

# Centuria



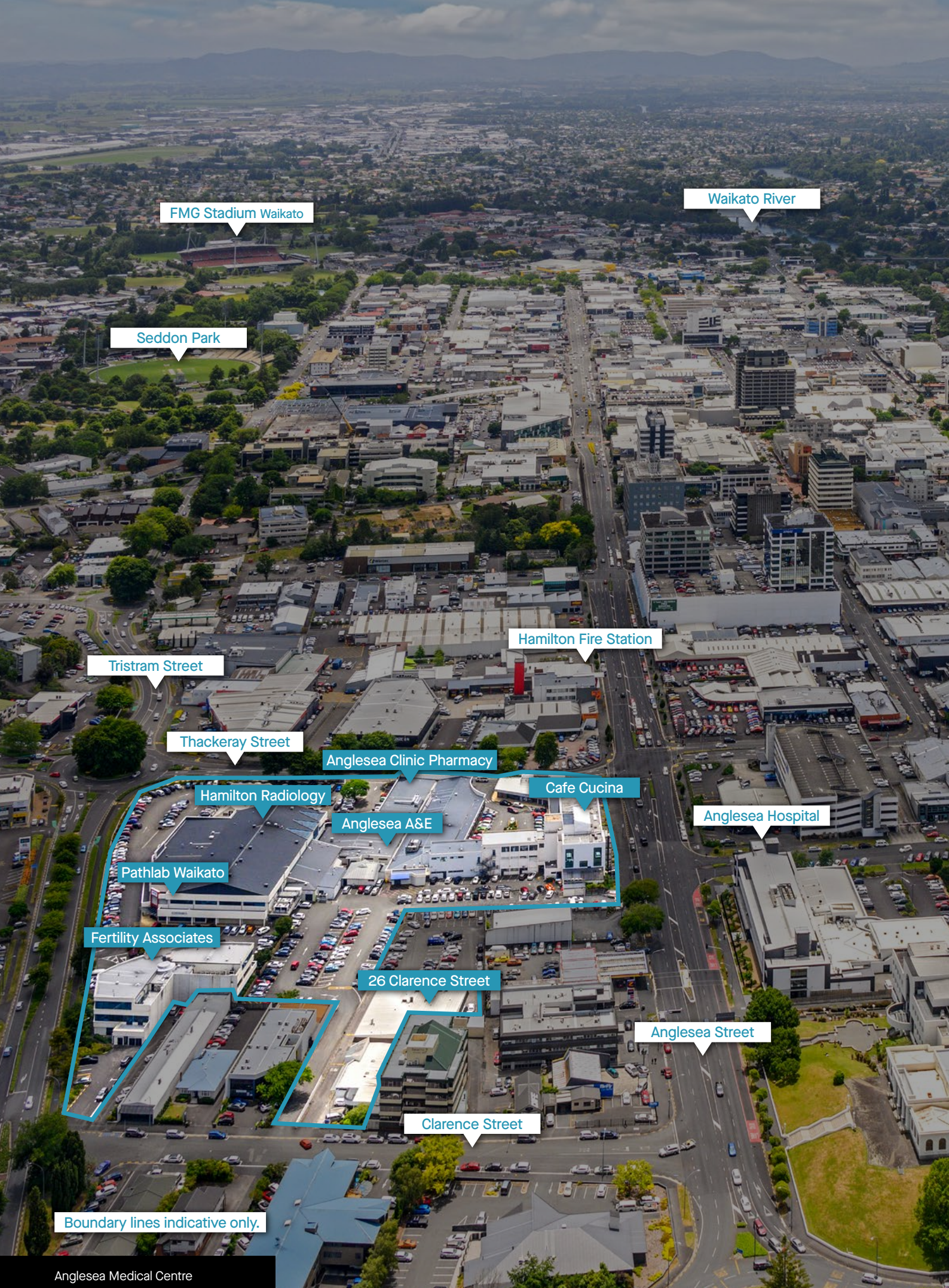
## For an Offer of Units in the Centuria NZ Property Fund

### PRODUCT DISCLOSURE STATEMENT

Issued by Centuria Funds Management (NZ) Limited

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer at <https://disclose-register.companiesoffice.govt.nz>. Centuria Funds Management (NZ) Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you make an investment decision.

15 NOVEMBER 2021



FMG Stadium Waikato

Waikato River

Seddon Park

Hamilton Fire Station

Tristram Street

Thackeray Street

Anglesea Clinic Pharmacy

Cafe Cucina

Hamilton Radiology

Anglesea A&E

Anglesea Hospital

Pathlab Waikato

Fertility Associates

26 Clarence Street

Anglesea Street

Clarence Street

Boundary lines indicative only.

Anglesea Medical Centre

# Key information summary

## Section 1

### 1.1 What is this?

This is an offer of Units in the Centuria NZ Property Fund (the Fund). Your money will be pooled with other investors' money and invested. Centuria Funds Management (NZ) Limited (the Manager) invests the money in assets, such as the Anglesea Medical Centre, 26 Clarence Street and 196 Roydvale Avenue, and takes fees. The assets and fees are described in this document. By investing in this scheme, you are relying on the investment decisions of the Manager and returns from the assets that the scheme invests in. There is a risk that you may lose some or all of the money you invest.

### 1.2 Who Manages this Scheme?

Centuria Funds Management (NZ) Limited is the manager of the Fund. See "About Centuria Funds Management (NZ) Limited and others involved in the Centuria NZ Property Fund" in Section 10 for further details.

### 1.3 What are you Investing in?

Prospective investors should be aware that this is an offer of Units in a unit trust. It has been structured as a long-term investment vehicle. The Fund's strategy is to, over the medium term, invest in a diversified portfolio of properties and property related investments. This currently includes the Anglesea Medical Centre, 26 Clarence Street, Hamilton and 196 Roydvale Avenue, Christchurch.

#### Investment Strategy

The Fund will invest in property, either directly or indirectly, to generate a stable income stream to support the Fund's monthly cash distribution over time.

The proceeds of the Offer will be used by the Fund to repay bank debt, pay Offer costs and for the Investor Redemption Facility. The initial repayment of bank debt will provide the Fund with balance sheet capacity for further acquisitions and development opportunities in the Portfolio.

It is possible that debt could be sourced from the Underwriter under the Underwriting Loan described on page 28 and from Centuria Investment Holdings under the Deposit Funding Loan on page 28.

#### Investment Objectives

The Fund has a long-term investment horizon. The primary objectives of the Fund are to:

- provide Investors with a regular monthly cash distribution;
- continue to further diversify and grow the Fund's investment portfolio by acquiring additional properties and property related investments; and
- increase the Net Asset Value of the Fund and, as a consequence, increase the value of Units.

### 1.4 Key terms of the Offer

<b>Products on Offer</b>	Units in the Fund
<b>Issue Price per Unit</b>	\$1.07 per Unit
<b>Number of Units being offered</b>	Up to \$50 million is targeted to be raised in the Offer, being 46,728,971 Units. Additional Units may be issued at the discretion of the Manager. There is, however, no maximum or minimum number of Units that may be issued under the Offer.

<b>Number of Units being offered (cont.)</b>	Centuria Capital NZ has provided a firm commitment to subscribe for \$1,230,500 of the Units issued under this Offer (being 1,150,000 Units) in addition to the 3,850,000 Units it already holds, which will result in it holding 6.21% of the total Units in the Fund if the targeted amount of \$50 million is raised under the Offer and the Investor Redemption Facility is fully utilised.
<b>Minimum number of Units that may be applied for*</b>	Units available in any amount, subject to a \$10,000 minimum investment.
<b>Maximum holding that may be held by any Investor*</b>	Except in circumstances allowed by the Manager, no Investor and its associates may together hold more than 20% of the Fund's Units following the Offer.
<b>Minimum Holding*</b>	Transfers and redemptions will not be processed if these result in an Investor holding less than 9,345 Units.
<b>Cash distributions</b>	Monthly, on the 20th of each month, paid in arrears. See pages 31 and 32 for more details.  The first distribution payment for Offer Units following the Offer close date will be paid on 20 January 2022.
<b>Forecast pre-tax cash distribution</b>	5.09% per annum – the equivalent of 5.45 cents per Unit on an annualised basis for the period from 24 December 2021 to 31 March 2022; and  5.09% per annum – the equivalent of 5.45 cents per Unit per annum for the year ending 31 March 2023.  Forecast pre-tax cash distributions will be partially funded from capital if no further acquisitions are made. For FY23, 1 cent of the forecast pre-tax cash distribution of 5.45 cents is forecast to be funded from capital (i.e. 0.94% per annum of the 5.09% per annum forecast distribution), reflecting a FY23 Adjusted Operating Profit Payout Ratio of 123% if no further acquisitions are made. In addition, non-recoverable repairs and maintenance expenditure of \$929,000 (equivalent to 1.07% per annum of the 5.09% per annum forecast distribution <sup>(1)</sup> ) is forecast to be funded from capital in FY23. These cash distributions are not guaranteed. The actual distribution rates may vary. The forecast cash distributions are for the period commencing on the day following the issue of Units to 31 March 2022 and for the year ending 31 March 2023, and represent the percentage forecast return per annum from cash distributions on Units acquired in the Offer at the Issue Price. Details on how the forecast pre-tax cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investments are set out in "Section 6: Centuria NZ Property Fund's financial information" and "Section 7: Risks to returns from the Centuria NZ Property Fund" in this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.

(1) Assumes 80,556,074 Units are on issue for FY23.

# Key information summary (cont.)

## Section 1

<b>Forecast pre-tax cash distribution (cont.)</b>	The forecast pre-tax cash distributions are based on prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.	<b>Issue date**</b>	Offer Units will be issued on or about 23 December 2021 for all subscriptions received during the Offer Period. Should the Follow-On Offer proceed, Follow-On Offer Units will be allotted weekly on the Wednesday of each week (where applications are received and approved by 3pm three business days prior to that Wednesday), and on the Follow-On Offer closing date. Weekly allotments begin on Wednesday 12 January 2022.
<b>Existing Investors in the Fund</b>	Applications for Units from existing Investors in the Fund will receive priority over other applications for Units, at the Manager's discretion.  Existing Investors must return a completed application form by 8 December 2021 to be eligible to receive a priority allocation in the Offer unless subscriptions for the targeted amount have been received prior.	<b>Offer to investors</b>	This Offer is only being made to potential investors in New Zealand, Australia and any other jurisdiction in which the Manager is able to make the Offer, without having to prepare a disclosure document, at its discretion.
<b>Underwriting and subordinated loan arrangements</b>	<p>\$48,769,500 of the targeted \$50 million to be raised is underwritten by Centuria Platform Investments Pty Limited (the <i>Underwriter</i> or <i>CPIPL</i>) by way of an underwriting agreement between the Manager and CPIPL and a subordinated loan agreement that may be entered into between CNZPF Nominee Limited (as nominee of the Fund) and the Underwriter if required by the Manager.</p> <p>In the event that the targeted amount of \$50 million is not raised by the Offer close date, the Underwriter has committed to subscribe for Units under the underwriting agreement that will result in it holding (together with its associates) up to 20% of the Units in the Fund (the <i>Unitholding Cap</i>). Any further shortfall to the targeted amount will be met by CPIPL advancing the Underwriting Loan. If more than \$36.9 million is raised in the Offer from investors other than CPIPL and its associates, the Underwriting Loan will not be drawn.</p> <p>The Underwriter will receive an establishment and underwriting fee of \$1,463,085 (calculated at 3% of \$48,769,500), will be entitled to receive cash distributions in respect of any Units it acquires under the underwriting agreement and will be paid interest at a rate of 4.75% per annum on any outstanding balance of the Underwriting Loan (in place of the cash distributions that would have been payable on Units acquired under an underwrite). If drawn, the Underwriting Loan is repayable from the subscription monies received from the issue of Follow-On Offer Units (other than any Units issued to CPIPL under the underwriting agreement) or from the proceeds of a separate capital raise. Payments to the Underwriter under the Underwriting Loan and underwriting arrangements (including any cash distributions paid to CPIPL as an Investor) will not impact forecast FY22 and FY23 cash distributions.</p>	<p>* The Manager reserves the right to amend the minimum and maximum subscription amounts, the multiple of Units that may be subscribed for and the minimum and maximum number of Units that may be held.</p> <p>** These dates are indicative only and may change. In particular, the Manager reserves the right to close the Offer and/or the Follow-On Offer at any time prior to those dates or extend the Offer Period and/or the Follow-On Offer Period by up to 25 working days without prior notice.</p>	
<b>Intended Opening Date**</b>	23 November 2021	<b>1.5 How you can get your money out</b>	
<b>Intended Closing Date**</b>	17 December 2021	As at the date of this PDS, the Units are not redeemable except under the redemption facility in connection with this Offer.	
<b>Follow-On Offer close date**</b>	30 April 2022 (if subscriptions for the targeted amount of \$50 million have not been received by 17 December 2021 the Manager may make the Follow-On Offer)	From April 2023 or such other date as determined by the Manager, the Fund may offer monthly redemptions of Units. Further information on redemptions is set out in "Section 4: Terms of the Offer" on pages 30 and 31.	
		In conjunction with this Offer, existing Investors, who are unitholders on 31 October 2021, are entitled to redeem their Units at a redemption price of \$1.07. Redemptions will be limited to \$5,000,000 (4,672,897 Units). Further information on this redemption facility is set out in "Section 4: Terms of the Offer" on page 30.	
		Your investment in these Units can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.	
		<b>1.6 Key drivers of returns</b>	
		The key current and future aspects of the Fund that will or may, have an impact on the Fund's financial performance (and the key strategies and plans for those aspects) are:	
		<ul style="list-style-type: none"> <li>• <b>Further acquisitions and developments:</b> Completing acquisitions which add to earnings will be a key driver of the Fund's financial performance. The Manager will be actively seeking further acquisitions, including during the Offer Period, to enable the Fund to grow, achieve further diversification and reduce the Payout Ratio while maintaining forecast cash distributions for FY23. The key aspects of an acquisition that impact the Payout Ratio are the acquisition yield and the interest rate on the debt used to fund the acquisition.</li> </ul>	
		The Manager will aim to secure further assets with an acquisition yield and interest rate mix that reduce the Payout Ratio. The Manager has an experienced team who actively pursue acquisitions and a track record of acquisitions over the past 20 years. Centuria has capability in office, retail, industrial, value-add, residential, tourism and development sectors.	
		In addition, the proposed development at Anglesea Medical Centre is expected to complete by the end of FY23, at which point it is expected to provide additional earnings through increased rental income, which will help reduce the Payout Ratio from FY24.	

# Key information summary (cont.)

## Section 1

- **Interest rates:** When Units are initially issued under the Offer, the Fund will have no drawn bank debt and will not incur any material interest expense to banks. However, the Fund's strategy is to acquire further properties and undertake the proposed development works at Anglesea Medical Centre which are expected to be funded by bank debt. Interest expense as a result of bank borrowings is expected to become a material expense and the Fund will therefore be subject to the risk of interest rates being higher than projected and allowed for by the Manager in the future (the floating base rate is assumed to increase over the forecast period from 0.37% per annum as at 1 September 2021 to 2.92% per annum as at 31 March 2023 based on market forecasts). Further information on interest rate assumptions is located on page 40. The level of interest rates will also affect the returns from any future property acquisitions or developments.
- **Rental income and occupancy:** Increases in the Fund's income will be driven by rent review provisions in leases across the Fund's Portfolio, as well as either retention of tenants on lease expiry or re-leasing current vacant space to new tenants. There are various fixed, CPI linked and market rent reviews across the leases, either at fixed periods during a lease or on renewal. There is no guarantee of market rental increases.
- **Capital Growth:** The change in value of a Unit is tied to the change in value of the Fund's assets and the Fund's debt. The value of the Fund's assets (see page 31) will be influenced by multiple factors, including the property market, occupancy, capital expenditure, successful completion of developments at Anglesea Medical Centre, changes in rental paid by tenants and the remaining term of the leases of the Properties.

### 1.7 Centuria NZ Property Fund's Financial Information

Gearing Ratio		
at 31 March 2021	34.3%	The "gearing ratio" tells you how much the Fund owes (debt) as a portion of what it owns (assets, including cash). The higher the gearing ratio, the greater the Fund's exposure to risk from movements in interest rates or the requirement to repay debt should it not be able to be renewed or refinanced on expiry. This ratio is calculated on the basis that the Underwriting Loan and the Deposit Funding Loan are not drawn.
On issue of Units under the Offer <sup>2</sup>	0.0%	
at 31 March 2022	0.0%	
at 31 March 2023	13.8%	
Interest Cover Ratio		
Period ending 31 March 2021	3.26 times	The "interest cover ratio" tells you how much the Fund's EBITDA adjusted for unrealised gains and losses exceeds interest expense on its debt (as a multiple). This ratio is calculated on the basis that the Underwriting Loan and the Deposit Funding Loan are not drawn.
Year ending 31 March 2022	0.99 times <sup>3</sup>	
Year ending 31 March 2023	25.12 times <sup>4</sup>	

(2) Following the repayment of bank debt with the proceeds of the Offer.

(3) The interest cover ratio for the year ending 31 March 2022 is 2.46x if the Underwriting Loan component of the underwrite fee totalling \$1,346,103 is excluded from interest expense.

(4) The majority of interest expense will be capitalised to investment property in the year ending 31 March 2023 and is therefore not reflected in the interest cover ratio as it is associated with the forecast extension development at Anglesea Medical Centre.

(5) Assumes 80,556,074 Units are on issue for FY23.

Further information about how the gearing ratio and interest cover ratio are calculated and serviced is included on page 40.

#### Valuations

The following table sets out independent valuations of 26 Clarence Street and 196 Roydvale Avenue, which were acquired since the last balance date of the Fund:

Property	Valuation	Valuation Date
26 Clarence Street, Hamilton (Waikato DHB)	\$6,600,000	24 August 2021
196 Roydvale Avenue, Christchurch (City Fitness)	\$10,050,000	3 September 2021

Each property has been independently valued in accordance with current Australian and New Zealand Valuation and Property Standards, using both a capitalisation of net income and discounted cash flow approach. Ben Johnson and Graeme MacDonald have provided a letter dated 11 November 2021 confirming that they had undertaken relevant investigations and could confirm the valuation previously provided accurately reflected the market conditions as at 11 November 2021.

### 1.8 Key Risks of this Investment

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the Centuria NZ Property Fund's future performance and returns is suitable for you. The price of these Units should reflect the potential returns and the particular risks of these Units. The Manager considers that the most significant risk factors that could affect the value of the Units are:

- **Inability to access further property investments:** In order for the Fund to grow, achieve further diversification and reduce the Payout Ratio while maintaining forecast cash distributions in FY23, the Fund needs to acquire further Assets which generate earnings. In order to make further acquisitions, the Manager will need to secure bank debt on acceptable terms. The key aspects of an acquisition that impact the Payout Ratio are the acquisition yield and the interest rate on the debt used to fund the acquisition, and these factors will be considered by the Manager when assessing potential acquisitions.

Until acquisitions occur which generate earnings, the forecast pre-tax cash distributions for FY22 and FY23 of 5.09% per annum (5.45 cents per Unit) will be partially funded by capital. For FY23, 1 cent of the forecast pre-tax cash distribution of 5.45 cents is forecast to be funded from capital (i.e. 0.94% per annum of the 5.09% per annum forecast distribution), reflecting a FY23 Adjusted Operating Profit Payout Ratio of 123% if no further acquisitions are made. In addition, non-recoverable repairs and maintenance expenditure of \$929,000 (equivalent to 1.07% per annum of the 5.09% per annum forecast distribution<sup>5</sup>) is forecast to be funded from capital in FY23.

The Manager will be actively seeking further acquisitions, including during the Offer Period. If the Manager is unable to secure further Assets, distributions beyond FY23 will continue to be partially funded by capital, which is considered to be commercially sustainable over the next three to five financial years due to the current low gearing of the Fund, at which point distributions may need to be reassessed having regard to market conditions at the time.

# Key information summary (cont.)

## Section 1

The Manager has an experienced team who actively pursue acquisitions and a track record of acquisitions over the past 20 years. Centuria has capability in office, retail, industrial, value-add, residential, tourism and development sectors.

In addition, the proposed development at Anglesea Medical Centre is expected to complete by the end of FY23, at which point it is expected to provide additional earnings through increased rental income, which will help reduce the Payout Ratio from FY24. Rental growth over time (through a combination of fixed increases, CPI linked increases and market rent reviews across the leases) is also expected to assist with reducing the Payout Ratio.

- **Changes in interest rates:** When Units are initially issued under the Offer, the Fund will have no drawn bank debt and will not incur any material interest expense to banks. However, interest expense incurred by the Fund as a result of bank borrowings is expected to become a material expense once debt is drawn to fund the proposed development works at Anglesea Medical Centre and future acquisitions. Any changes in interest rates cannot be accurately predicted. If interest rates were to increase more than projected and allowed for by the Manager in the future (the floating base rate is assumed to increase over the forecast period from 0.37% per annum as at 1 September 2021 to 2.92% per annum as at 31 March 2023 based on market forecasts), it may affect the Fund's ability to maintain distributions or the Payout Ratio may change. Further information on interest rate assumptions is located on page 40. Margins and line fees are fixed for the term of the Loan Facility (unless refinanced earlier). The Manager will monitor interest rate markets and regularly review the base rate, margin and line fee components of the Fund's borrowings, including the portion of borrowings that is subject to a fixed interest rate.
- **Rental income risk:** The primary income stream for the Fund is rental income. As a result, the Fund is subject to the risk of tenants not being required to pay their rent as a result of Government mandated COVID-19 protection measures that restrict access to their tenancies. In this instance, the Manager considers this risk is mitigated by the six month, \$500,000 rental underwrite provided by Centuria Capital NZ.

This summary does not cover all of the risks. You should also read "Section 7: Risks to returns from the Centuria NZ Property Fund" on pages 41 to 46.

### 1.9 What fees will you pay?

The table below summarises the fees and expenses that the Fund will be charged. Further information about fees is set out in "Section 8: What are the Fees?". The historical fees are not necessarily indicative of future fees.

	<b>Actual fees and expenses for the 8 Months and 19 days to 31 March 2021</b>	<b>Forecast fees and expenses for the 12 months to 31 March 2022</b>	<b>Forecast fees and expenses for the 12 months to 31 March 2023</b>
Total fees and expenses charged by the Manager and its associated persons	\$2,362,653 plus GST, which as a percentage of net assets of the Fund was 6.45%*	\$2,336,318 plus GST, which as a percentage of net assets of the Fund is anticipated to be 2.94%*	\$897,105 plus GST, which as a percentage of net assets of the Fund is anticipated to be 1.10%
Total fees and expenses charged by other persons	\$3,344,126 plus GST, which as a percentage of net assets of the Fund was 9.13%*	\$9,619,694 plus GST, which as a percentage of net assets of the Fund is anticipated to be 12.12%*	\$14,623,999 plus GST, which as a percentage of net assets of the Fund is anticipated to be 17.94%

\* Fees and expenses for the period ended 31 March 2021 include establishment costs for the Fund's initial offer which completed in September 2020. Fees and expenses for the period ending 31 March 2022 include Offer costs.

### 1.10 How will your Investment be Taxed?

The Fund is a multi-rate portfolio investment entity (PIE). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR, go to the Inland Revenue website <https://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate>. See Section 9 of the PDS (Tax) on page 54 for more information.

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# Letter from the Manager

Dear Investor,

Centuria NZ Property Fund (the Fund) (formerly known as Augusta Property Fund) is a unit trust that was established in July 2020 as an open-ended, unlisted property fund by Centuria Funds Management (NZ) Limited (the Manager, formerly known as Augusta Funds Management). The Manager was established in 2003 and manages approximately NZ\$2.5 billion of assets with a strong track record. In 2020, Augusta and the ASX listed Centuria Capital Group (CNI) (one of Australia's largest property fund managers) merged to create a leading Australasian property fund management platform, with approximately A\$18 billion of Trans-Tasman assets under management on behalf of investors and a market capitalisation of approximately A\$2.6 billion.

The Fund's purpose is to provide investors with the opportunity to invest in a portfolio of strategically selected directly owned assets, along with other property related investments in the longer term, within the one investment vehicle. The intention of the Fund is to grow over time to continue to increase investors' exposure to a variety of property investments whilst providing regular monthly cash distributions and the potential for capital growth. All future investments by the Fund will be strategically selected for their ability to continue to increase the diversification (by sector, tenant and location) and contribute to the yield and capital growth.

This second capital raise will be used to initially reduce the bank debt to zero to provide a strong platform for growth with significant balance sheet capacity available to acquire additional assets, subject to securing suitable bank funding, and add value to the Fund's largest asset, Anglesea Medical Centre, through further development of that property (described below). Bank debt is expected to progressively increase as further acquisitions and development projects occur.

The Fund's initial and highest value asset is the Anglesea Medical Centre. Located in Hamilton's CBD, in Centuria's opinion, it is one of New Zealand's largest private health care centres. Anglesea Medical Centre offers income diversification through 28 tenants, many being the Waikato's leading medical and healthcare providers. The tenants' strong commitment to the property is highlighted through the ten largest having occupied the site for between 11 and 28 years. The 2.4 hectare site contains three main buildings and is located in a prime corner position benefiting from three road frontages. We believe the property provides redevelopment and value-add opportunities that we intend to pursue. We have entered into discussions with a major private medical provider (details of whom are currently commercially sensitive) that would act as guarantor for a prospective tenant in connection with a circa 1,500m<sup>2</sup> two level extension at the north-western corner of the site for a specialist medical service use, subject to agreeing acceptable commercial terms with the prospective tenant. This current capital raise will provide funding for the development. Early this year demolition works were completed to increase the customer carparks and ready this area for future development. Due to the property's low site coverage, other development opportunities remain, and the Manager is actively engaging with this party with regard to additional developments on the site. As noted within the Bayleys Research commentary on page 26 healthcare is an attractive sector of the property market with non-cyclical, defensive characteristics and strong forecast growth.

Since Centuria NZ Property Fund's establishment, it has also acquired Anglesea Medical Centre's neighbouring property, 26 Clarence Street, Hamilton. This asset is 100% leased by the Waikato District Health Board on a six-year lease that commenced in March 2021. This acquisition is complementary to Anglesea Medical Centre in both tenant type and the location of the property, which is adjacent to the rear access, providing further options for future redevelopment.

Centuria NZ Property Fund has also recently acquired a City Fitness Gym building located in a new subdivision within a growth location near Christchurch Airport. Constructed in 2019, this modern facility provides a new 12-year lease term from the settlement date and rights of renewal until 2045 along with a 12 month rental guarantee from the tenant's parent company. The property was acquired for \$9.3 million on 29 October 2021, with the property valued at \$10.05m as at 3 September 2021, with this increase directly benefitting investors.

To provide additional assurance to investors, and to mitigate the effects of further COVID-19 lockdowns and restrictions, Centuria Capital NZ will provide a rental underwrite for all properties of up to \$500,000 for a period of 6 months from the initial allotment of Units (as more particularly described on page 19).

In terms of the structure of the investment, the Fund is a PIE (Portfolio Investment Entity) which means the maximum tax rate for your investment will be 28%. We understand the importance of cashflow to our investors, therefore cash distributions (described on pages 31 and 32) are paid to investors monthly.

One of the most frequently asked questions we receive from investors relates to liquidity, specifically, can an investor sell their investment? The Manager does not intend to quote these Units on a market licensed in New Zealand in the future and there is no other established market for trading them. However, the Manager does operate a secondary market facility which matches the buyers and sellers of Units. The liquidity of a unit is very much related to the performance of the underlying assets. Since 2014, the Manager has facilitated secondary sale transactions with a total sales value of over \$44 million. Neither the Manager nor Centuria NZ Property Fund is obligated to provide liquidity to Investors.

Investment in the Centuria NZ Property Fund is available in any amount, with a minimum investment of \$10,000. We believe this lower entry point increases accessibility for investors whilst also allowing our larger investors flexibility in the quantum of their investment. Our wide range of investors includes those with the minimum (\$10,000) right through to many with several million dollars invested across several offerings. The offer is fully underwritten which provides assurance to investors that it will proceed.

Existing investors in the Fund will receive a priority allocation in the Offer over other applications for Units until 8 December 2021 (unless the Offer is fully subscribed prior) and otherwise at the Manager's sole discretion.

## Letter from the Manager (cont.)

In summary, we believe that the value-add opportunities provided by the Anglesea Medical Centre and the adjacent property, combined with the City Fitness Gym's strong long term cashflow, and the initial zero bank debt position following the Offer, position the Fund well to achieve the objectives of growth, diversification, regular distributions, and further capital growth.

With the above factors and previous oversubscription, we expect strong interest in the Offer and recommend your earliest attention. Centuria Capital NZ is co-investing further and has committed to subscribe for 1.15 million Units in the offer in addition to the 3.85 million Units it already holds.

This PDS contains important information about this Offer. We encourage you to read the PDS carefully and consider in particular "Section 7: Risks to returns from the Centuria NZ Property Fund" before making your investment decision.



**Mark Francis**  
CEO



**Bryce Barnett**  
Executive Director

# What the Centuria NZ Property Fund invests in

## Section 2

In this section, you will find information on:

- the key features of the Fund;
- factors that may affect the financial performance of the Fund and Investors' returns;
- how the Fund is managed;
- the acquisitions of 26 Clarence Street, Hamilton and 196 Roydvale Avenue, Christchurch;
- the sectors in which the Fund currently invests; and
- the borrowing sources of the Fund.

### Key Features Of The Scheme (Fund)

The key features of the Fund are set out below.

The Manager has adopted a Statement of Investment Policy and Objectives (SIPO) for the Fund which sets out the:

- investment policies, objectives and strategies for the Fund in respect of the Manager's investment in the Current Authorised Investments; and
- policies the Manager will apply in respect of its management and its investment performance monitoring benchmarks.

The Fund has been established to provide investors with the opportunity to invest in a diversified portfolio of strategically selected directly owned assets along with other property related investments.

The intention of the Fund is to grow over time to continue to increase investors' exposure to a variety of property investments within the one investment vehicle whilst providing regular monthly cash distributions and the potential for capital growth.

All future investments by the Fund, whether directly owned assets or other property related investments, will be strategically selected for their ability to continue to increase the diversification (by sector, tenant and location) and contribute to the yield and capital growth.

### Current Authorised Investments

The authorised investments, as at the date of this PDS, are:

- Directly-owned real estate;
- Interests in property managed investment schemes;
- Interests in property managed funds;
- Underwriting of property managed investment schemes and property managed funds capital raising;
- Cash;
- Derivatives; and
- Other assets arising in connection with the above,

*(the Current Authorised Investments).*

The Manager has applied for a Licence Variation to allow the Fund to invest in the following investments:

- Interests in property companies;
- Interests in listed property vehicles;
- Debt securities;
- Interests in operating businesses associated with or connected to directly owned real estate acquired by the Fund;
- Loans to entities in which the Fund holds or intends to hold an equity investment in; and
- Other assets arising in connection with the above,

*(the Proposed Authorised Investments).*

### Investment Objectives

The Fund has a long-term investment horizon. The primary objectives of the Fund are to:

- provide Investors a regular monthly cash distribution;
- continue to diversify and grow the Fund's investment portfolio by acquiring additional properties and property related investments; and
- increase the Net Asset Value of the Fund and, as a consequence, increase the value of Units.



Anglesea Medical Centre

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Investment Policies

The key policies of the Manager in respect of implementing the above investment objectives and strategy are set out in the SIPO, being:

- **Distributions:** Distributions are made at the discretion of the Manager. The Manager's policy is to pay out up to 110% of Adjusted Operating Profit to Investors over the medium term<sup>6</sup>. The Fund may pay less than 110% of Adjusted Operating Profit when amounts are required to fund redemptions, or cash reserves are required to be built up for a future event, such as acquisitions, planned capital expenditure or lease incentives for directly owned property. Due to fluctuations in the Fund's income and expenses, it is possible that the Fund may pay more than 110% of Adjusted Operating Profit in a particular period using surplus capital or debt, as is forecast to be the case in FY22 and FY23 in the absence of further acquisitions, but this will only occur where it is commercially sustainable over the life of the Fund.
- **Cash flow and liquidity:** The Manager will manage the Fund's cash flow and hold liquidity reserves in such a way as to not cause undue risk or expense to the Fund by incurring only costs that are deemed appropriate and reasonable, maintaining and regularly reviewing a cash flow budget to allow early identification of potential problems and maintaining discretion to offer redemptions and issue Units. Particular circumstances set out in the SIPO may result in an increase or decrease in distributions.
- **Interest cover:** The interest cover ratio is to be maintained at not less than two times the interest expenses. The interest cover ratio is measured by taking the Fund's EBITDA adjusted for unrealised gains and losses and dividing by the interest expense. Interest and fees on loans that underwrite the Fund's capital raising are excluded from interest expense for the purpose of this ratio.
- **Hedging/interest rate policy:** The Manager will actively monitor interest rates and assess on a case by case basis whether it is in the interests of the Fund to fix interest rates and the appropriate term.
- **Gearing:** The Fund has a long-term gearing target of between 42.5% and 47.5%, with the ability to increase gearing above this level on a short-term basis to facilitate acquisitions, redemptions, capital expenditure and fund underwriting if called. The maximum allowable loan amount is 55% of the aggregate value of the Fund's assets (calculated on a Look-Through basis).<sup>7</sup>
- **Valuation:** The Fund's Assets will be valued in accordance with the Unit Pricing Policy that the Manager has adopted for the Fund.
- **Conflicts of Interest:** The Manager maintains a conflicts of interest policy that governs the way conflicts and related party transactions are managed. Conflicts are dealt with on arm's length commercial terms. Each director and employee has an obligation to act in the best interests of Investors.

The SIPO may be amended by the Manager following consultation with the supervisor of the Fund, Covenant Trustee Services Limited.

A full copy of the SIPO is available on the Scheme Register at <https://disclose-register.companiesoffice.govt.nz> by searching "SCH12900" under "search schemes".

### Centuria NZ Property Fund's Portfolio

The Fund's Portfolio currently consists of three properties. Key metrics for the Portfolio are:

<b>Existing Properties</b>	<ul style="list-style-type: none"><li>• Anglesea Medical Centre, Hamilton</li><li>• 26 Clarence Street, Hamilton</li><li>• 196 Roydvale Avenue, Burnside, Christchurch</li></ul>
<b>Number of Properties</b>	Three (3)
<b>Portfolio original purchase price</b>	\$70,746,923
<b>Portfolio valuation as at (August &amp; September 2021)<sup>8</sup></b>	\$75,650,000
<b>Number of tenants</b>	30
<b>WALT (as at 31 October 2021)</b>	5.21 years
<b>Net lettable area</b>	15,821.2m <sup>2</sup>
<b>Occupancy</b>	94%
<b>Passing Rental</b>	\$4,598,076
<b>Rental yield</b>	6.08%

(6) Interest expense on loans that underwrite the Fund's capital raising is treated as a distribution when calculating the percentage of Adjusted Operating Profit paid out.

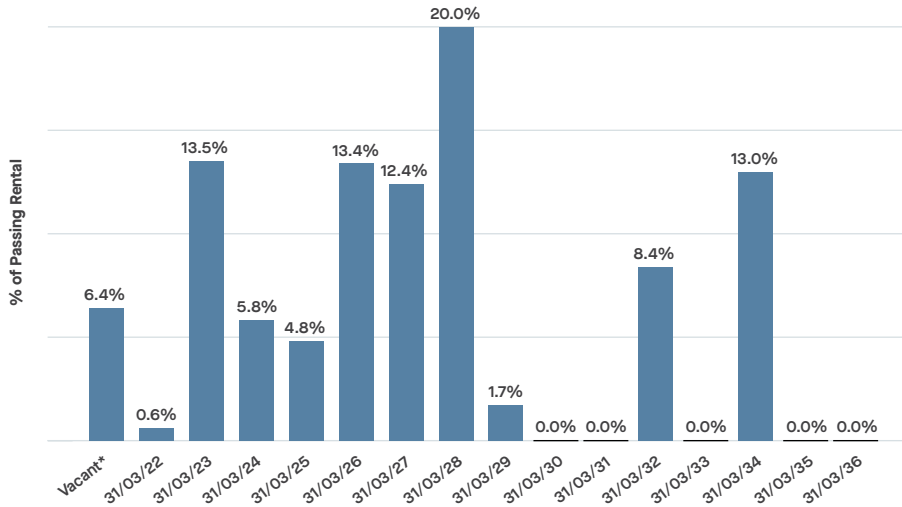
(7) Gearing excludes any subordinated debt where the debt (A) does not have a stated maturity date, (B) has an interest rate that is less than or equal to the then current rate of distributions to Investors; (C) is only repayable out of the proceeds of debt raised or from the proceeds raised from the issue of units to investors and (D) ranks equally with the claims of Investors on liquidation of the Fund.

(8) Anglesea Medical Centre and 26 Clarence Street are valued as at 24 August 2021, 196 Roydvale Avenue is valued as at 3 September 2021. Ben Johnson and Graeme MacDonald have provided a letter dated 11 November 2021 confirming that they had undertaken relevant investigations and could confirm the valuation previously provided accurately reflected the market conditions as at 11 November 2021.

# What the Centuria NZ Property Fund invests in (cont.)

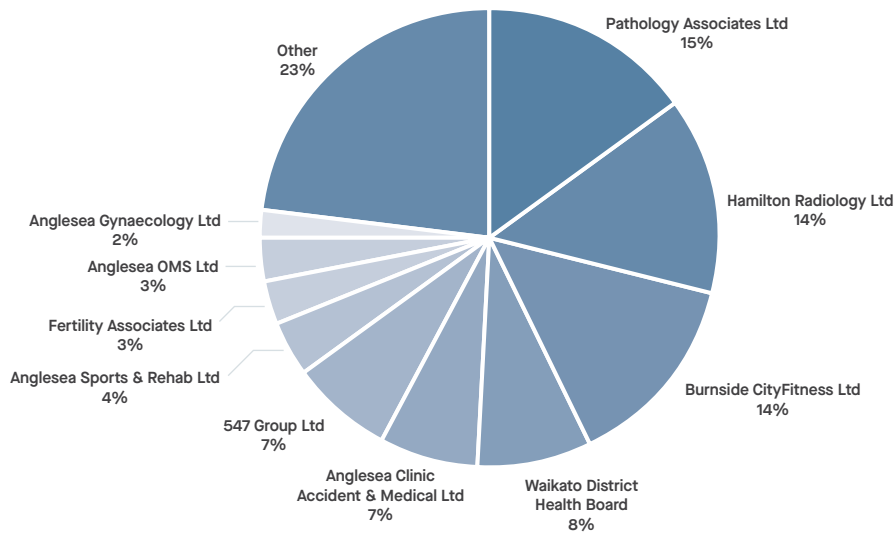
## Section 2

15 Year Lease Expiry Profile

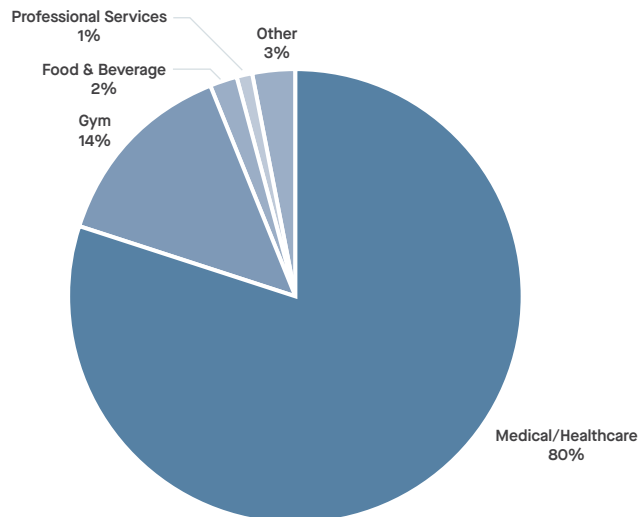


\* Reflects market rental for vacant tenancies.

Largest 10 Tenants (Passing Rental)



Tenant Industry Mix (Passing Rental)





# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Existing Properties

## Anglesea Medical Centre – Corner of Anglesea, Tristram and Thackeray Streets, Hamilton

Waikato's largest private Medical and Healthcare Complex with 28 established tenants and future value add development opportunities.

The Anglesea Medical Centre is the largest private medical complex in Waikato with a net lettable area of 12,573m<sup>2</sup>. The majority of the 28 tenants are medical and healthcare service providers, with low reliance on any one tenant providing diversification of the income stream. The large 24,383m<sup>2</sup> freehold site features three main buildings – Anglesea Clinic, Symmans House and John Sullivan House – as well as other smaller buildings, associated land and 375 carparks.

The comprehensive private medical services offered at the property include pathology, radiology and a broad range of specialist services. It is the only private facility in the broader Hamilton region with the right to operate a 24-hour accident and emergency (A&E) clinic.

### The Tenants

Of the 28 tenants 91% of the annualised rent is from medical/healthcare service providers. Demand for private medical services in Waikato is expected to remain strong driven by continued population and economic growth, constraints on the public health sector and an ageing population.

A key feature of the property is the tenants' commitment to the site and location with the top ten tenants at the property accounting for a large proportion of the annualised rent and having tenures of between 11 and 28 years at the Anglesea Medical Centre.

### Flagship tenants include:

- Anglesea Clinic Urgent Care – Hamilton's leading private A&E with an exclusive licence to operate 24/7;
- Pathlab - One of New Zealand's largest pathology service providers. Pathlab's Anglesea Medical Centre facility is one of the most advanced laboratories in the Southern Hemisphere;
- Hamilton Radiology - A long-standing private radiology practice which operates in ten locations in Waikato. Anglesea Medical Centre is Hamilton Radiology's main facility;
- Fertility Associates - The only provider of public and privately funded fertility treatment in the Waikato region;
- Anglesea Pharmacy - One of Anglesea Medical Centre's founding tenants. Anglesea Pharmacy provides a full dispensary and general medical service.

<b>Purchase Price</b>	\$55,000,000	
<b>Valuation</b>	\$59,000,000 (as at 24 August 2021) <sup>9</sup>	
<b>WALT</b>	4.10 years (as at 31 October 2021)	
<b>Occupancy</b>	92%	
<b>Land area</b>	24,383m <sup>2</sup> (more or less)	
<b>NLA</b>	Anglesea Clinic	3,873.9m <sup>2</sup>
	Symmans House	6,973.1m <sup>2</sup>
	John Sullivan House	1,726.2m <sup>2</sup>
	<b>Total</b>	<b>12,573.2m<sup>2</sup></b>
<b>Seismic</b>	John Sullivan House	100% NBS
	Symmans House	70-100% NBS
	Anglesea Clinic	Works to increase the NBS from 40% to 80% completed in November 2021. The adjoining smaller office building (tenanted by Bean Law and others) has seismic rating of 70% NBS.



Artist impression of potential two level extension at Anglesea Medical Centre.

(9) Ben Johnson and Graeme MacDonald have provided a letter dated 11 November 2021 confirming that they had undertaken relevant investigations and could confirm the valuation previously provided accurately reflected the market conditions as at 11 November 2021.

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Location

Anglesea Medical Centre is located in Hamilton's CBD and is surrounded by major transport routes. Of note is the property's close proximity to Waikato's primary public hospital, only 2km away.

The property is surrounded by a range of other commercial operations including a five storey paid car park, three storey office block, "big box" retailers and new office building development (Union Square). Three street frontages on Thackeray Street, Tristram Street and Anglesea Street provide three main entrance points enhancing public accessibility. Tenant car parking is accessed through a separate entry on Clarence Street.

The location provides flexible local zoning permits with a broad range of potential uses and building heights (restrictions of 16-20m). There is relatively low site cover at the property with ground floor net lettable area representing approximately 30% of total site area. Both of these points bode well for any future redevelopment opportunities, which are discussed further below.

### Features of Anglesea Medical Centre

Established as a Medical Centre in 1992 the site has been incrementally developed over time. The most recent developments include the new café/retail block in 2017 and the pharmacy extension in 2018.

The Anglesea Medical Centre is made up of three main buildings and features 375 car park spaces.

Prior to 31 March 2023, the Manager intends to undertake various planned repairs and maintenance projects at the Anglesea Medical Centre in order to maintain the Centre to an appropriate standard:

- Upgrade of one of the lifts at the Centre;
- Replacement of part of one roof and associated gutters and flashings;
- Heating, ventilation and air-conditioning system works;
- Landscaping works; and
- Refurbishment of the lobby in the Anglesea Clinic.

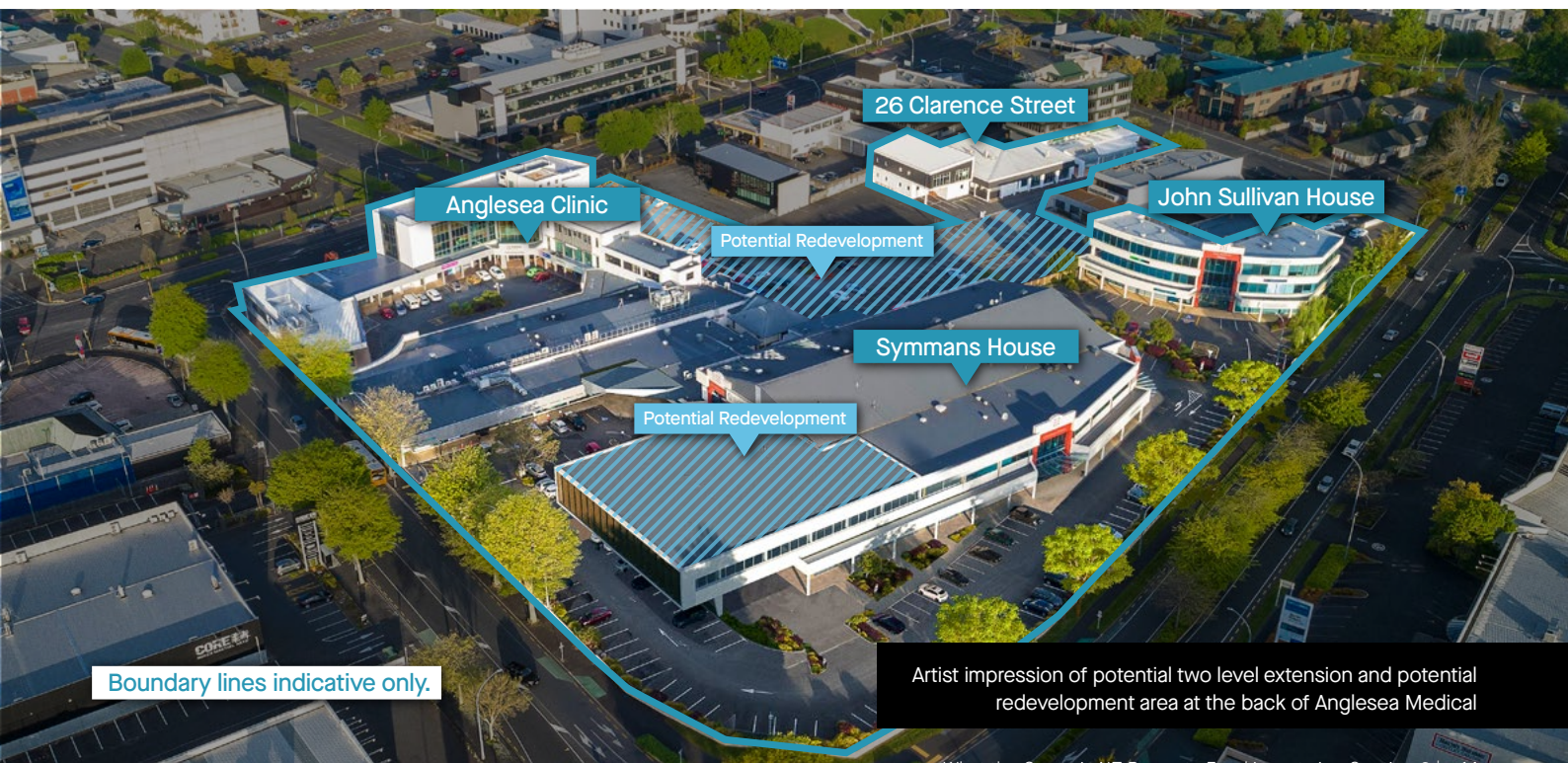
Costs for the above repairs and maintenance works are not recoverable from tenants.

### Potential Development Opportunities

Anglesea Medical Centre provides redevelopment and value-add opportunities that the Manager intends to pursue. The Manager has entered into discussions with a major private medical provider (details of whom are currently commercially sensitive) that would act as guarantor for a prospective tenant in connection with a circa 1,500m<sup>2</sup> two level extension at the north-western corner of the site for a specialist medical service use, subject to agreeing acceptable commercial terms with the prospective tenant. This current capital raise will provide funding for the development. Early this year demolition works were completed to increase the customer carparks and to ready this area for future development. Currently the Manager has engaged an architect to complete concept plans for the development as illustrated below.

The current forecast budget for the development is \$12.07 million (including development fees and capitalised interest) which is subject to change as negotiations progress and more detailed plans are produced for the development.

Due to the property's low site coverage, other development opportunities remain, and the Manager is actively engaging with this party with regard to additional future developments on the site. Funds from this capital raise will also be used for feasibility studies and master planning to ensure the best use of the site to add value for investors.



# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Existing Properties

## 26 Clarence Street, Hamilton

Located immediately adjacent to Anglesea Medical Centre, this property increases the future value-add development options for the Anglesea site, whilst providing strong cashflow through a 6 year lease to the Waikato District Health Board.

Acquired in May 2021 using the Fund's debt facilities, 26 Clarence Street provides office accommodation and medical consultancy rooms. This well maintained property has been occupied by the Waikato District Health Board in its current use since 2008 with a current six year lease term from March 2021. A two-level extension with good stud height and natural lighting was completed in 2021 to meet the tenant's requirements and they are currently investing significant expenditure on their fit out.

As the property is immediately adjacent to the Anglesea Medical Centre, this increases future development options, including additional access from Clarence Street for developments within the centre of the site.

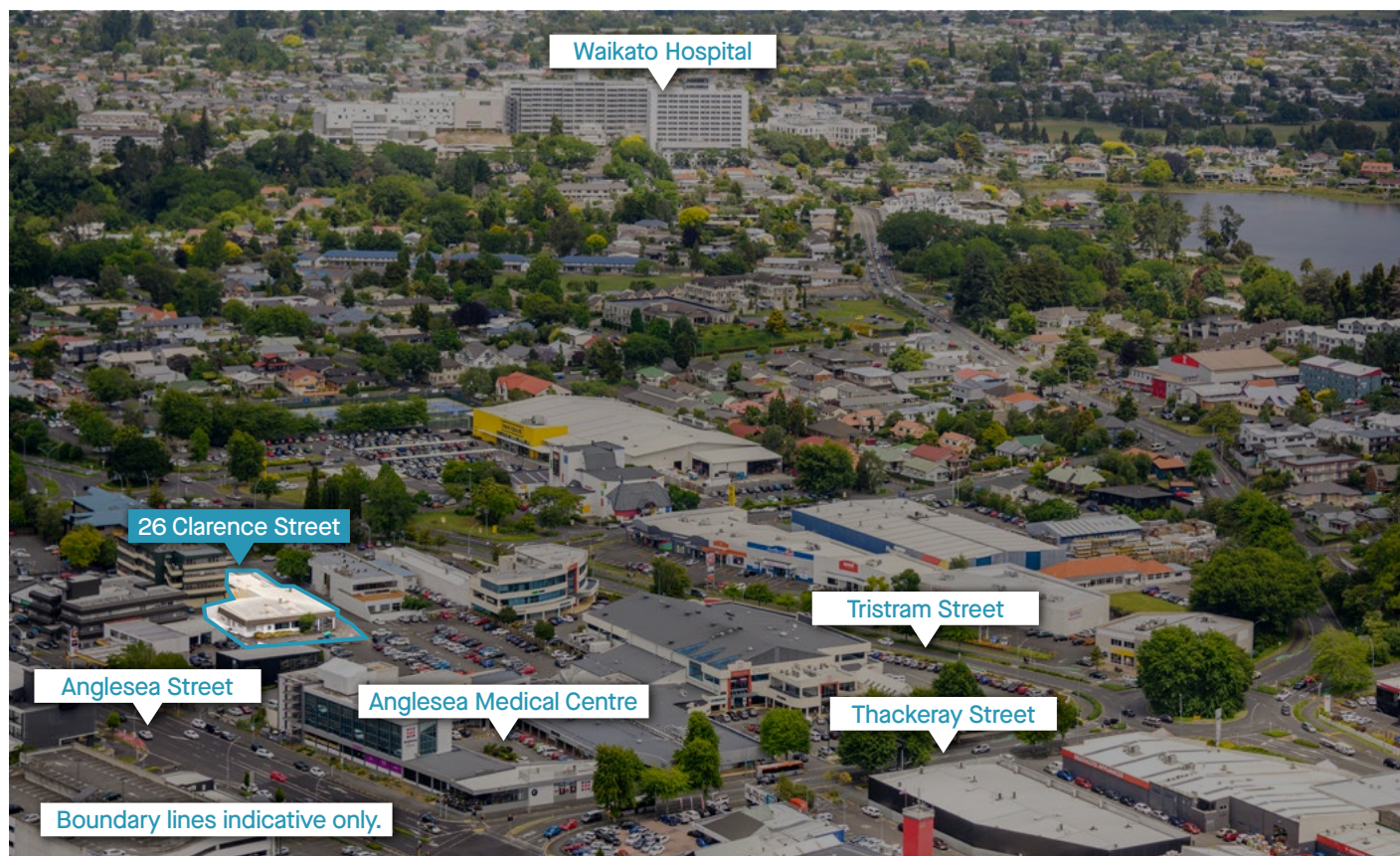
### The Tenant

Waikato District Health Board is responsible for the delivery of all public health services in the Waikato region. The Government has announced a proposal to amalgamate all District Health Boards in New Zealand into one organisation in 2022.

<b>Purchase Price</b>	\$6,446,923 plus GST (if any)
<b>Valuation</b>	\$6,600,000 (as at 24 August 2021) <sup>10</sup>
<b>WALT</b>	5.33 years (as at 31 October 2021)
<b>Occupancy</b>	100%
<b>Tenant</b>	Waikato District Health Board
<b>Land area</b>	2,009m <sup>2</sup>
<b>NLA</b>	1,258m <sup>2</sup>

### Location

As noted above, the property is located on the same block as the Anglesea Medical Centre, in the Hamilton CBD. Its position and flexible local zoning permits, with a broad range of potential uses and building heights (restrictions of 16-20m), increases Anglesea Medical Centre's future value-add development options. This location also benefits the current tenant with the complimentary medical neighbours and the Waikato Hospital less than 2km away.



(10) Ben Johnson and Graeme MacDonald have provided a letter dated 11 November 2021 confirming that they had undertaken relevant investigations and could confirm the valuation previously provided accurately reflected the market conditions as at 11 November 2021.

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Leases

The Manager considers the lease to Waikato District Health Board to be material information. A summary of certain material terms of that lease is set out below, and copies of the leases are available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> by searching "OFR13179" under "search offers".

Tenant	Annual Rental (plus GST)	Guarantor	Expiry of Current Term	Remaining rights of renewal	Final Expiry	Rent Reviews	Rent Abatement	Other Material Provisions	Tenant/guarantor financial standing
Waikato District Health Board	\$335,240	N/A	9 March 2027	Two of three years each	8 March 2033	Fixed increases of 1.75% on each anniversary of the commencement date (other than on renewal dates);  Market rent reviews on each renewal date (ratcheted to the rent payable as at the commencement date of the current lease term).	The lease contains the standard 'No Access' clause (with a nine month 'no access' period).	N/A	No guarantor. Waikato District Health Board is a Government entity and therefore considered to have a strong financial standing.

### Valuation

An independent valuation of 26 Clarence Street has been provided by Ben Johnson of Jones Lang LaSalle Limited at \$6.6 million plus GST (if any) as at 24 August 2021 in accordance with current Australia and New Zealand Property Institute Valuation and Property Standards. It was prepared using both a capitalisation of net income approach and a discounted cash flow approach.

The valuer noted that, at the date of the valuation report, New Zealand was in a state of nationwide lockdown in an effort to control an outbreak of the 'Delta' variant of COVID-19. The valuer also specifically noted that its valuation had been conducted with reference to the definition of 'Market Value' outlined in the report, with reference to the provisions of the assumption of a willing buyer, willing seller, acting prudently and without compulsion.

### Building Condition Report

A technical due diligence report has not been obtained for the property. Instead, the Manager engaged the current contractors from Anglesea Medical Centre to provide an assessment of the property including mechanical and building fabric, providing estimated costs for repairs and replacement over the next five years. The estimated costs as a result of that review have been factored into the PFI.

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Existing Properties

## 196 Roydvale Avenue, Christchurch

A modern, well located, bulk retail style building leased to a well-known fitness operator on a long lease of 12 years with rights of renewal until 2045.

Recently constructed in 2019, this modern well-presented bulk retail style property provides 1,990m<sup>2</sup> of net lettable area comprised of group fitness areas along with well-appointed offices and amenities. The large land area of 8,750m<sup>2</sup> allows space for 150 car parks alongside the building which is a key feature for attracting gym goers.

The property was acquired on 29 October 2021 at an attractive passing yield of 6.42% for a property with a 12 year WALT, with a \$750,000 gain above the purchase price based on the independent valuation from Jones Lang LaSalle.

The site is industrially zoned but with a resource consent to be used as a fitness centre. The zoning, large bulk retail style of the facility, and low site coverage also lends itself to multiple uses in the long term. The smaller size of this asset also means there is a larger pool of buyers, should a future strategy involve the sale of this asset.

Settlement of the property occurred on 29 October 2021, which was funded by the Fund's bank facilities.

### The Tenant

The CityFitness Group is a New Zealand domiciled but offshore owned health and fitness group operating at over 40 locations throughout New Zealand.

<b>Purchase Price</b>	\$9,300,000 (including a \$100,000 incentive for the lease extension)
<b>Valuation</b>	\$10,050,000 (as at 3 September 2021) <sup>11</sup>
<b>WALT</b>	12 years (as at 29 October 2021)
<b>Occupancy</b>	100%
<b>Tenant</b>	Burnside CityFitness Limited
<b>Guarantor</b>	CityFitness Group Limited until 29 October 2026 and limited to 12 months' rental
<b>Land area</b>	8,750m <sup>2</sup>
<b>Net lettable area</b>	1,990m <sup>2</sup>
<b>Seismic rating</b>	100% NBS

### Location

The property is located within the new Roydvale Park Subdivision in the Christchurch suburb of Burnside. Located 10 kilometres to the north west of the Christchurch CBD, the property is within close proximity to the Christchurch International Airport. This location benefits the tenant with a large catchment of residential to the south and east along with commercial businesses to the north and west including a number of large office and warehouse facilities within the immediate area, including the nearby Technology Park on Sir William Pickering Drive. With ongoing development in the surrounding area expected to occur in the near term, this bodes well for the tenant.

Importantly, this location is also easily accessible benefitting from good access to main arterial routes to the north and south along with the recently developed northern corridor.



(11) Ben Johnson and Graeme MacDonald have provided a letter dated 11 November 2021 confirming that they had undertaken relevant investigations and could confirm the valuation previously provided accurately reflected the market conditions as at 11 November 2021.

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Leases

The Manager considers the lease to Burnside CityFitness Limited to be material information. A summary of certain material terms of that lease is set out below, and copies of the leases are available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> by searching "OFR13179" under "search offers".

Tenant	Annual Rental (plus GST)	Guarantor	Expiry of Current Term	Remaining rights of renewal	Final Expiry	Rent Reviews	Other Material Provisions	Tenant/guarantor financial standing
Burnside CityFitness Limited	\$597,000	CityFitness Group Limited (the Guarantor's aggregate liability limited to one year's rent).  The Guarantor is released from liability under the lease on 29 October 2026.	29 October 2033	Two of six years each	28 October 2045	On each anniversary of the settlement date the rent shall be adjusted by the increases in CPI over the preceding 12 months (provided the rent cannot increase by more than 3% on a CPI rent review date);  Market rent reviews on 29 October 2027 (and on each renewal date). On each market rent review date the rent cannot increase by more than the lesser of:  1. 5% of the annual rent payable immediately before the relevant market rent review date; or  2. 30% of the annual rent as at the last market rent review date (or the commencement date, in the case of the market rent review on 29 October 2027).	In the event the building falls below 70% New Building Standard (as that term was defined as at 19 July 2019), then the tenant is entitled to terminate the lease at any time within six months of receiving notice the building is below 70% New Building Standard.	Burnside CityFitness Limited does not publish public financial statements and therefore the Manager cannot comment with certainty on the tenant's financial standing. However, based on a discussion with the tenant's management the Manager understands CityFitness Burnside Limited is performing well financially and operationally. The Manager considers that Cityfitness Group Limited's financial standing is sufficient to meet its obligations as guarantor with the audited consolidated financial statements for the year ended 31 March 2021 showing:  <ul style="list-style-type: none"> <li>• Profit of \$5.7m</li> <li>• Revenue of \$64.1m</li> <li>• Net cash inflow from operating activities of \$23.4m</li> <li>• Net assets of \$37.9m</li> </ul>

During due diligence on the property, the Manager negotiated with Burnside CityFitness to extend its lease term from 10 years to 12 years, which included payment of a \$100,000 incentive to Burnside CityFitness from the Fund.

### Valuation

An independent valuation of 196 Roydvale Avenue has been provided by Graeme McDonald and Robert Clifford of Jones Lang LaSalle Limited at \$10.05 million plus GST (if any) as at 3 September 2021 in accordance with current Australia and New Zealand Property Institute Valuation and Property Standards. It was prepared using both a capitalisation of net income approach and a discounted cash flow approach.

The valuers noted that, at the date of the valuation report, Auckland was in COVID-19 Level 4 (all but "essential" workers to stay at home), while the rest of New Zealand was in COVID-19 Level 2 (workplaces and schools are open, however with limitations on public gatherings and requirements to physically distance) in an effort to control an outbreak of the 'Delta' variant of COVID-19. Consequently, they noted, there is less certainty in the marketplace, and they also specifically noted that their valuation had been conducted with reference to the definition of 'Market Value' outlined in the report, and with reference to the provisions of the assumption of a willing buyer, willing seller, acting prudently and without compulsion.

### Building Condition Report

The Manager engaged Hampton Jones to provide a technical due diligence report. A copy of this report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> by searching "OFR13179" under "search offers".

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Rent abatements

Various leases contain 'no access' or rental abatement clauses allowing the tenant to cease the payment of a fair proportion of rent and outgoings where:

- there is an emergency;
- the tenant is unable to gain access to the premises to fully conduct its business from the premises; or
- there is an inability to gain access due to "reasons of safety of the public or property" or the "need to prevent, reduce or overcome any hazard, harm or loss including a restriction on occupation of the premises by a competent authority (such as an Alert Level 4 or Alert Level 3 lockdown associated with the COVID-19 pandemic)".

If the 'no access' clause applies and a tenant is unable to access its premises for a defined 'No Access Period', then either party is entitled to terminate the lease. This form of 'no access' clause is contained in the standard form of Auckland District Law Society deed of lease, a commonly used form of lease in the New Zealand property industry.

In addition, the New Zealand Government has recently introduced legislation which would imply a similar no access or rental abatement clause allowing tenants to cease the payment of a fair proportion of rent and outgoings if there is an epidemic and tenants are unable to gain access to all or part of their leased premises to fully conduct their operations because of reasons of health or safety related to the epidemic.

It is therefore likely that all leases in the Portfolio will include a clause granting tenants an abatement of a fair proportion of rent and outgoings where they are unable to access their premises to fully conduct their business due to Government mandated Covid-19 protection measures in New Zealand.

### Centuria rental underwrite

Centuria Capital NZ has agreed to provide the Fund with a 6 month underwrite of the rent and outgoings payable in respect of the tenancies in place at 4 November 2021, excluding the tenancies forecast to be vacant in the PFI.

The underwrite will also cover the cost of any market level incentives granted and the leasing costs incurred by the Fund during the 6 month period from 24 December 2021 in securing replacement tenants in the event any tenancies in place at any of the Existing Properties become vacant. It cannot be used to provide incentives to existing tenants or subtenants.

The amount available to be claimed by the Fund for rent, outgoings, market level incentives and leasing costs pursuant to Centuria Capital NZ's underwrite is capped at \$500,000 plus GST.

If the rent and outgoings are not paid in full by the existing tenants (or any replacements of those existing tenants) during the 6 month period from 24 December 2021, being the day after the issue date under the Offer (including as a result of a nationwide or regional lockdown analogous to the COVID-19 Alert Levels 4 and 3 lockdown resulting in the tenants being unable to access their premises), then the Fund will be entitled to submit claims to Centuria Capital NZ (on a monthly basis in arrears) for the shortfall in the amount of rent and outgoings received by the Fund from the existing tenants (or any replacement tenants) (subject to the \$500,000 plus GST cap). If the Fund has simply commercially agreed an abatement with a tenant where that tenant does not have a contractual entitlement to abate rent as a result of Covid-19 restrictions (which as a result of the recent Property Law Act amendments is considered very unlikely), then the amount the Fund is entitled to claim from the underwrite will be capped at 50% of the rent and outgoings payable under the relevant Lease at the time the abatement is claimed by the tenant.

Prior to being entitled to claim any amount from Centuria Capital NZ's underwrite, the Fund must use reasonable endeavours to claim the shortfall from the relevant tenant or any available insurance proceeds.





# What the Centuria NZ Property Fund invests in (cont.)






## Section 2

### Management of the Fund

The Fund will be managed by the Manager. Day-to-day facilities and property management services for the Properties will be provided by Bayleys Property Services Limited. The Manager will, as part of its role as manager of the Fund, monitor Bayleys' compliance with its facilities and property management obligations. When the Manager is acting as a manager of the Fund it has a duty to act in the best interests of the investors in the Fund.

For details on how the Manager will deal with conflicts of interest refer to "Conflicts of Interest" on page 10.

The key personnel of the Manager who will be responsible for managing the Fund and the Properties are:

	Bio	Role	
	<p><b>Mark Francis</b> <i>BCom (Fin)</i></p>	<p>Mark is the CEO of the Manager. Mark has a Bachelor of Commerce majoring in finance from the University of Otago and a background in finance and property in roles with Hendry Hay MacIntosh, Force Corporation Limited and Village Roadshow Australia Pty Limited. Mark formed Augusta Group Limited in 2001 and began property syndication through the Manager in 2003.</p>	<p>Mark will, in conjunction with Joel Lindsey, provide strategic oversight over all aspects of the Fund and its Assets as part of his role overseeing all Centuria NZ schemes.</p>
	<p><b>Joel Lindsey</b> <i>BProp / BA (Geography), M.PINZ</i></p>	<p>Joel is the Head of Funds Management of the Manager. Prior to his return to New Zealand in 2014, Joel worked at Aviva Investors (London) where he worked his way from Analyst to Fund Manager and ultimately held the position of Senior Director – Real Estate. In that position, he was responsible for management of the £4 billion Aviva Life and Pensions real estate investment portfolio. On his return to New Zealand, Joel has worked at Panuku Development Auckland and prior to joining the Manager, he was its Head of Business Development and Project Director.</p>	<p>Joel will, in conjunction with Mark Francis, provide strategic oversight over all aspects of the Fund and its Assets as part of his role overseeing all Centuria NZ schemes, including oversight of due diligence for acquisitions.</p>
	<p><b>Bernie Smith</b> <i>BBS (Valuation and Property Management)</i></p>	<p>Bernie became a part of the Manager's team when it acquired KCL Property in 2014. Bernie completed a Bachelor of Business Studies majoring in Valuation and Property Management at Massey University. Prior to joining KCL, Bernie managed a private portfolio in Auckland.</p>	<p>Bernie is the Fund's fund manager and is responsible for the asset management of any direct properties held by the Fund.</p> <p>Bernie is a Senior Asset Manager at the Manager, responsible for the asset management of a number of properties in the Manager's portfolio, predominantly located in Hamilton, the Lower North Island and Queensland, Australia.</p>
	<p><b>Simon Woollams</b> <i>BCom (Accounting), Chartered Accountant</i></p>	<p>Simon is the Chief Operating Officer of the Manager. Simon joined the Manager in 2007. He is a Chartered Accountant and has a strong financial background, including roles with BDO and ANZ Bank in the property and finance teams, and has experience from the UK.</p>	<p>Simon will provide oversight of financial performance and capital management initiatives.</p>
	<p><b>Mark Madigan</b> <i>BCom (Accounting and Marketing) / BCom (Hons) (Accounting), Chartered Accountant</i></p>	<p>Mark joined the Manager in 2018 following Financial Controller roles at Airwork and Property For Industry. Prior to this, Mark was an Associate Director in the institutional banking client coverage team at Commonwealth Bank of Australia.</p>	<p>Mark is a Financial Controller at the Manager and is responsible for the Fund's financial reporting, tax and treasury management.</p>

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Directors of the Manager

In addition to Mark Francis (whose profile is set out previously), the directors of the Manager are:



#### **Mike Steur**

##### **Chair**

DipVal, FPINZ (Life),  
FRICS, FAPI, MAICD

Mike is a Sydney-based professional director who has more than 35 years' experience in property, spanning valuation, asset management and advisory within New Zealand, Australia, the Pacific Islands and across Asia. He has previously held senior executive roles at CBRE and was previously Chair of the Royal Institution of Chartered Surveyors Global Valuation Professional Group. Mike is an experienced non-executive director, currently serving on the boards of BWP Management Limited, Dexus Wholesale Property Fund and Dexus Healthcare Property Fund. He was also previously a director of Kiwi Property Group Limited, retiring in June 2020.



#### **Robert Mark Petersen (known as Mark Petersen)**

Dip Urb Val

Mark is a professional director and corporate adviser who has worked in the commercial property sector for the past 35 years.

Mark was Managing Director of NZX listed Shortland Properties Limited from 1989 to 1999. He is currently an advisory Board member for Te Tumu Kainga, a trust administered by the Maori Trustee for the provision of affordable housing. Mark is also an Independent Director of Tainui Group Holdings Limited.



#### **Jason Huljich**

BCom (Commercial  
Law)

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

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

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

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**John McBain**

**(Alternate director  
for Jason Huljich)**

Dip Urb Val

John joined the CNI Board (formerly Over Fifty Group) on 10 July 2006. He was appointed as Chief Executive Officer of the Over Fifty Group in April 2008 and serves as Joint CEO with Jason Huljich. John was also a founding director and major shareholder in boutique funds manager Century Funds Management, which was established in 1999 and acquired by Over Fifty Group in July 2006. John is also a director of Asset Plus Limited in New Zealand.

Prior to forming CNI, John held senior positions in a number of property development and property investment companies in Australia, New Zealand and the United Kingdom.

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**Bryce Barnett**

**(Alternate director  
for Mark Francis)**

Chartered Accountant,  
FCA, F.PINZ, MNZM

Bryce's career started as a Chartered Accountant for the Inland Revenue before becoming Chief Accountant of the Moller Group of Companies. Bryce went on to form his own company, KCL, in 1994, which was acquired by Augusta Capital in 2014. His property experience over the last 47 years includes commercial, industrial, large format retail and residential development and investment in New Zealand and Brisbane, Australia.

In 2017, Bryce was awarded a Chartered Accountants Fellowship and is a Member of the New Zealand Order of Merit for recognition of his contribution to governance and philanthropy.

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See "About Centuria Funds Management (NZ) Limited and others involved in the Centuria NZ Property Fund" in section 10 for further details.

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Purpose of Offer and allocation of finance

The purpose of the Offer is to raise sufficient funds to enable the Fund to repay debt, fund further acquisitions, fund development opportunities in the Portfolio, fund the Investor Redemption Facility, and to meet Offer costs.

The money raised will be allocated as follows:

Repayment of debt	\$29,739,716
Anglesea Medical Centre extension development	\$12,065,788 <sup>12</sup>
Offer costs	\$3,194,496
Investor Redemption Facility <sup>13</sup>	\$5,000,000
<b>Total</b>	<b>\$50,000,000</b>
<b>Funded by:</b>	
Subscriptions and/or Underwriting Loan	\$50,000,000
<b>Total</b>	<b>\$50,000,000</b>

When Units are initially issued under the Offer, the Fund will have no bank debt but may incur debt under the Underwriting Loan depending on the amount raised from Investors as part of the Offer. The above costs relate to the SIPO as further described:

- **Repayment of debt:** a key part of the investment strategy is to make further acquisitions in the future, and using the Offer proceeds to repay debt will provide balance sheet capacity for the debt-funding of future acquisitions;
- **Anglesea Medical Centre extension development:** a key part of the investment strategy is to provide investors with a regular monthly cash distribution and increase the Net Asset Value of the Fund. The Manager considers that undertaking development works at Anglesea Medical Centre will be value accretive to the Fund and once complete are expected to provide additional earnings through increased rental income;
- **Offer costs (further details of which are set out in "Section 8: What are the Fees"):** the underwriting, brokerage, marketing, investigating accountant, legal and supervisor fees, PDS registration fee and FMA levy, bank fees and registry fees ensure the successful completion of the Offer and raising of the funds, without which the investment strategy will not be able to be implemented; and
- **Redemption facility:** The SIPO contemplates that the Manager may offer redemptions, reflecting the long-term investment horizon of the Fund.

All Investors' capital will initially be applied to fund the redemption facility, repay debt and pay the Offer costs (to the extent not already paid) with the balance held as cash. There is no minimum amount that must be raised before Units are issued. \$48,769,500 of the target amount of \$50 million is underwritten by way of an underwriting agreement between the Manager and CPIPL and a subordinated loan agreement that may be entered into between CNZPF Nominee Limited (as nominee of the Fund) and the Underwriter if required by the Manager.

In the event that the targeted amount of \$50 million is not raised by the Offer close date, the Underwriter has committed to subscribe for Units under the underwriting agreement that will result in it holding (together with its associates) up to 20% of the Units in the Fund (the **Unitholding Cap**). Any further shortfall to the targeted amount will be met by CPIPL advancing the Underwriting Loan. If more than \$36.9 million is raised in the Offer from investors other than CPIPL and its associates, the Underwriting Loan will not be drawn. Payments to the Underwriter under the Underwriting Loan and underwriting arrangements (including any cash distributions paid to CPIPL as an Investor) will not impact forecast FY22 and FY23 cash distributions. However, if the Underwriting Loan is drawn it will affect the Fund's forecast FY22 and FY23 gearing ratios. For example, if only \$15 million of Units are issued under the Offer to investors other than CPIPL and its associates, the Fund's gearing ratio will increase to 40.4% in FY22 (from the forecast FY22 gearing ratio of 0%) and 47.8% in FY23 (from the Forecast FY23 gearing ratio of 13.8%) until the Underwriting Loan is repaid.

If more than the targeted amount of \$50 million is raised, the Fund will hold such additional amount as cash reserves until any future acquisitions or developments occur.

### Factors that may affect the financial performance of the Fund and Investors' returns

The financial performance of the Fund is closely tied to the performance of the Properties. Investors may receive the following returns in respect of their Units:

- Distributions from the Fund relative to their respective Units; and
- Any gains which result from the net sale proceeds of the Assets exceeding the purchase price paid, subsequent capital expenditure, establishment and offer costs.

The key factors that will affect the financial performance of the Fund and Investors' returns, and the strategies and plans to address those factors are:

Factor affecting financial performance	Strategy to address
<b>Interest rates</b>	When Units are initially issued under the Offer, the Fund will have no drawn bank debt and will not incur any material interest expense to banks. However, the Fund's strategy is to acquire further properties and undertake the proposed development works at Anglesea Medical Centre which are expected to be funded by bank debt. Interest expense as a result of bank borrowings is expected to become a material expense and the Fund will therefore be subject to the risk of interest rates being higher than projected and allowed for by the Manager in the future (the floating base rate is assumed to increase over the forecast period from 0.37% per annum as at 1 September 2021 to 2.92% per annum as at 31 March 2023 based on market forecasts). Further information on interest rate assumptions is located on page 40. The level of interest rates will also affect the returns from any future property acquisitions or developments.

(12) The Offer proceeds attributable to the Anglesea Medical Centre extension development will be initially applied to repay debt, with the excess held as cash, and are then expected to be drawn down over the prospective period as development costs are incurred.

(13) To the extent the Investor Redemption Facility is not fully utilised, the remaining Offer proceeds will be used to repay debt.

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

Factor affecting financial performance	Strategy to address	Factor affecting financial performance	Strategy to address
<b>Interest rates (cont.)</b>	<p>Interest expense consists of a base rate, margin and line fee. The Manager will monitor interest rate markets and regularly review the base rate, margin and line fee components of the Fund's borrowings, including the portion of borrowings that is subject to a fixed interest rate.</p> <p>Base rates will be managed with a combination of short-term and long-term interest rate derivatives and/or floating rates. Borrowings are forecast to increase to \$13.2m over the PFI period to 31 March 2023 with drawings assumed to be on a floating base rate.</p> <p>Margins and line fees are fixed for the term of the Loan Facility (unless refinanced earlier). These will be regularly benchmarked against similar market transactions and the Fund will consider changing lenders if materially better margins and line fees are available elsewhere.</p>	<b>Development at Anglesea Medical Centre (cont.)</b>	<p>Early this year demolition works were completed to increase the customer carparks and ready this area for future development. Due to the property's low site coverage, other development opportunities remain, and the Manager is actively engaging with this party with regard to future developments on the site.</p> <p>The proposed development at Anglesea Medical Centre is expected to complete by the end of FY23, at which point it is expected to provide additional earnings through increased rental income, which will help reduce the Payout Ratio from FY24.</p> <p>The Manager has development expertise to oversee any such developments should they be pursued to ensure developments are delivered to budget and on time.</p>
<b>Rental income and occupancy</b>	<p>The rental income received by the Fund is the key source of the Fund's income. That income is forecast to grow over time due to the rent review provisions in the various leases across the Fund's portfolio, as well as either retention of tenants on lease expiry or re-leasing to new tenants.</p> <p>There are various rent review provisions in the leases, mostly to fixed, CPI linked and market (but with two Leases to CPI) occurring either at fixed periods during a lease or on renewal.</p> <p>The Manager will proactively manage the property portfolio and tenancies.</p>	<b>Future acquisitions and diversification</b>	<p>The Manager will be actively seeking further acquisitions, including during the Offer Period, to enable the Fund to grow, achieve further diversification and reduce the Payout Ratio while maintaining forecast cash distributions for FY23. The key aspects of an acquisition that impact the Payout Ratio are the acquisition yield and the interest rate on the debt used to fund the acquisition.</p> <p>Until acquisitions occur which generate earnings, the forecast pre-tax cash distributions for FY22 and FY23 of 5.09% per annum (5.45 cents per unit) will be partially funded by capital. For FY23, 1 cent of the forecast pre-tax cash distribution of 5.45 cents is forecast to be funded from capital (i.e. 0.94% per annum of the 5.09% per annum forecast distribution), reflecting a FY23 Adjusted Operating Profit Payout Ratio of 123% if no further acquisitions are made. In addition, non-recoverable repairs and maintenance expenditure of \$929,000 (equivalent to 1.07% per annum of the 5.09% per annum forecast distribution<sup>14</sup>) is forecast to be funded from capital in FY23.</p> <p>The Manager has an experienced team who actively pursue acquisitions and a track record of acquisitions over the past 20 years. Centuria has capability in office, retail, industrial, value-add, residential, tourism and development sectors.</p>
<b>Property value</b>	<p>The change in value of a Unit in the Fund is tied to the change in value of the Fund's property portfolio and other investments. The value of the directly and indirectly-held assets will be influenced by multiple factors including the property market, changes in rental paid by tenants, changes in capitalisation rates, the remaining term of leases and capital expenditure.</p>	<b>Capital expenditure and non-recoverable repairs and maintenance</b>	<p>These costs will have an impact on cashflow if they vary from forecasts. Building inspection reports were obtained as part of due diligence and allowances have been made for the costs that were identified. The Manager will ensure service contracts for regular maintenance are in place and undertake proactive preventative maintenance to extend the life of building services.</p>
<b>Development at Anglesea Medical Centre</b>	<p>The Manager believes the Anglesea Medical Centre provides redevelopment and value-add opportunities that the Manager intends to pursue. The Manager has entered into discussions with a major private medical provider (details of whom are currently commercial sensitive) that would act as guarantor for a prospective tenant in connection with a circa 1,500m<sup>2</sup> two level extension at the north-western corner of the site for a specialist medical service use, subject to agreeing acceptable commercial terms with the prospective tenant. This current capital raise will provide funding for the development.</p>		

(14) Assumes 80,556,074 Units are on issue for FY23.

Tax will also affect Investors' returns. The Fund is a multi-rate PIE. Further information is contained in "Section 9: Tax".

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

Chris Farhi, Head of Insights, Data and Consulting for Bayleys Realty Group Limited, has provided the following commentary on the performance of the New Zealand commercial property market with a particular focus on healthcare.

### Commercial Property Market (All Sectors) Overview

#### Commercial property has seen strong returns over the past 10 years

The New Zealand commercial property market continues to perform well generating a total return (income and capital growth) of 14.9% in the 12 months to June 2021. The market's strong performance follows the sector consistently delivering circa 10% per annum total returns across 3 year (10.3% pa), 5 year (10.2% pa) and 10 year (10.7% pa) time horizons.

Source: MSCI All Property Total Returns.

#### Commercial property expected to benefit from government policies aimed at tightening residential investment

In addition to strong historic total returns, recent Government policy changes have further propelled the investment appeal of commercial property. These policy changes are aimed at tightening investment into the residential property market, and have included limitations on interest deductibility, increased compliance costs, restrictions on rent review frequencies and an extension of the bright-line test from 5 years to 10 years. Such policies are expected to reduce income returns within the residential sector, and contribute to a notable increase in the demand for investment into the commercial property sector which benefits from wider tax deductibility and stronger lease terms with a variety of rent review mechanisms (e.g. CPI, fixed percentage or market rent reviews) which hedge against inflation.

Cumulatively, the above factors are likely to see commercial property offer significantly higher income returns than investment into the residential market or fixed income products such as term deposits and bonds.

Considering the factors above, prospects for the New Zealand commercial property market bode well.

### Healthcare Property

#### Healthcare sector is driven by health spending which tends to be non-discretionary

Prospects for the New Zealand medical and healthcare property sector continue to remain attractive. Given New Zealand's core demographic trends, including population growth, increasing life expectancies and an ageing population, demand for health related services is expected to continue to grow. New Zealand's ageing population mirrors similar trends observed in other western countries, where ageing populations are contributing to growing proportions of GDP being spent on public healthcare, and increasing privatisation of the sector.

Healthcare property performance benefits from long-term demographic drivers, and the fact that health expenditure is often mandatory. The economy itself is not the key demand driver for the healthcare sector. This is different from many other sectors which are relatively more sensitive to factors such as consumer or business sentiment, economic activity, unemployment levels and interest rates. Therefore, healthcare property presents desirable non-cyclical and defensive characteristics. We consider that these factors contribute to reducing the risk profile for the healthcare property sector and making these properties desirable additions to portfolios.

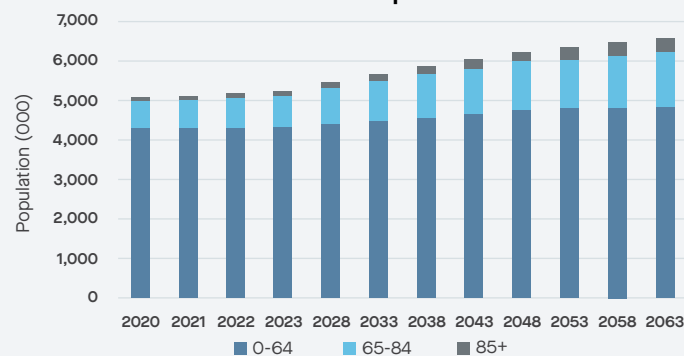
In recent years, there has been significant growth in private sector medical centres, facilitated by increases in wealth, private medical insurance, concern about the adequacy of services and waiting times at public hospitals, and a growing awareness in the community of health-related issues. Based on forecast demand for private medical services, we expect this growth to continue.

#### New Zealand's population is aging

The New Zealand Treasury's Statement on the Long-term Fiscal Position of the Government (released 29 September 2021) highlights how rapidly New Zealand's population is forecast to age.

Nationally, the population is projected to reach nearly 6.5 million people by 2060. Of these 6.5 million New Zealanders, 1.7 million (26% of total population) are expected to be over 65 years old. This is a significant increase from 2020 when the estimated population of over 65 year olds was 793,000 according to Statistics New Zealand (16% of total population). This rapid aging is even more pronounced when we consider the over 85 year old age bracket, which is forecast to rise from 88,000 people in 2020 to 360,000 in 2063 (+309% growth).

Population by age bands  
2020 - 2063 period



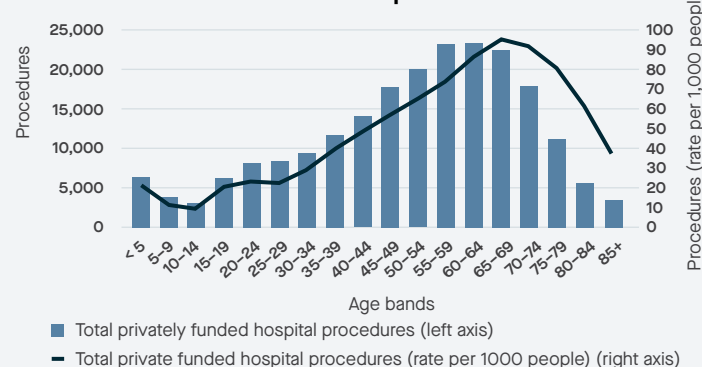
Source: Stats NZ National Population Projections (median scenario)

#### Private healthcare is used across all age bands but with highest rates of procedures amongst 65 to 74 year olds

Ministry of Health data about private healthcare procedures shows usage across all age bands, but with higher rates of procedures amongst older New Zealanders. When adjusted for population levels, people aged 65 to 74 had the highest rates of private procedures.

This pattern, combined with the aging population, will assist with underwriting the demand for private health services and healthcare properties.

Private healthcare procedures



■ Total privately funded hospital procedures (left axis)  
— Total private funded hospital procedures (rate per 1000 people) (right axis)

Source: Ministry of Health. 2017/18 data.

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

### Health Spending

Between 2016 and 2020 there was a 27% increase in Government expenditure on healthcare, growing from \$15.6 billion to \$19.9 billion. Moving forward, OECD statistics projections show the government's health expenditure increasing from 9.3% of GDP in 2015 to 11.3% in 2030.

Despite this increase in expenditure, there has been an increased usage of private hospitals with the Ministry of Health observing total procedures increasing from 143,191 in 2012 to 212,587 in 2018 (+48%, noting this growth includes wider reporting).

The growth in private hospital procedures aligns with New Zealand's largest private health insurer, Southern Cross, reporting it processed 3 million claims in its 2021 financial year, with 10.8% growth in surgical procedures and 12.5% growth in specialist consultations.

### Christchurch Commercial Property Market

The rebuild of Christchurch over the last decade has resulted in one of the country's most modern, high tech and attractive cities. Large projects currently under construction within New Zealand's second largest city include Te Pae Christchurch Convention Centre and the Metro Sports Facility – the largest aquatic and indoor recreation and community venue in New Zealand. The Canterbury Multi-Use Arena (replacement for the earthquake damaged AMI Stadium) will start construction in 2022 with completion expected at the end of 2024. This expenditure in high quality infrastructure will continue to increase Christchurch's popularity as one of New Zealand's most liveable cities. This is shown in the Canterbury region's forecast population increase from 622,800 to 780,500 (25 per cent) between 2018 and 2048, with almost half the growth (43 per cent) occurring between 2018 and 2028.

Christchurch's growth is underpinned by sectors like manufacturing, transport, agriculture and food science. These sectors support the demand for commercial property as those businesses have strong demand for space.

There is strong demand from investors for prime assets, with firming yields for recently built assets with long-term leases.

### Borrowings

The Custodian (as bare trustee for the Fund) is party to a syndicated loan facility agreement with ASB and ICBC. The proceeds of the Offer will be used to repay the debt currently drawn under that loan facility. The principal terms of the ongoing syndicated loan facility that will be in place following the initial allotment of Units under the Offer and cancellation of \$29.125 million of facility limit are:

<b>Facility type</b>	Interest only revolving cash advance.
<b>Facility limit</b>	\$12,375,000 provided equally by ASB and ICBC.
<b>Interest rate</b>	Base rate plus margin.
<b>Debt drawn as at the date of allotment of Units</b>	Zero.
<b>Base rate</b>	Floating based on the greater of BKBM Bid (Bank Bill Benchmark Rate) for the selected interest period or 0% (a zero floor applies).  The Manager may enter into interest rate derivatives to fix the base rate on a portion of the borrowings. The percentage of the base rate that is fixed will be regularly reviewed by the Manager.
<b>Margin</b>	1.56%
<b>Line fee</b>	0.84% payable on the total facility limit.
<b>Term</b>	29 October 2024.
<b>Security</b>	First ranking mortgages over the titles to all Properties.  First ranking general security deed over all assets of the Fund and the Custodian.  Specific Security Agreement over the Fund and Custodian bank accounts, lease agreements and rental bonds.
<b>Ranking</b>	Bank borrowings rank in priority to the Units and subordinated loans (if any).
<b>Personal guarantee</b>	No personal guarantee applies. The loan is non-recourse in respect of Investors.
<b>Key covenants</b>	<p><b>Interest cover ratio</b> EBIT adjusted for unrealised gains and losses is to be at least two times interest expense. Interest and fees on the Underwriting Loan are excluded from interest expense for the purpose of this ratio.</p> <p><b>Loan to value ratio</b> The ratio of all outstanding debt under this facility to the value of all Properties approved by the Lenders is to be no more than 55%.</p> <p><b>Weighted average lease term</b> Weighted average lease term is to be at least two years.</p>

# What the Centuria NZ Property Fund invests in (cont.)

## Section 2

As the borrowings shown on the previous page for the Fund (once drawn) will likely be due before the Fund is wound up, the Manager considers that refinancing is likely to be needed.

The Custodian (as bare trustee for the Fund) will enter into a subordinated loan agreement shortly after the date of this PDS with Centuria Investment Holdings Pty Limited as trustee of the Centuria Capital No. 3 Fund which will be available to fund deposit payments in connection with the acquisition of additional property by the Fund (the *Deposit Funding Loan*). The principal terms of the Deposit Funding Loan, once entered into, are:

<b>Facility type</b>	Interest only revolving cash advance.
<b>Facility limit</b>	\$10 million.
<b>Interest rate</b>	10% per annum.
<b>Term</b>	No specified expiry or repayment date. Any amount that is lent is required to be repaid from net proceeds of any capital raise by the Fund within 10 business days of receipt of such proceeds by the Fund, or may be prepaid by the Fund with bank lenders' consent.
<b>Security</b>	Unsecured.
<b>Ranking</b>	Deposit Funding Loan borrowings rank behind bank borrowings and in priority to the Units.
<b>Personal guarantee</b>	No personal guarantee applies. The loan is non-recourse in respect of Investors.
<b>Financial covenants</b>	None.

As the above Deposit Funding Loan borrowings (if drawn) will only become due upon the occurrence of a capital raise, rather than at a fixed expiry date, the Manager considers that refinancing is unlikely to be needed.

The Custodian (as bare trustee for the Fund) may enter into a subordinated loan agreement with Centuria Platform Investments Pty Limited in connection with the underwriting arrangements (the *Underwriting Loan*). If more than \$36.9 million is raised in the Offer from investors other than the Underwriter and its associates, the Underwriting Loan will not be entered into or drawn. The principal terms of the Underwriting Loan, if entered into, are:

<b>Facility type</b>	Term loan.
<b>Facility limit</b>	An amount equal to \$48,769,500 less the amount raised by the Fund under the Offer (including any Units subscribed for by the Underwriter pursuant to its underwriting commitment but excluding the \$1,230,500 commitment from Centuria Capital NZ and the proceeds of Follow-On Offer Units).
<b>Interest rate</b>	4.75% per annum.
<b>Term</b>	No specified expiry or repayment date. Any amount that is lent is required to be repaid from net proceeds of the Follow-On Offer or a separate capital raise within 10 business days of receipt of such proceeds by the Fund, or may be prepaid by the Fund with bank lenders' consent.
<b>Security</b>	Unsecured.
<b>Ranking</b>	Underwriting Loan borrowings rank behind bank borrowings and equally with the Units.
<b>Personal guarantee</b>	No personal guarantee applies. The loan is non-recourse in respect of Investors.
<b>Financial covenants</b>	None.

As the above Underwriting Loan borrowings (if drawn) will only become due as amounts from the Follow-On Offer are received, rather than at a fixed expiry date, the Manager considers that refinancing is unlikely to be needed.

Bank borrowings, the Deposit Funding Loan and all other liabilities of the Fund (including under the Leases), and the Fund's business as usual activities, will rank ahead of Investors' Units on any winding up of the Fund, other than the Underwriting Loan which ranks equally with Investors' Units on any winding up of the Fund.

# Key dates and offer process

## Section 3

<b>Offer opens</b>	23 November 2021
<b>Offer opens in Australia</b>	30 November 2021
<b>Last date for existing Investors to receive a priority allocation of Units</b>	9 December 2021
<b>Offer closes and subscription amounts due from Investors</b>	17 December 2021
<b>Issue of Units to Investors</b>	23 December 2021
<b>Expected date for payment of first distribution for Offer Units</b>	20 January 2022
<b>Follow-On Offer closes</b>	30 April 2022

The timetable is indicative only and the dates may change.

The Manager reserves the right to close the Offer or the Follow-On Offer at any time prior to that date or extend the Offer or Follow-On Offer by up to 25 business days without prior notice. The Manager also reserves the absolute right in its sole discretion to accept or reject any application in whole or in part without assigning any reason.

Investors' subscription monies will be held in a trust account established for the Offer. Cash distributions will not accrue until the day following the issue of Units.

### Offer Units

The Offer Period is the period between the opening date for the Offer on 23 November 2021 and 17 December 2021 (inclusive). All Units subscribed for from the opening date to 17 December 2021 will be Offer Units. All Offer Units will be allotted to Investors on or about 23 December 2021.

### Follow-On Offer Units

If the Manager has not received subscriptions for Units of at least \$50 million (being 46,728,971 Units) by 17 December 2021, then the Manager may call on its underwriting commitment from the Underwriter and/or require the Underwriter to enter into a subordinated loan agreement and advance the Underwriting Loan.

If the Custodian draws down on the Underwriting Loan, any subscription monies from the issue of Follow-On Offer Units will be applied to the repayment of the Underwriting Loan.

All Units subscribed for after 17 December 2021 will be Follow-On Offer Units. Follow-On Offer Units will be allotted weekly on the Wednesday of each week (where applications are received and approved by 3pm three business days prior to that Wednesday), and on the Follow-On Offer closing date. Weekly allotments begin on Wednesday 12 January 2022.

Investors who subscribe for Follow-On Offer Units will receive their first cash distribution in the month following the month the Follow-On Offer Units are issued.

# Terms of the offer

## Section 4

<b>Managed Investment Product</b>	Units in a managed investment scheme which invests in a range of different property related investments, including directly-owned real estate, interests in property managed investment schemes, interests in property managed funds and property managed fund capital raising, cash, derivatives and other assets arising in connection with the above
<b>Issue Price per Unit</b>	\$1.07 per Unit
<b>Number of Units being offered</b>	Up to \$50 million is targeted to be raised in the Offer, being 46,728,971 Units. Additional Units may be issued at the discretion of the Manager. There is, however, no maximum or minimum number of Units that may be issued under the Offer.
<b>Minimum dollar value of Units that may be applied for*</b>	\$10,000
<b>Maximum holding that may be held by any Investor*</b>	Except in circumstances allowed by the Manager, no Investor and its associates may together hold more than 20% of the Fund's Units following the Offer.
<b>Minimum Holding*</b>	Transfers and redemptions will not be processed if these result in an Investor holding less than 9,345 Units.
<b>Minimum amount to be raised</b>	There is no minimum amount that must be raised before Units are issued. Up to \$50 million is targeted to be raised in the Offer, being 46,728,971 Units. Additional Units may be issued at the discretion of the Manager.
<b>How can investments be made?</b>	<p>Subscriptions must be completed on the application form contained in "Section 13: How to apply". The offer opens on 23 November 2021 and closes on 17 December 2021.</p> <p><b>TO ENSURE YOUR APPLICATION IS ACCEPTED, PLEASE READ THE APPLICATION INSTRUCTIONS IN THAT SECTION CAREFULLY.</b></p>
<b>Existing Investor Redemption Facility</b>	<p>In conjunction with this Offer, existing Investors, who are unitholders on 31 October 2021, are entitled to redeem their Units at a redemption price of \$1.07. Redemptions will be limited to \$5,000,000 (4,672,897 Units).</p> <p>If you wish to redeem your Units you will need to contact the Manager and complete a redemption request by 1 December 2021. All redemption requests received by the Manager will be processed by 23 December. Payments for redeemed Units will be paid by 23 December following redemption.</p> <p>If an Investor wants to redeem less than their full holding of Units they will need to hold at least the Minimum Holding after the redemption is processed. The Minimum Holding is currently 9,345 Units.</p> <p>If redemption requests exceed \$5 million, redemptions will be processed on a pro-rata basis up to the \$5 million limit. In the event that redemption requests are processed on a pro-rata basis as above, the Minimum Holding provisions will apply, and the Investor's redemption request may not be accepted on this basis.</p>
<b>How can I withdraw my investment from the Fund?</b>	<p>Currently, you may only withdraw from the Fund if:</p> <ul style="list-style-type: none"><li>• You sell your Unit(s) to a third party directly or utilising the secondary market facility operated by the Manager;</li><li>• A resolution is passed to wind up the Fund and sell its Assets; or</li><li>• You are an existing Investor and you wish to utilise the one-off Investor Redemption Facility described above that is being provided in connection with this Offer.</li></ul> <p><b>Redemptions</b></p> <p>Redemptions are permitted under the Trust Deed and, in addition to the one-off redemption facility being provided in connection with this Offer, the Manager may offer monthly redemptions of Units from a date determined by the Manager, provided there are Available Funds. If the Fund does not make a continuous offer following this PDS redemptions will likely not be available, and a continuous offer is not currently anticipated to occur until April 2023 at the earliest.</p> <p>If the Manager offers monthly redemptions and you wish to redeem your Units you will need to contact the Manager and complete a redemption request. All redemption requests received by the Manager will be processed monthly. All applications received by 3pm three business days prior to the last calendar day of a month will be processed by the end of that month. Any applications received after that time will be processed the following month, subject to Available Funds. A Redemption Fee (currently \$50 per transaction, regardless of the amount redeemed) is payable for redemptions.</p>

\* The Manager reserves the right to amend the minimum and maximum subscription amounts, the multiple of Units that may be subscribed for and the minimum and maximum number of Units that may be held.

# Terms of the offer (cont.)

## Section 4

### How can I withdraw my investment from the Fund? (cont.)

Payments for redeemed Units will be paid by the end of the month following redemption.

The Redemption Price is the Unit Price at the end of the relevant month less the Redemption Fee and any tax owing by the Investor.

If an Investor wants to redeem less than their full holding of Units they will need to hold at least the Minimum Holding after the redemption is processed. The Minimum Holding is currently 9,345 Units.

#### Available Funds

This is the amount of cash that the Fund will have available to pay for redemptions. If redemption requests exceed the Available Funds, redemptions will be processed on a pro-rata basis up to the Available Funds limit. Any remaining redemptions will be processed in the following month (subject to Available Funds). In the event that redemption requests are processed on a pro-rata basis as above, the Minimum Holding provisions will apply, and the Investor's redemption request may not be accepted on this basis.

Redemptions will be limited to the Available Funds, which are the greater of:

- a. 0.5% of the Fund's Net Asset Value before the date of payment of the redemption notices; and
- b. having regard to the future requirements of the Fund, an amount determined by the Manager from time to time.

#### Secondary Sales

Your investment in the Fund can be sold or transferred to a third party but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment. However, the Manager provides a secondary market facility for the Units, which matches the buyers and sellers of Units. The liquidity of a unit is very much related to the performance of the underlying assets. Since 2014, the Manager has facilitated secondary sale transactions with a total sales value of over \$44 million. Neither the Manager nor Centuria NZ Property Fund is obligated to provide liquidity to Investors.

You may sell your Units to any person so long as you have paid all monies owing in relation to the Fund and you are not in breach of the terms of the Trust Deed. You will be responsible for all costs in connection with the transfer.

If an Investor wishes to sell their Unit(s), the proposed incoming investor will need to satisfy the Manager's anti-money laundering requirements. Legal documentation will be required to record the transfer. The Manager must approve of the incoming investor and may delay transfer if unpaid amounts (including unpaid tax) are owing by the transferor. The transferor may need to meet the reasonable legal costs incurred by the Manager and/or the Fund.

There is no guarantee there will be willing buyers for Units.

### Pricing of Units

Unit Prices are determined monthly on the last day of the month using the Adjusted Net Asset Value of the Fund. The Adjusted Net Asset Value of the Fund is calculated using the Net Asset Value and making adjustments to take into account the Fund's policy of spreading establishment costs, capital raising costs and the cost of acquiring assets over time.

A reconciliation of the Adjusted Net Asset Value calculation is set out in the PFI and in the FY21 Annual Report available on the Offer Register. The Offer Register may be accessed at <https://disclose-register.companiesoffice.govt.nz> and this Offer can be found by clicking on "search offers" and searching "OFR13179".

More information on Unit Price can also be found in the Trust Deed.

### What are the returns?

Cash distributions are made up of the Fund's Adjusted Operating Profit and may also include any surplus capital of the Fund. Distributions are made at the discretion of the Manager. It is the Manager's policy to distribute up to 110% of the Fund's Adjusted Operating Profit to Investors over the medium term.

The Fund may pay less than 110% of the Adjusted Operating Profit when monies are required to fund redemptions, or cash reserves are required to be built up for a future event, such as acquisitions, planned capital expenditure or lease incentives for directly owned property.

Due to fluctuations in the Fund's income and expenses, it is possible that the Fund may pay more than 110% of Adjusted Operating Profit in a particular period using surplus capital or debt, but this will only occur where the Manager considers it is commercially sustainable over the life of the Fund.

Forecast pre-tax cash distributions of:

- 5.09% – the equivalent of 5.45 cents per Unit on an annualised basis for the period from 24 December 2021 to 31 March 2022; and
- 5.09% – the equivalent of 5.45 cents per Unit per annum for the year ending 31 March 2023.

The forecast pre-tax cash distributions for FY22 and FY23 will be partially funded by capital until acquisitions occur which generate earnings. For FY23, 1 cent of the forecast pre-tax cash distribution of 5.45 cents is forecast to be funded from capital (i.e. 0.94% per annum of the 5.09% per annum forecast distribution), reflecting a FY23 Adjusted Operating Profit Payout Ratio of 123% if no further acquisitions are made. In addition, non-recoverable repairs and maintenance expenditure of \$929,000 (equivalent to 1.07% per annum of the 5.09% per annum forecast distribution<sup>15</sup>) is forecast to be funded from capital in FY23.

(15) Assumes 80,556,074 Units are on issue for FY23.

# Terms of the offer (cont.)

## Section 4

<b>What are the returns? (cont.)</b>	<p>If the Manager is unable to secure further Assets, distributions beyond FY23 will continue to be partially funded by capital, which is considered to be commercially sustainable over the next three to five financial years due to the current low gearing of the Fund, at which point distributions may need to be reassessed having regard to market conditions at the time. Refer to page 42 for examples of acquisitions at various acquisition yield and interest rate combinations and their impact on the pay-out ratio.</p> <p>The proposed development at Anglesea Medical Centre is expected to complete by the end of FY23, at which point it is expected to provide additional earnings through increased rental income, which will help reduce the Payout Ratio from FY24. Rental growth over time (through a combination of fixed increases, CPI linked increases and market rent reviews across the leases) is also expected to assist with reducing the Payout Ratio.</p> <p>These cash distributions are not guaranteed. The actual returns may vary. The forecast cash distributions are for the period commencing on the day following the issue of Units to 31 March 2022 and for the 12 month period ending 31 March 2023, and represent the percentage forecast return per annum from cash distributions on Units acquired in the Offer at the Issue Price. Details on how the forecast pre-tax cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investments are set out in "Section 6: Centuria NZ Property Fund's financial information" and "Section 7: Risks to returns from the Centuria NZ Property Fund" in this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.</p>
<b>When are distributions paid?</b>	<p>Cash distributions are paid monthly in arrears, with payments being paid on the 20th of each subsequent month, or the next business day.</p> <p>The amount of cash you receive will vary each month depending on the mix of taxable income and capital within the distribution, and the tax deducted at your PIR.</p> <p>Returns on Offer Units will not accrue until the day following the issue of Units. Investors' subscription monies will be held in a trust account established for the Offer.</p>
<b>Key dates</b>	<p>Please see "Section 3: Key dates and offer Process" on page 29.</p>
<b>Priority allocation for existing Investors in the Fund</b>	<p>Applications for Units from existing Investors in the Fund will receive priority over other applications for Units, at the Manager's discretion.</p> <p>Existing Investors must return a completed application form by 8 December 2021 to be eligible to receive a priority allocation in the Offer unless subscriptions for the targeted amount have been received prior.</p>
<b>Issue of Units</b>	<p>For subscriptions of Units made during the Offer Period, Units will be allotted on or about 23 December 2021. During the Follow-On Offer, Follow-On Offer Units will be allotted weekly on the Wednesday of each week (where applications are received and approved by 3pm three business days prior to that Wednesday), and on the Follow-On Offer closing date will be processed in that month with Units allotted monthly on the first day of the following month. Weekly allotments begin on Wednesday 12 January 2022.</p>
<b>Underwriting and subordinated loan arrangements</b>	<p>The Offer is underwritten by the Underwriter by way of an underwriting agreement between the Custodian and the Underwriter and a subordinated loan agreement that may be entered into between the Custodian and the Underwriter, if required by the Manager.</p> <p>In the event that the targeted amount of \$50 million is not raised by the Offer close date, the Underwriter has committed to subscribe for Units under the underwriting agreement that will result in it holding (together with its associates) up to the Investment Cap. Any further shortfall to the targeted amount will be met by the Underwriter advancing the Underwriting Loan. If more than \$36.9 million is raised in the Offer from investors other than the Underwriter and its associates, the Underwriting Loan will not be drawn.</p> <p>The Underwriter will receive an establishment and underwriting fee of \$1,463,085 (calculated at 3% of \$48,769,500), will be entitled to receive cash distributions in respect of any Units it subscribes for under the underwriting agreement and will be paid interest at a rate of 4.75% per annum on any outstanding balance of the Underwriting Loan (in place of the cash distributions that would have been payable on Units acquired under an underwrite). If drawn, the Underwriting Loan is repayable from the subscription monies received from the issue of Follow-On Offer Units (other than any Units issued to the Underwriter under the underwriting agreement). Payments to the Underwriter under the Underwriting Loan and underwriting arrangements (including any cash distributions paid to the Underwriter as the holder of a Unit) will not impact forecast FY22 and FY23 cash distributions.</p>

# Terms of the offer (cont.)

## Section 4

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**Overseas investors**

The Offer is a regulated offer for the purposes of the FMCA and is only being made to persons in New Zealand, Australia and any other jurisdiction in which the Manager is able to make the Offer without having to prepare a disclosure document, at its discretion.

The Offer is being made in Australia in reliance on the Trans-Tasman mutual recognition scheme under Chapter 8 of the Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth).

No person may offer, invite, sell or deliver any Units or distribute any documents (including the PDS) to any person outside New Zealand or Australia unless such offer or invitation can be made without having to prepare a disclosure document. The PDS may not be sent into or distributed in the United States.

Unless otherwise agreed with the Manager, any person applying for Units under the Offer will be deemed to represent and warrant to the Manager that he, she or it is not in a jurisdiction that does not permit the making of the Offer or an invitation of the kind contained in the PDS and is not acting for the account or benefit of a person within such a jurisdiction. Neither the Manager, the Supervisor, Custodian, nor any of their directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

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**Scaling**

If the Manager receives more subscriptions than it wishes to accept, then it may scale applications, which means that you may receive fewer Units than you subscribed for, or the Manager may not accept some applications. If this happens, you will be refunded the difference within 15 working days of the issue date.

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Further terms of the Units are set out in the Trust Deed. The Trust Deed is available on the Scheme Register at <https://disclose-register.companiesoffice.govt.nz> by searching "SCH12900" under "search schemes".

# How the Centuria NZ Property Fund works

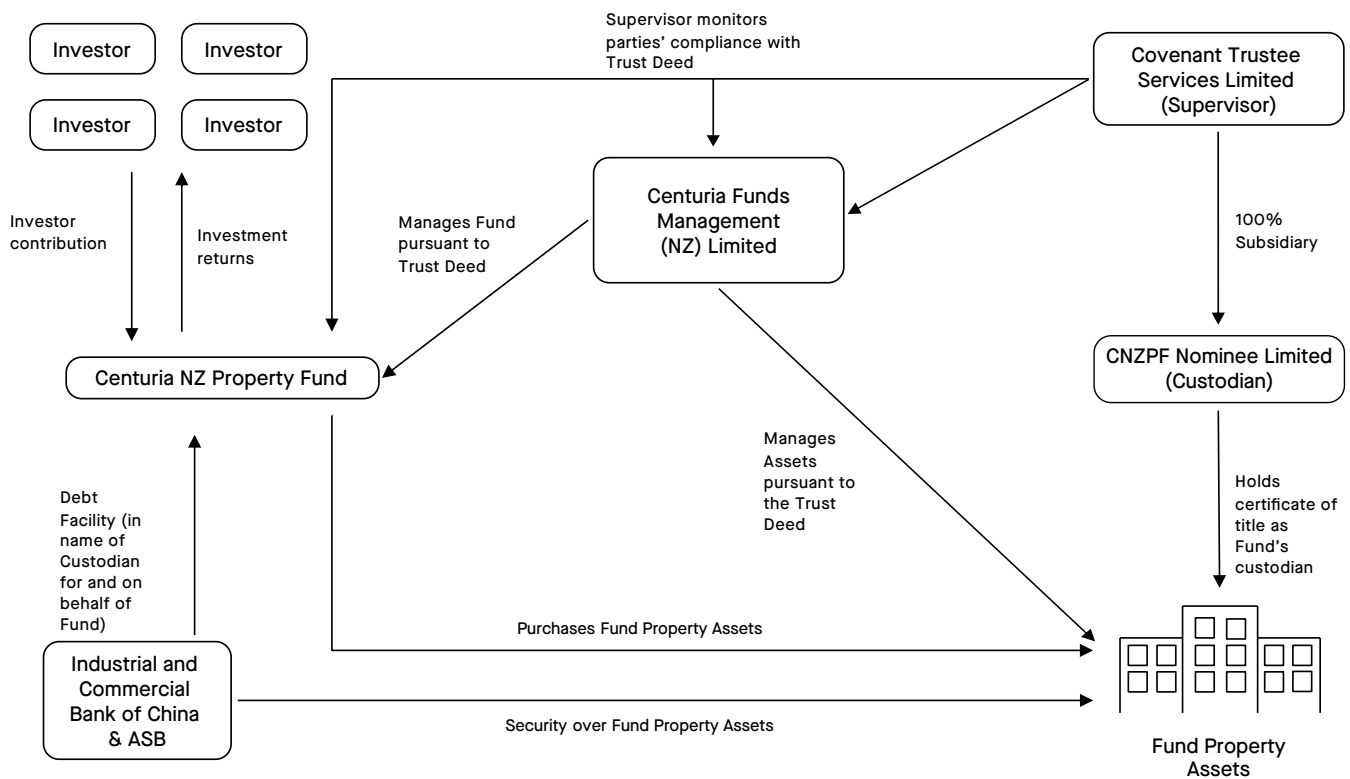
## Section 5

In this section, you will find information on:

- how the Fund works;
- significant benefits of investing in the Fund;
- the nature of interests that Investors will acquire; and
- related party benefits.

### How the Fund works

The key features of the Fund are set out below:



### What is a Unit Trust?

Investors are offered the opportunity to invest in the Fund, a unitised trust that owns the Existing Properties and intends to acquire other property related investments. The Fund is a managed investment scheme for the purposes of the FMCA. Under the unit trust structure, Investors are liable for no more than their initial investment in the Fund. The Custodian holds title to the Properties and is party to the bank loan facilities described in this PDS and the Leases in its name on behalf of the Fund. The Supervisor will appoint the Custodian (or other custodians) to hold title to any other Current Authorised Investments and enter into other loan facilities and leases in the custodian's name on behalf of the Fund.

The Fund will be managed and administered by the Manager pursuant to the Trust Deed. The Manager's responsibilities and duties are set out in the Trust Deed (which is available on the Scheme Register at <https://disclose-register.companiesoffice.govt.nz> by searching "SCH12900" under "search schemes") which also sets out the rights and obligations of the Investors and the Supervisor.

The beneficial interest held by Investors in the Fund is divided and unitised into Units. Each Unit confers equal rights and obligations on each Investor in respect of entitlements to income and capital from the Fund and each Unit will confer one vote upon the holder in respect of matters on which Investors are entitled to vote under the Trust Deed.

For further details on the calculation of the Unit Price refer to Section 4 under the heading "Pricing of Units" on page 31 and on the Offer Register.

# How the Centuria NZ Property Fund works (cont.)

## Section 5

### Significant benefits of investing in the Fund

The significant benefits of investing in the Fund are:

- The forecasted returns as set out in "Section 6: Centuria NZ Property Fund's financial information";
- The ability to have an investment in a portfolio of property investments (initially in the Existing Properties), but intended to continue to grow across other property related investments) that would not typically be available to Investors who are only able to invest a minimum \$10,000. See "Section 7: Risks to returns from the Centuria NZ Property Fund" on pages 41 to 46 for more detail on the potential risks to the Fund's ability to access further property investments and investment in Proposed Authorised Investments;
- The investment in the Fund is passive with active day-to-day management (including due diligence on acquisitions and underwrite positions, arranging maintenance of the Properties, negotiation of leases, liaising with tenants, preparation of accounts, payment of distributions and obtaining bank financing) being handled by the Manager;
- The Fund structure enables the Manager to conduct the business of the Fund, while the Investors' liability is limited to their initial investment in the Fund;
- Cash distributions are paid monthly; and
- A PIE tax structure with a maximum tax rate of 28% and reduced compliance for Investors.

### Related Party Benefits

There are no related party benefits to be given to, or received by, a related party under a transaction or a proposed transaction other than:

- fees and expenses disclosed in "Section 8: What are the fees?";
- the underwriting agreement entered into by CPIPL including the subordinated loan agreement, further described on pages 3 and 28; and
- the proposed subordinated loan agreement to be entered into by Centuria Investment Holdings Pty Limited as trustee of the Centuria Capital No.3 Fund further described on page 28.



# Centuria NZ Property Fund's financial information

## Section 6

In this section, you will find the following information:

- A summary of historical financial information for the financial period ended 31 March 2021. This provides information on the actual financial performance, position and cash flows of the Fund as at and for that period;
- A summary of the prospective financial information for the 12 months ending 31 March 2022 and 31 March 2023. This represents the Fund's forecasts of its expected financial performance, position and cash flows as at and for that period;
- A summary of financial measures for the Fund's borrowings.

In addition to the above information, which has been prepared in accordance with generally accepted accounting practice in New Zealand (GAAP), this section also includes certain non-GAAP measures which the Fund uses to monitor underlying operating performance.

### Selected financial information

The tables in this section provide key financial information about the Centuria NZ Property Fund. The full historical financial statements for FY21 (**Historical Statements**) and full prospective financial information for FY22 and FY23 (**PFI**) are available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz>. If you do not understand this financial information, you can seek professional advice.

The purpose of the PFI is to assist Investors in assessing the viability of and return on funds invested. This PDS and the PFI may not be appropriate for any other purpose. The prospective financial information included in the tables in this section has been derived from the PFI which includes the prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS 42), which are available on the Offer Register.

Ernst & Young Strategy and Transactions Limited has independently reviewed the prospective financial information, as defined in its report, for the years ending 31 March 2022 and 31 March 2023. A copy of Ernst & Young Strategy and Transactions Limited's Independent Limited Assurance Report is included on the Offer Register.

A summary of the principal assumptions on which the PFI is based are set out under the heading Principal Assumptions in this section. The PFI is for the year ending 31 March 2022 and the year ending 31 March 2023.

Prospective financial information for the period ending 31 March 2021 and year ending 31 March 2022 was previously prepared as part of the Fund's initial offering of Units in 2020 (**the Original PFI**). You can find a comparison between the Fund's actual performance for the period ended 31 March 2021 and the Original PFI in the Fund's 2021 annual report, and a comparison between the PFI prepared for this Offer and the Original PFI for the year ending 31 March 2022 in the prospective financial statements, each of which are available on the Offer Register.

Prospective financial information by its nature is inherently uncertain. It is a prediction of future events and conditions which cannot be assured. It involves risks and uncertainties many of which are beyond the Fund's control. The directors of the Manager believe that the PFI has been prepared with due care and attention, and considers the best-estimate assumptions, when taken as a whole, to be reasonable and supportable at the time of preparing this PDS. Actual results may vary from the information presented and variances may be

material. Accordingly, neither the Manager nor any other person can provide any assurance that the PFI will be achieved and investors are cautioned not to place undue reliance on the PFI. You should read the prospective financial information in this PDS in light of the assumptions, and in conjunction with the other information in this PDS (including in particular, the information in "Section 7: Risks to Returns from the Centuria NZ Property Fund" and the full PFI available on the Offer Register).

### Financial position and performance

The summary information presented in the table below is derived from the more detailed Historical Statements and PFI, copies of which are on the Offer Register.

NZ\$'000 (unless indicated otherwise)	Actual 8 months and 19 days ended 31 March 2021 <sup>7</sup>	Forecast 12 Months ending 31 March 2022	Forecast 12 Months ending 31 March 2023
Gross property income <sup>1</sup>	2,193	5,136	6,035
Property operating expenses	(696)	(2,370)	(2,613)
<b>Net property income<sup>2</sup></b>	<b>1,497</b>	<b>2,766</b>	<b>3,422</b>
Net profit after tax <sup>3</sup>	1,845	2,462	6,551
Adjusted Operating Profit <sup>4</sup>	1,239	2,529	3,581
Adjusted Operating Profit per Unit (cents per Unit) <sup>4</sup>	3.22	5.07	4.45
Distributions to Investors	(1,155)	(2,875)	(4,390)
<b>Net cash flows from operating activities</b>	<b>1,525</b>	<b>973</b>	<b>2,405</b>
Total assets	57,706	80,073	95,167
Cash and cash equivalents	150	1,468	500
Total liabilities	21,090	719	13,651
Total debt	19,800	-	13,168
Net tangible assets <sup>5</sup>	36,616	79,354	81,516
Gearing ratio <sup>6</sup>	34.3%	0.0%	13.8%
Interest cover ratio <sup>6</sup>	3.26	0.99 <sup>8</sup>	25.12 <sup>9</sup>

Please see following page for notes to table.

# Centuria NZ Property Fund's financial information (cont.)

## Section 6

Notes to table:

- Gross property income represents rental income derived from all lease agreements, operating expense recoveries and COVID-19 rental guarantee income.
- Net property income represents gross property income less property operating expenses and property investigation expenses.
- The Fund is an unlisted PIE. Tax is attributed to unitholders and is not incurred directly by the Fund. As a result, net profit before tax and net profit after tax are the same.
- Adjusted Operating Profit is a non-GAAP financial measure adopted to assist the Fund in assessing the adjusted operating profit available for distribution under its distribution policy. A further explanation of these terms is included below under the heading "Adjusted Operating Profit - non-GAAP information".
- Net tangible assets represents the total assets of the Fund excluding intangible assets (which the Fund does not and is not forecast to hold) less total liabilities.
- The gearing ratio and interest cover ratio are included, as debt is an integral and material component of the Fund's capital structure. The gearing ratio and interest cover ratios are non-GAAP information. The gearing ratio tells you how much the Fund owes (debt) as a portion of what it owns (total assets). The higher the gearing ratio, the higher the risk as it indicates a higher proportion of the Fund's assets will need to be applied to repay its debt. The interest cover ratio tells you how much the Fund's EBITDA adjusted for unrealised gains and losses exceeds interest expense on its debt (as a multiple). This ratio is calculated on the basis that the Underwriting Loan and the Deposit Funding Loan are not drawn.
- The Fund was established on 14 July 2020 and commenced trading on 30 September 2020.
- The interest cover ratio for the year ending 31 March 2022 is 2.46x if the Underwriting Loan component of the underwrite fee totalling \$1,346,103 is excluded from interest expense.
- The majority of interest expense will be capitalised to investment property in the year ending 31 March 2023 and is therefore not reflected in the interest cover ratio as it is associated with the forecast extension development at Anglesea Medical Centre.

### Forecast investor returns

This disclosure has not been subject to any audit or review.

Forecast pre-tax cash distribution	5.09% per annum – the equivalent of 5.45 cents per Unit on an annualised basis for the period from 24 December 2021 to 31 March 2022; and
	5.09% per annum – the equivalent of 5.45 cents per Unit per annum for the year ending 31 March 2023.
	The forecast pre-tax cash distributions for FY22 and FY23 will be partially funded by capital until acquisitions occur which add to earnings. For FY23, 1 cent of the forecast pre-tax cash distribution of 5.45 cents is forecast to be funded from capital (i.e. 0.94% per annum of the 5.09% per annum forecast distribution), reflecting a FY23 Adjusted Operating Profit Payout Ratio of 123% if no further acquisitions are made. In addition, non-recoverable repairs and maintenance expenditure of \$929,000 (equivalent to 1.07% per annum of the 5.09% per annum forecast distribution <sup>(16)</sup> ) is forecast to be funded from capital in FY23.
	These cash distributions are not guaranteed. The actual distribution rates may vary. The forecast cash distributions are for the period commencing on the day following the issue of Units to 31 March 2022 and for the year ending 31 March 2023, and represent the percentage forecast return per annum from cash distributions on Units acquired in the Offer at the Issue Price.
	Details on how the forecast pre-tax cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investments are set out in this section and "Section 7: Risks to Returns from the Centuria NZ Property Fund" in this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.

These returns are not guaranteed. The actual distribution rates may vary.

(16) Assumes 80,556,074 Units are on issue for FY23.

It is the Fund's policy to distribute up to 110% of the Fund's Adjusted Operating Profit to Investors over the medium-term. In addition, distributions may also include any surplus capital of the Fund. The Fund may pay less than 110% of the Adjusted Operating Profit when monies are required to fund redemptions, or cash reserves are required to be built up for a future event, such as planned capital expenditure for a directly owned property. See "Section 7: Risks to returns from the Centuria NZ Property Fund" on pages 41 to 46 for more detail on the potential risks to the Fund's income stream.

### Adjusted Operating Profit - non-GAAP information

The following table reconciles the net profit after tax per the historical statutory financial statements and the PFI to the Adjusted Operating Profit. This non-GAAP disclosure has not been subject to any audit or review.

#### Reconciliation of net profit after tax to Adjusted Operating Profit

NZ\$000 (unless indicated otherwise)	Actual 8 months and 19 days ended 31 March 2021	Forecast 12 months ending 31 March 2022	Forecast 12 months ending 31 March 2023
Net profit after tax	1,845	2,462	6,551
Adjustments:			
Unrealised movement in the fair value of investment property	(1,070)	(2,483)	(3,879)
Rental income from vendor leases treated as financial assets	270	270	-
Amortisation of capitalised borrowing costs	43	225	-
Accrual for fixed rental growth	-	(17)	(20)
Non-recoverable repairs and maintenance expenses funded from capital	2	726	929
Performance fees	149	-	-
Underwriting Loan component of underwrite fee	-	1,346	-
<b>Adjusted Operating Profit available for distribution</b>	<b>1,239</b>	<b>2,529</b>	<b>3,581</b>
<b>Adjusted Operating Profit Payout Ratio</b>	<b>93%</b>	<b>114%</b>	<b>123%</b>

# Centuria NZ Property Fund's financial information (cont.)

## Section 6

The Manager believes this non-GAAP disclosure is important as it clearly states the surplus available for distribution.

The Manager calculates Adjusted Operating Profit by adjusting net profit after tax (determined in accordance with NZ IFRS) for certain non-cash, one-off, irregular and/or capital raising costs including:

- reversing unrealised fair value gains or losses on investments;
- reversing unrealised fair value gains or losses on derivative financial instruments;
- reversing unrealised foreign exchange gains or losses on investments (excluding foreign cash balances);
- reversing gains or losses on disposal of investments;
- removing accruals for fixed rental growth;
- reversing non-recoverable repairs and maintenance expenditure where gearing (excluding loans that underwrite the Fund's capital raising) is forecast to remain below 45% as this is intended to be funded from capital;
- reversing the amortisation of establishment or upfront payments in connection with entering into any derivative contract;
- 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 of the Fund or in respect of future capital raising;
- reversing interest expense on loans that underwrite the Fund'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.

Adjusted Operating Profit is a consistent measure that the Manager will use when determining future distribution levels.

For the purposes of the Adjusted Operating Profit Payout Ratio, interest expense on loans that underwrite the Fund's capital raising is treated as a distribution.

### Principal Assumptions

Below is a summary of the principal assumptions on which the prospective financial information is based. Further information on these assumptions may be found at <https://disclose-register.companiesoffice.govt.nz> by searching "OFR13179" under "search offers".

#### Equity raise

It is assumed that \$50,000,000 of additional equity is raised in the Offer to repay debt, fund further acquisitions and development opportunities, fund redemption of Units and to pay the associated Offer costs. It is assumed that the \$50,000,000 of equity will be issued at a price of \$1.07 per Unit and will be allotted on 23 December 2021.

In conjunction with the Offer, existing investors, who are unitholders on 31 October 2021, are entitled to redeem their Units at a redemption price of \$1.07. The total redemption pool is capped at \$5,000,000 (4,672,897 Units) and it is assumed that the maximum amount representing 4,672,897 Units is redeemed. This assumption is based on historical redemption rates in other managed investment schemes. Redemptions of these Units are assumed to occur on 23 December 2021. It is therefore assumed that net equity of \$45,000,000 (before Offer costs) will be raised in the Offer.

	NZ\$000
Repayment of debt	29,740
Extension development capital expenditure at Anglesea Medical Centre	12,066
Offer costs	3,194
Redemption of Units	5,000
<b>Total</b>	<b>50,000</b>
Equity	50,000
<b>Total</b>	<b>50,000</b>

#### Offer costs

Total Offer costs are assumed to be \$3,194,496. This includes underwriting, brokerage, legal, accounting, Supervisor, registration and registry fees as well as marketing costs. The bulk of these costs are deemed to be issue costs, with the exception of \$1,346,103 of the underwrite fee that has been allocated to the Underwriting Loan and expensed.

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

#### Investment property

The acquisition of 196 Roydvale Avenue settled on 29 October 2021 (prior to new equity being raised in the Offer) for \$9,300,000 based on a signed sale and purchase agreement, with the acquisition being debt funded. A deposit for 196 Roydvale Avenue of \$460,000 was paid in August 2021. On settlement it is assumed the property is revalued to the most recent independent valuation obtained as part of due diligence.

It is assumed that Anglesea Medical Centre and 26 Clarence Street are revalued at 30 September 2021 to align to the most recent independent valuations obtained as part of due diligence undertaken for the Offer.

On 31 March 2022 and 31 March 2023 it is assumed that each investment property is revalued, with the carrying value assumed to represent the most recent independent valuations obtained during due diligence plus additional capital expenditure assumed to occur during the PFI period.

On 31 March 2023, the value of Anglesea Medical Centre is assumed to represent \$75,000,000 (based on advice from an independent valuer of the "as if complete" value following the completion of the extension development) plus additional capital expenditure on other projects assumed during the PFI period.

# Centuria NZ Property Fund's financial information (cont.)

## Section 6

When calculating the unrealised movement in the fair value of the investment property, adjustments have been made for the movement in the value of the accrual for fixed rental growth, capitalised lease incentives and capitalised leasing fees. Adjustments have also been made for financial assets relating to vendor underwrites and retentions. For accounting purposes, rental income is adjusted to straight-line the total contracted rent over the lease period with a fixed rental growth accrual recognised as a component of the fair value of the investment property.

The valuers noted that, at the date of the valuation reports, New Zealand was in a state of nationwide lockdown in an effort to control an outbreak of the 'Delta' variant of COVID-19. They also specifically noted that their valuation had been conducted with reference to the definition of 'Market Value' outlined in the report, and with reference to the provisions of the assumption of a willing buyer, willing seller, acting prudently and without compulsion. In some cases the valuers noted that there is less certainty in the market place.

No further investment property acquisitions or divestments are assumed to occur during the PFI period.

Financial assets were recognised in the prior period in relation to a rental underwrite provided by the vendor of Anglesea Medical Centre and a retention held for seismic works. It is assumed that these financial assets are released by 31 March 2022 as the rental underwrite is assumed to be utilised by 30 September 2021 and the seismic works are assumed to be complete by 31 March 2022.

It is assumed that an extension of circa 1,500sqm is developed at the Anglesea Medical Centre site for a specialist medical service use. It is assumed that the development works will commence during the year ending 31 March 2022 and be completed on or by 31 March 2023. The costs and the timing of when the expenditure is likely to be incurred is based on a concept design cost plan estimate report prepared by an external development manager that specialises in medical developments.

Other general capital expenditure has been assumed in the PFI, based on property condition reports and the Manager's estimates. Timing of when this expenditure is likely to be incurred has been determined by the Manager based on due diligence findings and experience with similar assets.

### Rental income

Rental income has been forecast based on existing lease agreements with tenants. It is assumed that there is no tenant default, no tenant termination rights are exercised and there are no delays in receipt of debtors.

Rental income from 196 Roydvale Avenue commenced on 30 October 2021 being the day following settlement.

The PFI reflects all market, CPI and fixed rent reviews expected to occur during the PFI period. Market rents are assumed based on the most recent independent valuations obtained as part of due diligence.

Vacancy assumptions have been made for tenancies that are currently vacant or that are due to expire during the PFI period. Vacancy periods of between zero months and 18 months have been assumed, with the longer vacancy periods being assumed on spaces that are being developed as part of the Anglesea Medical Centre extension development. These assumptions are based on the Manager's experience and understanding of current market conditions.

Rent free lease incentives equal to between three to four months' rent have been assumed for certain tenancies where these are considered likely by the Manager based on the Manager's experience and understanding of market standards.

The tenants are responsible for most operating expenses including rates, insurance premiums, utilities and certain maintenance obligations when in occupation and in respect of net leases. There are elements of non-recoverable operating expenses (including a portion of property management fees) identified in due diligence. It is assumed that all operating expense payments will be made on time and that there are no creditors associated with these operating expenses at the end of each reporting period. Operating expenses have been assumed based on information received during the due diligence process and from quotes received.

### COVID-19 rental abatements

In addition, it is assumed that further nationwide or regional COVID-19 restrictions will be in place during the PFI period resulting in rental abatements being provided to tenants. The PFI assumes these restrictions will be in place for the month of October 2021 (resulting in total rent abatements of \$51,465), two weeks in November 2021 (resulting in total rent abatements of \$37,044), and for a further two weeks during the period from settlement of the Offer to 31 March 2022 (resulting in total rent abatements of \$39,667). These assumptions are based on the current COVID-19 Alert Level framework and recently announced COVID-19 Protection Framework.

### Centuria Capital (NZ) No.1 Limited COVID-19 rental underwrite

Due to COVID-19 uncertainty the Manager's parent company, Centuria Capital (NZ) No.1 Limited, has agreed to provide the Fund with an underwrite for rent and outgoings payable on tenancies forecast to be in place on 23 December 2021 for a period of 6 months from the date of allotment of Units under the Offer. The amount available to be claimed by the Fund pursuant to this underwrite is capped at \$500,000 (plus GST). It is assumed that \$39,667 (plus GST) of this underwrite is utilised to cover rent and outgoings abatements provided to tenants at Anglesea Medical Centre, 26 Clarence Street and 196 Roydvale Avenue as a result of COVID-19 related restrictions from settlement of the Offer to 31 March 2022 assumed in the PFI.

### Management fees

The annual fund management fees are 0.50% of the average month-end asset value of all Fund assets. Further transaction fees are charged including development management fees and leasing fees. It is assumed that no performance fees are payable during the PFI period. Fees are based on the Trust Deed and other assumptions regarding capital expenditure and leasing.

### Administration expenses

Valuation, audit fees, supervisor fees, registry fees and bank agency fees are based on quotes received or existing agreements. Legal, tax and other consultancy fees are based on the Manager's estimate from experience managing other property schemes.

### Property investigation expenses

Expenses relating to due diligence on property acquisitions that do not proceed have been assumed, including legal and other consultancy fees. These have been assumed based on actual costs incurred to date and the Manager's experience.

### Borrowings

The original Loan Facility tranche has total limits of \$29,125,000 and is assumed to be cancelled and repaid, in full, from investor equity raised in the Offer.

A new Loan Facility tranche with a limit of \$12,375,000 was established to fund the acquisition of 196 Roydvale Avenue on 29 October 2021. It is assumed this tranche is repaid from investor equity raised in the Offer and redrawn over the PFI period. This tranche has a term of three years and will expire on 29 October 2024.

# Centuria NZ Property Fund's financial information (cont.)

## Section 6

It is assumed that an additional Loan Facility tranche with a total limit of \$5,000,000 is established on 1 January 2023 to fund the later stages of the Anglesea Medical Centre extension development. It is assumed that this tranche will have a term of three years and will expire on 1 January 2026. The margin, fees, and terms are assumed to be consistent with the new tranche above.

Drawings and repayments are assumed to be made monthly based on working capital and capital expenditure requirements. The bank loan agreement will be interest only.

### Finance expenses

The interest rate on the loan is a combination of the margin for the relevant facility plus an assumed floating base rate. The floating base rate is assumed to increase over the forecast period from 0.37% per annum as at 1 September 2021 to 2.92% per annum as at 31 March 2023 based on market forecasts.

A margin of 1.56% per annum and line fee of 0.84% per annum is assumed on all tranches throughout the PFI period, based on the existing facility.

Further detail on the loan facilities is included on page 27.

\$1,346,103 of the underwrite fee allocated to the Underwriting Loan is assumed to be expensed immediately on the basis that the Underwriting Loan is not drawn.

### Financial Measures for Scheme Borrowings

The following table sets out the actual and forecast gearing and interest cover ratios at key dates.

	Actual 31 March 2021	Forecast 23 December 2021 (date of issue of Units under the Offer) <sup>17</sup>	Forecast 31 March 2022	Forecast 31 March 2023
Gearing ratio	34.3%	0%	0%	13.8%
Interest cover ratio	3.26	Not applicable	0.99 <sup>18</sup>	25.12 <sup>19</sup>

The "Gearing Ratio" tells you how much the Fund owes (debt) as a portion of what it owns (total assets, including cash). The higher the gearing ratio, the greater the Fund's exposure to risk from movements in interest rates or the requirement to repay debt if loan facilities cannot be renewed or refinanced on expiry. This ratio is calculated on the basis that the Underwriting Loan and the Deposit Funding Loan are not drawn.

The "Interest Cover Ratio" tells you how much the Fund's EBITDA adjusted for unrealised gains and losses exceeds interest on its loans (as a multiple). The higher the ratio, the more comfortably the Fund's income can cover any interest owing (and the lower the risk to the Fund). The Interest Cover Ratios disclosed in the table above are for the period to the dates in each column.

### Borrowing repayment dates

Loan Facility	Repayment Date
ASB & ICBC Syndicated Bank Facility	29 October 2024
	The loan is a three year facility.

### Cash distributions

A regular gross monthly distribution (before taxation, including any depreciation claimed for taxation purposes) of 6.00 cents per Unit per annum is assumed to be paid to Investors until 23 December 2021 and 5.45 cents per Unit per annum thereafter.

This represents an Adjusted Operating Profit Pay-out Ratio of 114% in the year ending 31 March 2022 and 123% in the year ending 31 March 2023.

### Taxation

The Fund is registered as a multi-rate Portfolio Investment Entity (PIE). The Fund will attribute income to unitholders based on their proportionate holding and pay tax based on their prescribed investor rates (PIRs).

### Actual Results

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

The Fund, the Manager and the directors of the Manager give no guarantee or assurance that the PFI presented will be achieved.

(17) Following the repayment of bank debt with the proceeds of the Offer.

(18) The interest cover ratio for the year ending 31 March 2022 is 2.46x if the Underwriting Loan component of the underwrite fee totalling \$1,346,103 is excluded from interest expense.

(19) The majority of interest expense will be capitalised to investment property in the year ending 31 March 2023 and is therefore not reflected in the interest cover ratio as it is associated with the forecast extension development at Anglesea Medical Centre.

# Risks to returns from the Centuria NZ Property Fund

## Section 7

### Risks to returns from the Centuria NZ Property Fund

This section sets out a description of the circumstances that the Manager is aware of that exist or are likely to arise that significantly increase the risk to the Fund's financial position, financial performance and plans. The table in this section sets out particulars of why each circumstance is of particular significance and an assessment of the likelihood of any impact arising, the nature of that impact, and the potential magnitude of that impact along with strategies to mitigate the impact.

The circumstances have been identified by the Manager on the basis of information known to it as at the date of this PDS and on an assessment of the probability of a circumstance occurring and the anticipated impact of that circumstance if it did occur. These circumstances may not encompass all of the circumstances that may present a risk to returns for investors now or in the future, and there is no guarantee that the importance of each circumstance will not change.

These circumstances, were they to occur and if they were not appropriately managed by the Manager, could have a material adverse effect on the Fund's financial position or future financial performance through a decrease in revenue or an increase in costs. The Manager has taken, and will, in the future take, steps to mitigate the effects of these circumstances. However, some risks may not be fully capable of mitigation.

Potential investors should carefully consider these risks (together with other information in this PDS) before deciding whether to invest in the Fund.

The description of the circumstances in this section does not take into account the personal circumstances, financial position or investment requirements of any person. It is therefore important that, before deciding to invest in the Fund, you consider the suitability of an investment in the Fund in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

Description of Risk	Why it is significant and the Manager's assessment of nature of the impact	Mitigating factors
<p><b>Inability to access further property investments</b></p>	<p>In order for the Fund to grow, achieve further diversification and reduce the Payout Ratio while maintaining forecast cash distributions in FY23, the Fund needs to acquire further Assets which generate earnings. In order to make further acquisitions, the Manager will need to secure bank debt on acceptable terms.</p> <p>Until acquisitions occur which generate earnings, the forecast pre-tax cash distributions for FY22 and FY23 of 5.09% per annum (5.45 cents per Unit) will be partially funded by capital. For FY23, 1 cent of the forecast pre-tax cash distribution of 5.45 cents is forecast to be funded from capital (i.e. 0.94% per annum of the 5.09% per annum forecast distribution), reflecting a FY23 Adjusted Operating Profit Payout Ratio of 123% if no further acquisitions are made. In addition, non-recoverable repairs and maintenance expenditure of \$929,000 (equivalent to 1.07% per annum of the forecast distribution<sup>20</sup>) is forecast to be funded from capital in FY23.</p>	<p>The Manager will be actively seeking further acquisitions, including during the Offer Period. The Manager has a dedicated asset and development team and a track record of acquisitions over the past 20 years. Centuria has capability in office, retail, industrial, value-add, residential, tourism and development sectors.</p> <p>In addition to investment in wholly-owned property investments, it is intended that the Fund invest in future offers of the Manager and Proposed Authorised Investments over time. However, this opportunity is not certain and the Manager will need to be granted the Licence Variation to acquire Proposed Authorised Investments.</p>
<p><b>Manager's assessment of likelihood of circumstances arising</b></p>	<p>The Manager considers the likelihood of limited property investment opportunities arising to be low given the market conditions the Manager has recently observed in the property sector, though whether sufficient opportunities will reflect accretive acquisition yields in the then prevailing interest rate environment is more difficult to predict.</p>	
<p><b>Manager's assessment of the magnitude of the impact, were the circumstance to arise</b></p>	<p>If the Manager is unable to secure further assets in FY23 and all other factors remained the same, the forecast pre-tax cash distributions for FY23 will reflect a Payout Ratio of 123%. The key aspects of an acquisition that impact the Payout Ratio are the acquisition yield and the interest rate on the debt used to fund the acquisition, and these factors will be considered by the Manager when assessing potential acquisitions.</p> <p><b>Payout Ratio</b></p> <p>The table below shows the FY23 Adjusted Operating Profit on the basis of cents per Unit, assuming \$50 million of acquisitions are made at or before the start of FY23 at various acquisition yields and average interest rates, as well as the Payout Ratio assuming distributions are made at the forecast 5.45 cents per Unit:</p>	

(20) Assumes 80,556,074 Units are on issue for FY23.

# Risks to returns from the Centuria NZ Property Fund (cont.)

## Section 7

Description of Risk	Why it is significant and the Manager's assessment of nature of the impact	Mitigating factors				
<p><i>Manager's assessment of the magnitude of the impact, were the circumstance to arise (cont.)</i></p>	<b>FY23 Adjusted Operating Profit cents per Unit / (Payout Ratio) sensitivity</b>					
	<b>Average interest rate for FY23</b>					
	<b>Initial yield</b>	<b>3.86%</b>	<b>4.36%</b>	<b>4.86%</b>	<b>5.36%</b>	<b>5.86%</b>
	<b>4.75%</b>	4.62 (118%)	4.31 (127%)	3.99 (137%)	3.67 (148%)	3.36 (162%)
	<b>5.25%</b>	4.93 (110%)	4.62 (118%)	4.30 (127%)	3.98 (137%)	3.67 (149%)
	<b>5.75%</b>	5.25 (104%)	4.93 (111%)	4.61 (118%)	4.29 (127%)	3.98 (137%)
<b>6.25%</b>	5.56 (98%)	5.24 (104%)	4.92 (111%)	4.60 (118%)	4.29 (127%)	
	Percentages in brackets in this table represent the Payout Ratio.					
	Higher acquisition yields and lower interest rates contribute to reductions in the Payout Ratio. If the Manager is unable to secure further Assets by the commencement of FY23 with an acquisition yield and interest rate mix that reduce the Payout Ratio from the forecast 123%, distributions will continue to be partially funded by capital. If the Manager is unable to secure further Assets beyond FY23, distributions will continue to be partially funded by capital, which is considered to be commercially sustainable over the next three to five financial years due to the current low gearing of the Fund, at which point distributions may need to be reassessed having regard to market conditions at the time.					
	The proposed development at Anglesea Medical Centre is expected to complete by the end of FY23, at which point it is expected to provide additional earnings through increased rental income, which will help reduce the Payout Ratio from FY24. Rental growth over time (through a combination of fixed increases, CPI linked increases and market rent reviews across the leases) is also expected to assist with reducing the Payout Ratio.					
<b>Increase in interest rates</b>	<p>Interest expense incurred by the Fund as a result of bank borrowings may become a material expense once debt is drawn to fund the proposed development works at Anglesea Medical Centre and future acquisitions. If interest rates were to increase more than projected and allowed for by the Manager in the future (the floating base rate is assumed to increase over the forecast period from 0.37% per annum as at 1 September 2021 to 2.92% per annum as at 31 March 2023 based on market forecasts), it may affect the Fund's ability to maintain distributions or the Payout Ratio may increase.</p>	<p>The Manager will monitor interest rate markets and regularly review the base rate, margin and line fee components of the Fund's borrowings, including the portion of borrowings that is subject to a fixed interest rate.</p>				
	<p>The Loan Facility base rate is floating while margins and line fees are fixed for the term of the facility (unless refinanced earlier).</p>	<p>Margins and line fees will be benchmarked against similar market transactions and the Fund will consider changing lenders if materially better margins and line fees are available elsewhere.</p>				
	<p>Borrowings are forecast to increase to \$13.2m over the PFI period to 31 March 2023.</p>					
	<p>Interest rates will continue to be a key risk for so long as the Fund has outstanding borrowings.</p>					
<i>Manager's assessment of likelihood of circumstances arising</i>	<p>Changes in interest rates cannot be accurately predicted. There is a risk that interest rates will increase if inflation increases. Current expectations are that interest rates will increase based on economic and market forecasts.</p>					
<i>Manager's assessment of the magnitude of the impact, were the circumstance to arise</i>	<p>The impact will depend on the magnitude of the interest rate change, which the Manager is unable to predict, and the amount of drawn debt. Based on the \$13.2m forecast loan balance at 31 March 2023, a 1% (100bps) change in the interest rate, before any potential offsetting factors such as rental increases, would impact annual Adjusted Operating Profit by \$132,000 or 0.16 cents per Unit<sup>29</sup>. However, if the Fund successfully makes future acquisitions funded by debt, the impact of an interest rate increase above the rates projected and allowed for by the Manager at the time may be materially higher.</p>					

(21) Assumes 80,556,074 Units are on issue for FY23.

# Risks to returns from the Centuria NZ Property Fund (cont.)

## Section 7

Description of Risk	Why it is significant and the Manager's assessment of nature of the impact	Mitigating factors
<b>Liquidity after the Offer closes</b>	<p>Other than the one-off Investor Redemption Facility being provided in connection with this Offer, no further redemptions are permitted until a date determined by the Manager. The ability for the Fund to provide redemptions for Investors depends on the Fund making a continuous offer of Units and raising further capital to allow it to fund redemption requests. The PFI does not assume that a continuous offer will be made in FY22 and FY23 and Investors are not expected to be able to redeem Units in those periods.</p> <p>The redemptions processed each month will be limited to the Available Funds. The Available Funds is the amount of cash that the Fund will have available to pay for redemptions.</p> <p>If the Fund did not have sufficient funds to process redemptions in the applicable month, then the Manager may suspend redemptions or carry forward the redemptions to the following month. Investors would be unable to redeem their Units until the suspension was lifted.</p>	<p>If redemption requests exceed the Available Funds redemptions will be processed on a pro-rata basis up to the Available Funds limit. Any remaining redemptions will be processed in the following month (subject to Available Funds).</p> <p>Investors may be able to sell or transfer Units (refer to the Secondary Sales section on page 31). Since 2014, the Manager has facilitated secondary sale transactions with a total sales value of over \$44 million.</p>
<b>Manager's assessment of likelihood of circumstances arising</b>	<p>Other than the one-off Investor Redemption Facility being provided in connection with this Offer, redemptions are not available and it is unlikely that redemptions will be available in FY22 and FY23.</p> <p>The Manager will continue to assess the growth of the Fund and notify investors if redemptions commence.</p>	
<b>Manager's assessment of the magnitude of the impact, were the circumstance to arise</b>	<p>While the redemption facility is unavailable, Investors will need to sell or transfer Units on the secondary market. Investors may not be able to find willing buyers or recoup their original investment.</p>	
<b>Debt finance risk</b>	<p>Given the open ended nature of the Fund, the development works planned for Anglesea Medical Centre and the intention to debt-fund further acquisitions, it is expected that the Loan Facility will be fully utilised by January 2023 and additional debt will be required.</p> <p>Any debt borrowed will need to be extended or refinanced in the future. Alternative funding (if available) may require higher interest payments and/or repayment of the loan principal.</p> <p>The Fund's ability to pay distributions and continue to hold the investment property portfolio is dependent on its ability to refinance borrowings prior to expiry of the Loan Facility or seek alternative sources of capital.</p> <p>Adverse market movements in interest rates and property values may cause the Fund to breach its banking covenants. If the breach is not remedied, lenders may enforce their security and sell some of the Properties at a lower than market price in a "forced sale" situation.</p>	<p>Since the Fund's inception, it has borrowed from a banking syndicate comprising ASB and ICBC, with the funding provided for the recent acquisition of 196 Roydvale Avenue showing their ongoing appetite and support. All existing borrowings under the Loan Facility will be repaid from proceeds of the Offer, which reduces financing risk and provides balance sheet capacity for future acquisitions and the development works planned for Anglesea Medical Centre.</p> <p>As a syndicated facility, new banks can be introduced to provide funding and reduce exposure to an individual lender if required.</p> <p>The Manager, based on its experience, considers the potential impact of changes to the Fund's funding arrangements will be able to be adequately minimised through active management of the Fund's finances and banking arrangements. The Manager and its ultimate parent company, CNI, have long standing relationships with a number of lenders across Australasia and currently manage a large number of loan facilities.</p>
<b>Manager's assessment of likelihood of circumstances arising</b>	<p>The Manager considers the likelihood of an inability to refinance or a breach of bank covenants to be low given there will be no drawn debt following the allotment of Units under the Offer, the ongoing support shown by existing lenders, the multi-asset and multi-tenant nature of the Fund, and the medium-term outlook for interest rates and property values.</p>	
<b>Manager's assessment of the magnitude of the impact, were the circumstance to arise</b>	<p>If the Fund is unable to refinance its debt or breaches its bank covenants, the Fund may be forced to sell properties, reducing diversification and potentially the value of Units in the Fund depending on the sale prices achieved. If refinancing results in higher costs or if principal payments are required, distributions may be reduced or the Payout Ratio may increase.</p>	

# Risks to returns from the Centuria NZ Property Fund (cont.)

## Section 7

Description of Risk	Why it is significant and the Manager's assessment of nature of the impact	Mitigating factors
<p><b>Pathology Associates Limited's termination right – Anglesea Medical Centre</b></p>	<p>Pathology Associates Limited is entitled to terminate its lease if its contract with the Waikato District Health Board for pathology services is not renewed (which the Manager understands is due for renewal in July 2024). In these circumstances, the tenant is required to give six months' written notice of its intention to terminate the lease.</p> <p>In the event that replacement tenants needed to be found, it is likely that the Manager would need to offer rental incentives to any incoming tenant and may not be able to lease the tenancies at the existing passing rent.</p>	<p>The Manager considers that this risk is mitigated by the 6 months' notice required to be provided which the Manager considers is a reasonably sufficient period to re-let the tenancy.</p>
<p><i>Manager's assessment of likelihood of circumstances arising</i></p>	<p>The Manager and the tenant cannot predict the Waikato District Health Board's decision to renew Pathology Associates Limited's contract.</p>	
<p><i>Manager's assessment of the magnitude of the impact, were the circumstance to arise</i></p>	<p>Pathology Associates accounts for 15% of the Fund's current Passing Rental. Any potential termination by Pathology Associates is not be expected to occur until after July 2024, which is outside the PFI forecast period, but if the Manager is unable to re-let the tenancy at that time and all other factors remained the same, this would reduce Adjusted Operating Profit by 0.7 cents per Unit per annum until retenanted.</p>	
<p><b>COVID-19 - Impact of Government restrictions and lockdowns on income from the Portfolio</b></p>	<p>During the COVID-19 Alert Level 3 and Alert Level 4 lockdowns put in place nationally in August 2021 (and reinstated for the Waikato region in October 2021) by the New Zealand Government, certain tenants in the Portfolio sought rental relief.</p> <p>The five major tenants at Anglesea Medical Centre (Hamilton Radiology, Pathology Associates, Pharmacy at Anglesea, Anglesea A&amp;E and Fertility Associates) and the Waikato DHB at 26 Clarence Street all remained open during Alert Level 4 and 3. Under the terms of the leases at Anglesea Medical Centre and 26 Clarence Street, 22 of the 29 tenants have 'no access' or rental abatement clauses allowing the tenant to cease the payment of a fair proportion of rent and outgoings where there is an emergency, the tenant is unable to gain access to the premises to fully conduct its business from the premises and the inability to gain access is due to a restriction on occupation of the premises by a competent authority (such as an Alert Level 4 or 3 lockdown). The Fund provided abatement to those tenants impacted during Alert Level 4 and 3. This equated to a total reduction in rental of \$11,800 per week. Prior to the Fund acquiring 196 Roydvale Avenue on 29 October 2021, Burnside CityFitness received rental abatement from its previous landlord of approximately \$3,267 per week for the COVID-19 related lockdown over August and September 2021 in Christchurch.</p> <p>In addition, the New Zealand Government has recently introduced legislation which would imply a similar 'no access' or rental abatement clause allowing tenants to cease the payment of a fair proportion of rent and outgoings if there is an epidemic and tenants are unable to gain access to all or part of their leased premises to conduct fully their operations because of reasons of health or safety related to the epidemic.</p> <p>It is therefore likely that all leases in the Portfolio will include a clause granting tenants an abatement of a fair proportion of rent and outgoings where they are unable to access their premises to fully conduct their business due to Government mandated Covid-19 protection measures in New Zealand.</p> <p>If the ongoing COVID-19 outbreak in New Zealand, or a subsequent outbreak, resulted in a Level 4 or Level 3 lockdown, or other Government mandated restrictions that prevent tenants from being able to access to their premises to conduct fully their operations, affected tenants will likely seek to enforce their contractual rights to rental abatement. Any rental abatement paid by Fund that is not covered by the rental underwrites (as described on page 19) will reduce its rental income until the lockdown or restrictions end which may affect the value of the Units and the Fund's ability to pay distributions.</p>	<p>Centuria Capital NZ has agreed to provide the Fund with a 6 month underwrite of the rent and outgoings payable in respect of the tenancies in place as at 24 December 2021. The amount available to be claimed by the Fund pursuant to the Centuria Capital NZ underwrite is capped at \$500,000 (plus GST). The Centuria Capital NZ rental underwrite is described in further detail on page 19.</p> <p>While 23 tenants in the Portfolio have a contractual right to rental abatement in the event of an Alert Level 4 and 3 lockdown or other Government mandated restrictions that prevent them from being able to access to their premises to conduct fully their operations (with the remaining tenants likely to have equivalent rights under the new legislation that implies a 'no access' or rental abatement clause into leases), 6 of those tenants provide essential services and operated in the previous Alert Level 4 and 3 lockdowns.</p> <p>The Government has recently introduced a new "COVID-19 Protection Framework" that is intended to replace Alert Levels once certain vaccination coverage is achieved across all DHBs, which is expected to give tenants greater access to their premises than is the case under Alert Level 3 and Alert Level 4 lockdowns, mitigating potential abatement claims.</p>

# Risks to returns from the Centuria NZ Property Fund (cont.)

## Section 7

Description of Risk	Why it is significant and the Manager's assessment of nature of the impact	Mitigating factors
<b>Manager's assessment of likelihood of circumstances arising</b>	<p>The Portfolio is based outside of the Auckland region, which has been hardest hit by lockdowns, but Alert Level 3 restrictions have been imposed on the Waikato region following the August 2021 national lockdowns. The Manager cannot determine the likelihood of the rest of New Zealand or particular regions being placed in Alert Level 3 or Alert Level 4, however future lockdowns may become less likely given the ongoing roll out of the COVID-19 vaccination programme in New Zealand and the Government's indications that increased vaccination rates will reduce the need for lockdowns. The Government has recently introduced a new "COVID-19 Protection Framework" that is intended to replace Alert Levels once certain vaccination coverage is achieved across all DHBs, which is expected to give tenants greater access to their premises than is the case under Alert Level 3 and Alert Level 4 lockdowns, mitigating potential abatement claims.</p>	
<b>Manager's assessment of the magnitude of the impact, were the circumstance to arise</b>	<p>In the event of Alert Level 4 or 3 lockdowns outside of Auckland, or other Government mandated restrictions that prevent tenants from being able to access to their premises to conduct fully their operations, the Manager considers the magnitude of the impact to be low. The Fund provided abatement or rental relief to tenants in August and September 2021 as a result of COVID-19 related lockdowns, which equated to a total reduction in rental income of approximately \$11,800 per week. Prior to the Fund acquiring 196 Roydvale Avenue on 29 October 2021, Burnside CityFitness received rental abatement from its previous landlord of approximately \$3,267 per week for the COVID-19 related lockdown over August and September 2021 in Christchurch. The Manager considers the Manager's rental underwrite (as described on page 19) to be sufficient to cover any rental reduction as a result of Government mandated COVID-19 protection measures.</p>	
<b>Development risk</b>	<p>The Fund will be exposed to development risk through any future development of the Anglesea Medical Centre.</p> <p>Anglesea Medical Centre provides redevelopment and value-add opportunities that the Manager intends to pursue. The Manager has entered into discussions with a major private medical provider (details of whom are currently commercial sensitive) that would act as guarantor for a prospective tenant in connection with a circa 1,500m<sup>2</sup> two level extension at the north-western corner of the site for a specialist medical service use, subject to agreeing acceptable commercial terms with the prospective tenant. This current capital raise will provide funding for the development. Early this year demolition works were completed to increase the customer carparks and ready this area for future development. Due to the property's low site coverage, other development opportunities remain, and the Manager is actively engaging with this party with regard to additional developments on the site. Funds from this capital raise will also be used for feasibility studies and master planning to ensure the best use of the site to add value for investors.</p> <p>Development risks that can have a negative impact on the financial performance of the Fund include increases in project costs, delays to delivery timetables, an inability to obtain necessary consents or approvals and issues arising from design or construction errors.</p>	<p>The Manager will actively monitor any development.</p> <p>The Manager has development expertise to oversee any such developments. The Manager will actively monitor any development to ensure developments are delivered to budget and on time.</p>
<b>Manager's assessment of likelihood of circumstances arising</b>	<p>It is difficult to assess the likelihood of development risks as development projects remain subject to a range of inherent uncertainties, many of which are outside the control of the Manager. These risks include increases in project costs, delays to delivery timetables, an inability to obtain necessary consents or approvals and issues arising from design or construction errors.</p>	
<b>Manager's assessment of the magnitude of the impact, were the circumstance to arise</b>	<p>The impact will depend on the duration of any delay to completion of developments or cost overruns, which the Manager is unable to predict.</p>	

# Risks to returns from the Centuria NZ Property Fund (cont.)

## Section 7

Description of Risk	Why it is significant and the Manager's assessment of nature of the impact	Mitigating factors
<b>Rental income risk</b>	<p>The primary income stream for the Fund is rental income. As a result, the Fund is subject to the risk of tenants failing to pay their rent and/or operating expenses and to tenancies becoming vacant on lease expiry or renewal.</p> <p>There are currently 4 vacant tenancies in the Portfolio. Lease expiries are otherwise reasonably spread across the tenants in the Portfolio. Leases representing rental income of 11.36% are due to expire in FY23, with none due in FY22.</p> <p>The likelihood and magnitude of the impacts on rental income will also be driven by various factors including the quality of the tenants, the length and terms of the leases and the ability to replace tenants. If tenants fail to pay and/or tenancies become vacant, there may be a material impact on returns if the default or vacancy is from a larger tenant or several smaller tenants.</p>	<p>The Manager actively monitors rental payment performance of all tenants within the Portfolio.</p> <p>The Manager considers the likelihood of significant vacancies arising and continuing in FY22 to be low. The Manager aims to achieve early lease renewals with existing tenants where possible through its strong relationships with tenants.</p> <p>In the short term, the Manager considers any risk of tenant default is mitigated through the rental underwrites provided by Centuria Capital NZ (as described in more detail on page 19). The Manager has also made allowances for additional costs arising from market incentives, leasing fees and agency fees to promote renewals and new tenancies. For vacancies and lease expiries in FY22 and FY23, allowances have been made for the time required to find replacement tenants.</p>
<b>Manager's assessment of likelihood of circumstances arising</b>	<p>Negotiations are already underway with the four tenants at Anglesea with renewals due in FY23 to achieve early lease renewals but the long-term intentions of tenants are not known. The Manager is working with tenants to lease the vacancies but lease deals are still to be confirmed.</p> <p>The Manager considers the likelihood of significant vacancies in FY22 and FY23 to be low.</p>	
<b>Manager's assessment of the magnitude of the impact, were the circumstance to arise</b>	<p>If tenancies are not leased, renewals are not achieved or if tenants suffer significant loss that impact their ability to pay rent to the Fund, cash distributions may be affected.</p>	

# What are the fees?

## Section 8

In this section, you will find information on:

- fees and expenses charged to the Fund by the Manager and its associated persons; and
- other fees and expenses.

The fees and expenses charged to the Fund by the Manager and its associated persons are:

	Actual fees and expenses for the 8 months and 19 days ended 31 March 2021	Forecast fees and expenses for the 12 months to 31 March 2022	Forecast fees and expenses for the 12 months to 31 March 2023
Offeror fee	\$1,995,000	-	-
Interest on Anglesea Medical Centre deposit	\$76,548	-	-
Annual management fees	\$141,883	\$351,682	\$430,407
Performance fees	\$149,222	-	-
Underwriting fees and Underwriting Loan expenses	-	\$1,463,085	-
Leasing fees	-	\$67,694	\$53,150
Acquisition fees	-	\$314,938	-
Development management fees	-	\$138,919	\$413,548
<b>Total fees and expenses charged by the Manager and its associated persons</b>	<b>\$2,362,653</b>	<b>\$2,336,318</b>	<b>\$897,105</b>
<b>Total fees and expenses charged by the Manager and its associated persons as a % of net assets of the Fund</b>	<b>6.45%</b>	<b>2.94%</b>	<b>1.10%</b>

The amounts above represent the full fee or expense charged during each period. These may differ to the amounts disclosed in the statement of comprehensive income where an item is capitalised. Refer to the accounting policies in the PFI for further information.

# What are the fees? (cont.)

## Section 8

### Description of Manager and associated persons fees

### Calculation of Manager and associated persons fees

<b>Offeror fee</b>	<p>The offeror's fee was payable to the Manager for arranging and establishing the Fund.</p> <p>Fixed fee of \$1,995,000 charged on establishment.</p>
<b>Interest on Anglesea Medical Centre deposit</b>	<p>Interest on Anglesea Medical Centre Deposit relates to interest incurred by the Manager on debt drawn to fund the deposit paid for the acquisition of the property.</p> <p>Based on an interest rate of 4.00% per annum for the period from 20 January 2020 (the date the deposit was paid) until 30 September 2020 (the settlement date).</p>
<b>Annual management fee</b>	<p>The annual management fee is payable to the Manager for managing the Fund in accordance with the Trust Deed.</p> <p>0.5% of the average month-end value of all the Fund's Assets plus GST. The fee is payable quarterly in arrears.</p>
<b>Performance fee</b>	<p>A performance fee equal to 20% of the outperformance above the Benchmark is calculated and paid six monthly in arrears. Over and under performance is calculated in respect of each six month period by calculating the performance of the Fund and the performance of the Benchmark and comparing the two. The Benchmark is fixed at 4% per six-month period.</p> <p>The performance of the Fund is calculated by taking the Unit Price on the last business day of the six month period before any performance fee for that period (the Closing Unit Price)), then subtracting the Unit Price on the last business day of the preceding six month period before any performance fee for that preceding Relevant Period (the Opening Unit Price) and adding the amount of distributions paid per unit during the period (on an accrual basis). The result is then divided by the Opening Unit Price to determine the performance in percentage terms (positive or negative).</p> <p>The performance fee is calculated by subtracting the Benchmark from the performance of the Fund and multiplying the result by the average monthly Adjusted Net Asset Values of the Fund during the period. For the purposes of calculating outperformance, average monthly Adjusted Net Asset Value is calculated before any Performance Fee for the Relevant Period.</p> <p>If the result is a negative amount, it is added to any negative amounts carried forward from previous periods and represents the carried forward underperformance. In this case, no performance fee is payable in respect of that period. If the result is a positive amount, that amount is multiplied by 20% and represents the performance fee payable in respect of that period. Accordingly, the performance fee is charged on a high watermark basis such that any underperformance must be recovered prior to a performance fee being paid. There is no reset ability.</p> <p>The Adjusted Net Asset Value of the Fund represents the Fund's reported net asset value adjusted for items set out in the Trust Deed. These adjustments take into account the Fund's policy of spreading establishment costs, capital raising costs and the costs of acquiring and disposing assets over time.</p> <p>The Fund will use its reasonable endeavours to pay the performance fee in cash. If the Fund is unable to pay this fee as a cash payment, the Fund will satisfy payment by issuing Units to the Manager at the then current Unit Price.</p> <p>The Fund may also invest in Authorised Investments, such as unlisted funds or listed property vehicles, in which a performance fee may be payable to a trustee or manager of the underlying investment. These performance based fees may be incurred irrespective of the Fund's overall performance and will be reflected in the Fund's Unit Price.</p> <p>A worked example of the performance fee calculation is set out on page 50.</p>
<b>Underwriting fees and Underwriting Loan expenses</b>	<p>Underwriting fees and subordinated loan expenses (if relevant) charged by an underwriter of an offer.</p> <p>In connection with this Offer, the Underwriter will receive an establishment and underwriting fee of \$1,463,085 (calculated at 3% of \$48,769,500, being the total amount underwritten or committed by the Underwriter under the underwriting agreement and Underwriting Loan. The Underwriter will be entitled to receive cash distributions in respect of any Units it subscribes for under the underwriting agreement and will be paid interest at a rate of 4.75% per annum on any outstanding balance of the Underwriting Loan.</p>
<b>Deposit Funding Loan expenses</b>	<p>Interest charges payable to Centuria Investments Holdings Pty Limited as trustee of the Centuria Capital No. 3 Fund.</p>
<b>Leasing fees</b>	<p><b>New leasing or extension of existing lease</b></p> <p>New leasing fees apply where the Manager arranges a new lease in respect of the Properties including with a tenant whose lease has expired.</p> <p>Where no real estate agent is used by the Manager:</p> <ul style="list-style-type: none"><li>• Lease term of less than one year: Nil;</li><li>• Lease term of one year or longer but less than three years: 10% of annual rental plus GST;</li><li>• Lease term of three years or longer but less than five years: 12.5% of annual rental plus GST;</li><li>• Lease term of five years or longer: 15% of annual rental plus GST;</li></ul>

# What are the fees? (cont.)

## Section 8

### Description of Manager and associated persons fees

### Calculation of Manager and associated persons fees

<b>New leasing or extension of existing lease (cont.)</b>	<p>Where a real estate agent is involved:</p> <ul style="list-style-type: none"><li>• Lease term of less than one year: Nil;</li><li>• Lease term of one year or longer but less than three years: 5% of annual rental plus GST;</li><li>• Lease term of three years or longer but less than five years: 6.25% of annual rental plus GST;</li><li>• Lease term of five years or longer: 7.5% of annual rental plus GST.</li></ul> <p><b>Renewals or extensions</b></p> <p>If the Manager negotiates an extension or exercise of any renewal right in a lease, the Manager is entitled to a facilitation fee of:</p> <ul style="list-style-type: none"><li>• 5% of annual rent; plus</li><li>• (if applicable) 1.5% of annual rent for each year that the negotiated extension or renewal exceeds the date that is five years from the contracted expiry of the lease (including any renewal),</li></ul> <p>capped at 15%, plus GST.</p> <p><b>Rent review</b></p> <p>If the Manager negotiates an increase in annual rent under a lease (excluding CPI and fixed review uplifts), the Manager shall be entitled to a facilitation fee of 10% of the increase in annual gross rent.</p>
<b>Sale of Assets</b>	<p>Upon a sale of any of the Assets or any part of the Assets, the Manager will be entitled to:</p> <ul style="list-style-type: none"><li>• a fee equal to 2.0% of the gross sale price for the applicable direct property; or</li><li>• 1% of the gross sale price for a direct property if an external agent is used to sell that property; or</li><li>• 1% of the gross sale price for Assets (excluding direct properties and interests in listed property vehicles),</li></ul> <p>in each case, plus GST.</p>
<b>Acquisition fee</b>	<p>Upon the acquisition of a direct property, the Manager will be entitled to a fee equal to 2.0% of the purchase price for the property, plus GST, for arranging the acquisition.</p> <p>Upon the acquisition of Authorised Investments except for direct property and interests in listed property vehicles the Manager will be entitled to a fee equal to 1% of the purchase price for that investment, plus GST, for arranging the acquisition.</p>
<b>Wind up fee</b>	<p>If the Fund is wound up, the Manager is entitled to a fee for administering the wind up equal to 1.75% plus GST of the gross asset value of the Fund as at the date of the resolution to wind up the Fund.</p>
<b>Development management fees</b>	<p>A development management fees is payable to the Manager for managing any development, project or other work of a capital nature where the cost of those works exceeds \$50,000.</p> <p>The fee is 3.5% plus GST of total costs of any refurbishment, rebranding, extension or redevelopment or other work of a capital nature where the cost of those works exceeds \$50,000.</p>
<b>Secondary market transfers</b>	<p>If Investors utilise the secondary market facility offered by the Manager, then an administration fee will be payable to the Manager.</p> <p>The current charge is equivalent to 2% of the transaction value for arms-length transfers plus GST. Related party transfers may attract a fee of up to \$500 plus GST.</p> <p>The Manager will facilitate secondary transfers but does not act as a broker nor does it provide financial advice to any party.</p>
<b>Underwriting arrangement fee</b>	<p>If the Fund enters into an underwriting arrangement with a third party or any of its related parties, the Manager is entitled to receive a fee equal to 0.5% of the equity that is being underwritten plus GST.</p>
<b>Removal of Manager</b>	<p>If Investors resolve to remove the Manager in accordance with the terms of the Trust Deed, the Manager is entitled to a fee equal to 30% of the aggregate of all fees paid to the Manager by the Fund in the preceding 5 years before termination.</p>
<b>Property management fees</b>	<p>If the Manager provides property management services, the Manager is entitled to receive any reasonable property management fees that may be payable in respect of the Properties.</p>

Secondary market fees will be charged at the rate applicable at the time (Investors will not be notified of a change in such rates). The other fees may not be amended, except in accordance with the Trust Deed. Details of the fees and expenses incurred by the Fund will be included in the Fund's annual report.

All fees and expenses listed above are plus GST (if any).

# What are the fees? (cont.)

## Section 8

### Performance Fee Example

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

The example calculation includes the following assumptions for a hypothetical six month performance fee calculation.

<b>Benchmark</b>	4%
<b>The Closing Unit Price was</b>	\$1.02
<b>The Opening Unit Price was</b>	\$1.00
<b>Distributions per Unit declared during the six month period (<i>distributions</i>)</b>	\$0.03
<b>The average monthly Adjusted Net Asset Value of the Fund during the period (<i>average monthly adjusted NAV</i>)</b>	\$35,500,000
<b>Carried forward underperformance from previous periods (<i>previous underperformance</i>)</b>	\$150,000

**The performance of the Fund for the six-month period is 5.00%, calculated as:**

**Formula:**

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

**Example:**

$$\frac{(\$1.02 - \$1.00 + \$0.03)}{\$1.00} = 5.00\%$$

**The performance fee is \$41,000, calculated as:**

**Formula:**

$$((\text{Performance of the Fund} - \text{Benchmark}) \times \text{average monthly adjusted NAV} - \text{previous underperformance}) \times 20\%$$

**Example:**

$$((5.00\% - 4.00\%) \times \$35,500,000 - \$150,000) \times 20\% = \$41,000$$

# What are the fees? (cont.)

## Section 8

Fees and expenses charged to the Fund by other persons are:

	Actual fees and expenses for the 8 months and 19 days ended 31 March 2021	Forecast fees and expenses for the 12 months to 31 March 2022	Forecast fees and expenses for the 12 months to 31 March 2023
<b>Fees and expenses for establishment, the Offer and acquisitions</b>			
Brokerage fees	\$606,375	\$853,466	-
Legal fees	\$326,076	\$244,500	-
Investigating accountant fees	\$90,000	\$120,000	-
Valuation fees	\$26,250	-	-
Chattels valuation fees	\$17,844	-	-
Building inspection fees	\$52,506	-	-
Supervisor fees	\$10,000	\$5,000	-
Marketing, PDS design and printing costs	\$259,625	\$427,597	-
Bank fees and bank legal fees	\$115,952	-	-
PDS and scheme registration fee and FMA levy	\$6,522	\$6,248	-
Registry and AML customer due diligence fees	\$15,000	\$74,600	-
<b>Total</b>	<b>\$1,526,150</b>	<b>\$1,731,411</b>	<b>-</b>
<b>Total as a % of net assets of the Fund</b>	<b>4.17%</b>	<b>2.18%</b>	<b>-</b>
<b>Ongoing fees and expenses</b>			
Property operating expenses (e.g. rates, insurance, utilities)	\$696,110	\$2,233,380	\$2,536,161
Audit fees	\$35,000	\$46,000	\$45,788
Valuation fees	\$18,710	\$32,890	\$31,253
Supervisor fees	\$12,841	\$27,500	\$37,500
Registry fees	\$8,749	\$15,634	\$15,906
Property investigation expenses	-	\$130,000	\$50,875
Other administration expenses	\$12,852	\$61,344	\$78,463
Leasing fees	-	\$33,750	-
Bank loan interest and fees	\$299,316	\$729,269	\$376,459
Capitalised investment property additions	\$240,530	\$3,223,034	\$11,451,595
Seismic works expenditure	\$493,868	\$1,355,481	-
<b>Total</b>	<b>\$1,817,976</b>	<b>\$7,888,282</b>	<b>\$14,623,999</b>
<b>Total as a % of net assets of the Fund</b>	<b>4.96%</b>	<b>9.94%</b>	<b>17.94%</b>
<b>Total fees and expenses charged by other persons</b>	<b>\$3,344,126</b>	<b>\$9,619,694</b>	<b>\$14,623,999</b>
<b>Total fees and expenses charged by other persons as a % of net assets of the Fund</b>	<b>9.13%</b>	<b>12.12%</b>	<b>17.94%</b>

The amounts above represent the full fee or expense charged during each period. These may differ to the amounts disclosed in the statement of comprehensive income where an item is capitalised. Refer to the accounting policies in the PFI for further information.

# What are the fees? (cont.)

## Section 8

Description of fees and expenses charged by others	Calculation of fees and expenses charged by others																
<b>Brokerage fee</b>	Brokerage fees are payable to Bayleys as the selling agent in relation to the Offer and to Bayleys or any other party appointed as a selling agent for any future offer.																
<b>Legal fees</b>	Legal fees are payable in connection with any legal advice the Manager deems it necessary that the Fund obtain, including due diligence on Properties, negotiation of the sale and purchase of Properties, advising on capital raisings (including the Offer and the Initial Offer), negotiation of the Fund's financing arrangements, preparing lease documentation and other legal advice (charged on the basis of time spent).																
<b>Investigating accountant fees</b>	Investigating accountant fees represent accounting firms' fee as investigating accountant for completing limited assurance engagements on the prospective financial information relating to the Offer and the Initial Offer.																
<b>Chattels valuation fees</b>	Valuation fees paid to an independent valuer for the valuation of chattels in connection with the purchase of Properties.																
<b>Building inspection fees</b>	Building inspection fees relate to the due diligence reports the Manager commissions as part of the Manager's due diligence investigations of Properties.																
<b>Supervisor fees</b>	<p>Supervisor fees are payable to the Supervisor for fulfilling the role of supervisor of the Fund.</p> <p>The Supervisor will charge an annual base fee based on the amount of the Fund's Net Asset Value as set out below.</p> <table border="1" data-bbox="443 1003 1500 1384"> <thead> <tr> <th data-bbox="453 1003 616 1034">Net Asset Value</th> <th data-bbox="715 1003 756 1034">Fee</th> </tr> </thead> <tbody> <tr> <td data-bbox="453 1048 555 1079"><b>\$0-\$25m</b></td> <td data-bbox="715 1048 804 1079">\$12,500</td> </tr> <tr> <td data-bbox="453 1093 587 1124"><b>\$25m-\$50m</b></td> <td data-bbox="715 1093 804 1124">\$22,500</td> </tr> <tr> <td data-bbox="453 1137 612 1169"><b>\$50m - \$100m</b></td> <td data-bbox="715 1137 804 1169">\$37,500</td> </tr> <tr> <td data-bbox="453 1182 622 1214"><b>\$100m - \$150m</b></td> <td data-bbox="715 1182 804 1214">\$52,500</td> </tr> <tr> <td data-bbox="453 1227 628 1258"><b>\$150m - \$200m</b></td> <td data-bbox="715 1227 804 1258">\$62,500</td> </tr> <tr> <td data-bbox="453 1272 628 1303"><b>\$200m - \$250m</b></td> <td data-bbox="715 1272 804 1303">\$72,500</td> </tr> <tr> <td data-bbox="453 1317 549 1348"><b>\$250m+</b></td> <td data-bbox="715 1317 1378 1348">\$72,500 plus 2 basis points of Net Asset Value in excess of \$250m</td> </tr> </tbody> </table> <p>The Supervisor is also entitled to charge a special duties fee, charged at the Supervisor's usual time and attendance rates to cover the Supervisor's ongoing reviews of any amendment to the documentation, the exercise of its power and discretions and any other non-routine duties.</p>	Net Asset Value	Fee	<b>\$0-\$25m</b>	\$12,500	<b>\$25m-\$50m</b>	\$22,500	<b>\$50m - \$100m</b>	\$37,500	<b>\$100m - \$150m</b>	\$52,500	<b>\$150m - \$200m</b>	\$62,500	<b>\$200m - \$250m</b>	\$72,500	<b>\$250m+</b>	\$72,500 plus 2 basis points of Net Asset Value in excess of \$250m
Net Asset Value	Fee																
<b>\$0-\$25m</b>	\$12,500																
<b>\$25m-\$50m</b>	\$22,500																
<b>\$50m - \$100m</b>	\$37,500																
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<b>\$150m - \$200m</b>	\$62,500																
<b>\$200m - \$250m</b>	\$72,500																
<b>\$250m+</b>	\$72,500 plus 2 basis points of Net Asset Value in excess of \$250m																
<b>Audit fees</b>	Audit fees are paid to the Fund's auditor for the audit of the financial statements of the Fund and are subject to change each year.																
<b>Valuation fees</b>	The valuation fees are payable to independent valuers for preparing valuation reports on the Properties, including the annual valuations of the Properties and valuations in connection with potential acquisitions, and are subject to change each year.																
<b>Marketing, PDS design and printing costs</b>	Costs and expenses incurred in relation to the preparation, registration, distribution and marketing of any PDS issued by the Manager for any offer to issue Units in relation to the Fund, including designing and printing the PDS, producing and publishing advertisements and holding investor presentations.																
<b>Bank loan interest, bank fees and bank legal fees</b>	Under the terms of the Fund's banking facility annual interest charges, loan facility fees and agency fees payable to ASB and ICBC, and legal fees charged by the banks' lawyers, will be met by the Fund.																
<b>PDS and scheme registration fee and FMA levy</b>	Fees and costs associated with regulatory compliance, including any Financial Markets Authority levies payable by the Fund or the Manager in its role as manager of the Fund and the PDS registration fee payable in connection with any offer.																
<b>Registry fees</b>	Fees and costs charged by the Fund's registrar for registry services provided to the Fund.																

# What are the fees? (cont.)

## Section 8

Description of fees and expenses charged by others	Calculation of fees and expenses charged by others
<b>Property operating expenses (e.g. rates, insurance, utilities)</b>	The Manager has the ability to undertake or approve repairs, maintenance or improvements at its sole discretion. Outgoings, property maintenance expenses, fees and costs are payable in respect of the ongoing upkeep and maintenance of the Properties and Authorised Investments.
<b>Expenses on a sale of the Properties</b>	Expenses on a sale will apply if it is proposed that the Properties are sold. <ul style="list-style-type: none"><li>• Commission on the sale of any of the Properties will be payable to a real estate agent.</li><li>• Legal fees will arise in relation to attendances on the sale of any of the Properties and repayment of the applicable bank loans (charged on the basis of time spent).</li><li>• A termination fee may be payable to the bank in the event that any derivative instrument that is out of the money is terminated prior to its expiry. For example, an interest rate swap would be out of the money if the agreed swap rate was higher than the prevailing wholesale market rate that reflects the remaining term through to maturity.</li><li>• Liquidation and wind up fees.</li></ul>
<b>Other possible fees and expenses</b>	<ul style="list-style-type: none"><li>• Costs incurred in connection with the acquisition, development, registration or disposal of Assets and in connection with the investigation of, or negotiation for the acquisition, sale, transfer, replacement, refurbishment, redevelopment or disposal of Assets.</li><li>• Leasing fees (whether for a new lease or a renewed lease) by external agencies involved in any such negotiations will be charged separately at that time.</li><li>• Incentive or re-letting costs agreed with any replacement tenant.</li><li>• Fees of any quantity surveyor or project manager engaged by the Manager in respect of the Fund.</li><li>• Fees associated with any consultant or advisor engaged by the Manager in respect of the Fund.</li><li>• Fees and due diligence costs associated with the acquisition of Authorised Investments.</li><li>• Fees and expenses associated with any Investment Committee established for the Fund.</li><li>• Property management fees.</li><li>• Any other fees and expenses which are necessary or desirable for the Manager to discharge its duties under the Trust Deed and which are consistent with the objects of the Fund.</li></ul>

The above fees and expenses for the 12 months to 31 March 2022 and the 12 months to 31 March 2023 are the Manager's best estimate, based on its property management experience and the information known to it at the date of this PDS, but are subject to change based on the amounts invoiced to the Fund. Details of the fees and expenses incurred by the Fund will be included in the Fund's annual report, however Investors will not be specifically notified of such a change.

The above fees are payable by the Fund – none are chargeable to Investors directly.

All fees and expenses listed above are plus GST (if any).

–\*Further information on the Fund's anticipated expenses is set out in the financial information for the Fund available on the Offer Register. The Offer Register may be accessed at <https://disclose-register.companiesoffice.govt.nz> and this Offer can be found by clicking on "search offers" and searching "OFR13179".

# Tax

## Section 9

Tax can have significant consequences for investments and can affect your returns from this investment. If you have queries relating to the tax consequences of the investment, you should seek independent tax advice from a professional advisor.

The Fund is a multi-rate portfolio investment entity (*PIE*). The amount of tax you pay is based on your prescribed investor rate (*PIR*). To determine your PIR, go to <https://www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate> or follow the flow chart in the application form. If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue.

It is your responsibility to tell the Manager your PIR when you invest or if your PIR changes. If you do not tell the Manager your PIR, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you by Inland Revenue.

The Manager provides the following information on tax related to the Fund as a general guide only and does not accept any responsibility for your tax liabilities.

### Prescribed Investor Rate (PIR)

Your PIR is the tax rate that the Manager will use to calculate the tax payable on the taxable income the Fund allocates to you. If you are investing jointly with other investors, the highest PIR of the joint Investors will be used.

There are four PIRs available to New Zealand resident investors, being 28%, 17.5%, 10.5% or 0%. By way of brief summary, the following PIRs are available for different entities:

- Individuals – 28%, 17.5% or 10.5%;
- Companies – 0%;
- Trusts – 28%, 17.5%, 10.5% or 0%;
- Charities and PIEs – 0%; and
- Non-New Zealand residents – 28% (subject to certain exceptions).

If you do not provide your PIR, the default rate is 28%.

Inland Revenue may also advise the Manager to change your PIR if they consider it incorrect.

### Depreciation

Tax deductions for depreciation of commercial and industrial buildings were recently reinstated, which is a benefit for Investors.

As a PIE, the Fund claims tax depreciation deductions on all depreciable property including buildings and landlord owned fixtures and fittings. This reduces the taxable income attributed to Investors and the resulting PIE tax liability deducted from distributions, without further action required from Investors.

### Distributions

As the Fund is a PIE, distributions from the Fund will not separately be subject to tax. Further there will be no withholding tax on distributions to non-resident Investors.

PIE tax is payable on each Investor's share of the Fund's taxable income at their nominated PIR. The Manager deducts each Investor's tax liability from distributions paid and returns this to Inland Revenue when the Fund files quarterly PIE tax returns. As the Fund's taxable income changes each month, the tax deducted and net distributions received by Investors will also change.

If the Fund ceases to be a PIE then any distribution will be treated as a dividend and subject to New Zealand tax on that basis. For New Zealand residents, any imputation credits attached to a dividend can be used to reduce or offset an Investor's tax liability. For non-residents, distributions would be subject to the non-resident withholding tax regime, foreign investor tax credit regime and any applicable double tax agreement.

A statement advising Investors of the allocation of taxable income and PIE tax paid on their behalf will be sent to Investors each year by the Manager.

### Maintaining PIE Status

To ensure that the Fund maintains its PIE status, the Fund must at all times, among other things:

- have a minimum of 20 Investors (this minimum requirement may be less if an Investor is a PIE or is a certain other investor type, or be more where certain Investors are associated);
- ensure that no Investor owns over 20% of the Units in the Fund (unless an Investor is a PIE or is a certain other investor type), noting that certain associated Investors are treated as a single Investor;
- not hold voting interests in a company of more than 20% (unless that company is a PIE or land investment company and subject to certain exceptions);
- ensure that 90% of the income of the PIE is derived from a lease of land, interest, dividends and / or the proceeds from the disposal of certain property; and
- ensure that 90% of the asset value of the PIE is held in either land, financial arrangements or a right or option to acquire property.

Certain breaches of the PIE eligibility criteria are considered temporary breaches (such as the 20% unitholding limit) and have a time frame to be remedied before PIE status is lost.

# About Centuria Funds Management (NZ) Limited and others involved in the Centuria NZ Property Fund

## Section 10

### About Centuria Funds Management (NZ) Limited

Centuria Funds Management (NZ) Limited is the manager of the Fund. Centuria Funds Management (NZ) Limited is licensed under the FMCA as a manager of Other Managed Investment Schemes; which are invested in Property Syndicates/Real Property Proportionate Ownership Schemes, and Managed Investment Schemes – Managed Funds; where the Managed Funds are invested solely in real property (listed and unlisted). The Manager's property schemes (such as the Fund) are structured to provide Investors with a long term investment in commercial real estate, while seeking to minimise the administrative and operational burdens of private property ownership. The Manager is responsible for the Fund's management, including setting and executing the Fund's strategy, identifying and reviewing acquisition and divestment opportunities, negotiating with tenants, arranging funding, preparation of annual financial statements and payment of monthly distributions.

Centuria Funds Management (NZ) Limited is a wholly-owned subsidiary of Centuria Capital Group, an ASX listed specialist investment management company with approximately A\$18 billion of assets under management (including the Manager's assets under management). The Manager has assets under management of approximately NZ\$2.5 billion.

With over 20 years' experience in helping investors grow their wealth, Centuria Capital Group provides a range of innovative investment opportunities including listed and unlisted property funds as well as tax effective investment bonds. Centuria Capital Group buys, actively manages and sells commercial and industrial property.

For more on the Manager see [www.centuria.co.nz](http://www.centuria.co.nz) and on the Centuria Capital Group, see [www.centuria.com.au](http://www.centuria.com.au)

The key senior managers of the Manager collectively have considerable property expertise with experience in property development, facilities and asset management, property investment, business administration, accounting and banking. The Manager manages a wide range of property investment entities in numerous locations throughout New Zealand and Queensland, Australia. This investment opportunity is based around the market knowledge and experience of these people. Further detail on the expertise and background of these people is set out in "Section 2: What the Centuria NZ Property Fund Invests in" on pages 9 to 28.

### Contact details

The Manager may be contacted:

- At its registered office – Level 2, 30 Gaunt Street, Auckland, New Zealand
- By telephone – +64 9 300 6161
- By fax – +64 9 300 6162 (attention: Matthew Butt)

### Who else is involved?

Party	Name	Role
Supervisor	Covenant Trustee Services Limited	Covenant Trustee Services Limited is the supervisor of the Fund.  The Supervisor will monitor compliance with the Trust Deed and fulfil the role of supervisor under the FMCA and Financial Markets Supervisors Act 2011.
Custodian	CNZPF Nominee Limited	CNZPF Nominee Limited has been nominated to act on behalf of the Supervisor as a custodian for the Fund. This Custodian will hold the certificates of title for the Properties on bare trust on behalf of the Fund in accordance with the Trust Deed.  The Custodian is a subsidiary of the Supervisor. Other custodians may be appointed for other assets.

None of the parties above guarantee any returns to Investors.

# How to complain

## Section 11

### How to complain

Complaints about the Units or the Fund can be made to the Manager, attention Matthew Butt, Head of Investor Relations, at the address and business telephone number set out on page 60.

A complaint can also be made to the Supervisor (at the address and business telephone number set out on page 60).

A complaint can also be made to Fairway Resolution Limited (trading as Financial Dispute Resolution Service), being the dispute resolution scheme the Manager has joined for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act. Financial Dispute Resolution Service may be contacted by:

**Mail:** Freepost 231075  
PO Box 2272  
Wellington, 6140

**Phone:** 0508 337 337

**Email:** [enquiries@fdrs.org.nz](mailto:enquiries@fdrs.org.nz)

**Website:** <https://fdrs.org.nz>

Financial Dispute Resolution is only available in New Zealand and is not available in Australia. However, the Manager is a member of the Australian Financial Complaints Authority (AFCA) in Australia which is an externally managed dispute resolution scheme registered with ASIC. If you are located in Australia and feel the Manager has not dealt with your complaint satisfactorily, you may refer your complaint to AFCA by:

**Mail:** Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne, VIC 3001

**Phone:** 1800 931 678

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

**Website:** [www.afca.org.au](http://www.afca.org.au)

Financial Dispute Resolution Service, AFCA and the Fund will not charge a fee to any complainant to investigate or resolve a complaint.

# Where you can find more information

## Section 12

### Offer Register and Scheme Register

Further information relating to the Fund and the Units is available on the Offer Register and the Scheme Register. The Offer Register may be accessed at <https://disclose-register.companiesoffice.govt.nz> (for example, the Fund's financial statements). This Offer can be found by clicking on "search offers" and searching "OFR13179", and this Fund can be found by clicking "search schemes" and searching "SCH12900".

A copy of information on the Offer Register and Scheme Register is available on request to the Registrar of Financial Service Providers (email [registrar@fspr.govt.nz](mailto:registrar@fspr.govt.nz)).

The information is also available on request free of charge from the Manager (at the address and business telephone number set out on page 60).

# How to apply

## Section 13

# Warning statement issued to Australian investors

To apply for Units in the Offer, you must provide the following:

- A completed and signed application form;
- Bank encoded deposit slip, bank statement or confirmation from your bank verifying your bank account name and number;
- For new investors with the Manager or if your details have changed, the identification and other anti-money laundering due diligence information requested by our partners at First AML, who will be in touch with you following receipt of your application form; and
- Payment of the total application amount. See "Payment" below, for further details.

Hard copy completed and signed application forms, along with the above accompanying documents and application amounts, should be couriered to the Manager in the pre-paid courier bag included with the hard copy of this PDS. Should you wish to deliver or arrange your own courier, please send to the Manager, **Centuria Funds Management (NZ) Limited**, 335 Devon Street East, New Plymouth 4312 (**Attention: Centuria NZ Property Fund Offer**). We do not recommend posting due to the longer delivery time.

You can also scan and email a completed hard copy application form, along with the above accompanying documents, to [enquiries@centuria.co.nz](mailto:enquiries@centuria.co.nz).

Online application forms are available at [www.centuriainvestments.co.nz](http://www.centuriainvestments.co.nz). We strongly encourage you to apply online. The Offer closes on 17 December 2021.

**IMPORTANT** – for existing Centuria investors, identification documents may have been provided previously as part of Centuria's AML (Anti-Money Laundering) requirements. If, at the time of submitting your application, Centuria NZ does not have the correct identification documents on file up to the standard required by the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, additional documents may have to be re-submitted before your application can be accepted. Our partners at First AML will contact you if this is the case.

Payment must be made in New Zealand dollars for immediate value. Payment must be made by electronic transfer or direct debit. Cheques will not be accepted.

Cash distributions will not accrue until your Units are issued. Investors' subscription monies will, in that period, be held in a trust account established for the Offer.

**PAYMENT OF YOUR APPLICATION AMOUNT IS DUE BY 17 DECEMBER 2021.**

**IMPORTANT** – for Existing Investors, you must provide a completed application form by 8 December 2021 to be eligible to receive a priority allocation in the Offer (at the Manager's discretion) unless subscriptions for the targeted amount have been received prior.

If you are an Australian investor we are required to provide the following warning statement to you under Australian law. This Offer to Australian investors is a recognised offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) and Corporate Regulations 2001 (Cth). In New Zealand, this is Subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and the Financial Markets Conduct Regulations 2014 of New Zealand.

This Offer and the content of this PDS are principally governed by New Zealand, rather than Australian law. In the main, the Financial Markets Conduct Act 2013 of New Zealand and the Financial Markets Conduct Regulations 2014 of New Zealand set out how the Offer must be made.

There are differences in how securities and financial products are regulated under New Zealand, as opposed to Australian law. For example, the disclosure of fees for management investment schemes is different under New Zealand law.

The rights, remedies and compensation arrangements available to Australian investors in New Zealand securities and financial products may differ from the rights, remedies and compensation arrangements for Australian securities and financial products.

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

The taxation treatment of New Zealand securities and financial products is not the same as that for Australian securities and products.

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

The Offer may involve currency exchange risk. The currency for the security of the financial product is in dollars that are not Australian dollars. The value of the security or financial products will go up and down according to changes in the exchange rate between those dollars and Australian dollars. These changes may be significant.

If you receive any payments in relation to the security or financial products that are not in Australian dollars, you may incur significant fees in having the funds credited to a bank account in Australia in Australian dollars.

The Manager has procedures for dealing with complaints from Australian investors. These procedures are outlined in Section 11 on page 56.

# Glossary

Term	Definition
<b>26 Clarence Street</b>	The property at 26 Clarence Street, Hamilton
<b>196 Roydvale Avenue</b>	The property at 196 Roydvale Avenue, Christchurch
<b>\$</b>	New Zealand dollars
<b>Adjusted Operating Profit</b>	Adjusted Operating Profit is a non-GAAP financial measure and is further described on pages 37 and 38, and in the SIPO
<b>Adjusted Operating Profit Payout Ratio</b>	The proportion of Adjusted Operating Profit distributed to Investors or paid as interest on the Underwriting Loan for the period
<b>Adjusted Net Asset Value</b>	Has the meaning given to it in the Trust Deed and is described on page 31 in Section 4 under the heading "Pricing of Units"
<b>Anglesea Medical Centre</b>	The premises located on the corner of Anglesea Street, Tristram Street and Thackeray Street, Hamilton
<b>ASB</b>	ASB Bank Limited
<b>Assets</b>	The Existing Properties and any Authorised Investments owned by the Fund
<b>Authorised Investments</b>	Any Current Authorised Investments and Proposed Authorised Investments (subject to the Manager receiving the Licence Variation), owned by the Fund
<b>Available Funds</b>	The amount available to fund redemptions of Units per annum which is the greater of (i) 0.5% of the Fund's Net Asset Value before the date of payment of the redemption notices and (ii) having regard to the future requirements of the Fund, an amount determined by the Manager
<b>Bayleys or Bayleys Real Estate</b>	Bayleys Real Estate Limited (Company number: 88609)
<b>Benchmark</b>	4% per six-month period
<b>Centuria NZ or Manager</b>	Centuria Funds Management (NZ) Limited (Company number: 3760278)
<b>Centuria Capital NZ</b>	Centuria Capital (NZ) No.1 Limited (Company number: 1873288)
<b>Centuria Investment Holdings</b>	Centuria Investment Holdings Pty Limited as trustee of the Centuria Capital No.3 Fund
<b>CNI</b>	Centuria Capital Limited (Aus) and Centuria Capital Fund The shares in Centuria Capital Limited (Aus) and the Units in Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Group", under the ticker code "CNI".
<b>CPI</b>	The Consumer Price Index (all groups) published by Statistics New Zealand
<b>CPIPL</b>	Centuria Platform Investments Pty Limited
<b>Current Authorised Investments</b>	Authorised investments of the Fund, being directly-owned real estate, interests in property managed investment schemes, interests in property managed funds, underwriting of property managed investment scheme and property managed fund capital raising, cash, derivatives and other assets arising in connection with the above
<b>Custodian</b>	CNZPF Nominee Limited (Company number:8037659)
<b>Existing Properties</b>	The Anglesea Medical Centre, 196 Roydvale Avenue and 26 Clarence Street
<b>FMCA</b>	Financial Markets Conduct Act 2013
<b>Follow-On Offer</b>	The offer of Follow-On Offer Units under this PDS (only if the target amount of \$50 million, being 46,728,971 Units, is not subscribed for by 17 December 2021)
<b>Follow-On Offer Period</b>	The period from 18 December 2021 to 30 April 2022 (only if the target amount of \$50 million, being 46,728,971 Units, is not subscribed for by 17 December 2021)
<b>Follow-On Offer Units</b>	Units subscribed for after 17 December 2021 (only if the target amount of \$50 million, being 46,728,971 Units, is not subscribed for by 17 December 2021)
<b>Fund</b>	The Centuria NZ Property Fund, being the managed investment scheme and unit trust established under the Trust Deed
<b>FY21</b>	Financial period ended 31 March 2021
<b>FY22</b>	Financial year ending 31 March 2022
<b>FY23</b>	Financial year ending 31 March 2023
<b>FY24</b>	Financial year ending 31 March 2024
<b>ICBC</b>	Industrial and Commercial Bank of China (New Zealand) Limited
<b>Investment Cap</b>	No Investor and its associates may together own more than 20% of the Units in the Fund at any time
<b>Investor Redemption Facility</b>	The one-off redemption facility of \$5 million being provided to existing Investors in connection with this Offer
<b>Investors</b>	Persons registered as the holders of Units in the Fund
<b>Licence Variation</b>	The Manager has applied to the Financial Markets Authority to vary its "other MIS" licence under the Financial Markets Conduct Act 2013 to allow the Fund to invest in the Proposed Authorised Investments <i>Note: No guarantee is given that the Manager's licence will be varied</i>

# Glossary (cont.)

Term	Definition
<b>Loan Facility</b>	The syndicated bank loan facility described on page 27 of the PDS
<b>Look-Through</b>	Gearing is how much the Fund owes (debt) as a portion of what it owns (total assets). Look-through gearing includes a proportionate share of the underlying debt in any indirect investments the Fund holds. Debt held by any listed property vehicle the Fund invests in is excluded in calculating the look-through gearing
<b>Manager</b>	Centuria Funds Management (NZ) Limited (Company number: 3760278)
<b>Minimum Holding</b>	9,345 Units
<b>Net Asset Value</b>	Total assets less total liabilities
<b>NLA</b>	Net Lettable Area, being the net floor area leased to a particular tenant pursuant to a Lease
<b>Offer</b>	The offer of Units under the PDS
<b>Offer Period</b>	The period from 23 November 2021 to 17 December 2021
<b>Offer Register</b>	The offer register entry for the Fund, that forms part of the Disclose Register, that is available at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz/</a> by searching "OFR13179" under "search offers"
<b>Offer Units</b>	Units subscribed for under the Offer
<b>Other Material Information</b>	The document titled "Other material information relating to the offer of Units in the Centuria NZ Property Fund" that is available at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz/</a> by searching "OFR13179" under "search offers"
<b>Passing Rental</b>	The amount of rent payable under the terms of the relevant lease, excluding outgoings, annualised for a 12-month period as at the relevant date
<b>Payout Ratio</b>	The proportion of Adjusted Operating Profit distributed to Investors or paid as interest on the Underwriting loan for the period
<b>PDS or Product Disclosure Statement</b>	This product disclosure statement detailing the offer of Units in the Fund
<b>PFI</b>	The prospective financial information included in this PDS and derived from prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register
<b>PIE</b>	A Portfolio Investment Entity, as defined in the Income Tax Act 2007
<b>PIR</b>	Prescribed Investor Rate, as defined in the Income Tax Act 2007. This is the tax rate an investor in a multi-rate PIE must provide to the Fund
<b>Portfolio</b>	Each of the properties currently owned by the Custodian, being the Existing Properties
<b>Properties</b>	The Existing Properties and any other directly-owned real estate owned by the Fund
<b>Proposed Authorised Investments</b>	The investments that the Manager intends to invest in, subject to receiving a Licence Variation, being interests in property companies, interests in listed property vehicles, underwriting of other entities capital raisings, debt securities, directly owned real estate, interests in operating businesses associated with or connected to directly owned real estate acquired by the Fund, loans to entities in which the Fund holds or intends to hold an equity investment in and other assets arising in connection with the above
<b>Redemption Fee</b>	The fee charged for processing a redemption of Units. This is currently \$50 per transaction and will not be charged in relation to the one-off redemption facility under this PDS.
<b>Redemption Price</b>	The price an Investor will receive if they redeem a Unit
<b>Revenue Deed</b>	The deed between Centuria Capital NZ and the Fund in respect of the 6 month underwrite of rent and outgoings from Centuria Capital NZ in favour of the Fund
<b>Scheme Register</b>	The scheme register entry for the Fund, that forms part of the Disclose Register, that is available at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz</a> by searching "SCH12900" under "search schemes"
<b>SIPO</b>	The Statement of Investment Policy and Objectives for the Fund adopted by the Manager which sets out its investment policies, objectives and strategies for the Fund in respect of its investment in the Assets as well as the policies it will apply in respect of its management and its investment performance monitoring benchmarks
<b>Supervisor</b>	Covenant Trustee Services Limited (Company number: 2194946)
<b>Trust Deed</b>	The Trust Deed dated 14 July 2020 (as amended from time to time) between the Manager and the Supervisor, setting out the arrangements for ownership and management of the Fund and as is available on the Scheme Register at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz</a> by searching "SCH12900" under "search schemes"
<b>Underwriter</b>	Centuria Platform Investments Pty Limited
<b>Underwriting Loan</b>	The subordinated loan that may be provided by the Underwriter to the Custodian, in the event that the Manager has not received subscriptions for Units (including from the Underwriter under the underwriting agreement) of at least \$36.9 million by the Offer close date
<b>Unitholding Cap</b>	20% of the Fund's Units
<b>Units</b>	The Units in the Fund
<b>Unit Price</b>	The price at which an Investor can purchase or redeem Units, calculated in accordance with the Trust Deed
<b>WALT</b>	Weighted Average Lease Term

# Directory

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## Registered office of the manager

**Centuria Funds Management (NZ) Limited**  
**Level 2, 30 Gaunt Street**  
**Auckland 1010**

Attention: Matthew Butt  
Phone: +64 9 300 6161  
Fax: +64 9 300 6162

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## Custodian

**CNZPF Nominee Limited**  
**Level 6**  
**191 Queen Street**  
**Auckland 1010**  
**PO Box 4243, Shortland Street**  
**Auckland**

Phone: +64 9 302 0638  
Fax: +64 9 302 1037

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## Solicitors

**Chapman Tripp**  
**Level 34, PwC Tower**  
**Commercial Bay**  
**15 Customs Street West**  
**Auckland 1010**  
**PO Box 2206**  
**Auckland 1140**

Phone: +64 9 357 9000  
Fax: +64 9 357 9099

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## Investigating Accountant

**Ernst & Young Strategy and Transactions Limited**  
**2 Takutai Square, Britomart**  
**Auckland 1010**  
**PO Box 2146**  
**Auckland 1140**

Phone: +64 9 377 4790  
Fax: +64 9 309 8137

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## Selling Agent

**Bayleys Real Estate Limited**  
**Level 1, 30 Gaunt Street**  
**Auckland 1010**  
**PO Box 8923, Symonds Street**  
**Auckland 1150**

Phone: +64 9 309 6020  
Fax: +64 9 309 9404

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## Supervisor

**Covenant Trustee Services Limited**  
**Level 6**  
**191 Queen Street**  
**Auckland 1010**  
**PO Box 4243, Shortland Street**  
**Auckland 1140**

Phone: +64 9 302 0638  
Fax: +64 9 302 1037

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## Registrar

**Boardroom Pty Limited**  
**Grosvenor Place**  
**Level 12, 225 George Street**  
**Sydney, New South Wales 2000**  
**GPO Box 3993**

Phone: +61 2 9290 9600

# Application Form

Closing Date: 17 December 2021

Before completing this Application Form, applicants should read and consider the Centuria NZ Property Fund Product Disclosure Statement dated 15 November 2021 to which this application relates. If you have any questions or if there is anything you do not understand, please contact our sales representatives on 0800 BAYLEYS (229539).

Centuria NZ and Bayleys Real Estate (including the selling agents) do not provide any financial, tax or other professional advice. Before making any financial investment decisions, we recommend that you seek professional financial advice from a Financial Adviser which takes into account your personal investment objectives, financial situation and individual needs.

**PLEASE READ ALL INSTRUCTIONS BELOW TO ENSURE PROMPT PROCESSING OF YOUR APPLICATION. WE RECOMMEND COMPLETING AN ONLINE APPLICATION FORM AT [WWW.CENTURIAINVESTMENTS.CO.NZ](http://WWW.CENTURIAINVESTMENTS.CO.NZ). IF YOU WISH TO COMPLETE A PAPER APPLICATION FORM, PLEASE COURIER COMPLETED APPLICATION DOCUMENTS TO CENTURIA FUNDS MANAGEMENT (NZ) LIMITED, 335 DEVON STREET EAST, NEW PLYMOUTH 4312 (ATTENTION: CENTURIA NZ PROPERTY FUND). YOU CAN ALSO SCAN AND EMAIL A COMPLETED HARD COPY APPLICATION FORM TO [ENQUIRIES@CENTURIA.CO.NZ](mailto:ENQUIRIES@CENTURIA.CO.NZ).**

This Application Form is issued with the Product Disclosure Statement dated 15 November 2021 issued by Centuria Funds Management (NZ) Limited.

## Instructions on How to Complete

- Please read and complete all relevant sections of the Application Form.
- Please provide all necessary contact, tax, and bank details along with a bank account verification document.
- Please ensure that you have read and understood the information on the declaration section of this form and all parties have signed.
- If you are completing this application form on behalf of a minor, please ensure you also complete the form on page 74.
- Customer Due Diligence information is required for all applicants. Should Centuria NZ not hold the required information, our partners at First AML will be in touch with you following Centuria NZ's receipt of your application form (see page 68).

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## Section 1: Name of Investor and Applicant Contact Details

Please provide the name of the investor and primary contact information.

Name of individual(s) or investing entity

Are you investing as

Individual OR Joint Individuals     Partnership     Company     Trust/Estate

Other    If other, please specify

Has the Individual(s) or Investing entity invested in a Centuria NZ product previously?

Yes, investor number:

No

## Primary Contact Details

Legal Full Name

Postal Address

Email

Home or Mobile Tel

# Application Form (cont.)

## Section 2: Bank Account Details for Distribution Payment

Please insert the Bank Account holder's name and Bank Account Number into which distribution payments are to be made. Distributions must be paid into the Bank Account of the investor/investing entity (Centuria NZ does not pay distributions to third parties on an investor's behalf).

Accounts Holder's Name	Bank/Branch	Account number	Suffix
<input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>

Please enclose one of the below bank account verification documents with your application form:

- Bank Statement or screenshot of online banking showing account holders name & number
- Bank encoded deposit slip
- Confirmation from your bank verifying your bank account name and number

## Section 3: Tax Information

**Individual Application** – Please complete your name as the Primary Applicant and complete your IRD number, RWT rate and PIR rate below along with selecting your New Zealand tax resident status.

**Joint Individual Application** – Where all investors are individuals, the investor with the highest PIR should complete their details as the Primary Applicant and complete their IRD number, RWT rate and PIR rate below along with selecting their New Zealand tax resident status. The other investors should complete their name, IRD number and New Zealand tax resident status. For other Joint Applications where the investors are not all individuals please contact us.

**Company, Partnership, Trust or Other Entity Application** – Please complete the Entity Name, IRD number, RWT rate and PIR rate below along with selecting the entity's New Zealand tax resident status.

Primary Applicant or Entity Name	IRD Number	New Zealand Tax resident?	
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Applicant Names			
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

### Primary Applicant or Entity Resident Withholding Tax (RWT) Rate

Your Resident Withholding Tax (RWT) rate is based on your taxable income, and there are different rates for individuals, trusts, companies and partnerships. You can find the current RWT rates on the Inland Revenue (IRD) website. RWT is deducted from the interest earned on your subscription amount while held in the trust account established for the Offer.

Please select one of the following:

- 0%     10.5%     17.5%     28%     30%     33%     39%

# Application Form (cont.)

## Section 3: Tax Information (cont.)

### Primary Applicant or Entity Prescribed Investor Rate (PIR)

Your Prescribed Investor Rate (PIR) is the rate at which your PIE tax is calculated on the PIE taxable income or loss from your investment. We need your PIR so that we can pay the correct amount of tax on your investments to IRD. To assist you in working out your PIR rate refer to the chart below.

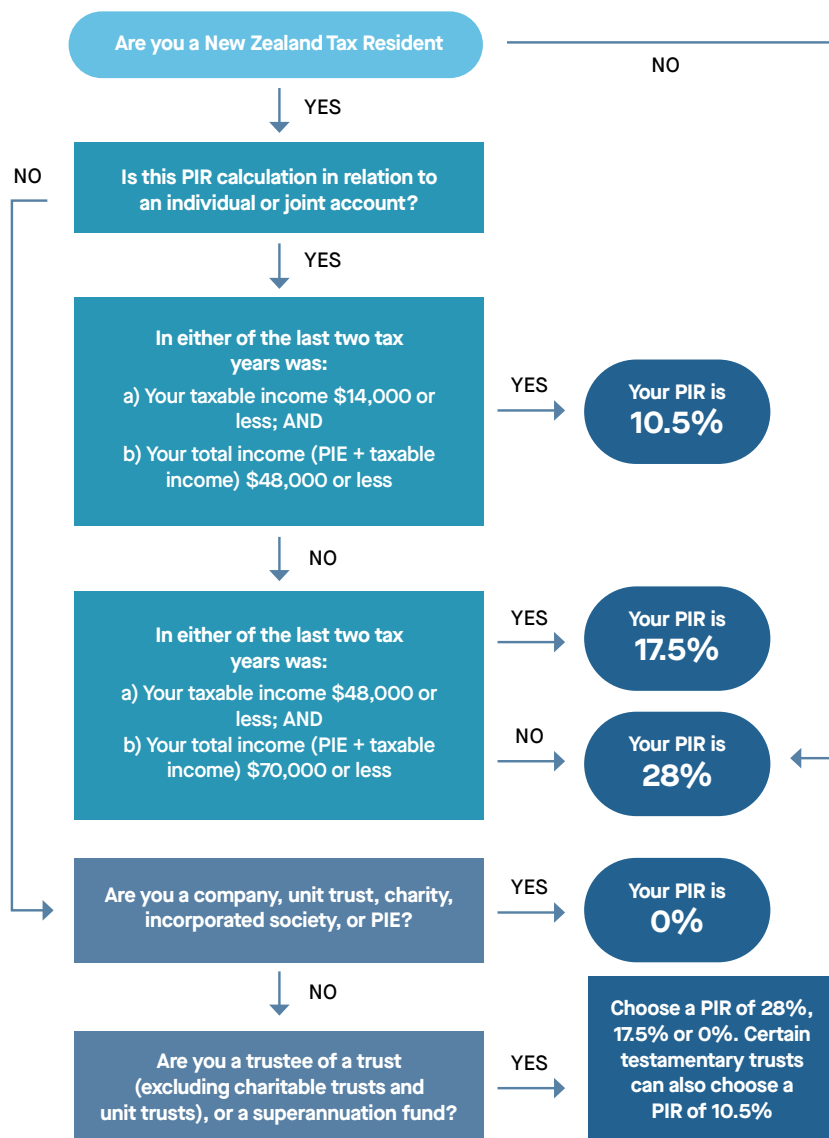
Please select one of the following:

0%   
  10.5%   
  17.5%   
  28%

- If a PIR is not selected, 28% will be applied.
- Companies, incorporated societies, charitable trusts, and certain others must select a PIR rate of 0%. Depending on your tax status, you may need to include the PIE taxable income or loss, in your tax return.
- Trusts may select a PIR of 28%, 17.5%, or 0% to best suit the beneficiaries. If the trust is a testamentary trust it may select 10.5%.
- If you are a not a New Zealand tax resident, you must select a PIR rate of 28%.

### Working out your prescribed investor rate (PIR)

For more information about taxable income, PIRs and to determine your correct PIR please refer to the IRD website (<https://www.ird.govt.nz/roles/portfolioinvestment-entities/find-my-prescribed-investor-rate>) or contact your professional tax adviser.



# Application Form (cont.)

## Section 3: Tax Information (cont.)

### Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

All New Zealand financial institutions are required to collect information about investors' foreign tax residency and pass that and other information onto the Inland Revenue. Inland Revenue may then share this information with the relevant tax authority if an agreement is held with that country.

**PLEASE COMPLETE THE SECTION BELOW THAT IS RELEVANT TO YOU.**

#### Individual or Joint individuals

Are you or any of the individuals investing foreign tax residents?  Yes  No If **NO**, please go to Section 4

If **YES**, please provide details for each individual below: (please include all countries/jurisdictions in which the person is a tax resident)

Legal Full Name	Date of Birth	Country of foreign tax residence	Foreign Tax Number
<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
Residential Address			Country of birth
<input type="text"/>			<input type="text"/>

Legal Full Name	Date of Birth	Country of foreign tax residence	Foreign Tax Number
<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
Residential Address			Country of birth
<input type="text"/>			<input type="text"/>

#### Company, partnerships, trust or other entity

**WHEN COMPLETING THIS SECTION PLEASE ANSWER BOTH QUESTIONS**

Is the entity registered for tax purposes in any country other than New Zealand?  Yes  No

If **YES**, please provide details for each individual below: (please include all countries/jurisdictions in which the person is a tax resident)

Foreign Tax Number	Country of foreign tax residence
<input type="text"/>	<input type="text"/>

Are any controlling parties registered for tax purposes in any country other than New Zealand?  Yes  No If **NO**, please go to Section 4

If **YES**, please provide details for each individual below: (please include all countries/jurisdiction the tax person is a tax resident)

#### Companies, Partnerships, other entity

All directors, partners and shareholders that hold more than 25% ownership of the company or partnership and any other individual who has effective control.

#### Trusts

All Trustees, settlors, appointors, Executors and listed beneficiaries and any other individual who has effective control.

Legal Full Names	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>

**We are unable to provide tax advice, if you are unsure about your tax residency status please contact your local tax authority (Inland Revenue in NZ) or speak with a professional tax advisor. For more information about the international tax compliance regulations you can search 'FATCA' or 'CRS' on the New Zealand Inland Revenue Website.**

# Application Form (cont.)

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## Section 4: Application Amount and Payment

Amount in NZD. Applications can be made in any amount over the \$10,000 minimum<sup>1</sup>.

NZD\$

**OR** if you prefer to specify the number of Units you wish to apply for, applications can be made for any number of Units over the minimum unitholding of 9,345 Units. The dollar amount of your investment will be the number of Units you apply for multiplied by \$1.07 per unit.

Units

**PLEASE NOTE:** If you invest as a trust, a company with Nominee Shareholders or you are making an investment of \$500,000 or more, Centuria NZ will require information relating to the source of funds or wealth for this investment. Our partners at First AML will be in touch with you following the receipt of your application form to commence this process.

Please choose ONE of the PAYMENT options below. Please tick the box next to your selected option

**Option 1: Electronic Transfer/Direct Credit**

Centuria NZ or its agent will provide bank details for payment by email or phone to you once the application is complete and all customer due diligence documentation has been provided.

**Option 2: Direct Debit**

Direct debits allow Centuria NZ, via its registry provider Boardroom Pty Limited, to deduct money from your nominated bank account as payment for your Application. If you wish to make payment by this method, please complete your account details below. By signing this application form, the signatory agrees that Boardroom Pty Limited on behalf of Centuria NZ is authorised to direct debit the bank account below for the total Application Amount on the date that we confirm your application is complete and all customer due diligence documentation has been provided.

### Direct Debit Instructions

Please complete the Direct Debit Authority below.

The bank account must be with a New Zealand registered bank. You cannot specify a direct debit date and you must ensure that:

- a. the bank account details supplied are correct;
- b. the Application Monies in the bank account for the direct debit are available on the day you submit your Application;
- c. the person(s) giving the direct debit instruction has/have authority to operate the account solely/jointly; and
- d. the bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain you should contact your bank.

Should your direct debit fail, your Application may be rejected if you are unable to pay by alternative means.

(1) To calculate the number of Units that you will receive, take the dollar amount you wish to invest and divide it by \$1.07 (the issue price of the Units), then round this number to four decimal places.

# Application Form (cont.)

## Section 4: Application Amount and Payment (cont.)

### Direct Debit Authority

Name of my account to be debited (acceptor)

Name of my bank

Initiator's authorisation code

1 2 2 9 0 0 7

Bank/Branch

Account number

Suffix

(insert name of acceptor's bank)

From the acceptor to

(my bank)

By signing this Application Form I authorise you to debit my account with the amounts of direct debits from **Boardroom Pty Limited ITF Centuria Funds Management (NZ) – Applications A/C** with the authorisation code specified on this authority in accordance with this authority until further notice.

I agree that this authority is subject to:

- the bank's terms and conditions that relate to my account; and
- the specific terms and conditions listed below.

Please include the following information on my bank statement

### Specific conditions relating to notices and disputes

I may ask my bank to reverse a direct debit up to 120 calendar days after the debit if:

- I don't receive a written notice of the amount and date of each direct debit from the initiator, or
- I receive a written notice but the amount or the date of debiting is different from the amount or the date specified on the notice.

The initiator is required to give you a written notice of the amount and date of each direct debit on or before the date of the debit.

If the bank dishonours a direct debit but the initiator sends the direct debit a second time within 5 business days of the original direct debit, the initiator is not required to notify you a second time of the amount and date of the direct debit.

### For Bank Use Only

Approved

Date Received

Recorded By

Checked By

Bank Stamp

# Application Form (cont.)

## Section 5: Nature and Purpose of Your Investment

This information is being requested solely for the purpose of Centuria NZ's regulatory compliance obligations (pursuant to the Anti-Money Laundering and Countering Financing of Terrorism Act 2009) and not for the purpose of allowing Centuria NZ to assess the suitability of this investment for your personal financial circumstances, financial needs or goals.

**The NATURE of your investment explains how much you plan to invest with Centuria NZ, how regularly you expect to invest and for how long you intend to hold this investment.**

How regularly do you intend to invest with Centuria NZ?

- One off investment     1-3 times a year     Each available opportunity     When funds are available

How much do you plan to invest in total with Centuria NZ on an annual basis?

- Less than \$100k     \$100k up to \$250k     \$250k up to \$500k     Over \$500k

How long do you intend to hold your investment with Centuria NZ?

- Less than 12 months     2-5 years     6-10 years     Over 10 years

**The PURPOSE of your investment explains your investment objectives and intentions, and what you are trying to achieve by investing with Centuria NZ.**

What are you looking to achieve through investing with Centuria NZ?

- Receive regular income     Achieve capital growth     Planning for retirement     Other

If other, please provide additional information


# Application Form (cont.)

## Section 6: Customer Due Diligence (CDD) Requirements (Please Complete Only One Option)

As part of its obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, Centuria NZ must undertake Customer Due Diligence (CDD) on (a) a customer (b) any beneficial owner of a customer (c) any person acting on behalf of a customer.

Every new investor and existing investor (including all trustees, beneficial owners and any person acting on behalf of the investor) is subject to CDD requirements. This ranges from verifying an investor's identity and address to obtaining the Trust Deed if a trust will hold the investment.

Centuria NZ have engaged First AML to conduct Customer Due Diligence (CDD) on our behalf. First AML will contact you directly to collect identity information and complete the CDD process. The good news is, if you have previously provided this for other Service Providers, with your consent, we may be able to use this information to save you from repeating the process.

Your information will be used for the sole purpose of conducting CDD and identity verification. Your information will remain confidential and will not be shared outside of First AML, Centuria or Boardroom Pty Limited as Centuria NZ's registry provider, other than in accordance with Centuria NZ's privacy policy.

**Please select the investor option that refers to you.**

### Option 1: Existing Investor

I am an existing investor and I have previously provided complete Customer Due Diligence documentation, the details of which are still correct.

Please note Centuria NZ will review the documents it holds on file and may request further information.

**Please go to Section 12 and complete the declaration section on Page 72.**

### Option 2: Existing Investor - I Need to Update my Investor Information

If there has been a change to your personal details (e.g. address), shareholding of your company, change in trustees you need to provide updated Customer Due Diligence documentation.

**Our partners at First AML will be in touch with you following the receipt of your application form to request all relevant Customer Due Diligence documentation.**

**Please go to Section 12 and complete the declaration section on Page 72.**

### Option 3: New Investor

I am a new investor with Centuria NZ and will meet my Customer Due Diligence (CDD) requirements.

Please complete the Customer Due Diligence section relevant to your investor type (see table below), then go to Section 12 and complete the declaration section on Page 72.

Individual & Joint Individuals (Page 69), Section 7

Partnerships (Page 70), Section 8

Company (Page 70), Section 9

Trust (Page 71), Section 10

Estates (Page 71), Section 11

**Our partners at First AML will be in touch with you following the receipt of your application form to request all relevant Customer Due Diligence documentation.**

# Application Form (cont.)

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## Section 7: Customer Due Diligence - Individual & Joint Individuals

Please provide the personal information for the following:

- Each investor
- Any individual(s) acting on behalf of the individuals e.g. Authorised Person(s), Power of attorney

Legal Full Name

Residential Address

Date of Birth

Place of Birth

Occupation

Email

Home or Mobile Tel

---

Legal Full Name

Residential Address

Date of Birth

Place of Birth

Occupation

Email

Home or Mobile Tel

---

Legal Full Name

Residential Address

Date of Birth

Place of Birth

Occupation

Email

Home or Mobile Tel

# Application Form (cont.)

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## Section 8: Customer Due Diligence - Partnerships

Please provide the personal information for each of the following:

- All current partners
- Any individual(s) acting on behalf of the partnership e.g. Authorised Person(s), Power of attorney
- All persons who own more than 25% of the partnership
- Any other person who has effective control of the partnership

Legal First Name(s)	Legal Family Name	Date of birth	Place of birth	Occupation
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>

---

## Section 9: Customer Due Diligence - Company

Please provide personal information for:

- All current directors
- All persons who own more than 25% of the company
- Any persons acting on behalf of the company e.g. Authorised Person(s), Power of attorney
- Any other person who has effective control of the company

Legal First Name(s)	Legal Family Name	Date of birth	Place of birth	Occupation
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>

# Application Form (cont.)

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## Section 10: Customer Due Diligence - Trusts

Please provide personal information for each of the following:

- All current trustee(s)
- All appointer(s)
- Any individual(s) acting on behalf of the trust e.g. Authorised Person(s), Power of attorney
- All directors of the Corporate Trust Company (if Applicable)

Legal First Name(s)	Legal Family Name	Date of birth	Place of birth	Occupation
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>

### Corporate Trustee Company

Full Name of contact	Company Name
<input type="text"/>	<input type="text"/>
Email	Home or Mobile Tel
<input type="text"/>	<input type="text"/>

We require photo identification and address verification for all directors of the Corporate trustee company, our partner First AML may also need to follow up with them regarding additional CDD documentation.

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## Section 11: Customer Due Diligence - Estates

Please provide personal information for each of the following:

- All executor(s)
- All trustee(s)
- Any individual(s) acting on behalf of the estate
- Any other person who has effective control of the estate e.g. Authorised Person(s), Power of attorney

Legal First Name(s)	Legal Family Name	Date of birth	Place of birth	Occupation
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text" value="/ /"/>	<input type="text"/>	<input type="text"/>

# Application Form (cont.)

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## Section 12: Declaration and Signature

I/We hereby apply for the Units as set out above subject to the terms and conditions of the Product Disclosure Statement dated 15 November 2021.

I/We have received, read and understood the Product Disclosure Statement. I/We understand the risks to the Centuria NZ Property Fund's Business and Plans as set out at Section 7 of the Product Disclosure Statement. I/We acknowledge that the offer of Units in the Product Disclosure Statement was made to me/us in New Zealand, or Australia or any other country in which Centuria NZ is able to offer to persons without having to prepare a disclosure document. I/ We agree to accept the Units as applied for or any lesser number that may be issued to me/us. I/We hereby consent to Centuria NZ disclosing such information as it holds in respect of me/us to regulatory authorities. The information I/We have provided in this Application Form is true and correct to the best of my/our knowledge. I/We understand that Centuria NZ have not assessed the suitability of this investment for my/our personal financial circumstances, financial needs or goals nor provided any personalised financial advice.

### Privacy Act 2020 & Unsolicited Electronic Messages Act 2007

You have a right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. The personal information you have supplied may be used by Centuria NZ (and other related entities) for the purposes of enabling us to arrange and manage your investment, to contact you in relation to your investment, and to market other products and services to you. You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law; and to meet our legal or regulatory obligations. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

## Signatures

If the application form is signed by an Attorney (or an agent), the Attorney must complete the certificate of non-revocation on the following page.

**Please note: All individual(s) must sign, all trustee(s) (including 2 director(s) from the corporate trustee) must sign, 2 director(s) of company must sign. Failure to do so will delay your application.**

Dated

Applicant Signature

Applicant Name

Applicant Signature

Applicant Name

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Applicant Signature

Applicant Name

Applicant Signature

Applicant Name

# Application Form (cont.)

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## Section 12: Declaration and Signature (cont.)

### Certificate of Non-Revocation of Power of Attorney

Complete this section if you are acting on behalf of someone for whom you hold Power of Attorney.

I,  (Name of Attorney)

of  (Address and Occupation of Attorney)

#### Hereby Certify

1. That by deed dated  /  /  (Name of Power of Donor of Attorney)

Address and country of donor

of  appointed me his/her/its attorney

2. That I have not recieved notice of any event revoking the power of attorney.

Signed at  Place this  Day of  Month 2021

Signature

# Application Form (cont.)

## Section 12: Declaration and Signature (cont.)

### Indemnity in Respect of the Issue of Units to a Minor (Section 102 Contract and Commercial Law Act 2017)

To: Centuria Funds Management (NZ) Limited ("Centuria NZ")

We  and

(the "legal guardians/parents") of:

(the "minor")

shall keep Centuria NZ indemnified on demand from and against all actions, proceedings, claims, damages, losses, costs and expenses incurred or suffered by Centuria NZ arising from or in connection with the issue of Units in the Centuria NZ Property Fund to the minor and the entry of the minor into the contract constituted by the application form (Form) contained in this product disclosure statement for the offer of Units in the Centuria NZ Property Fund dated 15 November 2021 (PDS) for and on behalf of the minor.

We acknowledge that:

- we have requested, and consent to, the issue of \$  of Units (at \$1.07 per Unit) in the Centuria NZ Property Fund to the minor;
- we have reviewed, and understand the content of, the PDS and the Form; and
- this indemnity may not be revoked unless Centuria NZ agrees in writing.

### Signed as a Deed

Print name

Date

In the presence of:

Name

Occupation

Address

Print name

Date

In the presence of:

Name

Occupation

Address









# Centuria

[centuria.co.nz](http://centuria.co.nz)