## Centuria







PRODUCT DISCLOSURE STATEMENT

# For an offer of ordinary shares in Centuria NZ Agricultural Property Fund Limited

21 APRIL 2023

(This is a replacement product disclosure statement that replaces the Product Disclosure Statement dated 14 April 2023)

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 NZ Agricultural Property Fund 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 to make an investment decision.



## Key information summary

#### Section 1

#### 1.1 What is this?

This is an offer of ordinary shares (the **Shares**) in Centuria NZ Agricultural Property Fund Limited (**Agri Fund** or the **Company**). Ordinary shares give you a stake in the ownership of Agri Fund. You may receive a return if dividends are paid or Agri Fund. increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Agri Fund runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

#### **About Agri Fund**

Agri Fund is a limited liability company that has been established as an open-ended, unlisted, sector specific property fund.

Agri Fund will invest in strategically selected agriculture related real estate located in New Zealand (the Agriculture Portfolio) that benefits from strong real estate fundamentals, with a focus on properties with strong tenants and long-term income streams. Potential future real estate acquisitions may include glasshouses, orchards, vineyards, forestry, farm land, agriculture logistics facilities, agricultural worker accommodation, rural land with renewable energy generation opportunities and other agriculture related facilities.

Agri Fund intends to acquire an initial property at 208 Fordyce Road, Helensville, Auckland (the Initial Property), independently valued at \$19.0 million (as at 6 March 2023), for a purchase price of \$15.8 million. The Initial Property is a 29.7 hectare site on which greenhouse and packhouse facilities operate for growing and processing fresh herbs for both domestic and global distribution by the tenant, Superb Herb Company Limited (the Tenant).

Agri Fund is overseen by a board with a majority of independent directors possessing significant experience in investment, real estate and agricultural markets. Agri Fund will be managed on a day-to-day basis by Centuria Funds Management (NZ) Limited (the Manager or Centuria NZ), which is a wholly owned subsidiary of Centuria Capital Group. Centuria Capital Group is an ASX200 listed specialist investment management company with approximately A\$21.2 billion of assets under management (including the Manager's assets under management). You can find further information about the Manager in Section 2.7.

Agri Fund is a limited liability company incorporated in New Zealand. Investors in Agri Fund receive ordinary shares in this company. It is not a 'Managed Investment Scheme" for the purposes of the Financial Markets Conduct Act 2013 and does not have a Financial Markets Authority (FMA) licensed manager or a FMA licensed independent supervisor to govern its investment

Investor rights are set out in the constitution of Agri Fund and in the Companies Act 1993.

#### **Purpose of this Offer** 1.3

The purpose of the Offer is to raise capital which will enable Agri Fund to purchase the Initial Property and pay the Offer costs.

#### Key terms of the Offer 1.4

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KEY FEATURES	SUMMARY
Description of the equity securities being offered	Ordinary shares in a limited liability company, Agri Fund, which will register as a portfolio investment entity (PIE) for New Zealand tax purposes.
Issue Price	\$1.00 per Share.
Total number of Shares being offered	Up to \$18 million is targeted to be raised in the Offer, being 18 million Shares. The Shares issued under the Offer will be 100% of the total Shares on issue immediately following the issue of Shares.
Minimum number of Shares that may be applied for <sup>2</sup>	\$25,000 minimum investment (and increments of \$5,000 thereafter).
Maximum number of Shares that may be held by any Shareholder <sup>2</sup>	Except in circumstances allowed by Agri Fund, no Shareholder and its associates may together hold more than 20% of Agri Fund's Shares following the Offer, being 3.6 million Shares based on the target Offer size.
Minimum and maximum amount of equity to be raised <sup>1</sup>	There is no minimum amount to be raised in order for the Offer to proceed. However, Agri Fund is targeting an Offer size of up to \$18 million. Additional Shares may be issued at the discretion of the Board.

- 1. Assets under management as at 31 December 2022. Includes assets contracted to be settled, cash and other assets.
- 2. Agri Fund reserves the right to amend the minimum and maximum subscription amounts and the maximum number of Shares that may be held.

## Key information summary

#### Section 1

KEY FEATURES	SUMMARY			
Offer open date	22 April 2023*			
Offer close date	29 May 2023*			
Forecast cash distributions	Reporting period ending	31 March 2023	31 March 2025	31 March 2026
	Pre-tax (% cash distribution p.a. on original investment)	6.50%	6.75%	7.00%
	After-tax (% cash distribution p.a. on original investment)	6.50%	6.75%	7.00%
	Cash distributions are paid to investors monthly. These cash distribution rate may vary. Distributions are forecast to be act following Settlement. The increase in distributions over the increases. Distributions may continue to increase, remain the period. In FY27 and beyond, Agri Fund is expected to general would be payable and deducted from investors' gross cash	ocrued from 3 Ju forecast period ne same or decre ate taxable incor	ne 2023, the da does not guara ease following tl	y immediately ntee further he forecast
	Details on how the forecast cash distributions are calculate they are based and the after-tax cash distributions), and the set out in Section 7: "Agri Fund's financial information" and plans". The forecast cash distributions are based on prospe Fund in accordance with Financial Reporting Standard 42: Favailable on the Offer Register.	e risks associate Section 8: "Risk ective financial s	ed with the invest s to Agri Fund's tatements prepa	stment are business and ared by Agri
Underwrite Loan arrangements	The targeted amount being raised under the Offer is underw Limited ( <b>CPIPL</b> ) by way of an underwrite loan. In the event the raised by the Offer close date, any shortfall to the targeted at to Agri Fund (the <b>Underwrite Loan</b> ). Any amount drawn as a the Offer is repayable from the subscription monies receive	hat the targeted amount will be m result of a short	amount of \$18 ret by CPIPL adv fall to the target	million is not ancing a loan ed amount of
	CPIPL will receive an underwrite loan facility fee of \$540,00 be paid interest at a fixed rate of 6.5% per annum on any ou Payments to CPIPL under the Underwrite Loan will not impa	ıtstanding balan	ce of the Under	
	Regardless of the amount raised under the Offer, approxima drawn at Settlement for around two months to enable Agri F receive a GST refund from Inland Revenue for this amount will be used to repay the amount drawn under the Underwri	Fund to pay GST when a GST retur	on Offer costs. A	Agri Fund will
	The total available amount under the Underwrite Loan for th \$18,240,000. The Underwrite Loan has no traditional bankir maturity date, meaning the Underwrite Loan does not create The interest rate is also fixed. The Underwrite Loan would ra Agri Fund if amounts remained outstanding when Agri Fund	ng covenants and e refinance or co ank ahead of Sha	d does not have ovenant risks for	a fixed Agri Fund.
Management	Centuria NZ has been appointed to manage Agri Fund and project management, treasury and financial management, ir services.			
	The key terms of the Management Agreement (including fe	es) were set hav	ing regard to w	hat the

The key terms of the Management Agreement (including fees) were set having regard to what the Manager and Agri Fund considered appropriate and industry benchmarks for property funds.

No management fee is payable in respect of the Initial Property until 3 June 2026. From 3 June 2026, a management fee of 0.35% per annum (plus GST) of the average total asset value of Agri Fund is payable for so long as the Agriculture Portfolio comprises only the Initial Property.

The fees payable to Centuria NZ also include:

- A performance fee of 20% per annum (plus GST) of any shareholder returns above an 8% per annum benchmark, provided any previous underperformance has been recovered. No performance fee is payable in respect of the first performance period, being the period ending 31 March 2024.
- Certain other transaction fees are payable to the Manager as set out in Section 2.8, including an acquisition fee, sale fee, leasing fee and development management fee.

SUMMARY
If the Management Agreement is terminated without cause and Shareholders support that termination by Special Resolution, Agri Fund must pay the Manager a sum equal to 30% of the aggregate of all fees paid to the Manager in the preceding five years before termination. No termination fee is payable where the Management Agreement is terminated in any other scenario.
Details of the Management Agreement are set out in Section 2.8. The Management Agreement is also available on the Offer Register.
The purpose of the Offer is to raise capital which will enable Agri Fund to purchase the Initial Property and pay the Offer costs. If the Initial Property purchase does not settle (which would most likely arise as a result of the Vendor defaulting on its obligations under the Sale and Purchase Agreement), the Offer will be withdrawn and all investor application monies will be returned.
31 March 2024* (if the Offer is not fully subscribed by 29 May 2023, Agri Fund may make the Follow-On Offer).
Offer Shares will be issued on or about 2 June 2023 for all subscriptions received in the Offer Period. Should the Follow-On Offer proceed, Follow-On Offer Shares will be allotted weekly on the Wednesday of each week during the Follow-On Offer Period, and on the Follow-On Offer close date.
If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares, depending on your personal circumstances (including if you acquired the Shares with the intention to sell). You should seek your own tax advice in relation to your Shares.
The Offer is only being made to potential investors in New Zealand and Australia and in any other jurisdiction in which Agri Fund is able to make the Offer without having to prepare a disclosure document or comply with any other formality, at its discretion. Agri Fund reserves the right to decline applications from overseas investors to ensure Agri Fund does not become an overseas person under the Overseas Investment Act 2005.

<sup>\*</sup>These dates are indicative only and may change. In particular, Agri Fund reserves the right to close the Offer and/or the Follow-On Offer at any time prior to that date or extend the Offer Period and/or the Follow-On Offer by up to 25 business days without prior notice. In the event that the closing date for the Offer and/or the Follow-On Offer is changed, the allotment date for Shares subscribed for in the Offer Period or the Follow-On Offer Period may change accordingly.

#### How you can get your money out

CHIMANAADW

The Company does not intend to quote these Shares on a market licenced in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Shares.

## Key information summary

#### Section 1

#### 1.6 **Key drivers of returns**

Agri Fund's directors believe its returns will be driven by the following current and future factors and has the following key strategies and plans for managing those factors:

#### **KEY FACTOR DRIVING RETURN**

#### STRATEGIES AND PLANS TO MANAGE THIS FACTOR

#### Rental income and tenant retention and attraction

Increases in Agri Fund's rental income from the Initial Property will be driven by rent review provisions in the Lease.

As the Agriculture Portfolio grows to include additional properties, increases in Agri Fund's rental income are expected to be driven by a combination of rent review provisions across the Agriculture Portfolio, retention of tenants and re-leasing of any future vacancies to new tenants.

The Agriculture Portfolio is initially comprised of the Initial Property which is leased to the Tenant for an initial lease term of 15 years.

The Lease contains annual rent reviews with a fixed rent increase of 3.5% and a market rent review at year 9 (which has a collar and cap of 90% and 110% respectively). Upon renewal of the Lease the rent is subject to a market rent review (but rent cannot fall below the rent payable as at the expiry of the previous term of the Lease). There is no cap on this market rent review, following which annual 3.5% rental increases continue.

#### Market value of the Agriculture Portfolio

The market value of each property in the Agriculture Portfolio is subject to change as a result of overall market conditions (including prevailing acquisition yields, market rents and sales of other similar properties), as well as property specific factors such as the remaining lease term, tenant covenant, age and quality of the building(s) and income growth prospects of the relevant property.

Agri Fund's strategy for the acquisition of properties (described in Section 2.2) has a focus on assets with strong property fundamentals and strong tenant covenants.

The Agriculture Portfolio will be actively managed by the Board and Centuria NZ in order to maintain or increase property values and achieve growth in rental income.

More information on these key factors and other current and future aspects that will have, or may have, the most impact on the financial performance of Agri Fund as well as the key strategies and plans to manage those factors can be found in Section 2.3.

#### Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about Agri Fund's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares.

Agri Fund considers that the most significant risk factor that could affect the value of the Shares is:

#### Single tenant risk – Tenant failing to meet obligations under Lease

The Tenant leases the entire Initial Property. Accordingly, the Agriculture Portfolio is not initially diversified by geographic location, tenant profile or exposure to different property sectors.

If the Tenant was to suffer significant financial problems, any failure to pay rent or vacancy/re-letting costs could have a material detrimental impact on the ability of:

- · Agri Fund to pay distributions to Shareholders; and
- Shareholders to recoup all of their original investment.

Agri Fund believes that the risk of the Tenant being unable to meet its obligations under the Lease is low, given the Tenant's current and forecast financial standing, historical performance, and market share of the fresh herbs category in New Zealand. The bank quarantee for 12 months' gross rent (plus GST) provides security in relation to payment of rent.

Agri Fund will have no bank debt at Settlement. Assuming no bank debt is subsequently incurred, Agri Fund would have time to work through options in the event of a Tenant default without the added pressure of interest payment obligations and banking covenants to comply with.

The Tenant and the owner of the land will be acquired by Toroa Capital immediately prior to Agri Fund's acquisition of the Initial Property. Accordingly, there is a risk that following Toroa Capital's acquisition there is disruption to the Tenant's business or a decline in business performance which affects the Tenant's ability to perform its obligations under the Lease. Toroa Capital is the investment vehicle for MNF Family Office Limited (MNF). MNF has a proven track-record of acquiring and managing businesses in a diverse range of sectors. Toroa Capital has no intention of making significant changes to the Tenant's current operations.

This summary does not cover all of the risks of investing in the Shares. You should also read Section 8: "Risks to Agri Fund's business and plans".

#### Where you can find Agri Fund's financial information

The financial position and performance of Agri Fund are essential to an assessment of this Offer. You should also read Section 7: "Agri Fund's financial information".

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## Letter from the Chair

## Dear Investor,

#### Opportunity to invest in agricultural property

We are delighted to bring investors the opportunity to invest in Centuria NZ Agricultural Property Fund Limited (Agri Fund). providing exposure to the agricultural property sector along with monthly cash distributions and the potential for capital growth. The agriculture sector makes up the majority of New Zealand's export economy and New Zealand's agriculture properties have performed well over time from a capital growth perspective.

Agri Fund is a limited liability company that has been established as an open ended, unlisted, sector specific property fund to acquire agricultural land and associated assets. Agri Fund intends to grow over time and will invest in strategically selected agriculture related real estate that benefits from strong real estate fundamentals, with a focus on properties with strong tenants and long term income streams. Potential future real estate acquisitions may include glasshouses, orchards, vineyards, forestry, farm land, agriculture logistics facilities, agricultural worker accommodation, rural land with renewable energy generation opportunities and other agriculture related facilities.

Investment in the Offer is available in any amount, with a minimum investment of \$25,000 (and in increments of \$5,000 thereafter). CPIPL has agreed to underwrite the Offer by way of an underwrite loan to Agri Fund which provides assurance to investors that the Offer will proceed.

#### An experienced Board and proven Manager

The independent directors (Allen Bollard and Edward Hanson) have appointed Centuria Funds Management (NZ) Limited (the Manager, Centuria NZ, formerly known as Augusta Funds Management) as the manager of Agri Fund. Centuria NZ manages approximately NZ\$2.64 billion of assets with a strong track record. In 2020, Augusta and the ASX200 listed Centuria Capital Group (one of Australia's largest property fund managers) merged to create a leading Australasian property fund management platform, with approximately A\$21.2 billion of Trans-Tasman assets under management on behalf of investors1 (including commercial, industrial, healthcare and agricultural assets). Centuria Capital has significant agricultural property experience and is Australia's biggest large scale glasshouse asset manager, managing circa 74 hectares "under glass".

Centuria NZ, as the manager, is conservative in its approach with a focus on quality assets with strong long-term fundamentals. At the core of its investment philosophy is providing regular monthly cash distributions and protecting and growing investors' equity. All key investment decisions, including acquisitions and disposals, must be approved by the Board of Agri Fund, which has a majority of independent directors.

#### Initial acquisition of Auckland greenhouses at attractive purchase price, with no bank debt

The Initial Property that Agri Fund will acquire is located at 208 Fordyce Road, Helensville, Auckland (only 45 minutes' drive from Auckland's CBD). It is a 29.7 hectare site on which greenhouse and packhouse facilities operate for growing and processing fresh herbs for both domestic and global

distribution. The main glasshouse features heavy automation, including in the potting, spacing, fertigation, shading, harvesting and cleaning processes.

The economic backdrop has shifted quickly in the past 12 months. The property market has been adjusting to the higher interest rate environment which has led to downward pressure on valuations and increased market uncertainty. In saying this, the Initial Property has been independently valued at \$19.0 million as at 6 March 2023, reflecting these current market conditions. It will be acquired for a purchase price of \$15.8 million, representing a significant discount to valuation and providing the Board with confidence that the Initial Property is being bought at an attractive level in the current environment.

The purchase of the Initial Property and the Offer costs will be funded by this capital raise with no bank debt used, ensuring investors are not exposed to the current volatile interest rate environment and unfavourable bank funding conditions. Any introduction of bank debt, including to fund acquisitions or development works, would be dependent on the interest rate landscape and forecasts, and would only occur where the Board determines it is in the best interest of Agri Fund and its Shareholders, for example through enhancing the return profile for Shareholders or diversifying the Agriculture Portfolio.

#### 15 year Triple Net Lease with rental growth

The Initial Property benefits from a sought after 15 year "Triple Net Lease" to Superb Herb Company Limited (the **Tenant**) with one right of renewal for a further 10 years, taking the final expiry through to 2048. This, in combination with the strong financial standing of the Tenant and built in annual rental growth of 3.5% p.a. provides a long-term and growing income stream.

#### What is a Triple Net Lease?

A Triple Net Lease means that Agri Fund, as the landlord, is insulated from all liability in relation to the Initial Property to the maximum extent permitted by law. For example, any costs of capital expenditure, repair, maintenance and other works whether structural or otherwise are not Agri Fund's responsibility. The Lease stipulates the Tenant is responsible and has the same liabilities in regards to the premises as if the Tenant was the "owner". This is widely considered the most landlord friendly form of lease.

#### Market leading tenant, Superb Herb

The Tenant, Superb Herb, is a well-known New Zealand brand. Based on information provided by the Tenant, it is the nation's largest supplier of potted and cut herbs and produces approximately 115,000 units per week, equating to more than three tonnes across 30 different herb varieties. The Tenant has advised that it has over 50% of the herb business market share in New Zealand, with the Tenant's key customers including Foodstuffs NZ (New World, Pak'n'Save, Four Square), Progressive Enterprises (Countdown, Fresh Choice), My Food Bag and Farro Fresh.

<sup>1.</sup> Assets under management as at 31 December 2022. Includes assets contracted to be settled, cash and other assets.

Based on information provided by the Tenant, and reviewed by the Agri Fund Board, the Agri Fund Board considers that the Tenant currently has strong financial standing sufficient to meet its obligations under the Lease. Further security for performance of the Tenant's obligations is provided through a bank guarantee of 12 months' gross rent (plus GST) and a guarantee from the entity that will be the Tenant's parent company on Settlement, Toroa Capital Limited.1

The Initial Property also provides value-add potential, with significant surplus land and a desire from the Tenant to continue expanding its operations on-site.

#### Real estate is integral to agriculture, one of NZ's most important industries

With regard to the agricultural sector, as described by Chris Farhi, Bayleys Head of Insights, Data and Consulting on page 20:

"Agriculture is one of New Zealand's most important industries with food and fibre export revenue expected to reach a record \$55 billion for the year to June 2023."

"Real estate is integral to agricultural businesses and the nature of these businesses generate strong real estate fundamentals."

"Where agricultural properties are leased (particularly in higher investment sectors like horticulture) the leases are usually long, providing lengthy income streams to investors. The likelihood of retaining tenants at lease expiry is improved (compared to other property sectors) due to the substantial ongoing capital investment by the tenants, alongside the importance of the land and established crops in ensuring the tenant's business has consistent production. Demand from investors for properties with triple net leases is typically strong, and where properties have under-utilised/surplus land, this can provide further valueadd opportunities."

"New Zealand's agriculture properties have performed well over time from a capital growth perspective."

#### Favourable after-tax position for forecast cash distributions

Agri Fund expects there will be no PIE tax payable on forecast cash distributions for the reporting periods ending 31 March 2024, 2025 and 2026 respectively, due primarily to depreciation deductions. Investment in the Offer therefore provides an initial forecast after-tax cash distribution on the amount invested of 6.50% p.a. for FY24, 6.75% p.a. for FY25 and 7.00% p.a. for FY26.2 In other words, investors are expected to receive the full forecast cash distributions for those periods without any New Zealand income tax being payable. We understand the importance of cashflow to our investors so these cash distributions will be paid into your bank account monthly.

The favourable after-tax position is because Agri Fund will register as a PIE (Portfolio Investment Entity) and Agri Fund can claim tax depreciation deductions on all depreciable

property including buildings and landlord owned fixtures and fittings. This benefits investors by reducing the taxable income attributed to investors and reducing the resulting PIE tax liability deducted from distributions, without further action required from investors.

#### Liquidity of Shares - Centuria NZ's secondary market facility

One of the most frequently asked questions the Manager receives in respect of the funds it manages relates to liquidity, specifically, can an investor sell their investment? Agri Fund does not intend to quote these Shares on a market licensed in New Zealand 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 shares. The liquidity of a share is generally related to the performance of the underlying asset including the remaining term of a property's lease(s) and any valuation movement. Liquidity can also be influenced by broader investment and property market sentiment. Since 2014, the Manager has facilitated secondary sale transactions with a total sales value of over \$58 million. Neither the Manager nor Agri Fund is obligated to provide liquidity for Shareholders.

#### Impressive tenant, attractive initial asset

As part of its due diligence, the Board has met with the Tenant on several occasions and inspected the Initial Property. We were impressed by the Tenant and its plans for the future and consider that the Initial Property comprises a sought-after investment opportunity within the agricultural real estate sector. Investments of this calibre with an attractive tenant covenant and 15 year "triple net' lease", providing a long term and growing income stream, attractive acquisition price and after-tax distribution profile, are difficult to find in the current market. We expect very strong interest from investors.

This PDS contains important information about this Offer. We encourage you to read the PDS carefully and consider in particular Section 8: "Risks to Agri Fund's business and plans" before making your investment decision.

We recommend your earliest attention to this investment opportunity and remind you that there is the option to apply online (see page 60) using a secure and easy to complete

Yours sincerely,

**Allen Bollard** Chair, Centuria NZ Agricultural Property Fund Limited

<sup>1.</sup> The Tenant and the entity that currently owns the Initial Property will be acquired by Toroa Capital Limited immediately prior to Agri Fund's acquisition of the Initial Property.

These cash distributions are not guaranteed. The actual distribution rate may vary. Distributions are forecast to be accrued from 3 June 2023, the day immediately following Settlement. The increase in distributions over the forecast period does not guarantee further increases. Distributions may continue to increase, remain the same or decrease following the forecast period. In FY27 and beyond, Agri Fund is expected to generate taxable income, meaning that some PIE tax would be payable and deducted from investors' gross cash distributions. Details on how the forecast cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investment are set out in Section 7: "Agri Fund's financial information" and Section 8: "Risks to Agri Fund's business and plans". The forecast cash distributions are based on prospective financial statements prepared by Agri Fund in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.





#### Section 2

#### 2.1 Overview of Agri Fund

Agri Fund is a limited liability company that has been established to invest directly or indirectly in a portfolio of agricultural real estate located in New Zealand.

Initially, Agri Fund will own one property at 208 Fordyce Road, Helensville, Auckland, further details of which are set out in Section 2.4.

Agri Fund will be managed on a day-to-day basis by Centuria NZ. Centuria NZ currently manages approximately NZ\$2.64 billion of commercial property across New Zealand and Brisbane, Australia. Further details about Centuria NZ are set out in Section 2.7. Agri Fund was incorporated on 24 February 2023 and will only commence trading on allotment of the Shares and acquisition of the Initial Property.

All key investment decisions, including acquisitions and disposals, must be approved by the Board of Agri Fund and the Manager has no ability to act in respect of such matters without Board approval.

#### 2.2 Investment philosophy and strategy

#### Investment philosophy

Agri Fund will own and acquire properties and lease them to tenants who will undertake the on-land agricultural operations and pay rents to Agri Fund. Agri Fund does not intend to take direct agricultural operational risk, though there may be circumstances where Agri Fund invests in operational assets associated with agricultural property.

#### **Investment strategy**

Agri Fund's long term strategic investment objectives are to:

- deliver a sustainable and stable monthly cash distribution in line with Agri Fund's dividend policy as set out in Section 6: "Key features of ordinary shares in Agri Fund";
- preserve and grow the value of the Agriculture Portfolio; and
- invest in a range of agricultural properties over time, providing diversification by property, geographic location, agricultural subsector, and tenant mix.

To achieve its objective, Agri Fund's strategy is to:

- acquire agriculture related real estate throughout New Zealand such as:
  - greenhouses;
  - orchards;
  - vineyards;
  - forestry;
  - farm land;
  - agriculture logistics facilities (e.g. processing, storage, packaging and distribution facilities);
  - agricultural worker accommodation;
  - rural land with renewable energy generation opportunities;
  - rural land with re-zoning potential; and
  - other agriculture related facilities;
- create a portfolio of scale, targeting properties with strong environmental credentials;
- · focus on properties leased to reputable tenants, with strong lease covenants;
- target agricultural properties with strong rental growth and long lease terms, or the ability to convert to long lease terms through active management;
- obtain strategic allocations across geographic location, agricultural subsector and tenant mix; and
- increase asset value and rental income through carefully delivered capital investment and development.

Although not the focus, Agri Fund may also invest in other listed and unlisted agriculture related funds, including those managed by Centuria NZ.

Agri Fund will continue to review its strategy to reflect market conditions and opportunities.

#### Section 2

#### 2.3 Key drivers of Agri Fund's future financial performance

The current and future aspects of Agri Fund's business that will have, or may have, the most impact on the financial performance of Agri Fund are set out below, as well as the key strategies and plans to manage those aspects.

#### **KEY ASPECT OF AGRI FUND'S BUSINESS**

#### STRATEGIES AND PLANS TO MANAGE THIS ASPECT

#### Rental income and tenant retention and attraction

Increases in Agri Fund's rental income from the Initial Property will be driven by rent review provisions in the Lease.

As the Agriculture Portfolio grows to include additional properties, increases in Agri Fund's rental income are expected to be driven by a combination of rent review provisions across the Agriculture Portfolio, retention of tenants and re-leasing of any future vacancies to new tenants.

The Agriculture Portfolio is initially comprised of the Initial Property which is leased to the Tenant for an initial lease term of 15 years, with one right of renewal for a further 10 years, taking the final expiry to 2048.

The Lease contains annual rent reviews with a fixed rent increase of 3.5% and a market rent review at year 9 (which has a collar and cap of 90% and 110% respectively). Upon renewal of the Lease the rent is subject to a market rent review (but rent cannot fall below the rent payable as at the expiry of the previous term of the Lease). There is no cap on this market rent review, following which annual 3.5% rental increases continue.

Where possible, Agri Fund will target agriculture properties for future acquisition with leases which also provide annual rental increases.

A dedicated team from Centuria NZ oversees the management of the Agriculture Portfolio, including engagement with the Tenant. Centuria NZ also has a wide range of relationships across the property industry which it considers will be of assistance in identifying leasing and acquisition opportunities.

#### Market value of the Agriculture Portfolio

The market value of each property in the Agriculture Portfolio is subject to change as a result of overall market conditions (including prevailing acquisition yields, market rents and sales of other similar properties), as well as property specific factors such as the remaining lease term, tenant covenant, age and quality of the building(s) and income growth prospects of the relevant property.

The Initial Property is being acquired for a purchase price of \$15.8 million, which is significantly below the independent valuation of \$19.0 million (as at 6 March 2023).

Agri Fund's strategy for the acquisition of properties (described in Section 2.2) has a focus on assets with strong property fundamentals and strong tenant covenants.

The Agriculture Portfolio will be actively managed by the Board and Centuria NZ in order to maintain or increase property values and achieve growth in rental income.

#### **Triple Net Lease**

As the Lease is a Triple Net Lease, Agri Fund, as landlord, is insulated from all liability in relation to the Initial Property to the maximum extent permitted by law. For example, any costs of capital expenditure, repair, maintenance, and other works whether structural or otherwise are not Agri Fund's responsibility.

Bayleys Property Services will initially be engaged by Agri Fund to monitor the Tenant's obligations under the Lease. The majority of outgoings will be in the Tenant's name and be billed directly by the supplier. The balance will be directly on-charged by Agri Fund to the Tenant.

#### **Future acquisitions**

Portfolio through further agriculture related property purchases. The ability to source value and earnings accretive acquisitions will help to drive future returns.

Agri Fund has a strategy to grow the value of the Agriculture Any future properties will only be purchased if they are expected to maintain or increase current returns to Shareholders, provide diversification benefits, improve the WALT of the Agriculture Portfolio or provide potential capital growth.

> Future acquisitions may create both tenant and property diversification and mitigate material lease expiry risk.

Agri Fund has assumed for the purpose of its PFI that it will not make any future acquisitions in FY24, FY25 and FY26.

#### STRATEGIES AND PLANS TO MANAGE THIS ASPECT

#### **Future developments within the Agriculture Portfolio**

The Initial Property has underutilised land which may provide development opportunities.

Agri Fund will work with the Tenant to facilitate developments at the Initial Property which will enhance the property and increase rental income.

Future acquisitions will be evaluated for re-zoning and development potential to drive capital growth.

Agri Fund has assumed for the purpose of its PFI that it will not undertake any development works in FY24, FY25 and FY26.

#### Tenant performance/covenant

If the Tenant (or a future tenant) were to suffer significant financial problems, any failure to pay rental and outgoings or vacancy related costs could have a material detrimental impact on Agri Fund's ability to pay cash distributions to Shareholders and could impact the market value of the affected property.

Agri Fund actively monitors tenant rental payment performance. The Lease is secured by a bank guarantee of 12 months' gross rent (plus GST) and a parent company guarantee from Toroa Capital.

#### Other expenses

The level of other expenses, including management fees, will affect returns.

Management fees are tied to the valuation of the Agriculture Portfolio and will increase as the total asset value of Agri Fund grows. Management fees in respect of the Initial Property are only payable from 3 June 2026.

The Manager expects to be able to negotiate competitive rates with various suppliers (such as consultants, valuers and lawyers) due to the size of its managed portfolio.



Section 2

#### 2.4 The Initial Property - 208 Fordyce Road, Helensville, Auckland

#### The Initial Property

Agri Fund intends to acquire the Initial Property at 208 Fordyce Road, Helensville, Auckland for a purchase price of \$15.8 million, which is significantly below the independent valuation of \$19.0 million (as at 6 March 2023). The Initial Property will be leased to the Tenant to operate a commercial horticulture herb growing business (Superb Herb). The property is zoned Rural Production and consists of greenhouse and packhouse facilities for growing and processing fresh herbs for both the domestic and global

Agri Fund has completed legal and property specific due diligence for the Initial Property and financial due diligence on the Tenant. The material findings from due diligence are set out in this Section 2.4.

In purchasing the Initial Property, Agri Fund will acquire the full 297,444m<sup>2</sup> (29.7 hectare) land area, the buildings currently on site totalling 37,822m<sup>2</sup> and the key infrastructure required to operate the facility which includes the likes of the heating and cooling equipment, boilers, electrical switchboards, filtration systems and water tanks.

Agri Fund's acquisition of the Initial Property includes:

- nine greenhouses comprising a seeding and growing area of over 35.000m<sup>2</sup>:
- a temperature-controlled packing and sorting warehouse with a loading dock;
- a recently renovated three-bedroom two story villa used as office space for the Tenant;
- a five bay open-front shed with concrete flooring; and
- approximately 1 hectare utilised for outdoor growing of rosemary plants and bay leaf trees.

Around 13 hectares of the 29.7 hectare site is currently utilised for greenhouse areas, reservoirs, external circulation and office areas which are critical to the current operation. That includes around 4 hectares of covered greenhouse facilities. The balance of the site, covering approximately 17 hectares, is effectively surplus to the Tenant's current requirements, providing flexibility to consider development or subdivision potential in the future. The Tenant has advised that it would like to expand the main glasshouse facility (Greenhouse 9) in the future to increase production, which would provide a value-add opportunity for Agri Fund.

#### Greenhouse 9 - a commitment to innovation and sustainability

The newest and largest greenhouse at the Initial Property, Greenhouse 9, is a Dutch glasshouse that was completed in 2020, with over 12,000m<sup>2</sup> under cover. All planting in Greenhouse 9 is heavily automated, from seeding through to spacing in a climate-controlled area, using state-of-the-art technology.

The robotic system automates potting of the plants and the plant spacing stage, where each pot is individually spaced to maximise light and ventilation. The Tenant has advised that the two spacing robots provide capacity to space over 18,000 pots per day (with additional capacity to double this), which in the past had to be done manually.

Irrigation, fertigation and climate are all controlled by central software. Water is fertigated automatically by computercontrolled dosing pumps and is sterilised by a UV system. All water is recirculated, which is designed to ensure water re-use and zero nutrient loss. Greenhouse 9 also features diffused glass and automatic thermal and shade screens, designed to ensure the optimum amount of light and heat at different times of the year.



Once harvest is complete, including the use of a mechanical harvester for cut herb varieties, more automation has been introduced so every table is picked up and taken to the automated cleaning station, before being returned to the seeding area where new seedlings are planted and the process recommences.

The Tenant considers Greenhouse 9 represents its commitment to innovation and sustainability.

#### The location

The Initial Property is situated within the north-western Auckland township of Parakai, Helensville, which is part of the Rodney ward of the Auckland Council and is approximately 50km northwest of Auckland CBD. The surrounding area is characterised by predominantly rural based properties encompassing a combination of lifestyle and farming blocks with a handful of properties utilised as greenhouse and poultry operations.

#### Independent valuation of the Initial Property

The Initial Property has been independently valued by Bayleys Valuations Limited (Bayley Valuations) as at 6 March 2023 in accordance with the current Australia and New Zealand Property Institute Valuation and Property Standards. The valuation was prepared using a capitalisation of income method and discounted cash flow method. The valuation of the Initial Property is set out in the relevant table below.

You can find a copy of the independent valuation report on the Offer Register.

#### Due diligence

Legal due diligence was conducted in relation to the instruments and memorials noted on the title of the Initial Property and the land information memorandum for the Initial Property. In addition, Agri Fund has reviewed a desktop geotechnical and environmental review for the Initial Property as part of its due diligence. Agri Fund is not aware of any material issues arising from such due diligence inquiries beyond what is set out in Section 8: "Risks to Agri Fund's business and plans".

#### **Transaction structure**

Toroa Capital does not currently own the Initial Property but is acquiring the Superb Herb business and assets (including the Initial Property) by purchasing 100% of the shares in Superb Herb Company Limited (the **Tenant**) and Abatal Limited (a related company of the Tenant and the current owner of the Initial Property) (the Business Purchase). The Business Purchase settles on 2 June 2023 and, immediately following this, Toroa Capital will transfer, or will procure that Abatal Limited as the current owner will transfer, the Initial Property to Agri Fund and the Tenant will enter into the Lease. The purchase of the Initial Property by Agri Fund is therefore effectively a sale and leaseback.

Toroa Capital is the investment vehicle for MNF Family Office Limited (MNF). MNF has a proven track-record of acquiring and managing businesses in a diverse range of sectors. Examples of previous investments include Kiwi Crunch Group (orchards, pack houses and pipfruit exports), Harvey Furnishings and Millers (curtain and blind manufacturers and retailers), Claymark (sawmills and lumber distribution), RHT Holdings (forestry) and Strong Brothers (automotive parts). Toroa Capital has no intention to make significant changes to the Tenant's current operations but has identified several potential avenues for growth in the future. Toroa Capital intends to retain the Tenant's key staff going forward.



## Section 2

#### **Key metrics of the Initial Property**

Purchase price	\$15,811,000 plus GST (if any)
Current independent valuation	\$19,000,000
	An independent valuation of the Initial Property has been provided by Carl Waalkens of Bayleys Valuations Limited as at 6 March 2023 in accordance with current Australia and New Zealand Valuation and Property Standards. The valuation was prepared using a capitalisation of net income approach and discounted cash flow approach. The valuation report is available upon request.
Lease term as at Settlement	15 years
Occupancy	100%
Land area	~297,444 m²
	Includes surplus land of $\sim$ 16,700 m <sup>2</sup> currently subleased to a local dairy farmer for dry stock grazing. This surplus land provides long term site flexibility and expansion potential for the Tenant.
Gross lettable floor area	~37,822 m²
Passing rental	\$1,240,000 plus GST per annum
Rental yield on purchase price	7.84%
Water management	The site's water supply is primarily from rainwater, collected from the greenhouse roofs and stored in a network of five lined in-ground storage reservoirs. The total storage volume is 30,600m <sup>3</sup> . In addition to the reservoirs there is an on site bore with a 100,000L consent.
	The Tenant has advised that the current water infrastructure on site is sufficient for both the current operations and future site expansion. The Initial Property is fully self-sufficient in terms of its water use as a result of the water reservoirs and bore, with no Council mains water used.

#### **Sale and Purchase Agreement**

Agri Fund and Toroa Capital have entered into a Sale and Purchase Agreement that is now unconditional which contains the terms on which Agri Fund will acquire the Initial Property (the Sale and Purchase Agreement).

The key features of the Sale and Purchase Agreement are set out below.

Vendor	Toroa Capital
Guarantors	Wade Steven Glass, Paul Grant Southam, Harvey Furnishings Limited, Spectre Holdings Limited, Axe Capital Trustee 2019 Limited (as trustee of the Axe Capital Trust) and Spectre Trustees Limited (as trustee of the Spectre Trust)
Consideration	\$15,811,000 plus GST (if any)
Settlement	2 June 2023
Code Compliance Certificates (CCC)	Toroa Capital is under an obligation in relation to an outstanding CCC to:  obtain the CCC;  obtain a certificate of acceptance (if a CCC cannot be obtained); or
	<ul> <li>provide evidence that the requirement of a CCC is redundant (because, for example, the relevant building consent was never implemented, or the works have since been demolished or replaced).</li> </ul>
	In the event Toroa Capital is unable to satisfy the above criteria in respect of the outstanding CCC within 12 months of Settlement, then Agri Fund can draw down from the \$50,000 retained from the purchase price in order to fund the cost of obtaining a CCC.
	The outstanding CCC does not pose an issue for insurance purposes.

#### Vendor warranties

In addition to the standard warranties in the Auckland District Law Society template sale and purchase agreement general terms and conditions, the Vendor gives a warranty to the Purchaser that at settlement:

- the Vendor has acquired all the shares in Abatal Limited and Superb Herb Limited under an acquisition agreement (the Acquisition Agreement); and
- all the information provided by the Vendor to Agri Fund in connection with the above companies (including the financial standing of those companies) remains true and accurate.

Agri Fund is under no obligation to settle unless the Vendor provides evidence satisfactory to Agri Fund (acting reasonably) confirming the above. Agri Fund will not be proceeding with its acquisition of the Initial Property if Toroa Capital does not acquire the shares in the Tenant. If Settlement does not occur (which would most likely arise as a result of the Vendor defaulting on its obligations under the Sale and Purchase Agreement), the Offer will be withdrawn and all investor application monies will be returned.

#### The Tenant

Based on information provided by the Tenant, Superb Herb is the largest producer of potted and cut herbs in New Zealand, with a market share of 53%. It currently produces approximately 115,000 units per week, equating to 3+ tonnes, across more than 30 different herb varieties. Around 63% of the Tenant's trade is direct to Foodstuffs NZ (New World, Pak 'n Save, Four Square) and Progressive Enterprises (Countdown, Fresh Choice), with the balance to the likes of My Food Bag and Farro Fresh.

The Superb Herb business was launched in 2001, initially in Henderson Valley, before expanding operations to the current site at the Initial Property in 2013. Over time, the Tenant has developed a track record of improving the operational performance of the facilities, including through construction of Greenhouse 9 and its related automation systems.

Based on information provided by the Tenant and Toroa Capital and reviewed by Agri Fund, Agri Fund considers that the Tenant currently has strong financial standing sufficient to meet its obligations under the Lease.

#### The Tenant's commitment to sustainability

The Tenant has highlighted its commitment to sustainability. A multivac thermoformer machine was purchased in 2015, enabling packaging for pre-cut herbs to be made with recycled and recyclable PET1. The Tenant has advised that all pots in the cut growing operation are sterilised and re-used, and cleaning and sterilisation systems use eco-friendly and sustainable products.

The Tenant has advised that the Initial Property is also fully self-sufficient in water through the use of water reservoirs, with no Council mains water used. Water is continuously recycled and filtered, including through a reverse-osmosis water treatment plant. All hydroponic systems recycle the nutrient water – designed to ensure no fertiliser nutrients are lost to the environment, which is in contrast to outdoor growing where fertiliser on soil is leached into waterways and aquifers.



#### Section 2

#### Key lease terms

The Lease is a "Triple Net Lease". This means Agri Fund, as the landlord, is insulated from all liability in relation to property related costs and expenditure on the Initial Property to the maximum extent permitted by law. For example, any costs of capital expenditure, repair, maintenance, and other works whether structural or otherwise are not Agri Fund's responsibility. The Lease stipulates the Tenant is responsible and has the same liabilities in regards to the premises as if the Tenant was the "owner". This is widely considered the most landlord friendly form of lease.

Tenant	Superb Herb Company Limited
Guarantor	Toroa Capital (parent company of the Tenant)
Bank guarantee	The Tenant will be obliged to provide a bank guarantee for an initial amount of 12 months' gross rent (plus GST). The Tenant is obliged to top up the bank guarantee if Agri Fund draws down on the bank guarantee (as a result of Tenant default under the Lease) or following any rent review date so that the undrawn amount always remains equivalent to 12 months' gross rent (plus GST).
Term	15 years
Commencement date	Settlement – 2 June 2023
Tenant rights of renewal	One right of renewal of 10 years
Initial annual rent	\$1,240,000 (plus GST)
Permitted use	Commercial horticulture growing and grazing
Rent review provisions	On each anniversary of the commencement date (excluding any market rent review date) the rent will be subject to a fixed rent increase of 3.5% of the rent payable at the date immediately preceding the relevant rent review date.
	On the 9th anniversary and, if renewed, the 20th anniversary of the commencement date, the annual rent will be subject to a market review, with the annual rent payable following a market review subject to a collar and cap of 90% and 110% respectively of the annual rent payable immediately before that rent review date.
	Upon renewal of the Lease the rent is subject to a market rent review (but rent cannot fall below the rent payable as at the expiry of the previous term of the Lease). There is no cap on this market rent review, following which annual 3.5% rental increases continue except on the 20th anniversary of the commencement date, where there shall be a market rent review with a collar and cap, as noted above).
Outgoings	Agri Fund may recover all outgoings (being the total amounts payable by the Landlord in connection with the ownership, operation, management and administration of the property).
Repairs and maintenance	Agri Fund has no liability for repairs and maintenance.
	The Tenant must keep the premises in good repair and condition having regard to the condition of the premises as set out in a technical due diligence report and reasonable wear and tear.
	This obligation expressly includes structural and capital works as well as capital repairs and replacement of Agri Fund's property.
Alterations	The Tenant at its cost may carry out certain works to the premises without Agri Fund's approval except to the extent that any proposed works alter the structure or external appearance of the premises or any services.
Make good	The Tenant must complete all make good works upon the expiry or earlier termination of the Lease subject to Agri Fund advising otherwise.

Contamination	The Tenant must not knowingly contaminate the premises during the term.
	The Tenant must ensure that any contamination of the premises is promptly remediated to a standard suitable for rural land in accordance with the environmental laws.
	The Tenant releases and indemnifies Agri Fund from and against all claims and liabilities arising from any contamination in, on, under or emanating from, or which may have emanated from, the land, regardless of when the contamination may have occurred or emanated from the premises.
	The Tenant is responsible for all costs incurred or otherwise arising from these obligations.
Seismic	The Tenant will carry out seismic or structural upgrade works that may be required by any authority during the term of the lease (but only within the timeframe required by that authority). Note that no seismic or structural upgrade works are currently contemplated.
Tenant insurance	The Tenant (and not Agri Fund) is responsible for insuring the premises against damage or destruction as well as for 24 months' loss of rent and outgoings. The premises must be insured on a full replacement cost basis to the full reinstatement value. Agri Fund must be noted as an "additional insured" party and Agri Fund's financier (if any) must be noted as an "interested party" in the insurance policy.
Damage or destruction	If the premises are destroyed or substantially damaged so that the Tenant cannot access, occupy or use the premises or a substantial part of the premises, then:
	• Agri Fund has the option to terminate the Lease on one month's notice or reinstate; and
	<ul> <li>The Tenant is entitled to abate the payment of rent and outgoings by a fair proportion following damage or destruction for the period beginning on the day the damage or destruction occurs and ending on the day the Lease is terminated or the day the reinstatement works are completed. Such abatement is capped at 12 months' rent and outgoings.</li> </ul>
	The Tenant has a very limited ability to terminate on the grounds of damage/destruction. Either party can terminate if the Landlord has not obtained all the required approvals for reinstatement within 24 months or achieved practical completion within 48 months (note that Agri Fund can extend the date to achieve practical completion up to a maximum of 12 months by giving written notice to the Tenant if delays are caused by factors outside the reasonable control of the Landlord).
	The Tenant cannot terminate the Lease or reduce payments if the damage is substantially caused by, or the rights under an insurance policy in connection with the premises is prejudiced, cancelled, or a claim refused because of the negligence or default of the Tenant.
Assignment or change of control	The Tenant generally requires Agri Fund's consent to any assignment or change in control, not to be unreasonably withheld where certain circumstances exist that, broadly, result in Agri Fund's position as landlord not being adversely affected as a result.
	In the event of an assignment of the Lease to an assignee that is not a related company of the Tenant (and subject to Agri Fund receiving satisfactory replacement security) the Guarantor will be released from liability under the Lease (save for any antecedent liability accruing prior to the date of release).
Termination	Agri Fund may terminate the Lease immediately (subject to any notice periods required by law) if the Tenant:
	• is subject to an insolvency event;
	fails to maintain any insurance required;
	<ul> <li>fails to cure a financial default (being a failure to pay an amount that is due and payable in accordance with the Lease) within 21 days of receipt of notice from Agri Fund; or</li> </ul>
	<ul> <li>commits a (non-financial) default and the default is not cured within 30 days of receipt of notice from Agri Fund.</li> </ul>

#### Section 2

#### 2.5 The agriculture property market

Chris Farhi, Bayleys Head of Insights, Data and Consulting, has provided the following commentary on the performance of the New Zealand agriculture property market.

#### **Key points**



Agriculture is one of New Zealand's most important industries.



Real estate is integral to agricultural businesses.



New Zealand's agriculture properties have performed well over time from a capital growth perspective.

#### What is agriculture?

Agriculture is one of New Zealand's most important industries with food and fibre export revenue expected to reach a record \$55 billion for the year to June 2023.<sup>1</sup>

Major agricultural sectors in New Zealand include2:

- Sheep and beef (approximately 44% of farms)
- Dairy farms (approximately 21% of farms)
- · Horticulture and orchards (approximately 15% of farms)

The Initial Property would be classed as horticultural property.

#### **Agricultural sector**

Over recent years the agricultural sector in New Zealand has benefited from strong commodity markets – underpinned by global trends including geopolitical uncertainty and rising demand globally.

Domestically, supply chain disruptions have highlighted the essential nature of access to food, with COVID-19 and geopolitical uncertainty impacting some overseas markets and turning attention to local operations.

During 2023 the government published consultation documentation on the future of New Zealand's food sector<sup>3</sup>. This noted:

- New Zealand is a highly efficient exporter of primary food products.
- Demand for New Zealand's existing product mix will likely increase amidst growing global commodity demand arising from population and wealth growth, and climate disruptions to worldwide food growing systems.

Internationally, the global middle class population is expected to grow from 3.8 billion in 2020 to 5.4 billion by 2030<sup>4</sup>. The associated growth in disposable incomes and changes in dietary preferences is expected to drive demand for high-quality New Zealand agricultural products. New Zealand's strong trade relationships in many of these markets, supported by free trade agreements, will continue to support the growth of New Zealand's agricultural markets.

#### Horticulture sector

Horticulture is the branch of agriculture that deals with plant cultivation.

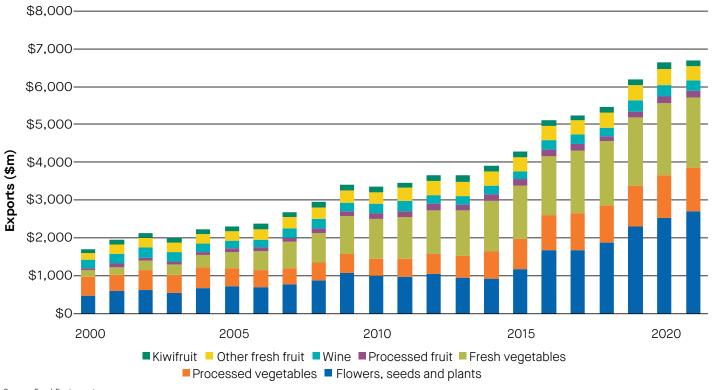
Horticulture New Zealand reports that around 80,000 hectares of land are used for horticulture (excluding grape/wine production)<sup>5</sup>. The major crops for New Zealand's horticulture export sector are kiwifruit, grapes/wine, and other fresh fruit (mainly apples and avocado). New Zealand's horticulture industry benefits from its reputation for high quality and safe food, combined with excellent growing systems and innovative products.<sup>6</sup>

New Zealand's horticulture exports during 2021 were a record \$6.68 billion across 127 countries. Total export and domestic produce reached a new high in 2021, exceeding \$10.2 billion.<sup>7</sup>

Alongside exports, domestic demand has been resilient in recent years. Reflecting this, prices in New Zealand for fruit and vegetables have shown sustained growth in recent years. For the 12 months to February 2023, fruit and vegetable prices increased by 23 percent<sup>8</sup>.

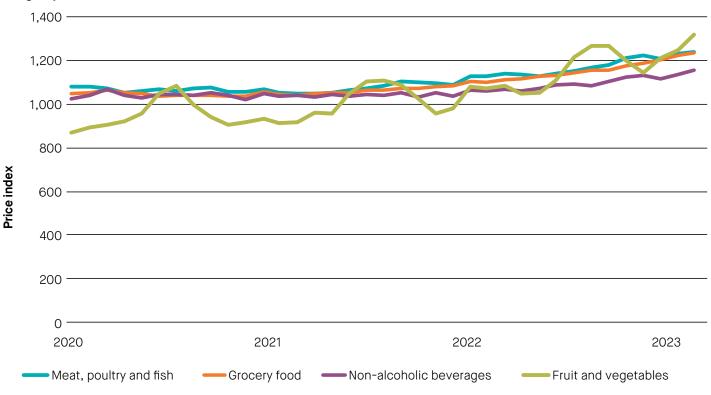
- Ministry for Primary Industries. Situation and outlook for primary industries (December 2022). https://www.mpi.govt.nz/dmsdocument/54517-Situation-and-Outlook-for-Primary-Industries-SOPI-December-2022
- 2. Environment foundation NZ. Environment Guide Agriculture. https://www.environmentguide.org.nz/activities/agriculture/
- 3. https://www.mpi.govt.nz/consultations/exploring-demand-opportunities-in-2050-for-aotearoa-new-zealands-food-sector/
- 4. NZ Ministry for Primary Industries (November 2019). Global Middle Class 2030.
- 5. Horticulture New Zealand Annual Report (2022). https://www.hortnz.co.nz/assets/About-Us/Corporate-documents/HOR-4364-Annual-Report-2022\_P11\_v02.pdf
- 6. FreshFacts. New Zealand horticultural exports (2021). https://www.freshfacts.co.nz/files/freshfacts-2021.pdf
- 7. FreshFacts. New Zealand horticultural exports (2021). https://www.freshfacts.co.nz/files/freshfacts-2021.pdf
- 8. Statistics NZ Food Price Index. https://www.stats.govt.nz/news/12-percent-annual-increase-in-food-prices-highest-since-september-1989/

#### New Zealand's horticulture exports over time



Source: FreshFacts.govt.nz

#### **Subgroups within New Zealand's Food Price Index**



Source: Statistics NZ

#### Section 2

#### Agricultural real estate

Agricultural real estate is the real estate on which the agriculture sector operates.

Real estate is integral to agricultural businesses and the nature of these businesses generate strong real estate fundamentals.

Agricultural properties usually comprise large freehold land holdings. Sometimes agricultural properties are subject to leases to operators. Where agricultural properties are leased (particularly in higher investment sectors like horticulture) the leases are usually long, providing lengthy income streams to investors. The likelihood of retaining tenants at lease expiry is improved (compared to other property sectors) due to the substantial ongoing capital investment by the tenants, alongside the importance of the land and established crops in ensuring the tenant's business has consistent production. Demand from investors for properties with triple net leases is typically strong, and where properties have under-utilised/surplus land, this can provide further value-add opportunities.

#### Protecting the supply of highly productive land

Over the longer-term, properties located near expanding cities/towns in sought after regions may benefit from urban sprawl leading to opportunities for rezoning to potentially higher-value alternative uses such as residential or industrial.

Government statistics indicate that over the past 20 years, 35,000 hectares of highly productive agricultural land has been converted into urban or rural residential development, with a further 170,000 hectares converted to lifestyle blocks<sup>1</sup>.

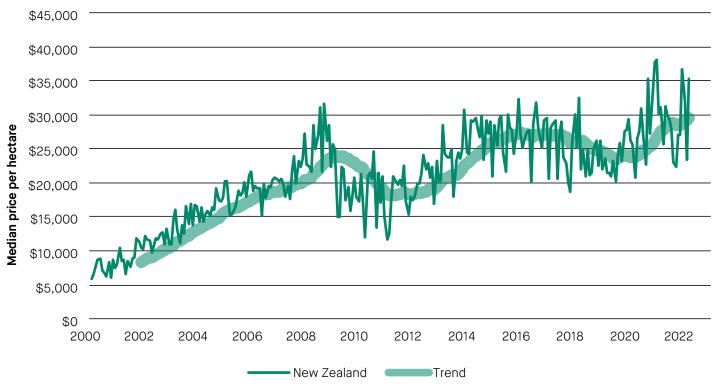
Whilst rezoning can offer substantial returns for owners, change of use reduces the supply of land that can be used to grow food and fibre. During 2022 the government introduced the National Policy Statement on Highly Productive Land to help protect the supply of highly productive land<sup>1</sup>. These controls are mainly relevant for properties near the edge of urban areas (for example, rural land on the outskirts of Pukekohe in Auckland).

#### Property value growth for agriculture properties

New Zealand's agriculture properties have performed well over time from a capital growth perspective.

The sub-sector of horticulture properties has also performed well, noting there is a reasonably wide variation in pricing metrics depending on the specific type of crop being produced. For example, the price per hectare for kiwifruit orchards and vineyards is often substantially higher than other crops – reflecting both the demand for the products and the level of investment required to establish and operate the crops.

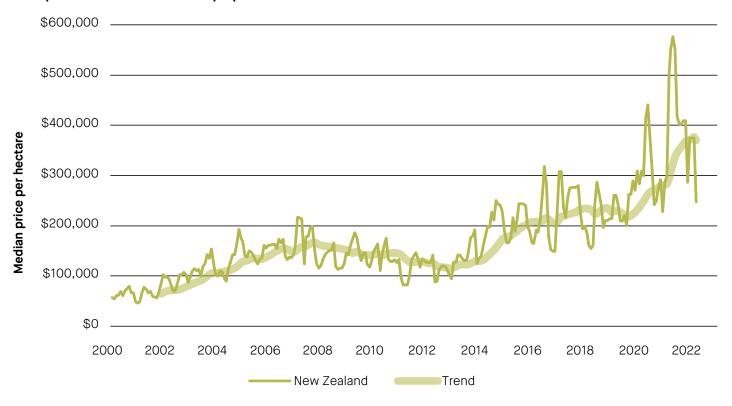
#### Price per hectare for rural properties (excluding lifestyle properties) over time: New Zealand



Source: REINZ

<sup>1.</sup> https://www.beehive.govt.nz/release/government-enhances-protection-our-most-productive-land-%C2%A0

#### Price per hectare for horticulture properties over time: New Zealand



 $Source: REINZ, quarterly \ median; smaller \ number \ of sales \ means \ the \ median \ statistics \ have \ some \ volatility$ 



#### Section 2

#### 2.6 Directors of Agri Fund

Agri Fund is overseen by a board of directors that is led by Allen Bollard as Chair. The members of the Board are:



**Allen Bollard** 

BCom (Fin) (Commercial law)

Allen Bollard has a long background in accounting, business analysis, risk management, tax, and finance, mostly in property and construction.

Starting as a partner in a major accounting firm, he was then CFO for three listed property companies and for ten years was CEO/CFO of Tramco Group, which managed and financed several large privately held leasehold land owning partnerships including Viaduct Harbour Holdings, Tram Lease, Quay Lease, Kiwi Forests, Wairakei Pastoral and Calland Properties Ltd.

He was closely associated with the acquisition of the Fletcher forests in the Central North Island by Kiwi Forests Group, the conversion of 24,000 ha of forest to farmland and the establishment and management of large scale forest and pastoral leases by Wairakei Pastoral.

He is now an independent business and finance consultant and Director/Trustee. He is an independent trustee for the Tramco associated Wyborn and Green families.

He is the Government approved independent director of Tamaki Makaurau Community Housing Joint Venture and a director of Asset Plus Limited. He was for 15 years until recently Chair of the Odyssey House Board of Trustees.



**Edward Hanson** 

BCom(Hons) (Fin)

Edward Hanson has over 25 years investment banking, corporate finance and fund management experience with a focus on property and private equity.

Edward worked for Babcock & Brown in London from 1997 to 2009. Following this he was CEO of Global Partners Fund, a London based private equity fund. He has acted as board member of a number of companies and helped manage the exit process of these investments.

Edward has raised and managed a number of other property and private equity investment funds over the last 15 years. Since 2014 he has also been a director of Corviglia Capital Limited, a private investment business, which finances property developers in London. In 2020 Edward returned to live in New Zealand.

Edward holds a Bachelor of Commerce (Hons in Finance) from the University of Auckland.



Mark Francis
BCom (Fin)

Mark is the CEO of Centuria NZ. Mark has a Bachelor of Commerce in Finance from the University of Otago and has 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 Centuria NZ (previously named Augusta Funds Management Limited) in 2003.

#### 2.7 The Manager

Agri Fund is managed by Centuria NZ. The Manager is a wholly-owned subsidiary of Centuria Capital Group, an ASX200 listed specialist investment management company with approximately A\$21.2 billion of assets under management (including the Manager's assets under management) including properties across the commercial, industrial, healthcare and agriculture sectors. Centuria Capital has significant agricultural property experience and is Australia's biggest large-scale glasshouse asset manager, managing circa 74 hectares "under glass". Centuria NZ has assets under management of approximately NZ\$2.64 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. The Manager has an experienced New Zealand based management team who provide a wide range of management services including asset management, development and project management, treasury and financial management, and legal and compliance services.

The key personnel of the Manager collectively have considerable property expertise with experience in property development, facilities, asset management, property investment, business administration, accounting and banking. Further detail on the experience and background of these people is set out below.

1. Assets under management as at 31 December 2022. Includes assets contracted to be settled, cash and other assets.

#### Key personnel of the Manager

The key personnel of the Manager who will be responsible for the management of Agri Fund and will report to the Board of Agri Fund are:



#### Kelvin McKeown

BCom (Finance), PGDipCom (Economics) and MBus (Finance)

Kelvin is the Agricultural Investment Advisor for Agri Fund. He is responsible for providing agriculture related advice on transactional activity and assisting with the strategic management of the Agriculture Portfolio.

Kelvin oversees Centuria Capital Group's three existing Australian agricultural property funds, including 14 properties ranging from fruit, nut and citrus orchards, to vineyards and glasshouses. Having grown up on a multi generation sheep farm in Southland, Kelvin has been involved in agriculture his entire life, providing him with a broad and sound knowledge borne from practical experience. Before joining Centuria, Kelvin worked at Macquarie Group for 14 years where he managed their unlisted agriculture funds that owned and operated large scale horticulture, viticulture and forestry assets. Responsible for the operations, performance and strategy of these assets his core capabilities extend to acquisitions and divestment, budgeting, the development and implementation of capex programmes, insurance placements and claims along with health and safety.



#### Ben Harding

BCom (Finance) and MA (Property Valuation and Law), MRICS

Ben is Centuria NZ's Head of Asset Management, responsible for overseeing asset management and tenant engagement for all assets managed by Centuria NZ, including Agri Fund.

Ben has a Masters in Property Valuation and Law from London City University and is a qualified member of the RICS and REAA. Immediately prior to joining Centuria NZ in 2018, Ben worked for Stride Property where he was responsible for the strategic asset management of its office property portfolio.



John Chandler

BCom (Marketing)/BProp

John is a Senior Asset Manager at Centuria NZ, responsible for the asset management of the Initial Property and engagement with the Tenant.

John joined Centuria in June 2020. Prior to this, John spent 6 years with BP New Zealand as Development Manager overseeing their property portfolio and delivering new BP Connect sites across the country. Before BP, John held various property focused roles in New Zealand, Australia and the UK. John is a Senior Asset Manager at Centuria NZ and manages a nationwide portfolio ensuring optimum performance of the properties and communicating that with investors.



#### Mark Madigan

BCom (Accounting and Marketing)/BCom (Hons) (Accounting), Chartered Accountant

Mark is Financial Controller at Centuria NZ. Mark is responsible for financial reporting, tax and treasury management, including in respect of Agri Fund.

Mark joined Centuria NZ 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.



#### Joel Lindsey

BProp (Real Estate)/BA (Geography)

Joel is Head of Funds Management and provides strategic oversight of the Agriculture Portfolio and transactional activity, including oversight of due diligence for acquisitions.

Prior to his return to New Zealand in 2014, Joel worked at Aviva Investors in the UK 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 & Pensions real estate investment portfolio. On his return to New Zealand, Joel has worked at Panuku Development Auckland and was the Head of Business Development and Project Director. Joel joined Centuria NZ in 2018.



#### Simon Woollams

BCom (Accounting), Chartered Accountant

Simon is Chief Operating Officer and oversees all operations of the Manager. In respect of Agri Fund, this includes oversight of financial performance and any capital management initiatives.

Simon joined Centuria NZ in 2007 and was most recently the Chief Financial Officer until 2021. 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.

#### Section 2

#### 2.8 Summary of the Management Agreement

The key terms of the Management Agreement (including fees) have been set having regard to what the Manager and Agri Fund consider appropriate and industry benchmarks for property funds. The key terms of the Management Agreement between Agri Fund and the Manager are:

Manager	Centuria Funds Management (NZ) Limited
Term	The term of the Management Agreement runs until Agri Fund is removed from the Register of Companies in accordance with the Companies Act 1993 and Agri Fund's constitution, unless terminated earlier as set out below.
Termination	The Management Agreement will be able to be terminated in the following situations:
	<ul> <li>Agri Fund may terminate the agreement without cause or reason provided that six months' notice is given to the Manager and the termination is approved by a Special Resolution of Shareholders (which the Manager and its related parties cannot vote on).</li> </ul>
	<ul> <li>The Manager may terminate the Management Agreement if it gives Agri Fund not less than 6 months' notice that it wishes to terminate the agreement.</li> </ul>
	The Management Agreement will automatically terminate on the occurrence of certain events, for

example if the Manager or Agri Fund becomes insolvent. · Agri Fund may terminate the Management Agreement if the Manager is in material breach of the

agreement and the Manager fails to cure that breach within 30 business days of notification of the breach, provided that the termination is approved by a Special Resolution of Shareholders (which the Manager and its related parties cannot vote on).

If the Management Agreement is terminated by Agri Fund without cause and by a Special Resolution of Shareholders, Agri Fund must pay the Manager a sum equal to 30% of the aggregate of all fees paid to the Manager by Agri Fund in the preceding 5 years before termination (plus GST). No termination fee is payable where the Management Agreement is terminated in any other scenario.

#### Management duties

#### Investment management duties

- · Maximise the value of Shareholders' investment in Agri Fund through acquisition, development and sale of properties, as approved by the Board;
- · Identify properties to be acquired by Agri Fund to maximise the value of Agri Fund and present such properties to the Board for their consideration and approval;
- · Prepare individual development and divestment proposals in respect of the Properties for approval by the Board and make recommendations to the Board in respect of such proposals;
- Manage the development and divestment of properties in the Agriculture Portfolio as approved by the
- · Prepare finance proposals in respect of Agri Fund's funding arrangements for approval by the Board and make recommendations to the Board in respect of such proposals; and
- Otherwise arrange, oversee and monitor Agri Fund's funding and banking facilities (if any) and manage the financial affairs of Agri Fund in line with the overall strategies as determined by the Board.

#### Asset management duties

- Ensure the collection of rents and payment of outgoings;
- · Enforce the tenant's compliance with the terms of their Lease and adherence with any building rules and regulations imposed by a statutory authority;
- Negotiate rent reviews/assignment/sub-leases;
- Ensure legal compliance, including with building and health & safety laws;
- Ensure leases, renewals, variations and rent reviews are completed and documented; and
- Regularly inspect and report on the Agriculture Portfolio.

#### Administrative management

- Ensure compliance with laws;
- Provide company secretarial services, including maintaining statutory records and Board minute taking;
- · Maintain accounting and tax records;
- Arrange payment of dividends or distributions declared by the Board to the Shareholders;
- Prepare annual financial statements and liaise with external auditor;
- Prepare the annual report to Shareholders;

#### Management duties cont'd

- Prepare and file all tax returns (GST, PIE, income tax);
- · Arrange annual valuations of the Agriculture Portfolio;
- Report to Shareholders on Agri Fund's performance;
- · Respond to all investor queries; and
- Arrange annual Shareholders' meetings.

Bayleys Property Services Limited will be appointed by Agri Fund to provide day to day property and facilities management services.

#### Sub-contracting/ assignment

The Manager's obligations may be sub-contracted but the Manager remains liable for those obligations. Where the Manager proposes to obtain services from a sub-contractor in respect of which the gross cost of those services in any year is likely to exceed an amount equal to 1% of the total asset value of Agri Fund calculated in accordance with GAAP at the relevant time, the Manager must obtain the prior written consent of the Board.

Assignment of the parties' rights and obligations is permitted with the prior written consent of the other party, which is not to be unreasonably withheld.

#### Limitation of liability

To the fullest extent permitted by law, the Manager will not be liable for:

- any reduction in the amount of the distributions paid by Agri Fund; or
- any loss in value of Agri Fund or reduction in Agri Fund's Share price,

unless such loss is a direct result of the Manager materially breaching its obligations under the Management Agreement.

#### Management fee

From the date of the Management Agreement to the date of the third anniversary of the day the Initial Property is acquired, there will be no management fee payable in respect of the Initial Property (though a management fee will apply for any additional properties that are acquired during that period). Thereafter, the Manager shall be entitled to charge an annual management fee equal to:

 0.35% per annum (plus GST) of the average month-end total asset value of Agri Fund for so long as the Agriculture Portfolio comprises only the Initial Property, increasing to 0.50% per annum (plus GST) from 2 June 2038.

If additional properties to the Initial Property are acquired the Manager shall be entitled to charge an annual management fee equal to:

- from 2 June 2026, 0.35% per annum (plus GST) of the average month-end asset value of the Initial Property, increasing to 0.50% per annum (plus GST) from 2 June 2038; plus
- 0.50% per annum (plus GST) of the average month-end total asset value of Agri Fund (excluding the Initial Property) up to \$0.5 billion of assets under management and 0.40% per annum (plus GST) of the average month-end total asset value of Agri Fund (excluding the Initial Property) above \$0.5 billion.

The management fee will be calculated and paid monthly in arrears, by the 20th Business Day of the following month. Asset values will be determined under GAAP.

When the management fee becomes payable from 2 June 2026, if the Initial Property is the only property owned by Agri Fund at that time, the fee for FY27 will be approximately \$55,000, which is largely offset by incremental rental growth in FY27 of \$46,220.

#### **Property** management fee

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 Property. Any reasonable property management fees will be recoverable from the Tenant.

#### Performance fee

- A performance fee is paid to the Manager as an incentive to maximise total Shareholder returns.
- The Manager shall be entitled to a performance fee of 20% (plus GST) of the portion of annual outperformance by Agri Fund above a benchmark of 8% per annum. The performance fee is calculated based on the increase in NTA plus distributions paid to Shareholders in a period, less any capital raised and any deficit brought forward. The calculation is after management fees and expenses but before performance fees.
- If Agri Fund underperforms the benchmark, that deficit will be carried forward to the calculation of the performance fee for the following performance period.
- The Manager is entitled to receive the performance fee monthly in arrears by the 20th Business Day of the month following the last day of each performance period.

#### Section 2

## Performance fee cont'd

- The accrued performance fee will, in the Manager's discretion, be paid to the Manager in cash or may be
  deferred and be paid on a subsequent date on which Agri Fund has sufficient capital reserves to pay the
  accrued performance fee in cash to the Manager. The performance fee may be paid in shares if agreed
  by the Manager and Agri Fund.
- No performance fee is payable in respect of the first performance period being the period ending 31 March 2024.

An example illustrating the calculation of the performance fee is set out on page 29.

#### Transaction fees

The Manager is entitled to be paid the following transaction fees:

Acquisition fee	2.0% of purchase price, excluding for the acquisition of the Initial Property.
Sale fee	1.0% of the gross sale price.
Leasing fee	One-off fee of between 5% and 15% of annual gross rental for each new lease arranged or right of renewal exercised depending on the term of the lease and whether a third party or real estate agent is involved in the negotiation.
Renewals or extensions	If the Manager negotiates an extension or exercise of any renewal right, 5% of annual rent plus 1.5% of annual rent for each year that the extension or renewal exceeds the date that is five years from the contracted expiry of lease (including any renewal), capped at 15%.
Rent review fee	10% of an increase in annual gross rent for any negotiated increase in annual rent (excluding CPI and fixed review uplifts).
Financing fee	If debt financing is arranged, 0.1% of the total loan facility amount financed, refinanced or extended. This fee is not payable if the facility is extended or refinanced with existing lenders on existing terms, save for amendments to interest rate margins, fees and the expiry date.
Development management fee	3.5% of the total costs of any development, project or other work of a capital nature where the cost of those works exceeds \$50,000 (excluding GST).

All transaction fees are plus GST (if any).

#### Wind-up fee

The Manager shall be entitled to a wind-up fee of 1% (plus GST) of the sale price of the Agriculture Portfolio.



#### Example of calculation of performance fee

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

The example performance fee calculation includes the following assumptions for a hypothetical twelve-month period.

Benchmark rate	8%
Performance period assumptions:	
Opening NTA	\$19,000,000
Closing NTA	\$20,000,000
Adjusted Opening NTA	\$19,000,000
Income Distributions	\$1,000,000
Deficit Brought Forward	\$200,000

The performance for the period is 9.4737%, calculated as:

Formula:

(Closing NTA – Opening NTA + Income Distributions Deficit Brought Forward) Adjusted opening NTA

Example:

20,000,000 - 19,000,000 + 1,000,000 -200,00019,000,000 = 9.4737%

The Performance Fee for the period is \$56,000, calculated as:

Formula:

(Fund Performance – Benchmark Rate) x Adjusted Opening NTA x 20%

Example:

(9.4737% - 8%)x 19,000,000 x 20% = \$56.000

You can find a copy of the Management Agreement on the Offer Register.

Other arrangements and fees between Centuria NZ and Agri Fund include:

- · Centuria NZ will receive a due diligence acquisition and capital raising fee of \$580,863 (plus GST) (once the acquisition of the Initial Property settles). This is in consideration for completing due diligence on the Initial Property at the request of the Board, and arranging the capital raising proposed to fund the acquisition of the Initial Property in accordance with the instructions of the Board.
- Centuria NZ will receive an administration fee (currently payable at 2% of the transaction value (plus GST)) for secondary market transfers - further details are set out in Section 6: "Key features of ordinary shares in Agri Fund".

#### Substantial shareholdings and relevant interests held by directors and senior managers

#### **Substantial Shareholders**

The table below lists the Shareholders with a relevant interest in 5% or more of the Shares (which is the only class of shares on issue) as at the date of the PDS and the Shareholders that are likely to have a relevant interest in 5% or more of the Shares immediately following completion of the Offer.

AS AT THE DATE OF THE PDS	IMN
---------------------------	-----

IMMEDIATELY F	FOLLOWING	THE OFFER
---------------	-----------	-----------

NAME	NATURE OF RELEVANT INTEREST	NUMBER OF SHARES	PERCENTAGE OF SHARES	NUMBER OF SHARES	PERCENTAGE OF SHARES
Allen Bollard	Registered holder and beneficial owner	1	50%	0	0%*
Edward Hanson	Registered holder and beneficial owner	1	50%	0	0%*

<sup>\*</sup>The Shares held by Allen Bollard and Edward Hanson are intended to be bought back by Agri Fund and cancelled contemporaneously with the initial allotment of Shares under the Offer.

#### Director and senior manager shareholdings

The Board has determined that, for the purposes of the Financial Markets Conduct Act 2013, Simon Woollams is the sole senior manager of Agri Fund. Other than as described in the table above, no directors or senior managers of Agri Fund have a relevant interest in Shares (which is the only class of equity securities on issue) as at the date of the PDS and no director or senior manager is expected to have a relevant interest in any Shares immediately following the Offer.

#### Section 2

#### 2.10 Other equity securities of Agri Fund

Under Agri Fund's constitution, any other class of equity securities of Agri Fund that ranks equally with, or in priority to, the Shares may be issued without a Special Resolution.

Shareholders do not have pre-emptive rights on any new shares to be issued by Agri Fund. The Board of Agri Fund has the right to issue further shares, on such terms and conditions as it considers are fair and reasonable to Agri Fund and its Shareholders.

#### 2.11 Director remuneration and other benefits

The table below sets out the total remuneration and value of other benefits expected to be received by each director of Agri Fund during FY24 and FY25 in their capacity as a director of Agri Fund from Agri Fund or its subsidiaries:

DIRECTOR	EXPECTED TOTAL REMUNERATION AND VALUE OF OTHER BENEFITS EXPECTED TO BE RECEIVED IN FY24	EXPECTED TOTAL REMUNERATION AND VALUE OF OTHER BENEFITS EXPECTED TO BE RECEIVED IN FY25
Allen Bollard	\$32,500	\$15,000
Edward Hanson	\$28,334	\$10,000
Mark Francis	\$0	\$0

The above fees reflect a one-off payment to the directors of Agri Fund in FY24 for the additional work undertaken in connection with the establishment of Agri Fund and the Offer. Agri Fund has no employees as it is fully managed by Centuria NZ.

The particulars of any direct or indirect material interests in Agri Fund, or in any agreement entered into on behalf of or in respect of Agri Fund, that any director, proposed director, senior manager of Agri Fund or proposed senior manager or any person associated with them has and that are material to either the person who has the interest and/or Agri Fund are as follows:

- Management Agreement: Mark Francis is a director of Agri Fund and is also a director of Centuria NZ which was appointed by the independent directors of Agri Fund to manage Agri Fund under the Management Agreement. Under the Management Agreement, Centuria NZ receives various management, performance, leasing, sale, acquisition and project management fees further details are set out in Section 2.8.
- Due diligence acquisition and capital raising fee: A due diligence acquisition and capital raising fee of \$580,863 (plus GST) is to be paid to Centuria NZ as described above (once the acquisition of the Initial Property settles).
- Underwrite loan agreement: In the event that the targeted amount of \$18 million is not raised by the Offer close date, any shortfall to the targeted amount will be met by CPIPL advancing that amount via the Underwrite Loan. The key terms of the Underwrite Loan agreement are:
  - CPIPL will advance Agri Fund up to \$18 million of the \$18 million that is targeted to be raised, less the amount raised by Agri Fund under the Offer.
  - Any amount drawn as a result of a shortfall to the targeted amount of the Offer is repayable from subscription monies received from Follow-On Offer Shares. The Underwrite Loan does not otherwise have a repayment date and does not contain financial
  - CPIPL will receive interest at a fixed rate of 6.5% per annum, calculated daily and paid monthly on any outstanding balance of the Underwrite Loan.
  - Regardless of the amount raised under the Offer, approximately \$240,000 of the Underwrite Loan will be drawn at Settlement for around two months to enable Agri Fund to pay GST on Offer costs. Agri Fund will receive a GST refund from Inland Revenue for this amount when a GST return is filed, and the GST refund will be used to repay the amount drawn under the Underwrite Loan.
  - The total available amount under the Underwrite Loan for the GST payment and any capital raise shortfall is \$18,240,000.
  - The Underwrite Loan will be unsecured and rank ahead of the Shares.

CPIPL will receive a loan facility fee of \$540,000 (calculated at 3% of \$18 million). Payments to CPIPL under the Underwrite Loan will not impact forecast FY24, FY25 or FY26 cash distributions.



## Purpose of the Offer

#### Section 3

The purpose of the Offer is to raise capital which will enable Agri Fund to purchase the Initial Property and pay the Offer costs.

#### Intended use of proceeds

The money raised under the Offer will be allocated as follows:

Total	\$18,000,000
Working capital	\$12,493
Offer and acquisition costs	\$2,176,507
Purchase price for the Initial Property	\$15,811,000

The use of the money raised under the Offer will not change depending on the total amount that is raised. There is no minimum amount to be raised in order for the Offer to proceed, however, the targeted amount to be raised is up to \$18 million (being 18,000,000 Shares) with any additional Shares issued at the discretion of the Board.

In the event that the targeted amount of \$18 million is not raised by the Offer close date, any shortfall to the targeted amount will be met by CPIPL advancing that amount to Agri Fund via the Underwrite Loan, as described in more detail in Section 2.11.

If the Initial Property purchase does not settle (which would most likely arise as a result of the Vendor defaulting on its obligations under the Sale and Purchase Agreement), the Offer will be withdrawn and all investor application monies will be returned.

#### Offer and acquisition costs

The Offer and acquisition costs are:

Total	\$2,176,507
PDS registration fee	\$6,083
Tax advice**	\$15,000
Registry fees and AML customer due diligence**	\$11,000
PDS liability insurance**	\$200,000
Initial directors' fees and due diligence committee fees	\$40,000
Marketing, PDS design and printing**	\$171,741
Property due diligence**	\$53,850
Chattels and land valuation fees**	\$7,000
Valuation fees**	\$5,000
Investigating accountant fees**	\$22,000
Legal fees**	\$172,150
Brokerage fees*	\$315,000
CPIPL's deposit fee	\$36,820
CPIPL's Underwrite Loan fee	\$540,000
Centuria NZ's due diligence acquisition and capital raising fee	\$580,863

<sup>\*</sup>The brokerage fee payable assumes no additional Shares are issued by Agri Fund in excess of the \$18 million (being 18 million Shares) targeted. If additional Shares are issued, a brokerage fee will be payable at a rate of 1.75% on the value of any additional

<sup>\*\*</sup>These amounts, or a component of these amounts, are Agri Fund's best estimates, based on the experience and information known at the date of the PDS, but they may be subject to change based on the amounts invoiced to Agri Fund (and Shareholders will not be notified of such a change). All other amounts are fixed or maximum amounts and cannot

The above fees are exclusive of GST and disbursements. Where any of the above costs have previously been paid by Centuria NZ, it will be reimbursed for those costs by Agri Fund.



## Key dates and offer process

#### Section 4

Offer opens	22 April 2023
Offer opens in Australia	29 April 2023
Offer closes	29 May 2023
Subscription amounts due from investors	29 May 2023
Offer Shares allotted	On or about 2 June 2023
Settlement of Initial Property	2 June 2023
Expected date for payment of first distribution for Offer Shares	20 July 2023
Follow-On Offer closes	31 March 2024

The timetable is indicative only and the dates may change. In particular, Agri Fund reserves the right to close the Offer and/or the Follow-On Offer at any time prior to those dates or extend the Offer and/or the Follow-On Offer close dates by up to 25 business days without prior notice. Agri Fund 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 the Shares.

#### **Offer Shares**

The Offer Period is the period between the opening date for the Offer on 22 April 2023 and 29 May 2023 (inclusive). All Shares subscribed for from the opening date to 29 May 2023 will be Offer Shares. All Offer Shares will be allotted to Shareholders on or about 2 June 2023.

#### Follow-On Offer Shares

If Agri Fund has not received subscriptions for Shares of at least \$18 million (being 18 million Shares) by 29 May 2023, then Agri Fund may draw down on the Underwrite Loan for the shortfall.

If Agri Fund draws down on the Underwrite Loan for the shortfall, any subscription monies from the issue of Follow-On Offer Shares will be applied to the repayment of the Underwrite Loan. All Shares subscribed for after 29 May 2023 will be Follow-On Offer Shares.

Follow-On Offer Shares will be allotted weekly on the Wednesday of each week during the Follow-On Offer Period (where applications are received and approved by 3pm three business days prior to that Wednesday), and on the Follow-On Offer closing date.

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





## Terms of the Offer

## Section 5

What is the Offer?	This is an offer of ordinary Shares in Agri Fund.
	The Shares will rank equally in all respects with any other Shares previously issued by Agri Fund. Each Share confers an equal right to cash distributions and other distributions authorised by the Board, and to cast a vote at meetings of Shareholders, in accordance with Agri Fund's constitution.
	No person guarantees the Shares offered under this Offer, nor warrants or guarantees the future performance of Agri Fund, the Shares, any cash distribution or any return on investmen pursuant to this Offer.
Key dates	See Section 4: "Key dates and offer process" for information about the key dates of the Offer.
Issue Price	\$1.00 per Share.
Total Shares being offered	18 million Shares (being 100% of the total Shares on issue immediately following the issue of Shares)
Minimum number of Shares that may be applied for <sup>1</sup>	\$25,000 minimum application (and in increments of \$5,000 thereafter).
Maximum number of Shares that may be held by any shareholder	Except in circumstances allowed by Agri Fund, no Shareholder and its associates may together hold more than 20% of Agri Fund's Shares following the Offer, being 3.6 million Shares based on the target Offer size.
Minimum and maximum amount of equity to be raised	There is no minimum amount to be raised in order for the Offer to proceed. However, Agri Fund is targeting an Offer size of up to \$18 million. Additional Shares may be issued at the discretion of the Board.
Issue of Shares	For subscriptions of Shares made during the Offer Period, Shares will be allotted on or about 2 June 2023. Note that should Settlement of the Initial Property not occur within 15 business days of the proposed settlement date of 2 June 2023, Agri Fund will refund any application monies received from investors.
	During the Follow-On Offer Period, Follow-On Offer Shares 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.
Underwrite Loan arrangements	In the event that the targeted amount of \$18 million is not raised by the Offer close date, any shortfall to the targeted amount will be met by CPIPL advancing that amount via the Underwrite Loan. Any amount drawn as a result of a shortfall to the targeted amount of the Offer is repayable from the subscription monies received from the issue of Follow-On Offer Shares.
	CPIPL will receive a loan facility fee of \$540,000 (calculated at 3% of \$18 million), and will be paid interest at a rate of 6.5% per annum on any outstanding balance of the Underwrite Loan. Payments to CPIPL under the Underwrite Loan will not impact forecast cash distributions.
	Regardless of the amount raised under the Offer, approximately \$240,000 of the Underwrite Loan will be drawn at Settlement for around two months to enable Agri Fund to pay GST on Offer costs. Agri Fund will receive a GST refund for this amount from Inland Revenue when a GST return is filed, and the GST refund will be used to repay the amount drawn under the Underwrite Loan.
	The total available amount under the Underwrite Loan for the GST payment and any Offer shortfall is \$18,240,000. The Underwrite Loan has no traditional banking covenants and does not have a fixed maturity date, meaning the Underwrite Loan does not create refinance or covenant risks for Agri Fund. The interest rate is also fixed. The Underwrite Loan would rank ahead of Shareholders in a liquidation of Agri Fund if amounts remained outstanding when Agri Fund is wound up.
Liabilities, fees and charges	If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares, depending on your personal circumstances (including if you acquired the Shares with the intention to sell). You should seek your own tax advice in relation to your Shares.

<sup>1.</sup> Agri Fund reserves the right to amend the minimum and maximum subscription amounts and the maximum number of Shares that may be held.

Agri Fund may scale applications, which means you may receive fewer Shares than you subscribed for. If this happens, you will be refunded the difference within ten business days of the allotment date.

#### How to apply

See Section 11: "How to apply" for more information on how to apply for Shares in Agri Fund.

#### Overseas investors

The Offer is a regulated offer for the purposes of the Financial Markets Conduct Act 2013 and is only being made to persons in New Zealand and Australia and in any other jurisdiction in which Agri Fund is able to make the Offer without having to prepare a disclosure document or comply with any other formality, 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 Shares 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 Agri Fund, any person applying for Shares under the Offer will be deemed to represent and warrant to Agri Fund 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 Agri Fund, the Manager 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.

Agri Fund reserves the right to decline applications from overseas investors to ensure Agri Fund does not become an overseas person under the Overseas Investment Act 2005.

Agri Fund's constitution sets out the terms of the Shares. You can find a copy of Agri Fund's constitution on the Offer Register.



### Key features of ordinary shares in Agri Fund

#### Section 6

#### Key features of the equity securities

Agri Fund is a limited liability company, incorporated in New Zealand under the Companies Act 1993 and subject to the laws of New Zealand.

Shareholders receive ordinary shares in Agri Fund. The key features of Shares in Agri Fund do not differ from those that apply to ordinary shares in a company generally. Each Share is entitled to one vote on any vote of the Shares in Agri Fund, a proportionate right to receive any dividends and distributions made by Agri Fund and a proportionate right to share in any surplus funds on a liquidation of Agri Fund, each relative to the total number of Shares in Agri Fund at the relevant time.

Shareholders do not have pre-emptive rights on any new shares to be issued by Agri Fund. The Board of Agri Fund has the right to issue further shares, on such terms and conditions as it considers are fair and reasonable to Agri Fund and its Shareholders.

Any sale of Shares must occur in accordance with Agri Fund's constitution. The Board may refuse to register or delay registration of any transfer of Shares in any of the following circumstances:

- if required to do so by law or where Agri Fund or Centuria NZ is unable to conduct satisfactory customer due diligence on the proposed transferee in order to comply with its obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
- the proposed transfer is less than the minimum transfer size set by the Board from time to time (currently 10,000 Shares);
- the proposed transfer would result in a Shareholder holding less than the minimum shareholding set by the Board from time to time (currently 25,000 shares);

- the proposed transfer would occur in the period prior to the end of each month, unless otherwise approved by the Board:
- the proposed transfer will, or is likely to, cause Agri Fund to fail to qualify as, or cease to be a PIE, except where the transfer of Shares is effected in accordance with Part 15 of the Companies Act 1993 or the Takeovers Code; or
- the proposed transfer will, or is likely to, cause Agri Fund to become an "overseas person" as such term is defined in the Overseas Investment Act 2005.

The appointment of directors must occur in accordance with Agri Fund's constitution, as follows:

- each Share gives the holder the right to vote by Ordinary Resolution to appoint or remove directors;
- one third of the directors (or the number nearest to one third) are required to retire by rotation and may offer themselves for re-election by Shareholders each year; and
- the holder of each Share may by Ordinary Resolution vote to appoint directors to fill the office vacated by retiring directors each year.

Agri Fund's constitution requires a majority of its directors to be independent.

The rights of Shareholders are set out in Agri Fund's constitution, a copy of which is available on the Offer Register, and the Companies Act 1993.

As part of this Offer, Agri Fund does not intend to quote the Shares on a market licenced in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Shares.



The Manager, on behalf of Agri Fund, operates a secondary market facility where buyers and sellers of shares will be matched. There are no rules or agreement that govern the operation of the secondary market. The Manager facilitates secondary transfers but does not act as a broker nor does it provide financial advice to any party. The Manager has no obligation to provide liquidity for Shareholders. The Manager may elect to close the secondary market facility at its discretion, including in the lead-up to and during capital raisings, or where it is aware of information that has not yet been communicated to Shareholders that may be material for buyers or sellers of Shares (e.g. draft valuations have been received but they are still to be finalised and communicated to Shareholders). If Shareholders utilise the secondary market facility offered by the Manager on behalf of Agri Fund, then an administration fee will be payable at a fee which is currently 2% of the transaction value (plus GST) unless the Shares are transferred to a related party of the Shareholder, in which case a \$50 administration fee is charged.

#### Related party transactions

Pursuant to Agri Fund's constitution, Agri Fund will not enter into any "material transactions" with related parties unless approved by an Ordinary Resolution of Shareholders, subject to certain exceptions, including:

- any underwriting loan agreement entered into with CPIPL or any related party of the Company or CPIPL provided the underwriting loan fee does not exceed 3% of the equity that is being underwritten by CPIPL or the relevant related
- any acquisition by Agri Fund of any property owned by Agri Fund's related parties provided the purchase price payable by Agri Fund does not exceed the amount determined by an independent valuer not more than four months prior to the date of the agreement to acquire the property.

#### Agri Fund's dividend policy

Agri Fund's dividend policy is to pay out distributions of between 90% and 110% of Adjusted Operating Profit. Distributions paid may be less than 90% of Adjusted Operating Profit when reserves are required to be built up for items such as refinancing, loan principal repayments, acquisitions, future capital expenditure or to support leasing activity. Due to fluctuations in income and expenses, it is possible that Agri 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 it is commercially sustainable.

Adjusted Operating Profit is a non-GAAP measure. A summary of Adjusted Operating Profit including how it is calculated is included in Section 7: "Agri Fund's financial information".

Cash distributions are paid monthly in arrears on the 20th of the following month (or if this is not a business day, the next business day). Any distribution is paid at the discretion of the Board and is subject to meeting the solvency test requirements of the Companies Act 1993 and the Board determining that it is in the best interests of Agri Fund that a distribution be paid. The payment of any distribution is therefore not guaranteed. Agri Fund's dividend policy may change from time to time. As a result of the above, actual cash distributions for a period may vary from the PFI set out in Section 7: "Agri Fund's financial information".

Agri Fund does not currently intend to offer a distribution reinvestment programme but may consider one in the future.







### Agri Fund's financial information

#### Section 7

The tables in this section provides key financial information about Agri Fund. The full prospective financial information (PFI) is available on the Offer Register at https://disclose-register. companiesoffice.govt.nz/disclose. If you do not understand this financial information, you can seek advice from a financial advice provider or an accountant.

The purpose of the PFI is to assist investors in assessing the viability of and return on an investment in Agri Fund. This PDS and the PFI may not be appropriate for any other purpose.

The PFI has been prepared based on the Board's assessment of known events and conditions existing at the date of this PDS and the accounting policies and assumptions set out in the PFI on the Offer Register. A summary of the principal assumptions on which the PFI is based is set out below under the heading "Principal Assumptions" in this section.

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 Agri Fund's control. The Board believes that the PFI has been prepared with due care and attention, and considers the 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 Board 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 8: "Risks to Agri Fund's business and plans").

Baker Tilly Staples Rodway Audit Limited has independently reviewed the prospective financial information, as defined in its report, for the period ending 31 March 2024, the 12 months ending 31 March 2025, and the 12 months ending 31 March 2026. A copy of the Independent Limited Assurance Report is included on the Offer Register.

The prospective financial information included in the tables in this section has been derived from the prospective financial statements, prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS 42) which is available on the Offer Register.

### Agri Fund's financial information

#### Section 7

#### **Selected Financial Information**

The summary information presented in the table below is derived from the detailed PFI, which is available on the Offer Register.

NZ\$ (UNLESS INDICATED OTHERWISE)	13 MONTHS AND 5 DAYS ENDING 31 MARCH 2024 <sup>8</sup>	12 MONTHS ENDING 31 MARCH 2025	12 MONTHS ENDING 31 MARCH 2026
Revenue <sup>1</sup>	1,190,021	1,438,933	1,439,188
Property operating expenses	(7,500)	(10,385)	(10,640)
Net revenue <sup>2</sup>	1,182,521	1,428,548	1,428,548
EBITDA <sup>3</sup>	3,897,475	1,192,356	1,235,707
Net profit before tax <sup>4</sup>	3,354,911	1,192,356	1,235,707
Net profit after tax <sup>4</sup>	3,354,911	1,192,356	1,235,707
Adjusted Operating Profit <sup>5</sup>	953,797	1,192,356	1,235,707
Dividends on all equity securities of the issuer	968,500	1,215,000	1,260,000
Adjusted Operating Profit per Share (cents) <sup>5</sup>	6.38 <sup>9</sup>	6.62	6.87
Dividends per Share (cents)	6.50 <sup>9</sup>	6.75	7.00
Net cash flows from operating activities	987,378	1,193,332	1,236,613
Total assets	19,128,871	19,110,953	19,091,316
Cash and cash equivalents	128,871	110,953	91,316
Total liabilities	131,081	135,807	140,463
Total debt	-	-	-
Net tangible assets <sup>6</sup>	18,997,790	18,975,146	18,950,853
Gearing ratio <sup>7</sup>	0.0%	0.0%	0.0%
Interest cover ratio <sup>7</sup>	2.0510	N/A	N/A

#### Notes to table:

- 1. Revenue represents rental income derived from the Lease and operating expense recoveries.
- 2. Net revenue represents revenue less property operating expenses.
- 3. EBITDA represents net profit after tax plus interest, tax, depreciation, and amortisation.
- 4. Agri Fund will be an unlisted PIE. Tax is attributed to Shareholders and is not incurred directly by Agri Fund. As a result, net profit before tax and net profit after tax are the same
- 5. Adjusted Operating Profit is a non-GAAP financial measure adopted to assist Agri Fund in assessing the surplus available for distribution under its dividend policy. A further explanation of these terms is included below under the heading "Adjusted Operating Profit non-GAAP Information".
- 6. Net tangible assets represents the total assets of Agri Fund excluding intangible assets (which Agri Fund is not forecast to hold) less total liabilities.
- The gearing ratio and interest cover ratios are non-GAAP information. The gearing ratio tells you how much Agri 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 Agri Fund's assets will need to be applied to repay its debt. The interest cover ratio tells you how much Agri Fund's EBITDA adjusted for unrealised gains and losses exceeds interest expense on its debt (as a multiple).
- 8. Agri Fund was incorporated on 24 February 2023 and is due to commence trading on 2 June 2023.
- 9. Annualised from 3 June 2023, the date immediately following Settlement of the Initial Property.
- 10. Excluding the Underwrite Loan fee, total interest expense for FY24 is \$2,564 and the interest cover ratio is 433.89x.

Reconciliations of non-GAAP information are included on the Offer Register.

#### Adjusted Operating Profit - Non-GAAP Information

Agri Fund's dividend policy is to pay out distributions of between 90% and 110% of Adjusted Operating Profit. Adjusted Operating Profit is a non-GAAP measure that quantifies the surplus generated by Agri Fund. It is important because it is the measure used when determining distributions under the dividend policy.

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

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

For the purposes of the Adjusted Operating Profit payout ratio, interest expense on the Underwrite Loan (excluding interest payable on amounts temporarily drawn to fund the GST on Offer costs) is treated as a distribution.

The following table reconciles the prospective net profit after tax per the PFI to the Adjusted Operating Profit. This non-GAAP disclosure has not been subject to an independent audit or review.

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

NZ\$ (UNLESS INDICATED OTHERWISE)	13 MONTHS AND 5 DAYS ENDING 31 MARCH 2024	12 MONTHS ENDING 31 MARCH 2025	12 MONTHS ENDING 31 MARCH 2026
Net profit after tax	3,354,911	1,192,356	1,235,707
Adjustments:			
Unrealised movement in the fair value of investment property	(2,785,038)	152,623	107,965
Adjustment due to capitalised fixed rental growth	(156,076)	(152,623)	(107,965)
Underwrite Loan fee	540,000	-	-
Adjusted Operating Profit	953,797	1,192,356	1,235,707
Dividends paid	968,500	1,215,000	1,260,000
Adjusted Operating Profit payout ratio	102%	102%	102%

### Agri Fund's financial information

Section 7

#### **Forecast Cash Distributions**

% RETURN ON ORIGINAL INVESTMENT	13 MONTHS AND 5 DAYS ENDING 31 MARCH 2024	12 MONTHS ENDING 31 MARCH 2025	12 MONTHS ENDING 31 MARCH 2026
Pre-tax	6.50%	6.75%	7.00%
After-tax*	6.50%	6.75%	7.00%

<sup>\*</sup>Applies to all PIRs.

For periods where there is an Adjusted Operating Profit payout ratio exceeding 100%, dividends will be partially funded by capital. For FY24, approximately 0.08 cents of the forecast pre-tax distribution of 6.38 cents per Share is forecast to be funded from capital (the 6.38 cents per Share paid from 3 June 2023 until 31 March 2024 is equivalent to 6.50 cents per Share for a full year). For FY25 approximately 0.13 cents is forecast to be funded from capital of the 6.75 cents per Share distribution and for FY26 approximately 0.13 cents is forecast to be funded from capital of the 7.00 cents per Share distribution. In total, \$61,639 is forecast to be funded from capital during the PFI period, relative to total forecast cash distributions of \$3,443,500 for the PFI period.

These cash distributions are not guaranteed. The actual distribution rate may vary. Distributions are forecast to commence from 3 June 2023, the day immediately following Settlement. The increase in distributions over the forecast period does not guarantee further increases. Distributions may continue to increase, remain the same or decrease following the forecast period. Details on how the forecast cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investment are set out in this section and Section 8: "Risks to Agri Fund's business and plans". The forecast cash distributions are based on prospective financial statements prepared by Agri Fund in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.

#### **Forecast After-Tax Cash Distributions**

Based on forecast tax calculations, which includes a deduction for depreciation, Agri Fund expects that there will be no PIE tax payable on distributions for the financial periods ending 31 March 2024, 31 March 2025 and 31 March 2026.

The estimated tax depreciation claim is based on a draft purchase price analysis report for the Initial Property prepared by an independent valuer and the agreed purchase price allocation in the Sale and Purchase Agreement. Tax depreciation is assumed to be claimed on buildings, fixtures and chattels using the diminishing value method. A tax depreciation claim of \$988,453 is forecast in relation to FY24, \$1,083,096 for FY25 and \$971,546 for FY26. No depreciation is included in the PFI as the investment property is recognised in the PFI at its fair value.

The forecast after-tax cash distribution assumes Agri Fund is a PIE for tax purposes. As a PIE, Agri Fund will claim tax depreciation as a deduction which will reduce the taxable income attributed to Shareholders and the resulting tax liability deducted from distributions, without further action required from Shareholders. Refer to Section 9: "Tax" for more information on Agri Fund's tax structure.

The forecast after-tax cash distribution also assumes that the Initial Property is the only property held by Agri Fund and that there are no additional property acquisitions, disposals or developments during the PFI period. Any additional acquisitions, disposals or developments could change the after-tax distribution. The value of any further depreciation deductions for Agri Fund in relation to assets acquired or developed will depend on the nature of the assets involved in any such acquisition or development.

Taxable depreciation recovery income may arise on any future disposal which may result in tax being payable by Agri Fund on behalf of Shareholders.

In FY27 and beyond, if no further acquisitions or developments occur, because rental income is expected to continue increasing (due to the 3.5% p.a. increases under the Lease) and the depreciation deduction will continue decreasing (due to the diminishing value depreciation approach) Agri Fund is expected to generate taxable income, meaning that some PIE tax would be payable and deducted from investors' gross cash distributions.

The table below illustrates the benefit of the depreciation deduction and Agri Fund's PIE tax status. If the forecast cash distribution for each financial period was fully taxable (i.e. if there were no depreciation deductions and other adjustments) and did not benefit from PIE status, the table shows the equivalent annualised pre-tax distribution that Agri Fund would need to deliver for investors to receive the same rate of after-tax cash distributions.

	13 MONTHS AND 5 DAYS ENDING 31 MARCH 2024	12 MONTHS ENDING 31 MARCH 2025	12 MONTHS ENDING 31 MARCH 2026
Forecast after-tax cash distribution (% p.a. on original investment)	6.50%	6.75%	7.00%
Investor's marginal tax rate		ion (% p.a. on original investm rate if the forecast cash distr	•
0%	6.50%	6.75%	7.00%
10.5%	7.26%	7.54%	7.82%
17.5%	7.88%	8.18%	8.48%
28%	9.03%	9.38%	9.72%
30%	9.29%	9.64%	10.00%
33%	9.70%	10.07%	10.45%
39%	10.66%	11.07%	11.48%

### Agri Fund's financial information

#### Section 7

#### **Prospective Financial Information**

The prospective financial information presented in the selected financial information table has been based on the key assumptions described below. These assumptions are described in more detail in the full prospective financial statements available on the Offer Register.

#### **Principal Assumptions**

Below is a summary of the principal assumptions on which the PFI is based. Further information on these assumptions may be found on the Offer Register.

#### **Agri Fund**

Agri Fund is incorporated and domiciled in New Zealand. Agri Fund will be a commercial property investor that owns the Initial Property. The registered office of Agri Fund is Level 2, 30 Gaunt Street, Auckland.

#### **Establishment**

It is assumed that \$18 million of equity is raised in the Offer to facilitate the acquisition of the Initial Property and to pay the associated Offer and establishment costs.

#### Settlement

Pursuant to the Sale and Purchase Agreement for the Initial Property, Settlement is to occur on 2 June 2023. For the purposes of the PFI, rental income has been recognised from 3 June 2023.

	NZ\$
Investment, establishment and transaction costs:	
Investment property purchase price	15,811,000
Capitalised transaction costs	247,886
Costs of establishment and issuing equity	1,388,621
Underwrite Loan fee	540,000
Working capital	12,493
Total investment, establishment and transaction costs	18,000,000
Funded by:	
Equity	18,000,000
Total	18,000,000

#### Transaction and establishment costs

Total establishment, Offer and acquisition costs are assumed to be \$2,176,507. This includes the establishment and deposit fee, the Underwrite Loan fee, brokerage, legal, accounting, tax, valuation, property due diligence, marketing, director, insurance, registration, and registry costs. The costs are based on contractual obligations, quotes received and/or estimates made by the Manager using experience from managing similar investments.

For the PFI, these costs have been treated as follows:

- \$247,886 relates to costs associated with the acquisition of the Initial Property and has been capitalised;
- \$540,000 relates to the Underwrite Loan fee and has been expensed; and
- The remaining \$1,388,621 relates to Offer costs and has been recognised in equity.

#### Investment property

On Settlement, assumed to be 2 June 2023, the value of the Initial Property is assumed to equal cost, plus any directly related transaction costs.

On 31 March 2024, 31 March 2025 and 31 March 2026 it is assumed that the Initial Property will be revalued, with the fair value assumed to represent the independent valuation of \$19,000,000 commissioned as part of due diligence as referenced on page 15. No additional valuations are assumed as any changes in underlying valuation assumptions cannot be accurately predicted.

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

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

The PFI assumes that Agri Fund does not make any future acquisitions or disposals and does not complete any developments in FY24, FY25 and FY26.

#### Rental income

Rental income has been forecast based on the agreed Lease with the Tenant. It is assumed that the Tenant will not default on its obligations under the Lease and that the Lease is not terminated. It is also assumed that there are no delays in receipt of debtors.

Rental income is assumed to commence on 3 June 2023, being the day following Settlement. The PFI reflects the contracted 3.5% fixed rental uplifts on each anniversary of the commencement date, as provided for in the Lease.

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

#### Management fees

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

#### Administration expenses

Valuation fees and audit fees have been forecast based on quotes received. Directors fees, registry fees, legal, insurance, tax and other consultancy fees have been forecast based on the Manager's estimates and experience in managing other property investment funds.

#### Finance expenses

It is assumed that the Offer is fully subscribed and the Underwrite Loan is not drawn to fund any equity shortfall.

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

The \$540,000 Underwrite Loan fee has been capitalised and expensed in FY24 over the 60-day term of the initial loan relating to GST. Therefore, the Underwrite Loan fee is expensed, in full, as all drawings are expected to be repaid during this period.

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

### Agri Fund's financial information

#### Section 7

#### **Taxation**

Agri Fund will register as a multi-rate PIE. Agri Fund will attribute taxable income to Shareholders based on their proportionate holding and pay tax based on their PIR.

#### **Cash distributions**

A regular gross dividend (before taxation, including any depreciation claimed for taxation purposes) is assumed to accrue from 3 June 2023 and be paid monthly in arrears. An annualised dividend of 6.50 cents per Share is assumed to be paid for the period ending 31 March 2024, 6.75 cents per Share for the period ending 31 March 2025 and 7.00 cents per Share for the period ending 31 March 2026.

This represents an Adjusted Operating Profit payout ratio of 102% per annum for each reporting period in the PFI.

#### **Actual results**

Actual results may differ from the PFI. The resulting variance may be material. Agri Fund, the Board and the Manager give no guarantee or assurance that the PFI presented will be achieved.



#### Section 8

This section sets out a description of the circumstances that Agri Fund is aware of that exist or are likely to arise that significantly increase the risk to Agri Fund's financial position, financial performance and plans. The table below 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 Agri Fund 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 Agri Fund, could have a material adverse effect on Agri Fund's financial position or future financial performance through a decrease in revenue or an increase in costs. Agri Fund has taken, and will, in the future, take, steps to mitigate the effects of these circumstances. However, some circumstances 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 Agri 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 Agri Fund, you consider the suitability of an investment in Agri Fund in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).



### Risks to Agri Fund's business and plans

#### Section 8

#### **DESCRIPTION OF RISK**

#### Single tenant risk - Tenant failing to meet obligations under Lease

#### WHY IT IS SIGNIFICANT AND AGRI FUND'S ASSESSMENT OF NATURE OF THE IMPACT

#### The Tenant leases the entire Initial Property. Accordingly, the Agriculture Portfolio is not initially diversified by geographic location, tenant profile or exposure to different property types.

If the Tenant were to suffer significant financial problems, any failure to pay rental, vacancy or re-letting costs could have a material detrimental impact on the ability of:

- Agri Fund to pay distributions to Shareholders; and
- Shareholders to recoup their original investment. It may be difficult to find a replacement tenant and material capital expenditure may be required to repurpose the Initial Property.

If the Tenant fails to meet its maintenance obligations under the Lease, the value of the Initial Property may be impacted.

The Tenant and the owner of the land will be acquired by Toroa Capital immediately prior to Agri Fund's acquisition of the Initial Property. Accordingly, there is a risk that following Toroa Capital's acquisition there is disruption to the Tenant's business or a decline in business performance which affects the Tenant's ability to perform its obligations under the Lease.

#### MITIGATING FACTORS

Forecast financials reviewed by Agri Fund show the Tenant will be able to meet its rental obligations. The Tenant has advised that it is the largest producer of potted and cut herbs in New Zealand, with 53% market share and a diversified customer base, with plans to further diversify and increase revenue through exports and new products.

A bank guarantee for 12-months' gross rent (plus GST) will be provided as Lease security.

The maintenance inspection regime in the Lease gives Agri Fund visibility and a means to require remedies for any failure to meet the Triple Net Lease maintenance obligations.

Agri Fund will have no bank debt at Settlement. Assuming no bank debt is subsequently incurred, Agri Fund would have time to work through options in the event of a Tenant default without the added pressure of interest payment obligations and banking covenants to comply with, so as to achieve the best outcome under the circumstances.

Greenhouses are able to be re-purposed for other horticultural uses other than herbs, providing a range of potential tenants who may find it attractive to move into an established horticultural property.

The site layout (including multiple separate greenhouses) could provide flexibility to break the existing tenancy into a number of smaller tenancies to assist with re-letting.

If needed, Agri Fund would have capacity to introduce bank debt to fund incentive payments or capital expenditure to help re-tenant the Initial Property.

Agri Fund may consider purchasing some or all of the Tenant's assets if it is in an insolvency process. This could help re-tenant the premises with a similar business at short notice.

Toroa Capital is the investment vehicle for MNF Family Office Limited (MNF). MNF has a proven track-record of acquiring and managing businesses in a diverse range of sectors. Examples of previous investments include Kiwi Crunch Group (orchards, pack houses and pipfruit exports), Harvey Furnishings and Millers (curtain and blind manufacturers and retailers), Claymark (sawmills and lumber distribution), RHT Holdings (forestry) and Strong Brothers (automotive parts). Toroa Capital has no intention to make significant changes to the Tenant's current operations but has identified a number of potential avenues for growth in the future. Toroa Capital intends to retain the Tenant's key staff going forward.

Agri Fund's assessment	
of likelihood of	
circumstance arising	
	-

Agri Fund believes there is a low likelihood of Tenant default given the Tenant's current and forecast financial standing, historical performance and market share in New Zealand. Similarly, the likelihood of the Tenant failing to meet its maintenance obligations under the Lease is low given the inspection regime in the Lease and Agri Fund's ability to require defects to be remedied.

Agri Fund's assessment of the magnitude of the impact, were the circumstance to arise

Agri Fund considers that the impact would be potentially high as it will impact the ability to pay distributions until a replacement tenant is found.

The re-letting costs and a new lease structure or rental level may result in lower distributions on an on-going basis, even if a new tenant is found.

### Risks to Agri Fund's business and plans

#### Section 8

#### **DESCRIPTION OF RISK**

#### Re-letting the Initial Property on expiry of the Lease

#### WHY IT IS SIGNIFICANT AND AGRI FUND'S ASSESSMENT OF NATURE OF THE IMPACT

If the Tenant elects not to exercise its 10 year right of renewal at the end of the initial term (in 2038) or vacates the Initial Property at the end of the renewed term (in 2048) identifying an alternative tenant could be difficult given the lack of competitors of comparable scale in the fresh herb sector and that the likely use of the Initial Property is limited to horticulture.

If re-letting the Initial Property proves difficult and the Initial Property was sold vacant, the low land value relative to the value attached to the Lease may result in a sale price that does not allow Shareholders to recoup the value of their investment.

#### MITIGATING FACTORS

The Tenant has been located at the Initial Property since 2013. Significant investment has been made by the Tenant (under previous ownership) in specialised Tenant fit-out of the Initial Property, in particular the automated Greenhouse 9 completed in 2020. This specialised fit-out means it would be disruptive, costly and time consuming for the Tenant to relocate upon expiry of the Lease and should help drive an extension of the Lease.

Greenhouses are able to be re-purposed for other horticultural uses other than herbs, providing a range of potential tenants who may find it attractive to move into an established horticultural property.

The site layout (including multiple separate greenhouses) could provide flexibility to break the existing tenancy into a number of smaller tenancies to assist with re-letting.

Under the Lease, the Tenant is responsible for keeping the premises in good repair and condition, and Agri Fund has the ability to inspect the premises and require the Tenant to remedy any defects. This provides Agri Fund with a degree of control over the condition of the Initial Property upon expiry of the Lease, which would help with re-

Around 13 hectares of the 29.7 hectare site is currently utilised for greenhouse areas, reservoirs, external circulation and office areas which are critical to the current operation. That includes around 4 hectares of covered greenhouse facilities. The balance of the site, covering approximately 17 hectares, is effectively surplus to the Tenant's requirements, providing flexibility to consider development and subdivision potential in the future.

The Initial Property's location (within close proximity to the Auckland market), existing buildings and plant, and the secure water supply make this an attractive site for ongoing horticultural use which may generate a premium to underlying land value even if sold vacant. It also makes the Initial Property attractive for another horticultural

Assuming Agri Fund continues to have no bank debt at the time the Tenant vacated, there would be less time pressure to re-tenant the Initial Property, meaning Agri Fund would not have to undertake a forced sale and crystalise a potentially lower sale price by selling a vacant property. Agri Fund would also have capacity to introduce bank debt to fund incentive payments or capital expenditure to help retenant the Initial Property.

Agri Fund's assessment of likelihood of circumstance arising

Agri Fund considers it unlikely that it would be unable to re-tenant the Initial Property given it is likely to be attractive to other horticultural tenants and the site layout provides the flexibility to break the existing tenancy into smaller tenancies if required.

Assuming Agri Fund continues to have no bank debt at the time the Tenant vacated, the likelihood of crystalising a lower sale price from selling the Initial Property vacant is reduced.

If bank debt is introduced, the likelihood of Agri Fund needing to sell the Initial Property vacant for a reduced price increases due to the added time pressure that comes with a bank's involvement.

Agri Fund's assessment of the magnitude of the impact, were the circumstance to arise

Agri Fund considers that the impact will be potentially high as it may impact the ability to pay distributions until a replacement tenant is found, and incentives or capital expenditure may be required to attract replacement tenants. Due to the low land value relative to the value attached to the Lease, selling the Initial Property vacant may result in Shareholders being unable to recoup their original investment.

#### **DESCRIPTION OF RISK**

#### Debt finance risks (if bank debt is introduced in the future)

### WHY IT IS SIGNIFICANT AND AGRI FUND'S ASSESSMENT OF

### NATURE OF THE IMPACT

Agri Fund will have no bank debt in place at Settlement. If bank debt is introduced in the future, Agri Fund will be subject to the traditional risks associated with bank finance: interest rate risk, refinancing risk and the risk of breaching banking covenants, each described below.

Interest expense incurred by Agri Fund as a result of bank borrowings may become a material expense if debt is drawn. If interest rates were to increase more than allowed for by Agri Fund in the future it may affect Agri Fund's ability to maintain distributions.

Any bank debt borrowed would need to be extended or refinanced in the future. Agri Fund's ability to maintain distributions and continue to hold the Agriculture Portfolio would be dependent on its ability to refinance borrowings prior to the expiry of any loan facility or seek alternative sources of capital.

Adverse market movements in interest rates or property values may cause Agri Fund to breach banking covenants. If such a breach was not remedied, lenders may enforce their security and sell some or all of the Agriculture Portfolio at a lower than market price in a "forced sale" situation.

#### **MITIGATING FACTORS**

Any introduction of bank debt over the longer term, including to fund acquisitions or development works, would be dependent on the interest rate and bank funding landscape and forecasts, and would only occur where the Board determines it is in the best interests of Agri Fund and its Shareholders, for example through enhancing the return profile for Shareholders, improving the WALT of the Agriculture Portfolio, or diversifying the Agriculture Portfolio.

Based on its experience, the Board considers the potential impact of changes to Agri Fund's funding arrangements will be able to be adequately minimised through active management of Agri Fund's finances and banking arrangements. The Manager and its ultimate parent company, Centuria Capital Group, have long standing relationships with a number of lenders across Australasia and currently manage a large number of loan facilities.

If bank debt is incurred in the future, the Manager will monitor interest rate markets and regularly review the base rate, margin and line fee components of Agri Fund's borrowings, including the portion of borrowings that is subject to a fixed interest rate.

Margins and line fees will be benchmarked against similar market transactions and Agri Fund will consider changing lenders if materially better margins and line fees are available elsewhere.

Agri Fund's assessment of likelihood of circumstance arising

Changes in interest rates cannot be accurately predicted. When considering future debt-funded acquisitions or development, current and forecast interest rates would form part of the overall feasibility analysis.

There is a low likelihood of an inability to refinance debt given the Manager's long standing relationships with a wide number of lenders across Australasia, providing multiple avenues to refinance debt and amend terms if needed. Agri Fund is not currently subject to banking covenants but future covenants would be monitored closely for compliance and Agri Fund would proactively engage with lenders ahead of issues arising.

Agri Fund's assessment of the magnitude of the impact, were the circumstance to arise

The magnitude of the impact of interest rate changes is dependent on the level of indebtedness and the movement in interest rates.

If Agri Fund is unable to refinance future indebtedness or breaches future bank covenants, it may be forced to sell properties, reducing diversification and potentially the value of the Shares in Agri Fund depending on the sale prices achieved. If refinancing results in higher costs or if principal payments are required, distributions may be reduced.

### Risks to Agri Fund's business and plans

#### Section 8

#### **DESCRIPTION OF RISK**

#### Underwrite Loan remains outstanding in the medium to long term

### WHY IT IS SIGNIFICANT AND AGRI FUND'S ASSESSMENT OF NATURE OF THE IMPACT

# If the Offer is not fully subscribed at the end of the Offer Period, any shortfall to the targeted amount of \$18 million will be met by CPIPL advancing that amount via the Underwrite Loan. This means there would be less Shares on issue than if the Offer was fully subscribed.

With less Shares on issue, any movement in the valuation of the Agriculture Portfolio is amplified when considered on a NTA per Share basis.

The Underwrite Loan is repayable out of the proceeds of a Follow-On Offer under this PDS or a subsequent capital raise by Agri Fund, but an amount could remain outstanding if those further subscriptions for Shares were still insufficient to repay the Underwrite Loan in full.

If a material amount under the Underwrite Loan is outstanding at the point the Agriculture Portfolio is next re-valued, and valuations decrease, the NTA per Share decrease will be greater than if the Offer had been fully subscribed. There is therefore a risk that NTA per Share drops below the \$1.00 Issue Price paid for Shares under the Offer in this scenario.

The Underwrite Loan would rank ahead of the Shareholders in a liquidation of Agri Fund if it remained outstanding when Agri Fund is wound up.

If cash distributions ever decrease below 6.50% p.a. while the Underwrite Loan remains outstanding, the interest payments would have a negative impact on Adjusted Operating Profit and cashflow.

#### **MITIGATING FACTORS**

The Underwrite Loan has no traditional banking covenants, does not have a fixed maturity date and is only repayable out of the proceeds of a Follow-On Offer under this PDS or a subsequent capital raise by Agri Fund, meaning the Underwrite Loan does not create refinance or covenant breach risks for Agri Fund.

The Underwrite Loan has a fixed interest rate of 6.50% p.a., which is the same as the forecast cash distribution in FY24 but less than forecast cash distributions for FY25 and FY26. Interest payments to CPIPL under the Underwrite Loan will therefore not negatively impact forecast cash distributions in FY24, FY25 or FY26. If the Underwrite Loan is drawn and remains outstanding beyond FY24, this instead has a positive impact on Adjusted Operating Profit and Agri Fund's cashflow given the interest on the Underwrite Loan is less than the forecast cash distributions.

Even if declining valuations for the Agriculture Portfolio mean NTA per Share drops below \$1.00 due to the Underwrite Loan remaining outstanding, this does not necessarily result in a realised capital loss for Shareholders. A Shareholder would only realise a capital loss if they sold their Shares for less than \$1.00 per Share, or if Agri Fund is liquidated and repaying the Underwrite Loan in priority to Shareholders means Shareholders receive less than \$1.00 per Share.

Agri Fund's assessment of likelihood of circumstance arising

Given the amplification of the movement in NTA per Share applies to both positive and negative valuation movements, the impact is only a risk for investors if valuations decrease. The Initial Property has been acquired significantly below its current independent valuation. This creates a buffer that reduces the likelihood of NTA per Share dropping below \$1.00 as a result of valuation decreases.

Given the maximum potential size of the Underwrite Loan, it is unlikely that the Underwrite Loan would remain outstanding for the medium to long term, reducing the risk of an amplified NTA per Share decrease resulting in a realised loss for Shareholders.

Agri Fund's assessment of the magnitude of the impact, were the circumstance to arise As the Initial Property has been acquired significantly below its current independent valuation, NTA per Share is forecast to be \$1.06 as at 31 March 2024 (assuming the Offer is fully subscribed). The Issue Price of \$1.00 per Share is therefore below forecast NTA per Share of \$1.06 as at 31 March 2024. This reduces the impact of valuation decreases as it provides a buffer before NTA per Share drops below \$1.00.

As an example, if only \$13 million of the targeted \$18 million was raised from investors under the Offer and \$5 million was therefore borrowed under the Underwrite Loan, forecast NTA per Share as at 31 March 2024 would be \$1.08 (as the purchase price is below the valuation of the Initial Property and this discount is spread over less Shares). In that scenario, a valuation decrease exceeding \$1,085,000 (5.7%) would be required to reduce NTA per Share as at 31 March 2024 to below the Issue Price of \$1.00 (assuming NTA reflects the PFI other than the number of Shares on issue, the brokerage costs and the valuation of the Initial Property).

The impact of NTA per Share falling below \$1.00 per Share is still only realised if a Shareholder sells their Shares for less than \$1.00 per Share, or Agri Fund is liquidated when NTA per Share is below \$1.00.

#### **DESCRIPTION OF RISK**

#### Flooding/climate

#### WHY IT IS SIGNIFICANT AND AGRI FUND'S ASSESSMENT OF NATURE OF THE IMPACT

#### The LIM report for the Initial Property notes that the property is within a flood prone area (meaning there are depressions in the terrain with no natural outlet) and is on a flood plain (meaning it may flood during significant rainfall events).

#### **MITIGATING FACTORS**

The Initial Property performed well during recent extreme weather events, with no material flooding damage occurring from Cyclone Gabrielle and the Auckland Anniversary flooding. The Board and representatives from the Manager inspected the Initial Property three days after Cyclone Gabrielle struck Auckland, observing that the Tenant's operations on site were fully functional and the property was in much better condition than many nearby roads and properties.

Comprehensive insurance cover will be maintained, including flooding cover, for the full reinstatement value of the premises.

The Tenant's products are primarily grown in elevated trays, lessening the chance of flooding causing widespread product loss (and flow on financial consequences) for the Tenant.

Agri Fund's assessment
of likelihood of
circumstance arising

Agri Fund considers the likelihood of material damage from flooding to be low given the strong performance of the Initial Property during recent extreme weather events that had major impacts on nearby properties.

Agri Fund's assessment of the magnitude of the impact, were the circumstance to arise

Agri Fund considers the impact of flooding will be low given the mitigating factors.

#### Section 9

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

Agri Fund will be a multi-rate portfolio investment entity (**PIE**). As a PIE, Agri Fund will pay tax based on your prescribed investor rate (PIR). To determine your PIR, go to https:// www.ird.govt.nz/roles/portfolio-investment-entities/findmy-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 Agri Fund your PIR when you invest or if your PIR changes. If you do not tell Agri Fund 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.

Agri Fund provides the following information 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 Agri Fund will use to calculate the tax payable on the taxable income Agri Fund allocates to you. If you are investing jointly with other Shareholders, the highest PIR of the joint Shareholders will be used.

There are four PIRs available to New Zealand resident Shareholders, 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 Agri Fund to change your PIR if they consider it incorrect.

#### **Depreciation**

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

Taxable depreciation recovery income may arise on any future disposal which may result in tax being payable by Agri Fund on behalf of Shareholders.

#### **Distributions**

As Agri Fund will be a PIE, distributions from Agri Fund (including share repurchases) are not separately subject to tax in New Zealand. Further, there should be no withholding tax on distributions to non-resident Shareholders.

PIE tax is payable on each Shareholder's share of Agri Fund's taxable income at their nominated PIR. Agri Fund intends to deduct each Shareholder's tax liability from distributions paid and return this to Inland Revenue when Agri Fund files quarterly PIE tax returns. As Agri Fund's taxable income changes each month, the tax deducted and net distributions received by Shareholders will also change.

If Agri Fund ceases to be a PIE then any distribution will be a dividend and subject to New Zealand tax on that basis. For New Zealand residents, this would mean any imputation credits attached to a dividend can be used to reduce or offset a Shareholder's tax liability. For non-residents, this would mean 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 Shareholders of the allocation of taxable income and tax paid on their behalf will be sent to Shareholders each year by Agri Fund.

#### **Maintaining PIE Status**

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

- have a minimum of 20 Shareholders (this minimum requirement may be less if a Shareholder is a PIE or is a certain other investor type, or be more where certain Shareholders are associated):
- ensure that no Shareholder owns over 20% of the Shares in Agri Fund (unless a Shareholder is a PIE or is a certain other investor type), noting that certain associated Shareholders are treated as a single Shareholder;
- 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 property; and
- ensure that 90% of the assets 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% shareholding limit) and have a time frame to be remedied before PIE status is lost.





### Where you can find more information

Section 10

#### Offer Register

Further information relating to Agri Fund and the Shares is available on the Offer Register which can be found at https://disclose-register.companiesoffice.govt.nz/ (for example, Agri Fund's constitution and prospective financial statements). This Offer can be found by clicking on "Search Offers" and searching "OFR13511".

A copy of the information on the Offer Register is available on request to the Registrar of Financial Service Providers.

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

#### **Companies Office**

Further information relating to Agri Fund is also available on the public register at the Companies Office. This can be accessed on the Companies Office website at https://companies-register.companiesoffice.govt.nz/.

#### **Centuria Capital Group**

Centuria Capital Group is listed on the ASX and is subject to disclosure obligations in relation to its shares that require it to notify certain material information to market participants. Further information relating to Centuria Capital Group can be found at <a href="https://centuria.com/au/">https://centuria.com/au/</a>.

#### **Reporting to Shareholders**

Shareholders receive a biannual update which provides an update on the Agriculture Portfolio and details of Agri Fund's distributions for that period.

Investors in Agri Fund also receive an annual report following the end of each financial year. The annual report will include annual financial statements which will be audited.

Agri Fund also holds an Annual Shareholders' Meeting (ASM). The ASM is open to all Shareholders and provides a formal forum for investors to hear presentations from the Manager and the Board, to raise questions and vote on any necessary resolutions.

### How to apply

#### Section 11

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

- · A completed and signed application form;
- For new investors with Centuria NZ, a bank encoded deposit slip, bank statement or confirmation from your bank verifying your bank account name and number;
- For new investors with Centuria NZ, 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.

Online application forms are available at **centuria.co.nz** and **centuriaagri.co.nz**. **We strongly encourage you to apply online.** 

Hard copy completed and signed application forms, along with the above accompanying documents, 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, Level 2, 30 Gaunt Street, Auckland (Attention: Agri 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.

The Offer closes on 29 May 2023.

**IMPORTANT –** for existing Centuria NZ investors, identification documents may have been provided previously as part of Centuria NZ'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**

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

Cash distributions will not accrue until your Shares are issued. Investor's application monies will, in that period, be held in a trust account established for the Offer.

PAYMENT OF YOUR APPLICATION AMOUNT IS DUE BY 29 MAY 2023.





### Warning statement - issued to Australian investors

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 Corporations 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 managed 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. 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 a currency exchange risk. The currency for the security or financial product is in dollars that are not Australian dollars. The value of the security or financial product 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 product 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.

### **Contact information**

#### Section 12

#### **Centuria NZ Agricultural Property Fund** Limited

Level 2, 30 Gaunt Street Auckland

PO Box 37953, Parnell Auckland 1151

T: +64 9 300 6161 F: +64 9 300 6162

#### Manager

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

PO Box 37953, Parnell Auckland 1151

T: +64 9 300 6161 F: +64 9 300 6162

#### **Solicitors**

Chapman Tripp Level 34, PwC Tower, 15 Customs Street West Auckland 1010

PO Box 2206 Auckland 1140

T: +64 9 357 9000 F: +64 9 357 9099

#### **Investigating Accountant**

Baker Tilly Staples Rodway Audit 109-113 Powderham Street New Plymouth 4340

PO Box 146 New Plymouth 4340

T: +64 6 757 3155 F: +64 6 757 5081

#### **Share Registrar**

Boardroom Pty Limited Grosvenor Place Level 8, 210 George Street Sydney New South Wales 2000

GPO Box 3993 Australia

T: +61 2 9290 9600

#### Selling Agent

Bayleys Real Estate Limited Level 1, 30 Gaunt Street **Auckland Central** Auckland 1010

PO Box 8923, Symonds Street Auckland 1150

T: +64 9 309 6020 F: +64 9 309 9404





### Glossary

### Section 13

Unless the context otherwise requires, in this PDS the following terms have the meanings shown below:

Se         New Zealand dollars           Agri Fund         Centuria NZ Agricultural Property Fund Limited (Company number: 8616868)           Agriculture Portfolio         The Initial Property and any further properties acquired by Agri Fund from time to time           AML         Antimoney laundering           ASM         Annual shareholders' meeting           ASX200         The S&P/ASX 200 index           Board         The board of directors of Agri Fund           Centuria Capital Limited (Aus) and Centuria Capital Fund Property and any ashares in Centuria Capital Fund Property and any ashares in Centuria Capital Fund Property and any ashares in Centuria Capital Fund Property and Proper	TERM	DEFINITION
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AML Anti-money laundering  ASM Annual shareholders' meeting  ASX200 The S8P/ASX 200 index  Board The board of directors of Agri Fund  Centuria Capital Group Centuria Capital Limited (Aus) and Centuria Capital Fund  Centuria Capital Limited (Aus) and Centuria Capital Fund  Centuria Sapital 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 Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and Funds Management Limited  Companies Office The New Zealand Companies Office  CPI Consumer price index  CPIPL Centuria Platform Investments Pty Limited  CPIPL Centuria Platform Investments Pty Limited  FMA The New Zealand Financial Markets Authority  Follow-On Offer The Offer of Follow-On Offer Shares under this PDS (which shall be made only if the target amount of \$18 million, being 18 million, being 18 million Shares is not subscribed for by 29 May 2023)  Follow-On Offer The period from 30 May 2023 to 31 March 2024 (only if the target amount of \$18 million, being 18 million Shares is not subscribed for by 29 May 2023)  Follow-On Offer Shares subscribed for after 29 May 2023 (only if the target amount of \$18 million, being 18 million Shares is not subscribed for by 29 May 2023)  Follow-On Offer Shares subscribed for by 29 May 2023 (only if the target amount of \$18 million, being 18 million Shares is not subscribed for by 29 May 2023)  For Goods and services tax  Initial Property 2008 Poorty Pood. Helensville, Auckland, New Zealand  Inland Revenue The New Zealand Inland Revenue Department  Issue Price \$1.00 per Share  Lease The lease of the Initial Property under the lease agreement between the Tenant and Agri Fund to be dated on or about 2 June 2023  Management The New Zealand Inland Revenue Department  Issue Price Shares under Management (NZ) Limited (Company number: 3760278), previously named Augusta Funds Management Limited  Manager Ocenturia Funds	Agri Fund	Centuria NZ Agricultural Property Fund Limited (Company number: 8616868)
ASM Annual shareholders' meeting  ASX200 The S&P/ASX 200 index  Board The board of directors of Agri Fund  Centuria Capital  Group 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 Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Fund are stapled and trade in Centuria Naturial Fund and service stax in the offer of Follow-On Offer Shares in not subscribed for the ASX attracts and the the target amount of \$18 million, being 18 million Shares is not subscribed for by 29 May 2023)  For in period from 30 May 2023 to 31 March 2024 (only if the target amount of \$18 million, being 18 million Shares is not subscribed for by 29 May 2023)  For in period for subscribed for by 29 May 2023 (only if the target amount of \$18 million, being 18 million Sh	Agriculture Portfolio	The Initial Property and any further properties acquired by Agri Fund from time to time
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Group         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"           Centuria NZ or Manager         Centuria Funds Management (NZ) Limited (Company number: 3760278), previously named Augusta Funds Management Limited           Companies Office         The New Zealand Companies Office           CPIPL         Centuria Platform Investments Pty Limited           FMA         The New Zealand Financial Markets Authority           Follow-On Offer         The offer of Follow-On Offer Shares under this PDS (which shall be made only if the target amount of \$18 million, being 18 million shares is not subscribed for by 29 May 2023)           Follow-On Offer Period         The period from 30 May 2023 to 31 March 2024 (only if the target amount of \$18 million, being 18 million shares is not subscribed for by 29 May 2023)           Follow-On Offer Shares subscribed for by 29 May 2023 (only if the target amount of \$18 million, being 18 million shares is not subscribed for by 29 May 2023)           FY         Financial period or year ending on 31 March of the year indicated           GAAP         Generally accepted accounting practice           GST         Goods and services tax           Initial Property         208 Fordyce Road, Helensville, Auckland, New Zealand           Inland Revenue         The New Zealand Inland Revenue Department           Issue Price         \$1.00 per Share <th>Board</th> <th>The board of directors of Agri Fund</th>	Board	The board of directors of Agri Fund
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Manager         Funds Management Limited           Companies Office         The New Zealand Companies Office           CPI         Consumer price index           CPIPL         Centuria Platform Investments Pty Limited           FMA         The New Zealand Financial Markets Authority           Follow-On Offer         The offer of Follow-On Offer Shares under this PDS (which shall be made only if the target amount of \$18 million, being 18 million shares is not subscribed for by 29 May 2023)           Follow-On Offer Period         The period from 30 May 2023 to 31 March 2024 (only if the target amount of \$18 million, being 18 million Shares is not subscribed for by 29 May 2023)           Follow-On Offer Shares subscribed for after 29 May 2023 (only if the target amount of \$18 million, being 18 million Shares is not subscribed for by 29 May 2023)           FY         Financial period or year ending on 31 March of the year indicated           GAAP         Generally accepted accounting practice           GST         Goods and services tax           Initial Property         208 Fordyce Road, Helensville, Auckland, New Zealand           Inland Revenue         The New Zealand Inland Revenue Department           Issue Price         \$1.00 per Share           Lease         The lease of the Initial Property under the lease agreement between the Tenant and Agri Fund to be dated on or about 2 June 2023           Management Agreement         The agreement between Agri Fund and Centuria NZ	Group	trade together as a single stapled security on the ASX as "Centuria Capital Group", under the ticker
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Management AgreementThe agreement between Agri Fund and Centuria NZ under which Centuria NZ is exclusively appointed to manage Agri FundManager or Centuria NZCenturia Funds Management (NZ) Limited (Company number: 3760278), previously named Augusta Funds Management LimitedNZ IFRSNew Zealand Equivalents to International Financial Reporting StandardsNTANet Tangible AssetsOfferThe offer of Shares under this PDS	Issue Price	\$1.00 per Share
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NZ       Funds Management Limited         NZ IFRS       New Zealand Equivalents to International Financial Reporting Standards         NTA       Net Tangible Assets         Offer       The offer of Shares under this PDS	_	, , , ,
NTA Net Tangible Assets Offer The offer of Shares under this PDS		
Offer The offer of Shares under this PDS	NZ IFRS	New Zealand Equivalents to International Financial Reporting Standards
	NTA	Net Tangible Assets
Offer Period The period from 22 April 2023 to 29 May 2023, both dates inclusive	Offer	The offer of Shares under this PDS
	Offer Period	The period from 22 April 2023 to 29 May 2023, both dates inclusive

TERM	DEFINITION
Offer Register	The register entry for this Offer, that forms part of the Disclose Register that is available at https://disclose-register.companiesoffice.govt.nz/ by searching "OFR13511" under "search offers"
Offer Shares	Shares subscribed for during the Offer Period and allotted on or about 2 June 2023
Ordinary Resolution	A resolution approved by more than 50% of the votes cast by Shareholders entitled to vote and voting on the resolution
Passing Rental	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
PDS	This product disclosure statement detailing the offer of Shares in Agri Fund, prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and lodged with the New Zealand Registrar of Financial Service Providers and with the Australian Securities and Investments Commission in reliance on the Trans-Tasman mutual recognition scheme in Chapter 8 of the Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth)
PFI	Prospective financial information of Agri Fund for FY24, FY25 and FY26, including the full prospective financial statements prepared in accordance with FRS-42 which are available at https://disclose-register.companiesoffice.govt.nz/ by searching "OFR13511" under "search offers"
PIE	A Portfolio Investment Entity, as defined in the Income Tax Act 2007
PIR	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 Agri Fund
Sale and Purchase Agreement	The agreement between Agri Fund and Toroa Capital for the purchase of the Initial Property dated 10 March 2023
Settlement	The date settlement of the acquisition of the Initial Property occurs, anticipated to be 2 June 2023 under the Sale and Purchase Agreement
Shareholder	A holder of Shares in Agri Fund
Shares	Ordinary shares in Agri Fund
Underwrite Loan	The Underwrite Loan provided by CPIPL to Agri Fund pursuant to a loan agreement dated 10 March 2023, as described in Section 2.11
Special Resolution	A resolution approved by 75% of the votes cast by Shareholders entitled to vote and voting on the resolution
Tenant	Superb Herb Company Limited (Company number: 1128895)
Toroa Capital	Toroa Capital Limited (Company number: 8344721)
Triple Net Lease	A triple net lease means that Agri Fund, as the landlord, is insulated from all liability in relation to the Initial Property to the maximum extent permitted by law. For example, any costs of capital expenditure, repair, maintenance and other works whether structural or otherwise are not Agri Fund's responsibility. The Lease stipulates the Tenant is responsible and has the same liabilities in regards to the premises as if the Tenant was the "owner". This is widely considered the most landlord friendly form of lease
WALT	The weighted average lease term which measures the average lease term remaining across each of the leases in the Agriculture Portfolio weighted by the Passing Rental of each lease

### **Application form** Centuria NZ Agricultural Property Fund Limited

This application form is issued with the Product Disclosure Statement dated 21 April 2023 (Product Disclosure Statement) issued by Centuria NZ Agricultural Property Fund Limited (Agri Fund). Before completing this Application Form, applicants should read and consider the Product Disclosure Statement. If you have any questions or if there is anything you do not understand, please contact our sales representatives on 0800 BAYLEYS (229539).

Agri Fund, Bayleys Real Estate (including the selling agents) and Centuria Funds Management (NZ) Limited (Centuria NZ) 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.

We strongly recommend you use the online application form available at centuriaagri.co.nz.

If you wish to complete a paper application form, please courier completed application documents to Centuria Funds Management (NZ) Limited, Level 2, 30 Gaunt Street, Auckland 1010 (attention: Agri Fund Offer).

You can also scan and email a completed paper application form to enquiries@centuria.co.nz.

#### 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 84.
- 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 75).

### 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:

Nο

## SECTION 1: NAME OF INVESTOR AND APPLICANT CONTACT DETAILS (continued) Primary contact details Legal full name Postal address Email Home or mobile telephone number

#### **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 (Agri Fund does not pay distributions to third parties on an investor's behalf).

Account holder's name

Account number

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 and number

Bank encoded deposit slip

Confirmation from your bank verifying your bank account name and number

### Application form Centuria NZ Agricultural Property Fund Limited

#### **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 T	ax resident?
		Yes	No
Applicant name	IRD number		
		Yes	No
Applicant name	IRD number		
		Yes	No
Applicant name	IRD number		
		Yes	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. Please select one of the following:

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

#### **SECTION 3: TAX INFORMATION (continued)**

#### 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:

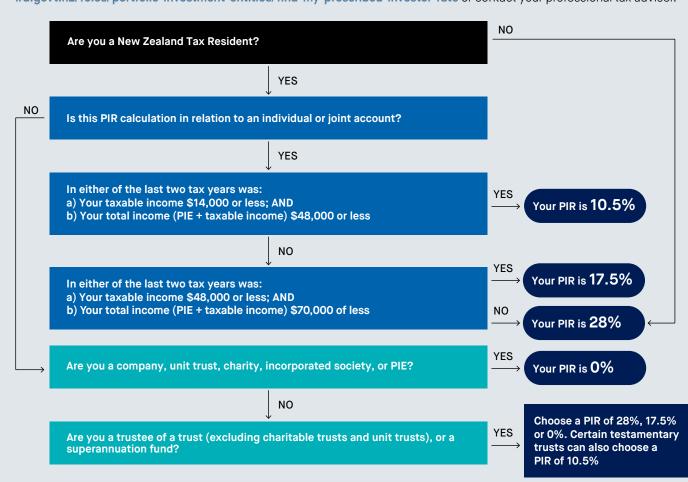
10.5% 17.5% 0% 28%

#### 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
- 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 ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate or contact your professional tax adviser.



### Application form Centuria NZ Agricultural Property Fund Limited

#### **SECTION 3: TAX INFORMATION (continued)**

#### 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 <b>NO</b> , please go to Section 4.
If <b>YES</b> , please provide details for each individual below: (please include all countries/jurisdictions in which the entity is a Legal full name	tax resident)		Date of birth
Country of foreign tax residence	Foreign Tax	( Number	
Residential address			
Country of birth			
Legal full name			Date of birth
Country of foreign tax residence	Foreign Tax	( Number	
Residential address			
Country of birth			

SECTION 3: TAX INFORMATION (continued)			
Company, partnerships, trust or other entity			
WHEN COMPLETING THIS SECTION PLEASE ANSWER BOTH QUEST	TONS 1 AND 2		
<ol> <li>Is the entity registered for tax purposes in any country other than New Zealand?</li> </ol>	Yes	No	
If <b>YES</b> , please provide the details below: (please include all countries/jurisdictions in which the entity is a	tax resident)		
Country of foreign tax residence	Foreign Tax Number		
Are any controlling parties registered for tax purposes in any country other than New Zealand?	Yes	No	If <b>NO</b> , please go to Section 4.
If YES, please provide details for each individual below:			
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.	<b>Trusts:</b> All Trustees, settlors, appointors, Executors and listed beneficiaries and any other individual who has effective control.		
Legal full name			
We are unable to provide tax advice, if you are unsure about your	tax residency :	status p	lease 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** Centuria NZ Agricultural Property Fund Limited

#### **SECTION 4: APPLICATION AMOUNT AND PAYMENT**

Amount in NZD (\$1 per Share). Applications can be made in increments of \$5,000 with a \$25,000 minimum. NZD\$

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 by ticking 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 has been provided.

#### **OPTION 2: DIRECT DEBIT**

Direct debits allow Agri Fund, 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 Agri Fund 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 has been provided.

<sup>1.</sup> To calculate the number of Shares that you will receive, take the dollar amount you wish to invest and divide it by \$0.90 (the issue price of the Shares), then round this number down to the nearest whole number.

#### **SECTION 4: APPLICATION AMOUNT AND PAYMENT (continued)**

#### **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.

Direct debit authority			
Name of my account to be debited	(acceptor)	Initiat	or's authorisation code
		122	29007
Name of my bank	Bank/Branch	Account number	Suffix
From the acceptor to		(my bank):	
	(insert name of your bank)		

By signing this Application Form I authorise you to debit my account with the amounts of direct debits from Boardroom Pty Ltd ITF CNZ Agri Apps 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 reference information on my bank statement (optional):

#### 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 bank stamp	Date received	Recorded by	Checked by

#### **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 Each available opportunity When funds are available 1-3 times a year

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

#### **SECTION 6: CUSTOMER DUE DILIGENCE (CDD) REQUIREMENTS**

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 82.

#### 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 82.

#### **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 82.

Individual & Joint Individuals (Page 76), Section 7	Partnerships (Page 77), Section 8
Company (Page 78), Section 9	Trust (Page 79), Section 10
Estates (Page 81), 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.

SECTION 7: CUSTOMER DUE DILIGENCE - INDIVIDUAL & JOINT INDIVIDUALS					
Please provide personal info	rmation for the following:				
Each investor					
<ul> <li>Any individual(s) acting on</li> </ul>	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 telephone no	umber				
Legal full name					
Residential address					
Date of birth	Place of birth				
Occupation		Email			
Home or mobile telephone no	umber				
Legal full name					
Residential address					
Date of birth	Place of birth				
Occupation		Email			
Home or mobile telephone no	umber				

#### **SECTION 8: CUSTOMER DUE DILIGENCE - PARTNERSHIPS**

Please provide 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 full name

Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	

#### **SECTION 9: CUSTOMER DUE DILIGENCE - COMPANY**

Please provide personal information for each of the following:

- · 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 full name	
Date of birth	Place of birth
Occupation	
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Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
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Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	
Date of Birth	Place of birth
Occupation	

#### **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 full name

Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	

SECTION 10: CUSTOMER DUE DILIGENCE - TRUSTS (CONTINUED)
Corporate Trustee Company
Full name of contact
Company name
Email
Home or mobile telephone number
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.

#### **SECTION 11: CUSTOMER DUE DILIGENCE - ESTATES**

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- 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

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Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	
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Date of birth	Place of birth
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Legal full name	
Date of birth	Place of birth
Occupation	
Legal full name	
Date of birth	Place of birth
Occupation	

#### **SECTION 12: DECLARATION AND SIGNATURE**

I/We hereby apply for the Shares as set out above subject to the terms and conditions of the Product Disclosure Statement.

I/We have received, read and understood the Product Disclosure Statement. I/We understand the risks to Agri Fund's Business and Plans as set out at Section 8 of the Product Disclosure Statement. I/We acknowledge that the offer of Shares in the Product Disclosure Statement was made to me/us in New Zealand or any other country in which Agri Fund is able to offer to persons without having to prepare a disclosure document. I/ We agree to accept the Shares as applied for or any lesser number that may be transferred to me/us. I/We hereby consent to Centuria NZ and Agri Fund 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 Agri Fund and 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 Agri Fund and 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 next page.

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

Date

Applicant signature	Applicant signature	Applicant signature
Full name	Full name	Full name
Applicant signature	Applicant signature	Applicant signature

Full name

Full name

Full name

### SECTION 12: DECLARATION AND SIGNATURE (continued)

#### 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.		
	(Name of Attorney)	
	(Address and Occupation of Attorney)	
	(address and country of Donor)	
	ctorney.	
Signed at (place)		
	yent revoking the power of at Signed at (place)	

SECTION 12: DECLARATION AND SIGNATURE (continued)  Indemnity in Respect of the Issue of Shares to a Minor (Section 102 Contract and Commercial Law Act 2017)		
We	and	
(the "legal guardians/parents") of:		
	(the "minor")	
shall keep Agri Fund indemnified on demand from and against al expenses incurred or suffered by Agri Fund arising from or in cor the entry of the minor into the contract constituted by the applic statement for the offer of Shares in Agri Fund dated 21 April 2023	nnection with the issue of Shares in Agri Fund to the minor and eation form (Form) contained in this product disclosure	
We acknowledge that:		
<ul><li>we have requested, and consent to, the issue of \$</li></ul>	of Shares (at \$1.00 per Share) in Agri Fund to the minor;	
• we have reviewed, and understand the content of, the PDS and	d the Form; and	
• this indemnity may not be revoked unless Agri Fund agrees in	writing.	
Signed as a Deed		
Applicant signature	Applicant signature	
Print name	Print name	
Date	Date	
In the presence of:		
Name	Name	
Occupation	Occupation	
Address	Address	

**Notes** 

# Centuria