



China Construction Bank (New Zealand) Limited

Indicative Letter of Offer

Maat Group
B3, 17 Corinthian Drive
Albany
Auckland

19 July 2017

Attention: Neil Tuffin

Dear Neil

Reference: Acquisition of 2 – 4 Fred Thomas Drive, Takapuna, Auckland

China Construction Bank (New Zealand) Limited (**the “Bank or CCBNZ”**) is pleased to offer you a Term & Bridge Facility to assist in the acquisition of 2 – 4 Fred Thomas Drive, Takapuna, Auckland (**the “Property”**) on the terms set out in the attached indicative term sheet.

This offer is indicative only and remains subject to credit approval. As such, this does not constitute an offer of finance which is capable of acceptance. However, paragraph 11 (Confidentiality) of the term sheet will be legally binding, regardless of whether the proposed financing proceeds.

If you agree to the indicative terms, and would like CCBNZ to proceed to formal credit approval, please sign below.

This offer will remain open until 5:00pm on 26th July 2017, at which time it will lapse.

Signed for and on behalf of
China Construction Bank (New Zealand) Limited by:



Jun Do
Relationship Manager



Xiaoman Cui
General Manager

Signed for an behalf of Borrower:

Print Name:

Date:



China Construction Bank (New Zealand) Limited

Indicative Term Sheet

Parties	
Sole Lead Arranger and Lender	China Construction Bank (New Zealand) Limited (the "Bank" or "CCB")
Borrower	[NEWCO Limited an Investor owned PIE entity]
Fund Manager	[Maat Consulting] or a fund manager acceptable to the bank

Facility Terms	
Facility	Facility A: Term Loan Facility B: Term Loan
Purpose	Facility A: To provide term loan funding to partially fund the purchase of the Property. Facility B: To provide a short term loan to partially finance the purchase of the Property.
Property	2-4 Fred Thomas Drive, Takapuna, Auckland
Facility Amounts	Facility A: An amount [to be finalised] up to NZD\$28,900,000 Facility B: An amount [to be finalised] up to NZD \$3,100,000
Facility A Expiry Date	Facility A: 3 years from initial drawdown date Note: initial drawdown will occur on the settlement date of the Property as per the sale & purchase agreement entered into on 7 April 2017.
Facility B Expiry Date	Facility B: Up to 12 months from initial drawdown date Note: initial drawdown will occur on the settlement date of the Property as per the sale & purchase agreement entered into on 7 April 2017.
Commencement Date	Once CCB confirms that all Conditions Precedent to the Facilities have been met.
Availability Period	The Commencement Date. Any amount not drawn under Facility A or Facility B will be cancelled and not be available to be drawn.



Advance	<p>Means the Advance in NZ\$ made by the Lender to the Borrower under Facility A and Facility B on the Commencement Date.</p> <p>Both Facility A & Facility B will be available to be drawn in one drawing on the Commencement Date. Any amount not drawn will be cancelled and will not be available to be drawn.</p>
Facility A Repayment	Facility A is interest only. Full repayment at the Facility A Expiry Date.
Facility B Repayment	<p>Facility B is interest only. Full repayment at the Facility B Expiry Date from further equity raised by the Fund Manager on behalf of the Borrower.</p> <p>On the last business day of each calendar month post Facility B Drawdown, the balance of any funds raised by the Fund Manager on behalf of the Borrower, and held in escrow for the benefit of CCB, will be applied to repay Facility B.</p> <p>Any amounts of Facility B repaid at the end of each calendar month per above are not available to be re-drawn and the Facility B commitment will be cancelled in line with the repayment.</p>
Voluntary Repayment	The Borrower may, by giving 3 business days' irrevocable written notice, prepay all or any part of Facility A or B, but if in part, in a minimum amount of NZ\$1,000,000.00.
Establishment Fee	<p><u>Facility A:</u> 35 bps of the Facility Amount</p> <p>This non-refundable fee is payable on the Commencement Date calculated on the amount of the Advance</p> <p><u>Facility B:</u> 35 bps of the Facility Amount</p> <p>This non-refundable fee is payable on the Commencement Date calculated on the amount of the Advance</p>
Margin	<p><u>Facility A:</u> 2.30% p.a.</p> <p><u>Facility B:</u> 3.00% p.a.</p>
Interest Payment Dates	<p><u>Facility A:</u></p> <p>Interest to be paid monthly on the last business day of each calendar month.</p> <p><u>Facility B:</u></p> <p>Interest to be paid monthly on the last business day of each calendar month.</p>
Base Interest Rate & Interest Periods	<p>The base interest rate (BKBM or swap market) sourced by CCB (rounded upwards to the nearest second decimal place) for bank accepted bills of a similar term and amount at the time of drawdown and on each interest rate reset date.</p> <p>Reset dates for Interest Periods can be one, two or three months as nominated by the Borrower.</p>
Default Interest Rate	5% p.a. above the Base Interest Rate.
Distributions	<p>Distributions will be allowed from net rental income following the payment of all fees, taxes and interest costs on the basis that:</p> <p>1.1 the aggregate amount of the Distributions made in any 12 month period does not exceed the net rental income after payment of fees, taxes and interest costs associated with</p>



	Facility A for that 12 month period; and
1.2	no Event of Default or Potential Event of Default has occurred and is continuing or would occur as a consequence of making the Distribution

Specific Terms		
1.	Security	<p>The obligations of the Borrower under the Indicative Facility Terms will be secured by:</p> <ul style="list-style-type: none"> a) A first ranking General Security Agreement over all current & future assets of the Borrower b) A first registered mortgage over the Property c) Deed of assignment over all lease agreements related to the Property d) Specific charge over the Retention Sum as per the Sale & Purchase Agreement executed 7 April 2017 noting clause 28.2 <p>Together with any other securities reasonably requested by CCB.</p>

2.	Financial Covenants	<p>The Borrower will ensure that:</p> <ul style="list-style-type: none"> 1. The Loan to Value for Facility A & Facility B aggregated until the Facility B Expiry Date, will not exceed 55% of the value of the Property. 2. Post the Facility B Expiry Date, at all times, Facility A to the value of the Property will not exceed 50% [to be tested annually]; 3. If Facility B is not drawn on the Commencement Date then at all times, Facility A to the value of the Property will not exceed 50% [to be tested annually]; 4. the Interest Cover Ratio will exceed 1.75x at all times. This ratio will be based on a 6 month historic test of [Net Rental Income] / Facility A & Facility B interest costs [To be tested semi-annually] 5. Confirmation the Weighted Average Lease Term ("WALT") as calculated by [Net Rental Income] is greater than 2.75 years [to be tested semi-annually]; <p><u>Notes:</u></p> <p>"Net Rental Income" means the aggregate of all projected annual rental payments (exclusive of GST and payments for or contributions of the Borrower towards operating expenses and any other outgoings) payable by each tenant under each Lease and contributions to outgoings payable by each tenant under each Lease in each case for the 12 month period from that date, as determined by the Lender, in its sole discretion.</p> <p>The WALT can be adjusted to include the "underwrite" of lease income as supplied by the Vendor in accordance with the Sale & Purchase agreement executed 7 April 2017 (clause 28.1).</p> <p>Covenant Test Dates: to be defined as the Borrowers half- year and financial year-end.</p>
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3.	Reporting Covenants	<p>The following information is to be provided to CCB in the timeframes outlined for each type of information:</p> <ol style="list-style-type: none">1. Notice of any default within 3 days;2. Financial statements provided annually within [90] days of the Borrower's financial year-end;3. Full Tenancy Schedule (including gross & net rent receivable) to be provided within 30 days of the Borrower's Covenant Test Dates;4. Advise the amount of the Retention Sum still held by the Vendors solicitor (in joint name with the Borrower) within 5 days of each half & financial year end of the Borrower5. Property to be re-valued [annually] by a Bank approved valuer and the valuation addressed to the Bank. To be received no later than 30 days following the Borrowers financial year-end;6. Covenant Compliance certificates to be signed by the Directors of the Borrower and to be presented within 30 days of each half year and financial year-end of the Borrower.
4.	Conditions Precedent	<p>CCB will not be obliged to fund until the following conditions precedents are satisfied;</p> <ol style="list-style-type: none">(a) Executed facility documentation;(b) Executed Fund Management agreement;(c) Final Product Disclosure Statement on the Property investment to be provided by MAAT Group;(d) Legal review of all material documents by the Banks appointed legal counsel;(e) Legal Opinion from the Banks lawyers;(f) A certified copy of the executed Sale & Purchase Agreement for the Property.(g) Background information on Maat Group and the proposed structure of the Investment vehicle (including information on policies around distribution to shareholders and holding reserve funds for future CAPEX and repairs & maintenance) and process of capital raising;(h) Forecast financial and operating budget for term of Facility A, or as otherwise agreed by both parties;(i) Confirmation that [NZ\$31.946m] of investor subscriptions has been raised for the purchase of the Property and [\$28.846m] has been "cash paid" at the time of drawdown and is held in escrow by the Borrower's lawyers;(j) Confirmation that at initial drawdown that the Weighted Average Lease Term (WALT) is greater than 3.5 years(k) Legal review of Material Leases (greater than NZ\$100k) by Banks appointed lawyer;(l) Legal review to the satisfaction of the Bank of the "underwrite" provided by the Vendor of the Property;(m) Completion of necessary registrations including FMA approval of the Product Disclosure Statement;(n) Independent registered valuation for the Property addressed to CCB for mortgage purposes and confirming a value of no less



		<p>than [NZ\$60.700m].</p> <ul style="list-style-type: none">(o) Confirmation of the insurance policies held by the Borrower and that these note CCB as an interested party;(p) Delivery of all necessary "AML / KYC" information requested by CCB for the Borrower (noting further discussions on information requirements may be required);(q) Rights of set-off letter from Borrowers transactional banker;(r) No Event of Default or event that would become an Event of Default with the giving of notice or passage of time (a "Default") shall have occurred and be continuing;(s) Delivery of satisfactory environmental reports (if required);(t) CCB staff to perform a full site inspection of the Property;(u) Payment of CCB legal fees; and(v) any other documents or evidence that CCB reasonably requests.(w) Prior to drawdown, the Borrower must update the bank regarding the progress towards obtaining any outstanding code compliance certificates which relate to structural works to the buildings, with that report being satisfactory to the bank in all respects; and <p>Each document to be in a form and substance satisfactory to CCB acting reasonably.</p>
	Condition Subsequent	<ul style="list-style-type: none">(x) The Borrower is to use its commercially reasonable endeavours to obtain (or procure tenants to obtain) outstanding code compliance certificates (or certificates of acceptance if code compliance certificates cannot be issued) in respect of any structural works to the buildings, within 12 months of the date of drawdown. If it is found to be impossible for code compliance certificates (or certificates of acceptance) to issue in respect of such structural works, the Borrower must at its cost procure a report from a suitably qualified building inspector confirming that the structural works were built in accordance with the building code at the time of construction within that 12 month period, that report being satisfactory to the bank in all respects.

General Terms

5.	Representations & Warranties	<p>The representations and warranties will be subject to usual concepts of reasonableness and materiality, given by the Borrower including, but not limited to, the following:</p> <p>(NB. Insofar as covered by undertakings and events of default, representations and warranties will not repeat.)</p> <p>Status: it is an entity duly established and validly existing under the laws of New Zealand</p> <p>Power and authority: it has:</p>
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	<p>a) the power and authority to own its assets and to carry on its business as, and in such place or places as, it is now being conducted;</p> <p>b) the power to enter into, and exercise its rights and perform and comply with its obligations under the Transaction Documents to which it is a party; and</p> <p>c) taken all necessary action to authorise the entry into the Transaction Documents to which it is a party and the performance of all its obligations expressed to be binding on it</p> <p>Valid obligations: the transaction documents to which it is a party constitute the legal, valid and binding obligations of it enforceable in accordance with their respective terms (subject to New Zealand laws relating to creditors' rights generally and to the application of equitable principles)</p> <p>No laws violated: neither its entry into the transaction documents to which it is a party, nor the exercise of any right or the performance or observance of any obligation under the transaction documents to which it is a party, nor any transaction contemplated thereby, will:</p> <ol style="list-style-type: none">I. violate or contravene any law to which it is subject; orII. conflict with, or result in a breach of, any agreement, document, arrangement, obligation or duty to which it is a party, or by which it or any of its assets may be bound; orIII. violate any of the documents constituting it; orIV. cause any limitation on any of its powers, or on the right or ability of its directors to exercise those powers, to be exceeded; orV. result in the creation of or oblige it to create or permit to exist any security other than a permitted security; <p>Consents: all consents required by it in connection with the entry into, execution or performance by it to which it is party and the transactions contemplated thereby, have been obtained or effected and are in full force and effect and except as disclosed in writing to the Lender on or prior to the date of this agreement there have been no material revocations or modifications to any such consent and there has been no material default in compliance with any such consent or is no longer required in connection with the entry into, execution or performance by it to which it is a party</p> <p>No default: no Event of Default has occurred as at the date of this agreement and is continuing or might reasonably be expected to result from the making of any proposed drawing</p> <p>Negative Pledge: no security exists on or over the Borrowers assets by a party other than the Lender</p> <p>Solvency: it is:</p> <ol style="list-style-type: none">1. solvent; and2. able to pay its indebtedness as it falls due or will, upon receipt of any drawdown that is the subject of a drawdown request, be able to pay its indebtedness as it falls due. <p>Environmental: There are no environmental liabilities, claims, releases or other matters of environmental concern.</p>
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		<p>Permits: Is in receipt of all necessary permits and governmental approvals.</p> <p>Repetition: The representations and warranties will be deemed to be repeated by the Borrower on the date of each drawdown request, on each drawdown date and on each Interest Payment Date.</p>
6.	Undertakings	<p>The undertakings will be subject to usual concepts of reasonableness and materiality, given by the Borrower, including but not limited to the following:</p> <ul style="list-style-type: none">• The Borrower will not permit any liens on its assets or on the equity interests in the Borrower other than permitted liens.• The Borrower will not incur any additional indebtedness, without the prior consent of the Lender and where the indebtedness is not subordinated to the Lender.• The Borrower will not enter into any transactions with affiliates• The Borrower will not sell or transfer assets other than if the assets are being replaced in the ordinary course of business, are obsolete, or are not required for the reliable operation or maintenance of the Project, including grants of easements and similar rights• The Borrower shall not create any subsidiaries without the prior written consent of the Lender.• Borrower will pay all taxes as required by law• No related party transactions, except for transactions entered into at fair market value on commercial arms-length terms• The Borrower shall use the proceeds of this Facility and the proceeds of the equity contributions exclusively to purchase the Property• The Borrower shall comply with all applicable laws, permits and resource consents• The Borrower shall maintain insurance of types and amounts to be agreed with the CCBNZ, and CCBNZ will be named on the policy.• The Borrower shall provide the Lender with reasonable access to the Property and its financial books and records• Maintain in full effect all necessary consents (including resource and building consents) required to enable it to comply with the Facility terms• Notify the Bank of any default events• No change in core business• Maintain its corporate existence• Delivery of financial information
7.	Events of Default	<p>Usual for this type of financing, in respect of the Borrower and including but not limited to the following:</p> <ul style="list-style-type: none">• payment default;• misrepresentation;• breach of undertaking;• cross default;• insolvency or insolvency proceedings;• material adverse change;



		<ul style="list-style-type: none">• change of control; and• invalidity of facility documents.
8.	Miscellaneous	<p>Usual for this type of financing including:</p> <ul style="list-style-type: none">• increased costs;• illegality;• market disruption;• break costs;• tax gross up; and• set-off; <p>together with such other miscellaneous clauses as CCBNZ may require.</p>
9.	Documentation	<p>The provisions contained in this term sheet are subject to the negotiation and execution of formal legal documentation in a form and substance satisfactory to CCB.</p> <p>In the event of any conflict between this indicative term sheet and the facility documentation, the facility documentation shall prevail.</p>
10.	Costs	<p>Legal costs to the expense of the Borrower. CCB will look to minimize legal costs by tendering the documentation process to 2 legal firms acceptable to the bank and in consultation with the borrower.</p>
11.	Confidentiality	<p>The terms and conditions set out in this indicative term sheet and as otherwise agreed are confidential and shall not be disclosed by the Borrower to any person other than its legal and financial advisers for the purposes of the proposed transaction without CCB's prior written consent.</p>
12.	No Change in Market Conditions	<p>The offer in this term sheet is subject to no material adverse change occurring in the loan market or in the business or financial condition of the Borrower or in national or international financial, economic or political conditions prior to the signing of the facility documents.</p>
13.	Governing law	<p>New Zealand</p>