Centuria NZ Agricultural Property Fund Limited

Prospective financial information, reconciliation of non-GAAP financial information to GAAP financial information and supplementary financial information

Prospective financial information

The Prospective Financial Information (**PFI**) of Centuria NZ Agricultural Property Fund Limited (**Agri Fund** or the **Company**) comprises the following Prospective Financial Statements, disclosures and other PFI related information for the 13 months and 5 days ending 31 March 2024 (**FY24**), the 12 months ending 31 March 2025 (**FY25**) and the 12 months ending 31 March 2026 (**FY26**):

- Prospective statement of comprehensive income;
- Prospective statement of changes in equity;
- Prospective statement of financial position;
- Prospective statement of cash flows;
- Notes and assumptions for the prospective financial statements;
- Other PFI related information:
  - Sensitivity analysis for the PFI; and
  - Reconciliation of non-GAAP financial information.

This document should be read in conjunction with the Product Disclosure Statement (“PDS”) dated 21 April 2023 and other information provided on the Offer Register (offer number OFR13511). Capitalised terms used but not defined in this document have the meanings given to them in the PDS.

Financial information is presented in New Zealand dollars.

Basis of preparation and presentation

The PFI has been prepared in accordance with the requirements of Financial Reporting Standard 42: Prospective Financial Statements, as required by clause 53(1)(c) of Schedule 3 to the Financial Markets Conduct Regulations 2014. Agri Fund has prepared PFI beyond the mandatory periods required by Schedule 3. The Company's Board of Directors (the **Board**) believe it is appropriate to disclose the additional period and supporting assumptions to support prospective investor comprehension of the nature of an investment in Agri Fund.

The PFI has been prepared in accordance with New Zealand generally accepted accounting practices (**GAAP**).

The PFI, and underlying best-estimate assumptions, have been prepared by management and approved by the Board specifically for the purpose of a Public Offer of shares in the Company (the **Offer**).

The Board has given due care and attention to the preparation of the PFI (including the assumptions underlying it) and authorised the issue of the PFI as at 21 April 2023 for the purpose stated above. The PFI may not be suitable for any other purpose. The Company was incorporated on 24 February 2023, which results in FY24 covering a 13 month and 5 day period. The PFI is based on the Board's assessment of events and conditions existing at the date of the PDS, the accounting policies and best-estimate assumptions.

The receipt of subscriptions from investors and the allotment of Shares is assumed to take place on 2 June 2023.

There is no present intention to update the PFI or to publish PFI in the future, other than as required by regulations. The Company will present a comparison of the PFI with actual financial results in its financial statements for FY24, FY25 and FY26, as required by Regulation 64 of the Financial Markets Conduct Regulations 2014 and Financial Reporting Standard 44 New Zealand Additional Disclosures.

PFI, by its nature, is inherently uncertain. It involves predictions of future events that cannot be assured as well as risks and uncertainties which are often beyond the control of the Company. These risks and uncertainties include, but are not limited to, the non-occurrence of anticipated events or alternatively events occurring that were not anticipated.

Various risk factors and the management thereof may influence the success of the Company’s business - with specific reference to Section 8 “Risks to Agri Fund's business and plans” in the PDS. Accordingly, actual results may vary from the PFI, and those variations may be significantly more or less favourable. The Board cannot and do not guarantee the achievement of the PFI.

Financial periods

The PFI covers the following reporting periods:

- Forecast financial information for FY24 (13 months and 5 days ending 31 March 2024, commencing on 24 February 2023 being the date that the Company was incorporated);
- Forecast financial information for FY25 (12 months ending 31 March 2025); and
- Forecast financial information for FY26 (12 months ending 31 March 2026).

As the period ending 31 March 2024 will be the first financial period of the Company, there are no comparatives available.

Explanation of certain non-GAAP financial measures

Refer to section 4 "Reconciliation of non-GAAP financial information" for a description and reconciliation of each adjustment to GAAP financial information.

Prospective statement of comprehensive income

	Note	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Lease income	1.2.3	1,182,521	1,428,548	1,428,548
Non-lease property income	1.2.3	7,500	10,385	10,640
Gross property income		1,190,021	1,438,933	1,439,188
Recoverable property operating expenses	1.2.3	(7,500)	(10,385)	(10,640)
Net property income		1,182,521	1,428,548	1,428,548
Administration expenses	1.2.3	(70,084)	(83,569)	(84,876)
Operating profit before finance expenses and fair value movements		1,112,437	1,344,979	1,343,672
Finance expenses	1.2.7	(542,564)	-	-
Operating profit before fair value movements		569,873	1,344,979	1,343,672
Change in fair value of investment property	1.2.2	2,785,038	(152,623)	(107,965)
Operating profit before tax		3,354,911	1,192,356	1,235,707
Income tax	1.2.11	-	-	-
Net profit after tax		3,354,911	1,192,356	1,235,707
Other comprehensive income		-	-	-
Total comprehensive income attributable to shareholders		3,354,911	1,192,356	1,235,707

These prospective financial statements should be read in conjunction with the notes on pages 6 to 16.

Prospective statement of changes in equity

	Note	Issued capital $	Retained earnings $	Total $
Equity as at 24 February 2023		-	-	-
Net issued capital		18,000,000	-	18,000,000
Issue costs	1.2.10	(1,388,621)	-	(1,388,621)
Total comprehensive income for the period		-	3,354,911	3,354,911
Dividends to shareholders	1.2.8	-	(968,500)	(968,500)
Equity as at 31 March 2024	1.2.8	**16,611,379**	**2,386,411**	**18,997,790**
Equity as at 1 April 2024		16,611,379	2,386,411	18,997,790
Net issued capital		-	-	-
Issue costs		-	-	-
Total comprehensive income for the year		-	1,192,356	1,192,356
Dividends to shareholders	1.2.8	-	(1,215,000)	(1,215,000)
Equity as at 31 March 2025	1.2.8	**16,611,379**	**2,363,767**	**18,975,146**
Equity as at 1 April 2025		16,611,379	2,363,767	18,975,146
Net issued capital		-	-	-
Issue costs		-	-	-
Total comprehensive income for the year		-	1,235,707	1,235,707
Dividends to shareholders	1.2.8	-	(1,260,000)	(1,260,000)
Equity as at 31 March 2026	1.2.8	**16,611,379**	**2,339,474**	**18,950,853**

These prospective financial statements should be read in conjunction with the notes on pages 6 to 16.

Prospective statement of financial position

	Note	As at 31 March 2024 $	As at 31 March 2025 $	As at 31 March 2026 $
Current assets				
Cash and cash equivalents		128,871	110,953	91,316
Total current assets		128,871	110,953	91,316
Non-current assets				
Investment property	1.2.2	18,843,924	18,691,301	18,583,336
Capitalised fixed rental growth	1.2.2	156,076	308,699	416,664
Total non-current assets		19,000,000	19,000,000	19,000,000
Total assets		**19,128,871**	**19,110,953**	**19,091,316**
Current liabilities				
Trade and other payables	1.2.6	131,081	135,807	140,463
Total current liabilities		131,081	135,807	140,463
Equity		18,997,790	18,975,146	18,950,853
Total liabilities and equity		**19,128,871**	**19,110,953**	**19,091,316**

These prospective financial statements should be read in conjunction with the notes on pages 6 to 16.

Prospective statement of cash flows

	Note	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Cash flows from operating activities				
Cash was provided from:				
Rental receipts	1.2.3	1,026,444	1,275,926	1,320,583
Property operating expense recoveries	1.2.3	7,500	10,385	10,640
Goods and services tax received		14,648	519	548
		1,048,592	1,286,830	1,331,771
Cash was applied to:				
Payments to suppliers		(58,650)	(93,498)	(95,158)
Interest paid		(2,564)	-	-
		(61,214)	(93,498)	(95,158)
Net cash flow from operating activities		**987,378**	**1,193,332**	**1,236,613**
Cash flows from investing activities				
Cash was applied to:				
Purchase of investment property	1.2.2	(15,811,000)	-	-
Costs in relation to purchase of investment property	1.2.10	(247,886)	-	-
		(16,058,886)	-	-
Net cash flow from investing activities		**(16,058,886)**	**-**	**-**
Cash flows from financing activities				
Cash was provided from:				
Shares issued	1.2.8	18,000,000	-	-
Underwrite Loan drawn	1.2.7	239,953	-	-
		18,239,953	-	-
Cash was applied to:				
Dividends paid to shareholders		(871,000)	(1,211,250)	(1,256,250)
Issue costs	1.2.10	(1,388,621)	-	-
Underwrite Loan fee	1.2.7	(540,000)	-	-
Underwrite Loan repaid	1.2.7	(239,953)	-	-
		(3,039,574)	(1,211,250)	(1,256,250)
Net cash flow from financing activities		**15,200,379**	**(1,211,250)**	**(1,256,250)**
Net increase in cash and cash equivalents		128,871	(17,918)	(19,637)
Cash and cash equivalents at start of period		-	128,871	110,953
Cash and cash equivalents at end of period		**128,871**	**110,953**	**91,316**

These prospective financial statements should be read in conjunction with the notes on pages 6 to 16.

Notes and assumptions for the prospective financial statements

The purpose of the prospective financial statements is to assist investors in assessing the viability of the investment and return on funds invested. The PDS and the PFI contained in it may not be appropriate for any other purpose.

The Company was incorporated on 24 February 2023 and is domiciled in New Zealand. The Company will be a property investor that owns land and buildings located in New Zealand. The registered office of the Manager is situated at Level 2, Bayleys House, 30 Gaunt Street, Wynyard Quarter, Auckland 1010.

The prospective financial statements were authorised for issue on 21 April 2023. The Board is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. It is not intended for the PFI to be updated subsequent to issue.

1 Assumptions

The following general and specific assumptions have been adopted in preparing the PFI. The assumptions contained in this section should be read in conjunction with Section 8 “Risks to Agri Fund's business and plans” in the PDS.

1.1 General assumptions in respect of the PFI

- **Economic environment** - there will be no material changes in the general economic environment for the markets in which the Company operates.
- **COVID-19** - there will be no material impact on the Company from COVID-19 and any related lockdowns or restrictions. The Tenant does not have the right to abatement of rent in the case of restricted access due to COVID-19.
- **Political, legislative and regulatory environment** - there will be no material change to the political, legal or regulatory environments in which the Company operates.
- **Markets operating in** - the Company will operate in New Zealand over the prospective periods.
- **Competitive environment** - there will be no material change to the competitive dynamics of the market in which the Company operates, including any material change in competitor activity. It is assumed that no new entrants or exiting current participants will materially change the competitive environment in which the Company operates.
- **Industry conditions** - there will be no material change in the general industry structure, third party relationships, supply of rental property or general employment conditions.
- **Tenant and suppliers** - existing contractual, business and operational relationships are assumed to continue throughout the prospective periods. There will be no unanticipated loss of key tenants, suppliers, or agents.
- **Disruption to operations** - there will be no material disruption to operations such as natural disasters, fires or explosions and normal hazards associated with operating the Company's business.
- **Legal exposure** - there will be no unexpected litigation or contractual disputes.
- **Property / business acquisitions or disposals** - there will be no material acquisitions or disposals by the Company other than those detailed within the PFI.
- **Interest rate environment** - there will be no material and/or sudden changes to the interest rate environment.
- **Financial Reporting Standards** - there will be no change in financial reporting standards or accounting interpretations which would have a material effect on the Company.
- **Management of the Company** - the Company will be managed by Centuria Funds Management (NZ) Limited (the "**Manager**"), who will be sufficiently resourced to manage the Company with no significant changes to key personnel involved in management of the Company.

- **Taxation** - there will be no material change to the tax rates or laws (including in relation to GST). It is assumed that the Company will register as a portfolio investment entity (**PIE**) and maintain its PIE status throughout the PFI period.

- **Inflation** - Annual CPI inflation is assumed to be 4.20% for the 12 months ending 31 March 2024, 2.30% for the 12 months ending 31 March 2025, and 2.00% for the 12 months ending 31 March 2024. This is based on the forecast in the Reserve Bank of New Zealand Monetary Policy Statement issued on 22 February 2023.

1.2 Specific assumptions

1.2.1 Equity raise, offer costs and settlement

It is assumed that the Company acquires one investment property during the PFI period, located at 208 Fordyce Road, Parakai (the **Initial Property**). The assumed purchase price is based on an unconditional sale and purchase agreement. Pursuant to the sale and purchase agreement, the acquisition of the Initial Property is expected to settle on 2 June 2023.

It is assumed that $18,000,000 of equity is raised in the Offer to facilitate the acquisition of the Initial Property and to pay the associated Offer and establishment costs. It is assumed that the $18,000,000 of new equity is allotted on 2 June 2023.

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Use of funds			
Investment property	15,811,000	-	-
Capitalised acquisition costs	247,886	-	-
Costs of establishment and issuing equity	1,388,621	-	-
Underwrite Loan fee	540,000		
Working capital	12,493	-	-
Total	**18,000,000**	**-**	**-**
Source of funds			
Equity	18,000,000	-	-
Total	**18,000,000**	**-**	**-**

Offer and establishment costs are assumed to be paid on 2 June 2023.

1.2.2 Investment property

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Balance at beginning of period	-	19,000,000	19,000,000
Purchase price of investment property	15,811,000	-	-
Transaction costs to purchase investment property	247,886	-	-
Adjustment due to capitalised fixed rental growth	156,076	152,623	107,965
Change in fair value of investment property	2,785,038	(152,623)	(107,965)
Total investment property	**19,000,000**	**19,000,000**	**19,000,000**

The following table reconciles the asset disclosed in the prospective statement of financial position to the independent valuation.

	As at 31 March 2024 $	As at 31 March 2025 $	As at 31 March 2026 $
Investment property	18,843,924	18,691,301	18,583,336
Capitalised fixed rental growth	156,076	308,699	416,664
Independent valuation	**19,000,000**	**19,000,000**	**19,000,000**

On settlement date, 2 June 2023, the value of the investment property is assumed to equal cost, plus any directly related transaction costs.

As part of due diligence, an independent valuation was completed by Bayleys Valuations Limited who valued the Initial Property at $19,000,000 as at 6 March 2023, with their report being issued on 6 March 2023. At the end of each financial period, it is assumed that the investment property will be revalued, with the fair value assumed to represent the independent valuation of $19,000,000. No additional valuations are assumed to be undertaken during the PFI period as any changes in underlying valuation assumptions cannot be accurately predicted.

When calculating the unrealised movement in the fair value of investment property, adjustments have been made for the movement in the value of the accrual for fixed rental growth.

The actual movements in fair value are likely to be different to what is assumed in the PFI as the actual valuations will be based on rents, market yields and other contributing factors as at the relevant valuation dates. The Board notes a degree of caution should be applied when referencing valuations in the current economic climate.

No further investment property acquisitions, disposals or developments are assumed during the PFI period.

1.2.3 Revenue and expenses

Rental income

The table below summarises the forecast lease income for the PFI period.

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Contracted rental income	1,026,445	1,275,925	1,320,583
Adjustment due to fixed rental growth	156,076	152,623	107,965
Total rental income	**1,182,521**	**1,428,548**	**1,428,548**

Recognition of lease income is based on classifying the Lease as an operating lease. The Lease has been classified as an operating lease under NZ IFRS 16 Leases as substantial risks and rewards incidental to ownership of the investment property remains with the Company, including valuation movement and the residual value. The present value of the Lease payments is not considered to represent substantially all of the fair value of the investment property and the Lease term is not considered to be for the major part of the economic life of the investment property.

Rental income has been forecast based on the agreed Lease with the Tenant. It is assumed that there is no tenant default and there are no delays in receipt of debtors.

Rental income is assumed to commence on 3 June 2023, being the day following settlement. The Lease provides for annual 3.50% fixed increases on each anniversary of the commencement date. These fixed increases have been reflected in the PFI.

Property operating expenses

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Recoverable property operating expenses			
Property management fees	7,500	10,385	10,640
Total recoverable property operating expenses	**7,500**	**10,385**	**10,640**

The Lease is structured as a Triple Net Lease where the tenant is responsible for all operating and capital expenses including rates, utilities, property insurance, repairs and maintenance and property management. Any elements of operating expenses which are invoiced to the Company, as the landlord, are recoverable from the tenant.

It is assumed that all operating costs are invoiced directly to the tenant, with the exception of property management fees which are assumed to be invoiced to the Company and recovered from the tenant.

It is assumed that all operating costs recovered from tenants will be paid on time and that there are no creditors associated with these operating expenses at the end of each reporting period.

Administration expenses

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Valuation fees	4,500	4,604	4,696
Audit fees	8,750	8,951	9,130
Registry fees	7,500	9,378	9,594
Directors fees	20,834	25,000	25,000
Insurance	25,000	31,260	31,979
Legal, tax, and other consultancy fees	3,500	4,376	4,477
Total administration expenses	**70,084**	**83,569**	**84,876**

The above administration expenses have been assumed based on quotes received and/or the Manager's estimates and experience from managing similar funds.

The Manager has agreed to pay any directors and officers liability insurance premium that exceeds the assumed insurance expense in the above table, up to $25,000 for the first annual insurance period and up to $20,000 for subsequent annual insurance periods until 31 March 2026. A quote for the first year of directors and officers liability insurance has been received with an annual premium of $50,000 which would result in the Company paying $25,000 and the Manager paying $25,000.

Auditor's remuneration

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Financial statements audit	8,750	8,951	9,130
Investigating accountant (independent limited assurance services)	22,000	-	-
Total remuneration for assurance services	**30,750**	**8,951**	**9,130**
Review of forecast PIE tax calculations	1,250	-	-
Total remuneration for non-assurance services	**1,250**	**-**	**-**

Financial statements audit costs are based on a fee estimate received.

The investigating accountant services cost is based on a fee estimate received and has been recognised directly in equity as an establishment cost.

Fees paid to the Manager

No ongoing management fees are assumed to be paid during the PFI period.

From the date of the Management Agreement to the date of the third anniversary of the day the Initial Property is acquired, there will be no management fee payable in respect of the Initial Property (though a management fee will apply for any additional properties that may be acquired during that period). Therefore, no ongoing management fees are assumed to be paid until 3 June 2026.

A performance fee is payable if a specified level of outperformance is achieved by the Company, as set out in the Management Agreement. It is assumed that no performance fee is payable during the PFI period.

The terms and calculation of the management fee and performance fee can be found in the PDS.

1.2.4 Reconciliation of the net profit after tax to the net cash flow from operating activities

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Net profit after tax	3,354,911	1,192,356	1,235,707
Adjustments for:			
Change in fair value of investment property	(2,785,038)	152,623	107,965
Adjustment due to capitalised fixed rental growth	(156,076)	(152,623)	(107,965)
Underwrite Loan fee	540,000	-	-
Changes to assets and liabilities relating to operating activities:			
Increase/(decrease) in trade and other payables	33,581	976	906
Net cash flow from operating activities	**987,378**	**1,193,332**	**1,236,613**

1.2.5 Trade and other receivables

It is assumed that the Tenant does not default, and that there are no delays in receipt of debtors, therefore, no trade receivables balances are assumed during the PFI period.

1.2.6 Trade and other payables

	As at 31 March 2024 $	As at 31 March 2025 $	As at 31 March 2026 $
Trade and other payables			
Accrued expenses	18,933	19,389	19,747
Dividends payable	97,500	101,250	105,000
GST payable	14,648	15,168	15,716
Total	**131,081**	**135,807**	**140,463**

1.2.7 Financing

No bank debt is assumed during the PFI period.

Finance expenses

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Underwrite Loan fee	540,000	-	-
Interest on Underwrite Loan	2,564	-	-
Total finance expense	**542,564**	**-**	**-**

The Underwrite Loan is being provided to the Company by Centuria Platform Investments Pty Limited (**CPIPL**). It is assumed that the equity raise is fully subscribed and the Underwrite Loan is not drawn to fund any equity shortfall.

$239,953 is assumed to be drawn from the Underwrite Loan at settlement to fund the GST on issue costs. This drawn amount is assumed to be repaid after 60 days once the GST is claimed back and refunded by Inland Revenue. Interest is assumed to be paid on this drawn amount at 6.5% per annum.

The $540,000 Underwrite Loan fee has been expensed in FY24 as all drawings are expected to be repaid during this period. The terms of the Underwrite Loan can be found in the PDS.

No other finance expenses are assumed during the PFI period as Agri Fund is assumed to have no other loans.

1.2.8 Equity and dividends

It is assumed that 18,000,000 shares are issued under the Offer at $1.00 per share with a 2 June 2023 allotment date.

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Opening balance	-	16,611,379	16,611,379
Share capital issued	18,000,000	-	-
Issue costs	(1,388,621)	-	-
Share capital	**16,611,379**	**16,611,379**	**16,611,379**

Dividends will be declared at the Board's discretion based on the Company's financial performance and solvency requirements. The dividend policy is to pay out between 90% to 110% of Adjusted Operating Profit (non-GAAP), which is outlined in section 4 of the PFI. The policy may change from time to time.

Dividends are forecast to be paid at the annualised rates shown in the table below. Dividends are assumed to be paid monthly in arrears.

	13 months and 5 days ending 31 March 2024	12 months ending 31 March 2025	12 months ending 31 March 2026
Gross dividends paid (annualised cents per share)*	6.50	6.75	7.00
Gross dividends paid ($)	968,500	1,215,000	1,260,000

**Commencing 3 June 2023.*

The Company's objective is to continue as a going concern and maintain optimal returns to investors. As the market is constantly changing, the Company will consider capital management initiatives, such as changing the level of dividends paid, sourcing borrowings or raising additional equity if required.

1.2.9 Related party transactions

The Company will be managed by Centuria Funds Management (NZ) Limited, a wholly owned subsidiary of Centuria Capital Limited. CPIPL is also a wholly owned subsidiary of Centuria Capital Limited.

Transactions with related parties

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Centuria group companies			
Establishment fee	580,863	-	-
Underwrite Loan fee	540,000	-	-
Interest on Underwrite Loan	2,564	-	-
Deposit fee	36,820	-	-
Directors			
Allen Bollard	32,500	15,000	15,000
Edward Hanson	28,334	10,000	10,000
Total fees paid to related parties	**1,221,081**	**25,000**	**25,000**

Some Offer and acquisition costs will be paid by the Manager and/or CPIPL and will be recharged to the Company. These costs are not reflected above.

The Manager has agreed to pay any directors and officers liability insurance premium that exceeds the assumed insurance administration expense in note 1.2.3, up to $25,000 for the first annual insurance period and up to $20,000 for subsequent annual insurance periods until 31 March 2026. A quote for the first year of directors and officers liability insurance has been received with an annual premium of $50,000 which would result in the Company paying $25,000 and the Manager paying $25,000.

1.2.10 Offer and acquisition costs

Total Offer and acquisition costs are forecast to be $2,176,507. The table below sets out how the costs are assumed to be treated.

	Capitalised to investment property $	Capitalised to equity $	Capitalised to borrowings and other treatment $	Total $
Due diligence acquisition and capital raising fee	145,216	435,647	-	580,863
Underwrite Loan fee	-	-	540,000	540,000
Deposit fee	36,820	-	-	36,820
Brokerage fees	-	315,000	-	315,000
Legal fees	-	172,150	-	172,150
Investigating accountant	-	22,000	-	22,000
Valuation fees	5,000	-	-	5,000
Chattels and land valuation fees	7,000	-	-	7,000
Property due diligence	53,850	-	-	53,850
Marketing, PDS design and printing	-	171,741	-	171,741
Directors fees	-	40,000	-	40,000
PDS liability insurance	-	200,000	-	200,000
Registry and AML customer due diligence	-	11,000	-	11,000
Tax advice	-	15,000	-	15,000
PDS registration fees	-	6,083	-	6,083
	247,886	**1,388,621**	**540,000**	**2,176,507**

The Underwrite Loan fee is based on a signed agreement with CPIPL. The Underwrite Loan fee is calculated as 3% of $18,000,000. The Underwrite Loan fee has been expensed in the period ending 31 March 2024.

The remainder of the Offer costs are based on contractual obligations, quotes received and/or estimates made by the Manager using experience from managing similar funds.

1.2.11 Taxation

The Company will register as a multi-rate PIE. The Company will attribute taxable income to shareholders based on their proportionate holding and pay tax based on their prescribed investor rates (**PIR**).

It is assumed that the Company will continue to qualify as a PIE for the PFI period.

1.2.12 Capital commitments

The Company does not anticipate having any capital commitments as at 31 March 2024, 31 March 2025 or 31 March 2026.

1.2.13 Contingent liabilities

The Company does not anticipate having any contingent liabilities as at 31 March 2024, 31 March 2025 or 31 March 2026.

1.2.14 Actual results

Actual results may differ from the PFI. The resulting variance may be material.

The Company, the Board and the Manager give no guarantee or assurance that the PFI presented will be achieved.

The PFI should be read in conjunction with Section 8 “Risks to Agri Fund's business and plans” in the PDS. An analysis of the sensitivity of the PFI to changes in specific key assumptions is included in Section 3 of this PFI.

2 Statement of accounting policies

The prospective financial statements presented are for the reporting entity Centuria NZ Agricultural Property Fund Limited.

The Company will be an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and will report as a Tier 1 For Profit entity. The prospective financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand as it relates to the prospective financial statements, and comply with FRS-42 Prospective Financial Statements. The accounting policies and disclosures adopted in these prospective financial statements reflect those required by the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit orientated entities.

The actual annual financial statements for the Company will be prepared in accordance with and comply with NZ IFRS and International Financial Reporting Standards. The accounting policies adopted in the prospective financial statements reflect the policies expected to be adopted in the actual annual financial statements in future periods.

Measurement base
The prospective financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Comparatives
These prospective financial statements include the first period of trading to 31 March 2024. As the period ending 31 March 2024 will be the first financial period of the Company, there are no comparatives available.

Investment property
Investment property is initially measured at cost, including transaction costs and is subsequently measured at fair value which reflects market conditions. Fair value is determined annually by independent valuers and adjusted for any amounts already allocated to other assets or liabilities. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Subsequent expenditure is capitalised to the asset's carrying amount only where it is probable a future economic benefit will flow to the Company and cost can be reliably measured. All other repairs and maintenance costs are expensed as incurred.

The buildings and the leases are considered as single assets, because they are recognised and measured as single identifiable assets. If substantially all of the fair value of gross assets is concentrated in a single asset (or a group of similar assets) the transaction is accounted for as an asset purchase.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the disposal of an investment property are recognised in profit or loss in the period of derecognition.

Revenue and expenses
Revenue recognition
Rental income is recognised on a straight-line basis over the shorter of the lease term or the term to the market rent review date, unless another systematic basis is more representative of the time pattern in which use benefit derived from the underlying asset is diminished. Lease incentives provided to tenants are amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income.

Contingent rents based on the future amount of a factor that changes other than with the passage of time are only recognised when charged.

Income generated from property operating expenses recovered from tenants is included in gross rental income with the associated property operating expenses shown in operating expenses. Rates and insurance recoveries are recognised as components of lease revenue. Other property operating expense recoveries are recognised as service charge income when a performance obligation is satisfied by transferring control of goods or services to tenants that are recoverable in accordance with the terms and conditions of lease agreements. A performance obligation is a promise in a lease to provide a distinct good or service (or a bundle of goods and services) to a tenant.

Operating leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Finance income
Finance income consists of interest income and is recognised as interest accrues on cash deposits using the effective interest method.

Finance expenses
Finance expenses consists of interest and fees payable on borrowings which is recognised as an expense using the effective interest rate method.

Goods and services tax (GST)
All amounts are shown exclusive of GST except for:
- GST incurred on the purchase of goods and services that is not recoverable from the taxation authority; and
- Receivables and payables that are stated inclusive of GST.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses. Trade receivables are non-interest bearing and on 30-day terms. The Company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. These amounts represent unsecured liabilities for goods and services provided to the Company prior to year-end which are unpaid and arise when the Company becomes obliged to make future payments in respect to the purchase of goods and services. As trade and other payables are usually paid within 30 days they are not discounted.

Borrowings
All borrowings are initially measured at fair value, plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method. Under this method, directly attributable fees, costs, discounts and premiums are capitalised and spread over the expected life of the facility. All other interest costs and bank fees are expensed in the period they are incurred. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Offer costs
Offer costs are treated in a number of ways depending on the nature of the costs; (1) costs directly attributable to raising equity are deducted from the equity proceeds, (2) costs associated with obtaining finance are capitalised and amortised over the term of the borrowings, and (3) costs associated with purchasing property are capitalised as part of the investment property asset. All other costs are expensed as incurred.

Cash and cash equivalents
For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and which are subject to an insignificant risk of changes in value and are readily accessible.

Statement of Cash Flows
The Statement of Cash Flows is presented on a direct basis. The following terms are used in the Statement of Cash Flows:

(a) Cash and cash equivalent means cash on deposit with banks;

(b) Operating activities means the gross cash received from and paid in relation to the principal revenue producing activities and other that are not investing or financing activities;

(c) Investment activities means the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents; and

(d) Financing activities means the activities which result in changes in the equity and debt capital structures, this includes the payment of dividends.

3 Sensitivity analysis for the prospective financial information

Prospective financial information is inherently subject to business, economic and competitive uncertainty, and accordingly actual results are likely to vary from prospective financial statements, and this variation could be material. A summary of the likely effects of variations in key assumptions are detailed below. The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes. Care should be taken in interpreting the information set out below. The approach taken in respect of the sensitivities has been to determine those variables most likely to materially affect results in the financial periods ending 31 March 2024, 31 March 2025 and 31 March 2026.

Each movement in an assumption is calculated and presented in isolation from possible movements in other assumptions, which is not likely to be the case. It is more likely that more than one assumption may move at any point in time, giving rise to compounding or offsetting effects.

The tables below illustrate the impact on the operating profit before fair value movements, Adjusted Operating Profit and Net Tangible Assets due to movements in the key assumptions used in the PFI periods. The below sensitivities do not take account of any risk management initiatives that the Company may take should a change in these assumptions arise.

FY24 impact	Cents per share	$
Operating profit before fair value movements	**3.17**	**569,873**
Adjusted Operating Profit	**5.30**	**953,797**
Underwrite Loan (impact on operating profit before fair value movements)		
$5m of Underwrite Loan drawn	(0.04)	(270,685)
$10m of Underwrite Loan drawn	(0.14)	(541,370)
Underwrite Loan (impact on Adjusted Operating Profit)		
$5m of Underwrite Loan drawn	-	-
$10m of Underwrite Loan drawn	-	-
Net tangible assets	**105.54**	**18,997,790**
Underwrite Loan		
$5m of Underwrite Loan drawn	0.03	(4,914,157)
$10m of Underwrite Loan drawn	0.09	(9,828,314)
Investment property valuation		
Increase in property valuations (+10%)	10.56	1,900,000
Decrease in property valuations (-10%)	(10.56)	(1,900,000)

FY25 impact	Cents per share	$
Operating profit before fair value movements	**7.47**	**1,344,979**
Adjusted Operating Profit	**6.62**	**1,192,356**
Underwrite Loan (impact on operating profit before fair value movements)		
$5m of Underwrite Loan drawn	0.05	(325,000)
$10m of Underwrite Loan drawn	0.16	(650,000)
Underwrite Loan (impact on Adjusted Operating Profit)		
$5m of Underwrite Loan drawn	-	-
$10m of Underwrite Loan drawn	-	-
Net tangible assets	**105.42**	**18,975,146**
Underwrite Loan		
$5m of Underwrite Loan drawn	0.02	(4,989,157)
$10m of Underwrite Loan drawn	0.07	(9,978,314)
Investment property valuation		
Increase in property valuations (+10%)	10.56	1,900,000
Decrease in property valuations (-10%)	(10.56)	(1,900,000)

FY26 impact	Cents per share	$
Operating profit before fair value movements	**7.46**	**1,343,672**
Adjusted Operating Profit	**6.87**	**1,235,707**
Underwrite Loan (impact on operating profit before fair value movements)		
$5m of Underwrite Loan drawn	0.14	(325,000)
$10m of Underwrite Loan drawn	0.46	(650,000)
Underwrite Loan (impact on Adjusted Operating Profit)		
$5m of Underwrite Loan drawn	-	-
$10m of Underwrite Loan drawn	-	-
Net tangible assets	**105.28**	**18,950,853**
Underwrite Loan		
$5m of Underwrite Loan drawn	0.02	(4,964,157)
$10m of Underwrite Loan drawn	0.07	(9,928,314)
Investment property valuation		
Increase in property valuations (+10%)	10.56	1,900,000
Decrease in property valuations (-10%)	(10.56)	(1,900,000)

Notes

Underwrite Loan - impact on operating profit before fair value movements and net tangible assets (***NTA*** *)*
The PFI assumes that $18m is raised under the Offer and that the Underwrite Loan is not drawn to fund any equity shortfall. The sensitivity reflects the impact of a $5m and a $10m shortfall in equity raised. A shortfall in equity raised would result in a lower number of shares being issued and the Company drawing the shortfall from the Underwrite Loan. The sensitivity assumes that the Underwrite Loan fee is expensed over the 60-day term of the initial loan relating to GST in FY24.

The cents per share impacts shown above are the differences between the assumed operating profit before fair value movements or NTA per share on the assumed 18,000,000 shares on issue and the sensitised operating profit before fair value movements or NTA per share on the lower sensitised number of shares on issue. For example, if there was a $5m or $10m shortfall in equity raised, operating profit before fair value movements would decrease (due to higher interest costs), however the operating profit before fair value movements per share would increase as there would be fewer shares on issue.

Underwrite Loan (impact on Adjusted Operating Profit)
Any interest expense incurred on amounts drawn from the Underwrite Loan to cover a shortfall in equity raised is added back for the purposes of calculating Adjusted Operating Profit. Therefore, this sensitivity shows that there is no impact on Adjusted Operating Profit if the Underwrite Loan is drawn to cover such a shortfall.

Investment property valuation sensitivity
The sensitivity reflects the impact of an increase or decrease in property valuations assumed in the PFI at 31 March 2024, 31 March 2024 and 31 March 2025. There is no impact of an increase or decrease in property values on Adjusted Operating Profit, given the revaluation gains and losses are excluded from the Adjusted Operating Profit definition. Any associated impact on performance fees has been excluded for the purposes of this sensitivity.

4 Reconciliation of non-GAAP financial information

The Company's dividend policy is to payout distributions of between 90% to 110% of Adjusted Operating Profit. Distributions paid may be less than 90% of Adjusted Operating Profit when reserves are required to be built up for items such as refinancing, loan principal repayments, acquisitions, future capital expenditure or to support leasing activity. Due to fluctuations in income and expenses, it is possible that the Company may pay more than 110% of Adjusted Operating Profit in a particular period using surplus capital or debt, but this will only occur where it is commercially sustainable.

Adjusted Operating Profit is a non-GAAP measure that quantifies the surplus generated by the Company. It is important because it is the measure used when determining distributions under the dividend policy. Adjusted Operating Profit does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

Adjusted Operating Profit is calculated by adjusting net profit after tax (determined in accordance with NZ IFRS) for certain non-cash, one-off and/or unpredictable items including:

- Reversing unrealised fair value gains or losses on investments;
- Reversing fair value gains or losses on derivative financial instruments;
- Reversing gains or losses on disposal of investments;
- Removing accruals for fixed rental growth;
- Reversing the amortisation of establishment or upfront payments in connection with entering into any derivative contracts;
- Reversing fair value gains or losses on vendor underwrites and retentions that are treated as financial assets;
- Adding rental income on vendor leases that are treated as financial assets and not reflected in net profit;
- Reversing the amortisation of lease incentives funded by vendor underwrites;
- Reversing the amortisation of borrowing costs incurred at establishment or in respect of future equity raising;
- Reversing interest expense on loans that underwrite the Company's capital raising;
- Removing depreciation on right-of-use assets and subtracting the repayment of lease liabilities to mirror cash flows; and
- Adjusting for other one-off and unpredictable items including acquisition fees, marketing costs in relation to raising capital and performance fees.

For the purposes of the Adjusted Operating Profit payout ratio, interest expense on loans that underwrite the Company’s capital raising is treated as a distribution.

The following table reconciles the net profit after tax as per the Prospective Statement of Comprehensive Income to the Adjusted Operating Profit. The reconciliation has not been subject to an independent audit or review.

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Reconciliation of net profit after tax to Adjusted Operating Profit			
Prospective net profit after tax	3,354,911	1,192,356	1,235,707
Adjustments:			
Unrealised movement in the fair value of investment property	(2,785,038)	152,623	107,965
Adjustment due to capitalised fixed rental growth	(156,076)	(152,623)	(107,965)
Underwrite Loan fee	540,000	-	-
Adjusted Operating Profit	**953,797**	**1,192,356**	**1,235,707**
Adjusted Operating Profit payout ratio	**102%**	**102%**	**102%**

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

EBITDA is a non-GAAP measure widely used to evaluate an entity's operating performance.

The following table reconciles the net profit after tax as per the Prospective Statement of Comprehensive Income to EBITDA and EBITDA adjusted for unrealised gains and losses. The reconciliation has not been subject to an independent audit or review.

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
Net profit after tax	3,354,911	1,192,356	1,235,707
Add back: Finance expenses	542,564	-	-
Add back: Income tax	-	-	-
EBITDA	**3,897,475**	**1,192,356**	**1,235,707**
Reverse: Change in fair value of investment property	(2,785,038)	152,623	107,965
EBITDA adjusted for unrealised gains and losses	**1,112,437**	**1,344,979**	**1,343,672**

Gearing ratio

	As at 31 March 2024 $	As at 31 March 2025 $	As at 31 March 2026 $
Loan balance	-	-	-
Total assets	19,128,871	19,110,953	19,091,316
Gearing ratio	**0.0%**	**0.0%**	**0.0%**

Interest cover ratio (EBITDA)

	13 months and 5 days ending 31 March 2024 $	12 months ending 31 March 2025 $	12 months ending 31 March 2026 $
EBITDA adjusted for unrealised gains and losses	1,112,437	1,344,979	1,343,672
Interest expense on borrowings	(2,564)	-	-
Underwrite Loan fee	(540,000)	-	-
Interest cover ratio (including Underwrite Loan fee)	**2.05**	**N/A**	**N/A**
Interest cover ratio (excluding Underwrite Loan fee)	**433.89**	**N/A**	**N/A**