE DESCRIBED

20 DP269140 POSITIVE COVENANT AFFECTING THE PART SHOWN SO
BURDENED DESIGNATED (W) IN THE TITLE DIAGRAM

21 DP269140 EASEMENT FOR ACCESS VARIABLE WIDTH (X) APPURTENANT
TO THE LAND ABOVE DESCRIBED

22 DP1006213 EASEMENT FOR ACCESS 3.2 WIDE (D2) APPURTENANT TO THE
LAND ABOVE DESCRIBED

23 DP1006213 EASEMENT FOR ACCESS VARIABLE WIDTH (D3) APPURTENANT
TO THE LAND ABOVE DESCRIBED

24 DP1006213 RESTRICTION(S) ON THE USE OF LAND REFERRED TO AND
NUMBERED 16 IN THE S.88B INSTRUMENT

25 DP1006213 RESTRICTION(S) ON THE USE OF LAND REFERRED TO AND
NUMBERED 17 IN THE S.88B INSTRUMENT

26 6680910 LEASE TO WINTEN DEVELOPMENTS PTY LIMITED EXPIRES:
30/5/2088.

7364229 TRANSFER OF LEASE 6680910 LESSEE NOW CHALLENGER
PROPERTY NOMINEES PTY LIMITED

7411812 VARIATION OF LEASE 6680910

AC690707 TRANSFER OF LEASE 6680910 LESSEE NOW CHALLENGER
PROPERTY NOMINEES PTY LIMITED IN 2/5 SHARE AND
CHALLENGER LISTED INVESTMENTS LIMITED IN 3/5 SHARE

AF932053 CHANGE OF NAME AFFECTING LEASE 6680910 LESSEE
NOW CHALLENGER LIFE NOMINEES PTY LIMITED &
CHALLENGER LISTED INVESTMENTS LIMITED

AG616724 LEASE OF LEASE 6680910 TO VIACHEM PTY LIMITED OF
SHOP 3P3, THE FORUM, 201-203 PACIFIC HIGHWAY, ST
LEONARDS. EXPIRES: 30/4/2019.

AG856604 MORTGAGE OF LEASE AG616724 TO BENDIGO AND
ADELAIDE BANK LIMITED

AH192403 LEASE OF LEASE 6680910 TO FLIGHT CENTRE LIMITED
OF SHOP 3P1, THE FORUM, 203 PACIFIC HIGHWAY, ST
LEONARDS. EXPIRES: 14/8/2016.

AH520780 LEASE OF LEASE 6680910 TO CHALEECE PTY LIMITED
OF SHOP 3P2, THE FORUM, 203 PACIFIC HWY, ST
LEONARDS. EXPIRES: 31/7/2017.

AH897962 LEASE OF LEASE 6680910 TO CARDNO (NSW/ACT) PTY
LIMITED OF SUITE 1, LEVEL 7 & LEVELS 8-10
(INCLUSIVE) 203 PACIFIC HIGHWAY ST LEONARDS.

END OF PAGE 2 - CONTINUED OVER

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FOLIO: 2/879307

PAGE 3

SECOND SCHEDULE (49 NOTIFICATIONS) (CONTINUED)

AI931405 EXPIRES: 31/3/2019. OPTION OF RENEWAL: 5 YEARS.
 LEASE OF LEASE 6680910 TO HAN'S INTERNATIONAL
 TRADING PTY LTD OF SHOP 3P5 THE FORUM, 203 PACIFIC
 HIGHWAY, ST LEONARDS. EXPIRES: 30/4/2019.
 AI932225 LEASE OF LEASE 6680910 TO MAYPOINT PTY LIMITED
 OF SHOP 3P7 THE FORUM, 203 PACIFIC HIGHWAY, ST
 LEONARDS. EXPIRES: 30/6/2019.
 * AJ80534 LEASE OF LEASE 6680910 TO LUCIANO ANTONIO
 PAPALARDO OF SHOP 3P6 THE FORUM, 203 PACIFIC
 HIGHWAY, ST LEONARDS. EXPIRES: 30/6/2021.
 * AJ218030 LEASE OF LEASE 6680910 TO VERIZON AUSTRALIA PTY
 LIMITED OF LEVELS 1-3 (INCLUSIVE) OF THE BUILDING
 KNOWN AS 203 PACIFIC HIGHWAY, ST LEONARDS..
 EXPIRES: 28/6/2020. OPTION OF RENEWAL: 5 YEARS.
 * AJ705692 TRANSFER OF LEASE AI931405 LESSEE NOW FAFafa PTY
 LTD
 * AJ844717 LEASE OF LEASE 6680910 TO COED PIES PTY LTD OF
 SHOP 3P4, BUILDING 3, THE FORUM, 203 PACIFIC
 HIGHWAY, ST LEONARDS. EXPIRES: 1/6/2022.
 * AK146901 CHANGE OF NAME AFFECTING LEASE 6680910 LESSEE
 NOW CHALLENGER LIFE CDI NOMINEES PTY LTD
 * AK146903 VARIATION OF LEASE AH897962
 * AK146904 TRANSFER OF LEASE 6680910 LESSEE NOW THE TRUST
 COMPANY (AUSTRALIA) LIMITED & AUSTRALIAN EXECUTOR
 TRUSTEES LIMITED
 * AK923116 MORTGAGE OF LEASE 6680910 TO NATIONAL AUSTRALIA
 BANK LIMITED
 * AP927110 LEASE OF LEASE 6680910 TO IDAMENEO (NO.789)
 LIMITED OF LEVELS 4, 5 & 6 AND SUITE 7.02, 203
 PACIFIC HIGHWAY, ST LEONARDS. EXPIRES: 30/9/2022.
 OPTION OF RENEWAL: 5 YEARS.
 27 7120125 POSITIVE COVENANT
 28 DP1018607 EASEMENT FOR FAN ROOM (BA) AFFECTING THE PART(S)
 SHOWN SO BURDENED IN DP1018607
 29 DP1018607 EASEMENT FOR FAN ROOM (BAA) AFFECTING THE PART(S)
 SHOWN SO BURDENED IN DP1018607
 30 DP1018607 EASEMENT FOR EMERGENCY EGRESS (BB) AFFECTING THE
 PART(S) SHOWN SO BURDENED IN DP1018607
 31 DP1018607 EASEMENT FOR EMERGENCY EGRESS (BBA) AFFECTING THE
 PART(S) SHOWN SO BURDENED IN DP1018607
 32 DP1018607 EASEMENT FOR STAIR PRESSURISATION DUCTS AND AIR
 INTAKES (BC) AFFECTING THE PART(S) SHOWN SO BURDENED
 IN DP1018607
 33 DP1018607 EASEMENT FOR STAIR PRESSURISATION DUCTS AND AIR
 INTAKES (BCA) AFFECTING THE PART(S) SHOWN SO BURDENED
 IN DP1018607

END OF PAGE 3 - CONTINUED OVER

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FOLIO: 2/879307

PAGE 4

SECOND SCHEDULE (49 NOTIFICATIONS) (CONTINUED)

34 DP1018607 EASEMENT FOR GREASE ARRESTOR (BG) APPURTENANT TO THE
LAND ABOVE DESCRIBED

35 DP1018607 EASEMENT FOR WATER PIPES VARIABLE WIDTH (BH)
APPURTENANT TO THE LAND ABOVE DESCRIBED

36 DP1018607 EASEMENT FOR REFLECTION POOL (BI) AFFECTING THE
PART(S) SHOWN SO BURDENED IN DP1018607

37 DP1018607 EASEMENT FOR EMERGENCY EGRESS (BK) AFFECTING THE
PART(S) SHOWN SO BURDENED IN DP1018607

38 DP1018607 EASEMENT FOR EMERGENCY EGRESS (BKA) AFFECTING THE
PART(S) SHOWN SO BURDENED IN DP1018607

39 DP1018607 EASEMENT FOR PASSIVE RECREATION (BQ) APPURTENANT TO
THE LAND ABOVE DESCRIBED

40 DP1018607 EASEMENT FOR RESTRICTED RECREATION (BR) APPURTENANT
TO THE LAND ABOVE DESCRIBED

41 DP1017606 EASEMENT FOR PARKING (R3) APPURTENANT TO THE LAND
ABOVE DESCRIBED

42 DP1017606 RIGHT OF FOOTWAY (A1) APPURTENANT TO THE LAND ABOVE
DESCRIBED

43 DP1017606 EASEMENT FOR SUPPORT APPURTENANT TO THE LAND ABOVE
DESCRIBED

44 DP1017606 EASEMENT FOR OVERHANG APPURTENANT TO THE LAND ABOVE
DESCRIBED

45 DP1017606 EASEMENT TO USE LIFT (L1) APPURTENANT TO THE LAND
ABOVE DESCRIBED

46 DP1017606 EASEMENT FOR SERVICES APPURTENANT TO THE LAND ABOVE
DESCRIBED

47 DP1048033 EASEMENT FOR OVERHANG VARIABLE WIDTH AFFECTING THE
PART(S) SHOWN SO BURDENED IN DP1048033

48 9059834 EASEMENT FOR ACCESS AFFECTING THE SITE SHOWN AS
"EASEMENT FOR ACCESS VARIABLE WIDTH (C)" IN DP269140

49 9059834 EASEMENT FOR ACCESS AFFECTING THE SITE SHOWN AS
"EASEMENT FOR ACCESS VARIABLE WIDTH (F)" IN DP269140

NOTATIONS

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

PRINTED ON 2/9/2021

* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register.

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Dye & Durham Property Pty Ltd an approved NSW Information Broker hereby certifies that the information contained in this document has been provided electronically by the Registrar General in accordance with section 96B(2) of the Real Property Act 1900.




Appendix C Deposited Plan

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SURVEY PRACTICE REGULATION 1996: CLAUSE 32(2)					
R.L.	MARK	I.S.G. CO-ORDINATES		ACC.	
		EASTING	NORTHING	ZONE	H V
76.645	S.S.M.38988	317 827.689	1255 951.650	56/1	2
76.811	S.S.M.38990	317 729.425	1256 493.872	56/1	2
79.811	S.S.M.39006	317 778.142	1256 192.247	56/1	2
SOURCE: I.S.G. CO-ORDINATES ADOPTED FROM N.S.W. DEPT OF CALM AT 11/11/97					
COMBINED SCALE FACTOR 0.9994					

SHORT LINES		
N°	BEARING	DISTANCE
1	208°45'20"	4.72
2	218°24'20"	12.28
3	315°26'50"	4.05
4	213°47'30"	6.9
5	246°53'50"	5.82
6	288°11'15"	6.22
7	209°33'30"	2.98
8	171°40'	3
9	258°17'40"	22.65
10	281°59'	17.575

Registered:  12-8-1998
CA N°4284 of 24-6-1998
Title System: TORRENS
Purpose: SUBDIVISION
Ref. Map: U0952-624, 642
Last Plan: D.P. 5776500, 864229

PLAN OF SUBDIVISION OF
LOT 1 D.P. 776500, LOTS 4 & 5
D.P. 864229.

Lengths are in metres Reduction Ratio 1:1500

LGA WILLOUGHBY

Suburb: Leppington, ST LEONARDS

Parish: WILLOUGHBY

County: CUMBERLAND

This is sheet 1 of any plan in 4 sheets
(Delete if inapplicable).

I, DENNY LINKER

of DENNY LINKER & CO., 630 SYDNEY

a surveyor registered under the Surveyors Act 1998, hereby

certify that the plan is a true and correct copy of the original

and was completed on: 12-12-97

The survey relates to LOTS 1-7 INCLUSIVE

The survey is not to be used for any other purpose

than that for which it was made

(Signature) X, Y, Z

Surveyor's Seal: 1298

Plans used in preparation of survey: completion

D.P. 5 223856, 776500, 811372, 864229

PANEL FOR USE ONLY for statements of intention

to dedicate public roads, to create public reserves,

drainage reserves, easements, restrictions on the

use of land or positive covenants.

IT IS INTENDED TO DEDICATE THE

AREA MARKER ROAD (ON SHEET 3)

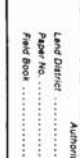

TO THE PUBLIC AS ROAD.

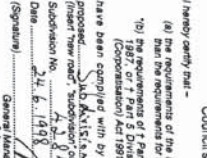
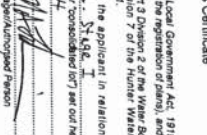
SIGNATURE AND SEALS ONLY.

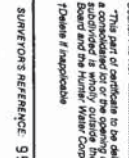
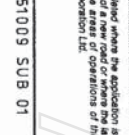
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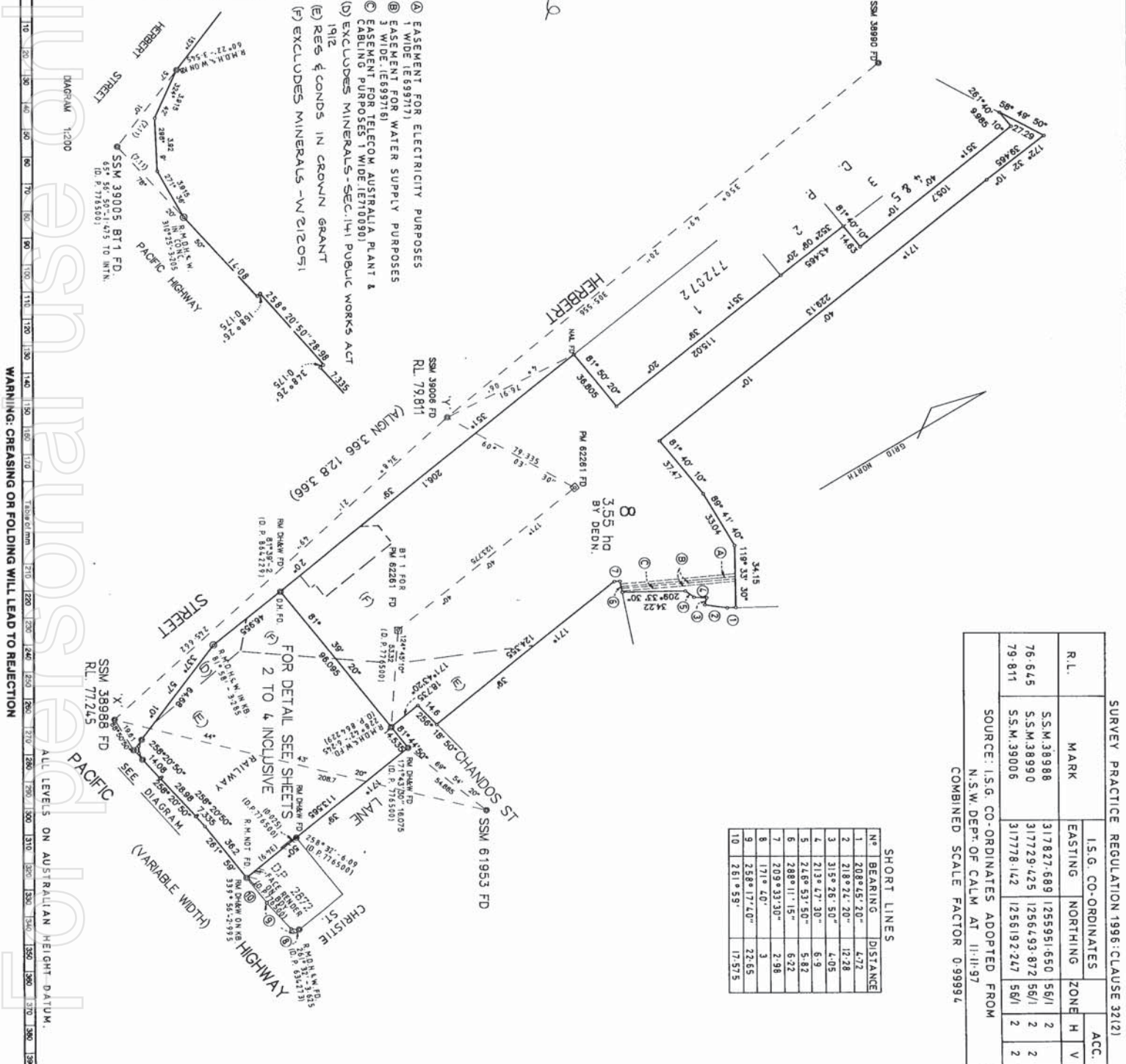
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PLAN APPROVED

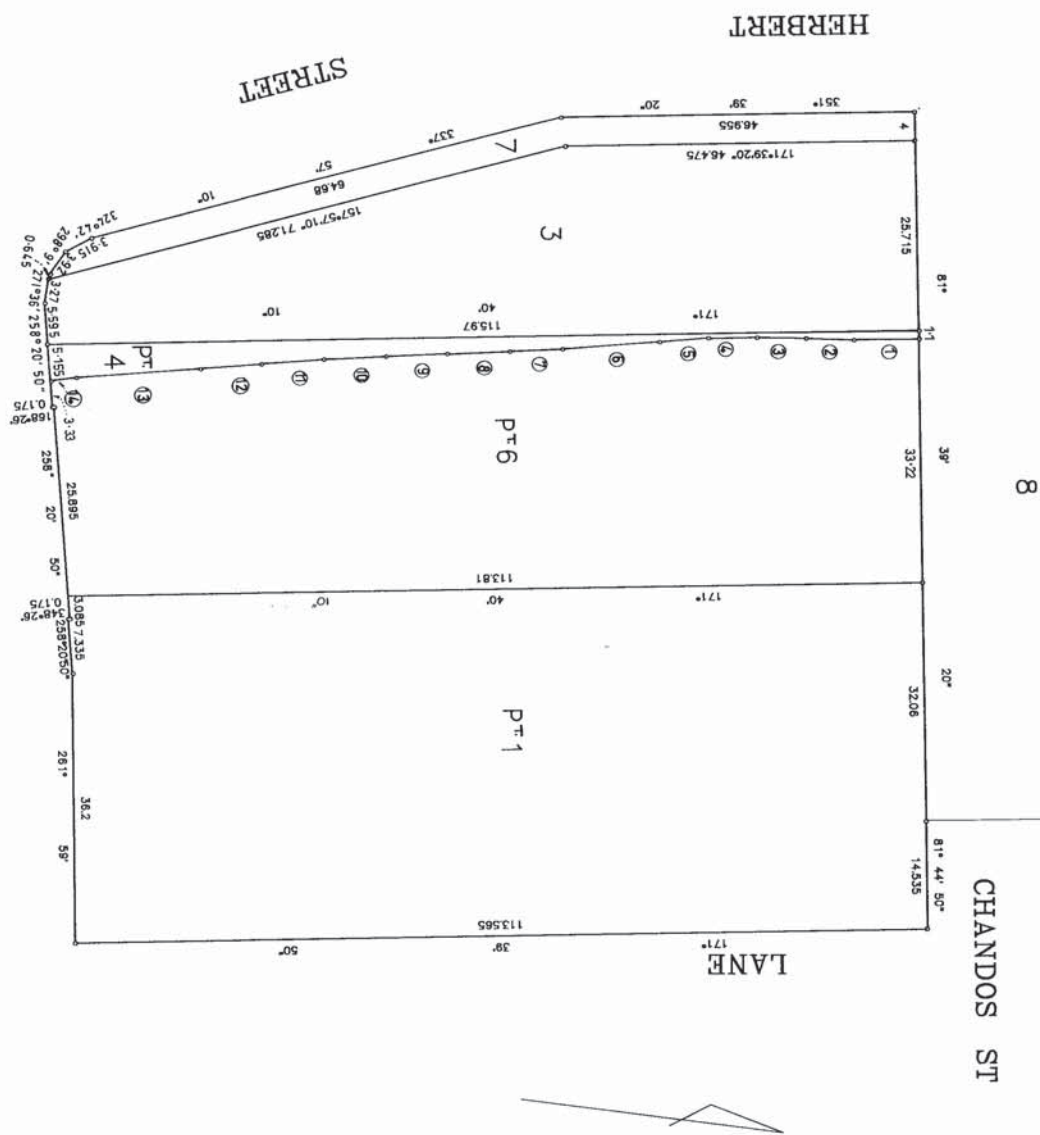


WARNING: CHEATING OR FOLDING WILL LEAD TO REJECTION

DP 879387

THIS SHEET REPRESENTS LOTS 1,4 AND 6 BELOW THE LEVEL PLANE AT RL 72.6

LOTS 3 AND 7 ARE UNLIMITED IN HEIGHT AND DEPTH



AREAS

LOT 1 - 5290 m ²
LOT 2 - 1884 m ² (LEASEHOLD)
LOT 3 - 2393 m ²
LOT 4 - 2675 m ² (LEASEHOLD)
LOT 5 - 2806 m ² (LEASEHOLD)
LOT 6 - 4345 m ²
LOT 7 - 4638 m ²

SHORT LINE TABLE FOR SHEETS 2 & 3

NO.	BEARING	DISTANCE
1	171° 42' 50"	8.655
2	174° 01' 50"	6.455
3	173° 08'	6.455
4	171° 34' 30"	6.45
5	168° 13' 30"	6.465
6	168° 23'	12.92
7	169° 22' 30"	7.055
8	170° 15'	8.25
9	168° 41' 30"	8.255
10	169° 28' 30"	8.255
11	168° 38' 30"	8.26
12	168° 20' 30"	8.265
13	168° 06' 30"	16.53
14	166° 28'	3.53
15	172° 34'	10.06
16	173° 12' 30"	10.005
17	173° 53'	10.005
18	174° 26' 30"	10.005
19	175° 01' 30"	15.005
20	175° 23'	20
21	175° 27'	32.645
22	182° 06' 30"	6.28
23	258° 20' 50"	1.3
24	258° 20' 50"	1.78

DP 879387

Registered: 2012-0-1998

This is sheet 2 of my plan in 4 sheets dated 12/12/97

Surveyor registered under Surveyors Act 1925

This is sheet 2 of my plan in 4 sheets dated 12/12/97

General Manager/Authorized Person

For use where state is insufficient in any case on Plan

Reduction Ratio: 500

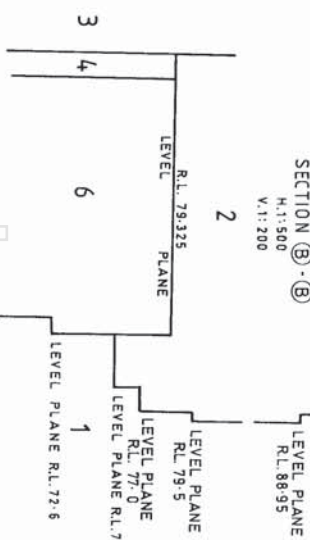
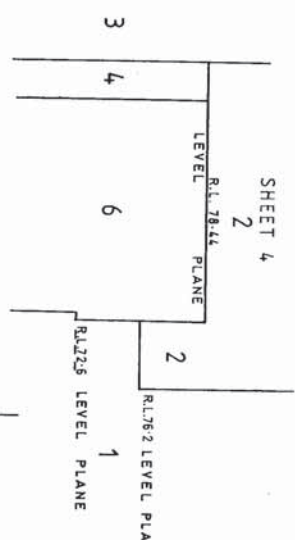
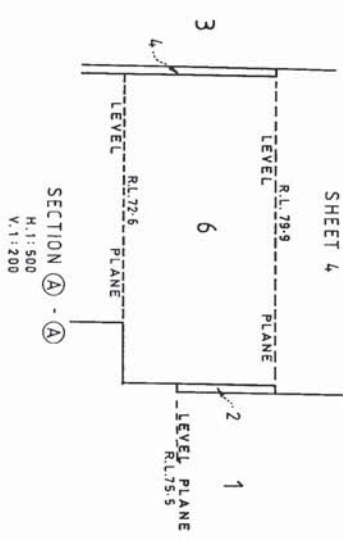
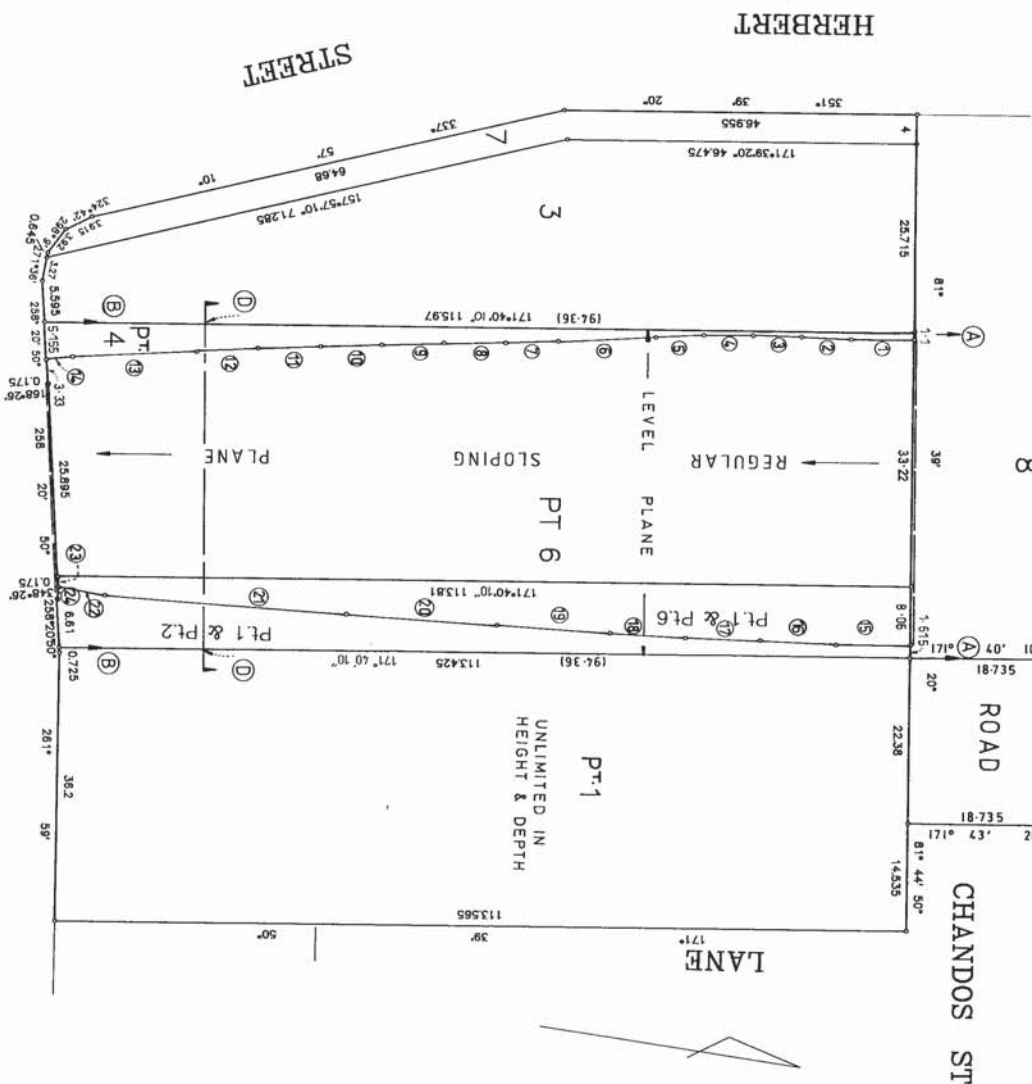
Plan Drawing only to appear in this space

SURVEYORS REFERENCE: 951009 SUB 01

LOTS 3 & 7 ARE UNLIMITED IN HEIGHT AND DEPTH

THIS SHEET REPRESENTS LOTS 1, 2, 4 AND 6 BETWEEN THE LEVEL PLANE
AT RL 72.6 AND THE REGULAR SLOPING PLANE BETWEEN SECTION (A)-(A) AND SECTION (B)-(B)

THE AREA MARKED ROAD IS AN EXTENSION OF CHANDOS ST.
AND IS LIMITED IN DEPTH TO A LEVEL PLANE AT R.L. 72.2
AND IS UNLIMITED IN HEIGHT (THE LAND BELOW R.L. 72.2 IS
PART LOT 8.)



DP 879387
Registered: 12-08-1998
This is sheet 3 of my plan in 4 sheets
dated 12-12-97
Surveyor registered under Surveyors Act 1929
This is sheet 3 of the plan of 4.584
or 24.6.1998
shades covered by my Certificate No.

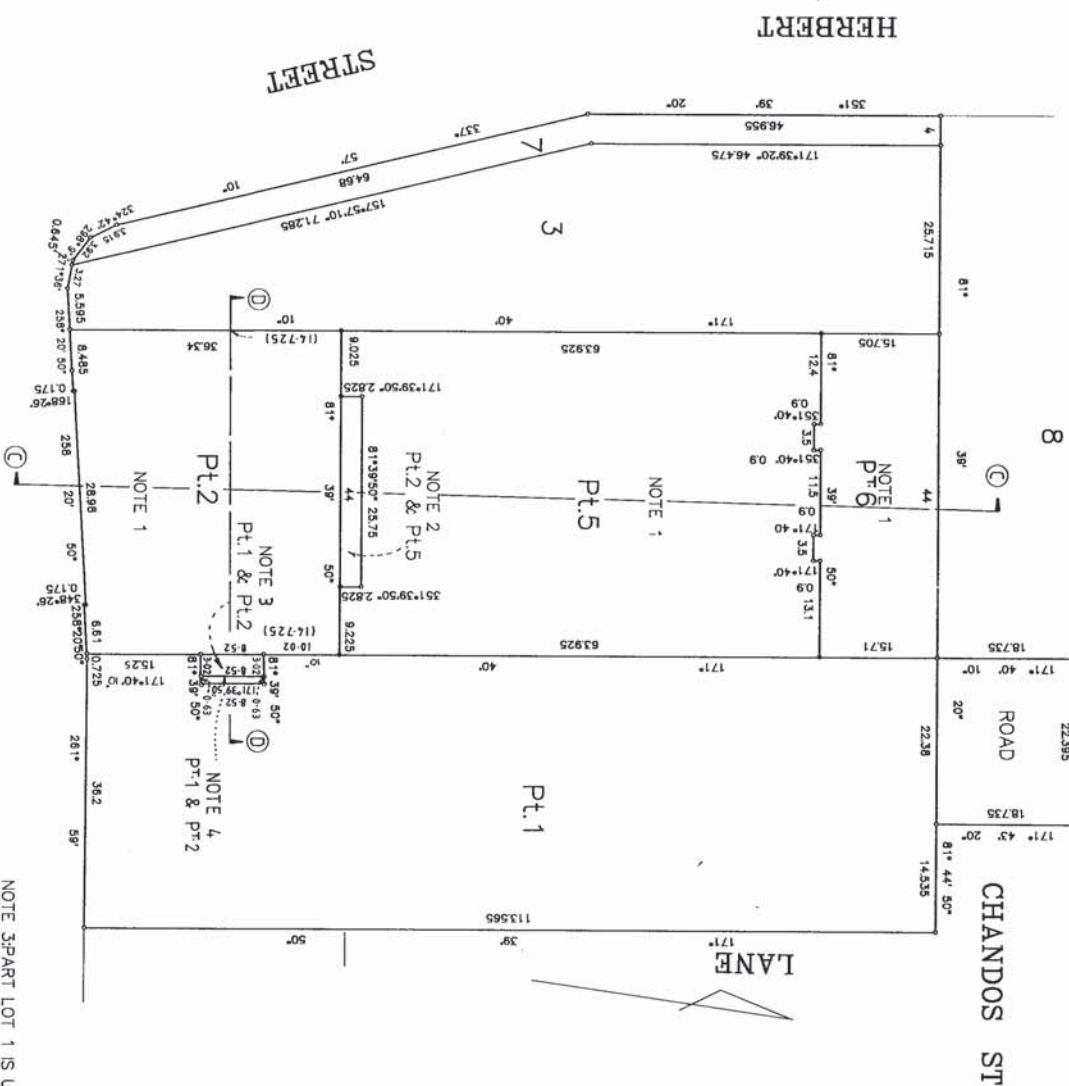
General Manager/Authorised Person
For use where space is insufficient in any case on Plan Form 2

Reduction Ratio 1:500
SURVEYOR'S REFERENCE: 951009 SUB 01

PACIFIC
HIGHWAY
SECTION (C)-(C)

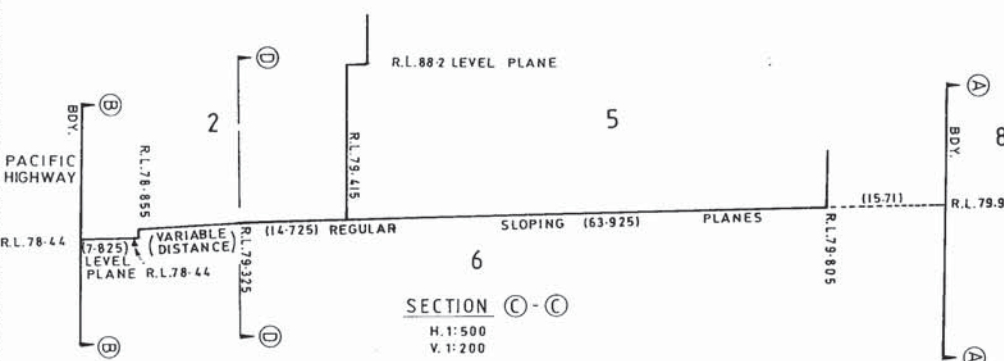
NOTE 1: LOTS 2, 5 AND 6 ARE UNLIMITED IN HEIGHT AND ARE LIMITED IN DEPTH BY THE REGULAR SLOPING PLANE AS SHOWN IN SECTION C - C
NOTE 2: PART LOT 2 IS UNLIMITED IN HEIGHT BUT LIMITED IN DEPTH BY THE LEVEL PLANE RL 88.2
PART LOT 5 IS LIMITED IN HEIGHT BY THE LEVEL PLANE RL 88.2 AND IS LIMITED IN DEPTH BY THE REGULAR SLOPING PLANE AS SHOWN IN SECTION C - C

LOTS 3 AND 7 ARE UNLIMITED IN HEIGHT AND DEPTH



NOTE 3: PART LOT 1 IS UNLIMITED IN DEPTH BUT LIMITED IN HEIGHT BY THE LEVEL PLANE RL 77.0
PART LOT 2 IS UNLIMITED IN HEIGHT BUT LIMITED IN DEPTH BY THE LEVEL PLANE RL 77.0
NOTE 4: PART LOT 2 IS LIMITED TO THE STRATUM BETWEEN THE LEVEL PLANES
RL 79.5 & RL 88.95. PART LOT 1 IS ALL THE LAND ABOVE & BELOW
THIS STRATUM

SECTION C - C
H. 1:500
V. 1:200



DP 879307

Registered: 200 12-8-1998

This is a plan of a lot of land
dated 12.12.97

Surveyor registered under the Survey Act 1989

This is a plan of a lot of land
dated 12.12.97
or 24.6.1998

General Manager/Authorized Person

For use where space is insufficient in any plan on Plan Form 2

Reduction Ratio 1:500

SURVEYOR'S REFERENCE: 951009 SUB 01



Appendix D Letter of Instruction

For personal use only

27 August 2021

Joe Bolster
National Director, Metropolitan Office
Colliers – Valuation & Advisory Services
Level 42, Northpoint Tower
100 Miller Street
North Sydney NSW 2060

Dear Joe,

**Re: Valuation as at 31 August 2021
50% interest in 203 Pacific Highway, St Leonards, NSW (the Property)**

We confirm our instructions for you to prepare a market valuation of a 50% interest of the Property as at 31 August 2021 on behalf of the following parties:

- Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria 203 Pacific Highway Fund (**The 203 Fund**);
- Centuria Property Funds Limited in its capacity as the Responsible Entity of the Centuria Office REIT (**COF**);
- The below financiers; and
- BDO Corporate Finance (East Coast) Pty Ltd.

The current market valuation of the property will be used by (and should be addressed to):

1. The 203 Fund for the purpose of a sale of the Property.
2. COF for the purposes of an acquisition of the Property.
3. National Australia Bank Limited in its capacity as security trustee for the Centuria Office REIT Security Trust and its relevant financiers (listed below) for first mortgage security purposes.
 - Westpac Banking Corporation
 - Commonwealth Bank of Australia
 - Credit Agricole CIB Australia Limited
 - Australia New Zealand Banking Group Limited
 - National Australia Bank Limited
4. BDO Corporate Finance (East Coast) Pty Ltd for inclusion in an expert report.

Centuria Property Funds Limited may be required to publish or announce details of the valuation to the wider market. This will include, but is not limited to, notices of meeting and explanatory memoranda in relation to unitholder meetings for The 203 Fund and COF. You may also be required to provide an extract summary of the valuation report to be published in the unitholder notices of meeting. The valuer agrees to such publications or announcements in accepting this valuation

instruction on the basis that the consent extends reliance to the parties referred to above but does not extend use of the report for any other purpose than that outlined herein.

The valuation is to be undertaken in accordance with the following agreed timetable:

1. Draft calculations to be provided to Centuria by no later than **27 August 2021**.
2. Draft valuation report to be provided to Centuria by **1 September 2021**.
3. Final valuation report to be provided to Centuria by no later than **3 September 2021**.

The valuation report should be prepared in accordance with the Australian Property Institute Practice Standards and Guidance Notes and in accordance with Australian Accounting Standards Board accounting standards. The definition of market value should be as defined by the International Valuation Standards Council which is endorsed by the Australian Property Institute and currently embodied in the Corporations Law. The valuation report should also be prepared in accordance with ASIC Regulatory Guide 112. In addition, the valuation report is to include Centuria Property Fund Limited's valuation Executive Summary contained in Schedule 1 of this letter.

To the extent that you are unable to inspect the property due to the impact of the COVID-19 outbreak, you are permitted to continue to conduct the valuation in accordance with the API's valuation protocol – guidelines for API declared time of crisis and/or state of emergency impacting physical inspections of real property dated 29 March 2020.

We confirm that neither Joe Bolster or Colliers has any pecuniary interest that would create any conflict with the proper valuation of the property and this position will be maintained until the valuation is completed.

We confirm your fee quote of **\$12,500 plus GST** to undertake the work.

An information pack containing the following will be provided:

1. Tenancy Schedule
2. Leases, Licenses and Heads of Agreements
3. Outgoings Budget
4. Capital Expenditure Budget
5. Building Surveys
6. Schedule of outstanding incentives
7. Point of contact for inspection

As an additional request, Centuria Property Funds Limited will also require the report to include the market value of the 50% partial ownership interest.

Any additional information must be requested by contacting the undersigned directly.

Yours sincerely



Anna Kovarik
Group Chief Risk Officer & Company Secretary

SCHEDULE 1

CENTURIA PROPERTY FUNDS LIMITED

EXECUTIVE SUMMARY

Date of Valuation	
Adopted Valuation Figure	
Adopted Valuation Figure (psm)	
Value based on Capitalisation Method	
Value based on DCF Method	
Notional Breakup - land & improvements (absolute and psm)	
Passing Initial Yield	
Initial Yield (fully leased)	
Equated Market Yield	
Core Capitalisation Rate (on market rental)	
Discount Rate/Targeted IRR	
Internal Rate of Return (10 years)	
Terminal Capitalisation Rate (10 years)	
Net Passing Income (pa & psm)	
Adopted Outgoings (pa & psm)	
Gross Passing Income (pa % psm)	
Net Market Income (pa & psm)	
Gross Market Income (pa & psm)	
Letting Up Allowance (# months)	
Incentive Allowance (# months & %)	
Renewal Probability (%)	
Average Annual Market Rental Growth (pa)	
Average Contract Rental Growth (pa)	
Capital Expenditure (\$ and % of value)	
Occupancy Level	
Weighted Average Lease Expiry (by income)	
Total Lettable Area (state net or gross)	
Site Area (sqm)	
Site Coverage (% of site area)	
FSR	
Office Ratio	
Car Parking (# of cars and ratio to NLA/GLA)	
NABERS Rating	



Appendix E CIVAS Standard Terms of Business

For personal use only

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

- (i) **'Confidential information'** means information that:
 - (a) Is by its nature confidential;
 - (b) Is designated by Us as confidential;
 - (c) You know or ought to know is confidential;
 - (d) and includes, without limitation:
 - (i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
 - (ii) The Quotation annexed hereto.
- (ii) **'Currency Date'** means, in relation to any valuation or advisory report, the date as at which our professional opinion is stated to be current.
- (iii) **'Fee'** means the amount agreed to be paid for the Services as set out in the Quotation.
- (iv) **'Party'** means You or Us and Parties means You and Us.
- (v) **'Quotation'** means the written quote provided by Us in relation to the Services.
- (vi) **'Services'** means the valuation or advisory services provided pursuant to these Terms & Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the services.
- (vii) **'Services Validity Period'** means the 90 day period following the Currency Date during which Our professional opinion is valid. After this period, Our professional opinion cannot be relied upon or referred to.
- (viii) **'We', 'Us', 'Our'** means the entity that You engage with to perform the Services as set out in the Quotation being either CIVAS (NSW) Pty Limited (ABN 32 168 282 728), CIVAS (VIC) Pty Limited (ABN 21168282620), CIVAS (ACT) Pty Limited (ABN 70168282451), CIVAS (SA) Pty Limited (ABN 87168282586) or CIVAS (QLD) Pty Limited (ABN 87168282522).
- (ix) **'You', 'Your'** means the entity engaging Us to perform the Services as set out in the Quotation.

2. PERFORMANCE OF SERVICES

- 2.1. We will provide the Services in accordance with:
 - (a) The Terms & Conditions contained herein; and
 - (b) The relevant provisions of the current Australian Property Institute (API) Valuation and Property Standards and/or the current Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards. If there is any inconsistency, they are to be read in the following order: letter of instruction, standing instructions, API Valuation and Property Standards, RICS Valuation – Global Standards.

3. CONDITION OF THE PROPERTY

- 3.1. In undertaking the Services We will have regard to the apparent state of repair, condition and environmental factors in relation to the property based upon a visual inspection, but We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
- 3.2. We will assume that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.3. We will not undertake a detailed inspection of any plant and equipment or obtain advice on its condition or suitability.
- 3.4. We recommend that You engage appropriately qualified persons to undertake investigations excluded from the Services.
- 3.5. No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

- 4.1. We will obtain only preliminary town planning information. It is Your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2. State or Federal Laws may require environmental audits to be undertaken before there is a change of land use. You will provide such audits to Us where they are required. We will not advise You whether such audits are required or obtain such audits. If You do not provide Us with such audits We will perform the Services on the assumption that such audits are not required.

5. BUILDING AREAS AND LETTABLE AREAS

- 5.1. Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.2. If You do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, Deposited Plans, and our own check measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.3. Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation or advisory advice back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

- 6.1. Unless otherwise notified by You, We will assume:
 - (a) there are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title; and
 - (b) all licences and permits can be renewed and We will not make any enquiries in this regard.
- 6.2. Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with the Services (including but not limited to surveys, quantity surveyor reports, environmental audits, structural / dilapidation reports), We will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of such information or reports.

7. VALUATION FOR FIRST MORTGAGE SECURITY

- 7.1. Where the Services are provided for mortgage purposes, You agree that You will not use the valuation where the property is used as security other than for first registered mortgage.
- 7.2. Where our services are prepared for first mortgage security purposes our report will be prepared for the Bank on behalf of the Applicant. Accordingly, our extension of reliance is to the Bank only. In no way is reliance extended to the Applicant for any purpose.

8. ASSIGNMENT OF VALUATION

- 8.1. We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
 - (a) the proposed assignee is not a major recognised lending institution (such as a major bank);
 - (b) the assignment is sought in excess of 90 days after the date of valuation;
 - (c) We consider that there has been a change in conditions which may have a material impact on the value of the property;
 - (d) the proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at clause 7.1); or
 - (e) Our Fee has not been paid in full.
- 8.2. Where We decline to provide an assignment on either of the bases at 8.1(b) or (c), We may be prepared to provide an updated valuation on terms to be agreed at that time.

- 8.3. In the event that You request us to assign Our valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms & Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.
- 8.4. Any potential reliance on our valuation by an Intending Mortgagee is conditional upon a formal re-assignment from Us and will be subject to all that is contained within 7.1, 7.2, 8.1, 8.2 and 8.3.
- 8.5. Client instructed valuations for first mortgage security purposes where reliance is extended to a specific Bank may contain particular assumptions which are commented upon throughout this report. We note that each Bank has their own standing instructions, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. Our valuation(s) will be prepared in accordance with the nominated Bank's standard instructions. However, we highlight that where we have not been instructed by the Bank to value the property, specific assumptions required by the Bank may not have been incorporated into this valuation. Should the Bank require the valuation to be undertaken using additional or separate assumptions to those adopted in the valuation, these assumptions should be communicated to the Valuer for comment and if appropriate revision of the valuation may be necessary, which may produce a different result to our opinion of value. We strongly recommend that the Bank issue the Valuer with specific instructions to value the property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.
- 8.6. Institutional valuations for financial reporting purposes where reliance is extended to specific Bank(s) for First Mortgage Security purposes will be subject to that within 8.5.

9. ESTIMATED SELLING PRICE AND ESTIMATED RENTAL RATES

- 9.1. Where You instruct Us to provide an estimated selling price or estimated rental rates, You agree that:
 - (a) The Services are limited to the provision of an opinion based upon Our knowledge of the market and informal enquiries.
 - (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search on Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
 - (c) We will provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 9.2. No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price or estimated rental rates.

10. CURRENCY OF VALUATION

- 10.1. Due to possible changes in market forces and circumstances in relation to the subject property the Services can only be regarded as relevant as at the Currency Date.
- 10.2. Where You rely upon Our valuation or advisory report after the Currency Date, You accept the risks associated with market movement between the Currency Date and the date of such reliance.
- 10.3. Without limiting the generality of 10.2, You cannot rely upon Our valuation or advisory report:
 - (a) after the expiry of the Services Validity Period;
 - (b) where circumstances have occurred during the Services Validity Period which has a material effect on the value of the property or the assumptions or methodology used in the valuation or advisory report.

11. MARKET PROJECTIONS

- 11.1. Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only, and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 11.2. Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 11.3. Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

12. INSURANCE REPLACEMENT COST ESTIMATE

- 12.1. Where our services include an Insurance Replacement Cost Estimate, we highlight that our advice in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate should be confirmed by a full valuation conducted in accordance with ANZVTIP4 Valuations for Insurance Purposes in the Australia and New Zealand Valuation and Property Standards or verified by a suitably qualified quantity surveyor and / or building expert. We accept no responsibility for reliance on this figure other than as an indicative estimate for internal purposes.

13. DEVELOPMENT VALUATIONS

- 13.1. Our services will be conducted on the basis that all building works will be completed in a workmanlike manner and in accordance with all authority regulations. Furthermore, our analysis will be prepared on the basis that the property is appropriately certified upon completion to allow registration of a Strata Plan/Units Plan/Linen Plan and individual sale of the various allotments.
- 13.2. The values that will be adopted for residential apartments and associated car parking spaces will be inclusive of GST, while the non-residential/car space allotments will be adopted on a GST exclusive basis.
- 13.3. Where the property was purchased prior to 1 July 2000, we will adopt a Margin Value once appropriately confirmed. Accordingly, we will adopt the margin scheme for the residual calculation with input tax credits returned after the scheduled expenditure.
- 13.4. We will conduct our valuation analysis on the basis that all DA approvals, DA plans and consultant's reports are transferable, being reflected in the adopted valuation.

14. INVOICING AND PAYMENT

- 14.1. Our invoice will be made out and addressed to the entity as per the information you provide within the Acknowledgement section of the Professional Services Agreement. Any alternative entity will be required to agree in writing prior to any advice being readdressed. Further fees may be required. Payment due dates will not change.
- 14.2. Where You request draft advice, You agree that We are authorised to invoice the full amount of the agreed fee on delivery of the draft.
- 14.3. In the event that the Services continue for a period exceeding 30 days, We may choose to issue You with an invoice for 50% of Our Fees.
- 14.4. Where the brief is terminated prior to its conclusion, You will be invoiced for the cost of work completed at \$400 per hour exclusive of disbursements and GST, and reimbursed the difference between any payment up front. A copy of partially completed work will not be provided.
- 14.5. You must pay our Fees within 14 days of the date of a correctly rendered invoice. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof incurred from the date of the invoice.

15. YOUR OBLIGATIONS

- 15.1. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 15.2. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 15.3. You authorise and licence us to incorporate Your intellectual property within our report(s).
- 15.4. You will not release any part of Our valuation or advisory report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms & Conditions be provided to such third party. This clause shall not apply to persons noted as reliant parties in Your prior instruction to Us or in the Quotation provided that You shall provide any such reliant parties with a copy of these Terms & Conditions.
- 15.5. You must advise reliant parties named in Your instruction to Us of the Services Validity Period.
- 15.6. You will not rely on any preliminary or draft advice. Our advice cannot be relied upon unless it is in Final form.
- 15.7. If You release any part of the valuation or advisory advice or its substance with our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation or advisory services.
- 15.8. We reserve the right to reconsider or amend the valuation or advisory services, or the Fee set out in our Quotation to You if:
- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value or the advice; or
- (b) Where subsequent site inspections made in relation to any of the matters raised in clause 3 materially affect or may alter the value of the property the subject of the Services.

16. CONFIDENTIALITY

- 16.1. You must not disclose or make any of the Confidential Information available to another person without Our written consent.
- 16.2. If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

17. PRIVACY

- 17.1. We may obtain personal information about You in the course of performing Our Services. We respect Your privacy. The Privacy Act 1998 (Cth) requires Us to advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.
- A copy of Our Privacy Policy can be obtained by contacting Our Chief Privacy Officer.

18. SUBCONTRACTING

- 18.1. We may subcontract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms & Conditions, with Your consent.

19. LIABILITY

- 19.1. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which we have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Services or the use of the Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.
- 19.2. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of Clause 15 or Clause 16. This indemnity shall include but not be limited to loss, liability, costs and expenses which we may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which we are a party.
- 19.3. Where the release referred to in Clause 19.1 does not apply, You agree that our liability in any such claim or claims will be limited to \$100,000 or a multiple of five times our Fee, whichever is the lower.
- 19.4. For the avoidance of doubt, the Services are provided by Us and no individual valuer or any other employee of Ours assumes any liability or responsibility for the Services.

20. ENTIRE AGREEMENT

- 20.1. No further agreement, amendment or modification of these Terms & Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 20.2. If there is an inconsistency between these Terms & Conditions and the Quotation, any letter of instruction from You, or other specific request or information, the other specific request or information shall prevail to the extent of the inconsistency.

21. GOVERNING LAW

- 21.1. These Terms and Conditions are governed by the law of the State in which Our principal place of business which is providing the Services is located.



CIVAS (NSW) Pty Limited offers a range of valuation services in the following specialist areas:

Commercial
Industrial
Retail (including Large Format Retail)
Hotels
Student Accommodation
Healthcare & Retirement Living
Government
Statutory & Litigation
Development
Corporate Valuations
Plant & Machinery
Extractive Industries & Waste Management
Rural & Agribusiness
Wine Industry
Self-Storage
Child Care Centres
Service Stations
Consultancy Services

CIVAS (NSW) Pty Limited
ABN: 32 168 282 728
Level 42, Northpoint
100 Miller Street
North Sydney, NSW 2060, Australia

+61 2 9957 6611
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NORTHERN TERRITORY

QUEENSLAND

SOUTH AUSTRALIA

TASMANIA

VICTORIA

WESTERN AUSTRALIA

Distinctively different - it's how we see you

AUDIT • TAX • ADVISORY

Centuria

Centuria Office REIT (COF)

ARSN 124 364 718

All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- ☎ **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600
- By Email:** COF.Enquiry@CenturiaInvestor.com.au

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received **before 10:30am (AEDT) on Wednesday, 10 November 2021.**

🖥️ TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/cofgm2021>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

You do not need to complete the remainder of this proxy form if you vote online

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your proxy.

If you wish to appoint someone other than the Chair of the General Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the General Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the General Meeting will be your proxy. A proxy need not be a unitholder of COF. Do not write the name of COF or the registered unitholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the Registry, Boardroom, or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of units applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite the item of business. All your units will be voted in accordance with such a direction unless you indicate only a portion of units are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your units your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Registry, Boardroom.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the unitholder.

Joint Holding: where the holding is in more than one name, all the unitholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the Registry, Boardroom. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEDT) on Wednesday, 10 November 2021.** Any Proxy Form received after that time will not be valid for the General Meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/cofgm2021>
- ☎ **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia
- By Email:** COF.Enquiry@CenturiaInvestor.com.au

Centuria Office REIT

ARSN 124 364 718

☐

Your Address

This is your address as it appears on COF's unit register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Unitholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your units using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a unitholder of **Centuria Office REIT (COF)** and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered unitholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of COF to be held **virtually on Friday, 12 November 2021 at 10:30am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of the Resolution, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution.

The Chair of the Meeting will vote all undirected proxies in favour of the Resolution. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on, the Resolution you must provide a direction by marking the 'Against' or 'Abstain' box opposite the Resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution

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

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF UNITHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Unitholder 1

Sole Director and Sole Company Secretary

Unitholder 2

Director

Unitholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021



ONLINE UNITHOLDERS' MEETING GUIDE 2021

Attending the General Meeting virtually

If you choose to participate online, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

To access the General Meeting:

Visit web.lumiagm.com/347-044-965 on your computer, tablet or smartphone. You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

Meeting ID: 347-044-965

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 9:30am (AEDT) on Friday, 12 November 2021

Using the Lumi AGM platform:

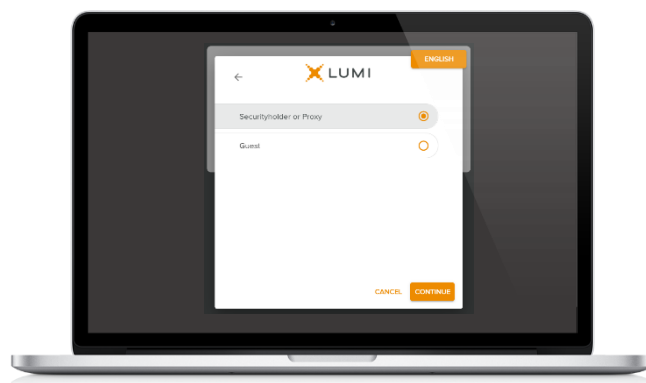
ACCESS

The 1st page of the platform will ask in what capacity you are joining the meeting.

Unitholders or appointed proxies should select

"Unitholder or Proxyholder"

Guests should select **"Guest"**



CREDENTIALS

Unitholders/Proxys

Your username is your **Voting Access Code** and your password is your **Postcode**, or, for Non-Australian residents, your **3-letter Country Code** from the list at the end of this guide.

Proxy holders should obtain their log in credentials from the Registry, Boardroom, by calling 1300 737 760

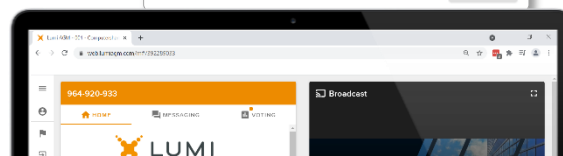
Guests

Please enter your name and email address to be admitted into the meeting.

Please note, guests will not be able to ask questions or vote at the meeting.

NAVIGATION

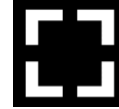
Once successfully authenticated, the home page will appear. You can view meeting instructions, ask questions and watch the webcast.





BROADCAST ^

Desktop / Laptop users can watch the webcast full screen, by selecting the full screen icon.



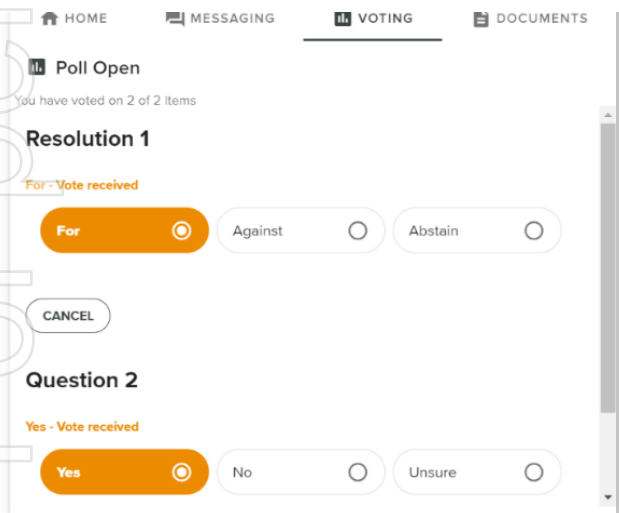
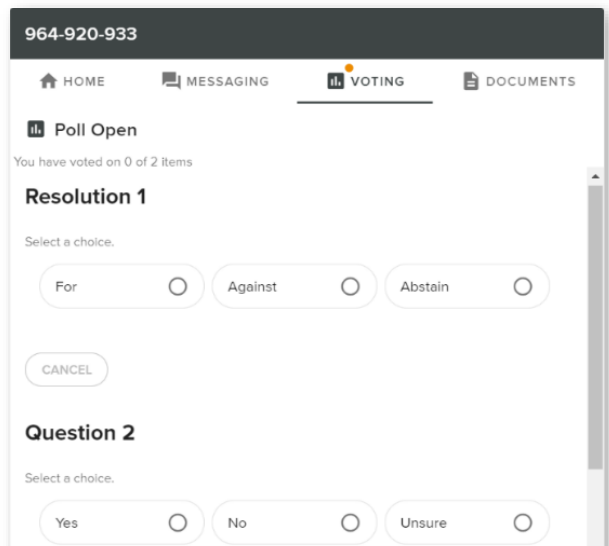
To reduce the webcast to its original size, select the X at the top of the broadcast window.

VOTING

The Chair will open voting on the Resolution at the start of the meeting. Once voting has opened, the voting tab will appear on the navigation bar.



Selecting this tab will open the Resolution and the voting options.

To vote, simply select your voting direction from the options displayed on screen. Your selection will change colour and a confirmation message will appear.

To change your vote, simply select another option. If you wish to cancel your vote, please press cancel.

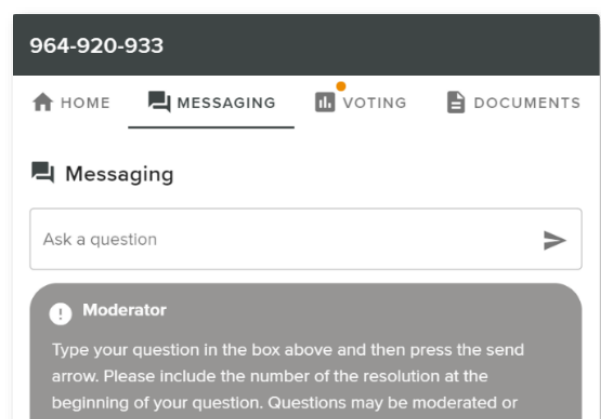
There is no need to press a submit or send button. Your vote is automatically counted.

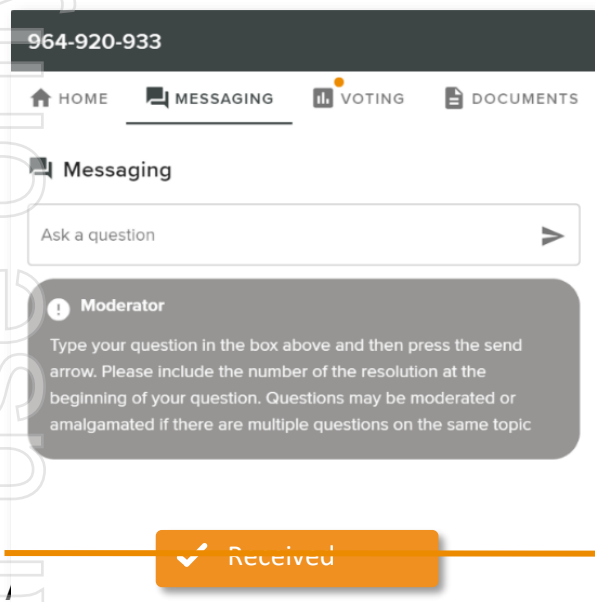
Voting can be performed at any time during the meeting until the Chair closes the poll.

QUESTIONS

Any Unitholder or appointed proxy is eligible to ask questions.

If you would like to ask a question. Select the messaging tab.



Select the “Ask a Question” box and type in your message.

Once you are happy with your message, select the send icon.



Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

If you are a Unitholder or proxy you can ask a verbal question. Dial by your location below:

+61 7 3185 3730 Australia
+61 8 6119 3900 Australia
+61 8 7150 1149 Australia
+61 2 8015 6011 Australia
+61 3 7018 2005 Australia

Find your local number: <https://boardroom-media.zoom.us/j/acqWmpYciu>

Once dialled in you will be asked to enter a meeting ID. Please ensure your webcast is muted before joining the call.

You will be asked for a participant pin however simply press # to join the meeting. You will be muted upon entry. To ask a question press *9 to signal the moderator. Once your question has been answered your line will be muted. Feel free to either hang up or stay on the line. For additional questions press *9 to signal the operator

Meeting ID: 347-044-965

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 9:30am (AEDT) on Friday, 12 November 2021

Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

ABW	Aruba
AFG	Afghanistan
AGO	Angola
AIA	Anguilla
ALA	Aland Islands
ALB	Albania
AND	Andorra
ANT	Netherlands Antilles
ARE	United Arab Emirates
ARG	Argentina
ARM	Armenia
ASM	American Samoa
ATA	Antarctica
ATF	French Southern
ATG	Antigua & Barbuda
AUS	Australia
AUT	Austria
AZE	Azerbaijan
BDI	Burundi
BEL	Belgium
BEN	Benin
BFA	Burkina Faso
BGD	Bangladesh
BGR	Bulgaria
BHR	Bahrain
BHS	Bahamas
BIH	Bosnia & Herzegovina
BLM	St Barthelemy
BLR	Belarus
BLZ	Belize
BMU	Bermuda
BOL	Bolivia
BRA	Brazil
BRB	Barbados
BRN	Brunei Darussalam
BTN	Bhutan
BUR	Burma
BVT	Bouvet Island
BWA	Botswana
CAF	Central African Republic
CAN	Canada
CCK	Cocos (Keeling) Islands
CHE	Switzerland
CHL	Chile
CHN	China
CIV	Cote D'ivoire
CMR	Cameroon
COD	Democratic Republic of Congo
COK	Cook Islands
COL	Colombia
COM	Comoros
CPV	Cape Verde
CRI	Costa Rica
CUB	Cuba
CYM	Cayman Islands
CYP	Cyprus
CXR	Christmas Island
CZE	Czech Republic
DEU	Germany
DJI	Djibouti
DMA	Dominica
DNK	Denmark
DOM	Dominican Republic

DZA	Algeria
ECU	Ecuador
EGY	Egypt
ERI	Eritrea
ESH	Western Sahara
ESP	Spain
EST	Estonia
ETH	Ethiopia
FIN	Finland
FJI	Fiji
FLK	Falkland Islands (Malvinas)
FRA	France
FRO	Faroe Islands
FSM	Micronesia
GAB	Gabon
GBR	United Kingdom
GEO	Georgia
GGY	Guernsey
GHA	Ghana
GIB	Gibraltar
GIN	Guinea
GLP	Guadeloupe
GMB	Gambia
GNB	Guinea-Bissau
GNQ	Equatorial Guinea
GRC	Greece
GRD	Grenada
GRL	Greenland
GTM	Guatemala
GUF	French Guiana
GUM	Guam
GUY	Guyana
HKG	Hong Kong
HMD	Heard & Mcdonald Islands
HND	Honduras
HRV	Croatia
HTI	Haiti
HUN	Hungary
IDN	Indonesia
IMN	Isle Of Man
IND	India
IOT	British Indian Ocean Territory
IRL	Ireland
IRN	Iran Islamic Republic of
IRQ	Iraq
ISM	Isle of Man
ISL	Iceland
ISR	Israel
ITA	Italy
JAM	Jamaica
JEY	Jersey
JOR	Jordan
JPN	Japan
KAZ	Kazakhstan
KEN	Kenya
KGZ	Kyrgyzstan
KHM	Cambodia
KIR	Kiribati
KNA	St Kitts And Nevis
KOR	Korea Republic of
KWT	Kuwait
LAO	Laos
LBN	Lebanon

LBR	Liberia
LBY	Libyan Arab Jamahiriya
LCA	St Lucia
LIE	Liechtenstein
LKA	Sri Lanka
LSO	Lesotho
LTU	Lithuania
LUX	Luxembourg
LVA	Latvia
MAC	Macao
MAF	St Martin
MAR	Morocco
MCO	Monaco
MDA	Republic Of Moldova
MDG	Madagascar
MDV	Maldives
MEX	Mexico
MHL	Marshall Islands
MKD	Macedonia Former Yugoslav Rep
MLI	Mali
MLT	Mauritania
MMR	Myanmar
MNE	Montenegro
MNG	Mongolia
MNP	Northern Mariana Islands
MOZ	Mozambique
MRT	Mauritania
MSR	Montserrat
MTQ	Martinique
MUS	Mauritius
MWI	Malawi
MYS	Malaysia
MYT	Mayotte
NAM	Namibia
NCL	New Caledonia
NER	Niger
NFK	Norfolk Island
NGA	Nigeria
NIC	Nicaragua
NIU	Niue
NLD	Netherlands
NOR	Norway Montenegro
NPL	Nepal
NRU	Nauru
NZL	New Zealand
OMN	Oman
PAK	Pakistan
PAN	Panama
PCN	Pitcairn Islands
PER	Peru
PHL	Philippines
PLW	Palau
PNG	Papua New Guinea
POL	Poland
PRI	Puerto Rico
PRK	Korea Dem Peoples Republic of
PRT	Portugal
PRY	Paraguay
PSE	Palestinian Territory Occupied
PYF	French Polynesia
QAT	Qatar
REU	Reunion

ROU	Romania
RUS	Russian Federation
RWA	Rwanda
SAU	Saudi Arabia Kingdom Of
SDN	Sudan
SEN	Senegal
SGP	Singapore
SGS	Sth Georgia & Sth Sandwich Isl
SHN	St Helena
SJM	Svalbard & Jan Mayen
SLB	Solomon Islands
SCG	Serbia & Outlying
SLE	Sierra Leone
SLV	El Salvador
SMR	San Marino
SOM	Somalia
SPM	St Pierre And Miquelon
SRB	Serbia
STP	Sao Tome And Principe
SUR	Suriname
SVK	Slovakia
SVN	Slovenia
SWE	Sweden
SWZ	Swaziland
SYC	Seychelles
SYR	Syrian Arab Republic
TCA	Turks & Caicos Islands
TCO	Chad
TGO	Togo
THA	Thailand
TJK	Tajikistan
TKL	Tokelau
TKM	Turkmenistan
TLS	Timor-Leste
TMP	East Timor
TON	Tonga
TTO	Trinidad & Tobago
TUN	Tunisia
TUR	Turkey
TUV	Tuvalu
TWN	Taiwan
TZA	Tanzania United Republic of
UGA	Uganda
UKR	Ukraine
UMI	United States Minor
URY	Uruguay
USA	United States of America
UZB	Uzbekistan
VNM	Vietnam
VUT	Vanuatu
WLF	Wallis & Futuna
WSM	Samoa
YEM	Yemen
YMD	Yemen Democratic
YUG	Yugoslavia Socialist Fed Rep
ZAF	South Africa
ZAR	Zaire
ZMB	Zambia
ZWE	Zimbabwe