

# Centuria NZ Property Fund

Other material information

15 November 2021

## **1 GENERAL**

This Other Material Information Document (*Document*) has been prepared to meet the requirements of section 57(1)(b) of the Financial Markets Conduct Act 2013 (*FMCA*) and clauses 48 and 50 of Schedule 5 to the Financial Markets Conduct Regulations 2014 (*FMCR*) in relation to an offer of units in Centuria NZ Property Fund, as set out in a product disclosure statement (*PDS*) dated on or around the date of this document available on the Offer Register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) by searching "Centuria NZ Property Fund" under "search offers".

Terms capitalised but otherwise undefined in this document have the meanings given to them in the PDS. This Document must be read alongside the PDS. Any application for admission by an Investor in the Fund must be made on the application form (and be accompanied by the relevant identification documentation) contained in the PDS.

## 2 TOTAL ESTIMATED COSTS OF OFFER AND ISSUE

Description of cost:	Amount paid, or agreed to be paid, by the Fund in connection with the offer and issue of the Units (including all benefits):	Cost paid to:	Reason for cost and description of services:
Establishment and underwriting fee	\$1,463,085	Centuria Platform Investments Pty Limited	<p>The underwriting fees are payable to Centuria Platform Investments Pty Limited for underwriting the Offer.</p> <p>This fee has been calculated at 3% of \$48,769,500, being the amount underwritten.</p>
Brokerage fees	\$853,466	Bayleys	The brokerage fee is payable to Bayleys as the selling agent for the Offer.
Legal fees*	\$244,500	Chapman Tripp	Legal fees are payable to the Fund's Solicitors, Chapman Tripp, for the cost of advising on the PDS, the Trust Deed and compliance with the FMCA, and in connection with the Fund's financing arrangements and property acquisitions. The legal costs recharged will not exceed the actual total costs incurred
Investigating accountant fee*	\$120,000	Ernst & Young Strategy and Transactions Limited	The investigating accountant fee represents Ernst & Young Strategy and Transactions Limited's fee as investigating accountant for completing a limited assurance engagement on the prospective financial statements contained on the Offer Register. The investigating accountant costs recharged will not

<b>Description of cost:</b>	<b>Amount paid, or agreed to be paid, by the Fund in connection with the offer and issue of the Units (including all benefits):</b>	<b>Cost paid to:</b>	<b>Reason for cost and description of services:</b>
			exceed the actual total costs incurred.
Supervisor	\$5,000	Covenant Trustee Services Limited	The supervisor fees are payable to the Supervisor for their costs in relation to reviewing the PDS and the Trust Deed. The supervisor costs recharged will not exceed the actual total costs incurred.
Marketing*	\$427,597	Bayleys Real Estate Limited and Buffalo & Co (NZ) Limited	Marketing costs reflect the costs of both preparing and producing advertisements in relation to the Offer, publishing those advertisements, holding investor presentations on the Offer and the costs for designing and printing the PDS.
PDS registration fee and FMA levy	\$6,248	Financial Markets Authority	The PDS registration fee and FMA levy are payable in connection with the registration of the Offer on the Offer Register.
Registry and AML customer due diligence fees*	\$74,600	Boardroom Pty Limited and First AML Limited	The registry fees are payable to Boardroom Pty Limited as registrar for the Fund. The AML customer due diligence fees are payable to First AML Limited for completing customer due diligence for the Manager.
<b>Total</b>	<b>\$3,194,496</b>		

\* These amounts, or a component of these amounts, are the Manager's best estimates, based on its experience and the information known to it at the date of

the PDS, but they may be subject to change based on the amounts invoiced to the Fund (and Investors will not be notified of such a change). All other amounts are maximums and cannot be increased.

The above fees are exclusive of GST and disbursements.

**NOTE:**

The above fees are payable by the Fund - none are chargeable to Investors directly. In respect of certain fees set out above, the Manager has either already met these costs on behalf of the Fund or will pay those costs prior to initial allotment of Units under the Offer and, accordingly, is entitled to reimbursement on initial allotment of Units under the Offer. Fees may be paid by the Manager between the dates of the PDS and the initial allotment of Units under the Offer. Those fees will be reimbursed to the Manager on the initial allotment of Units under the Offer.

### **3 VALUER & EXPERT CONSENTS**

#### **196 Roydvale Avenue**

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. The valuation 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.

Graeme McDonald's qualifications are a VP URB, FPINZ, FNZIV and MRICS. Robert Clifford's qualification is a BLPM. Jones Lang LaSalle Limited's address is Level 16, 188 Quay Street, Auckland, 1010, New Zealand.

#### **26 Clarence Street & Anglesea Medical Centre**

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. An independent valuation of Anglesea Medical Centre was also provided by Ben Johnson of Jones Lang LaSalle Limited at \$59 million plus GST (if any) as at 24 August 2021. Each valuation was prepared in accordance with current Australia and New Zealand Property Institute Valuation and Property Standards and using both a capitalisation of net income approach and a discounted cash flow approach.

The valuer 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. 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.

Ben Johnson's qualifications are a Bachelor of Property, ANZIV and SPINZ. Jones Lang LaSalle Limited's address is Level 16, 188 Quay Street, Auckland, 1010, New Zealand.

### **Valuations**

Each valuation was made by the valuers as independent valuers. The valuers made each valuation for the purposes of the Fund and for use by prospective investors in the Fund on a non-reliance basis. 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. The valuers have consented to the distribution of the valuation reports, and the letter referenced above, to prospective investors in the Fund and, as at the date of the PDS, have not withdrawn that consent.

### **Expert Consents**

Ernst & Young Strategy and Transactions Limited has consented in writing to the inclusion on the Offer Register of the Investigating Accountant's Independent Limited Assurance Report in the form and context in which it appears on the Offer Register.

Bayleys Realty Group Limited has consented in writing to the inclusion in the PDS of the market overview of the commercial property market and healthcare sector prepared by Bayleys Research, a division of Bayleys Realty Group Limited in the form and context in which it appears in the PDS.

Hampton Jones Property Consultancy Limited has consented in writing to the inclusion of reference to the Building Condition Report for 196 Roydvale Avenue, Christchurch in the PDS in the form and context in which it appears and the inclusion of the Building Condition Report on the Offer Register.

## 4 FEE ASSUMPTIONS

### Offer costs

The amount of the legal fees, investigating accountant fees, marketing fees, registry fees and AML customer due diligence fees, or components of those amounts, are the Manager's best estimates, based on its experience and the information known to it at the date of the PDS, but may be subject to change.

The brokerage fee may reduce if the Offer is not fully subscribed. All other offer costs set out at Section 8 of the PDS are maximum levels and cannot be increased. The fees payable to third parties (being those fees other than those payable to the Manager and its associated persons), in the Manager's view, represent reasonable levels for the services of the relevant third party. The fees payable to the Manager and its associated persons are not estimates, and are provided for at the levels disclosed in the PDS in the Trust Deed.

### Ongoing fees and expenses

The amounts of ongoing fees and expenses are set out at Section 8 and no other fees are payable to the Manager or its associated persons. Fees payable to third parties (being those fees other than those payable to the Manager and its associated persons) have been estimated by the Manager, and, in the Manager's view, represent reasonable levels for the services of the relevant third party.

## 5 MATERIAL CONTRACTS

### Underwriting Agreement

The Manager and CPIPL have entered into an underwriting agreement, on or about 12 November 2021, pursuant to which CPIPL has agreed to:

- underwrite up to 20% of the total number of units on issue immediately following the issue of units subscribed for under the Offer (*Offer Shares*) less the number of Units held by Centuria Capital NZ (and any other associate of CPIPL or Centuria Capital NZ) immediately following the issue of Offer Units, provided that in no circumstances shall the total underwritten amount, together with the amount advanced under the subordinated loan exceed NZ \$48,769,500 (the *Total Underwritten Amount*); and
- subscribe for all shortfall Units (being the difference between 46,728,972 Units and the number of Units actually applied for by investors in the Fund on or before close of the Offer) at \$1.07 up to a maximum that is equal to the Total Underwritten Amount divided by \$1.07.

### Loan Commitment and Fee Agreement

The Manager and CPIPL have entered into a loan commitment and fee agreement, on or about 12 November 2021, which records CPIPL's subordinated loan commitment and the fees payable to CPIPL for its \$48,769,500 commitment (*Loan Commitment and Fee Agreement*).

The key terms of the Loan Commitment and Fee Agreement are:

<b>Subordinated Loan Agreement and</b>	In the event that subscriptions for less than 46,728,972 Units are received under the Offer (including any amount received from CPIPL pursuant to its underwriting commitment) the Manager
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<b>Deed of Priority and Subordination</b>	may give notice to CPIPL requiring CPIPL to enter into a subordinated loan agreement with the Custodian in the form attached to the Loan Commitment and Fee Agreement and to advance the amount it requires under the Subordinated Loan Agreement.
<b>Fees</b>	In consideration for agreeing to perform its obligations under the underwriting agreement and for agreeing to enter into and perform the subordinated loan agreement, the Manager has agreed with CPIPL that CPIPL will receive a fee of \$1,463,085 including GST if any (being 3% of the total amount of NZ \$48,769,500 committed by CPIPL).

The key terms of the Subordinated Loan Agreement and the Deed of Priority and Subordination will be:

<b>Borrower</b>	CNZPF Nominee Limited as custodian of the Fund
<b>Lender</b>	CPIPL
<b>Loan Amount</b>	\$48,769,500 less the amount raised by the Fund under the Offer (including any amount received from CPIPL pursuant to its underwriting commitment) and excluding the firm commitment by Centuria Capital NZ to participate in the Offer by subscribing for \$1,230,500 worth of units
<b>Repayment</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>Interest Rate</b>	4.75% per annum payable monthly
<b>Security</b>	Unsecured.
<b>Subordination</b>	<p>CPIPL will be subordinated to ASB and ICBC in right of payment. Permitted payments will be:</p> <ul style="list-style-type: none"> <li>a) those consented to by ASB Bank Limited as the facility agent;</li> <li>b) payments of interest where no event of default is continuing or will occur as a result of the payment; or</li> <li>c) payments of principal from the proceeds of a capital raising (including proceeds from Follow-On Units) regardless of whether an event of default is continuing or will occur as a result of the payment.</li> </ul> <p>Underwriting Loan borrowings rank behind bank borrowings and equally with the Units.</p>

<b>Financial Covenants</b>	None.
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