

# Centuria



This Product Disclosure Statement (PDS) was originally prepared by Centuria NZ Healthcare Property Fund Limited pursuant to an offer that closed on 30 September 2022. Shares are available for purchase that are currently held by Centuria Platform Investments Pty Limited. This PDS is being provided for background information only, is no longer current and should not be relied on. To invest, please use the application form located at the back of this document or visit [www.centuriahealthcare.co.nz](http://www.centuriahealthcare.co.nz).

For an offer of ordinary shares in

## Centuria NZ Healthcare Property Fund Limited

### PRODUCT DISCLOSURE STATEMENT

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 Healthcare 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.

1 MARCH 2022





Camellia Court Rest Home.  
84 Harewood Road, Papanui, Christchurch.



# Key information summary

## Section 1

### 1.1 What is this?

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

If Centuria NZ Healthcare 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.

### 1.2 About Centuria NZ Healthcare

Centuria NZ Healthcare has been established by Centuria Funds Management (NZ) Limited (the **Manager** or **Centuria NZ**) with the purpose of investing directly or indirectly in a portfolio of healthcare real estate located in New Zealand (the **Healthcare Portfolio**).

Centuria NZ Healthcare intends to acquire an initial portfolio of 23 aged care properties throughout New Zealand (the **Initial Properties**) valued at \$194.9 million which form part of the Heritage Lifecare aged care and retirement village property portfolio.

Centuria NZ Healthcare will be managed by 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\$20.2 billion of assets under management (including the Manager's assets under management).<sup>1</sup> As detailed in Section 2.9, the Manager has an experienced 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. It has total assets under management of approximately NZ\$2.53 billion.

Centuria NZ Healthcare is a limited liability company incorporated in New Zealand. Investors in Centuria NZ Healthcare 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 activities.

Investor rights are set out in the constitution of Centuria NZ Healthcare and in the Companies Act 1993.

### 1.3 Purpose of this Offer

The purpose of the Offer is to raise capital which, together with bank borrowings, will enable Centuria NZ Healthcare to purchase the Initial Properties and pay the Offer costs.

### 1.4 Key terms of the Offer

<b>Description of the equity securities being offered</b>	Ordinary shares in a limited liability company, Centuria NZ Healthcare, which will register as a portfolio investment entity (PIE) for New Zealand tax purposes.
<b>Issue Price</b>	\$1.00 per Share.
<b>Total number of Shares being offered</b>	Up to \$121 million is targeted to be raised in the Offer, being 121 million Shares. The Shares issued under the Offer will be 100% of the total Shares on issue immediately following the issue of Shares.

<b>Minimum number of Shares that may be applied for<sup>2</sup></b>	Shares available in any amount, with a \$10,000 minimum investment.
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<b>Maximum Number of Shares that may be held by any Shareholder<sup>2</sup></b>	Except in circumstances allowed by Centuria NZ Healthcare, no Shareholder and its associates may together hold more than 20% of Centuria NZ Healthcare's Shares following the Offer, being 24.2 million Shares based on the total number of Shares being offered.
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<b>Minimum and maximum amount of equity to be raised<sup>2</sup></b>	There is no minimum amount to be raised in order for the Offer to proceed. However, Centuria NZ Healthcare is targeting an Offer size of up to \$121 million. Additional Shares may be issued at the discretion of the Board.
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<b>Forecast cash distributions</b>	The initial forecast pre-tax cash distribution is 5.00% per annum on the amount invested for the reporting periods ending 31 March 2023 and 31 March 2024, paid to investors monthly.
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These cash distributions are not guaranteed. The actual distribution rate may vary. Distributions are forecast to be accrued from 21 April 2022, the day immediately following Settlement. Details on how the forecast pre-tax cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investment are set out in Section 7: "Centuria NZ Healthcare's financial information" and Section 8: "Risks to Centuria NZ Healthcare's business and plans" of this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared by Centuria NZ Healthcare in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.

<b>Underwriting and underwriting loan arrangements</b>	The Offer is underwritten by Centuria Platform Investments Pty Limited (the <b>Underwriter</b> or <b>CPIPL</b> ) by way of an underwriting agreement between Centuria NZ Healthcare and CPIPL and an underwriting loan agreement that may be entered into between Centuria NZ Healthcare and CPIPL if required by Centuria NZ Healthcare (the <b>Underwriting Loan</b> ).
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In the event that the targeted amount of \$121 million is not raised by the Offer close date, CPIPL has committed to subscribe for Shares under the underwriting agreement that will result in it holding (together with its associates) up to 20% of the Shares in Centuria NZ Healthcare (the **Shareholding Cap**). Any further shortfall to the targeted amount will be met by CPIPL advancing the Underwriting Loan. If more than \$96.8 million is raised in the Offer from investors other than CPIPL and its associates, the Underwriting Loan will not be drawn.

(1) Assets under management as at 31 December 2021. Includes assets contracted to be settled, cash and other assets.

(2) Centuria NZ Healthcare and the Manager reserve the right to amend the minimum and maximum subscription amounts and the maximum number of Shares that may be held.

# Key information summary (cont.)

## Section 1

<b>Underwriting and underwriting loan arrangements (cont.)</b>	The Underwriter will receive an establishment and underwriting fee of \$3.63 million (calculated at 3% of \$121 million), will be entitled to receive cash distributions in respect of any Shares it acquires under the underwriting agreement and will be paid interest at a rate of 4.75% per annum on any outstanding balance of the Underwriting Loan (in place of the cash distributions that would have been payable on Shares acquired under an underwrite). If drawn, the Underwriting Loan is repayable from the subscription monies received from the issue of Follow-On Offer Shares (other than any Shares issued to CPIPL under the underwriting agreement). Payments to the Underwriter under the underwriting arrangements (including any cash distributions paid to CPIPL as a Shareholder) will not impact forecast cash distributions.	<b>Management (cont.)</b>	The fees payable to Centuria NZ include: <ul style="list-style-type: none"><li>• A management fee of 0.25% per annum (plus GST) of the average month-end total asset value of Centuria NZ Healthcare for so long as the Healthcare Portfolio comprises only the Initial Properties. If additional properties are acquired, a management fee of up to 0.50% per annum will be payable in respect of those properties, as set out in Section 2.9.</li><li>• A performance fee of 20% per annum (plus GST) of any shareholder returns above a 6.5% per annum benchmark, provided any previous underperformance has been recovered.</li><li>• Certain other transaction fees are payable to the Manager as set out in Section 2.9, including an acquisition fee, sale fee, leasing fee and development management fee.</li></ul> If the Management Agreement is terminated without cause and Shareholders support that termination by Special Resolution, Centuria NZ Healthcare 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 2.9. The Management Agreement is also available on the Offer Register.
<b>Offer open date</b>	9 March 2022*	<b>Offer to investors</b>	The Offer is only being made to potential investors in New Zealand, Australia and any other jurisdictions in which Centuria NZ Healthcare is able to make the Offer without having to prepare a disclosure document, at its discretion. Centuria NZ Healthcare reserves its rights to decline applications from overseas investors to ensure Centuria NZ Healthcare does not become an overseas person under the Overseas Investment Act 2005.
<b>Offer close date</b>	12 April 2022*		
<b>Follow-On Offer close date</b>	30 September 2022* (if the Offer is not fully subscribed by 12 April 2022, Centuria NZ Healthcare may make the Follow-On Offer).		
<b>Allotment date</b>	Offer Shares will be issued on or about 20 April 2022 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 (where applications are received and approved by 3pm three business days prior to that Wednesday), and on the Follow-On Offer close date.		
<b>Liabilities, fees and charges</b>	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.		
<b>Management</b>	Centuria NZ has been appointed to manage Centuria NZ Healthcare and provides asset management, development and project management, treasury and financial management, investor relations, and legal and compliance services.  The key terms of the Management Agreement (including fees) were set having regard to what the Manager and Centuria NZ Healthcare considered appropriate and industry benchmarks for property funds.		

\* These dates are indicative only and may change. In particular, Centuria NZ Healthcare reserves the right to close the Offer and/or the Follow-On Offer at any time prior to those dates or extend the Offer Period and/or the Follow-On Offer Period by up to 25 business days without prior notice. In the event that the closing date for the Offer 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.

# Key information summary (cont.)

## Section 1

### 1.5 How you can get your money out

The Company 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.

### 1.6 Key drivers of returns

Centuria NZ Healthcare'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
<p><b>Rental income</b></p> <p>Increases in Centuria NZ Healthcare's rental income from the Initial Properties will be driven by rent review provisions in the Leases, which in turn are determined by CPI.</p> <p>As the Healthcare Portfolio grows to include properties that are not leased to the Tenant, increases in Centuria NZ Healthcare's rental income are expected to be driven by a combination of rent review provisions across the Healthcare Portfolio, retention of tenants and re-leasing of any future vacancies to new tenants.</p>	<p>The Healthcare Portfolio is initially comprised of 23 properties, each of which is leased to the Tenant for an initial lease term of 30 years.</p> <p>The Leases contain annual CPI rent reviews with a minimum annual increase of 1% and a maximum annual increase of 4%. Where possible, in future Centuria NZ Healthcare will target healthcare properties for future acquisition with leases which also provide annual rental increases.</p> <p>Centuria NZ Healthcare has a dedicated fund manager who will oversee the Healthcare Portfolio and lead 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.</p>
<p><b>Market value of the Healthcare Portfolio</b></p> <p>The market value of each property in the Healthcare 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.</p>	<p>Centuria NZ Healthcare'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.</p> <p>The Healthcare Portfolio will be actively managed by Centuria NZ in order to maintain or increase property values and achieve growth in rental income.</p>

Key factor driving return	Strategies and plans to manage this factor
<p><b>Interest rates</b></p> <p>Interest expense incurred by Centuria NZ Healthcare as a result of its bank borrowings is a material expense. Interest costs on bank borrowings are forecast to be approximately 29% of Centuria NZ Healthcare's net property income in FY23. Increases or decreases in interest rates may affect Centuria NZ Healthcare's returns.</p>	<p>Line fees and margins are fixed for the term of each Bank Loan Facility which ranges from 3 to 4 years (unless refinanced earlier). The base rate on 100% of forecast borrowings has been fixed for 3 years with an interest rate swap.</p> <p>The Manager and the Board will monitor interest rate markets and regularly review the base rate, margin and line fee components of Centuria NZ Healthcare's borrowings, including the portion of borrowings that is subject to a fixed interest rate.</p> <p>Margins and line fees will be benchmarked against similar market transactions and Centuria NZ Healthcare will consider changing lenders if materially better funding terms are available elsewhere.</p>
<p><b>Future acquisitions</b></p> <p>Centuria NZ Healthcare has a strategy to grow the value of the Healthcare Portfolio through further healthcare related property purchases. The ability to source value and earnings accretive acquisitions will help to drive future returns.</p>	<p>Any future properties will only be purchased if they are expected to maintain or increase current returns to Shareholders, provide diversification benefits or provide potential capital growth.</p>
<p><b>Triple Net Leases</b></p> <p>As the Leases are Triple Net Leases, Centuria NZ Healthcare, as landlord, is insulated from all liability in relation to the Initial Properties 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 Centuria NZ Healthcare's responsibility.</p>	<p>Bayleys Property Services will initially be engaged by Centuria NZ Healthcare 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.</p>

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 Centuria NZ Healthcare as well as the key strategies and plans to manage those factors can be found in Section 2.3.

# Key information summary (cont.)

## Section 1

### 1.7 Key Risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about Centuria NZ Healthcare'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.

Centuria NZ Healthcare considers that the most significant risk factors that could affect the value of the Shares are:

#### Single Tenant Risk

The Tenant is the sole occupant of the Initial Properties. Accordingly, the Healthcare Portfolio is not initially diversified by tenant profile or exposure to different property sectors, but there is a geographical spread across 23 properties around New Zealand. Performance does alter by region and rental levels set for each site have been made in correlation to forecast EBITDA performance.

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

- Centuria NZ Healthcare to pay distributions to Shareholders;
- Centuria NZ Healthcare's ability to comply with its banking covenants; and
- Shareholders to recoup all of their original investment.

The Tenant is required to comply with aged care related laws, rules and other requirements in order to operate. The Leases require the Tenant to maintain the licences and relevant authority approvals required to continue to operate the facilities.

Centuria NZ Healthcare believes that the risk of the Tenant being unable to meet its obligations under the Leases is low, given the Tenant's current financial standing, performance and the positive macroeconomic forecast for the aged care industry. On the whole the aged care industry is estimated to draw 77% of its income from the Government or local DHB or is funded by superannuation payments. This underpins the Tenant's income.

#### Increase in interest rates

Interest expense incurred by Centuria NZ Healthcare as a result of its bank borrowings is a material expense. If interest costs increase over time by more than Centuria NZ Healthcare's rental income grows over that period, it would adversely affect Centuria NZ Healthcare's ability to maintain distribution levels. The Leases provide for an annual rent increase based on CPI, capped at 4% per annum.

Line fees and margins are fixed for the term of each Bank Loan Facility, which ranges from 3 to 4 years (unless refinanced earlier). As at the date of this PDS, an interest rate swap agreement has been entered into to fix the base rate on 100% of Centuria NZ Healthcare's forecast borrowings for 3 years. Once the interest rate swap period ends, the bank borrowings will revert to a floating base rate unless further hedging is entered into.

#### Increase in interest rates (cont.)

Changes in interest rates cannot be accurately predicted. There is a risk that interest rates may increase if inflation increases. Current expectations are that interest rates may increase based on economic and market forecasts. If interest rates rise, CPI is also expected to be higher which may provide rental growth (due to the CPI rent increase mechanism in the Lease) to offset some of the potential increase in interest costs once the interest rate swap period ends.

The Manager and the Board will monitor interest rate markets and regularly review the base rate, margin and line fee components of Centuria NZ Healthcare'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 Centuria NZ Healthcare will consider changing lenders if materially better funding terms are available elsewhere.

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

### 1.8 Where you can find Centuria NZ Healthcare's Financial Information

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

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# Letter from the Chair

Dear Investor,

We are delighted to bring investors the opportunity to invest in Centuria NZ Healthcare Property Fund Limited (**Centuria NZ Healthcare**), providing exposure to the sought after healthcare real estate sector along with monthly cash distributions and the potential for capital growth.

Centuria NZ Healthcare is a limited liability company that has been established as an open-ended, unlisted and sector specific property fund that will invest in strategically selected healthcare related real estate such as aged care facilities, private hospitals, medical centres, GP surgeries and other healthcare related facilities.

Centuria Funds Management (NZ) Limited (the Manager, **Centuria NZ**, formerly known as Augusta Funds Management) is the manager of the fund and was established in 2003. Centuria NZ manages approximately NZ\$2.53 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\$20.2 billion of Trans-Tasman assets under management on behalf of investors<sup>3</sup> and a market capitalisation of approximately A\$2.3 billion. 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.

Consistent with this approach, Centuria NZ Healthcare will initially acquire 23 properties (the **Initial Properties**) on a sale and lease back basis from Heritage Lifecare Limited (**Heritage Lifecare**) with the majority being aged care facilities (described below). The portfolio is of significant size and scale with a total valuation of \$194.9 million, an increase from the total purchase price of \$192.2 million, with this increase directly benefiting investors.

The Initial Properties are located throughout New Zealand providing geographic diversification. All properties benefit from a sought after 30 year "triple net lease" to Heritage Lifecare with rights of renewal totalling a further 60 years, taking the final expiry through to the year 2112. The initial 30 year term is a very favourable term by New Zealand standards, and combined with a tenant of this calibre in a sector with favourable macro economic trends provides a long term stable income stream.

## What is a triple net lease?

Each Lease is a "triple net lease". A triple net lease means that Centuria NZ Healthcare, as the landlord, is insulated from all liability in relation to the Initial Properties 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 Centuria NZ Healthcare's responsibility. Each 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.

Another major benefit to investors is that the Initial Properties' Leases feature annual rent reviews that reflect movements in the Consumer Price Index (CPI), subject to a minimum 1% per annum increase and a 4% per annum cap, providing built in rental growth, increasing rental income annually for the next 30 years and providing a degree of off-set against inflation pressures. The Leases do not provide for abatement of rent under any circumstances, including in the case of restricted access due to COVID-19.

As noted above, the Initial Properties comprise 23 geographically diverse properties with approximately 52% of the value weighted towards Auckland, Rotorua, Christchurch and Dunedin with the remaining properties located regionally, catering to local demand where future bed shortages are forecast to emerge.

Heritage Lifecare operates aged care facilities, as well as retirement villages. The Initial Properties comprise the majority of the aged care facilities operated by Heritage Lifecare as well as the land underlying certain of the retirement village buildings owned and operated by Heritage Lifecare.

In broad terms, the aged care industry in New Zealand is comprised of the provision of facilities and services for rest homes, hospital care and specialist care (such as dementia), with Heritage Lifecare providing options across each of these. The aged care industry in New Zealand is characterised by Government mandated care fees and a supportive funding environment that provides for high levels of recurring Government funding (estimated at 53% directly from the Government and an additional ~ 24% funded indirectly via residents' pensions). Increased demand along with constrained supply is forecast in the aged care industry with a shortfall in care beds expected to emerge from 2026 onwards given current build rates.

As described by Chris Farhi, Bayleys' Head of Insights, Data and Consulting on page 30:

"Prospects for the New Zealand medical and healthcare property sector, including the aged care sector, continue to remain attractive. Healthcare property benefits from long-term demographic drivers and the fact that health expenditure is often mandatory. Therefore, healthcare property presents desirable non-cyclical and defensive characteristics. We consider that these factors contribute to reducing the risk profile for the healthcare property sector and making properties associated with the healthcare sector desirable additions to the portfolios.

Like the healthcare sector generally, the aged care sector is expected to benefit from population growth, increasing life expectancies and an ageing population. Between 2016 and 2021 there was a 46% increase in Government expenditure on healthcare, growing from \$15.6 billion to \$22.8 billion. Whilst people over 65 years old currently represent around 16% of the total population, the health services they use account for approximately 42% of public healthcare spending.

The age of entry into aged care beds in New Zealand is typically 85 years and above. The growth of this age segment is expected to be rapid, with a forecast rise from 88,000 people in 2020 to 360,000 in 2063 (+309% growth)."

(3) Assets under management as at 31 December 2021. Includes assets contracted to be settled, cash and other assets.



## Letter from the Chair (cont.)

In our opinion, Heritage Lifecare is one of New Zealand's leading and largest aged care focused operators. Led by a highly credentialed management team, its occupancy rates compare favourably to key competitors and it has an orientation towards the provision of higher levels of care where higher margins are able to be generated. The business to date has been achieving increased profitability levels while focussing on delivering high quality care to its residents. Over time, Heritage Lifecare has developed a proven track record in acquiring and improving the operational performance of additional facilities.

The Tenant's obligations under the Leases are guaranteed by Heritage Lifecare. Based on information provided by Heritage Lifecare and reviewed by Centuria NZ Healthcare, Centuria NZ Healthcare understands that Heritage Lifecare will have total net assets in excess of approximately \$100,000,000 following Settlement. Accordingly, Centuria NZ Healthcare considers that Heritage Lifecare currently has strong financial standing sufficient to meet its obligations under the Leases as guarantor of the Tenant. Further security for performance of the Tenant's obligations is provided through a bank guarantee of 6 months' rent (plus GST).

Heritage Lifecare is continually looking at new opportunities to expand its business and develop its real estate portfolio, and we consider that there may be future opportunities for Centuria NZ Healthcare to partner with Heritage Lifecare on real estate development and/or investment opportunities.

Investment in the Offer provides an initial forecast pre-tax cash distribution of 5.00% per annum on the amount invested (for the reporting periods ending 31 March 2023 and 31 March 2024).<sup>4</sup> We understand the importance of cashflow to our investors so these cash distributions are paid into your bank account monthly.

Tax deductions for depreciation of healthcare buildings will benefit Shareholders. Centuria NZ Healthcare will register as a PIE (Portfolio Investment Entity), so the maximum tax rate for your investment will be 28% (it will be less if your individual tax rate is lower). This is 11% lower than New Zealand's top personal tax rate of 39% which applies to annual taxable income over \$180,000.

Investment in the Offer is available in any amount, with a minimum investment of \$10,000. The Manager has a wide range of investors across its managed investments including those who invest the minimum through to those with several million dollars across multiple offerings. This Offer is fully underwritten which provides assurance to investors that the Offer will proceed.

The intention of Centuria NZ Healthcare is to grow over time to continue to increase investors' exposure to a variety of healthcare real estate. All future investments by Centuria NZ Healthcare will be strategically selected for their ability to continue to increase diversification within the healthcare real estate sector and contribute to the yield and capital growth of Centuria NZ Healthcare.

One of the most frequently asked questions we receive relates to liquidity, specifically, can an investor sell their investment? Centuria NZ Healthcare 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 very much related to the performance of the underlying asset including the remaining term of a property's lease(s). Since 2014, the Manager has facilitated secondary sale transactions with a total sales value of over \$47 million. Neither the Manager nor Centuria NZ Healthcare is obligated to provide liquidity for Shareholders.

We consider that the Healthcare Portfolio comprises a sought-after institutional grade investment opportunity within the healthcare real estate sector. Investments of this calibre with an attractive tenant covenant, 30 year "triple net" lease", geographically diverse portfolio and inflation linked growth 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 Centuria NZ Healthcare'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 54) using a secure and easy to complete form.

Yours sincerely,



**Edward Hanson**  
**Chair, Centuria NZ Healthcare Property Fund Limited**

(4) These cash distributions are not guaranteed. The actual distribution rate may vary. Distributions are forecast to be accrued from 21 April 2022, the day immediately following Settlement. Details on how the forecast pre-tax cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investment are set out in section 7: "Centuria NZ Healthcare's Financial Information" and section 8: "Risks to Centuria NZ Healthcare's Business and Plans" of this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared by Centuria NZ Healthcare in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.

# Centuria NZ Healthcare and what it does

## Section 2

In this section, you will find information on:

- Centuria NZ Healthcare and its investment philosophy and strategy
- Key drivers of Centuria NZ Healthcare's future financial performance
- Centuria NZ Healthcare's property portfolio
- The health and aged care property market
- Centuria NZ Healthcare's bank facilities
- The Directors of Centuria NZ Healthcare
- The Manager
- The Management Agreement between Centuria NZ and Centuria NZ Healthcare
- Substantial shareholder and relevant interests held by directors and senior managers

### 2.1 Overview of Centuria NZ Healthcare

Centuria NZ Healthcare has been established by Centuria NZ to invest directly or indirectly in a portfolio of healthcare real estate located in New Zealand.

Initially, Centuria NZ Healthcare will own 23 aged care properties throughout New Zealand. Further details of the Healthcare Portfolio are set out in Section 2.4.

Centuria NZ Healthcare will be managed on a day to day basis by Centuria NZ. Centuria NZ currently manages approximately NZ\$2.53 billion of commercial property across New Zealand and Brisbane, Australia. Further details about Centuria NZ are set out in Section 2.9. Centuria NZ Healthcare was incorporated on 11 February 2022 and will only commence trading on allotment of the Shares and acquisition of the Initial Properties.

### 2.3 Key drivers of Centuria NZ Healthcare's future financial performance

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

Key aspect of Centuria NZ Healthcare's business	Strategies and plans to manage this aspect
<p><b>Rental income</b></p> <p>Increases in Centuria NZ Healthcare's rental income from the Initial Properties will be driven by rent review provisions in the Leases, which in turn are determined by CPI.</p> <p>As the Healthcare Portfolio grows to include properties that are not leased to the Tenant, increases in Centuria NZ Healthcare's rental income are expected to be driven by a combination of rent review provisions across the Healthcare Portfolio, retention of tenants and re-leasing of any future vacancies to new tenants.</p>	<p>The Healthcare Portfolio is initially comprised of 23 properties, each of which is leased to the Tenant for an initial lease term of 30 years.</p> <p>The Leases contain annual CPI rent reviews with a minimum annual increase of 1% and a maximum annual increase of 4%.</p> <p>Where possible, Centuria NZ Healthcare will target healthcare properties for acquisition with leases which provide annual rental increases.</p> <p>A dedicated fund manager oversees the management of Centuria NZ Healthcare, including engagement with the Tenant. Centuria NZ also has a wide range of relationships in the property industry which it considers will be of assistance in identifying leasing and acquisition opportunities.</p>

### 2.2 Investment philosophy and strategy

#### Investment Philosophy

Centuria NZ Healthcare is a limited liability company that has been established to invest directly or indirectly in a portfolio of healthcare real estate located in New Zealand.

#### Investment Strategy

Centuria NZ Healthcare's long term strategic investment objectives are to deliver:

- A sustainable and stable income, plus the potential for capital growth.
- A gearing target of 45% or below, but with the ability to increase gearing above 45% on a short-term basis to facilitate acquisitions.

To deliver this investment strategy, Centuria NZ Healthcare may invest in:

- aged care facilities underpinned by high quality operators (which could include retirement village facilities and accommodation);
- medical centres including accident and emergency clinics;
- public and/or private operator leased hospitals (day stay or overnight);
- medical office buildings;
- assets with strong healthcare related tenant covenants;
- healthcare assets with long lease terms or the ability to convert to long lease terms through active management;
- mixed-use assets with substantial healthcare use (current or future); and
- land or buildings appropriate for future healthcare use (which will provide the opportunity to develop new healthcare investments).

Centuria NZ Healthcare has a strategy to grow the value of the Healthcare Portfolio over time, however, the PFI assumes that Centuria NZ Healthcare will not make any future acquisitions or complete any developments in FY23 and FY24.

Centuria NZ Healthcare will continue to review its strategy to reflect market conditions and opportunities.



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Key aspect of Centuria NZ Healthcare's business

### Strategies and plans to manage this aspect

#### Market value of the Healthcare Portfolio

The market value of each property in the Healthcare Portfolio is subject to change as a result of overall market conditions (including 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.

Centuria NZ Healthcare'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 Healthcare Portfolio will be actively managed by Centuria NZ in order to maintain or increase property values and achieve growth in rental income.

#### Interest rates

Interest expense incurred by Centuria NZ Healthcare as a result of its bank borrowings is a material expense. Interest costs on bank borrowings are forecast to be approximately 29% of Centuria NZ Healthcare's net property income in FY23. Increases or decreases in interest rates may affect Centuria NZ Healthcare's returns.

Line fees and margins are fixed for the term of each Bank Loan Facility which ranges from 3 to 4 years (unless refinanced earlier). The base rate on 100% of the forecast borrowings has been fixed for 3 years with an interest rate swap.

Once the interest rate swap period ends, the bank borrowings will revert to a floating base rate unless further hedging is entered into. The base rate applying to borrowings will be managed by a combination of interest rate derivatives and/or floating rates over time.

The Manager and the Board will monitor interest rate markets and regularly review the base rate, margin and line fee components of Centuria NZ Healthcare'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 Centuria NZ Healthcare will consider changing lenders if materially better funding terms are available elsewhere.

#### Triple Net Leases

As the Leases are Triple Net Leases, Centuria NZ Healthcare, as landlord, is insulated from all liability in relation to the Initial Properties 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 Centuria NZ Healthcare's responsibility.

Bayleys Property Services will initially be engaged by Centuria NZ Healthcare 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.

#### Future acquisitions

Centuria NZ Healthcare has a strategy to grow the value of the Healthcare Portfolio through further healthcare related property purchases. The ability to source value and earnings accretive acquisitions will help to drive future returns.

Any future properties will only be purchased if they are expected to maintain or increase current returns to Shareholders, provide diversification benefits or provide potential capital growth.

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

Should Heritage Lifecare acquire further care facilities, and wish to enter into a sale and leaseback arrangement, Centuria NZ Healthcare and Heritage Lifecare have agreed a framework for negotiations should Centuria NZ Healthcare wish to purchase the underlying property interest with a lease back by the operator.

Centuria NZ Healthcare has assumed for the purpose of its PFI that it will not make any future acquisitions in FY23 and FY24.

#### Other expenses

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

Management fees will increase as the total asset value of Centuria NZ Healthcare grows. 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.

#### Tenant performance / covenant

If the 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 Centuria NZ Healthcare's ability to pay cash distributions to Shareholders and could impact the market value of the affected property.

Centuria NZ Healthcare actively monitors tenant rental payment performance. Each Lease is secured by a six month bank guarantee and a parent company guarantee from Heritage Lifecare.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Key aspect of Centuria NZ Healthcare's business

### Strategies and plans to manage this aspect

#### Future developments within the portfolio

An agreement with Heritage Lifecare has been entered into which sets out the process to agree funding of potential future development opportunities within the Initial Properties. This agreement outlines the process for the parties and the landlord has full discretion to agree to fund or not.

Centuria NZ Healthcare will work with Heritage Lifecare to facilitate developments within the Initial Properties which will enhance the portfolio and increase rental income.

## 2.4 The Healthcare Portfolio

This section sets out a snapshot of key metrics for the Healthcare Portfolio following acquisition of the Initial Properties as well as more specific information on each of the Initial Properties.

### Centuria NZ Healthcare's Healthcare Portfolio – Investment Snapshot

<b>Number of properties</b>	23
<b>Purchase price</b>	\$192.2 million plus GST (if any)
<b>Valuation as at 22 December 2021</b>	\$194.9 million
<b>Number of tenants</b>	One <sup>5</sup>
<b>WALT as at Settlement</b>	30 years
<b>Land area</b>	~187,794m <sup>2</sup>
<b>Occupancy</b>	100%
<b>Passing Rental</b>	\$10.7 million
<b>Rental yield on purchase price</b>	5.54%
<b>Care beds</b>	1,566

### The Initial Properties

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

The capital expenditure to be incurred in respect of the Initial Properties is set out in Section 7: "Centuria NZ Healthcare's financial information".

### Heritage Aged Care Facilities and Retirement Villages

The Initial Properties comprise 23 geographically diverse properties which form part of the Heritage Lifecare aged care and retirement village property portfolio. Approximately 52% of the value (7 properties) is weighted towards Auckland, Christchurch, Rotorua and Dunedin with the remaining 16 properties located regionally, catering to local demand where future bed shortages are forecast to emerge.

The Initial Properties are leased to Heritage Lifecare to operate aged care facilities and retirement villages. Some properties are standalone aged care facilities, providing solely aged residential care services, while other properties feature aged care facilities and retirement villages, co-located on one site (**Co-Located Properties**). At the Co-Located Properties, in addition to the land and buildings which house aged care facilities, for the retirement village portion of the property, Centuria NZ Healthcare is only acquiring the land underlying the retirement village buildings, with ownership of the buildings themselves being retained by Heritage Lifecare. Heritage Lifecare is entitled to complete a subdivision at certain of the Co-Located Properties to separate the retirement village component of those properties from the aged care facilities within those properties prior to Settlement, which mean that Centuria NZ Healthcare will only acquire the land and buildings which house aged care facilities if completed prior to Settlement. If these subdivisions are not complete by Settlement, Centuria NZ Healthcare will take legal title to the whole of the relevant property, but will hold legal title for the retirement village component on trust for Heritage Lifecare in accordance with the terms set out in the Co-Located Lease (refer lease summary below on page 28). There is no adjustment to the consideration payable by Centuria NZ Healthcare on Settlement or rent adjustment payable by the Tenant under the relevant lease.

### Valuations of the Initial Properties

Each of the Initial Properties has been valued by Michael Gunn, Tom Stafford and Victoria Hird of CBRE as at 22 December 2021 in accordance with the current Australia and New Zealand Property Institute Valuation and Property Standards. Each valuation was prepared using a capitalisation approach, direct comparison approach and discounted cash flow approach. The valuation of each Initial Property is set out in the relevant table below.

Each valuation takes into account the impact of COVID-19. Given the circumstances of COVID-19, the valuers have noted that values and incomes may change more rapidly and significantly than during normal market conditions. The valuations have been prepared on the basis of a lease commencement date of 22 December 2021 (being the date of the valuation). The Leases are not intended to commence until 19 April 2022, however, given their 30 year term, CBRE has confirmed that any impact of this approach on value is immaterial.

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

(5) The Tenant for each Initial Property will be the "selling entity" in respect of that Initial Property, each a wholly owned subsidiary of Heritage Lifecare (with the option for Heritage Lifecare to nominate an alternative tenant prior to Settlement, which must be a wholly owned subsidiary of Heritage Lifecare). Heritage Lifecare guarantees the obligations of each tenant under the Leases. From a financial standing and operator perspective Centuria NZ Healthcare effectively treats all individual tenants as one tenant – Heritage Lifecare.



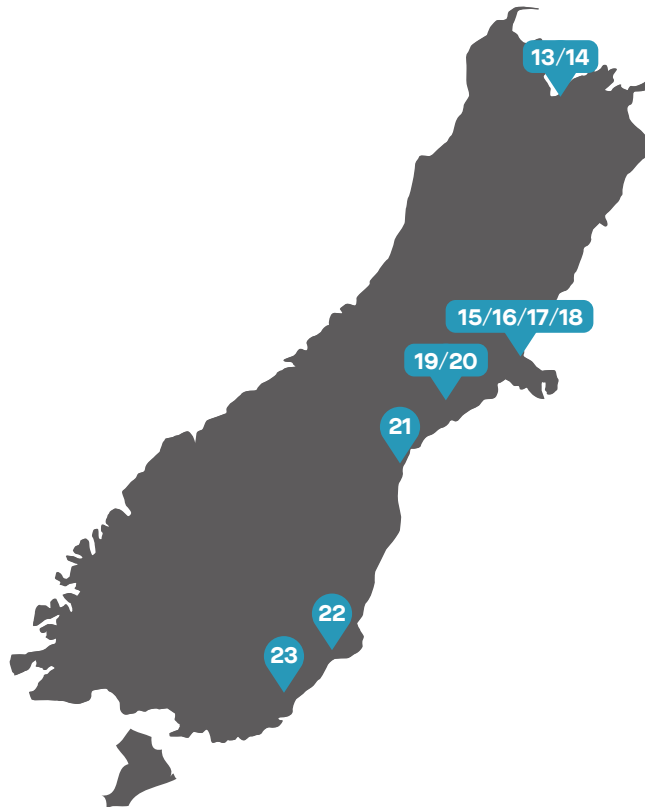
# Centuria NZ Healthcare and what it does (cont.)

## Section 2



### North Island

- 1 Palms Lifecare**  
100-104 Harris Street, Pukekohe, Auckland
- 2 Cantabria Lifecare**  
369 Old Taupo Road, Springfield, Rotorua
- 3 Te Wiremu House Lifecare**  
621 Aberdeen Road, Te Hapara, Gisborne
- 4 Glengarry Lifecare**  
22 Glengarry Place, Wairoa
- 5 Telford Lifecare**  
15 Telford Street, Merrilands, New Plymouth
- 6 Elizabeth R Lifecare**  
30-33 Elizabeth Grove, Stratford, Taranaki
- 7 Annie Brydon Lifecare**  
71 Glover Road, Hawera, Taranaki
- 8 Colwyn House Lifecare**  
707 Duke Street, Mahora, Hastings
- 9 Broadview Lifecare**  
108 Mosston Road, Castlecliff, Whanganui
- 10 Palmerston Manor Lifecare**  
117 Botanical Road, Takaro, Palmerston North
- 11 Chiswick Park Lifecare**  
69A Maxwells Line, Awapuni, Manawatu
- 12 Roseneath Lifecare**  
227 High Street South, Carterton, Wairarapa



### South Island

- 13 Flaxmore Lifecare**  
8 Clifford Avenue, Bishopdale, Nelson
- 14 Stillwater Lifecare**  
60 Templemore Drive, Richmond, Nelson
- 15 Harewood Road Rest Homes**  
**Albarosa Rest Home**  
80 Harewood Road, Papanui, Christchurch  
**Camellia Court Rest Home**  
84 Harewood Road, Papanui, Christchurch  
**Golden Age**  
96 Harewood Road, Papanui, Christchurch
- 16 Brookhaven**  
29 Alport Place, Woolston, Christchurch
- 17 Somerfield Rest Home**  
137 Barrington Street, Somerfield, Christchurch
- 18 Edith Cavell Lifecare**  
40 Head Street, Sumner, Christchurch
- 19 Princes Court Lifecare**  
58 Princes Street, Netherby, Ashburton
- 20 Coldstream**  
71 Park Street, Ashburton, Canterbury
- 21 Highfield Lifecare**  
78A Avenue Road, West End, Timaru
- 22 Redroofs Lifecare**  
15 Dunblane Street, Maori Hill, Dunedin
- 23 Clutha Views Lifecare**  
64 Essex Street, Balclutha, Otago

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Ownership of the shaded buildings is retained by Heritage Lifecare.  
The land is owned by Centuria NZ Healthcare Property Fund.  
Boundary lines indicative only.

#### Palms Lifecare

<b>Property</b>	100 - 104 Harris Street, Pukekohe, Auckland
<b>Type</b>	Co-located retirement village and aged care facility
<b>Property description</b>	Palms Lifecare is situated less than a kilometre from Pukekohe town centre, a growing town on the outskirts of Auckland. The standalone hospital facility was subject to a major extension in 2015.
<b>Purchase price</b>	\$21,406,456 plus GST (if any)
<b>Valuation</b>	\$21,700,000
<b>Land area</b>	12,480m <sup>2</sup>
<b>Care Beds</b>	119



Ownership of the shaded buildings is retained by Heritage Lifecare.  
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Boundary lines indicative only.

#### Cantabria Lifecare

<b>Property</b>	369 Old Taupo Road, Springfield, Rotorua
<b>Type</b>	Co-located retirement village and aged care facility
<b>Property description</b>	Cantabria Lifecare is located in Rotorua, approximately 2 km south of the city centre in the residential suburb of Springfield. Cantabria is Heritage Lifecare's largest facility, and provides rest home, hospital and secure dementia care. The site provides attractive landscaped gardens and benefits from a high proportion of rooms containing ensuites.
<b>Purchase price</b>	\$21,998,339 plus GST (if any)
<b>Valuation</b>	\$22,300,000
<b>Land area</b>	29,641m <sup>2</sup>
<b>Care Beds</b>	175



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Te Wiremu House Lifecare

<b>Property</b>	621 Aberdeen Road, Te Hapara, Gisborne
<b>Type</b>	Co-located aged care facility and retirement village. Heritage Lifecare is entitled to complete a subdivision of this property in order to separate the retirement village component from the aged care facility within this property prior to Settlement – see the summary of the Initial Sale and Purchase Agreement below for further details.
<b>Property description</b>	Part of the Gisborne community since 1960, Te Wiremu House Lifecare offers rest home, hospital, day programme, respite, and secure dementia care. It is located in the residential suburb of Te Hapara approximately 2.5 kilometres from the Gisborne CBD. It is set in landscaped gardens.
<b>Purchase price</b>	\$7,645,163 plus GST (if any)
<b>Valuation</b>	\$7,750,000
<b>Land area (est. post subdivision)</b>	13,061m <sup>2</sup>
<b>Care Beds</b>	85



Boundary lines indicative only.

#### Glengarry Lifecare

<b>Property</b>	22 Glengarry Place, Wairoa
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Glengarry Lifecare is located in the centre of Wairoa village. The facility was subject to extension works in circa 2012, and provides multi-faceted care including rest home, hospital and dementia level care
<b>Purchase price</b>	\$4,241,832 plus GST (if any)
<b>Valuation</b>	\$4,300,000
<b>Land area</b>	5,636m <sup>2</sup>
<b>Care Beds</b>	41

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



■ Ownership of the shaded buildings is retained by Heritage Lifecare.  
The land is owned by Centuria NZ Healthcare Property Fund.  
Boundary lines indicative only.

#### Telford Lifecare

<b>Property</b>	15 Telford Street, Merrilands, New Plymouth
<b>Type</b>	Co-located aged care facility and retirement village
<b>Property description</b>	Telford Lifecare is located in the residential suburb of Merrilands, approximately 3 km south east of the New Plymouth town centre. Constructed in 1992 with major extensions in the late 1990s and 2001, the facility now provides rest home and hospital level care.
<b>Purchase price</b>	\$5,968,159 plus GST (if any)
<b>Valuation</b>	\$6,050,000
<b>Land area</b>	16,201m <sup>2</sup>
<b>Care Beds</b>	53



■ Ownership of the shaded buildings is retained by Heritage Lifecare.  
The land is owned by Centuria NZ Healthcare Property Fund.  
Boundary lines indicative only.

#### Elizabeth R Lifecare

<b>Property</b>	30-33 Elizabeth Grove, Stratford, Taranaki
<b>Type</b>	Co-located aged care facility and retirement village
<b>Property description</b>	The Elizabeth R Lifecare facility is set in a quiet rural area with spectacular views of Mount Taranaki. The entire care facility was upgraded in 2018 with a new fibre cement weatherboard cladding system and new joinery.
<b>Purchase price</b>	\$3,206,036 plus GST (if any).
<b>Valuation</b>	\$3,250,000
<b>Land area</b>	11,289m <sup>2</sup>
<b>Care Beds</b>	38



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Ownership of the shaded buildings is retained by Heritage Lifecare. The land is owned by Centuria NZ Healthcare Property Fund. Boundary lines indicative only.

#### Annie Brydon Lifecare

<b>Property</b>	71 Glover Road, Hawera, Taranaki
<b>Type</b>	Co-located aged care facility and retirement village
<b>Property description</b>	Annie Brydon Lifecare is located in Hawera, in Taranaki, only 1 km from the town centre. The aged care facility was progressively developed in stages with the Brydon Court Rest Home opening in 1995, the Annie Brydon Rest Home wings opening in 1995 and 1998 respectively, with a subsequent extension to the care facility in 2013. The well-appointed rooms look out onto sheltered courtyards or landscaped gardens.
<b>Purchase price</b>	\$8,286,370 plus GST (if any)
<b>Valuation</b>	\$8,400,000
<b>Land area</b>	11,289m <sup>2</sup>
<b>Care Beds</b>	68



Boundary lines indicative only.

#### Colwyn House Lifecare

<b>Property</b>	707 Duke Street, Mahora, Hastings
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Colwyn House Lifecare is located in Hastings, one of the two major urban areas in Hawke's Bay. Colwyn House provides dementia, psychogeriatric and hospital (medical and geriatric) care. The complex has been subject to staged construction from around 1998 through to 2013 with internal alterations over time.
<b>Purchase price</b>	\$9,766,079 plus GST (if any)
<b>Valuation</b>	\$9,900,000
<b>Land area</b>	6,280m <sup>2</sup>
<b>Care Beds</b>	71

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Broadview Lifecare

<b>Property</b>	108 Mosston Road, Castlecliff, Whanganui
<b>Type</b>	Co-located aged care facility and retirement village. Heritage Lifecare is entitled to complete a subdivision of this property in order to separate the retirement village component from the aged care facility within this property prior to Settlement – see the summary of the Initial Sale and Purchase Agreement below for further details.
<b>Property description</b>	Broadview Lifecare is located on the outskirts of Whanganui in the seaside suburb of Castlecliff. The facility was subject to a major extension circa 2010 to construct an additional hospital and mental health unit. The facility provides landscaped gardens, a bird aviary and views to the ocean.
<b>Purchase price</b>	\$5,770,865 plus GST (if any)
<b>Valuation</b>	\$5,850,000
<b>Land area (est. post subdivision)</b>	8,674m <sup>2</sup>
<b>Care Beds</b>	85



Boundary lines indicative only.

#### Palmerston Manor Lifecare

<b>Property</b>	117 Botanical Road, Takaro, Palmerston North
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Part of the Manawatu community for thirty years, Palmerston Manor Lifecare is located in the residential suburb of Tokaro approximately 2km west of the town centre. All rooms look out onto gardens or courtyards. The facility provides residents with rest home and hospital level care.
<b>Purchase price</b>	\$6,264,101 plus GST (if any)
<b>Valuation</b>	\$6,350,000
<b>Land area</b>	3,246m <sup>2</sup>
<b>Care Beds</b>	48



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Chiswick Park Lifecare

<b>Property</b>	69A Maxwells Line, Awapuni, Palmerston North
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Chiswick Park Lifecare is located approximately 4 km south of the Palmerston North city centre in the residential suburb of Awapuni. The purpose-built aged care facility offers rest home and hospital care with the site containing an attractively landscaped garden at the rear.
<b>Purchase price</b>	\$5,474,923 plus GST (if any)
<b>Valuation</b>	\$5,550,000
<b>Land area</b>	6,650m <sup>2</sup>
<b>Care Beds</b>	51



Boundary lines indicative only.

#### Roseneath Lifecare

<b>Property</b>	227 High Street South, Carterton, Wairarapa
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Roseneath Lifecare is a small to medium sized aged care facility in Carterton, providing different levels of care. The care facility fronts on to centrally located Howard Street. The facility has been subject to various extensions and reconfigurations since first constructed, most recently in 2015.
<b>Purchase price</b>	\$2,712,800 plus GST (if any)
<b>Valuation</b>	\$2,750,000
<b>Land area</b>	4,891m <sup>2</sup>
<b>Care Beds</b>	45



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Flaxmore Lifecare

<b>Property</b>	8 Clifford Avenue, Bishopdale, Nelson
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Flaxmore Lifecare is located in the leafy suburb of Bishopdale, approximately 3km from the Nelson city centre. Nelson is an increasingly popular retirement destination. The facility provides secure dementia only care.
<b>Purchase price</b>	\$5,943,497 plus GST (if any)
<b>Valuation</b>	\$6,025,000
<b>Land area</b>	3,507m <sup>2</sup>
<b>Care Beds</b>	48



■ Ownership of the shaded buildings is retained by Heritage Lifecare.  
The land is owned by Centuria NZ Healthcare Property Fund.

Boundary lines indicative only.

#### Stillwater Lifecare

<b>Property</b>	60 Templemore Drive, Richmond, Nelson
<b>Type</b>	Co-located aged care facility and retirement village
<b>Property description</b>	Stillwater Lifecare is located in the suburb of Richmond within Nelson, a popular retirement destination. A purpose-built facility, Stillwater has been progressively developed from around 2005. Providing rest home, hospital, respite, dementia, and palliative care, the well-appointed rooms all look out onto sheltered courtyards or landscaped gardens.
<b>Purchase price</b>	\$10,604,581 plus GST (if any)
<b>Valuation</b>	\$10,750,000
<b>Land area</b>	9,374m <sup>2</sup>
<b>Care Beds</b>	69

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Albarosa Rest Home.  
 Camellia Court Rest Home.  
 Golden Age.  
 Boundary lines indicative only.

#### Harewood Road Rest Homes

<b>Purchase price</b>	\$24,711,139 plus GST (if any)
<b>Valuation</b>	\$25,050,000

#### Albarosa Rest Home

<b>Property</b>	80 Harewood Road, Papanui, Christchurch
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Albarosa Rest Home is approximately 5 km north of Christchurch city centre, within the residential suburb of Papanui. It is located on a prominent corner site with four street frontages, and operates in conjunction with Camellia Court Rest Home and Golden Age. The facility provides for a range of care including rest home, hospital and dementia care.
<b>Land area</b>	2,613m <sup>2</sup>
<b>Care Beds</b>	40

#### Camellia Court Rest Home

<b>Property</b>	84 Harewood Road, Papanui, Christchurch
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Camellia Court Rest Home is approximately 5 km north of Christchurch city centre and is operated in conjunction with Albarosa Rest Home and Golden Age. Located on a prominent corner site with four street frontages, Camellia Court provides specialist medical care to residents with dementia, and offers spacious single rooms with ensuites.
<b>Land area</b>	2,722m <sup>2</sup>
<b>Care Beds</b>	39

#### Golden Age

<b>Property</b>	96 Harewood Road, Papanui, Christchurch
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Golden Age is a purpose built facility, offering modern rest home accommodation. It is operated in conjunction with Albarosa Rest Home and Camellia Court Rest Home and is located approximately 5 km north of Christchurch city centre, on a prominent corner site with four street frontages. Outdoor facilities include courtyards, well-established lawns and gardens.
<b>Land area</b>	3,048m <sup>2</sup>
<b>Care Beds</b>	54



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Brookhaven

<b>Property</b>	29 Alport Place, Woolston, Christchurch
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Brookhaven is located approximately 6 km south east of Christchurch city centre, within the residential suburb of Woolston. Surrounded by lawns and gardens with views to the nearby Port Hills, Brookhaven includes a rest home and specialist dementia wings. Aged care accommodation benefits from 100% ensuite and single bed provision in compact format.
<b>Purchase price</b>	\$10,999,170 plus GST (if any)
<b>Valuation</b>	\$11,150,000
<b>Land area</b>	8,000m <sup>2</sup>
<b>Care Beds</b>	92



Boundary lines indicative only.

#### Somerfield Rest Home

<b>Property</b>	137-141 Barrington Street, Somerfield, Christchurch
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Somerfield Rest Home is a specialised dementia only care facility, located approximately 4km south of Christchurch. Following a complete refurbishment, Somerfield now provides 41 bedrooms, most with new ensuites. Outside, the grounds have been transformed with new fencing and attractive landscaping including a sunny internal courtyard.
<b>Purchase price</b>	\$6,757,337 plus GST (if any)
<b>Valuation</b>	\$6,850,000
<b>Land area</b>	2,542m <sup>2</sup>
<b>Care Beds</b>	41



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Edith Cavell Lifecare

<b>Property</b>	40 Head Street, Sumner, Christchurch
<b>Type</b>	Co-located retirement village and aged care facility
<b>Property description</b>	Edith Cavell Lifecare is located in Sumner, a beachside suburb in Christchurch. The facility was expanded in 2008-2010 and is a short walk from the friendly Sumner village. Edith Cavell features large hospital rooms and is one of only two facilities in the portfolio offering care suites.
<b>Purchase price</b>	\$7,842,457 plus GST (if any)
<b>Valuation</b>	\$7,950,000
<b>Land area</b>	4,384m <sup>2</sup>
<b>Care Beds</b>	49



Boundary lines indicative only.

#### Princes Court Lifecare

<b>Property</b>	58 Princes Street, Netherby, Ashburton
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Princes Court Lifecare is located approximately 2 km from Ashburton's town centre and provides secure dementia level care. The facility is in tidy condition and provides a homely style of accommodation. An area of vacant land to the rear of the property offers potential for future expansion.
<b>Purchase price</b>	\$2,441,520 plus GST (if any)
<b>Valuation</b>	\$2,475,000
<b>Land area</b>	3,980m <sup>2</sup>
<b>Care Beds</b>	35

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Coldstream

<b>Property</b>	71 Park Street, Ashburton, Canterbury
<b>Type</b>	Co-located aged care facility and retirement village. Heritage Lifecare is entitled to complete a subdivision of this property in order to separate the retirement village component from the aged care facility within this property prior to Settlement – see the summary of the Initial Sale and Purchase Agreement below for further details.
<b>Property description</b>	Coldstream is situated centrally within the mid-Canterbury township of Ashburton. The aged care facility comprises of well-appointed rooms which look out onto sheltered courtyards or landscaped gardens.
<b>Purchase price</b>	\$5,425,599 plus GST (if any)
<b>Valuation</b>	\$5,500,000
<b>Land area</b>	2,905m <sup>2</sup>
<b>Care Beds</b>	58



■ Ownership of the shaded buildings is retained by Heritage Lifecare. The land is owned by Centuria NZ Healthcare Property Fund.

Boundary lines indicative only.

#### Highfield Lifecare

<b>Property</b>	78A Avenue Road, West End, Timaru
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Highfield Lifecare is a purpose-built aged care facility located less than 1 km from Timaru town centre, in the residential suburb of West End. The facility was subject to a staged construction from circa 1989 through to 1996 together with more recent internal alterations.
<b>Purchase price</b>	\$1,726,327 plus GST (if any)
<b>Valuation</b>	\$1,750,000
<b>Land area</b>	4,256m <sup>2</sup>
<b>Care Beds</b>	44

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Investment Snapshot



Boundary lines indicative only.

#### Redroofs Lifecare

<b>Property</b>	15 Dunblane Street, Maori Hill, Dunedin
<b>Type</b>	Standalone aged care facility
<b>Property description</b>	Redroofs Lifecare is located less than 3km from the Dunedin town centre in the desirable suburb of Maori Hill. Originally constructed in circa 1985, the facility was later extended in circa 2008, and benefits from extensive panoramic views to the north. The property provides rest home level care.
<b>Purchase price</b>	\$5,696,879 plus GST (if any)
<b>Valuation</b>	\$5,775,000
<b>Land area</b>	6,670m <sup>2</sup>
<b>Care Beds</b>	50



Boundary lines indicative only.

#### Clutha Views Lifecare

<b>Property</b>	64 Essex Street, Balclutha, Otago
<b>Type</b>	Co-located aged care facility and retirement village. Heritage Lifecare is entitled to complete a subdivision of this property in order to separate the retirement village component from the aged care facility within this property prior to Settlement – see the summary of the Initial Sale and Purchase Agreement below for further details.
<b>Property description</b>	Clutha Views Lifecare is located in the provincial service town of Balclutha within the Clutha District in Otago. Purpose built, the facility provides rest home, hospital and secure dementia accommodation. The property benefits from views over a golf course and farmland.
<b>Purchase price</b>	\$7,349,221 plus GST (if any).
<b>Valuation</b>	\$7,450,000
<b>Land area (est. post subdivision)</b>	6,037m <sup>2</sup>
<b>Care Beds</b>	68



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

Legal due diligence was conducted in relation to the instruments and memorials noted on the title for each of the Initial Properties and the land information memorandum for each of the Initial Properties. In addition, the Manager has reviewed a building condition assessment report and a desktop environmental review for each of the Initial Properties as part of its due diligence. The Manager is not aware of any material issues arising from such due diligence inquiries.

Further detail on the Initial Properties (including the independent valuation report), is available on the Offer Register.

### Sale and Purchase Agreements

CPIPL and Heritage Lifecare have entered into an unconditional Sale and Purchase Agreement which contains the terms on which CPIPL will acquire the Initial Properties (the **Initial Sale and Purchase Agreement**). Following Settlement of the purchase of the Initial Properties by CPIPL, the Initial Properties will be on-sold to Centuria NZ Healthcare for the same consideration via a separate sale and purchase agreement (the **Second Sale and Purchase Agreement**). The benefit of the Initial Sale and Purchase Agreement will be assigned from CPIPL to Centuria NZ Healthcare via the Second Sale and Purchase Agreement, meaning the terms of the Initial Sale and Purchase Agreement effectively become the terms on which Centuria NZ Healthcare will acquire the Initial Properties. The key features of the Initial Sale and Purchase Agreement are set out below.

<b>Consideration</b>	\$192,238,849 plus GST (if any).
<b>Settlement</b>	19 April 2022. <sup>6</sup>
<b>Code Compliance Certificates</b>	<p>Heritage Lifecare is under an obligation in relation to five outstanding CCCs to:</p> <ul style="list-style-type: none"> <li>• obtain the CCC;</li> <li>• obtain a certificate of acceptance (if a CCC cannot be obtained); or</li> <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> <p>In the event Heritage Lifecare is unable to satisfy the above criteria in respect of any outstanding CCCs within two years of Settlement, then it will not be in breach of its obligations provided it has used its reasonable endeavours and has obtained Centuria NZ Healthcare's approval (such approval not to be unreasonably withheld provided there is no impact on the Tenant's ability to obtain insurance or on Centuria NZ Healthcare's lending arrangements).</p>

<b>Subdivision</b>	Heritage Lifecare is entitled to complete a subdivision of certain Co-Located Properties (being Clutha Views Lifecare and Village, Broadview Lifecare and Village, Coldstream Lifecare and Village and Te Wiremu House) in order to separate the retirement village component of those properties from the aged care facilities within those properties prior to Settlement.
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<b>Subdivision (cont.)</b>	<p>If these subdivisions are not complete by Settlement, Centuria NZ Healthcare will take legal title to the whole of the relevant property, but will hold legal title for the retirement village component on trust for Heritage Lifecare in accordance with the terms set out in the Co-Located Lease (refer lease summary below on page 28). There is no adjustment to the consideration payable by Centuria NZ Healthcare on Settlement or rent adjustment payable by the Tenant under the relevant lease.</p> <p>If these subdivisions are completed by Settlement, then Centuria NZ Healthcare will only acquire the title for the aged care facility and the form of lease will be the stand-alone Care Home lease.</p>
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<b>Side Letter</b>	<p>A side letter will be entered into upon Settlement governing:</p> <ul style="list-style-type: none"> <li>• a regime to agree funding development works by Centuria NZ Healthcare (which Centuria NZ Healthcare will be able to rentalise), with any decision to fund at Centuria NZ Healthcare's sole discretion; and</li> <li>• a regime for negotiations should Centuria NZ Healthcare wish to participate in future property acquisitions by Heritage Lifecare.</li> </ul> <p>Centuria NZ Healthcare has an option as to whether it elects to fund any proposed refurbishment works by the Tenant.</p>
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<b>Damage</b>	If any of the Initial Properties are damaged or destroyed such that its valuation at Settlement is 75% or less than the portion of the purchase price for that property then Centuria NZ Healthcare can elect to either remove that property from the portfolio (with the portion of the purchase price attributable to that property deducted from the total purchase price payable for the Initial Properties) or acquire the property at no discount to the total purchase price (subject to reinstatement by the Tenant pursuant to the terms of the relevant lease).
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(6) Centuria NZ Healthcare will settle the purchase of the Initial Properties from CPIPL pursuant to the Second Sale and Purchase Agreement on 20 April 2022.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### The Tenant

In the Manager's opinion, Heritage Lifecare is one of New Zealand's leading and largest aged care focused operators. Led by a highly credentialed management team, its occupancy rates compare favourably to key competitors and it has an orientation towards the provision of higher levels of care where higher margins are able to be generated. The business to date has been achieving increased profitability levels while focussing on delivering high quality care to its residents.

Over time, the Tenant has developed a proven track record in acquiring and improving the operational performance of additional facilities.

The Tenant's obligations under the Leases are guaranteed by Heritage Lifecare. Based on information provided by Heritage Lifecare and reviewed by Centuria NZ Healthcare, Centuria NZ Healthcare understands that Heritage Lifecare will have total net assets in excess of approximately \$100,000,000 following Settlement. Accordingly, the Manager considers that Heritage Lifecare currently has strong financial standing sufficient to meet its obligations under the Leases as guarantor of the Tenant. Heritage Lifecare is presently primarily owned by Adamantem Capital, an Australian private equity firm. According to media reports Adamantem Capital is considering its options for the sale of the Heritage Lifecare business. The Leases contain provisions relating to the assignment of the Leases or any change of control in Heritage Lifecare which Centuria NZ Healthcare considers will protect its interests in the event of any such sale.

Heritage Lifecare is continually looking at new opportunities to expand its business and develop its real estate portfolio, and the Manager considers that there may be future opportunities for Centuria NZ Healthcare to partner with Heritage Lifecare on real estate development and/or investment opportunities.

Heritage Lifecare derives its revenue from two principle sources – operation of an aged care business and operation of retirement villages.

### Aged Care Sector

The aged care sector in which the Tenant operates is regulated under the Health and Disability Services (Safety) Act 2001 and includes the provision of facilities and services for rest homes, hospital care and specialist care (such as dementia and psychogeriatric care). Aged residential care is commonly referred to as being provided in "care homes", and many beds in these facilities are certified for use for both rest home and hospital level care. Providers of aged care in New Zealand must be certified by the Ministry of Health under this Act.

The aged care industry in New Zealand is characterised by Government mandated care fees and a supportive funding environment that provides for high levels of recurring Government funding (estimated at 53% directly from the government and an additional ~ 24% funded indirectly via residents' pensions). In order to be eligible for this Government funding, each aged care facility operated by the Tenant must have an ARRC (Aged-Related Residential Care) Services Agreement in place with the relevant district health board. Many providers also charge a premium fee to residents for a room that is superior to the accepted government service specification. The ARRC agreement contains specific provisions setting out the basis on which a provider is permitted to charge premium fees to a subsidised resident. Some providers also have a number of 'private paying' residents, who have not been means assessed as being entitled to a residential care subsidy. This is more common in affluent areas or in aged care facilities targeted at people from higher socio-economic backgrounds.

### Retirement Village Sector

As noted above, Heritage Lifecare also operates in the retirement village sector on land being acquired by Centuria NZ Healthcare. When entering a retirement village, a resident generally purchases the right to occupy a unit under an occupation right agreement (ORA), which may be in the form of a licence to occupy, unit title or lease. The most common form of an ORA is a licence to occupy, as is the case for the ORAs offered by the Tenant. Upon the exit of a resident from the Tenant's retirement villages and resale of their unit, the resident is refunded the licence payment initially paid for the ORA, less any accrued "deferred management fee". The Tenant therefore benefits from any capital gain or alternatively is exposed to any capital depreciation when the unit is resold. Residents may also purchase the right to occupy a "care suite" located in a retirement village or care home, where the resident receives enhanced practical and healthcare assistance, by entering into an ORA.

Operators of retirement villages must comply with the Retirement Villages Act 2003 under which they must register each village with the Registrar of Retirement Villages and have a statutory supervisor appointed. The statutory supervisor monitors the financial position of the village, reports to the residents and may exercise certain powers if it believes the financial position of the village, the security of the residents' interests or the management of the village is inadequate.

### Key Lease Terms

Each of the Initial Properties is subject to a separate Lease. There are two general forms of Lease – one form for those Initial Properties which only contain aged care facilities and one form for Co-Located Properties. Each Lease is a "triple net lease". This means Centuria NZ Healthcare, as the landlord, is insulated from all liability in relation to property related costs and expenditure on the Initial Properties 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 Centuria NZ Healthcare'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.

<b>Tenant</b>	The "selling entity" of each Initial Property, each a wholly owned subsidiary of Heritage Lifecare (with the option for Heritage Lifecare to nominate an alternative tenant prior to Settlement, which must be a wholly owned subsidiary of Heritage Lifecare). From a financial standing and operator perspective Centuria NZ Healthcare effectively treats all individual tenants as one tenant – Heritage Lifecare.
<b>Guarantor</b>	Heritage Lifecare.
<b>Bank guarantee</b>	The Tenant will be obliged to provide a bank guarantee for six months' annual rent (including GST). The Tenant is obliged to top up the bank guarantee if Centuria NZ Healthcare draws down on the bank guarantee or following any rent review date so that the undrawn amount always remains equivalent to six months' annual rent (including GST).
<b>Term</b>	30 years.
<b>Commencement date</b>	Settlement.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

<b>Tenant rights of renewal</b>	Three rights of renewal of 20 years each.	<b>Contamination (cont.)</b>	<ul style="list-style-type: none"> <li>The need to remediate has arisen due to enforcement action by any authority or as a result of a consent application, ground works by the Tenant or a proposed change of use by the Tenant (and may include historic contamination).</li> </ul>
<b>Initial annual rent</b>	As outlined in the property summaries above.	<b>Seismic</b>	<p>The Tenant acknowledges that, as at the commencement date, the improvements constructed on the premises are suitable for carrying out the Tenant's current activities that are being undertaken at the premises notwithstanding the seismic rating of such improvements.</p> <p>The Tenant will carry out seismic or structural upgrade works required by any authority (but only within the timeframe required by that authority and only if that timeframe is before the end of the term).</p> <p>In addition, if the seismic rating of Centuria NZ Healthcare's improvements fall below "34%NBS" the Tenant will within 3 years strengthen the buildings to meet that 34%NBS rating.</p>
<b>Rent review provisions</b>	<p>On each anniversary of the commencement date (excluding any renewal date) the annual rent will be increased to the higher of:</p> <ul style="list-style-type: none"> <li>the annual rent increased in line with the movement in CPI over the previous 12 months to a maximum of 4%; and</li> <li>the annual rent increased by 1%.</li> </ul> <p>On each renewal date, the annual rent will be subject to a market review (with the annual rent payable following a market review subject to a cap and collar of 90% and 110% of the annual rent payable immediately before that rent review date).</p>	<b>Right of first refusal</b>	<p>The Tenant has the benefit of a right of first refusal to purchase Centuria NZ Healthcare's interest in the premises if Centuria NZ Healthcare decides to sell to any party other than a related company of Centuria NZ Healthcare.</p> <p>Centuria NZ Healthcare cannot sell to an entity who is engaged in or has been accused of being engaged in illegal practices or similar actions that have the potential to bring the Tenant or the premises into disrepute.</p>
<b>No rental abatement</b>	The Tenant has no right to abate the rent on any ground whatsoever, including in the case of restricted access due to COVID-19 or in the case of damage or destruction.	<b>Damage or destruction</b>	<p>The Tenant (and not Centuria NZ Healthcare) is liable to reinstate following damage or destruction.</p> <p>The Tenant is not entitled to abate the payment of rent following damage or destruction.</p> <p>The Tenant's reinstatement liability is capped at the amount of the insurance proceeds plus 10% of the latest insurance valuation amount.</p> <p>If the premises are damaged or destroyed so that they are in all material respects untenable and reinstatement is frustrated despite the Tenant using its best endeavours and consulting with Centuria NZ Healthcare in good faith then the Tenant may terminate the Lease provided that it first accounts to Centuria NZ Healthcare for the full amount of the insurance proceeds payable pursuant to the reinstatement policy taken out by the Tenant which relate to Centuria NZ Healthcare's property.</p> <p>If the Tenant is in breach of its insurance obligations then that will not prevent the Tenant from exercising its right to terminate provided it pays compensation to Centuria NZ Healthcare for an amount equivalent to the insurance proceeds that should have been payable if it was not in breach.</p>
<b>Outgoings</b>	Centuria NZ Healthcare may recover all outgoing costs and expenses (save that recoverability of property management fees is capped at 0.5% of the annual rent).	<b>Repairs and maintenance</b>	<p>Centuria NZ Healthcare has no liability for repairs and maintenance.</p> <p>The Tenant must keep the premises clean and tidy and in good condition having regard to their condition on the commencement date of the initial term.</p> <p>This obligation expressly includes structural and capital works.</p> <p>In addition, the Tenant must complete any other works that are reasonably required to operate the facility in all material respects to the same extent as at the commencement date which are required due to material damage or any parts of Centuria NZ Healthcare's property becoming beyond economic repair (including as a result of fair wear and tear). This obligation expressly includes reference to replacement of parts beyond economic repair.</p>
<b>Repairs and maintenance</b>	Centuria NZ Healthcare has no liability for repairs and maintenance.	<b>Make good</b>	There is no obligation on the Tenant to remove fixtures or fittings, the Tenant's property or reinstate any building back to base building configuration at the expiry of the Lease.
<b>Contamination</b>	<p>The Tenant must not contaminate the premises during the term.</p> <p>The Tenant is liable to remediate the land where:</p> <ul style="list-style-type: none"> <li>The contamination has been caused by the Tenant during the term (i.e. excludes historic contamination); or</li> </ul>		



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Assignment or change of control

The Tenant generally requires Centuria NZ Healthcare's consent to any assignment or change in control, not to be unreasonably withheld where certain circumstances exist that, broadly, result in Centuria NZ Healthcare's position as landlord not being adversely affected as a result.

The original Tenant may assign the Lease to a "permitted assignee" within a period of 5 years from the commencement date of the Lease without the consent of Centuria NZ Healthcare subject to:

- the permitted assignee (taken together with any guarantor provided by the permitted assignee) having net assets in excess of \$200 million;
- the bank guarantee remaining in place or being replaced by an equivalent bank guarantee;
- the Tenant not being in material default; and
- the permitted assignee entering into a direct covenant with the Landlord.

Permitted Assignees comprise Oceania Healthcare Limited, Arvida Limited, Ryman Healthcare Limited, Metlifecare Limited, Summerset Group Holdings Limited, Bupa Care Services NZ Limited and any wholly owned subsidiary of any such entity plus Radius Residential Care Limited (*Radius*).

Any assignment to Radius (or a related company of Radius where Radius guarantees the incoming tenant's obligations) pursuant to this mechanism does not require them to satisfy the above net assets test (which they would not currently meet) provided that five or less Leases will end up being vested in Radius as a result of the proposed assignment (and any previous assignments).

The original Tenant and Heritage Lifecare (as Guarantor) are only released from their obligations under the Lease on assignment if:

- the Lease is assigned pursuant to the permitted assignee mechanism outlined above; or
- the Lease is assigned with Centuria NZ Healthcare's consent and the net assets of the assignee (together with any guarantor of the assignee) exceed \$175 million (increased in line with CPI).

Similarly, Centuria NZ Healthcare's consent is not required to a change of control of the Tenant within a period of 5 years from the commencement date of the Lease where the change of control is attributable to a sale of shares in Heritage Lifecare to a permitted assignee or The Ultimate Care Group Limited subject to no material deterioration in the financial standing of the Tenant and Heritage Lifecare taken together as a result (or provision of an additional guarantee sufficient to preserve the position of Centuria NZ Healthcare).

### Co-Located Lease specific terms

A number of additional provisions are included in the Co-Located Lease. This form of Lease applies to the Co-Located Properties. The retirement villages are governed by the requirements of the Retirement Villages Act which has a number of consequences for the Lease. These additional provisions are primarily designed to protect the interests of residents within the retirement village component of the property.

### ORAs

Centuria NZ Healthcare consents to the grant of ORAs by the Tenant (provided that any ORAs granted after the commencement date must not be inconsistent with the terms of the Co-Located Lease).

Centuria NZ Healthcare agrees that it must not do anything that would lead to the Tenant breaching its obligations under an ORA and will provide any necessary consent in order for the Tenant to comply with its obligations under the ORAs.

Centuria NZ Healthcare will "to the extent applicable" to a landlord that is not the operator of the retirement village comply with the Retirement Villages Act 2003. The obligations on the part of Centuria NZ Healthcare under the Co-Located Lease are enforceable by residents under ORAs (including by the Statutory Supervisor on residents' behalf).

### Restriction on termination for default

The ability of Centuria NZ Healthcare to terminate the lease for Tenant default is limited.

Before cancelling the Co-Located Lease:

- Centuria NZ Healthcare must serve written notice on the Tenant and the statutory supervisor.
- Centuria NZ Healthcare must allow the Tenant six months to assign its interest to a third party approved by the statutory supervisor.
- If a replacement tenant cannot be found within the six month period then Centuria NZ Healthcare must either:
  - Takeover the process of trying to locate a purchaser of the Tenant's business and to whom the Co-Located Lease may be assigned (a power of attorney is contained in the Co-Located Lease to give Centuria NZ Healthcare authority to bind the Tenant): or
  - Nominate a replacement operator to become the operator of the village and terminate the Co-Located Lease. In this case, ownership of the Tenant's property, including any buildings constructed as part of the village operation, will vest in Centuria NZ Healthcare at no cost.

Any replacement operator will be subject to approval of the statutory supervisor.

The net result of the above arrangements is that it will be difficult to terminate the lease for non-payment of rent, Tenant default or Tenant insolvency until such time as a replacement operator is found.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

<b>Restriction on termination for default (cont.)</b>	<p>In particular, during the initial period of six months, Centuria NZ Healthcare is not in any position to take active steps to resolve the situation (and may have to rely on its bank guarantee bearing in mind the likelihood that the Tenant may not be paying rent during this period).</p> <p>Even after the initial six months have expired it may take some time to identify a replacement operator that is acceptable to the statutory supervisor.</p> <p>Mitigating factors include:</p> <ul style="list-style-type: none"><li>• Centuria NZ Healthcare will either take ownership of the retirement village buildings (even though it has not paid for them) upon termination of the Co-Located Lease or will be entitled to sell those buildings to any replacement operator.</li><li>• The cross default mechanism means that non-payment of rent in relation to a Co-Located Lease puts the Tenant at risk of default under the other Leases (even the stand-alone care home leases).</li><li>• Unless they have been released (pursuant to the assignment mechanism) Centuria NZ Healthcare will also have recourse against Heritage Lifecare under the guarantee.</li></ul>	<b>Delivery of vacant possession (cont.)</b>	<ul style="list-style-type: none"><li>• On the first day of the first extension the annual rent will be increased to the greater of current market, CPI (capped at 4% per annum) or 2% (note the 2% ratchet is higher than the 1% ratchet that applies during the normal term).</li><li>• The Tenant must use reasonable endeavours to recover vacant possession during the final five years before expiry and also during each two year extension.</li><li>• As the number of residents in the retirement village reduces the Tenant should be incentivised to recover vacant possession (as it will be paying rent in full to Centuria NZ Healthcare for only a partially occupied facility). The Tenant may need to pay compensation to residents to secure their agreement to move to a new facility.</li><li>• The Tenant must not grant any new ORAs after the five year cut off referred to above (unless it has elected to renew for a further term of 20 years before that cut-off).</li></ul>
<b>Delivery of vacant possession</b>	<p>Due to the nature of the ORAs there is no guarantee that the Tenant will be able to deliver vacant possession on expiry. The following provisions apply on final expiry or where the Tenant does not intend to exercise a right of renewal:</p> <ul style="list-style-type: none"><li>• At least five years prior to expiry the Tenant will provide Centuria NZ Healthcare with reasonable details of its plans for recovery of vacant possession and will consult with Centuria NZ Healthcare throughout the remaining period of the lease regarding the recovery of vacant possession.</li><li>• If by the date six months before expiry the Tenant does not provide reasonable evidence that it will be able to deliver vacant possession on expiry the Lease will be automatically extended for a further period of two years. Subsequent two year extensions will be granted until such time as the Tenant is able to evidence that it will be able to deliver vacant possession on expiry.</li></ul>	<b>Statutory memorial</b>	<p>Centuria NZ Healthcare consents to a memorial being noted against both the leasehold and freehold title pursuant to section 21 of the Retirement Villages Act 2003. This memorial effectively prevents Centuria NZ Healthcare from dealing with its freehold title in such a way that will undermine the rights of residents under the ORAs and the Retirement Villages Act 2003.</p>

### 2.5 Offer and Transaction Structure

The following steps will be implemented to proceed with the Offer and acquire the Initial Properties on Settlement:

- 18 April 2022: the Leases commence.
- 19 April 2022: CPIPL will acquire the Initial Properties from Heritage Lifecare.
- 20 April 2022:
  - Centuria NZ Healthcare will acquire the Initial Properties from CPIPL using the proceeds of an intragroup loan provided by CPIPL.
  - The Shares will be issued to investors (and CPIPL as underwriter, in the event the Offer is not fully subscribed).
  - Centuria NZ Healthcare will repay the CPIPL intragroup loan with the proceeds of the Bank Loan Facilities and the funds raised under the Offer.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### 2.6 The health and aged care property market

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

#### Commercial Property Market (All Sectors) Overview

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

The New Zealand commercial property market continues to perform well, generating a total return (income and capital growth) of 19.0% in the 12 months to September 2021. The market's strong performance follows the sector delivering circa 11% per annum total returns across 3 year (12.1% pa), 5 year (11.3% pa) and 10 year (11.3% pa) time horizons.<sup>7</sup>

#### Healthcare Property

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

Prospects for the New Zealand medical and healthcare property sector, including the aged care sector, continue to remain attractive. Given New Zealand's core demographic trends, including population growth, increasing life expectancies and an ageing population, demand for health-related services is expected to continue to grow.

New Zealand's ageing population mirrors similar trends observed in other western countries, where ageing populations are contributing to growing proportions of GDP being spent on public healthcare, and increasing privatisation of the sector.

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

In recent years, there has been significant growth in private healthcare facilities, facilitated by increases in wealth, private medical insurance, concern about the adequacy of services and waiting times at public hospitals, and a growing awareness in the community of health-related issues. We expect this growth to continue.

#### Aged care

The aged care sector, as a specific sub-sector within the healthcare sector, provides care when an older person needs to be cared for in a residential setting. A person's care is decided by an assessment of their needs, with four levels of care available:

- Rest home.
- Hospital.
- Secure dementia.
- Specialist (psychogeriatric) care.

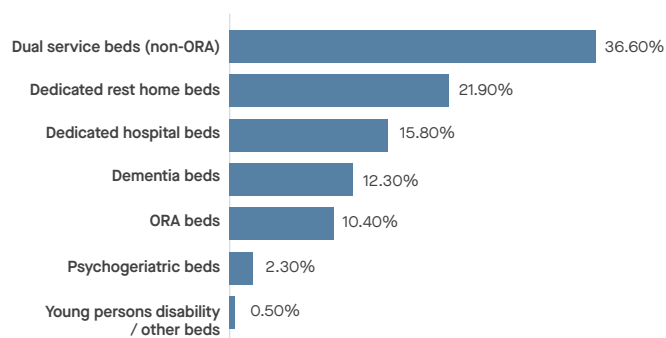
The sector is based around a combination of facilities (including real estate and buildings) and service provision that is similar in many respects to the private hospital sector but is strongly supported by New Zealand government funding (detailed below).

There was a total of 40,729 aged residential care beds across New Zealand as at June 2021.

Reflecting forecast excesses in demand relative to supply, the New Zealand Aged Care Association forecasts a need for beds to increase to a total of 53,000 to 57,500 beds by 2030.

The existing supply of beds is split across a range of different types shown below.<sup>8</sup>

#### Breakdown of beds at aged residential care facilities across New Zealand<sup>9</sup>



#### New Zealand's population is aging

Like the healthcare sector generally, the aged care sector is expected to benefit from population growth, increasing life expectancies, and an ageing population.

Nationally, the population is projected to reach nearly 6.5 million people by 2060, of which 1.7 million (26%) are expected to be over 65 years old. This is a significant increase from 2020 when the estimated population of over 65 year olds was 793,000 (16% of total population).

(7) MSCI All Property Total Returns.

(8) ORA = Occupation Right Agreement beds. Dual service beds are beds that can operate as either dedicated rest home or dedicated hospital beds.

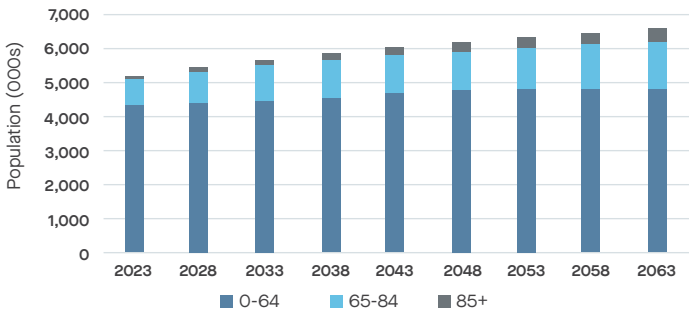
(9) New Zealand Aged Care Association – Annual Report 2021.



# Centuria NZ Healthcare and what it does (cont.)

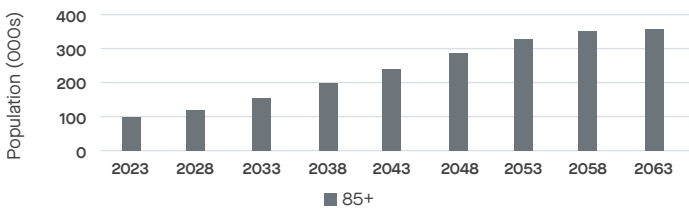
## Section 2

**Population forecast by age bands<sup>10</sup>**



The age of entry into aged care beds in New Zealand is typically 85 years and above. This growth of this age segment is expected to be even more rapid, with a forecast rise from 88,000 people in 2020 to 360,000 in 2063 (+309% growth). This demographic trend is one of the key drivers for the demand for aged care-related property assets in New Zealand.

**Population forecast for those aged 85+<sup>11</sup>**



### Healthcare expenditure

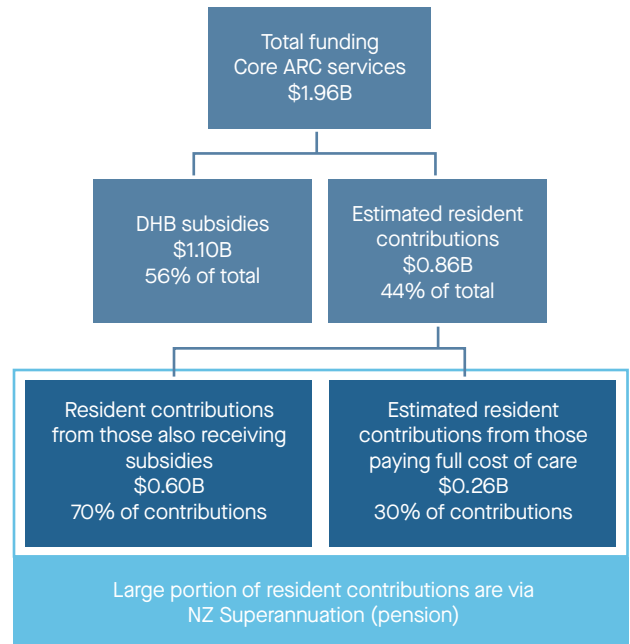
Between 2016 and 2021 there was a 46% increase in Government expenditure on healthcare, growing from \$15.6 billion to \$22.8 billion. Whilst people over 65 years old currently represent around 16% of the total population, the health services they use account for approximately 42% of public healthcare spending.<sup>12</sup>

### Funding for aged care

Aged care has four core components: accommodation, everyday living services, core support provided for all residents, and additional care provided on an as needed basis.

Nearly all residents make some contribution towards the cost of their care, with means testing used to determine their level of contribution. Ministry of Health / District Health Board (DHB) subsidies then top up any remaining difference between the residents' contributions and the cost of their care. During 2017/18, total funding for Aged Residential Care services was \$1.96 billion. \$1.10 billion of this funding was provided via DHB subsidies. The remainder is contributed by the residents, a large portion of which is NZ Superannuation (pension) payments - effectively further funding provided by the government.

**Total funding for aged residential care services (2017/18)<sup>13</sup>**

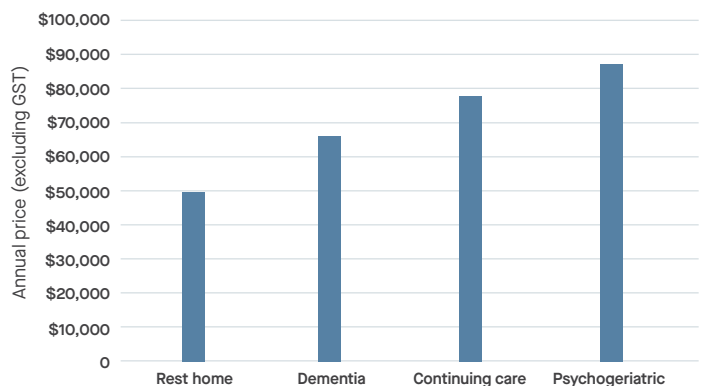


### Higher levels of care have higher prices

Each care category has a separate price, with these negotiated by DHBs and aged care providers through annual national agreement processes. The payment method is a single fee for a defined purchase unit – a bed-day. Providers are able to operate a range of business models, and can charge extra fees to residents for extra services or accommodation options, with some rules guiding when, how and why residents can be asked to pay these charges.

Categories that require higher levels of care have correspondingly higher prices. For example, relative to rest home services, the median pricing for dementia care was 36% higher and psychogeriatric care 79% higher.

**Aged-related residential care median contract prices by level of service (as at July 2018)<sup>14</sup>**



(10) Statistics New Zealand – New Zealand population projections (median scenario).

(11) Statistics New Zealand – New Zealand population projections (median scenario).

(12) Treasury Core Crown Expense Tables; Ministry of Health – DHB spending on services for older people.

(13) EY - Aged Residential Case Funding Model Review – August 2019 (report for Central Region's Technical Advisory Services) – page 63.

(14) EY - Aged Residential Case Funding Model Review – August 2019 (report for Central Region's Technical Advisory Services) – page 63.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### 2.7 Centuria NZ Healthcare's Bank Loan Facilities

Centuria NZ Healthcare will part fund the acquisition of the Initial Properties through bank loan facilities that it will establish with ANZ and ICBC, based on credit approved offers received. The key terms of the Bank Loan Facilities are:

<b>Facility type</b>	Interest only revolving.
<b>Facility limit</b>	\$87,500,000 provided equally by ANZ and ICBC
<b>Interest rate</b>	<p>The interest rate is calculated as a base rate plus margin.</p> <p>The base rate is the greater of 3 Month BKBM Bid (Bank Bill Benchmark Rate) for the selected interest period or 0% (a zero floor applies).</p> <p>An interest rate swap has been entered into to fix the base rate portion on 100% of forecast borrowings for 3 years. The portion of borrowings that is fixed will be regularly reviewed by Centuria NZ Healthcare.</p> <p>The forecast effective weighted average interest rate (including line fees and interest rate swap arrangements as at the date of this PDS) across the facilities during the period ending 31 March 2023 is 4.16% and year ending 31 March 2024 is 4.51%.</p> <p>If the LVR exceeds 47.5%, margins step up by 10 bps per annum and line fees step up by 5 bps per annum on half the facility limit.</p>
<b>Term</b>	<p>ANZ facility has a 3 year term expiring 20 April 2025.</p> <p>ICBC facility has a 4 year term expiring 20 April 2026.</p>

<b>Security</b>	<p>First ranking mortgages over the freehold titles to the Healthcare Portfolio.</p> <p>First ranking general security deed over all assets of Centuria NZ Healthcare.</p> <p>First ranking specific security deed over Centuria NZ Healthcare's interests in the Lease, the side letter with the Tenant and the bank guarantees provided by each Tenant.</p> <p>Deed of Covenant between each retirement village Statutory Supervisor and the Security Trustee.</p>
<b>Ranking</b>	Bank borrowings rank in priority to the Shares and the Underwriting Loan (if drawn).
<b>Personal guarantee</b>	No personal guarantee applies. The loan is non-recourse in respect of Shareholders.
<b>Key covenants</b>	<p><b>Interest cover ratio</b> Net rental income is to be at least 2.0 times interest expense on Bank Loan Facilities.</p> <p><b>Loan to value ratio</b> The ratio of all outstanding debt under the Bank Loan Facilities to the value of the Healthcare Portfolio properties approved by the banks is to be no more than 52.5%.</p>
<b>Events of default and review</b>	Standard for a facility of this nature (including a breach of the above covenants).



Palms Lifecare.  
100-104 Harris Street, Pukekohe, Auckland.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### 2.8 Directors of Centuria NZ Healthcare

Centuria NZ Healthcare is overseen by a board of directors that is led by Edward Hanson as Chair. The members of the Board are:



**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 University of Auckland.



**Philip Dixon**

BA/LLB

Philip graduated BA/LLB from Victoria University Wellington.

In 1981 Philip started work at the National Bank in their Graduate Recruitment program.

In 1982 he joined Auckland Stockbroking firm Buttle Wilson in their Fixed Interest broking department. In that role he was involved in broking fixed interest securities such as Government bonds and company debentures as well as debt placements. This experience has led to a continued interest in economic and financial markets.

In 1986 Philip became a partner at the firm and later a shareholder when the business was bought partially by Potter Partners.

In 1993 Philip left to set up Sabato with his wife Jacqui. Sabato is a passion business with just over 30 staff involved in the specialty food market as an importer, wholesaler, retailer and manufacturer. It distributes its products nationwide, has weathered many economic cycles and has a variety of stakeholders. The company is still owned by the Dixons.

Philip is also a Director of OMP 18 Ltd which is an investment holding company. He also manages their private portfolio consisting of shares, cash and property.



**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.



**John McBain  
(alternate  
director for Mark  
Francis)**

Dip Urb Val

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

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



# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### 2.9 The Manager

Centuria NZ Healthcare 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\$20.2 billion of assets under management (including the Manager's assets under management).<sup>15</sup> The Manager has assets under management of approximately NZ\$2.53 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 senior managers 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.

### Directors of the Manager

In addition to Mark Francis (who is a director of Centuria NZ Healthcare) and John McBain (who is an alternate director for Jason Huljich), the directors of the Manager are:

#### Bio



**Mike Steur  
– Chair**

*DipVal, FFINZ  
(Life), FRICS, FAPI,  
MAICD*

Mike is a Sydney-based professional director who has more than 35 years' experience in property, spanning valuation, asset management and advisory within New Zealand, Australia, the Pacific Islands and across Asia.

He has previously held senior executive roles at CBRE and was previously Chair of the Royal Institution of Chartered Surveyors Global Valuation Professional Group. Mike is an experienced non-executive director, currently serving on the boards of BWP Management Limited, Dexu Wholesale Property Fund and Dexu Healthcare Property Fund. He was also previously a director of Kiwi Property Group Limited, retiring in June 2020.



**Mark Petersen**

*Dip Urb Val*

Mark is a professional director and corporate adviser who has worked in the commercial property sector for the past 35 years. Mark was Managing Director of NZX listed Shortland Properties Limited from 1989 to 1999. He is currently an advisory Board member for Te Tumu Kainga, a trust administered by the Maori Trustee for the provision of affordable housing. Mark is also an Independent Director of Tainui Group Holdings Limited.



**Jason Huljich**

*BCom (Commercial  
Law)*

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

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



**Bryce Barnett  
(alternate  
director for  
Mark Francis)**

*Chartered  
Accountant, FCA,  
F.FINZ, MNZM*

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

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





(15) Assets under management as at 31 December 2021. Includes assets contracted to be settled, cash and other assets.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### Key Personnel of the Manager

The key personnel of the Manager who will be responsible for the management of Centuria NZ Healthcare, alongside the board of Centuria NZ, are:

	Role	Bio
	<b>John Chandler</b> <i>BCom (Marketing) / BProp</i>	John is Centuria NZ Healthcare's dedicated Fund Manager and is responsible for strategically managing the Healthcare Portfolio.  John started with Centuria Funds Management 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 joining BP, John held various property focused roles in New Zealand, Australia and the UK. John is a Senior Asset Manager at Centuria Funds Management and manages a portfolio across the upper North Island ensuring optimum performance of the properties and communicating that with investors.
	<b>Mark Madigan</b> <i>BCom (Accounting and Marketing) / BCom (Hons) (Accounting), Chartered Accountant</i>	Mark is Financial Controller at Centuria NZ. Mark is responsible for financial reporting, tax and treasury management.  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.
	<b>Joel Lindsey</b> <i>BProp (Real Estate) / BA (Geography)</i>	Joel is Head of Funds Management and provides strategic oversight of the Healthcare 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.
	<b>Simon Woollams</b> <i>BCom (Accounting), Chartered Accountant</i>	Simon is Chief Operating Officer and oversees all operations of the Manager. In respect of Centuria NZ Healthcare, this includes oversight of financial performance and 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.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### 2.10 Summary of the Management Agreement

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

<b>Manager</b>	Centuria Funds Management (NZ) Limited
<b>Term</b>	The term of the Management Agreement runs until Centuria NZ Healthcare is removed from the Register of Companies in accordance with the Companies Act 1993 and Centuria NZ Healthcare's constitution, unless terminated earlier as set out below.

<b>Termination</b>	<p>The Management Agreement will be able to be terminated in the following situations:</p> <ul style="list-style-type: none"> <li>Centuria NZ Healthcare 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> <li>The Manager may terminate the agreement if it gives Centuria NZ Healthcare not less than 6 months' notice that it wishes to terminate the agreement.</li> <li>The Management Agreement will automatically terminate on the occurrence of certain events, for example if the Manager or Centuria NZ Healthcare becomes insolvent.</li> <li>Centuria NZ Healthcare may terminate the 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).</li> </ul>
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If the Management Agreement is terminated by Centuria NZ Healthcare without cause and by a Special Resolution of Shareholders, Centuria NZ Healthcare must pay the Manager a sum equal to 30% of the aggregate of all fees paid to the Manager by Centuria NZ Healthcare in the preceding 5 years before termination. No termination fee is payable where the Management Agreement is terminated in any other scenario.

<b>Management duties</b>	<p><b>Investment Management Duties</b></p> <ul style="list-style-type: none"> <li>Maximising the value of Shareholders' investment through active management of the Healthcare Portfolio and identification of new properties to be acquired</li> <li>Arranging funding facilities</li> <li>Managing financial affairs</li> <li>Manage or oversee any development or divestment of the properties in the Healthcare Portfolio</li> </ul>
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<b>Management duties (cont.)</b>	<p><b>Asset Management Duties</b></p> <ul style="list-style-type: none"> <li>Collection of rents and payment of outgoings</li> <li>Negotiating rent reviews/assignment/sub-leases</li> <li>Legal compliance including building and health &amp; safety laws</li> <li>Documentation of leases, renewals, variations and rent reviews</li> <li>Inspection of the Healthcare Portfolio</li> </ul> <p><b>Administrative Management</b></p> <ul style="list-style-type: none"> <li>Ensuring compliance with laws</li> <li>Provision of company secretarial services, including maintaining statutory records and Board minute taking</li> <li>Maintaining accounting and tax records</li> <li>Preparation of annual financial statements and liaising with external auditor</li> <li>Preparation of the annual report to Shareholders</li> <li>Preparing and filing all tax returns (GST, PIE, income tax)</li> <li>Arranging an annual valuation</li> </ul> <p><b>Investor Relations</b></p> <ul style="list-style-type: none"> <li>Reporting to Shareholders on Centuria NZ Healthcare's performance</li> <li>Responding to all investor queries</li> <li>Arranging annual Shareholder meetings</li> </ul> <p>Bayleys Property Services Limited will be appointed by Centuria NZ Healthcare to provide day to day property and facilities management services.</p>
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<b>Sub-contracting/assignment</b>	<p>The Manager's obligations may be sub-contracted but the Manager remains liable for those obligations.</p> <p>Assignment of the Manager's rights and obligations is permitted with the consent of Centuria NZ Healthcare, which is not to be unreasonably withheld.</p>
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<b>Limitation of liability</b>	<p>The Manager will not be liable for any reduction in:</p> <ul style="list-style-type: none"> <li>the amount of the distributions paid by Centuria NZ Healthcare; or</li> <li>any loss in value of Centuria NZ Healthcare or a reduction in Centuria NZ Healthcare's Share price,</li> </ul> <p>unless such loss is a direct result of the Manager materially breaching its obligations under the Management Agreement.</p>
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# Centuria NZ Healthcare and what it does (cont.)

## Section 2

<p><b>Related party transactions</b></p>	<p>Centuria NZ Healthcare and the Manager will not enter into any major transactions with related parties unless approved by an Ordinary Resolution of Shareholders, except for:</p> <ul style="list-style-type: none"> <li>any underwriting agreement entered into with Centuria or any of its related parties provided the underwriting fee does not exceed 3% of the equity that is being underwritten by Centuria or Centuria NZ Healthcare's related parties; or</li> <li>any acquisition by Centuria NZ Healthcare of any property owned by Centuria NZ Healthcare's related parties provided the purchase price payable by Centuria NZ Healthcare does not exceed the amount determined by an independent valuer.</li> </ul>	<p><b>Performance fee (cont.)</b></p>	<ul style="list-style-type: none"> <li>If Centuria NZ Healthcare underperforms the benchmark, that deficit will be carried forward to the calculation of the performance fee for the following performance period.</li> <li>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.</li> <li>The accrued performance fee will be paid to the Manager in cash or, if agreed by Centuria NZ Healthcare and the Manager in writing, Shares.</li> </ul> <p>An example illustrating the calculation of the performance fee is set out on the following page.</p>
<p><b>Management fee</b></p>	<p>The Manager shall be entitled to charge an annual management fee equal to</p> <ul style="list-style-type: none"> <li>0.25% per annum (plus GST) of the average month-end total asset value of Centuria NZ Healthcare for so long as the Healthcare Portfolio comprises only the Initial Properties.</li> <li>If additional properties to the Initial Properties are acquired: <ul style="list-style-type: none"> <li>0.25% per annum (plus GST) of the average month-end asset value of the Initial Properties; plus</li> <li>up to 0.50% per annum (plus GST) of the average month-end total asset value of Centuria NZ Healthcare (excluding the Initial Properties).</li> </ul> </li> <li>0.50% per annum (plus GST) of the average month-end total asset value of Centuria NZ Healthcare (including on the Initial Properties) from 20 April 2052 (30 years from Settlement).</li> </ul> <p>The management fee will be calculated and paid monthly in arrears, by the 20th of the following month. Asset values will be determined under GAAP.</p>	<p><b>Transaction fees</b></p>	<p>The Manager is entitled to be paid the following transaction fees:</p>
<p><b>Property management fee</b></p>	<p>If the Manager provides property management services, the Manager is entitled to receive any reasonable property management fees that may be payable in respect of the Property. Any reasonable property management fees will be recoverable from the Tenant.</p>	<p><b>Acquisition and establishment fee</b></p>	<p>2.0% of purchase price.</p>
<p><b>Performance fee</b></p>	<ul style="list-style-type: none"> <li>A performance fee is paid to the Manager as an incentive to maximise total Shareholder returns.</li> <li>The Manager shall be entitled to a performance fee of 20% (plus GST) of the portion of annual outperformance by Centuria NZ Healthcare above a benchmark of 6.5% per annum. The performance fee is calculated based on the increase in net tangible assets 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.</li> </ul>	<p><b>Sale fee</b></p>	<p>1.0% of the gross sale price.</p>
		<p><b>Leasing fee</b></p>	<p>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.</p>
		<p><b>Renewals or extensions</b></p>	<p>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%.</p>
		<p><b>Rent review fee</b></p>	<p>10% of an increase in annual gross rent for any negotiated increase in annual rent (excluding CPI and fixed review uplifts).</p>
		<p><b>Refinancing fee</b></p>	<p>0.1% of the total loan facility amount 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.</p>

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

<b>Transaction fees (cont.)</b>	<b>Development management fee</b>	Up to 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).
<b>Wind-up fee</b>	The Manager shall be entitled to a wind-up fee of 1% (plus GST) of the sale price of the Healthcare 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 6.50%

#### Period

Opening Net Tangible Assets \$120,000,000

Closing Net Tangible Assets \$123,500,000

Income Distributions \$6,000,000

Deficit Brought Forward \$500,000

The performance of the Fund for the period is 7.50%, calculated as:

#### Formula:

$(\text{Closing NTA} - \text{Opening NTA} + \text{Income Distributions} - \text{Deficit Brought Forward})$

$\div \text{Adjusted Opening NTA}$

#### Example:

$$\frac{123,500,000 - 120,000,000 + 6,000,000 - 500,000}{120,000,000} = 7.50\%$$

The Performance Fee for the period is \$240,000, calculated as:

#### Formula:

$(\text{Annual Adjusted Total Return} - \text{Benchmark Rate}) \times \text{Adjusted Opening NTA} \times 20\%$

#### Example:

$$(7.50\% - 6.50\%) \times 120,000,000 \times 20\% = \$240,000$$

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

Other arrangements and fees between Centuria NZ and Centuria NZ Healthcare include:

- Centuria NZ will receive an establishment fee for the acquisition of the Initial Properties of \$3,844,777 (plus GST) (once the acquisition of the Initial Properties settles). This is in consideration for negotiating the acquisition of the Initial Properties, establishing Centuria NZ Healthcare, arranging the issue of Shares and arranging and negotiating Centuria NZ Healthcare's funding and banking facilities.
- 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 6.1.

## 2.1 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.

Name	Nature of relevant interest	As at the date of the PDS		Immediately following the Offer	
		Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares <sup>1</sup>
Centuria Platform Investments Pty Limited	Registered holder and beneficial owner	1	100%	0	0% <sup>2</sup>

Notes:

- Based on 121 million Shares being issued under the Offer.
- CPIPL may subscribe for 5% or more of the Shares under the underwriting agreement entered into with Centuria NZ Healthcare. The one Share held by CPIPL is intended to be bought back by Centuria NZ Healthcare 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, Mark Francis, Simon Woollams and Joel Lindsey are the senior managers of Centuria NZ Healthcare. No directors or senior managers of Centuria NZ Healthcare 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.

# Centuria NZ Healthcare and what it does (cont.)

## Section 2

### 2.12 Other equity securities of Centuria NZ Healthcare

Under Centuria NZ Healthcare's constitution, any other class of equity securities of Centuria NZ Healthcare 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 Centuria NZ Healthcare. The Board of Centuria NZ Healthcare has the right to issue further shares, on such terms and conditions as it considers are fair and reasonable to Centuria NZ Healthcare and its shareholders

### 2.13 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 Centuria NZ Healthcare during FY23 and FY24 in their capacity as a director of Centuria NZ Healthcare from Centuria NZ Healthcare or its subsidiaries:

Director	Expected total remuneration and value of other benefits expected to be received in FY23	Expected total remuneration and value of other benefits expected to be received in FY24
Mark Francis	\$0	\$0
Ed Hanson	\$35,000	\$35,000
Philip Dixon	\$30,000	\$30,000

The above fees reflect a policy of Centuria NZ that no employee receive fees for acting as a director of an entity managed by Centuria NZ while they are an employee. Centuria NZ Healthcare has no employees as it is fully managed by Centuria NZ.

The particulars of any direct or indirect material interests in Centuria NZ Healthcare, or in any agreement entered into on behalf of or in respect of Centuria NZ Healthcare, that any director, proposed director, senior manager of Centuria NZ Healthcare 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 Centuria NZ Healthcare are as follows:

- **Management Agreement:** Mark Francis is a director of Centuria NZ Healthcare and is also a director of Centuria NZ which manages Centuria NZ Healthcare under the Management Agreement described in Section 2.10. Under the Management Agreement, Centuria NZ receives various management, performance, leasing, sale, acquisition and project management fees – further details are set out in Section 2.10.
- **Establishment Fee:** An establishment fee of \$3,844,777 (plus GST) is to be paid to Centuria NZ as a result of Centuria NZ Healthcare's acquisition of the Initial Properties (once the acquisition of the Initial Properties settles).

- **Underwriting agreement and underwriting loan agreement:** Centuria NZ Healthcare has entered into an underwriting agreement and CPIPL has committed to enter into an underwriting loan agreement with Centuria NZ Healthcare if required by Centuria NZ Healthcare pursuant to which CPIPL will underwrite or advance up to \$121 million of the \$121 million that is targeted to be raised. In the event that the targeted amount of \$121 million is not raised by the Offer close date, CPIPL has committed to subscribe for Shares under the underwriting agreement that will result in it holding (together with its associates) up to 20% of the Shares in Centuria NZ Healthcare (the **Shareholding Cap**). Any further shortfall to the targeted amount will be met by CPIPL advancing the Underwriting Loan. If entered into, the key terms of the Underwriting Loan agreement will be:

- CPIPL will advance Centuria NZ Healthcare up to \$121 million of the \$121 million that is targeted to be raised, less the amount raised by Centuria NZ Healthcare under the Offer (including any amount received from CPIPL pursuant to its underwrite).
- The Underwriting Loan is repayable from subscription monies received from Follow-On Offer Shares. It does not otherwise have a repayment date and does not contain financial covenants.
- CPIPL will receive interest at a rate of 4.75% per annum (in place of cash distributions that would have been payable on Shares acquired under an underwrite), calculated daily and paid monthly on any outstanding balance of the Underwriting Loan.
- The Underwriting Loan will be unsecured and rank ahead of the Shares, but behind Centuria NZ Healthcare's Loan Facility.

In consideration for agreeing to underwrite the Offer (including by advancing the Underwriting Loan, if required) CPIPL will receive an establishment and underwriting fee of \$3.63 million (calculated at 3% of \$121 million). CPIPL is entitled to receive cash distributions in respect of any Shares it acquires under its underwrite. Payments to CPIPL under the underwriting arrangements (including any cash distributions paid to CPIPL as a Shareholder) will not impact forecast FY23 or FY24 cash distributions.



# Purpose of the offer

## Section 3

The purpose of the Offer is to raise capital which, together with bank borrowings, will enable Centuria NZ Healthcare to purchase the Initial Properties and pay the Offer costs.

### Intended use of proceeds

The money raised under the Offer, together with the Bank Loan Facilities, will be allocated as follows:

Purchase price for the Initial Properties	\$192,238,849
Offer and acquisition costs	\$14,688,607
<b>Total</b>	<b>\$206,927,456</b>
Funded by:	
Bank Loan Facilities (borrowings)	\$85,927,456
Equity (Offer proceeds)	\$121,000,000
<b>Total</b>	<b>\$206,927,456</b>

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 \$121 million (being 121,000,000 Shares) with any additional Shares issued at the discretion of the Board. This amount is fully underwritten by CPIPL. Specifically, if the target amount of \$121 million to be raised (or such lesser amount as the Board determines shall be accepted) has not been subscribed for by 12 April 2022:

- Centuria NZ Healthcare has entered into an underwriting agreement with CPIPL pursuant to which CPIPL has agreed to subscribe for up to 20% of the total number of Shares on issue immediately following the issue of the Offer Shares or such lesser amount as is required to ensure that Centuria NZ Healthcare does not become an 'overseas person' for the purposes of the Overseas Investment Act 2005, CPIPL and its associates do not breach the Takeovers Code under the Takeovers Regulations 2000 and Centuria NZ Healthcare maintains its PIE status; and
- CPIPL has committed to enter into an underwriting loan agreement with Centuria NZ Healthcare if required by Centuria NZ Healthcare. The Underwriting Loan will only be required if the targeted amount of \$121 million is not raised by the date the Offer closes and, as a result of CPIPL's acquisition of Shares under its underwrite, the Shares held by CPIPL, and any of its associates would exceed the Shareholding Cap. If the Underwriting Loan is entered into, CPIPL has agreed to advance up to \$121 million less the amount raised by Centuria NZ Healthcare under the Offer (including any amount received from CPIPL pursuant to its underwrite). The Underwriting Loan is repayable by Centuria NZ Healthcare from the subscription monies received for the issue of Follow-On Offer Shares (other than any Shares issued to CPIPL under its underwriting commitment).

The Underwriter will receive an establishment and underwriting fee of \$3.63 million (calculated at 3% of \$121 million, being the total amount underwritten or committed by CPIPL under the underwriting agreement and Underwriting Loan). The Underwriter will be entitled to receive cash distributions in respect of any Shares it subscribes for under the underwriting agreement and will be paid interest at a rate of 4.75% per annum on any outstanding balance of the Underwriting Loan.

Payments to CPIPL under the underwriting arrangements (including any cash distributions paid to CPIPL as a Shareholder) will not impact forecast FY23 cash distributions. However, if the Underwriting Loan is drawn it will affect Centuria NZ Healthcare's forecast FY23 gearing ratio. For example, if only \$60 million of Shares are issued under the Offer to investors other than CPIPL and its associates, Centuria NZ Healthcare's gearing ratio will increase to 74.1% from the forecast FY23 gearing ratio of 43.3%.<sup>16</sup>

If more than \$96.8 million is raised in the Offer from investors other than CPIPL and its associates, the Underwriting Loan will not be drawn as CPIPL will be able to stay beneath the Shareholding Cap after acquiring Shares under the underwriting agreement.

A summary of the key terms of the underwriting agreement and of the loan commitment and fee agreement (pursuant to which CPIPL commits to enter into the Underwriting Loan if required) is available on the Offer Register.

### Offer and acquisition costs

The Offer and acquisition costs are:

Centuria NZ's establishment fee	\$3,845,000
CPIPL's underwriting fee	\$3,630,000
CPIPL's interest on deposit	\$311,000
Brokerage fees*	\$2,118,000
Legal fees**	\$500,000
Investigating accountant fees**	\$170,000
Valuation fees**	\$171,000
Chattels and land valuation fees**	\$83,000
Property due diligence**	\$15,000
Marketing, PDS design and printing**	\$541,000
Independent directors finders fees**	\$50,000
PDS liability insurance**	\$200,000
Bank fees and bank legal fees**	\$291,000
Registry fees and AML customer due diligence**	\$56,000
PDS registration fees	\$6,000
Swap purchase fee	\$2,657,000
Interest on swap purchase fee	\$44,000
<b>Total</b>	<b>\$14,688,000</b>

\* The brokerage fee payable assumes no additional Shares are issued by Centuria NZ Healthcare in excess of the \$121 million (being 121 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 Shares issued.

\*\* These amounts, or a component of these amounts, are the Manager'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 Centuria NZ Healthcare (and Shareholders will not be notified of such a change). All other amounts are fixed or maximum amounts and cannot be increased.

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 Centuria NZ Healthcare.

(16) This would not result in a breach of the LVR covenant in the Bank Loan Facilities as that covenant is only tested based on the debt outstanding under those facilities (debt under the Underwriting Loan is excluded).

# Key Dates and offer process

## Section 4

<b>Offer opens</b>	9 March 2022
<b>Offer opens in Australia</b>	16 March 2022
<b>Offer closes</b>	12 April 2022
<b>Subscription amounts due from investors</b>	12 April 2022
<b>Offer Shares allotted</b>	On or about 20 April 2022
<b>Settlement of Initial Properties</b>	20 April 2022
<b>Expected date for payment of first distribution for Offer Shares</b>	20 May 2022
<b>Follow-On Offer closes</b>	30 September 2022

The timetable is indicative only and the dates may change. In particular, Centuria NZ Healthcare 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. Centuria NZ Healthcare 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 9 March 2022 and 12 April 2022 (inclusive). All Shares subscribed for from the opening date to 12 April 2022 will be Offer Shares. All Offer Shares will be allotted to Shareholders on or about 20 April 2022.

### Follow-On Offer Shares

If Centuria NZ Healthcare has not received subscriptions for Shares of at least \$121 million (being 121 million Shares) by 12 April 2022, then Centuria NZ Healthcare may call on its underwriting commitment from CPIPL and/or Centuria NZ Healthcare may require CPIPL to enter into an underwriting loan agreement and advance the Underwriting Loan.

If Centuria NZ Healthcare draws down on the Underwriting Loan, any subscription monies from the issue of Follow-On Offer Shares will be applied to the repayment of the Underwriting Loan. All Shares subscribed for after 12 April 2022 will be Follow-On Offer Shares.

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

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.



Edith Cavell Lifecare.  
40 Head Street, Sumner, Christchurch.



# Terms of the offer

## Section 5

<b>What is the Offer?</b>	<p>This is an offer of ordinary Shares in Centuria NZ Healthcare.</p> <p>The Shares will rank equally in all respects with any other Shares previously issued by Centuria NZ Healthcare. 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 Centuria NZ Healthcare's constitution.</p> <p>No person guarantees the Shares offered under this Offer, nor warrants or guarantees the future performance of Centuria NZ Healthcare, the Shares, any cash distribution or any return on investment pursuant to this Offer.</p>
<b>Key dates</b>	See Section 4: "Key dates and offer process" for information about the key dates of the Offer.
<b>Issue Price</b>	\$1.00 per Share.
<b>Total Shares being offered</b>	121 million Shares (being 100% of the total Shares on issue immediately following the issue of Shares)
<b>Minimum number of Shares that may be applied for<sup>17</sup></b>	Shares available in any amount with a \$10,000 minimum investment.
<b>Maximum number of Shares that may be held by any shareholder</b>	Except in circumstances allowed by Centuria NZ Healthcare, no Shareholder and its associates may together hold more than 20% of Centuria NZ Healthcare's Shares following the Offer, being 24.2 million Shares based on the total number of Shares being offered.
<b>Minimum and maximum amount of equity to be raised</b>	There is no minimum amount to be raised in order for the Offer to proceed. However, Centuria NZ Healthcare is targeting an Offer size of up to \$121 million. Additional Shares may be issued at the discretion of the Board.
<b>Issue of Shares</b>	For subscriptions of Shares made during the Offer Period, Shares will be allotted on or about 20 April 2022. During the Follow-On Offer, 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.
<b>Underwriting and underwriting loan arrangements</b>	<p>The Offer is underwritten by CPIPL by way of an underwriting agreement between Centuria NZ Healthcare and CPIPL and an underwriting loan agreement that may be entered into between Centuria NZ Healthcare and CPIPL if required by Centuria NZ Healthcare.</p> <p>In the event that the targeted amount of \$121 million is not raised by the Offer close date, CPIPL has committed to subscribe for Shares under the underwriting agreement that will result in it holding (together with its associates) up to the Shareholding Cap. Any further shortfall to the targeted amount will be met by CPIPL advancing the Underwriting Loan. If more than \$96.8 million is raised in the Offer from investors other than CPIPL and its associates, the Underwriting Loan will not be drawn.</p> <p>The Underwriter will receive an establishment and underwriting fee of \$3.63 million (calculated at 3% of \$121 million), will be entitled to receive cash distributions in respect of any Shares it acquires under the underwriting agreement and will be paid interest at a rate of 4.75% per annum on any outstanding balance of the Underwriting Loan (in place of the cash distributions that would have been payable on Shares acquired under an underwrite). If drawn, the Underwriting Loan is repayable from the subscription monies received from the issue of Follow-On Offer Shares (other than any Shares issued to CPIPL under the underwriting agreement). Payments to the Underwriter under the underwriting arrangements (including any cash distributions paid to CPIPL as a Shareholder) will not impact forecast cash distributions.</p>
<b>Liabilities, fees and charges</b>	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.
<b>Scaling</b>	Centuria NZ Healthcare 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.
<b>How to apply</b>	See Section 11: "How to apply" for more information on how to apply for Shares in Centuria NZ Healthcare.

(17) Centuria NZ Healthcare and the Manager reserve the right to amend the minimum and maximum subscription amounts and the maximum number of Shares that may be held.



# Terms of the offer (cont.)

## Section 5

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### 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, Australia and any other jurisdictions in which Centuria NZ Healthcare is able to make the Offer without having to prepare a disclosure document, at its discretion.

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

No person may offer, invite, sell or deliver any 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 Centuria NZ Healthcare, any person applying for Shares under the Offer will be deemed to represent and warrant to Centuria NZ Healthcare 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 Centuria NZ Healthcare, 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.

Centuria NZ Healthcare reserves its rights to decline applications from overseas investors to ensure Centuria NZ Healthcare does not become an overseas person under the Overseas Investment Act 2005.

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Centuria NZ Healthcare's constitution sets out the terms of the Shares. You can find a copy of Centuria NZ Healthcare's constitution on the Offer Register.



Annie Brydon Lifecare.  
71 Glover Road, Hawera, Taranaki.

# Key features of ordinary shares in Centuria NZ Healthcare

## Section 6

### Key features of the equity securities

Centuria NZ Healthcare 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 Centuria NZ Healthcare. The key features of Shares in Centuria NZ Healthcare 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 Centuria NZ Healthcare, a proportionate right to receive any dividends and distributions made by Centuria NZ Healthcare and a proportionate right to share in any surplus funds on a liquidation of Centuria NZ Healthcare, each relative to the total number of Shares in Centuria NZ Healthcare at the relevant time.

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

Any sale of Shares must occur in accordance with Centuria NZ Healthcare's constitution. Centuria NZ Healthcare's 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 Centuria NZ Healthcare 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 10,000 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 Centuria NZ Healthcare 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 Centuria NZ Healthcare 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 Centuria NZ Healthcare'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.

Centuria NZ Healthcare's constitution requires a majority of its directors to be independent.

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

As part of this Offer, Centuria NZ Healthcare 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 Centuria NZ Healthcare, 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. If Shareholders utilise the secondary market facility offered by the Manager on behalf of Centuria NZ Healthcare, then an administration fee will be payable at a fee of 2% of the transaction value (plus GST).

### Related party transactions

Pursuant to Centuria NZ Healthcare's constitution, Centuria NZ Healthcare 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 agreement entered into with CPIPL or any related party of the Company or CPIPL provided the underwriting fee does not exceed 3% of the equity that is being underwritten by CPIPL or the relevant related parties; or
- any acquisition by Centuria NZ Healthcare of any property owned by Centuria NZ Healthcare's related parties provided the purchase price payable by Centuria NZ Healthcare 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.

### Centuria NZ Healthcare's dividend policy

Centuria NZ Healthcare'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 Centuria NZ Healthcare 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 on page 46.

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 Centuria NZ Healthcare that a distribution be paid. The payment of any distribution is therefore not guaranteed. Centuria NZ Healthcare's dividend policy may change from time to time. As a result of the above, actual pre-tax cash distributions for a period may vary from the PFI set out in Section 7.

Centuria NZ Healthcare does not intend to offer a distribution reinvestment programme.

# Centuria NZ Healthcare's financial information

## Section 7

In this section, you will find a summary of the prospective financial information for:

- the 13 months and 18 days ending 31 March 2023; and
- the 12 months ending 31 March 2024

This represents Centuria NZ Healthcare's forecasts of its expected financial performance, financial position and cash flows for those periods.

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

The table in this section provides key financial information about Centuria NZ Healthcare. 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 funds invested. 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 Centuria NZ Healthcare'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 Centuria NZ Healthcare's Business and Plans").

Ernst & Young Strategy and Transactions Limited has independently reviewed the prospective financial information, as defined in its report, for the period ending 31 March 2023 and the 12 months ending 31 March 2024. 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 are available on the Offer Register.

### 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\$'000 (unless indicated otherwise)	Forecast	Forecast
	13 months and 18 days ending 31 March 2023 <sup>8</sup>	12 months ending 31 March 2024
Revenue <sup>1</sup>	11,720	12,612
Property Operating Expenses	(73)	(80)
Net revenue <sup>2</sup>	11,647	12,532
EBITDA <sup>3</sup>	9,529	8,973
Net profit before tax <sup>4</sup>	3,072	4,923
Net profit after tax <sup>4</sup>	3,072	4,923
Adjusted Operating Profit <sup>5</sup>	5,794	6,139
Dividends on all equity securities of the issuer	(5,714)	(6,050)
Adjusted Operating Profit per Share (cents) <sup>5</sup>	5.07 <sup>9</sup>	5.07
Dividends per Share (cents)	(5.00) <sup>9</sup>	(5.00)
Net cash flows from operating activities	6,419	6,171
Total assets	197,632	196,688
Cash and cash equivalents	782	903
Total liabilities	86,247	86,430
Total debt	85,500	85,500
Net tangible assets <sup>6</sup>	111,385	110,258
Gearing ratio <sup>7</sup>	43.3%	43.5%
Interest cover ratio <sup>7</sup>	1.56 <sup>10</sup>	2.61

Notes to table:

1. Revenue represents rental income derived from the Leases 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. Centuria NZ Healthcare will be an unlisted PIE. Tax is attributed to Shareholders and is not incurred directly by Centuria NZ Healthcare. 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 Centuria NZ Healthcare 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 Centuria NZ Healthcare excluding intangible assets (which Centuria NZ Healthcare is not forecast to hold) less total liabilities.

Please see following page for notes to table.



# Centuria NZ Healthcare's financial information (cont.)

## Section 7

7. The gearing ratio and interest cover ratios are non-GAAP information. These have been included as debt is an integral and material component of Centuria NZ Healthcare's capital structure. The gearing ratio tells you how much Centuria NZ Healthcare 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 Centuria NZ Healthcare's assets will need to be applied to repay its debt. The interest cover ratio tells you how much Centuria NZ Healthcare's EBITDA adjusted for unrealised gains and losses exceeds interest expense on its debt (as a multiple).
8. Centuria NZ Healthcare was incorporated on 11 February 2022 and is due to commence trading on 20 April 2022.
9. Annualised from 21 April 2022, the date immediately following Settlement of the Initial Properties.
10. The interest cover ratio for the period ending 31 March 2023 is 2.83x if the Underwriting Loan component of the underwrite fee totalling \$2,904,000 is excluded from interest expense.

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

### Adjusted Operating Profit – Non-GAAP Information

Centuria NZ Healthcare'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 Centuria NZ Healthcare. 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 non-cash, one-off and/or unpredictable items including:

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

For the purposes of the Adjusted Operating Profit payout ratio, interest expense on loans that underwrite the Centuria NZ Healthcare capital raising 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\$000 (unless indicated otherwise)	Forecast 13 months and 18 days ending 31 March 2023	Forecast 12 months ending 31 March 2024
Net profit after tax	3,072	4,923
<b>Adjustments:</b>		
Unrealised movement in the fair value of investment property	544	1,599
Change in the fair value of interest rate swaps	726	1,065
Adjustment due to capitalised fixed rental growth	(1,603)	(1,599)
Amortisation of capitalised borrowing costs	151	151
Loan component of underwrite fee	2,904	-
<b>Adjusted Operating Profit</b>	<b>5,794</b>	<b>6,139</b>
Dividends paid	5,714	6,050
<b>Adjusted Operating Profit payout ratio</b>	<b>99%</b>	<b>99%</b>

### Forecast Cash Distributions

The initial forecast pre-tax cash distribution is 5.00% per annum on the amount invested for the periods ending 31 March 2023 and 31 March 2024, paid to investors monthly.

These cash distributions are not guaranteed. The actual distribution rate may vary. Distributions are forecast to commence from 21 April 2022, the day immediately following Settlement. Details on how the forecast pre-tax cash distributions are calculated (including the key assumptions upon which they are based), and the risks associated with the investment are set out in this section and Section 8: "Risks to Centuria NZ Healthcare's Business and Plans" of this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared by Centuria NZ Healthcare in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register.

### 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.

# Centuria NZ Healthcare's financial information (cont.)

## Section 7

### 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.

#### Centuria NZ Healthcare

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

#### Establishment

It is assumed that \$121 million of equity is raised in the Offer and \$85.9 million of borrowings are drawn to facilitate the acquisition of the Initial Properties and to pay the associated Offer and establishment costs.

#### Settlement

Pursuant to the Second Sale and Purchase Agreement for the Initial Properties, Settlement is to occur on 20 April 2022. For the purposes of the PFI, rental income has been recognised from 21 April 2022.

	(\$'000)
<b>Investment, establishment and transaction costs:</b>	
Investment property purchase price	192,239
Capitalised transaction costs	1,577
Costs of establishment and issuing equity	9,921
Borrowing costs	533
Purchase of swap	2,657
<b>Total investment, establishment and transaction costs</b>	<b>206,927</b>
<b>Funded by:</b>	
Borrowings	85,927
Equity	121,000
<b>Total</b>	<b>206,927</b>

#### Transaction and Establishment Costs

Total establishment, Offer and acquisition costs are assumed to be \$14,688,000. This includes establishment, underwriting, brokerage, interest rate swap purchase, legal, accounting, valuation, property due diligence, marketing, insurance, registration, registry and financing 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:

\$1,577,000 relates to costs associated with the acquisition of the Initial Properties and has been capitalised;

- \$533,000 relates to financing costs and has been capitalised to borrowings which are then amortised over the term of each Bank Loan Facility;

- \$2,904,000 of the underwrite fee has been allocated to the Underwriting Loan and expensed;
- \$2,657,000 relates to the purchase of the interest rate swap and, together with \$44,000 interest on the swap purchase fee, has been capitalised as a financial asset; and
- The remaining \$6,973,000 relates to issue costs and has been recognised in equity.

#### Investment property

On Settlement, anticipated to be 20 April 2022, the value of the Initial Properties is assumed to equal cost, plus any directly related transaction costs.

Centuria NZ Healthcare has determined that control of the assets has transferred, and the transaction has been recognised as a purchase of investment property and subsequent leaseback for accounting purposes.

On 31 March 2023 and 31 March 2024 it is assumed that the Initial Properties will be revalued, with the fair value assumed to represent the independent valuation of \$194.9 million commissioned as part of due diligence as referenced on page 11. 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 fixed rental growth accruals.

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 valuation draws attention to market volatility and uncertainty with COVID-19, stating:

*"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a Global Pandemic on the 11th March 2020, has caused uncertainty in both local and global market conditions. The longer-term economic impact COVID-19 will ultimately have on the residential, retirement and aged care sectors in New Zealand is currently unknown and will largely depend on both the scale and longevity of the outbreak. Given the uncertainty, a degree of caution should be exercised when relying upon our valuation."*

The PFI assumes that Centuria NZ Healthcare will not make any future acquisitions or complete any developments in FY23 and FY24.

	As at 31 March 2023 (\$'000)	As at 31 March 2024 (\$'000)
Balance at beginning of financial period	-	194,875
Contracted purchase price	192,239	-
Transaction costs to purchase property	1,577	-
Adjustment due to capitalised fixed rental growth	1,603	1,599
Change in the fair value of investment property	(544)	(1,599)
<b>Balance at end of financial period</b>	<b>194,875</b>	<b>194,875</b>

# Centuria NZ Healthcare's financial information (cont.)

## Section 7

### Rental income

Rental income has been forecast based on the agreed Leases with the Tenant. It is assumed that the Tenant will not default on its obligations under any of the Leases and that none of the Leases are terminated. It is also assumed that there are no delays in receipt of debtors.

Rental income is assumed to commence on 21 April 2022, being the day following Settlement. The Leases provide for CPI rent reviews on each anniversary of the commencement date, subject to a 1% per annum increase and a 4% per annum cap. The PFI assumes a 2.90% rental increase on 18 April 2023 (being the first anniversary of the commencement date).

Each of the Leases 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 (save that recoverability of property management fees is capped at 0.5% of the annual rent). Any elements of operating expenses which are invoiced to Centuria NZ Healthcare, as the landlord, are recoverable from the Tenant.

### Management fees

The Manager shall be entitled to charge an annual management fee equal to

- 0.25% per annum (plus GST) of the average month-end total asset value of Centuria NZ Healthcare for so long as the Healthcare Portfolio comprises only the Initial Properties.
- If additional properties to the Initial Properties are acquired:
  - 0.25% per annum (plus GST) of the average month-end asset value of the Initial Properties; plus
  - up to 0.50% per annum (plus GST) of the average month-end total asset value of Centuria NZ Healthcare (excluding the Initial Properties).
- 0.50% per annum (plus GST) of the average month-end total asset value of Centuria NZ Healthcare (including on the Initial Properties) from 20 April 2052 (30 years from Settlement).

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

### Administration Expenses

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

### Property Investigation Expenses

Expenses relating to due diligence on property acquisitions that do not proceed have been assumed, including legal and other consultancy fees. These have been assumed based on the Manager's estimates and experience in managing other property investment funds.

### Borrowings

Centuria NZ Healthcare intends to establish loan facilities with ANZ and ICBC, based on credit approved offers received. The loan facility with ANZ will be \$43,750,000 with a three year term from 20 April 2022. The loan facility with ICBC will be \$43,750,000 with a four year term from 20 April 2022. The initial loan facility drawdown of \$85,927,000 is assumed to reduce to \$85,500,000 in the month following Settlement and then remain at this level.

### Finance Expenses

The interest rate on the loan is a combination of the margin for the relevant facility plus a base rate. The base rate has been fixed on \$85,500,000 of debt for three years by way of an interest rate swap. The forecast effective weighted average interest rate (including line fees and interest rate swap) is assumed to be 4.16% p.a. for the period ending 31 March 2023 and 4.51% p.a. for the period ending 31 March 2024.

\$2,904,000 of the total underwrite fee has been allocated to the Underwriting Loan. The Underwriting Loan is assumed to not be drawn on and the Underwriting Loan fee has therefore been expensed.

Centuria NZ Healthcare manages its interest rate risk by using floating to fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating to fixed interest rates. An interest rate swap contract on \$85,500,000 has been entered into for three years to fix the base rate at 1.60% for the period 20 April 2022 to 19 April 2023, 1.95% for the period 20 April 2023 to 19 April 2024, and 2.30% for the period 20 April 2024 to 19 April 2025.

An upfront fee of \$2,656,745 was paid for the interest rate swap as it was entered into at rates below the market swap rates at the time. The interest rate swap was entered into by Centuria Capital (NZ) Limited and will be novated to Centuria NZ Healthcare on settlement, at which time Centuria NZ Healthcare will reimburse Centuria Capital (NZ) Limited for the swap purchase fee with interest charged thereon.

Further detail on the Bank Loan Facilities is included in Section 2.7: "Centuria NZ Healthcare's Bank Loan Facilities".

### Taxation

Centuria NZ Healthcare will register as a multi-rate PIE. Centuria NZ Healthcare 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 be paid monthly in arrears, at an annualised rate of 5.00 cents per Share per annum from 21 April 2022.

This represents an Adjusted Operating Profit payout ratio of 99% per annum for each reporting period in the PFI.

### Actual Results

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



# Risks to Centuria NZ Healthcare's business and plans

## Section 8

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

This section sets out a description of the circumstances that Centuria NZ Healthcare is aware of that exist or are likely to arise that significantly increase the risk to Centuria NZ Healthcare'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 Centuria NZ Healthcare 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 Centuria NZ Healthcare, could have a material adverse effect on Centuria NZ Healthcare's financial position or future financial performance through a decrease in revenue or an increase in costs. Centuria NZ Healthcare 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 Centuria NZ Healthcare.

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 Centuria NZ Healthcare, you consider the suitability of an investment in Centuria NZ Healthcare in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

Description of Risk	Why it is significant and Centuria NZ Healthcare's assessment of nature of the impact	Mitigating factors
<p><b>Single Tenant Risk</b></p>	<p>The Tenant is the sole occupant of the Initial Properties. Accordingly, the Healthcare Portfolio is not initially diversified by tenant profile or exposure to different property sectors, although there is a geographical spread across 23 sites around New Zealand. Performance does alter by region and rental levels set for each site have been made in correlation to the Tenant's forecast EBITDA performance at each site. If the Tenant were to suffer significant financial or operational problems, any failure to pay rent or vacancy/re-letting costs could have a material detrimental impact on the ability of:</p> <ul style="list-style-type: none"> <li>• Centuria NZ Healthcare to pay distributions to Shareholders;</li> <li>• Centuria NZ Healthcare's ability to comply with its banking covenants; and</li> <li>• Shareholders to recoup all of their original investment.</li> </ul> <p>The poor performance of certain care facilities could impact on other centres and on the Tenant as a whole. A failure by the Tenant to uphold facility standards may have a negative reputational impact on the Tenant, which in turn may have an adverse impact on the Tenant's ability to maintain occupancy and pay rent.</p>	<p>Based on due diligence completed, Centuria NZ Healthcare considers that the Tenant has financial standing sufficient to meet the obligations under the Leases. The Tenant predicts a care facility EBITDA of \$35.3 million for FY22 (before any future rental payable). This excludes \$4.6m which is forecast as realised gain on retirement village sales. Heritage Lifecare's total annual rental expense is \$16.1 million of which \$10.7 million is payable to Centuria NZ Healthcare in respect of the Initial Properties.</p> <p>The Leases require the Tenant to maintain the licences and relevant authority approvals required to continue to operate the facilities. To help maintain facility standards, the Tenant is forecasting maintenance capital expenditure in FY22 of \$3.9 million which is funded from the above.</p> <p>On the whole the aged care industry is estimated to draw 77% of its income from the Government or local DHB or is funded by superannuation payments. This underpins the Tenant's income.</p> <p>Macro economic trends remain sound in the aged care market with a forecast increase in population of those over 85 years old, an increase in demand for aged care and increased government spending within the sector. The geographic spread of the Healthcare Portfolio also mitigates risk across a national platform. Centuria NZ Healthcare also maintains the ability to buy the underlying buildings at Co-Located Properties for \$1 in the event of a default, allowing the Manager to quickly secure a new operator.</p>
<p><b>Centuria NZ Healthcare's assessment of likelihood of circumstance arising</b></p>	<p>Centuria NZ Healthcare believes that the risk of the Tenant being unable to meet its obligations under the Leases is low, given the Tenant's current financial standing, performance and the positive macroeconomic forecast for the aged care industry.</p>	
<p><b>Centuria NZ Healthcare's assessment of the magnitude of the impact, were the circumstance to arise</b></p>	<p>The Tenant operates within a highly specialised regulatory and business environment. Similarly, certain of the Initial Properties are likely to require capital improvement works to attract new operator(s), should the Tenant need to be replaced. As outlined in Section 2.4 "The Healthcare Portfolio", there are certain restrictions on replacing the Tenant in relation to Co-Located Leases. A material default by the Tenant is likely to trigger a breach of Centuria NZ Healthcare's loan covenants, which could make it challenging for Centuria NZ Healthcare to obtain debt funding to fund ongoing capital expenditure and attract a new operator. A "forced sale" by lenders in these circumstances may lead to properties in the Healthcare Portfolio being sold at levels that mean Shareholders do not recoup all of their original investment. The magnitude of the impact of any Tenant default will depend on the timing of the default and the remaining term of the Leases.</p>	

# Risks to Centuria NZ Healthcare's business and plans (cont.)

## Section 8

Description of Risk	Why it is significant and Centuria NZ Healthcare's assessment of nature of the impact	Mitigating factors
<b>Increase in interest rates</b>	<p>Interest expense incurred by Centuria NZ Healthcare as a result of its bank borrowings is a material expense. If interest costs increase over time by more than Centuria NZ Healthcare's rental income grows over that period, it would adversely affect Centuria NZ Healthcare's ability to maintain distribution levels. The Leases provide for an annual rent increase based on CPI, capped at 4% per annum.</p> <p>Line fees and margins are fixed for the term of each Bank Loan Facility, which ranges from 3 to 4 years (unless refinanced earlier). As at the date of this PDS, interest rate swap agreements have been entered into that fix the base rate on 100% of Centuria NZ Healthcare's forecast borrowings for 3 years. Once the interest rate swap period ends, the bank borrowings will revert to a floating base rate unless further hedging is entered into.</p> <p>An upfront fee of \$2.66 million was paid for the interest rate swap as it was entered into at an average of 1% (100bps) p.a. below the market rate at the time.</p> <p>Interest rates will likely continue to be a key risk for so long as Centuria NZ Healthcare has outstanding borrowings.</p>	<p>The Manager and the Board will monitor interest rate markets and regularly review the base rate, margin and line fee components of Centuria NZ Healthcare'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 Centuria NZ Healthcare will consider changing lenders if materially better funding terms are available elsewhere.</p> <p>The annual rental review mechanism on the Leases is based on CPI (capped at 4% per annum) so if interest rates rise CPI is also expected to be higher which may provide rental growth to offset some of the potential increase in interest costs once the interest rate swap period ends.</p>
<b>Centuria NZ Healthcare's assessment of likelihood of circumstance arising</b>	<p>Changes in interest rates cannot be accurately predicted. There is a risk that interest rates may increase if inflation increases. Current expectations are that interest rates may increase based on economic and market forecasts.</p>	
<b>Centuria NZ Healthcare's assessment of the magnitude of the impact, were the circumstance to arise</b>	<p>The impact will depend on the magnitude of the interest rate change, which Centuria NZ Healthcare is unable to predict, and the level of borrowings.</p> <p>The interest rate has been fixed for 3 years on 100% of forecast borrowings under the terms of the Bank Loan Facilities and the interest rate swap. As the interest rate swap was entered into below the market rate at the time, if interest rates continue to rise the difference between the rate fixed under the swap and the prevailing market rate at the end of the swap term may be greater than if it had not been entered into or if it had been entered into at the market rate.</p> <p>For illustrative purposes, based on forecast borrowings of \$85,500,000 in the PFI, a 1.00% per annum increase in the interest rate (if the swap was not in place) would increase annual finance expenses by \$855,000 or 0.71 cents per Share,<sup>18</sup> before any offsetting factors such as rental growth.</p>	
<b>Inability to refinance or breach of banking covenants</b>	<p>Centuria NZ Healthcare will borrow through Bank Loan Facilities with ANZ and ICBC. The facilities have different expiries, with the ANZ facility expiring 20 April 2025 and the ICBC facility expiring 20 April 2026. However given the open ended nature of Centuria NZ Healthcare, it is expected that the Bank Loan Facilities will need to be extended or refinanced in the future. Alternative funding (if available) may require higher interest payments and/or repayment of the loan principal.</p> <p>Centuria NZ Healthcare's ability to pay cash distributions and continue to hold the Healthcare Portfolio is dependent on its ability to refinance borrowings prior to expiry or seek alternative sources of capital.</p> <p>Adverse market movements in interest rates and property values may cause Centuria NZ Healthcare to breach its banking covenants. If the breach is not remedied, lenders may enforce their security and sell some of the properties in the Healthcare Portfolio at a lower than market price in a "forced sale" situation.</p>	<p>Centuria NZ Healthcare, based on the Board and Manager's experience, considers the potential impact of changes to Centuria NZ Healthcare's funding arrangements will be able to be adequately minimised through active management of Centuria NZ Healthcare's finances and banking relationships. 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.</p> <p>Centuria NZ Healthcare's Bank Loan Facilities have different expiry dates to reduce the amount that is required to be refinanced on a single date. New banks can be introduced to provide funding and reduce exposure to an individual lender if required.</p> <p>The Healthcare Portfolio consists of 23 properties and the intention is for these to be held long term, however, the sale of individual properties could be considered to reduce borrowings and mitigate against a potential breach of loan covenants if required.</p>

(18) Assumes 121,000,000 Shares are on issue.

# Risks to Centuria NZ Healthcare's business and plans (cont.)

## Section 8

Description of Risk	Why it is significant and Centuria NZ Healthcare's assessment of nature of the impact	Mitigating factors
<i>Centuria NZ Healthcare's assessment of likelihood of circumstance arising</i>	Centuria NZ Healthcare considers there to be a low likelihood of alternative funding on acceptable terms not being available. Gearing of the Healthcare Portfolio is to be managed at approximately 45%. Centuria NZ Healthcare also considers a low likelihood of a breach of its existing banking covenants, despite the likelihood of rising interest rates in the short to medium to term, as rising interest rates are mitigated by the interest rate swap that has been entered into.	
<i>Centuria NZ Healthcare's assessment of the magnitude of the impact, were the circumstance to arise</i>	It is difficult for Centuria NZ Healthcare to predict the impact refinancing would have, given the terms are not yet known and interest rate predictions are uncertain. If Centuria NZ Healthcare breached its banking covenants, a "forced sale" by lenders may lead to properties in the Healthcare Portfolio being sold at levels that mean Shareholders do not recoup all of their original investment.	
<b>COVID-19 – Impact of any further lockdowns on income from the Healthcare Portfolio</b>	If the ongoing COVID-19 outbreak in New Zealand, or a subsequent outbreak, results in a sustained lockdown, other Government mandated restrictions or disruption to the operation of aged care and retirement villages generally, then the financial performance of the Tenant may be affected, resulting in the Tenant being unable to pay rent or otherwise comply with its obligations under the Leases.	<p>As an essential service the Tenant is expected to be able to continue to operate throughout any Government restrictions. Although there is an associated operational cost as a result of increased PPE and staff isolation requirements to combat the spread of COVID-19 as part of the Government's current settings, the Tenant is able to continue to operate. Any lessening of demand for aged care facilities as a result of more stringent Government restrictions (such as further lockdowns) is expected to be temporary, with demand expected to recover rapidly following the easing of such restrictions, as occurred following the nationwide lockdown in 2020.</p> <p>Macro economic trends remain sound in the aged care market with a forecast increase in population over 85 years old, an increase in demand for aged care and increased government spending within the sector. The geographic spread of the Healthcare Portfolio also mitigates risk across a national platform.</p> <p>Should the Tenant encounter significant financial problems, including as a result of the impact of COVID-19, there is a cross default mechanism built into the Leases.</p> <p>There is no rental abatement under the Leases, including in the case of restricted access due to COVID-19, but the Tenant may be able to claim under its business interruption insurance policy to mitigate any loss suffered by the Tenant.</p>
<i>Centuria NZ Healthcare's assessment of likelihood of circumstance arising</i>	The likelihood of a significant impact on the Healthcare Portfolio as a result of COVID-19 is considered to be low given the Tenant will continue to operate and the shift away from strict lockdowns as part of the Government's response to the pandemic.	
<i>Centuria NZ Healthcare's assessment of the magnitude of the impact, were the circumstance to arise</i>	The impact will depend on the magnitude of the outbreak, the nature of the Government's response and the extent of disruption caused to the Tenant's operations as a result. As an essential service the Tenant is expected to be legally permitted to continue operating throughout any Government restrictions. It is therefore not presently anticipated that outbreaks of COVID-19 will have a material adverse impact on the Tenant's ability to comply with its obligations under the Leases.	



# Tax

## 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.**

Centuria NZ Healthcare will be a multi-rate portfolio investment entity (**PIE**). As a PIE, Centuria NZ Healthcare 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/find-my-prescribed-investor-rate> or follow the flow chart in the application form. If you are unsure of your PIR, we recommend you seek professional advice or contact Inland Revenue.

It is your responsibility to tell Centuria NZ Healthcare your PIR when you invest or if your PIR changes. If you do not tell Centuria NZ Healthcare 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.

Centuria NZ Healthcare 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 Centuria NZ Healthcare will use to calculate the tax payable on the taxable income Centuria NZ Healthcare 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 Centuria NZ Healthcare to change your PIR if they consider it incorrect.

### Depreciation

As a PIE, Centuria NZ Healthcare 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.

### Distributions

As Centuria NZ Healthcare will be a PIE, distributions from Centuria NZ Healthcare (including share repurchases) are not separately subject to tax. Further, there should be no withholding tax on distributions to non-resident Shareholders.

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

If Centuria NZ Healthcare 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 Centuria NZ Healthcare.

### Maintaining PIE Status

To ensure that Centuria NZ Healthcare maintains its PIE status, Centuria NZ Healthcare 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 Centuria NZ Healthcare (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 Centuria NZ Healthcare and the Shares is available on the Offer Register which can be found at <https://disclose-register.companiesoffice.govt.nz/> (for example, Centuria NZ Healthcare's constitution and prospective financial statements). This Offer can be found by clicking on "Search Offers" and searching "OFR13279".

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

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

### Companies Office

Further information relating to Centuria NZ Healthcare 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 <https://centuria.com/au/>.

### Reporting to Shareholders

Shareholders receive a quarterly update which provides an update on the Healthcare Portfolio and details of Centuria NZ Healthcare's distributions for that period.

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

Centuria NZ Healthcare 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.



Golden Age.  
96 Harewood Road, Papanui, Christchurch.



# How to apply

## Section 11

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

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

Hard copy completed and signed application forms, along with the above accompanying documents and application amounts, should be couriered to the Manager in the pre-paid courier bag included with the hard copy of this PDS. Should you wish to deliver or arrange your own courier please send to the Manager, **Centuria Funds Management (NZ) Limited**, Level 2, 30 Gaunt Street, Auckland (**Attention: Healthcare Fund Offer**). We do not recommend posting due to the longer delivery time.

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

Online application forms are available at <https://centuria.co.nz/> and [www.centuriahealthcare.co.nz](http://www.centuriahealthcare.co.nz). We strongly encourage you to apply online. The Offer closes on 12 April 2022.

**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 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 subscription monies will, in that period, be held in a trust account established for the Offer.

PAYMENT OF YOUR APPLICATION AMOUNT IS DUE BY 12 APRIL 2022.

# 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

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### Centuria NZ Healthcare Property Fund Limited

Level 2, 30 Gaunt Street  
Auckland  
PO Box 37953, Parnell  
Auckland 1151

Phone: +64 9 300 6161  
Fax: +64 9 300 6162

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### Manager

Centuria Funds Management (NZ) Limited  
Level 2, 30 Gaunt Street  
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PO Box 37953, Parnell  
Auckland 1151

Phone: +64 9 300 6161  
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### Solicitors

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

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Fax: +64 9 357 9099

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### Investigating Accountant

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

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Fax: +64 9 309 8137

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### Share Registrar

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

Phone: +61 2 9290 9600

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### Selling Agent

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

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

# Glossary

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

<b>Term</b>	<b>Definition</b>																								
<b>\$</b>	New Zealand dollars																								
<b>AML</b>	Anti-money laundering																								
<b>ANZ</b>	ANZ Bank New Zealand Limited																								
<b>ASM</b>	Annual shareholders' meeting																								
<b>ASX200</b>	The S&P/ASX 200 index																								
<b>Bank Loan Facility</b>	The loan facilities provided equally by ANZ and ICBC totalling \$87,500,000.																								
<b>Board</b>	The board of directors of Centuria NZ Healthcare																								
<b>Centuria Capital Group</b>	Centuria Capital Limited (Aus) and Centuria Capital Fund The shares in Centuria Capital Limited (Aus) and the units in Centuria Capital Fund are stapled and trade together as a single stapled security on the ASX as "Centuria Capital Group", under the ticker code "CNI"																								
<b>Centuria NZ Healthcare</b>	Centuria NZ Healthcare Property Fund Limited (Company number: 8303424)																								
<b>Centuria NZ or Manager</b>	Centuria Funds Management (NZ) Limited (Company number: 3760278), previously named Augusta Funds Management Limited																								
<b>Co-Located Lease</b>	The form of Lease for the Co-Located Properties																								
<b>Co-Located Properties</b>	The Initial Properties at which the Tenant provides both retirement village accommodation and services and aged care services, being Cantabria Lifecare, Palms Lifecare, Edith Cavell Lifecare, Stillwater Lifecare, Annie Brydon Lifecare, Telford Lifecare and Elizabeth R Lifecare. In addition, Clutha Views Lifecare, Broadview Lifecare, Coldstream Lifecare and Te Wiremu House are presently co-located properties, however, Heritage Lifecare is entitled to complete a subdivision of these properties in order to separate the retirement village component of those properties from the aged care facilities within those properties prior to Settlement																								
<b>Companies Office</b>	The New Zealand Companies Office																								
<b>CPI</b>	Consumer price index																								
<b>CPIPL</b>	Centuria Platform Investments Pty Limited																								
<b>FMA</b>	The New Zealand Financial Markets Authority																								
<b>Follow-On Offer</b>	The offer of Follow-On Offer Shares under this PDS (only if the target amount of \$121 million, being 121 million Shares is not subscribed for by 12 April 2022)																								
<b>Follow-On Offer Period</b>	The period from 13 April 2022 to 30 September 2022 (only if the target amount of \$121 million, being 121 million Shares is not subscribed for by 12 April 2022)																								
<b>Follow-On Offer Shares</b>	Shares subscribed for after 12 April 2022 (only if the target amount of \$121 million, being 121 million Shares is not subscribed for by 12 April 2022)																								
<b>FY22</b>	Financial year ending 31 March 2022																								
<b>FY23</b>	Financial period ending 31 March 2023																								
<b>FY24</b>	Financial year ending 31 March 2024																								
<b>GAAP</b>	Generally accepted accounting practice																								
<b>GST</b>	Goods and services tax																								
<b>Healthcare Portfolio</b>	The Initial Properties and any further properties acquired by Centuria NZ Healthcare from time to time																								
<b>Heritage Lifecare</b>	Heritage Lifecare Limited (Company number: 3808739)																								
<b>ICBC</b>	Industrial and Commercial Bank of China Limited, Auckland Branch																								
<b>Initial Properties</b>	<table border="1"> <tbody> <tr> <td>Palms Lifecare</td> <td>100 - 104 Harris Street, Pukekohe, Auckland</td> </tr> <tr> <td>Cantabria Lifecare</td> <td>369 Old Taupo Road, Springfield, Rotorua</td> </tr> <tr> <td>Te Wiremu House Lifecare</td> <td>621 Aberdeen Road, Te Hapara, Gisborne</td> </tr> <tr> <td>Glengarry Lifecare</td> <td>22 Glengarry Place, Wairoa</td> </tr> <tr> <td>Telford Lifecare</td> <td>15 Telford Street, Merrilands, New Plymouth</td> </tr> <tr> <td>Elizabeth R Lifecare</td> <td>30-33 Elizabeth Grove, Stratford, Taranaki</td> </tr> <tr> <td>Annie Brydon Lifecare</td> <td>71 Glover Road, Hawera, Taranaki</td> </tr> <tr> <td>Colwyn House Lifecare</td> <td>707 Duke Street, Mahora, Hastings</td> </tr> <tr> <td>Broadview Lifecare</td> <td>108 Mosston Road, Castlecliff, Whanganui</td> </tr> <tr> <td>Palmerston Manor Lifecare</td> <td>117 Botanical Road, Takaro, Palmerston North</td> </tr> <tr> <td>Chiswick Park Lifecare</td> <td>69A Maxwells Line, Awapuni,</td> </tr> <tr> <td>Roseneath Lifecare</td> <td>227 High Street South, Carterton, Wairarapa</td> </tr> </tbody> </table>	Palms Lifecare	100 - 104 Harris Street, Pukekohe, Auckland	Cantabria Lifecare	369 Old Taupo Road, Springfield, Rotorua	Te Wiremu House Lifecare	621 Aberdeen Road, Te Hapara, Gisborne	Glengarry Lifecare	22 Glengarry Place, Wairoa	Telford Lifecare	15 Telford Street, Merrilands, New Plymouth	Elizabeth R Lifecare	30-33 Elizabeth Grove, Stratford, Taranaki	Annie Brydon Lifecare	71 Glover Road, Hawera, Taranaki	Colwyn House Lifecare	707 Duke Street, Mahora, Hastings	Broadview Lifecare	108 Mosston Road, Castlecliff, Whanganui	Palmerston Manor Lifecare	117 Botanical Road, Takaro, Palmerston North	Chiswick Park Lifecare	69A Maxwells Line, Awapuni,	Roseneath Lifecare	227 High Street South, Carterton, Wairarapa
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## Glossary (cont.)

Term	Definition
<b>Initial Properties (cont.)</b>	
	Flaxmore Lifecare 8 Clifford Avenue, Bishopdale, Nelson
	Stillwater Lifecare 60 Templemore Drive, Richmond, Nelson
	Albarosa Rest Home <sup>19</sup> 80 Harewood Road, Papanui, Christchurch
	Camellia Court Rest Home <sup>19</sup> 84 Harewood Road, Papanui, Christchurch
	Golden Age <sup>19</sup> 96 Harewood Road, Papanui, Christchurch
	Brookhaven 29 Alport Place, Woolston, Christchurch
	Somerfield Rest Home 137 Barrington Street, Somerfield, Christchurch
	Edith Cavell Lifecare 40 Head Street, Sumner, Christchurch
	Princes Court Lifecare 58 Princes Street, Netherby, Ashburton
	Coldstream 71 Park Street, Ashburton, Canterbury
	Highfield Lifecare 78A Avenue Road, West End, Timaru
	Redroofs Lifecare 15 Dunblane Street, Maori Hill, Dunedin
	Clutha Views Lifecare 64 Essex Street, Balclutha, Otago
<b>Initial Sale and Purchase Agreement</b>	The agreement between CPIPL and Heritage Lifecare for the purchase of the Initial Properties dated 22 December 2021
<b>Inland Revenue</b>	The New Zealand Inland Revenue Department
<b>Issue Price</b>	\$1.00 per Share
<b>Leases</b>	The lease of each of the Initial Properties under separate lease agreements
<b>LVR</b>	Loan to value ratio
<b>Management Agreement</b>	The agreement between Centuria NZ Healthcare and Centuria NZ under which Centuria NZ is exclusively appointed to manage Centuria NZ Healthcare
<b>Manager or Centuria NZ</b>	Centuria Funds Management (NZ) Limited (Company number: 3760278), previously named Augusta Funds Management Limited
<b>NBS</b>	New Building Standards
<b>NZ IFRS</b>	New Zealand International Financial Reporting Standards
<b>Offer</b>	The offer of Shares under this PDS
<b>Offer Period</b>	The period from 9 March 2022 to 12 April 2022, both dates inclusive
<b>Offer Register</b>	The register entry for this Offer, that forms part of the Disclose Register that is available at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz/</a> by searching "OFR13279" under "search offers"
<b>Offer Shares</b>	Shares subscribed for during the Offer Period and allotted on or about 20 April 2022
<b>Ordinary Resolution</b>	A resolution approved by more than 50% of the votes cast by Shareholders entitled to vote and voting on the resolution
<b>Passing Rental</b>	The amount of rent payable under the terms of the relevant lease, excluding outgoings, annualised for a 12-month period as at the relevant date
<b>PDS</b>	This product disclosure statement detailing the offer of Shares in Centuria NZ Healthcare, 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)
<b>PFI</b>	Prospective financial information of Centuria NZ Healthcare for FY23 and FY24, including the full prospective financial statements prepared in accordance with FRS-42 which are available at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz/</a> by searching "OFR13279" under "search offers"
<b>PIE</b>	A Portfolio Investment Entity, as defined in the Income Tax Act 2007
<b>PIR</b>	Prescribed Investor Rate, as defined in the Income Tax Act 2007. This is the tax rate an investor in a multi-rate PIE must provide to Centuria NZ Healthcare
<b>Second Sale and Purchase Agreement</b>	The agreement between CPIPL and Centuria NZ Healthcare for the purchase of the Initial Properties
<b>Settlement</b>	The date settlement of the acquisition of the Initial Properties occurs, anticipated to be 19 April 2022 for the Initial Sale and Purchase Agreement and 20 April 2022 for the Second Sale and Purchase Agreement.
<b>Shareholder</b>	A holder of Shares in Centuria NZ Healthcare
<b>Shares</b>	Ordinary shares in Centuria NZ Healthcare

(19) Albarosa Rest Home, Camellia Court Rest Home and Golden Age will be leased to the Tenant under a single Lease.



## Glossary (cont.)

<b>Term</b>	<b>Definition</b>
<b>Special Resolution</b>	A resolution approved by 75% of the votes cast by Shareholders entitled to vote and voting on the resolution
<b>Tenant</b>	The tenant for each Initial Property will be the “selling entity”, each a wholly owned subsidiary of Heritage Lifecare, in respect of that Initial Property (with the option for Heritage Lifecare to nominate an alternative tenant prior to Settlement, which must be a wholly owned subsidiary of Heritage Lifecare). Heritage Lifecare guarantees the obligations of each tenant under the Leases. From a financial standing and operator perspective Centuria NZ Healthcare effectively treats all individual tenants as one tenant – Heritage Lifecare
<b>Triple Net Lease</b>	A triple net lease means that Centuria NZ Healthcare, as the landlord, is insulated from all liability in relation to the Initial Properties 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 Centuria NZ Healthcare’s responsibility. Each 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
<b>Underwriter or CPIPL</b>	Centuria Platform Investments Pty Limited
<b>Underwriting Loan</b>	The underwriting loan provided by CPIPL of up to \$121 million to Centuria NZ Healthcare, in the event that Centuria NZ Healthcare has not received subscriptions for Shares (including from CPIPL under the underwriting agreement) of at least \$121 million (being 121 million Shares) by the end of the Offer Period
<b>WALT</b>	The weighted average lease term which measures the average lease term remaining across each of the leases in the Healthcare Portfolio weighted by the Passing Rental of each lease.





Stillwater Lifecare, 60 Templemore Drive, Richmond, Nelson



## Supplementary Document dated 14 June 2022

### Offer of ordinary shares of Centuria NZ Healthcare Property Fund Limited

This document supplements the product disclosure statement dated 1 March 2022 relating to an offer of ordinary shares by Centuria NZ Healthcare Property Fund Limited (**PDS**) by providing additional information for potential investors.

This document is to be read together with, and forms part of, the PDS. Terms defined in the glossary of the PDS have the same meaning in this supplementary document.

The PDS (which includes 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 Healthcare 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.

### Forecast after-tax cash distributions for periods ending 31 March 2023 and 31 March 2024

In light of information received following the registration of the PDS (including in respect of depreciation, as detailed below), Centuria NZ Healthcare wishes to inform investors that the initial forecast **after-tax** distribution is 5.00% per annum on the amount invested for the reporting periods ending 31 March 2023 and 31 March 2024, as illustrated in the following table:

Reporting period ending (% on original investment p.a.)

	31 March 2023	31 March 2024
Pre-tax	5.00%	5.00%
After-tax	5.00%	5.00%

The after-tax cash distribution forecasts are based on Centuria NZ Healthcare's expectation that there will be no taxable income until at least 1 April 2027, which is detailed below. The after-tax cash distribution for 31 March 2023 and 31 March 2024 is otherwise calculated on the basis of the PFI as outlined in the PDS.

Centuria NZ Healthcare is registered as a multi-rate portfolio investment entity (PIE). Centuria NZ Healthcare attributes taxable income to Shareholders based on their proportionate holding and pays tax based on their PIR.

### Expected taxable income for future periods

Centuria NZ Healthcare has prepared internal modelling to determine expected taxable income for future reporting periods. This modelling shows that Centuria NZ Healthcare expects there will be no taxable income until at least 1 April 2027.

A scenario has been modelled to assume that rental growth is maximised (i.e. assuming the maximum 4.00% annual CPI rental growth allowed for under the Leases) and that there is no interest expense after 19 April 2025 (i.e. after the expiry of the interest rate swap), together with other assumptions noted below. Higher rental growth and a lower interest expense is conservative for the purposes of this modelling as it would result in higher taxable income.



Based on this modelling, no New Zealand income tax (PIE tax) is expected to be payable by Centuria NZ Healthcare on behalf of investors until at least 1 April 2027. Cash distribution forecasts do not extend beyond 31 March 2024.

### **Taxable income assumptions**

Several assumptions have been made for the purposes of this taxable income modelling, including the following:

- Rental growth is assumed to be 4.00% per annum, which is the maximum amount allowed for under the Leases. This is conservative for the purposes of this modelling as higher rent would increase taxable income.
- It is assumed that there is no interest expense after 19 April 2025, being the date that the interest rate swap expires. This is conservative for the purposes of this modelling as lower interest expense would increase taxable income.
- Depreciation has been assumed based on land valuations and purchase price allocation assessment reports received for each of the Initial Properties. These reports were received after registration of the PDS. Centuria NZ Healthcare can claim tax depreciation deductions on all depreciable property including buildings and landlord owned fixtures and fittings, which has the effect of reducing taxable income.
- It is assumed that Centuria NZ Healthcare does not make any future acquisitions or any disposals.
  - Any future acquisitions or disposals may change the taxable income position of Centuria NZ Healthcare depending on factors such as the yield and quantum of any transaction, and the depreciation deductions that may be available in respect of the relevant properties.
  - Taxable depreciation recovery income may arise on any future disposal which may result in tax being payable by Centuria NZ Healthcare on behalf of Shareholders.
  - The PDS states that the intention of Centuria NZ Healthcare is to grow over time through acquisitions. Due to the number of variables involved in an acquisition, any future acquisition may or may not affect the expected position that Centuria NZ Healthcare will have no taxable income until at least 1 April 2027. When evaluating any future acquisitions, the impact on the after-tax position of Shareholders would be one of the considerations the Directors would have in mind when assessing whether any acquisition is in the best interests of Centuria NZ Healthcare and its Shareholders.
- It is assumed that Centuria NZ Healthcare does not undertake any development or refurbishment of the Initial Properties. Any refurbishment or development may change the taxable income position of Centuria NZ Healthcare depending on factors such as the quantum of the development spend, potential changes in ongoing rental income and property expenditure, and potential changes in depreciation deductions. As the Leases are Triple Net Leases, the Tenant is responsible for keeping the premises in good condition having regard to their condition on the commencement date of the initial term. Centuria NZ Healthcare has no liability for repairs and maintenance.
- It is assumed that a tax deduction is claimed in relation to the Underwriting Loan for the establishment and underwriting fee paid on the initial Underwriting Loan balance and interest on the assumed ongoing balance of the Underwriting Loan.

- It is assumed that property operating expenses, property investigation expenses, administration expenses and management fees are based on those assumed in the PFI for the periods ending 31 March 2023 and 31 March 2024 and grown at CPI for future reporting periods (assumed to be 2.90% in FY24, 2.10% in FY25 and 2.00% thereafter).

# Application Form- **FOR USE AFTER 30 SEPTEMBER 2022**

Before completing this Application Form, applicants should read and consider the Centuria NZ Healthcare Property Fund Limited (Centuria NZ Healthcare) Product Disclosure Statement (PDS) dated 1 March 2022 and Supplementary Document dated 14 June 2022. If you have any questions or if there is anything you do not understand, please contact our sales representatives on 0800 BAYLEYS (229539).

The PDS was originally prepared by Centuria NZ Healthcare Property Fund Limited pursuant to an offer that closed on 30 September 2022. Shares are available for purchase that are currently held by Centuria Platform Investments Pty Limited. This PDS is being provided for background information only, is no longer current and should not be relied on.

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

**WE RECOMMEND COMPLETING AN ONLINE APPLICATION FORM AT [www.centuriahealthcare.co.nz](http://www.centuriahealthcare.co.nz). IF YOU WISH TO COMPLETE A PAPER APPLICATION FORM, PLEASE COURIER COMPLETED APPLICATION DOCUMENTS TO CENTURIA NZ, LEVEL 2, 30 GAUNT STREET, AUCKLAND (RE: CENTURIA NZ HEALTHCARE PROPERTY FUND). YOU CAN ALSO EMAIL A COMPLETED HARD COPY APPLICATION FORM TO [ENQUIRIES@CENTURIA.CO.NZ](mailto:ENQUIRIES@CENTURIA.CO.NZ).**

This Application Form is provided by Centuria Platform Investments Pty Limited in connection with the shares it holds in Centuria NZ Healthcare that are available for purchase.

## 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 17.
- 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 11).

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

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

Name of individual(s) or investing entity

Are you investing as

Individual OR Joint Individuals     Partnership     Company     Trust/Estate

Other    If other, please specify

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

Yes, investor number:

No

## Primary Contact Details

Legal Full Name

Postal Address

Email

Home or Mobile Tel





# Application Form (cont.)

## Section 3: Tax Information (cont.)

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

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

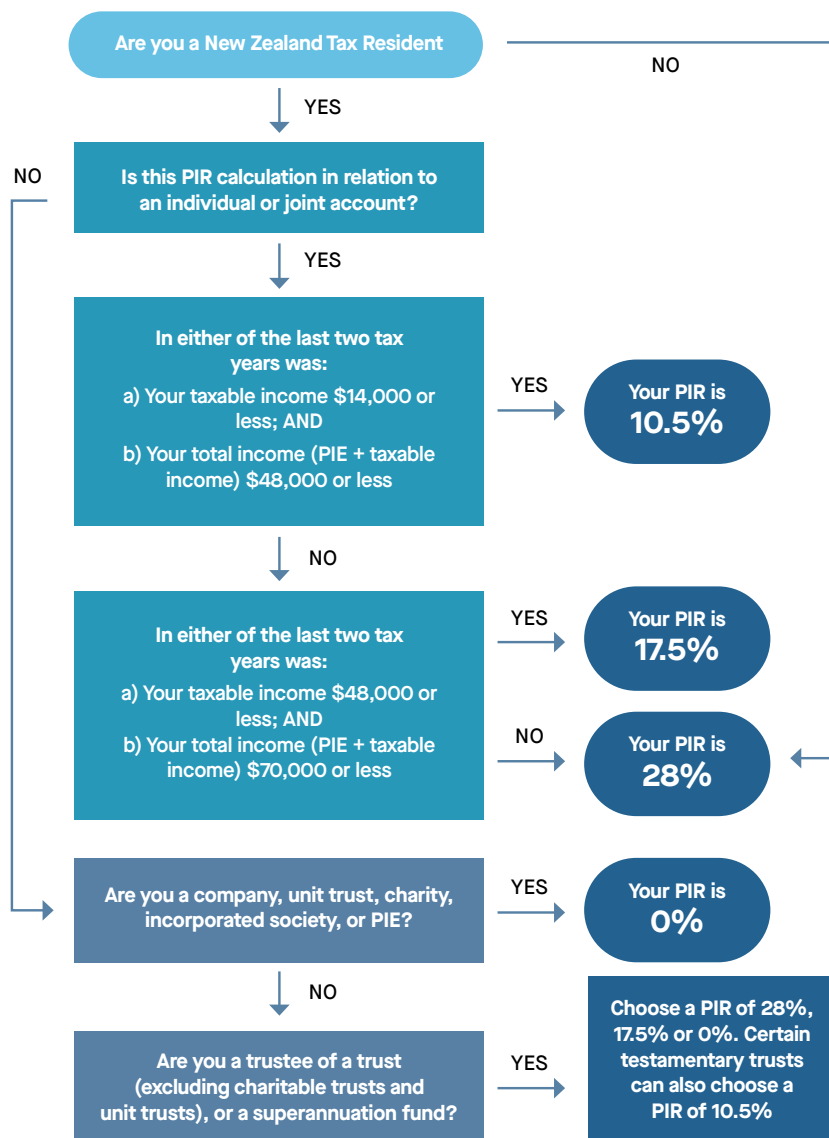
Please select one of the following:

0%   
  10.5%   
  17.5%   
  28%

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

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

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



# Application Form (cont.)

## Section 3: Tax Information (cont.)

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

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

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

#### Individual or Joint individuals

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

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

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

Residential Address	Country of birth
<input type="text"/>	<input type="text"/>

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

Residential Address	Country of birth
<input type="text"/>	<input type="text"/>

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

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

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

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

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

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

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

#### Companies, Partnerships, other entity

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

#### Trusts

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

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

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



# Application Form (cont.)

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## Section 4: Application Amount and Payment

Amount in NZD (\$1 per Share). Application can be made in any amount over the \$10,000 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. Please tick the box next to your selected option

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

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

**Option 2: Direct Debit**

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

### Direct Debit Instructions

Please complete the Direct Debit Authority below.

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

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

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

# Application Form (cont.)

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

### Direct Debit Authority

Name of my account to be debited (acceptor)

Name of my bank

Initiator's authorisation code

1 2 2 9 0 0 7

Bank/Branch

Account number

Suffix

(insert name of acceptor's bank)

From the acceptor to

(my bank)

By signing this Application Form I authorise you to debit my account with the amounts of direct debits from **Boardroom Pty Ltd ITF CNZ Health – 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 information on my bank statement

### Specific conditions relating to notices and disputes

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

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

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

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

### For Bank Use Only

Approved

Date Received

Recorded By

Checked By

Bank Stamp

# Application Form (cont.)

## Section 5: Nature and Purpose of Your Investment

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

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

How regularly do you intend to invest with Centuria NZ?

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

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

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

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

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

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

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

- Receive regular income     Achieve capital growth     Planning for retirement     Other

If other, please provide additional information




# Application Form (cont.)

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

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

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

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

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

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

### Option 1: Existing Investor

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

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

**Please go to Section 12 and complete the declaration section on Page 15.**

### 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 15.**

### 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 15.

Individual & Joint Individuals (Page 12), Section 7

Partnerships (Page 13, Section 8

Company (Page 13), Section 9

Trust (Page 14), Section 10

Estates (Page 14), Section 11

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

# Application Form (cont.)

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

Please provide the personal information for the following:

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

Legal Full Name

Residential Address

Date of Birth

Place of Birth

Occupation

Email

Home or Mobile Tel

---

Legal Full Name

Residential Address

Date of Birth

Place of Birth

Occupation

Email

Home or Mobile Tel

---

Legal Full Name

Residential Address

Date of Birth

Place of Birth

Occupation

Email

Home or Mobile Tel

# Application Form (cont.)

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## Section 8: Customer Due Diligence - Partnerships

Please provide the personal information for each of the following:

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

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

---

## Section 9: Customer Due Diligence - Company

Please provide personal information for:

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

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

# Application Form (cont.)

## Section 10: Customer Due Diligence - Trusts

Please provide personal information for each of the following:

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

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

### Corporate Trustee Company

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

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

## Section 11: Customer Due Diligence - Estates

Please provide personal information for each of the following:

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

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



# Application Form (cont.)

## Section 12: Declaration and Signature

I/We hereby apply for the Shares as set out above for a price of \$1.00 per Share from Centuria Platform Investments Pty Limited. I/We have received the Product Disclosure Statement dated 1 March 2022 and Supplementary Document dated 14 June 2022 (together, the Product Disclosure Statement).

I/We have received, read and understood the Product Disclosure Statement. I/We understand the risks to the Centuria NZ Healthcare Property Fund Limited's Business and Plans as set out at Section 8 of the Product Disclosure Statement. I/We acknowledge that the offer to purchase Shares from Centuria Platform Investments Pty Limited was made to me/us in New Zealand, or Australia or any other country in which Centuria Platform Investments Pty Limited 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 Platform Investments Pty Limited, Centuria NZ and Centuria NZ Healthcare Property Fund Limited disclosing such information as it holds in respect of me/us to regulatory authorities. The information I/We have provided in this Application Form is true and correct to the best of my/our knowledge. I/We understand that Centuria Platform Investments Pty Limited, Centuria NZ Healthcare Property Fund Limited 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 Centuria Platform Investments Pty Limited, Centuria NZ Healthcare Property Fund Limited 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 following page.

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

Dated

Applicant Signature

Applicant Name

Applicant Signature

Applicant Name

Applicant Signature

Applicant Name

Applicant Signature

Applicant Name

# Application Form (cont.)

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

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

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

I,  (Name of Attorney)

of  (Address and Occupation of Attorney)

#### Hereby Certify

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

Address and country of donor

of  appointed me his/her/its attorney

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

Signed at  Place this  Day of  Month 2022

Signature

# Application Form (cont.)

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

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

To: Centuria NZ Healthcare Property Fund Limited (Centuria NZ Healthcare) and Centuria Platform Investments Pty Limited (CPIPL)

We  and

(the "legal guardians/parents") of:

(the "minor")

shall keep Centuria NZ Healthcare and CPIPL indemnified on demand from and against all actions, proceedings, claims, damages, losses, costs and expenses incurred or suffered by Centuria NZ Healthcare and CPIPL arising from or in connection with the transfer of Shares in Centuria NZ Healthcare to the minor and the entry of the minor into the contract constituted by the application form (Form) set out above.

We have read and understood the product disclosure statement for the offer of Shares in Centuria NZ Healthcare dated 1 March 2022 and Supplementary Document dated 14 June 2022 (PDS) for and on behalf of the minor.

We acknowledge that:

- we have requested, and consent to, the transfer of \$  of Shares (at \$1.00 per Share) in Centuria NZ Healthcare to the minor;
- we have reviewed, and understand the content of, the Product disclosure statement for the offer of Shares in Centuria NZ Healthcare dated 1 March 2022 and Supplementary Document dated 14 June 2022 (PDS) and the Form; and
- this indemnity may not be revoked unless Centuria NZ Healthcare and CPIPL agree in writing.

### Signed as a Deed

Print name

Date  /  / 2022

In the presence of:

Name

Occupation

Address

Print name

Date  /  / 2022

In the presence of:

Name

Occupation

Address

The Product Disclosure Statement (PDS) was originally prepared by Centuria NZ Healthcare Property Fund Limited pursuant to an offer that closed on 30 September 2022. Shares are available for purchase that are currently held by Centuria Platform Investments Pty Limited. This PDS is being provided for background information only, is no longer current and should not be relied on.

# Centuria

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