

Statement of Investment Policy and Objectives

Centuria NZ Large Format Retail No.1

Effective from: 26 February 2026

Description of the Trust

Centuria NZ Large Format Retail No.1 (the **Trust**) is a managed investment scheme established to invest in two large format retail properties. Units in the Trust (**Units**) are held by investors in the Trust (**Investors**).

The Trust is managed by Centuria Funds Management (NZ) Limited (the **Manager**). The Trust's supervisor is Covenant Trustee Services Limited (**Supervisor**). The assets of the Trust are held by CNZLFR Nominee Limited as bare trustee for the Trust.

The properties that the Trust will acquire are:

- Hornby Mega Centre, 6 & 10-14 Chappie Place, Hornby, Christchurch ;
- Southgate Shopping Centre, 230 Great South Road, Takanini, Auckland;

(together, the **Properties**).

Investment objectives

The Trust provides Investors with a five-year investment term which may be extended if approved by Investors. The primary objectives of the Trust are to:

- pay Investors a regular monthly cash distribution underpinned by strong and sustainable rental income from the Properties;
- increase the value of the Properties through managing rental income, occupancy and capital expenditure to increase net tangible assets per unit; and
- provide Investors with the ability to receive liquidity prior to the end of the investment term, by first raising capital to facilitate Withdrawals, or, if raising capital to facilitate Withdrawals is not considered to be in the best interests of Investors, by selling the Properties and winding-up the Trust.

Investment philosophy

The Manager's philosophy, as a leading property funds manager, is to actively manage property investments throughout the investment cycle (acquisition, ownership and disposal). The Manager seeks to add value by improving property management and tenant relationships, renegotiating leases and undertaking refurbishment, upgrades and/or re-development works. The approach is to ensure that any risks taken are appropriate and commensurate with the Trust's goals. The Manager's philosophy is that the nature of property investment favours a long-term investment horizon and that an active management approach will outperform a passive approach through the full economic cycle.

Investment strategy

The Trust's strategy is to invest in the two properties described below, providing diversification of geographic location and tenant mix. The Trust's strategy is to deliver returns to Investors throughout the life of the Trust through strong rental income increase asset value through leasing deals and carefully delivered capital investment.

Asset allocation

The authorised investments are:

- the Properties;
- refurbishment and conversion opportunities related to the Properties;
- cash;
- derivatives; and
- other assets arising in connection with the above.

There are no limits on the proportion of the above assets that the Trust may hold.

Investment policies

The Manager has the following investment policies to assist and guide the Manager in managing the Trust and the Properties. A breach of any of these policies is not a breach of this SIPO but instead requires the Manager to consider the most appropriate course of action to address the relevant circumstances.

Cash flow management policy

The Manager will manage the Trust's cash flow in such a way to not cause undue risk or expense to the Trust by:

- incurring only costs that are deemed appropriate and reasonable and permitted under the Trust Deed;
- maintaining and regularly reviewing a cash flow budget and providing an early warning system for potential problems;
- regularly reviewing the loan term, interest rate margin, key bank covenants such as the Interest Cover Ratio (**ICR**) and Loan to Value Ratio (**LVR**), hedging strategy, and assessing when it is prudent to repay or amortise debt; and
- maintaining discretion to offer redemptions and issue Units.

Distributions

Distributions are made at the discretion of the Manager. The Manager's policy to distribute between 80% and 100% of Funds from Operations (**FFO**) to Investors over a full financial year. When determining the amount to be distributed, consideration will be given to the following factors:

- the level of cash reserves currently held;
- Adjusted Funds From Operations (**AFFO**) generated over the last financial year;
- expected future funding requirements for items such as refinancing, loan principal repayments, forecast capital expenditure and to support leasing activity (including lease incentives and leasing fees). These items may be funded by a combination of retained earnings, borrowings and equity.

Due to fluctuations in income and expenses, it is possible that the Trust may pay more than 100% of FFO in a particular period using surplus capital or debt, but this will only occur where it is commercially sustainable.

Funds From Operations (FFO)

FFO is calculated by adjusting net profit after tax (determined in accordance with NZ IFRS) for certain items, including:

- reversing unrealised fair value gains or losses on investments;
- reversing unrealised fair value gains or losses on derivative financial instruments (such as interest rate swaps);
- reversing gains or losses on disposal of investments;
- reversing accruals for fixed rental growth;
- reversing the amortisation of borrowing costs incurred at establishment or in respect of future equity raising;
- adding back amortisation of lease incentives and leasing costs
- adjusting for other one-off items which are not considered by Management to be part of the Trust's underlying and recurring earnings

Adjusted funds from operations (AFFO)

After calculating FFO, the Manager will also calculate AFFO by making further adjustments to remove certain items from FFO that are considered to be capital items under generally accepted accounting practice (**GAAP**) but which the Manager considers should be funded, in part or in full, from FFO. AFFO is calculated by making adjustments to FFO, including:

- subtracting capital expenditure spent as part of maintaining a building's grade and/or quality;
- subtracting lease incentives (such as cash, fitout contributions and rent-free periods) and other leasing costs incurred in entering into a lease; and

- removing other one-off items which did not occur in the prior period and are highly unlikely to reoccur in the following accounting period.

Interest cover policy

The ICR is to be maintained at a level not less than the ratio required under the Trust's banking facilities.

Capital expenditure policy

The Manager's ongoing capital expenditure (CAPEX) policy is to work closely with the property manager to monitor the general condition of the Properties and to ensure ongoing routine repairs and maintenance are undertaken with a high level of workmanship. The Manager has building condition reports to assist in identifying future CAPEX requirements for the Properties, which have been provisioned for at the Trust's establishment.

The Manager will request and review all tenders if and when required for any CAPEX needed for the Portfolio, produce potential strategy(s) of how to fund costs. Furthermore, the Manager will ensure that any works being undertaken comply with current health and safety legislation.

Hedging/interest rate policy

Distributions to Investors are subject to interest rate variations on bank loans which cannot be accurately predicted. Interest rates on bank loans consist of a floating base rate and a margin that is generally fixed until loan expiry. Fixing base rates reduces the risk profile of the Trust by creating interest rate certainty and supporting more stable returns. The trade-off is that fixed base rates may exceed floating rates during the fixed period. The Manager will actively monitor interest rates and assess on a case-by-case basis whether it is in the interests of the Trust to fix interest rates and the appropriate term.

Leverage policy

- The Trust can only incur additional bank debt where that additional lending, together with the Trust's existing lending, is less than 55%¹ of the most recent valuation of the Properties (which may include an "as if complete" valuation for a property if there is development, maintenance or capital expenditure being completed). A refinance of existing lending is not considered additional bank debt unless the facility limit is increasing.
- In addition, the LVR must be maintained in line with the covenant level and definition in the Trust's bank facilities.
- The Trust's LVR for its bank covenant is expected to be tested at least annually against the independent valuation of the Properties from a qualified registered valuer.
- If the Trust breaches its loan to value ratio for its bank covenant, anticipated strategies to remedy are:
 - undertake a strategic review and assess options (such as a sale of any part of the Portfolio);
 - debt reduction through principal repayments;
 - reduce or cease distributions;
 - suspending redemptions; and/or
 - raise further equity, subject to compliance with applicable laws.

Investment performance monitoring

- The Manager's finance team and asset management team are jointly responsible for the management of investment risk by regularly monitoring the performance of the Trust.
- The Manager prepares an annual budget for the Trust and on a regular basis reviews actual figures against budgeted amounts.
- The Trust Deed requires that quarterly management accounts are provided to the Supervisor.
- The Manager will calculate the Net Tangible Assets and the distribution paid and provide these details in the annual report to Investors.
- The Manager will provide Investors with the Trust's audited financial statements within the timeframe prescribed in the Trust Deed.
- The Manager will hold an annual investor meeting, and special meetings as required.

Investment Reporting

The Manager will report in writing to Investors biannually, on aspects of the Trust and the Property. Investor

¹ Excluding 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 Trust.

updates will include, at a minimum, data and/or commentary on the following:

- Tenants: weighted average lease expiry, occupancy, updates and any concerns;
- Properties: current independent market valuation, any issues or anticipated costs, key risks or opportunities (if applicable); and
- Loan: loan amount, loan maturity, LVR and interest rate.

Investment strategy review

The Manager undertakes a full strategic review of the Trust and the Properties at least once per year. The Manager will consider matters including the positioning of the Properties, the Trust's cash distributions, returns over the life of the Trust, the timing in Investors' current investment term and the potential liquidity requirements prior to the end of Investors' investment term (including whether raising capital to fund liquidity or seeking an extension of the investment term are in the best interests of Investors). If the Manager believes that an investment should be sold it will prepare a report to the Board of the Manager for its consideration. If the Board of the Manager approves the recommendation, the Manager will endeavour to sell or realise the investment. If the review identifies a material change in conditions, the investment strategy may be amended. This may involve an amendment to this SIPO.

Review and amendment of SIPO

The Manager will undertake a formal review of the SIPO at least annually and otherwise when the Manager considers there has been a change in either market conditions materially affecting the Trust or the performance of the Properties. The Manager will also review this SIPO as required due to any change in regulatory requirements. The investment objectives, policies and strategy will be taken into consideration in relation to the current market and regulatory environment. If necessary, the SIPO may be updated with any proposed amendments to be made in consultation with the Supervisor.

Availability of this SIPO

The most current version of this SIPO is available on the register entry for the Trust on the Disclose website at <https://disclose-register.companiesoffice.govt.nz>