Level 1, 307 Murray Street, Perth WA 6000
GPO Box H555, Perth WA 6841
TELEPHONE. (08) 9321 7133
FACSIMILE. (08) 9321 7144
EMAIL. enquiries@primewest.biz
WWW. primewest.biz

PRIMEWEST GROUP (ASX:PWG)

ASX RELEASE

FRIDAY, 14 MAY 2021

PRIMEWEST LODGEMENT OF TARGET'S STATEMENT

Primewest today announces, that in accordance with steps 13 and 14 of Section 633(1) of the Corporations Act 2001 (*Cth*) (**Act**), it has lodged the target's statement required under Part 6.5 Division 3 of the Act (**Target's Statement**) with ASIC and ASX in relation to the takeover bid and merger proposal received from Centuria Capital Group (ASX:CNI) (**Centuria**) (**Offer**).

The Target's Statement has also been provided to Centuria.

UNANIMOUS RECOMMENDATION TO ACCEPT THE OFFER

The Primewest Board of Directors unanimously recommends that Primewest securityholders **ACCEPT** the Offer, in the absence of a superior proposal.

Each of the directors, including founding directors John Bond, David Schwartz and Jim Litis, who with their associates collectively own 53% of total securities in Primewest, have confirmed they intend to accept the Offer subject to the same provisos as the Board recommendation.

Primewest has agreed to release the existing escrow arrangement which applies to the Primewest securities held by each of John Bond, David Schwartz and Jim Litis, so as to permit those directors to accept the Offer.

In addition, Primewest has established an Independent Board Committee (**IBC**), comprising independent non-executive directors Erin Flaherty and Hamish Beck, to represent the interests of minority securityholders generally. The IBC concurs with the Board's recommendation.

INDEPENDENT EXPERT HAS CONCLUDED THAT THE OFFER IS FAIR AND REASONABLE

Primewest appointed Deloitte to prepare an Independent Expert's Report (IER).

The independent expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal.

INDICATIVE TIMETABLE

The expected key dates in relation to the Offer are outlined below.

Key event	Date
Target's Statement and IER dispatched by Primewest (alongside Bidder's Statement dispatched by Centuria) Offer period opens	Monday, 17 May 2021
Offer period closes (unless extended or withdrawn)	7:00pm (Sydney time) Thursday, 17 June 2021

Note: All dates are indicative only and subject to change.

ADVISORS

Primewest has engaged Moelis Australia Advisory Pty Ltd as its financial advisor and Hamilton Locke as its legal advisor.

-ENDS-

This release is authorised by the Board of Directors of Primewest.

John Bond
Executive Chairman
Primewest Group Limited

David Schwartz
Managing Director
Primewest Group Limited

About Primewest

ASX listed Primewest (ASX:PWG) (a stapled group consisting of Primewest Group Limited (ACN 636 344 137) and Primewest Management Ltd (ABN 63 091 415 833, AFSL 250963), as responsible entity of Primewest Property Fund (ARSN 636 405 635)) is an Australian property fund manager with $5.0 billion of assets under management across all mainland states of Australia and on the west coast of the USA. Established in 1995, PWG is a value-add and often counter-cyclical manager, operating in the retail, industrial, commercial, residential, large format retail and agricultural property sectors with a focus to achieve maximum returns for holders of its stapled securities and investors in the underlying funds it manages.

Disclaimer

This announcement contains selected summary information and does not purport to be all-inclusive, comprehensive or to contain all of the information that may be relevant, or which a prospective investor may require in evaluations for a possible investment in PWG. It should be read in conjunction with PWG's periodic and continuous disclosure announcements which are available at https://primewest.biz/

This announcement is provided for general information purposes only. It should not be relied upon by the recipient in considering the merits of PWG, the Offer, or an investment in securities in PWG.

Forward Looking Statements

Primewest has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Primewest, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters (**Forward Statements**). No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of Primewest represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this announcement.

The recipient should read this disclaimer carefully before reading or making any other use of this announcement or any information contained in this announcement.

Not an offer of securities

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions registered under the US Securities Act or exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

Attachment – Target's Statement

primewest

Target's Statement

ACCEPT

This Target's Statement has been issued by Primewest in relation to a proposed merger with Centuria Capital Group, which is to be implemented via an off-market takeover offer (Offer)

Your directors unanimously recommend that you ACCEPT the Offer in the absence of a superior proposal.

THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about how to deal with this document, you should consult your financial, legal, taxation or other professional adviser immediately.

Financial Adviser

MOELIS AUSTRALIA

Legal Adviser

Hamilton Locke

IMPORTANT NOTICES

Nature of this document

This document is a Target's Statement issued by Primewest (a stapled group consisting of Primewest Group Limited (ACN 636 344 137) and Primewest Management Ltd (ABN 63 091 415 833, AFSL 250963), as responsible entity of Primewest Property Fund (ARSN 636 405 635)) under Part 6.5, Division 3 of the Corporations Act in response to the Offer made on 17 May 2021 by Centuria to acquire all Primewest Securities pursuant to the Bidder's Statement dated 14 May 2021.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to Centuria and ASX on 14 May 2021. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Defined terms

Capitalised terms used in this Target's Statement are defined in the Glossary in Section 11. The rules of interpretation that apply to this Target's Statement are also set out in Section 11. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

The information contained in this Target's Statement does not constitute personal advice. In preparing this Target's Statement, Primewest has not taken into account the objectives, financial situation or needs of individual Primewest Securityholders. It is important that you consider the information in this Target's Statement in light of your particular circumstances. You should seek advice from your financial, legal or other professional adviser before deciding whether to **ACCEPT** or reject the Offer.

Forward-looking statements

This Target's Statement contains forward-looking statements, including statements of current intention or expectation. As such forward-looking statements relate to future matters, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by such forward-looking statements. None of Primewest or its directors, officers and advisers give any representation, assurance or guarantee to Primewest Securityholders or any other person as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement (including in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement. Except as required by applicable law or the ASX Listing Rules, Primewest does not undertake to update or revise these forward-looking statements nor any other statements (written or oral) that may be made from time by or on behalf of Primewest, whether as a result of new information, future events or otherwise.

Disclaimer as to information

The information on Centuria contained in this Target's Statement has been prepared by Primewest using publicly available information (including information contained in the Bidder's Statement) and has not been independently verified by Primewest. Accordingly, subject to the Corporations Act, Primewest does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Independent Expert's Report

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes sole responsibility for that report. Neither Primewest nor any of its officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report, save for in relation to the information which it has provided to the Independent Expert.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement may be restricted by law or regulation in some jurisdictions outside Australia. Accordingly, persons outside Australia who come into possession of this Target's Statement should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside Australia.

Diagrams

Diagrams appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available at the Last Trading Date.

Privacy

Primewest has collected your information from the share registry for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and security holdings of Primewest Securityholders. Without this information, Primewest would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of securityholders and option holders to be held in a public register. Personal information of the type described above may be disclosed to Primewest, Centuria and their registries, print and mail and other service providers, authorised securities brokers, related bodies corporate and affiliates of Primewest and Centuria, and may be required to be disclosed to regulators, such as ASIC. Primewest Securityholders have certain rights to access personal information that has been collected. Primewest Securityholders should contact the Primewest share registry in the first instance, if they wish to access their personal information. Primewest Securityholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

Primewest Securityholder Information Line

If you have any questions in relation to the Offer, please contact the Primewest Securityholder Information Line on 1300 943 885 (within Australia) or +61 2 8072 1488 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.

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PRIMEWEST CHAIRMAN'S LETTER

14 May 2021

Dear Primewest Securityholder,

ACCEPT the Offer for your Primewest Securities, in the absence of a superior proposal

On 19 April 2021, Primewest (ASX:PWG) announced that it had entered into a bid implementation deed (**BID**) in relation to a proposed merger with Centuria Capital Group (ASX:CNI) (**Centuria**) to be implemented via an off-market takeover offer to be made by Centuria for Primewest (the **Offer**). Centuria has today simultaneously released the Bidder's Statement which contains further details of the Offer.

Under the Offer terms, Primewest Securityholders (other than Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders)[1] are being offered an implied $1.51 per Primewest Security (**Implied Offer Price**), consisting of:

- $0.20 of cash per Primewest Security; and
- 0.473 Centuria Securities per Primewest Security, equating to $1.31 based on Centuria's closing price of $2.77 per Centuria Security on 16 April 2021[2] (**Undisturbed Date**).

In addition to the consideration offered by Centuria, Primewest Securityholders will also be entitled to the declared 2H21 distribution of 2.9 cents per Primewest Security if they are on the register at the record date for the distribution which Primewest has set as 25 May 2021. The Offer Price will not be reduced for the amount of the 2H21 distribution.

The directors of Primewest (**Directors**) unanimously recommend that you **ACCEPT** the Offer, in the absence of a superior proposal. In addition, each of the Directors intend to **ACCEPT** the Offer in relation to all Primewest Securities they or their associates own or control, in the absence of a superior proposal. At the date of this Target's Statement, Directors and their associates own or control 53% of Primewest Securities.

The Directors established an Independent Board Committee (**IBC**), comprising independent non-executive directors Erin Flaherty and Hamish Beck, to consider the merits of the Offer on behalf of minority Primewest Securityholders. The IBC concurs with the Directors recommendation to **ACCEPT** the Offer.

The Directors appointed Deloitte to provide an Independent Expert's Report (**IER**) on the Offer. The IER is contained in Appendix 1 to this Target's Statement. You are encouraged to read that report in full. In it, the Independent Expert has concluded that the Offer is fair and reasonable in the absence of superior proposal.

This Target's Statement sets out the reasons for the Directors' unanimous recommendation to **ACCEPT** the Offer. The Directors recommend this because:

1. The Implied Offer Price of $1.51 per Primewest security is above its all time high trading price as at 16 April 2021 and represents an attractive premium:
   - 3.1% premium to Primewest's last close of $1.465 per Primewest Security on the Undisturbed Date;
   - 7.0% premium to Primewest's 5-day VWAP of $1.412 per Primewest Security on the Undisturbed Date;
   - 11.8% premium to Primewest's 30-day VWAP of $1.35 per Primewest Security on the Undisturbed Date; and
   - 51.0% premium to Primewest's IPO offer price of $1.00 per Primewest Security on 8 November 2019.
2. The Offer delivers Primewest Securityholders material earnings per security (**EPS**) accretion of an estimated 19% on a pro forma FY21 basis[3].
3. The Offer provides new exposure to an enlarged Combined Group with multiple benefits.
4. The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal.
5. No superior proposal has emerged as at the date of this Target's Statement.

The Offer is subject to a number of conditions, including Centuria acquiring a relevant interest in at least 90% of all Primewest Securities and other conditions as outlined in the Bidder's Statement. In deciding whether and when to **ACCEPT** the Offer, you should consider the conditions remaining to be satisfied.

PRIMEWEST CHAIRMAN'S LETTER

To **ACCEPT** the Offer, you should carefully follow the instructions in Section 5 of the Offer Terms in Appendix 1 of the Bidder's Statement and instruct your broker to do so or complete the acceptance form enclosed within the Bidder's Statement (depending on the nature of your holding).

The offer period is due to end at 7:00pm (Sydney time) on 17 June 2021 unless extended or withdrawn.

I urge you to read this Target's Statement in its entirety and carefully consider the Offer, having regard to your own personal risk profile, investment strategy and tax position. You should seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

The Directors will keep you fully informed if there are any material developments through further ASX announcements of other supplementary documents.

I would like to take this opportunity to thank you for your support of Primewest.

Yours sincerely

John Bond
Executive Chairman

1. Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders will instead receive the net cash proceeds of sale of the Centuria Securities to which they otherwise would have been entitled, which may be more or less than $1.31 per Centuria Security
2. 16 April 2021 was the last trading day prior to the announcement of the Offer
3. Pro forma impact assuming the proposed merger had occurred on 1 July 2020. Based on the mid-point of Centuria's FY21 EPS guidance of 11.5–12.5cps; Primewest's FY21 EPS guidance of 5.8cps (as per Primewest announcement on 19 April 2021); Centuria's aggregate estimated post-tax synergies of $5.3 million per annum assuming Centuria acquired 100% of Primewest Securities; and assumes cash consideration of $0.20 is reinvested at Centuria's closing price of $2.77 on 16 April 2021

KEY DATES

Date of this Target's Statement	14 May 2021
Date of the Offer	17 May 2021
Record Date for Primewest's 2H21 distribution	25 May 2021
Close of the Offer (unless extended or withdrawn)	7:00pm (Sydney time) on 17 June 2021

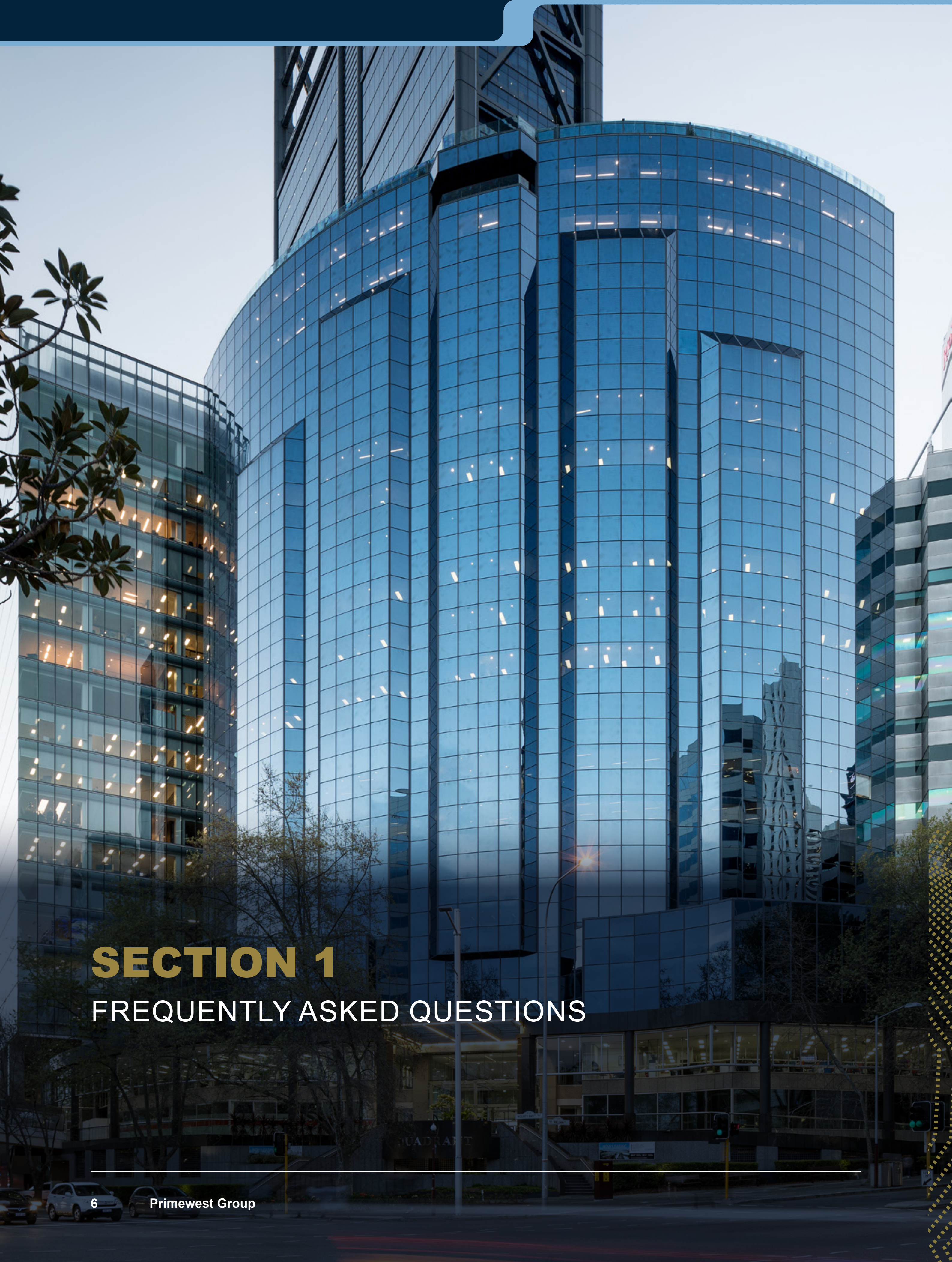
EVALUATION OF THE OFFER

The Directors unanimously recommend that you ACCEPT the Offer, in the absence of a superior proposal.

The reasons for this recommendation are:

1. **The Implied Offer Price represents an attractive premium to the trading price of Primewest Securities**
2. **The Offer delivers Primewest Securityholders material EPS accretion of an estimated 19% on a pro forma FY21 basis**
3. **The Offer provides continued exposure to Primewest and new exposure to an enlarged Combined Group with multiple benefits**
4. **The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal**
5. **No superior proposal has emerged as at the date of this Target's Statement**
6. **The Offer has the unanimous support of the Directors, who together hold 53% of Primewest Securities**

The decision as to whether or not to ACCEPT the Offer depends on your circumstances, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.



SECTION 1

FREQUENTLY ASKED QUESTIONS

1. FREQUENTLY ASKED QUESTIONS

Question	Answer	For more information
What is this Target's Statement and why have I received this document?	This Target's Statement is Primewest's formal response to the Bidder's Statement issued by Centuria as required by the Corporations Act. This document contains important information regarding the Offer and should be read in its entirety. You have received this Target's Statement because you are a Primewest Securityholder. This Target's Statement includes the recommendation of the Directors to **ACCEPT** the Offer, in the absence of a superior proposal.	
Who is making the Offer?	Centuria is making the Offer. Centuria is an ASX-listed specialist investment manager with a 35 year track-record of delivering a range of products and services to investors, advisers and securityholders. Based on pro forma AUM as at 31 December 2020 and adjusted for post balance date revaluations and acquisitions, Centuria has $10.5 billion in AUM, centred around property funds management and investment bonds. *Please see Section 4 of the Bidder's statement for further details.*	Section 5.2
Does Centuria already have an interest in Primewest Securities?	No, Centuria has no pre-existing interest in Primewest Securities.	
What is the Bidder's Statement?	The Bidder's Statement is a document prepared by Centuria stating the terms of the Offer. The Bidder's Statement was lodged with ASIC and ASX and released to the ASX today, being the 14 May 2021.	
What is the Offer?	Centuria is offering to buy all of your Primewest Securities by way of an off-market takeover bid.	Section 5.1
What is Centuria offering per Primewest Security?	Centuria is offering a mixed consideration of $0.20 cash per Primewest Security and 0.473 Centuria Securities per Primewest Security. Based on the Centuria last close of $2.77 per security as at 16 April 2021, the Implied Offer Price is $1.51 per Primewest Security, representing a: • 3.1% premium to Primewest's last close of $1.465 per Primewest Security on the Undisturbed Date; • 7.0% premium to Primewest's undisturbed 5-day VWAP of $1.412 per Primewest Security on the Undisturbed Date; • 11.8% premium to Primewest's undisturbed 30-day VWAP of $1.35 per Primewest Security on the Undisturbed Date; and • 51.0% premium to Primewest's initial public offer price of $1.00 per Primewest Security on 8 November 2019. Primewest Securityholders will also be entitled to the declared 2H21 distribution of 2.9 cents per Primewest Security if they are on the register at the record date for the distribution which Primewest has set as 25 May 2021. The Offer Price will not be reduced for the amount of the 2H21 distribution. If you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, you will not be provided with Centuria Securities. Instead, you will be paid by the Nominee the net proceeds of the sale of the Centuria Securities you would have been entitled to.	Section 5.1

1. FREQUENTLY ASKED QUESTIONS

Question	Answer	For more information
What are the key dates?	• Transaction announced 19 April 2021 • Offer period opens 17 May 2021 • Record date for Primewest's full year distribution 25 May 2021 • Offer period closes 17 June 2021 (unless extended or withdrawn	
What is the Offer period?	There is a minimum 1 month offer period, with potential for extension to a maximum of 12 months. The offer period will open 17 May 2021 and close 17 June 2021 (unless extended or withdrawn).	Section 5.1
What are the conditions of the Offer?	The Offer is conditional upon a number of matters set out in the Bidder's Statement including: • minimum acceptance of at least 90% of all Primewest Securities; • no material adverse change in relation to Primewest; • no prescribed occurrence in relation to Primewest; • receipt of certain regulatory approvals; • no regulatory actions; and • other customary conditions. *Please see Appendix 2 of the Bidder's Statement for further information.*	Section 5.6
Can the Offer be withdrawn?	Centuria may only withdraw the Offer with written consent of ASIC which may be given subject to conditions.	Section 5.1
What happens if the conditions of the Offer are not satisfied or waived?	You do not get paid for your Primewest Securities while the Offer is subject to conditions. If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal your Primewest Securities even if you had accepted the Offer. *Please see Section 7.3 of Appendix 1 of the Bidder's Statement for further information.*	
Can Centuria vary the Offer?	Yes. Centuria can vary the Offer by extending the Offer Period or increasing the Offer Price in accordance with the Corporations Act. Centuria can waive the conditions to the Offer. However, Centuria has no obligation to do so. Centuria has agreed that the 90% minimum acceptance condition in the Offer will not be waived or reduced below 80% without the consent of the Primewest.	
What happens if Centuria increases the Offer Price?	If you **ACCEPT** the Offer and Centuria subsequently increases the Offer Price, you will receive the increased consideration for your Primewest Securities. However, any increase in Offer Price will not be available to Primewest Securityholders who have already sold their Primewest Securities on the ASX.	Section 5.4
What happens if there is a superior proposal from a third party?	If there is a superior proposal from a third party, the Directors will reconsider their recommendation in relation to the Offer and advise Primewest Securityholders accordingly. If you have already accepted the Offer at that time, you may be unable to withdraw your acceptance in which case you will be unable to accept the superior proposal if one arises.	Section 5.4

1. FREQUENTLY ASKED QUESTIONS

Question	Answer	For more information
When will I be updated about the status of the Offer conditions?	If a condition is satisfied or waived, Centuria must, as soon as practicable, give the ASX and Primewest a notice that states that the particular condition has been satisfied or waived.	
What choices do I have as Primewest Securityholder?	As a current Primewest Securityholder you can take the following actions: • **ACCEPT** the Offer; • **Sell** your Primewest Securities on market (transaction fees may apply); • **Reject** the Offer by doing nothing (noting that if Centuria acquires a relevant interest in at least 90% of all Primewest Securities by the end of the Offer Period, Centuria will be entitled and intends to compulsorily acquire any Primewest Securities it does not already own). There are several implications in relation to each of the above choices. *A summary of these implications is set out in Section 4 of this Target's Statement.*	Section 4
How will Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders be treated?	Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders that **ACCEPT** the Offer will not receive Centuria Securities. Rather, the Centuria Securities that Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders would have been entitled to receive will be issued to, and sold by, the Nominee and the net cash proceeds attributable to each Ineligible Foreign Securityholder and Unmarketable Parcel Securityholder will be paid to them in Australian dollars.	Section 5.3
What is the Primewest board's recommendation?	The Primewest board unanimously recommends you **ACCEPT** the Offer from Centuria, in the absence of a superior proposal. The reasons for your Directors' recommendation are set out in Sections 2 and 7 of this Target's Statement.	Section 7.3
What do the Directors intend to do with their Primewest Securities?	Each of the Directors intends to **ACCEPT** the Offer for any Primewest Securities that they or their associates own or control, in the absence of a superior proposal. The Directors' interests in Primewest Securities are set out in Section 7.5 of this Target's Statement.	Section 7.4
What is the Independent Expert's recommendation?	The Independent Expert considered the Offer to be fair and reasonable, in the absence of a superior proposal. You are encouraged to read the Independent Expert's Report in full. *Please see Appendix 1 for the full report.*	Section 7.2
How do I ACCEPT the Offer?	To **ACCEPT** the Offer, you need to follow the instructions outlined in Section 5 of the Offer Terms in Appendix 1 of the Bidder's Statement and on the acceptance form. *Please see Appendix 1 of the Bidder's Statement for further information.*	
How do I reject the Offer?	To reject the Offer, simply do nothing. Please note if Centuria acquires a relevant interest in at least 90% of all Primewest Securities by the end of the Offer Period, Centuria will be entitled and intends to compulsorily acquire any Primewest Securities it does not already own.	Section 4.3

1. FREQUENTLY ASKED QUESTIONS

Question	Answer	For more information
If I ACCEPT the Centuria Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if, while the Offer remains subject to the Offer conditions, Centuria varies the Offer in a way that postpones the time when Centuria is required to satisfy its obligations by more than one month.	Section 5.4
Are there any fees if I ACCEPT the Offer?	No brokerage fees or stamp duty will be payable by you as a result of your acceptance of the Offer. If you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, the cash proceeds that you will receive (following sale by the Nominee of the Centuria Securities that you would otherwise be entitled to receive under the Offer) will be net of sale expenses. *see Section 12.3 of the Offer Terms in Appendix 1 of the Bidder's Statement*.	Section 5.3
What are the tax implications if I ACCEPT the Offer?	A general outline of tax implications is outlined in Section 10. It is noted that these implications may be materially different if Centuria does not acquire an 80% or more interest in Primewest. Primewest Securityholders should seek professional advice in relation to specific tax implications relevant to their personal circumstances.	Section 10
Can I ACCEPT the Offer for only some of my Primewest Securities?	No. You can only **ACCEPT** the offer for all of your Primewest Securities. However, if you hold one or more parcels of Primewest Securities as trustee or nominee, you may **ACCEPT** the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right.	Section 5.1
Can I sell my Primewest Securities on market on the ASX?	You can only sell all or some of your Primewest Securities on market on the ASX if you have not accepted the Offer in respect to those Primewest Securities. However, you will likely incur brokerage charges and, if you sell on market, will not be able to participate in any superior proposal for Primewest Securities if such a proposal is made, or in any increase in the Offer consideration that may be made by Centuria. Additionally, the tax outcome from selling some or all of your Primewest Securities on market for cash may be different to accepting the Offer.	
Can I be forced to sell my Primewest Securities?	You cannot be forced to sell your Primewest Securities unless Centuria acquires a relevant interest in at least 90% of all Primewest Securities by the end of the Offer Period, in which case Centuria will be entitled and intends to compulsorily acquire any Primewest Securities it does not already own at the close of the Offer. If your Primewest Securities are compulsorily acquired, you will receive the same consideration for your Primewest Securities that you would have received under the Offer. However, you may not receive the consideration for your Primewest Securities until up to approximately 6 to 8 weeks, or potentially longer, after the end of the Offer Period.	Section 4.3

1. FREQUENTLY ASKED QUESTIONS

Question	Answer	For more information
What are the consequences of not accepting the Offer?	If you choose to reject the Offer and retain your holding in Primewest, you should simply do nothing. However, if Centuria holds a relevant interest in at least 90% of all Primewest Securities on issue during or at the end of the Offer Period, Centuria will be entitled under Part 6A.1 of the Corporations Act to compulsorily acquire the Primewest Securities that it does not already own, at the Offer Price. If Centuria acquires less than 90% but more than 50% of Primewest Securities and declares the Offer unconditional, you will be exposed to the risks of being a minority securityholder in Primewest.	Section 9.2
What are the risks associated with becoming a Centuria Securityholder?	Accepting the Offer and becoming a holder of Centuria Securities (unless you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder) involves a number of risks, many of which Primewest Securityholders are already exposed to.	Section 8.2
How can I get updates on the Primewest Security or Centuria Security prices?	It is likely that the market trading price of Primewest Securities and Centuria Securities will vary during the Offer Period. You can check the market price for all ASX listed securities by visiting www.asx.com.au. The ticker for Primewest Securities on ASX is PWG and the ticker for Centuria Securities on ASX is CNI.	
Who should I contact for further information?	If you have any further questions in relation to the Offer, you can call the Primewest Securityholder Information Line on 1300 943 885 (within Australia) or +61 2 8072 1488 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored. If, however, you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser.	

SECTION 2

REASONS TO **ACCEPT** THE OFFER

2. REASONS TO **ACCEPT** THE OFFER

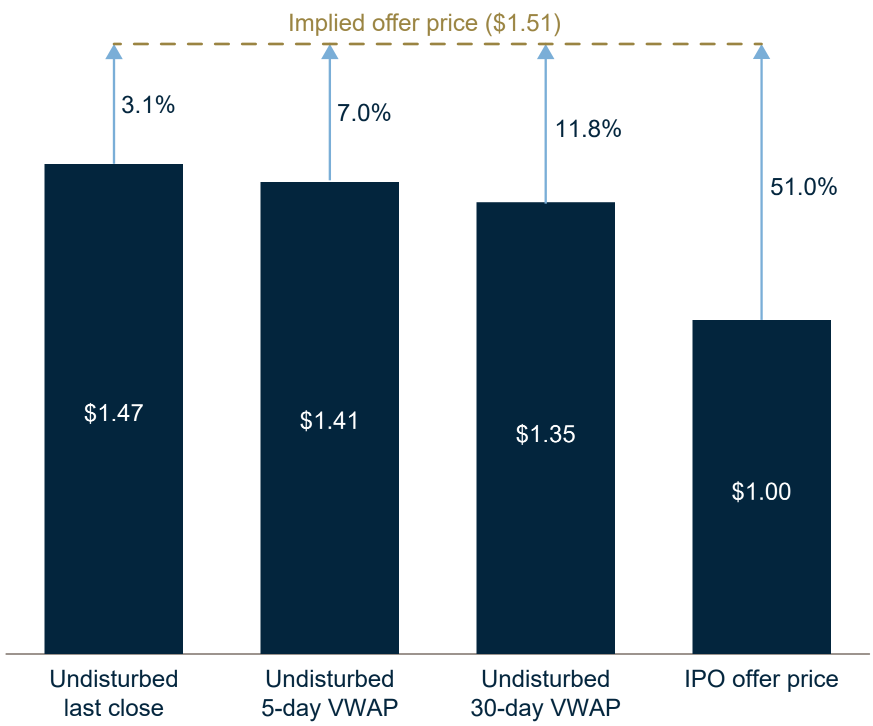
1. The Implied Offer Price of $1.51 per Primewest Security represents an attractive premium

Under the Offer terms, Primewest Securityholders (other than Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders) are being offered an implied $1.51 per Primewest Security consisting of:

- $0.20 of cash per Primewest Security; and
- 0.473 Centuria Securities per Primewest Security, equating to $1.31 based on Centuria's closing price of $2.77 per Centuria Security on the Undisturbed Date.

The Implied Offer Price of $1.51 per Primewest Security represents an attractive premium as illustrated in the chart below:

IMPLIED OFFER PRICE PREMIUM[1]



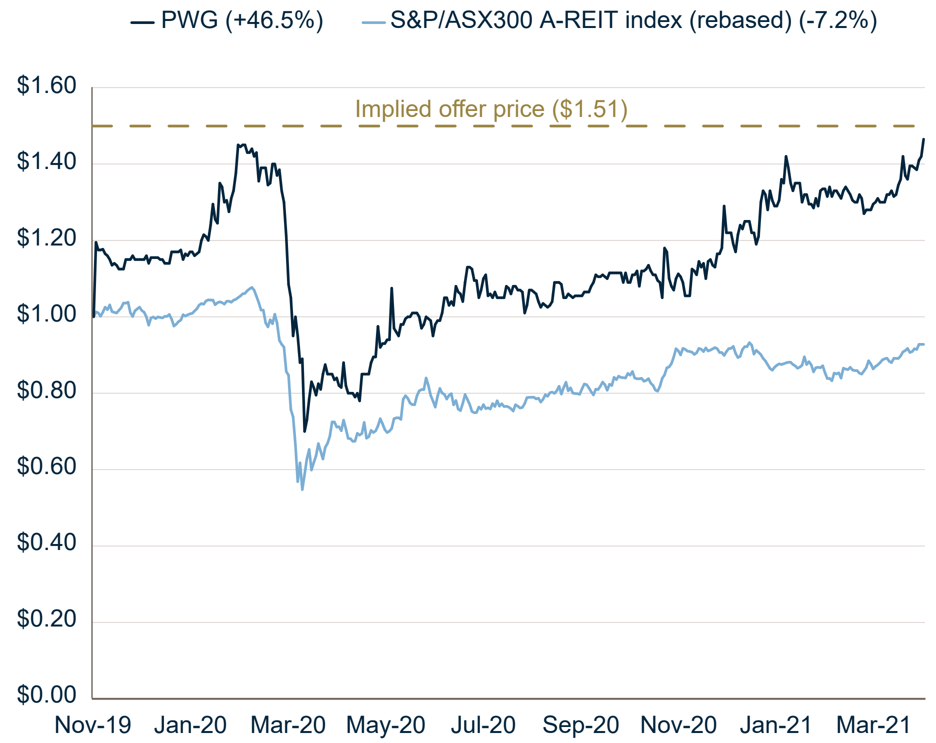
1. Undisturbed prices as at 16 April 2021; Implied Offer Price equals cash consideration of $0.20 plus implied scrip consideration of $1.31 based on merger ratio of 0.473x and Centuria's close price as at 16 April 2021 of $2.77

2. REASONS TO **ACCEPT** THE OFFER

The Implied Offer Price of $1.51 per Primewest Security is at a premium to any historical trading price of Primewest Securities since its IPO in November 2019[2]. Primewest Securityholders who acquired their Primewest Securities in the IPO of Primewest and who **ACCEPT** the Offer will recognise a:

- 51.0% premium to the IPO price for Primewest Securities;
- 60.9% total shareholder return;[3]
- 38.6% per annum internal rate of return;[4] and
- 53.7% share price outperformance against the S&P/ASX 300 A-REIT index (see chart below).[5]

IMPLIED OFFER PRICE PREMIUM TO HISTORICAL TRADING PRICE[6]

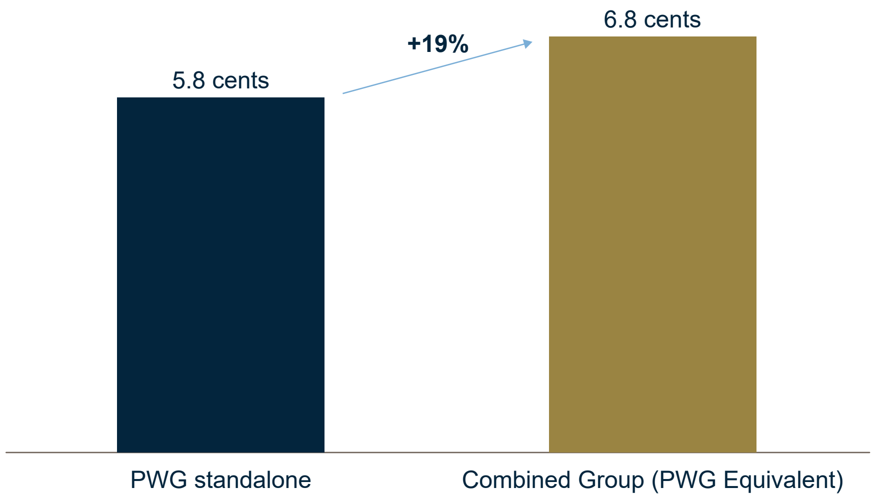


2. As at 16 April 2021, being the last trading day prior to the announcement
3. Source: IRESS, as at 16 April 2021. Total shareholder return calculation is to the Implied Offer Price and includes all distributions paid by Primewest since IPO up until the date of this Target's Statement, inclusive of the declared 2H21 distribution of 2.9 cents per Primewest Security
4. Internal rate of return calculation includes all distributions paid by Primewest since IPO up until the date of this Target's Statement, inclusive of the declared 2H21 distribution of 2.9 cents per Primewest Security. Initial cost based on the IPO price of $1.00 per Primewest Security and exit price based on the Implied Offer Price of $1.51 per Primewest Security
5. Source: FactSet
6. Source: FactSet, as at 16 April 2021. S&P/ASX 300 A-REIT index rebased to Primewest IPO offer price of $1.00. Primewest starts at $1.00 IPO offer price rather than last close on 8 November 2019

2. The Offer delivers Primewest Securityholders material EPS accretion of an estimated 19% on a pro forma FY21 basis

The Offer is materially earnings accretive for Primewest Securityholders, delivering an estimated 19% EPS accretion on a pro forma FY21 basis with expected material synergies to support growth of AUM, expansion of property services across both businesses, removal of duplicated corporate costs and expected tax related synergies.

EPS ACCRETION[7,8]



7. Pro forma impact assuming the proposed merger had occurred on 1 July 2020. Based on the mid-point of Centuria's FY21 EPS guidance of 11.5–12.5cps; Primewest's FY21 EPS guidance of 5.8cps (as per Primewest announcement on 19 April 2021); and Centuria's aggregate estimated post-tax synergies of $5.3 million per annum assuming Centuria acquired 100% of Primewest Securities
8. Assumes cash consideration of $0.20 is reinvested at Centuria's closing price of $2.77 on 16 April 2021

3. The Offer provides continued exposure to Primewest and new exposure to an enlarged Combined Group

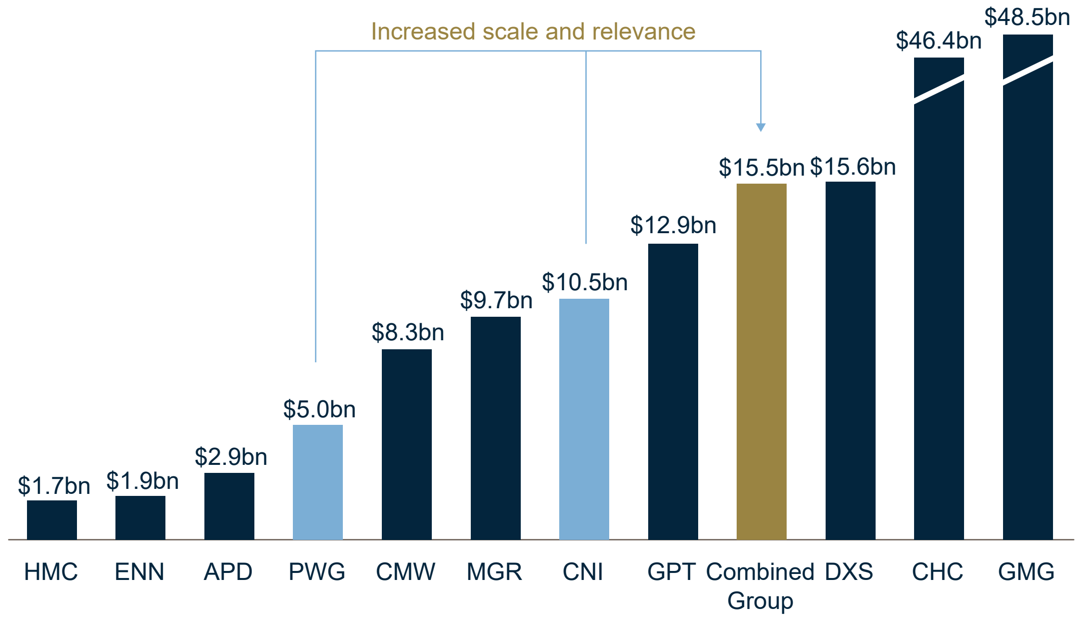
Primewest and Centuria are high-quality, complementary funds management platforms that share similar investment philosophies and strong track records.

The Offer provides Primewest Securityholders with an enhanced investment proposition relative to Primewest on a standalone basis, given the reasons below:

(a) Substantial increase in scale and relevance

Substantial increase in scale and relevance with combined AUM of $15.5 billion[9], representing a 209% increase for Primewest and making the Combined Group one of the largest real estate fund managers listed on the ASX.

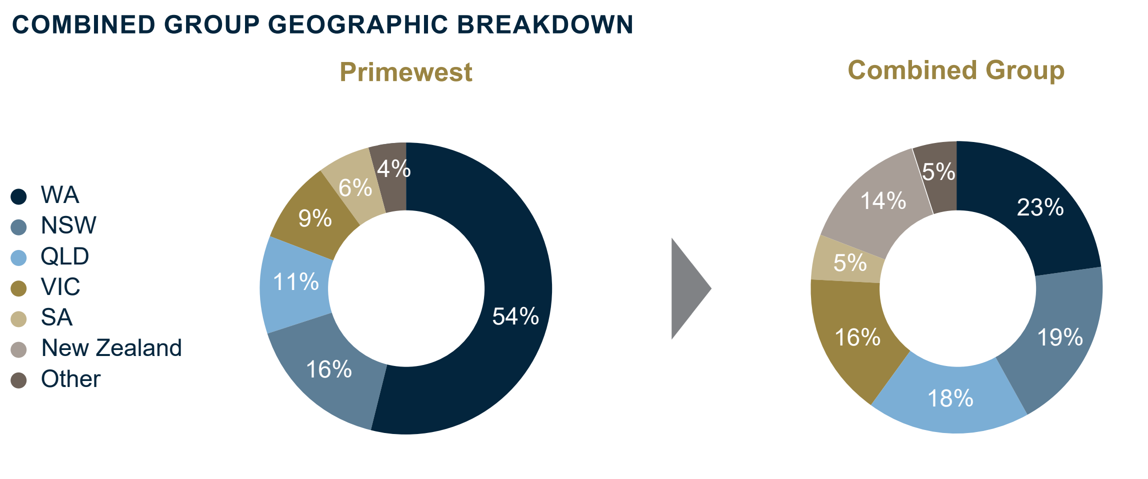
INCREASED SCALE AND RELEVANCE[9,10]

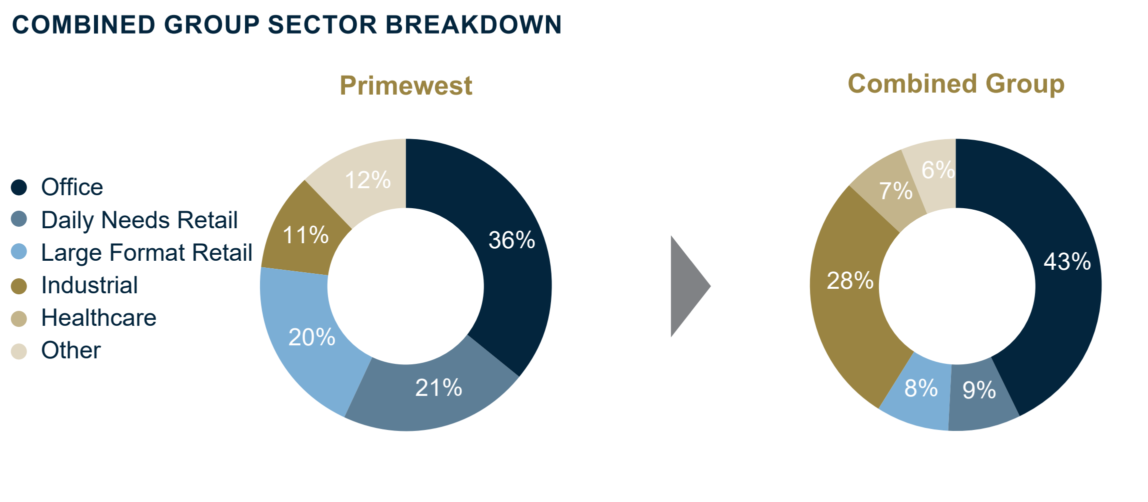


9. Combined Group pro forma AUM figures as at 31 December 2020 adjusted for post balance date revaluations and acquisitions. Prepared on the basis of 100% acquisition of Primewest Securities by Centuria
10. Source: Company filings

(b) Enhanced geographic and sector diversification

Enhanced geographic and sector diversification, which allows the Combined Group to take advantage of a broader range of acquisition opportunities.

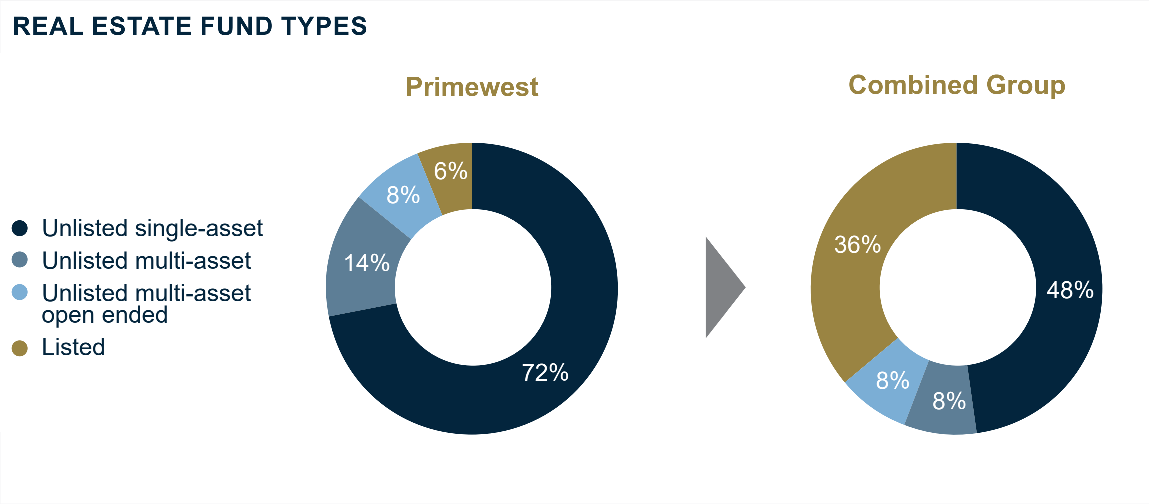


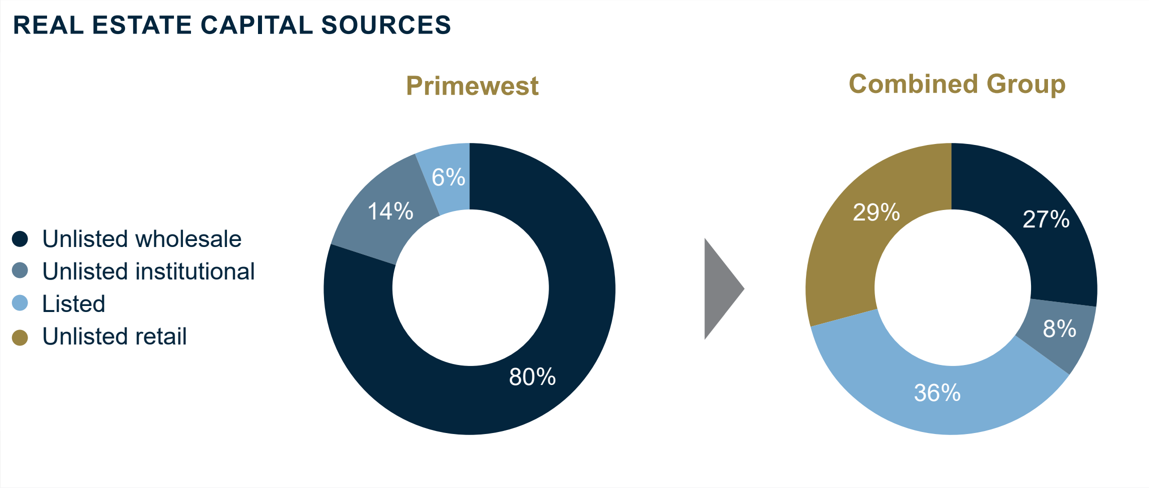


(c) Access to new distribution channels, including exposure to two large listed REITs

The merger will diversify fund types and fund sources for Primewest Securityholders. Specifically, Primewest Securityholders will gain access to a combined listed portfolio of $5.2 billion real estate AUM, including two large listed REITs, Centurial Industrial REIT and Centuria Office REIT, to compliment significant unlisted real estate AUM of $9.4 billion split across a total of 166 real estate funds.

See below fund types and capital sources for Primewest standalone and pro forma for the Combined Group.





(d) Integration of two high-performing management teams

Founding directors John Bond, David Schwartz and Jim Litis will continue to lead the Primewest funds management platform and will join, as key members, the Centuria executive team.

Centuria's current intention is to utilise Primewest's existing employees given the strong expertise across a range of geographies and sectors to continue to expand the combined platform.

(e) Potential cost savings and synergies

Potential cost savings and synergies to support growth of AUM, expansion of property services across both businesses, removal of duplicated corporate costs and tax related synergies.

(f) Well placed for S&P/ASX 200 index inclusion

Combined Group expected to be well placed for S&P/ASX 200 index inclusion with an estimated pro forma market capitalisation of $2.2 billion[12].

4. The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a superior proposal

The Directors appointed Deloitte to prepare an Independent Expert's Report.

The Independent Expert's Report has concluded that the Offer is fair and reasonable, in the absence of a superior proposal. Primewest Securityholders are encouraged to read the entire Independent Expert's Report which is set out in full at Appendix 1.

Deloitte explains in the Independent Expert's Report the factors that it has taken into account in reaching the above conclusion.

5. No superior proposal has emerged as at the date of this Target's Statement

As at the date of this Target's Statement, Primewest has not received any superior proposal from a third party, nor have any discussions occurred that the Directors believe are likely to lead to any superior proposal being made.

Were Primewest to receive a competing proposal after the date of this Target's Statement, the Directors would need to consider all aspects of the proposal in determining whether it is superior to the Offer.

6. The Offer has the unanimous support of the Directors

At the date of this Target's Statement, Directors and their associates own or control 53% of Primewest Securities.

12. Based on Centuria's close price of $2.77 on 16 April 2021 multiplied by securities on issue post-merger (assuming Centuria acquires 100% of Primewest Securities)

SECTION 3

POSSIBLE REASONS FOR NOT FOLLOWING THE DIRECTORS' RECOMMENDATION

3. POSSIBLE REASONS FOR NOT FOLLOWING THE DIRECTORS' RECOMMENDATION

This section sets out some reasons why you may choose not to follow the unanimous recommendation of the Directors to **ACCEPT** the Offer and instead reject the Offer.

1. You may believe that the Implied Offer Price is inadequate

You may disagree with the unanimous recommendation from the Directors to **ACCEPT** the Offer in the absence of a superior proposal and the Independent Expert's finding that the Offer is both fair and reasonable. You may believe that the value of the Implied Offer Price under the Offer terms is inadequate.

2. You may want to sell your Primewest Securities on market

You may wish to realise your investment in Primewest through sale on the ASX if you expect proceeds may be higher, that you will be paid sooner, or if you prefer sale proceeds to be entirely comprised of cash.

If you sell your Primewest Securities on market, you:

- will lose the ability to **ACCEPT** the Offer or any other offer which may eventuate;
- will not be entitled to receive any increased consideration if Centuria subsequently increases the Offer Price;
- may incur brokerage;
- will have a tax outcome that may be different to accepting the Offer; and
- may not obtain sufficient buyers to complete a trade above the Implied Offer Price of $1.51 per Primewest Security (including because Primewest Securities may be affected by reduced liquidity).

3. You may consider there is the potential for a superior proposal to emerge in the foreseeable future

It is possible that a superior proposal for Primewest could emerge in the future. However, as at the date of this Target's Statement, no such alternative proposal has been received.

SECTION 4

YOUR CHOICES AS A PRIMEWEST SECURITYHOLDER

4. YOUR CHOICES AS A PRIMEWEST SECURITYHOLDER

The Directors of Primewest unanimously recommend that you **ACCEPT** the Offer, in the absence of a superior proposal, for the reasons set out in Section 1.

The Primewest board encourages you to consider your personal risk profile, investment objectives and tax and financial circumstances before making any decision in relation to your Primewest Securities. As a Primewest Securityholder, you have the following three choices available to you in relation to the Offer:

Option 1 – ACCEPT the Offer

If you **ACCEPT** the Offer, you must **ACCEPT** the Offer in relation to all of your Primewest Securities.

Refer to Section 10 of this Target's Statement and Section 11 of the Bidder's Statement for further details of the tax consequences of the proposed merger.

This course of action is unanimously recommended by the Directors of Primewest in the absence of a superior proposal. Primewest Securityholders who wish to **ACCEPT** the Offer should refer to Section 5 of the Offer Terms in Appendix 1 of the Bidder's Statement for instructions on how to do so.

Option 2 – Sell your Primewest Securities on market

You can sell your Primewest Securities on market at any time if you have not already accepted the Offer.

If you sell your Primewest Securities on market, you:

- will lose the ability to **ACCEPT** the Offer;
- will not receive the benefits of any potential higher competing offer for your Primewest Securities, (though no forecast is made as to whether such events will occur);
- may receive more or less for your Primewest Securities than the Implied Offer Price;
- may incur a brokerage charge; and
- may be liable for capital gains tax or income tax on the sale.

Primewest Securityholders who wish to sell their Primewest Securities on market should contact their broker for information on how to effect a sale. You should also seek your own specific professional advice regarding the taxation consequences of selling your Primewest Securities on market

Option 3 – Reject the Offer by doing nothing

If you do not wish to **ACCEPT** the Offer and want to retain your Primewest Securities, simply do nothing and take no action in relation to documents sent to you from Centuria. However, if Centuria acquires a relevant interest in at least 90% of all Primewest Securities by the end of the Offer Period, Centuria will be entitled and intends to compulsorily acquire any Primewest Securities it does not already own.

SECTION 5

IMPORTANT INFORMATION ABOUT THE OFFER

5. IMPORTANT INFORMATION ABOUT THE OFFER

5.1 Summary of the Offer

Centuria is offering mixed consideration consisting of $0.20 cash per Primewest Security and 0.473 Centuria Securities per Primewest Security.

If you are an Ineligible Foreign Securityholders or an Unmarketable Parcel Securityholder, you will not receive Centuria Securities. Instead, you will be entitled to receive the net cash sale proceeds of the Centuria Securities that you would otherwise have been entitled to receive in accordance with the process outlined below.

The Implied Offer Price is $1.51 per Primewest Security, based on Centuria's close price of $2.77 per security on 16 April 2021.

The Offer is open for acceptance from 17 May 2021 until 7.00 pm (Sydney time) on 17 June 2021. Centuria may extend the Offer Period at any time before the end of the Offer Period.

If, within the last 7 days of the Offer Period:

- Centuria improves the Offer Price; or
- Centuria's voting power in Primewest increases to more than 50%,

then the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

Before you **ACCEPT** the Offer, Centuria may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

You may **ACCEPT** the Offer only in respect of all (and not just a proportion of) your Primewest Securities.

5.2 The bidder

The bidder under the Offer is Centuria Capital Limited, acting in its own capacity and as nominee for Centuria Capital Fund. The directors of Centuria are listed in Section 4 of the Bidder's Statement.

Centuria Capital Limited and the Centuria Capital Fund together constitute Centuria Capital Group (ASX: CNI), under an ASX listed stapled entity structure. Centuria's funds management platform includes Centuria Property Funds, which specialises in unlisted and listed property funds, and Centuria Investment Bonds.

Centuria's portfolio comprises over 215 properties with a value of $10.5 billion (as at 16 April, 2021) located in each of Australia's States and the Australian Capital Territory in addition to New Zealand and diversified across sectors including healthcare, industrial and office.

Real estate funds management forms the largest component of Centuria's business with $9.6 billion of assets under management. Centuria has exposure to the industrial, healthcare and de-centralised office real estate markets in Australasia and has an extensive range of property fund types ranging from listed funds to unlisted fixed-term and open-ended funds.

Centuria manages the ASX-listed Centuria Industrial REIT (ASX:CIP) and Centuria Office REIT (ASX:COF) which are Australia's largest domestic pure play industrial and office real estate investment trusts, respectively. Centuria also manages the NZX-listed Asset Plus (NZX:APL), as well as a range of unlisted real estate funds comprising 63 single asset funds, 4 multi asset open-ended funds, and 5 institutional funds and mandates.

Centuria has maintained a dual strategy of growth by both direct real estate transactions as well as corporate acquisitions.

Refer to Section 4 of the Bidder's Statement for further detail on Centuria.

5.3 How will Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders

Generally speaking, if your address on Primewest's register of Securityholders is in a jurisdiction other than Australia, its external territories or New Zealand, you will be considered an Ineligible Foreign Securityholder.

5. IMPORTANT INFORMATION ABOUT THE OFFER

If you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, you are entitled to **ACCEPT** the Offer just like any other Primewest Securityholder. Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders that **ACCEPT** the Offer will not receive Centuria Securities. Rather, the Centuria Securities that Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders would have been entitled to receive will be issued to, and sold by, the Nominee and the net cash proceeds attributable to each Ineligible Foreign Securityholder and Unmarketable Parcel Securityholder will be paid to them in Australian dollars.

5.4 Effect of acceptance

If the Offer is unconditional, your acceptance of the Offer is irrevocable and you are not entitled to withdraw your acceptance.

If you **ACCEPT** the Offer, you will lose your ability to **ACCEPT** a superior proposal, if one emerges, even if you consider the superior proposal to be more attractive. However, if Centuria were to increase its Offer Price to a higher sum as a result of a competing proposal being publicly announced at a time after you have accepted the Offer, you will be entitled to receive the improved consideration.

If you **ACCEPT** the Offer you will still be entitled to the declared 2H21 distribution of 2.9 cents per Primewest Security provided you are on the register at the record date for the distribution which Primewest has set as 25 May 2021. The Offer Price will not be reduced for the amount of the 2H21 distribution.

5.5 Receipt of consideration

If the Offer becomes unconditional, the Centuria will provide the consideration under the Offer to accepting Primewest Securityholders within 5 Business Days of the later of acceptance and the Offer becoming unconditional.

Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders will be provided with the net proceeds of sale to which they are entitled under the Offer at a different time.

5.6 Offer conditions

The Offer is subject to a number of Offer conditions. In summary, the Offer conditions which are yet to be satisfied or waived include the following:

- **(Regulatory Approvals)** All necessary approvals that are required by law, or from any Government Agency have been approved on an unconditional basis before the end of the Offer Period.
- **(No Restraints)** No regulatory action is taken in consequence of or in connection with the Offer between 14 May 2021 and the end of the Offer Period.
- **(Minimum Acceptance)** Centuria having a Relevant Interest in at least 90% of the Primewest Securities (on a fully diluted basis).
- **(No Prescribed Occurrences)** No prescribed occurrence between the Announcement Date of the Offer and the date three Business Days after the end of the Offer Period.
- **(No Material Adverse Change)** No material adverse change to Primewest, its assets and business occurs.
- **(Conduct of business)** Primewest Management Ltd conducting Primewest's business in a certain manner between the Announcement Date of the Offer and the end of the Offer Period, including no material acquisitions, disposals, capital expenditure or changes in the conduct of business, with the exception of the Vitalharvest Transaction.
- **(Responsible entity, trustee and other change)** During the Implementation Period, no material changes to responsible entity, trustee and control of Primewest, unless with the written consent of Centuria.
- **(Litigation)** No litigation on foot or pending during the Implementation Period which may reasonably result in a judgement of $2,000,000 or more is commenced, threatened to be commenced, announced or made known to Centuria or Primewest.

The above is only a summary of the Offer conditions of the Offer. Please refer to Sections Appendix 2 and Section 7 of Appendix 1 of the Bidder's Statement for a full description of the conditions of the Offer.

SECTION 6

INFORMATION RELATING TO PRIMEWEST

6. INFORMATION RELATING TO PRIMEWEST

6.1 Overview

ASX listed Primewest (ASX:PWG) is an Australian property fund manager with $5.0 billion[1] of assets under management across all mainland states of Australia and on the west coast of the USA. Established in 1995, Primewest is a value-add and often counter-cyclical manager, operating in the retail (daily needs retail and large format retail), industrial, commercial, residential and agricultural property sectors with a focus to achieve maximum returns for Primewest Securityholders and investors in the underlying funds it manages.

6.2 Strategy

Primewest operates over 84 separate funds across 7 different real estate sectors. The management of these funds and syndicates involves sourcing, acquiring, managing and disposing of real estate assets on behalf of investors. Real estate funds management is attractive to private high net worth and institutional investors because it allows for investors to acquire an interest in larger assets or diversify their investment exposure, options which may not be available for direct investment.

Primewest primarily generates revenue through fees charged to the funds that it manages including:

- Asset management fees;
- Property service fees including leasing fees, development management fees and finance fees;
- Transactional fees including establishment fees earned on the acquisition of new assets and sales fees on the disposal of assets; and
- Performance fees.

Primewest's growth strategy has included:

- Launching new income and development funds;
- Entering into additional wholesale partnerships;
- Establishing new funds in alternative real estate sectors, for example the Primewest Agricultural Fund;
- Co-investing in funds alongside fund investors; and
- Exploring corporate mergers and acquisitions.

6.3 Overview of Primewest since listing on the ASX

Primewest has delivered significant value to Primewest Securityholders since IPO in November 2019:

- Increased AUM from $3.9 billion to $5.0 billion (+28%)
- Increased share price from $1.00 to $1.51[2] (+51%)
- Increased market capitalisation from $349 million to $599 million[2] (+72%)
- Delivered a total shareholder return of 60.9%, outperforming the S&P/ASX300 A-REIT index by 62.2%[3]

Other key initiatives and milestones since the IPO include:

- Launched 8 new unlisted funds since IPO
- Launched Primewest Agricultural Fund in April 2020, with a fund target of $100 million
- Launched new Daily Needs Trust in June 2020, with an initial $300 million institutional mandate that was later expanded to $930 million in December 2020
- Acquired a stake in the ASX listed Vitalharvest Freehold Trust (ASX:VTH) and 100% interest in the manager of the trust
- Launched Primewest Bespoke, a new service offering high level asset management to wholesale investors

1. AUM as at 31 December 2020 adjusted for post balance date revaluation and acquisitions
2. Based on the Implied Offer Price
3. Source: IRESS, as at 16 April 2021. Total shareholder return calculation is to the Implied Offer Price and includes all distributions paid by Primewest since IPO up until the date of this Target's Statement, inclusive of the declared 2H21 distribution of 2.9 cents per Primewest Security

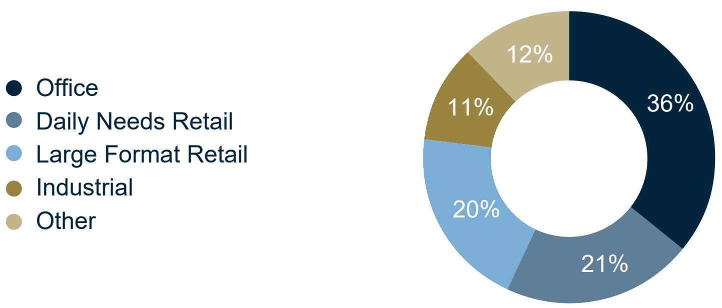
6. INFORMATION RELATING TO PRIMEWEST

6.4 Sector Diversification

Primewest's portfolio is diversified across multiple real estate sectors:

- **Office ($1.8bn):** Office assets located across Perth, Brisbane, Melbourne
- **Daily Needs Retail ($1.1bn):** 23 Coles or Woolworths anchored centres across Perth, Adelaide and regional Australia
- **Large Format Retail ($1.0bn):** Large footprint and high traffic properties anchored by ASX listed covenants across Australia
- **Industrial ($0.6bn):** Industrial sites in well-established locations in Perth, Brisbane, Sydney, Adelaide and Melbourne
- **Other ($0.6bn):** Including retail, tourism, land syndicates in the US and Western Australia, and agriculture. Agriculture includes agriculture assets under long term leases to established operators across Australia (includes management of the ASX listed Vitalharvest Freehold Trust)

PRIMEWEST SECTOR DIVERSIFICATION

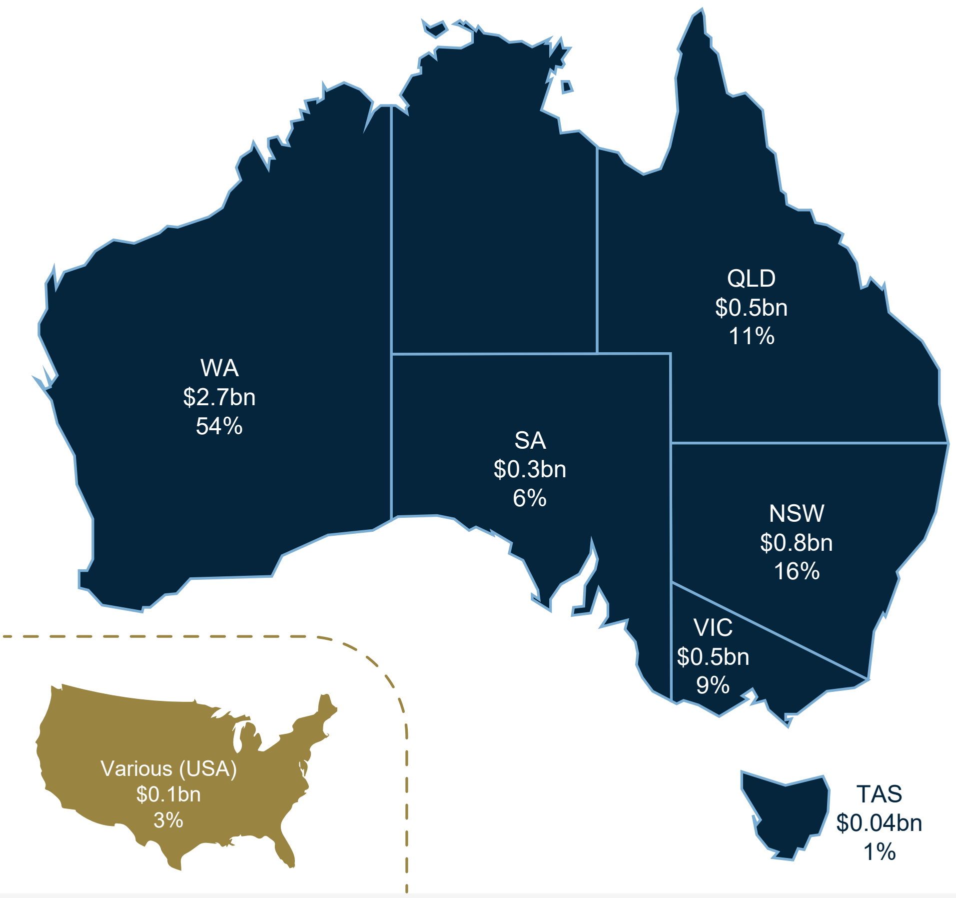


6. INFORMATION RELATING TO PRIMEWEST

6.5 Geographic Diversification

Primewest's funds are diversified by geography, contributing to a lower correlation to specific market risks. Western Australia constitutes 54% of assets, with the remainder of assets mostly diversified across Australia's major states. Various includes assets in the US.

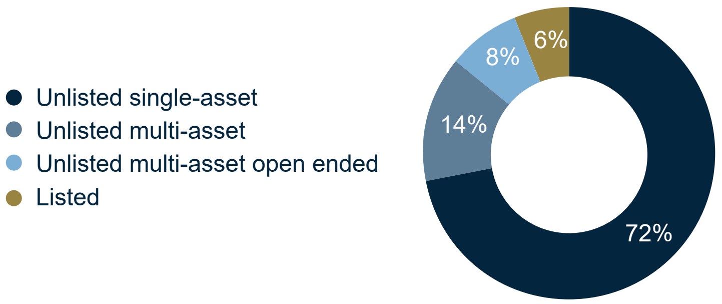
PRIMEWEST GEOGRAPHIC DIVERSIFICATION



6. INFORMATION RELATING TO PRIMEWEST

6.6 Fund Type

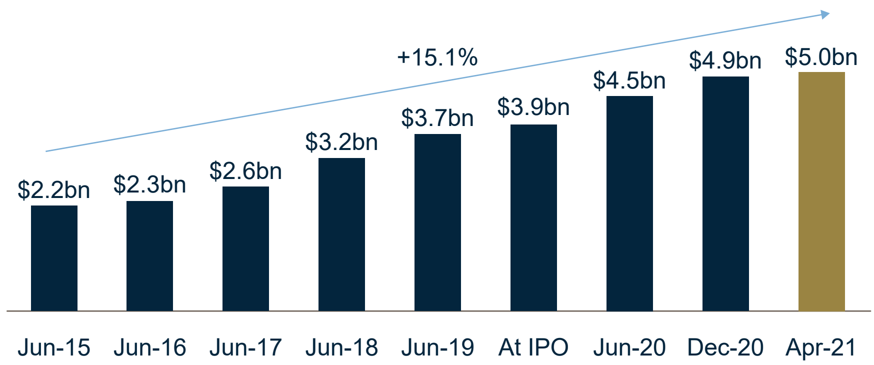
Syndicate funds include 900 active high net worth investors, holding over $1.5bn in equity across 84 syndicates. Mandate refers to institutional mandates.



6.7 AUM Growth

Since June 2015, Primewest has grown AUM by 127%, representing a 15.1% CAGR.

AUM GROWTH SINCE JUNE 2015



SECTION 7

DIRECTOR’S RECOMMENDATION AND INFORMATION RELATING TO PRIMEWEST’S DIRECTORS

7. DIRECTOR'S RECOMMENDATION AND INFORMATION RELATING TO PRIMEWEST'S DIRECTORS

7.1 Directors of Primewest

As at the date of this Target's Statement, the Directors of Primewest are:

- John Bond, Executive Chairman;
- Erin Flaherty, Independent Non-Executive Director;
- Hamish Beck, Independent Non-Executive Director;
- David Schwartz, Managing Director; and
- Jim Litis, Executive Director.

The Independent Directors are Erin Flaherty and Hamish Beck. They together comprise the Independent Board Committee (IBC) that was formed to consider the terms of the BID and the waiver of existing escrow restrictions on the executive Directors.

Subsequently, Primewest has agreed to release the existing escrow agreements which applied to the Primewest Securities held by each of the executive Directors so as to permit each executive Director to **ACCEPT** the Offer.

7.2 Independent Expert's Report

In order to assist with assessment of the Offer, the Directors engaged the Independent Expert to undertake an independent assessment of the Offer.

A copy of the Independent Expert's Report is attached in Appendix 1 to this Target's Statement. The Directors recommend that you read the report in full.

The Independent Expert has concluded that the Offer is fair and reasonable to Primewest Securityholders.

7.3 Directors' recommendation

The Directors unanimously recommend that Primewest Securityholders **ACCEPT** the Offer, in the absence of a superior proposal.

The reasons for this recommendation are set out in Section 2 of this Target's Statement.

The decision as to whether or not to **ACCEPT** the Offer depends on the circumstances for each individual Primewest Securityholder, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

In considering whether or not to **ACCEPT** the Offer, your Directors encourage you to:

- read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the alternative of selling on the ASX as outlined in Section 4 of this Target's Statement; and
- obtain financial advice from your broker or financial adviser about the Offer and obtain taxation advice on the effect of accepting the Offer.

7.4 Directors' intentions in relation to the Offer

Each Director who owns or controls Primewest Securities intends to **ACCEPT** the Offer in relation to the Primewest Securities they or their associates own or control, in the absence of a superior proposal.

Details of the relevant interests of each Director in Primewest Securities are set out in Section 7.5 of this Target's Statement.

7. DIRECTOR'S RECOMMENDATION AND INFORMATION RELATING TO PRIMEWEST'S DIRECTORS

7.5 Interest and dealings of directors in Primewest Securities

As at the date immediately before the date of this Target's Statement, the Directors and their associates had the following number of Primewest Securities:

Director	Number of Primewest Securities
John Bond	70,504,939
Erin Flaherty	30,000
Hamish Beck	273,740
David Schwartz	69,265,697
Jim Litis	71,461,944

No Director has acquired or disposed of a relevant interest in any Primewest Securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

7.6 Interest and dealings of directors in Centuria Securities

As at the date immediately before the date of this Target's Statement, no Director had a relevant interest in any Centuria Securities.

No Director has acquired or disposed of a relevant interest in any Centuria Securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

7.7 Benefits and agreements

Benefits to Directors

As a result of the proposed merger, no Director has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the board, managerial office or related body corporate of Primewest.

No Director has agreed to receive, or is entitled to receive, any benefit from Centuria which is related to or conditional on the proposed merger, other than in their capacity as a holder of Primewest Securities.

Agreements in connection with or conditional on the proposed merger

Except as set out below, no agreement has been made between any Director and any other person in connection with, or conditional upon, the outcome of the proposed merger, other than in their capacity as a holder of Primewest Securities.

Interests in contracts with Centuria

No Director has any interest in any contract entered into by Centuria, except as set out below.

7.8 Restraints, escrow and senior executive employment agreements with Centuria and Primewest

Each of the executive Directors, John Bond, Jim Litis and David Schwartz has entered into a Voluntary Escrow Deed in relation to the Centuria Securities they will receive under the Offer, the terms of the Deeds restrict dealing with the Centuria Securities for 12 months from issue (in respect of 50% of the securities), and 24 months from issue (in respect of the remaining 50% of the securities). The Deeds contain customary exceptions to permit acceptance of a genuine takeover bid for or scheme of arrangement in respect of Centuria, and also allow security to be granted over the first 50% of Centuria Securities.

7. DIRECTOR'S RECOMMENDATION AND INFORMATION RELATING TO PRIMEWEST'S DIRECTORS

Each of the executive Directors has also entered into a Restraint Deed with Primewest in relation to their personal investments and interests in the private funds managed by Primewest. The restrictions in these Deeds last for up to three years and include obligations:

- not to dispose of those managed fund investments,
- not to be involved in a business which competes with the Combined Group's real estate funds management, property sector debt funding, or property development businesses (other than certain passive investments),
- not to cause the termination of management rights or management contracts in relation to funds managed by the Combined Group, and to vote in favour of the extension of such contracts and other matters recommended by the manager, and
- not to disparage or harm the management rights or reputation of the Combined Group

Each executive Director has also agreed with Primewest to remain as a senior executive for a period of at least two years, on the same remuneration as currently provided.

These arrangements are considered to be disadvantageous overall to the executive Directors, and are obligations that other Primewest Securityholders are not required to enter into in relation to the Offer.

7. DIRECTOR'S RECOMMENDATION AND INFORMATION RELATING TO PRIMEWEST'S DIRECTORS

7.9 Primewest Board of Directors

John Bond

Executive Chairman

John is a founding Director of Primewest and has been instrumental in its growth and development. His background spans law, investment banking as well as property investment and development. As a professional property investor, he has over 30 years' experience in negotiating acquisitions, overseeing the development of properties and asset management.

Along with his fellow Directors, John guides the Primewest team in all aspects of the business. John's hands on approach affords Primewest a competitive and agile approach to delivering high quality outcomes. Since 1990 John has been instrumental in delivering exceptional property and community outcomes across residential and commercial sectors.

John is a Corporate Member of the Property Council. He is Chairman of two charities, being Australian Doctors for Africa and The Fathering Project. John is also a Board member of the Art Gallery of Western Australia Foundation.

John is a responsible manager under the AFSL.

Erin Flaherty

Independent Non-Executive Director

Erin's business career has spanned over 30 years on both private and government sectors. She holds a Masters in Law, a Diploma in Applied Corporate Governance and is a member of the Australian Institute of Directors. Erin is a member of the board of Moorebank Intermodal Company and a Guardian of the Commonwealth Future Fund. She is also a Trustee of the Sydney Cricket Ground, and a member of the board of the NSW Police Citizens Youth Clubs.

Erin was appointed a director on 11 October 2019.

Hamish Beck

Independent Non-Executive Director

Hamish is the Managing Director of Beck Advisory and Property Australia Management (PAM), the dedicated asset management division of Beck Advisory. He founded Beck Advisory in 2000 and PAM in 2008, following a successful career in the Australian property industry for some of WA's largest development and construction companies.

Hamish is also Chairperson of the Swan River Trust, Deputy Chairperson of the Rottnest Island Authority, Member of the Central Perth Planning Committee, and Board Member of the Western Australian Maritime Museum Advisory Committee. In addition, he is an advisor to various institutional groups.

Hamish joined the Board in October 2019.

7. DIRECTOR'S RECOMMENDATION AND INFORMATION RELATING TO PRIMEWEST'S DIRECTORS

David Schwartz
Managing Director

David is a founding Director of Primewest and has been instrumental in its growth and development. David is a professional property investor with 25 years' experience in negotiating acquisitions and overseeing the development of properties. He is a Non-Executive Director of Schaffer Corporation Ltd.

Over the past 40 years David has been involved in many different businesses including retail, manufacturing and distribution. His property investments have been strongly focused on retail and commercial developments.

David is a responsible manager under the AFSL.

Jim Litis
Executive Director

Jim is a founding Director of Primewest. Having experienced forty years in the property industry in Australia, Jim is an influential and well respected figure and mentor. His expertise include the acquisition, development and management of retail and large format retail properties, and purchasing and renovating heritage buildings in Perth's CBD. His vast knowledge of the retail industry has given him a unique insight and outlook when sourcing investment properties and opportunities for investors. Jim's first foray into retail was opening his own Hi Fi store in the early 70's.

Jim is involved in a number of philanthropic organisations including Ear Science Institute Australia, The Leukaemia Foundation and The Perron Institute (Neurological and Translational Science). His support includes funding Post Graduate students and research. Jim's passion for Music, Sport and the Arts have led to his involvement in a number of successful West Australian enterprises including founding one of the first specialist sound system stores in Perth, Douglas HiFi, the Floreat Athena Soccer Club (The Litis Stadium), Venn Gallery, a contemporary art gallery and most recently The Rechabite, an entertainment venue hosting live music, theatre and performance.

Jim is a responsible manager under the AFSL.

7.10 Primewest audited financial statements

The latest published financial statements for Primewest are the audited consolidated financial statements for the financial year ended 30 June 2020 and the reviewed interim consolidated financial statements for the six months ended 31 December 2020.

Copies of Primewest's published financial statements can be obtained, free of charge, from Primewest's website, https://primewest.biz/investor-centre/financial-and-annual-reports.

7.11 Primewest continuous disclosure obligations

Primewest is subject to the continuous disclosure obligations contained in the ASX Listing Rules. Under those obligations, subject to limited exceptions, Primewest must disclose material information to ASX immediately on becoming aware of that information.

Copies of all disclosures made by Primewest to ASX can be obtained, free of charge, at ASX's website (www.asx.com.au) under the ASX code "PWG".

SECTION 8

RISK FACTORS

8. RISK FACTORS

Primewest has summarised below what it believes to be the key risks for you to consider. There are risks which are specific to Primewest and other risks which apply to investments generally, which may materially and adversely affect the future operating and financial performance of Primewest and the value of Primewest Securities. Those risks (and other risks) will continue to be relevant to Primewest Securityholders who do not **ACCEPT** the Offer and retain their current investment in Primewest. These risks will also continue to be relevant to all Primewest Securityholders if the Offer lapses. While some of these risks can be mitigated, some are outside the control of Primewest and cannot be mitigated.

Centuria's Bidder's Statement separately sets out key risks involved in accepting the Offer and receiving Centuria Securities in exchange for your Primewest Securities (other than an Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders). You should consider those key risks carefully before deciding to **ACCEPT** the Offer.

This summary does not consider risks arising from your individual investment objectives, financial situation or needs.

You should seek your own professional advice about the Offer and the risks associated with receiving Centuria Securities as consideration.

8.1

Risks associated with Primewest and remaining a Primewest Securityholder	
Primewest manages over 80 funds on behalf of third-party investors. The majority of Primewest's income is derived from fees calculated with reference to the value of properties under the control of the Primewest funds management business or from additional services provided to those funds. Primewest's financial performance may be adversely affected if one or more of the following risks were to occur:	
Asset acquisition risk	The growth in asset management fees is dependent on Primewest acquiring new assets. There is no guarantee that Primewest will be able to execute current or future asset acquisitions. To the extent that future asset acquisitions are not successfully executed, the financial performance of Primewest could be materially adversely affected. Any failure to identify appropriate assets or successfully acquire such assets could materially adversely affect the growth prospects and financial performance of Primewest.
Increase in competition and reliance on third party equity	Primewest's ability to establish new listed or unlisted funds requires continual sourcing of equity from existing and new investors. Increased competition for investor equity, underperformance of funds managed by Primewest, changes in market conditions and other factors may together, or in isolation, result in limited availability of investor capital and make it difficult for Primewest to execute its growth strategy, which would have a material adverse impact on Primewest's ability to generate growth.
Funding for Primewest and the funds managed by Primewest	Both Primewest, and the underlying funds managed by Primewest, rely on access to debt financing to execute the business strategy. An inability to obtain the necessary funding or refinancing on acceptable terms and at commercial rates, a material increase in the costs of such funding or a breach of various covenants including interest coverage ratios and loan to valuation ratios by a fund could have an adverse impact on Primewest's debt financing capacity and also that of the funds managed by Primewest.
Underperformance of funds managed by Primewest	There is a risk that one or more of the Funds managed by Primewest underperform in a material way or for a prolonged period of time in a way that either results in a reduction of fees paid to Primewest or has a negative effect on Primewest's ability to retain existing funds and to attract new assets under management. Where Primewest has co-invested in the relevant underperforming fund that could also have an adverse impact on Primewest.

8. RISK FACTORS

Risks associated with Primewest and remaining a Primewest Securityholder	
Funds move to new management	There is a risk that competitors or existing fund investors initiate actions with the intention to replace Primewest with a different management entity. Large investors within a particular fund managed by Primewest may, from time to time, have the ability to terminate the Primewest management arrangement, or otherwise remove the funds they are invested in from the control of Primewest.
Funds are closed	Funds under the control of the Primewest funds management business are fixed term funds and a number have strategic review dates in the short to medium term. Investor approval and/or endorsement is required for extensions to the term of these funds. There is a risk that investors may not approve or endorse such extensions and whilst selling the assets held by these funds to close the fund can lead to significant transactional fees for Primewest in the short term, once the assets are sold, Primewest would no longer receive ongoing fees.
Reputation may diminish in value	Primewest could be adversely impacted by a number of factors which, if they occurred could negatively impact the Primewest brand and consequently the business and the financial performance of Primewest. Such factors include failure to provide investors with the quality of service they expect, disputes or litigation with third parties, employees (including in relation to their employment arrangements) or suppliers, and adverse media coverage.
Corporate M&A	Primewest seeks to acquire complimentary real estate funds management businesses. There is no guarantee that appropriate businesses will be identified for acquisition and that transactions of this nature will successfully close.
Ability to attract and retain key staff	The loss of senior management, or other key employees, and/or the inability to hire new employees could adversely impact Primewest's current and future business and financial performance.
Compliance with laws and regulation	Primewest Management Ltd and Primewest Funds Ltd operate under an AFSL. Under the Corporations Act, Primewest Management Ltd and Primewest Funds Ltd must hold an AFSL to engage in certain activities in relation to the funds management business (and, in respect of Primewest Management Ltd, to operate Primewest Property Fund). Compliance with the obligations of an AFSL is the responsibility of the licensee. If the relevant Primewest entities do not meet regulatory requirements, or authorised representatives breach their obligations under authorised representative agreements, they may suffer penalties, such as fines, obligations to pay compensation, enforceable undertakings, impositions of (or variations to) licence conditions or, ultimately, the cancellation or suspension of their AFSL. If the Primewest AFSL holders are unable to retain their AFSL they would be unable to engage in certain activities required to operate the funds management business. Primewest is also subject to other industry specific and general legal and other regulatory controls (including anti money laundering/counter terrorism funding requirements). Any past or future violations of applicable laws and regulations may result in reputational damage, fines and penalties, or the loss of licences which could have a material adverse effect on Primewest's financial condition, cash flows and operational outcomes. There is also a risk that future changes to laws and regulations may increase the costs of operations or adversely affect Primewest's ability to conduct its business.

8. RISK FACTORS

Risks associated with Primewest and remaining a Primewest Securityholder	
Security breach and data privacy	Primewest's internal database contains confidential and proprietary information, including intellectual property, confidential business information, information regarding its employees or suppliers, information relating to investors in funds managed by Primewest, and other confidential information. Primewest's business could be materially impacted by security breaches, either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential investor data, any of which could materially adversely impact Primewest's reputation and its financial performance.
Insurance	Primewest will carry a range of insurance cover for various assets. However, there are certain events for which Primewest may not or may not be able to maintain insurance cover for. These events may include, but are not limited to, acts of war or political instability and catastrophic events such as floods. In the event of an uninsured loss or a loss in excess of the relevant insured limit, Primewest could suffer damage to its reputation and Primewest and the relevant funds it manages could lose all or a portion of their future revenues.
Property liquidity	The property assets in Primewest's Funds are, by their nature, illiquid investments. Primewest may not be able to realise the properties within a short period of time or may not be able to realise the properties at a reasonable valuation.
COVID-19	COVID-19 was declared a worldwide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global financial markets. Despite government measures such as economic stimulus packages, there is still considerable economic uncertainty. The real estate sector specifically has been impacted by concerns surrounding security of income and uncertainty around property valuations. In addition, this uncertainty and associated market volatility has resulted in a significant slowdown of transactional activity and investment in most real estate markets. As a result of COVID-19, there is significant valuation uncertainty due to an inactive property investment market, a lack of relevant transactional evidence as well as uncertainties in relation to the potential impact of the pandemic on the future cash flows of Primewest.
Climate Risk	The long-term implications of climate change may impact Primewest on several fronts and in the future, climate change may be a long term driver of both financial and non-financial risks.

8. RISK FACTORS

Investment risks associated with Primewest and remaining a Primewest Securityholder	
Any investment is accompanied by a host of market or sector risks, general to its universe.	
Economic factors	Primewest is exposed to changes in general economic conditions in Australia and globally. Adverse changes in inflation rates, interest rates, employment rates, government policies (including fiscal, monetary and regulatory policies), other structural changes and other factors driving global macroeconomic conditions are outside the control of Primewest and are not reliably predictable. Any of these factors may have an adverse impact on Primewest's business and financial performance.
Price of Primewest Securities	The price of Primewest Securities quoted on ASX may rise or fall due to a number of factors, including fluctuations and general volatility in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Primewest operates and general operational and business risks. Other factors which may negatively affect investor sentiment and influence Primewest specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, droughts, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences. Further, the share and unit prices for many listed entities have in recent times, been subject to wide fluctuations, which in many cases may reflect a diverse range of non-entity specific influences. Such market fluctuations may materially adversely affect the market price of the Primewest Securities. No assurances can be given that the performance of the Primewest Securities will not be adversely affected by any such market fluctuations or factors. Primewest does not guarantee the performance of the Primewest Securities.
Significant retained holding by the founders of Primewest	The founders of Primewest (David Schwartz, John Bond and Jim Litis) hold in aggregate approximately 53% of Primewest. As such, they may have the capacity to influence the election of Directors, the approval of significant corporate transactions and the success of a takeover or similar offer for Primewest Securities.
Liquidity	There can be no guarantee that there will be an active market in Primewest Securities or that their value will increase. There may be relatively few or many buyers or sellers of the Primewest Securities on the ASX at any one time which may lead to increased price volatility and affect the price at which Primewest Securityholders are able to sell their Primewest Securities.
Future distributions	No assurances can be provided in relation to the payment of future distributions. Future determination as to the payment of distributions by Primewest will be at the discretion of Primewest and will depend upon the availability or profits, the operating results and financial condition of Primewest, future capital requirements, covenants in relevant debt facilities, general business and financial conditions and other factors considered relevant by Primewest.
Dilution	In the future, Primewest may elect to issue new Primewest Securities or engage in capital raisings to fund investments that Primewest may decide to undertake. While Primewest will be subject to the constraints of ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), Primewest Securityholders at the time may be diluted as a result of such issues of Primewest Securities and capital raisings.

8. RISK FACTORS

Investment risks associated with Primewest and remaining a Primewest Securityholder	
Accounting standards	Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application and interpretation of those standards could materially adversely affect the value of Primewest Securities.
Taxation changes	Future changes in Australian taxation law (including goods and services tax and stamp duty), including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of your investment in Primewest Securities or the holding and disposal of those Primewest Securities. Further, changes in tax law (including goods or services tax and stamp duty) or changes in the way tax law is expected to be interpreted in the jurisdictions in which Primewest operates, may impact the future tax liabilities of Primewest.

8.2

Risks associated with the Offer and the Combined Group	
There are risks inherent to merging two entities and becoming a Centuria Securityholder of the Combined Group.	
The market price of the Centuria Securities will vary from time to time	The market price of Centuria Securities on ASX varies from time to time. The market price at the time at which you receive Centuria Securities under the Offer may vary from the market price on the date that you **ACCEPT** the Offer or the market price used for the calculation of the Offer Price. The market price of Centuria Securities may fall at any time, including before or after Centuria Securities are issued to you. Accordingly, you may be unable to sell your Centuria Securities at a price equivalent to the market price when you accepted the Offer, the market price used for the calculation of the Offer Price or the market price when you receive your Centuria Securities.
There are business acquisition and integration risks	Any business acquisition and integration (such as will be required by the Combined Group) carries with it uncertainty and risk, including as to whether the benefits of the acquisition will meet expectations and whether integration of processes and systems can be achieved.
There may be adverse tax consequences for you of accepting the Offer and receiving Centuria Securities as consideration	The tax consequences for you of accepting the Offer and receiving Centuria Securities as consideration will depend on your specific circumstances. If you have any questions regarding the tax consequences of accepting the Offer and receiving Centuria Securities as consideration, you should obtain your own taxation advice.

8. RISK FACTORS

Risks associated with the Offer and the Combined Group	
An exposure to risks associated with Centuria's existing businesses and the industries in which those businesses operate	Centuria has a substantial existing business in Australia as a specialist investment and property funds manager. Centuria's key businesses are the management of listed and unlisted property funds in Australia and the issue of investment bonds. Accordingly, if you receive Centuria Securities, you will be exposed to risks associated with Centuria's businesses, including the operation of those businesses in Australia. Some risks specific to Centuria include: the potential for reduction in fund management fees due to adverse factors affecting funds managed by Centuria subsidiaries (including due to fund underperformance, action taken by fund holders to remove Centuria subsidiaries as manager, the expiry of fixed term funds or the reduction in property values), the risk that Centuria may not be able to launch new managed funds in the future, the potential for external funding to be unavailable to finance property purchases, the risk that Centuria may not be able to properly integrate Primewest or other businesses acquired by Centuria, the potential for severe disruption to Centuria's information systems and the risk that senior managers may leave Centuria. Centuria has disclosed information to the ASX regarding its assessment of applicable general risks and risk factors specific to the industries within which Centuria operates, as well as risks that are specific to Centuria.
Integration of Primewest	There is a risk that implementation and other one-off costs of integration may be substantial or greater than reasonable anticipated. This could have a material adverse impact on the Combined Group's financial position and performance.
Risks specific to REITs	Exposure to Centuria Industrial REIT (ASX: CIP) and Centuria Office REIT (ASX: COF) exposes Primewest Securityholders to the risks specific to REITs, including: • **Counterparty/credit risk** – REITs are exposed to the risk that third parties, such as tenants, developers, service providers and financial counterparties to derivatives (including interest rate hedging instruments) and other contracts may not be willing or able to perform their obligations; • **Fixed nature of costs** – Many costs associated with the ownership and management of property assets are fixed in nature. The value of properties (and the value attributed to the Combined Group) may be adversely affected if the income from the asset declines and these fixed costs remain unchanged; • **Land values** – Events may occur from time to time that affect the value of land which may then impact the financial returns generated from particular property related investment businesses or projects. For example, unanticipated environmental issues may adversely affect the future earnings of Centuria; and • **Trust taxation status** – Changes in taxation law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which Centuria operates, may affect the tax liabilities of Centuria, as well as the tax liabilities of Primewest Securityholders who become holders of Centuria Securities, due to the flow-through tax treatment associated with trusts.
Accounting standards	Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application and interpretation of those standards could materially adversely affect the value of Centuria Securities.

8. RISK FACTORS

Risks associated with the Offer and the Combined Group	
Taxation changes	Future changes in Australian taxation law (including goods and services tax and stamp duty), including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of your investment in Centuria Securities or the holding and disposal of those Centuria Securities. Further, changes in tax law (including goods or services tax and stamp duty) or changes in the way tax law is expected to be interpreted in the jurisdictions in which Centuria operates, may impact the future tax liabilities of Centuria.
Interest rate risk	Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact Centuria's funding costs adversely, resulting in a decrease in distributable income. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact on both earnings and net assets.
Foreign exchange/ currency risk	All information in this Target's Statement is presented in Australian dollars. Centuria Security holders who reside outside Australia, or who rely on funding denominated in a currency other than the Australian dollar, should be aware of the impact that fluctuations in exchange rates may have on the value of their investments in, and returns from, Centuria.

SECTION 9

ADDITIONAL INFORMATION

9. ADDITIONAL INFORMATION

9.1 Bid Implementation Deed

Under the Bid Implementation Deed entered into with Centuria, Primewest has agreed:

- (**No shop**) not to solicit, invite, encourage or initiate any inquiry, expression of interest, offer, proposal or discussion with a view of obtaining a competing proposal.
- (**No talk and no due diligence**) not to participate in negotiations or discussions, enter any agreement, arrangement or understanding, or provide non-public information about Primewest to any third party in response to any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential competing proposal.
- (**Notification**) to notify Centuria as soon as possible if it becomes aware of any approach, proposal, or attempt to initiate negotiations or discussions regarding an actual, proposed or potential competing proposal.
- (**Matching right**) to give Centuria 5 business days to match a proposed competing proposal, which the Directors consider to be an actual or potential superior proposal, before Primewest is able to enter into an agreement to implement such competing proposal or the Directors are able to recommend such competing proposal.

The no talk and no due diligence restriction does not apply to the extent that it restricts Primewest from taking or refusing to take any action with respect to an actual or potential superior proposal (which was not solicited, invited, encouraged or initiated by Primewest) where the Directors have determined that it would or would be likely to be a breach of their fiduciary or statutory duties to do so.

For further information regarding the exclusivity arrangements see Section 10 of the Bid Implementation Deed, which was released to ASX on 19 April 2021.

Primewest has further agreed to pay a break fee of $2 million to Centuria in certain circumstances, including one or more of the Directors failing to recommend that Primewest Securityholders **ACCEPT** the Offer (in the absence of a superior proposal), withdrawing or adversely revising such recommendation, or recommending acceptance of a competing proposal, or if a competing proposal for control of Primewest is made and is ultimately successful. For further information regarding the break fee see Section 11 of the Bid Implementation Deed.

9.2 Minimum acceptance condition

In the Bid Implementation Deed Centuria has agreed that the 90% minimum acceptance condition in the Offer will not be waived or reduced below 80% without the consent of the Primewest Directors (after having consulted in good faith with Centuria). Primewest Securityholders should be aware that the Primewest Directors may consent to such a waiver or variation in appropriate circumstances, and will take into consideration matters including but not limited to:

- the impact on Primewest Securityholders as a whole of the Offer not proceeding;
- whether or not rollover relief is potentially available to Primewest Securityholders as a result of giving (or not giving) consent; and
- the commercial implications of Centuria not being entitled to compulsorily acquire Primewest.

9.3 Issued capital

As at 2 February 2021, the following Primewest Securities on issue are:

Class	Number
Primewest Securities	396,547,747 fully paid ordinary securities
Primewest Options[1]	1,213,423

1. Primewest will enter into agreements with each Primewest Option holder that, from the date the Offer becomes or is declared unconditional, the Primewest Options will be cancelled and each Primewest Option holders will receive cash consideration for the cancellation of their Options

9.4 Substantial holders

As at 29 January 2021, following Primewest's recent equity raising, the substantial Primewest Securityholders are set out below:

Substantial Primewest Securityholder	Number of Primewest Securities	Interest of Primewest Securityholder and its associates
Jim Litis	71,461,944	18.0%
John Bond	70,504,939	17.8%
David Schwartz	69,265,697	17.5%

9.5 Material Litigation

Primewest is not involved in any litigation or disputes which are material in the context of Primewest taken as a whole.

9.6 Consents

Deloitte has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Independent Expert in the form and context it is so named and to the inclusion of its Independent Expert's Report as Attachment 1 to this Target's Statement. Deloitte has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement (other than the Independent Expert's Report) or any statement on which a statement in this Target's Statement is based (other than extracts from the Independent Expert's Report) and takes no responsibility for any part of this Target's Statement other than any reference to its name and its Independent Expert's Report.

Moelis Australia (Moelis) has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Primewest's financial adviser in the form and context it is so named. Moelis has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Hamilton Locke has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Primewest's Australian legal adviser (other than in relation to taxation) in the form and context it is so named. Hamilton Locke has not advised on the laws of any foreign jurisdiction. Hamilton Locke has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

PwC has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Primewest's tax adviser in the form and context it is so named. PwC has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement other than any reference to its name.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Centuria with ASIC or given to the ASX or, announced on the company announcements platform of the ASX, by Centuria. Pursuant to the Class Order, the consent of Centuria is not required for the inclusion of such statements in this Target's Statement. Any Primewest Securityholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Primewest Securityholder Information Line on 1300 943 885 (within Australia) or +61 2 8072 1488 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (Corporations Instrument 2016/72), this Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Target's Statement contains security price trading data sourced from IRESS and FactSet without its consent.

9.7 No other material information

This Target's Statement is required to include all the information that Primewest Securityholders and their professional advisers would reasonably require to make an informed assessment whether to **ACCEPT** the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the information that Primewest Securityholders and their professional advisers would reasonably require to make an informed assessment whether to **ACCEPT** the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Primewest's releases to the ASX, and in the documents lodged by Primewest with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Primewest Securities;
- the matters that Primewest Securityholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Primewest Securityholders' professional advisers; and
- the time available to Primewest to prepare this Target's Statement.

9.8 Regulatory Matters

Primewest has sought a waiver from ASX of ASX Listing Rule 6.23.3 to allow Primewest Option holders to be paid cash consideration for the cancellation of their Primewest Options as part of the proposed merger. This is a standard form waiver under ASX Guidance Note 17 and is expected to be granted under the powers granted to ASX to do so under ASX Listing Rule 18.1.

SECTION 10

TAXATION CONSEQUENCES

10. TAXATION CONSEQUENCES

10.1 Introduction

This section is a brief guide only in respect of certain Australian tax considerations of transferring Primewest Securities to Centuria under the Offer based on the law and the administrative practices of Australian revenue authorities as at the date of this Target's Statement. It is not advice to any particular Primewest Securityholder and does not set out all tax considerations that may be applicable. Primewest Securityholders should seek their own tax advice that takes into account their personal circumstances.

This Section is not applicable for Securityholders who do not hold their Primewest Securities as capital assets (for example Securityholders who hold their Primewest Securities as trading stock, revenue assets for the purposes of resale or profit or are subject to the operation of Division 230 of the Income Tax Assessment Act 1997).

Primewest has applied for a class ruling on behalf of Primewest Securityholders confirming the Australian income tax outcomes for Primewest Securityholders in relation to the disposal of their Primewest Securities. Primewest expects this draft class ruling to be finalised shortly after the issue of this Target's Statement and to be finalised following completion of the proposed merger. A link to the finalised class ruling will be made available on Primewest's website following publication by the ATO.

The comments below reflect the anticipated outcomes of the proposed merger and the class ruling.

10.2 Disposal of Primewest Securities and issuance of Centuria Securities

A Primewest Securityholder who transfers their Primewest Securities to Centuria under the Offer will dispose of two separate assets for Australian capital gains tax (CGT) purposes. That is, the shares in Primewest Group Limited and units in Primewest Property Fund. Each of these disposals will constitute a CGT event.

For Primewest Securityholders who **ACCEPT** the Offer, the date of this CGT event will be the date that the Primewest Securityholder accepts the Offer. If a Primewest Securityholder does not **ACCEPT** the Offer but a compulsory acquisition occurs, the CGT event should take place on the date the ownership of the Primewest Securities changes to Centuria.

A Primewest Securityholder will derive a capital gain on the disposal of the shares and/or units to the extent that the capital proceeds received on disposal of the relevant asset exceeds the CGT cost base of the shares or units respectively. A Primewest Securityholder will incur a capital loss on the disposal of a share and/or unit to the extent that the capital proceeds on disposal are less than the CGT reduced cost base of the shares or units held.

The capital proceeds for each Primewest Group Limited share will be 13.33 cents and 0.473 Centruia Capital Limited shares.

The capital process for each Primewest Property Fund unit will be 6.67 cents and 0.473 Centuria Capital Fund units.

10.3 Scrip for scrip rollover relief

Rollover relief will only be available to the extent that Centuria acquires at least 80% of Primewest in connection with the Offer. The following discussion proceeds on the basis that this will occur.

A portion of any capital gain arising for Primewest Securityholders in respect of either or both of the CGT Events as a result of the proposed merger, may be disregarded if scrip for scrip rollover relief is available and chosen in respect of their shares and units. Rollover relief is not available in respect of a capital loss.

Where a Primewest Securityholder realises a capital gain in respect of one of the CGT Events but realises a capital loss in respect of the other CGT Event, the Primewest Securityholder could offset the capital loss against the capital gain instead of choosing scrip for scrip rollover in respect of the capital gain. We recommend that Primewest Securityholders seek independent financial advice before making any decision about choosing scrip for scrip rollover relief.

If scrip for scrip rollover is chosen by the Primewest Securityholders, the cost base and reduced cost base of each share or unit in Centuria Capital Limited and Centuria Capital Fund Limited (as applicable) will be equal to the amount which is reasonably attributable to the cost base of each Primewest Group Limited share and Primewest Property Fund unit (as applicable) for which it was exchanged and for which scrip for scrip rollover relief is obtained (refer further comments below in respect of cost base and reduce cost base implication of the cash component of the Offer).

For CGT discount purposes, if rollover relief is chosen then the Centuria Capital Limited shares and/or Centuria Capital Fund units (as applicable) will be taken to have been acquired at the time the original Primewest Group Limited shares and Primewest Property Fund unit (as applicable) for which they were exchanged were originally acquired.

10.4 Ineligible proceeds

Roll-over relief does not apply to the cash component of the consideration under the Offer. This consideration is referred to as 'ineligible proceeds'. Where a capital gain in respect of a share or unit is eligible for rollover relief and that relief is chosen to apply, the Primewest Securityholder must apportion the cost base of its share or unit based on the eligible and ineligible proceeds on a reasonable basis. The generally accepted basis is to use the following formula:

Ineligible Proceeds/Total Proceeds x Total Cost base of Share/Unit disposed of.

This portion of cost base and reduced cost base is then compared with the cash consideration applicable to each of the Primewest Group Limited share and Primewest Property Fund unit to determine the capital gain or loss referable to those disposals.

10.5 CGT Discount

An Australian resident Primewest Securityholder who is an individual, a trust or a complying superannuation fund may be entitled to reduce their capital gain (after first reducing the capital gain by any available capital losses) by the CGT discount, provided that the Primewest Securities were acquired (for CGT purposes) at least 12 months before their disposal to Centuria (excluding the date of acquisition and the date of disposal) and the Primewest Securityholder did not choose to index the cost base of their Primewest Securities (where applicable).

The applicable CGT discount is generally as follows:

- 50% for individuals and trustees (except a trust that is a complying superannuation entity); and
- 33 1⁄3% for a complying superannuation entity.

The CGT discount is not available to any Primewest Securityholder that is a company.

10.6 Where roll-over is not available or not chosen

Where roll-over is not available or not chosen by a Primewest Securityholder, the CGT provisions provide that first element of cost base for the acquisition of the Centuria Securities is equal to the sum of any money paid plus the market value of any other property provided, in respect of the acquisition, worked out at the time of the acquisition. The first element of reduced cost base is similarly determined.

The date of acquisition of the shares and units in Centuria (as applicable) will be the date on which the shares and units in Centuria (as applicable) are issued to Primewest Securityholders.

As such, the cost base and reduced cost base of shares and units issued by Centuria (as applicable) to the Primewest Securityholders under the Offer will be equal to the value of the Centuria Securities at the date of issuance.

10.7 Non-resident Primewest Securityholders

Any Primewest Securityholder that is not a resident for Australian income tax purposes should generally not have to pay Australian income tax on any capital gain arising on the disposal of their Primewest Securities, unless both of the following requirements are satisfied:

- the Primewest Securityholder, together with its associates, held a combined interest of at least 10% in Primewest either at the time the Primewest Securities were disposed of (for CGT purposes) or for at least 12 months during the 24 months before the Primewest Securities were disposed of (for CGT purposes); and
- 50% or more of the market value of the assets of Primewest is represented by real property in Australia (Principal Asset Test).

Non-resident Primewest Securityholders may be liable to Australian income tax and be required to lodge an Australian income tax return in connection with the disposal of Primewest Securities even if Centuria does not withhold any tax as described below.

10.8 Withholding Tax

Centuria may be required by Subdivision 14-D of the *Taxation Administration Act 1953 (Cth)* to pay amounts to the ATO in respect of the acquisition of Primewest Securities from certain Primewest Securityholders, namely 'relevant foreign residents.' In this case, Centuria is permitted to deduct the relevant amounts from the payment of the consideration to those Primewest Securityholder and remit such amounts to the ATO.

No withholding will be made if the Primewest Securityholder in question provides a declaration in writing that the Primewest Securities to be disposed of or a component of them is not indirect taxable Australian property. If the Declaration only applies to a component of the Primewest Securities, then no withholding will only apply to that component.

10.9 Stamp duty

A Primewest Securityholder who disposes of its Primewest Securities to Centuria should not be liable for stamp duty on the transfer.

10.10 GST

A Primewest Securityholder who disposes of its Primewest Securities to Centuria should not be subject to the goods and services tax on the transfer. However, it may be denied credits in respect of any GST it incurs in relation to costs associated with the transfer (such as any adviser fees).

10.11 Consequences of holding Centuria Securities

The Bidder's Statement sets out a summary of the Australian income tax implications for Primewest Securityholder in respect of their ownership of Centuria Securities.

SECTION 11

GLOSSARY AND INTERPRETATION

11. GLOSSARY AND INTERPRETATION

11.1

Term	Meaning
2H21	Second half of the 2021 financial year, six month period ending on 30 June 2021
$, A$ or AUD	Australian Dollar
Acceptance Form	The acceptance form included with the Bidder's Statement dated 14 May 2021
AFSL	Australian Financial Services Licence
Announcement Date	17 April 2021
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the financial market operated by it as the context requires
ASX Listing Rules	The official listing rules of ASX, as amended or replaced from time to time
AUM	Assets under management
Bid Implementation Deed or BID	Bid implementation deed dated 18 April 2021
Bidder's Statement	The Bidder's Statement issued by Centuria dated 14 May 2021
Business Day	A day that is not a Saturday, Sunday, bank holiday or public holiday in Sydney, Australia
CAGR	Compounded annual growth rate
Centuria or Centuria Capital Group	(a) when used in connection with the Offer, Centuria Capital Limited (acting in its own capacity and as nominee for the Centuria Capital Fund); (b) otherwise, the ASX listed entity consisting of Centuria Capital Limited and Centuria Funds Management Limited as responsible entity for the Centuria Capital Fund and their subsidiaries as the context requires
Centuria Capital Limited	Centuria Capital Limited (ACN 095 454 336)
Centuria Capital Fund	Centuria Capital Fund (ARSN 613 856 358), of which Centuria Funds Management Limited (ACN 607 153 588) is the responsible entity
Centuria Funds Management	Centuria Funds Management Limited (ACN 607 153 588)
Centuria Investment Bonds	Centuria's investment bonds through Centuria Life, comprising $0.9bn of AUM. Centuria Life's investment bond funds invest in the major asset classes of cash, fixed interest, Australian shares, international shares, property and infrastructure along with a range of diversified, balanced and growth strategies
Centuria Property Funds	Centuria's property funds, being extensive range of property fund types ranging from listed funds to unlisted fixed-term and open-ended funds

11. GLOSSARY AND INTERPRETATION

Term	Meaning
Centuria Securities	In each case, one fully paid ordinary share in Centuria Capital Limited stapled to one fully paid ordinary unit in Centuria Capital Fund (ARSN 613 856 358)
Combined Group	The combined businesses of Centuria and Primewest, assuming Centuria acquires 100% of Primewest
Corporations Act	*Corporations Act 2001* (Cth)
cps	Cents per share
Deloitte	Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Directors	Directors of Primewest
EBIT	Earnings before interest and tax
EPS	Earnings per share
FY21	Full 2021 financial year, ending 30 June 2021
Government Agency	Means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australian or any State, and any other federal, state, provincial, or local government, whether foreign or Australian
IBC	Independent board committee established by Primewest
Implied Offer Price	The mixed consideration payable based on Centuria's last close of $2.77 per Centuria Security on 16 April 2021
Independent Expert	Deloitte
Independent Experts Report	The report prepared by the Independent Expert dated 14 May 2021 set out in Appendix 1 to the Target's Statement
Ineligible Foreign Securityholder	a Primewest Securityholder whose address as shown on the register of members of Primewest is in a jurisdiction other than Australia or its external territories and New Zealand, unless Centuria otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Primewest Securityholder in the relevant jurisdiction and for Centuria Securities to be issued to such Primewest Securityholder on acceptance of the Offer, and that is not unlawful for such a Primewest Securityholder to **ACCEPT** the Offer in such circumstances in the relevant jurisdiction
Implementation Period	Has the meaning given in the Bid Implementation Deed
IPO	Initial public offer

11. GLOSSARY AND INTERPRETATION

Term	Meaning
Last Trading Date	16 April 2021
Marketable Parcel	has the meaning given in the ASX Operating Rules Procedures which, among other things, includes a parcel of Primewest Securities, the value of which is not less than $500
Nominee	Morgan Stanley Australia Securities Limited ABN 55 078 652 276 (AFSL 233741), which Centuria has sought ASIC approval for its appointment as nominee for the purposes of section 619(3) of the Corporations Act, with regard to the proposed sale of Centuria Securities that would have otherwise been issued to Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders
Offer	The offer by Centuria for all Primewest Securities according on the terms contained in the Bidder's Statement
Offer Period	The period during which the Offer will remain open for acceptance in accordance with Section 3 of Appendix 1 of the Bidder's Statement
Offer Price	The mixed consideration of $0.20 cash per Primewest Security and 0.473 Centuria Securities per Primewest Security
Primewest	Primewest, a stapled group comprising Primewest Group Limited and Primewest Property Fund and their subsidiaries as the context requires
Primewest Funds Ltd	Primewest Fund Ltd (ACN 134 321 216)
Primewest Group Limited	Primewest Group Limited (ACN 636 344 137)
Primewest Management Ltd	Primewest Management Ltd (ABN 63 091 415 833)
Primewest Option	Unquoted options issued pursuant to the Primewest Employee Securities Option Plan
Primewest Property Fund	Primewest Property Fund (ARSN 636 405 635), Primewest Management Ltd (ABN 63 091 415 833) acting as responsible entity
Primewest Securityholders	A person who is registered as a holder of Primewest Securities
Primewest Securities	In each case, one fully paid ordinary share in PWG stapled to one fully paid ordinary unit in Primewest Property Fund (ARSN 636 405 635)
PwC	PricewaterhouseCoopers (ABN 52 780 433 757)
REIT	Real estate investment trust

11. GLOSSARY AND INTERPRETATION

Term	Meaning
Restraint Deed	The restraint deed into which each of John Bond, David Schwartz and Jim Litis have entered, applying for a period of 3 years from the date the Centuria Offer is declared or becomes unconditional *Please see Section 13.2 of the Bidder's Statement for further information*
Target's Statement	This document which is issued by Primewest under Part 6.5, Division 3 of the Corporations Act in response to the Offer made on 19 April 2021 by Centuria
TSR	Total shareholder return
Undisturbed Date	16 April 2021
Unmarketable Parcel Securityholder	a Primewest Securityholder to whom, if they **ACCEPT** the Offer, Centuria Securities would be issued which would not constitute a Marketable Parcel
Vitalharvest Transaction	The scheme of arrangement to be implemented between the Trust Company (RE Services) Limited (ACN 003 278 831) as responsible entity of Vitalharvest Freehold Trust (ARSN 626 537 362) and Macquarie Agricultural Funds Management Limited (ACN 122 169 368) as trustee of Macquarie Agriculture Fund – Crop Australia 2
Voluntary Escrow Deed	The condition of the Centuria Offer by each of the executive directors of Primewest, being John Bond, David Schwartz and Jim Litis must enter into a form of non-regulatory escrow deed in customary form determined by Centuria and Primewest *Please see Appendix 2 of the Bidder's Statement for further information*
VWAP	Volume weight average price
WALE	Weighted average lease expiry

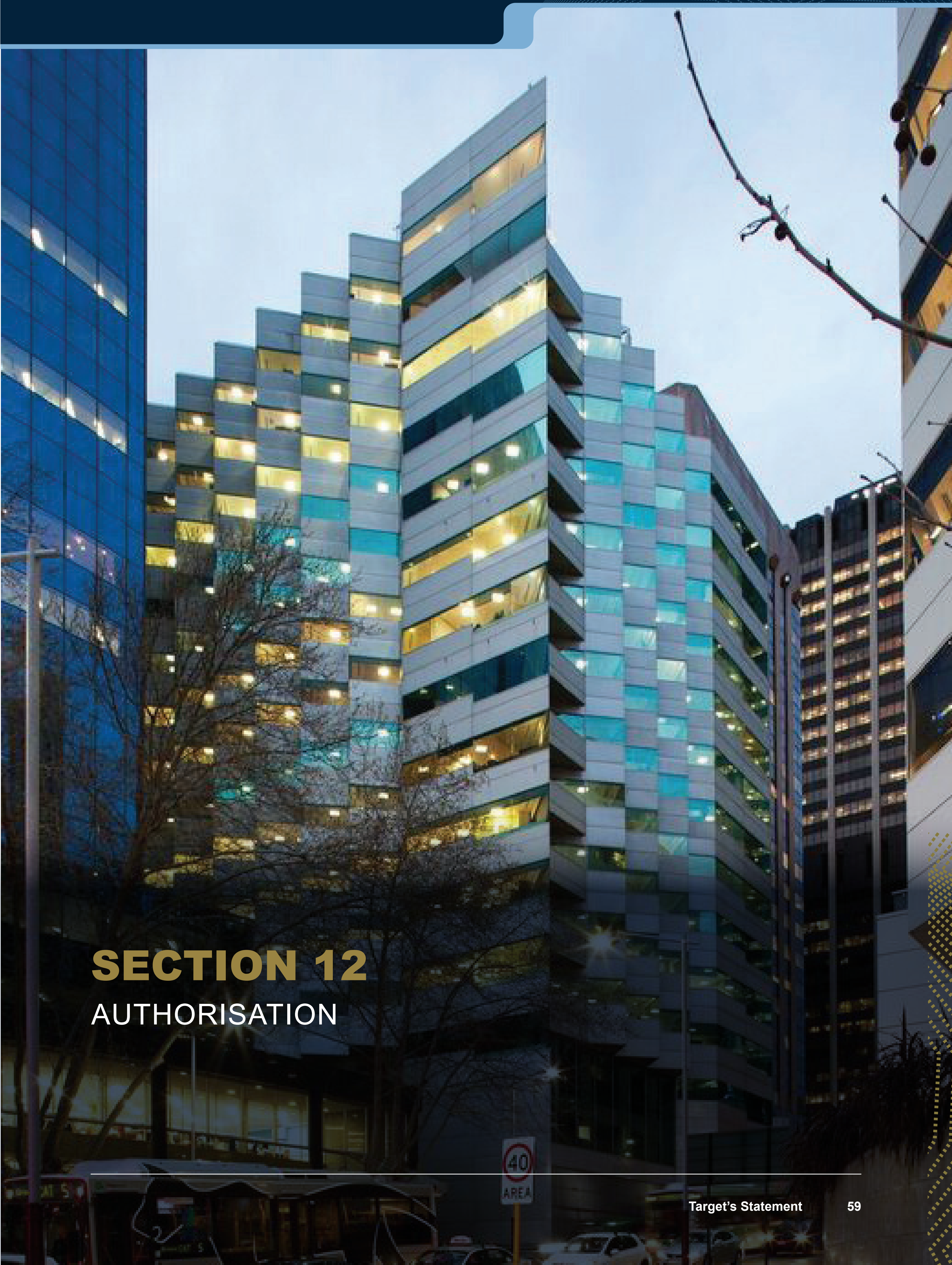
11.2 Interpretation

In this Target's Statement:

- Other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- Words of any gender include all genders.
- Words importing the singular include the plural and vice versa.
- An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them.
- Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- A reference to time is a reference to AEST.
- A reference to dollars, $, A$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.
- Specifying anything in this document after the words 'includes' or 'for example' or similar expressions does not limit what else is included.

SECTION 12

AUTHORISATION



12. AUTHORISATION

This Target's Statement has been approved by resolutions passed by the directors of Primewest. All Primewest directors voted in favour of that the resolution.

Date: 14 May 2021

Signed for and on behalf of Primewest Management Limited and Primewest Group Limited:

John Bond
Executive Chairman
Primewest Group Limited

David Schwartz
Managing Director
Primewest Group Limited

APPENDIX 1

INDEPENDENT EXPERT'S REPORT

Deloitte.

Primewest Group Limited

Independent expert's report and Financial Services Guide

13 May 2021

Deloitte.

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Why are we providing this FSG to you?

Deloitte Corporate Finance Pty Limited (AFSL 241457) has been engaged by Primewest Group Limited (PWG) to prepare an independent expert's report (our Report) in connection with Centuria Capital Limited's takeover offer of PWG. PWG will provide our Report to you.

Our Report provides you with general financial product advice. This FSG informs you about the use of general financial product advice, the financial services we offer, our dispute resolution process and our remuneration. Our contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

We are providing general financial product advice

In our Report, we provide general financial product advice as we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. You should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. You are not responsible for our fees.

We will receive a fee of approximately $260,000 exclusive of GST in relation to the preparation of our Report. This fee is not contingent on the outcome of the Proposed Transaction.

Apart from these fees, Deloitte Corporate Finance Pty Limited, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls Deloitte Corporate Finance Pty Limited. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have a concern about our Report, please contact us:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority. The Australian Financial Complaints Authority provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

13 May 2021

Deloitte.

Deloitte Corporate Finance Pty Limited
A.B.N. 19 003 833 127
AFSL 241457
Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 2 9322 7000
Fax: +61 2 9254 1198
www.deloitte.com.au

The Independent Directors
Primewest Group Limited
Level 1, 307 Murray Street
Perth WA 6000

The Independent Directors
Primewest Management Limited
as responsible entity for
Primewest Property Fund
Level 1, 307 Murray Street
Perth WA 6000

13 May 2021

Dear Directors

Re: Independent expert's report

Introduction

On 19 April 2021, Centuria Capital Group (CNI)[1] announced a conditional off-market takeover offer (the Proposed Transaction) to acquire all of the securities in Primewest Group (PWG)[2].

Under the Proposed Transaction, for each PWG stapled security, PWG securityholders will receive:

- $0.20 cash
- 0.473 CNI securities, which are also stapled securities

(collectively, the Consideration).

An overview of the Proposed Transaction is provided in Section 1 of our detailed report.

PWG has established an Independent Board Committee comprising independent non-executive directors Erin Flaherty and Hamish Beck to represent the interests of minority securityholders and assess whether the Proposed Transaction is in the best interests of those securityholders.

The full details of the Proposed Transaction are included in a Bidder's Statement. The directors of PWG will issue a Target's Statement, which will include their recommendation as to whether PWG securityholders should accept the Proposed Transaction.

Purpose of the report

Whilst there is no legal requirement for an independent expert's report in respect of the Proposed Transaction, the directors of PWG (the Directors) have requested that Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance) provide an independent expert's report advising whether, in our opinion, the Proposed Transaction is fair and reasonable to PWG securityholders.

This report will be included in a Target's Statement to be sent to PWG securityholders and has been prepared for the exclusive purpose of assisting PWG securityholders in their consideration of the Proposed Transaction.

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[1] A stapled group consisting of Centuria Capital Limited and Centuria Funds Management Limited as responsible entity of Centuria Capital Fund

[2] A stapled group consisting of Primewest Group Limited and Primewest Management Ltd, as responsible entity of Primewest Property Fund

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Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes to be responsible to any person, other than the PWG securityholders and PWG, in respect of this report, including for any errors or omissions however caused.

Basis of evaluation

In undertaking the work associated with this report, we have had regard to Australian Securities and Investments Commission (ASIC) Regulatory Guide (RG) 111 in relation to the content of an expert's report and ASIC RG 112 in respect of the independence of experts. The Regulatory Guides prescribe standards of best practice in the preparation of independent expert's reports.

To assess whether or not the Proposed Transaction is fair and reasonable to PWG securityholders, we have adopted the test of whether the Proposed Transaction is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

Summary and conclusion

In our opinion the Proposed Transaction is fair and reasonable. In arriving at this opinion, we have had regard to the following factors.

The Proposed Transaction is fair

According to ASIC RG 111, in order to assess whether the Proposed Transaction is fair, the independent expert is required to compare the market value of a security in PWG on a control basis with the market value of the Consideration under the Proposed Transaction. The Proposed Transaction is fair if the value of the Consideration is equal to or greater than the value of the securities subject to the offer.

Set out in the table below is a comparison of our assessment of the market value of a PWG security with the consideration offered by CNI.

Table 1: Assessment of fairness

$	Low	High
Estimated market value of a PWG security (Section 6)	1.41	1.52
Estimated market value of Consideration offered (Section 7)	1.43	1.52
Premium of Consideration over market value of a PWG security	**0.02**	**0.00**

Source: Deloitte Corporate Finance analysis

The value of the consideration offered by CNI is above the low end, and equal to the top end of the range of our estimate of the market value of a PWG security. Accordingly, it is our opinion that the Proposed Transaction is fair.

We have assessed the fairness of the value of the Consideration offered based on our assessment of the current fair market value of a security in the Proposed Merged Entity (PME) with reference to the trading in CNI securities post the announcement of the Proposed Transaction.

The price of the PME securities will vary in the future based on, market movements, expectations of underlying real estate valuations, future performance fees and earnings generated by co-investments. Similarly, these variables could also impact the underlying market value of a PWG security.

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Valuation of PWG

In estimating the market value of a PWG security, we have adopted a sum of the parts approach. We have assessed the enterprise value of PWG's core operations using the market multiples as our primary methodology. This method involves applying a multiple to an estimate of maintainable earnings.

Our valuation of a PWG security is summarised in the table below:

Table 2: Summary of valuation of PWG security

	Unit	Low	High
Selected maintainable EBITDA	$m	29.0	30.0
Maintainable EBITDA multiple on a control basis	times	14.0	15.0
Enterprise value of PWG on a control basis	**$m**	**406.0**	**450.0**
Co-investments	$m	41.2	41.2
Non-operating assets	$m	46.1	46.1
Net cash as at 30 June 2021	$m	66.9	66.9
Equity value on a control basis	**$m**	**560.2**	**604.2**
Outstanding securities	m	396.5	396.5
Equity value per PWG security	**$**	**1.41**	**1.52**

Source: Deloitte Corporate Finance analysis

In considering maintainable earnings we have reviewed and adjusted (where applicable) the FY21 earnings as set out in the pro forma financial statements to derive an appropriate level of maintainable earnings for the purposes of the valuation of PWG's business operations. The assessment of maintainable earnings (and that disclosed in the pro forma financial statements) is substantially higher than historical reported earnings of the business reflecting the growth the business has experienced in its recent history.

In selecting the appropriate multiple to apply in the valuation of a PWG security we have had regard to the EBITDA multiples implied by the trading in comparable companies.

In our selection of an appropriate multiple to apply to PWG, we have considered listed real estate entities involved in property funds management (as noted in Table 29). However, we do not consider these entities provide the best evidence of an appropriate multiple for a stand-alone property funds management business, such as PWG, due to the following:

- the significantly smaller, or larger scale, of the real estate entities, in comparison to PWG, in terms of both market capitalisation and AUM
- more diversified earnings streams in comparison to PWG, including significant co-investments and development income
- larger proportion of co-investments, in comparison to market capitalisation, relative to PWG
- the market's tendency to focus on the two points above when assessing the risk and return profile of the entities and consequently pricing their securities
- inability to identify, accurately, current stand-alone earnings (revenue and expenses) directly attributable to funds management operations from financial statements or broker consensus.

We have also considered equities funds managers in our selection of an appropriate multiple for PWG. The earnings, and therefore multiples implied by the trading in securities of equities funds managers are less affected by earnings from co-investments than the real estate entities. We therefore consider equities funds managers provide a more directly comparable reference point to value PWG in comparison to the majority of the real estate entities. However, the implied valuation multiples of the equities funds managers can only form a starting point and appropriate adjustment needs to be made to recognise differences between equities funds management markets and property funds management markets, including factors such as the nature of the AUM, fee structures and returns vs real estate fund investments.

As CNI has a substantial funds management business, we considered whether CNI is a suitable comparable company.

Whilst aspects of CNI's activities are operationally comparable to those of PWG, there are some distinct differences:

- CNI's funds management platform is significantly larger than that of PWG, with approximately double the AUM ($10.5bn in comparison to $5.0bn)
- CNI's AUM is more geographically diversified with operations in New Zealand in addition to Australia. Whereas PWG's geographic exposure is significantly more concentrated in the Western Australia market (54% of the funds management portfolio), however, PWG has a broader range of sector exposures
- PWG is heavily reliant on the Founding Directors (Jim Litis, John Bond and David Schwartz) to source and acquire new properties for its funds as well as their relationships with investors who invest in the underlying funds
- CNI has substantial property investments and property development investments compared to PWG which has a much smaller proportion of property investments and no major property development investments.

Taking into account these factors we consider that PWG should be valued at a discount to CNI.

Our assessment of the selected multiple for PWG also had regard to recent transactions involving property funds management businesses and property funds management rights. These transactions are operationally comparable to PWG, however the transactions identified involved smaller or less diversified businesses (i.e. single fund/platform businesses). Given this, in our opinion, PWG should be valued at a premium to the multiples implied in these transactions.

Having regard to the above, we formed the view PWG should be valued using an EBITDA multiple that represents a premium to the comparable transactions and the listed equities funds management companies we identified but at a discount to CNI.

After calculating the enterprise value of PWG's core operations we adjusted for co-investments held by PWG, other non-operating assets and incorporated the net cash position of PWG.

We cross-checked our estimate of the enterprise value of PWG using the percentage of AUM method (AUM multiple), based on the AUM multiples observed in comparable listed companies and transactions in the funds management sector, and a high level capitalisation of earnings method (which is a method under the income approach and is akin to the discounted cash flow method).

We also considered the security price of PWG, notwithstanding illiquid trading in PWG securities. The PWG security price on the day prior to the announcement of the Proposed Transaction sits within, but at the low end of, our assessed valuation range. Furthermore, since the announcement of the Proposed Transaction, PWG securities have not traded at a price above our valuation range.

Having regard to all of these factors, we consider our valuation range for a PWG security is supported by these cross checks.

Refer to Section 6 for further discussion of our valuation of PWG.

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Valuation of consideration

The valuation of a security in the PME has been assessed on a minority interest basis because, if the Proposed Transaction is successful, PWG securityholders will hold a portfolio interest and will therefore become minority securityholders in the PME.

We have valued the Consideration offered to PWG securityholders under the Proposed Transaction at between $1.43 and $1.52 per security as set out in the table below.

Table 3: Summary of the valuation of the Consideration

	Unit	Low	High
Cash Consideration per PWG security	**$**	**0.20**	**0.20**
Scrip Consideration			
Value of a security in PME[1]	$	2.60	2.80
CNI securities for 1 PWG security (Merger Ratio)	ratio	0.473	0.473
Implied scrip Consideration per PWG security	**$**	**1.23**	**1.32**
Total Consideration per PWG security	**$**	**1.43**	**1.52**

Note:
1. The value of a security in PME has been determined with reference to the analysis of trading in the securities of CNI post the announcement of the Proposed Transaction.

Source: Deloitte Corporate Finance analysis

To provide additional evidence of the market value of a security in the PME, we cross-checked the valuation of the PME with reference to market multiples implied by trading in listed companies, and transactions in comparable companies. We consider the resulting implied multiples reasonable relative to the comparable listed companies and transactions in comparable companies.

The Proposed Transaction is reasonable

In accordance with ASIC RG 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposed Transaction is reasonable. We have also considered the following factors.

The Founding Directors, who own 53% of PWG securities, have agreed to vend their PWG securities into the Proposed Transaction

Whilst the Proposed Transaction is subject to some conditions, one of which is 90% of PWG securityholders accepting the Proposed Transaction, the Founding Directors, who own 53% of PWG securities have agreed to vend their PWG securities into the Proposed Transaction.

Whilst PWG securityholders are receiving control value, they are not receiving a control premium relative to recent market trading in the securities

Our assessment of the market value of a PWG security has been undertaken on a control basis and consequently includes the value of control (although we do highlight that relative to minority securityholders, the Founding Directors have effective joint control with their 53% ownership interest).

The consideration offered under the Proposed Transaction of $1.43 to $1.52 per PWG security, based on our valuation range of a security in the PME, represents a premium of between nil and 1.2% over our assessed value of a PWG security, which has been assessed inclusive of control.

PWG securityholders are, therefore, not receiving a substantial premium relative to the recent market trading in PWG securities. This could be explained by several factors including:

- PWG is a well-managed business with limited opportunities to run it more efficiently or profitably
- there are limited synergies that could be realised in a market transaction.

It is worthwhile noting that trading in PWG securities is illiquid. Therefore, the market trading price prior to the announcement of the Proposed Transaction may not provide strong evidence of the fundamental value of a PWG security.

In the absence of the Proposed Transaction or an alternative proposal, PWG's securities may trade below the prices achieved since the announcement of the Proposed Transaction and our assessed valuation range, which was undertaken on a control basis.

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The Consideration results in PWG securityholders receiving securities in the PME and therefore retaining exposure to a real estate funds management business but with increased scale and diversification

The PME is anticipated to have $15.5bn of AUM, a 209% increase in AUM for PWG securityholders, across a range of asset classes and geographic locations. In particular, after the Proposed Transaction, PWG securityholders will have diversified exposure to the industrials sector (increasing from 11% to 28%) and gain exposure to a health care real estate platform, which PWG does not have.

This increased scale and diversification may provide access to a broader range of acquisition opportunities across Australia and New Zealand.

In addition, the PME is expected to be well placed for ASX/S&P 200 index inclusion, with an estimated pro forma market capitalisation of $2.2 billion[3].

Following completion of the Proposed Transaction, PWG securityholders will hold up to 23% of the total issued securities in the PME. Given this, PWG securityholders will have their exposure to the potential upside and value of PWG's funds management portfolio significantly diluted. In particular, PWG securityholders' exposure to the high growth potential of the 'daily needs' and 'agriculture' platforms will be diluted from 21% to 9% and 7% to 2%, respectively.

Approximately 54% of PWG's current AUM is associated with property in Western Australia creating a concentration risk for the group. The Proposed Transaction provides PWG securityholders with increased scale and diversification of categories and locations, which would have, in the absence of the Proposed Transaction, taken time to achieve through organic growth. If the Proposed Transaction is successful, exposure to the Western Australia property market will decrease to 23%.

Refer to Section 5.1 for further details on the AUM of the PME.

PWG securityholders will benefit from earnings per security (EPS) accretion

Should the Proposed Transaction proceed, it is anticipated that the PME would deliver pro forma EPS of 6.8 cents in FY21 as disclosed in the Bidder's Statement[4]. This implies a 19% increase in EPS for PWG securityholders. Further details of the basis of calculation are set out in the Bidder's Statement.

PWG securityholders will be exposed to leverage

The Proposed Transaction is expected to result in PWG securityholders being exposed to leverage (currently nil in PWG as compared to 7.5% in PME). PWG has traditionally funded operations and acquisitions through cash reserves.

PWG securityholders will gain greater exposure to co-investments, property investments and development property investments

PME will hold a greater level of co-investment, property investment and property development investments on the balance sheet in comparison to PWG on a stand-alone basis, as CNI holds a disproportionately greater level of such positions (37%[5]) relative to PWG (14%[6]). This is evidenced through the increase in NTA per security from $0.37 on a stand-alone PWG basis to $0.86 in PME.

PWG securityholders will have greater exposure to performance fees

Under the PME, PWG securityholders will be exposed to a higher proportion of performance fees as a percentage of total revenue. Accounting recognition policies aside, performance fees are dependent on a range of variables, including asset specific performance and market performance, and thus this revenue stream is considered more risky than other revenue streams. Despite this risk, it also presents the opportunity for larger upside in earnings compared to those of PWG on a stand-alone basis.

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[3] Based on CNI's last close price of $2.77 on 16 April 2021 multiplied by securities on issue post the completion of the Proposed Transaction (assuming CNI acquires 100% of PWG)

[4] Pro forma impact assuming the Proposed Transaction had occurred on 1 July 2020. Based on PWG's FY21 EPS guidance of 5.8 cents per security; assumes the cash consideration is reinvested in CNI securities at the last close price of $2.77 on 16 April 2021; and aggregate post-tax synergies of $5.3m p.a. (assuming CNI acquired 100% of PWG)

[5] Based on our mid-point valuation

[6] Based on our midpoint valuation, and including VTH

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The key executives of PWG who are familiar with the operations will assume roles within PME

Each of the Founding Directors of PWG (who are also executives of PWG) have agreed to remain a senior executive of the PME for a period of at least two years, on the same remuneration as currently provided by PWG. CNI's current intention is to utilise PWG's existing employees given the strong expertise across a range of geographies and sectors to continue to expand the combined platform.

In addition, the Founding Directors have entered into restraint and escrow agreements with CNI, as set out in Section 1 of this report. Whilst the Founding Directors were subject to escrow arrangements since the initial public offering (IPO) of PWG (33.3% of securities held at the IPO continuing until June 2022, and 33.3% continuing until June 2023), the restraint agreements under the PME provide greater protection than is the case under PWG on a stand-alone basis.

The Proposed Transaction provides some liquidity to PWG securityholders

Currently PWG securities are thinly traded on the ASX due to the minimal free float, as the Founding Directors hold approximately 53% of the securities outstanding. By way of example, it would take 4.3 years for the 47% of PWG securities held by all other securityholders (i.e. free float) to be traded on the ASX based on the number of securities traded over the last 12 months.

By accepting the Proposed Transaction, securityholders will receive cash of $0.20 and 0.473 CNI securities per PWG security. The cash component provides some liquidity to PWG securityholders for their current holdings.

In addition, given the greater trading liquidity in CNI securities, there is greater opportunity for PWG securityholders to sell their CNI securities without price disruption from illiquid trading. As an example, the CNI securities that the 47% of PWG securityholders will receive would take 0.3 years to trade based on the number of CNI securities traded over the last 12 months. In addition, there is potential for this time period to decrease (i.e. liquidity to increase further) should CNI could be included in the S&P/ASX 200 Index.

Distributions

PWG securityholders will also be entitled to a distribution of 2.9 cents per security for the half year ending 30 June 2021. The Consideration will not be affected by this distribution (if the record date for the distribution is prior to 30 June 2021). The intended record date is set for 25 May 2021.

Conclusion on reasonableness

In accordance with ASIC RG 111, the Proposed Transaction is reasonable as it is fair.

Opinion

In our opinion, the Proposed Transaction is fair and reasonable to PWG securityholders.

An individual securityholder's decision in relation to the Proposed Transaction may be influenced by his or her particular circumstances. If in doubt the securityholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

Tapan Parekh
Authorised Representative Number: 461009
Deloitte Corporate Finance Pty Limited

Stephen Reid
Authorised Representative Number: 461011
Deloitte Corporate Finance Pty Limited

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Glossary

Reference	Definition
$	Australian dollars and numbers may be subject to rounding
1HYxx	First 6 months of the financial year ending 30 June 20xx
A-REIT	Australian real estate investment trust
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUM	Assets under management
Bidder's Statement	Bidders statement issued by CNI in relation to the Proposed Transaction
bn	Billion
c	Cents
CNI	Centuria Capital Group
Consideration	The offer consideration of $0.20 cash, plus 0.473 CNI securities per PWG security
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Directors	Executive Directors, John Bond, David Schwartz and Jim Litis, and Independent Directors, Erin Flaherty and Hamish Beck
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per security
EV	Enterprise value
Founding Directors	John Bond (Executive Chairman), David Schwartz (Managing Director) and Jim Litis (Executive Director), who are the only Executive Directors of PWG
FYxx	Financial year ended 30 June 20xx
GAV	Gross asset value
Independent Directors	Non-Executive Directors, Erin Flaherty and Hamish Beck
IPO	PWG initial public offering on 8 Nov 2019
IRR	Internal rate of return
m	Million
Management	Management of PWG
n/a	Not applicable
nmf	Not meaningful
NPAT	Net profit after tax
NTA	Net tangible assets
NZ$	New Zealand dollars
p.a.	Per annum
PME, Proposed Merged Entity	The entity established following the completion of the Proposed Transaction, comprised of CNI and PWG
Proposed Transaction	CNI's proposed off-market takeover of PWG
PWG	Primewest Group Limited (including Primewest Property Fund as a stapled group)
REIT	Real estate investment trust
Target's Statement	Target statement issued by PWG in relation to the Proposed Transaction
VTH	ASX listed A-REIT Vitalharvest Freehold Trust
VWAP	Volume weighted average price
WALE	Weighted average lease expiry

Contents

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1 Overview of the Proposed Transaction

1.1 Background to the Proposed Transaction

On 19 April 2021, PWG announced that it had entered into a Bid Implementation Deed in relation to a merger with CNI. The Proposed Transaction is to be implemented by of an off-market takeover offer made by CNI to PWG securityholders.

Under the Proposed Transaction, for each PWG stapled security, PWG securityholders will receive Consideration of:

- $0.20 cash
- 0.473 CNI securities, which are also stapled securities.

PWG has established an Independent Board Committee comprising independent non-executive directors Erin Flaherty and Hamish Beck to represent the interests of minority securityholders and assess whether the Proposed Transaction is in the best interests of those securityholders.

Full details of the Proposed Transaction are provided in the Target's Statement.

1.2 Rationale for the Proposed Transaction

The Directors are of the view the Proposed Transaction provides PWG securityholders with an enhanced investment proposition in the PME relative to PWG on a standalone basis, due to[7]:

- an increase in scale and relevance with a combined AUM of $15.5bn
- increased geographic and sector diversification, allowing PWG securityholders to be exposed to a broader range of opportunities
- access to new distribution channels
- earnings accretion of 19% as estimated by management of PWG and CNI
- material synergies to support growth of AUM, expansion of services across the businesses, removal of duplicate corporate costs and tax synergies. Management of CNI and PWG have disclosed estimated post-tax synergies of $5.3m p.a.

The Directors have unanimously recommended that PWG securityholders accept the Proposed Transaction in the absence of a superior proposal and subject to an independent expert opinion that the Proposed Transaction is fair and reasonable to PWG securityholders.

Each of the PWG Directors, including the Founding Directors, who collectively hold 53% of the total securities in PWG, have confirmed their intention to accept the Proposed Transaction.

1.3 Key conditions of the Proposed Transaction

The Proposed Transaction is subject to certain conditions, the most significant are as follows:

- minimum acceptance of at least 90% of PWG securities
- holders of PWG options agreeing to their options being cancelled or otherwise transferred to PWG for a cash amount
- no material adverse change in relation to PWG
- change of control consents in relation to downstream funds.

Further detail on the conditions that the Proposed Transactions is subject to are set out in the Target's Statement.

[7] As disclosed in the PWG ASX announcement on 19 April 2021

The Founding Directors of PWG have entered into a voluntary escrow deed in relation to the CNI Securities they will receive under the Proposed Transaction. Under the deed, the Founding Directors will be restricted in dealing with the CNI Securities for 12 months from issue (in respect of 50% of the securities), and 24 months from issue (in respect of the remaining 50% of the securities). Each of the Founding Directors have also entered into restraint deeds with PWG in relation to their personal investments and interests in the private funds managed by PWG. The restrictions in these deeds last for up to three years and include restrictions on disposing of managed fund investments or being involved in the business of a competitor to the PME. For further details on the voluntary escrow deed or restraint deed, refer to the "Directors' recommendation" section of the Target's Statement.

CNI has exclusivity until the end of the offer period (being a minimum of 1 month from 19 April 2021, and this exclusivity can be extended to a maximum of 12 months) with a break fee of $2.0m payable by PWG to CNI in certain circumstances. Refer to Section 11 of the Bid Implementation Deed or the Section 10 of the Target's Statement for full details of the break fee arrangements.

1.4 Intentions if the Proposed Transaction is accepted

If the Proposed Transaction is successful, PWG will become a wholly owned subsidiary of CNI and be delisted from the ASX.

Following full acceptance of the Proposed Transaction, PWG securityholders would own approximately 23.8% of the PME, as illustrated in the table below.

Table 4: Securities in CNI and the PME

m	Number of securities	% in PME
CNI securities prior to the Proposed Transaction	600.2	76.2%
Securities issued as part of the Consideration	187.6[1]	23.8%
Pro forma securities in the PME	**787.8**	**100.0%**

Note:
1. Represents 0.473 securities for each of the 397m PWG securities.
Sources: CNI Financial Report FY20, CNI investor presentation on the Proposed Transaction

PWG securityholders will receive full entitlement to any PWG distributions declared, with a record date prior to 30 June 2021. However, to the extent that PWG declares any distributions, with a record date after 30 June 2021, CNI may deduct from the Consideration the cash amount or value of any distributions (or other rights) attaching to the PWG security, which the PWG securityholder receives or is entitled to receive.

2 Basis of evaluation

2.1 Guidance

In evaluating whether the Proposed Transaction is fair and reasonable to PWG securityholders, we had regard to ASIC RG 111 in relation to the content of expert's reports and ASIC RG 112 in relation to the independence of experts.

ASIC RG 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

ASIC RG 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling interest in a company that could be achieved, for example, by way of a takeover offer, scheme of arrangement, approval of an issue of shares using item 7 of s611, a selective capital reduction or selective buy back under Chapter 2J.

The Proposed Transaction is a control transaction being executed by a takeover offer.

In respect of control transactions, under ASIC RG 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed transaction. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, securityholders should accept the offer under the proposed transaction, in the absence of any higher bids before the close of the offer.

To assess whether the Proposed Transaction is fair and reasonable to PWG securityholders, we have adopted the tests of whether the Proposed Transaction is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

ASIC RG 112

RG 112 primarily focuses on the independence of experts and provides little guidance on evaluating transactions.

2.2 Evaluation of fairness and reasonableness

In evaluating whether or not the Proposed Transaction is fair and reasonable to PWG securityholders, we have made a separate assessment of whether, or not, the Proposed Transaction is 'fair' and 'reasonable' as required by RG 111.56. The criteria used to assess the fairness and reasonableness of the Proposed Transaction is set out below.

Fairness

We have assessed whether the Proposed Transaction is fair by comparing the consideration per security being offered by CNI with the assessed market value of a PWG security on a control basis. If PWG securityholders are receiving equal to, or more than, our assessment of the market value of PWG securities, then the Proposed Transaction would be fair. If the consideration is less than our assessment of the market value of PWG securities, then the Proposed Transaction would be not fair.

Reasonableness

ASIC RG 111 considers an offer in respect of a control transaction, to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, securityholders should accept the offer in the absence of any higher bid before the close of the offer.

To assess the reasonableness of the Proposed Transaction we considered the following significant factors in addition to determining whether the Proposed Transaction is fair:

- the existing securityholding of the Founding Directors in PWG and their intentions with respect to accepting the consideration
- the alternatives available to PWG securityholders
- the likely market price and liquidity of PWG securities in the absence of the Proposed Transaction
- other implications associated with PWG securityholders accepting or rejecting the Proposed Transaction.

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3 Profile of PWG

3.1 Overview of PWG

PWG is an ASX-listed real estate fund manager and developer with 397m stapled securities on issue and a market capitalisation of approximately $581m based on the closing price of $1.465 per security as at 16 April 2021 (the day prior to the announcement of the Proposed Transaction).

PWG has $5.0bn of AUM comprising over 84 separate listed and unlisted property syndicates and funds across several asset classes. The management of these funds involves sourcing, acquiring, managing, and disposing of real estate assets on behalf of its investors.

PWG employs a value-add and counter cyclical[8] investment strategy to deliver value to its securityholders. Its strategy involves generating a portfolio that achieves diversification of geography, sectors and lease expiry through investment in existing properties and potential future acquisitions. PWG continues to scale its existing platforms by launching new income and development funds, enhancing its institutional mandate offering and expanding its investor base through new distribution networks.

In addition to its core real estate funds management operation, PWG holds the following investments:

- listed equities, including a 19.9% equity interest in VTH[9]
- interests in unlisted property funds managed by the stapled group.

3.2 Assets under management

A breakdown of PWG's portfolio by sector and fund type is shown below**:**

Figure 1: PWG property funds management sector exposure

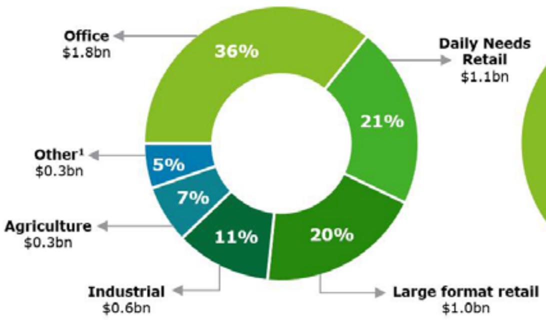
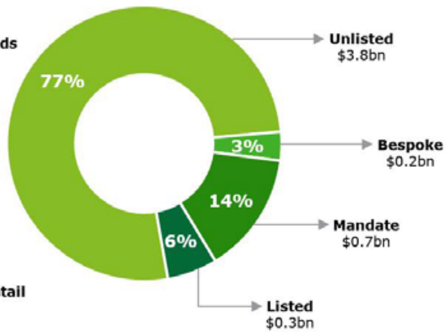


Figure 2: PWG property funds management fund types



Note:
1. Other includes tourism, land, indirect holdings and developments.
Sources: Target's Statement, Deloitte Corporate Finance analysis

PWG's AUM can be broken down into four major fund types:

- **Unlisted**: syndicate funds comprising assets across a range of sectors. Unlisted funds include multi-asset, multi--asset open ended and single-asset funds
- **Listed**: aims to establish listed real estate investment trusts which PWG would manage. As part of this strategy, goFARM Asset Management Pty Ltd, the asset manager of VTH, was acquired. VTH is the largest aggregation of berry and citrus farms in Australia and its current portfolio is 100% occupied with a WALE of 6.0 years

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[8] Involves acquiring undervalued assets and investing against the property cycle

[9] As at the date of this report, VTH is the subject of a takeover from an entity associated with Macquarie. This is discussed in further detail in Section 3.7

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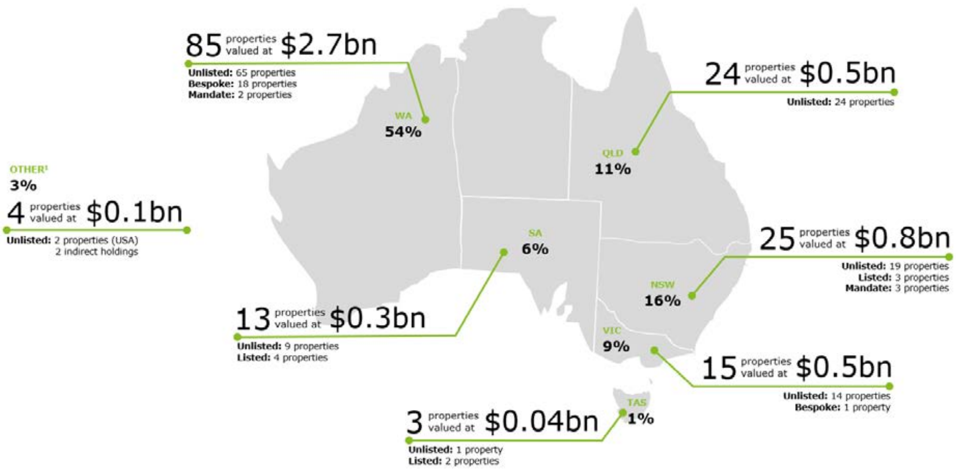
- **Mandate**: comprises the Office mandate and Daily Needs Convenience Retail mandate with $580m and $126m AUM, respectively. PWG continues to expand its mandate portfolio by furthering its relationships with both local and offshore institutional investors:
    - the Office mandate strategy involves identifying and acquiring undervalued office assets in Perth and Brisbane. PWG completes capital works whilst leasing these assets to increase WALE and occupancy
    - the Daily Needs Convenience Retail mandate was established in 2020 and focuses on non-discretionary retailers such as supermarkets and chemists
- **Bespoke**: the Primewest Bespoke model was established in 2020 and aims to offer asset management and property services to high net worth families and corporates who have large property portfolios. PWG is currently expanding this service across the country.

All properties within the PWG portfolio are located within Australia, with the exception of two properties located on the west coast of the United States of America. The majority of the properties are situated in Western Australia, with 85 properties making up approximately 54% of total AUM. The figure below shows the geographical breakdown of the portfolio.

Figure 3: PWG AUM by geography



Note:
1. Other includes two properties located in the USA ($98m) and two indirect holdings ($44m).
Sources: Target's statement, Deloitte Corporate Finance analysis

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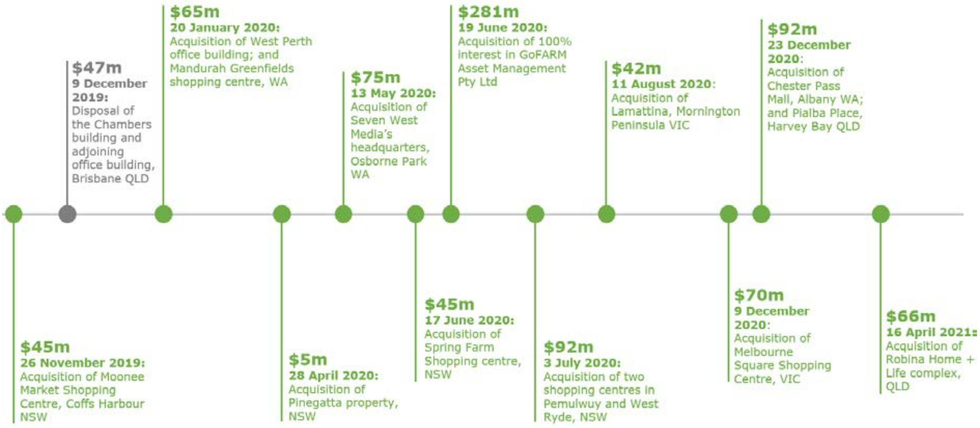
3.3 Recent acquisitions and disposals

PWG, on behalf of underlying funds, has made the following property acquisitions and disposals since November 2019 when it listed on the ASX:

Figure 4: PWG AUM changes (as a result of acquisitions and disposals) timeline[1]



Note:
1. Only completed acquisitions and disposals over $1m since November 2019 disclosed.
Sources: ASX releases, Deloitte Corporate Finance analysis

PWG is constantly seeking to grow the AUM within existing and new funds that it manages and has a pipeline of assets under review. In particular, PWG has placed a focus on expanding its agriculture exposure through its unlisted agriculture fund. In this regard, PWG is currently pursuing several agriculture assets which are at various stages of the acquisition process. PWG expects that these transactions would add approximately $395m to AUM before the close of FY21.

On 28 April 2021 PWG announced that it had formed a joint venture with a fund advised by Blackrock Real Assets and has successfully exchanged contracts to acquire the Perth office tower, 140 St Georges Terrace. PWG noted that it will provide property management services and acquire a co-investment interest consistent with other real estate mandates. PWG is in the process of acquiring two additional assets on behalf of its institutional mandates which are expected to increase AUM by $104m.

3.4 Management agreements

PWG holds individual management agreements with each fund or trust that it provides services to. These agreements outline the services provided, fee structure and tenure of the manager, including circumstances under which the manager may be removed. The structure and key terms of these agreements are similar across the funds/trusts.

The following table provides a summary of the key terms contained in the management agreements.

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Table 5: Key terms of management agreements

Service type	Description	Fees charged	Fees received[1] ($m)
Asset management fees	• Services include asset strategy, financial reporting, appointment and supervision of property managers and leasing agents, and development/ refurbishment strategies	• 0.35% to 0.65% of GAV p.a.	16.3
Property services fees	• Comprises leasing fees, development management fees and financing fees • Leasing services include services to secure new tenants or retain existing tenants such as marketing, stakeholder responses, inspections, negotiations, lease documentation and tenant coordination • Development management services include development of property, capital refurbishment and project management of tenancy work • Financing services relate to debt financing for a fund, either at acquisition or subsequently on renewal or extension of existing loan facilities	• 8.5% to 15.5% of average annual rent for leasing fees • 4.0% of construction cost for development management fees • 0.25% for arranging the renewal or replacement of financing facilities, as well as debt financing for new acquisitions (assuming 50/50 debt/equity financing)	4.5
Transaction fees	• Includes establishment fees earned on the acquisition of new assets and sales fees on the disposal of assets • Payable on settlement of the property • Services include originating a purchase or preparing for sale, negotiating and executing the transaction, and establishing or winding up the fund	• 1.5% to 2.5% acquisition fee on new assets • 2.0% sales fee payable on sale value of the assets on disposal	5.5
Performance fees	• Paid if the fund has outperformed the agreed performance hurdle	• 20.0% on excess return above a hurdle rate of 8.0% to 12.0%	5.6
Rights to remove trustee/manager	• May be removed through the passing of a special resolution of investors that the trustee should be removed or resolution by a majority of investors	• n/a	n/a

Note:
1. Fees received in FY20.
Sources: PWG Product disclosure statement and prospectus, PWG 30 June 2020 annual report

PWG's revenue is predominantly generated from asset management fees, property services fees, transaction fees and performance fees. At the time of PWG's listing on the ASX in November 2019, approximately 48% of AUM had asset management fees calculated on 0.65% of GAV, whilst fees for a further 29% of AUM were calculated on 0.50% of GAV.

The fee arrangements can generally be amended by the manager/trustee with the agreement of more than 75% of investors.

The term of the funds generally ranges between three and ten years. These can normally be amended by the manager/trustee with the agreement of the majority of investors. Under normal circumstances, PWG would seek an extension of its funds, six months before expiry.

3.5 Key drivers to performance

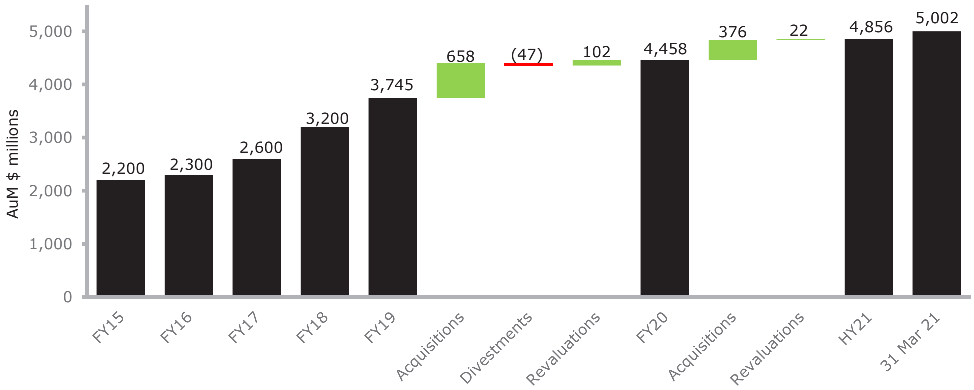
Fee income is ultimately driven by the value and operating performance of the underlying properties held by the funds and trusts for which PWG holds management rights.

3.5.1 Property values

Asset management fees were the largest component of revenue in FY20, which is directly driven by the value of the underlying fund properties. Since June 2015, PWG has steadily grown AUM from $2.2bn to $4.9bn as at December 2020. This has been achieved through acquisitions as well as property revaluations.

As shown in the below figure, PWG made approximately $1bn worth of acquisitions between 30 June 2019 and 31 December 2020, whilst divesting $47m in property. These acquisitions and disposals generated transaction fees which totalled $5.5m in FY20. Revaluations over this same period increased AUM by $124m.

Figure 5: Historical AUM



Sources: Management, PWG FY20 results presentation, PWG HY21 results presentation

PWG has noted that its exposure to the impact of COVID-19 has been limited due to its largest revenue segment, asset management fees, being calculated on the value of underlying properties. The independent valuations conducted as at 30 June 2020 did not result in any significant changes to property values, whilst independent valuations undertaken at 31 December 2020 largely related to refinancing requirements. In addition, across the portfolio, management of PWG do not anticipate any material movement in property values through to 30 June 2021.

3.5.2 Lease profile

Leasing fees are payable at 8.5% to 15.5% of average annual rent. Management has noted that a significant portion of leasing fees are generated from the renewal or releasing of current properties rather than the acquisition of additional properties.

PWG has a diverse tenant base across the portfolio with major tenants including Bunnings, Woolworths and Coles. As PWG continues to increase the number of properties under its management, fees earned from leasing services continue to grow.

3.5.3 Development management

Development management fees are generally 4.0% of construction cost and include development of property, capital refurbishment and project management. Set out in the table below is a summary of projects being developed by PWG, with anticipated development timeframes and projected construction costs to be incurred:

Table 6: Development summary

Project size	Number of projects	Construction cost ($m)	Construction fee (%)	Construction fee ($m)
<$0.25m	27	2.1	4%	0.2
$0.25m to $1m	26	11.5	4%	0.5
$1m to $5m	4	8.3	4%	0.3
$5m to $10m	-	-	4%	-
>$10m	2	24.4	4%	1.0
Total	**59**	**46.4**	**4%**	**2.0**

Source: Management

3.5.4 Financing fees

Financing services relate to debt financing for the underlying funds either at acquisition or extension of existing loan facilities. This is generally calculated at 0.25% of the debt arranged. As a result of the COVID-19 pandemic, PWG observed that banks and other financial institutions reduced the average

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term of the facilities which resulted in increased fees due to higher frequency of arranging debt. Management does not expect this trend to continue going forward.

3.5.5 Performance fees

Performance fees are agreed individually with the fund and are payable when the fund outperforms the agreed performance hurdle, however not all funds managed by PWG have performance fee arrangements. Performance fees received have a lumpy profile historically due to the varying hurdles that need to be achieved or the reliance on the property needing to be sold. PWG received $5.6m in performance fees in FY20 and did not receive any performance fees in FY19. In respect of FY21, Management does not anticipate any performance fees will be earned.

3.6 Management team

PWG key staff and roles are summarised in the below table.

Table 7: PWG management team

Function	Responsibilities	Key personnel	Tenure (years)
Key executives and directors	• Overseeing and monitoring the overall operation and stewardship of PWG including long-term growth, profitability, strategies, polices and financial objectives • Sourcing acquisition opportunities including pursuing and maintaining institutional and syndicate relationships	John Bond (Executive chairman) David Schwartz (Managing Director) Jim Litis (Executive Director) Erin Flaherty (Non-Executive Director) Hamish Beck (Non-Executive Director)	25 25 25 1.5 1.5
Asset and property management	• Managing tenant engagement and dialogue to understand tenants' medium to long term occupancy requirements • Assessment of external property managers' performance • Maximisation of rental income through effective negotiation and avoidance of impending vacancies through the effective re-leasing of space	Bruce McCully (Head of Asset and Property Management) Richard Mulroney (Head of Property Finance)	1 2
Investment	• Identifying and delivering investment opportunities whilst working closely with the asset management team to deliver desired outcomes	Julian Lodge (Chief Investment Officer)	19
Distribution	• Identifying and delivering business-to-business growth opportunities as well as growth in PWG's Bespoke offering • Oversight and management of investor relations	Adam O'Donoghue (Head of Distribution)	1 / 13[1]
Finance and support	• Internal and external financial reporting requirements including preparation of budgets for the entity and individual properties, internal monitoring and reporting, external statutory reporting and audits	David Creasy (Chief Financial Officer)	3

Note:
1. Previously Head of Asset Management at PWG for 13 years.
Sources: Management, PWG website, PWG 30 June 2020 annual report

3.7 Investments

PWG holds the following direct investments:

- listed ordinary shares: as at 31 March 2021, PWG held shares in Clime Investment Management Limited, which is listed on the ASX, with a market value of $3.0m (this was valued at $3.2m as at 31 December 2020)

- property funds managed by the stapled group: as at 31 March 2021, PWG held interests in unlisted funds of $32.2m, being a substantial increase from its holdings as at 31 December 2020 which were $4.3m (primarily due to additional investments made by PWG)
- Vitalharvest Freehold Trust: PWG, via Primewest Property Fund, previously held a 19.9% interest in VTH (36.8m units), which itself is the subject a takeover from entities associated with Macquarie. At the date of this report, Macquarie had exercised a call option over 30.0m units held by PWG in VTH for net proceeds of $29.3m. PWG's remaining interest (6.8m units) in VTH was valued at $8.5m based on the takeover offer. We note that no capital gains tax is payable by PWG upon the realised gain on the sale of these units as the returns are distributed to individual unitholders of the Primewest Property Fund.

3.8 Securities in PWG

3.8.1 Stapled security

PWG is structured as a stapled group comprising Primewest Group Limited and Primewest Property Fund and their controlled entities.

Shares in Primewest Group Limited and units in Primewest Property Fund are stapled together to form a stapled security, such that a share in Primewest Group Limited and a unit in Primewest Property Fund must be purchased or sold together[10].

As at 31 March 2021, the substantial holders of PWG comprised Jim Litis, John Bond and David Schwartz who accounted for 53.3% of securities on issue.

Table 8: Substantial PWG securityholders as at 31 March 2021

Holder	Securities held (m)	Ownership (%)
Jim Litis	71.5	18.0
John Bond	70.5	17.8
David Schwartz	69.3	17.5
Subtotal – Substantial holders	**211.2**	**53.3**
Others	185.3	46.7
Total securities	**396.5**	**100.0**

Source: Management

3.8.2 PWG capital structure

PWG's capital structure as at 19 April 2021 is summarised in Table 9.

Table 9: PWG Capital Structure

Security type	Total number of securities
PWG Stapled Securities (including 28,000 restricted issued securities[1])	396,547,747
Unlisted options (at listing price of $1.00)[2]	245,474
Unlisted options (3 year vesting at 20% above VWAP)[2]	257,500
Unlisted options (5 year vesting at 50% above VWAP)[2]	257,500
Unlisted options (3 year vesting at $1.05)[2]	450,000

Notes:
1. Restricted issued securities refers to the securities issued to PWG employees as part of the IPO. These securities are subject to a restriction on disposal for a minimum period of 3 years
2. These options will be dealt with separately to the Proposed Transaction as per Schedule 2 of the Bid Implementation Deed for CNI-PWG takeover.

Sources: PWG Product disclosure statement and prospectus, Bid Implementation Deed for CNI-PWG takeover

3.8.3 PWG security issuance

Prior to listing on the ASX, PWG had 238.6m issued securities. As a result of the IPO, 85m securities were issued to new securityholders at a price of $1.00 per security. In connection with listing on the ASX, 25.5m securities were issued to fund investors through the exercise of options. On completion of

[10] As defined in the PWG Product disclosure statement and prospectus, 21 October 2019

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the IPO, the total number of securities increased to 349.1m of which 60.5% were owned by the Founding Directors.

On 3 February 2021, PWG completed a $60m equity raise to support its underwriting capacity for new funds and co-investments. 47.4m securities were issued at a price of $1.27 per security.

Table 10: PWG securities issuance

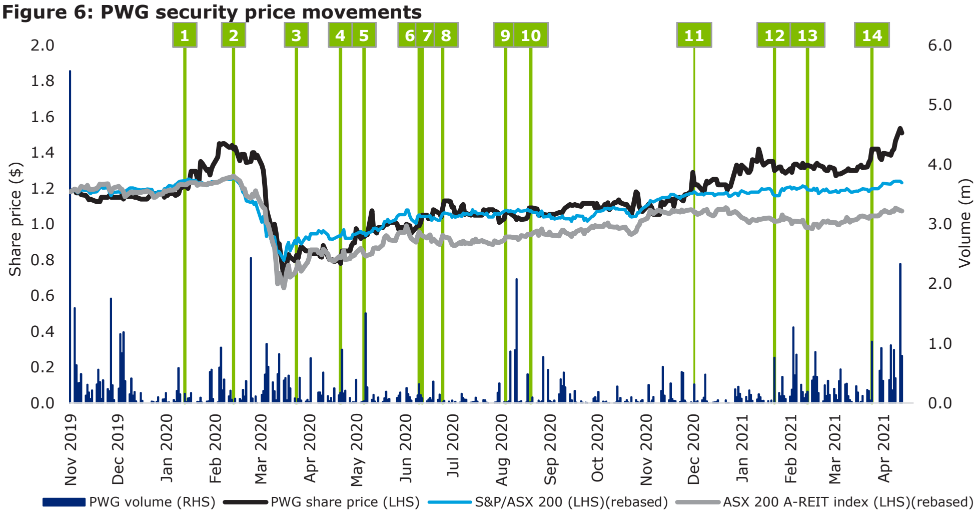
Issuance date	Event	Securities issued (m)	Price per security	Total number of securities (m)
21 October 2019	Existing securityholders pre-IPO	-	-	238.6
8 November 2019	Options exercised upon IPO	25.5	$1.00	264.1
8 November 2019	New securities issued at IPO	85.0	$1.00	349.1
3 February 2021	Capital raise through equity placement	47.4	$1.27	396.5

Sources: Management, PWG Product disclosure statement and prospectus, ASX releases

3.8.4 Trading in PWG securities

The figure below illustrates movements in PWG's security price on the ASX since its listing date.

Figure 6: PWG security price movements



Sources: S&P Capital IQ, ASX releases and Deloitte Corporate Finance analysis

As at 16 April 2021, liquidity in the trading of PWG securities over the previous twelve-month period was 11.9%[11]. This is considerably lower than the trading in PWG's comparable peers, which average 81.4% over the same period. Factors impacting the low levels of liquidity in PWG securities include the substantial holdings of Founding Directors and other securityholders who are subject to voluntary escrow arrangement following the IPO of PWG (representing approximately 56% of securities on issue), and the interests of strategic and corporate investors. As such, only 34.3% of securities on issue are considered "free-float"[12].

[11] Calculated as the total volume of shares traded over the period over the average number of shares outstanding

[12] S&P Capital IQ as at 6 May 2021

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Key announcements identified in the chart above are set out in the following table.

Table 11: Key events and announcements

#	Date	Announcement
1	Jan 20	Acquired West Perth Office Building and Mandurah Greenfields Shopping Centre
2	Feb 20	PWG reported unaudited consolidated earnings results for the half-year ended December 2019. For the period, PWG reported total revenue from continuing operations of $12.5m compared to $10.2m a year prior. Profit after tax was $3.1m compared to $5.0m a year prior
3	Mar 20	PWG announced that in light of the uncertainties surrounding the impact of the COVID-19 pandemic, it was withdrawing its fiscal year 2020 forecast earnings and distribution guidance. Despite withdrawing its distribution guidance, PWG intended to pay a fiscal year 2020 distribution per security based on a payout ratio of between 90%-95% of operating earnings per security which was in line with its distribution policy
4	Apr 20	Primewest Agricultural Trust No.1 managed by PWG acquired Pinegetta Farm from Rennie family for $4.8m
5	May 20	PWG agreed to acquire Osborne Park Facility from Seven West Media Limited for $75m
6	Jun 20	PWG acquired Spring Farm Shopping Centre from Woolworths Group Limited
7	Jun 20	PWG acquired an 11.8% strategic interest in VTH as well as a right of first refusal over a further 6.2% interest. PWG confirms that the total consideration paid to acquire the strategic interest and right of first refusal was approximately $19.3m. Further, PWG acquired GoFARM, the manager of VTH Australia Pty Ltd, for $10m on 18 June 2020. The transaction was funded out of cash reserves and left PWG with $43m in available cash. The Transaction increased PWG's AUM by 7% to $4.4bn
8	Jul 20	PWG acquired Pemulwuy Marketplace and West Ryde Marketplace from Charter Hall Retail Partnership No.1 for $91.5m
9	Aug 20	PWG secured a second property in its recently established Primewest Agricultural Trust No 1 purchasing "Lamattina" on Victoria's Mornington Peninsula. The trust paid $42m for the 385 hectare property, which is one of the largest land holdings and most significant "high value food" producers on the Peninsula
10	Aug 20	PWG reported earnings results for FY20. For the year, PWG reported core earnings per security of 5.5 cents against 5.4 cents a year ago. Proforma operating earnings after tax of $19.2m
11	Dec 20	PWG's Daily Needs Retail Property trust acquired Melbourne Square Shopping Centre from Yarra Park City Pty Ltd for $70m
12	Feb 21	PWG completed an equity placement in the amount of $60.2m
13	Apr 21	PWG reported consolidated earnings results for the half-year ended 31 December 2020. For the period, the company reported total revenues of $16.9m against $12.5m a year prior. Profit after income tax from continuing operations was $5.2m against $3.1m a year prior
14	Apr 21	PWG acquired Robina Home + Life Large Format Retail complex from QIC Limited for $66m

Sources: S&P Capital IQ, ASX releases

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3.9 Financial performance

The table below summarises PWG's profit and loss statements for the financial years ended 30 June 2019 and 30 June 2020 and the half yearly accounts ended 31 December 2020 (**1HY21**).

Table 12: PWG financial performance

$000 (unless otherwise stated)	FY19[1] Audited	FY20[2] Audited	1HY21 Reviewed
Asset management fees	8,431	16,335	11,039
Project services fees	2,579	4,459	3,389
Transaction fees	7,224	5,463	1,819
Performance fees	-	5,640	-
Other revenue	7	287	87
Total operating revenue	**18,241**	**32,184**	**16,334**
Employee costs	(3,778)	(6,107)	(4,527)
General and administration	(2,825)	(4,154)	(2,254)
Initial listing expenses & restructuring costs	-	(2,451)	-
Operating EBITDA	**11,637**	**19,473**	**9,553**
Depreciation and amortisation	(1)	(3,542)	(2,477)
Net interest revenue/(expense)	46	493	556
Income tax expense	(3,206)	(4,989)	(2,424)
Gain/(loss) from financial assets	-	(2,098)	5,869
NPAT	**8,476**	**9,338**	**11,078**
AUM (end of period) ($bn)	*3.7*	*4.5*	*4.9*
Revenue growth (%)	*nmf*	*nmf*	*1.5%*[3]
EBITDA margin (%)	*63.8%*	*60.5%*	*58.5%*
Operating EPS (cents)	*nmf*	*3.7*	*2.0*

Notes:
1. On 1 October 2019, PWG completed a business combination whereby it acquired all of the outstanding shares of Primewest Funds Limited, Primewest Management Limited, Primewest P/Q Pty Ltd, PWG Property Pty Ltd and Primewest (USA) Trust and certain other corporate trustee entities as part of a corporate restructure. For the purposes of the business combination, Primewest Funds Limited has been treated as the acquiring entity. As such, comparative information for the year ended 30 June 2019 has been presented for Primewest Funds Limited
2. Includes three months of Primewest Funds Limited and nine months of PWG (the combined entity)
3. Annualised.

Sources: PWG 30 June 2020 annual report, PWG 31 December 2020 interim financial report, Deloitte Corporate Finance analysis

Total operating revenue was $32.2m in FY20, which largely comprised asset management fees of $16.3m. Asset management fees are positively correlated with the total AUM which increased from $3.7bn to $4.5bn over the prior twelve months.

Performance fees are agreed with the individual fund and are paid when the fund outperforms the agreed performance hurdle. In FY20, PWG received $5.6m in performance fees.

Transaction fees totalled $5.5m in FY20, however Management observed reduced 1HY21 transaction fees due to a reduction in acquisition activity in the market because of the COVID-19 pandemic.

Revenue relating to project service fees was $4.5m in FY20 driven by the number of properties managed by PWG. PWG has observed that because of the COVID-19 pandemic, banks and other financial institutions have been offering loan extensions and renewals on shorter terms resulting in an increase in the frequency of debt financing fees collected by PWG.

PWG's largest operating expense is employee costs which amounted to $6.1m in FY20.

General and administration expenses totalled $4.2m in FY20 and largely comprised commissions ($1.3m), office and administration ($0.9m), professional and consulting fees ($0.9m) and advertising and promotion costs ($0.7m).

3.10 Financial position

We have summarised in the table below the financial position of PWG as at 30 June 2019, 30 June 2020 and 31 December 2020.

Table 13: PWG financial position

$000 (unless otherwise stated)	FY19 Audited	FY20 Audited	1HY21 Reviewed
Trade and other receivables	539	8,035	2,473
Trade and other payables	(631)	(1,939)	(945)
Net working capital	**(92)**	**6,097**	**1,528**
Intangible assets	-	130,535	119,942
Provisions	(464)	(3,415)	(3,829)
Other funds employed	-	-	(7,332)
Funds employed	**(464)**	**127,120**	**108,781**
Financial assets at fair value	104	25,498	57,498
Right-of-use assets	-	1,317	1,113
Deferred tax assets	-	1,429	1,252
Other assets	38	458	417
Co-investments & other	**142**	**28,701**	**60,281**
Borrowings	-	-	-
Borrowings – lease liabilities	-	(1,370)	(1,180)
Less: cash and cash equivalents	3,498	54,146	39,279
Net cash/(debt)	**3,498**	**52,776**	**38,099**
Net assets	**3,084**	**214,694**	**208,689**
Ordinary securities outstanding	10	349,136	349,136
Net assets per security	**nmf**	**$0.61**	**$0.60**
NTA[1]	3,084	82,731	87,495
NTA per security ($)	**nmf**	**$0.24**	**$0.25**

Note:
1. NTA is calculated as net assets less intangibles, deferred tax assets and deferred tax liabilities.
Sources: PWG 30 June 2018 annual report, PWG 30 June 2020 annual report, PWG 31 December 2020 interim financial report, Deloitte Corporate Finance analysis

Cash and cash equivalents at June 2020 were $54.1m. This strong cash balance was primarily due to proceeds from the IPO ($82.8m), offset by the purchase of the initial 11.8% interest in VTH (as well as right of first refusal over an additional 6.2%) ($19.3m) and the associated management rights ($10.4m) as well as the required co-investment in the new Daily Needs Convenience Retail mandate. This balance decreased to $39.3m at December 2020 as PWG utilised the capital to finance investing activities including asset acquisitions and one-off corporate restructure costs. In February 2021, PWG completed an equity placement which raised $60.4m of cash.

Trade and other receivables largely relate to asset management, property service and performance fees from managed funds. As at June 2020, trade and other receivables totalled $8.0m of which $6.2m were related to unpaid performance fees and $1.5m to outstanding asset management and property service fees. A portion of these asset management and property service fees were related to the deferral of fees in certain funds for the period April to June 2020 whilst rent collections in those funds were uncertain. Trade and other receivables balance decreased to $2.5m as at December 2020.

Intangibles as at June 2020 comprised management rights ($101.4m) and goodwill ($29.2m) and was recognised on the restructure of the group. The $10.6m decrease as at December 2020 was primarily attributed to the management rights of VTH restated as an asset held for sale.

As at December 2020, financial assets held at fair value totalled $57.5m which can be summarised in the table below.

Table 14: PWG financial asset summary

	$m
Loan receivable (from a fund managed by PWG)	3.8
Investment in listed equities	3.2
Investment in unlisted property funds managed by the stapled group	4.3
19.9% equity interest in VTH (including associated management rights)	46.2
Total financial assets	**57.5**

Sources: PWG 30 June 2018 annual report, PWG 30 June 2020 annual report, PWG 31 December 2020 interim financial report, Deloitte Corporate Finance analysis

3.11 PWG broker coverage

The table below shows the average broker consensus estimates available to us for PWG.

Table 15: Summary of broker consensus estimates (mean FY21 to FY22)

$m (unless otherwise stated)	Actual[1] FY20	Forecast[2] FY21	Forecast[2] FY22
Revenue	32.2	37.9	41.9
EBITDA	19.5	24.3	29.6
EPS (cents)	3.7	5.4	6.7
Revenue growth (%)	*n/a*	*n/a*	*18%*
EBITDA margin (%)	*69%*	*64%*	*71%*

Notes:
1. PWG full year 30 June 2020 audited accounts
2. Broker consensus. Revenue and EBITDA forecasts have been adjusted for co-investments.

Sources: S&P Capital IQ, Broker reports, Deloitte Corporate Finance analysis

Broker consensus estimate revenue will grow 18% in FY22 to $41.9m whilst the EBITDA margin over the same period is expected to increase from 64% to 71%.

Whilst broker consensus can provide a valuable datapoint, there are only two brokers following PWG. Neither of these brokers have issued reports in the last 2 months and specifically since the announcement of the Proposed Transaction.

PWG has recently released guidance that they expect FY21 earnings to be 5.8 cents[13] per security, which is underpinned by management's forecast FY21 EBITDA of $25.5m (excluding co-investments and other income).

[13] As announced on 19 April 2021 in the PWG ASX announcement in respect to the Proposed Transaction

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4 Profile of CNI

4.1 Overview of CNI

CNI is an ASX-listed specialist investment manager with 600.2m stapled securities on issue and a market capitalisation of approximately $1.7bn based on the closing price of $2.77 per security as at 16 April 2021 (the day prior to the announcement of the Proposed Transaction). CNI specialises in the external management of property funds and investment bonds. CNI also holds strategic co-investments in the funds it manages, and recently acquired a 50% interest in Bass Capital, a real estate debt fund provider.

CNI's stated vision is to build a leading listed external real estate funds management platform. CNI has a dual growth strategy underpinned by acquisition of direct real estate as well as corporate acquisitions.

4.2 Assets under management

As at 31 December 2020, CNI managed a combined $10.5bn in AUM, and held $0.7bn in co-investments, as set out below.

Table 16: CNI AUM and co-investments as at 31 December 2020

	Property Funds Management		Investment bonds	Co-Investments
	Listed property	Unlisted property		
AUM	**$4.9bn**	**$4.7bn**	**$0.9bn**	**$0.7bn**
Composition	• Centuria Office REIT: $2.0bn • Centuria Industrial REIT: $2.6bn • Asset Plus Ltd: $0.3bn[1]	• Unlisted NZ single asset funds & Augusta Property Fund: $1.5bn • NZ Industrial Fund: $0.4bn • Centuria Fixed term funds:$1.7bn • Centuria Diversified Property Fund: $0.2bn • Centuria Healthcare Real Estate: $0.7bn[2] • Centuria Healthcare Property Fund: $0.2bn	• Centuria Investment Bonds • Guardian Friendly Society	• Centuria Office REIT: $0.2bn[3] (19.9%) • Centuria Industrial REIT: $0.3bn[3] (15.1%) • Asset Plus Ltd: $0.02bn[3] (19.99%) • Unlisted property and debt investments: $0.1bn • Properties held for development: $0.03bn

Notes:
1. Includes 6-8 Munroe Lane, Auckland, Albany, New Zealand valuation on an "as if complete" basis
2. Incudes commenced development projects on an "as if complete" basis
3. Based on the close price as at 31 December 2020. Includes ownership by associates of CNI.

Source: CNI 1HFY21 results presentation

CNI's co-investments represent holdings in property assets managed by the group. Of the listed property assets, the value of the co-investments represents the value implied by closing share prices as at 31 December 2020. The value of unlisted property, and properties held for development are assessed by reference to external valuations.

CNI's operating segments include:

- **Property Funds Management**: management of listed and unlisted property funds and the completion of property developments
- **Investment Bonds Management**: operating through Centuria Life, a friendly society that offers a range of retirement planning investment products. Centuria Life also manages the Over Fifty Guardian Friendly Society, which offers pre-paid funeral plans
- **Co-Investments**: direct interests in property funds and other liquid investments
- **Corporate**: overheads which support the operating segments of CNI and management of the reverse lending portfolio.

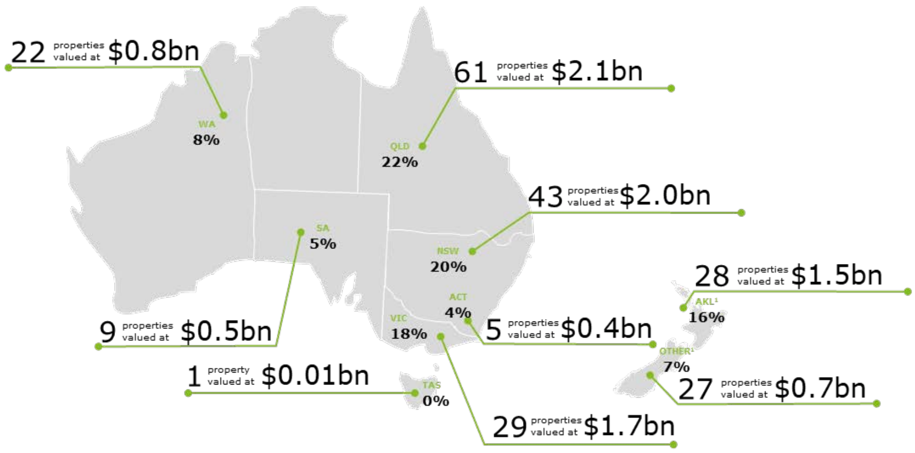
CNI's main non-operating segments include:

- **Benefits Funds**: includes the results of the Benefit Funds of Centuria Life, which are required to be consolidated to comply with accounting standards
- **Controlled Property Funds**: includes the results of property funds which are managed by the group and consolidated per accounting standards. The group's principal activities do not include direct ownership of these funds for the purposes of control and deriving rental income, therefore the results are excluded from operating profit.

CNI's Property Funds Management portfolio is geographically focused in Australia and New Zealand. It is primarily exposed to the office and industrial property subsectors, with most of its portfolio largely comprised of listed REITs and unlisted single asset funds.

Set out in the figures below is the split by geography, sector and fund type and capital source of CNI's property funds management portfolio.

Figure 7: CNI property funds management AUM by geography as at 16 April 2021



Note:
1. New Zealand dollar values converted to Australian dollars at an exchange rate of $/NZ$1.088.
Sources: Bidder's Statement, Deloitte Corporate Finance analysis

Figure 8: CNI property funds management sector exposure

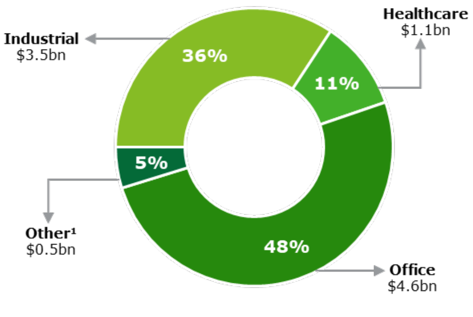
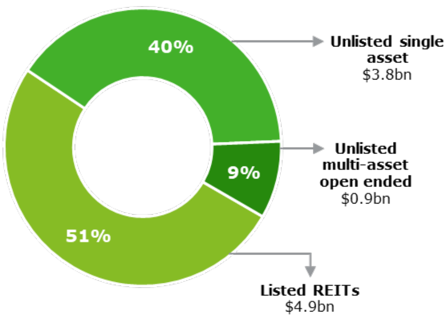


Figure 9: CNI property funds management fund types



Notes:
1. Other includes New Zealand large format retail, supermarkets, shopping centres and tourism
2. Numbers may differ due to rounding.
Sources: Bidder's Statement, Deloitte Corporate Finance Analysis

The Augusta Capital acquisition (detailed in Section 4.2.2) shifted CNI's geographical and sector exposures. It increased CNI's exposure to the New Zealand market, as well as the sector exposure to the tourism and large format retail subsectors (included in the "other" categorisation in Figure 8 above).

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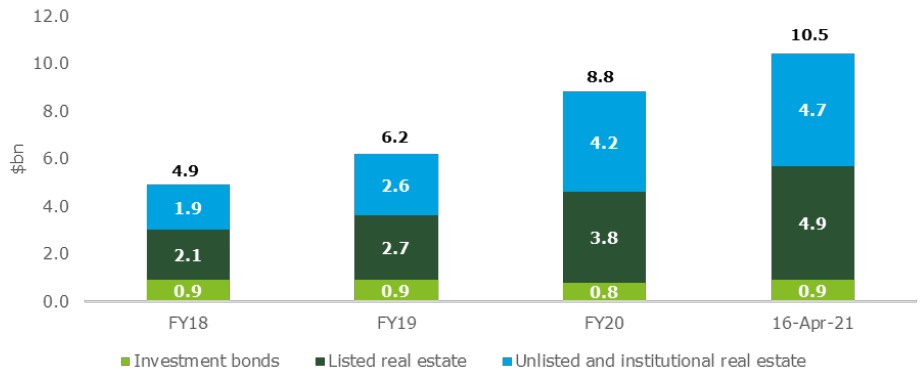
4.2.2 AUM growth strategy

CNI's dual growth strategy is based on acquisitions in direct real estate as well as corporate acquisitions. Since FY18 CNI's property funds management and investment bonds AUM grew at a compound annual growth rate of 32%, largely driven by the acquisition of two external property fund managers and their accompanying AUM and various real estate assets, as set out below.

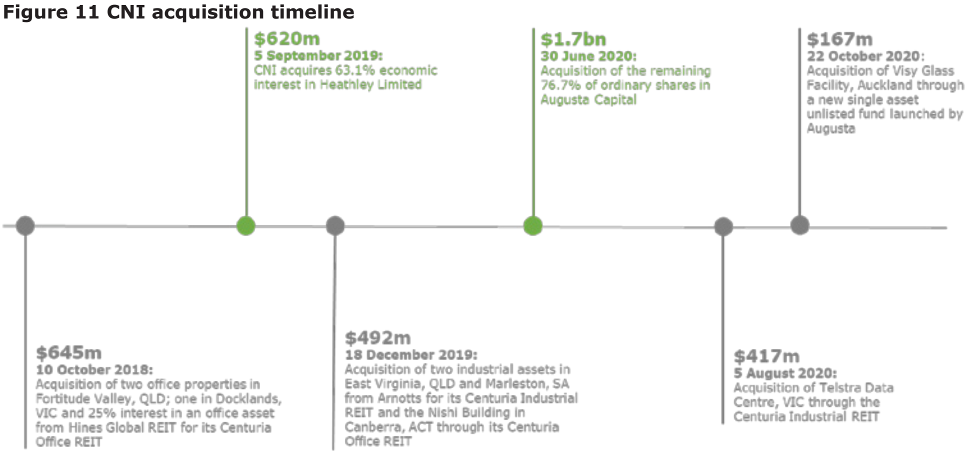
Figure 10: CNI AUM growth



Source: Bidder's Statement

CNI's AUM growth through business and larger real estate acquisitions are set out in the figure below.

Figure 11 CNI acquisition timeline



Source: ASX announcements

Heathley Limited – corporate acquisition

On 20 May 2019, CNI announced it would acquire a 50% voting interest and 63.1% economic interest in specialist healthcare property funds manager Heathley to form Centuria Heathley, for a total consideration of $24.4m.

Heathley is a specialist healthcare property fund manager with a portfolio of eight unlisted funds, consisting of 42 properties and AUM of $620m. The acquisition introduced CNI to the healthcare real estate sector. Based on a normalised FY18 EBIT of $3.2m the implied EBIT multiple for the transaction (adjusted for NTA) was 10.0x. CNI gained control of Centuria Heathley on 5 September 2019.

Augusta Capital – corporate acquisition

On 15 June 2020, CNI announced the acquisition of the remaining ordinary shares in the Augusta real estate platform for an implied offer value of NZ$133m.

Augusta was one of New Zealand's largest listed real estate funds managers with NZ$1.8bn AUM across listed and unlisted real estate funds, 72.0% of AUM were made up of office and industrial assets. It was the fund manager of the Augusta Industrial Fund (NZ$347m AUM), Single assets Australia (NZ$175m AUM), Single assets New Zealand ($1.1bn AUM), Asset Plus (NZ$147m AUM) and held NZ$29m worth of properties on its balance sheet.

The offer consideration of NZ$0.22 plus 0.392 CNI securities per Augusta share implies an adjusted FY20 EBIT multiple of 10.6x. CNI achieved effective control on 30 June 2020 and reached the compulsory acquisition threshold in July 2020.

4.3 Securities in CNI

CNI is a stapled group comprising Centuria Capital Limited and Centuria Capital Fund and their controlled entities. Shares in Centuria Capital Limited and units in Centuria Capital Fund are stapled together to form a stapled security, such that both can only be purchased or sold together.

CNI has 600.2m stapled securities on issue. The substantial holders account for 31.7% of securities on issue.

Table 17: Substantial holders

Holder	Securities held (m)	Ownership (%)
ESR Pte. Ltd	102.7	17.8%
Vanguard	48.9	8.2%
BlackRock, Inc	38.7	6.6%
Subtotal – Substantial holders	**190.2**	**32.5%**
Others	410.0	68.3%
Total securities	**600.2**	**100.0%**

Source: Bidder's Statement

Of the issued securities, 72.8% is considered "free-float"[14], with the balance comprised of certain non-substantial and substantial (i.e. ESR Pte. Ltd) executive or strategic corporate investors.

CNI has 9.0m performance rights outstanding as at 16 April 2021.

Since January 2020, $200m has been raised in securities issuances by CNI. Key details of these issuances are set out below.

Table 18: CNI securities issuances

Issuance date	Securities issued (m)	Price per security	Amount raised on issue (m)
January 2020	34.2	$2.34	$80.0
3 November 2020 and 17 November 2020	53.3	$2.25	$120.0

Sources: ASX releases, Deloitte Corporate Finance analysis

Due to strong demand from institutional investors, the January 2020 placement increased in size from $60m to $80m. $60m of the issuance was used as a source of funding for CNI's takeover of Augusta, with the remaining $20m used to support growth in its listed and unlisted business.

The issuances in November 2020 was increased from $100m to $120m due to strong investor demand. The funds raised were used to support the working capital requirements of CNI, including underwriting the acquisition of the Visy facility in Auckland, New Zealand, transaction costs and debt repayment. The Visy investment forms part of a newly formed New Zealand single asset fund launched by Augusta Capital and underwritten by CNI. This issuance was comprised of a retail entitlement offer ($28.4m), an institutional placement ($39.5m) and an institutional entitlement offer ($52.1m).

[14] S&P Capital IQ sourced on 6 May 2021

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4.3.1 Liquidity analysis

Relative to larger fund management counterparts and diversified real estate groups, CNI's securities traded at lower volumes, when measured by percentage of total securities traded. 293m securities traded (53% of total securities on issue on a weighted average basis) in on-market transactions during the 12 months prior to the announcement of the Proposed Transaction on 19 April 2021.

Table 19: Average volume traded in securities

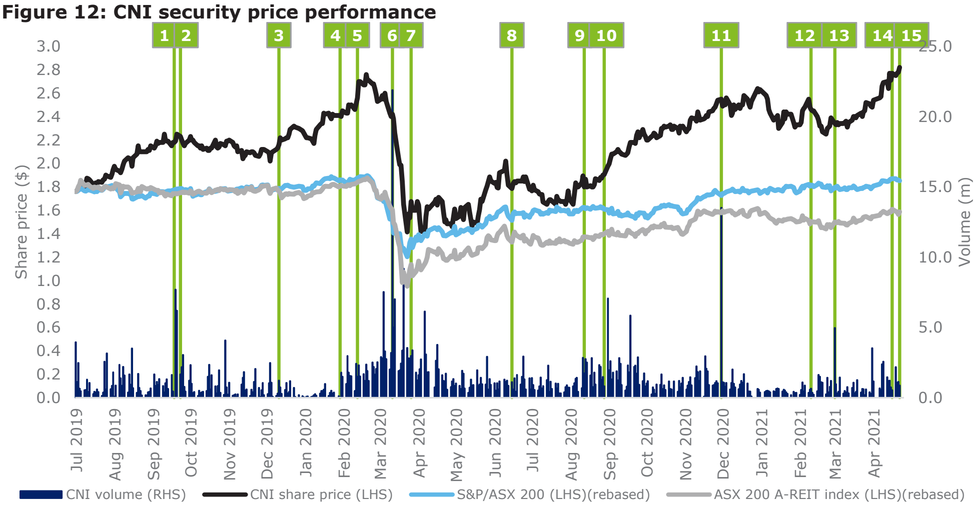
Company	12 months	6 months	1 month	1 week	After Proposed Transaction announcement
CNI	53.4%	21.0%	3.5%	0.9%	0.5%
PWG	11.9%	6.7%	1.8%	0.7%	0.8%
Listed companies					
360 Capital	36.2%	16.7%	1.5%	0.3%	0.1%
APN Property	15.5%	6.8%	1.6%	0.4%	0.1%
Charter Hall	91.1%	35.9%	6.4%	1.3%	0.3%
Goodman	58.9%	25.3%	4.1%	1.0%	0.4%
Platinum	57.1%	25.1%	3.6%	0.9%	0.4%

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

4.3.2 Trading in CNI securities

The security price of CNI has generally outperformed the broader Australian real estate market as depicted by the ASX 200 A-REIT index, over the past two years, with the exception of certain periods where the share price was impacted by announcements relating to earnings. During the period March to April 2020, CNI and the broader equity market experienced a steep decline as the market initially reacted to the COVID-19 pandemic. This is summarised in the figure and table below.

Figure 12: CNI security price performance



Sources: S&P Capital IQ, ASX announcements, Deloitte Corporate Finance analysis

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Table 20: Key events and announcements

#	Date	Announcement
1	Sep 19	Announced a $100m equity raise at $2.10 per security to support co-investments in Centuria Metropolitan REIT to fund its acquisition of office properties valued at $381m and increase working capital to support capital management initiatives
2	Sep 19	CNI was included into the S&P/ASX 300 index
3	Dec 19	Centuria Industrial REIT acquired two industrial property assets which are 100% leased to Arnott's Biscuits. In addition, Centuria Metropolitan REIT acquired the Nishi building in Canberra. The transactions increased CNI's AUM by $492m
4	Jan 20	CNI issued a takeover offer to acquire Augusta Capital for NZ$ 180m
5	Feb 20	CNI released 1HY20 results, delivering operating NPAT of 8.1 cents per security, representing a 1.6c increase on the prior corresponding period
6	Mar 20	On market purchase by ESR Pte. Ltd
7	Mar 20	CNI management revised its FY20 operating NPAT down to 11.5 cents per security, from 12.5 cents per security, in response to emerging uncertainties related to the COVID-19 pandemic. CNI also terminated its bid for Augusta Capital
8	Jun 20	CNI issued a revised takeover offer to acquire Augusta Capital for NZ$ 133m, for the 76.7% interest that they did not already own
9	Aug 20	CNI announced an operating NPAT of 12.0 cents per security, ahead of their market guidance of 11.5 cents per security
10	Aug 20	CNI announced the launch of an unlisted open-ended healthcare fund worth $133m with a starting distribution yield of 5.75%
11	Nov 20	On market purchase by Blackrock, Inc
12	Feb 21	CNI announced 1HFY21 financial results. Operating EPS decreased from 8.1 cents per security to 6.5 cents per security, largely driven by lower acquisition and performance fees relative to the prior corresponding period
13	Mar 21	CNI announced the completion of the NZ$ 178m acquisition of Visy Glass Plant in New Zealand through a newly created single asset fund managed by Augusta Capital
14	Apr 21	Proposed Transaction is announced
15	Apr 21	CNI acquired a 50% interest in Bass Capital, a provider of real estate debt financing for $24m.

Sources: ASX announcements, Deloitte Corporate Finance analysis

The volume weighted average prices based on the trading in CNI securities over the 12 months leading up to the Proposed Transaction are set out in the figure below.

Table 21: Volume weighted average price analysis

$	VWAP
12 months	2.12
6 months	2.45
1 month	2.58
1 week	2.70
Close price prior to the announcement of the Proposed Transaction[1]	2.77

Note:
1. As at 16 April 2021.
Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

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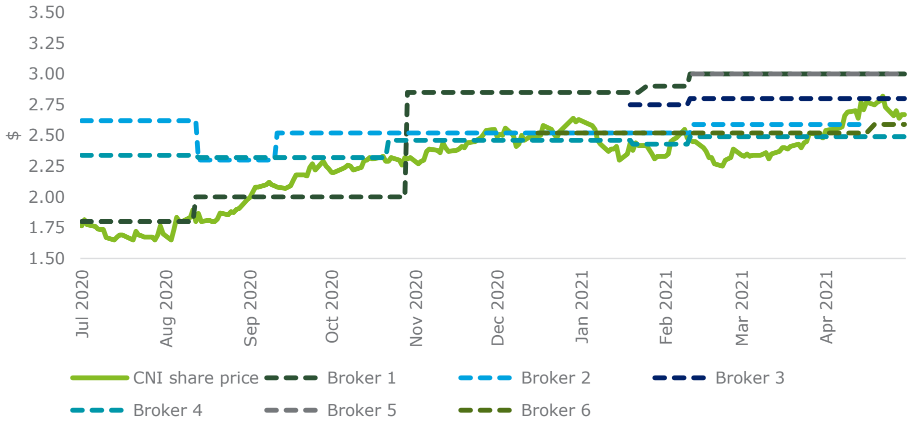
4.4 CNI broker coverage

CNI is covered by six equity research brokerage houses, between them, issuing 22 broker reports since July 2020. The brokers assess the value of CNI based on a range of approaches, including fundamental discounted cash flow analysis and sum-of-the parts based on market multiples or net asset value approaches.

As at 30 April 2021 target broker prices ranged from $2.49 to $3.00 per security, with an average of $2.78 per security. This compares to the last sale as at 30 April 2021 of $2.67.

The figure below shows the target CNI security price as estimated by equity research brokers since July 2020.

Figure 13: CNI broker target security price



Sources: S&P Capital IQ, Broker reports, Deloitte Corporate Finance analysis

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4.5 Financial performance

Set out in the table below is the operating segment (as described in Section 4.2) financial performance for the years ended 30 June 2019, 30 June 2020 and the half year ended 31 December 2020.

Table 22: CNI operating segment financial performance

$m (unless otherwise stated)	Audited FY19	Audited FY20	Reviewed 1HY21
Management fees	49.7	63.1	38.3
Acquisition fees	1.1	6.9	4.8
Performance fees	22.5	21.5	13.6
Other income	3.1	5.8	2.2
Total operating revenue	**76.4**	**97.3**	**58.9**
Expenses	(38.2)	(51.1)	(31.4)
Development profit	0.7	1.8	2.7
Operating segment EBITDA	**38.9**	**47.9**	**30.2**
Co-investments EBITDA	28.2	31.7	17.3
Depreciation	(0.5)	(2.9)	(2.0)
Net finance costs	(11.6)	(10.8)	(5.8)
Tax	(9.4)	(12.6)	(5.7)
Operating NPAT	**45.7**	**53.3**	**34.0**
AUM (end of period) ($bn)	*6.2*	*8.8*	*10.2*
Revenue growth (%)	*(1%)*	*27%*	*21%[1]*
EBITDA margin[2] (%)	50%	47%	47%
Operating EPS (cents)	*12.7*	*12.0*	*6.2*

Notes:
1. Annualised
2. Excluding development profit.

Sources: FY20 and 1HFY21 financial report, Deloitte Corporate Finance analysis

Revenue in FY20 increased largely due to the increase in AUM, on the back of significant acquisitions including the Nishi building acquired by the Centuria Office REIT and two Arnott's assets acquired by the Centuria Industrial Fund, with AUM across these two acquisitions totalling $492m. Furthermore, FY20 represents the first full year of earnings contributions following the settlement of the Heathley acquisition in September 2019.

The annualised growth in 1HY21 is largely driven by the acquisition of Augusta Capital, whereby control was gained by CNI on 30 June 2020. As such the financial performance of the business has only been fully consolidated in CNI's financials in the 1HY21 results.

Performance fees are earned for providing management services where a property fund outperforms a set IRR benchmark at the time that the property is sold. Performance fees are recognised over time when they are deemed highly probable and the amount of performance fees will not result in a significant reversal in future periods.

Development revenue reflects the contractual arrangements to manage development projects. CNI owns development properties in Auckland, Queenstown and Gosford, and also manages development projects on behalf of the funds/trusts managed by CNI. Development revenue is recognised over time based on the satisfaction of performance obligations.

EBITDA margins decreased across the periods, largely driven by the impacts of the COVID-19 pandemic on investment markets, impacting the AUM of the Benefit Funds, and therefore impacting the management fees received.

CNI's operating financial performance (as presented above), excludes the results from the consolidated Benefits Funds and Controlled Property Funds, and excludes:

- gains and losses on properties and investments arising from the mark-to-market recognition of property and other assets at fair value.
- corporate restructure and transaction costs largely relate to the costs associated with the acquisition and integration of Heathley and Augusta Capital.

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4.6 Financial position

The following table sets out CNI's financial position as at 30 June 2019, 30 June 2020 and 31 December 2020.

Table 23: CNI financial position

$m (unless stated otherwise)	Audited FY19[1]	Audited FY20	Reviewed 1HY21
Receivables	49.7	65.5	116.3
Payables	(35.7)	(70.7)	(50.8)
Net working capital	**14.1**	**(5.1)**	**65.5**
Intangible assets	157.7	280.1	281.0
Provisions	(1.9)	(2.2)	(3.0)
Other funds employed	0.1	15.9	9.2
Funds employed	**155.9**	**293.8**	**287.1**
Financial assets	112.3	523.1	584.8
Equity accounted investments	360.4	33.0	33.4
Other assets	16.0	32.2	36.7
Co-investments & other	**488.7**	**588.2**	**654.9**
Cash and cash equivalents	87.8	149.5	168.0
Borrowings	(210.8)	(180.3)	(194.5)
Lease liability	-	(22.6)	(21.7)
Interest rate swaps at fair value	(28.1)	(32.8)	(33.9)
Net debt	**(151.1)**	**(86.2)**	**(82.2)**
Net operating assets	**507.5**	**790.7**	**925.3**
Non-operating net assets	43.9	40.5	39.5
Total net assets	**551.4**	**831.1**	**964.8**
Non-controlling interests	(46.2)	(98.0)	(41.0)
Net assets attributable to CNI securityholders	**505.2**	**733.1**	**923.8**
Securities outstanding (m)	383.6	510.0	600.2
Net assets per security	**$1.32**	**$1.44**	**$1.54**
Net tangible assets	**347.5**	**453.0**	**642.9**
NTA per security ($)	**$0.91**	**$0.89**	**$1.07**

Sources: CNI FY20 financial report, CNI 1HY21 financial report, Deloitte Corporate Finance analysis

Net working capital increased in 1HY21, primarily driven by increases in accrued performance fees and an increase in contract assets (unbilled receivables) on development contracts.

Intangible assets comprise goodwill arising from business acquisitions ($281.0m as at 1HY21), including 360 Capital ($12.5m in FY17), Augusta Capital ($68.3m in FY19) and Heathley ($34.0m in 1HY19) and indefinite life management rights ($112.2m).

During 1HY21, CNI issued 24.8m securities in relation to the Augusta Capital acquisition, in addition to 53.3m securities in relation to the $120m equity raising at a price of $2.25 completed in November 2020.

Financial assets represents CNI's investments in trusts, shares and other financial instruments, where CNI is below the significant influence threshold of 20%, and include:

- investment in Centuria Industrial REIT
- Centuria Office REIT
- Asset Plus
- investments in trusts, shares and other financial instruments
- reverse mortgage and other loans receivable.

Listed investments are valued by reference to securities prices, whereas unlisted investments are assessed by reference to external property valuations.

The significant increase in financial assets in FY20 relates to the reclassification of CNI's interest in the Centuria Office REIT and Centuria Industrial REIT from equity accounted investments to financial assets when CNI's interest reduced below the significant influence threshold.

Equity accounted investments relate to property fund investments where CNI holds an interest of between 20% and 50% of issued capital, including 25% in QT Lakeview Developments and 24% in Centuria Diversified Property Fund as at 31 December 2021.

Net debt decreased in FY20 on account of the proceeds of security issuances being used to pay down debt facilities and top up cash reserves. CNI adopted AASB 16 *Leases* from FY20, and did not recognise lease liabilities (or right-of-use assets) prior to this period.

Non-operating net assets relates to the Benefits Funds and Controlled Property Funds operating segments, and elimination adjustments.

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5 Profile of the Proposed Merged Entity

If the Proposed Transaction proceeds, PWG securityholders will collectively own 23.8% of the securities outstanding in the PME. The PME will comprise of the operations and co-investments of PWG and CNI, and any synergies achieved.

5.1 Assets under management

On a pro forma basis, the PME will manage a combined $15.5bn in AUM, and hold $1.0bn in co-investments, as set out below.

Table 24: PME AUM and co-investments as at 16 April 2021[1,2]

	Property Funds Management		Investment bonds	Co-Investments
	Listed property	Unlisted property		
AUM	**$5.2bn**	**$9.4bn**	**$0.9bn**	**$1.0bn**
Composition	• Centuria Office REIT • Centuria Industrial REIT • Asset Plus Ltd • VTH	• Unlisted NZ single asset funds & Augusta Property Fund • NZ Industrial Fund Centuria Fixed term funds • Centuria Diversified Property Fund • Centuria Healthcare Real Estate • Centuria Healthcare Property Fund • PWG unlisted funds • PWG mandates • PWG Bespoke	• Centuria Investment Bonds • Guardian Friendly Society	• Centuria Office REIT • Centuria Industrial REIT • Asset Plus Ltd • Unlisted property and debt investments • Properties held for development • VTH • PWG unlisted funds

Notes:
1. The green boxes denote AUM and co-investments contributed by PWG
2. Pro forma AUM numbers are based on 31 December 2020 figures, adjusted for post balance date revaluations and acquisitions.

Source: Bidder's Statement

Following the Proposed Transaction, PWG securityholders will be exposed to a significantly larger portfolio, from $5.0bn in AUM in PWG to a share in $15.5bn in the PME. Furthermore, the sector, fund type and capital sources that PWG Securityholders will be exposed to will change substantially under ownership in the PME, as set out in the figures below.

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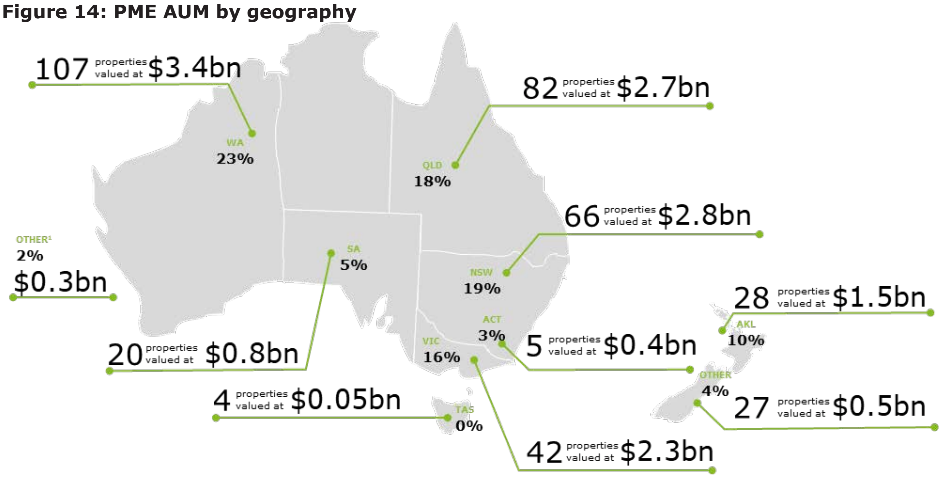
Figure 14: PME AUM by geography



Note:
1. Other includes two properties located in the USA (c. $98m) and two indirect holdings with no geographic location
Sources: Bidder's Statement, Deloitte Corporate Finance analysis

Figure 15: Sector exposure ($bn)

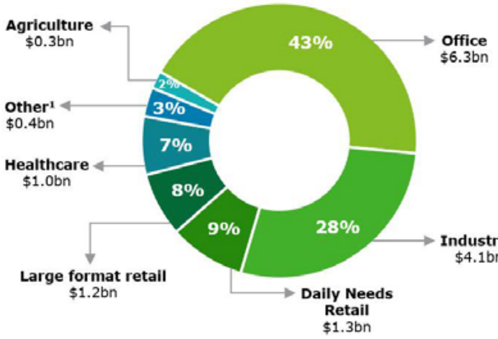
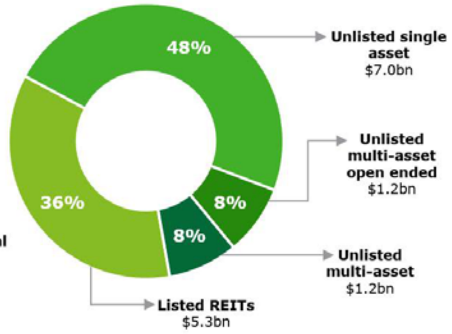


Figure 16: Fund types ($bn)



Note:
1. Comprises NZ supermarkets and shopping centres plus hotel and land syndicates in the USA and WA.
Sources: Target's Statement, Bidder's Statement, Deloitte Corporate Finance analysis

As set out in the figures above, and when compared with Figure 1 to Figure 3 from Section 3.2, PWG securityholders will expand their portfolio to the New Zealand market in addition to a re-weighting of the portfolio away from Western Australia, and toward the Eastern seaboard of Australia. Western Australia represents 54% of AUM in the PWG portfolio, however, this will decrease to 23% in the PME.

Under the PME, there will be a new exposure to the health care sector and an increase in exposure to the office and industrial sectors. Weighting to the agriculture, daily needs retail and large format retail will reduce in the PME as CNI manages little to no funds in these sectors.

The heavy weighting towards unlisted funds in PWG will be re-balanced towards a more diversified mix of listed and unlisted fund types and capital sources in the PME.

5.2 Management team

CNI intends to integrate the PWG management team into CNI's operations. The Founding Directors will continue to lead the PWG funds management platform and will also join the CNI executive management team. Each of the Founding Directors has agreed to remain as a senior executive for a period of at least two years.

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5.3 Synergies

The PME is expected to realise synergies on integration of the PWG and CNI businesses, including:

- supporting the growth of AUM across the two platforms
- expansion of property services across the two businesses
- removal of duplicated corporate costs, specifically, audit and tax consulting fees, ASX listing costs, Directors' fees, marketing and investor relations costs
- tax related synergies concerning the structuring of the Proposed Transaction, resulting in a cross-staple loan which provides a tax shield.

Management of PWG and CNI expect to realise post-tax synergies of $5.3m p.a.

5.4 Securities in PME

Securities in the PME will be comprised of the securities on issue in CNI prior to the Proposed Transaction plus securities issued to PWG securityholders as part of the Consideration, as set out in the table below.

Table 25: Pro forma securities in the PME

	Number of securities (m)	% in PME
CNI securities prior to the Proposed Transaction	600.2	76.2%
Securities issued as part of the Consideration	187.6[1]	23.8%
Pro forma securities in the PME	**787.8**	**100.0%**

Note:
1. Represents 0.473 securities for each of the 397m PWG securities.
Sources: CNI Financial Report FY20, CNI investor presentation on the Proposed Transaction

PWG securityholders are expected to comprise 23.8% of the total issued capital of the PME following the Proposed Transaction. 12.7% of the securities of PME will be held by the Founding Directors. The holdings of the Founding Directors will be subject to a two-year escrow.

5.5 Pro forma financials

Set out below is the pro forma income statement of the PME for the 12 months ended 30 June 2021.

Table 26: FY21 pro forma income statement

$m	CNI	PWG	Merger adjustments	PME
Management fees	74.7	29.3	1.0	105.0
Acquisition fees	12.9	9.2	-	22.1
Performance fees	18.7	-	-	18.7
Distribution/dividend revenue	34.7	2.0	-	36.7
Revenue	**140.9**	**40.5**	**1.0**	**182.4**
Expenses	(66.8)	(13.0)	0.7	(79.0)
EBIT	**74.1**	**27.5**	**1.7**	**103.4**
Development EBIT	**7.0**	**-**	**-**	**7.0**
Interest income / (expense)	(2.5)	0.1	-	(2.3)
Tax	(9.6)	(6.4)	3.6	(12.4)
NPAT	**69.1**	**21.3**	**5.3**	**95.7**
Weighted securities on issue	574.3	368.5	187.6	761.8
EPS (cents)	12.0	5.8	-	12.6
Analysis per PWG security				
Earnings per PWG security		**5.8**		**6.8[1]**
PWG accretion/dilution				18.7%

Note:
1. Notional earnings per PWG security, using a conversion ratio of 0.473 CNI securities per PWG security, and assuming that the $0.20 cash component of the Consideration is reinvested at CNI's closing price of $2.77 on 16 April 2021.

Sources: Target's Statement, Deloitte Corporate Finance analysis

The pro forma income statement represents CNI and PWG management's projections for their respective businesses for FY21, adjusted for certain pro forma merger adjustments including:

- synergies as discussed in Section 5.3 above
- the additional CNI securities to be issued as part of the scrip Consideration, calculated as 0.473 CNI securities issued for each of the 397m PWG securities outstanding.

Assuming reinvestment of the cash component of the Consideration, the analysis above suggests that PWG securityholders would recognise earnings accretion of 18.7% under the PME.

For further details behind the pro forma income statement adjustments, refer to Section 9.3.7 of the Bidder's Statement.

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Table 27: Pro forma operating balance sheet

$m	CNI Pro forma	PWG Pro forma	Merger adjustments	PME Pro forma
Cash and cash equivalents	206	66	(89)	184
Receivables	110	2	-	112
Financial assets	609	35	-	644
Assets held for sale	-	46	-	46
Property held for development	52	-	-	52
Equity accounted investments	33	-	-	33
Intangible assets	305	120	332	757
Other assets	68	3	-	71
Total assets	**1,383**	**273**	**243**	**1,899**
Payables	(24)	(1)	-	(25)
Borrowings	(313)	-	-	(313)
Other liabilities	(121)	(5)	-	(126)
Total liabilities	**(458)**	**(6)**	**-**	**(464)**
Net assets	**925**	**267**	**243**	**1,435**
Securities outstanding (m)	600	397	188	788
Net asset value per security ($)	1.54	0.67		1.82
NTA per security ($)	1.03	0.37		0.86
Operating gearing ratio (%)[1]	9.1%	-		7.6%

Note:
1. Gearing is calculated based on borrowings less cash, divided by total assets (excluding cash).
Sources: Bidder's Statement, Deloitte Corporate Finance analysis

The CNI and PWG operating balance sheets reflect 31 December 2020 balance sheets modified for certain pro forma adjustments to reflect the payment of the 1HFY21 distributions, issuance of listed notes or equity and acquisition of co-investment stakes. For further details behind the pro forma adjustments, refer to the Target's Statement.

Merger adjustments reflect a decrease in cash to fund the cash component of the Consideration (of $0.20 per PWG security), incremental intangible assets associated with the expected acquisition of PWG, and the issuance of an additional 188m securities to PWG securityholders.

As a result of the Proposed Transaction, the net asset per security for PWG securityholders will increase from $0.67 per security to $1.82 per security. However, a large portion of the increase relates to goodwill recognised as a result of the Proposed Transaction. Excluding intangible assets, NTA per security attributable to PWG securityholders would increase from $0.37 per security to $0.86 per security in the PME.

The gearing of the PME will reflect the combined net debt of CNI (9.0%), PWG (0%) and the cash outflow used to fund the cash component of the Consideration paid by CNI to PWG securityholders as part of the Proposed Transaction.

6 Valuation of PWG

6.1 Selection of valuation methodology

For the purposes of assessing the market value of a PWG security, we have defined market value as the amount at which the securities in PWG would be expected to change hands in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length.

Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation has not been premised on the existence of a special purchaser.

In selecting an appropriate methodology to estimate the market value of a PWG security, we have considered common market practice and the valuation methodologies recommended by RG 111. Further information on the methodologies is set out at Appendix 2. In estimating the market value of a PWG security, we have used a sum of the parts approach. In this regard, we have:

- assessed the enterprise value of PWG's core operations using the market multiples method under the market approach as our primary methodology. This method involves applying a multiple to an estimate of maintainable earnings. In this regard, we note:
    - earnings are expected to be relatively stable for PWG, albeit reflective of underlying growth expectations, given they are based on fixed fee rates and (indirectly) the value of the underlying properties under management
    - there are an adequate number of publicly listed companies and transactions involving companies with operations sufficiently comparable to PWG from which a meaningful comparison can be undertaken and an appropriate multiple can be derived. We determined the multiple based on earnings and enterprise values which exclude co-investments on the basis that such assets can differ significantly between businesses and transactions
    - such an approach is commonly used to value funds management businesses such as PWG
- valued the co-investments currently held by PWG based on their assessed market value
- valued the VTH co-investment/non-operating assets held by PWG based on the realisable value of the investment
- incorporated the estimated net cash position of PWG as at 30 June 2021, as a proxy for the estimated cash upon completion of the Proposed Transaction.

We also cross-checked our estimate of the enterprise value of PWG using the percentage of AUM method, based on the AUM multiples observed in comparable listed companies and transactions in the funds management sector, and a high level capitalisation of earnings method (which is a method under the income approach and is akin to the discounted cash flow method).

We note based on our experience as indicated through other independent expert reports, it is common in the industry to value entities such as PWG using the market multiples methodology. In addition, we consider it appropriate to use this approach despite the fact that a large proportion of the funds managed by PWG are subject to agreements with discrete time periods, as PWG and executives of PWG have a track record of growing AUM and establishing new funds (which is also their intention).

We do not consider the cost approach appropriate as such a methodology ignores the value of intangible assets held by PWG such as its management agreements.

6.2 Application of the market multiples methodology

The market multiples method estimates the enterprise value of PWG by applying a multiple to the future maintainable earnings of the entity. In applying the market multiples approach, we have considered the following:

- the level of earnings that the existing operations could reasonably be expected to generate. We have selected EBITDA as an appropriate measure of earnings because earnings multiples based on EBITDA are less sensitive to different financing structures, depreciation and amortisation accounting policies and effective tax rates than multiples based on EBIT or NPAT. This allows a better comparison with the earnings multiples of other companies. For these types of businesses however, EBITDA and EBIT are not generally dissimilar due to low levels of depreciation and amortisation

- the enterprise value per dollar of EBITDA (EBITDA multiple) observed from recent transactions involving companies comparable to PWG and the trading multiples of listed companies comparable to PWG. Given we are assessing the multiple exclusive of co-investments, we have adjusted the enterprise values of these comparable listed companies and transactions by deducting their co-investments as well as adjusted earnings for any income generated by the co-investments.

6.2.1 Future earnings

Future earnings represent the level of earnings that the existing operations of PWG could reasonably be expected to generate. In determining our assessed EBITDA range, we had regard to the pro forma financial statements of PWG, as discussed above in Section 5.5.

We have considered the following in selecting the maintainable EBITDA range attributable to PWG:

- asset management, project services, transaction and performance fees adopted in the pro forma financial statements disclosed in the Bidder's Statement to ensure they reflect a reasonable estimate of maintainable level of the operations of PWG
- whilst we considered historical earnings of PWG, we have not placed substantial weight on them because of the significant underlying growth that has been achieved in recent years
- the expectation that PWG will shortly commence collecting fees on recently completed acquisitions, recently completed developments as well as recommence collecting fees on two properties that previously had fees suspended for commercial reasons
- Management's current expectation of potential performance fees over the next ten years. More specifically, we note the following:
    - performance fees are agreed with the individual fund and can either be tied to the sale of the property or agreed performance hurdles. Having regard to the best interests of fund investors, PWG's general strategy is to continue to earn fees from managing properties, rather than realising performance fees through disposals of properties, at which point all the other fees generated by PWG from that fund would cease. Consequently, we have only considered performance fees whereby the fee would be payable as a result of a hurdle (and subject to that hurdle being achieved)
    - performance fee profile is difficult to project given it can change significantly based on future property valuations. PWG generated performance fees of $5.6m in FY20, however did not receive any in FY19
    - Management has estimated future potential performance fees over the next ten years based on current independent property valuations and current internal rates of return. Given the recent compression in property capitalisation rates, the current forecast of performance fees could be viewed as conservative. On the other hand, the level of anticipated performance fees over the next ten year period is uncertain and dependent upon the future returns of the funds driven by underlying valuations. Due to this inherent uncertainty in realising performance fees, we have selected a range to reflect the potential earnings from performance fees
    - the performance fee profile should be considered in the maintainable EBITDA as it is a significant potential revenue stream for PWG. In this regard, performance fees have been included in our analysis of selected comparable companies and transactions, where applicable
- transaction fees relate to the value of property acquisitions facilitated in the financial year, which makes them difficult to forecast as the value and number of completed acquisitions may differ year on year. Transaction fees in FY20 totalled $5.5m, whilst Management expects the FY21 figure to be $9.2m. We have adjusted the transactions fees having regard to the historical fees generated as well as the anticipated level of acquisitions going forward as Management expects the growth in AUM to continue
- cost savings that could be realised by a number of market participants such as listing, audit and directors fees
- the loss of revenues from the cessation of the VTH management rights.

Based on the above, we have selected a maintainable EBITDA range of $29.0m to $30.0m as summarised in the below table.

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Table 28: Maintainable EBITDA

$m	Low	High
FY21 pro forma EBITDA	**27.7**	**27.7**
Co-investment/other income	(2.1)	(2.1)
FY21 EBITDA from fund management activities	**25.5**	**25.5**
Asset management fee adjustment	2.9	2.9
Performance fee adjustment	2.0	3.0
Transaction fee adjustment	(1.2)	(1.2)
General corporate cost savings	0.7	0.7
Reduction in earnings associated with management of VTH	(0.5)	(0.5)
Maintainable EBITDA	**29.4**	**30.4**
Selected maintainable EBITDA	**29.0**	**30.0**

Sources: Management, Deloitte Corporate Finance analysis

This level of EBITDA implies an average EBITDA margin of approximately 71%, which is broadly in line with PWG's FY20 EBITDA margin of 68% (after adjusting for one-off listing costs).

6.2.2 EBITDA multiple selection

In selecting an appropriate earnings multiple, we have considered multiples observed from share market trading of listed companies with operations comparable to PWG and the implied multiples paid to acquire companies with operations comparable to PWG.

Earnings multiples derived from share market trading may not reflect the market value for control of a company as they are based on portfolio holdings in the subject companies. The difference between the market value of a controlling interest and a minority interest is referred to as the premium for control.

The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not, enabling the owner to extract greater value for its interest. These include:

- control the cash flows of the company, such as dividends, capital expenditure and compensation for directors and managers
- determine and change the strategy and policies of the company
- attempt to extract synergies via acquisitions, restructure the business or divest operations
- control the composition of the board of directors.

Whilst Australian studies indicate control premiums tend to fall in a range between 20% and 40% of the portfolio holding values, the premium actually implied in a particular transaction involving a listed company is ultimately dependent on a variety of factors specific to the particular entity and the transaction.

In comparison, the acquisition price achieved in mergers or acquisitions of companies (particularly where control is transferred) represents the market value of a controlling interest in that company.

The criteria against which we have selected comparable listed companies and transactions are as follows:

- comparable listed companies whose primary operations involve the provision of fund management services across both real estate and equity investments
- in the case of comparable transactions, we have sought to identify those transactions relating to an internalisation or sale of management rights in the property sector, including real estate funds management businesses.

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Comparable listed companies

Outlined in the following table are the implied EBITDA multiples and relevant metrics of the comparable listed companies.

Table 29: Comparable listed companies summary

Company name	EV[1] ($m)	Current EBITDA Margin[4,5]	AUM ($m)	LTM EBITDA[3] / AUM	Current EBITDA multiple[4,5]	EV / AUM
CNI	1,022[2]	38%[2]	10,200	0.4%[2]	17.3x[2]	10.0%[2]
Real estate entities with fund management operations						
Charter Hall	6,609	74%	46,400	n/a	19.2x	n/a
APN Property	284	53%	2,900	n/a	20.0x	n/a
Equity fund managers						
Platinum	2,445[2]	73%[2]	23,598	0.8%[2]	12.6x[2]	10.4%[2]
Perpetual	1,991[2]	32%[2]	89,200	0.2%[2]	10.1x[2]	2.2%[2]
Pendal	1,771[2]	37%[2]	101,700	0.2%[2]	9.0x[2]	1.7%[2]
Australian Ethical	959[2]	n/a	5,046	0.3%[2]	n/a	19.0%[2]

Notes:
1. Market capitalisation as at 11 May 2021, with the exception of CNI which is as at 16 April 2021 (being the last trading day before the transaction was announced)
2. EV has been adjusted to exclude co-investments. The adjusted enterprise value is used to calculate EBITDA and AUM multiples
3. For the 12 months to 31 December 2020, with the exception of Pendal which is 30 September 2020
4. Financial year ended 30 June 2021, with the exception of Pendal which is 30 September 2021
5. Current and Forward EBITDA multiples are based on broker projections, adjusted to exclude co-investment income in CNI and PWG.

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

We note the following in respect of the comparable listed companies summarised above and detailed in Appendix 3:

- we do not consider the real estate entities with fund management operations provide good evidence of an appropriate multiple for a stand-alone funds management business, such as PWG, due to the following:
    - the smaller (APN Property Group), or significantly larger scale (Charter Hall), of the real estate entities, in comparison to PWG, in terms of both market capitalisation and AUM
    - more diversified earning streams in comparison to PWG, including significant co-investments and development income
    - larger proportion of co-investments, in comparison to market capitalisation, relative to PWG
    - the market's tendency to focus on the two points above when assessing the risk and return profile of the entities and consequently pricing their securities
    - inability to identify, accurately, current stand-alone earnings (revenue and expenses) directly attributable to funds management operations from financial statements or broker consensus.

  Specific to the two entities in the table above, we also note:
    - APN Property Group is one of the smaller real estate fund managers identified and whilst its operations are aligned to PWG, it has limited liquidity and substantial co-investments (NTA represents approximately 47% of its current market capitalisation). It is currently trading on a current EBITDA multiple of 20.0x which reflects the influence of a takeover offer from Dexus. Prior to the announcement of the takeover offer, APN Property Group was trading at a current EBITDA multiple of 13.3x
    - Charter Hall is less impacted by the factors noted above as it derives approximately 70% of total revenue from its funds management operations, although it is significantly larger than PWG (market capitalisation of $6.6bn). Charter Hall's current EBITDA multiple is 19.2x, however, similar to the other real estate entities this also includes their property

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investment and development operations (NTA represents approximately 32% of its current market capitalisation)

- we also considered the comparability of equities fund managers in our selection of an appropriate multiple for PWG. The earnings, and therefore multiples implied by the trading in securities of equities fund managers, are less affected by co-investments than the real estate entities. As such we consider equities fund managers provide a more directly comparable reference point to value PWG in comparison to the majority of the real estate entities. However, the implied valuation multiples of the equities funds managers can only form a starting point and appropriate adjustment needs to be made to recognise differences between equities funds management markets and property funds management markets, including factors such as associated fee structures and returns vs real estate fund investments. The average and median current EBITDA multiples for the comparable equities funds management companies are 10.5x and 10.2x, respectively. In calculating these multiples, for comparability we have removed the impact of co-investment (where disclosures have allowed us to do this with reasonable accuracy).

  More specifically, we note the following:

  - all the comparable equities funds management companies are larger than PWG in terms of AUM and therefore revenue. In addition, several of the equity funds management companies derive management fees from a variety of asset classes, including equities, fixed income, cash and other diversified assets across a number of different funds. This can create challenges because of differences in fee structures and client base
  - whilst Australian Ethical's current EBITDA multiple is not available (due to the lack of equity research analyst coverage), the group achieved substantial growth in the last year which is providing scale economies and greater growth in earnings. As such, it's EV / AUM percentage is very high
  - the multiple for Perpetual is at the low end of the range reflecting, in our opinion, their exposure to the financial planning sector, which has been adversely impacted by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
  - PWG's current EBITDA margin of 64% is significantly higher than that of the funds management companies which average 47%. This would partially explain why PWG trades on a much higher multiple (notwithstanding the illiquidity in PWG securities)
- in our opinion, CNI could be considered operationally most comparable to PWG, being largely a real estate funds manager focused on the Australian and New Zealand property sectors. However, CNI is significantly larger than PWG, with approximately double the AUM, and is more geographically diversified with operations in New Zealand in addition to Australia. PWG's operations are significantly more concentrated in the Western Australia market (54% of PWG's AUM are located in Western Australia), however, it has a broader range of sector exposure. Additionally, we note that PWG is heavily reliant on its Founding Directors and current management team to source and acquire new properties for its funds through their personal relationships as well as having significant interests in the underlying funds through family and associates
- whilst CNI's EBITDA margin is significantly lower than that of PWG, it reflects lower margin activities such as development operations and investment bonds management. CNI's EBITDA margin related to its funds management business is more aligned to that of PWG
- PWG and CNI's LTM EBITDA per AUM percentage of 0.5% and 0.4%, respectively, are higher than the median of the equities funds management companies. This means that for every dollar of AUM that PWG and CNI manage they are able to generate a greater level of earnings compared to their peers and thus, all things being equal, should command a higher multiple
- before the announcement of the Proposed Transaction, CNI traded at multiple of 17.3x current EBITDA and a percentage of AUM of 10.0%.

Recent transactions

We considered the comparable transactions outlined in Appendix 4. These transaction values were also adjusted to remove the impact of co-investments (where specifically disclosed) to ensure our evaluation of each transaction is aligned with our assessment of the Proposed Transaction.

All the comparable transactions relate to the acquisition of a controlling interest in a funds management business largely focused on the property sector.

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There is limited publicly available data in relation to the EBITDA (compared to EBIT) for these transactions and therefore we placed greater reliance on the EBIT multiples for the comparable transactions. Whilst EBIT multiples are generally higher than EBITDA multiples, it is uncommon for funds managers to have high levels of depreciation and amortisation and therefore EBIT and EBITDA multiples tend to be similar.

Of the comparable transactions included in Appendix 4, we consider the transactions set out in the table below to be most comparable given the focus of the target company on managing office and industrial property portfolios.

Table 30: Selected comparable transactions

Date	Target	Consideration paid[1] ($m)	AUM ($m)	EBIT(DA) /AUM	Implied EBIT multiple	Implied % of AUM
Post-COVID 19 pandemic declaration						
Mar-21	Precinct Properties New Zealand	197	3,203	0.4%	14.7x	6.1%
Oct-20	Investec Australia Property Fund	40	1,385	0.3%	9.1x	2.9%
Jun-20	GoFARM Asset Management	10	283	n/a	n/a	3.5%
Jun-20	Augusta Capital Limited	49	1,723	0.6%	5.0x	2.8%
Pre-COVID 19 pandemic declaration						
Sep-19	Garda Capital Group	31	404	0.8%	9.1x	7.6%
May-19	Heathley Limited	39	620	0.8%	12.1x[2]	6.2%
Aug-18	Folkestone	56	1,609	0.5%	7.7x	3.5%
Nov-16	360 Capital listed property platform	102	1,395	0.7%	11.2x	7.3%
Jul-16	GPT Management	9	439	0.3%	6.9x	2.0%
Mar-16	Investa Office Management Platform	90	8,500	0.1%	9.4x	1.1%

Notes:
1. Consideration paid is on a 100% interest acquisition basis and excludes any amounts paid for co-investments at the completion of the transaction. This adjusted consideration is used to calculate EBIT and AUM multiples
2. Adjusted to include NTA.

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

With respect to the above transactions, we note the following:

- in March 2021, Precinct Properties New Zealand Limited announced it reached an agreement with the Manager, AMP Haumi Management Limited, to internalise management. Consideration of NZ$ 215m ($197m) was paid for the termination of the Management Services Agreement with AMP and the acquisition of certain assets and liabilities. Based on a normalised EBIT of $13.4m, the fund management rights were valued at 14.7x EBIT
- in October 2020, Investec Property Limited, as responsible entity of Investec Australia Property Fund, announced that it had entered an implementation deed with Investec Group in relation to internalisation of the fund's management rights for consideration of $40m
- in June 2020, PWG acquired GoFARM Asset Management Pty Ltd, the manager of VTH for $10m. VTH is a listed real estate investment trust providing investors with exposure to real agricultural property assets. At the time of the acquisition, VTH held approximately $283m in assets.
- in June 2020, CNI acquired Augusta Capital, one of New Zealand's largest listed real estate funds management companies, with investments in office and industrial property located primarily in Auckland. We referred to an adjusted FY20 EBIT (having regard to historical performance) to calculate the multiple given the negative EBIT incurred for the year, because no deal fee income was generated (as compared to prior periods when deal fees where generated)
- in September 2019, Garda internalised its management by acquiring Garda Capital Group, for total consideration of $62m, with $32.4m attributed to the management platform. Garda Capital Group's responsibilities as manager included both management of 14 established properties and development activity in respect of 4 locations, diversified across commercial and industrial sites. The underlying funds management business – outside of some one-off fees that were expected to be generated in the following year – was valued by the independent expert or the transaction on a multiple of 8x to 9x EBIT. The funds management platform of Garda was small with less than $500m of funds under management and it was also much less diversified

- in May 2019, CNI acquired a 63.1% economic interest in Heathley Limited for $24.4m. Heathley Limited is a specialist healthcare funds manager that had $620m AUM in healthcare assets at the time of the transaction, including medical centres, day hospital and tertiary aged care. Based on a normalised EBIT of $3.2m, Heathley Limited was valued at 12.1x EBIT including NTA of $6.9m
- in August 2018, Charter Hall Limited acquired all the issued share capital in ASX-listed Folkstone Limited. Folkstone Limited was a real estate funds manager and developer that engaged in residential and commercial development projects throughout Australia. At the time of the acquisition, Folkstone Limited had $1.6bn AUM and a 12% interest in the largest A-REIT that invested in early learning properties
- in November 2016, CNI and associated entities acquired the 360 Capital Group real estate platform. At the time, 360 Capital Group's platform managed $1.4bn in assets including two ASX listed REITs
- in April 2016, Growthpoint announced the proposed acquisition of GPT Metro Office Fund, which included a separate transaction with GPT to acquire the management rights to the fund. At the time of the acquisition, GPT Metro Office Fund had six properties located across New South Wales, Victoria and Queensland
- in February 2016, an entity stapled to the Investa Commercial Property Fund agreed to purchase Investa Office Management Holdings. At the time of the acquisition, the management entity was responsible for 22 office investments in CBD markets across Australia.

Selected multiple

Having regard to the comparable listed companies and the comparable transactions outlined above, we have applied an earnings multiple ranging from 14.0x to 15.0x, on a control basis for the following reasons:

- on the whole, the listed diversified real estate funds managers are of differing scales when compared to PWG and have substantial co-investment portfolios (along with other business activities) making it increasingly difficult in most cases to accurately isolate the value and earnings associated with the funds management business
- the listed equities funds management companies focus on other asset classes and have more diversified operations and differing growth outlooks. Whilst multiples for the funds management businesses are easier to accurately ascertain, the nature of their businesses and the returns generated by them, along with factoring control, suggest that PWG should be valued at a premium to those businesses
- the average and median multiples of the specific transactions identified in Table 30 are 9.5x and 9.1x respectively. However, the transactions identified involved smaller or less diversified businesses (i.e. single fund/platform businesses) and so, in our opinion, PWG should be valued at a premium to such multiples. More specifically:
    - PWG should command a higher multiple when compared to the transaction multiples because it is:
        - well diversified through its sector exposure compared to the transaction targets
        - the manager of numerous funds rather than being reliant on one or two major funds. This reduces the risk of significant lost revenue from being removed as manager
    - the Precinct Properties transaction provides a relevant datapoint due to the transaction recently completing in March 2021
    - the Augusta transaction occurred in the midst of the initial economic fallout from the COVID-19 pandemic and thus the multiple implied by that transaction could be viewed as reflecting a poor economic outlook including exposure of the fund manager to specific sectors that had substantial potential negative exposure to COVID-19 at the time. The business was impacted by the pandemic and the transaction price was adjusted to reflect this
    - whilst other transactions were prior to the COVID-19 pandemic, the 360 Capital listed property platform was largely focussed on the management of funds in the metropolitan office and industrial property sectors
- PWG's risk of removal as manager is lower due to the number of funds that it manages. Each fund has an individual agreement with PWG for management services. Generally, to be removed as manager, a special resolution would need to be passed by a majority of investors. Further to this, the Founding Directors and their family and associates hold underlying investments in the majority of the funds

- CNI is operationally most comparable to PWG, being largely a real estate funds manager focused on the Australian property sector.

  We consider that PWG should be valued at a multiple which is a discount to the CNI trading multiple of 17.3x. Quantifying the level of discount that would apply, with certainty, is difficult, but based on our experience we consider that a discount of 10% to 20% would not be inappropriate. In arriving at this assessment, we had particular regard to the following:

  - CNI is significantly larger than PWG, with approximately double the AUM at $10.5bn compared to PWG's AUM of $5.0bn
  - PWG's geographic exposure is more concentrated in the Western Australia market (54% of PWG's AUM is located in Western Australia), whereas CNI is more diverse (properties located across Australia and New Zealand with largest concentration of 22% and 20% in Queensland and New South Wales, respectively)
  - PWG is heavily reliant on its Founding Directors and current management team to source and acquire new properties for its funds through their personal relationships as well as having significant interests in the underlying funds through associates. As mentioned above, the Founding Directors of PWG hold 53.3% of securities on issue (as at 31 March 2021)
  - notwithstanding that CNI is largely focused on real estate funds management, it does have substantial property investment activities. This is evident from observing its NTA as a percentage of market capitalisation, which is 41%. The higher the percentage observed, the less comparable the company may be to a pure real estate funds manager, as a result of substantial co-investments and development properties held.

6.2.3 Co-investments

We have valued the co-investments currently held by PWG based on their fair value as at 30 April 2021 of $41.2m[15]. These investments largely comprise PWG's holdings in unlisted funds as well as a holding in Clime Investment Management Limited. Listed investments are held at quoted prices in active markets whilst unlisted investments are based on the underlying assets fair values which are independently valued annually and recorded in the financial statements.

6.2.4 Non-operating assets

We have identified the following non-operating assets which relate to PWG's interest in VTH. We note that VTH is the subject of competing takeover offers from entities associated with ROC Private Equity and Macquarie.

At the date of this report, PWG's interest in VTH (held through Primewest Property Fund) was valued at $37.9m (reflecting the exercised call option over 30m units in VTH as well as the remaining units held) plus a facilitation payment of $8.0m for the management rights of VTH. We understand from discussions with PWG Management that no capital gains tax is payable by PWG upon the realised gain on the sale of these units as these proceeds are distributed to individual unitholders in Primewest Property Fund.

Table 31: Summary of non-operating assets

	$m
VTH management rights facilitation payment	8.0
VTH 30m units – exercised under call option	29.3
VTH 6.8m remaining units	8.6
VTH 2.5 cent dividend payable on remaining units	0.2
Non-operating assets	**46.1**

Sources: Management, Deloitte Corporate Finance analysis

[15] Co-investments have been valued based on their fair value as at 30 April 2021, with the exception of the investment in ASX-listed Clime Investment Management Limited which has been valued as at the date of this report

6.2.5 Net cash

PWG's forecast net cash position at 30 June 2021, being a proxy for the anticipated cash balance upon completion of the Proposed Transaction is estimated at $66.9m. This is summarised below.

Table 32: Summary of net cash

	$m
Lease liability	(1.2)
Cash	68.0
Net cash	**66.9**

Sources: Management, Deloitte Corporate Finance analysis

6.2.6 Conclusion on value

A summary of the application of the market multiples method is set out below:

Table 33: Summary of PWG valuation outcome

	Unit	Low	High
Selected maintainable EBITDA	$m	29.0	30.0
Selected maintainable EBITDA multiple on a control basis	times	14.0	15.0
Enterprise value of PWG on a control basis	**$m**	**406.0**	**450.0**
Co-investments	$m	41.2	41.2
Non-operating assets	$m	46.1	46.1
Net cash as at 30 June 2021	$m	66.9	66.9
Equity value on a control basis	**$m**	**560.2**	**604.2**
Outstanding securities	m	396.5	396.5
Equity value per PWG security	**$**	**1.41**	**1.52**

Source: Deloitte Corporate Finance analysis

6.3 Cross-checks of our assessed valuation

6.3.1 Percentage of AUM approach

As a cross-check of our valuation of PWG under the market multiples method, we have determined the implied percentage of AUM metrics of our assessed market value of PWG (excluding co-investments) on a control basis and compared this to the implied percentage of AUM metrics observed for the comparable listed companies and transactions.

The implied percentage of AUM metrics of our assessed market value of PWG on a control basis range from 8.1% to 9.0%, as calculated in the table below:

Table 34: Implied percentage of AUM

	Unit	Low	High
Assessed value of PWG on a control basis	$m	406.0	450.0
AUM	$bn	5.0	5.0
Value as a % of AUM	**%**	**8.1%**	**9.0%**

Source: Deloitte Corporate Finance analysis

A key driver of the percentage of AUM metric is the earnings generated from the underlying AUM. Companies that have a higher percentage of operating earnings per AUM (i.e. generate higher earnings from AUM) generally have a higher percentage of AUM metric. In this regard, PWG's EBITDA per AUM percentage of 0.5% is higher than the median of comparable listed companies and median of comparable transactions, and therefore supports PWG having a higher percentage of AUM metric than the median for the comparable listed companies.

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6.3.2 Capitalisation of earnings method

We have also used the capitalisation of earnings method as a cross-check of our valuation of PWG. In using it as a cross-check, we determined the IRR implied by our valuation, and then assessed the reasonableness of this IRR having regard to the discount rates applicable for comparable funds management businesses.

As we were not provided with forecast cash flows beyond FY21, we prepared a high level, capitalisation of earnings calculation using the Gordon Growth method and the following assumptions:

- maintainable pre-tax earnings of $29.5m, being the mid-point of the range adopted in our valuation
- 30% company tax rate
- no adjustment for capital expenditure, depreciation and working capital on the basis that historical evidence and our own experience suggests these are likely to be insignificant
- earnings growth of 2% into perpetuity.

These capitalised cash flows imply an internal rate of return of 7% based on the mid-point of our valuation range for PWG. This is also often described as a discount rate. Such a discount rate is not unreasonable based on our experience of the cost of capital that is typically ascribed to a fund management business that generates a significant portion of fee income from base management fees derived from the value of completed and well tenanted properties.

Consequently, we consider this high level capitalisation of earnings analysis supports our valuation range determined under the primary market multiples method.

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7 Valuation of the Consideration

7.1 Introduction

We have estimated the market value of the Consideration to be in the range from $1.43 to $1.52 per PWG security, as set out in the table below.

Table 35: Value of the Consideration

$	Low	High
Cash component of the Consideration	$0.20	$0.20
Scrip component of the Consideration	$1.23	$1.32
Total value of the Consideration	**$1.43**	**$1.52**

Source: Deloitte Corporate Finance analysis

We have estimated the market value of a security in the PME (on a minority basis) to be in the range of $2.60 to $2.80 per security. When applied to the merger conversion ratio of 0.473, this results in a value of $1.23 to $1.32. This valuation has been performed on a minority interest basis because if the Proposed Transaction proceeds, PWG securityholders will become minority securityholders in the PME.

We have selected the market based method to assess the market value of a security in the PME, having regard to recent market trading activity in CNI securities. In selecting the market based method, we have taken into account that PWG securityholders will collectively only hold 23.8% of the PME subsequent to the implementation of the Proposed Transaction.

7.2 Analysis of recent share trading in CNI securities

The trading price of a listed company security should provide an objective assessment of the market value of the entity's equity where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities.

In the six months and twelve months prior to the announcement of the Proposed Transaction, 124.0m and 293.5m CNI securities were traded respectively, representing 22.0% and 55.0% of CNI's outstanding securities on issue. Approximately 3.3% of CNI's securities on issue have traded since the announcement of the Proposed Transaction. We consider that there is modest but adequate liquidity in CNI securities.

CNI periodically releases reports detailing operational activities as well as financial information regarding CNI's financial performance and position. Further, both CNI and PWG released several announcements to the market detailing the terms and the strategic rationale underpinning the Proposed Transaction.

CNI is covered by six equity research brokerage houses, between them adopting a range of fundamental valuation approaches to assess the value of CNI on an ongoing basis. As at 11 May 2021 at least five of the brokerage houses had released reports detailing the Proposed Transaction.

If the Proposed Transaction is successful, the new CNI securities received by PWG securityholders will effectively be securities in the PME. CNI's securities trading since the announcement of the Proposed Transaction on 19 April 2021 effectively incorporates the market's view of the prospects of the PME, to the extent that the market expects the Proposed Transaction will be implemented.

Due to the moderate liquidity of CNI's securities and the amount of information available to the market regarding both CNI and PWG and the Proposed Transaction, we are of the view that the market price of a CNI security after the announcement of the Proposed Transaction provides good evidence of the market price of the consideration offered.

The figure below illustrates CNI's security price history for the period starting 1 January 2021 until 11 May 2021.

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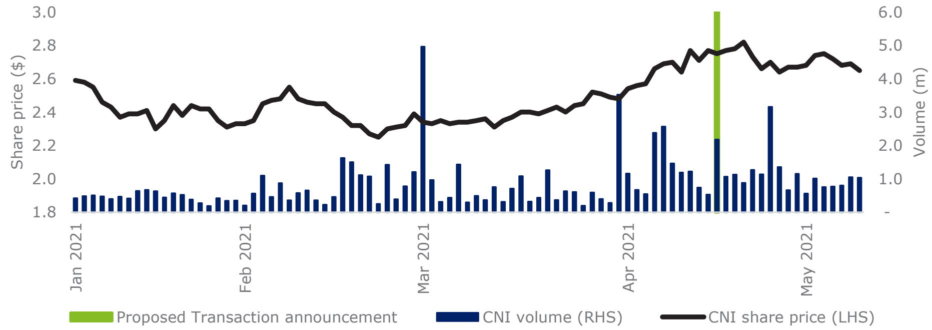
Figure 17: CNI security price performance



Note:
1. The Proposed Transaction was announced on 19 April 2021.
Sources: S&P Capital IQ, ASX announcements, Deloitte Corporate Finance analysis

The closing security price of a CNI security on the day prior to the announcement of the Proposed Transaction was $2.77 per security, whilst its most recent closing price was $2.65 per security on 11 May 2021. CNI securities initially decreased by 2 cents on the day of the transaction to $2.75, followed by a period of price volatility with closing prices ranging from $2.64 to $2.82 with a VWAP of $2.72 per security, as the market traded based on the new information. Post the announcement of the Proposed Transaction, broker target prices are in the range of $2.49 to $3.00 per security.

Set out below is the market trading of CNI securities since the announcement of the Proposed Transaction.

Table 36: Trading in CNI securities since the announcement of the Proposed Transaction

$	Price
Security Price Trading Range from 19 April 2021 to 11 May 2021	2.64 to 2.82
VWAP from 19 April 2021 to 11 May 2021	2.72
Most recent trading price as at 11 May 2021	2.65

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

The following factors are likely to have an impact on the market's view around the PME, hence having an impact on CNI's security price since the announcement of the Proposed Transaction:

- the Proposed Transaction is perceived to be value accretive to both CNI and PWG securityholders as set out in the analysis presented in Section 5.5
- the Proposed Transaction will change the profile of CNI, as the PME is a larger and more diversified portfolio when compared to CNI on a standalone basis
- the Directors of PWG have already announced their intentions to vote in favour of the Proposed Transaction subject to certain conditions.

Based on this, we have assessed the value of a security in PME to be in the range of $2.60 to $2.80.

7.3 Valuation cross-check

We have cross-checked the valuation of the PME by reference to market multiples implied by trading in listed companies, and transactions in comparable companies.

The EBITDA and AUM multiple implied by our valuation of the PME is set out in the table below.

Table 37: Cross-check of the PME valuation

	Unit	Low	High
Value per PME security	$	2.60	2.80
Pro forma number of securities	m	787.8	787.8
Equity value of the PME	**$m**	**2,048.2**	**2,205.7**
less: VTH co-investment	$m	(37.9)	(37.9)
less: VTH management rights	$m	(8.0)	(8.0)
add: value of net debt	$m	129.6	129.6
less: value of co-investments	$m	(797.1)	(797.1)
Enterprise value of the PME	**$m**	**1,410.6**	**1,568.1**
AUM[1]	$bn	15.2	15.2
EV/AUM	**%**	**9.3%**	**10.3%**
EBITDA[2]	$m	79.7	79.7
EBITDA multiple	**Times**	**17.7**	**19.7**

Notes:
1. AUM comprises the total PME AUM of $15.5bn, less the AUM of VTH ($0.3bn)
2. Pro forma EBIT of the PME (as set out in Table 26), excluding co-investment and interest income, and adjusted for estimated depreciation (using FY20 depreciation as a proxy), and earnings from the VTH management rights.

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

The cross-check eliminates the contribution of co-investments and other assets in order to imply the multiples of the core funds management business. Surplus assets, including the value attributable to the management rights of VTH and the value of the VTH co-investment have been excluded, based on the most recent offer made between Macquarie and VTH. The value of other unlisted co-investments was estimated by reference to the most recent assessment for fair value accounting, and listed co-investments were assessed by reference to recent security trading prices.

In relation to the cross-check set out above, we had regard to the following:

- the PME represents a larger, more diversified (as measured by geography, sector and fund type exposure) real estate funds manager than either PWG or CNI on a stand-alone basis. The Management teams from both entities will continue to run the operations of the combined business, and furthermore, expect to realise revenue and cost synergies across the combined businesses
- with reference to our analysis and discussion in Section 6, we consider that PME is likely to trade at a multiple substantially higher than that implied by the listed equities fund managers and also the recent transactions and closer to the multiples of the real estate investment entities.

We consider the observed market parameters to broadly support our valuation of the PME.

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Appendix 1: Context to the report

Individual circumstances

We have evaluated the Proposed Transaction for PWG securityholders as a whole and have not considered the effect of the Proposed Transaction on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

Our opinion is based on the prevailing economic, market and other conditions as at the date of this report. Such conditions can change significantly over relatively short periods of time. Recent volatility in capital markets and the current economic outlook have created significant uncertainty with respect to the valuation of assets. Recognising all of these factors, our valuation and therefore our opinion may be more susceptible to change than would normally be the case.

The report has been prepared at the request of the Independent Directors of PWG and is to be included in the Target's Statement to be given to PWG securityholders for approval of the Proposed Transaction.

Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Target's Statement in their assessment of the Proposed Transaction outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the PWG securityholders and PWG, in respect of this report, including any errors or omissions however caused.

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

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by PWG and CNI and its officers, employees, agents or advisors (as set out below in 'Sources of Information'). Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us.

Drafts of our report were issued to PWG and CNI management, and their advisors, for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by PWG and its officers, employees, agents or advisors, PWG has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which PWG may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by PWG and its officers, employees, agents or advisors or the failure by PWG and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposed Transaction.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of PWG personnel and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the AUASB or equivalent body and therefore the information used in undertaking our work may not be entirely reliable.

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Based on these procedures and enquiries, Deloitte considers that there are reasonable grounds to believe that the prospective financial information for PWG and CNI included in this report has been prepared on a reasonable basis in accordance with ASIC RG 111. In relation to the prospective financial information, actual results may be different from the prospective financial information of PWG and CNI referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Tapan Parekh, Partner, M.Com, B.Bus, F.Fin, CA (BV Specialist) and Stephen Reid, Partner, M App. Fin. Inv., B.Ec, CA. Each has many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- PWG proposes to issue a disclosure document in respect of the Proposed Transaction (the Target's Statement)
- the Target's Statement will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Target's Statement for review
- it is named in the Target's Statement as the 'independent expert' and the Target's Statement includes its independent expert's report in Appendix 1 of the Target's Statement.

On the basis that the Target's Statement is consistent in all material respects with the draft Target's Statement received, Deloitte Corporate Finance Pty Limited consents to it being named in the Target's Statement in the form and context in which it is so named, to the inclusion of its independent expert's report in Appendix 1 of the Target's Statement and to all references to its independent expert's report in the form and context in which they are included, whether the Target's Statement is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Target's Statement and takes no responsibility for any part of the Target's Statement, other than any references to its name and the independent expert's report as included in Appendix 1 of the Target's Statement.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- draft copy of the Target's Statement and Bidder's Statement
- financial reports for FY18, FY19, FY20 and 1HY21 for both PWG and CNI
- CNI and PWG merger announcement presentations dated 19 April 2021
- PWG company website
- CNI company website
- publicly available information on comparable companies and market transactions published by ASIC, Thomson Research, S&P Capital IQ and Mergermarket
- ASX announcements
- other publicly available information, media releases and brokers reports on PWG and CNI and the real estate funds management industry / sectors.

In addition, we have had discussions and correspondence with certain directors and executives, including Erin Flaherty, Independent Non-Executive Director; Hamish Beck, Independent Non-Executive Director; David Creasy, Chief Financial Officer; as well as their advisers Moelis, in relation to the above information and to current operations and prospects.

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Appendix 2: Valuation methodologies

Common market practice and the valuation methodologies which are applicable to corporate entities and businesses can be categorised under one of the following three approaches.

Market approach

The market approach involves the determination of fair value having regard to pricing and other metrics implied by market trading or transactions of comparable assets. Such methods commonly include:

- earnings multiples
- analysis of an entity's recent share trading history
- industry specific methods.

The earnings multiple method estimates fair value as the product of an entity's earnings and appropriate earnings multiple. An appropriate earnings multiple is derived from market trading and/or transactions involving comparable companies. The earnings multiple method is appropriate where the entity's earnings are relatively stable.

The most recent share trading history provides evidence of the fair value of the shares in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

Income approach

The income approach involves the determination of fair value based on the present value of future amounts. Discounted cash flow methods estimate fair value by discounting an entity's future cash flows using an appropriate cost of capital to reflect the risks of the cash flows, to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Cost approach

The cost approach involves the determination of fair value based on the cost of replacement. Such methods estimate the fair value of an entity's shares based on the realisable value of its identifiable net assets, and typically comprise:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of an entity but does not take account of realisation costs.

These asset-based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of an entity's assets are liquid, or for asset holding companies.

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Appendix 3: Comparable companies

The table below sets out our selected comparable listed companies. We have attempted to identify those companies whose primary operations are in the provision of funds management services to property funds, however, there are no listed Australian pure-play property funds managers (of scale) and therefore we have considered companies that are in the broader funds management industry. We recognise that there are other Australian listed real estate entities which operate as real estate investment managers, however, considering the substantial co-investment portfolios of these managers (along with, in some cases, other business activities) it is difficult to isolate metrics for the fund management component to allow for suitable and accurate comparison to PWG, CNI and PME.

Table 38: Comparable listed companies

				EBITDA multiple			EBITDA margins						
Company name	Market cap[1] ($m)	EV[2] ($m)	Gearing	LTM[3]	Current[4,5]	Forward[4,5]	LTM[3]	Current[4,5]	Forward[4,5]	AUM ($m)	EV / AUM	LTM Revenue / AUM	LTM EBITDA / AUM
CNI	1,663	1,022[2]	6.2%	23.9x[2]	17.3x[2]	16.7x[2]	29%	38%	38%	10,200	10.0%[2]	1.4%	0.4%
Real estate fund managers													
Charter Hall	6,553	6,609	0.8%	22.9x	19.2x	16.1x	51%	74%	75%	46,400	n/a	n/a	n/a
APN Property	296	284	0.0%	20.7x	20.0x	19.6x	53%	53%	51%	2,900	n/a	n/a	n/a
Equity fund managers													
Platinum	2,735	2,445[2]	0.0%	12.2x[2]	12.6x[2]	12.7x[2]	74%	73%	71%	23,598	10.4%[2]	1.1%	0.8%
Perpetual	1,943	1,991[2]	2.4%	14.3x[2]	10.1x[2]	8.5x[2]	27%	32%	33%	89,200	2.2%[2]	0.6%	0.2%
Pendal	2,182	1,771[2]	0.0%	10.0x[2]	9.0x[2]	8.0x[2]	37%	37%	40%	101,700	1.7%[2]	0.5%	0.2%
Australian Ethical	981	959[2]	0.0%	nmf	n/a	n/a	28%	n/a	n/a	5,046	19.0%[2]	1.0%	0.3%

Notes:
1. Market capitalisation is as at 11 May 2021, with the exception of CNI which is as at 16 April 2021 (being the last trading day before the transaction was announced)
2. EV has been adjusted to exclude co-investments. The adjusted enterprise value is used to calculate EBITDA and AUM multiples
3. For the 12 months to 31 December 2020, with the exception of Pendal which is 30 September 2020
4. Financial year ended 30 June 2021, with the exception of Pendal which is 30 September 2021
5. Current and Forward EBITDA multiples are based on broker projections, adjusted to exclude co-investment income in CNI and PWG.

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

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Appendix 4: Comparable transactions

Table 39: Comparable transactions

Announcement date	Target	Acquirer	Consideration[1] ($m)	AUM ($m)	Implied consideration as % of AUM[1]	Implied EBIT multiple[1]	Implied EBITDA multiple[1]	EBIT(DA) /AUM
Mar-21	Precinct Properties New Zealand Limited	Precinct Properties New Zealand Limited	197	3,203	6.1%	14.7x	n/a	0.4%
Oct-20	Investec Australia Property Fund	Investec Property Limited	40	1,385	2.9%	9.1x	9.1x	0.3%
Jun-20	GoFARM Asset Management	Primewest	10	283	3.5%	n/a	n/a	n/a
Jun-20	Augusta Capital Limited	Centuria Capital Group	49	1,723	2.8%	5.0x	n/a	0.6%
Sep-19	GARDA Capital Group	GARDA Diversified Property Fund	31	404	7.6%	9.1x	9.0x	0.8%
May-19	Heathley Limited	CNI	39	620	6.2%	12.1x[2]	n/a	0.8%
Aug-18	Folkestone	Charter Hall Group	56	1,609	3.5%	7.7x	n/a	0.5%
Aug-18	Aventus Property Group Pty Limited	AHL	148	2,000	7.4%	n/a	9.1x	0.8%
Aug-17	Astro Japan Property Group	Blackstone	22	1,163	1.9%	8.0x	n/a	0.2%
May-17	Armada Real Estate Asset Management	Moelis Australia	30	800	3.7%	n/a	n/a	n/a
Nov-16	360 Capital listed property platform	Centuria Capital Group and associated entities	102	1,395	7.3%	11.2x	n/a	0.7%
Jul-16	GPT Management Holding Limited	Growthpoint Properties Australia Trust	9	439	2.0%	6.9x	n/a	0.3%
Jun-16	Generation Healthcare management platform	Northwest Healthcare Properties REIT	36	2,000	1.8%	n/a	n/a	n/a
Mar-16	Investa Office Management Platform	Investa Commercial Property Fund	90	8,500	1.1%	9.4x	8.7x	0.1%
Jan-15	Valad Europe property management platform	Cromwell Property Group	158	7,600	2.1%	n/a	6.4x	0.3%
Nov-14	Arena Investment Management	Arena	12	384	3.0%	10.5x	n/a	0.3%
Jun 14 / Dec 13	Westfield Australia and New Zealand real estate	Westfield Retail Trust (Scentre Group)	2,158[3]	38,600	5.6%	11.1x	n/a	0.5%
Dec-13	Commonwealth Property Office Fund (CPA)	DEXUS	41	3,700	1.1%	n/a	n/a	n/a
Dec-13	Commonwealth Managed Investments	CFS Retail Property Trust	475	13,939	3.4%	12.4x	n/a	0.3%
Average			**195**	**4,724**	**3.8%**	**9.8x**	**8.5x**	**0.5%**
Median			**41**	**1,609**	**3.4%**	**9.4x**	**9.0x**	**0.4%**

Notes:
1. Consideration paid is on a 100% interest acquisition basis and excludes any amounts paid for co-investments at the completion of the transaction. This adjusted consideration is used to calculate EBIT and AUM multiples
2. Adjusted to include NTA
3. The consideration is based on the implied value of the management platform set out in the securityholder booklet dated April 2014.

Sources: S&P Capital IQ, Deloitte Corporate Finance analysis

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DIRECTORY

Issuer of Centuria Securities
Centuria Capital Group
Level 41, Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Offeror
Centuria Capital Limited,
acting in its own capacity and
as nomiee for Centuria Capital Fund
Level 41, Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

Financial Adviser
Moelis Australia
Level 27, Governor Philip Tower
One Farrer Place
Sydney, NSW 2000
Australia

Tax Adviser
PwC
One International Towers
Watermans Quay
Barangaroo NSW 2000

Share Registry of the Offeror
Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

Australian Legal Advisers
Hamilton Locke Pty Ltd
Australia Square
Level 42/ 264 George Street
Sydney NSW 2000
Australia