



Boundary lines are indicative only.

Product Disclosure Statement
For an offer of ordinary shares in

AUGUSTA PENROSE LIMITED

5 January 2021

MANAGED BY

UNDERWRITTEN BY



AUGUSTA

Centuria

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 on <https://disclose-register.companiesoffice.govt.nz>. Augusta Penrose Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.



VISY

FOR A BETTER WORLD

VISY ROAD
753 Great South Road

VISY ROAD
RECEPTION



1. KEY INFORMATION SUMMARY

What is this?

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

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

About Augusta Penrose

Augusta Penrose has been established by Augusta Funds Management Limited (the **Manager** or **Augusta Funds Management**) with the purpose of investing in a single asset – an industrial property situated at 752 Great South Road, Penrose, Auckland (the **Property**).

Augusta Penrose is managed by Augusta Funds Management, which is a subsidiary of Centuria Capital. Centuria Capital is an ASX-listed specialist investment management company with approximately A\$10.1 billion of assets under management (including the Manager's assets under management). As detailed in section 2.8, 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\$1.86 billion.

Augusta Penrose is a limited liability company incorporated in New Zealand. Investors in Augusta Penrose 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 Augusta Penrose.

Purpose of this Offer

The purpose of the Offer is to raise capital which, together with bank borrowings, will enable Augusta Penrose to purchase the Visy Glass Industrial Property and pay the Offer costs.

The lease term of the Property is 20 years with a single tenant. The current valuation of the Property is \$180 million (based on an independent valuation of the Property provided by Jones Lang LaSalle Limited as at 9 November 2020) and gearing will be 44.9%.

Key terms of the Offer

Description of the equity securities being offered	Ordinary shares in a limited liability company, Augusta Penrose Limited, which intends to be a portfolio investment entity (PIE) for New Zealand tax purposes.
Issue price	\$1.00 per Share.
Total number of Shares being offered	109,300,000 Shares (being 100% of the total Shares on issue immediately following the issue of Shares).
Minimum number of Shares that may be applied for¹	Shares available in multiples of 10,000 with a minimum investment of 50,000 Shares (\$50,000).
Maximum number of Shares that may be held by any Shareholder¹	Except in circumstances allowed by Augusta Penrose, 21,860,000 Shares (being 20% of Augusta Penrose's Shares), to ensure Augusta Penrose can register as a PIE and maintain its PIE status. Centuria Platform Investments Pty Limited (the Underwriter or Centuria) may subscribe for up to 100% of the Shares to be issued as the underwriter of the Offer.
Minimum and maximum amount of equity to be raised	The minimum amount to be raised in order for the Offer to proceed is \$109,300,000.
Underwriting	The minimum amount of \$109,300,000 to be raised under the Offer is fully underwritten by Centuria. The Underwriter will receive an underwriting fee of 3% of the amount underwritten.

¹ Augusta Penrose and the Manager reserve the right to amend the minimum and maximum subscription amounts.

1. KEY INFORMATION SUMMARY (CONT.)

Forecast cash distributions	Reporting period ending (% on original investment p.a.)			
		31 March 2022	31 March 2023	31 March 2024
	Pre-tax	5.00%	5.25%	5.50%
	Post-tax	3.81%	3.97%	4.13%
<p>These cash distributions are not guaranteed. The actual distribution rate may vary. The post-tax cash distribution is based on the maximum PIR of 28%. A cash distribution is assumed to accrue from 27 February 2021, the day immediately following Settlement. The increase in distributions over the forecast period does not guarantee further increases. Distributions may continue to increase, remain the same or decrease following the forecast period. Details on how the forecast 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: "Augusta Penrose's Financial Information" and section 8: "Risks to Augusta Penrose's Business and Plans" of this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared by Augusta Penrose in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register. The key assumptions on which the forecast pre-tax cash distributions are based include that interest rates are 2.67% per annum until 31 March 2023, increasing to 2.72% from 1 April 2023. If interest rates are higher in the forecast period than has been assumed then distributions may differ.</p>				
PDS registration date	5 January 2021			
Offer open date²	13 January 2021			
Offer close date²	22 February 2021			
Allotment date and Settlement	26 February 2021			

² These dates are indicative only and may change. In particular, Augusta Penrose reserves the right to close the Offer at any time prior to that date or extend the Offer by up to 25 working days without prior notice.

Liabilities, fees and charges	<p>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.</p>
Management	<p>The Manager has been appointed to manage Augusta Penrose and to provide asset management, development and project management, treasury and financial management and legal and compliance services.</p> <p>The key terms of the Management Agreement (including fees) have been set having regard to what the Manager and Augusta Penrose consider appropriate and industry benchmarks for property funds.</p> <p>The fees payable to the Manager include:</p> <ul style="list-style-type: none"> • An annual management fee equal to 0.2% per annum (plus GST) of the latest available independent valuation of Augusta Penrose's properties, subject to a minimum annual fee of \$250,000, plus GST. The annual management fee is fixed at \$250,000 until 31 March 2024. • Upon sale of the asset, a performance fee equal to 20% (plus GST) of the portion of outperformance of Augusta Penrose over an IRR of 6.5%. • Certain other transaction fees are payable to the Manager as set out in section 2.8, including an acquisition fee, sale fee, leasing fee, development management fee, refinancing fee and wind-up fee. <p>If the Management Agreement is terminated by Augusta Penrose without cause and the Shareholders support that termination by special resolution, Augusta Penrose must pay the Manager a sum equal to 30% of the aggregate of all fees paid to the Manager in the preceding 5 years before termination (plus GST). No termination fee is payable where the Management Agreement is terminated in any other scenario.</p> <p>Details of the Management Agreement are set out in section 2.8. The Management Agreement is also available on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>

1. KEY INFORMATION SUMMARY (CONT.)

Offer to investors

The Offer is only being made to persons in New Zealand and Australia, and any other jurisdictions in which Augusta Penrose is able to make the Offer without having to prepare a disclosure document, at its discretion.

How you can get your money out

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

Key drivers of returns

Augusta Penrose's Board believes returns will be driven by the following current and future factors:

Key factor driving return

Rental income and tenant retention: Rental income received from the Tenant is the key source of income. That rental income is forecast to grow over time due to the contracted 3% per annum fixed rental increases over the initial term of the Lease.

Interest rates: Interest expense incurred by Augusta Penrose as a result of its bank borrowings is a material expense. Increases or decreases in interest rates will affect returns. As at the PDS registration date, base rates are floating while margins and line fees are fixed for the term of each Loan Facility tranche (unless refinanced earlier).

Triple net lease: As the Lease is structured as a Triple Net Lease, Augusta Penrose, as the landlord, is insulated from all liability in relation to the Property (other than in the event of damage or destruction, for which Augusta Penrose is insured). For example, any costs of capital expenditure, repair, maintenance and other works whether structural or otherwise are not Augusta Penrose's responsibility.

Valuation movement: The value of the Shares is tied to the value of the Property and Augusta Penrose's debt. The value of the Property will be influenced by multiple factors, including the property market, occupancy, changes in rent paid by the Tenant and the remaining term of the Lease.

More information on Augusta Penrose and the Manager's strategies and plans for the above (and other) factors can be found in section 2.3 of the PDS.



1. KEY INFORMATION SUMMARY (CONT.)

Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about Augusta Penrose'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.

Augusta Penrose considers that the most significant risk factors that could affect the value of the Shares are:

Increase in interest rates	<p>Interest expense incurred by Augusta Penrose as a result of its bank borrowings is a material expense that will affect distributions to investors (refer to section 2.6 for a summary of Augusta Penrose's bank borrowings). Any changes in interest rates cannot be accurately predicted, particularly in the later years of the forecast distributions period and beyond.</p> <p>As at the PDS registration date, base rates are floating while margins and line fees are fixed for the term of each Loan Facility tranche (unless refinanced earlier). Augusta Penrose may enter into interest rate swap agreements after the PDS registration date to fix the base rate on a portion of its borrowings for a period of time. The Manager and the Board will monitor interest rate markets and regularly review the base rate, margin and line fee components of Augusta Penrose's borrowings, including the portion of borrowings that is subject to a fixed interest rate.</p> <p>Interest rates will likely continue to be a key risk for so long as Augusta Penrose has outstanding debt.</p>
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Single tenant risk

The Tenant is the sole occupant of the Property. The Tenant has no termination rights under the Lease other than usual rights for unremedied destruction or damage to the premises (although Augusta Penrose has an extended remediation period) or sale of the Property to a competitor of the Tenant, as described on page 13. However, if the Tenant were to suffer significant financial problems and the Guarantor is unable to meet its obligations or if the Tenant were to terminate the Lease, it would have a material detrimental impact on Augusta Penrose's ability to pay distributions to Shareholders and comply with its banking covenants.

The large tenancy area, age and specialised Tenant improvements at the Property may make it difficult to find a replacement tenant and significant capital expenditure may be required given the Triple Net Lease or to repurpose the Property. If the Property cannot be tenanted (including on expiry of the Lease) and the Property is sold at land value, depending on the land value at that time, Shareholders may not be able to recoup their original investment on the sale of the Property.

To mitigate this risk, the Tenant's obligations under the Lease are guaranteed by the Guarantor. Augusta Penrose considers that the Tenant and Guarantor currently have financial standing sufficient to meet the obligations under the Lease. In addition, the Tenant is required to provide a bank guarantee of an amount equal to 12 months' rent (plus GST).

Augusta Penrose will maintain insurance of initially \$132,690,000 for material damage to the Property and loss of rent for 36 months. Insurance for material damage to the Property and loss of rent for 24 months is at the Tenant's cost.

This summary does not cover all of the risks of investing in the Shares. You should also read section 8: "Risks to Augusta Penrose's Business and Plans" and other places in the PDS that describe risk factors (for example, risks arising for investors from the nature of the product).

Where you can find Augusta Penrose's financial information

The financial position and performance of Augusta Penrose are essential to an assessment of this Offer. You should also read section 7: "Augusta Penrose's Financial Information".



CONTENTS

1. KEY INFORMATION SUMMARY	Page 1
LETTER FROM THE CHAIR	Page 6
2. AUGUSTA PENROSE AND WHAT IT DOES	Page 8
3. PURPOSE OF THE OFFER	Page 22
4. KEY DATES AND OFFER PROCESS	Page 24
5. TERMS OF THE OFFER	Page 24
6. KEY FEATURES OF ORDINARY SHARES IN AUGUSTA PENROSE	Page 26
7. AUGUSTA PENROSE'S FINANCIAL INFORMATION	Page 27
8. RISKS TO AUGUSTA PENROSE'S BUSINESS AND PLANS	Page 33
9. TAX	Page 38
10. WHERE YOU CAN FIND MORE INFORMATION	Page 40
11. HOW TO APPLY	Page 41
WARNING STATEMENT - ISSUED TO AUSTRALIAN INVESTORS	Page 42
12. CONTACT INFORMATION	Page 43
GLOSSARY	Page 44

LETTER FROM THE CHAIR

Dear Investor

Visy Glass Industrial Property – 752 Great South Road, Penrose, Auckland

We are delighted to bring investors the opportunity to invest in this substantial industrial complex with a 20-year “triple net lease” to a subsidiary of global packaging leader, the Visy Group, well located in a prime position in one of New Zealand’s pre-eminent industrial suburbs, Penrose, Auckland.

For those new to Augusta Funds Management, we were established in 2001 and have proven experience and a long history in managing successful shared property ownership structures with NZ\$1.86 billion of assets under management. We’re now part of the wider Centuria Capital Group, an ASX listed specialist investment management company with approximately A\$10.1 billion in assets under management (including the Manager’s assets under management).

We’re conservative in our approach with a focus on quality assets with strong long-term fundamentals. At the core of our investment philosophy is providing sustainable monthly cash distributions and protecting and growing investors’ equity. The Visy Glass Industrial Property’s attributes strongly align with this approach.

The Property is tenanted by Visy Glass Operations (NZ) Limited, a subsidiary of Visy Glass International Pty Limited. The Visy Group is one of the world’s largest privately owned paper, packaging and recycling companies. With 70 years in business, the Visy Group has 5,000 employees and more than 120 sites throughout Australasia, along with trading offices across Asia and Europe.¹ In July 2020, the Visy Group acquired the Australian and New Zealand operations of the world’s largest glass bottle manufacturer, Owen Illinois (O-I), creating the Visy Group’s glass business which operates from this site and locations in Brisbane, Sydney, Melbourne and Adelaide. The Tenant is New Zealand’s only large scale glass bottle and jar manufacturer and (under the Tenant’s previous name(s)) has operated from the site since 1922. The Tenant is currently upgrading plant and equipment at the site. The scale of its operation is immense with circa 2 million bottles produced at the site each day. With the Visy Group’s core focus of sustainability, the production of these bottles uses high volumes of recycled glass.

The Tenant’s obligations under the Lease are guaranteed by Visy Glass Packaging Services Pty Limited. Based on due diligence completed, Augusta Penrose considers that the Tenant and the Guarantor have strong financial standing sufficient to meet the obligations under the Lease. Based on information provided by Visy Glass Operations (NZ) Limited, following the acquisition of the O-I Australian business in July 2020, Augusta Penrose understands the Guarantor has total assets in excess of A\$600 million and contributed equity in excess of A\$120 million. A 20 year lease commences on 25 February 2021 with rights of renewal totaling a further 50 years taking the final expiry through to 2091. The Lease is a “triple net lease”.

Another major benefit to investors is that the Lease features annual rent reviews fixed at 3% per annum providing built in rental growth, increasing rental income annually for the next 20 years. Further security in the Tenant is provided through a bank guarantee of 12 months’ rent (plus GST), commencing at NZ\$9.2 million and increasing each time rent increases by 10% (every 4 years under the Lease). The Lease does not provide any abatement of rental in the case of restricted access due to COVID-19, albeit the Tenant is an essential service and has operated during the New Zealand Government’s COVID-19 Alert Levels 1 – 4.

What is a triple net lease?

The Lease is a “triple net lease”. This means Augusta Penrose, as the landlord, is insulated from all liability in relation to the Property (other than in the event of damage or destruction, for which Augusta Penrose is insured). For example, any costs of capital expenditure, repair, maintenance and other works whether structural or otherwise are not Augusta Penrose’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.

The size of the Visy Glass Industrial Property is significant with this substantial 8.576 hectare land holding including approximately 67,655 (more or less) square metres of floor area. Situated in a high-profile position directly between Auckland’s Southern Motorway and the main arterial Great South Road, the complex is only 9km from the Auckland CBD and Port. The Property benefits from three road frontages, multiple access ways and close transport links, including the Penrose Railway Station only 450 metres to the south east. A site of this size in a prime position in one of New Zealand’s most sought-after industrial suburbs, Penrose, with desirable heavy industrial zoning, rarely becomes available. These factors bode well for future redevelopment options in the long term.

The Visy Glass Industrial Property is an industrial property. The performance of the industrial property sector as a whole remains very strong, given the resilient and robust nature of this asset class. As described by Stephen Rendall, Bayleys’ National Director of Real Estate Advisory on page 10:

“Historically, industrial property in New Zealand has consistently outperformed other commercial property sectors, and has generated the highest total returns over the past five years... This stellar performance shows no sign of abating, as demand for industrial space and development land remains strong. The Auckland industrial property market has been well insulated from the economic impact of COVID-19... In the 12 months to September 2020, Auckland industrial prime yields have compressed from 5% to 4.5%. The sector’s strong fundamentals support ongoing and increased investment demand for industrial assets, with anecdotal evidence beginning to emerge supporting further yield compression. Yield compression, all other things being equal, will support further price increases in the coming period.”

¹ Visy Glass Packaging Services Pty Limited guarantees the Tenant’s obligations under the Lease. No other member of the Visy Group guarantees the Tenant’s obligations under the Lease.

LETTER FROM THE CHAIR (CONT.)

Investment in the Offer provides an initial forecast pre-tax cash distribution of 5.00% per annum on the amount invested (for the period ending 31 March 2022) paid to investors monthly. Importantly, with the fixed annual rental increases, and the Tenant's responsibility for all repairs, maintenance and capital expenditure, the forecast **pre-tax** cash distribution is expected to increase by 25 basis points in the second and third financial periods to reach 5.50% in the financial year ending 31 March 2024.² These cash distributions are not guaranteed and the increase in distributions over the forecast period does not guarantee further increases or that the forecast cash distributions will be maintained.

Tax deductions for depreciation of commercial and industrial buildings were recently re-instated which is a benefit for investors. With the Offer's PIE (Portfolio Investment Entity) structure the maximum tax rate for your investment will be 28%. This is 11% lower than the Government's planned top personal tax rate of 39% which will apply to annual incomes over \$180,000 from 1 April 2021.³ Based on this maximum tax rate, the forecast **post-tax** cash distribution is 3.81% per annum (for the period ending 31 March 2022) and post-tax cash distributions are forecast to reach 4.13% per annum for the year ending 31 March 2024 (see page 30 for further details).⁴ We understand the importance of cashflow to our investors so these cash distributions are paid into your bank account monthly.

The minimum investment in the Offer is \$50,000 and available in multiples of \$10,000 thereafter. 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.

One of the most frequently asked questions we receive relates to liquidity, specifically, can an investor sell their investment? Augusta Penrose 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, Augusta Funds Management has facilitated secondary sale transactions with a total sales value of over \$36

million. While this value is a small percentage of the Manager's total equity under management, liquidity can also be provided through the sale of the Property and return of equity. Since 2014, approximately \$400 million of equity has been realised through the sale of properties and returned to investors.⁵ Neither the Manager nor Augusta Penrose is obligated to provide liquidity for Shareholders.

The Property is a sought-after institutional grade investment opportunity within the industrial property sector. Investments of this calibre with an attractive tenant covenant, 20 year "triple net" lease", 8.576 hectare land holding in a prime location and long-term development potential are difficult to find in this current market. With cash distributions forecast to grow for the first three years, 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 Augusta Penrose's Business and Plans" before making your investment decision. In particular, given the 20 year Lease term, investors should pay attention to the interest rate risk and the single tenant risk.

Our most recent offer was fully subscribed within two weeks of opening which resulted in many investors missing out. We recommend your earliest attention to this investment opportunity and remind you that there is the option to apply online (see page 41) using a secure and easy to complete form.



Mike Steur
Chair



Mark Francis
Director



Bryce Barnett
Director



Mark Petersen
Director



Jason Huljich
Director



John McBain
Director

² The PFI for the 12 months ending 31 March 2024 has not been subject to an independent limited assurance engagement and is subject to greater uncertainty and risk due to the extended time period. These cash distributions are not guaranteed. The actual distribution rate may vary. A cash distribution is assumed to be accrued from 27 February 2021, the day immediately following Settlement. The increase in distributions over the forecast period does not guarantee further increases. Distributions may continue to increase, remain the same or decrease following the forecast period. Details on how the forecast 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: "Augusta Penrose's Financial Information" and section 8: "Risks to Augusta Penrose's Business and Plans" of this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared by Augusta Penrose in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register. The key assumptions on which the forecast pre-tax cash distributions are based include that interest rates are 2.67% per annum until 31 March 2023, increasing to 2.72% from 1 April 2023. If interest rates are higher in the forecast period than has been assumed then distributions may differ.

³ While no changes are currently proposed, there is a risk that future changes may be made to the PIE regime in New Zealand that may impose a higher PIR. There is a risk that Augusta Penrose could lose its PIE status if the Offer is not fully subscribed and Centuria, as the sole underwriter of the Offer, subscribes for more than 21,860,000 Shares (being 20% of Augusta Penrose's Shares) as described further in section 8: "Risks to Augusta Penrose's Business and Plans" of this PDS.

⁴ The post-tax cash distribution is based on the maximum PIR of 28%.

⁵ Neither the Manager nor Augusta Penrose is obligated to provide liquidity for Shareholders.

2. AUGUSTA PENROSE AND WHAT IT DOES

In this section, you will find information on:

- Augusta Penrose and its investment philosophy and strategy
- Key drivers of Augusta Penrose's future financial performance
- The Property, including the location, the Lease and the Tenant
- The Offer and transaction structure
- Augusta Penrose's bank facilities
- Augusta Penrose's directors
- The Manager
- The Management Agreement between the Manager and Augusta Penrose
- Substantial shareholder and relevant interests held by directors and senior managers
- Interests of Augusta Penrose's directors

2.1 Overview of Augusta Penrose

Augusta Penrose has been established by Augusta Funds Management and Centuria Capital to acquire the property located at 752 Great South Road, Penrose, Auckland.

Augusta Penrose will be managed on a day-to-day basis by Augusta Funds Management who currently manages approximately \$1.86 billion of commercial property across New Zealand and Brisbane, Australia. Further details about Augusta Funds Management and Centuria Capital are set out in section 2.8. Augusta Penrose was incorporated on 5 January 2021 and will only commence trading on allotment of the Shares and acquisition of the Property.

The Property will be purchased from Centuria. Further details about the Offer and transaction structure are set out in section 2.5.

2.2 Investment philosophy and strategy

Augusta Penrose is a limited liability company that has been established to invest in the Property. The investment strategy of Augusta Penrose is to acquire the Property, continue to lease the Property to a quality tenant and preserve and grow equity by active management of Augusta Penrose and the Property itself.

Given the nature of Augusta Penrose's investment strategy and its unlisted ownership structure, Augusta Penrose has a long-term investment horizon.

Augusta Penrose's strategic investment objectives are to:

- provide investors a regular monthly cash distribution in line with Augusta Penrose's dividend policy as set out in section 6.2; and
- preserve and grow the value of the Property.

Augusta Penrose will continue to review its strategy to reflect market conditions and opportunities.

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

2.3 Key drivers of Augusta Penrose's future financial performance

The current and future aspects that will have, or may have, the most impact on the financial returns for Augusta Penrose are set out below as well as the specific strategies and plans to manage those factors.

Key factor driving return	Strategies and plans to manage this factor
Rental income: The rental income received from the Tenant is Augusta Penrose's key source of income.	Rental income is forecast to grow over time due to the contracted 3% per annum fixed rental increases over the term of the Lease.
Asset management: In the long term, Augusta Penrose's strategy will be to optimise the value of the Property. This may be through the Tenant renewing the Lease at the end of its 20 year term or redevelopment of the Property.	The Manager will provide a dedicated asset manager who will be responsible for engaging with the Tenant and developing that relationship to retain the Tenant on expiry of the Lease, if that is the desired outcome. Should Augusta Penrose pursue a redevelopment strategy for the Property, the Manager has the appropriate expertise to execute this strategy.
Interest rates: Interest expense incurred by Augusta Penrose as a result of its bank borrowings is a material expense. Increases or decreases in interest rates will affect returns. As at the PDS registration date, base rates are floating while margins and line fees are fixed for the term of each Loan Facility tranche (unless refinanced earlier).	The Manager will monitor interest rate markets and regularly review the base rate, margin and line fee components of Augusta Penrose's borrowings, including the portion of borrowings that is subject to a fixed interest rate. The base rate applying to borrowings will be managed by a combination of interest rate derivatives and/or floating rates. Augusta Penrose may enter into interest rate swap agreements after the PDS registration date to fix the base rate on a portion of the borrowings for a period of time. Margins and line fees will be benchmarked against similar market transactions and Augusta Penrose will consider changing lenders if materially better margins and line fees are available elsewhere.

Key factor driving return	Strategies and plans to manage this factor
Triple net lease: As the Lease is a Triple Net Lease, Augusta Penrose, as the landlord, is insulated from all liability in relation to the Property (other than in the event of damage or destruction, for which Augusta Penrose is insured). For example, any costs of capital expenditure, repair, maintenance and other works whether structural or otherwise are not Augusta Penrose's responsibility.	Bayleys Property Services Limited will initially be engaged by Augusta Penrose to monitor the Tenant's obligations under the Lease. The majority of outgoings will be in the Tenant's name and billed directly by the supplier.
Valuation movement: Changes in the value of the Shares is tied to the value of the Property and Augusta Penrose's debt. The value of the Property will be influenced by multiple factors, including the property market, occupancy, changes in rent paid by the Tenant and the remaining term of the Lease.	The value of the Property will be largely driven by market factors given the long term Triple Net Lease. Augusta Penrose considers the risk of Tenant default to be low.
Other expenses: The level of other expenses, including management fees, will affect returns.	Management fees will increase as the gross value of Augusta Penrose's assets grow, although movements in value would need to be material to affect returns. In some instances, the Manager expects to be able to negotiate competitive expenses with various suppliers if the Property's value grows over time.

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

2.4 The Property: 752 Great South Road, Penrose, Auckland

The Property

The Property will be acquired via a sale and leaseback to sole tenant, Visy Glass Operations NZ Limited, a subsidiary of the Visy Group which is one of the world's largest privately owned paper, packaging and recycling companies.

The Visy Glass Industrial Property is a glass bottle manufacturing and distribution facility on a very large 8.576 hectare landholding providing 67,655 square metres (more or less) of gross lettable area (more or less). The Tenant is New Zealand's only large scale glass bottle and jar manufacturer and (under the Tenant's previous name) has operated from the site since 1922.

The Property includes significant plant and equipment, raw material storage, hardstand improvements and general warehousing. Of note are the production lines within the buildings known as Tank 2, 3 and 4 which house the furnaces and bottle manufacturing plant and equipment. Significant investment has been made by the Tenant (under the previous ownership) in highly specialised Tenant fit-out of the Property. This specialisation means it would be disruptive, costly and time consuming for the Tenant to relocate. The Tenant is also currently upgrading plant at the complex with considerable further expenditure planned to increase production capacity in quarter 4, 2021.

The Location

752 Great South Road, Penrose, Auckland is situated in a high-profile position directly between Auckland's Southern Motorway and the main arterial Great South Road. The Property benefits from three road frontages, multiple access ways and close transport links to both roading and rail, with the Penrose Railway Station only 450 metres to the south east.

Penrose is known as one of Auckland's premier industrial locations with the complex located only 9km from the Auckland CBD and Port.

Surrounding occupants include major industrial users such as Laminex Group, Turners Group, Fonterra, Fletcher Building and Hansell's Food Group.

The property is zoned Business – Heavy Industry. This zone provides for industrial activities that may produce objectionable odour, dust and noise emissions. A key attribute of the zone is that it contains sites large enough to accommodate large-scale industrial activities. As heavy industry land supply is constrained under the Auckland Unitary Plan, land with this zoning classification is becoming increasingly scarce whilst strong demand remains from heavy industrial users.

This combination of land size, location and zoning is rarely available which bodes well for future re-development potential in the long term.

The Industrial Property Market

Stephen Rendall, National Director of Real Estate Advisory has made the following comments on the recent performance of the industrial property market in Auckland and the outlook for that market:

"The performance of the industrial property sector as a whole remains very strong, particularly in core markets such as Auckland. Historically, industrial property in New Zealand has consistently outperformed other commercial property sectors, and has generated the highest total returns over the past five years, as investors continue to be attracted to its resilient and robust characteristics. This stellar performance shows no sign of abating, as demand for industrial space and development land remains strong. The Auckland industrial property market has been well insulated from the economic impact of COVID-19. Rental growth has continued over a sustained period, and vacancy rates in both prime and secondary assets remain extremely low.

In the 12 months to September 2020, Auckland industrial prime yields have compressed from 5% to 4.5%. The sector's strong fundamentals support ongoing and increased investment demand for industrial assets, with anecdotal evidence beginning to emerge supporting further yield compression. Yield compression, all other things being equal, will support further price increases in the coming period."

Key Property Metrics

Purchase price	\$178,300,000
Current independent valuation	\$180,000,000. An independent valuation of the Property has been provided by Wouter Robberts and Brad Chemaly of Jones Lang LaSalle Limited as at 9 November 2020 in accordance with current Australia and New Zealand Valuation and Property Standards. The valuation was prepared using a capitalisation of net income approach, discounted cash flow approach and term and reversion approach. The valuation takes into account the impact of COVID-19 in the assumptions adopted, including capitalisation rates, discount rates and market rental growth rates. Given the circumstances of COVID-19, the valuers have had regard to a range of inputs and market evidence in coming to their opinion of "market value". There may be a greater range around their opinion of "market value" than would normally be the case.
Lease term	20 years commencing on 25 February 2021
Occupancy	100%
Gross lettable area	67,655 square metres (more or less)
Land area	85,760 square metres (more or less)

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

The Manager has reviewed the instruments and memorials noted on the Property title and the land information memorandum for the Property as part of its due diligence and no material issues have been identified.

The Manager has reviewed a seismic report for the Property provided by the vendor, Visy Glass Property (NZ) Limited. Due to the Triple Net Lease, the Tenant is liable for seismic strengthening works that may be required by law (if any).

The Manager has not procured a building inspection report for the Property because of the Triple Net Lease. The Tenant is liable for all repairs and maintenance, including capital expenditure, during the term of the Lease. Prior to Settlement, the Tenant is required to provide a building condition report for the Property for the purposes of monitoring the Tenant's make good obligations under the Lease.

The Manager has obtained an environmental due diligence assessment report prepared by Glaeba (03) Pty Limited, trading as Environmental Earth Sciences Vic. The report states "the environmental risk posed from current site operations, storage and use of products and management of the waste is considered low. Although some contamination associated with legacy commercial/industrial activities may be present on site, this is unlikely to pose significant risk to human health during ongoing commercial/industrial use."

Further detailed information on the Property (including the independent valuation report and a copy of the land information memorandum, issued under section 44A of the Local Government Official Information and Meetings Act 1987) is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/disclose>.

The Lease

The Lease is a "triple net lease". This means Augusta Penrose, as the landlord, is insulated from all liability in relation to the Property (other than in the event of damage or destruction, for which Augusta Penrose is insured). For example, any costs of capital expenditure, repair, maintenance and other works whether structural or otherwise are not Augusta Penrose'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.

Key Lease Terms

Tenant	Visy Glass Operations (NZ) Limited.
Guarantor	Visy Glass Packaging Services Pty Limited. The Guarantor guarantees the Tenant's obligations under the Lease.
Bank guarantee	The Tenant is required to provide a bank guarantee to an amount equal to 12 months' rent (plus GST), commencing at \$9.2 million. The bank guarantee amount will increase each time rent has increased by 10% (every 4 years under the Lease).
Term	20 years.
Commencement date	25 February 2021.
Tenant rights of renewal	Five rights of renewal of 10 years each.
Initial annual rent	\$8,000,000 plus GST.
Rent review provisions	Fixed increases of 3% per annum on each anniversary of the initial commencement date, being 25 February 2021. The rent will be subject to a market review on each renewal date (ratcheted to the rent payable as at the expiry of the initial term of the Lease). This means the rent will be adjusted on each renewal date to reflect market rates at the time but cannot be lower than the rent payable in the 20th year of the Lease.
No rental abatement	The Tenant must continue to pay rent and outgoings in full in the event it is unable to access the premises (and the premises are not damaged or destroyed preventing the use or occupation by the Tenant).
Outgoings	The Tenant must pay all outgoings (being the total amounts payable by the Landlord in connection with the ownership, operation, management, maintenance and administration of the Property). Outgoings includes costs such as electricity, water and rates. Where possible, the Tenant shall pay any outgoings directly to the relevant supplier or territorial authority and take all steps reasonably required by the Landlord to ensure that any invoices are issued in the name of the Tenant and not the Landlord. Outgoings include Insurance premiums for property insurance and loss of rents and outgoings for up to 24 months. Augusta Penrose has elected to insure loss of rents and outgoings for 36 months, the difference in premiums between the 24 month and 36 month cover periods is not recoverable from the Tenant.

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

Key Lease Terms

Repair and maintenance	<p>The Lease excludes the Landlord from liability for the costs of any repair, maintenance or other work (whether structural or otherwise) in respect of the Property.</p> <p>The Tenant must keep the Property and the Tenant's property in good repair and condition, including all capital and structural works and all capital repair and replacement of the Landlord's property having regard to a premises condition report to be commissioned by the parties (subject to fair wear and tear). The Tenant will not be obliged to undertake any works that would improve the state of repair and condition of the Property and the Tenant's property.</p>
Make good	<p>Upon the expiry or earlier termination of the Lease, the Tenant must complete defined "Make Good Works". The Tenant's obligations here are limited to removing all rubbish and waste materials from the Property, leaving the buildings clean and tidy and otherwise consistent with the Tenant's repair and maintenance obligations in the Lease, safely removing all Tenant property to the extent it contains contamination or materials hazardous to human health (including asbestos), and completing any environmental remediation necessary to restore the Property to a standard suitable for "heavy industrial use" (see the paragraph below regarding contamination for further detail).</p>
Contamination	<p>During the term of the Lease the Tenant must comply with all environmental laws, which includes being liable to carry out any remediation works required by law. The Tenant indemnifies the Landlord against any liability associated with any historic contamination of the Property or any contamination caused by the Tenant during the term of the Lease.</p> <p>Following termination or expiry of the Lease, the Tenant's liability is limited to remediating the Property to the standard required by law for "heavy industrial use". However, the Tenant will be required to remediate the Property to a higher standard if it carries out a use on the Property other than "heavy industrial use" which triggers a higher remediation standard at law.</p>

Key Lease Terms

Seismic	<p>During the term of the Lease, the default position is that the Tenant is liable for seismic strengthening works that may be required by law. However, the Lease contains a restriction on the Landlord from procuring a seismic assessment for the buildings constructed on the Property (unless requested by Auckland Council or another relevant authority, or if the Landlord is required to take any action pursuant to any statutory, regulatory or other legal requirement). If the Landlord breaches this obligation during the term of the Lease, then the Landlord (and not the Tenant) will be liable for undertaking any seismic strengthening works required in connection with the relevant seismic assessment. If seismic strengthening works are required by law following the expiry of the Lease, this will be the responsibility of Augusta Penrose, as the landlord.</p>
Right of first refusal	<p>The Lease contains a right of first refusal in favour of the Tenant. If the Landlord intends to dispose of the Property at any time during the term of the Lease, the Landlord must first give the Tenant a period of 21 working days to accept or reject the Landlord's offer to sell the Property.</p> <p>If the Tenant does not accept the offer within the 21 working day period the Landlord may sell the Property to a third party on terms not more materially favourable and at a price not less than that initially offered to the Tenant. If the Landlord intends to sell the Property on more favourable terms or at a price less than the consideration initially offered to the Tenant, then the Landlord must re-offer the Property to the Tenant (but the notice period is reduced to 10 working days in these circumstances).</p> <p>The right of first refusal provisions do not apply where the Landlord intends to transfer the Property to a related body corporate or other investment vehicle managed by Augusta Funds Management provided that the Landlord procures a deed of covenant from the incoming purchaser in favour of the Tenant under which the incoming purchaser agrees to observe and perform the Landlord's obligations under the right of first refusal provisions.</p>

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

Key Lease Terms

Damage or destruction	<p>Augusta Penrose will maintain insurance of initially \$132,690,000 for material damage to the Property and loss of rent for 36 months. Insurance for material damage to the Property and loss of rent for 24 months is at the Tenant's cost. Following damage or destruction the Landlord is liable to reinstate.</p> <p>Either the Landlord or the Tenant has the ability to terminate the Lease by providing one month's written notice to the other party if:</p> <ul style="list-style-type: none"> • the Landlord has not obtained all necessary approvals to undertake any necessary reinstatement works within 24 months of the date of a damage or destruction event; or • the Landlord has not achieved practical completion of any necessary reinstatement works within 30 months of the date of a damage or destruction event (although this date is capable of extension for a period of up to 12 months to account for any delays which are beyond the Landlord's reasonable control). <p>The timeframes provided for the Landlord to complete reinstatement are longer than usual.</p> <p>If the Property is damaged or destroyed such that the Tenant cannot access, occupy or use the Property or any part of the Property, then the Tenant may reduce the payment of rent and outgoings by a fair proportion until the necessary reinstatement works are completed. Augusta Penrose's loss of rent insurance will provide for the shortfall for a period of up to 36 months.</p>
Sale to a competitor	<p>The Lease restricts the sale of the Property by the Landlord to a "competitor" of the Tenant. A breach of this restriction by the Landlord will entitle the Tenant to terminate the Lease. This restriction does not prevent the Landlord from selling the Property to any real estate investment funds, real estate investment trusts or other real estate investment vehicles.</p>

The Tenant

The Property is tenanted by Visy Glass Operations (NZ) Limited, a subsidiary of Visy Glass International Pty Limited. The Visy Group is one of the world's largest privately owned paper, packaging and recycling companies.⁶ With 70 years in business, the Visy Group has 5,000 employees and more than 120 sites throughout Australasia, along with trading offices across Asia and Europe.

In July 2020, the Visy Group acquired the Australian and New Zealand operations of the world's largest glass bottle manufacturer, creating the Visy Group glass business which operates from this site and locations in Brisbane, Sydney, Melbourne and Adelaide. They have a diverse product range, making glass packaging for Australian and New Zealand wine, beer, craft beer & cider, juice, soft drink, spirits, water and food brands. The scale of their operation is immense with circa 2 million bottles produced at the site each day. With the Visy Group's core focus of sustainability, the production of these bottles uses high volumes of recycled glass.

The Tenant's obligations under the Lease are guaranteed by Visy Glass Packaging Services Pty Limited, the Guarantor. Based on information provided by Visy Glass Operations (NZ) Limited, following the acquisition of the O-I Australian business in July 2020, Augusta Penrose understands that the Guarantor has total assets in excess of A\$600 million and contributed equity in excess of A\$120 million. A bank guarantee of 12 months' rent is also provided. Based on due diligence completed, the Manager considers that the Tenant, Visy Glass Operations (NZ) Limited, and the Guarantor, Visy Glass Packaging Services Pty Limited, have strong financial standing sufficient to meet the obligations under the Lease. Due diligence conducted by the Manager included a review of publicly available information for the Tenant and private financial information and forecasts for the Guarantor supplied by the Visy Group. As a major manufacturer, the Tenant provides an essential service in New Zealand and has operated during the New Zealand Government's COVID-19 Alert Levels 1 - 4.

2.5 Offer and Transaction Structure

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

- 25 February 2021: the Lease commences.
- 26 February 2021:
 - Centuria will acquire the Property from Visy Glass Property (NZ) Limited.
 - Augusta Penrose will acquire the Property from Centuria using the proceeds of an intragroup loan provided by Centuria.
 - The Shares will be issued to investors and Centuria as underwriter (in the event the Offer is not fully subscribed).
 - Augusta Penrose will repay the Centuria intragroup loan with the proceeds of the Loan Facility and the funds raised under the Offer.

⁶Visy Glass Packaging Services Pty Limited guarantees the Tenant's obligations under the Lease. No other member of the Visy Group guarantees the Tenant's obligations under the Lease.

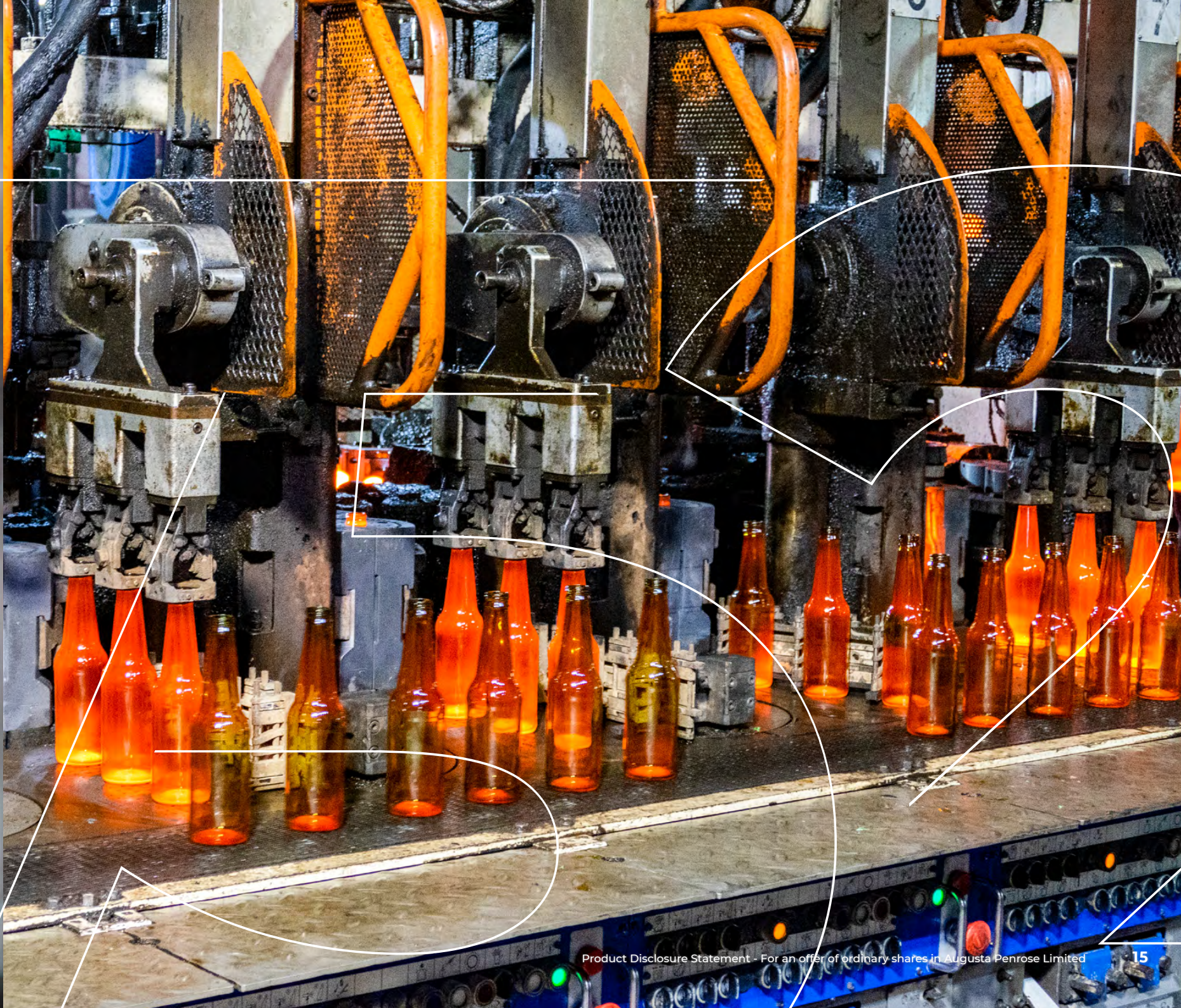
2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

2.6 Augusta Penrose's Bank Facilities

Augusta Penrose will part fund the acquisition of the Property with a syndicated loan facility. Credit approved offers to participate in the Loan Facility have been received from ASB, BNZ and Kiwibank. The key terms of the Loan Facility are:

Facility type	Interest only.
Facility limit	\$80,235,000, split equally into two tranches (Tranche A and Tranche B).
Interest rate	Base rate plus margin.
Base rate	<p>The greater of BKBM Bid (Bank Bill Benchmark Rate) for the selected interest period or 0% (a zero floor applies).</p> <p>Interest rate swap agreements may be entered into after the PDS registration date to fix the base rate on a portion of the borrowings for a period of time.</p> <p>The portion of borrowings that is fixed will be regularly reviewed by Augusta Penrose. Augusta Penrose will carefully consider market conditions before entering into any interest rate swap and may enter into swaps for any amount up to 100% of the outstanding Loan Facility at any time.</p>
Margin	<p>Tranche A: 1.35% p.a.</p> <p>Tranche B: 1.47% p.a.</p>
Line fee	<p>Payable on the total facility limit:</p> <p>Tranche A: 0.90% p.a.</p> <p>Tranche B: 0.98% p.a.</p>
Establishment, syndication and bank legal fees	\$531,469
Term	<p>Tranche A: 26 months expiring approximately 26 April 2023.</p> <p>Tranche B: 38 months expiring approximately 26 April 2024.</p>
Security	<p>First ranking General Security Deed over all assets.</p> <p>First ranking Specific Security Deed in respect to the Lease.</p> <p>First ranking mortgage over the Property.</p>

Ranking	The bank borrowing will rank in priority to the Shares.
Personal guarantee	No personal guarantee applies. The loan is non-recourse in respect of Shareholders.
Key covenants	<p>Interest cover ratio EBITDA adjusted for unrealised gains and losses is to be at least 2.5 times interest expense.</p> <p>Loan to value ratio The ratio of all outstanding debt to the value of all Properties approved by the Lenders is to be no more than 52.5%. The margin and line fee are subject to review if the loan to value ratio exceeds 50%.</p>
Events of default	Usual events of default for a facility of this nature apply (including a breach of the covenants above).
Events of review	<p>An event of review applies if:</p> <ul style="list-style-type: none"> • there is a change in the Manager; or • Centuria holds more than 25% of the Shares 180 days after the initial drawdown.



2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

2.7 Directors of Augusta Penrose

Augusta Penrose is overseen by a board of directors that is led by Mike Steur as chairperson. The members of the Board are:



Mike Steur

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

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

He has previously held senior executive roles at CBRE and was previously Chair of the Royal Institution of Chartered Surveyors Global Valuation Professional Group. Mike is an experienced non-executive director, currently serving on the boards of BWP

Management Limited, Dexus Wholesale Property Fund and Healthcare Wholesale Property Fund. He was also previously a director of Kiwi Property Group Limited, retiring in June 2020.



Mark Francis

BCom (Fin)

Mark is the Managing Director of Augusta Funds Management. 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 Augusta Funds Management in 2003.



Robert Mark Petersen (known as Mark Petersen)

Dip Urb Val

Mark is a professional director and corporate adviser who has worked in the commercial property sector for the past 35 years. Mark was Managing Director of NZX listed Shortland Properties Limited from 1989 to 1999. He is currently Chair of Augusta Industrial Fund Limited, and is also 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 Group Joint CEO in June 2019 after previously leading Centuria Capital'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. In his role he is responsible for providing strategic leadership and ensuring the effective operation of Centuria Capital's real estate portfolio and

funds management operations.

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

Jason holds a Bachelor of Commerce (Commercial Law) from the University of Auckland, New Zealand.



Bryce Barnett (Alternate director for Mark Francis)

Chartered Accountant, FCA, F.PINZ, MNZM

Bryce's career started as a Chartered Accountant for the Inland Revenue before becoming Chief Accountant of the Moller Group of Companies. Bryce went on to form his own company, KCL, in 1994, which was acquired by Augusta 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.



John McBain (Alternate director for Jason Huljich)

Dip Urb Val

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

John holds a Diploma in Urban Valuation (University of Auckland).

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

The directors of Augusta Penrose are also directors of the Manager, Augusta Funds Management Limited. John McBain and Jason Huljich are also directors of the Underwriter, Centuria Platform Investments Pty Limited.

2.8 The Manager

Augusta Penrose is managed by Augusta Funds Management Limited. The Manager is a wholly-owned subsidiary of Centuria Capital, an ASX listed specialist investment management company with approximately A\$10.1 billion of assets under management (including the Manager's assets under management). With over 35 years' experience in helping investors grow their wealth, Centuria Capital provides a range of innovative investment opportunities including listed and unlisted property funds as well as tax effective investment bonds. Centuria Capital 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 Manager has assets under management of approximately NZ\$1.86 billion.

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.

Key Personnel of the Manager

The following personnel of the Manager are responsible for the management of Augusta Penrose, alongside the board of Augusta Funds Management:



Joel Lindsey

BProp (Real Estate) / BA (Geography)

Joel will provide oversight of the Property and day-to-day administration and operation of Augusta Penrose.

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, until recently, the Head of Business Development and Project Director. Joel joined Augusta Funds Management in 2018.



John Chandler

BCom (Marketing) / BProp

John is Augusta Penrose's dedicated asset manager at Augusta Funds Management and is responsible for strategically managing the Property.

John started with Augusta 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 an Asset Manager at Augusta Funds Management and manages a portfolio across the upper North Island ensuring optimum performance of the properties and communicating that with investors.



Simon Woollams

BCom (Accounting), Chartered Accountant

Simon will provide financial oversight of Augusta Penrose and will, in particular, be responsible for Augusta Penrose's bank finance and treasury policy.

Simon joined Augusta in 2007. He is a Chartered Accountant and has a strong financial background, including roles with BDO and ANZ Bank in the property and finance teams, and has experience from the UK.



Mark Madigan

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

Mark is a Financial Controller at Augusta Funds Management. Mark is responsible for financial reporting, tax and treasury management for Augusta Penrose.

Mark joined Augusta 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.

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)



Adelle McBeth

Adelle is, amongst other things, responsible for overseeing the investor relations function for the Manager. She is the first point of contact for potential investors wanting to know more about investing with Augusta Funds Management and for existing investors with general queries. Adelle joined KCL on a part time basis in 2004 while studying at The University of Auckland. In 2007 she joined KCL on a full time basis and is now the senior staff member in Augusta Funds Management's New Plymouth office.

Summary of Augusta Penrose's Management Agreement

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

Manager	Augusta Funds Management Limited
Term	The term of the Management Agreement runs until Augusta Penrose is removed from the Register of Companies in accordance with the Companies Act 1993 and Augusta Penrose's constitution, unless terminated earlier as set out below.
Termination	<p>The Management Agreement will be able to be terminated in the following situations:</p> <ul style="list-style-type: none">• Augusta Penrose 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) at a properly called meeting of Augusta Penrose.• The Manager may terminate the agreement if it gives Augusta Penrose not less than six months' notice in writing that it wishes to terminate the agreement.• The Management Agreement will automatically terminate on the occurrence of certain events, for example if the Manager or Augusta Penrose becomes insolvent.• Augusta Penrose 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, provided that the termination is approved by a Special Resolution of Shareholders (which the Manager and its related parties cannot vote on) at a properly called meeting of Augusta Penrose. <p>If the Management Agreement is terminated by Augusta Penrose without cause and by a Special Resolution of Shareholders, Augusta Penrose must pay the Manager a sum equal to 30% of the aggregate of all fees paid to the Manager by Augusta Penrose in the preceding 5 years before termination (plus GST). No termination fee is payable where the Management Agreement is terminated in any other scenario.</p>

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

Management duties	<p>Investment Management Duties</p> <ul style="list-style-type: none"> • Maximising the value of Shareholders' investment through active management of the Property • Arranging funding facilities • Managing financial affairs • Development management <p>Asset Management Duties</p> <ul style="list-style-type: none"> • Collection of rents and payment of outgoings • Negotiating rent reviews/assignment/sub-leases • Legal compliance includes building and health & safety laws • Documentation of leases, renewals, variations and rent reviews • Inspection of the Property <p>Administrative Management</p> <ul style="list-style-type: none"> • Ensuring compliance with laws • Maintaining statutory records, including share register and Board minutes • Provision of company secretarial services, including keeping minutes of all proceedings • Maintaining accounting and tax records • Preparation of annual financial statements and liaising with external auditor • Preparation of the annual report to Shareholders • Preparing and filing all tax returns (GST, PIE, income tax) • Arranging an annual valuation <p>Investor Relations</p> <ul style="list-style-type: none"> • Reporting to Shareholders on Augusta Penrose's performance • Responding to all investor queries • Arranging annual Shareholder meetings <p>Bayleys Property Services Limited will be appointed by Augusta Penrose to provide day to day property and facilities management services.</p>
Sub-contracting/assignment	<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 Augusta Penrose, which is not to be unreasonably withheld.</p>

Limitation of liability	<p>The Manager will not be liable for any reduction in:</p> <ul style="list-style-type: none"> • the amount of the distributions paid by Augusta Penrose; or • any loss in value of Augusta Penrose or a reduction in Augusta Penrose's Share price. <p>unless such loss is a direct result of the Manager materially breaching its obligations under the Management Agreement.</p>
Management fee	<p>The Manager shall be entitled to charge an annual management fee equal to 0.20% per annum (plus GST) of the latest available independent valuation of Augusta Penrose's properties, subject to a minimum annual fee of \$250,000. The management fee will be calculated and paid monthly in arrears, by the 20th of the following month.</p> <p>The management fee is fixed at \$250,000 per annum until 31 March 2024.</p>
Property management fee	<p>If the Manager provides property management services, the Manager is entitled to receive any reasonably incurred property management fees that may be payable in respect of the Property. Any property management fees properly payable by Augusta Penrose will be recoverable from the Tenant.</p>

Related party transactions

Pursuant to Augusta Penrose's constitution Augusta Penrose and the Manager will not enter into any major transactions with related parties unless approved by an Ordinary Resolution of Shareholders, except for:

- 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 Augusta Penrose's related parties; or
- any acquisition by Augusta Penrose of any property owned by Augusta Penrose's related parties provided the purchase price payable by Augusta Penrose does not exceed the amount determined by an independent valuer.

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

Performance fee	<ul style="list-style-type: none"> A performance fee is paid to the Manager as an incentive to maximise Shareholder returns including proceeds received from a sale of the Property. The Manager shall be entitled to a performance fee of 20% (plus GST) of the portion of outperformance of Augusta Penrose over an IRR of 6.50%.⁷ The performance fee is calculated on total Shareholder equity contributed and distributions paid to Shareholders from the allotment date until the final distribution has been paid by Augusta Penrose. The calculation is after management fees and expenses but before performance fees. The Manager is entitled to receive 80% of the performance fee on the settlement date of a sale of the Property or a “Realisation Transaction” (see below), based on the estimated IRR at such date. The Manager is entitled to receive the remaining performance fee amount on the date the final distribution is paid to Shareholders, based on the final IRR. The performance fee payable at this date will be adjusted to reflect any variances between the estimated and final IRR. A Realisation Transaction is a restructure or other arrangement affecting Augusta Penrose, which enables Shareholders holding more than 50% of the total of Augusta Penrose’s Shares to realise their investment. This addresses circumstances where investors realise their investment through a sale of Shares rather than a sale of the Property. A performance fee is not triggered when an individual investor sells their Shares through the secondary sales facility (see page 26). An example illustrating the calculation of the performance fee is set out on page 21.
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Transaction fee	The Manager is entitled to be paid the following transaction fees:	
	Acquisition fee	2.0% of acquisition price.
	Sale fee	1.0% of the gross sale price if no real estate agent is involved. 0.5% if a real estate agent is involved.
	Leasing fee	One-off fee of between 5% and 15% of annual gross rental for each new lease arranged or right of renewal exercised depending on the term of the lease and whether a third party or real estate agent is involved in the negotiation.
	Renewals or extensions	If the Manager negotiates an extension or exercise of any renewal right, 5% of annual rent plus 1.5% of annual rent for each year that the extension or renewal exceeds the date that is five years from the contracted expiry of lease (including any renewal), capped at 15%.
	Rent review fee	10% of an increase in annual gross rent for any negotiated increase in annual rent (excluding CPI and fixed review uplifts).
	Refinancing fee	0.10% 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.
	Development management fee	3.5% of the total costs of any development, project or other work of a capital nature where the cost of those works exceeds \$50,000 (excluding GST).
		All transaction fees are plus GST (if any).
Wind-up fee	The Manager shall be entitled to a wind-up fee of 0.1% (plus GST) of the sale price of the Property.	

⁷The internal rate of return or IRR is described in further detail in the glossary on page 44.

2. AUGUSTA PENROSE AND WHAT IT DOES (CONT.)

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.

For example, if Augusta Penrose:

- raised \$109.3 million at \$1.00 per Share through this Offer on 26 February 2021;
- paid monthly cash distributions of:
 - 5.00 cents per Share p.a. from 27 February 2021 to 31 March 2022;
 - 5.25 cents per Share p.a. from 1 April 2022 until 31 March 2023;
 - 5.50 cents per Share p.a. from 1 April 2023 until 31 March 2031,
 representing total monthly distributions to Shareholders of \$59.789 million; and
- sold the Property on 31 March 2031 and distributed \$1.15 per Share at this date (representing \$125.695 million).

The equity IRR before performance fees based on these series of cash flows is calculated to be 6.63% p.a. The outperformance amount above the hurdle IRR of 6.50% p.a. would be \$1,987,510, being the amount that, if included in the IRR cash flows as an outflow at the wind up of Augusta Penrose, reduces the IRR to 6.50% p.a. Therefore, the performance fee payable would be \$397,502 (being 20% of \$1,987,510). For a Shareholder with 50,000 Shares, this would equate to a performance fee of \$182 (being 0.36 cents per Share or \$0.0036 per Share).

You can find a copy of the Management Agreement on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/disclose>.

Other arrangements and fees between Augusta Funds Management and Augusta Penrose include:

- Augusta Funds Management will receive an establishment fee of \$3,566,000 (plus GST) – further details are set out in section 2.10.
- Augusta Funds Management will receive an administration fee (currently 2% of the transaction value (plus GST)) for secondary market transfers payable by selling investors – further details are set out in section 6.1.

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

Substantial shareholdings as at 5 January 2021

The table in this section lists the Shareholder with a relevant interest in 5% or more of the Shares (which is the only class of shares on issue) as at 5 January 2021.

Name	Legal ownership or other nature of the relevant interest	Number of shares	Percentage of the total relevant securities of each class that the person has a relevant interest
Augusta Capital Limited	Registered holder and beneficial owner	1	100%

Expected substantial shareholdings upon completion of the Offer

Augusta Penrose does not consider any person is likely to have a relevant interest in 5% or more of the Shares (which will be the only class of shares on issue) immediately after completion of the Offer. Centuria may subscribe for 5% or more of the Shares under its underwriting commitment.

2.10 Interests of Directors

No director of Augusta Penrose has received any remuneration or other benefits from Augusta Penrose prior to the date of this PDS. There is no current intention to pay directors' fees to the directors of Augusta Penrose.

None of the directors of Augusta Penrose nor any director or senior manager of the Manager will own any Shares in Augusta Penrose on completion of the Offer. Trusts associated with Bryce Barnett, where Bryce Barnett is a trustee only and not a beneficial owner, may own Shares in Augusta Penrose.

Augusta Penrose has no employees as it will be fully managed by Augusta Funds Management.

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

- **Management Agreement:** All of the directors of Augusta Penrose are also directors of Augusta Funds Management, the Manager of Augusta Penrose under the Management Agreement described in section 2.8. Under the Management Agreement, Augusta Funds Management receives various fees – further details are set out in section 2.8.
- **Establishment Fee:** Augusta Penrose has agreed to pay Augusta Funds Management an establishment fee of \$3.566 million (plus GST) in consideration for its services in establishing Augusta Penrose, negotiating the acquisition of the Property, completing due diligence, negotiating banking arrangements and arranging the Offer.
- **Underwriting Agreement:** Augusta Penrose has entered into an underwriting agreement with Centuria. The key terms of the underwriting agreement are:
 - Centuria will fully underwrite the \$109.3 million that is proposed to be raised under the Offer and will subscribe for any shortfall.
 - In consideration for agreeing to fully underwrite the Offer, Centuria will receive a fee of \$3.279 million (calculated at 3% of the amount to be underwritten of \$109.3 million).
- **Deposit:** Centuria has paid a deposit in partial satisfaction of the consideration payable to acquire the Property. The deposit fee of \$586,192 relates to the cost of capital for Centuria to fund the deposits paid on 23 October 2020 and 4 November 2020 for the acquisition of the Property. Centuria is entitled to be reimbursed on Settlement.

3. PURPOSE OF THE OFFER

The purpose of the Offer is to provide Augusta Penrose with equity which, together with the proceeds of the Loan Facility, is sufficient to fund Augusta Penrose's strategy and plans to acquire the Property.

Intended use of funds

The money raised, together with the Loan Facility, will be allocated as follows:

Purchase price the Property	\$178,300,000
Offer costs	\$10,882,339
Working capital	\$352,661
Total	\$189,535,000

Funded by:	
Loan Facility (borrowings)	\$80,235,000
Equity (Offer proceeds)	\$109,300,000
Total	\$189,535,000

The use of the money raised under the Offer will not change depending on the total amount that is raised. The minimum amount to be raised in order for the Offer to proceed is \$109,300,000. This amount is fully underwritten.

Offer costs

The Offer costs are:

Augusta Funds Management's establishment fee	\$3,566,000
Centuria's underwrite fee	\$3,279,000
Centuria's deposit fee	\$586,192
Brokerage fees	\$1,912,750
Legal fees*	\$279,819
Investigating accountant fee	\$40,000
Valuation fees	\$44,755
Chattels valuation fee	\$13,000
Property due diligence report fee*	\$10,000
Marketing fees, PDS design and printing*	\$447,546
PDS liability insurance*	\$114,425
Bank fees	\$501,469
Incorporation and PDS registration fees	\$6,083
Registry fees*	\$51,300
Bank legal fees*	\$30,000
Total	\$10,882,339

*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 this PDS, but they may be subject to change based on the amounts invoiced to Augusta Penrose (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 these costs have previously been paid by the Manager, it will be reimbursed for those costs by Augusta Penrose. The minimum amount of \$109,300,000 has been fully underwritten by Centuria. The Underwriter will receive a fee of 3% of the amount underwritten.



AUCKLAND CBD

ONLY 9KM FROM THE
AUCKLAND CBD AND PORT

SOUTHERN MOTORWAY

GREAT SOUTH RD

Boundary lines are indicative only.

4. KEY DATES AND OFFER PROCESS

Offer opens	13 January 2021
Offer closes	22 February 2021
Subscription amounts due from investors	22 February 2021
Shares allotted	26 February 2021
Settlement of the Property	26 February 2021
Expected date for payment of first distribution	20 April 2021

The timetable is indicative only and the dates may change. In particular, Augusta Penrose reserves the right to close the Offer at any earlier date or extend the Offer by up to 25 working days without prior notice. Augusta Penrose also reserves the absolute right in its sole discretion to accept or reject any application in whole or in part without giving 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.

5. TERMS OF THE OFFER

What is the Offer?	<p>This is an offer of ordinary shares in Augusta Penrose.</p> <p>The Shares will rank equally in all respects with any other Shares previously issued by Augusta Penrose. Each Share confers an equal right to share in cash distributions and other distributions authorised by the Board, and to cast a vote at meetings of Shareholders, in accordance with Augusta Penrose's constitution.</p> <p>No person guarantees the Shares offered under this Offer, nor warrants or guarantees the future performance of Augusta Penrose, the Shares or any return on investment pursuant to this Offer.</p>
Key dates	See section 4: "Key dates and Offer process" for information about the key dates of the Offer.
Price	\$1.00 per Share.
Total number of Shares being offered	109,300,000 Shares (being 100% of the total Shares on issue immediately following the issue of Shares). Oversubscriptions will not be accepted.
Minimum number of Shares that may be applied for and minimum investment amount¹	Shares are available in multiples of 10,000 with a minimum investment of 50,000 Shares (\$50,000).
Maximum number of Shares that may be held by any Shareholder and maximum investment amount¹	<p>Except in circumstances allowed by Augusta Penrose, no investor may hold more than 21,860,000 Shares (being 20% of Augusta Penrose's Shares), to ensure Augusta Penrose can register as a PIE and maintain its PIE status.</p> <p>Centuria may subscribe for up to 100% of the Shares to be issued as the underwriter of the Offer.</p>
Minimum and maximum amount of equity to be raised	The minimum amount to be raised in order for the Offer to proceed is \$109,300,000.
Underwriting	The minimum amount of \$109,300,000 Shares to be raised under the Offer is fully underwritten by Centuria. The Underwriter will receive an underwriting fee of 3% of the amount underwritten.

¹Augusta Penrose and the Manager reserve the right to amend the minimum and maximum subscription amounts.

Liabilities, fees and charges	<p>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.</p>
How to apply	<p>See section 11: “How To Apply” for more information on how to apply for Shares in Augusta Penrose.</p>
Overseas investors	<p>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 Augusta Penrose is able to make the Offer without having to prepare a disclosure document, at its discretion.</p> <p>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).</p> <p>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 Augusta Penrose, any person applying for Shares under the Offer will be deemed to represent and warrant to Augusta Penrose 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 Augusta Penrose, 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.</p>

Augusta Penrose’s constitution sets out the terms of the Shares. You can find a copy of Augusta Penrose’s constitution on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/disclose>.



6. KEY FEATURES OF ORDINARY SHARES IN AUGUSTA PENROSE

6.1 Key features of the Shares

Augusta Penrose 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 Augusta Penrose. The key features of Shares in Augusta Penrose 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 Augusta Penrose, a proportionate right to receive any cash distribution and distributions made by Augusta Penrose and a proportionate right to share in any surplus funds on a liquidation of Augusta Penrose, each relative to the total number of Shares in Augusta Penrose at the relevant time.

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

The Board may refuse to register, or delay registration of, any transfer of Shares in any of the following circumstances:

- if required or permitted to do so by law, there are unpaid amounts on Shares or where Augusta Funds Management 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 50,000 shares);
- the transfer would cause, or is likely to cause, Augusta Penrose to fail to qualify as, or cease to be, a PIE (including because it would result in a Shareholder or their associated persons holding more than 20% of the Shares), except where the transfer is effected in accordance with Part 15 of the Companies Act 1993 or the Takeovers Code made under Takeover Regulations 2000; and
- the proposed transfer would occur part-way through a month, unless otherwise approved by the Board.

In accordance with Augusta Penrose's constitution, directors may be appointed or removed by Ordinary Resolution. The Board may appoint directors where a casual vacancy exists, but any director so appointed shall retire and may seek re-election by Ordinary Resolution at the next annual meeting of Shareholders.

The rights of Shareholders are set out in Augusta Penrose's constitution, a copy of which is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/disclose>, and the Companies Act 1993.

Augusta Penrose does not intend to quote the Shares on a licenced market 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 Augusta Penrose, operates a secondary market facility where buyers and sellers of Shares will be matched. Since 2014, Augusta Funds Management has facilitated secondary sale transactions with a total sales value of over \$36 million. While this value is a small percentage of the Manager's total equity under management, liquidity can also be provided through the sale of the Property and return of equity. Since 2014, approximately \$400 million of equity has been realised through the sale of properties and returned to investors.

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. Neither the Manager nor Augusta Penrose is obligated to provide liquidity for Shareholders. If Shareholders utilise the secondary market facility offered by the Manager on behalf of Augusta Penrose, then an administration fee will be payable at a fee of currently 2% of the transaction value (plus GST).

6.2 Augusta Penrose's dividend policy

Augusta Penrose's dividend policy is to pay-out distributions of between 95% and 105% of Adjusted Operating Profit. Distributions paid may be less than 95% of Adjusted Operating Profit when reserves are required to be built up for items such as refinancing, loan principal repayments, future capital expenditure or to support leasing activity. Due to fluctuations in income and expenses, it is possible that Augusta Penrose may pay more than 105% 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 29.

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 Augusta Penrose that a distribution be paid. The payment of any distribution is therefore not guaranteed. Augusta Penrose' 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.

Augusta Penrose does not intend to offer a distribution reinvestment programme.

7. AUGUSTA PENROSE'S FINANCIAL INFORMATION

In this section, you will find the following information:

- A summary of the prospective financial information for the following three periods:
 - The 14 months and 27 days ending 31 March 2022; and
 - The 12 months ending 31 March 2023 and 31 March 2024.

This represents Augusta Penrose's forecasts on its expected financial performance, financial position and cashflows 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 Augusta Penrose will use to monitor underlying operating performance.

The tables in this section provide key financial information about Augusta Penrose. 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 adviser 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 Augusta Penrose'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 Augusta Penrose's Business and Plans").

Augusta Penrose has prepared PFI beyond the mandatory periods required by clause 53(1)(c) of Schedule 3 to the Financial Markets Conduct Regulations 2014. The Board believes it is appropriate to disclose the additional period and supporting assumptions to support prospective investor comprehension of the nature of an investment in Augusta Penrose.

The prospective financial information included in the tables below 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.

Ernst & Young Strategy and Transactions Limited has independently reviewed the prospective financial information, as defined in its report, for the period ending 31 March 2022 and the 12 months ending 31 March 2023. A copy of the Independent Limited Assurance Report is included on the Offer Register. The PFI for the 12 months ending 31 March 2024 has not been subject to an independent limited assurance engagement and is subject to greater uncertainty and risks due to the extended time period.

7. AUGUSTA PENROSE'S FINANCIAL INFORMATION (CONT.)

Selected Financial Information

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

	14 months & 27 days ending 31 March 2022 (\$'000)	12 months ending 31 March 2023 (\$'000)	12 months ending 31 March 2024 (\$'000)
Revenue	12,284	11,289	11,297
Operating expenses	(587)	(546)	(554)
Net revenue	11,697	10,743	10,743
EBITDA	9,189	7,896	8,141
Net profit after tax	6,545	5,471	5,806
Adjusted Operating Profit	6,009	5,755	5,953
Dividends on all equity securities of the issuer	5,959	5,738	6,011
Adjusted Operating Profit per Share (cents)	5.04 ¹	5.27	5.45
Dividends per Share (cents)	5.00 ¹	5.25	5.50
Net cash flows from operating activities	6,346	5,758	5,960
Total assets	181,195	181,238	181,209
Cash and cash equivalents	1,195	1,238	1,209
Total liabilities	80,586	80,896	81,072
Total debt	80,235	80,235	80,235
Net tangible assets	100,609	100,342	100,137
Gearing ratio	44.3%	44.3%	44.3%
Interest cover ratio	4.28	4.28	4.45

Revenue represents rental income derived from the lease agreement and operating expense recoveries.

Net revenue represents revenue less property operating expenses.

EBITDA represents net profit after tax plus interest, tax, depreciation, and amortisation.

Augusta Penrose will register as an unlisted PIE. Tax is attributed to Shareholders and is not incurred directly by Augusta Penrose. As a result, net profit before tax and net profit after tax are the same.

¹Annualised from 27 February 2021, the date immediately following settlement of the Property.

7. AUGUSTA PENROSE'S FINANCIAL INFORMATION (CONT.)

Adjusted Operating Profit and Adjusted Operating Profit per Share are non-GAAP financial measures adopted to assist Augusta Penrose in assessing the cash surplus available for distributions.

Net Tangible Assets represents the total assets of Augusta Penrose excluding intangible assets (which Augusta Penrose is not forecast to hold) less total liabilities.

The gearing ratio and interest cover ratio are also non-GAAP information. The gearing ratio tells you how much Augusta Penrose 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 Augusta Penrose's assets will need to be applied to repay its debt. The interest cover ratio tells you how much Augusta Penrose's EBITDA adjusted for unrealised gains and losses exceeds interest expense on its loan (as a multiple).

The gearing ratio and interest cover ratio are included as debt is an integral and material component in respect of the acquisition of the Property and capital structure of Augusta Penrose.

A reconciliation of non-GAAP information is included on the Offer Register.

Adjusted Operating Profit – Non-GAAP Information

Augusta Penrose's dividend policy is to pay-out distributions of between 95% and 105% of Adjusted Operating Profit. Adjusted Operating Profit is a non-GAAP measure that quantifies the cash surplus generated by Augusta Penrose. It is important because it is the measure used when determining future dividends 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 unrealised fair value gains or losses on derivative financial instruments;
- removing accruals for fixed rental growth;
- reversing gains or losses on disposals;
- reversing the amortisation of borrowing costs incurred at establishment or in respect of future equity raising; and
- adjusting for other one-off and unpredictable items including acquisition fees, refinancing fees and performance fees.

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 any audit or independent review.

Reconciliation of net profit after tax to Adjusted Operating Profit	14 months & 27 days ending 31 March 2022 (\$'000)	12 months ending 31 March 2023 (\$'000)	12 months ending 31 March 2024 (\$'000)
Prospective net profit after tax	6,545	5,471	5,806
Adjustments:			
Unrealised movement in the fair value of investment property	2,126	2,489	2,241
Accrual for fixed rental growth	(2,970)	(2,489)	(2,241)
Amortisation of capitalised borrowing costs	308	284	147
Adjusted Operating Profit	6,009	5,755	5,953
Forecast dividends	5,959	5,738	6,011
Adjusted Operating Profit payout ratio	99%	100%	101%

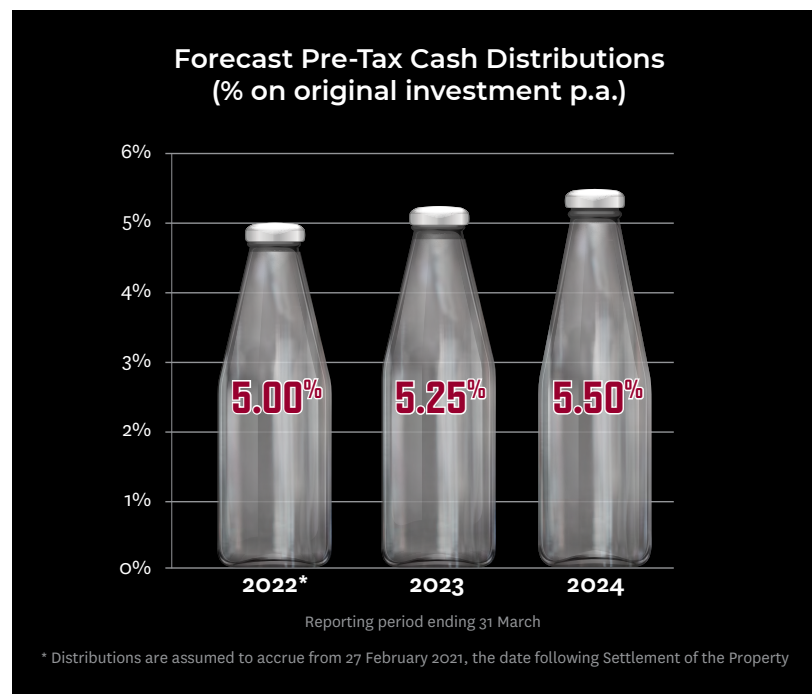
Forecast Cash Distributions

	Reporting period ending (% on original investment p.a.)		
	31 March 2022	31 March 2023	31 March 2024
Pre-tax	5.00%	5.25%	5.50%
Post-tax*	3.81%	3.97%	4.13%

*Based on the maximum tax rate of 28%. Cash distributions for lower tax rates are shown on page 30.

These cash distributions are not guaranteed. The actual distribution rate may vary. Cash distribution is assumed to accrue from 27 February 2021, the day immediately following Settlement. The increase in distributions over the forecast period does not guarantee further increases. Distributions may continue to increase, remain the same or decrease following the forecast period. Details on how the forecast 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 Augusta Penrose's Business and Plans" of this PDS. The forecast pre-tax cash distributions are based on prospective financial statements prepared by Augusta Penrose in accordance with Financial Reporting Standard 42: Prospective Financial Statements, which are available on the Offer Register. The key assumptions on which the forecast pre-tax cash distributions are based include that interest rates are 2.67% per annum until 31 March 2023, increasing to 2.72% from 1 April 2023 and are described in this section. If interest rates are higher in the forecast period than has been assumed then distributions may differ.

7. AUGUSTA PENROSE'S FINANCIAL INFORMATION (CONT.)



Forecast Post-Tax Cash Distribution

The following table shows forecast post-tax cash distributions. The estimated tax depreciation claim is based on a draft purchase price analysis report for the Property prepared by an independent valuer. Tax depreciation is assumed to be claimed on buildings, fixtures and chattels with a total cost price of \$71.1 million using the diminishing value method.

The forecast post-tax cash distribution assumes Augusta Penrose is a PIE for tax purposes. As a PIE, Augusta Penrose intends to claim tax depreciation as a deduction which will reduce the taxable income attributed to Shareholders and the resulting tax liability deducted from distributions, without further action required from investors. Refer to section 9: "Tax" for more information on Augusta Penrose's tax structure and section 8: "Risks to Augusta Penrose's Business and Plans" for the risk associated with Augusta Penrose losing its PIE status.

	14 months & 27 days ending 31 March 2022 (\$'000)	12 months ending 31 March 2023 (\$'000)	12 months ending 31 March 2024 (\$'000)
Estimated taxable income before depreciation (per 50,000 Shares)	2,608	2,503	2,656
Estimated tax depreciation claim (per 50,000 Shares)	(289)	(223)	(205)
Forecast taxable income (per 50,000 Shares)	2,319	2,280	2,451
Forecast post-tax cash distribution (% on original investment p.a.)	PIR		
	0.0%	5.00% ¹	5.25%
	10.5%	4.55% ¹	4.77%
	17.5%	4.26% ¹	4.45%
	28.0%	3.81% ¹	3.97%

¹ Distributions are assumed to accrue from 27 February 2021, the date immediately following Settlement of the Property.

7. AUGUSTA PENROSE'S FINANCIAL INFORMATION (CONT.)

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 PFI and further information on these assumptions may be found on the Offer Register.

Principal Assumptions

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

Augusta Penrose

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

Establishment

It is assumed that \$109.3 million of equity is raised in the Offer and \$80.235 million of borrowings drawn to facilitate the acquisition of the Property and pay the establishment costs.

Settlement

Pursuant to the sale and purchase agreement for 752 Great South Road, Penrose, settlement is to occur on 26 February 2021. For the purposes of the PFI, rental income has been recognised from 27 February 2021.

Investment, establishment and acquisition costs:	(\$'000)
Investment property purchase price	178,300
Capitalised acquisition costs	856
Costs of establishment and issuing equity	9,277
Borrowing costs	749
Working capital	353
Total investment, establishment and acquisition costs	189,535
Funded by:	
Borrowings	80,235
Equity	109,300
Total	189,535

Transaction and Establishment Costs

Total establishment costs are expected to be \$10.882 million. This includes establishment, underwriting, deposit, brokerage, legal, accounting, valuation, property due diligence, marketing, insurance, registration, registry and financing costs. The bulk of these costs are deemed to be issue costs, with the exception of \$749,000 of financing costs and \$856,000 associated with the acquisition of the Property. The costs have been based on contractual obligations, quotes received and/or estimates made by the Manager using experience from managing similar investments.

Investment Property

On Settlement, anticipated to be 26 February 2021, the value of the Property is assumed to equal the cost, plus any directly related transaction costs.

At the end of each PFI reporting period it is assumed that the Property will be revalued, with the fair value of the Property assumed to represent the independent valuation of \$180 million obtained during due diligence as referenced on page 10. No additional valuations are assumed as any changes in underlying valuation assumptions cannot be accurately predicted, particularly in the later years of the forecast.

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 the lease terms, market yields and other contributing factors as at the future valuation dates. The Board notes valuation uncertainty is higher in the current economic environment and a degree of caution should be applied when referencing these, particularly in the later years of the forecast.

When calculating the unrealised movement in the fair value of the investment property, adjustments have been made for the movement in the value of the accrual for fixed rental growth. For accounting purposes, rental income is adjusted to straight-line the total contracted rent over the lease period with a fixed rental growth accrual recognised as a component of the fair value of the investment property. Based on the assumed valuation, this results in unrealised fair value losses in the prospective statement of comprehensive income.

The valuation for the Property takes into account the impact of COVID-19 in the assumptions adopted, including capitalisation rates, discount rates and market rental growth rates. Given the circumstances of COVID-19, the valuers have had regard to a range of inputs and market evidence in coming to their opinion of "market value". There may be a greater range around their opinion of "market value" than would normally be the case.

No further investment property acquisitions or divestments are assumed.

7. AUGUSTA PENROSE'S FINANCIAL INFORMATION (CONT.)

	As at 31 March 2022 (\$'000)	As at 31 March 2023 (\$'000)	As at 31 March 2024 (\$'000)
Balance at beginning of financial period	-	180,000	180,000
Contracted purchase price	178,300	-	-
Transaction costs to purchase property	856	-	-
Movement in accrual for fixed rental growth	2,970	2,489	2,241
Unrealised movement in the fair value of investment property	(2,126)	(2,489)	(2,241)
Balance at end of financial period	180,000	180,000	180,000

Lease Income

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

Lease income is assumed to commence on 27 February 2021, being the day following Settlement. The PFI reflects the contracted fixed rental uplifts (3% annually) in the Lease.

The Lease is structured as a Triple Net Lease where the tenant is responsible for all operating expenses including rates, utilities, property insurance, insurance for loss of rents and outgoings for up to 24 months, repairs and maintenance and property management. Any elements of operating expenses which are invoiced to Augusta Penrose, as the Landlord, are recoverable from the Tenant. Augusta Penrose has elected to insure loss of rents and outgoings for 36 months, the difference in premiums between 24 month and 36 month cover periods is not recoverable from the Tenant.

Management Fees

The Manager shall be entitled to charge an annual management fee equal to 0.20% per annum (plus GST) of the latest available independent valuation of Augusta Penrose's properties, subject to a minimum annual fee of \$250,000. The management fee will be calculated and paid monthly in arrears, by the 20th of the following month. The management fee is fixed at \$250,000 per annum until 31 March 2024. Aside from the establishment fee paid to the Manager, it is assumed that no other fees are payable to the Manager during the PFI period. Fees are based on the Management Agreement.

Administration Expenses

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

Borrowings

The total facility limit of \$80.235 million will be fully drawn. The Loan Facility will be interest only and will have two equal tranches with 26 and 38 month terms from 26 February 2021. Facilities are assumed to be extended by 12 months in March 2023 and annually thereafter.

Finance Expenses

The interest rate (including base rate, margin and line fees) is assumed to be 2.67% per annum during the period ending 31 March 2022 and the year ended 31 March 2023 based on credit approved loan offers. The interest rate is assumed to increase to 2.72% from 1 April 2023 based on an estimate of extension costs in the current market provided by a lender. The base rate is assumed to be 0.32% per annum for the PFI period. Augusta Penrose may enter into interest rate swap agreements to fix the base rate on a portion of the borrowings for a period of time. The PFI assumes any interest rate swap agreements entered into are at rates equal to the 0.32% per annum base rate assumed in the PFI.

The table below quantifies the annual impact of an increase or decrease in the base rate by 50 and 100 basis points ("bps") on finance expenses and therefore on Adjusted Operating Profit during the PFI period, assuming borrowings are \$80.235 million as forecast.

	\$'000	Cents per Share	5.00% p.a. pre-tax cash distribution becomes ¹
Increase in base rate (+100 bps)	(\$802)	(0.73)	4.27%
Increase in base rate (+50 bps)	(\$401)	(0.37)	4.63%
Decrease in base rate (-50 bps)	\$257	0.23	5.23%
Decrease in base rate (-100 bps)	\$257	0.23	5.23%

Note the benefit of a decrease in the base rate is limited to 32 bps, being the difference between the forecast base rate of 0.32% and 0%, as the Loan Facility has a minimum base rate of 0%.

Further detail on the Loan Facility is included in section 2.6: "Augusta Penrose's Bank Facilities".

Taxation

Augusta Penrose will register as a multi-rate Portfolio Investment Entity. Augusta Penrose will attribute income, losses and tax credits to its Shareholders based on their shareholding and pay tax based on their prescribed investor rate.

Cash Distributions

A regular gross monthly distribution (before taxation, including any depreciation claimed for taxation purposes) is assumed to accrue from 27 February 2021 and paid from 20 April 2021. A pre-tax distribution of 5.00 cents per Share per annum is assumed for the period ending 31 March 2022 and this is assumed to increase by 0.25 cents annually to reach 5.50 cents for the reporting period ending 31 March 2024.

This represents Adjusted Operating Profit payout ratios of between 99%-101% per annum for each reporting period in the PFI.

Actual Results

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

¹Assumes a pre-tax cash distribution is adjusted solely to reflect the increase or decrease in the base rate.

8. RISKS TO AUGUSTA PENROSE'S BUSINESS AND PLANS

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

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 Augusta Penrose, you consider the suitability of an investment in Augusta Penrose 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 Augusta Penrose's assessment of the nature of the impact	Mitigating factors
Increase in interest rates	<p>Interest expense incurred by Augusta Penrose as a result of its bank borrowings is a material expense. If interest rates were to increase, it may affect Augusta Penrose's ability to maintain distributions.</p> <p>As at the PDS registration date, base rates are floating while margins and line fees are fixed for the term of each Loan Facility tranche (unless refinanced earlier). The margin and line fee may be increased by up to a combined 25 basis points if the loan to value ratio exceeds 50%.</p> <p>Interest rates will likely continue to be a key risk for so long as Augusta Penrose has outstanding debt.</p>	<p>Augusta Penrose may enter into interest rate swap agreements after the PDS registration date to fix the base rate on a portion of its borrowings for a period of time.</p> <p>The Manager and the Board will monitor interest rate markets and regularly review the base rate, margin and line fee components of Augusta Penrose'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 Augusta Penrose will consider changing lenders if materially better margins and line fees are available elsewhere.</p>
<i>Augusta Penrose's assessment of likelihood of circumstances arising</i>	<i>Changes in interest rates cannot be accurately predicted, particularly in the later years of the forecast distributions period and beyond. However, current expectations are that interest rates will remain low for the medium term. For the loan to value ratio to exceed 50%, the value of the Property would need to fall from \$180 million to below \$160.5 million.</i>	
<i>Augusta Penrose's assessment of the magnitude of the impact, were the circumstance to arise</i>	<i>The impact will depend on the magnitude of the interest rate change which Augusta Penrose is unable to predict. If the base rate increases by 0.50% per annum (ie. 2.67% to 3.17%), Adjusted Operating Profit per Share would reduce by 0.37 cents per annum which would reduce a 5% pre-tax cash distribution to 4.63% per annum.¹ Further details of the impact on forecast distributions if interest rates increase or decrease is described on page 32.</i>	

¹Assumes a pre-tax cash distribution is adjusted solely to reflect the increase or decrease in the base rate.

8. RISKS TO AUGUSTA PENROSE'S BUSINESS AND PLANS (CONT.)

Description of Risk	Why it is significant and Augusta Penrose's assessment of the nature of the impact	Mitigating factors
<p>Single tenant risk</p>	<p>The Tenant is the sole occupant of the Property. Accordingly, Augusta Penrose's investment is not diversified by investment class, geographic location, tenant profile or exposure to different property sectors.</p> <p>If the Tenant were to suffer significant financial problems and the Guarantor did not meet its obligations, any failure to pay rental or vacancy / re-letting costs would have a material detrimental impact on the ability:</p> <ul style="list-style-type: none"> • of Augusta Penrose to pay distributions to Shareholders; • Augusta Penrose's ability to comply with its banking covenants; and • of Shareholders to recoup their original investment. <p>Were the Lease to be terminated (including because the Tenant has defaulted in its obligations under the Lease), it would significantly impact Augusta Penrose's cashflows and is likely to adversely impact distribution levels. The large tenancy area, age and specialised Tenant improvements at the Property may make it difficult to find a replacement tenant and significant capital expenditure may be required given the Triple Net Lease or to repurpose the Property.</p> <p>If the Property cannot be tenanted (including on expiry of the Lease) and the Property is sold at land value, depending on the land value at that time, Shareholders may not be able to recoup their original investment on sale of the Property.</p>	<p>The Tenant's obligations under the Lease are guaranteed by the Guarantor.</p> <p>Based on due diligence completed, Augusta Penrose considers that the Tenant, Visy Glass Operations (NZ) Limited, and the Guarantor, have financial standing sufficient to meet the obligations under the Lease. Based on information provided by Visy Glass Operations (NZ) Limited, following the acquisition of the O-I Australasian business in July 2020, Augusta Penrose understands that the Guarantor has total assets in excess of A\$600 million and contributed equity in excess of A\$120 million. In addition, the Tenant is required to provide a bank guarantee to an amount equal to 12 months' rent (plus GST), commencing at NZ\$9.2 million. The bank guarantee amount will be topped up each time rent has increased by 10% (every 4 years under the Lease).</p> <p>The Tenant has no termination rights under the Lease other than for unremedied destruction or damage to the premises or sale of the Property to a competitor of the Tenant, as described on page 13.</p> <p>Augusta Penrose will maintain, insurance of initially \$132,690,000 for material damage to the Property and loss of rent for 36 months. Insurance for material damage to the Property and loss of rent for 24 months is at the Tenant's cost.</p> <p>The Tenant (under its previous name(s)) has been located at the Property since 1922. Significant investment has been made by the Tenant (under the previous ownership) in highly specialised Tenant fit-out of the Property. This specialised fit-out means it would be disruptive, costly and time consuming for the Tenant to relocate.</p>
<p><i>Augusta Penrose's assessment of likelihood of circumstances arising</i></p>	<p><i>The risk of the Tenant and the Guarantor failing to meet its obligations under the Lease is low – given the Tenant and Guarantor's financial standing.</i></p>	
	<p><i>The risk of the Lease being terminated and the Property being sold is low given the limited termination rights granted to the Tenant.</i></p>	
<p><i>Augusta Penrose's assessment of the magnitude of the impact, were the circumstance to arise</i></p>	<p><i>The magnitude of the impact of default by the Tenant and the Guarantor is high.</i></p> <p><i>The magnitude of the impact of termination or expiry of the Lease without the Property being re-tenanted is potentially high but reduces as the Lease term continues if the land value increases over time.</i></p>	

8. RISKS TO AUGUSTA PENROSE'S BUSINESS AND PLANS (CONT.)

Description of Risk	Why it is significant and Augusta Penrose's assessment of the nature of the impact	Mitigating factors
<p>Inability to refinance or breach of banking covenants</p>	<p>Augusta Penrose will borrow from ASB, BNZ and Kiwibank to part fund the purchase of the Property.</p> <p>As set out on page 14, Augusta's borrowings will likely be due before Augusta Penrose is wound up and refinancing is likely to be needed. Alternative funding (if available) may require higher interest payments and/or payment of the loan principal.</p> <p>Augusta Penrose's ability to pay cash distributions and continue to hold the Property is dependent on its ability to finance borrowings prior to expiry of the initial Loan Facility or seek alternative sources of capital.</p> <p>Adverse market movements in interest rates and property values may cause Augusta Penrose to breach its banking covenants. If the breach is not remedied, lenders may enforce their security and sell the Property at a lower than market price in a "forced sale" situation.</p> <p>In addition, an event of review may be triggered where Centuria holds more than 25% of the Shares 180 days after the initial drawdown, which may require refinancing if a satisfactory arrangement cannot be reached with the existing syndicate.</p>	<p>Augusta Penrose, based on the Board and the Manager's experience, considers the potential impact of changes to Augusta Penrose's funding arrangements will be able to be adequately minimised through active management of Augusta Penrose's finances and banking relationships.</p> <p>The Manager and its ultimate parent company, Centuria Capital, have long standing relationships with a number of lenders across Australasia and currently manage a number of loan facilities.</p> <p>The Loan Facility is split into two tranches to reduce the amount that expires on a single date. It is also documented as a syndicated facility which allows multiple lenders to provide funding, reducing exposure to an individual lender.</p>
<p><i>Augusta Penrose's assessment of likelihood of circumstances arising</i></p>	<p><i>Low – the quality of the Property and gearing level mean lenders are likely to be attracted to the opportunity to lend as demonstrated by interest received for the initial funding. The Manager believes that, based on its experience, Centuria would be able to sell its Shares in Augusta Penrose to reduce its holding to less than 25% in the required timeframe.</i></p>	
<p><i>Augusta Penrose's assessment of the magnitude of the impact were the circumstance to arise</i></p>	<p><i>High – because a "forced sale" by lenders may lead the Property to be sold at a level that means Shareholders cannot recoup their original investment.</i></p>	

8. RISKS TO AUGUSTA PENROSE'S BUSINESS AND PLANS (CONT.)

Description of Risk	Why it is significant and Augusta Penrose's assessment of the nature of the impact	Mitigating factors
<p>Interest rate swaps and negative interest rates</p>	<p>Interest expense incurred by Augusta Penrose as a result of its bank borrowings is a material expense. Increases or decreases in interest expense may affect distributions.</p> <p>The interest expense Augusta Penrose incurs consists of a floating base rate, a margin and a line fee. As at the PDS registration date, base rates are floating. Augusta Penrose may enter into interest rate swap agreements to fix the floating base rate on a portion of its borrowings for a period of time after the date of the PDS. If Augusta Penrose enters into interest rate swaps and base rates:</p> <ul style="list-style-type: none"> • increase over the interest swap rate this will reduce the interest expense that Augusta Penrose would otherwise incur if the base rate remained floating; or • decrease below the interest swap rate this will increase the interest expense that Augusta Penrose would otherwise incur if the base rate remained floating. <p>The Loan Facility includes a base rate floor of 0%. This means that if the floating base rate is negative, the fixed rate under an interest rate swap effectively increases by the negative amount.</p> <p>For example, if an interest rate swap has a fixed rate at 0.32%, but the floating base rate is -0.18%, the effective fixed rate for the interest rate swap is 0.50%. Augusta Penrose will carefully consider market conditions before entering into any interest rate swap and may enter into swaps for any amount up to 100% of the outstanding Loan Facility at any time.</p>	<p>A portion of Augusta Penrose's borrowings is intended to be held on a floating base rate. The floating base rate is assumed to be 0.32% in the PFI. If the base rate falls below 0%, there will be a 0.32% saving on floating borrowings compared to the PFI forecasts that will offset additional costs on any interest rate swaps entered into by Augusta Penrose.</p> <p>The Reserve Bank of New Zealand is currently reviewing the rationale and justification for base rate 0% floors in loan facilities. It is possible this review may result in these floors being removed from loan agreements.</p>
<p><i>Augusta Penrose's assessment of likelihood of circumstances arising</i></p>	<p><i>While New Zealand is experiencing historically low interest rates, changes in interest rates cannot be accurately predicted - particularly in the later years of the forecast distributions period and beyond. The Reserve Bank of New Zealand in its recent monetary policy statement noted that a negative official cash rate remains under consideration. The extent to which interest rates fall below zero is expected to be limited based on international precedent.</i></p>	
<p><i>Augusta Penrose's assessment of the magnitude of the impact, were the circumstance to arise</i></p>	<p><i>The impact will depend on the magnitude of the interest rate change which Augusta Penrose is unable to predict. The impact of interest rate changes on Adjusted Operating Profit is described in section 3 of the PFI.</i></p>	

8. RISKS TO AUGUSTA PENROSE'S BUSINESS AND PLANS (CONT.)

Description of Risk	Why it is significant and Augusta Penrose's assessment of the nature of the impact	Mitigating factors
<p>Loss of PIE status</p>	<p>Augusta Penrose must ensure that no Shareholder holds more than 20% of Shares to maintain its PIE status.</p> <p>There is a risk that Augusta Penrose could lose its PIE status if the Offer is not fully subscribed and Centuria, as the sole underwriter of the Offer, together with its associated persons subscribes for more than 21,860,000 Shares (being 20% of Augusta Penrose's Shares).</p> <p>If PIE status is lost, it will have an adverse effect on the tax position of Shareholders as there will be insufficient imputation credits and withholding tax will be payable on distributions. In particular, the post-tax cash distribution would reduce and distributions made by Augusta Penrose would be taxable as dividends for Shareholders.</p>	<p>A Shareholder holding more than 20% of the Shares is considered to be a temporary breach of the PIE eligibility criteria. Augusta Penrose has until 31 March 2022 to remedy this breach before PIE status is lost.</p> <p>Augusta Penrose will be a code company for the purposes of the New Zealand Takeovers Code, which prevents a person together with their associates holding or controlling more than 20% of the voting rights in a code company.</p> <p>In addition, Augusta Penrose's Board may refuse to register any transfer of Shares where the transfer would result in PIE status being lost.</p>
<p><i>Augusta Penrose's assessment of likelihood of circumstances arising</i></p>	<p>Low - the Manager believes that, based on its experience, Centuria would be able to sell its Shares in Augusta Penrose to reduce its holding to 20% or below prior to 31 March 2022.</p>	
<p><i>Augusta Penrose's assessment of the magnitude of the impact, were the circumstance to arise</i></p>	<p>High - PIE benefits would be lost including the maximum PIR of 28%. The tax benefits from depreciation will also be lost as there will be insufficient imputation credits and withholding tax will be payable on distributions reducing the post-tax cash distribution.</p>	

9. TAX

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

Augusta Penrose will register to become a multi-rate Portfolio Investment Entity (PIE). As a PIE, Augusta Penrose 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>. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department (IRD).

It is your responsibility to tell Augusta Penrose your PIR when you invest or if your PIR changes. If you do not tell Augusta Penrose, 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 IRD.

There is a risk that future changes may be made to the PIE regime in New Zealand that may be disadvantageous to investors.

Prescribed Investor Rate (PIR)

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

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

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

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

Inland Revenue may also advise Augusta Penrose to change your PIR if they consider it incorrect.

Distributions

As Augusta Penrose intends to register as a PIE, distributions from Augusta Penrose (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 Augusta Penrose's taxable income at their nominated PIR. Augusta Penrose intends to deduct each Shareholder's tax liability from distributions paid and return this to Inland Revenue when Augusta Penrose files quarterly PIE tax returns. As Augusta Penrose's taxable income changes each month, the tax deducted and net distributions received by investors will also change.

If Augusta Penrose 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, any imputation credits attached to a dividend can be used to reduce or offset a Shareholder's tax liability. For non-residents, dividends should 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 Augusta Penrose.

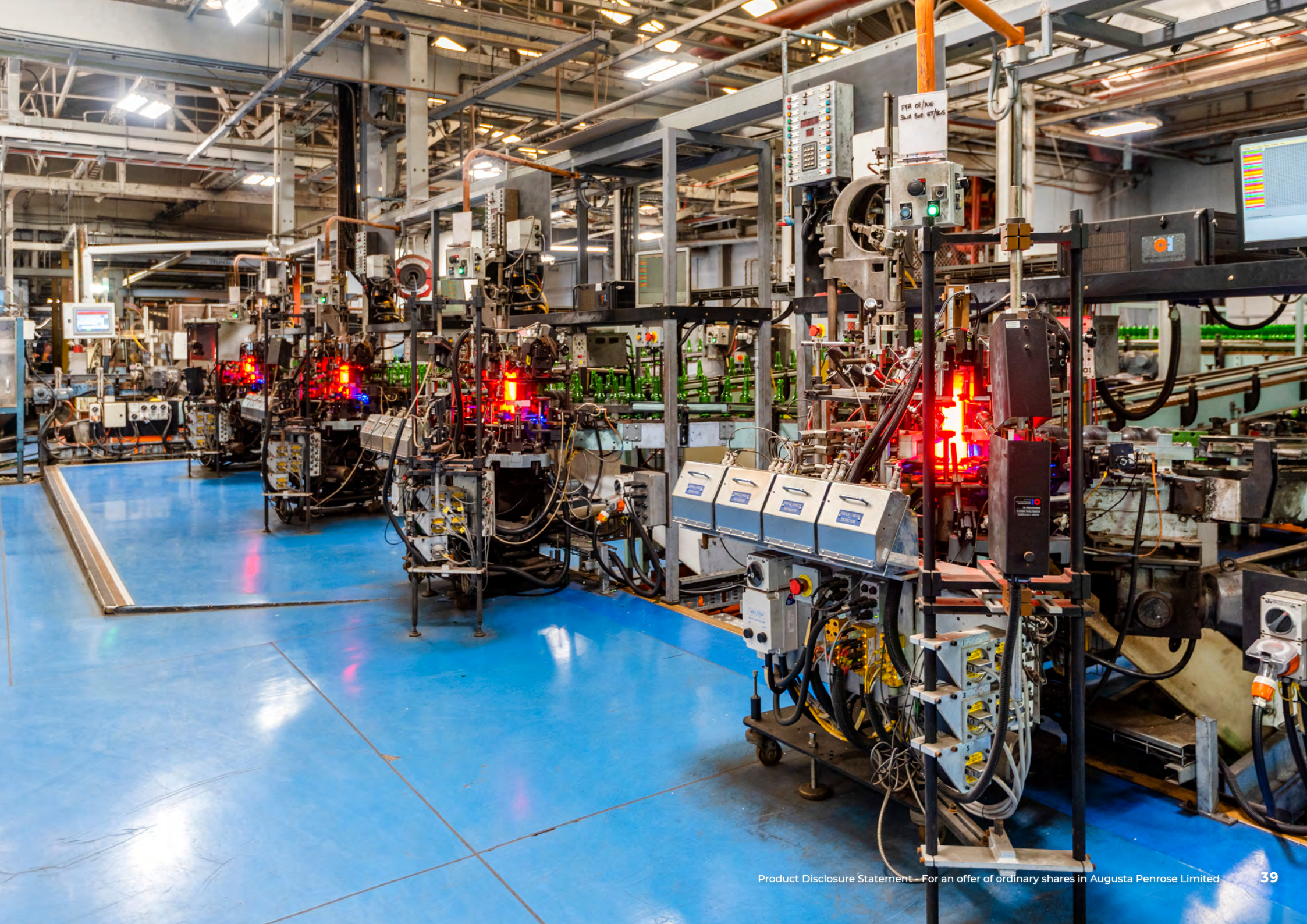
Maintaining PIE Status

To ensure that Augusta Penrose maintains its PIE status, Augusta Penrose 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 more where certain Shareholders are associated;
- ensure that no Shareholder owns over 20% of Augusta Penrose (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 is derived from a lease of land, interest, dividends and / or the proceeds from the disposal of certain property; and
- ensure that 90% of the asset value is held in either land, financial arrangements or a right or option to acquire property.

Augusta Penrose's Board may refuse to register any transfer of Shares where the transfer would result in PIE status being lost.

It is anticipated that PIE status can be achieved on allotment of the Shares. However, there is a risk that as a result of the Offer being underwritten, one party may hold more than 20% of the Shares. If this is not remedied within the prescribed timeframes, Augusta Penrose may lose PIE status with retrospective consequences depending on timing of the breach. 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.





10. WHERE YOU CAN FIND MORE INFORMATION

10.1 Offer Register

The following information relating to Augusta Penrose and the Shares is available on the Offer Register:

- the Constitution;
- the Management Agreement;
- the Other Material Information;
- the PFI; and
- Independent Valuation Report for the Property.

The Offer Register can be accessed at <https://disclose-register.companiesoffice.govt.nz/disclose> and this Offer can be found by clicking on “Search offers” and searching “Augusta Penrose Limited”.

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).

The above 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).

10.2 Companies Office

Further information relating to Augusta Penrose 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/>

10.3 Centuria Capital

Centuria Capital 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 can be found at <https://centuria.com.au/>.

10.4 Reporting to Shareholders

Shareholders receive a bi-annual update which provides an update on the Property and details of Augusta Penrose’s distributions for that period.

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

Augusta Penrose also has 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.

11. HOW TO APPLY

How To Apply

In order to apply, prospective investors 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 referred to on the form headed “Identity Verification” in this section;
- Payment of the total application amount. See “Payment” across the page, for further details.

Hard copy completed and signed application forms, along with the above accompanying documents and subscription 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, **Augusta Funds Management Limited**, Level 2, 30 Gaunt Street, Auckland (**Attention: Augusta Penrose Offer**) We do not recommend posting due to longer delivery times.

Online application forms are available at <https://www.augusta.co.nz/> and www.augustainvestments.co.nz. We strongly encourage you to apply online. The Offer closes on 22 February 2021.

IMPORTANT – for existing Augusta Funds Management investors, identification documents may have been provided previously as part of the Manager’s AML (Anti-Money Laundering) requirements. If, at the time of submitting your application, the Manager 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.

Payment

Payment must be made in New Zealand dollars for immediate value.

Shareholders must make the relevant election in section 4 of the application form to indicate their method of payment. Payment may be made by:

- Electronic transfer/direct credit; or
- Cheque.

Cash distributions will not accrue until issue of the Shares occurs. Investor’s subscription monies will, in that period, be held in a trust account established for the Offer.

PAYMENT OF YOUR SUBSCRIPTION AMOUNT IS DUE BY 22 FEBRUARY 2021

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 and Regulations. 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 the offer document 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 (ASIC). The Australian and New Zealand regulators will work together to settle your complaint.

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

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

The offer may involve 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.



12. CONTACT INFORMATION

Registered Office of Augusta Penrose

Augusta Penrose Limited

Level 2, 30 Gaunt Street
Auckland
PO Box 37953, Parnell
Auckland 1151
Attention: Mark Francis
Phone: +64 9 300 6161
Facsimile: +64 9 300 6162

Directors of Augusta Penrose

Mike Steur
Mark Francis
Mark Petersen
Jason Huljich
Bryce Barnett (alternate director for Mark Francis)
John McBain (alternate director for Jason Huljich)

Registered Office of the Manager

Augusta Funds Management Limited (Company number: 3760278)

Level 2, 30 Gaunt Street
Auckland
PO Box 37953, Parnell
Auckland 1151
Attention: Mark Francis
Phone: (09) 300 6161
Facsimile: (09) 300 6162

Directors of the Manager

Mike Steur
Mark Francis
Mark Petersen
Jason Huljich
Bryce Barnett (alternate director for Mark Francis)
John McBain (alternate director for Jason Huljich)

Solicitors

Chapman Tripp

Level 34, PwC Tower
15 Customs Street West, Auckland 1010
PO Box 2206
Auckland 1140
Telephone: +64 9 357 9000
Facsimile: +64 9357 9099

Investigating Accountant

Ernst & Young Strategy and Transactions Limited

2 Takutai Square, Britomart
Auckland 1010
PO Box 2146
Auckland 1140
Telephone: +64 9 377 4790
Facsimile: +64 9 309 8137

Share Registrar

Boardroom Pty Limited

Grosvenor Place
Level 12, 225 George Street
Sydney New South Wales 2000
GPO Box 3993
Telephone: +61 2 9290 9600

Selling Agent

Bayleys Real Estate Limited

Level 1, 30 Gaunt Street
Auckland Central
Auckland 1010
PO Box 8923
Auckland 1150
Telephone: +64 9 309 6020
Facsimile: +64 9 309 9404

GLOSSARY

Term	Definition
\$	New Zealand dollars, unless stated otherwise
Adjusted Operating Profit	Adjusted Operating Profit is a non-GAAP measure and is further described on page 29
ASB	ASB Bank Limited
Augusta Penrose	Augusta Penrose Limited
BNZ	Bank of New Zealand
Board	The board of directors of Augusta Penrose
Centuria	Centuria Platform Investments Pty Limited
Centuria Capital	Centuria Capital Limited and Centuria Capital Fund. The shares in Centuria Capital Limited 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”
EBITDA	Net profit after tax plus interest, tax, depreciation, and amortisation as each of those items is determined in accordance with GAAP
FY	Financial year or period ended or ending on 31 March
GAAP	Generally Accepted Accounting Practices
Guarantor	Visy Glass Packaging Services Pty Limited
IRR	Internal rate of return The IRR is a metric used in financial analysis to estimate the profitability of potential investments. The internal rate of return is a discount rate that makes the net present value of all cash flows equal to zero when applied to the pre-tax cash flows of Augusta Penrose (which, without limitation, includes the capital commitments of shareholders of Augusta Penrose and any dividends or distributions made)
Kiwibank	Kiwibank Limited
Landlord	Visy Glass Property (NZ) Limited (as at the date of this PDS) and Augusta Penrose from 25 February 2021
Lease	The deed of lease for the Property with Visy Glass Property (NZ) Limited as tenant and Visy Glass Packaging Services Pty Limited as guarantor
Loan Facility	The loan facility described in section 2.6 of this PDS
Manager or Augusta Funds Management	Augusta Funds Management Limited (Company number: 3760278)
Management Agreement	The agreement between Augusta Penrose and Augusta Funds Management under which Augusta Funds Management is exclusively appointed to manage Augusta Penrose
NZ IFRS	International Financial Reporting Standards adopted via New Zealand equivalents to International Financial Reporting Standards

Term	Definition
Ordinary Resolution	A resolution approved by a simple majority of the votes cast by Shareholders entitled to vote and voting on the resolution
Offer	The offer of Shares under this PDS
Offer Register	The offer register for Augusta Penrose, that forms part of the Disclose Register that is available at https://disclose-register.companiesoffice.govt.nz/ by searching “Augusta Penrose Limited” under “search offers”
Other Material Information	The document titled “Other material information relating to the Offer of Shares in “Augusta Penrose Limited” that is available at https://disclose-register.companiesoffice.govt.nz/ by searching “Augusta Penrose Limited” under “search offers”
PDS	This product disclosure statement detailing the offer of Shares in Augusta Penrose, 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)
PIE	A Portfolio Investment Entity, as defined in the Income Tax Act 2007
PIR	Prescribed Investor Rate, as defined in the Income Tax Act 2007. This is the tax rate an investor in a multi-rate PIE must provide to Augusta Penrose
PFI	Prospective financial information of Augusta Penrose for the period ending 31 March 2022 and the 12 months ending 31 March 2023 and 31 March 2024 including Prospective Financial Statements prepared in accordance FRS-42 and available at https://disclose-register.companiesoffice.govt.nz/ by searching “Augusta Penrose Limited” under “search offers”
Property or Visy Glass Industrial Property	The property at 752 Great South Road, Penrose, Auckland
Settlement	The date settlement of the acquisition of the Property occurs, anticipated to be 26 February 2021
Shares	Ordinary shares in Augusta Penrose
Shareholder	A holder of Shares in Augusta Penrose
Special Resolution	A resolution approved by 75% of the votes cast by Shareholders entitled to vote and voting on the resolution
Tenant	Visy Glass Operations (NZ) Limited
Triple Net Lease	A triple net lease means that Augusta Penrose, as the Landlord, is insulated from all liability in relation to the Property (other than in the event of damage or destruction, for which Augusta Penrose is insured). For example, any costs of capital expenditure, repair, maintenance and other works whether structural or otherwise are not Augusta Penrose’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.
Underwriter	Centuria Platform Investments Pty Limited
Visy Group	Visy Industries Holdings Pty Limited and its subsidiaries

APPLICATION FORM

CLOSING DATE: 22 FEBRUARY 2021

Before completing this Application Form, applicants should read and consider the Augusta Penrose Limited Product Disclosure Statement dated 5 January 2021 to which this application relates. If you have any questions or if there is anything you do not understand, please contact our sales representatives on 0800 BAYLEYS (2295339).

Augusta Penrose, Augusta Funds Management 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 an Authorised Financial Adviser which takes into account your personal investment objectives, financial situation and individual needs.

PLEASE READ ALL INSTRUCTIONS BELOW TO ENSURE PROMPT PROCESSING OF YOUR APPLICATION. PLEASE COURIER COMPLETED APPLICATION DOCUMENTS TO AUGUSTA FUNDS MANAGEMENT LIMITED, LEVEL 2, 30 GAUNT STREET, AUCKLAND (ATTENTION: AUGUSTA PENROSE LTD OFFER).

This Application Form is issued with the Product Disclosure Statement dated 5 January 2021 issued by Augusta Penrose Limited.

INSTRUCTIONS ON HOW TO COMPLETE

- Please read and complete all relevant sections of the Application Form.
- Please provide all necessary identification, address and/or other verification documents with your Application Form.
- Please ensure that you have read and understood the information on the declaration section of this form.

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:
<input type="checkbox"/> Individual OR Joint Individuals <input type="checkbox"/> Partnership <input type="checkbox"/> Company <input type="checkbox"/> Trust/Estate <input type="checkbox"/> Other

If other, please specify:

If you are completing this application form on behalf of a minor, please also complete the form on page 58.

Primary Contact Details

Legal Full Name:
Postal Address:
Email:
Home or Mobile Tel:

SECTION 2: BANK ACCOUNT DETAILS FOR DISTRIBUTION PAYMENT

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

ACCOUNT HOLDER'S NAME:
ACCOUNT NUMBER:

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

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

SECTION 3: TAX INFORMATION

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

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

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

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

Primary Applicant or Entity Resident Withholding Tax (RWT) Rate

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

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

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 following page 47.

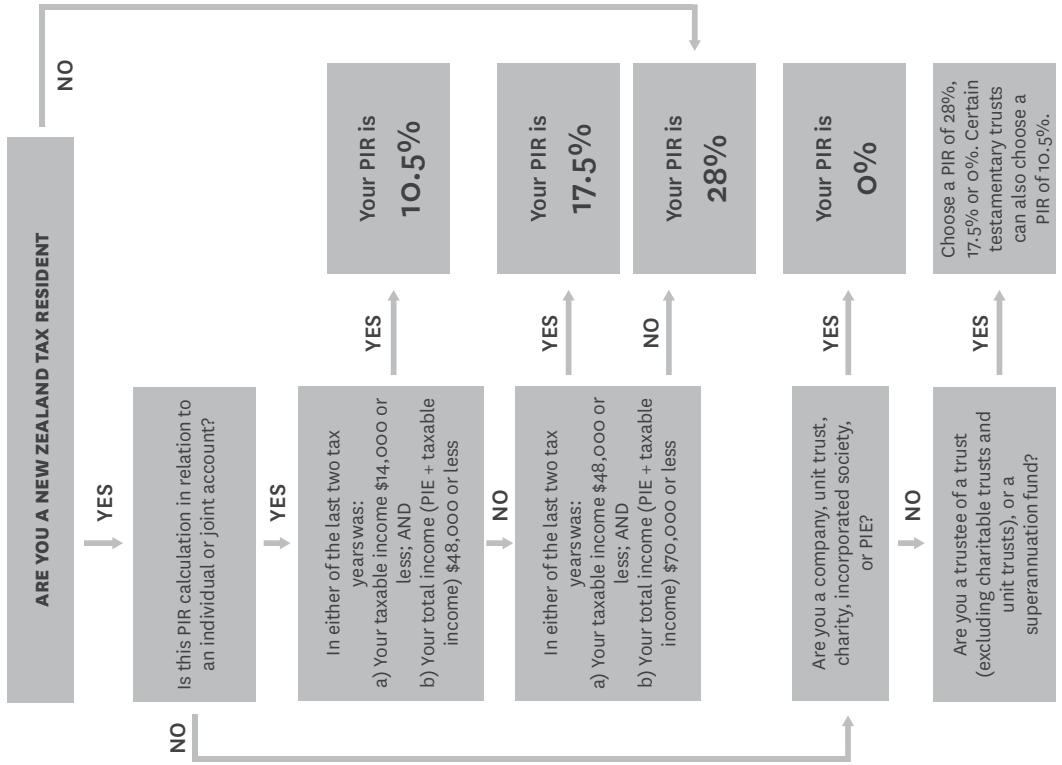
Please select one of the following:

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%.

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.



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:
Residential Address:		Country of birth:	

Legal Full Name:	Date of Birth:	Country of foreign tax residence:	Foreign Tax Number:
Residential Address:		Country of birth:	

Company, partnerships, trust or other entity

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

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

Foreign Tax Number:	Country:
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Are any controlling parties of the entity 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/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 Name:	Date of Birth:	Country of foreign tax residence:	Foreign Tax Number:
Residential Address:		Country of birth:	

Legal Full Name:	Date of Birth:	Country of foreign tax residence:	Foreign Tax Number:
Residential Address:		Country of birth:	

Legal Full Name:	Date of Birth:	Country of foreign tax residence:	Foreign Tax Number:
Residential Address:		Country of birth:	

Legal Full Name:	Date of Birth:	Country of foreign tax residence:	Foreign Tax Number:
Residential Address:		Country of birth:	

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.

SECTION 4: APPLICATION AMOUNT AND PAYMENT

Number of Shares (\$1 per Share). Applications can be made in increments of \$10,000, with a \$50,000 minimum	Amount in NZD
Shares	\$
PLEASE NOTE: If you invest as a trust, a company with Nominee Shareholders or you are making an investment of \$500,000 or more, Augusta will require information relating to the source of funds or wealth for this investment	

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

OPTION 1: ELECTRONIC TRANSFER

Augusta 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: CHEQUE

Please include a cheque made out in favour of the account name provided to you and crossed “Non-Transferable” for the amount to be invested.

Note: Cheques will not be banked until the application is complete and all customer due diligence documentation has been provided.

SECTION 5: NATURE AND PURPOSE OF YOUR INVESTMENT

Nature and Purpose of Your Investment

This information is being requested solely for the purpose of Augusta Funds Management’s regulatory compliance obligations (pursuant to the Anti-Money Laundering and Countering Financing of Terrorism Act 2009) and not for the purpose of allowing Augusta Funds Management 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 Augusta Funds Management, how regularly you expect to invest and for how long you intend to hold this investment.

How regularly do you intend to invest with Augusta Funds Management?

- 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 Augusta Funds Management 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 Augusta Funds Management?

- 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 Augusta Funds Management.

What are you looking to achieve through investing with Augusta Funds Management?

- Receive regular income Achieve capital growth Planning for retirement Other

If other, please provide additional information:

.....

.....

.....

.....

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, Augusta Funds Management must undertake due diligence on (a) a customer (b) any beneficial owner of a customer (c) any person acting on behalf of a customer.

OPTION 1: EXISTING INVESTOR

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

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 CDD documentation. You can do this by completing the relevant section referred to in the table below.

Please note Augusta Funds Management will review the documents it holds on file and may request further information.

If you are completing this application form on behalf of a minor, please also complete the form on page 58.

If you are unsure if you have provided all the necessary documentation, please phone a member of the Augusta compliance team on 09 300 6161.

Please go to Section 12 and complete the declaration section on Page 57.

OPTION 2: NEW INVESTOR

I am a new investor with Augusta Funds Management and will meet my Customer Due Diligence (CDD) requirements.

Please complete the Customer Due Diligence section relevant to you followed by the declaration section on Page 57. Please also refer to and complete the identity and address verification guideline on page 51.

If you are completing this application form on behalf of a minor, please also complete the form on page 58.

Individual & Joint Individuals (Page 52), Section 7	Partnerships (Page 53), Section 8
Company (Page 54), Section 9	Trust (Page 55), Section 10
Estates (Page 56), Section 11	

IDENTITY VERIFICATION REQUIRED FOR EVERY APPLICANT INCLUDING ALL TRUSTEES, BENEFICIAL OWNERS AND ANY PERSON ACTING ON BEHALF OF THE INVESTOR

There are three different options you can use as identification. The simplest option is to pick ONE form of ID from **Option 1** or **Option 2** below. **Option 3** requires at least two forms.

OPTION 1

Choose ONE photocopy (not required to be certified) of the following as personal identification (document must be current/unexpired):

- New Zealand passport (containing your name, date of birth, photograph and signature)
- New Zealand Drivers Licence

OPTION 2

Choose ONE **certified** photocopy of the following as personal identification (document must be current/unexpired):

- Overseas passport (containing your name, date of birth, photograph and signature)
- New Zealand certificate of identity
- New Zealand firearms licence
- Overseas government issued national identity card, containing your name, date of birth, photograph and signature

OPTION 3

Provide a **certified** photocopy of the following (document must be current/unexpired):

- Kiwi Access Card or 18 Plus Card

AND Non-photo identification. Choose ONE **certified** photocopy of the following (document must be current/unexpired):

- New Zealand or overseas full birth certificate
- New Zealand or Overseas Citizenship Certificate

A certified copy must be certified by an independent NZ based trusted referee. A trusted referee must be over the age of 16, must not be your spouse or partner, related to you, someone who lives at the same address as you or someone with an interest or ownership in your investment. A trusted referee must be one of the following:

- Lawyer (as defined in the Lawyers and Conveyancers Act 2006)
- NZ Chartered Accountant
- Justice of the Peace
- Registered Teacher
- Registered Medical Doctor
- Notary Public
- Member of the Police
- NZ Honorary Consul
- Member of Parliament
- Commonwealth Representative
- Minister of Religion
- Kaumataua (as verified through a reputable source)

A person who has the legal authority to take statutory declarations or the equivalent in NZ

The trusted referee must sight the original document and make the following statement on the copy:

- “This document is a true copy and represents the identity of the named individual”;
- Trusted referee’s name, occupation and registration number (or equivalent); and
- Trusted referee’s signature and date.

if you are certifying documents overseas, then the documents must be certified by a person who has the legal authority to take statutory declarations or the equivalent in that country.

Certification must have been carried out in the last 3 months.

Original certifications of photocopied documents must be provided – scans or photocopies of certifications will not be accepted.

ADDRESS VERIFICATION REQUIRED FOR EVERY APPLICANT INCLUDING ALL TRUSTEES, BENEFICIAL OWNERS AND ANY PERSONS ACTING ON BEHALF OF THE INVESTOR

Please provide one of the following (not required to be certified):

- Utility or rates bill
- Telephone bill
- Bank account statement
- IRD tax notice or statement
- Insurance policy document
- A document issued by a government agency

Each form of address needs to be dated in the last 12 months and addressed to you at your residential address.

SECTION 7: CUSTOMER DUE DILIGENCE - INDIVIDUAL & JOINT INDIVIDUALS

Please provide: (i) personal information, (ii) identification and (iii) address verification (see guideline on page 51) for:

- 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:

Source of Funds/Wealth Statement and Supporting Documents

If your investment is \$500,000 or more, you **MUST** provide information and documentation regarding your source of funds and/or wealth.

Please provide information on the origin of your wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, employment details, property address etc.

Please provide details of the source of income you are receiving e.g. wages/salary, investment income, rental income.

Below are examples of documentation to support the information provided above:

- Bank statements
- Address of sold properties
- Sale and Purchase Agreements
- Gifting Letter
- Wage slips

SECTION 8: CUSTOMER DUE DILIGENCE - PARTNERSHIPS

Please provide the following partnership documents

- Copy of the partnership deed/agreement (applicable to formal partnerships)
- Copy of any subsequent resolutions evidencing any amendments which must confirm the Partnership name and other persons authorised to act on behalf of the partnership.

Please provide; (i) personal information (below), (ii) identification and (iii) address verification (see guideline on page 51) for:

- 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

Source of Funds/Wealth Statement and Supporting Documents

if your investment is \$500,000 or more, you **MUST** provide information and documentation regarding your source of funds and/or wealth.

Please provide information on the origin of the partnership's wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, employment details, property address etc.

Please provide details of the source of income the partnership receiving e.g. wages/salary, investment income, rental income.

Below are examples of documentation to support the information provided above:

- Bank statements
- Annual Accounts
- Sale and Purchase Agreements
- Address of sold properties
- Wage slips
- Investment information
- Settlement statement
- Loan Agreement

SECTION 9: CUSTOMER DUE DILIGENCE - COMPANY

Please provide: (i) Identification and (ii) address verification (see guideline on page 51) 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

Source of Funds/Wealth Statement and Supporting Documents

You **MUST** provide source of funds and/or wealth information and documentation if:

- You are investing \$500,000 or more
- The shareholding of the company is held in a trust

Please provide information on the origin of the company's wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, employment details, property address etc.

Please provide details of the source of income the company is receiving e.g. wages/salary, investment income, rental income.

Below are examples of documentation to support the information provided above:

- | | | |
|-------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| <input type="checkbox"/> Bank statements | <input type="checkbox"/> Address of sold properties | <input type="checkbox"/> Settlement statement |
| <input type="checkbox"/> Annual Accounts | <input type="checkbox"/> Wage slips | <input type="checkbox"/> Loan Agreement |
| <input type="checkbox"/> Sale and Purchase Agreements | <input type="checkbox"/> Investment information | |

Does any entity such as a family trust own more than 25% of the company?

- Yes No

If 'YES' please refer to **SECTION 10: TRUSTS** on page 55 on which documents need to be provided.

SECTION 10: CUSTOMER DUE DILIGENCE - TRUSTS

Please provide the following trust documents

- Please provide a copy of the trust deed
- Please provide a copy of any subsequent trust deed amendments

Please provide; (i) personal information, (ii) identification and (iii) address verification (see guideline on page 51) for:

- 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

Corporate Trustee Company

Full Name of contact:	
Company Name:	
Email:	Home or Mobile Tel:

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

Source of Funds/Wealth Statement and Supporting Documents

Please provide information on the origin of the trust's wealth e.g. in heritage, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, employment details, property address etc.

Please provide details of the source of income the trust is receiving e.g. wages/salary, investment income, rental income.

All trusts **MUST** provide documentation to support the information provided in the source of funds and/or wealth statement above. This may include any of the below:

- Bank statements
- Annual Accounts
- Sale and Purchase Agreements
- Address of sold properties
- Wage slips
- Investment information
- Settlement statement
- Loan Agreement

Who are the beneficiaries of the trust?

Is this a discretionary trust or are there 10 or more beneficiaries? Yes No

If 'NO' please list names and dates of birth of the named beneficiaries:

.....

Is this a Charitable Trust? Yes No

If 'YES' please state the objects of the trust:

.....

SECTION 11: CUSTOMER DUE DILIGENCE - ESTATES

Please provide the following trust documents

Please provide a copy of the probate for the estate

Where probate is not required to be obtained, other documentation that establishes the legal standing of the Estate and confirming the trustee(s)/the executor(s) instructing Augusta Funds Management on behalf of the Estate. This must include a copy of the death certificate of the deceased.

Please provide: (i) personal information, (ii) identification and (iii) address verification (see guideline on page 51) for:

- 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

Source of Funds/Wealth Statement and Supporting Documents

Please provide information on the origin of the estate's wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, employment details, property address etc.

Please provide details of the source of income the estate is receiving e.g. wages/salary, investment income, rental income.

All Estates **MUST** provide documentation to support the information provided in the Source of Funds and/or Source of Wealth statement above. This may include any of the below:

- | | | |
|-------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------|
| <input type="checkbox"/> Bank statements | <input type="checkbox"/> Address of sold properties | <input type="checkbox"/> Settlement statement |
| <input type="checkbox"/> Annual Accounts | <input type="checkbox"/> Wage slips | <input type="checkbox"/> Loan Agreement |
| <input type="checkbox"/> Sale and Purchase Agreements | <input type="checkbox"/> Investment information | |

**INDEMNITY IN RESPECT OF THE ISSUE OF UNITS TO A MINOR
(SECTION 102 CONTRACT AND COMMERCIAL LAW ACT 2017)**

To: Augusta Penrose Limited ("Augusta Penrose")

We:

..... and

.....,

(the "legal guardians/parents") of:

..... (the "minor"),

shall keep Augusta Penrose indemnified on demand from and against all actions, proceedings, claims, damages, losses, costs and expenses incurred or suffered by Augusta Penrose arising from or in connection with the issue of Shares in Augusta Penrose Limited to the minor and the entry of the minor into the contract constituted by the application form (Form) contained in this product disclosure statement for the offer of Shares in Augusta Penrose dated 5 January 2021 (PDS) for and on behalf of the minor.

We acknowledge that:

- we have requested, and consent to, the issue of Shares (at \$1 per share) in Augusta Penrose Limited to the minor;
- we have reviewed, and understand the content of, the PDS and the Form; and
- this indemnity may not be revoked unless Augusta Penrose agrees in writing.

SIGNED AS A DEED:

Print name:

Date:

In the presence of:

Name:

Occupation:

Address:

.....

Print name:

Date:

In the presence of:

Name:

Occupation:

Address:

.....

MANAGED BY

UNDERWRITTEN BY



AUGUSTA

Centuria