



# Centuria 8 Australia Avenue Fund

**8 Australia Avenue  
Sydney Olympic Park**

**At a glance**

- Strong income
- Potential for capital growth
- Highly tax effective investment structure
- Experienced manager with proven track record at Sydney Olympic Park





# Important Information

This Product Disclosure Statement (PDS) is dated 20 April 2011 and contains an offer of Units in the Centuria 8 Australia Avenue Fund (ARSN 150 376 793) (Fund or C8AAF). The offer of Units under this PDS is made by Centuria Property Funds Limited (ABN 11 086 553 639, AFSL 231 149) (Centuria Property Funds) as the Responsible Entity for the Fund.

Prospective Investors interested in the investment opportunity outlined in this PDS should conduct an independent investigation and analysis as to its merits and risks. Centuria Property Funds has not taken into consideration the individual objectives, financial situation or needs of any Investor. It is important to read this PDS in its entirety and seek professional advice when necessary in relation to any proposed investment. Nothing in this PDS constitutes financial product advice by Centuria Property Funds or a recommendation to invest in Units.

Neither Centuria Property Funds, nor its associates or directors, guarantee the performance of the Fund, the repayment of capital or an income return. Past performance is not indicative of future performance.

It is particularly important that, in considering an investment in the Fund, you consider the risk factors that could affect the performance of the Fund (see section 10). You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice before deciding whether to invest in the Fund.

This PDS supercedes all preliminary information and other previous communications in connection with the Fund. All such preliminary information and previous communications should be disregarded. Any information or representation not contained in this PDS may not be relied on as having been authorised by Centuria Property Funds in connection with the Fund.

Centuria Property Funds and its related bodies corporate, together with their directors and officers may hold Units in the Fund from time to time.

The Offer set out in this PDS is available to Investors in Australia and New Zealand. New Zealand Investors should read the section 'Important additional information for New Zealand Investors' opposite. This PDS does not constitute an offer of Units in any jurisdiction in which, or to any person to whom, it would be unlawful to offer the Units under this PDS. The distribution of this PDS in jurisdictions outside Australia and New Zealand may be restricted by law and any person into whose possession the PDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions. It is the responsibility of any overseas applicant to ensure compliance with all laws of any country relevant to their application. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach.

This PDS is made available in electronic form on the Centuria Property Funds website at [www.centuria.com.au/property](http://www.centuria.com.au/property). The electronic form of the PDS is available to persons within Australia and New Zealand.

If you wish to apply for Units you may either use an Application Form which accompanies this PDS, or print a copy of the application form and PDS from the above internet address. Applications may only be made on an Application Form which accompanies this PDS.

Certain information in this PDS is subject to change from time to time. Paper copies of updates to information which are not materially adverse to Investors are available free of charge upon request from

Centuria Property Funds (see the Corporate Directory on the inside back cover) or from the Centuria Property Funds website at [www.centuria.com.au/property](http://www.centuria.com.au/property)

This information may include details about investment performance. Centuria Property Funds strongly recommends that Investors review this material before making a decision to acquire Units in the Fund.

In accordance with ASIC Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations', Centuria Property Funds advises that it will fulfill its continuous disclosure requirements by way of website disclosure which complies with ASIC's good practice guidance. Investors may access material information regarding the Fund from the Investor Database which may be accessed through Centuria Property Funds' website.

Photographs and illustrations in this PDS may be photographs or illustrations of the current or previous assets of the Fund. Currency amounts are stated in Australian dollars.

## Important additional information for New Zealand Investors

If you are a New Zealand Investor, Centuria Property Funds is required to provide the following additional information to you under New Zealand law.

### General

(a) This offer to New Zealand Investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

(b) This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

(c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

(d) The rights, remedies and compensation arrangements available to New Zealand Investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.

(e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

(f) The taxation treatment of Australian securities is not the same as for New Zealand securities.

(g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

### Currency exchange

(a) The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

(b) If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.



**8 Australia Avenue  
Sydney Olympic Park**



---

## Introduction

**C8AAF is a single-asset, fixed-term fund which Centuria Property Funds has specialised in since 1999. Centuria Property Funds currently manages 48 properties across 29 funds with a combined value of circa \$960 million. In addition, Centuria Property Funds has managed 18 funds to completion, with a total value of \$330 million and an average total return to Investors of over 18% per annum.\***

---

## Contents

Section	Page
1: Key Features	4
2: Investment Overview	6
3: Investment Rationale	12
4: The Property	18
5: Independent Valuation Report	24
6: Centuria Property Funds Limited	27
7: Financial Information	32
8: Investment Structure	35
9: Fees and Expenses	36
10: Investment Considerations and Risks	40
11: Taxation Information	42
12: Additional Information	44
How to Invest	47
13: Glossary of Terms	48
A1 Application Forms	49
Directory	61

\* Annualised average total return of 18.07% (as at 29 March 2011). Includes capital gains as well as distributions paid during the life of completed funds shown on a per annum basis. Past returns are not a reliable indicator of future returns.

# Key Features

The following table contains key information about investment in the Centuria 8 Australia Avenue Fund (Fund or C8AAF) with relevant sections where further details may be found. The information contained in the table is subject to change without notice.

Feature	Summary	Section
Investment type	The Fund is a single-asset, closed-ended unlisted property fund investing in real property. Investors will receive Units in the Fund.	2.1
Fund property	The Fund will acquire 8 Australia Avenue, Sydney Olympic Park, NSW, a commercial property located in the heart of Sydney Olympic Park.	4
Investment rationale	The Fund is acquiring 8 Australia Avenue, a brand new A-grade commercial building. The investment will provide strong income underpinned by an excellent tenancy profile and a long-term WALE. Capital growth will be driven by growth in the precinct and improvement in the property cycle. The property is being purchased at a significant discount to the current valuation.	3
Responsible Entity	Centuria Property Funds is the Responsible Entity of the Fund. Centuria Property Funds is one of the largest unlisted property fund managers in Australia, managing 48 properties across 29 unlisted property trusts with a collective value of over \$960 million.	6
Offer open	20 April 2011.	
Offer close	17 June 2011.	
Fund term	The Fund will have an initial term of six (6) years, however it may be extended by an additional two years by Special Resolution of the Investors. The term of the Fund may only be further extended beyond eight years for two years at a time by Unanimous Resolution of the Investors.	2.4
Minimum investment	\$100,000 and thereafter in multiples of \$5,000. Centuria Property Funds may accept investments that are less than \$100,000 at its discretion.	
Amount to be raised	\$18,908,635	7.3
Forecast return	8.00% per annum (pre-tax) in the Year to June 2012 and Year to June 2013.	2.3
Regular income distributions	Distributions will be paid quarterly.	2.3
Taxation benefits	All distributable income is forecast to be 100% tax deferred for the period to June 2013 for Australian residents.	7.2
Fund performance	Updates on C8AAF's performance may be found by logging on to the Investor Database from Centuria Property Funds' website at <a href="http://www.centuria.com.au/property">www.centuria.com.au/property</a>	
Unit pricing	The Issue Price is \$1.00 per Unit.	8.3
Initial gearing	The Fund will have an initial gearing ratio of 50% Loan to Valuation.	2.6
Liquidity	The Fund is an illiquid investment. There will be no liquidity facility available to Investors.	10.2
Valuation policy	Centuria Property Funds will have the Property valued by an independent valuer at a minimum interval of every 24 months.	12.2

Feature	Summary	Section
<b>Related party policy</b>	Centuria Property Funds has a conflict of interest policy in place to ensure that any related party transaction entered into by Centuria Property Funds is on arms' length terms and is monitored on a rigorous basis.	12.3
<b>Risks</b>	Investors in the Fund will have all of the risks involved in investing in property, as well as in an illiquid, unlisted property fund.	10
<b>Fees and expenses</b>	Certain one-off and ongoing fees are payable in relation to investments in the Fund, including management fees and fees associated with the acquisition and sale of specific Fund assets. Centuria Property Funds may also be reimbursed where it properly incurs expenses in relation to the operation of the Fund. Centuria Property Funds may contract with related entities for the provision of services paid for by C8AAF.	9
<b>How to invest</b>	To apply to become an Investor, you should read this PDS in its entirety, complete the relevant Application Form provided in Appendix 1 and return it to Centuria Property Funds, together with your cheque for the amount you wish to invest.	12
<b>Regular reporting</b>	Investors will receive quarterly distribution statements, annual management reports including audited financial statements and an annual taxation statement.	
<b>Independent custodian</b>	The Trust Company (Australia) Limited.	8
<b>Handling complaints</b>	Centuria Property Funds has a complaints handling procedure and is also a member of an external dispute resolution body.	12.8
<b>Cooling-off</b>	No cooling-off period applies to an investment in the Fund.	12.1
<b>How to contact us</b>	Centuria Property Funds Limited Level 23, 111 Pacific Highway North Sydney NSW 2060 Phone: (02) 8923 8923 Fax: (02) 9460 2960 Web: <a href="http://www.centuria.com.au/property">www.centuria.com.au/property</a> Email: <a href="mailto:contactus@centuria.com.au">contactus@centuria.com.au</a>	

**All dates** are indicative only and subject to change. Centuria Property Funds may shorten or extend the offer period. Investors are therefore encouraged to submit their application form as soon as possible. Centuria Property Funds may also scale back or accept offers to invest at its discretion.

# Investment Overview

**C8AAF is a single-asset, fixed-term fund which Centuria Property Funds has specialised in since 1999. Centuria Property Funds currently manages 48 properties across 29 funds with a combined value of circa \$960 million. In addition, Centuria Property Funds has managed 18 funds to completion, with a total value of \$330 million and an average total return to Investors of over 18% per annum.\***

## 2.1 Strategic Objectives of C8AAF

Centuria's acquisition process involves a 'top down' approach. This approach begins with analysis of global and Australian economic indicators, analysis of the Australian property market, analysis of specific locations, and finally, analysis of individual properties.

This process is designed to maximise Investor returns by ensuring acquisitions are made in locations with the potential to benefit from movements in the wider economy and at a time to maximise potential returns.

The acquisition of 8 Australia Avenue is based on the following factors –

- Macro-economic indicators for Australia are positive.
- The property market is at the bottom of the cycle. Key indicators including vacancy rates and limited supply will form the basis of the property market recovery.
- 8 Australia Avenue is superbly located within Sydney Olympic Park (SOP), which is a well planned and managed precinct identified by the NSW Government as a major growth centre.
- The Property has a long lease profile underpinned by strong tenants.
- The acquisition is at a competitive capitalisation rate and rate per sqm for a brand new A-grade building.
- The Property is being acquired at a 5.8% discount to the independent valuation.

For further information on the investment rationale for the Property, please see Section 3.

### The Fund aims to provide:

- Stable, diversified and tax-effective income returns with low volatility from the cashflow received from rental income of the Property; and
- Capital growth through active asset management and identifiable exit strategies.

The strategy of the Fund is to acquire the Property at 8 Australia Avenue and enjoy income from the Property until the current lease profile expires. At the initial expiry of the leases we will seek to extend the lease terms to the existing tenants, or lease the space to new tenants. It is our view that the market will experience a growth in rental rates, and the capitalisation rates for new A-grade buildings will improve from their current position. On this basis we anticipate that the Fund will deliver strong income returns and capital growth on completion.



\* Annualised average total return of 18.07% (as at 29 March 2011). Includes capital gains as well as distributions paid during the life of completed funds shown on a per annum basis. Past returns are not a reliable indicator of future returns.

### Listed v Unlisted Funds

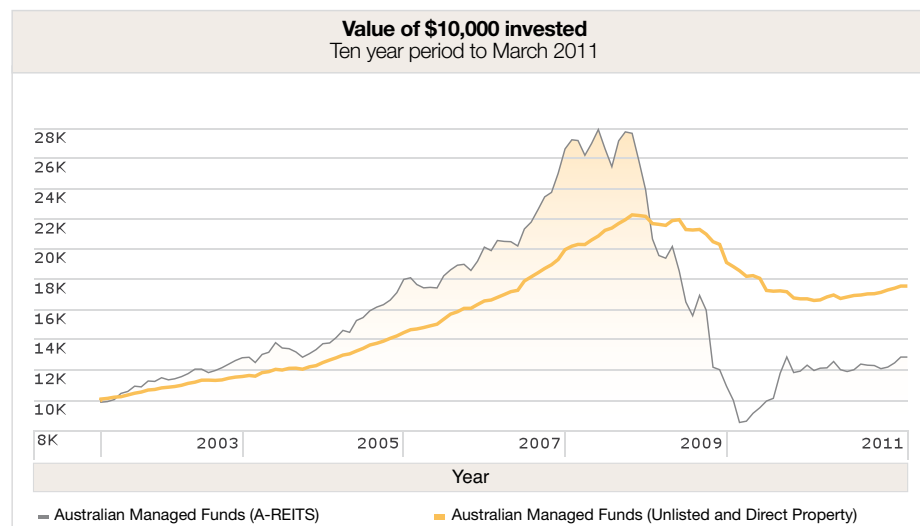
We believe that unlisted property funds exhibit different characteristics to listed property funds. One specific characteristic of unlisted funds, as opposed to their listed counterparts, is the ability to reflect any capital gains in the property assets directly in the Net Asset Backing (NAB) of the fund, free from the external influence of equity market volatility. The graph below compares returns of a portfolio of listed property funds to a portfolio of unlisted industry property funds, (both weighted by funds under management) for a ten year period to March 2011.

The graph highlights the volatility of listed property funds compared to unlisted funds over the period. In our view, the significant dilution in listed entities due to recent capital raisings, and the relative liquidity of the sectors, have contributed to the disparity in performance.

Centuria Property Funds' unlisted funds are designed to provide an identifiable point of difference to Investors by providing a total return philosophy – comprised of consistent annual income returns and capital growth. These objectives are carried out through active asset management and value-add strategies.

Investors should also consider the risks associated with an investment in C8AAF including general risks of investing in unlisted managed investment schemes and risks specific to the Fund. Please refer to Section 10 of this PDS for a summary of the key risks associated with an investment in the Fund.

### Comparison of 10 year returns from listed and unlisted property funds.



#### Source:

#### Morningstar Adviser Workstation

© 2011 Morningstar, Inc. All rights reserved. Neither Morningstar, nor its affiliates nor their content providers guarantee this data or content to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice has been prepared by Morningstar Australasia Pty Ltd ABN: 95 090 665 544, AFSL: 240892 (a subsidiary of Morningstar, Inc.), without reference to your objectives, financial situation or needs. You should consider the advice in light of these matters and, if applicable, the relevant product disclosure statement, before making any decision. Please refer to our Financial Services Guide (FSG) for more information at [www.morningstar.com.au/fsg.pdf](http://www.morningstar.com.au/fsg.pdf)

## 2.2 The Property

The Property is a brand new A-grade commercial building which has a mix of strong tenants on long-term leases and an excellent location within Sydney Olympic Park (SOP). SOP has been the focus of a major regeneration and growth program over the last decade headed by the Sydney Olympic Park Authority (SOPA). SOPA has released the SOP Master Plan 2030 as a blueprint for development within the precinct. The Master Plan anticipates that SOP will be progressively transformed from a precinct with low-density commercial and industrial buildings into a high-density, mixed-use neighbourhood with commercial, retail and community developments in close proximity to the substantial, modern railway station.

SOP has the infrastructure and fundamentals to continue to grow and mature as an established office market. Continuing private sector investment (including commercial and residential development) will continue to improve amenity and solidify SOP as a destination for corporate and Government users of commercial and retail space.

Property	Market value	Sector
8 Australia Avenue, Sydney Olympic Park, NSW	\$32.0m Jones Lang LaSalle 31 March 2011	Commercial

**An A-grade commercial building which has a mix of strong tenants on long-term leases and an excellent location within Sydney Olympic Park.**

# Investment Overview

## 2.3 Forecast Distributions

**Centuria Property Funds has forecast distributions for the financial years ending 2012 and 2013.\* The table below outlines these forecasts, along with an estimate of the tax deferrals that may be available to Investors.**

Year to June	2012	2013
Distribution <sup>(1)</sup>	8.00%	8.00%
Estimated Tax Deferral <sup>(2)</sup>	100%	100%
Gross Tax Effective Income Return <sup>(3)</sup>	14.95%	14.95%

(1) Annualised return based on the issue price of \$1.00. Refer to Section 7.5 in this PDS for further information, including the assumptions on which the forecasts are based.

(2) Please note that tax deferrals will decrease an Investor's cost base for Capital Gains Tax (CGT) purposes. Further detail on tax deferral can be found at Section 11.1 of this PDS.

(3) Gross tax effective return is the return an investor would need to earn from a competing income generating investment with no taxation benefits e.g. a bank deposit (as a 46.5% tax payer) to achieve a comparable return. Please note that tax deferrals will decrease an Investor's cost base for CGT purposes and may result in an increased capital gains tax liability.

Distributions from C8AAF will be paid to Investors on a quarterly basis for the three month periods ending on the last day of March, June, September and December. Distributions are usually paid within one week of the end of a period.

Distributions will be comprised of the Fund's realised income less any amounts which are determined by Centuria Property Funds as being required to be maintained by the Fund as an allowance for capital expenditure requirements, tenant vacancies or incentives or other property related outgoings. Centuria Property Funds will not pay distributions from the Fund's finance facility or unrealised capital gains.

The forecast return is not indicative of the total return that you may receive for your investment. Your total return will be impacted by any capital gains or losses on your investment once the Property is sold.

All Investors will participate in distributions on a pro-rata basis. The distribution per Unit will be determined by dividing the total amount available for distribution for any given distribution period by the total number of Units eligible to receive that distribution.

Centuria Property Funds anticipates that a significant proportion of the distributions will be tax effective for Australian Investors. An advantage of the investment structure is the ability of the Fund to pass on taxation allowances, such as building allowances and plant and equipment depreciation, to Australian Investors. Please refer to Section 11.1 of this PDS for further information on the tax implications for Australian Investors of investing in C8AAF.

As with all investments, an investment in C8AAF is subject to certain risks. The key risks associated with an investment in the Fund are detailed in Section 10.

## 2.4 Term Of Investment

The initial term of the investment is six years, however it may be extended by an additional two years by a Special Resolution of Investors (75% of votes cast are in favour of the extension). The term of the Fund may only be further extended beyond eight years for two years at a time by Unanimous Resolution of Investors (100% of votes are in favour of the extension). This means an Investor can not be locked in for more than eight years.

Centuria Property Funds as Responsible Entity will make a recommendation at the end of each term. Centuria Property Funds may also recommend that the Property be sold prior to the end of a term if we believe it is in the best interest of Investors. A vote to sell the Property will be passed by a Special Resolution of the Investors. There will be no liquidity facility provided by Centuria Property Funds during the Term of the Fund.

**Based on the Fund strategy to reset the lease profile following the current expiries, we do not anticipate the Fund will continue beyond the initial term.**

\* Settlement is forecast to occur on 24 June 2011. No distributions will be paid for the period 24 June 2011 to 30 June 2011. Any distributable amount for this period will be paid to Investors at the end of the September 2011 quarter.

## 2.5 Centuria Investor Rights Initiatives

**Centuria aims to be a market leader in the Australian unlisted property investment market. Consequently we have surveyed our Investors to identify any issues of concern when investing in unlisted property funds.**



As a result of the feedback we received, we have taken a series of initiatives to improve Investor rights within our Funds. The key issues we have identified, and our amendments to address these issues, are as follows.

### 1. Investor control over the Responsible Entity

At present, under the Corporations Act, Investors are required to attain the support of 50% of all Units in order to remove a Responsible Entity. We believe this test is too onerous for Investors. We have seen circumstances where non-performing managers have become entrenched because the hurdle rate to remove them is too high. Therefore we have reduced the voting level required to remove Centuria Property Funds to 35% of all Units and 50% of Units actually voted. If this threshold is reached, Centuria Property Funds will retire as Responsible Entity of the Fund and take all action necessary to ensure a smooth transition of the role to the replacement Responsible Entity, voted in by Investors.

### 2. Responsible Entity Performance Fee Structures

We believe that the success fee payment for funds should be designed to align the interests of Investors and the Responsible Entity. While our success fees to date have only been payable once a property has been sold and Investors receive a profit, we have added an Internal Rate of Return hurdle (of 10%) to performance fees to take into account our goal of providing the maximum total return in a timely manner to Investors.

### 3. “Poison Pill” Provisions

Many funds have “poison pill” provisions which require the relevant fund to pay the Responsible Entity, even if the Responsible Entity is removed by a vote of Investors prior to the end of a fund. Whilst we have not previously had “poison pill” provisions, we will continue to ensure that a Responsible Entity will not be eligible to receive exit fees if removed prior to the completion of a fund.

### 4. Liquidity

We are conscious of Investors’ concern over the liquidity available in unlisted property funds. Whilst we will not include “liquidity facilities” in funds, we will ensure that no Investor can be locked into a fund for longer than a specified time period. This is reflected in the voting structure for the Fund Term, which specifies that any extension beyond eight years would require a Unanimous Resolution of Investors.

# Investment Overview

## 2.6 Gearing

**The Fund will have an initial gearing ratio of 50%. The gearing ratio reflects the extent to which the Fund's assets are funded by debt. We believe a gearing ratio of 50% is conservative. A higher gearing ratio means a higher reliance on external borrowings to fund assets and exposes the Fund to increased funding costs if interest rates rise. A highly geared scheme has a lower asset buffer to rely upon in times of financial stress.**

Centuria Property Funds has received offers of finance from two major institutions. Based on these offers, we have made the following assumptions with regards to the Fund's debt facilities:

<b>Initial drawing</b>	The initial drawing will be \$16 million.
<b>Initial gearing ratio</b>	50% Loan to Valuation Ratio (LVR)
<b>Gearing ratio covenant<sup>(1)</sup></b>	55% LVR
<b>Maturity date</b>	3 years from initial drawdown (anticipated to be 24 June 2014)
<b>Interest rate margin</b>	2.25%
<b>Interest rate<sup>(2)</sup></b>	5.40%
<b>Interest cover ratio covenant<sup>(3)</sup></b>	1.50 times
<b>Forecast interest cover ratio (Year to June 2012)<sup>(4)</sup></b>	1.97 times

(1) The gearing ratio is calculated by dividing the total interest bearing liabilities by the total assets. The gearing ratio covenant under the Fund's debt facility is 55%.

(2) See Section 10.2 for a sensitivity analysis of the impact of interest costs on an investment in the Fund.

(3) The interest cover ratio is calculated by dividing (EBITDA – unrealised gains + unrealised losses) by the interest expense. The interest cover ratio gives an indication of the Fund's ability to meet the interest payments from earnings. The lower the interest cover ratio, the higher the risk that the Fund will not be able to meet its interest payments. A scheme with a low interest cover ratio only needs a small reduction in earnings, or a small increase in interest rates or other expenses, to be unable to meet its interest payments. The interest cover ratio covenant under the Fund's debt facility is 1.5 times.

(4) The forecast interest cover ratio is based on an assumed fixed rate of interest of 7.65%, which is comprised of a base rate of 5.40% and a margin of 2.25%.

Centuria Property Funds intends to hedge the majority of the facility for the term of the loan.

The financier will only have recourse to the assets of the Fund and will not have recourse to the assets of the individual Investors. The financier has recourse to the assets of the Fund in priority to the claims of Investor interests.



### 2.7 Access To Information

**Investors can keep up to date** with information related to their investment, including all Fund correspondence, distribution and tax statements and property performance through regular updates on Centuria Property Funds' website ([www.centuria.com.au/property](http://www.centuria.com.au/property)) and by logging into the Investor Database.

Alternatively, you may contact Centuria Property Funds directly for updates and details in relation to your investment. Centuria Property Funds' contact details are set out in the Directory.



## Centuria's acquisition process involves a 'top down' approach. This approach involves analysis of three specific areas:

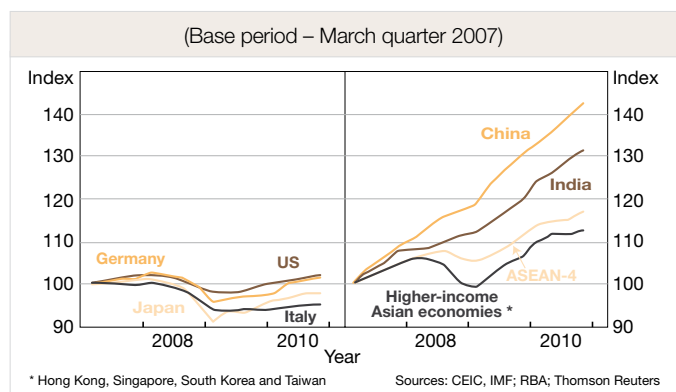
- Global and Australian economic factors
- The Australian property market
- Specific property locations

### 3.1 Global and Australian Economic Factors

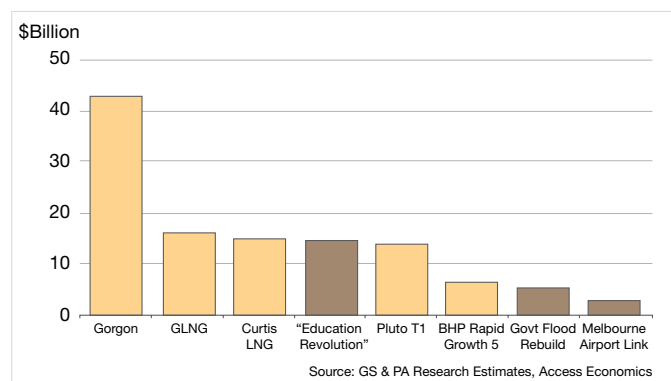
The outlook for the Australian economy is positive. Forecasts for global growth over the next 24 months are strong with the average level of growth forecast at circa 4% for 2011 and 2012. The growth is far stronger however in developing nations such as China, India and the ASEAN 4 who are significant trading partners for Australia (see graph below).

The growth in demand is being experienced across the entire range of Australia's export commodities. The flow-through to the economy is being felt not only in the profit to resources companies, but also in the significant investment in resources projects. The graph below gives a sense of the scale of investment in the economy, compared to some major government infrastructure projects.

#### World Output



#### Australian Capex Projects



The demand in the developing economies is leading to a significant requirement for steel production. This has led to growth in our iron ore and coal exports. In addition to growth in the volume of exports, there has been a significant increase in price. In short Australia is benefiting not only from an increase in the volume of exports, but also the price of exports.

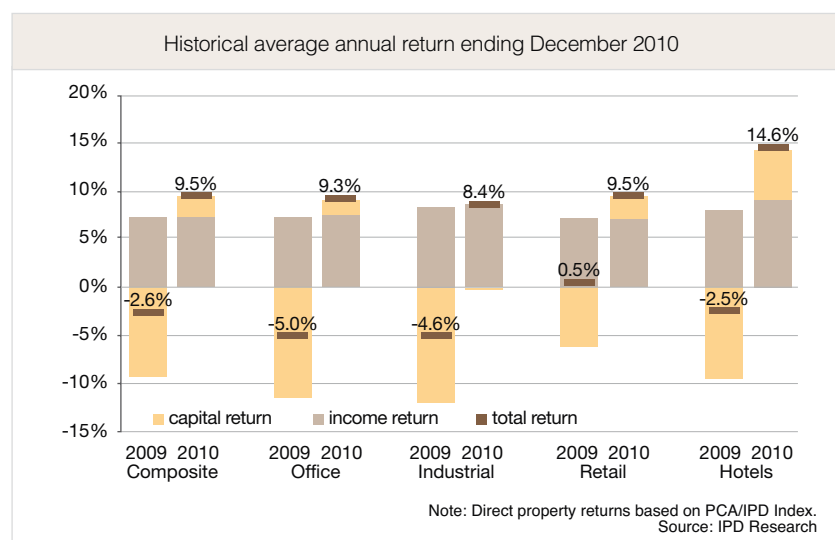
**Within the context of a positive global and national economic outlook, the Australian property market stands to benefit from this macro-economic environment and future growth.**

## 3.2 The Australian Property Market

The most recent Property Council of Australia (PCA) Office Market Report indicated that the commercial property market is in recovery. This is due to three main factors.

- a) Stabilisation of property valuations
- b) Relatively low vacancy levels
- c) Limited supply of new stock

### Performance Across Core Property Sectors

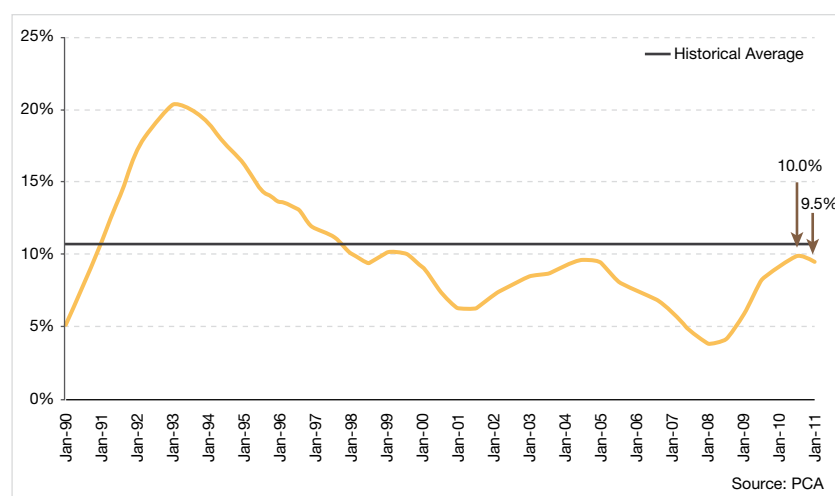


#### a) Stabilisation of property valuations

This graph shows that returns for direct property improved in the year to December 2010, largely as a result of the stabilisation of yields and therefore property values.

This stabilisation has been reflected across the major capital cities. The premium between prime and secondary assets has also remained consistent, following significant yield compression leading up to the collapse in 2008.

### National Office Vacancy



#### b) Relatively low vacancy levels

Despite the impact of the global financial crisis (GFC) on business, the initially low vacancy levels and little or no new supply coming on stream due to restrictive lending practices by banks led to vacancy levels being largely contained. This is distinctly different from the collapse of the early 1990s, when vacancy spiked significantly. The peak vacancy across the market peaked below historical averages and is now declining as evidenced by this graph.

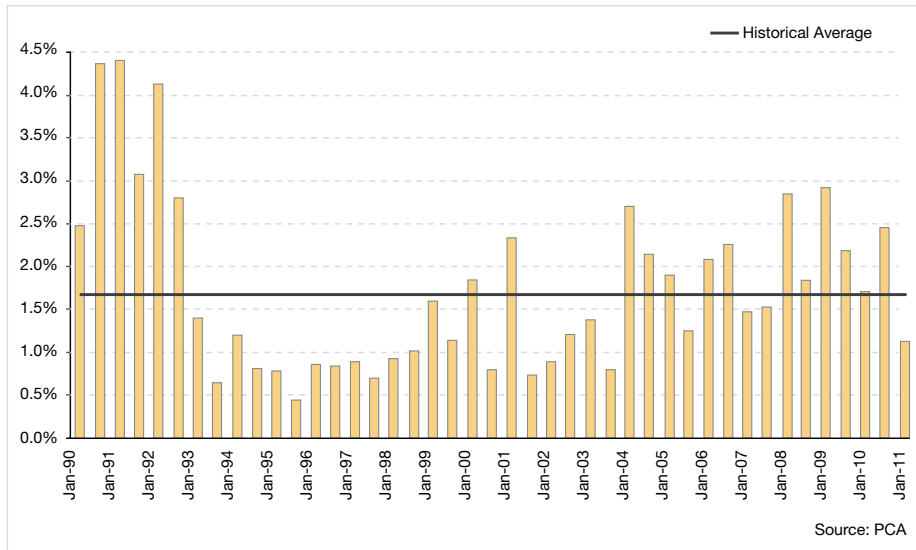
It is of note that the current vacancy level in the Sydney Olympic Park precinct is 1.0%, which is the lowest office vacancy rate in Australia.\*

\* Research and Forecast Report, Sydney Metropolitan Office, First Half 2011, Colliers International

# Investment Rationale

## 3.2 The Australian Property Market (continued)

### Australian New Office Supply



### c) Limited Supply of New Stock

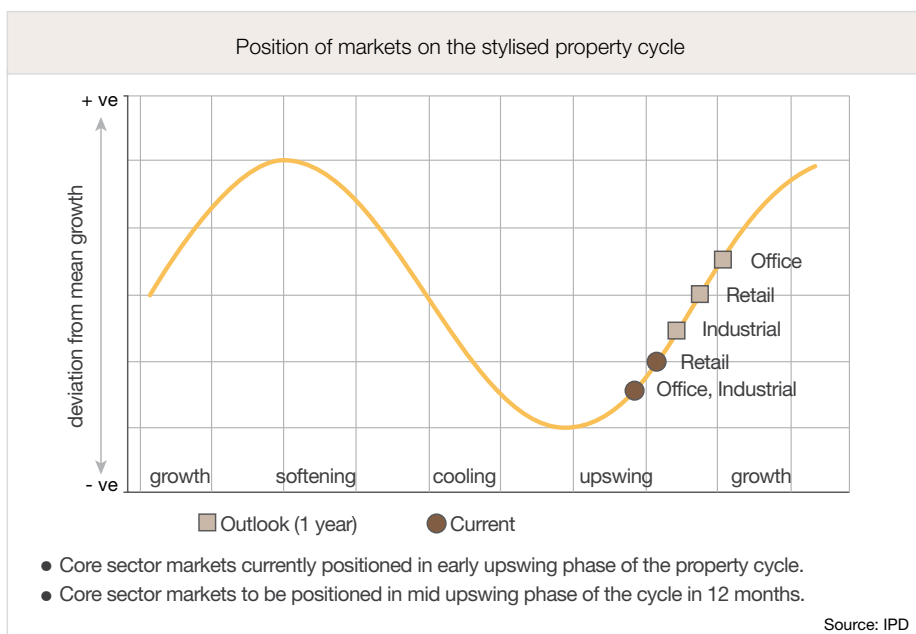
A major impact of the GFC was a significant restriction in lending to new developments across the property market. This has led to a restriction in supply across markets, and supply levels are now at historically low levels.

This significant restriction in supply will result in rental growth if demand for office space grows as forecast by leading economic indicators.

## Summary

Investment Property Databank (IPD) has produced a graph representing the property cycle, indicating where markets are today and where we are forecast to be in 12 months.

### Australian Property Market Cycle



On the basis of the three factors above, we forecast that we are at the bottom of the property cycle, and the next 12 months will see the office market lead growth in the property market.

### 3.3 Specific Property Locations – Sydney Olympic Park

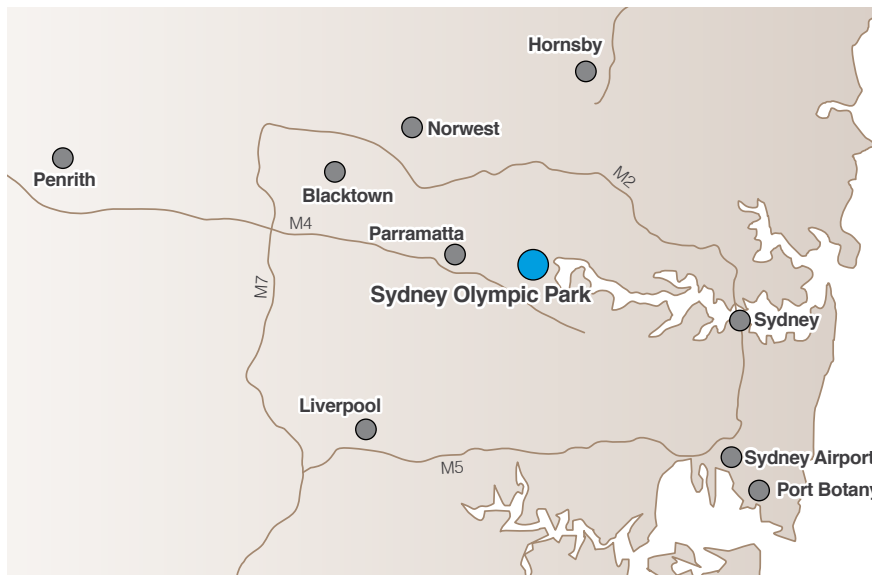
#### Sydney Olympic Park Precinct

**Centuria has considerable experience in the Sydney Olympic Park precinct. It has completed two Funds, which returned an average total return of 19.7 per cent per annum respectively.\***

A Centuria Fund also owns 100 Bennelong Road in Sydney Olympic Park which continues to perform strongly for Investors.

Sydney Olympic Park is located at the geographic heart of Sydney. It is sited within 8km of Parramatta Regional City to the west and within 14km of Sydney CBD and Sydney Airport to the east. The precinct is adjacent to the residential areas of Newington, Rhodes, Concord West and North Strathfield. The proximity to these areas, in addition to Sydney Olympic Park's centrality within Sydney, provides an excellent labour source for a growing commercial precinct.

\* Annualised average total return of 19.7% includes capital gains as well as distributions paid during the life of completed funds shown on a per annum basis. Past returns are not a reliable indicator of future returns.

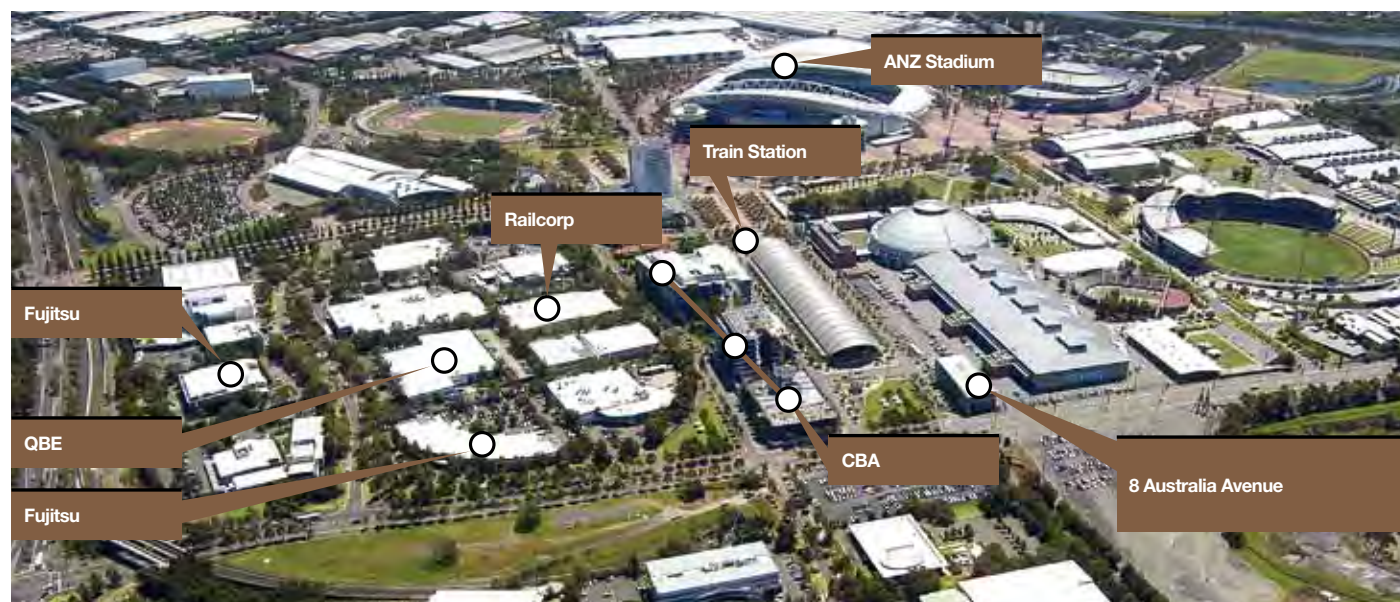


As the host location of the Sydney 2000 Olympics and Paralympics, SOP has excellent road and rail access to and from greater metropolitan Sydney. Sydney Olympic Park is encircled by the major road network of Homebush Bay Drive and Concord Road to the east, Silverwater Road to the west and Parramatta Road and the Western Motorway to the south. Within the Sydney Olympic Park Town Centre there are seven parking stations, offering both casual and permanent parking.

The area is also accessible by rail via Olympic Park Station. Bus travel is available via Chatswood, Burwood, Strathfield, Lidcombe and Parramatta. Furthermore Sydney Ferries has a passenger wharf for Sydney Olympic Park on the Parramatta River route.

8 Australia Avenue is centrally located within the Town Centre of Sydney Olympic Park. The property has frontage to Australia Avenue and Murray Rose Avenue. Sydney Olympic Park railway station and the CBA headquarters are adjacent to the Property.

#### Sydney Olympic Park Precinct



# Investment Rationale

## 3.3 Specific Property Locations – Sydney Olympic Park (continued)

### The Planning Context

Given the availability of land and transport infrastructure, Sydney Olympic Park is identified as a Specialised Centre in the NSW Government's Metropolitan Plan for Sydney 2036 as an employment destination to "perform vital economic and employment roles across the whole metropolitan area".\* Strategically, the Olympic Park-Rhodes corridor will develop as a major economic driver for the metropolitan area and will provide substantial new employment and housing.

Sydney Olympic Park is managed by the Sydney Olympic Park Authority (SOPA); a NSW government authority functioning under the Sydney Olympic Park Act (2001). SOPA has a legislative mandate to manage and develop the 640 hectares of Sydney Olympic Park.

\* Metro Strategy, 2036

The Sydney Olympic Park Master Plan 2030 contemplates growth in both residential population and employment, based around a planning blueprint of nine precincts which will incorporate a wide range of uses including commercial, residential, educational and recreational. The two precincts within the Park which we feel are the most critical from a commercial perspective are the Central Precinct and the Parkview Precinct, both of which are highlighted on the image below.

### 1. Central Precinct

The Central Precinct, which 8 Australia Avenue is situated in, is also known as the Australia Centre – a business park largely characterised by low density industrial and commercial uses. The precinct is being progressively transformed into a high-density, mixed-use neighbourhood with commercial offices, retail and residential uses.

### 2. Parkview Precinct

The Parkview Precinct adjoins the Central Precinct. It is bordered by Australia Avenue, Bennelong Parkway and the parklands to the east and the Brickpit to the north. Its existing industrial and commercial uses will progressively give way to a high-density, mixed-use precinct incorporating community, educational, commercial and residential uses to create a compact urban neighbourhood. A network of new streets will transform the precinct into a walkable neighbourhood with good connections to the parklands.

## Sydney Olympic Park Planning Precinct



## **Sydney Olympic Park is currently home to a number of high profile users including CBA, Fujitsu, Acer, QBE, NSW Lotteries, RailCorp, National Foods, Eveready, AGFA, Silex Solar and Samsung.**

### **The SOP Office Market**

The Sydney Olympic Park office market is represented by approximately 100,000 sqm of completed office space and a current vacancy rate of just 1.0% which is the lowest recorded vacancy rate of any Australian office market. By comparison the total vacancy rate across Sydney's metropolitan markets sits at approximately 10%.\*

A-grade rents in Sydney Olympic Park currently sit within a range of between \$330 – \$375 / sqm net. The office rents in 8 Australia Avenue (a weighted average of \$332 / sqm net) are at the lower end of the market range for a property of this age and quality. As such we believe that there is potential for rental growth in the future.

**Noteworthy institutional investors in Sydney Olympic Park include German Pension Fund Real I.S (approx 22,500 sqm leased to CBA), Colonial First State (approx 34,500 sqm also leased to CBA) and GPT (22,500 sqm with 12,200 sqm of high-grade commercial office facilities under development).**

\* Research and Forecast Report, Sydney Metropolitan Office, First Half 2011, Colliers International



# The Property

## 4.1 Key Features of The Property

- Acquisition at a 5.8% discount to valuation
- Attractive purchase yield of 8.83%
- 100% occupied with a WALE of 6.12 Years as at 1 April 2011\*
- 85% leased to Government, multi-national and national tenants
- Excellent location within Sydney Olympic Park precinct
- High car parking ratio of one bay per 56 sqm of building area (119 spaces)

\* Assuming the lease over 104 sqm to Pike's Pharmacy is executed. A Heads of Agreement has been signed.

## 4.2 Property Summary

The Property is a five storey office building containing office tenancies on levels one to five, a ground floor entrance/lift lobby with separate ground floor retail units, and two levels of basement car parking providing 119 spaces. The ratio of car parking is a generous one space per 56 sqm of lettable area. Construction of the building was completed in 2010. The building has a lettable floor area of approximately 6,610 sqm.

The Property is being acquired by the Fund for \$30.15 million, which is a 5.8% discount to the independent valuation conducted by Jones Lang LaSalle of \$32 million as at 31 March 2011. A short-form version of the valuation report can be found in Section 5 of this PDS.

## 4.3 The Building

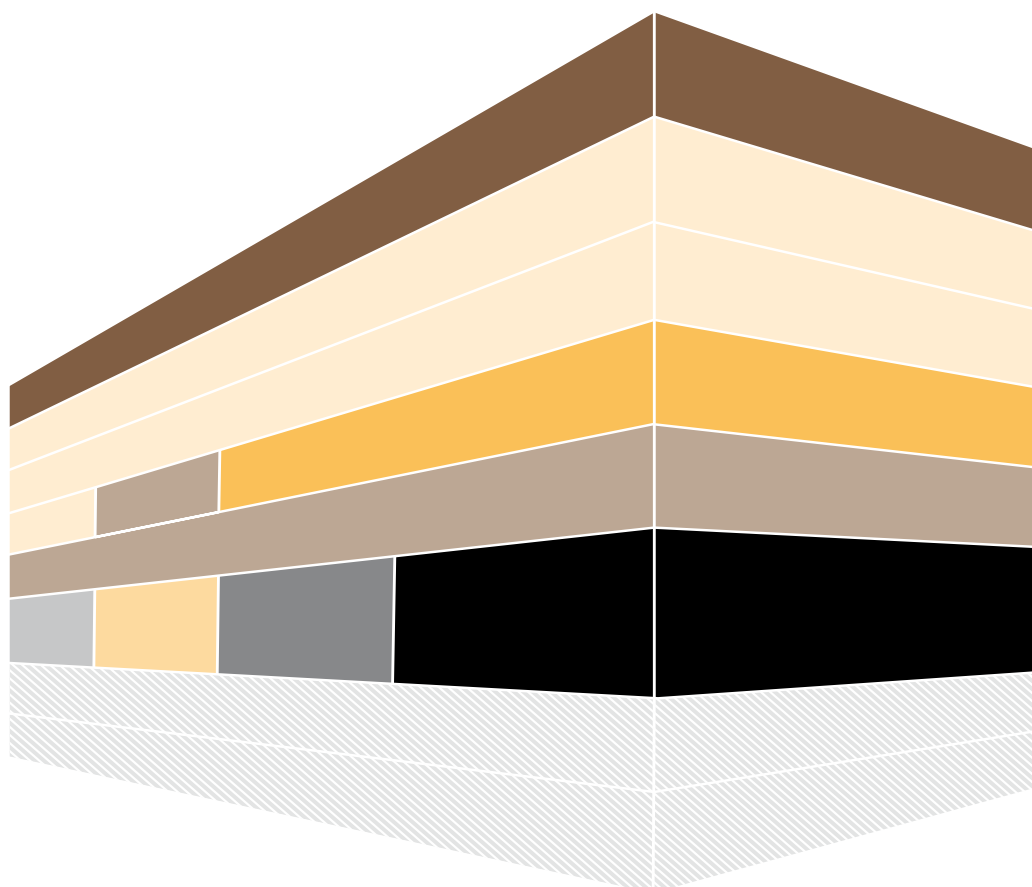
**The building is an A-Grade commercial building which was completed in 2010 and is designed to achieve a 4.5 star NABERS rating. It has been registered for a 4 star Green Star design.**

Construction consists of a reinforced concrete superstructure together with concrete and concrete block infill walls. The external cladding is a powder coated aluminium framed glazing while the floors are comprised of reinforced concrete and suspended concrete slabs. The roof consists of concrete with thermal insulation and roof membrane. The developer of the Property, Watpac, was awarded a "Professional Excellence" award for commercial constructions for the project.



## 4.4 Tenancy Profiles

The property has a very strong leasing profile, with 85% of income coming from Government Authorities, national or multi-national companies. Below is a stack diagram of the Property:\*



●	<b>Watpac Corporate Services</b>	Expiry 31/05/2017 1,170 sqm
●	<b>Fujitsu</b>	Expiry 31/03/2017 2,637 sqm
●	<b>Blue Wealth</b>	Expiry 28/02/2015 295 sqm
●	<b>SOPA</b>	Expiry 31/03/2017 1,835 sqm
●	<b>Eora Café</b>	Expiry 31/07/2020 133 sqm
●	<b>Kokoro Sushi</b>	Expiry 30/04/2020 104 sqm
●	<b>Pike's Medical Centre Pharmacy**</b>	Expiry 31/03/2016 104 sqm
●	<b>OPHKC</b>	Expiry 31/04/2017 332 sqm
●	<b>Car parking</b>	(119 spaces)

\* Not to scale

\*\* Subject to lease execution. Pike's Medical Centre Pharmacy has signed a Heads of Agreement for a five year lease term commencing 01.04.11 and has paid a security deposit. DA approval has been granted for their use of the premises. Lease execution is pending, however there is also a 12 month rent guarantee from the Vendor in the purchase contract in relation to this space.

# The Property

## 4.4 Tenancy Profiles (continued)

The major tenants, which account for 85.4% of the Net Lettable Area, are detailed below:



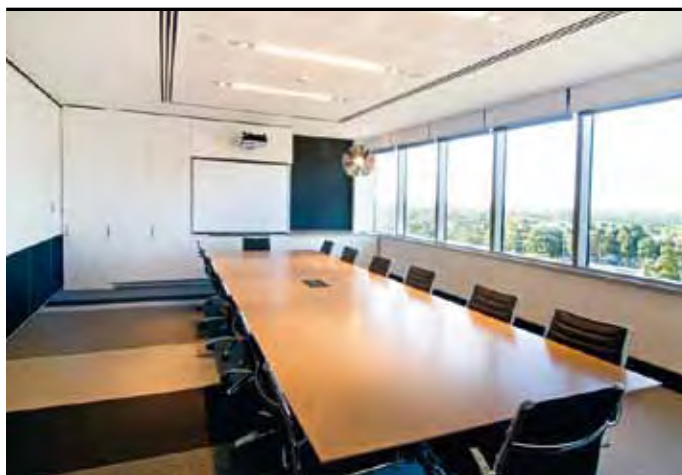
**Fujitsu**

Area	2,636 sqm (Levels 3 and 4, part Level 2)
% of NLA	40%
Lease expiry	31 March 2017
Option	2 + 2 Years
Commencing rent p.a.	\$900,599 Net
Rent reviews	3.5% Fixed Annual Reviews

Fujitsu Australia Limited is the largest tenant in the Property and its parent company is the fourth largest I.T. services company in the world.

Fujitsu has annual revenues in excess of \$60 billion and employs over 5,000 employees in Australia and New Zealand. In addition, the global group has over 10 million customers and 160,000 professional staff in 60 countries around the world. Long-term clients include over half the Fortune Global 500 across every sector – finance, government, healthcare, justice, manufacturing, retail, telecommunications, transport, distribution and utilities.

For further information on this tenant, please visit the website [www.fujitsu.com.au](http://www.fujitsu.com.au)



**Sydney Olympic Park Authority (SOPA)**

Area	1,835 sqm (Level 1, part Level 2)
% of NLA	28%
Lease expiry	31 March 2017
Option	Nil
Commencing rent p.a.	\$626,880 Net
Rent reviews	3.5% Fixed Annual Reviews

SOPA was established on 1 July 2001 as a statutory body of the NSW Government under the Sydney Olympic Park Authority Act 2001 (NSW). The charter of SOPA is to manage and promote the 640 hectare site, including protection of 430 hectares of parklands.

For further information on this tenant, please visit [http://www.sydneyolympicpark.com.au/corporate/about\\_us](http://www.sydneyolympicpark.com.au/corporate/about_us)



**Watpac Corporate Services**

Area	1,170 sqm (Level 5)
% of NLA	18%
Lease expiry	31 May 2017
Option	2 + 2 Years
Commencing rent p.a.	\$397,800 Net
Rent reviews	Greater of CPI and 4%

Watpac Corporate Services Pty Ltd is a subsidiary of the listed entity Watpac, which was established in 1983 in Brisbane as a construction and property development business. After two years of rapid growth, which included completing projects such as the Brisbane Entertainment Centre, the Company listed on the Australian Securities Exchange in 1985.

Watpac has had a consistent strategy of growth through strategic acquisitions which has seen the Company expand into New South Wales, Victoria, South Australia, Western Australia, and the Northern Territory, and add civil infrastructure, civil landscaping, and mining services to its portfolio. Watpac now has over 900 staff based on sites and in offices around Australia, and an annual turnover approaching \$1.5 billion

For further information on this tenant, please visit <http://www.watpac.com.au/About.aspx>

#### Tenancy Analysis

**The weighted average lease expiry of the property is 6.12 years as at 1 April 2011. The bulk of the expiry is in 2017, when the initial term of the leases to Fujitsu, Watpac and SOPA expire. We note that Fujitsu and Watpac have option periods.**

The long-term strategy of the Fund is to lease these tenancies, either to the sitting tenant or new lessees, and take advantage of forecast rental growth. This in turn should have a positive impact on the valuation of the property. **By combining anticipated growth in market rents and improved capital markets, we believe the property will deliver capital growth to investors on sale.**

# The Property

## 4.5 Building Report

A detailed building and services due diligence report has been undertaken by SGA Property Consultancy (SGA) on behalf of Centuria Property Funds. This report states that the building is in overall sound condition as should be expected of a recently completed building. Under the contract for purchase, any material issues raised in the building report must be remedied by the Vendor. SGA's full report is available for inspection at Centuria Property Funds' office.

## 4.6 Title Particulars

**The Sydney Olympic Park Authority** holds title to the land which is described as Lot 2000 in Deposited Plan 1147230 in the Local Government Area of Auburn, Parish of Concord, County of Cumberland.

The Fund is acquiring a long-term leasehold interest initially granted by SOPA (Lessor) to Watpac Developments Pty Limited (Lessee). The lease commenced on 24 December 2009 for a term of 99 years, expiring 23 December 2108 and the rent for the entire term is \$1. The remaining term of the lease is approximately 97 years.

## 4.7 Head Lease

The land at 8 Australia Avenue, Sydney Olympic Park is leased from SOPA. It is this Head Lease which the Fund proposes to acquire under this acquisition. The majority of Sydney Olympic Park is held as leasehold from SOPA. The key terms and conditions under the Head Lease are as follows:

<b>Lessor</b>	Sydney Olympic Park Authority
<b>Lessee</b>	Watpac Developments Pty Ltd*
<b>Term</b>	99 years
<b>Commencing Date</b>	24 December 2009
<b>Expiry Date</b>	23 December 2108
<b>Rent</b>	\$1 (exclusive of GST) payable on commencement of the Head Lease.
<b>Estate Levy</b>	The Estate Levy is \$2.23 per square metre per annum indexed by CPI from 1 March 2003 and is payable annually in advance.
<b>Outgoings and Other Charges</b>	The Tenant must pay all Outgoings in respect of the Premises during the Term.

\* Lease will revert to the Fund on settlement



## 4.8 Town Planning

Zoning	Zone B4 Mixed Use.
Planning Instrument	State Environmental Planning Policy (Major Development) Amendment (Sydney Olympic Park) 2009.
Permitted Uses	Suitable business, office, residential, retail and other development in accessible locations so as to maximise public transport patronage and encourage walking and cycling.

## 4.9 Fund Exit Strategy

### Following the potential extension of the leases to Fujitsu, SOPA and Watpac in 2017 or re-leasing, the Property could be offered to the market with a long-term WALE.

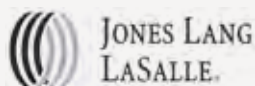
Capital gain could be driven by rental growth from fixed increases (weighted average fixed increases are 3.6% p.a.) and potential yield compression as the property market strengthens on the basis of wider economic growth and an upturn in the property cycle. We also anticipate that there will be market rental growth in excess of the current fixed rental review pattern of the existing leases.

It is our view that based on the counter-cyclical nature of the acquisition, reflected by the initial acquisition yield of 8.83%, that yield compression for quality properties is likely as the Australian commercial property market improves.

Centuria Property Funds may recommend that the Property is sold earlier than six years after the purchase date if it believes it is in the best interests of Investors. The sale would have to be approved by a Special Resolution of Investors. It should be noted that there are risks associated with your investment that may have a negative impact on capital gains. Details of all the key risks applicable to your investment are set out in Section 10 of this PDS.



# Independent Valuation Report



Jones Lang LaSalle (NSW) Pty Ltd  
A.B.N. 37 002 851 925  
PO Box 1427, Parramatta NSW 2124  
Level 8, 79 George Street, Parramatta NSW 2150  
tel +61 2 9806 2800 fax +61 2 9633 9923

30 March 2011

The Directors  
Centuria Property Funds Limited  
Level 23, 111 Pacific Highway  
North Sydney NSW 2080

Dear Sirs

**Re: Valuation – 8 Australia Avenue, Sydney Olympic Park - NSW**

We refer to the instructions issued by Centuria Property Funds Limited, dated 16 March 2011 requesting Jones Lang LaSalle (NSW) Pty Ltd to assess the market value of 8 Australia Avenue, Sydney Olympic Park, NSW (the property) for acquisition and first mortgage purposes. We have been instructed to provide a summary of the valuation report for inclusion in a Product Disclosure Statement to be issued by Centuria Property Funds Limited. This summary outlines the key considerations adopted in arriving at our opinion of Market Value.

**Basis of Valuation**

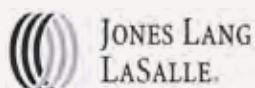
For the purpose of our valuation, market Value is defined as:

*“Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”*

**Summary of Value**

We have assessed the Market Value of the ground leasehold interest in the property as at 31 March 2011 to be the sum of \$32,000,000, subject to the qualifications and assumptions contained within our formal valuation report including but not limited to the following:

- Tenancy Schedule as at 1 March 2011, prepared by Centuria Property Funds Limited;
- Outgoings Budget for year ending 30 June 2011;
- Net lettable Area Survey prepared by William L Blackhouse Pty Limited, dated 17 December 2009;
- Ground lease; and
- Sub Leases.



### Brief Description of Property

The property comprises a modern multi level commercial office building completed in 2010. The building includes two basement levels of car parking, a ground floor entry foyer and retail tenancies and five upper levels of office accommodation. The property has a net lettable area (NLA) of approximately 6,609.90 square metres together with basement car parking for 119 vehicles. The building is designed to achieve a 4.5 star National Australian Built Environment Rating Scheme (NABERS) rating plus a 4 Star Green Star Design.

### Valuation Methodology

In arriving at our opinion of market value we have adopted the **discounted cash flow (DCF)** and **capitalisation of net income approaches**. Both results have then been cross checked using the direct comparison approach where the value is analysed on a rate per square metre of lettable area.

- **Capitalisation Approach**

The capitalisation approach involves the addition of our opinion of market rent for the various components of the property and the deduction of outgoings where appropriate in order to determine the net market income of the property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

Adjustments (for rental reversions, letting up allowances and short term CAPEX) where appropriate have been made in order to derive the resultant value.

- **Discounted Cash Flow Approach**

We have undertaken a discounted cash flow analysis over a 10 year investment horizon to derive a net present value for the property.

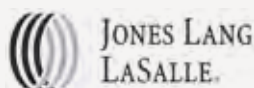
We stress that the estimating of future rentals and values is a very problematical exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projections of key elements includes assumptions respecting a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value and we draw your attention to this factor.

### Valuation Summary

We summarise below the results of our valuation approaches:

Capitalisation Rate:	8.00%
Capitalisation Value:	\$32,071,898
Discount Rate:	9.50%
DCF Value:	\$32,114,674
<b>Adopted Value:</b>	<b>\$32,000,000</b>
Initial Yield:	8.04%
Equivalent Market Yield:	8.02%
Internal Rate of Return:	9.55%
Rate \$/sqm of NLA:	\$4,841

# Independent Valuation Report



## Liability Disclaimer

Jones Lang LaSalle (NSW) Pty Ltd has prepared this summary letter for inclusion in the Product Disclosure Statement but has not been involved in the preparation of any other part of that document. Jones Lang LaSalle (NSW) Pty Ltd has not been required to approve or express any opinion about any part of the Product Disclosure Statement other than this letter of valuation summary.

Jones Lang LaSalle (NSW) Pty Ltd, its directors, executive officers and employees therefore cannot, and do not, make any warranty or representation as to the accuracy or completeness of any information or statement contained in any part of the Product Disclosure Statement, other than those expressly made or given in this letter of summary. Jones Lang LaSalle (NSW) Pty Ltd specifically disclaims liability to any person in the event of any alleged false or misleading statement in, or material omission from, any part of the Product Disclosure Statement other than in respect of the material prepared by Jones Lang LaSalle (NSW) Pty Ltd.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this value is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if any party becomes aware of any factors that have any effect on the valuation.

## Valuer's Interest

The appointed Valuers from Jones Lang LaSalle (NSW) Pty Ltd do not have any pecuniary interest that would conflict with the property valuation of the property and the valuation has been made independently of Centuria Property Funds Limited and/or its officers.

The Valuers performing this valuation have in excess of 5 year's continuous experience in the valuation of property of a similar type and are authorised to practise as Valuers in the State of NSW. The Valuers have prepared this valuation summary in accordance with all relevant principles applicable to a valuation of this type of property having regard to all relevant and surrounding circumstances.

No Commissioners, payments or additional benefits will be paid to Jones Lang LaSalle (NSW) Pty Ltd which are dependent on the success or otherwise of any capital raising or other matters relating to this offer. Jones Lang LaSalle (NSW) Pty Ltd is not aware of any interests, associations or relationships between Jones Lang LaSalle (NSW) Pty Ltd or its associates with Centuria Funds management Limited or its associates that may reasonably be expected to be or have been capable of influencing Jones Lang LaSalle (NSW) Pty Ltd in the preparation of our valuation or providing this report.

Yours faithfully

A handwritten signature in black ink, appearing to read "Peter Rhodes", written over a light pink rectangular background.

**Peter Rhodes**  
Manager  
Valuations and Advisory

## 6.1 The Responsible Entity

**Centuria Property Funds, as the Responsible Entity of the Fund, is responsible for the management of the Fund's assets on behalf of Investors. Centuria Property Funds is a specialised property funds management company established in 1999 with the specific purpose of identifying quality property investment opportunities for clients.**

**Centuria** has circa \$960m of property under management in 29 unlisted property funds and syndicates. In addition, Centuria has also managed 18 funds to completion with a total value of \$330 million and an average total return to Investors of over 18% p.a.\*

Centuria Property Funds (previously known as Century Funds Management) is committed to superior investment performance and personal service to its clients. Each offering by Centuria Property Funds follows a careful study of the risks and returns of the property investment. A primary focus is placed on the quality of the property as the underlying asset of each investment opportunity. The directors and management team of Centuria Property Funds have extensive property and funds management experience.

Centuria Property Funds is a 100% owned subsidiary of the ASX listed Centuria Capital Limited. Total funds (which includes property and non-property funds) under management of the group is approximately \$2 billion. Centuria Capital has 110,000 clients across its property funds management, Friendly Society, insurance and mortgage divisions.

Centuria Capital is regulated by the ASX, ASIC and APRA.

A profile of Centuria (together with details on the directors and key senior management) can be found by referencing the Centuria web page on [www.centuria.com.au/property](http://www.centuria.com.au/property)



\* Annualised average total return of 18.07% (as at 29 March 2011). Includes capital gains as well as distributions paid during the life of completed funds shown on a per annum basis. Past returns are not a reliable indicator of future returns.

# Centuria Property Funds Limited

## 6.2 Senior Executives

**The Senior Executives** of Centuria Property Funds have extensive experience in the property and funds management industry. Together they offer diverse skills with a strong property and funds management focus.

The Senior Executives of Centuria Property Funds have arranged property syndicates to a total value in excess of \$1.25 billion since 1990.



**John McBain**

**CEO**

Centuria Capital

**Qualifications**

Diploma in Urban Valuation (University of Auckland).

John joined the Centuria Capital Board on 10 July 2006. He was appointed as Chief Executive Officer of Centuria in April 2008.

John was also a founding director and major shareholder in boutique funds manager Century Funds Management, which was established in 1999 and acquired by Over Fifty Group in July 2006.

Prior to forming Century, John founded property funds manager Waltus Investments Australia Limited and Hanover Group Pty Limited, a specialised property consultancy. Waltus was formed in 1995 and was one of the first dedicated property funds managers in Australia. Prior to 1990 John held senior positions in a number of property development and property investment companies in Australia, New Zealand and the United Kingdom.



**Jason Huljich**

**CEO**

Centuria Property Funds

**Director**

Centuria Capital

**Qualifications**

B. Com (Commercial Law)

Jason became Chief Executive Officer of Centuria Property Funds in July 2006 and a Director of the Centuria Capital Board in November 2007.

In his role he is responsible for providing strategic leadership and ensuring the effective operation of Centuria's property portfolio. Jason is a hands-on leader, is actively involved in all corporate transactions, property acquisitions, investment structuring and regularly meets with Investors and their advisers.

Jason has extensive experience in the commercial property sector with specialist skills in private property investment. Prior to joining Centuria, Jason worked for a prominent Sydney property development company and in 1997 joined the Hanover Property Group where he specialised in lease and sales management for the group. He was intimately involved in the syndication arm of Hanover Group – Waltus Australia, which was responsible for approximately \$80 million in property syndication. At the conclusion of the joint venture with Waltus, Jason joined Century Funds Management.

Jason currently sits on the National Executive Committee of the Australian Direct Property Investment Association (ADPIA). ADPIA is the peak industry body representing the \$32 billion direct property investment industry.



**Ross Elsom**

**Consultant**

Centuria Property Funds

**Qualifications**

Fellow of the Australian Property Institute; Fellow of the Australian Institute of Company Directors.

Ross Elsom is a Consultant with Centuria Property Funds. He is principally involved with special projects within the Centuria property portfolio.

His role includes the acquisition, sale, leasing and strategic positioning of investment properties.

Ross has 40 years' experience in the property industry, following seven years in the accountancy profession. He has held the positions of Managing Director, Elsom Property Consultants, Managing Director (NSW) with Colliers Jardine and Managing Director, Bankminster Properties Limited, (prior to being acquired by Centuria); always with a particular focus on major investment and development properties throughout Australia.

Ross is a Fellow of the Australian Property Institute and a Fellow of the Australian Institute of Company Directors.



**David Govey**

**Head of Assets**  
Centuria  
Property Funds

**Qualifications**  
Diploma Technology  
(Valuation); Graduate  
Diploma in Town  
Planning

David has been Head of Assets for Centuria Property Funds since 2006.

He is responsible for the proactive and efficient management of Centuria's property portfolio in order to maximise the value of each asset. This role involves seeking to improve the performance of each property as well as ensuring Centuria is at the forefront of market and legislative issues including sustainability, compliance, and risk management. In addition, David is responsible for seeking updated property valuations as required and arranging asset disposals.

David has been involved in a broad spectrum of real estate activities for over 30 years with particular emphasis on enhancing asset values through strategic and creative initiatives. Prior to joining Bankminster Properties Limited (subsequently acquired by Centuria) as an Executive Director in 2001, David held senior positions with Colliers Jardine including Australian Managing Director, Managing Director of Singapore and South Australian Managing Director.

David has qualifications in Valuation and Town Planning and is an Associate of the Australian Property Institute.



**Matthew Coy**

**CFO**  
Centuria Capital

**Qualifications**  
B. Bus (UTS);  
Member of CPA

Matt was appointed Chief Financial Officer of Centuria Capital in October 2008. Prior to this appointment, he held the position of Financial Controller at Century Funds Management, a company acquired by Over Fifty Group in July 2006.

Matt has been associated with Centuria since 1999 with the joint founding of Bankminster Properties Limited. He was appointed an additional Company Secretary in October 2009.

Matt has over 25 years' experience in accounting, finance, company secretarial and business management, particularly within the property services sector.

Prior to his appointment to Centuria, he held key financial directorships with Colliers Jardine over a ten year period. He has an extensive background in financial reporting as well as commercial and business management.

Matt holds a B.Bus from the University of Technology Sydney and is a member of the CPA.



**Rowan Wall**

**Head of Strategic  
Property Planning**  
Centuria  
Property Funds

**Qualifications**  
B.Ec (Sydney  
University); Diploma  
of Education;  
Diploma of  
Superannuation  
Management;  
Advanced Certificate  
in Real Estate

Rowan has over 25 years' experience in the commercial property sector.

Rowan was the founder of Eclipse Property Group specialising in wholesale property syndication, development and management. He is also Principal of Eclipse Financial Group which comprises ten independent business units specialising in financing, mortgage investments, stock broking, equity investments, insurance, financial planning, investment advisory, accounting and legal services.

In this capacity, Rowan specialises in executive financial planning, investment strategies for superannuation funds, remuneration packaging, retirement planning, ownership structuring, estate planning and personal financial planning.

Rowan is a former Partner of Deloitte Touche Tohmatsu, and a former Director of Deloitte Financial Services Limited. His previous positions include; Economist – Australian Meat and Livestock Corporation, Group Economist – Rural Press Limited, Lecturer – Real Estate and Valuation, Finance and Money Management, Associate – Godfrey Weston Limited, Director – Duesburys Financial Services Limited.

He holds the following qualifications: B. Ec (Sydney University); Diploma of Education; Diploma of Superannuation Management; Advanced Certificate in Real Estate.

# Centuria Property Funds Limited

## 6.3 Board of Directors

**The Directors of the Responsible Entity and Centuria Capital, as at the date of this PDS are:**

**John McBain  
Chief Executive Officer**

John's profile appears in Section 6.2

**Jason Huljich  
Executive Director**

Jason's profile appears in Section 6.2



**Roger Dobson**

**Chairman**  
Centuria Capital

**Qualifications**  
B. Laws (Hons); LLM  
(Columbia)

Roger has been a partner of Henry Davis York since 1990. He established the firm's banking and finance practice in 1991.

Roger's main areas of practice currently include property related structured finance for banks and other funds management clients, and he works extensively on corporate transactions and debt restructuring. More recently, Roger has acted in relation to the establishment of a major new funds management business and its core and opportunistic property funds (including the acquisition of the underlying property assets). Roger has also acted for several retail funds management clients in property and other areas. He frequently advises directors of public companies on a variety of issues, including corporate governance, capital raisings, takeovers and other significant transactions.

Prior to joining Henry Davis York in 1989, Roger was an Associate with Sullivan & Cromwell, a New York based law firm, practising corporate law and finance. He has also worked as Associate to a former Chief Justice of South Australia, and has lectured in corporate law at the University of Technology, Brisbane.

Roger holds a Bachelor of Laws (Hons) from the University of Adelaide, and a Master of Laws from Colombia University (New York). Roger brings to the Board of Directors of Centuria his extensive legal knowledge of the property funds management and financial services industries, as well as corporate governance and regulatory issues.

Roger was appointed to the Board on 28 November 2007. He is Chairman of the Centuria Capital Board and Chairman of the Nomination and Remuneration Committee. Roger is also a member of the Audit, Risk Management and Compliance Committee.



**Peter Done**

**Board Member**  
Centuria Capital

**Qualifications**  
B. Com (Accounting);  
Fellow of the Institute of  
Chartered Accountants

Peter joined Peat Marwick Mitchell & Co (now known as KPMG) in 1968, where he held the position of partner from 1979 until his retirement in 2006. During his 27 years as partner, he was the lead audit partner for many clients, including those involved in property development, primary production and television and film production and distribution. Peter held a number of senior positions during his time at KPMG, where he was the partner in charge of KPMG Financial Services Pty Ltd (KPMG's financial planning practice) from its formation in 1988 until it was sold in 1999, a member of KPMG's NSW Executive Committee from 1986 to 1992, and the partner in charge of Migration Advisory in Australia from 1995 to 2005.

Following his retirement from KPMG in 2006, Peter formed his own consulting practice, and is also a director of a number of private companies involved in property development and investment.

Peter holds a Bachelor of Commerce (Accounting) from the University of New South Wales, and is a fellow of the Institute of Chartered Accountants. Peter brings to the Board of Directors of Centuria his strengths in accounting, audit and financial management in the property development and financial services industries, and a strong knowledge of corporate governance, regulatory issues and board processes through his many senior roles.

Peter was appointed to the Board on 28 November 2007 and is the Chairman of the Audit, Risk Management and Compliance Committee. He is also a member of the Nomination and Remuneration Committee and the Investment Committee.



### **Deepak Gupta**

**Board Member**  
Centuria Capital

**Qualifications**  
B. Com (Business Administration);  
MBA (Massey)

Deepak has 25 years' experience in the financial services and investment management industry in New Zealand. He joined Trustees Executors Limited in 2005 and was appointed to their Board in November 2005. As the Executive Director, Deepak is responsible for the strategic, operational and financial management of Trustees Executors Limited. Trustees Executors currently has NZ\$55 billion of funds under supervision, administration or management.

Prior to joining Trustees Executors Limited, Deepak worked at a senior management level for major institutional investors such as Westpac Investment Management, Royal & Sun Alliance and AMP in general funds management having extensive investment experience in all major asset classes, being equities, bonds and property. Deepak was involved in a variety of private equity transactions.

Deepak is also a director of Tourism Holdings Limited, a New Zealand Stock Exchange listed company, the Institute of Finance Professionals New Zealand Inc, is a past Chairman of the New Zealand Society of Investment Analysts and has represented New Zealand for a number of years on the Executive Committee of the Asian Securities Analysts Federation.

Deepak holds a Bachelor of Commerce and Administration (Business Administration) from Victoria University in Wellington (New Zealand), a Certificate of Investment Analysis from the University of Otago and a Master of Business Administration from Massey University.

Deepak brings to the Board his wide range of strategic and operational management experience and extensive experience in financial services and investment management. Deepak was appointed to the Centuria Board on 28 November 2007 and is a member of the Nomination and Remuneration Committee, the Audit, Risk Management and Compliance Committee and the Investment Committee.

# Financial Information

## 7.1 Forecast Returns

Year Ended	30 June 12	30 June 13
<b>Fund Income</b>		
Net Property Income	\$2,646,999	\$2,780,868
Interest Income	\$43,295	\$36,362
<b>Total Income</b>	<b>\$2,690,294</b>	<b>\$2,817,230</b>
<b>Fund Expenses</b>		
Expenses <sup>(1)</sup>	\$41,636	\$51,636
<b>Total Expenses</b>	<b>\$41,636</b>	<b>\$51,636</b>
<b>Net Operating Income</b>	<b>\$2,648,658</b>	<b>\$2,765,594</b>
Interest on Debt Facility	\$1,224,000	\$1,224,000
<b>Net Income after Interest Expense</b>	<b>\$1,424,658</b>	<b>\$1,541,594</b>
Vendor's Contribution <sup>(2)</sup>	\$38,645	\$ -
Distribution Smoothing <sup>(3)</sup>	\$49,000	\$(28,000)
<b>Net Distributions Received by Investors</b>	<b>\$1,512,303</b>	<b>\$1,513,594</b>
<b>Return on Cash Contributions<sup>(4)</sup></b>	<b>8.00%</b>	<b>8.00%</b>

The above forecasts are based on a number of assumptions. See Section 7.5 for further details.

- (1) Expenses include accounting, valuation, custodian fees, audit and administration costs.
- (2) This amount is being contributed by the Vendor and is equal to the amount of unexpired rental incentives given to existing tenants by the Vendor.
- (3) Small amounts of working capital are used to smooth distributions. Over the term of the Fund the amount is a positive contribution towards working capital.
- (4) These returns are calculated on the cash subscribed by Investors excluding funds provided under the Debt Facility but after payment of interest on the Debt Facility.

## 7.2 Forecast Taxation Allowances

Year Ended	30 June 12	30 June 13
<b>Net Distribution<sup>(1)</sup></b>	<b>\$1,512,303</b>	<b>\$1,513,594</b>
<b>Borrowing Costs Amortised<sup>(2)</sup></b>	<b>\$109,667</b>	<b>\$109,667</b>
Tax Deferred Component	7%	7%
<b>Building Allowance – Division 43<sup>(3)</sup></b>	<b>\$460,600</b>	<b>\$460,600</b>
Tax Deferred Component	31%	31%
<b>Depreciation – Division 40<sup>(4)</sup></b>	<b>\$612,800</b>	<b>\$530,300</b>
Tax Deferred Component	41%	35%
<b>Equity Raising Costs Amortised<sup>(5)</sup></b>	<b>\$304,958</b>	<b>\$304,958</b>
Tax Deferred Component	20%	20%
<b>Prepayments and Timing Differences</b>	<b>\$184,500</b>	<b>\$184,500</b>
Tax Deferred Component	12%	12%
<b>Carried forward from previous year<sup>(6)</sup></b>	<b>\$2,106,887</b>	<b>\$2,354,753</b>
<b>Total</b>	<b>\$3,779,411</b>	<b>\$3,944,778</b>
<b>% Return which is Tax Deferred<sup>(7)</sup></b>	<b>100%</b>	<b>100%</b>

### Notes to forecasts:

- (1) This figure comes from the forecast returns table in section 7.1.
- (2) Borrowing expenses are amortised over three years.
- (3) Capital works deductions on structure and infrastructure (Division 43 of the Income Tax Assessment Act 1997 (ITAA))
- (4) Capital allowances for expenditure on plant (Division 40 of ITAA 1997)
- (5) Equity raising expenses are amortised over five years. An amount equal to 0.5% of the purchase price of the property is allocated as a property finding fee. This amount is included in the Acquisition/Brokerage fee.
- (6) Tax losses carried forward from prior year relates to deductions claimed under section 25-20 of ITAA 1997 for costs associated with the purchase of the leasehold property. These tax losses can be carried forward to future years.
- (7) The tax deferred component above relates to the Tax Deferral percentage for an Australian resident.

### 7.3 Source and Application of Funds

Source of Funds	Amount
Total Cash Subscribed by Investors	\$18,908,635
Debt Facility from Financier	\$16,000,000
<b>Total of Funds Raised</b>	<b>\$34,908,635</b>
Application of Funds	
<b>Purchase Price of Property</b>	<b>\$30,150,000</b>
Costs of Acquisition	
Legals – Conveyancing	\$55,000
Stamp Duty and Torrens Assurance Levy	\$1,717,635
Settlement Adjustment <sup>(1)</sup>	\$(38,645)
Due Diligence Costs	
Valuation	\$12,500
Due Diligence	\$20,000
Accountant Review	\$15,000
Tax Opinion	\$10,000
Costs Relation to Offer	
Marketing and Publication Costs	\$28,000
Offer Research	\$30,000
Legals – Offer Documentation	\$40,000
Fund Management Fee (Years 1 and 2) <sup>(2)</sup>	\$369,000
Acquisition/Brokerage Fee <sup>(3)</sup>	\$1,507,500
Funding Costs	
Debt Facility Stamp Duty	\$64,000
Legals – Debt Facility	\$35,000
Debt Facility Establishment Fee	\$80,000
Other	
Fund Liquidity <sup>(4)</sup>	\$600,000
Vendor Contribution <sup>(1)</sup>	\$38,645
Interest Rate Hedge Fee <sup>(5)</sup>	\$150,000
Custodian (legals)	\$5,000
Contingency provision	\$20,000
<b>Total</b>	<b>\$34,908,635</b>

#### Notes:

- (1) A settlement adjustment of \$38,645 is equal to the amount of outstanding rental incentives given to existing tenants by the Vendor.
- (2) Fund Management Fees for Years 1 and 2 are raised up front but paid down monthly.
- (3) The Acquisition/Brokerage Fee will be paid to the Manager and the Manager will pay any brokerage or commissions payable in respect of applications for Units under the Offer out of this Fee.
- (4) This money will be invested by the Trustee and used for expenditure as directed by the Manager. The Manager will use this money to fund any extraordinary items of expenditure eg. fit-outs, capital works, leasing fees, rent free periods, vacancy allowance, income support or such other expenditure as the Manager considers is in Investors' interests.
- (5) To the extent that the hedging fee allowance is not utilised in the purchase of financial instruments, any such surplus will be treated as additional Fund liquidity.

### 7.4 Forecast Pro-forma Balance Sheet<sup>(1)</sup>

Assets	Amount
Investment Property	\$32,000,000
Accumulated cash, receivables and prepayments	\$1,027,645
Derivative Financial Instruments <sup>(2)</sup>	\$150,000
<b>Total Assets</b>	<b>\$33,177,645</b>
Liabilities	Amount
Borrowings	\$16,000,000
Capitalised Borrowing Costs	\$(179,000)
<b>Total Liabilities</b>	<b>\$15,821,000</b>
<b>Net Assets attributable to Investors</b>	<b>\$17,356,645</b>
<b>Units on Issue</b>	<b>\$18,908,635</b>
<b>NTA per unit</b>	<b>\$0.92</b>
<b>Debt to assets ratio</b>	<b>48%</b>

This Balance Sheet has been prepared in accordance with Australian Equivalents to the International Financial Reporting Standards (AIFRS).

#### Notes:

- (1) Balance sheet is based on figures as at 24 June 2011 assuming successful completion of the Offer.
- (2) The derivative financial instrument is to hedge the debt facility interest rate.

# Financial Information

## 7.5 Key Assumptions

### Centuria Property Funds' forecast returns/total return calculations and forecast taxation allowances have been prepared based on various assumptions.

Investors should appreciate that many factors which affect actual results may be outside the control of Centuria Property Funds or may not be capable of being foreseen or accurately predicted.

As such, actual results may differ from the forecasts.

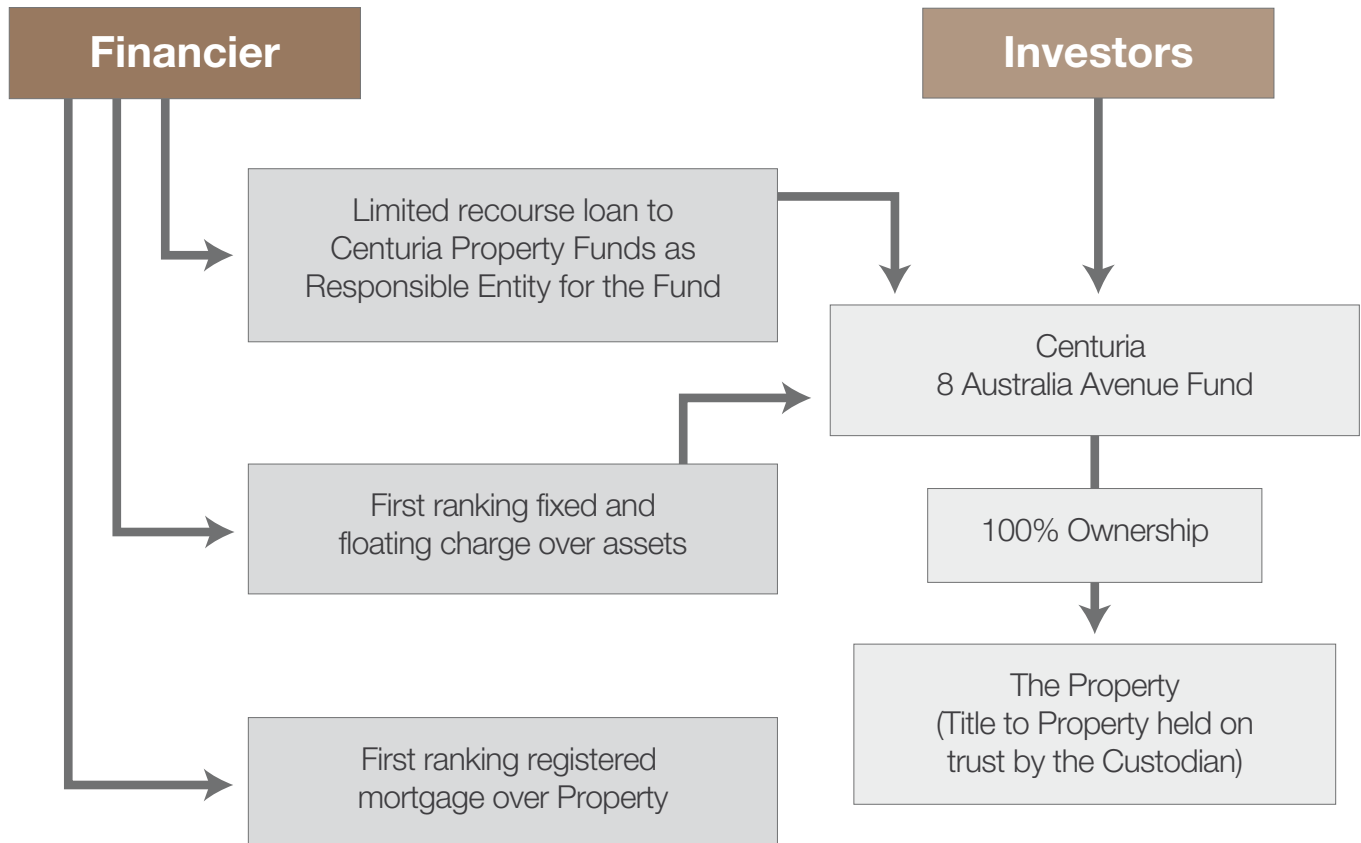
Centuria Property Funds has made the following assumptions in making the forecasts of returns to Investors:

<b>Settlement Date and Purchase Price</b>	The acquisition of the Property is assumed to be completed in accordance with an expected settlement date of 24 June 2011 at the Purchase Price of \$30,150,000.
<b>Rental Income</b>	Rental income is assumed to increase in accordance with the fixed annual increase provisions of the leases with no default by a material tenant.
<b>Outgoings Expenditure</b>	Outgoings expenditure is forecast to increase at 3.5% as an approximation of CPI.
<b>Fund Liquidity</b>	A Fund liquidity allowance of \$600,000 will be raised to allow for non-recoverable items of capital expenditure and other purposes permitted under the Fund Deed for the Fund. For example, expenditures on the Property considered by Centuria Property Funds to be in the best interests of the Investors. Until such time as these funds are needed, they will be invested by Centuria Property Funds for the benefit of the Investors.
<b>Capital Expenditure</b>	The forecast assumes that Capital Expenditure does not exceed the amount provisioned for in the Fund and the amount set aside for Capital Expenditure is invested in a relevant deposit account and attracts an interest rate of no less than 4.5% p.a.
<b>Interest Costs</b>	A total interest rate of 7.65% per annum has been assumed from settlement to 30 June 2013. Details of the Debt Facility are contained in Section 2.6. Borrowing costs are amortised over three years following completion of the purchase of the Property.
<b>Interest Rate Hedging</b>	An amount of \$150,000 has been forecast for interest rate hedging. To the extent that a portion of the allowance is unutilised it will be held by the Fund as additional liquid assets.
<b>Gearing</b>	The forecast assumes a loan/debt to value ratio of 50%. The facility has a Loan to Valuation Ratio Covenant of 55%.
<b>Debt Covenants</b>	The forecast assumes that debt covenants are not breached and the rights of the financier are not exercised.
<b>Taxation Allowances</b>	The Quantity Surveyor engaged by Centuria Property Funds has estimated the Division 40 (plant & equipment depreciation) and Division 43 (building allowance) taxation allowances.
<b>Accounting and Audit Fees</b>	Accounting and audit fees are as per estimates received from the Accountant and Auditor.
<b>GST</b>	The Fund will be registered for GST and as such the impact of GST payments and recoveries should be neutral to the Fund and the forecasts are not adjusted to include GST.

## 8.1 Structure of the Fund

**The Fund** is a registered Managed Investment Scheme which will be operated and managed by the Responsible Entity, Centuria Property Funds.

The structure of the fund is as follows:



## 8.2 Offer of Units in the Fund

The offer of Units made in this PDS will remain open until 17 June 2011, or until the offer is fully subscribed. The period of the offer may be changed by Centuria Property Funds at its discretion.

Investors should read this entire PDS and make independent enquiries prior to investing in the Fund.

## 8.3 Issue Price

Units will be issued at \$1.00 per Unit

# Fees and Expenses

## 9.1 Did you know?

### Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your Fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

#### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

The table below shows fees and other costs that you may be charged. These fees and costs will be deducted from the Fund's monies prior to distribution of income to Investors unless specified otherwise. There is therefore no separate payment required in relation to any of the fees and costs listed below.

Information about taxes is set out in Section 11 of this PDS. The fees set out below show the net effect of GST (i.e. inclusive of 10% GST less any input tax credits, including reduced input tax credits).

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Centuria Property Funds or the Property Manager may elect to waive part or all of any fee, on the basis that it may recover the waived fee from the assets of the Fund at a later date.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment Fee</b> The fee to open your investment	Nil	There is no Establishment fee.
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	There is no Contribution fee.
<b>Termination fee</b> The fee to close your investment	Nil	There is no Termination fee.

### Management costs<sup>(1)</sup>

#### The fees and costs for managing your investment

These are the fees and costs paid for general administration of the Fund and comprise management fees, audit fees, accounting fees, legal fees, compliance costs and all other expenses recoverable by Centuria Property Funds.

Estimated at 0.71% per annum of the value of the Fund's gross assets<sup>2</sup>. Centuria Property Funds' management fee of 0.6% per annum is included in this.

Refer to Section 9.3 entitled 'Additional explanation of annual fees and costs' for additional fees which may be incurred upon the acquisition or disposal of an asset of the Fund.

The Management Fee is payable to Centuria Property Funds, from the Assets of the Fund monthly. Other expense reimbursements are payable to Centuria Property Funds, the Property Manager or other relevant service providers as and when incurred. Refer to Section 9.3 entitled 'Additional explanation of annual fees and costs' for more detail.

### Service Fees

#### Investment switching fee

The fee for changing investment options

Nil

There is no Investment switching fee.

(1) The components of the ongoing management costs are discussed in more detail in the 'Additional explanation of annual fees and costs' section on page 38.

The management fee may be negotiated in certain circumstances, please refer to the 'Differential fees' section on page 39.

(2) This equates to an indirect cost ratio of up to 1.36% per annum of the value of the Fund's net assets at the time of this PDS.

## 9.2 Example of Annual Fees and Costs

**This table** gives an example of how the fees and costs for this product can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Example Balance of \$50,000		
<b>Contribution fee</b>	<b>Nil</b>	<b>You will not be charged a contribution fee.</b>
<b>Plus Management Costs</b>	Estimated at 1.36% per annum of the value of your investment (based on ongoing management costs of 0.7% per annum of the value of the Fund's gross assets and assumed gearing of 50%).	
<b>Equals Cost of Fund</b>	If you had an investment of \$50,000 at the beginning of the year you would be charged total fees of up to \$680.*  What it costs you will depend on the fees you negotiate with your Fund or financial adviser.	

\* Additional fees may apply. This amount does not include any Acquisition, Sale or Performance fee. Please refer to the worked example of the calculation of the Performance fee set out on page 38.



# Fees and Expenses

## 9.3 Additional explanation of Annual Fees and Costs

### ONGOING MANAGEMENT COSTS

The estimated ongoing management costs identified in the tables in Sections 9.1 and 9.2 comprise management fees and expense recoveries. A short description of each of these types of fees is set out below.

#### Management fees

This is the fee paid to Centuria Property Funds for general administration of the Fund and is calculated by reference to the Fund's gross assets. The Management Fee is 0.6% per annum of the Fund's gross assets.

#### Expense recovery

This is the out-of-pocket expenses and other costs that Centuria Property Funds is entitled to recover from the Fund including but not limited to expenses incurred in acquiring, valuing, holding or disposing of investments, issuing Units, convening and holding Investors' meetings, amending the Constitution and establishing and maintaining registers and accounting records. This also includes expenses incurred by Centuria Property Funds in respect of external service providers and advisers, including compliance costs and audit, accounting and legal fees. Centuria Property Funds is entitled to be reimbursed from the assets of the Fund as and when Centuria Property Funds incurs the relevant expense. An estimate of Centuria Property Funds' recoverable expenses is included in the Ongoing Management Costs set out in the table on the previous page.

Centuria Property Funds is entitled to receive, pay or agree to pay to any person (including the Property Manager or any other associate or related body corporate, as defined in the Corporations Act, of Centuria Property Funds) property management fees, development management fees, facilities management fees, managing agents' fees and leasing fees relating to the Property provided that, if Centuria Property Funds (or an associate or a related body corporate of Centuria Property Funds) provides such services and the fees are payable out of the Property outgoings or the assets of the Fund, the fees must not exceed normal commercial rates charged in respect of managing or leasing comparable real property in the vicinity of the Property.

### PERFORMANCE FEE

This is the fee paid to Centuria Property Funds as an incentive to maximise the sale proceeds of the Property. Centuria Property Funds will be entitled to a performance fee of 20% of the portion of the outperformance of the Fund over an Internal Rate of Return (IRR) of 10% per annum. The first performance fee calculation period will be from the commencement of the Fund to the completion of the sale of the Property. If any further distributions are made to Investors from that date to the date the Fund is finally wound up, a performance fee calculation will be conducted at those times also.

In addition, if, at any time, there is a restructure or other arrangement affecting the Fund whereby Investors holding greater than 80% of the Units on issue dispose of those Units, the performance fee will become payable (if owing) and will be calculated as if the NAB or the actual scheme or other arrangement consideration (as the case may be) was paid to Investors.

### EXAMPLE OF CALCULATION OF PERFORMANCE FEE

This example is provided for information purposes only to illustrate the calculation of the performance fee. Actual results may vary significantly from those in this example.

For example, if the Fund:

- raised \$20 million at \$1.00 per Unit through this PDS;
- paid a distribution per annum of 8.0 cents per Unit for six years (representing total distributions to Investors of \$1.6 million per annum); and
- in six years' time had \$24.0 million after the sale of the Property available to be distributed to Investors (i.e. \$1.20 per Unit);

then the Fund equity IRR based on these series of cash flows is calculated to be 11.05% per annum. The outperformance amount above the hurdle IRR of 10% per annum would be \$1,635,000, being the amount that, if included in the Fund IRR cash flows as an outflow at the wind up of the Fund, reduces the Fund IRR to 10% per annum. After the payment of the success fee, the *post-success fee* IRR for Investors would be 10.84%.

Therefore, the performance fee payable would be \$327,000 (being 20% of \$1,635,000 million). For an Investor with a \$100,000 investment, this would equate to a performance fee of \$1,630 for the six year period.

### ACQUISITION/BROKERAGE FEE

This is the fee charged by Centuria Property Funds for the identification and analysis of the Property, for raising equity, procuring debt and structuring the investment. The fee is equal to 5% of the purchase price of the Property and is payable from the assets of the Fund upon completion of the purchase of the Property. The Property will be acquired by the Fund for \$30.15 million, therefore the fee will be \$1,507,500.

This fee includes an amount payable to Investors' Financial Advisers (see 'Adviser Remuneration').

### SALE FEE

This is the agency fee charged by Centuria Property Services in respect of coordinating the sale of the Property. It is charged at a rate of up to 2% (excluding GST) of the sale price of the Property. Any payments to external parties, such as real estate agents, involved in the sale are included in this fee. The sale fee is payable to Centuria Property Funds from the assets of the Fund upon settlement of the sale of the Property. Centuria Property Funds may also seek professional services for the Fund from qualified providers including related parties. The fees for these services will be charged at normal commercial rates to the Fund and are subject to the approval of Centuria Property Funds. For more detail on related party transactions and the conflicts of interest policy, refer to Section 12.3.

### ADVISER REMUNERATION/BROKERAGE

Centuria Property Funds may pay an 'up-front' and/or a 'trail commission' to financial advisers and other intermediaries whose clients invest in the Fund. These payments are paid out of the Acquisition Fee charged by Centuria Property Funds. These commissions may apply to both the initial investment and subsequent investments made by such Investors. Investors may also enter into their own agreements with financial planners or advisers under which the advisers are paid fees for financial advice.

### TRANSACTION COSTS

Transactional costs are costs incurred by the Fund for buying and selling direct property and other Fund assets. They include brokerage, stamp duty and legal and tax advice and property settlement costs.

### DIFFERENTIAL FEES

Centuria Property Funds may negotiate special fee arrangements with Investors who are Wholesale Clients pursuant to the Corporations Act under which it reduces or rebates fees to those Investors. Such special fee arrangements will not adversely impact upon the fees that are paid by other Investors as set out in this section.



# Investment Considerations and Risks

## Where risks eventuate, income distributions may be lower than expected, and/or the capital value of your investment could fall.

The investment considerations and risks of investing in the Fund include:

- Considerations and risks which would apply if Investors were purchasing the Property in their own right; and
- Considerations and risks in relation to holding interests in a managed investment scheme.

Investors should be aware that the value of the Property, the income to Investors and the value of the Units could be adversely affected by a number of factors, including those outside the control of Centuria Property Funds. Major investment considerations and risks include those set out below.

### 10.1 General Investment Risk

#### General investment risks include:

- A downturn in the Australian and/or global economy in general;
- Interest rate fluctuations;
- Legislative changes (which may or may not have a retrospective effect) including taxation and accounting issues;
- Inflation;
- Natural disasters, including earthquakes, social unrest, terrorist attack or war in Australia or overseas; and
- If you are a foreign Investor, currency exchange rate fluctuations.

### 10.2 Specific Property and Fund Risks

#### FALL IN FUND REVENUE

The risk that the Fund's revenue decreases as a result of falling rental demand, rent payments decreasing, tenant incentives, tenants or guarantors failing to fulfil obligations under a lease or a property not being fully leased. This may have a negative effect on distributions to Investors and the value of the Property.

#### FALL IN PROPERTY VALUE

A downturn in the property market or a fall in property values will have an adverse effect on the value of the Fund and the return to Investors.

#### UNIT PRICE RISK

The Issue Price per Unit is calculated by adding the Net Asset Backing per Unit and an amount reflective of the costs and expenses associated with establishing the Fund and acquiring the Property. This pricing method reflects market practice for unlisted Funds. As at the date of this PDS, the Net Asset Backing is \$0.92 and the Issue Price is \$1.00 per Unit. Based on these figures the Net Asset Backing of the Unit will need to increase by 8.7% before it equates to the Issue Price of those Units.

#### RISK OF VACANCIES

The risk of a change in sentiment toward the Property such that it is unable to be fully leased. While a vacancy exists the income of the Fund would decrease and the value of the Property may be affected. Centuria Property Funds would also probably need to pay marketing expenses plus commission to estate agents who introduce tenants and also provide lease incentives to attract tenants.

#### UNEXPECTED CAPITAL EXPENDITURE

The risk that capital expenditure may exceed expectations. This may result in increased funding costs and Centuria Property Funds may need to reduce distributions.

#### FORCE MAJEURE RISK

Natural phenomena may affect the Property. There are events including certain force majeure events and terrorist attacks for which insurance cover is not available or the Fund does not have cover. This would result in a loss of capital, in turn reducing value of Units and returns.

#### LIQUIDITY RISK

The Fund does not allow any redemptions under normal circumstances through the term of the Fund, and Investors' investments are therefore illiquid. If it becomes necessary for the Fund to dispose of the Property for any reason, including to lower gearing, there is a risk that the Fund may not be able to realise the Property in a timely manner or at an optimal sale price. This may affect Centuria Property Funds' ability to return capital to Investors and may reduce the NAB per Unit.

## LEVERAGED INVESTMENT AND INTEREST RATE EXPOSURE

The borrowings within the investment structure create leverage which increases the potential for capital gains and losses. Changes in the total interest rate (margin plus base rate) during the first two financial periods will affect Investors' pre-tax returns as follows:

Variation from assumed Total Interest Rate	Pre-tax Return to 30 June 2012	Pre-tax Return to 30 June 2013
Plus 0.25%	7.79%	7.79%
<b>Assumed Total Interest Rate – 7.65%</b>	<b>8.00%</b>	<b>8.00%</b>
Less 0.25%	8.21%	8.21%

A fall in the value of the Property or the net property income could result in a breach of a borrowing condition. If there is a default of the debt facility, the financier may enforce its security against the Property and, amongst other things, sell the Property.

Upon the expiry of the debt facility, the financier has no obligation to rollover the debt facility. The Fund may require refinancing and there is no certainty that debt funding to replace the current debt facility at the end of the term will be obtained.

## NO GUARANTEE OF INVESTMENT RETURNS

Neither the performance of this investment nor the repayment of Investor contributions subscribed is guaranteed by Centuria Property Funds, the custodian or the financier.

## LEGAL AND COUNTERPARTY RISK

The Fund may, in the ordinary course of business, be involved in possible litigation and disputes, for example, tenancy disputes, environmental and occupational health and safety claims, industrial disputes and any legal claims or third party claims. A material or costly dispute or litigation may affect the value of the assets or the expected income of the Fund. The Fund has entered into, and may in the future enter into, legal documents and contracts in relation to numerous aspects of the Fund's operation, for example, property management arrangements, custody arrangements, debt financing arrangements, property development arrangements and tenancy arrangements. The Fund may be adversely affected where a party fails to perform under these agreements.

## RISK OF RELIANCE ON EXPERTS

Certain assumptions have been based on advice obtained from independent experts. While Centuria Property Funds believes it is reasonable to rely on those experts, there is a risk that those assumptions may prove incorrect if, for example, a technical property report fails to identify the need for capital works or a revenue authority disagrees with a legal opinion and levies additional stamp duty.



# Taxation Information

**The following taxation information provides a general outline of some of the taxation implications of holding Units in C8AAF. Taxation implications for Investors not residing in Australia or New Zealand may differ substantially from those outlined in this section.**

The following information relates only to Australian income tax and capital gains tax implications of holding Units in C8AAF, not stamp duty or GST implications. The information is current as at the date of this PDS and may change from time to time. However, it does not take into account the specific circumstances of any Investor. It is therefore important that Investors obtain independent professional advice as to the specific taxation implications for their own circumstances. Centuria Property Funds does not purport to offer any taxation advice.

The information below is based on an Investor holding their investment in C8AAF on capital account.

## 11.1 Australian Taxation of Australian Resident Investors

### TAXATION OF C8AAF

C8AAF is a closed-ended unlisted Fund that invests directly in real property for the purposes of deriving rental income. Under current Australian income tax legislation, Centuria Property Funds in its capacity as responsible entity for C8AAF, should not be liable to taxation on the net taxable income of the Fund provided that the income of the Fund is fully distributed to Investors each year.

Where a Fund incurs a loss for tax purposes, the loss cannot be distributed to Investors but will be carried forward to be utilised by the Fund against future income and/or capital gains subject to satisfying the loss recoupment rules.

### TAXATION OF INVESTORS

#### Distributions

Investors will be subject to Australian income tax on their proportionate share of the net taxable income of the Funds for the relevant year, irrespective of whether actual distributions differ from the net taxable income of the Fund. Distributions from the Fund will potentially include a number of different categories such as net rental income and net capital gains. Investors will be able to identify the categories of distributions from the annual tax statement which will be issued by Centuria Property Funds each year to assist Investors in preparing their tax returns.

Distributions may also include tax deferred distributions, which arise where the net taxable income of a Fund is lower than the cash distribution amount (e.g. due to tax allowances on assets).

Tax deferred distributions are not immediately assessable to Investors when received but are applied to reduce an Investor's cost base in their Units. This will impact on the calculation of any gain or loss on the ultimate disposal of the Units. If the aggregate tax deferred distributions received from the Fund reduces an Investor's cost base to nil, any further tax deferred distributions received are assessable as capital gains to the Investor.

#### Taxation of capital gains

The withdrawal or transfer of any part of an investment in C8AAF may give rise to a taxable capital gain to an Investor. A discount may be available for certain Investors in calculating the taxable amount of a capital gain where the investment in C8AAF has been held for more than twelve months. For example, the discount is one-half for individuals and Funds, and one-third for complying superannuation entities.

#### TAX FILE NUMBERS

Investors are not required to quote their tax file number (TFN) in relation to an investment in C8AAF. However, if an Investor does not quote a TFN (or Australian Business Number where appropriate), tax may be required to be deducted from distributions (as at the date of this PDS, the relevant rate is 46.5%).

## 11.2 Australian Taxation of New Zealand Resident Investors

### DISTRIBUTIONS – MANAGED INVESTMENT TRUST WITHHOLDING TAX REGIME

The Fund is likely to be a Managed Investment Trust (MIT) for Australian tax purposes. As such, pursuant to the MIT withholding tax regime, Centuria Property Funds is required to withhold tax at a rate of 7.5% from any distributions of net taxable income (including rent and taxable capital gains, but excluding amounts of interest and non-taxable capital gains) made to New Zealand resident Investors. The Fund is also required to provide a payment summary to such Investors which sets out the total of the withholding payments that the payment summary covers and the total of the amounts withheld by the Fund from those

withholding payments. If the Fund does not qualify as an MIT, the tax treatment of your investment will differ. We recommend that you seek independent financial advice in this regard.

#### TAXATION OF CAPITAL GAINS

The withdrawal or transfer of any part of an investment in C8AAF may give rise to a taxable capital gain. For example, this will be the case in circumstances where a New Zealand resident Investor has, at the time of disposal, or throughout a twelve month period that began no earlier than 24 months before that time, an interest in C8AAF (including any interests held by associates) of more than 10%.

## 11.3 New Zealand Taxation Of New Zealand Resident Investors

### GST

**The issue and redemption of Units in C8AAF will not be subject to New Zealand GST.**

**The summary set out below assumes that you and your associates do not together hold more than 10% of the total Units on issue in the Fund.**

**Investors will be taxed on their Units under one of two regimes: the ordinary tax regime or the Foreign Investment Fund (FIF) regime.**

### TAX TREATMENT UNDER THE ORDINARY TAX REGIME

An Investor will be taxed under the ordinary tax rules if the Investor is a New Zealand resident natural person and does not hold offshore equities (including units in a unit trust but excluding, amongst other things, shares in most Australian resident companies listed on the ASX All Ordinaries Index) the total cost of which is more than NZ\$50,000. Under the ordinary tax rules:

- Any distributions will be taxable income for the Investor;
- Withdrawal by redemption of Units will give rise to income for the Investor equal to the difference between:
  - the redemption proceeds; and
  - the average issue price of all the Units multiplied by the number of the Investor's Units which are redeemed; and
- An Investor will be taxed on any gains from the sale (as opposed to redemption) of units only if the Investor acquired the Units either:
  - For the dominant purpose of resale; or
  - As part of a profit making scheme or undertaking; or
  - As part of a business in respect of which the sale of such investments is an ordinary incident.

### TAX TREATMENT UNDER FIF REGIME

All other Investors will be taxed under the FIF regime (FIF Investors). Broadly speaking, a FIF Investor will be deemed to derive income equal to 5% of the market value of the Units it holds at the beginning of the income year (fair dividend rate, or FDR method). Any profits from selling or redeeming the Units and any dividends or redemption proceeds received are ignored (except as described in the following paragraphs).

If a FIF Investor bought and later sold Units in the same income year, then the FIF Investor is additionally taxable on the lesser of:

- the actual gain from the Units both bought and sold during the income year (including any distributions paid on them) (actual gain method); or
- 5% of:
  - a) the difference between the greatest number of Units the FIF Investor held at any time during the income year and the number of Units the FIF Investor held at the beginning or end of the year (whichever produces the smaller difference), multiplied by
  - b) the average cost of all Units acquired during the income year (peak holding method).

For the calculation of the actual gain, the last unit acquired is deemed to be the first sold.

A slightly different version of the FDR method is used by Investors that are managed Funds.

If a FIF Investor is a natural person or a family Trust and its actual realised and unrealised return from its total portfolio of offshore equity investments is lower than the amount calculated under the FDR method described above, then the Investor can elect to be taxed on its actual realised and unrealised returns – including dividends (the comparative value or CV method). This method must then be applied across all the Investor's FIF interests.

An Investor will also need to make certain elections in respect of how amounts are converted to New Zealand dollars.

The FIF regime described above is subject to various exceptions. Investors should seek specific tax advice if they believe the FIF regime may apply to them.

### FOREIGN TAX CREDIT

For both methods a foreign tax credit should be available in respect of any Australian tax withheld up to the amount of New Zealand tax payable.

---

# Additional Information

---

## 12.1 Cooling off rights

No cooling off rights apply to an investment in the Fund.

---

## 12.2 Valuation policy

Centuria Property Funds will have the Property valued by an independent valuer at a minimum interval of every 24 months but it may also obtain an independent valuation at such other times where there has been a significant change in market value. Centuria Property Funds may also have an independent market appraisal conducted in relation to the Property in each year in which the Property is not valued. A market appraisal is in effect a short form valuation of the Property conducted by an independent registered valuer. At all times, Centuria Property Funds will ensure that Investors in the Fund are aware of, and have access to, the current valuation of the Property and the NAB per Unit.

Independent valuations of the Property will be undertaken by recognised valuers, selected from Centuria Property Funds' (and, if the purpose is for refinancing, the respective financier's) approved valuation panel, having a minimum of five years' relevant experience. Written instructions will be provided to the valuers specifying that the valuation reports are to be in accordance with the Australian Property Institute standards and that the valuers shall have no pecuniary interest that would create any conflict with the proper valuation of the property. Unless otherwise specified, current market valuations for the investment properties would be based upon the capitalisation of net income approach and include a discounted cash flow calculation.

---

## 12.3 Related Party Policy

Centuria Property Funds recognises its responsibilities in relation to conflicts of interest and related party transactions and has a Conflicts of Interest Policy in place that governs the way in which we manage such transactions or conflicts.

Through the application of this policy, Centuria Property Funds is committed to:

- identifying and monitoring all potential conflicts of interest;
- avoiding conflicts of interests wherever this is the only way to properly protect Investors' interests;
- taking appropriate steps to ensure the fair treatment of the Fund and all Investors potentially impacted by the conflict; and
- dealing in an open manner and disclosing its conflicts of interest wherever this is likely to be relevant to Investors.

Centuria Property Funds will engage Centuria Property Services, a wholly owned subsidiary, to provide property management, development management and facilities management services to the Fund. Centuria Property Services was chosen by Centuria Property Funds to provide these services due to its vast experience as a specialised property consultancy and property manager. Centuria Property Services holds a real estate licence and supervises an extensive portfolio of commercial, industrial and retail properties. The appointment of Centuria Property Services will be on commercial arms' length terms and will be subject to regular review throughout the Term of the Fund.

**Centuria Property Funds considers that the level of expertise and experience brought by Centuria Property Services to the management of the Fund's property may be an asset to the Fund. The property management arrangement between Centuria Property Funds and Centuria Property Services will be on arms' length, commercial terms.**

## 12.4 Investor Rights

**The rights attached to the Units are set out in the constitution of the Fund. Those rights are, in certain circumstances, also regulated by the Corporations Act and general law. Centuria Property Funds has registered the Fund as a managed investment scheme under the Corporations Act.**

The constitution of the Fund is available for inspection at the offices of Centuria Property Funds. The following is a summary of some of the principal rights of Investors:

- You are entitled to receive notice of, and to attend and vote at, a general meeting of the Fund and to receive all notices, accounts and other documents required to be sent to members under the constitution of the Fund, the Corporations Act or the general law;
- Each Investor present in person or by an attorney, representative or proxy at a general meeting of the Fund has one vote on a show of hands (unless an Investor has appointed two proxies) and one vote per dollar value of the total interests they have in the Fund on a poll. Where there are two or more joint holders of a Unit and more than one of them is present at a meeting and tenders a vote in respect of the relevant Unit, only the vote cast by the holder whose name appears first in the Unit register will count;
- Centuria Property Funds may, on behalf of the Fund, issue further Units for the issue price specified in the constitution based on NAB plus issue costs;
- Units may be transferred by a written document in required form. Centuria Property Funds may refuse to transfer Units without giving any reason;
- If the Fund is wound up, Investors will be entitled to participate in any surplus assets of the Fund according to their rights and interests. Subject to rights attached to a particular class of units, this means in proportion to their holdings. In addition, to the circumstances in which the Fund may be wound up under the Corporations Act, Centuria Property Funds may wind up the Fund by giving Investors in the Fund notice of the termination date;
- Subject to the constitution of the Fund and the Corporations Act, the Responsible Entity has all the powers in respect of the Fund which it would have if it was the owner of the assets of the Fund. The constitution of the Fund provides that the Responsible Entity will be paid out of the income or capital of the Fund an annual fee which is detailed in Section 9; and
- Centuria Property Funds may hold Units and may contract with itself in another capacity, for example as Trustee of another Fund, and may contract with related entities for the provisions of services to the Fund paid for by the Fund.

## 12.5 Future Issues

Centuria Property Funds may, on behalf of the Fund, issue further Units. In addition, Centuria Property Funds may, in its discretion, determine to raise further capital by means of a number of other methods including:

- discounted pro-rata rights offer to all Investors;
- issue of separate classes of Units with different rights; or
- operation of a distribution reinvestment program.

Centuria Property Funds and its associates are permitted to acquire Units in the Fund via future capital raisings. Centuria Property Funds may also enter into arrangements (including through the provision of finance) with underwriters or other entities to facilitate a purchase of Units. Any fees payable to underwriters or other entities to acquire Units will be paid for by Centuria Property Funds out of its own funds and will have no effect on C8AAF or its returns.

Units acquired by, or as a result of an arrangement with, Centuria Property Funds or its associates may be issued on different terms and may rank ahead of ordinary Units for redemption purposes or for payment of capital and income distributions.

## 12.6 Labour standards and environmental, social or ethical considerations

Centuria Property Funds does not directly take labour standards or environmental, social or ethical considerations into account for the purpose of selecting, retaining or realising investments of the Fund, as these decisions are primarily based on economic considerations. However, sometimes these matters do indirectly affect the economic factors upon which investment decisions are based.

## 12.7 Interest on Application Monies

Application Monies that Centuria Property Funds holds in an account prior to the issue of Units may earn interest. Where Application Monies are refunded to Investors (for example, if the minimum subscription is not reached), any interest earned will also be refunded to Investors less any tax or bank fees paid.

If no refund of Application Monies is made, any interest earned on funds held will form part of the assets of the Fund.

# Additional Information

## 12.8 Dispute Resolution

Centuria Property Funds Limited and its subsidiary companies are committed to striving for excellence in relation to their products and services and want to ensure that they respond to customers' concerns as quickly and efficiently as possible. Despite their best endeavours, they realise that complaints will occur from time to time and, to this end, have in place comprehensive internal and external complaints resolution processes to ensure they are resolved with minimum inconvenience to all parties. If you have a complaint, please contact us on 1300 50 50 50. We will either try to resolve your complaint or put you in contact with someone who is better placed to resolve the complaint. If you are not satisfied with the response you receive or if you wish to submit a written complaint, you may write to us at:

**Centuria Property Funds Limited**  
**Complaints Resolution Process**  
**GPO Box 695**  
**Melbourne VIC 3001**

or email: [compliance@centuria.com.au](mailto:compliance@centuria.com.au)

Please provide the detail and reason for your complaint and we will attempt to resolve the matter and respond within 14 days of receipt.

If you are not satisfied with the response we provide you in respect of your complaint, you may contact the Financial Ombudsman Service. Its contact details are:

**Financial Ombudsman Service**  
**GPO Box 3**  
**Melbourne VIC 3001**

Tel: **1300 780 808** (within Australia) and  
**+61 3 9613 7366** (outside Australia)

Fax: **+61 3 9613 6399**

Email: [info@fos.org.au](mailto:info@fos.org.au)

Please note that a complaint must have gone through Centuria's complaints handling process before it can be referred to the Financial Ombudsman Service.

## 12.9 Investors' Right to Information

**At all times during which the Fund is a disclosing entity, the Fund will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.**

You have a right to obtain a copy of the following documents:

- The annual financial report most recently lodged with ASIC by the Fund;
- Any half year financial report lodged with ASIC by the Fund after lodgement of that annual report; and
- Any continuous disclosure notices given by the Fund after lodgement of that annual report.

## 12.10 Disclosure of Information

Centuria Property Funds' disclosures to Investors will be guided by industry best practice and ASIC guidelines. In addition to this PDS, Investors will be able to access current information on the Property from Centuria Property Funds' website and regular publications and Investor updates. ASIC Regulatory Guide 46 'Unlisted property schemes – improving disclosure for retail Investors' and Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations' contain the disclosure principles currently recommended by ASIC. These disclosures have been incorporated, or it has been described how Centuria Property Funds will meet these obligations, within this PDS.

The following table shows the disclosure principles set out in ASIC Regulatory Guide 46.

Disclosure principle	PDS section(s) reference
1 Gearing ratio	2.6
2 Interest cover	2.6
3 Scheme borrowing	2.6
4 Valuation policy	12.2
5 Related party transactions	12.3
6 Distribution practices	2.3
7 Withdrawal arrangements	10.2

## 12.11 Personal Information

Centuria Property Funds takes all reasonable steps to protect your personal information. Centuria Property Funds will use your personal information for:

- Processing your application for Units;
- Informing you of any other potential investment opportunities in funds to be promoted and/or managed by Centuria Property Funds or any of its related entities. If you do not wish to receive this information please contact Centuria Property Funds' privacy officer;
- Administering the Fund (including calculation of entitlements and distributions, and ownership and interests in Units); and
- Any purpose related to the above purposes.  
Your personal information may be disclosed to related entities of Centuria Property Funds and any organisation (such as an accountant or auditor) involved with the administration of the Fund for any of the above purposes.

The provision of the personal information requested is needed to allow your application to be processed. By completing the Application Form, you consent, for the purposes of the Spam Act 2003 (Cth) to receiving commercial e-mails from Centuria Property Funds, related entities of Centuria Property Funds or any other entity involved with the administration of the Fund.

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) is aimed at addressing money laundering in Australia and the threat to national security caused by terrorism. This legislation requires us to collect identification information from you and to verify your identity from original or certified copies of specified documents. Further details of the anti-money laundering regime, including what identification information and documentation you are required to provide, are set out in the application form of this PDS.

**You can access and correct the personal information that Centuria Property Funds holds about you (or obtain a copy of Centuria Property Funds' privacy policy) by contacting its Privacy Officer on (02) 8923 8923.**



### How to Invest

#### Step 1:

Investors may apply for Units in the Fund by completing and returning the relevant Application form in Appendix 1 of this PDS. There are three different Application Forms:

- Individual/Joint Application Form
- Company Application Form
- Trustee Application Form

Investors should fill out the form relevant to the entity that they are investing through and provide the required Identification Documents.

A minimum Investment Amount of \$100,000 is required unless Centuria Property Funds agrees to accept a lesser amount. Investment Amounts in excess of \$100,000 will be accepted so long as any excess is in multiples of \$5,000.

#### Step 2:

Investors should sign the Signatories Form on Page 60 and fill in details of their nominated bank account into which distributions will be paid.

#### Step 3:

Completed Application Forms and Signatory pages, together with payment for the full Investment Amount, should be sent to Centuria Property Funds at the following address:

Centuria 8 Australia Avenue Fund  
C/O Centuria Property Funds Limited  
PO Box 6274  
North Sydney NSW 2060

Alternatively you can direct credit your application funds to –

Name of Account	The Trust Company (Australia) Limited ACF Centuria 8 Australia Avenue Fund
Bank	ANZ
BSB No.	012-003
Account No.	8355 19898

Unless the context otherwise requires, in this PDS the following terms have the meanings shown:

Defined Term	Meaning
<b>Application</b>	An application to acquire Units in the Fund pursuant to the Offer.
<b>Application Form</b>	The form attached to this PDS at Appendix 1 which must be used to make an application for Units in the Fund pursuant to the Offer.
<b>Application Monies</b>	The price or the amount paid by a prospective Investor for Units in the Fund.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Centuria Property Funds</b>	Centuria Property Funds Limited ACN 086 553 639 AFSL 231 149 as responsible entity of the Fund.
<b>Centuria Property Funds Group</b>	Centuria Property Funds and its related bodies corporate.
<b>Centuria Property Services</b>	Centuria Property Services Pty Limited ACN 092 526 924.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth) and the Corporations Act Regulations as amended from time to time.
<b>C8AAF</b>	Centuria 8 Australia Avenue Fund ARSN 150 376 793.
<b>Investment Amount(s)</b>	The amount subscribed by an Investor for Units.
<b>Investor</b>	A person holding a Unit.
<b>Internal Rate of Return or IRR</b>	The Internal Rate of Return is the annualised, effective compound return rate of each of the cash flows received by Investors.
<b>Issue</b>	The issue of Units pursuant to this Offer.
<b>NAB</b>	Value of the Fund's assets less its borrowings, accrued expenses and other liabilities per Unit.
<b>Offer</b>	The invitation to subscribe for Units pursuant to this PDS.
<b>PDS</b>	This Product Disclosure Statement and any replacement or supplementary Product Disclosure Statement.
<b>Property</b>	The property located at 8 Australia Avenue, Sydney Olympic Park being the sole direct property asset of the Fund.
<b>Purchase Yield</b>	The yield calculated as the net income of the property divided by the purchase price.
<b>Responsible Entity</b>	Centuria Property Funds, as responsible entity of the Fund.
<b>Special Resolution</b>	A resolution which is passed by at least 75% of the votes cast by Investors entitled to vote on the resolution.
<b>Fund</b>	Centuria 8 Australia Avenue Fund ARSN 150 376 793.
<b>Unanimous Resolution</b>	A resolution which is passed by 100% of the votes cast by Investors entitled to vote on the resolution.
<b>Unit</b>	A unit in the Fund issued under this PDS.
<b>WALE</b>	Weighted Average Lease Expiry of the Property.
<b>Wholesale Client</b>	An Investor who is a wholesale client for the purposes of section 761G(7) of the Corporations Act.

---

## Anti-money laundering legislation

As set out in section 12.11 of the PDS, Centuria Property Funds is required to comply with the anti-money laundering laws in force in a number of jurisdictions and you must provide us such information or documentation as we may request from time to time to ensure its compliance with such requirements. Should you fail to provide Centuria Property Funds with any such information or documentation as we may request, your application for Units may be rejected, any Units you hold may be compulsorily redeemed, and any redemption requested by you may be delayed or refused and Centuria Property Funds will not be liable for any loss arising as a result thereof. In addition, Centuria Property Funds may refuse your application for Units, compulsorily redeem any Units you hold or delay or refuse any redemption request made by you if it is required to do so under the anti-money laundering laws or if not to do so may cause Centuria Property Funds to be in breach of its obligations under the anti-money laundering laws.

---

## Provision of required documents

The Application Form sets out certain documents which are required to be submitted together with the Application Form. These documents are all required to be certified copies. Documents may be certified as true by any of the following persons:

- a Solicitor
- a Justice of the Peace
- a Judge or magistrate, chief executive officer or registrar or deputy registrar of a court
- a Notary Public
- a Police Officer
- an agent of Australia Post who is in charge of an Australia Post office
- a permanent employee of Australia Post with 2 or more years of continuous service
- an Australian consular officer or an Australian diplomatic officer
- an officer with 2 or more continuous years of service with one or more finance companies
- an officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more years of continuous service with one or more licensees
- a member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with 2 or more years of continuous membership.

---

This page has been left intentionally blank

## Centuria 8 Australia Avenue Fund Application Form

**This Application Form** relates to the application for Units in Centuria 8 Australia Avenue Fund ARSN 150 376 793 under the PDS dated 20 April 2011 issued by Centuria Property Funds Limited ABN 11 086 553 639, AFSL 231 119. This application form must be accompanied by the PDS when provided to any person.

### Applicant 1

Title	<input type="radio"/> Mr	<input type="radio"/> Ms	<input type="radio"/> Mrs	<input type="radio"/> Miss	<input type="radio"/> Dr
Surname	<input type="text"/>				
Contact Name(s)	<input type="text"/>				
Residential Address (not a PO BOX)	<input type="text"/>				
	<input type="text"/>				
	State <input type="text"/>	Postcode <input type="text"/>			
Postal Address	<input type="text"/>				
	<input type="text"/>				
	State <input type="text"/>	Postcode <input type="text"/>			
Phone Numbers	Work (1) ( ) <input type="text"/>	Work (2) ( ) <input type="text"/>	Mobile <input type="text"/>		
Email Address	<input type="text"/>			Date of Birth	<input type="text"/>

### Applicant 2

Title	<input type="radio"/> Mr	<input type="radio"/> Ms	<input type="radio"/> Mrs	<input type="radio"/> Miss	<input type="radio"/> Dr
Surname	<input type="text"/>				
Contact Name(s)	<input type="text"/>				
Residential Address (not a PO BOX)	<input type="text"/>				
	<input type="text"/>				
	State <input type="text"/>	Postcode <input type="text"/>			
Postal Address	<input type="text"/>				
	<input type="text"/>				
	State <input type="text"/>	Postcode <input type="text"/>			
Phone Numbers	Work (1) ( ) <input type="text"/>	Work (2) ( ) <input type="text"/>	Mobile <input type="text"/>		
Email Address	<input type="text"/>			Date of Birth	<input type="text"/>

---

## Individual/Joint Application Form – continued

---

### 3. Required Documents

**For proof of identification please attach a certified copy of the following:**

- Driver's Licence, Passport, Birth Certificate or Social Security Card, **and**
- Tax Assessment (less than 12 months old) or utilities provider account (less than three months old).

For other approved forms of identification, please call Centuria Property Funds on (02) 8923 8923.

---

### 4. Investment Details

**I/we lodge the following application monies and apply for Units**

Centuria 8 Australia Avenue Fund  
(Minimum Investment \$100,000)

\$

Please make cheque payable to: "The Trust Company (Australia) Ltd ACF Centuria 8 Australia Avenue Fund"

---

### 5. Tax File Number

Collection of Tax File Numbers is authorised by law. Quotation is not compulsory but tax will be taken out of your distribution at the highest marginal tax rate plus Medicare Levy if you do not quote your number or an exemption.

I authorise the application of this Tax File Number to the investment for which application is made above;

Tax File Number (first named applicant)

OR

I claim an exemption from quoting the Tax File Number for the following reasons;

Exemption claimed

---

**Go to the signatories pages to complete your application**

## Centuria 8 Australia Avenue Fund Application Form

**This Application Form** relates to the application for Units in Centuria 8 Australia Avenue Fund ARSN 150 376 793 under the PDS dated 20 April 2011 issued by Centuria Property Funds Limited ABN 11 086 553 639, AFSL 231 119. This application form must be accompanied by the PDS when provided to any person.

### 1. Company Details

Company Name:	<input type="text"/>		
ACN	<input type="text"/>		
Contact Name(s)	<input type="text"/>		
Registered Address (not a PO BOX)	<input type="text"/>		
	<input type="text"/>		
	<input type="text"/> State	<input type="text"/> Postcode	
Postal Address	<input type="text"/>		
	<input type="text"/>		
	<input type="text"/> State	<input type="text"/> Postcode	
Phone Numbers	Work (1) ( ) <input type="text"/>	Work (2) ( ) <input type="text"/>	Mobile <input type="text"/>
Email Address	<input type="text"/>	Fax	( ) <input type="text"/>

### 2. Director's Details

#### Director 1

Title	<input type="radio"/> Mr	<input type="radio"/> Ms	<input type="radio"/> Mrs	<input type="radio"/> Miss	<input type="radio"/> Dr
Surname	<input type="text"/>				
Contact Name(s)	<input type="text"/>				
	<input type="checkbox"/> Tick this box if you are the sole director/proprietor of the company				

#### Director 2

Title	<input type="radio"/> Mr	<input type="radio"/> Ms	<input type="radio"/> Mrs	<input type="radio"/> Miss	<input type="radio"/> Dr
Surname	<input type="text"/>				
Contact Name(s)	<input type="text"/>				

**If you have more than two Company Directors, please attach their details.**

---

## Company Application Form – continued

---

### 3. Beneficial Owners of the Company

Please provide details of those beneficial owners of the company with a 25+% ownership.

Owner 1

Owner 2

Owner 3

Owner 4

---

### 4. Required Documents

For proof of identification please attach a certified copy of the following for each director of the company:

Driver's Licence, Passport, Birth Certificate or Social Security Card, **and**

Tax Assessment (less than 12 months old) or utilities provider account (less than three months old).

For other approved forms of identification, please call Centuria Property Funds on (02) 8923 8923.

---

### 5. Investment Details

I/we lodge the following application monies and apply for Units

Centuria 8 Australia Avenue Fund  
(Minimum Investment \$100,000)

\$

Please make cheque payable to: "The Trust Company (Australia) Ltd ACF Centuria 8 Australia Avenue Fund"

---

### 6. Tax File Number

Collection of Tax File Numbers is authorised by law. Quotation is not compulsory but tax will be taken out of your distribution at the highest marginal tax rate plus Medicare Levy if you do not quote your number or an exemption.

I authorise the application of this Tax File Number to the investment for which application is made above;

Tax File Number (first named applicant)

OR

I claim an exemption from quoting the Tax File Number for the following reasons;

Exemption claimed

**Go to the signatories pages to complete your application**

## Centuria 8 Australia Avenue Fund Application Form

**This Application Form** relates to the application for Units in Centuria 8 Australia Avenue Fund ARSN 150 376 793 under the PDS dated 20 April 2011 issued by Centuria Property Funds Limited ABN 11 086 553 639, AFSL 231 119. This application form must be accompanied by the PDS when provided to any person.

### 1. Trust Details

Trust Name:

Type of Trustee  Company  Individual (Complete the information over the page)

### 2. Company as Trustee

Company Name:

ACN

Contact Name(s)

Registered Address (not a PO BOX)

State  Postcode

Postal Address

State  Postcode

Phone Numbers

Work (1)	Work (2)	Mobile
( ) <input type="text"/>	( ) <input type="text"/>	<input type="text"/>

Email Address  Fax ( )

### 3. Director's Details

#### Director 1

Title  Mr  Ms  Mrs  Miss  Dr

Surname

Contact Name(s)

Tick this box if you are the sole director/proprietor of the company

#### Director 2

Title  Mr  Ms  Mrs  Miss  Dr

Surname

Contact Name(s)

**If you have more than two Company Directors, please attach their details.**

## 4. Individual as Trustee

### Trustee 1

Title  Mr  Ms  Mrs  Miss  Dr

Surname

Contact Name(s)

Residential Address (not a PO BOX)

State  Postcode

Postal Address

State  Postcode

Phone Numbers Work (1)  ( ) Work (2)  ( ) Fax  ( )

Email Address  Date of Birth

### Trustee 2

Title  Mr  Ms  Mrs  Miss  Dr

Surname

Contact Name(s)

Residential Address (not a PO BOX)

State  Postcode

Postal Address

State  Postcode

Phone Numbers Work (1)  ( ) Work (2)  ( ) Fax  ( )

Email Address  Date of Birth

---

## 5. Required Documents

**For proof of identification of the Trust we require:**

A certified copy of the Trust Deed.

**For proof of identification please attach a certified copy of the following for either the individual trustee or in the case of a company trustee, for each director of the company:**

Driver's Licence, Passport, Birth Certificate or Social Security Card, **and**

Tax Assessment (less than 12 months old) or utilities provider account (less than three months old).

For other approved forms of identification, please call Centuria Property Funds on (02) 8923 8923.

---

## 6. Investment Details

**I/we lodge the following application monies and apply for Units**

Centuria 8 Australia Avenue Fund  
(Minimum Investment \$100,000)

\$

Please make cheque payable to: "The Trust Company (Australia) Ltd ACF Centuria 8 Australia Avenue Fund"

---

## 7. Tax File Number

Collection of Tax File Numbers is authorised by law. Quotation is not compulsory but tax will be taken out of your distribution at the highest marginal tax rate plus Medicare Levy if you do not quote your number or an exemption.

I authorise the application of this Tax File Number to the investment for which application is made above;

Tax File Number (first named applicant)

OR

I claim an exemption from quoting the Tax File Number for the following reasons;

Exemption claimed

**Go to the signatories pages to complete your application**

---

This page has been left intentionally blank

---

## Signatures

- I/we agree to be bound by the terms and conditions of this PDS dated 20 April 2011 and the Constitution of the Fund as amended from time to time.
- I/We acknowledge that investments in C8AAF are subject to investment and other risks, including possible delays in repayment and the loss of income and capital invested.
- I/We acknowledge that neither Centuria Property Funds nor any of its subsidiaries or related entities guarantee the performance of the Units or the return of capital invested.
- I/We have detached this application form from an accompanying PDS dated 20 April 2011, which I/we have read and understood.
- If I/we have obtained this PDS through electronic means, then I/we declare that I/we received a printout or received the PDS before making an application to invest.
- I/We consent to my/our information being used in the manner set out in Section 12.11 of the PDS and to my/our information disclosed between those entities outlined under “Privacy”, and to its use for direct marketing (subject to my/our right to opt-out at any time), product management and development and for other reasonable purposes.
- I/We represent that all details contained in this Application Form are complete and accurate.
- I am/We are not, as a result of the law of any place, a person to whom this PDS should not be given.
- I/We represent and warrant that, except as agreed with Centuria Property Funds, I am/we are in Australia or New Zealand and am/are not acting for the account or benefit of another person outside Australia or New Zealand.
- I/We acknowledge that once I/we have submitted my/our application, I/we may not withdraw it.
- I/We acknowledge and agree to the terms set out in the PDS and this Application Form in relation to Centuria Property Funds’ anti-money laundering legislative requirements.

Please note: If signed under Power of Attorney, the Attorney verifies that no notice of revocation of that Power has been received. Applications received from companies must be signed in accordance with their Constitution.

---

## Privacy

You agree and have consented to Centuria Property Funds using your personal information in the manner set out in Section 12.11 of the PDS. In particular, you agree that Centuria Property Funds may use your personal information so that it can tell you about products or services that may be of interest to you and you also agree that your personal information for these purposes may be disclosed to Centuria Property Funds, related companies of Centuria Property Funds, to other organisations, and to relevant service providers (such as the administrator and mail houses). If you do not want Centuria Property Funds to send you such information, please tick the box below. If you do not tick the box below, Centuria Property Funds will assume that you want to be provided with the types of information that have been described.

Applicant 1\*

Signature  Date

Applicant 2\*

Signature  Date

\* Parent's or guardian's signature if Applicant 1 or 2 is aged at least 10 and under 16 years.

## Advisor Details

Advisor Name

Company Name

Postal Address

State

Postcode

Phone Numbers

Email Address

**I/We authorise Centuria Property Funds to make distribution payments directly to the following bank account:**

## Bank Account Details:

Bank

Account Name

BSB

Account Number

Suffix (if applicable)

## Direct Credit

Please tick box if you wish to directly deposit you application monies to the C8AAF account.

## Account Details

Name of Account The Trust Company (Australia) Limited ACF Centuria 8 Australia Avenue Fund

Bank Account ANZ

BSB No. 012-003

Account No. 8355 19898

---

## Responsible Entity

### **Centuria Property Funds Limited**

Level 23  
111 Pacific Highway  
North Sydney NSW 2060

Phone: (02) 8923 8923  
Fax: (02) 9460 2960

Web: [www.centuria.com.au/property](http://www.centuria.com.au/property)  
Email: [contactus@centuria.com.au](mailto:contactus@centuria.com.au)

Australian Financial Services Licence No. 231149

---

## Auditor

### **KPMG**

The KPMG Centre  
10 Shelley Street  
Sydney NSW 2000

Phone: (02) 9335 7000  
Fax: (02) 9335 7001

---

## Solicitor

### **Clayton Utz**

Level 34  
No. 1 O'Connell Street  
Sydney NSW 2000

Phone: (02) 9353 4000  
Fax: (02) 8220 6700

