

Provincia

Investment Statement

V2 - December 2022





WARNING

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision.

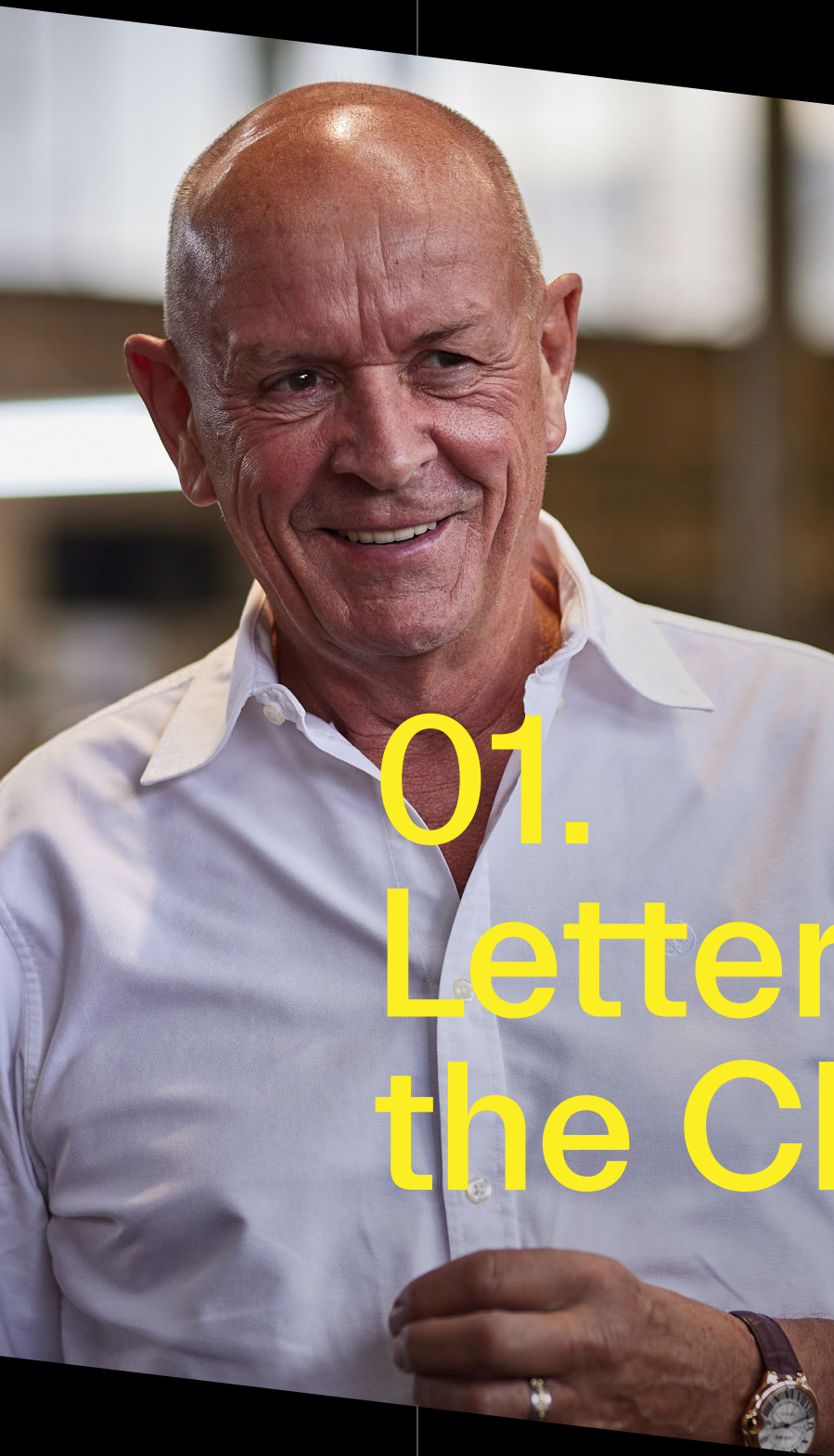
The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is \$750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment.

Investments of this kind are not suitable for retail investors. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

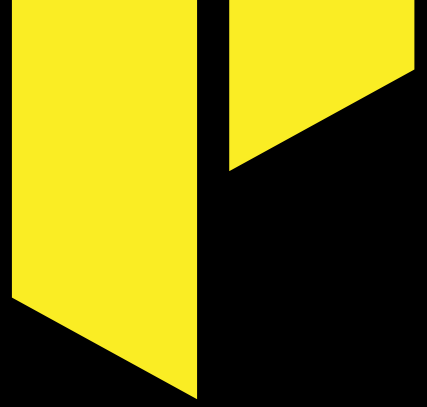
Prospective investors should be aware that this Offer is not open to the public. It is open to Wholesale Investors as defined in Clause 3 of Schedule 1 of the Financial Markets Conduct Act 2013 (The Act).

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01. Letter from the Chair



Dear Investors,

This Investment Statement is being issued to enable Provincia Property Fund Limited to take advantage of counter cyclical industrial property investment opportunities we are seeing in the current market. We believe industrial property prices are being negatively influenced by the current economic and interest rate environment whilst the substantial increases in rentals that are occurring have not yet been reflected in values.

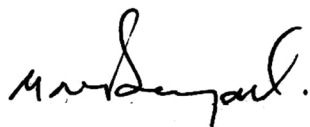
The combination of these rental increases and an eventual stabilising of interest rates are what we believe create this counter cyclical opportunity. We are therefore looking to expand our current \$94.4m portfolio over the next 6 months by \$22m to acquire new value-add industrial properties in high growth areas.

This capital raise will allow us to reduce gearing to below 40% minimising our exposure to the current higher interest rate environment, whilst maintaining a competitive forecasted Total Return to investors of 15.2%.

New acquisitions will be funded from \$15m of new equity and \$7m of bank debt. New equity will be raised at an effective \$1.51 per share representing a 5 cent discount to our current share price of \$1.56.

Our board and management recommend this offer and we look forward to your participation.

Yours sincerely

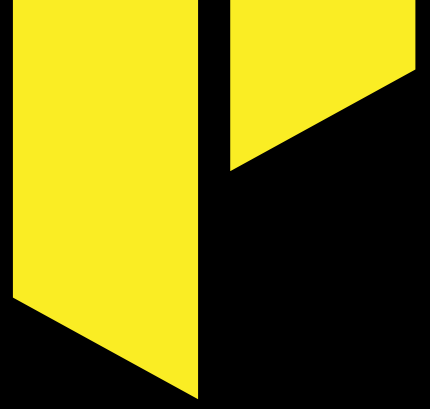


Malcolm McDougall
Chair

¹ Total Return is the sum of the pre-tax cash return and the fair value gain based on a share price of \$1.51. For further details on how returns are calculated refer to Section 7 of this Investment Statement.



02. The Opportunity



Provincia is opening its first capital raise of 2022 to take advantage of opportunities we are currently seeing in the market.

With the scarcity of prime industrial land and increasing construction costs, there are less new properties being built, resulting in higher demand for existing properties. Consequently, we are witnessing significant increases in market rental values which will come into effect over time as rent reviews take place.

We are also observing an increasing number of sale and leaseback purchases, as some business owners find themselves in a temporary situation needing to invest money back into their businesses. One of the ways to do this is by selling the property they operate from, and leasing it back from the new owner. Sale and leasebacks allow for negotiation of favourable lease terms where we can add substantial value during the due diligence phase, prior to going unconditional. Some of these deals may result in a triple net lease, which means the tenant will be paying not only rent and operating expenses, but also all capital expenditure, which is particularly attractive from an investment perspective.

Furthermore, interest rates are forecast to peak in December 2022, with cuts as early as mid 2023*, which will help us to return dividends back to historical levels in the medium term. *Source - ASB Economic Weekly dated 29th August 2022.

This is an opportunity to take advantage of a countercyclical window, which we believe will be open for the next 6–18 months. This capital raise is first being offered to our current investors before we open it to our waiting list of new investors.

OFFER DETAILS

We are looking to expand our portfolio, by \$22 million to purchase new properties over the next 6 months to enable us to take advantage of countercyclical opportunities we are seeing in the current market. New acquisitions will be funded by raising a further \$15 million of equity from investors and \$7 million of bank funding. New acquisitions will be selected by the Manager according to our “Property Strategy” (Section 5) and will have yields that will contribute to achieving the forecast returns.

As we add more properties to the portfolio the overall forecast return may change and therefore forecast returns will be updated with each new acquisition.

The shares for this offer will be offered at \$1.51, which is a 5 cent discount on the current share price.

The Manager will pay the Fund some or all the capital raising fee to offset the discounted shares, thereby avoiding share price dilution.

For past acquisitions, the capital raising fee has been used to pay costs and commissions to brokers and third parties that help raise the capital. For this offer investors get the benefit of the capital raising fee through the discounted share offer.

OPENING DATE

1st September 2022.

CLOSING DATE

31st March 2023 or when fully subscribed.

SHARE PRICE

The current share price is \$1.56.

SHARES OFFERED

9,516,322 shares issued at \$1.56 (discounted to \$1.51) to raise \$14,845,463.

MINIMUM SUBSCRIPTION AMOUNT

Existing Investors: \$10,000.

New Investors: \$50,000.*

FORECAST RETURNS

We are forecasting a Total Return of 15.2%, for the 2023 financial year ending 31 March 2023. Which is the sum of the forecast fair value gain of 11.6% and the forecast pre-tax cash return of 3.6%. (5.5 cents per share) The forecast returns are based on the discounted share price of \$1.51.

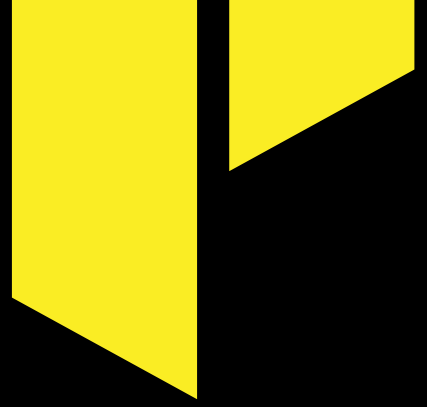
BANK LOAN DETAILS

The Fund has an agreement in principle with ASB Bank to increase its existing facility to assist with the purchase of further properties. The current ASB facility of \$38,125,000 will be increased to fund the new acquisitions.

*Investors must qualify as an "Eligible Investor" as defined by Schedule 1, clause 41 of the Financial Markets Conduct Act 2013 to invest amounts of \$50,000.



03. Provincia at a glance



Portfolio Snapshot

Portfolio Value	94.4M	Combined Rental Income P.A.	\$4.9M
Total properties	12	Occupancy	100%
Tenants	22	Weighted average lease term (WALT)	3.6 years

Forecast Returns

Total Return	15.2%	Fair Value Gain	11.6%
Pre-Tax Cash (paid quarterly)	3.6%		



04.

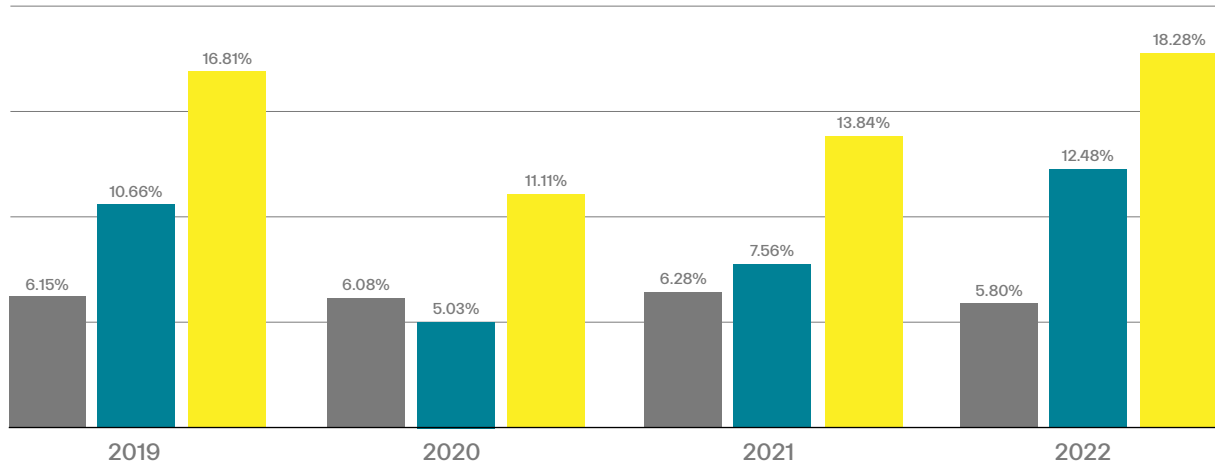
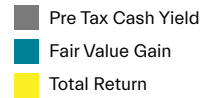
Historical Performance Summary

Despite the challenging economic environment over the past 2 years, Provincia has delivered its best ever year in 2022, with a total return of 18.28%. Since its inception, Provincia has returned an average total return of 15.00%.

FUND PERFORMANCE SINCE INCEPTION

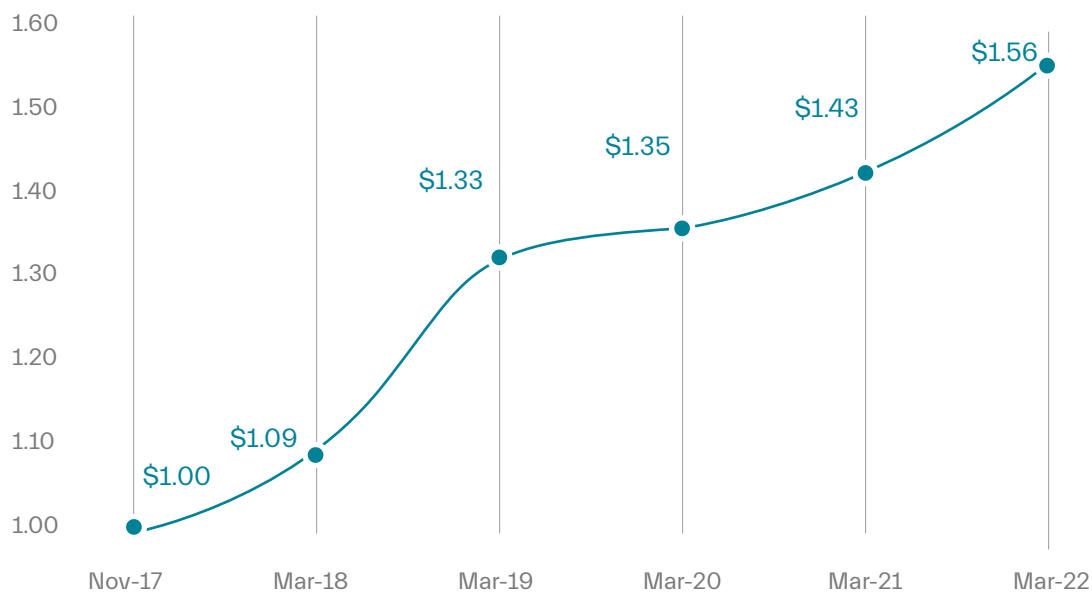
Summary of Returns

Provincia Property Fund Limited



Since its inception, Provincia's share price has increased from \$1.00 to \$1.56. This is due to a combination of our value-add strategy and only investing in high growth areas.

SHARE PRICE HISTORY

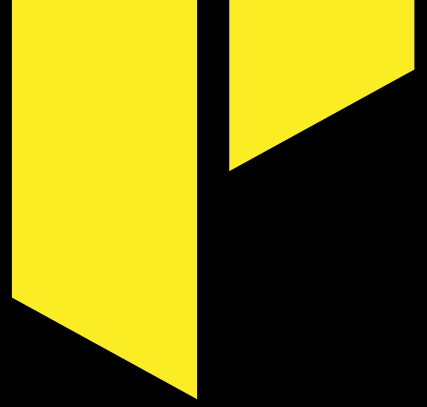


The fund was established in November 2017 at \$1.00 per share, the current share price is \$1.56

*Historical performance is no guarantee for future performance.



05. Property Strategy & Portfolio



5.1 PROVINCIA PROPERTY STRATEGY

Provincia's property strategy is to own a diversified portfolio of value-add properties in the market's outperforming industrial sector, to provide long-term competitive income and capital gains to shareholders.

Provincia only invests in industrial property as analysis of the industrial property sector in New Zealand demonstrates investment returns from that sector outperform all other commercial property sectors.

Provincia's average total return over the last four years has been 15.0%.

NZ COMMERCIAL PROPERTY TOTAL RETURNS (ROLLING ANNUAL % PA)

DATE/PERIOD	ALL PROPERTY	ALL RETAIL	BULK RETAIL	OFFICE	INDUSTRIAL
1 Year	10.2	5.1	8.5	8.7	9.8
3 Year	9.5	4.7	9.8	9.8	11.9
5 Year	9.9	6.2	10.1	10	12.7
10 Year	10.2	8.4	10.5	9.9	11.8
15 Year	9.8	8.6	10.6	9.6	11.2

NOTE: All figures to December 2020 except industrial which is to June 2020. Source: MSCI

The key principles to our investment strategy are properties that:

- Are located in high-growth industrial areas throughout New Zealand.
- Are structurally sound, multipurpose warehouses or light manufacturing facilities.
- Are leased by financially sound tenants in key industries and essential services.
- Support a weighted average lease term (WALT) of at least 3.5 years across the portfolio.

In addition, properties must have value-add opportunities, such as:

- Future rental growth
- Spare land for development
- Building or structural improvements
- The ability to improve lease terms

The outcome of our strategy is a strong, diversified, high growth income stream for the Fund from many different companies across many different business sectors.



5.2 PORTFOLIO SUMMARY

ADDRESS	RENT	WALT *	VALUE
38 Richard Pearce Drive, Airport Oaks, Auckland	\$436,898	2.9	\$7,700,000
19 Arwen Place, East Tāmaki, Auckland	\$402,000	0.9	\$8,500,000
785 Great South Road, Penrose, Auckland	\$521,180	3.6	\$10,250,000
54 Tidal Road, Māngere, Auckland	\$415,267	1.3	\$8,000,000
1/30 Kerwyn Ave, East Tāmaki, Auckland	\$219,088	3.0	\$4,000,000
102A Carbine Road & 4 Gabador Place, Mt Wellington, Auckland	\$468,036	3.1	\$11,000,000
18 Noel Burnside Road, Wiri, Auckland	\$663,000	1.5	\$11,600,000
27 Timothy Place, Avondale, Auckland	\$234,600	1.4	\$4,450,000
80D Hunua Road, Papakura, Auckland	\$438,600	8.6	\$6,900,000
7 Timothy Place, Avondale, Auckland	\$409,743	7.8	\$7,800,000
46 Greenmount Drive, East Tāmaki, Auckland	\$447,372	5.6	\$8,650,000
489J Rosebank Road, Avondale, Auckland	\$219,728	2.5	\$5,575,000
TOTAL PORTFOLIO	\$4,875,512	3.6	\$94,425,000

* Weighted Average Lease Term as at 1 September 2022

5.3 PORTFOLIO DETAILS



38 Richard Pearse Drive

Māngere, Auckland

Tenants: 24/7 Fitness Ltd Active, Physio Ltd
Advanced Scaffold (Auckland) Ltd

Purchase date: April 2017

Rent: \$436,898

Value: \$7,700,000



19 Arwen Place

East Tāmaki, Auckland

Tenant: Northpower Ltd

Purchase date: May 2018

Rent: \$402,000

Value: \$8,500,000



785 Great South Road

Penrose, Auckland

Tenant: Goodman Fielder Ltd

Purchase date: August 2018

Rent: \$521,180

Value: \$10,250,000



54 Tidal Road

Māngere, Auckland

Tenants: Charity Clothing, Collection Ltd,
Project Stainless Ltd, Southern Hospitality Ltd,
Windows 2000 Ltd, TSS Workforce Ltd

Purchase date: May 2019

Rent: \$415,267

Value: \$8,000,000



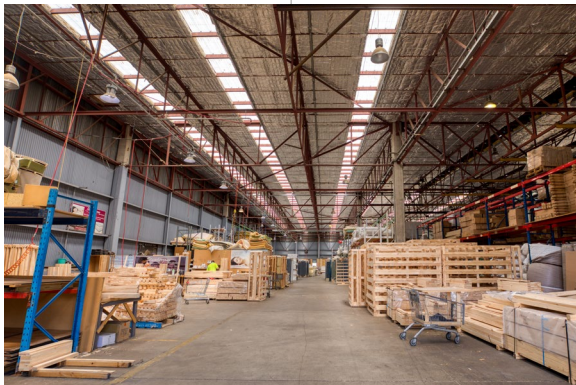
1/30 Kerwyn Avenue East Tāmaki, Auckland

Tenants: Super Snack Ltd,
Chasers Food Company Ltd
Purchase date: Oct 2019
Rent: \$219,088
Value: \$4,000,000



102A Carbine Road Mt. Wellington, Auckland

Tenants: Filtech Ltd , VCNZ Ltd,
Gouk & Sullivan Ltd
Purchase date: Dec 2019
Rent: \$468,036
Value: \$11,000,000



18 Noel Burnside Road Wiri, Auckland

Tenant: Slumberzone Ltd
Purchase date: Nov 2020
Rent: \$663,000
Value: \$11,600,000



27 Timothy Place Avondale, Auckland

Tenant: Inline Tyres Ltd
Purchase date: Jan 2021
Rent: \$234,600
Value: : \$4,450,000



80D Hunua Road

Papakura, Auckland

Tenant: Aldersons Transport Ltd

Purchase date: Mar 2021

Rent: \$438,600

Value: \$6,900,000



7 Timothy Place

Avondale, Auckland

Tenant: Westie Pies Ltd

Purchase date: Jun 2021

Rent: \$409,743

Value: \$7,800,000



46 Greenmount Drive

East Tāmaki, Auckland

Tenant: Viand Foods Ltd

Purchase date: October 2021

Rent: \$447,372

Value: \$8,650,000



489J Rosebank Road

Avondale, Auckland

Tenants: Auckland Electrical Contracting and Services Limited, Gobake Limited

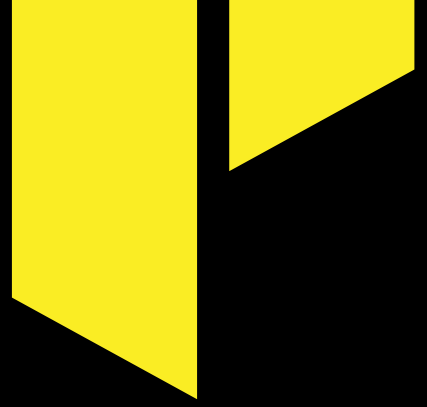
Purchase date: February 2022

Rent: \$219,728

Value: \$5,575,000



06. Structure of the Fund



6.1 PROVINCIA PROPERTY FUND LTD (FUND)

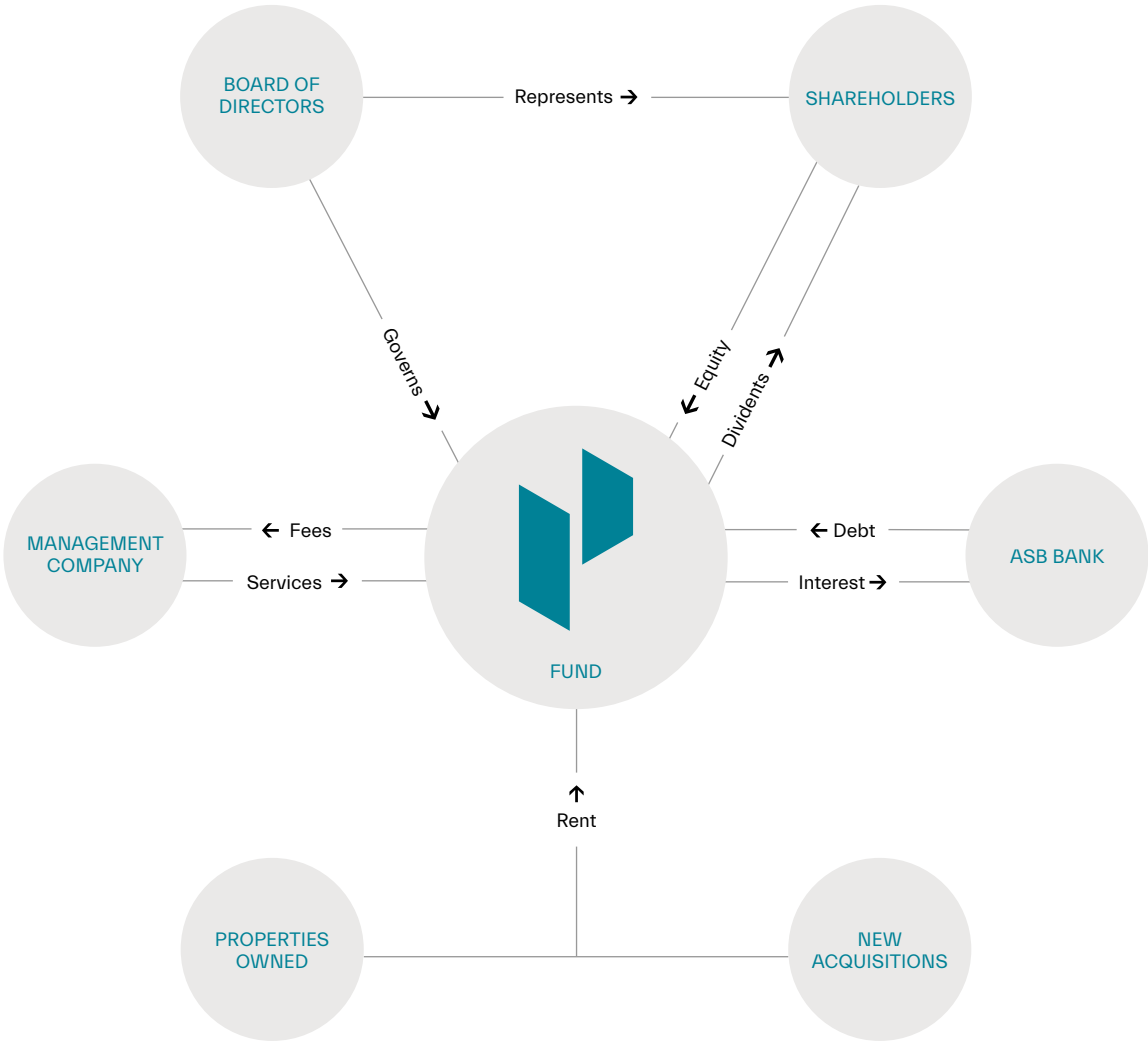
Provincia is a limited liability company structure owned by shareholders. This conservative structure provides security to shareholders as investing through a diversified fund creates a spread of risk over a number of properties and tenants and provides access to attractive borrowing terms and professional management.

6.2 SHAREHOLDERS

Provincia currently has 128 shareholders with an average investment of \$379,538 based on current shareholder capital invested of \$48,580,986 (as at 1 August 2022).

6.3 ASB BANK

ASB has provided banking facilities for Provincia since its inception in 2017 with total current borrowing being \$38,125,000 (as of 1 August 2022). Board policy is not to borrow above 45% of the gross asset value of the portfolio and the current overall interest rate is 5.51%. (Please see more detail on bank funding in the Appendix Section 12).



6.4 BOARD OF DIRECTORS



MALCOLM MCDUGALL

Chair / Director / Investor

MCom (Hons)

Malcolm has extensive experience in senior governance roles and was a founding director of the listed company Property For Industry. Malcolm has co-founded a number of other investment businesses including Willis Bond & Co in 1988, Pencarrow Private Equity in 1993, McDougall Reidy & Co in 2007 and Direct Property Fund in 2008. Malcolm is a director and shareholder in both the Fund and the Manager.



MICHAEL WEBSTER

Director / Investor

Michael was a very early Provincia investor and is now our major shareholder. He has been a real estate investor for over 20 years and also trades US equities and options for a privately-owned hedge fund. Through his software company, he has helped build global technology companies such as Nutanix (Nasdaq: NTNX) and helped the New Zealand Government implement Kiwisaver.



JENSON VARGHESE

Director / Investor

BE Eng Science, MEST Transportation
(1st Class Hons), Dip Economics

Jenson is Managing Director at MR Cagney. He is responsible for managing a multi-disciplinary team of urban planners, urban designers, transport and public transport specialists. Jenson has a history of successfully managing and delivering a wide range of high-profile transport projects in New Zealand and Australia. He is a shareholder in the Fund and was one of the foundation investors of Provincia.

6.5 MANAGEMENT

The Fund is managed under contract by Provincia Property Fund Management Ltd (the Manager).

The board and management directors collectively hold 11% of the shares in the fund thereby aligning their interests to the success of the fund.



CARL BURLING
CEO / Co-Founder / Investor
NZCE Elec.

Carl has been self-employed in the property sector for over 20 years working as an advisor, property developer, investor and fund manager. Carl co-founded Provincia in 2017 with Jack Revill which has grown successfully to the value of \$94.4 million and delivered average total returns of 15.0 % (2019 - 2022). Carl is a qualified electrical and electronics engineer and is a shareholder in the Fund and the Manager.



JACK REVILL
Asset Manager / Co-Founder / Investor
BProp

Jack co-founded Provincia in 2017 and has been an integral part of its success. He worked with Carl in the property management sector whilst completing a Bachelor of Property Degree at Auckland University. Jack currently manages the Fund's portfolio, sources new properties and controls the due diligence of acquisitions. Jack is a shareholder in the Fund and the Manager.



ROGER HATRICK-SMITH

Advisory Director Finance / Investor
Dip.Bus.Admin, CA

Roger established VCFO which is contracted to Provincia to provide accounting and financial management services. VCFO is a specialist business and financial advisory firm, and a member firm of Chartered Accountants Australia and New Zealand. Roger was a partner in Ernst & Young prior to establishing VCFO. Roger is a shareholder in the Fund.



DUNCAN SHAND

Advisory Director Marketing
BCom, DipBus, DipCom

For the last 12 years, Duncan has worked to grow YoungShand into one of New Zealand's leading independent agencies. YoungShand is one of the few agencies that is successfully exploring how to be a creative agency in this new digital world. He has a passion for driving real business results for his clients and was excited to be asked to be an advisory director for Provincia.

MANAGEMENT DUTIES

The Manager performs the following duties for the Fund:

Investment Management Duties

- Preparing acquisition and investment reports
- Arranging and managing funding facilities
- Providing regular board reports and attending board meetings
- Managing relationships between the Fund and associated parties such as shareholders, professional advisors and local authorities

Property Management Duties

- Managing relationships with tenants including rent and lease renewals
- Ensuring buildings are maintained and meeting statutory requirements
- Managing any property development activities

Administrative Management Duties

The Manager has subcontracted administrative management duties to Rockburgh Fund Services Ltd a subsidiary company of VCFO Group Ltd. Duties include the following:

- Ensuring compliance of the Fund with statutory regulations
- Ensuring compliance with any securities given by the Fund
- Maintaining the share register
- Preparation and audit of annual report and accounts
- Gaining board approval for dividend payments

A copy of the management agreement between the Manager and the Fund is available on request.

FEES

Management Fee

The Manager is entitled to a management fee equal to 0.75% per annum of the gross asset value of the Fund up to \$250 million and 0.55% per annum of the gross asset value of the Fund over \$250 million.

The Manager may (in its sole discretion) elect to reschedule any portion of its fee with the intention of enabling payment of the projected distributions to Shareholders.

If any of the Manager's fee is so rescheduled, it will become due and payable as the Manager determines (in its sole discretion) and this will be advised to Shareholders. For the avoidance of doubt, the Manager is not prevented from recovering all of its fee from the assets of the Fund.

Capital Raising Fee

The Manager is entitled to a Capital Raising Fee payable from the Fund equal to 2% of the debt and equity raised. The Manager shall be responsible for paying fees and commissions to third party providers and brokers, as well as share discount reimbursements to the Fund in relation to Discounted Share Offer from any Capital Raising Fee received.

Due Diligence/Feasibility Fee

The Manager is entitled to a Due Diligence/Feasibility fee payable from the Fund of 4% of the purchase price of any property acquired.

Performance Fee

An annual performance fee will be paid to the Manager equal to 10% of annual increases in total shareholder returns in excess of 8.5% (capped at 13.5%).

The performance fee is calculated as follows:

- If the actual increase in annual total shareholder returns is less than or equal to 8.5% then the performance fee is \$0.
- If the actual increase in annual total shareholder returns is greater than 8.5% but less than or equal to the 13.5% cap, then the performance fee is 10% of the actual increase in total shareholder returns that is greater than 8.5% but less than or equal to the 13.5% cap.
- If the actual increase in annual total shareholder returns is greater than the 13.5% cap, then the performance fee of 10% will only apply up to the 13.5% cap.

In order to provide equalisation, "Deficits" (below 8.5% total shareholder returns) and "Excesses" (above 13.5% total shareholder returns) are carried forward and utilised to adjust total shareholder returns for the calculation of the performance fees in subsequent years.

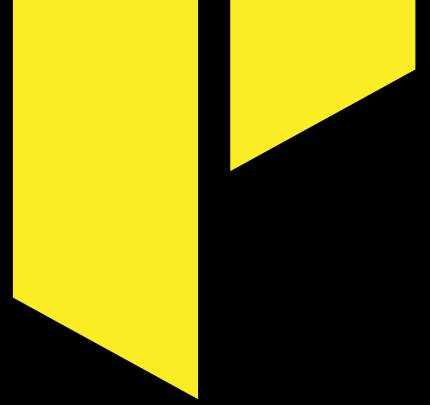
Performance fees are accrued and paid only when a distribution is made to shareholders.

Administrator Fee

The Administrator (VCFO Limited under contract to the Fund) is entitled to an ongoing Administrator fee paid by the Fund equal to 0.2% of the gross asset value of the Fund per annum capped at \$250,000 per annum. The Administrator is entitled to an Investor onboarding fee from the Fund of NZ\$375 per investor to cover all AML/CFT compliance related costs.



07. Financial Information



Provincia is a strong cash flow based business with rental income paid monthly from our 22 tenants across the 12 properties. Our financial strategy is to release as much free cash surpluses as dividends to our shareholders whilst protecting financial sustainability. The Fund is conservatively structured with a maximum of 45% debt to gross assets and we have insurances in place to protect properties and any loss of income. The primary financial goal is to increase capital gain whilst paying competitive sustainable dividends.

7.1 FUND PERFORMANCE OVER THE LAST 4 YEARS

YEAR ENDED 31 MARCH	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 ACTUAL
Total operating earnings (distributable)	\$382,094	\$1,030,487	\$1,701,519	\$2,396,858
Weighted average shareholder capital	\$6,208,750	\$16,944,123	\$27,096,345	\$41,310,599
Pre-Tax Cash Yield (annualised)*	6.2%	6.1%	6.3%	5.8%
Total non-operating income & expenses (non-distributable)	\$661,932	\$852,364	\$2,048,210	\$5,156,722
Weighted average shareholder capital	\$6,208,750	\$16,944,123	\$27,096,345	\$41,310,599
Fair Value Gain (annualised)*	10.7%	5.0%	7.6%	12.5%
TOTAL RETURN (annualised)*	16.8%	11.1%	13.9%	18.3%

*Historic performance is no indication of future performance. Provincia does not guarantee the performance of the Fund.

7.2 NEW ACQUISITION AND FUNDING COSTS

The table below is based on costs from past acquisitions.

NEW PROPERTIES ACQUISITION COSTS	
PROPERTY COSTS	
Property Purchase Price New Acquisitions	\$20,800,000
Repair and Maintenance Costs	-
TOTAL PROPERTY COSTS	\$20,800,000
ACQUISITION COST AND FEES	
Manager's Acquisition & Due Diligence Fee	\$832,000
Includes:	
Location and Selection of Properties	
Detailed Due Diligence and Feasibility Studies	
Contract Negotiations	
Financial Modeling and Forecasting	
Independent Accountant Review	
Marketing and Advertising	
Professional Fees	\$62,340
Includes:	
Legal Costs and Conveyancing	
Bank Documentation	
Valuations	
Building and Engineering Reports	
Capital Raising Fee	\$419,873
Investor On-boarding Costs	\$11,250
TOTAL ACQUISITION COSTS	\$1,325,463
TOTAL COSTS	\$22,125,463
FUNDING ARRANGEMENT FOR NEW ACQUISITION	
New Bank Funding Required for new acquisitions	\$7,280,000
New Shareholder Equity raised by issuing 9,516,322 shares at \$1.56	\$14,845,463
TOTAL FUNDS FOR NEW ACQUISITION	\$22,125,463

7.3 FINANCIALS AND FORECASTS

The following financial information for the years 31 March 2021 and 31 March 2022 is an extract from our Annual Report for the Year ended 31 March 2022. Forecasts for the year ending 31 March 2023 are based on Accounting Policies and Assumptions (Appendix 1), which includes the new acquisitions.

The Annual Report contains important additional information. The report can be downloaded from our investor centre on our website: www.provincia.co.nz/investor-centre/annual-reports/

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME			
	AUDITED	AUDITED	PROSPECTIVE
	12 MONTHS TO 31/03/21	12 MONTHS TO 31/03/22	12 MONTHS TO 31/03/23
Operating Revenue			
Rental Income	\$2,799,344	\$4,140,731	\$5,610,738
Opex Income	\$507,070	\$744,808	\$527,070
Total Operating Revenue	\$3,306,414	\$4,885,539	\$6,137,808
Other Income			
Dividend Income	\$411	\$303	\$411
Interest Income	\$55	\$28	\$55
Total Other Income	\$466	\$331	\$466
Operating Expenses			
Administration fees	\$94,434	\$162,270	\$205,097
Audit remuneration 2021	\$2,510	\$46,920	0
Audit remuneration 2022/2023	0	\$52,750	\$43,500
Director Fees	\$60,000	\$60,000	\$60,000
Directors and Officers Insurance	\$32,892	\$40,195	\$32,000
Interest Expense	\$558,662	\$945,786	\$2,148,236
Management Fees	\$302,689	\$558,739	\$769,113
Other Expenses	\$42,584	\$119,634	\$125,255
Property operation Expenses	\$511,591	\$748,359	\$547,070
Total Operating Expenses	\$1,605,362	\$2,734,653	\$3,930,270
Total operating earnings before Performance fees and changes in fair value of Investment Property	\$1,701,519	\$2,151,217	\$2,208,004

7.3 FINANCIALS AND FORECASTS (continued)

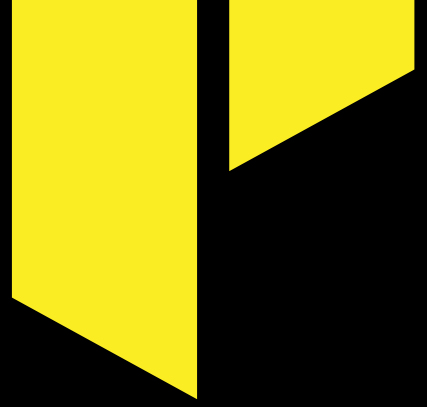
PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME			
	AUDITED	AUDITED	PROSPECTIVE
	12 MONTHS TO 31/03/21	12 MONTHS TO 31/03/22	12 MONTHS TO 31/03/23
Non-Operating Income and Expenses			
Manager performance fees	(\$186,513)	(\$191,449)	0
Fair Value Gains (Loss) on Investment Property	\$2,234,723	\$5,348,171	\$5,811,840
Total Non-Operating Income and Expenses	\$2,048,210	\$5,156,722	\$5,811,840
Net Profit before Taxation Attributable to Shareholders	\$3,749,728	\$7,307,939	\$8,019,844
Other Comprehensive Income After Tax	0	0	0
Total Comprehensive Income Attributable to Shareholders	\$3,749,728	\$7,307,939	\$8,019,844
PRE-TAX CASH YIELD (ANNUALISED)	6.28%	5.80%	4.04%
INTEREST COVER	4.04	3.32	2.03

7.3 FINANCIALS AND FORECASTS (continued)

PROSPECTIVE STATEMENT OF FINANCIAL POSITION			
	AUDITED	AUDITED	PROSPECTIVE
	12 MONTHS TO 31/03/21	12 MONTHS TO 31/03/22	12 MONTHS TO 31/03/23
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$2,155,703	\$1,178,058	\$1,107,322
Trade and Other Receivables	\$306,782	\$757,207	\$878,344
Funds held in Trust Account	\$205,677	0	0
TOTAL CURRENT ASSETS	\$2,668,162	\$1,935,265	\$1,985,666
Non-Current Assets			
Investment Property	\$66,030,000	\$94,444,553	\$125,409,185
Intangible Assets	\$1,689	\$1,689	\$1,689
Fund Establishment Costs	\$62,675	\$50,675	\$38,646
Total Non - Current Assets	\$66,094,364	\$94,496,917	\$125,449,520
TOTAL ASSETS	\$68,762,526	\$96,432,182	\$127,435,186
LIABILITIES			
Current Liabilities			
Trade and other Payables	\$1,026,747	\$1,321,914	\$1,031,737
Funds Held for Investors	\$785,677	0	0
Rent Received in Advance	\$160,355	\$291,090	\$50,105
Total Current Liabilities	\$1,972,779	\$1,613,004	\$1,081,842
NON-CURRENT LIABILITIES			
Borrowings	\$28,500,000	\$38,125,000	\$48,879,005
Total Non - Current Liabilities	\$28,500,000	\$38,125,000	\$48,879,005
TOTAL LIABILITIES	\$30,472,779	\$39,738,004	\$49,960,847
NET ASSETS	\$38,289,745	\$56,694,178	\$77,474,339
EQUITY			
Share Capital	\$34,497,034	\$47,990,418	\$63,493,862
Retained Earnings	\$3,792,711	\$8,703,760	\$13,980,478
TOTAL EQUITY	\$38,289,745	\$56,694,178	\$77,474,339
LVR	43%	40%	39%



08.
How to
Apply



To apply you must complete an application form as an individual, company or trust. Application forms can be requested by email from our Investment Relations Manager:

APPLICATION REQUEST

Laura Rakhimova
Investment Relations Manager

+64 21 184 3315

+64 9 522 4936

laura@provincia.co.nz

SEND COMPLETED APPLICATIONS TO:

laura@provincia.co.nz

POST

Provincia Applications
PO Box 26594 Epsom
Auckland 1344
New Zealand

QUESTIONS RELATING TO THIS OFFER

For questions relating to this offer contact our CEO.

Carl Burling
CEO

+64 21 342 412

+64 9 522 4936

carl@provincia.co.nz

PAYMENT

When your application form and accompanying documents have been accepted by the Administrator you will receive a subscription agreement to sign. Shares can only be issued to you after you have signed the subscription agreement and full payment of the subscription amount has been received.

The Manager will not receive any monies, payments will be paid directly to the Administrator's trust account.

An investor cannot cancel their subscription once the application form has been accepted by the Administrator and you have signed the subscription agreement. Payment and account details appear on the application forms.



09. Offer Subscription Policy

HOW SUBSCRIPTIONS ARE INVESTED

Your subscription amount is the amount you deposit into the fund administrators trust account when you apply for shares in the fund.

The Directors of the Fund use your subscription amount (and any subsequent amounts invested) to assist with the purchase of new properties or for the other purposes set out in this section.

Your subscription amount remains in the Fund Administrators trust account until a property is secured or utilised in accordance with this section.

Once a property is secured the subscription amount (plus bank funding) is used to settle the property and your shares will be issued on the settlement date of the property or on the date that the subscription amount is utilised in accordance with this section.

The number of shares that will be issued to you is your subscription amount divided by the discounted share price of \$1.51.

There will be no interest paid on the subscription amount while the money is "On Call" in the Administrator's trust account.

We have entered into an agreement to purchase the property at 73 Corbett Road, Bell Block, New Plymouth ("Property") with settlement scheduled on 15 December 2022 ("Settlement Date"). The purchase price for the Property is part funded by vendor finance. We will use subscriptions received under this Investment Statement from the Settlement Date to repay the vendor finance. Any amount of vendor finance which remains unpaid as at 31 March 2023 will be repaid through the issue of shares to the vendor of the Property at the discounted share price of \$1.51.

If, due to over subscriptions, shares are not issued to you, your subscription amount will remain "On Call" pending the acquisition of a further property.

If for any reason the Fund decides to discontinue buying properties and closes the Fund to new subscriptions (either temporarily or permanently), your subscription amount will be returned to you or, in the case of a temporary closure, put on term deposit by the Administrator at your election. The Directors reserve the right to restrict an investor's investment in the Fund at the time of any application including where such investment would:

- Breach the PIE tax rules; or
- Be contrary to the conditions of any approval obtained through the Overseas Investment Office (OIO); or
- Would adversely affect the status of the Fund for the purposes of seeking approval of OIO in relation to any underlying investment.

HOW YOUR SHARES ARE VALUED

The Provincia Board seek third party professional valuations of the Fund from time to time to determine the current value of the Fund properties. The value of the shares in the Fund are then determined by the following formula:

$$\text{SHARE PRICE} = \frac{\text{ASSETS - LIABILITIES}}{\text{NUMBER OF SHARES ON ISSUE}}$$

Assets are properties at fair value plus current assets. **Liabilities** are bank debt plus current liabilities.



10. Dividend Policy



DIVIDEND PAYMENTS

The current policy is to make 3-monthly distributions as approved by the Board. In general the Board will seek to distribute all free cash surpluses after careful consideration of the Fund's financial position. Distributions occur in the month following each financial quarter, i.e. July, October, January and April each year.

DIVIDEND REINVESTMENT PLAN

The Fund also offers shareholders the opportunity to participate in a dividend reinvestment plan (DRP) at a 2 cent discount to the current share price. The DRP provides you, as a Provincia shareholder, with an opportunity to use your net after-tax dividends to automatically invest in additional fully paid Provincia shares. This is a convenient method of increasing your investment by acquiring further Provincia shares .

Your cash dividend net of PIE tax will be automatically reinvested. If you elect to participate in the DRP then this will apply to your entire shareholding. You cannot elect to participate in the DRP in respect of part of your shareholding. The Board may at any time terminate the DRP.

TAXATION

This taxation summary is provided for general information only and should not be relied upon as specific taxation advice. This summary applies to investors who invest directly in the Fund in their own name and assumes that the Fund invests only in New Zealand real estate. The comments below are based on New Zealand taxation legislation and administrative practice at the issue date of this Investment Statement.

The Fund is a company and up until 30 September 2018 was taxed as such. From 1 October 2018 the Fund qualified for, and has elected to be, a "Portfolio Investment Entity" ("PIE"). The main tax benefits resulting from being a PIE is that the income of the Fund is now taxed at the marginal tax rate of its shareholders (capped at 28%). In addition, realised capital gains (if not re-invested) are able to be distributed tax-free to shareholders without having to wind-up the Fund.

PIE TAX ADVANTAGES

A share of the PIE's taxable income (or loss) and any capital gains (or losses) are allocated to you based on your interest in the Fund. The Fund pays tax on your share of the Fund's taxable income at your notified prescribed investor rate ("PIR"), capped at 28%. You do not normally pay any further tax on that income if your PIR is above 0%.

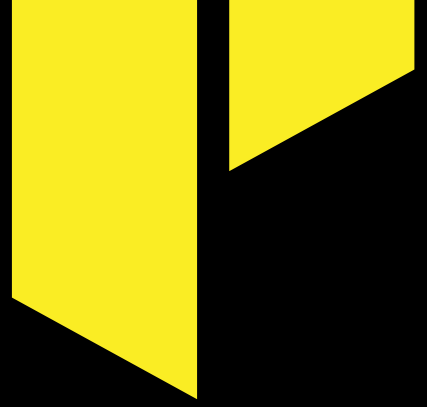
Because the PIRs at which tax is paid on PIE income are capped at 28%, and no other tax is generally payable by individual shareholders, there can be tax advantages for individuals and trusts on a higher marginal tax rate.

CAPITAL GAINS

New Zealand does not generally (or currently) tax capital gains. Gains realised on the sale of real estate investments are tax free if the investment was made for the purpose of deriving rental income and/or long-term growth.



11. General Risks



The following summary represents a non-exhaustive list of risks associated with investing in the Fund. These risks, should they occur, may impact on the performance, financial position and operation of the Fund and your investment, and consequently, your returns.

You should carefully consider this entire Investment Statement, including the risk factors outlined below, in conjunction with seeking professional advice, before investing in the Fund.

GENERAL ECONOMIC CONDITIONS

Investment returns may be affected by a range of economic factors, including: contractions in domestic and global economies; fluctuations in interest rates and currency exchange rates.

MARKET CONDITIONS

The value of your shares and the Fund may be determined by a range of market factors beyond the control of the Directors and the Manager.

Factors such as general movements in the domestic and overseas stock markets and local and international economic conditions may have an impact on the value of your shares.

REAL ESTATE MARKET CONDITIONS

The value of real estate investments and the income from them may be affected by demand, location, the quality of the property and market conditions.

INFLATION RISK

The inflation rate may exceed the rate at which an investor's investment in the Fund grows, thereby reducing the value of their investment in real terms.

INTEREST RATE RISK

Changes in interest rates may have an adverse impact on the value of the investor's shares by increasing the cost of any borrowings of the Fund.

BANK FUNDING RISK

There is no guarantee that the Fund will be able to continue to borrow funds at current levels.

If the Fund's banks impose additional LVR restrictions on the Fund, the Fund may not be able to meet its targeted distribution rate and/or may need to sell one or more properties.

LIQUIDITY RISK

Investors cannot redeem their shares in the Fund. Whilst investors may be able to sell their shares privately, each investor's shares are unlisted and consequently depend on secondary markets for trading.

DISTRIBUTIONS

The ability of the Fund to pay distributions is dependent on the Fund having sufficient cash resources and distributable income.

Variances in the costs of operating the Fund or changes to investment returns on the underlying investments may affect the level of income available for distribution and the timing of distributions.

NATURAL DISASTER RISK

The Fund's assets may be partially or wholly destroyed by natural disasters. Whilst the Fund has adequate insurance, natural disasters may have an impact on the performance of the Fund.

TAX RISK

The tax implications of investing in the Fund depend on New Zealand and overseas tax laws and regulations in force from time to time.

Amendments to, or changes to the interpretation of such laws and regulations, may have an adverse effect on the financial performance of the Fund and returns to investors.

TENANT RISK

Rental income is the main source of income for the Fund. Where tenants default or cancel their lease, the financial performance of the Fund may be adversely affected. Events like the current COVID-19 pandemic may also adversely affect tenants and the financial performance of the Fund.

DEPENDENCE ON MANAGEMENT

The performance of an investment in the Fund is reliant on the expertise, experience and operational stability of the Directors and the Manager. In the event that their services are no longer available, this may affect the management and financial performance of the Fund and returns to investors.

CHANGES IN APPLICABLE LAW

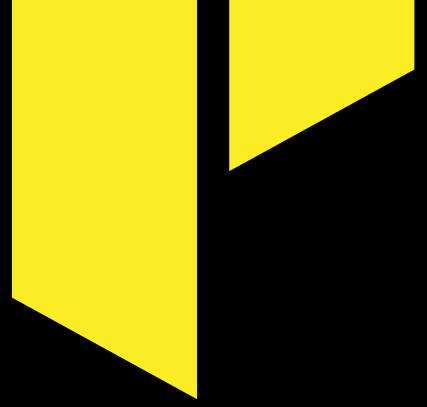
The Directors, Manager, Administrator, and all other parties involved in the operation of the Fund must comply with applicable laws and regulations. Such laws and regulations may change during the life of the Fund in a way that adversely affects the financial performance of the Fund and, consequently, returns to investors.

NO GUARANTEES

Neither the Directors, Manager, Administrator, nor any other person, guarantees the repayment of your investment or the payment of any earnings or returns from investments made by Provincia.



12. Appendix



12.1 ACCOUNTING POLICIES AND ASSUMPTIONS

ENTITY

The reporting entity is the Fund, a for-profit entity for financial reporting purposes. The Fund is a Tier 2 reporting entity under the Financial Reporting Act 2013.

The Fund's Financial Statements have been prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR").

ACCOUNTING PERIOD

The Fund's balance date is 31 March. The Fund has prepared its financial statements (Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows) for the year ending 31 March 2022.

A copy of the Fund's annual report is available on request from the Manager. The Fund has appointed BDO as its auditor from the 31 March 2021 financial year.

MEASUREMENT BASE

The Financial Statements and prospective investor cash returns have been prepared on a historical cost basis with the exception that investment properties are stated at fair value.

INVESTMENT PROPERTY

The Fund's properties are held for the purpose of earning rental income and long-term capital appreciation. Therefore, the Fund's properties are recognised in the Statement of Financial Position as "Investment Properties".

The Fund's investment properties are initially recorded at historic cost, including transaction costs. Thereafter investment properties are recorded at their fair values, based on annual independent valuations from a registered valuer.

Gains or losses arising from changes in the fair values of properties held by the Fund are included in the Fund's Statement of Comprehensive Income in the year in which they arise. Realised gains and losses, calculated as the difference between net disposal proceeds and the carrying value of the property, will be included in the Fund's Statement of Comprehensive Income in the year of disposal.

Expenditure incurred on investment properties post acquisition is capitalised to the property's carrying account where it is probable that a future economic benefit will flow to the Fund and the costs can be reliably measured. All other costs are expensed as repairs and maintenance when incurred.

SHARE CAPITAL

The Fund has share capital of \$48,648,399 as at 1 August 2022. The Fund's prospective investor pre-tax cash returns assume that the Fund raises additional share capital of at least \$14,845,463 from investors before 31 March 2022.

BANK LOAN DETAILS

The Fund has agreement in principle from ASB Bank to increase its existing facility to assist with the purchase of further properties.

For the purposes of the prospective returns it has been assumed that the current ASB facility of \$38,125,000 will be increased by \$7,280,000 to fund the new acquisitions and a further \$3,474,005 to fund capex on the existing properties, which will unlock value such as higher rent payable to the fund.

The type of loan is a Committed Cash Advance Facility ("CCAF"), on a 24 month evergreen facility. The loan is structured with interest only repayments, with the current interest rate at 5.51%. The interest rate is calculated using a base rate plus a bank margin. The current 30 day BKBM bid rate is 3.26% per annum and the margin is 2.25% per annum, making a total rate of 5.51%. Effective 1 October 2022 for 16 months, the bank margin will be 2.2% which will be a reduction of 0.05% on the overall interest rate.

UNDERWRITE FACILITY

The Fund has a policy of using underwriters from time to time to ensure there is no gap at the time the fund goes unconditional on the purchase of a new property. Underwrite terms vary from underwriter to underwriter. The Fund repays underwriters from the new subscription monies received.

RENTALS

The rentals in the prospective Statement of Comprehensive Income and prospective investor cash returns are based on the rentals in the existing lease agreements relating to the properties of the Fund, including the fixed rental increases as per each lease agreement, that have been entered into as at the date of this Investment Statement.

Where the lease agreements come up for renewal within the forecast period it has been assumed that the existing tenants will exercise their right of renewal on terms not dissimilar to the existing lease agreements and therefore the property remains fully leased during the forecast period.

Rental income (net of any incentives) is recognised on a straight-line basis over the term of the relevant lease. Incentives provided to tenants (if any) are initially recognised as an asset of the Fund and the cost is then recognised over the lease term on a straight-line basis as a reduction in rental income. Rental income is stated net of property operating costs recovered from tenants. The Fund's current twelve properties do not have any vacant lettable areas.

There has been no allowance in the prospective information for any possible rental abatements to tenants due to the current/future Covid lock downs.

FUND AND GENERAL ENVIRONMENT

The Fund intends to acquire further properties which may have an impact on the prospective returns to investors.

The prospective financial information in this Investment Statement is based on the assumption that there will be no material change in the economic environment, legal and tax laws, or regulatory environment.

The Fund's actual net income and investors' actual returns may differ from the prospective financial information provided in this Investment Statement. Actual rental income, changes in interest rates, changes in tenancies, other expenses, changes in fair values of properties, realised gains or losses on properties, and taxes may have a material impact on the Fund's actual net income and investors' actual returns.

PROSPECTIVE RETURNS

The prospective returns are based on the prospective Statement of Comprehensive Income and Statement of Financial Position, including the accounting policies and assumptions discussed above and the following additional assumptions.

Prospective Statement of Comprehensive Income and Statement of Financial Position in respect of the Fund for the accounting period 31 March 2023 have also been prepared by the Fund.

An independent assurance report on the prospective Statement of Comprehensive Income and Statement of Financial Position for the accounting period 31 March 2023 has not been prepared for the Fund.

For the purposes of this Investment Statement, the prospective Statement of Comprehensive Income and Statement of Financial Position of the Fund relates to the current 12 properties plus the additional proposed properties outlined in the offer being purchased prior to 31 March 2023.

Further properties may be acquired by the Fund in the following year which may have a material impact on the prospective returns.

The net operating income assumes that the properties remain fully leased. The rental income reflects the agreed rates and escalations within the lease agreements. It has been assumed that bank funding will be secured on similar terms as the current ASB facility. Net income is distributed to investors at the discretion of the Board. In determining the amount distributed by the Fund the Board will consider the overall operating and financial position of the Fund, future capital expenditure requirements of the Fund, and other relevant factors.

Distributions shall be made from Adjusted Operating Profit (Operating Earnings adjusted for non-cash items) and may also include any surplus capital of the Fund. Provincia's current distribution policy is to pay dividends quarterly in arrears on or before the 20th of each month following the previous quarter.

The Fund's prospective pre-tax cash returns are calculated on the basis of Fund distributions from Adjusted Operating Profit and share capital subscribed by investors. The prospective pre-tax cash returns also assume that investors will hold their shares in the Fund for the forecast period. Changes in the fair value of the Fund's property portfolio, retained profit or loss and other changes in equity, plus the associated tax implications are reflected in the value of the shares held by investors.

Fair values will change over time and may increase or decrease resulting in an increase or decrease in the value of shares held by investors.

The prospective pre-tax cash returns are not guaranteed. The actual distribution rates may vary. An increase in returns over the forecast period does not guarantee further increases. The returns following the forecast period may be higher, lower or stay the same. Full occupancy of the property is assumed for the forecast period.

INVESTMENT AND PROPERTY MANAGEMENT FEES

Investment and property management fees, administration fees and Chairman's fees and other expenses are paid monthly in arrears.

PERFORMANCE FEES

Performance fees are accrued and paid only when a distribution is made to shareholders. Given the Fund's policy of distributing most of its operating profit on a quarterly basis, performance fees would normally only be payable on the realisation of an investment property at a capital gain, or when there is surplus cashflow to cover performance fee.

The Manager at its absolute discretion may take their performance fee in the form of shares in Provincia.

FUND ESTABLISHMENT COSTS

Fund establishment costs have been capitalised and are amortised over 7 years.

FEES AND EXPENSES

Expenses incurred by the Directors or the Manager in connection with the Fund (including expenses relating to the formation and administration of the Fund) will be paid out of the assets of the Fund.

Ordinary expenses include all the usual expenses associated with operating the Fund. Ordinary expenses include Fund establishment; marketing and promotion (including travel, accommodation and entertainment); distribution; outsourced functions (including custody, administration and registry); professional services (including audit, accounting, legal and taxation); offer document (including printing, design and postage); fund accounting and operations costs (including postage); and regulatory expenses, as well as any GST impact on these.

Expenses incurred in relation to any particular real estate investment, including those relating to the acquisition, maintenance and disposal of such investments, will be recovered from the Fund.

12.2 IMPORTANT INFORMATION WHOLESALE INVESTORS

This offer is not open to the public. It is open to non - New Zealand resident investors and New Zealand residents who are Wholesale Investors as defined in Clause 3 of Schedule 1 of the Financial Markets Conduct Act 2013 ("FMCA") as follows:

1. Invest a minimum of \$750,000 in Shares in the Fund; or
2. Be an "investment business" as defined in clause 37 of Schedule 1 of the FMCA; or
3. Meet the "investment activity" criteria in clause 38 of Schedule 1 of the FMCA which is that; or
 - They (or the entities they control) own (or during the previous 2 years owned) financial products of a total value of at least \$1 million or have carried out transactions to acquire financial products where the total amount payable was at least \$1 million;

- They, within the last 10 years, have been employed or engaged in an investment business and have, for at least 2 years, participated to a material extent in the investment decisions made by the investment business.

4. Be considered to be “large” by clause 39 of Schedule 1 of the FMCA, which requires:

- The Shareholder and entities controlled by that Shareholder to have net assets exceeding \$5 million as at the last day of each of the 2 most recently completed financial years; or
- The Shareholder and entities controlled by that Shareholder to have total consolidated turnover exceeding \$5 million in each of the 2 most recently completed financial years; or

5. Be certified as an “eligible investor” on the basis that they are sufficiently experienced to assess the Offer, their information needs, and the adequacy of the information provided and they understand the consequences of the certification.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. If you are a wholesale investor, the usual rules do not apply to offers of financial products made to you.

As a result, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments. Investments of this kind are not suitable for retail investors.

Ask questions, read all documents carefully and seek independent financial advice before committing yourself.

INVESTMENT CRITERIA CERTIFICATE

You will find the Investment Criteria Certificate in the Application Form.

The Financial Markets Authority Regulates Conduct in New Zealand’s Financial Markets The Financial Markets Authority’s main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets. For more information about investing, go to www.fma.govt.nz.

FINANCIAL ADVISERS CAN HELP YOU MAKE INVESTMENT DECISIONS

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check:

- The type of adviser you are dealing with;
- The services the adviser can provide you with;
- The products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters.

You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients, so that if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at www.fspr.govt.nz. You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

ANTI-MONEY LAUNDERING AND KNOW YOUR CLIENT RULES

Provincia is subject to the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act) and similar legislation outside New Zealand (AML Laws).

To comply with AML Laws, the Directors, Manager, Administrator or their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, permitted delegates and sub-delegates require us to:

- Verify your identity and address including identification of underlying beneficial owner(s);
- Verify the source of your subscription funds;
- Monitor investors' transactions;
- Report any suspicious transactions to the New Zealand Police; and
- Retain investor documents regarding your identity, address, source of funds, and transactions.

The Directors may delay or refuse to accept a subscription of a prospective investor who delays or fails to produce any information we request for verification purposes or if we are concerned that your Subscription may breach any obligation of, or cause us to commit or participate in an offence under the AML Laws, and we will incur no liability to you if we do so.

The Directors will not accept the transfer of your funds until all required information has been received to the satisfaction of the Directors (including any additional information that may be requested) and it is satisfied all client identification procedures have been completed and any other obligations under the AML Laws have been complied with. We may also require you to provide additional information and identification documents to those listed in the application form.

The Directors may take certain actions including 'freezing' an investor's investment in the Fund, not permitting the Fund to accept any additional contributions from such investors, not requesting any additional contributions from such investors, not permitting the Fund to allocate any items of income or gain to such investors, limiting any distributions made to the investor and/or causing the Fund to redeem the

investor's frozen interest if we are concerned that the interest held by an investor may breach any obligation of, or cause us to commit or participate in an offence under the AML Laws, and we will incur no liability to you if we do.

YOUR RIGHTS AND OTHER IMPORTANT ISSUES

The Provincia constitution, the application form together with this Investment Statement and certain financial services laws govern our legal relationship with investors.

A copy of the Provincia constitution is available on the Companies Office website www.companies.govt.nz.

Fund Investor Enquiries

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Marketing Coordinator
& Investor Relations

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CEO

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Fund Administrator

ROGER HATRICK-SMITH

Advisory Director-Finance

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Provincia

We unlock the potential
of industrial property.

www.provincia.co.nz