

Centuria



CENTURIA PROPERTY FUNDS NO. 2 LIMITED

Centuria Healthcare Property Fund

PRODUCT DISCLOSURE STATEMENT

ARSN 638 821 360 | APIR CODE CTR0438AU

12 NOVEMBER 2020

How to Complete Your Application

Online Application

Go to centuria.com.au/chpf/apply and follow the instructions to complete your Application.

Postal Application

Refer to 'How to invest' on page 51 and follow the instructions to complete your Application.

We highly recommend applying through our streamlined Online Application Portal. Online Applications will be processed immediately, as opposed to postal Applications which may take several days to be received. Existing Centuria Property Funds Investors will only require their account number, investing entity name, email address and banking instructions to complete an online Application. These details can be found on your latest distribution statement. For new Investors, the online Application lists the documents you require to complete your Application and can be found at centuria.com.au/chpf/apply.

Further Information

For further information, please contact our Investor Services Team on: **1800 182 257**.

Important Information

This Product Disclosure Statement (PDS) is dated 12 November 2020 and relates to the offer of Units (Offer) in the Centuria Healthcare Property Fund (ARSN 638 821 360) (Fund). The Offer under this PDS is made by Centuria Property Funds No.2 Limited (ABN 38 133 363 185, AFSL 340 304) as the Responsible Entity for the Fund (the Manager).

Prospective Investors interested in the investment opportunity outlined in this PDS should conduct an independent investigation and analysis as to its merits and risks. In preparing the PDS, the Manager has not taken into consideration the individual objectives, financial situation or needs of any person. 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 advice or a recommendation to invest in the Offer by the Manager.

The Manager its associates or directors, do not guarantee the performance of the Fund, the repayment of capital or any income or capital return. Past performance is not indicative of future performance.

It is particularly important that, in considering an investment in the Fund, you are aware of the risk factors that could affect the performance of the Fund (see Section 7). 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 supersedes 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 the Manager in connection with the Fund.

The Manager and its related bodies corporate, together with their directors and officers, may hold Units in the Fund.

The Offer set out in this PDS is only available to Investors in Australia, New Zealand, Singapore and any other jurisdiction where the Offer may lawfully be made. New Zealand and Singapore Investors should read the Sections for New Zealand and Singapore Investors on the following page. This PDS does not constitute an Offer 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, New Zealand and Singapore 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 (either online or postal) is taken to constitute a representation and warranty that there has been no breach of any laws.

Information in this PDS may change from time to time. Information that has changed in relation to the Fund that is not materially adverse, is made available on Centuria's website. The Manager may issue a supplementary PDS to supplement any relevant information not contained in this PDS, in accordance with its obligations under the *Corporations Act*. Any supplementary PDS and updated information should be read together with this PDS. A copy of any supplementary PDS and other information regarding the Fund will be made available on Centuria's website at centuria.com.au/chpf.

This PDS may be viewed online at centuria.com.au/chpf/pds. If you access the electronic version of this PDS, you should ensure that you download and read this PDS in full.

A paper copy of this PDS or any supplementary PDS is available free of charge to any person by calling the Manager (see the Glossary towards the back of this PDS for contact details).

In accordance with Australian Securities and Investments Commission's (ASIC) Regulatory Guide 198 'Unlisted disclosing entities: Continuous disclosure obligations', the Manager fulfils its continuous disclosure requirements by way of website disclosures that comply with ASIC's good practice guidance.

All disclosures required under the continuous disclosure requirements are available by contacting the Manager.

Currency amounts are stated in Australian dollars.

Master Trust or Wrap Accounts

The Manager authorises the use of this PDS as disclosure to Indirect Investors (who access the Fund through an Investor Directed Property Service (IDPS) or IDPS-like scheme (known commonly as a master trust or wrap account or nominee or custody service) and those Investors may rely on this PDS. People who invest in the Fund through a master trust or wrap account do not become Direct Investors. The operator or custodian of the master trust or wrap account (IDPS Operator) is recorded as the Investor in the Fund and is the person who exercises the rights and receives the benefits as an Investor. Reports and documentation relating to the Fund are sent to the IDPS Operator. Investors using these services should be aware that they may be subject to different conditions from those set out in this PDS, particularly in relation to:

- Arrangements for the Application and transfer of Units;
- Fees and expenses;
- Distribution calculation and timing; and
- Investor reporting.

Important Information

Indirect Investors in master trusts or wrap accounts should contact their adviser or IDPS Operator with any queries relating to an investment in the Fund using these services.

Images

The images of the healthcare property assets in this presentation includes assets not yet acquired by Fund. The Fund is in due diligence or has exchanged contracts to acquire some of the assets shown. The acquisition of these assets is subject to completion and satisfactory due diligence. Therefore, it is possible the Fund may not acquire those assets.

New Zealand Investors

Important Additional Information

Warning Statement

If you are a New Zealand Investor, the Responsible Entity is required to provide the following additional information to you under New Zealand law.

1. 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 (Aust)* and regulations made under that Act. In New Zealand, this is sub part 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.
2. 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 (Aust)* and the regulations made under that Act set out how the offer must be made.
3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand Investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Additional Warning Statement: Currency Exchange Risk

1. The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
2. If you expect the financial products 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.

Singapore Investors

The Offer which is the subject of this PDS does not relate to a collective investment scheme that is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore, as amended or modified (SFA) or recognised under Section 287 of the SFA. The Fund is not authorised or recognised by the Monetary Authority of Singapore (MAS) and the Units are not allowed to be offered to the retail public. This PDS and any other document or material issued in connection with the Offer is not a prospectus as defined in the SFA and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you.

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

1. To an institutional investor (as defined in the SFA) under Section 304 of the SFA or as the case may be Section 305A(1)(a) of the SFA.
2. To an accredited investor (as defined in the SFA) under Section 305 of the SFA or as the case may be Section 305A(1)(b) of the SFA, in accordance with the conditions specified in Section 305 of the SFA and the conditions specified in Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

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

- a. A corporation (which is not an accredited investor (as defined in the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. A trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

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

- i. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;
- ii. where no consideration is or will be given for the transfer;
- iii. where the transfer is by operation of law;
- iv. as specified in Section 305A(5) of the SFA; or
- v. as specified in Regulation 36A of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

Foreign exchange risk is applicable as fluctuations occur between the Singaporean dollar and Australian dollar.

Introduction

Centuria Property Funds No. 2 Limited is a wholly owned subsidiary of Centuria Capital Group (Centuria). Centuria is an ASX-listed specialist investment manager with \$9.4 billion¹ of assets under management. Centuria offers a range of investment opportunities including listed and unlisted property funds as well as tax-effective investment bonds. Our drive, allied with our in-depth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.

The Centuria Healthcare Property Fund is a multi-asset, open-ended unlisted property fund with daily unit pricing, monthly distributions and a limited quarterly liquidity facility appealing to Investors wishing to access Centuria's investment capabilities via a single fund. The Fund will have rolling five-year investment terms with a liquidity event at the end of each term.

Centuria is regulated by the Australian Securities Exchange, ASIC and the Australian Prudential Regulation Authority.

A profile of Centuria Property Funds together with details on the directors and key senior management can be found at centuria.com.au or in Section 5 of this PDS.

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1. Centuria AUM as at 30 June 2020, Augusta AUM as at 31 March 2020. This AUM figure includes Centuria's takeover of Augusta Capital and the settlement of assets by the Centuria Industrial REIT.

About the Centuria Healthcare Property Fund

The Centuria Healthcare Property Fund (Fund) aims to provide monthly tax-effective income and long-term capital growth by investing in the healthcare sector underpinned by long term leases to a range of reputable healthcare operators.

The Fund invests across a range of healthcare properties, providing diversification by property type, healthcare sector, geographic location and tenancy mix. The Fund's strategy is to own healthcare properties that have stable earnings profile with long-term leases to reputable healthcare operators. To assist with liquidity and returns, the Fund also holds cash, cash-like products and listed healthcare real estate investment trusts. More information about the Fund and the Manager's investment strategy is set out in Section 2.

The Fund is open-ended, allowing Investors the option of both additional applications and withdrawals, to suit their investment needs and requirements. Generally, the Fund offers daily applications and quarterly withdrawals (subject to conditions set out in Section 3.7 and 3.8). The minimum investment in the Fund is \$10,000.

Investors can access details of the Fund's assets on the Centuria website at centuria.com.au/chpf. The Manager is dedicated to ensuring its disclosure to Investors adheres to industry best practice and ASIC guidelines. This PDS contains disclosures against each of the disclosure benchmarks and principles set out in ASIC Regulatory Guide 46 (Unlisted Property Schemes: Improving Disclosure for Retail Investors). Investors receive quarterly Fund updates, annual management reports (including audited financial statements) and an annual tax statement.

Applications can be made online or via post. Monthly distributions can be paid directly into a nominated bank account or automatically reinvested via the Fund's distribution reinvestment plan at an Investor's election.



Key Features

Section 1

The following table contains key information about an investment in the Centuria Healthcare Property Fund.

Feature	Summary	Section
How to invest	To apply to become an Investor you should read this PDS in its entirety. Applications can be made online at centuria.com.au/chpf/apply or via post using the Application Form in this PDS. Please refer to the inside cover page for details on 'How to Complete your Application'.	Inside cover
Minimum investment	\$10,000. The Manager may accept initial investments that are less than \$10,000 at its discretion. The minimum additional Investment Amount is \$1,000 (with the exception of additional investments made through the Regular Investment Plan).	
Independent Custodian	The Fund's assets are held in the name of Perpetual Corporate Trust Limited, which is an independent professional Custodian.	
Fund objectives	The Fund's objective is to provide Investors with stable income returns and the potential for capital growth by investing in properties in the healthcare sector underpinned by leases to a range of reputable healthcare operators.	2.1
Investment overview	The Fund is a multi-asset, open-ended unlisted property fund investing in healthcare property both directly and indirectly (through other Centuria unlisted healthcare property funds), A-REITs, cash and cash-like products.	3.0
Investment Term	The Fund will have rolling five-year investment terms with a liquidity event at the end of each term.	3.4
Distributions	If declared, the Fund will pay distributions on a monthly basis in arrears. Distributions are generally credited to an Investor's nominated bank account by the 10 th day of the following month. The Manager has a distribution reinvestment plan whereby Investors can elect to reinvest all (or some) of their distributions to acquire additional Units in the Fund.	3.6
Regular reporting	Investors will receive quarterly Fund updates, annual management reports (including audited financial statements), as well as being able to access monthly factsheets (which contain information regarding the Fund's current investments) available through Centuria's website at centuria.com.au/chpf .	3.12
Manager	The Manager is Centuria Property Funds No.2 Limited, the responsible entity of the Fund. The Manager is a wholly owned subsidiary of Centuria Capital Limited and part of the Centuria Capital Group which has \$9.4 billion ¹ of assets under management across two ASX-listed A-REITs, 16 closed-ended funds, one open-ended diversified property fund and healthcare funds. Please refer to the website for up to date information regarding funds under management.	5.0
Regular investment plan	Additional investments can be debited from your bank account and added to your investment in the Fund. The minimum amount for a regular investment is \$100 a month. The Manager reserves the right to accept a lesser amount at its discretion.	3.17

1. Centuria AUM as at 30 June 2020, Augusta AUM as at 31 March 2020. This AUM figure includes Centuria's takeover of Augusta Capital and the settlement of assets by the Centuria Industrial REIT.

Key Features

Section 1

The following table contains key information about an investment in the Centuria Healthcare Property Fund.

Feature	Summary	Section
Fees and costs	<p>Management fee: 0.80% per annum of the Fund's Gross Asset Value. When the Fund invests in an underlying fund managed by the Manager or a related entity that is already charging management fees, the Manager does not take another fee that exceeds a total look-through fee of 0.80% per annum.</p> <p>Expenses of the Fund (excluding Abnormal Expenses): capped at 0.35% per annum of the Fund's Gross Asset Value.</p> <p>Performance fee: 20% of the outperformance of the Fund above a total return benchmark of 8.00% per annum (pre-tax, net of fees).</p> <p>Property acquisition fee: up to 2.00% of the total acquisition price of any Property asset in which the Fund acquires a direct or Indirect Interest (multiplied by the Fund's percentage of beneficial interest in that Property). This excludes any agent's fee paid by the Fund.</p> <p>Sale fee: up to 0.50% of the sale price of any Property in which the Fund has a direct or Indirect Interest. Please refer to Section 6 for further explanation of fees and expenses.</p>	6.0
Investment considerations and risks	Investors in the Fund are exposed to all of the risks involved in investing in Property, either directly or indirectly through managed funds, and the risks of investing in A-REITs.	7.0
Withdrawals	<p>The Fund generally processes withdrawals on a quarterly basis. The Withdrawal Price applicable is the Unit Price on the last Business Day of the quarter less any applicable Sell Spread and is generally paid by the 21st day of the following month.</p> <p>Withdrawals from the Fund may be scaled back, delayed or suspended in certain circumstances, including where the Fund has insufficient liquidity.</p> <p>Withdrawal requests are generally satisfied from the Fund's cash, cash-like products or realisation of the Fund's A-REITs.</p> <p>It is important that Investors read Sections 3.7 and 3.8 to fully understand the Fund's withdrawal arrangements and restrictions.</p>	3.7, 3.8
Cooling-off	A cooling-off period of 14 days may apply to an initial investment in the Fund.	9.1
Valuation policy	The Manager's valuation policy is for the Direct Properties of the Fund to be independently valued at least once every 24 months. However independent valuations are required within two months if the Manager believes a Property is likely to be subject to a material increase or decrease in value (i.e. greater than 5%). Where an independent valuation has not been done, a Director's valuation is carried out every 6 months.	9.3
Conflicts-of-Interest policy	The Manager has a conflicts-of-interest policy in place to ensure that any related-party transaction entered into by the Manager is on arm's length terms and monitored on a regular basis.	9.4
Gearing	The Fund may borrow to acquire Direct Property assets. The Fund may also invest in funds that are already geared. Gearing on a look-through basis will not exceed 55%. If the value of the Fund's assets fall and look-through Gearing increases above this level, the Manager will implement a strategy to restore the level of look-through Gearing to 55% or below. The Manager has a target look-through Gearing level of between 35%-49%.	3.11, 9.5
Handling complaints	The Manager has a complaints handling procedure and is also a member of an external dispute resolution body.	9.10

About the Fund

Section 2

The Fund's objective is to provide Investors with stable income returns and the potential for capital growth by investing in properties in the healthcare sector underpinned by leases to a range of reputable healthcare operators.

2.1 Fund Objectives

The Fund's objective is to provide Investors with stable income returns and the potential for capital growth by investing in properties in the healthcare sector underpinned by leases to a range of reputable healthcare operators. The Fund targets properties in the healthcare sector because it is a sector that benefits from growing non-discretionary demand and has outperformed other property sectors such as retail, office and industrial in the period from 2004 to 2019¹. Past performance is not indicative of future performance.

To achieve its objective, the Fund's strategy is to:

- Invest in a quality portfolio of strategically located Australian healthcare properties;
- Diversify the portfolio by location, property type, tenant and healthcare use;
- Own properties that have a stable earnings profile, with rental income underpinned by long-term leases with reputable healthcare operators;
- Adhere to a prudent capital structure and capital management strategy, with target look-through Gearing between 35% to 49%;
- Pursue acquisition, divestment and investment opportunities, utilising Centuria healthcare sector relationships and expertise; and
- Continue to assess Development opportunities, and where appropriate, undertake developments to increase the potential of the portfolio.

The Fund may acquire healthcare properties directly or by investing in other unlisted healthcare property funds. Please note, the Fund will only invest in other healthcare property funds managed by the Manager or a related entity. The Fund may also consider stapling the Fund with other Centuria healthcare funds.

The below table sets out the target allocation across the asset classes that the Fund will invest in.

The Fund may also invest in New Zealand healthcare properties but will apply for the necessary AFSL authorisations before doing so.

Asset Class	Target Asset Allocation
Direct Property and Indirect Property	90%
A-REITs	7.5%
Cash or Cash Like Products	2.5%
Total	100%

The above target asset allocation is a guide only and at times, the actual asset composition of the Fund may be different from the target set out above. For example, where the Fund has additional cash reserves as a result of a proposed acquisition or disposal of a Property asset or where liquid assets have been used to meet withdrawal requests or following an acquisition. The Manager reserves the right to change the target allocation in the future.

1. Source: MSCI, as at June 2019. The "Healthcare" category is based on the MSCI Australia Quarterly Healthcare Index, which provides a broad measure of investment returns for the healthcare property market in Australia and tracks the investment performance of 105 healthcare assets representing \$2.9 billion. The authors of the source documents referenced in the PDS have not provided their consent for the statements to be included.

About the Fund

Section 2

2.2 Fund Criteria

The Manager will aim to acquire medical and aged care Properties that meet the following investment criteria. The Manager may however recommend acquisition opportunities that deviate from the criteria below.

Fund Criteria

Medical	
Property Type	Primary <ul style="list-style-type: none">• GP clinics/medical centres Secondary <ul style="list-style-type: none">• Day and short-stay hospitals• Overnight hospitals (such as mental health and rehabilitation)• Specialist facilities (such as radiology, oncology, IVF, cancer care)• Diagnostic facilities (imaging and pathology) Tertiary <ul style="list-style-type: none">• Private hospitals
Weighted Average Lease Expiry	circa 5 years
Occupancy	> than 90%
Property Size	> \$5 million
Development	<p>The Fund may consider funding greenfield and brownfield Development opportunities that have been substantially de-risked (approved development application, agreements for lease in place for the majority of the net lettable area and other development risk mitigants as are considered necessary).</p> <p>It is intended the Fund will be limited to Development properties, equating to 20% of the Fund's NAV at any one time.</p>
Aged Care	
Property Type	<p>Residential aged care properties including specialist aged care (i.e. dementia homes) which predominantly provide "high care" services.</p> <p>The Fund will not acquire opportunities which take on aged care operator risk, unless approved otherwise by the Manager's board.</p>
Operator	Corporate operators with strong financial covenants and track-records in quality care.
Weighted Average Lease Expiry	> 10 years
Occupancy	100%
Property Size	> \$3 million
Development	<p>The Fund may consider funding greenfield and brownfield Development opportunities that have been substantially de-risked (approved development application, agreements for lease in place for 100% of the property, bed licences attained and other development risk mitigants as are considered necessary).</p> <p>It is intended the Fund will be limited to Development properties, equating to 20% of the Fund's NAV at any one time.</p>

About the Fund

Section 2

2.3 Investment Portfolio

The Fund invests in a portfolio that is in line with its strategy. The Fund may invest in other property trusts. At the time of this PDS, the Fund has invested in the Nexus Property Unit Trust (NPUT).

The Fund currently owns Bloomfield Medical Centre located in Orange NSW, a Medical Centre in South Bunbury WA, Vermont South Medical Centre in VIC and Hobart Day Surgery in TAS.

At the time of this PDS, the Fund has exchanged contracts on a Fund-Through development in Murrumba Downs in Qld. The Fund is currently in exclusive due diligence on two other healthcare assets. The acquisition of these assets is subject to completion of satisfactory due diligence. Therefore, it is possible the Fund may not acquire those assets.

As at 31 October 2020 the Fund has a weighted average lease expiry (WALE) of 5.8 years and occupancy of 100%.

The Fund's investment portfolio will change from time to time. Up to date information on the Fund's investment portfolio is available at www.centuria.cim.au/chpf.

The Fund's investment portfolio as at 31 October 2020 is shown below.

Direct Property – 91.3%

1. Bloomfield Medical Centre, Orange NSW – 42.1%
2. Vermont South Medical Centre, Vermont South VIC – 39.2%
3. 120-122 Spencer Street, South Bunbury WA – 5.7%
4. Hobart Day Surgery, Hobart TAS – 4.3%

NPUT – 8.7%

Nexus Property Unit Trust

NPUT is an unregistered managed investment scheme (for more information see section 3.13 of the PDS). NPUT has invested in Hobart Day Surgery in Hobart TAS, Vermont South Medical Centre in Vermont South VIC and Bloomfield Medical Centre, Orange NSW.



About the Fund

Section 2



Bloomfield Medical Centre, Orange NSW

Bloomfield Medical Centre, Orange is a recently developed mixed-use medical facility including a short-stay hospital, medical centre, radiology, pathology, pharmacy, 24-hour emergency centre and a café. The Property falls within a layered Community Titles Scheme (CTS) arrangement, and is co-located with a major regional public hospital, Bloomfield Hospital. The Funds will own majority of the strata lots and control the body corporate. The Property is located South of the Orange CBD and is directly opposite to the public hospital, Orange Base Hospital. The Property is located within the newly designated "Life Sciences Precinct".

Vermont South Medical Centre, Vermont South VIC

645-647 Burwood Highway, Vermont South is a high quality medical complex anchored by Nexus Hospitals (Nexus), one of Australia's leading day and short-stay hospital operators. The Property comprises an integrated short-stay hospital and medical centre, located in Vermont South, Victoria. The construction of the Property was completed in August 2015 with basement level carpark, generous common areas and tenant facilities.

The Property is approximately 20km east of Melbourne's CBD and is located in the Local Government Area of Whitehorse. The Property fronts Burwood Highway and is located less than 500m from the intersection with the (Eastern Freeway) M3, one of Melbourne's main ring roads.

Snapshot

Status	Settled
Title¹	Strata
Anchor tenant	Nexus Hospitals
Ownership (%)	85% ²
Property value	\$55.5m ³
Independent valuation date	October 2020
Initial yield	5.80%
Occupancy (%)	100%
WALE (income)	8.3 years
NLA (sqm)	8,002
Car park spaces	175 dedicated car spaces

1. The Fund owns the ground floor and levels 2-4.
2. The Fund owns a 85% Direct Interest in the Property. The remainder 15% is owned by NPUT.
3. Net Purchase Price.

Snapshot

Status	Settled
Title	Freehold
Anchor tenant	Nexus Hospitals
Ownership (%)	85% ²
Property value	\$51.7m ³
Independent valuation date	October 2020
Initial yield	6.34%
Occupancy¹ (%)	100%
WALE¹ (income)	4.4 years
NLA (sqm)	6,906
Car park spaces	206

1. Includes rental guarantees.
2. The Fund owns a 85% Direct Interest in the Property. The remainder 15% is owned by NPUT.
3. Net Purchase Price.

About the Fund

Section 2



120-122 Spencer Street, South Bunbury WA

120-122 Spencer Street, Bunbury is a single storey medical centre including 12 consulting rooms, a physiotherapy room, pathology room and a treatment room. The Property also contains 81 on-grade car parking bays. The Property is located in Bunbury, a major regional town in Western Australia. Bunbury is one of the fastest growing regional cities in Australia and is Western Australia's third largest city. The Property is located on a main road with surrounding medical services include a day hospital and other specialist services including ophthalmology, dermatology and genealogy.

Hobart Day Surgery, Hobart TAS

The Hobart Day Surgery Property is a Nexus Hospitals anchored Property.

The Property is a purpose-built short stay surgery over two freestanding buildings with a gross lettable area of 905 sqm. The Property is 100% leased to Nexus Hospitals. Building 1 comprises a three-theatre day hospital and Building 2 is a consulting suite building.

Snapshot

Status	Settled
Title	Freehold
Anchor tenant	Healius
Ownership (%)	100%
Property value	\$6.4m
Independent valuation date	September 2020
Initial yield	7.07%
Occupancy (%)	100%
WALE¹ (income)	0.6 years
NLA (sqm)	890
Car park spaces	81 dedicated car spaces

1. Property subject to 12-year lease extension proposal.

Snapshot

Status	Settled
Title	Freehold
Anchor tenant	Nexus Hospitals
Ownership (%)	85% ¹
Property value	\$5.6m
Independent valuation date	October 2020
Initial yield	8.15%
Occupancy (%)	100%
WALE (income)	3.7 years
NLA (sqm)	905
Car park spaces	31 dedicated car spaces

1. The Fund owns a 85% Direct Interest in the Property. The remainder 15% is owned by NPUT.

Investment Overview

Section 3

3.1 Structure of the Fund

The Fund is a registered managed investment scheme. Centuria Property Funds No. 2 Limited ABN 38 133 363 185 is the Manager of the Fund.

The Fund will gain exposure to direct healthcare properties via wholly owned special purpose sub-trusts, which will acquire the beneficial interest in each Property as well as Indirect Interest in unlisted healthcare trusts.

3.2 Offer of Units

The Offer of Units made in this PDS will remain open until the Manager withdraws this PDS from the market. Investors should read this PDS in its entirety and make independent enquiries prior to making a decision to invest in the Fund.

Where it is considered to be in the best interest of Investors, the Manager may temporarily suspend accepting Applications during the Offer period. The Manager will make this determination as it monitors the Fund's capital allocation policy, liquidity and investment pipeline. If a suspension occurs, the Manager will either return your Application and Application Money, or, subject to its obligations under the *Corporations Act*, process your Application when the suspension is lifted using the next available Unit Price. If the Manager temporarily suspends accepting Applications, it will notify Investors through an announcement on the Fund's website at <http://centuria.com.au/chpf>.

In addition, the Manager may accept or reject Applications, in whole or in part, in its absolute discretion. The Manager does not need to give any reason for rejecting an Application.

3.3 Unit Price

Units are issued at the prevailing Unit Price plus any applicable Buy Spread on the date the Units are issued. Units will be redeemed at the prevailing Unit Price less any applicable Sell Spread on the date the Units are redeemed. The Manager may apply a Buy Spread and/or a Sell Spread to the Unit Price if it considers it is in the best interests of Investors to do so (see Section 6 for more detail).

The Unit Price is the prevailing net asset value of the Fund plus the amortised value of acquisition costs divided by the number of Units. The Unit Price may also be adjusted on account of the amortisation of acquisition costs in funds in which the Fund invests. Acquisition costs are defined as capital raising expenses, legal fees, brokerage, stamp duty, taxes and other costs that have been incurred in connection with the acquisition of assets held within the portfolio. These costs are usually written off over a five-year period. When an asset is sold, any outstanding acquisition and sale costs are written off immediately against the sale price. Where the investment has a shorter holding period, the amortisation of acquisition costs is in line with this period. For example, should the Fund invest in another property fund which has two years remaining on the fund's term, the amortisation of acquisition costs will occur on a pro-rata basis over two years. This includes any acquisition costs the Fund incurs, or charges associated with the purchase of any investment.

Investors should be aware there will be a difference between the Unit Price for the Fund and the Fund's net asset value (NAV) per Unit. This is because of the amortisation of acquisition costs as discussed above. The NAV per Unit may help Investors better understand the value of the assets upon which the value of their Unit is determined. The NAV per Unit and details of how it is calculated can be found on the Fund's website at centuria.com.au/chpf.

The Unit Price is calculated on a daily basis and can be found on Centuria's website at centuria.com.au/chpf.

Applications received prior to 2pm on any Business Day are processed using the Unit Price applicable on that Business Day. Applications received after 2pm on any Business Day are processed using the Unit Price applicable on the following Business Day. The Manager has a Unit Pricing Policy in place in relation to the Fund. Investors may obtain a copy of this policy free of charge by contacting the Manager (please refer to the back of this PDS for contact details).

3.4 Investment Term

The Fund will have rolling five-year investment terms. At the end of each term, there will be a liquidity event where, subject to its obligations at law, the Manager will use best endeavours to provide liquidity for Investors wishing to redeem all or some of their investment. The current investment term began in August 2020 and is expected to end in August 2025.

To provide liquidity, the Manager may (but is not obliged to):

1. Sell one or more of the Properties;
2. Raise new equity;
3. Take on additional debt;
4. Conduct equity raisings (including via an ASX listing)¹; or
5. Undertake a combination of these measures.

Liquidity events may also be cancelled, deferred, scaled back or suspended in exceptional circumstances including for so long as it is impracticable to offer liquidity, or it would not be in the best interests of Investors for liquidity to be offered. As such, Investors should consider an investment in the Fund to be a long term investment.

3.5 Limited Property value guarantee provided by Centuria Healthcare

As at the date of this PDS, the Fund owns a medical centre located in 120-122 Spencer Street, South Bunbury, Western Australia (**Bunbury Property**). The Bunbury Property was acquired for \$8.1 million. The lease with the current operator of the Bunbury Property expires on 19 July 2021. The Manager has been in discussions with the current operator about entering into a new 12 year lease. As at the date of this PDS those negotiations remain ongoing and, as a result, the most recent independent valuation of the Bunbury Property is \$6.4 million. This represents a fall in value of \$1.7 million.

To support the Fund, Centuria Healthcare Pty Ltd ACN 001 477 505 (**Centuria Healthcare**) has entered into a "value guarantee" with the Fund (**Guarantee**). Under the Guarantee, Centuria Healthcare has agreed to guarantee the price difference between the current value of the Bunbury Property and the acquisition price, up to a maximum of \$1.7 million (**Guarantee Payment**).

1. Investors should however note, that this should not be construed as a statement that the Fund will be traded on a financial market. It is merely one of a number of options that may be pursued to provide liquidity by the Manager and there is no current intention that the Fund will be traded on a financial market.

Investment Overview

Section 3

The Fund can require Centuria Healthcare to make the Guarantee Payment if any of the following events occur before the second anniversary of the Guarantee:

- A lease over the Bunbury Property is entered into and the value of the Bunbury Property is below \$8.1 million;
- No lease had been signed before the second year anniversary of the Guarantee;
- The Bunbury Property is sold by the Fund for less than \$8.1 million;
- The Manager is removed as the responsible entity of the Fund; or
- Centuria Capital Limited no longer controls the Manager.

If within 2 years after Centuria Healthcare makes a Guarantee Payment to the Fund the value of the Bunbury Property rises to \$8.1 million (or more), then Centuria Healthcare can make the Fund repay the Guarantee Payment.

Investors should be aware that the ability for the Fund to be able to recover the Guarantee Amount under the Guarantee depends on Centuria Healthcare's ability to pay the Guarantee Amount. Investors can obtain the latest financial statements for Centuria Healthcare free of charge by calling Centuria Healthcare on **+61 2 8923 8923**. Investors should also note there is also a risk that the value of the Bunbury Property falls more than the maximum \$1.7 million guaranteed by Centuria Healthcare. If either of those events were to occur, then the Fund's Unit Price will be negatively impacted.

Examples of operation of the Guarantee

1. If the Fund sold the Bunbury Property in 2021 for \$7.1 million, then the Fund can require Centuria Healthcare to pay it \$1 million, being the difference between the acquisition price of \$8.1 million and the sale price of \$7.1 million.
2. If the Fund has not signed a lease over the Bunbury Property by the second year anniversary of the Guarantee and the value of the Bunbury Property at that time is \$6.8 million, then the Fund can require Centuria Healthcare to pay it \$1.3 million, being the difference between the acquisition price of \$8.1 million and \$6.8 million. However, if the Fund were to subsequently sign a lease over the Bunbury Property 12 months later and the value of the Bunbury Property rises to \$8.4 million, then Centuria Healthcare can require the Fund repay the \$1.3 million. This is because the Bunbury Property had risen in value to at least \$8.1 million within 2 years of Centuria Healthcare paying the Fund the \$1.3 million under the Guarantee.

These examples above are for illustrative purposes only and are not a prediction of actual value movements of the Bunbury Property.

3.6 Distributions

If declared, the Fund will pay distributions on a monthly basis. When new Units are issued (including under the Fund's DRP) they rank fully for payment of distributions in respect of the first distribution period in which they are issued. With respect to a withdrawal, they do not rank in the last distribution period in which they are on issue. In the event of a Fund wind up, all Units will rank equally.

Distributions are usually paid into an Investor's bank account by the 10th day of the following month. The timing of payment of distributions from the Fund may be impacted by any delay or timing difference in the Fund receiving distributions in respect of its underlying investments. Such a delay may cause a corresponding delay in the Manager being able to pay distributions to Investors.

The Fund only pays distributions from its funds from operations (excluding borrowings) available for distribution. Distributions do not comprise any unrealised income or unrealised capital gains.

The Manager anticipates that a proportion of distributions will be tax-deferred for Australian tax residents. An advantage of the investment structure is the ability of the Fund to pass on taxation allowances, such as building allowances, imputation credits, and plant and equipment depreciation to Australian tax residents. Please refer to Section 8.1 for further information on the tax implications for Australian tax residents investing in the Fund.

The Manager has in place a DRP enabling Investors to reinvest some or all of their distributions in additional Units in the Fund.

The key features of the DRP are as follows:

- You may apply the DRP to some or all of your Units in the Fund;
- You may join, vary your participation or withdraw from the DRP at any time, subject to adequate notice of 10 Business Days being given to the Manager;
- Units issued or transferred to you under the DRP rank equally with existing Units from the date of issue or transfer;
- Units are issued at the Unit Price (ex-dividend) applicable on the last Business Day of the month of the relevant distribution period;
- The calculation of the allocation of Units under the DRP may result in a residual amount. This is because your distribution amount is used to acquire a whole number of Units, which may leave a residual amount which is less than the price of one Unit. For each distribution, the value of that residual amount is carried forward, without interest, and added to your next distribution; and
- You receive quarterly statements, which set out the details of your distribution amount, the number of Units you have acquired under the DRP, the applicable Unit Price and any residual amount retained for you. You can elect to participate in the Fund's DRP by completing the relevant Section in the Application Form. You may also vary your participation, or withdraw from participating, in the DRP in this manner. The Manager requires at least 10 Business Days' notice of any instruction relating to the DRP for it to be effective for a particular distribution payment.

The Manager may suspend or cancel the DRP in its absolute discretion. If the Manager suspends or cancels the DRP, it will update Investors on the Fund's website <https://centuria.com.au/chpf>.

Investment Overview

Section 3

3.7 Limited Quarterly Withdrawal Facility

Generally, the Fund offers Investors the opportunity to withdraw their investment quarterly on a limited basis (March, June, September & December).

The amount available for withdrawal on a quarterly basis will be subject to available liquidity, and capped at:

- 10% of the Fund's NAV when the Fund's NAV is \leq \$100 million
- \$10 million when the Fund's NAV is $>$ \$100 million.

The minimum amount available to meet withdrawal requests during a quarter is 0.5% of the Fund's NAV. However, the actual amount available in any quarter is expected to exceed this amount. At the beginning of each quarter the Manager estimates the amount it expects will be available to satisfy withdrawal requests received during that quarter and publishes this amount on the Fund's website at centuria.com.au/chpf. The actual amount available to satisfy withdrawal requests is determined as at the day before the withdrawals are processed (i.e. after the end of the relevant quarter).

Example of Operation of Limited Quarterly Withdrawal Facility

This is an example of how the Manager operates the limited quarterly withdrawal facility both under normal circumstances and when a scale back of withdrawals is required. Please note, the below examples assume that Acquisition Units have not been issued. Please note, the below is an example only and numbers have been rounded; actual amounts may differ to those shown.

For a particular quarter, if the Manager determines the actual amount available to satisfy withdrawal requests is \$500,000 and during the quarter Investors submit requests totalling \$500,000 or less, then the Manager will pay the withdrawal requests in full. However, if during the quarter Investors submit requests totalling more than \$500,000, then the Manager will scale back payment of the withdrawal requests as follows:

Step 1: Calculate scale back. If the withdrawal requests received total \$600,000, then each request will be scaled back to 83.33% (being $\$500,000/\$600,000$).

Step 2: Calculate withdrawal payment for each request. If an Investor requested to withdraw \$90,000, then that Investor would receive a withdrawal payment of \$75,000 (being 83.33% of \$90,000), with the balance of their request (\$15,000) being carried over to be processed the following quarter.

Any withdrawal request submitted during a particular quarter which is not satisfied, either in whole or in part, automatically rolls over to the following quarter unless the Investor requests, or the Manager determines, otherwise. Any withdrawal requests rolled over to the next quarter do not have priority, but form part of the pool of withdrawal requests for that next quarter.

As the amount available to meet withdrawal requests in any quarter is limited, it is important that any Investor wishing to make large withdrawals from the Fund provides the Manager with adequate prior notice, otherwise scale backs may need to be applied. Investors wishing to participate in withdrawals for any particular quarter need to submit their withdrawal requests by 2pm on the last Business Day of the relevant quarter. Proceeds from accepted withdrawal requests are generally paid within 21 days of the last Business Day of the relevant quarter. However, under the Fund's constitution, the Manager is allowed up to 365 days in which to accept any withdrawal requests. Withdrawal requests must be made by completing and lodging a Withdrawal Request Form which is available by contacting The Manager.

By lodging a withdrawal request, an Investor irrevocably appoints the Manager as its agent and attorney to do all things necessary to facilitate the withdrawal of that Investor's Units in accordance with their initial withdrawal request. In addition to the limited quarterly withdrawal facility, Investors may be able to withdraw from the Fund pursuant to the Fund's rolling five-year investment term.

Suspension or Variation of Withdrawals

Notwithstanding the above, withdrawals may be suspended in certain circumstances including: if the processing of all withdrawal requests would compromise the operation of the Fund; if it is impracticable or impossible for the Manager to calculate the Withdrawal Price; or when the Manager otherwise determines it to be in the best interests of all Investors. In addition, the Manager must at all times ensure Investors are not unfairly treated by any withdrawal facility offered. The Manager may therefore vary the terms and conditions of any withdrawal facility to ensure the fair and equal treatment of all Investors. Any suspension or variation of the withdrawal facility is communicated to Investors on Centuria's website at centuria.com.au/chpf.

Indirect Investors

The above information about withdrawals from the Fund applies to the operator of the IDPS and not the Indirect Investor. Indirect Investors should consult their IDPS Operator about withdrawals from the Fund.

3.8 Withdrawal Price

Withdrawal requests received prior to 2pm on the final Business Day of any quarter are processed at the Withdrawal Price on the last Business Day of that quarter. The Withdrawal Price is equal to the Unit Price less any applicable Sell Spread. Withdrawal requests received after 2pm on the final Business Day of any quarter are deemed to be received on the first Business Day of the following quarter and are therefore processed together with the following quarter's withdrawal requests using the Withdrawal Price as at the last Business Day of the following quarter.

There is currently no Sell Spread however the Manager may apply a Sell Spread to the Unit Price (see Section 6 for more detail).

The current Unit Price is set out on Centuria's website at centuria.com.au/chpf.

Investment Overview

Section 3

3.9 Acquisition Units

To secure assets for the Fund from time to time, the Manager may arrange for third parties and/or related entities to acquire Acquisition Units (Acquisition Units). Acquisition Units will be issued at the prevailing Issue Price of ordinary units. Acquisition Units will rank equally amongst themselves in all respects and equally with ordinary units, except that the proceeds from the issue of ordinary units to incoming Investors may be used to withdraw any Acquisition Units in priority to the redemption of ordinary units. The withdrawal price of Acquisition Units will be the prevailing Issue Price of ordinary Units.

The Manager may also arrange for third parties and/or related entities to acquire ordinary units instead of Acquisition Units.

Example of Acquisition Unit Redemption

Example 1

Value of Acquisition Units to be redeemed: \$10,000

Ordinary units to be issued to incoming Investors: 15,000

Prevailing Unit Price: \$1.00 per unit.

Amount available for redemption through the issue of ordinary units: \$15,000 (being 15,000 ordinary units issued at the prevailing unit price of \$1.00 per unit).

Liquid assets available for redemptions: \$20,000

Value of redemption requests from Ordinary Unitholders: \$20,000

In Example 1, the \$10,000 from incoming Investors' \$15,000 will be used to fund the redemption of the Acquisition Units. The remaining \$5,000 (being \$15,000 minus \$10,000) may be used to redeem ordinary unitholders.

The \$20,000 of liquid assets otherwise available for redemption may also be used to redeem ordinary unitholders.

Example 2

Value of Acquisition Units to be redeemed: \$20,000

Ordinary units to be issued to incoming Investors: 10,000

Prevailing Unit Price: \$1.00 per unit.

Amount available for redemption through the issue of ordinary units: \$10,000 (being 10,000 ordinary units issued at the prevailing Unit Price of \$1.00 per unit).

Liquid assets available for redemptions: \$20,000

Value of redemption requests from ordinary unitholders: \$20,000

In Example 2, the entirety of the \$10,000 from incoming Investors will be used to fund the redemption of Acquisition Units. As there are no additional proceeds from incoming Investors, there will be no additional proceeds to fund redemption requests by current ordinary unitholders. Acquisition Unit redemptions were redeemed from the proceeds of the issue of ordinary units in priority to ordinary unitholders.

As there is only \$20,000 of liquid assets to redeem the remaining \$10,000 worth of Acquisition Units and \$20,000 worth of redemption requests from ordinary unitholders, the remaining Acquisition Units to be redeemed will rank equally on a pro rata basis with the ordinary units in accordance with the limited quarterly withdrawal facility (see Section 3.7 reference for details).

3.10 Fund Portfolio

Over time, as the Manager acquires or sells assets, the composition of the Fund's investment portfolio will change.

Up to date information on the Fund's current investment portfolio is available at the Fund's website free of charge at centuria.com.au/chpf.

3.11 Debt Facility

The Fund or a sub-trust may enter into a debt facility to finance the acquisition of a Property. The specific terms applicable to debt facilities vary, however, it is likely that the following will be applicable to the Fund's debt facility:

- The security taken by the financier will usually be a first ranking real property mortgage over the relevant Property and a general security deed over the assets of the Fund or sub-trust as applicable;
- Certain information and undertakings will be required by the financier, which are likely to relate to the provision of annual and half-yearly accounts and insurance policies for the Fund's Properties, the provision of updated Fund models and divestment strategies and the provision of tenancy schedules; and
- Certain events of default will be set out in the terms of the debt facility and may include a failure to pay amounts due to the lender or the breach of loan to value ratio or interest coverage ratio covenants.

If an event of default occurs, the financier may take enforcement action against the Fund, including requiring that the payment of distributions be suspended and requiring that all outstanding monies be immediately repaid. The financier will only have recourse to the assets of the Fund and will not have recourse to the assets of individual Investors. The financier has recourse to the assets of the Fund in priority to the claims of Investors' interests.

The interest expense of the Fund is not capitalised. The Manager does not borrow to invest in funds that are already geared.

When taking into account the Fund's Gearing ratio, the Manager will take into account the Gearing level of any other property funds the Fund has invested in (adjusted to take into account the Fund's Indirect Interest) as well as the Fund's own borrowings. This means that the Fund's Gearing is calculated on a look-through basis. The Manager does not take into account the Gearing of any REITs held by the Fund in calculating the Fund's look-through Gearing ratio.

The Fund has an intended look-through Gearing level target of between 35% to 49% and a maximum look-through Gearing level of 55%.

The terms applicable to any debt facility entered into by the Fund are set out in the Fund's regular RG 46 disclosures.

The Manager may determine to hedge all or a portion of the interest rate exposure of the Fund from time to time. Hedging refers to the means by which the Manager can manage the rate of interest for the debt facility for an agreed period of time. Any such interest rate hedge is notified to Investors in the Fund's regular RG 46 disclosures and is accounted for on a mark to market basis in the Fund's financial accounts.

Investment Overview

Section 3

3.12 Access to Information

Investors can keep up to date with information related to their investment, including all Fund correspondence, monthly snapshot, latest RG 46 statement for the Fund and specific Property performance by visiting our website at centuria.com.au/chpf.

The Manager provides quarterly Fund updates which includes information regarding the Fund's current investments and annual management reports (including audited financial statement) to Investors.

Alternatively, you can contact the Manager directly for updates and details in relation to your investment. The Manager's contact details are set out in the Directory at the back of this PDS.

3.13 Centuria's Obligations to Other Funds

The Manager's related body corporates act as the trustee or investment manager of a number of similar healthcare funds. These include (but are not limited to) the following:

Australian Diversified Healthcare Fund

A related body corporate of the Manager, Centuria Healthcare Asset Management Limited (ABN 40 003 976 672, AFSL 246368) (CHAML) is the investment manager of the Australian Diversified Healthcare Fund (ADHF). In this role, CHAML is responsible for the origination of the healthcare assets to be acquired by ADHF. In an agreement between CHAML and ADHF (among others), CHAML is obliged to provide ADHF with the opportunity to acquire the following type of properties (provided each property is valued at or over \$20 million):

- Day hospitals;
- Overnight hospitals;
- Specialist facilities;
- Diagnostic facilities; and
- Medi hotels.

The ADHF's investment mandate has priority to any other entity (including the Fund). The priority will last until the earlier of 3 September 2021 and the date on which ADHF acquires \$180 million in property assets.

Nexus Property Unit Trust

A related body corporate of the Manager, Centuria Property Funds Limited (ABN 11 086 553 639, AFSL 231149) (CPFL) is the trustee of the Nexus Property Unit Trust (NPUT). NPUT is a dedicated property trust that will acquire and develop hospital sites that are consistent with the business of Nexus Day Hospitals Holdings Pty Ltd ACN 165 809 101 (Nexus).

CPFL and the Manager have entered into a relationship agreement with Nexus to regulate their commercial relationship and govern the management of NPUT as follows:

- The Manager, CPFL, and Nexus will use all reasonable endeavours to appraise each other of opportunities for the Fund and NPUT to acquire as co-owners, and where relevant develop, Australian day only and short stay surgical hospitals.
- These healthcare properties will be operated by Nexus.
- The Manager will directly own between 85% and 95% of the Nexus healthcare properties.
- If NPUT is unable to raise the funds required to settle on its proportion of the respective Nexus healthcare property, then the Fund must subscribe for acquisition units in NPUT which have an aggregate issue price equal to the shortfall, subject to a shortfall cap amount equal to a 5% interest in the relevant Nexus healthcare property. Provided that it is consistent with

the Fund's investment strategy, the Manager may decide to subscribe for acquisition units above the shortfall cap amount for a particular Nexus healthcare property.

- Annexed to the relationship agreement is a template co-owners agreement. Any co-owners agreement in respect of Nexus healthcare properties between the Fund and NPUT will be substantially in this form.

The relationship agreement is available by contacting the Manager on (02) 8923 8923.

In addition, CPFL has entered into a services agreement with Centuria Healthcare where Centuria Healthcare will provide funds and investment management services to the NPUT. The Manager has entered into a similar agreement with Centuria Healthcare (see Section 9.15 for more details).

In these roles, Centuria entities owe obligations that may impact the returns of the Fund as they may be unable to identify sufficient healthcare properties for ADHF, NPUT and the Fund to invest in. The above obligations should be considered by Investors before investing in the Fund. Each Centuria entity will undertake its obligations in accordance with Centuria's conflicts-of-interest policy (see Section 9.4 for further detail).

3.14 Other Financing Arrangements with Related Entities

The Manager may also arrange short-term debt finance from related entities to secure Properties for the Fund from time to time. Where the Fund obtains finance from a related entity, the Manager will ensure that the arrangements are made on arm's-length terms and in the best interests of Investors in accordance with its conflicts-of-interest policy. Any short-term funding arrangements will be disclosed in the Fund's continuous disclosure announcements. Investors should note, any short-term finance obtained by the Fund will contribute the Fund's overall Gearing ratio.

3.15 Unlisted Property Fund Disclosure Principles and Benchmarks

ASIC has set out a number of disclosure principles and benchmarks dealing with risks for unlisted property funds. The Manager is dedicated to ensuring its disclosure to Investors adheres to industry best practice and ASIC guidelines.

This PDS contains disclosure against each disclosure principle and benchmark set out in RG 46. The table in Section 3.16 provides a summary of the disclosure benchmarks and principles set out in RG 46. It also confirms whether the Manager complies with each benchmark and cross refers to where further disclosure in accordance with the disclosure principles can be found in the PDS.

A comprehensive RG 46 Statement setting out a full description of ASIC's disclosure principles and benchmarks and the Manager's disclosure against these principles and benchmarks is available in the registry portal or by contacting the Manager.

Investors should ensure they access and read a copy of the Fund's most recent RG 46 Statement in conjunction with this PDS prior to making a decision to invest in the Fund.

Investment Overview

Section 3

3.16 Disclosure Principles and Benchmarks

	DOES THE MANAGER COMPLY WITH ASIC'S BENCHMARK/DISCLOSURE PRINCIPLES?	WHERE CAN I FIND FURTHER INFORMATION IN THIS PDS?
ASIC's disclosure principles and benchmarks		
<p>Scheme Borrowings and Gearing (Disclosure Principles 1 & 3 and Benchmark 1)</p> <p>These principles and benchmarks relate to the extent to which the Fund's assets are funded by interest-bearing liabilities and ensuring disclosure is provided in respect of what this means to Investors.</p> <p>ASIC's Benchmark 1 is for the Manager to have in place a gearing policy that governs the gearing within a Fund at the individual facility level.</p>	Yes	9.5
<p>Interest Cover Ratio and Interest Cover Policy (Disclosure Principle 2 and Benchmark 2)</p> <p>This principle and benchmark relates to how the Fund's cost of liabilities (interest cover) is maintained and providing disclosure in respect of what this means to Investors.</p> <p>ASIC's Benchmark 2 is for the Manager to have in place a policy that governs the management of interest cover ratio within a Fund at the individual facility level.</p>	Yes	9.6
<p>Interest Capitalisation (Benchmark 3)</p> <p>ASIC's Benchmark 3 states that the interest of the Fund should not be capitalised.</p>	Yes	3.11
<p>Portfolio Diversification (Disclosure Principle 4)</p> <p>This disclosure principle relates to disclosure around the level of diversification in a portfolio.</p>	Yes	2.1
<p>Valuations (Benchmark 4)</p> <p>ASIC's Benchmark 4 addresses the way in which valuations are carried out on the Fund's assets. The benchmark requires the Manager to maintain and comply with a written valuation policy that meets ASIC's minimum requirements.</p>	Yes	9.3
<p>Related-Party Transactions (Disclosure Principle 5 and Benchmark 5)</p> <p>This principle and benchmark relates to the Manager's policy for related-party transactions and how this is disclosed to Investors.</p> <p>ASIC's Benchmark 5 requires the Manager to maintain and comply with a written policy on related-party transactions, including the assessment and approval processes for such transactions and arrangements to manage conflicts-of-interest.</p>	Yes	9.4
<p>Distribution Practices (Disclosure Principle 6 and Benchmark 6)</p> <p>This disclosure principle and benchmark relates to the source of distributions.</p> <p>ASIC's Benchmark 6 requires the Fund to only pay distributions from its cash from operations (excluding borrowings) available for distribution.</p>	Yes	3.6
<p>Withdrawal Arrangements (Disclosure Principle 7)</p> <p>This disclosure principle addresses disclosure of withdrawal arrangements within the Fund.</p>	Yes	3.7, 3.8, 7.2
<p>Net Tangible Assets (Disclosure Principle 8)</p> <p>This disclosure principle addresses disclosure of the net tangible asset (NTA) backing per Unit of the Fund.</p>	Yes	3.3

Investment Overview

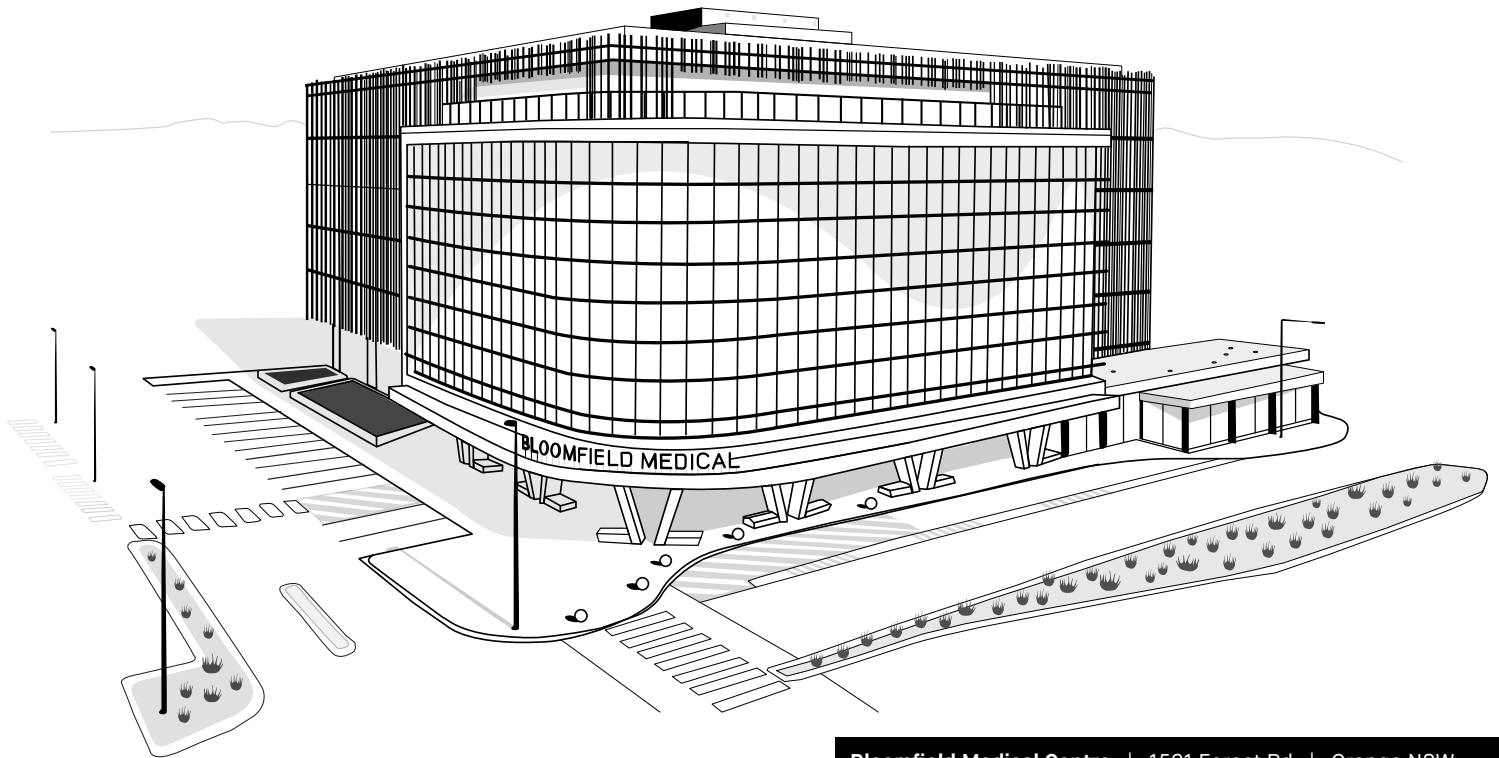
Section 3

3.17 Regular Investment Plan

Additional investments can be made at any time to your investment. A regular investment plan allows you to make regular investments via direct debit on a monthly, quarterly or annual basis. The minimum regular investment plan investment is \$100 a month. Funds will be automatically debited from your nominated Account at the frequency you choose.

The Manager reserves the right to accept a lesser amount at its discretion.

Investors who would like to make regular investments must complete the Direct Debit Request Form. The Direct Debit Request Form provides the Manager with consent and instructions to act in accordance with the Investor's direct debit instructions.



Bloomfield Medical Centre | 1521 Forest Rd | Orange NSW



Forrest Family Practice | 120-122, Spencer St | South Bunbury WA



Market Overview

Section 4

4.1 Introduction

The Australian healthcare property sector offers an attractive investment opportunity, supported by three key themes:

- The healthcare property sector is underpinned by a significant increase in demand for healthcare services. Demand for healthcare services is being driven by strong demographic fundamentals including a growing and ageing population and an increased prevalence of chronic disease;
- The healthcare property sector is expected to grow in response to increasing demand for primary and secondary healthcare services, reflecting a Federal and State Government focus on preventative care as they seek to implement strategies aimed at reducing the overall costs of the healthcare system. The Government's focus on cost-effective models of care is also expected to drive increased securitisation of property that has historically been owned by healthcare operators seeking to implement capital efficient operating models; and
- Healthcare property returns have historically outperformed other property classes such as office, retail and industrial, and have experienced lower volatility, resulting in attractive risk-adjusted returns.

Past performance should not be relied upon as indicative of future performance.

4.2 Services Provided By The Healthcare System

Services provided by the healthcare system can be divided into two sectors;

- The hospital (tertiary) and medical sector; and
- The aged care sector.

The Fund will invest across both the sectors.

4.3 The Hospital and Medical Sector

The hospital and medical sector can be classified into three main segments; primary care, secondary care and tertiary care.

Primary Care

Primary care is typically provided by general medical and dental practitioners, nurses, pharmacists and other allied health professionals such as physiotherapists, dieticians and chiropractors. Primary care is considered the first point of contact between patients and the healthcare system and is typically provided outside of the hospital system.

Secondary Care

Secondary care is typically provided by a specialist after having received a referral from a primary care provider such as a general medical or dental practitioner. It includes day hospitals (which do not require an overnight stay), outsourced public services and diagnostic facilities, including imaging and pathology services.

Primary and secondary care services are typically aimed at treating medical conditions that, if left untreated, could result in hospitalisation. They typically have lower operating costs relative to hospitals. Demand for primary and secondary healthcare services is expected to increase in response to the Federal and State Governments focus on preventative care and reducing the overall costs of the healthcare system.

Tertiary Care

In Australia, hospital (tertiary) services are provided by both public and private hospitals. Hospital care is the largest healthcare segment of the hospital and medical sub-sector by expenditure, with expenditure of \$74 billion by public and private facilities in 2017-18, which equated to 40% of all healthcare sector expenditure in Australia and 4% of GDP during that period. There were 693 public hospitals and 657 private hospitals in Australia as of 2017-18^{1,2}.

4.4 Aged Care

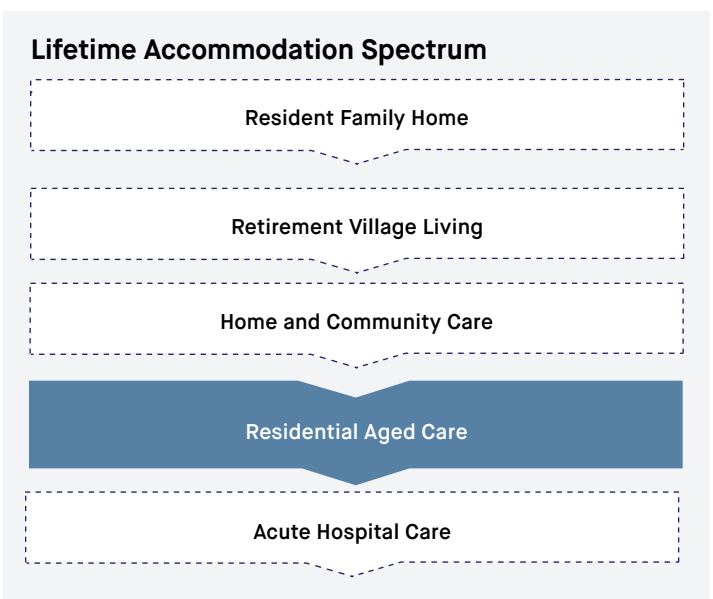
The Australian aged care sector is a significant part of the Australian health system, providing care options for elderly Australians who can no longer live independently.

There are three types of aged care services in Australia:

- Home and community care: providing services and clinical care in a person's home to those who need assistance to continue living independently (including community and home support, and home care packages);
- Residential aged care: providing accommodation and care for those who have greater care needs and are cared for in an aged care home. Care can be provided on either a temporary (respite) or permanent basis; and
- Acute hospital care managed by registered medical practitioners.

The Fund will invest in residential aged care properties which are leased to operators who provide care to their residents. Residential aged care is delivered by a range of provider-types, including not-for profit, private and public sector organisations.

There are currently 902 providers delivering care to approximately 201,000 beds in 2,672 residential aged care facilities across Australia³. The number of aged care beds is projected to increase to approximately 250,000 by 2023, representing a compound annual growth rate of 3.7%³.



1. Australian Institute of Health and Welfare – Health Expenditure Australia 2017-18. Figure excludes aged care.
2. Australian Institute of Health and Welfare – Hospitals at a glance 2017-18.
3. Aged Care Financial Authority – Sixth report on the Funding and Financing of the Aged Care Sector July 2019.

Market Overview

Section 4

4.5 Key Healthcare System Themes

The healthcare property sector is supported by a significant increase in demand for healthcare services. This Section sets out the key themes driving increases in healthcare demand.

Growing and Ageing Population

The Australian population is forecast to grow at 1.5% per annum from 2018 to 2028⁵. However, the population of the 65+ years' age group is forecast to grow at 3.1% over the same period. This growth primarily reflects the ageing of what is known as the 'baby boomer' generation⁶.

The increase in the number of Australians aged 65 years and over is expected to continue to drive higher healthcare spending. On average, this age group tends to suffer from greater incidences of chronic illness and disabilities which in turn result in a significantly higher demand for healthcare services relative to other age groups. The increase in the proportion of the population in these elderly age groups will continue to drive further increases in the demand for healthcare services.

Increased Occurrence of Chronic Disease

The prevalence of chronic diseases is increasing in Australia. It is estimated that approximately 80% of Australians are living with long-term health conditions⁷. This trend is driven by a number of factors including:

- An ageing population: a higher proportion of older people who are more likely to have multiple long-term conditions;
- Improvements in detection and treatment; and
- Lifestyle factors, such as diet and exercise, which are increasing the incidence of obesity and, in turn, chronic diseases such as cardiovascular disease, cancer and diabetes.

- Furthermore, rates of inappropriate care for chronic disease (e.g. approximately 80% of encounters for those suffering from obesity)⁷ indicate that the healthcare system is capacity restrained and unable to provide an appropriate quality of service for all patients.

Rising Healthcare Costs Leading to Increased Focus on Preventative Care

The high level of reliance on Federal Government funding for the delivery of healthcare services continues to be a key area of focus by policy makers. The Australian Government health expenditure is projected to increase as a proportion of GDP from 4.2% in 2017-18 to 5.5% of GDP in 2054-55⁴. The Australian Government real health spending per person was \$2,800 in 2014-15 and is expected to reach \$6,600 in 2054-55⁸.

Historically, the Federal Government has introduced several initiatives to reduce the burden of funding on the public system. Given the higher cost per visit of inpatient hospital services, Federal and State Governments have continued to focus on preventative care models as they seek to implement strategies aimed at reducing overall costs of the healthcare system.

Over the past decade, there has been a steady increase in the use of primary healthcare services such as general practitioners, allied health professionals, dentists, nurses and community health workers. In 2017-18, primary healthcare services accounted for 34% of Australia's total healthcare system expenditure⁴.



Murrumba Village Medical Centre | Lot 5, 1613 Anzac Ave | Murrumba Downs QLD

4. Australian Institute of Health and Welfare – Health Expenditure Australia 2017-18. Figure excludes aged care.

5. ABS, 3222.0 – Population Projections 2017.

6. Baby Boomers are typically defined as the generation born between 1946 and 1965, following the end of the Second World War.

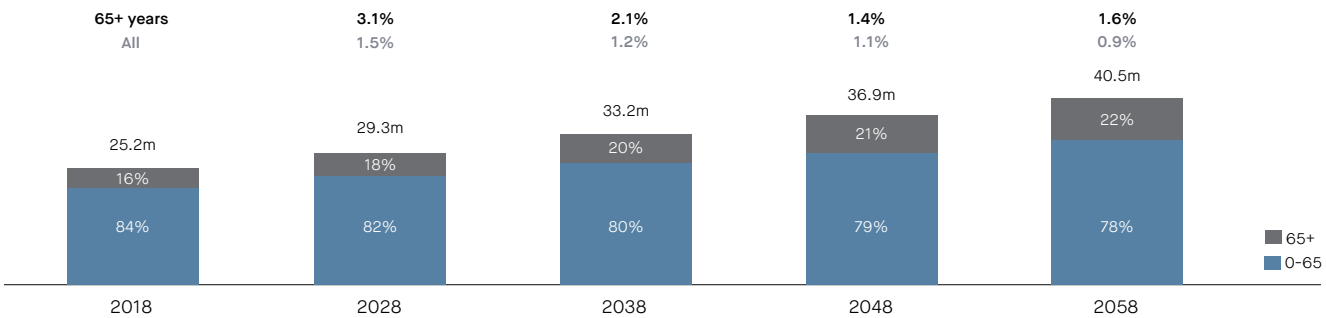
7. ABS, 4125.0 – Gender Indicators, Australia, September 2017. Long-term conditions are defined as medical conditions (illnesses, injuries or disabilities) which were current at the time of the survey and which had lasted at least six months, or which the respondent expected to last for six months or more.

8. Department of Treasury – Treasury projections from 2015 Intergenerational Report: Australia in 2055.

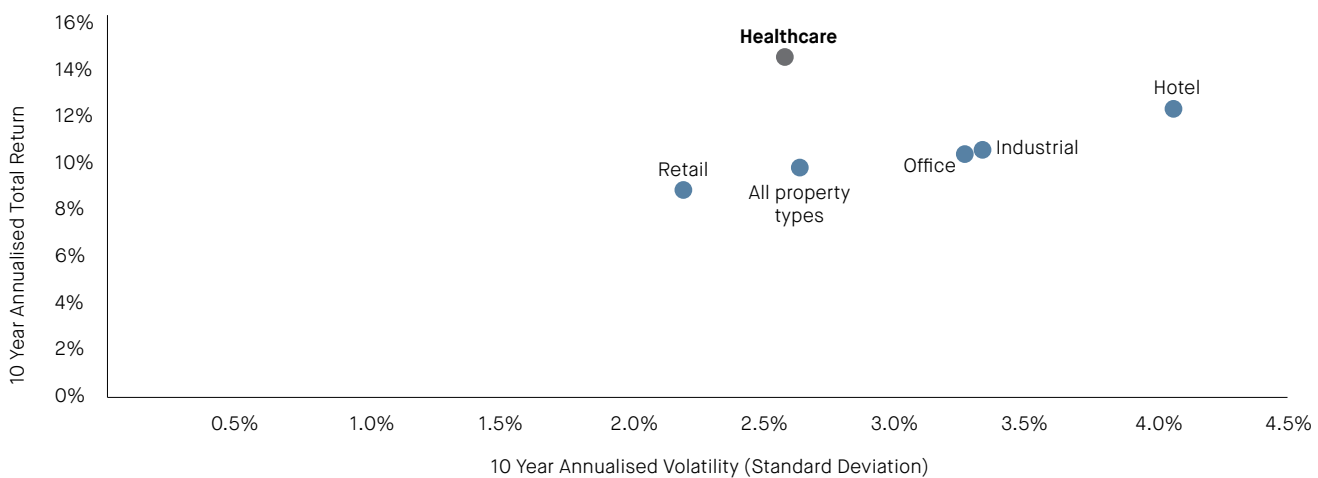
Market Overview

Section 4

Australian Population Growth Forecasts By Age Group⁹



Volatility and Total Return By Sector^{10,11}



Past performance is not a reliable indicator of future performance.

4.6 Healthcare Property Outlook

Increased Securitisation

The healthcare property sector is expected to undergo change in the future given the current low level of securitisation in the sector. Historically, large healthcare real estate property portfolios have been held by major hospital operators. It is estimated that in 2016 only \$5.2 billion of healthcare property was securitised (the total Australian securitised property market is \$197 billion)^{10,12}.

Moving forward, to meet increasing demand for healthcare and aged care service offerings, operators are expected to more closely consider capital efficient operating models where the real estate is owned and managed by third party operators with specialist skills. Securitisation is further supported by growing interest from institutional investors in alternative real estate asset classes.

Ongoing Sector Consolidation

The healthcare property sector is highly fragmented, and most properties are owned by single asset owners. A significant consolidation opportunity exists for early movers in the healthcare property sector, where property managers can achieve scale efficiencies and enhance diversification benefits via targeted acquisitions.

Undersupply of Aged Care Facilities

The residential aged care sector is expected to require an additional 88,000 places over the next decade in order to meet the Federal Government's provision target for the same period of 78 operational places per 1000 people aged 70 and over¹³. This compares with 33,667 new places provided for over the previous decade¹⁴. The estimated investment requirement of the sector over the next decade is in the order of \$54 billion¹³.

The current undersupply of aged care places is expected to drive opportunities to build new aged care facilities as well as opportunities to refurbish and expand existing facilities.

9. ABS, 3222.0 – Population Projections 2017.

10. MSCI, as at December 2019. The "Healthcare" category is based on the MSCI Australia Quarterly Healthcare Index, which provides a broad measure of investment returns for the healthcare property market in Australia and tracks the investment performance of 105 healthcare assets representing \$2.9 billion.

Return disclaimer: Each sector has different characteristics and risks. The risks, volatility and returns for healthcare differ to a geared healthcare property fund. The chart above is provided for illustrative purposes only and is not a comparison or recommendation on the investment merits of any sector. Past performance is not a reliable indicator of future performance.

11. Please refer to Section 11 for the definition of standard deviation.

12. Estimate based on publicly available information released by the following healthcare property managers (in addition to Centuria Healthcare): Australian Unity, Dexus, Barwon, Northwest Healthcare and Arena REIT.

13. ACFA – Sixth report on the Funding and Financing of the Aged Care Sector July 2018.

14. ACFA – Fifth report on the Funding and Financing of the Aged Care Sector July 2019.

Centuria Property Funds No. 2 Limited

Section 5

5.1 The Manager

The responsible entity of the Fund is Centuria Property Funds No.2 Limited (CPF2L).

Centuria was formed in 1999 with a specific focus on the purchase of high quality, growth oriented property investments. CPF2L is a 100% owned subsidiary of the ASX-listed Centuria

Capital Limited. Total funds (which includes property and non-property funds) under the management of Centuria Capital Limited are approximately \$9.4 billion¹.

Centuria Capital Limited is regulated by the ASX, ASIC and APRA. A profile of Centuria Capital together with details on the directors and key senior management can be found at www.centuria.com.au.

5.2 Board of Directors

The Directors, as at the date of this PDS are:



Roger Dobson
**Independent
Chairman**

Qualifications

Master of Laws and a Bachelor of Law (Hons).

Roger Dobson joined the Board of Centuria Property Funds Limited No. 2 on 1 October 2017 as a Non-Executive Director. Roger is Head of law firm Jones Day's Business Restructuring & Reorganisation practice in Australia. He has extensive experience working on large, complex restructuring and insolvency matters in Australia. Over the past decade, Roger has represented many banking syndicates, offshore funds holding a substantial debt position, companies experiencing financial distress, liquidators, administrators, and receivers.

Roger's experience covers a diverse range of industries, including energy and resources, mining services, construction, engineering services, media and communications, investment banking and financial services, retail, manufacturing, and infrastructure.

Roger is a member of the Australian Restructuring Insolvency & Turnaround Association (ARITA) and INSOL International.



Peter Done
**Non-Executive
Director**

Qualifications

Bachelor of Commerce (Accounting) UNSW, and Fellow of Chartered Accountants Australia and New Zealand.

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 was appointed to the board of Centuria Property Funds Limited No. 2 in June 2017 and is the Chairman of Centuria Property Funds Limited and a member of Centuria Property Funds' Audit, Risk Management and Compliance Committee (ARMCC). Peter is also a Non-Executive Director of Centuria.

1. Centuria AUM as at 30 June 2020, Augusta AUM as at 31 March 2020. This AUM figure includes Centuria's takeover of Augusta Capital and the settlement of assets by the Centuria Industrial REIT.

Centuria Property Funds No. 2 Limited

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Nicholas Collishaw
Non-Executive Director

Qualifications

SAFin (Senior Associate FINSIA), FAPI (Fellow Australian Property Institute), FRICS (Fellow Royal Institution of Chartered Surveyors) and GAICD (Graduate of the Australian Institute of Company Directors).

Nicholas Collishaw joined Centuria and was appointed CEO – Listed Property Funds in May 2013. He was appointed to the boards of Centuria Property Funds Limited and Centuria Property Funds No.2 Limited in October 2017.

Prior to joining Centuria (2005-2012), Nicholas was CEO and Managing Director at the Mirvac Group where he was responsible for successfully guiding the business through the global financial crisis and implementing a strategy to position the real estate developer and investor for sustained growth.

During Nicholas' 30-year career he has held senior positions with James Fielding Group, Paladin Australia, Schroders Australia and Deutsche Asset Management gaining extensive experience in all major real estate markets in the United States, United Kingdom and Middle East. Nicholas is also a Non-Executive Director of Centuria.



Natalie Collins
Non-Executive Director

Qualifications

Bachelor of Economics (Accounting) and Member of the Australian Institute of Company Directors.

Natalie is Head of Emerging Ventures and Co-founder of Amatil X, the corporate venturing arm at Coca-Cola Amatil. Established to leverage the global start-up ecosystem to uncover disruptive business models and new technologies, the growth engine engages with solutions that will solve today's challenges or create opportunities for tomorrow.

Prior to this role, Natalie was active in evolving Coca-Cola Amatil's approach to corporate innovation, driving programs along the innovation continuum including customer-led innovation, supplier-led innovation, design thinking and corporate/start-up collaboration.

She has 20 years' experience in global CPG / FMCG spanning finance, corporate strategy, supply chain, marketing, and innovation.

Natalie holds a Bachelor of Economics (Accounting) from Macquarie University and is a Member of the Australian Institute of Company Directors.

Centuria Property Funds No. 2 Limited

Section 5

5.3 Centuria Healthcare

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

Centuria Healthcare Pty Ltd (ABN 74 001 477 505) is a specialist healthcare property funds manager with deep experience, relationships, skills and track record in the healthcare property sector. The Manager has appointed Centuria Healthcare, its related body corporate, to provide resources to the Manager under a services agreement.

Centuria Healthcare is 63.06% owned by Centuria, As at October 2020, Centuria Healthcare's assets under management is approximately \$900 million¹.



Andrew Hemming
Managing Director -
Centuria Healthcare

Qualifications

Bachelor of Arts
(Commerce), MBA.

Andrew Hemming was appointed Managing Director of Centuria Healthcare in August 2013 and is responsible for the day-to-day leadership and management of Centuria Healthcare.

Prior to his appointment he was an Investment Specialist – Real Estate Funds with Folkestone Limited. Andrew has 17 years' experience in investment markets with leading international financial institutions including HSBC, Merrill Lynch and BNP Paribas.

Andrew has received a Bachelor of Arts (Commerce) and Master of Business Administration from Macquarie University.



John McBain
Joint CEO -
Centuria

Qualifications

Diploma in Tech
(Valuations), Diploma
in Urban Valuation.

John joined the Centuria Board (formerly Over Fifty Group) on 10 July 2006. He was appointed as Chief Executive Officer of the Over Fifty Group 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.

John holds a Diploma in Urban Valuation (University of Auckland).

1. This includes properties currently contracted to be acquired and also the as-if complete values for developments.

Centuria Property Funds No. 2 Limited

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Jason Huljich
Joint CEO -
Centuria

Qualifications

Bachelor of Commerce
(Commercial Law).

Jason became the Centuria Group Joint CEO in June 2019 after previously leading Centuria's Real Estate and Funds Management business. Jason was also a founding director and major shareholder in boutique funds manager Century Funds Management, which was established in 1999 and acquired by Over Fifty Group in July 2006. He is an Executive Director of Centuria Capital Group. In his role he is responsible for providing strategic leadership and ensuring the effective operation of Centuria's real estate portfolio and funds management operations.

Jason has extensive experience in the commercial property sector, with specialist skills in property investment and funds management. He is also a past President of the Property Funds Association (PFA), which represents the \$125 billion direct property investment body in Australia and continues to serve on their national executive.

Jason holds a Bachelor of Commerce (Commercial Law) from the University of Auckland, New Zealand.



Ross Lees
Head of Funds
Management

Qualifications

Masters of Applied
Finance, Bachelor of
Business (Property
Economics).

Ross Lees is Head of Centuria's Real Estate Funds Management business, which is responsible for both listed and unlisted property funds in the office, industrial & healthcare sectors. This includes Australia's largest ASX listed pure play office & industrial REITs (ASX:COF & ASX:CIP), an open ended unlisted diversified property fund as well as 22 unlisted funds with AUM of >\$6 billion. Ross was previously the Fund Manager, Centuria Industrial REIT (ASX:CIP), with overall responsibility for the operation, performance and strategy of the REIT.

Ross joined Centuria in 2017 and has over 15 years of industrial investment management experience having joined Centuria from Dexus where he held senior transactional and portfolio management roles. Prior experience includes over six years at Stockland, and four years at Logos Property Australia having established and led their asset management platform.

Ross holds a Master of Applied Finance from Macquarie University and Bachelor of Business (Property Economics) from UWS.



Victor Georos
Head of Portfolio &
Asset Management

Qualifications

Bachelor of Land
Economy, Graduate
Diploma of Finance
and Investment
(FINSIA).

Victor joined Centuria as Senior Portfolio Manager in April 2013 and was appointed Head of Portfolio and Asset Management in July 2015.

In his role he is responsible for overseeing portfolio and asset management of Centuria's property portfolio, including the development and implementation of strategies to enhance value through active asset management and development. Victor works closely with the Funds Management and the Development teams. In addition, Victor manages Centuria Property Funds' valuation program and is actively involved with the constant review of best practice policies and procedures.

Victor has extensive experience in asset and investment management, development and funds management across the office, retail and industrial sectors, with a key focus on results and building high-performance teams across all sectors. Prior to joining Centuria, Victor held senior positions with GPT Group and Lend Lease, including Head of Industrial & Business Parks at GPT.

Centuria Property Funds No. 2 Limited

Section 5



Toby Kreis
Head of Funds Management
- Centuria Healthcare

Qualifications

Bachelor of Commerce,
Bachelor of Business
Management.

Toby Kreis is responsible for the management and strategy execution across all Centuria Healthcare Property funds. Toby has been involved in the real estate funds management and advisory industry for 17 years.

He joined Centuria Healthcare in March 2014, having previously worked at Folkestone Limited as Investment Manager for their direct property and fund investments. Prior to joining Folkestone, Toby worked at Mirvac as an Analyst for the Mirvac Industrial Trust, and at Deloitte in both their Assurance & Advisory and Corporate Finance Divisions.



Vijitha Yogavaran
Fund Manager

Qualifications

Chartered Management
Accountant (ACMA,
CGMA), Chartered
Certified Accountant
(FCCA).

Vijitha is responsible for the strategy, analysis and management of the Centuria Healthcare Property funds. Vijitha has over 18 years of experience in the areas of property funds management, corporate finance and management accounting.

Before joining Centuria Healthcare, Vijitha worked for Investa Property Group as the Fund Analyst for Investa's Investment Portfolio, Listed and Mandate Fund's. She also worked in the Corporate Transaction division at Investa.



Sophie Monsour
Investment Director

Qualifications

Bachelor of Commerce
(Finance) and Laws
(Hons).

Sophie joined Centuria Healthcare in April 2017 and assists the team in analysing investment opportunities and with capital raising opportunities.

Prior to joining Centuria Healthcare, Sophie worked in the Investment Banking Department at Credit Suisse in Sydney. At Credit Suisse, Sophie worked on an array of transactions across M&A, ECM and Debt in the TMT/Sponsors team.



Fees and Expenses

Section 6

6.1 Did You Know?

Small differences both in 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 management costs where applicable. Ask the Responsible Entity 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 ASIC website (www.moneysmart.gov.au) has a managed funds fee calculator to help you consider different fee options.

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

Information on taxation is set out in Section 8.

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

The fees set out below are net of GST (i.e. net of the amount of GST recoverable from the Australian Taxation Office as input tax credits or reduced input tax credits).

The Manager may elect to waive, or defer the payment of part or all of any fee or cost, on the basis that it may recover the deferred fee or cost from the assets of the Fund at a later date.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee: The fee to open your investment.	Nil	There is no establishment fee.
Contribution fee: The fee on each amount contributed to your investment.	Nil	There is no contribution fee.
Withdrawal fee: The fee on each amount you take out of your investment.	Nil	There is no withdrawal fee.
Exit fee: The fee to close your investment.	Nil	There is no exit fee.
Management costs¹		
The fees and costs for managing your investment	Management fee of 0.8% per annum of the Fund's Gross Asset Value.	Accrued daily and payable monthly in arrears to the Manager from the assets of the Fund.
	Expenses (excluding Abnormal Expenses) capped at 0.35% per annum of the Fund's Gross Asset Value.	Payable to the Manager as and when incurred from the assets of the Fund, subject to the expense cap. Refer to Section 6.3 for more detail.
	Performance fee of 20% of the Fund's outperformance over the Fund's Benchmark.	Calculated and payable quarterly to the Manager within 10 days of the end of the relevant quarter from the assets of the Fund.
	Property acquisition fee of up to 2% of the gross value of any Property asset acquired by the Fund directly and up to 2% of the transfer price of any Property asset acquired by the Fund indirectly.	Payable to the Manager from the assets of the Fund upon completion of the relevant acquisition.
	Sale fee of up to 0.5% of the sale price of any Property in which the Fund has a direct or Indirect Interest.	Payable to the Manager within five Business Days of completion of the relevant sale from the assets of the Fund.
	Indirect costs estimated to be 0.06% per annum of the Fund's estimated average net assets.	Payable when incurred. Payable from Fund assets or interposed vehicles' assets and reflected in the Unit Price.
Service Fees		
Switching Fee The fee for changing investment options.	Nil	There is no switching fee.

1. The components of the ongoing management costs are discussed in more detail in Section 6 entitled 'Additional explanation of annual fees and costs'. The management fee may be negotiated in certain circumstances, please refer to the 'Differential fees' at the end of this Section.

Fees and Expenses

Section 6

6.2 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 with a contribution of \$5,000 during the year	
Contribution fee	Nil	You will not be charged a contribution fee.
Plus management costs	4.34% ²	For every \$50,000 you have invested in the Fund, you will be charged approximately \$2,170 each year.
Equals cost of fund	If you had an investment of \$50,000 at the beginning of the year and you invested an additional \$5,000 during that year, you would be charged between \$2,170 to \$2,387 for that year.	

2. This is the Fund's indirect cost ratio (ICR). It represents the ratio of the Fund's estimated management costs to the Fund's estimated total average net assets for the financial year. The ICR includes any estimated management costs incurred in the Fund's underlying investments. The ICR changes over time as the costs of managing the Fund and the Fund's investments change. For example, in years where the Fund acquires a real property asset, directly or indirectly, an acquisition fee will be paid and the ICR will therefore be higher than in years when the Fund does not make an acquisition. Changes to the ICR may take the form of a notice on Centuria's website. Further information on the ICR is included in Section 6.3.

6.3 Additional Explanation of Annual Fees and Costs

Ongoing Management Costs

The estimated ongoing management costs identified in the table in Section 6.1 comprises of management fees and expense recoveries. A short description of each of these types of fees is set out on the following pages.

Management Fee

This is the fee paid to the Manager for general administration of the Fund. The management fee is calculated as 0.80% per annum of the Fund's Gross Asset Value, paid monthly in arrears. If the Fund invests indirectly in Property via investment in another fund managed by the Manager or a related entity, any management fee charged at the underlying fund level is deducted from the management fees payable in the Fund. For example, if an underlying Centuria Property Funds managed fund has a management fee of 0.60% per annum of that fund's Gross Asset Value, the Fund only charges a management fee referable to the underlying asset of 0.20% per annum of the Gross Asset Value of the relevant fund to ensure the total management fee on the asset does not exceed 0.80% per annum.

Breakdown of Management Costs	Amount express as a percentage of NAV
Management fee	1.31% ³
Indirect costs	0.06% ⁴
Expenses	0.23% ⁵
Performance fee	0% ⁶
Property Acquisition Fee	2.74% ⁷
Sale fee	0% ⁸
Total management costs	4.34%

Expenses (excluding Abnormal Expenses)

To provide Investors with certainty regarding expense recovery, the Manager has capped the expenses of the Fund (excluding Abnormal Expenses) at 0.35% per annum of the Fund's Gross Asset Value. These expenses include but are not limited to, expenses incurred in issuing Units, establishing and maintaining registers and accounting records. They also include expenses incurred in respect of external service providers and advisers, including compliance costs and audit, accounting and legal fees. Subject to the expense cap, the Manager is entitled to be reimbursed from the assets of the Fund as and when the Manager incurs the relevant expense.

The Manager will pay any expenses (excluding Abnormal Expenses) the Fund incurs above the expense cap and will be entitled to recover these expenses in future years once the Fund's Gross Asset Value reach a sufficient level to cover the reimbursement of those expenses. The Manager will only recover previously paid expenses in years when the expense cap is not exceeded and only up to the 0.35% per annum threshold in any one year. Investors should be aware that if the Manager is unable to pay any expenses in excess of the cap, then these expenses will be paid by the Fund and the Fund's ICR will be higher than disclosed in the 'Example of annual fees and costs' at Section 6.2.

Abnormal Expenses are not included in the expense cap. These expenses are due to abnormal events and are not necessarily incurred in any given year. They include (but are not limited to) the cost of convening and hosting the meeting of Investors, costs associated with the sale or purchase of a Direct Property, preparing a new offer document for the Fund, legal costs incurred by changes to the Fund's constitution or commencing or defending legal proceedings. All Abnormal Expenses will be charged to the Fund as and when they are incurred.

3. Estimated management fee represented as a percentage of the Fund's estimated average net asset value for the financial year.
4. Estimated indirect costs represented as a percentage of the Fund's estimated average net asset value for the financial year. This amount will depend on the Fund's portfolio composition. Indirect costs include management fees charged to investments the Fund has invested in. This amount also includes other management costs incurred indirectly through investments the Fund has invested in. Indirect costs have been estimated based on the Fund's forecast ownership interest in each investment it may indirectly incur costs through.
5. Estimated expenses represented as a percentage of the Fund's estimated average net asset value for the financial year. This amount will depend on actual expenses incurred by the Fund, however, expenses (excluding Abnormal Expenses) are capped at 0.35% per annum of the Fund's Gross Asset Value.
6. No performance fee is forecast for the financial year. A further explanation of the performance fee is contained under the heading 'Performance fee' in this Section 6.3. The actual amount will depend on the Fund's investment activity in a given financial year.
7. Estimated property acquisition fees represented as a percentage of the Fund's estimated average net asset value for the financial year. A further explanation of the property acquisition fee is contained under the heading 'Property acquisition fee' in this Section 6.3.
8. No sale fee is forecast for the financial year. A further explanation of the sale fee is contained under the heading 'Sale fee' in this Section 6.3.

Fees and Expenses

Section 6

Performance Fee

This is the fee paid to the Manager as an incentive to maximise the value of the Fund's investment portfolio. The fee, if applicable, represents the performance of the Fund's investment portfolio in comparison to a financial benchmark. The financial benchmark for the Fund is a total return of 8.00% per annum (pre-tax, net of fees) (**Benchmark**).

The Manager is entitled to a performance fee of 20% of the Fund's outperformance above the Benchmark. The performance fee is calculated and paid quarterly within 10 days from the end of the relevant quarter from the Fund's assets

Over or under performance is determined in respect of each quarter by calculating the performance of the Fund and the performance of the Benchmark and comparing the two. This is achieved by taking the Unit Price on the last day of the quarter (**'Closing Unit Price'**), subtracting the ex-dividend Unit Price on the last day of the previous quarter (**'Opening Unit Price'**) and adding the amount of distributions paid per Unit during the quarter. The result is then divided by the Opening Unit Price to determine the performance, in percentage terms (**Fund Performance**).

The performance fee is calculated by subtracting the Benchmark from the Fund Performance, multiplying the result by 20%, the Closing Unit Price and then multiplying that result by the number of Units on issue at the end of the quarter. If the result is a positive amount, then this represents the performance fee payable by the Fund for that quarter.

The performance fee is charged on a high watermark basis, such that any prior underperformance must be recovered prior to a performance fee being paid.

The Fund may also invest in funds in which a performance-based fee may be payable to the trustee or manager of that trust. These performance-based fees may be incurred irrespective of the Fund's overall performance and will accrue in the Fund's Unit Price.

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 the example. It is assumed for the purposes of this example that there has been no prior underperformance in the Fund.

The benchmark performance for the period 8.00% p.a./4	2.0%
The Closing Unit Price	\$1.02
The Opening Unit Price	\$1.00
Distributions per Unit for the quarter	\$0.015
The Number of Units on issue at the end of the quarter	50,000,000

The Fund performance for the period is 3.5%, calculated as

$$\text{FORMULA} = \frac{(\text{Closing Unit Price} - \text{Opening Unit Price} + \text{distributions})}{\text{opening Unit Price}}$$

(expressed
as a %)

$$\text{EXAMPLE} = \frac{(\$1.02 - \$1.00 + \$0.015)}{\$1.00} = 3.5\%$$

The Fund's performance is calculated as:

$$\text{FORMULA} = (\text{Fund performance} - \text{Benchmark performance}) \times 20\% \times \text{Closing Unit Price} \times \text{the Number of Units on issue at the end of the quarter}$$

$$\text{EXAMPLE} = (3.5\% - 2.0\%) \times 20\% \times \$1.02 \times 50,000,000 = \$153,000$$

These performance-based fees may be incurred irrespective of the Fund's overall performance and will accrue in the Fund's Unit Price.

Property Acquisition Fee

This is the fee charged by the Manager for the identification and analysis of any Property of the Fund, for raising equity, procuring debt and structuring the investment. The property acquisition fee is up to 2.00% of the gross value of any asset acquired by the Fund directly and up to 2.00% of the transfer price of any Property asset acquired by the Fund indirectly, including where such interest is acquired by the Fund's investment in an unlisted property fund which invests in direct property.

This fee does not apply when the Fund invests into another unlisted property fund where an acquisition fee of 2.00% or more has already been charged, unless the underlying investment fund has recovered its initial acquisition costs or the units in the relevant Fund have been purchased at a discount to Net Tangible Asset. The fee is payable from the assets of the Fund upon completion of the relevant acquisition. For example, if a Property is directly acquired for \$20 million, the property acquisition fee payable to the Manager would be \$400,000.

For Fund-Through Property acquisitions, the acquisition fee is calculated as 2.00% of the as-if complete asset valuation. The fee is payable from assets of the Fund, in part on settlement of the land (and any work in progress) with the balance payable upon practical completion of the asset.

Sale Fee

This is the fee charged by the Manager in respect of coordinating the sale of any asset of the Fund that comprises Property in which the Fund has a direct interest, including where the Fund holds such interest via an entity in which the Fund holds at least a 50% interest. It is charged at a rate of up to 0.50% of the sale price of any Property asset in which the Fund has a direct interest. Any payments to external parties to which the sale fee relates, such as real estate agents will be paid for by the Fund. The sale fee is payable to the Manager from the assets of the Fund within five Business Days of the sale of the relevant Property. For example, if a directly owned Property of the Fund is sold for \$30,000,000, the sale fee payable to the Manager would be \$150,000. The Fund's constitution permits the Manager to charge a sale fee on the disposal of any asset of the Fund (including Indirect Property investments) however the Manager only charges a sale fee in the circumstances set out in this paragraph. This fee does not apply if the Fund invests in another unlisted Property fund where a sale fee has already been charged. These fees are not included in the expenses cap outlined in Section 6.3. The sale fee charged by the Manager excludes any fee that may be payable to any external agent.

Indirect Costs

Indirect costs are fees, costs, expenses and other amounts which the Manager estimates are paid from, or incurred by the Fund, which (directly or indirectly) reduce the return of the Fund. These include amounts incurred in making direct investments and fees charged by underlying Property funds in which the Fund invests

Fees and Expenses

Section 6

(i.e. the costs of investing in interposed vehicle). The indirect costs incurred by the Fund depend on the Fund's portfolio composition and are generally disclosed based on amounts paid in the previous financial year. Actual indirect costs for a financial year may therefore differ from the amount disclosed in this PDS. Refer to the Fund's website for information on any updated changes to the indirect cost amount centuria.com.au/chpf.

Professional Service Fees

The Manager is entitled to pay any person (including any third-party or related-body corporate of the Manager) for services provided to the Fund including Property management fees, development management fees, facilities management fees, managing agents' fees and leasing fees relating to the Properties. All such fees are on normal commercial rates, and will be agreed on a case-by-case basis with regard to the specific circumstances for which the service is required.

For more detail on related-party transactions and the conflicts-of-interest policy, refer to Section 9.4.

Adviser Remuneration

The Manager does not pay any commission to financial advisers or other intermediaries. Investors are able to direct the Manager to pay an amount on their behalf to their adviser. To do so, please nominate the payment amount on your Application Form, and this amount will be deducted from your Investment Amount and corresponding number of issued Units.

Differential Fees

The Manager 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.

Transactional and Operational Costs

Transactional costs are costs incurred by the Fund for, amongst other things, buying and selling Direct Property and other Fund assets and entering into interest rate hedging products. Transactional costs include brokerage, stamp duty, legal and tax advice, property settlement costs and amounts payable in connection with interest rate hedging products. These fees are not included in the fee cap outlined in Section 6.3.

Typically, the costs associated with acquiring direct real Property (up to approximately 8.00% of the purchase price) will be greater than those incurred by the Fund in acquiring an Indirect Interest through a minority stake in a Property fund. However, those Property funds will themselves incur costs in purchasing real Property. The impact of those costs on the Fund is dependent on the extent to which those costs are reflected in the unit price at which the Fund invests.

Operational costs are costs incurred by the Fund for its ownership and maintenance of any Fund assets including Direct Property. They include the Fund's proportionate share of property management fees, rates, land tax, other statutory outgoings, maintenance expenses and other general outgoings for any Property assets. The operational costs also include borrowing costs for the Fund. Borrowing costs are the expenses related to borrowing money by the Fund and its interposed vehicles for investments and include costs such as interest, loan establishment fees and associated legal costs.

The total transactional and operational costs of the Fund are estimated to be 12.84% of the Fund's estimated average net asset value for the financial year. For example, \$6,419 for a \$50,000 investment in the Fund. The Fund's transactional and operational costs are entirely dependent on the investment mix and activity of the Fund and are disclosed based on amounts estimated for the financial year. Actual transactional and operational costs for a financial year may therefore differ from the amount disclosed in this PDS. Investors will be advised of any changes which may take the form of a notice at centuria.com.au/chpf.

Buy/Sell Spread

The Buy/Sell Spread (where applied) reflects the Manager's estimation of the transaction costs the Fund incurs in acquiring and selling its investments, and the administrative costs associated with issuing and redeeming Units. The Buy/Sell Spread affects the Issue Price and the Withdrawal Price. The Issue Price (the price at which a Unit may be acquired) is calculated by adding the applicable Buy Spread to the prevailing Unit Price. The Withdrawal Price (the price at which a Unit may be redeemed) is calculated by subtracting the applicable Sell Spread from the prevailing Unit Price. The difference between the Issue Price and the Withdrawal Price is referred to as the Buy/Sell Spread.

The Buy/Sell Spread is set by the Manager and may change as a result of changes in the underlying transaction costs incurred by the Fund. At the time of this PDS, there is no Buy Spread or Sell Spread. The Buy/Sell Spread is reviewed on a regular basis. The Buy/Sell Spread will not be paid to the Manager but rather, remains as an asset of the Fund. If a Buy/Sell Spread is applied, then the Manager will ensure that the estimated costs included in it do not result in any double-up with the amortised acquisition costs already included in the Unit Price (as explained in Section 3.3).

If applied, the Buy/Sell Spread can be found by visiting our website at centuria.com.au/chpf.



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Investment Considerations and Risks

Section 7

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

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

- Considerations and risks that would apply if Investors were purchasing real property assets, investing in units in a property trust or in a listed A-REIT 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 Fund's assets, 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 the Manager. Key investment considerations and risks include those set out below.

7.1 General Investment Risks

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 attacks or war in Australia or overseas; and
- If you are a foreign Investor, currency exchange rate fluctuations.

7.2 Specific Property and Fund Risks

Fall in Fund Revenue

The risk that the Fund's revenue decreases could be a result of falling rental demand, rent payments decreasing, the accumulation of cash for the purposes of acquiring an asset, tenant incentives or guarantors failing to fulfil obligations under a lease or the real Property assets of the Fund not being fully leased. This may have a negative effect on distributions to Investors and the value of the Fund's investments.

Fall in Property Value

A downturn in the property market and/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 Unit Price is calculated daily. Its movement will reflect the value of the underlying assets in the Fund. If Property values fall, or the value of the A-REITs held by the Fund falls, then this will be reflected in the Unit Price. At any time, the Unit Price may be different to the Fund's NTA per Unit as a result of the amortised transaction costs incurred in the Fund acquiring assets as described in Section 3.3.

Unexpected Capital Expenditure

There is a risk that capital expenditure requirements in respect of any real Property asset in which the Fund has an interest may exceed expectations. This may result (directly or indirectly for the Fund) in increased funding costs and the Manager may need to reduce or suspend distributions.

Force Majeure Risk

Natural phenomena may affect the Fund's assets or the assets of underlying funds in which the Fund invests. 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 the value of Units and returns.

Liquidity Risk

Despite the Fund offering certain liquidity opportunities as described in Section 3.6, there may be circumstances where the Manager is not able to satisfy withdrawal requests within the timeframes specified, or at all. It may be difficult for the Manager to maintain the limited quarterly withdrawal facility and to offer any periodic liquidity events. This may occur as a result of, for example, movements in the property market, withdrawal requests exceeding the Fund's available liquid assets or the Fund not being able to realise sufficient assets in a timely manner or at an optimal sale price. This may affect the Manager's ability to return capital to Investors and may reduce the NTA per Unit.

Notwithstanding the Manager's current intentions, the market conditions may mean that it has to suspend the withdrawal opportunities disclosed in this PDS.

Further, notwithstanding the above, if the Fund ceases to be 'liquid' for the purpose of the *Corporations Act*, the Manager would only be able to provide withdrawal opportunities in accordance with the *Corporations Act*.

Leveraged Investment and Interest Rate Exposure

The Fund may incur borrowings in order to acquire particular direct real property assets for the Fund. These borrowings create leverage, which increases the potential for capital gains and losses.

A fall in the value of one or more of the Properties or a significant increase in interest rates of the Fund or the net income derived from those Properties 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 Fund's assets and, amongst other things, sell one or more of the Fund's assets.

The Fund may require financing in the future and there is no certainty that debt funding will be obtained or will be obtained on favourable terms. The Manager will not borrow funds to invest in funds that are already geared.

As a leveraged investment, the Fund will be subject to the terms and conditions of the Fund's debt facility, including key covenants. Breaches of these covenants or any other default of terms may enable the financier to take action against the Fund.

In addition, as the Fund may hold units in property funds or listed A-REITs, which may themselves be geared, any default or breach of covenants by those funds or units in respect of their debt facility or any increases in the interest rates applicable to those underlying debt facilities may have an adverse impact on those funds or units. This may, in turn, cause the Fund's income and distributions to Investors to be adversely affected. The Manager does not take into account the Gearing of any A-REITs held by the Fund in calculating the Fund's look-through Gearing ratio.

Investment Considerations and Risks

Section 7

Outgoings

Where leases entered into by the Fund in respect of any real Property assets are on a gross basis, the Fund is required to meet all outgoings incurred in connection with the relevant Properties. If outgoings are greater than those anticipated, there will be an adverse impact on the Fund's financial performance. Conversely, if outgoings are less than those anticipated, there may be a positive impact on the Fund's financial performance.

No Guarantee of Investment Returns

Neither the performance of this investment nor the repayment of capital is guaranteed by the Manager, the Custodian, or the financier.

Development Risk

The Fund may invest (directly or indirectly via a property fund) in Properties that are subject to development. Development Properties are subject to additional risks associated with the timing, completion and cost of the development.

For example, completion of delivery of the Developments may be delayed (including due to unforeseen circumstances, contractor default and weather), costs associated with the Development may be more than anticipated or counterparties involved in the Development may default. Any of these circumstances may have an adverse financial impact on the Fund.

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

The Manager will from time to time obtain advice from independent experts. While the Manager believes it is reasonable to rely on experts, there is a risk that expert advice 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.

A-REITs Price Risk

The Fund holds shares in A-REITs primarily for liquidity purposes. The target allocation for such A-REITs is less than 7.5% of the total assets of the Fund. Being a listed investment, A-REITs shares will move in value on a daily basis in line with the broader share market. Such movements may not be reflective of the underlying value of those A-REITs shares and may be affected by investor sentiment.

Cash Holding Risk

Cash or Cash Like Products are held by the Fund primarily for liquidity purposes. The maximum allocation for Cash or Cash Like Products is 2.5% of the total assets of the Fund. At times, the Fund may hold greater than this 2.5% target in Cash or Cash Like Products. If cash rates are lower than Property yields, this will lower the earnings and distributions of the Fund. Cash or Cash Like

Product holdings are likely to be larger than the target allocation when:

- Large cash inflows are received;
- Pipeline assets or investments in other unlisted Property or funds
- Prior to an asset acquisition or after the sale of an asset.

The cash or cash-like holdings are reviewed regularly, with cash holdings above the maximum allocation invested in A-REITs.

Investment Pipeline

The Fund will hold higher levels of Cash or Cash Like Products and A-REITs in circumstances where it is unable to identify suitable real Property or unlisted Property fund investments for the Fund. The increased exposure to Cash or Cash Like Products and shares will change the risk profile of the Fund and may adversely affect the Fund's returns and NTA. The Manager believes it has a strong network in the Australian healthcare property sector and entrenched relationships that will allow it to source a regular pipeline of investment opportunities for the Fund. The Fund will predominately invest in direct healthcare property, and additional inflows will be held in Cash or Cash Like Products or invested in A-REITs.

Whilst the Manager believes it has a strong network in the Australian healthcare property sector, related entities of the Manager have entered into agreements to offer healthcare property investment opportunities to other entities ahead of the Fund. See Section 3.13 for further detail. This increases the chances the Fund will be unable to identify suitable real property or unlisted property fund investments for the Fund.

Conflicts

Where the Fund invests in units in a managed investment scheme, it will predominately invest in funds managed by the Manager or related parties where this aligns with the strategy of the Fund and is in the best interests of Investors. Such investments will be made in accordance with Centuria's conflicts-of-interest procedures and otherwise on arms length commercial terms.

Healthcare Concentration Risk

Concentration of an investment in a single fund or asset class has significant risks. The Fund will invest exclusively in healthcare assets (both directly and indirectly). Increases in supply or a fall in demand of healthcare assets (or the property market generally) may have significant effects on the value of the Fund's underlying investments.

Changes to Government Policy and Regulations

There is a risk there may be changes in legislation, regulations, government policies (including as a consequence of a change in government) or legal or judicial interpretation relating to the healthcare sector. The healthcare sector relies heavily on government funding which, if reduced, may adversely impact the underlying demand for healthcare assets.

Alternative Use Risk

The risks associated with investing in property assets can be greater for special purpose facilities, such as healthcare assets, which may require extensive expenditure and rezoning to be suitable for other commercial purposes. Most healthcare assets would require extensive expenditure and rezoning to be suitable for other commercial purposes in the event the Fund was not able to appoint lease the healthcare assets.

Investment Considerations and Risks

Section 7

Pandemic Risk

Pandemics such as COVID-19 and any associated government response can cause massive disruption to society and the economy and may hinder or prevent many businesses from normal operations. The revenue of the Fund and the value of its assets may be negatively impacted by these types of disruptions, due to tenants being unable to generate sufficient revenue to make rental payments or sustain their businesses, or disruptions to the property market generally. The Manager's ability to administer the Fund may also be disrupted, leading to delays in normal processing times or lost opportunities. Many of the other risks described in this Section may be triggered or exacerbated by any societal shutdown imposed to limit the spread of a pandemic.

Key People Risks

The Fund will invest exclusively in healthcare assets (both directly and indirectly). The management of healthcare assets is a specialised skill. The Manager relies on the skills, experience and network of its related body corporate, Centuria Healthcare, its directors and employees to operate the Fund. The loss of a key management entity or person may affect the performance of the Fund.

7.3 COVID-19 Risks

Impacts on Fund Revenue

COVID-19 has been declared by the World Health Organization as a pandemic¹. At the time this PDS is issued, the extent and impact of the COVID-19 pandemic is still developing. It is unknown what the ultimate effect will be on the broader global economy. In general, and noting that the government has announced a range of fiscal stimulus measures to address the economic impact of the COVID-19 pandemic, the COVID-19 pandemic could adversely impact the revenue of some of the tenants in the Fund's Properties. As a result, those tenants may fail to generate sufficient revenue to make rental payments and, in some cases, sustain their business. If the Manager is required to provide rent reductions or abatements, the income of the Fund may be materially impacted.

Any failure of a tenant to pay rent, rent abatements or a reduction in demand will impact the Fund's revenue. This may have a negative impact on distributions to Investors and the value of the Fund's investments. Please see Section 7.2 'Fall in Fund revenue' for further information.

Fall in Property Value

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

Other Risks Affected

As a result of the COVID-19 pandemic, other disclosed risks relating to the Fund may be affected or heightened, these include:

- **Valuation Risk**

The economic uncertainty caused by the COVID-19 pandemic has caused market volatility. It may also reduce the number of property transactions which provide evidence for property valuations. Market volatility and a lack of evidence to value properties means the Manager, or independent valuers, may be unable to value the Fund's Properties with a high degree of certainty.

In addition, market volatility may impact the Manager's ability to value the Fund's liquid assets or forecast distributions from its liquid assets.

If the Manager is unable to value the Fund's Properties or liquid assets, the Manager may be unable to calculate the Unit Price with any certainty (see Section 7.2 'Unit Price risk'). The Manager may have to suspend withdrawals in the event it cannot properly value the Fund's assets.

- **Risk of Breaching Banking Covenants**

The Fund has incurred borrowings in order to acquire Properties. A material fall in the value of one or more of the Properties of the Fund or the net income derived from those Properties due to the COVID-19 pandemic 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 Fund's assets and, amongst other things, sell one or more of the Fund's assets. Please see Section 7.2 'Leveraged investment and interest rate exposure' for further information.

Market volatility may also impact the Manager's ability to refinance existing debt or secure debt to acquire further properties at what the Manager considers to be reasonable interest rates.

- **Liquidity Risk**

The market conditions caused by the pandemic may result in an increase in Investors requesting to withdraw from the Fund. An increase in withdrawal requests, may reduce the liquid assets available to the Fund to satisfy redemptions. In addition, as discussed above, market volatility may impact the Manager's ability to value its liquid assets or forecast distributions from its liquid assets. An increase in withdrawal requests or an inability to value liquid assets may mean that the Manager has to suspend the withdrawal opportunities disclosed in this PDS. Further, if the Fund ceases to be 'liquid' for the purpose of the *Corporations Act*, the Manager would only be able to provide withdrawal opportunities in accordance with the *Corporations Act*. Please see Section 7.2 'Liquidity risk' for further information.

- **Changes to Government Policy and Regulations**

Changes to legislation, regulations and government policies as a result of the COVID-19 pandemic may impact the returns of the Fund. For example, containment measures may impact the revenue of the tenants in the Fund's Properties.

1. WHO Director-General's opening remarks at the media briefing on COVID-19 - 11 March 2020 - World Health Organization. <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>.





Health Centre

HOSPITAL
Compounding Pharmacy

HOSPITAL

SPRINKLER BOOSTER
HYDRANT BOOSTER

Taxation Information

Section 8

The following taxation information provides a general outline of some of the taxation implications of holding Units in the Fund. 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 the Australian and New Zealand income tax (including CGT) and Goods and Services Tax (GST) implications of holding Units in the Fund, but does not contemplate stamp duty. This taxation summary is necessarily general in nature. 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. The Manager does not purport to offer any taxation advice. The Manager and its officers, employees, taxation or other advisers do not accept any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

The information below is based on an Australian or New Zealand tax resident Investor holding their investment in the Fund on capital account and not being subject to the 'TOFA provisions' in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to the Units.

8.1 Australian Taxation of Australian Resident Investors

Taxation of the Fund

Under current Australian income tax legislation, the Manager in its capacity as Responsible Entity for the Fund, 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 presently entitled Investors or attributed under the Attribution Managed Investment Trust (AMIT) rules each year as relevant.

Where the 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. The carry forward and use of revenue losses will be subject to satisfying the loss recoupment rules.

Distributions

Investors will be subject to Australian income tax on their proportionate share of the net taxable income of the Fund for the relevant year, irrespective of whether actual distributions differ from the net taxable income of the Fund.

Distributions may also include tax deferred distributions, which arise where the net taxable income of the Fund is lower than the cash distribution amount for the period (e.g. such as due to tax deductions arising for capital 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 reduction in cost base will impact on the calculation of any taxable capital gain or capital loss on any disposal, redemption or transfer of the Units.

If the aggregate tax deferred distributions received from the Fund reduces an Investor's cost base in the Units to nil, any further tax deferred distributions received are assessable as capital gains to the Investor in the income year they are received.

Investors will be able to identify the categories of distributions from the annual tax statement which will be issued by the Manager each year to assist Investors in preparing their tax returns.

Capital Gains – Disposals of Property

Distributions to Investors may include net capital gain, CGT discount and CGT concession components which typically result from the Fund's disposal of Property.

The CGT discount rules operate such that where the Fund derives a capital gain in respect of an asset held for at least 12 months, it should be entitled to a 50% discount in the calculation of the taxable capital gain that is distributed to Investors. Where a distributed capital gain includes a discounted capital gain component, the Investor is required to 'gross up' that amount by the discount applied by the Fund (i.e. 50%). The gross capital gain prior to discount is then included in the calculation of the Investor's net capital gain or loss. The Investor may then be entitled to apply their own capital losses from other investments and/or the CGT discount. Whether an Investor can obtain the benefit of a CGT discount will depend on their tax profile.

The CGT concession component of a distribution typically represents the portion of a gross capital gain which is excluded from the calculation of the Fund's taxable capital gain due to the CGT discount. Subject to the comments above regarding the calculation of the Investor's net capital gains, a CGT concession amount should not be assessable when received by Investors. Further, there will be no reduction in cost base of the Units held by the Investor in respect of the CGT concession component of a Fund distribution.

Capital Gains – Sale or Redemption of Units

The disposal, redemption or transfer of any Units in the Fund 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 Units in the Fund have been held for more than twelve months. For example, the discount is one-half for individuals and trusts, and one-third for complying superannuation entities and life insurance companies that hold the Units as a complying superannuation asset.

Taxation Information

Section 8

Attribution Managed Investment Trust

In May 2016, the Australian Federal Government enacted legislation establishing a new tax system for Managed Investment Trusts (MIT). Trusts that meet the eligibility criteria may elect to become an AMIT. Provided the Fund is eligible to be an AMIT, and where it is commercially appropriate, the Manager may arrange for the Fund to elect into the AMIT regime. Once an AMIT election is made, the election is irrevocable.

The AMIT regime includes the following measures:

A mechanism for the taxable income and tax offsets of the Fund to be attributed to Investors on a "fair and reasonable" basis, rather than being allocated proportionally based on the income distributed, or each Investor's present entitlement, to the income of the Fund. This aims to ensure that the income retains the tax character it had in the hands of the Fund and the Fund may not be held liable to tax on any undistributed income.

An ability for under-estimations and over-estimations of attributed amounts at the Fund level to be carried forward and adjusted in the year in which the variation is discovered.

An ability for the cost base of an investor's holdings to be increased where the cash distribution received from the Fund is less than the attributed amount that is taxable to the investor.

If the Fund is an AMIT, investors will be issued an AMIT Member Annual (AMMA) Statement each year which will replace the annual tax statement. The AMMA Statement will set out the components of attributed income and other relevant taxation information to assist Australian resident Investors with the preparation of their income tax returns. Investors should seek their own advice on the potential impact of the Manager choosing for the AMIT regime to apply to the Fund.

Tax File Numbers

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

GST

The issue and redemption of Units in the Fund will not be subject to Australian GST.

8.2 Australian Taxation of New Zealand Residents

Distributions – Managed Investment Trust Withholding Tax Regime

The following comments are general in nature and are based on the Fund qualifying as a Managed Investment Trust (MIT) for the purposes of the withholding tax rules.

Pursuant to the MIT withholding tax regime, the Manager is required to withhold tax at a rate of 15% from distributions of net taxable income (including rent and capital gains, but excluding amounts of interest which are subject to 10% interest withholding tax) 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 taxation advice in this regard.

Taxation of Capital Gains

The disposal, redemption or transfer of any Units in the Fund 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, redemption or transfer, or throughout a twelve month period that began no earlier than 24 months before that time and ended no later than that time, a direct participation interest in the Fund (including any interests held by associates) of 10% or more. Non-residents of Australia (e.g. New Zealand residents) are not entitled to discount capital gains treatment.

8.3 New Zealand Taxation of New Zealand Resident Investors

Income Tax

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 or a trustee of an eligible trust and does not hold offshore investments (FIF interests) (including offshore equities and/ or units in a foreign unit trust, but excluding, amongst other things, shares in most Australian resident companies listed on the ASX) the total cost of which is more than NZ\$50,000, unless the Investor elects otherwise.

Under the ordinary tax rules:

- Any distributions received over the life of the investments should be treated as taxable income for the Investor. Taxes withheld (if any) could be available as tax credits, subject to conditions.
- The tax treatment of gains arising on disposal or redemption of the units shall depend on whether such investments have been held on capital or revenue account. Broadly, a unit will be held on revenue account and gains shall be subject to taxes at applicable income tax rates from the sale or redemption of Units (losses could be offset against other items of income), if the Investor:
 - Derives an amount from the sale of investments from carrying on or carrying out a profit-making undertaking or scheme;
 - Acquired the investments for the purpose of disposing of them; or;
 - Is engaged in the business of dealing in investments of this nature; or
 - The investments are otherwise on revenue account.

Where the investments are held on capital account, any gains on disposal or redemption of Units will not be taxable. Such classification is fact-specific and may vary on a case-by-case basis. We recommend Investors retain appropriate documentation which may support capital or revenue classification.

Taxation Information

Section 8

Tax Treatment Under FIF Regime

Other Investors will be taxed under the FIF regime (FIF Investors). NZ tax laws provide for various methods to compute FIF income, the most commonly used in case of investments in overseas funds/ foreign companies have been summarised below:

- Fair Dividend rate (FDR) method: under these rules, the FIF income is equal to 5% of the market value of the Units at the beginning of the income year. Any profits from selling or redeeming the Units and any dividends or redemption proceeds received are ignored, subject to the following:
 - If a FIF Investor bought and later sold Units in the same income year, then the FIF Investor has additional taxable income equal to either:
 - The actual gain from the Units both bought and sold during the income year (including any distributions paid on them) (quick sale gain method). For this purpose, the last Unit acquired is deemed to be the first sold; or
 - 5% of 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 the average cost of all Units acquired during the income year (peak holding method).

A slightly different version of this method is used by Investors that are managed funds.
- Comparative value (CV) method: 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). FIF Investors are allowed to calculate their FIF income using either of the above methods which produces a lower income.
- Cost method: this is generally used when use of the FDR method is allowed under the NZ tax laws, but it is not practical because the FIF Investor cannot determine the market value of the FIF as at the beginning of the year (e.g. in case of investments in unlisted foreign companies where unit prices are not readily available).

It is noted that the application by an Investor of a certain method for calculating taxable income under the FIF regime in respect of Units held in the Fund may have implications for other investments that the Investor holds that are also subject to the FIF regime. Overall, the FIF Investor must apply the method consistently to all of their FIF investments in that income year (unless the FIF interests are of different classes or tax laws prevent/ prescribe the use of a particular method).

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.

GST

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

Additional Information

Section 9

9.1 Cooling-off Rights

At all times when the Fund is liquid, for the purposes of the *Corporations Act*, Direct Investors who are not classified as Wholesale Clients have a 14-day cooling-off period.

In this period, eligible Investors may cancel their investment by notifying the Manager in writing at the address provided in the Directory at the back of this PDS. For each eligible Investor, their 14-day period commences on the earlier of the date they receive their confirmation notice or five Business Days after the allotment of Units.

If an eligible Investor cancels their investment during this period, the amount repaid to them may be adjusted in accordance with the *Corporations Act* to reflect any increase or decrease in the value of their investment, any tax or duties payable by the Manager and administration expenses and transaction costs associated with the acquisition and termination of their investment.

For example, if an Investor invests \$250,000 and the value of the Units falls by 1% between the allotment date and the time of the receipt of the request to withdraw, the Investor may be charged \$2,500 on account of the reduced value plus any transaction costs incurred.

The right to cooling-off terminates immediately if an eligible Investor exercises a right or power under the terms of the Fund, such as selling part of their investment.

For any subsequent contributions made under the terms of an existing agreement, the right to cooling-off does not apply.

At all times when the Fund is illiquid, for the purposes of the *Corporations Act*, Investors will not have cooling-off rights.

9.2 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 ASIC.

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 before the date of this PDS; and
- Any continuous disclosure notices given by the Fund after lodgement of that Annual Report and before the date of this PDS.

9.3 Valuation Policy

The Manager maintains and complies with a written valuation policy for the valuation of property assets held by each of its property funds that meets ASIC's RG 46 Benchmark 4.

Under the policy, valuations are classified as either an internal valuation or an independent valuation. An internal valuation is a directors' valuation approved by the Manager's board. An independent valuation is a valuation undertaken by an external valuer in accordance with the Manager's Property Funds' Valuation Policy. Both internal and independent valuations may be adopted for the purposes of statutory and financial reporting or to advise investors in a fund of the current market value of a Property.

All Properties are independently valued prior to the purchase. The Manager's valuation policy also requires investment Properties to be independently valued at least once every 24 months. However, in practice, independent valuations are generally conducted annually for each of Centuria Property Funds' registered managed investments schemes, or at such other times required by a fund's financier. An internal valuation is generally undertaken at each other reporting date (i.e. 30 June, 31 December) when an independent valuation does not occur. While annual valuations are generally conducted, a further external valuation will be conducted within two months of the directors determining that there is likely to be a material change in the value of a Property. This will usually arise where the directors identify a material change during the process of completing a directors' valuation. All external valuers engaged to conduct an independent valuation must be approved valuers on the Manager's valuation panel and can only be appointed to the panel if they meet criteria in relation to qualifications, registration, experience and independence. The Manager's valuation panel is also designed to provide a diversity of valuers.

The Manager's policy requires adequate rotation of valuers such that no valuer may perform an independent valuation more than three times consecutively on a particular Property. A valuer appointed from the valuation panel must also have no conflicting interests.

Valuations are generally conducted on an 'as is' basis using either a discounted cash flow or capitalisation approach.

The capitalisation approach is the primary method and involves dividing the annual fully leased net market income of a Property by the appropriate capitalisation rate. The capitalisation rate is determined by analysing recent sales with similar characteristics to the subject Property, and calculating what the annual net market income of the Property is as a percentage of the sale price. The discounted cash flow approach, which complements the capitalisation approach and essentially acts as a check method, allows an investor or owner to make an assessment of the Property's current value and likely long-term return based on rental and capital growth assumptions over an assumed investment horizon, which is generally 10 years.

To obtain a full copy of the valuation policy, please contact the Manager on **(02) 8923 8923**.

9.4 Conflicts-of-Interest Policy

The Manager maintains and complies with a written group-wide conflicts-of-interest policy that governs the way in which conflicts-of-interest are managed.

The Manager's conflicts-of-interest policy requires these conflicts to be assessed and steps implemented by Centuria's compliance team to manage the conflict. The board of Centuria Property Funds No.2 Limited must also consider and approve any conflicts-of-interest measures.

Where a related-party is appointed, the Manager's conflicts-of-interest measures ensure that the appointment is in the best interests of Investors and on arm's-length commercial terms.

Where the Fund is to be invested in an investment or fund managed by the Manager the Manager ensures such investment is on arm's-length terms and in the best interests of Investors.

Through the application of the Manager's conflicts-of-interest policy, the Manager is committed to:

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Section 9

- Identifying and monitoring all potential conflicts-of-interest, and avoiding conflicts-of-interest where 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 that the Manager acts in the best interests of the Investor; and
- Dealing in an open manner and disclosing its conflicts-of-interest wherever this is likely to be relevant to Investors.

For more detail on the Manager's conflicts-of-interest policy and procedures for related-party transactions, please contact the Manager on **(02) 8923 8923**.

9.5 Gearing Policy

Gearing is the level of debt finance that is used to purchase Properties or manage the capital expenditure within a fund. Gearing increases the exposure of unitholders to movements in the value of the underlying Properties in which the fund invests. It can magnify capital gains, however, it can also magnify capital losses. A highly geared fund will have a lower asset buffer to rely on in times of financial stress.

The maximum look-through level of Gearing in the Fund is 55%. If the Fund's assets fall in value this level may be breached, in which case the Manager will implement a strategy to return the look-through Gearing level of the Fund to 55% or below. More details of the Fund's Gearing level can be found at centuria.com.au/chpf. At times the level of Gearing may move out of the target range of 35% to 49%. This will primarily occur at times prior to the acquisition or after the sale of Direct Property assets.

Borrowings are generally secured by the Property (or Properties) held by the Fund and this will mean that repayment of these borrowings ranks ahead of an Investor's interest in the Fund.

Most facilities will also have conditions that enable the financier to call on the loan if Investors exercise their rights to remove and replace the Manager of the Fund.

If the Fund's borrowings are to mature within a short timeframe, it will need to refinance. There is a risk that refinancing will be on less favourable terms or not available at all.

The Loan to Value Ratio (LVR) formula as set down by RG 46, and used by the Manager when calculating the Gearing ratio of the Fund is:

$$\text{FORMULA} = \frac{\text{Total interest bearing liabilities}}{\text{Total assets}}$$

The LVR is updated in the Fund's RG 46 statements, however, it is important to note that any financier of the Fund may use a different methodology to measure its LVR covenant. The Responsible Entity reports against this covenant in quarterly Fund updates.

The Manager calculates the Gearing of the Fund on a look-through basis meaning that when the Fund invests in any fund that is already geared, it takes that fund's Gearing into account (on a proportional basis to the Fund's investment in that fund) along with any borrowings the Fund has directly.

The look-through Gearing calculation does not include debt that may be held in ASX-listed A-REITs.

The Manager maintains and complies with a written policy in relation to the management of Gearing of the Fund and interest cover at an individual facility level for its funds.

The Manager's Gearing policy requires a fund's Gearing to be set by management from the outset. The level of Gearing will be determined on a fund-by-fund basis based on factors including lender and investor appetite, finance pricing at various Gearing levels and ensuring there is sufficient headroom for anticipated financial covenants. Also taken into consideration are expectations of short-term funding requirements for any building works, tenant incentive's etc.

Each financier will set an LVR covenant. This covenant is the maximum percentage level of Gearing the Fund can hold relative to asset values under the financing facility. If this covenant is breached, the financier may exercise its rights under the facility agreement including the imposition of higher interest margins or forcing the sale of a Property. It is for this reason that the Responsible Entity will seek to set Gearing with headroom under the covenant.

If financing/refinancing is sought to increase direct Gearing within a fund, this will only occur in accordance with a fund's capital management plan and it must be in the best interests of investors and in accordance with the fund constitution and disclosure documents.

The Manager monitors both the LVR and interest cover ratio covenants for each fund on a monthly basis at formal monthly treasury meetings and a monthly Property executive committee meeting. During these meetings, management will take active steps to manage LVR and interest cover ratio within the debt covenants where possible. The measures available to manage LVR and interest cover ratio covenants will vary between funds and are subject to commentary in the Manager's quarterly Investor updates.

Where a covenant is breached, the Manager will work in consultation with the financier to take appropriate steps to manage the breach and to do so in the best interests of Investors.

A copy of the Manager's Gearing policy is available on request from the Manager by calling **(02) 8923 8923**.

9.6 Interest Cover Policy

A geared fund will incur an interest expense that will increase with the size of the loan or interest rate margins applied by the financier. A higher geared fund will be more sensitive to interest rate movements.

An interest cover ratio is a measure of a fund's ability to meet its interest expenses from the earnings of the fund. The interest cover ratio is a key indicator of a fund's financial health.

The closer a fund is to an interest cover ratio of one (1), the closer the fund's cash flow is to meeting interest expenses only. If the interest cover ratio falls below one (1), the fund earnings are insufficient to meet interest expenses.

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Each financier will set an interest cover ratio covenant. The covenant will set the minimum interest cover ratio that the fund must hold.

The interest cover ratio formula as set down by RG 46 and used by the Manager to calculate the Fund's interest cover ratio is:

$$\text{Interest cover ratio} = \frac{\text{EBITDA} - \text{unrealised gains} + \text{unrealised losses}}{\text{Interest expense}}$$

The Manager maintains and complies with a written policy in relation to the management of the LVR and interest cover ratio at an individual credit facility level for its funds.

The Manager's policy requires management to endeavour to maximise the headroom between the forecast interest cover ratio for the Fund over that of the debt interest cover ratio covenant. A specific target interest cover ratio is not set beyond the requirement to seek headroom over the covenant at refinance and then to manage the facility within that covenant.

See Section 9.5 for further detail on the Manager's LVR and interest cover ratio Policy.

As set out in Section 9.5, a copy of the Manager's Gearing Policy which include the LVR and interest cover ratio Policy is available on request from the Manager by calling **(02) 8923 8923**.

The Fund's current interest cover ratio is available on the Fund's website centuria.com.au/chpf.

9.7 Future Capital-Raising

In addition to raising funds pursuant to this PDS, the Manager may, in its discretion, determine to raise additional capital by means of a number of other methods including:

- Discounted pro-rata rights offer to all Investors;
- Issuing of separate classes of Units with different rights; or
- Operation of a distribution reinvestment program.

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

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

9.8 Investors' 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 the general law. The Manager 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 the Manager. The following is a summary of some of the principal rights of Investors:

- Investors 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;
- The Manager may issue further Units in the Fund for the Issue Price specified in the constitution and summarised in Section 3.3;
- Units may be transferred by a written document in the required form. The Manager may refuse to register a transfer of 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 will be in proportion to their Unit Holdings. In addition to the circumstances in which the Fund may be wound up under the *Corporations Act*, the Manager 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 Manager 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 Manager will be paid fees out of the income or capital of the Fund (see Section 6);
- The Manager 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.

9.9 Labour Standards and Environmental, Social or Ethical Considerations

The Manager 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.

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9.10 Dispute Resolution

The Manager and its subsidiary companies are committed to striving for excellence in relation to its 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 the Manager on **(02) 8923 8923**, or **+61 2 8923 8923** for New Zealand or Singapore Investors. 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 No. 2 Limited
Complaints Resolution Process
Level 41, Chifley Tower, 2 Chifley Square
Sydney NSW 2000**

Or email: **compliance@centuria.com.au**

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

**Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001**

Telephone **1800 931 678**
Email **info@afca.org.au**
Website **www.afca.org.au**

Please note that a complaint must have gone through the Manager's complaints handling process before it can be referred to the Australian Financial Complaints Authority.

9.11 Personal Information

The Manager takes all reasonable steps to protect your personal information. The Manager 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 the Manager or any of its related entities. If you do not wish to receive this information please contact the Manager's Privacy Officer on **(02) 8923 8923**;
- 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 the Manager 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)*, the *Unsolicited Electronic Messages Act 2007 (New Zealand)* and similar laws in other jurisdictions to receiving commercial emails from the Manager, Centuria Healthcare or any other entity involved with the administration of the Fund.

You can get access to and correct the personal information about you that the Manager holds or a copy of Centuria's Privacy Policy by contacting its Privacy Officer on **(02) 8923 8923**. You can also review Centuria's full Privacy Policy at: **centuria.com.au/privacy**.

9.12 Interest on Application Monies

Application Monies that Manager holds in an account prior to the issue of Units may earn interest. Any interest earned on an Investor's funds held in the Applications account will be paid to the Fund.

9.13 United States of America (US) Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

FATCA is a US law that came into effect on 1 July 2014 and impacts investors worldwide. FATCA attempts to minimise US income tax avoidance by US persons investing in assets outside the US, including through their investments in foreign financial institutions. FATCA requires reporting of US persons' direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service (IRS).

The Australian Government has entered into an Inter-Governmental Agreement (IGA) with the Government of the United States of America for reciprocal exchange of taxpayer information. Under the IGA and enacted legislation, financial institutions operating in Australia report information to the Australian Taxation Office (ATO) rather than the US IRS. The ATO may then pass the information on to the US IRS.

The Fund meets the definition of a 'Foreign Financial Institution'; therefore the Manager must comply with its FATCA obligations. These laws apply to all financial institutions offering bank or deposit accounts, investment funds, custodial accounts and certain insurance accounts in Australia.

The Tax Information Form included with the Application Form must be completed by all Investors and requires self-certification of an Investor's taxation status under US law. This is used by the Manager to determine if reporting is required in relation to your investment in the Fund.

The CRS is the single global standard for the collection, reporting and exchange of financial account information of non-residents, which applies to calendar years ending after 1 July 2017. Under CRS, the Fund may need to collect and report financial account information of non-residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

Additional Information

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9.14 Anti-Money laundering & Counter-Terrorism Financing

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (AML Legislation) 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. By applying for Units, you agree to the following:

- You will supply, or procure the supply of, any documentation and other evidence and perform any acts to enable the Manager to comply with the AML Legislation;
- If we suspect that an Investor is in breach of the AML Legislation applicable in Australia or elsewhere, or we believe it is required to take action under any laws relating to the AML Legislation or any other applicable law in Australia or elsewhere, we may take any action we consider appropriate, including transferring an Investor's Units and refusing or ceasing to provide you with services, in order to comply with any laws relating to the AML Legislation or any request of a relevant authority; and
- We may at our absolute discretion, with or without notice to you, disclose or otherwise report the details of any transaction or activity, or proposed transaction or activity, in relation to the Fund (including any personal information, as defined in the *Privacy Act 1988 (Cth)* that an Investor may have provided to us)

to any reporting body authorised to accept reports under any laws relating to the AML Legislation applicable in Australia or elsewhere.

If an Investor does not complete the relevant verification Sections of the Application Form, this may delay the processing of Application or result in an Investor's Application being returned.

9.15 Services Agreement

The Manager has entered into a services agreement with Centuria Healthcare (Services Agreement). Centuria Healthcare is a specialist fund manager in the healthcare property sector and is a related body corporate of the Manager. In accordance with the Services Agreement, and given their healthcare property sector expertise, the employees of Centuria Healthcare will provide funds and investment management services to the Fund.

In return, the Manager will pay Centuria Healthcare any fees the Manager receives under the Constitution. In addition, the Manager must pay or reimburse Centuria Healthcare for any costs properly incurred in connection with the Services Agreement that the Manager would have otherwise been entitled to recover from the assets of the Fund.

The Services Agreement will be in force until it is terminated by either party providing the other party one month's written notice.

A copy of the Services Agreement is available on request from the Manager by calling **(02) 8923 8923**.



Direct Debit Request Service Agreement

Section 10

The following is Your Direct Debit Request Service Agreement with **Centuria Property Funds No.2 Limited** (ABN 38 133 363 185). The Agreement is designed to explain what Your obligations are when undertaking a Direct Debit arrangement with Us. It also details what our obligations are to You as Your direct debit provider.

We recommend You keep this Agreement in a safe place for future reference. It forms part of the terms and conditions of Your Direct Debit Request and should be read in conjunction with Your DDR form.

Definitions

- **Account** means the Account held at Your Financial Institution from which We are authorised to arrange for funds to be debited.
- **Agreement** means this Direct Debit Request Service Agreement between You and Us.
- **Banking Day** means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.
- **Debit Day** means the day that payment by You to Us is due.
- **Debit Payment** means a particular transaction where a debit is made.
- **Direct Debit Request** means the Direct Debit Request between Us and You.
- **Us or We** means Centuria Property Funds No.2 Limited, (the Debit User) You have authorised by signing a Direct Debit Request.
- **You** means the customer who signed the Direct Debit Request.
- **Your Financial Institution** means the financial institution nominated by You on the DDR at which the Account is maintained.

10.1 Debiting Your Account

By signing a Direct Debit Request, You have authorised Us to arrange for funds to be debited from Your Account. You should refer to the Direct Debit Request and this Agreement for the terms of the arrangement between Us and You.

We will only arrange for funds to be debited from Your Account as authorised in the Direct Debit Request.

If the Debit Day falls on a day that is not a Banking Day, We may direct Your Financial Institution to debit Your Account on the following Banking Day.

If You are unsure about which day Your Account has or will be debited You should ask Your Financial Institution.

10.2 Amendments By Us

We may vary any details of this Agreement or a Direct Debit Request at any time by giving You at least fourteen (14) days' written notice.

10.3 Amendments By You

You may change, stop or defer a Debit Payment, or terminate this Agreement by providing Us with at least fourteen (14) days' notification by writing to: **Centuria Investor Services, GPO Box 3993, Sydney, NSW 2001** or by telephoning Us on **1800 182 257** during business hours or arranging it through Your own financial institution. Request at any time by giving You at least fourteen (14) days' written notice.

10.4 Your Obligations

It is Your responsibility to ensure that there are sufficient clear funds available in Your Account to allow a Debit Payment to be made in accordance with the Direct Debit Request.

If there are insufficient clear funds in Your Account to meet a Debit Payment:

- a. You may be charged a fee and/or interest by Your Financial Institution;
- b. You may also incur fees or charges imposed or incurred by us; and
- c. Agree to provide Us with all information that We reasonably request promptly so that We can comply with our anti-money laundering legal obligations;

You should check Your Account statement to verify that the amounts debited from Your Account are correct.

10.5 Dispute

If You believe that there has been an error in debiting Your Account, You should notify Us directly on **(02) 8923 8923** and confirm that notice in writing with Us as soon as possible so that We can resolve Your query more quickly. Alternatively, You can take it up with Your Financial Institution directly.

If We conclude as a result of our investigations that Your Account has been incorrectly debited We will respond to Your query by arranging for Your Financial Institution to adjust Your Account (including interest and charges) accordingly. We will also notify You in writing of the amount by which Your Account has been adjusted.

If We conclude as a result of our investigations that Your Account has not been incorrectly debited We will respond to your query by providing You with reasons and any evidence for this finding in writing.

10.6 Accounts

You should check:

- a. With your financial institution whether direct debiting is available from your Account as direct debiting is not available on all Accounts offered by financial institutions.
- b. Your Account details which You have provided to Us are correct by checking them against a recent Account statement; and
- c. With Your Financial Institution before completing the Direct Debit Request if You have any queries about how to complete the Direct Debit Request.

10.7 Confidentiality

We will keep any information (including your Account details) in your Direct Debit Request confidential. We will make reasonable efforts to keep any such information that We have about You secure and to ensure that any of our employees or agents who have access to information about You do not make any unauthorised use, modification, reproduction or disclosure of that information.

We will only disclose information that We have about you:

- a. To the extent specifically required by law; or
- b. For the purposes of this Agreement (including disclosing information in connection with any query or claim).

10.8 Notice

If You wish to notify Us in writing about anything relating to this Agreement, You should write to Us at **Centuria Property Funds No. 2 Limited, Level 41, Chifley Tower, 2 Chifley Square, Sydney NSW 2000**.

We will notify You by sending a notice in the ordinary post to the address You have given Us in the Direct Debit Request.

Any notice will be deemed to have been received on the third Banking Day after posting.

Glossary of Terms

Section 11

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

Defined Term	Meaning
ABN	Australian Business Number.
Abnormal Expenses	Expenses not generally incurred during the day-to-day operation of the Fund and not necessarily incurred in any given year. These expenses are due to abnormal events and include (but are not limited to) the cost of convening and hosting a meeting of Investors, preparing a new offer document for the Fund, legal costs incurred by changes to the Fund's constitution or commencing or defending legal proceedings, and costs for the sale of real Property assets.
ACN	Australian Company Number.
Acquisition Unit	An Acquisition Unit in the Fund as described in Section 3.9.
AFSL	Australian Financial Services Licence.
AMIT	Attribution managed investment trust
AML Legislation	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).
Application	The form attached to or accompanying this PDS which must be used to make an application for Units in the Fund pursuant to the Offer.
Application Monies	The price or the amount paid by a prospective Investor for Units in the Fund.
A-REIT	Australian Real Estate Investment Trust. Includes investments in any ASX-300 real estate investment trust and ASX listed exchange traded fund.
APRA	The Australian Prudential Regulation Authority
ARSN	Australian Registered Scheme Number.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691, or the market operated by it as the context requires.
ATO	Australian Taxation Office.
Benchmark	The financial benchmark for the Fund is a total return of 8.00% per annum (pre-tax, net of fees).
Business Day	A day which is not a Saturday, Sunday, or public holiday in the State of New South Wales.
Buy/Sell Spread	The Buy Spread is the difference between NAV per unit and the Issue Price, whereas the Sell Spread is the difference between the NAV per unit and the Withdrawal Price of units in the Fund.
Cash or Cash Like Products	Refers to investment that either has a maturity of less than 3 months from the acquisition date or could be converted to cash within 3 months.
Centuria, Centuria Capital Group	Centuria Capital Limited ACN 095 454 336 and its subsidiaries together with the Centuria Capital Fund.
Centuria Capital Limited	Centuria Capital Limited ACN 095 454 336
Centuria Healthcare	Centuria Healthcare Pty Ltd ACN 001 477 505
CGT	Capital Gains Tax.
CHAML	Centuria Healthcare Asset Management Limited (ABN 40 003 976 672, AFSL 246368) (CHAML)
CPFL	Centuria Property Funds Limited (ABN 11 086 553 639, AFSL 231149)
Corporations Act	Corporations Act 2001 (Cth).
Custodian	Perpetual Corporate Trust Limited ACN 000 341 533.
Development	A process, encompassing activities that range from the construction, renovation and lease of existing and/or brownfield and greenfield opportunities.

Glossary of Terms

Section 11

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

Defined Term	Meaning
Direct Debit Request Service Agreement	The agreement set out in Section 10 "Direct Debit Request Service Agreement".
Direct Debit Request Form	The Direct Debit Request Form contained in the Application.
Direct Investor	An applicant who invests in the Fund directly and not via an IDPS.
Direct Property/(ies)	Property/(ies) that the Fund acquires and invests into from time to time. This excludes REITs.
DRP	The Fund's distribution reinvestment plan.
FATCA	U.S. Foreign Account Tax Compliance Act.
Fund	Centuria Healthcare Property Fund ARSN 638 821 360.
Fund-Through Structure	Enables the Fund to acquire Property in the early stages of development whilst mitigating construction and development risk. A Fund-Through structure is the equivalent of an acquisition via an installment plan – an initial payment for the land and work in progress, followed by a series of payments throughout the construction period, with a final residual payment on practical completion.
Gearing	The Fund borrows money to increase the amount it can invest in assets, thus potentially increasing investment performance. The debt to equity ratio of an entity.
Gross Asset Value	The gross asset value of the Fund's assets, including the gross asset value of any wholly owned sub-trusts in which the Fund invests.
GST	Goods and Services Tax (Australia).
ICR	Indirect Cost Ratio.
IDPS	Investor directed portfolio service. An IDPS is provided by an IDPS Operator, which makes investments into products on behalf of its clients and provides a reporting service to these investors. Some master trusts and wrap accounts are examples of IDPS arrangements.
IDPS Operator	The trustee, custodian or operator of an IDPS.
Indirect Interest	Investment in other healthcare trusts managed by the Manager or a related entity. Indirect investment will be capped at a maximum of 20% of NAV.
Indirect Investor	An applicant who invests in the Fund through an IDPS by directing their IDPS Operator to acquire Units on their behalf.
Indirect Property/(ies)	Property/(ies) that the Fund acquires an interest in whereby the Fund's investment is in an unlisted Property scheme which invests in direct property. Investment in Indirect Property will be capped at a maximum of 20% of NAV.
Investment Amount(s)	The amount subscribed by an Investor for units.
Investor	An Investor in the Fund.
Issue Price	The price at which each Unit in the Fund is issued, equal to the Unit Price plus any applicable Buy Spread.
LVR	Loan to value ratio. The ratio of any outstanding borrowings to the value of the Fund's assets.
Manager	Centuria Property Funds No.2 Limited (ABN 38 133 363 185, AFSL 340 304), as responsible entity of the Fund.
MIT	Managed investment trust
NAV	Net Asset Value.

Glossary of Terms

Section 11

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

Defined Term	Meaning
Nexus	Nexus Day Hospitals Holdings Pty Ltd ACN 165 809 101
NPUT	Nexus Property Unit Trust
NTA	Net Tangible Assets. The net tangible assets (NTA) of the Fund is calculated in accordance with RG 46 by dividing the net assets less intangible assets of the Fund (with any adjustments) by the number of Units in the Fund on issue.
Offer	The invitation to subscribe for Units pursuant to this PDS.
p.a.	Per annum.
PDS	This product disclosure statement and any replacement or supplementary product disclosure statement.
Property/ies	Any one or all of the current and future Properties that the Fund directly or indirectly invests in from time to time, including where a direct or Indirect Interest in a Property arises by the Fund's investment in an unlisted Property scheme which invests in direct Property.
Regular Investment Plan	The regular investment plan offered by the Manager for investment in the Fund as set out in Section 3.17.
RG 46	ASIC Regulatory Guide 46 (Unlisted Properties schemes: Improving Disclosure for Retail Investors).
Responsible Entity, Centuria Property Fund or CPF2L	Centuria Property Funds No.2 Limited (ABN 38 133 363 185, AFSL 340 304)
Standard Deviation	A measure of the amount of variation or dispersion of a set of values. A low standard deviation indicates that the values tend to be close to the mean of the set, while a high standard deviation indicates that the values are spread out over a wider range.
TFN	Tax File Number.
Unit(s)	An ordinary Unit(s) in the Fund.
Unit Price	The prevailing NAV of the Fund plus an adjustment for amortised establishment and acquisition costs, calculated as described in Section 3.3. the Manager may also charge a Buy/Sell Spread if it determines to be in the best interests of Investors.
Wholesale Client	An investor who is a wholesale client for the purposes of Section 761G of the <i>Corporations Act</i> .
Withdrawal Price	The price at which each Unit in the Fund is redeemed, equal to the Unit Price less any applicable Sell Spread.
Withdrawal Request Form	The form that is requested from the Manager which is used to make a withdrawal for Units which are held in the Fund.

How to Invest

Online application

Go to centuria.com.au/chpf/apply and follow the instructions to complete your application.

NZ and Singapore Investors

May invest online however you still will be required to post certified documentation posted to:
GPO Box 3993, Sydney NSW 2001

Postal application

Refer below and follow the instructions to complete your application.

This Application Form (including the Direct Debit Request Form) is part of the product disclosure statement (PDS) issued by Centuria Property Funds No.2 Limited (ABN 38 133 363 185) (AFSL 340 304) (the Manager) for the Centuria Healthcare Property Fund (Fund) ARSN 638 821 360, dated 12 November 2020. You should read the PDS and the Application Form together in full before applying to invest as it provides important information about investing in the Fund. You should also read the target market determination (TMD) for the Fund, which is available at centuria.com.au/chpf/TMD.

Any person who gives another person access to this Application Form must at the same time and by the same means, give the other person access to the PDS. The Offer to which the PDS relates is only available to eligible Investors receiving a copy of the PDS (electronically or otherwise) in Australia, New Zealand and any other jurisdiction where the Offer may lawfully be made. Unless the context requires otherwise, capitalised terms used in this Application Form have the meaning given to them in the PDS. The Manager reserves the right to accept or refuse any Application for investment in the Fund.

Checklist - Completing your Application Form

- Step 1:** Complete the **Application Form - Centuria Healthcare Property Fund** relevant to your investment entity type (on page 52).
- Step 2:** If required complete the **Identification Form 1 - Individual, Joint, Sole Trader** (on page 56).
- Step 3:** If required complete the **Identification Form 2 - Companies** (on page 58).
- Step 4:** If required complete the **Identification Form 3 - Trusts, Trustees, SMSFs** (on page 60).
- Step 5:** Complete the **Tax Status Declaration Form** (on page 67).
- Step 6:** Complete the **TMD Questions** (on page 71).
- Step 7:** **Make payment** using one of the payment methods below.
- Step 8:** If required complete the **Direct Debit Request Form** (on page 72).


How to invest

The minimum Investment Amount is \$10,000 and in multiples of \$1,000 minimum thereafter (with the exception of investments made as a part of a Regular Investment Plan). The Manager reserves the right to accept lesser amount at its discretion.

Payment Method

Please select one of the four payment methods and indicate your preference on your Application form. All payments must be made in Australian dollars (AUD).

1. BPAY® telephone and internet banking

	Biller code	117986
	Reference number	Provided by Centuria

* Registered to BPAY Pty Ltd ABN 69 079 137 518

You can make payment with your bank using telephone or internet banking. You will need to quote the biller code and reference number when making your payment. Once your original Application is accepted, Centuria Investor Services will contact you by phone or email to provide you with your BPAY reference number. If you are an existing Investor you can use your Investor Number as your BPAY reference.

2. Cheque

Please make cheques payable to **Centuria Healthcare Property Fund Applications** and attached with your original Application Form when posting. Please cross and write 'not negotiable' on Australian cheques only.

3. Electronic Funds Transfer

Please transfer funds electronically to the following account and send your completed Application Form to the address below.

Account Name:	Centuria Healthcare Property Fund Application Account
BSB:	332-027
Account Number:	555 492 694
Your reference:	Please use the name of your investment entity

It is important to include your **investment entity** as your reference to ensure there is no delay in allotting your Units in the Fund. If you are an existing Centuria Investor you can use your Investor Number.

4. Direct Debit (maximum \$500,000)

If your initial investment is less than \$500,000 you can allow us to deduct your Application amount directly from your nominated financial institution account by completing the Direct Debit Request on the following page. This debit will be made through the Bulk Electronic Clearing System (BECS) from your Account held at the financial institution you have nominated on the Direct Debit Request Form on page 72.

By completing this Section, you have understood and agreed to the terms and conditions governing the debit arrangements between you and Boardroom Pty Limited, as set out in this Request and in your Direct Debit Request Service Agreement.

Where to send your application

Centuria Healthcare Property Fund
C/O Centuria Investor Services
GPO Box 3993
Sydney, NSW 2001

Please Note: Your application cannot be processed until both your original Application Form, payment and the required identification documents have been received by the Manager.

Application Form Centuria Healthcare Property Fund

Guide to completing this Application Form.

- Complete the form for each new Investor nominated on your application.
- Complete the form in pen using BLOCK LETTERS and mark appropriate answers with a cross X or number.
- Any queries please contact the Centuria Investor Services team on **1800 182 257**.

Investor Identification

The AML legislation requires the Manager to confirm the identity of each Investor. If the Manager is not able to do so, it may not be able to accept your application.

Has the person/entity invested in a Centuria product previously?

Yes, Investor number:

No In addition to this Application Form, you also need to complete the Investor Identification Form appropriate to the type of Investor you are, as below.

If you are an existing Centuria Investor, we may already have your AML information on record.

1. Individual/Joint Investor: > If "NO", complete Investor Identification Form – Individuals.

2. Company: > If "NO", complete Investor Identification Form – Australian Companies.

3. Trust and Trustee: > If "NO", complete Investor Identification Form – Trusts, Trustees & SMSFs.

Investment Amount, Regular Investment Plan and Entity Details

Minimum investment amount is \$10,000 and thereafter in multiples of \$1,000. Payment details on page 51.

Investment amount AUD: \$

Regular Investment Plan amount AUD: \$

Additional Investments can be debited from your bank account and added to your Investment in the Fund on a regular basis. The minimum amount for regular investment is \$100 per month.

I/We wish to participate in the Regular Investment Plan and I/we agree to be bound by the service agreement terms and conditions outlined in the Direct Debit Request Service Agreement. Direct Debits are processed on the 20th of each month.

20 Monthly Quarterly Yearly

Please complete the Direct Debit Request Form on page 72. If you do not complete this form, your regular investment plan will not be processed.

If you're investing as an individual, the individual trustees of a trust or joint Investors please complete this Section.

Individual Investor, Joint Investor 1, Company Director 1, Executor 1 or Trustee 1.

Title Given name(s)

Surname Date of birth

Joint Investor 2, Company Director 2, Executor 2 or Trustee 2.

Title Given name(s)

Surname Date of birth

Providing your TFN will ensure tax is not deducted from distributions.

Tax File Number(s) - Individual and Joint Investors 1 & 2 only

If Investor(s) above, are exempt from providing a TFN, please provide the exemption reason below.

(Continued on the next page)

Application Form Centuria Healthcare Property Fund

If you're investing under a company, corporate trustee, trust or super fund please complete this section.

Name of investing Company, Association, Body or Corporate Trustee if applicable

ACN

TFN

Account Designator (name of Super Fund, Trust, Deceased Estate or other entity or person)

ABN

TFN

Provide the ABN and/or TFN of the trust, super fund or named individual.

If Investor(s) above, are exempt from providing a TFN, please provide the exemption reason below.

Required by foreign residents for tax purposes.

If the investing entity is not an Australian resident for tax purposes, specify the country of tax residency:

Complete this section if you are an existing investor through a company, corporate trustee, trust, super fund.

Has there been any change to the following?:

- If a company, the company details including directors, beneficial owners and key stakeholders (greater than 25% of shares).
- If a trust, the trust details including beneficial owner, trustee and beneficiaries.

Yes - You must complete the identification form referring to your investment entity.

No - Complete the Tax Status Declaration Form, (if not completed previously).

Applicant(s) Contact Details

These contact details will be used for all investment correspondence.

Address

Suburb

State

Postcode

Country

Work phone

Home phone

Mobile phone

Facsimile

Email

Application Form Centuria Healthcare Property Fund

Adviser Details

Please have your financial adviser complete and sign this Section, to confirm they hold a current AFS licence and are authorised to deal and advise on managed investment products.

I hereby direct the Manager to pay an adviser service fee, out of my Application Monies (inclusive of GST) on my/our behalf to my financial adviser.

Adviser given name(s)

Adviser surname

Adviser Email Address

Licensed Dealer

AFS Licence No.

Adviser Company (if applicable)

Adviser Signature:

Initial Advice Fee (if applicable)

 %

I confirm I have provided personal advice to the Applicant in relation to their investment in the Fund and I represent that I: have reviewed and considered the TMD in providing personal advice to the Applicant; have robust product governance arrangements in place to ensure compliance with my distribution obligations in Part 7.8A of the Corporations Act; have taken reasonable steps that will, or are reasonably likely to result in distribution of the Fund being consistent with the TMD; have complied with the distribution conditions/restrictions in the TMD; will provide to Centuria the reports specified in the TMD within the timeframes specified in the TMD; will not knowingly do anything to put Centuria in breach of Part 7.8A of the Corporations Act; and will notify Centuria immediately if I become aware of anything that would, or may potentially, put Centuria in breach of Part 7.8A of the Corporations Act.

Distribution Instructions

If you have an international bank account please contact Centuria Investor Services.

Account Name

Financial Institution

BSB

Account Number

OR

Would you like your distributions reinvested as additional Units? Yes No

Full participation Including any further investments in the Fund
or

Partial participation Please specify the percentage of Units to participate in the DRP %

Your participation in the DRP can be varied by contacting the Manager (see the Directory towards the back of this PDS.)

Source of Funds

Please confirm the source and origin of funds being invested. e.g. inheritance, savings or superannuation contributions.

(Continued on the next page)

Application Form Centuria Healthcare Property Fund

Payment Details

These details are required so your payment can be matched to your Application Form.

Please indicate your payment method:

Cheque > Made payable to: **Centuria Healthcare Property Fund Applications**
 EFT > Your Reference
 BPAY* > Please refer to payment Section 'How to invest' on page 51.
 Direct Debit > Please refer to payment Section 'How to invest' on page 51.
 Please complete the Direct Debit Request Form on page 72 (Maximum \$500,000).

Declaration and Signatures

I/we acknowledge, declare and agree that by signing this Application Form:

- I/We have read the PDS and I/we agree to be bound by the terms and conditions contained in the PDS.
- I/We have read the TMD for the Fund which is available at centuria.com.au/chpf/TMD.
- I/We agree to be bound by the constitution of the Centuria Diversified Property Fund as amended from time to time.
- I/We acknowledge that an investment in the Fund is subject to investment and other risks, including possible delays in repayment and the loss of income and the loss of capital invested.
- I/We acknowledge that the Manager does not guarantee the performance of the Fund or the return or repayment of capital or income.
- I/We represent that all details contained in this Application Form, including if relevant my answers to the TMD Questions on page 71 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 the Manager, I am/we are in Australia, New Zealand, Singapore or any other jurisdiction in which the offer may lawfully be made and am/are not acting for the account or benefit of another person outside Australia,

New Zealand, Singapore or any jurisdiction in which it would be unlawful to offer the Units under this PDS.

- I/We have personally received the PDS accompanied by, or attached to, this Application Form, which I/we have read and understood before applying to invest in the Fund.
- I/We consent to my/our information being disclosed between those entities outlined in Section 8.11 of the PDS, and to its use for direct marketing (subject to my/our right of opt-out at any time), product management and development, and for other reasonable purposes.
- If I/we have directed the Manager to make a payment to my/our financial adviser, I/we understand that this payment will be deducted from my/our initial Application Monies and paid by the Manager as agent of the financial adviser named on page 40 of the PDS. The balance of my/our Application Monies after the deduction of the Adviser fee will be invested in the Fund.
- I/We undertake to provide any information that the Manager reasonably requires for the purposes of the Manager Obligations under the AML Legislation.

Please note: Applications received from companies or corporate trustees must be signed in accordance with their constitution.

Privacy

By signing this Application Form you acknowledge that you have read, understood and agree to the collection, use and disclosure of your personal information as set out in Section 9.11 of the PDS or otherwise as required by law. In particular, you agree we may use your personal information to assess whether you are likely to be in the target market for the Fund and to tell you about products or services that might better serve your needs or promotions about any other matters that may be of benefit or interest to you and you also agree your personal information for these purposes may be disclosed to the Manager and its related companies, to other organisations, and to relevant service providers.

If you do not want to receive such information, please tick the box below.

I DO NOT wish to receive information about new Centuria investment products and events.

Signatures

All authorised signatures to sign. If any to sign is ticked, this will authorise one person to operate the account in the future.

Any to sign All to sign

Signature A

Signature B

Full name

Full name

Date

Date

If a company officer or trustee you must specify your title

Director Sole Director & Company Secretary Director Company Secretary

Trustee Other Trustee Other

Identification Form 1 – Individuals, Joint, Sole Trader

Guide to completing this Application Form.

- Complete the form for each applicant individual nominated on your application.
- Complete the form in pen using BLOCK LETTERS and mark appropriate answers with a cross X or number.
- Any queries please contact the Centuria Investor Services team on **1800 182 257**.

Applicant 1

(personal details)

Title

Mr Ms Mrs Dr Miss

Surname

Date of birth

D	D	M	M	Y	Y
---	---	---	---	---	---

First Name(s)

Residential address (Not a PO Box)

Suburb

State

Postcode

--	--	--	--	--	--

Country

Postal address

*Postal address
(if different to
residential address).*

Suburb

State

Postcode

--	--	--	--	--	--

Country

*Complete if you
are a sole trader.*

Full business name

ABN

--	--	--	--	--	--	--	--	--	--

Business address (Not a PO Box)

Suburb

State

Postcode

--	--	--	--	--	--

Country

Applicant 2

(personal details)

Title

Mr Ms Mrs Dr Miss

Surname

Date of birth

D	D	M	M	Y	Y
---	---	---	---	---	---

First Name(s)

Residential address (Not a PO Box)

Suburb

State

Postcode

--	--	--	--	--	--

Country

Postal address

*Postal address
(if different to
residential address).*

Suburb

State

Postcode

--	--	--	--	--	--

Country

(Continued on the next page)

Identification Form 1 – Individuals, Joint, Sole Trader

Section 1 – Acceptable Primary ID Documents (originally certified copies required)

Please complete Section 1 (if you do not own a document from Section 1, then complete Section 2 or 3).

Select ONE option from this Section only

- Australian State/Territory driver's licence containing a photograph of the person;
- Australian passport (a passport that has expired within the preceding two years is acceptable);
- Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person; or
- Foreign passport or similar travel document containing a photograph and the signature of the person*.

Section 2 – Acceptable Secondary ID Documents (originally certified copies required)

Should only be completed if the individual does not own a document from Section 1.

Select ONE option from this Section only

- Australian birth certificate;
- Pension card issued by Centrelink; or
- Australian citizenship certificate;
- Health card issued by Centrelink.

AND ONE option from this Section

- A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address;
- A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. Black out the TFN on the certified copy of this document;
- A document issued by a local government body or utilities provider within the preceding three months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address); or
- If under the age of 18, a notice that was issued to the individual by a school principal within the preceding three months and contains the name and residential address and records the period of time that the individual attended that school.

Section 3 – Acceptable Foreign ID Documents

Should only be completed if the individual does not own a document from Section 1.

ONE document from this Section must be presented

- Foreign driver's licence that contains a photograph of the person in whose name it is issued and the individual's date of birth*; and
- National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued*.

* Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

IMPORTANT: Please attach an originally or a certified, legible copy of the original ID documentation nominated above for each individual (and any required translation).

IMPORTANT: This Identification Form is now complete. Please proceed to the Tax Status Declaration Form on page 67.

Identification Form 2 – Companies

Guide to completing this Application Form.

- Complete the form for the Company nominated on your application.
- Complete the form in pen using BLOCK LETTERS and mark appropriate answers with a cross X or number.
- Any queries please contact the Centuria Investor Services team on **1800 182 257**.

Section 1 – Company Details

Section 1.1 – General Information

Full registered name

ACN or other registration number

Address (Not a PO Box)

Suburb

State

Postcode

Country

Principal place of business (if any) (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Section 1.2 – Regulatory/Listing Details

Select any categories which apply to the company and provide the information requested.

Regulated in Australia (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator name

Licence details

Publicly listed company

Name of market/exchange

Majority-owned subsidiary of an Australian listed company

Australian listed company name

Section 1.3 – Company Type

Select ONE of the following categories.

Public

Proprietary

Section 1.4 – Directors

Only needs to be completed for proprietary companies.

How many directors are there?

Provide full name of each director below

Full given name(s)

Surname

1.

2.

3.

4.

If there are more directors, provide details on a separate sheet

Identification Form 2 – Companies

Section 1.5 – Beneficial Owners

Please provide the details for the individual(s) who ultimately own more than 25% of the company. If a beneficial owner is a company, if there aren't any, provide the names of the individual(s) who directly or indirectly 'control' the company. This section is not required for companies that marked a box in Section 1.2.

Beneficial Owner 1

Surname Date of birth

First Name(s)

Residential address (Not a PO Box)

Suburb State Postcode Country

Beneficial Owner 2

Surname Date of birth

First Name(s)

Residential address (Not a PO Box)

Suburb State Postcode Country

Beneficial Owner 3

Surname Date of birth

First Name(s)

Residential address (Not a PO Box)

Suburb State Postcode Country

Beneficial Owner 4

Surname Date of birth

First Name(s)

Residential address (Not a PO Box)

Suburb State Postcode Country

Section 1.6 – Acceptable Company ID Documents

Attach an originally certified copy of:

- The driver's licence OR passport for each beneficial owner completed in Section 1.5. See the Identification form for Individuals for acceptable alternative ID options.
- A copy of the ASIC extract of the company OR an originally certified copy of the Certificate of Registration.

IMPORTANT: This Identification Form is now complete. Please proceed to the Tax Status Declaration Form on page 67.

Identification Form 3 – Trusts, Trustee & SMSFs

Guide to completing this Application Form.

- Section 1 must be completed for all trusts; AND select and complete ONE of the following Parts for the trustee/s:
- Section 2 (applicable Sections) – if selected trustee is an individual
- Section 3 (applicable Sections) – if selected trustee is an Australian Company
- Complete the form in pen using BLOCK LETTERS and mark appropriate answers with a cross X or number.
- Any queries please contact the Centuria Investor Services team on **1800 182 257**.

Section 1 - Trust Details

General Information

Full name of trust

Full business name (if any)

Country where trust established

Section 1.1 - Type of Trust

Type of trust (select only ONE of the following trust types and provide the information requested).

- Unregulated (including complying family trusts, unit trusts & testamentary trusts)
> Go to Section 1.2 below.
- Regulated (including complying self-managed super funds)
> Go to Section 1.5 of this Application Form (page 62)

Section 1.2 - Unregulated Trust

Type of trust (select only ONE of the following trust types and provide the information requested).

- Type of Unregulated Trust
- Family Trust
- Unit Trust
- Testamentary Trust
- Other, please specify

Type of Trustee

- Individual(s) **Note:** Please also complete the Section 1.4 on page 61.
- Company **Note:** Please also complete the Company Section 3 on page 65.

Beneficial Owner(s) of the Trust (Individual(s) that directly or indirectly control the trust e.g. Appointer).
If there are more beneficiaries, please provide details on a separate sheet.

First Name(s)

Surname

Date of birth

Residential address (Not a PO Box)

Suburb

State

Postcode

Country

Settlor name (Not required if the settlor is deceased or the material asset contribution to the trust by the settlor at the time the trust was established was less than \$10,000)

First Name(s)

Surname

Date of birth

Residential address (Not a PO Box)

Suburb

State

Postcode

Country

Identification Form 3 – Trusts, Trustee & SMSFs

Section 1 - Trust Details *continued*

1.3 Beneficiary details If the trust identifies the beneficiaries by reference to membership of a class, please provide details of the class. (e.g. family members of named person).

How many beneficiaries are there?

Provide full name of each beneficiary below;

Full given name(s)

Surname

1.	<input type="text"/>	<input type="text"/>
2.	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>
4.	<input type="text"/>	<input type="text"/>
5.	<input type="text"/>	<input type="text"/>

If there are more beneficiaries, provide details on a separate sheet.

Section 1.4 - Trustee Details

How many trustees are there?

Trustee 1

Full given name(s) or Company name

Surname

Date of birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Residential/street address of individual trustee or registered company (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Trustee 2

Full given name(s) or Company name

Surname

Date of birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Residential/street address of individual trustee or registered company (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Trustee 3

Full given name(s) or Company name

Surname

Date of birth

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Residential/street address of individual trustee or registered company (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Identification Form 3 – Trusts, Trustee & SMSFs

Section 1.5 - Regulated Trusts

Type of trust
(select only ONE of
the following trust
types and provide
the information
requested)

Type of Regulated Trust Complying Superannuation fund (including self-managed)
 Other, please specify

Type of Trustee Individual(s) **Note:** Please also complete the individual Section 1.4 on page 61.
 Company **Note:** Please also complete the Company Section 3 on page 65.

ARSN/ABN Country in which trust was established

Full business name (if any) of the trustee in respect of the trust was established

For a registered managed investment scheme, **Regulated Trust** (e.g. SMSF) or government superannuation fund (as selected in Section 1.5) AND if the Trust has an Australian Business Number (ABN), no trust documentation is required.

Identification Form 3 – Trusts, Trustee & SMSFs

Section 2 - Verification Requirements - Unregulated Trusts only

Section 2.1 - Verification of the Trust - Unregulated Trusts only

If the trust is an **Unregulated Trust** selected in Section 1.1 on page 60, OR the trust does not have an ABN:

In order to verify the Trust the following is to be provided

- An originally certified copy of the Trust Deed **or**;
- If not reasonably available** an originally certified extract of the Trust Deed. Extracts of Trust Deeds must include the name of the Trust, Trustees, Beneficiaries, Settlor/s and Appointers (where applicable).

Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

Section 2.2 - Individual Identification Documents – Unregulated Trusts only (originally certified copies required)

An originally certified copy of acceptable identification documents are required for ALL of the following:

- ALL Beneficial Owner(s) listed in Section 1.2;
- The Settlor listed in Section 1.2 (if any); AND
- ONE Individual trustee listed in Section 1.4 (if any)

*Complete Section 1
(or if the individual does
not own a document
from Section 1, then
complete either Section
2 or 3).*

Section 1 – Acceptable primary ID documents

Select ONE option from this Section only

- Australian State/Territory driver's licence containing a photograph of the person;
- Australian passport (a passport that has expired within the preceding 2 years is acceptable);
- Card issued under a State or Territory for the purpose of proving a person's age containing a photograph of the person; or
- Foreign passport or similar travel document containing a photograph and the signature of the person.*

Identification Form 3 – Trusts, Trustee & SMSFs

Complete Section 1 (or if the individual does not own a document from Section 1, then complete either Section 2 or 3).

Section 2 – Acceptable secondary ID documents

– should only be completed if the individual does not own a document from Section 1

Select ONE option from this Section

- Australian birth certificate;
- Australian citizenship certificate;
- Pension card issued by Centrelink; or
- Health card issued by Centrelink.

AND ONE option from this Section

- A document issued by the Commonwealth or a State or Territory within the preceding 12 months that records the provision of financial benefits to the individual and which contains the individual's name and residential address;
- A document issued by the Australian Taxation Office within the preceding 12 months that records a debt payable by the individual to the Commonwealth (or by the Commonwealth to the individual), which contains the individual's name and residential address. Block out the TFN on the certified copy of this document; or
- A document issued by a local government body or utilities provider within the preceding three months which records the provision of services to that address or to that person (the document must contain the individual's name and residential address).

Section 3 – Acceptable foreign ID documents*

– should only be completed if the individual does not own a document from Section 1

ONE document from this Section must be presented

- Foreign driver's licence that contains a photograph of the person in whose name it is issued and the individual's date of birth; and
- National ID card issued by a foreign government containing a photograph and a signature of the person in whose name the card was issued.

Important: Please attach an original or a certified, legible copy of the original ID documentation used to verify the individual trustee (and any required translation).

If the selected trustee is an individual, the form is now **COMPLETE**.

* Documents that are written in a language that is not English must be accompanied by an English translation prepared by an accredited translator.

IMPORTANT: This Identification Form is now complete. Please proceed to the Tax Status Declaration Form on page 67.

(Continued on the next page)

Identification Form 3 – Trusts, Trustee & SMSFs

Section 3 Company details (to be completed if trustee is an Australian company)

Section 3.1 - General information

Full name as registered by ASIC

ACN

Registered office address (Not a PO Box)

Suburb

State

Postcode

Country

Principal place of business (if any) (PO Box is NOT acceptable)

Suburb

State

Postcode

Country

Section 3.2 - Regulatory/Listing Details

Select any categories which apply to the company and provide the information requested.

Regulated in Australia (licensed by an Australian Commonwealth, State or Territory statutory regulator)

Regulator name

Licence details

Publicly listed company

Name of market/exchange

Majority-owned subsidiary of an Australian listed company

Australian listed company name

Section 3.3 - Company type

Select ONE of the following categories.

Public

Proprietary

Section 3.4 - Directors

Only needs to be completed for proprietary companies.

How many directors are there?

Provide full name of each director below

Full given name(s)

Surname

1.

2.

3.

4.

If there are more directors, provide details on a separate sheet

Otherwise, continue to Section 3.5

Identification Form 3 – Trusts, Trustee & SMSFs

Section 3.5 – Company details

Please provide the details for the individual(s) who ultimately own more than 25% of the company. If a beneficial owner is a company, provide the names of the individual(s) who directly or indirectly 'control' the company. This Section is not required for companies that marked a box in Section 3.2.

Beneficial owner 1

Surname				Date of birth	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
First Name(s)	<input type="text"/>									
Residential address (Not a PO Box)	<input type="text"/>									
Suburb	State	Postcode	Country							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>							

Beneficial owner 2

Surname				Date of birth	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
First Name(s)	<input type="text"/>									
Residential address (Not a PO Box)	<input type="text"/>									
Suburb	State	Postcode	Country							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>							

Beneficial owner 3

Surname				Date of birth	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
First Name(s)	<input type="text"/>									
Residential address (Not a PO Box)	<input type="text"/>									
Suburb	State	Postcode	Country							
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>							

Section 3.6 – Acceptable Company ID Documents

Attach an originally certified copy of:

- The driver's licence OR passport for each beneficial owner completed in Section 3.5. See the identification form for individuals for acceptable alternative ID options.
- A copy of the ASIC extract of the company OR an originally certified copy of the Certificate of Registration.

IMPORTANT: This Identification Form is now complete. Please proceed to the Tax Status Declaration Form on page 67.

Tax Status Declaration Form

USE A **BLACK PEN**. PRINT IN CAPITAL LETTERS INSIDE THE BOXES

This form is to be used to record your Tax Residency in accordance with the Foreign Tax Compliance Act (FATCA) and the Common Reporting Standards (CRS). Please see Other Information for further details and definitions.

TAX INFORMATION

Tax Residency rules differ by country. Whether you are a tax resident of a particular country is often (but not always) based on the amount of time you spend in a country, the location of your residence or place of work. For the US, tax residency can be as a result of citizenship or residency.

NOT REQUIRED FOR SELF MANAGED SUPERANNUATION FUND INVESTORS

Section 1 Individual(s) or Sole Trader only (all other investor types proceed to Sections 2)

Tax Residency rules differ by country. Whether you are a tax resident of a particular country is often (but not always) based on the amount of time you spend in a country, the location of your residence or place of work. For the US, tax residency can be as a result of citizenship or residency.

TAX INFORMATION

INDIVIDUAL 1

Please answer both tax residency questions

Are you a tax resident of Australia? Yes No If you are not a tax resident of another country proceed to Section 3 Signatures

Are you a tax resident of another country? Yes No

If you are a tax resident of a country other than Australia, please provide your Tax Identification Number (TIN) or equivalent below. If you are a tax resident of more than one country, please list all relevant countries below.

If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

A TIN is the number assigned by each country for the purposes of administering tax laws. This is the equivalent of a Tax File Number in Australia or a Social Security Number in the US. If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

1. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
2. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
3. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>

If there are more countries, provide details on a separate sheet.

Reason A The country of tax residency does not issue TINs to tax residents

Reason B The individual has not been issued with a TIN

Reason C The country of tax residency does not require the TIN to be disclosed.

INDIVIDUAL 2

Are you a tax resident of Australia? Yes No If you are not a tax resident of another country proceed to Section 3 Signatures

Are you a tax resident of another country? Yes No

If you are a tax resident of a country other than Australia, please provide your Tax Identification Number (TIN) or equivalent below. If you are a tax resident of more than one country, please list all relevant countries below.

If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

A TIN is the number assigned by each country for the purposes of administering tax laws. This is the equivalent of a Tax File Number in Australia or a Social Security Number in the US. If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

1. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
2. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
3. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>

If there are more countries, provide details on a separate sheet.

Reason A The country of tax residency does not issue TINs to tax residents

Reason B The individual has not been issued with a TIN

Reason C The country of tax residency does not require the TIN to be disclosed.

Tax Status Declaration Form

INDIVIDUAL 3

Are you a tax resident of Australia? Yes No *If you are not a tax resident of another country proceed to Section 3 Signatures*
Are you a tax resident of another country? Yes No

If you are a tax resident of a country other than Australia, please provide your Tax Identification Number (TIN) or equivalent below. If you are a tax resident of more than one country, please list all relevant countries below.

If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

A TIN is the number assigned by each country for the purposes of administering tax laws. This is the equivalent of a Tax File Number in Australia or a Social Security Number in the US. If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

1. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
2. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
3. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>

If there are more countries, provide details on a separate sheet.

- Reason A** The country of tax residency does not issue TINs to tax residents
- Reason B** The individual has not been issued with a TIN
- Reason C** The country of tax residency does not require the TIN to be disclosed.

Section 2 Companies and Non-Superannuation Trusts

Name of Company/Non-Superannuation Trust

If you are a company, please provide the country of incorporation

Provide the ABN, ARBN or ACN for the Company

Are you a Financial Institution? Yes No

If Yes, provide the company's Global Intermediary Identification Number (GIIN), if applicable

If the company is a Financial Institution but does not have a GIIN, provide its FATCA status (select one of the following statuses)

- | | | |
|---|--|--|
| <input type="checkbox"/> Deemed Compliant Financial Institution | <input type="checkbox"/> Non Reporting IGA Financial Institution | <input type="checkbox"/> Exempt Beneficial Owner |
| <input type="checkbox"/> Excepted Financial Institution | <input type="checkbox"/> Non participating Financial Institution | <input type="checkbox"/> Other (describe the FATCA status in the box provided) |

Are you a Financial Institution that is not an Investment Entity managed by another Financial Institution which is not a resident of a participating jurisdiction?

Yes No *If No, proceed to Section 3 Signatures*

Are you a public company listed on a Stock Exchange?

Yes No *If Yes, proceed to Section 3 Signatures*

Are you an Active Non Financial Entity?

Yes No *If Yes, proceed to Section 3 Signatures*

Tax Status Declaration Form

Section 2 Companies and Non-Superannuation Trusts (continued)

Are you a Passive Non Financial Entity (NFE)?

Yes

No

If No, proceed to Section 3 Signatures

If you are a Passive NFE, do you have any Controlling Persons who are resident of another country for tax purposes?

Yes

No

If you do not have any Controlling Persons who are a tax resident of another country, proceed to Section 3 Signatures

Name of Controlling Person 1

Date

D	D	M	M	Y	Y
---	---	---	---	---	---

Country of Birth

Country of Citizenship

A TIN is the number assigned by each country for the purposes of administering tax laws. This is the equivalent of a Tax File Number in Australia or a Social Security Number in the US. If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

1. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
2. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
3. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>

If there are more countries, provide details on a separate sheet.

Name of Controlling Person 2

Date

D	D	M	M	Y	Y
---	---	---	---	---	---

Country of Birth

Country of Citizenship

A TIN is the number assigned by each country for the purposes of administering tax laws. This is the equivalent of a Tax File Number in Australia or a Social Security Number in the US. If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

1. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
2. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
3. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>

If there are more countries, provide details on a separate sheet.

Tax Status Declaration Form

Name of Controlling Person 3

Date

Country of Birth

Country of Citizenship

A TIN is the number assigned by each country for the purposes of administering tax laws. This is the equivalent of a Tax File Number in Australia or a Social Security Number in the US. If a TIN is not provided, please list one of the three reasons specified (A, B or C) for not providing a TIN.

1. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
2. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>
3. Country	<input type="text"/>	TIN	<input type="text"/>	If no TIN, list reason A, B or C	<input type="text"/>

If there are more countries, provide details on a separate sheet.

Section 3 Signatures

I/We acknowledge that the statements made in this form are, to the best of my knowledge and belief, correct and complete.

I/We acknowledge that the information contained in this form may be reported to the Australian Tax Office and exchanged with tax authorities of another jurisdiction or jurisdictions in which I may be a tax resident where those jurisdictions have entered into Agreements to exchange Financial Account Information.

I/We undertake to advise you within 30 days of any change in circumstances which affects the tax residency status of the account holder identified in the form or causes the information contained herein to become incorrect or incomplete, and to provide you with a suitably updated self-certification and Declaration within 30 days of such change in circumstances.

SIGNATURE(S) OF SECURITYHOLDERS (THIS MUST BE COMPLETED BY ALL SECURITY HOLDERS)

Individual: This form is to be signed by securityholder.

Joint: Where the holding is in more than one name, all the if the securityholders must sign.

Power of Attorney: To sign as Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified copy if the Power of Attorney with this form.

Companies: Two Directors, Director & Company Secretary, or Sole Director and Sole Company Secretary can sign. Please indicate the office held by signing in the appropriate space.

INDIVIDUAL OR SECURITY HOLDER 1
(Sole Director and Sole Company Secretary)

Date

INDIVIDUAL OR SECURITY HOLDER 2
(Director)

Date

INDIVIDUAL OR SECURITY HOLDER 3
(Director/Company secretary)

Date

Filtering Questions for Target Market Determination

Please answer the below questions which may help you determine whether you meet the target market for this product. If you don't understand the questions or need assistance, we recommend that you seek advice from your financial adviser before deciding to proceed with your investment.

Question 1

1. While Centuria may offer a quarterly limited liquidity facility, you do not have a right to demand a redemption of your investment. Do you accept the quarterly limited liquidity facility is not a redemption guarantee? Yes No
2. Direct property funds invest in real property. To be able to fully fund redemptions, the trustee may have to sell assets. Selling property can take many months, and in some circumstances, take longer. Do you understand that under the quarterly limited liquidity facility, your redemption request may not be satisfied immediately? In extreme cases (such as what occurred during the GFC), redemptions might be paused temporarily until markets return to normal. Yes No

Question 2

The fund will use some debt to acquire assets. Do you accept that because the fund uses debt (or gearing) any capital gains or losses (which are determined by changes in value of the underlying property) will be magnified depending on the level of gearing employed? Yes No

Question 3

Do you accept the capital value of your investment is not guaranteed? Yes No

Question 4

The income paid by this fund is not guaranteed and may vary over time. Do you accept that you should not invest if you are reliant on the income you receive from this fund to meet your day to day living requirements and cannot bear any fluctuations in your income distributions? Yes No

Question 5

Diversification is an important principal of investing. Do you accept you should not invest all your savings in a single investment or asset type and this investment should form part of a broader investment portfolio? Yes No

Please indicate the percentage your investment in the fund represents of the assets you have available for investment, excluding your residential home:

<25%

25-75%

75-100%

Prefer not to provide this information

IMPORTANT: If you have answered "NO" to any of the other questions, this product may not be suitable for you. Before proceeding with your investment, we recommend that you seek advice from your financial adviser before deciding to proceed with your investment.

Direct Debit Request Form

Centuria Healthcare Property Fund

Guide to completing this Application Form.

- Complete the form in pen using BLOCK LETTERS and mark appropriate answers with a cross X or number.
- Any queries please contact the Centuria Investor Services team on **1800 182 257**.

This form is only available for initial investments less than \$500,000. If your investment is greater than \$500,000 please use BPAY, cheque or EFT available on page 51.

Part 1

Investor Number - If you are an existing investor

Account Name / Investor Entity

Part 2 - Bank Details

Initial Investment

Account Name

Financial Institution

BSB Number

Account Number

Regular Investment Plan

Same as initial Investment Direct Debit

Account Name

Financial Institution

BSB Number

Account Number

Part 3 - Declaration and authorisation

The Applicant requests and authorises Centuria Property Funds No.2 Limited ABN 38 133 363 185, AFSL 340 304 ('CPF2L') through its own financial institution and registry provider, for funds to be debited from the nominated account for any amount CPF2L has deemed payable by the Applicant. The Applicant acknowledges this direct debit arrangement is subject to the terms and conditions of the Direct Debit Request Service Agreement outlined in Section 10. By signing and /or providing CPF2L with a valid instruction in respect to this Direct Debit request, the Applicant has understood and agreed to the terms and conditions governing the debit arrangements between the Applicant and CPF2L as set out in this request. The Applicant authorises CPF2L to act in accordance with the Applicant's instructions and acknowledges that these instructions supersede and have priority over all previous instructions in respect to the Applicant's investment. All bank account signatories must sign.

All authorised signatures to sign. If any to sign is ticked, this will authorise any signatory to operate the account in the future.

Signature A

Full name

Date

If a company officer or trustee you must specify your title

Director
 Sole Director & Company Secretary
 Director
 Company Secretary

Trustee
 Other
 Trustee
 Other

Directory

Manager

CENTURIA PROPERTY FUNDS NO.2 LIMITED

**Level 41, Chifley Tower,
2 Chifley Square, Sydney, NSW, 2000**

Phone: +61 2 8923 8923

Fax: +61 2 9460 2960

Web: **centuria.com.au**

Email: contactus@centuria.com.au

AFSL 340 304

Registry Service Provider

BOARDROOM - CENTURIA INVESTOR SERVICES

**GPO Box 3993
Sydney NSW 2001**

Phone: 1800 182 257 or 02 9290 9689

Email: Property.Enquiry@CenturiaInvestor.com.au

Auditor

KPMG

**Level 30, International Tower 3
300 Barangaroo Avenue
Sydney NSW 2000**

Phone: +61 2 9335 7000

Fax: +61 2 9299 7001

Solicitor

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Centuria

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