



# **Shamrock House Investment Limited**

## **Product Disclosure Statement**

### **Offer of up to 279 parcels of B Shares in Shamrock House Investment Limited**

**Dated 2 November 2016**

#### **Important Information**

This PDS 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 [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152). Shamrock House Investment Limited has prepared this PDS in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.



# 1 KEY INFORMATION SUMMARY

## ***What is this?***

This is an Offer of B Shares ("Shares").

The Shares give you a stake in the ownership of Shamrock House Investment Limited ("Issuer"). You may receive a return if dividends are paid or if the Issuer increases in value and you are able to sell your Shares at a higher price than you paid for them. If the Issuer 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 Shamrock House Investment Limited***

The Issuer has been created for the purpose of acquiring and holding the commercial property located at 81 Molesworth Street, Thorndon, Wellington, as is contained and described in Certificate of Title WN31A/705 ("Property"). It is not intended that the Issuer will undertake any other business activity. The Issuer has been set up by Maat Consulting Limited ("Maat", also referred to as the "Manager") and its directors. Further information on the Issuer, the Property and Maat is provided in Section 2 "*The Issuer and what it does*".

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

The purpose of this Offer is to raise capital to enable the Issuer to purchase the Property. Proceeds from the Offer also enable the management fees (described in "Key terms of the offer" below) to be paid. The Issuer is seeking up to \$13,950,000 of new capital to be put towards the purchase of the Property. The minimum amount which must be raised is \$11,150,000. The balance of up to \$2,800,000 may be funded by the ASB Bank, to be repaid during the three months following settlement from subscriptions expected to be received by the Issuer following the issue of further Shares to Investors. The balance of the Purchase Price and issue expenses (including the initial fees to the Manager) will be provided from bank funding. The purpose of the Offer is further described in Section 3 "*Purpose of the Offer*".

The Issuer has a conditional agreement to purchase the Property (subject to the successful capital raising). Further detail relating to this is set out in Section 2 "*The Issuer and what it does*" under the heading "Intended business of the Issuer".

The Offer is not a 'managed investment scheme' offer for the purposes of the FMC Act. Accordingly, there is no FMA licensed manager or FMA licensed independent supervisor to govern the Issuer's investment activities.

### **Key terms of the Offer**

Description of securities	Offer of ordinary shares in the Issuer (being B Shares offered in accordance with Issuer's constitution)
Date of lodgement of PDS	2 November 2016
Offer Opening Date	10 November 2016
Offer Closing Date	5 December 2016
Price of Shares	\$1.00 per Share
Minimum number of Shares per Investor	50,000 (and thereafter in multiples of 50,000)
Maximum number of Shares per Investor	2,800,000
Number of Shares being offered	Minimum 11,150,000 Maximum 13,950,000
Percentage which minimum subscription is to all Shares offered	79.93%
Percentage which maximum subscription is to all Shares offered	100%
Management of Property	<p>The Property will be managed by Maat. Maat will be responsible for payment of income distributions, reporting to Investors, arranging for maintenance and insurance of the Property, maintaining accounting records, liaising with Tenants, administering the Property and statutory compliance.</p> <p>Maat will be paid management fees for this, as follows:</p> <ul style="list-style-type: none"> <li>• A management fee of 2.0% p.a. of the net rental income;</li> <li>• An annual accounting fee of \$8,500 plus GST (adjusted for CPI increases);</li> <li>• A lump sum establishment fee of \$266,400;</li> <li>• An exit fee on sale of the Property of 2% of the profit on that sale.</li> </ul> <p>The management rights are set out in the Management Agreement, a copy of which can be found at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> (Offer ref: 11152) under "Other material information".</p>

\*The above dates are indicative only and may change. The Issuer reserves the right to alter or extend these dates, but by no more than 6 months from the dates mentioned above. The Issuer may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases).

The minimum amount needed to be raised is \$11,150,000. Accordingly, the Shares will not be issued unless Applications for 11,150,000 Shares are received. The maximum number of Shares in this Offer is 13,950,000.

You can find more information about the use of proceeds from the Offer in Section 3 "*Purpose of the Offer*". You can find more information about the terms of the Offer in Section 5 "*Terms of the Offer*".

### **How you can get your money out**

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

## **Key drivers of returns**

Current and future aspects of the Issuer's business that have or may have the most impact on the financial performance of the Issuer, and the key strategies and plans for the business are as follows:

*Property value:* The Issuer's sole asset will be the Property. The Property may gain or lose value over time depending on a number of factors. Further information relating to this is set out in Section 2 "*The Issuer and what it does*" and section 8 "*Risks to Issuer's business and plans*".

*Rent returns:* The Issuer's business is to hold and own the Property. Its ability to generate income is dependent on rent payments from Tenants. The Issuer's business (and consequently the returns paid to Investors) will be impacted on by the quality of the Tenants, the level of rent which is paid by those Tenants and the Lease terms and conditions.

The current tenants of the Property are:

Belleza Hair Design Limited  
Accident Compensation Corporation  
Insurance and Financial Services Ombudsman Scheme Incorporated; and  
Wilkinson Insurance Brokers (2014) Limited

The total rental income from the Property (and payments from licence fees for carparks) is \$2,155,733 plus GST per annum. Details of the lease term and expiry date, the current rentals and the review and renewal rights for each lease are set out in Section 2 "*The Issuer and what it does*".

*Property owning expenses:*

Costs associated with owning the Property will have a key impact on the Issuer's business. The Issuer will be liable to pay expenses and costs involved with owning and managing the Property.

Approximately 18% of the property's current operating expenses are recoverable from the tenants. That percentage may change depending on the comparative costs of recoverable and non-recoverable expenses. The Issuer will be liable for non-recoverable expenses under the leases, including rates, insurance premiums, repairs and maintenance, redecoration, service contract charges, statutory compliance costs, structural repairs, capital maintenance items and replacement or upgrade of building services.

The types of recoverable outgoings vary for each tenant depending on the terms of their lease and include such items as: utility charges (water, gas, electricity and telecommunications), rubbish collection, NZ Fire Service charges and the provisioning and cleaning of toilets and other shared facilities. The ACC leases limit the recovery of electricity costs and the costs of other services to electricity and services used within the premises leased by ACC. They do not allow for recovery of those costs as they relate to common areas.

Further details relating to Property owning expenses are set out in Section 2 "*The Issuer and what it does*" and in the separate legal due diligence report prepared by Anthony Harper ("*Due Diligence Report*") which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

Property owning expenses also include the management fees payable to Maat under the Management Agreement.

*Key strategies:*

The key strategies and plans that the Issuer has in connection with maximising returns on the Property include encouraging Tenants to exercise rights of renewal, engaging an experienced letting agent to secure new tenants as required, carrying out regular maintenance on the Property and, on sale of the Property, engaging an experienced sales agent.

## **Key risks affecting this investment**

Investments in shares are risky. You should consider if the degree of uncertainty about the Issuer'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. The Issuer considers that the most significant risk factors that would affect the value of the Shares are:

### **Risks relating to market for Shares**

You may be unable to sell Shares because a market for them does not develop, or any such market that develops ceases to exist. Shares in a company which has only a single asset (being a commercial property) may not be an attractive investment because of a lack of diversity of assets.

The price at which Shares are able to be sold may be lower than the amount you paid to subscribe for the Shares where market prices for commercial properties have fallen generally or (because of lack of good Tenants or insufficient maintenance) the value of the Property has fallen.



The Issuer has no obligation to repurchase the Shares. You will only realise your investment in the Shares by selling the Shares or on the distribution of surplus assets on the liquidation of the Issuer. No assurance is given that any assets will be available for distribution on the liquidation of the Issuer.

### **Risks relating to the Property**

#### *Sale risk*

The only way you are guaranteed to be able to realise your Shares is on the sale of the Property.

The Property may be an illiquid asset and no promise or guarantee is made regarding the ability of the Issuer to realise the Property for fair value nor the timeframe within which the Property may be realised.

The Property may be sold at a sale price that is less than the initial total subscriptions (together with establishment costs). This would depend upon market conditions at the time. The proceeds from sale of the Property would first go to repaying the amount of the loan with the Bank. If the sale proceeds were insufficient to fully repay the amount of the loan you would be unable to recoup any part of your initial subscription.

#### *Tenancy risk*

The value of the Property and so the value of your Shares is dependent upon the Tenants continuing to pay rent. At present the Property is fully leased and there are no vacant areas (other than 2 car parks). The two leases to the ACC expire in June 2020 and November 2022 respectively. The other leases expire in October 2019 (Insurance and Financial Services Ombudsman), April 2020 (Wilkinson Insurance Brokers) and January 2020 (Belleza Hair Design). For further details, see Section 8 "*Risks to the Issuer's business and plans*".

Loss of Tenants' income in relation to the Property (whether by expiry or termination of Leases), Tenants' failure to pay rent or other circumstances entitling Tenants to reduce rent payments (such as damage to or destruction of the Property) will reduce returns to Investors.

Should any Tenant default on its lease payments or be unable to sustain payment of the rental, the costs associated with this and with obtaining a replacement tenant(s) (including any incentives offered to secure a tenant) will reduce the funds available for distribution to Investors and may impact the valuation of the Property.

### **Risks relating to Bank funding**

The Issuer has received an expression of interest from ASB Bank in relation to two funding facilities. One is for 3 years which will be fully drawn and the second is a bridging loan of up to \$2,800,000 for up to 3 months.

If ASB Bank does not make binding loan offers acceptable to the Issuer, the Issuer may obtain comparable funding from another registered bank, without going back to prospective Investors. Any such comparable funding will be on financial terms and conditions no less favourable to the Issuer than those set out in the expression of interest from ASB Bank.

The Issuer will be required to use the bridging facility if it does not reach the full subscription amount. If it does not receive further subscriptions for shares within the 3 month period of the bridging facility, the funding bank could enforce its security, including by the exercise of its power of sale.

Failure of the Issuer to obtain further bank financing at the expiry of the 3 year loan term for the main loan advance (from ASB or from another funding bank) and the Issuer being unable to sell the Property at that time would also lead to a forced sale.

Any forced sale would be likely to yield a lesser purchase price and so reduced Investors' returns.

This summary does not cover all of the risks of investing in the Issuer. You should also read Section 2 "*The Issuer and what it does*" and Section 8 "*Risks to the Issuer's business and plans*".

### **The Issuer's Financial Information**

The Issuer is purchasing the Property from 81 Molesworth Street Limited ("Vendor"). The Vendor holds the Property as part of a wider portfolio controlled by Prime Property Group and, accordingly, the purchase of the Property is the purchase of an asset and therefore there are no historical financial statements. The Issuer will commence trading upon settlement of the purchase of the Property so has no financial history. However, the Issuer has elected to include selected prospective financial information (including a summary of principal assumptions) in Section 7 "*The Issuer's financial information*". The Issuer's prospective financial information will be provided on the Disclose Register, [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref:11152) under "The Issuer's financial statements"

## CONTENTS

1	KEY INFORMATION SUMMARY .....	1
2	THE ISSUER AND WHAT IT DOES .....	6
3	PURPOSE OF THE OFFER.....	18
4	KEY DATES AND OFFER PROCESS.....	19
5	TERMS OF THE OFFER .....	21
6	KEY FEATURES OF THE SHARES .....	24
7	THE ISSUER'S FINANCIAL INFORMATION.....	26
8	RISKS TO THE ISSUER'S BUSINESS AND PLANS .....	30
9	TAX.....	33
10	WHERE YOU CAN FIND MORE INFORMATION.....	34
11	HOW TO APPLY .....	35
12	CONTACT INFORMATION .....	37



## 2 THE ISSUER AND WHAT IT DOES

### Overview



#### *Intended business of the Issuer*

The Issuer has been formed solely to purchase the Property and to operate as a commercial property owner and landlord. The Issuer's business operations will be limited to acquiring and holding the Property. Its revenue will be solely generated from rent returns from Tenants in the Property. The Issuer does not intend to purchase any other business, property or assets.

The Issuer has been incorporated by Maat, which is the sole holder of all of the A Shares in the Issuer.

The characteristics of the Shares offered in this PDS and the characteristics of the A Shares are further described in Section 6 "*Key features of the Shares*".

Maat has entered into the Purchase Agreement for the purchase of the Property for a price of \$24,946,800 plus GST (if any). The Purchase Agreement is conditional on the Issuer completing a successful raising of capital under this Offer, at which point Maat will nominate the Issuer as the purchaser under the Purchase Agreement. A copy of the Purchase Agreement and Leases can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

The Issuer is seeking a minimum of \$11,150,000 and a maximum of \$13,950,000 of new capital to complete the purchase of the Property. The balance of the Purchase Price and issue expenses (including the initial fees to Maat) relating to the purchase and establishment of the Issuer will be funded from bank funding. If less than the maximum subscription amount of \$13,950,000 (but more than the minimum amount of \$11,150,000) is raised from subscriptions prior to the settlement date, the Issuer will draw down the difference from a 3-month cash advance facility being provided by the Bank (the "Bridging Loan") to enable the Issuer to complete the purchase of the Property. In these circumstances the Issuer will extend the closing date of the Offer and seek further subscriptions under it.

If the purchase of the Property is completed, Maat will have a role in managing the Property under the terms of the Management Agreement.





### *Industry sector*

The Issuer will operate as a commercial property owner and landlord of the Property. The commercial property sector is impacted upon by demand for rental properties and quality of tenants. General economic conditions impact upon rental demand. Important factors in assessing a property's value and the potential return are the value of the land and the building, the level of rental return and the certainty of that rental return over time. A detailed overview of the general economic and specific market factors affecting commercial property is provided in the Valuation.

### *Factors impacting on the Issuer's business*

The current and future aspects that have or may have the most impact on the financial performance of the Issuer's business are the Property value, the rent returns from the Property and the Property owning expenses.

### *Property value*

As the Issuer's sole asset will be the Property, factors affecting the value of the Property will have a direct impact on the Issuer's business. Return on capital invested will come to Investors from the sale of the Property. Accordingly, the Investor's return is impacted by the resale value of the Property. The Property value is linked not only to the Tenants but also to the location, quality and standard of maintenance of the building. Set out below is a general description of the Property.

### *General description of the Property*

The property is located on the corner of Molesworth Street and Hawkestone Street, Thorndon, Wellington, with nearby access to the Wellington Northern Motorway. Molesworth Street is a short distance from Lambton Quay, one of the main retail streets in Wellington City. The area may be termed 'The Government Quarter of Wellington' and is a short distance from Parliament Buildings. The ACC building is flanked by buildings which house the Department of Inland Revenue and Beca (the international consulting engineering company). Within close proximity are buildings accommodating Government and high profile organisations, including:



- The NZ Red Cross Head Office;
- The NZ Police Headquarters;
- The NZ Rugby Union;
- The Thailand Embassy;
- The Justice Department building (which is the base for several Government Departments, including the ACC's Head Office);
- The Ministry of Health (and their new premises currently being constructed at 133 Molesworth Street);
- The National Archives offices;
- The National Library.

The Property is contained in one fee simple title, identifier WN31A/705, legally described as Lot 1 Deposited Plan 62033, and comprising 1,246 m<sup>2</sup> more or less.



A Land Information Memorandum ("LIM") for the Property has been obtained from the Wellington City Council.

The LIM records that seismic strengthening works were undertaken and completed in 2013 to bring the building on the Property up to 100% of New Building Standard.

The planning information within the LIM shows that the south eastern corner of the Property is located within a 'ground shaking area' (which also affects much of the Wellington CBD). In the event of redevelopment, site specific ground investigations would be required as part of the design of any new building.

The property has a current building warrant of fitness, which expires in July 2017.

A copy of the LIM can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

Further details regarding the title interests for the property and the matters disclosed by the LIM can be found in the separate Due Diligence Report prepared by Anthony Harper which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

The Valuer has independently valued the Property at \$25,000,000 plus GST (if any) as at 26 September 2016 in accordance with International Valuation Standards and API/PINZ Valuation Standards. A copy of the full Valuation report containing further details can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information". Investors are encouraged to view the Valuation carefully. The Valuer has consented to the Valuation being included in this PDS and on the Disclose Register.

### *Rent returns from the Property*

The second factor by which the Issuer's business (and consequently the returns payable to Investors) will be impacted upon is the quality of the Tenants and the level of rent which is paid by those Tenants. Set out below is a table giving a summary of the Tenants' names and principal Lease provisions. Following that, there is set out a more detailed description of each of the Leases.

### *General summary of leases*

Tenant Name	Lease Expiry	Outgoings recovery	Rights of Renewal	Next Rent Review Date	Current Passing Income (per annum excluding GST)
Belleza Hair Design Limited	12/1/20	Limited	1 x 3 years	13/1/17 (fixed 5% increase)	\$22,601
Accident Compensation Corporation (Ground, Levels 1-3)	21/11/22	Limited	Nil	22/11/16	\$952,685
Accident Compensation Corporation (Levels 4-7)	16/6/20	Limited	2 x 3 years	17/6/17	\$732,136
Insurance and Financial Services Ombudsman Scheme Incorporated	31/10/19	Limited	1 x 4 years	1/11/17	\$197,840
Wilkinson Insurance Brokers (2014) Limited	30/4/20	Limited	2 x 3 years	1/5/17	\$125,435
Casual car park licence fees (21 parks, 2 currently vacant)	Monthly	Nil	Not applicable		\$74,898
Total lease/ licence income					\$2,105,595





### Specific Lease summaries

Lease to Belleza Hair Design Limited	
Guarantor	Thanousone Xuenphanh, a director of the tenant
Floor Area / carparks	41 m <sup>2</sup> , no car parks
Term	6 years from 13 January 2014
Rights of Renewal	1 x 3 years
Final Lease Expiry	12 January 2023
Current Annual Rent	\$22,601 plus GST. As recoverable operating expenses are limited to those items listed below, the net annual income received from this Tenant will be lower than this amount – please refer further to the comments below in this section under the heading "Property owning expenses".
Rent Reviews	Fixed 5% increases annually on 13 January, with a market review on renewal (13 January 2020).
Operating Expenses	Recoverable expenses are limited to: <ul style="list-style-type: none"> <li>• water, gas, electricity, telecommunications and other utilities/services</li> <li>• rubbish collection/recycling</li> <li>• insurance premiums and related valuation fees and any insurance excess (up to \$2,000)</li> <li>• NZ fire service charges and maintenance charges for fire detection/fire-fighting equipment</li> <li>• cleaning and provisioning of toilets and other shared facilities.</li> </ul>
Other material matters	None. The lease is on an Auckland District Law Society lease form (the most common form of commercial lease in New Zealand) with very few amendments. The Tenant has standard obligations regarding repair and maintenance of the premises, and make good of the premises on expiry of the lease.
Tenant Profile	Belleza was incorporated on 23 May 2013, moving to the Molesworth Str. location to commence the lease on 12 January 2014. A small but well positioned salon.



Lease to Accident Compensation Corporation (Ground Floor and Levels 1 to 3)	
Guarantor	Nil
Floor Area / carparks	2,732 m <sup>2</sup> and 14 car parks
Term	9 years from 22 November 2013
Rights of Renewal	Nil
Final Lease Expiry	21 November 2022
Current Annual Rent	\$952,685 plus GST. As recoverable operating expenses are limited to those items listed below, the net annual income received from this Tenant will be lower than this amount – please refer further to the comments below in this section under the heading "Property owning expenses".
Rent Reviews	Three yearly to market – next review is due on 22 November 2016. On each market rent review the rent cannot fall below the rent at the commencement of the lease. This means that the rent could decrease if there was a market downturn in the future, but not until after the rent has initially increased.
Operating Expenses	<p>Recoverable expenses are limited to:</p> <ul style="list-style-type: none"> <li>• water, gas, electricity, telecommunications and other utilities/services supplied to the premises only</li> <li>• rubbish collection from the premises</li> <li>• cleaning and provisioning of toilets and other shared facilities that serve the premises</li> </ul>
Other material matters	<ol style="list-style-type: none"> <li>1. The Tenant is not required to redecorate the premises or replace carpets at the end of the lease. This will require additional costs to be incurred by the Issuer as landlord, to put the premises in a condition suitable for a new tenant at the end of the lease.</li> <li>2. There is no requirement for the Tenant to obtain the Landlord's consent before carrying out any alterations to the premises, which is unusual. There is also no requirement for the Tenant to remove and reinstate any alterations it makes at the end of the lease. If the Tenant makes substantial alterations and does not remove them then there could be significant costs required at the end of the lease to put the premises in a condition suitable for a new tenant.</li> <li>3. There is a requirement for the Landlord to carry out any works required to the rest of the building where those works are required by any building consent issued for alterations being done by the Tenant. This may trigger the need for capital upgrades to fire systems in the building if they do not fully comply with all regulations at the relevant time.</li> <li>4. The Tenant can terminate the lease if: <ul style="list-style-type: none"> <li>• a fire/earthquake or similar causes damage to the building and the premises are not repaired or reinstated within 3 months; or</li> <li>• there is a natural disaster or civil emergency and the premises are inaccessible (for instance due to being within a cordoned area, the need to complete engineering assessments or due to a lack of essential services such as power and water), and remain inaccessible for 3 months.</li> </ul> <p>These 3 month periods are very short, and put this lease at risk if there is a significant event affecting the building, such as a fire or an earthquake. The usual termination period in these circumstances is 9 months.</p> </li> <li>5. The lease includes warranties by the Landlord that: <ul style="list-style-type: none"> <li>• neither the premises nor the building contain any polycarbonated biphenyls (PCBs), asbestos or any other hazardous substance;</li> <li>• the Landlord is not aware of any lack of watertightness in the building, any material defect or potential defect in any of the building services, or any other reason why the premises might not be suitable for use by the Tenant for its business use.</li> </ul> <p>These warranties are unusual and potentially onerous. They are also deemed to be "essential terms" of the lease, meaning that any breach, no matter how serious, would give the Tenant a right to terminate the lease. However in practice it is expected that the Tenant would only terminate the lease if there was a material breach, given the need to find suitable alternate premises and incur relocation expenses.</p> </li> </ol>



	<p>The Vendor has advised that it is not aware of any PCBs, asbestos or other hazardous substances, but has not carried out any testing for those substances. The Vendor has also advised that there have been some minor leaks in the building which have been repaired.</p> <p>6. If the ACC assigns the lease to a new tenant, it is released from any further liability. This is different from the normal position where the outgoing tenant remains liable if the incoming tenant defaults. However, the Landlord's consent is required for the assignment of the lease, and so the Landlord could withhold consent if an incoming tenant did not have the financial resources to meet the commitments under the lease.</p>
Tenant profile	The Accident Compensation Corporation is a Crown entity.

Lease to Accident Compensation Corporation (Levels 4 to 7)	
Guarantor	Nil
Floor Area / carparks	2,101 m <sup>2</sup> and 2 car parks
Term	6 years from 17 June 2014
Rights of Renewal	2 x 3 years
Final Lease Expiry	16 June 2026
Current Annual Rent	\$732,136 plus GST, which includes \$20,000 plus GST for naming rights for the building. As recoverable operating expenses are limited to those items listed below, the net annual income received from this Tenant will be lower than this amount – please refer further to the comments below in this section under the heading <i>"Property owning expenses"</i> .
Rent Reviews	Three yearly to market – next review is due on 17 June 2017. On each market rent review the rent cannot fall below the rent at the commencement of the lease. This means that the rent could decrease if there was a market downturn in the future, but not until after the rent has initially increased.
Operating Expenses	Recoverable expenses are limited to: <ul style="list-style-type: none"> <li>• water, gas, electricity, telecommunications and other utilities/services supplied to the premises only</li> <li>• rubbish collection/recycling</li> <li>• cleaning and provisioning of toilets and other shared facilities that serve the premises</li> </ul>
Other material matters	Apart from the commercial terms outlined above, this lease is in the same format as for the lease of the ground floor and Levels 1 to 3. The material matters for that lease apply equally to this lease.
Tenant profile	The Accident Compensation Corporation is a Crown entity. This location services Wellington City.



<b>Lease to Insurance and Financial Services Ombudsman Scheme Incorporated (Level 8)</b>	
Guarantor	Nil
Floor Area / carparks	525 m <sup>2</sup> and 2 car parks
Term	4 years commencing on 1 November 2015
Rights of Renewal	1 x 4 years
Final Lease Expiry	31 October 2023
Current Annual Rent	\$197,840 plus GST. As recoverable operating expenses are limited to those items listed below, the net annual income received from this Tenant will be lower than this amount – please refer further to the comments below in this section under the heading <i>"Property owning expenses"</i> .
Rent Reviews	Two yearly to market – next review date is 1 November 2017. On each market rent review the rent cannot fall below the rent at the commencement of the lease. This means that the rent could decrease if there was a market downturn in the future, but not until after the rent has initially increased.
Operating Expenses	Recoverable expenses are limited to: <ul style="list-style-type: none"> <li>• water, gas, electricity, telecommunications and other utilities/services</li> <li>• rubbish collection</li> <li>• NZ fire service charges and maintenance charges for fire detection/fire-fighting equipment</li> <li>• cleaning and provisioning of toilets and other shared facilities that serve the premises</li> </ul>



Other material matters	<ol style="list-style-type: none"> <li>1. The Tenant is not required to remove its initial fitout or to redecorate the premises or replace carpets at the end of the lease. This will require additional costs to be incurred by the Issuer as landlord, to put the premises in a condition suitable for a new tenant at the end of the lease. The Tenant is required to remove and reinstate any alterations it makes after the commencement of the lease.</li> <li>2. If the premises are damaged (but not destroyed or so badly damaged to result in termination of the lease) then the Landlord must repair/reinstate the building provided all necessary permits and consents are available. There is no ability for the Landlord to not reinstate if insurance monies received are inadequate. The effect is that if the building is under-insured for whatever reason, the Issuer could be forced to reinstate the building by using its own funds.</li> <li>3. The Tenant can terminate the lease if: <ul style="list-style-type: none"> <li>• a fire/earthquake or similar event causes damage to the building and reinstatement works have not been commenced within 3 months or completed within 12 months; or</li> <li>• the premises are inaccessible due to damage to the building or any neighbouring building, being within a cordoned area, the need to complete engineering assessments or due to a lack of essential services such as power and water, and remain inaccessible for 6 months.</li> </ul> <p>While these timeframes are more achievable than those under the ACC leases, there is still a risk that if a major event occurs (an earthquake for instance), these timeframes may not be achievable resulting in termination of the lease.</p> </li> <li>4. The lease includes a warranty by the Landlord that, at the commencement of the lease, the building has a seismic rating of 100% of New Building Standard. The LIM Report confirms that works were undertaken in 2013 to strengthen the building to that level.</li> <li>5. There is an obligation to strengthen the building to at least 70% of New Building Standard if it falls below that level during the term of the lease, and the tenant has a right to terminate the lease if any required strengthening works (a) cause more than minimal disruption; (b) require the premises to be vacated for more than 3 months; or (c) have not been completed within 4 months. As strengthening works are usually quite disruptive, if they are required the Tenant is likely to have a right to terminate. However, given that the building has recently been strengthened to 100% of New Building Standard, it is unlikely that it would fall below 70% of New Building Standard (if there was a tightening of those standards for instance) within the term of this lease.</li> <li>6. The Tenant has a right to terminate on 6 months' notice if the Insurance and Financial Services Ombudsman Scheme Incorporated ceases to exist during the first term of the lease (before 31 October 2019). If that occurs the Tenant must pay a termination fee equivalent to 3 months' rent. The Issuer has no reason to believe that this termination right will arise.</li> </ol>
Tenant profile	<p>The Insurance and Financial Services Ombudsman Scheme provides free, independent and impartial insurance and financial disputes resolution services.</p> <p>All financial services providers in New Zealand must belong to an approved disputes resolution scheme. Most insurance companies in New Zealand are members of the Insurance and Financial Services Ombudsman Scheme. The Scheme has over 4,000 members (insurance companies and financial services providers) who each pay an annual membership levy.</p>



Lease to Wilkinson Insurance Brokers (2014) Limited	
Guarantor	Nil
Floor Area / carparks	310 m <sup>2</sup> and 5 carparks
Term	6 years from 1 May 2014
Rights of Renewal	2 x 3 years
Final Lease Expiry	30 April 2026
Current Annual Rent	\$125,435 plus GST. As recoverable operating expenses are limited to those items listed below, the net annual income received from this Tenant will be lower than this amount – please refer further to the comments below in this section under the heading " <i>Property owning expenses</i> ".
Rent Reviews	Three yearly to market – next review date is 1 May 2017. On each market rent review the rent cannot fall below the rent applying at the time of the review.
Operating Expenses	Recoverable expenses are limited to: <ul style="list-style-type: none"> <li>• water, gas, electricity, telecommunications and other utilities/services</li> <li>• rubbish collection</li> <li>• NZ fire service charges and maintenance charges for fire detection/fire-fighting equipment</li> <li>• cleaning and provisioning of toilets and other shared facilities that serve the premises</li> </ul>
Other material matters	None. The lease is on an Auckland District Law Society lease form (the most common form of commercial lease in New Zealand) with very few amendments. The Tenant has standard obligations regarding repair and maintenance of the premises, and make good of the premises on expiry of the lease.
Tenant profile	Wilkinsons was established in 1997. It partnered with the 4 <sup>th</sup> largest brokerage in NZ (Rothbury's) in 2014 and in turn became part of the Steadfast Group, Australia's largest brokering group. Rothbury Wilkinson employs 19 staff in its Wellington office.

Further details of the material terms of the leases are included in the separate legal Due Diligence Report prepared by Anthony Harper which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

#### *Rent reviews under ACC Leases*

The two largest tenancies, being the leases to the Accident Compensation Corporation (**ACC**) for the ground floor and levels 1 to 3, and separately of levels 4 to 7, both have impending rent reviews.

The rent review date under the ACC lease of the ground floor and levels 1 to 3 is 22 November 2016. The rent under that lease cannot fall on that review, and it is anticipated, based on valuation evidence given by Colliers International (Wellington Valuation) Limited that the rent will increase from \$952,685 plus GST per annum to \$995,283 plus GST per annum at the time of that review. The purchase price payable under the Purchase Agreement has been calculated on the assumption that the rent payable under this lease will increase to that amount. However, the outcome of this rent review is not known at the date of this PDS.

The Purchase Agreement provides for the purchaser (which will be the Issuer) to conduct the rent review under the ACC lease for the ground floor and levels 1 to 3 after settlement has occurred.

The rent review date under the ACC lease of levels 4 to 7 is due on 17 June 2017.

#### *Property owning expenses*

A further factor that will have an important impact on the financial performance of the Issuer's business is the property owning expenses.

The Issuer will be liable to pay expenses and costs involved with owning and managing the Property.

None of the leases allow for full recovery of usual operating expenses from the tenant. Most of the leases limit recoverable operating expenses to:

- water, gas, electricity, telecommunications and other utilities/services (which for the ACC leases are limited to such services as used by that tenant within its own premises);
- rubbish collection;
- NZ fire service charges and maintenance charges for fire detection/fire-fighting equipment; and
- cleaning and provisioning of toilets and other shared facilities that serve the premises.

In addition, the lease to Belleza Hair Design Limited allows recovery of that Tenant's share of insurance costs for the building, although as that is the smallest tenancy this recovery is limited.

There is no ability in the leases to recover other usual operating expenses, including:

- local authority rates;
- insurance premiums, valuation fees and insurance excesses (with the exception of the Belleza Hair Design lease);
- service contract charges for air condition, lifts, other building services and security services;
- cleaning, maintenance and repair charges, including decorative repairs;
- management expenses;
- costs of obtaining an annual building warrant of fitness; and
- (for the ACC leases), electricity and other utilities/services costs relating to the common areas of the building.

The fact that most operating expenses are not recoverable from the tenants will be taken into account when setting the market rent for each premises at the time of a market rent review, and the market rents will be higher than if the leases were "net leases" where operating expenses are recoverable from tenants. However, any increases in operating expenses will impact on the overall net income received by the Issuer from tenants.

In addition to payment of day to day operating expenses that are not recoverable under the leases, the Issuer will be liable for structural repairs, capital maintenance items and the replacement or upgrade of building services from time to time.

Further details on the recoverable outgoings are included in the separate legal Due Diligence Report prepared by Anthony Harper ("Due Diligence Report") which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".



In addition to the above property owning expenses, the Issuer must meet the management fees payable to Maat under the Management Agreement. Further information on the management role of Maat is set out below under the heading "Management role of Maat" below. Further information on the Management Agreement and its terms is available in Section 6 "Key features of the Shares". A copy of the Management Agreement is available on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

### *Key strategies and plans*

Key strategies and plans to maximise the returns on the Property are:

- encouraging Tenants to exercise rights of renewal;
- engaging an experienced letting agent to secure new tenants, as required;
- carrying out regular Property maintenance. This will be achieved by Maat fulfilling its obligations to ensure maintenance is carried out under the Management Agreement;
- appointing Maat as manager under the Management Agreement so that the Issuer has the benefit of Maat's proven track record; and
- appointing an experienced professional sales agent when the Property is to be sold.

### **Directors, Senior Management and individual relevant parties**

The Directors of the Issuer (who are also directors of Maat) as at the date of this PDS are:

Neil James Tuffin CA AFA 181 No 3 Line Wanganui 4500 New Zealand	Bruce Charles Ellis JP CA BCA 636 Stanley Road Stratford 4394 New Zealand
Mark Geoffrey Hughson CA BBS Dip BS 65 Collins Street Hawera 4610 New Zealand	

Brief biographical details of the Directors are as follows:

#### **Neil Tuffin, CA, AFA**

Neil Tuffin is a Chartered Accountant and Authorised Financial Advisor (under the Financial Advisers Act 2008.) Neil is the managing director and shareholder of Maat, Maat Financial Services, and a director of the eleven property owning companies managed by Maat. Neil is also Chairman of the Boards of Remediation (NZ) Ltd and Central Landscape Systems Ltd.

#### **Bruce Ellis, JP, CA, BCA**

Bruce is a Chartered Accountant operating his own accounting practice in Stratford, following his career as a director of a former Stratford accounting practice, Accountants on Broadway. He is a director and shareholder of Maat, Maat Financial Services and the eleven property owning companies managed by Maat.

#### **Mark Hughson, CA BBS Dip BS**

Mark is a Chartered Accountant operating as the sole practitioner in his Hawera (Taranaki) practice. Mark provides strategic advice for a client base which extends across New Zealand. He also makes a significant contribution to the South Taranaki community. He is a director and shareholder of Maat, Maat Financial Services and the eleven property owning companies managed by Maat.

### **Management role of Maat**

Maat will be responsible for management of the Property. In particular, the Management Agreement, which governs the operation of the Issuer, provides that Maat will be responsible for (amongst other things):

- payment of distributions to Investors (which are intended to be paid monthly);
- maintaining proper accounting records for the Issuer;
- preparing timely reports for Investors; and
- arranging and placing appropriate insurance policies in respect of the Property.

Maat is the Manager of commercial property proportionate ownership investment and share ownership opportunities offered to selected Investors and also to the wider public. Formed in early 2010, Maat has

syndicated eleven properties during the last 6 years with a combined cost value of \$180,000,000, ranging in value from \$4,000,000 to \$36,000,000. Approximately 45% of the purchase price of these properties has been funded by bank loans and the balance has been funded by investor subscriptions.

Further detail of the Management Agreement is set out in Section 6 "*Key features of the Shares*".

Maat will appoint Maat Property to manage the Property on a day-to-day basis, with its role extending to (amongst other things):

- liaising with the Tenants and service providers on day-to-day building, Property and management issues;
- administering the Property's day-to-day building operations; and
- ensuring all relevant statutory and regulatory requirements in respect of the Property are complied with.

Maat will remain responsible for the acts and omissions of Maat Property in managing the Property.

The delegation to Maat Property will not involve any additional fees payable by the Issuer. The Directors are also directors of Maat Property.

#### **Information about acquired businesses, subsidiaries, and body corporates**

In acquiring the Property, the Issuer is not acquiring a business for the purposes of the FMC Regulations. However, certain prospective financial information is provided in Section 7 "*The Issuer's financial information*". The Disclose Register will contain future financial information about the Issuer. The Issuer has no other businesses, subsidiaries or interests in any body corporates.

#### **Table of substantial shareholder and of relevant interests held by the directors**

As at the date of this PDS, the following shareholder has a relevant interest in 5% or more of the A Shares in the Issuer:

Name	Number of Shares	Consideration
Maat	100 (100% of total A Shares)	\$100

Following the allocation of Shares the following shareholder may have a relevant interest as follows:

Shareholder	Number of Shares	Consideration	Type of Share
Maat	100 (100% of the A Shares)	\$100 for A Shares	A Shares

#### **Interests of directors**

The Issuer does not have any employees and it does not intend to employ any persons other than as referred to above.

The directors of the Issuer are also directors of Maat. Under the Management Agreement Maat will receive fees from the Issuer. These fees are set out in Section 5 "*Terms of the offer*".

#### **Other material governance disclosures**

See the description of the Shares and the rights attaching to the Shares in Section 6 "*Key features of the Shares*".

### **3 PURPOSE OF THE OFFER**

Maat has an agreement to purchase the Property from the Vendor for \$24,946,800 plus GST (if any). The Purchase Price is supported by a Valuation completed by the Valuer, dated 26 September 2016. Maat will nominate the Issuer to complete the purchase under the Purchase Agreement. The only remaining condition of the Purchase Agreement is the Issuer completing a successful raising of capital under this Offer.

The purpose of this Offer, therefore, is to raise capital to enable the Issuer to purchase the Property. The Issuer is seeking up to \$13,950,000 of new capital to fund the purchase. The minimum amount required before the Property purchase will proceed is \$11,150,000. The balance of the Purchase Price and issue expenses will be provided from bank funding.

The Offer is not underwritten.

A minimum of \$11,150,000 must be raised before the Shares will be allotted.

Details of amounts to be raised and the expected use of those funds are as follows:

## Funds Received

<b>Shamrock House Investment- Share Issue Costs</b>	<b>\$</b>
Minimum subscriptions from investors (223 parcels of \$50,000 each)	11,150,000
Bank Loan comprising (\$11,899,750 of term funding and \$2,800,000 of short term funding)	14,699,750
<b>Total</b>	<b>25,849,750</b>
<b>Use of Funds</b>	
Purchase Price	24,946,800
Issue Costs	902,950
<b>Total</b>	<b>25,849,750</b>
<b>Estimated issue expenses payable by the issuer</b>	
Bank Loan - Application Fees	7,000
Interest Paid on Deposit Funds.	3,924
Bank Loan - Application Legal Fees	4,000
Accountants fee - Financial Forecast Review	16,000
Brokerage Fees	244,125
Legal Fees	100,000
Statutory Fees	8,000
Marketing	119,650
Offerors' Fee	266,400
Valuation Fees	17,500
GST on Set-up Costs (claimed back from IRD)	116,351
<b>Total</b>	<b>902,950</b>

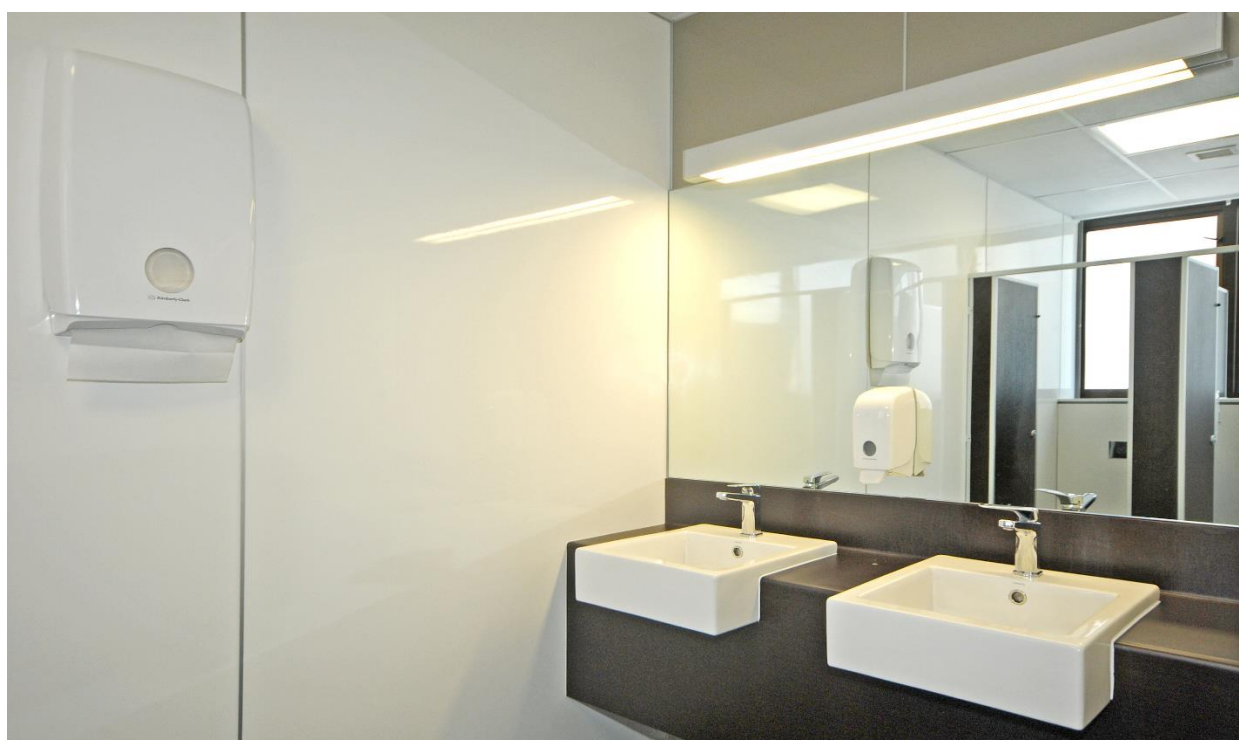
Any of the estimated costs above unspent may be applied towards any fee that exceeds the amounts as set out above, with any savings retained by the Issuer as working capital.

## 4 KEY DATES AND OFFER PROCESS



<b>Key dates</b>	
PDS lodged on the Disclose Register	2 November 2016
Opening Date for Applications	10 November 2016
Offer Closing Date	5 December 2016
Settlement date of Property purchase and issue of Shares	Anticipated to be 19 December, 2016, being 10 working days after the Offer Closing date.
Intended date of first dividend payment	30 December 2016

The above dates are indicative only and may change. The Issuer reserves the right to alter or extend these dates, but by no longer than 6 months from the dates mentioned above. The Issuer may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases). See the "*Key terms of the Offer*" within the Key Information Summary (in Section 1) for further information about these dates.





## 5 TERMS OF THE OFFER

<b>What is the Offer</b>	The Offer is for Shares in the Issuer. See Section 5 " <i>Key terms of the Offer</i> " in the Key Information Summary for an overview of what the Offer involves and Section 6 " <i>Key Features of the Issuer's Shares</i> " for an outline of the key features of the Shares. No person guarantees the value or liquidity of the Shares offered under this Offer. No person guarantees the future performance of the Issuer or any return on the Shares.
<b>Key dates</b>	See Section 4 " <i>Key dates and Offer process</i> " for information about the key dates for the Offer.
<b>Fixed Price</b>	\$1.00 per Share, minimum Application 50,000 Shares.
<b>Structure of the Offer</b>	The Offer is an offer of up to 13,950,000 Shares in the Issuer. Provided the minimum subscription of 11,150,000 is reached, Shares are to be allotted on the date the Property is purchased under the Purchase Agreement. Shares will be issued in parcels of 50,000 share parcels ("Share Parcels"). The minimum number of Share Parcels for an Investor is one. The maximum number of Share Parcels per Investor is 56 (being 2,800,000 in total).
<b>Refunds</b>	<p>The Offer may be withdrawn by the Issuer at any time before the allocation of the Shares, at the Issuer's sole discretion. If the Offer is withdrawn, then the subscription monies will be refunded with any interest earned (less resident withholding tax ("RWT") and Commission) no later than 10 days after the decision to withdraw the Offer.</p> <p>The Issuer may decline any Application, in its discretion. Money received in respect of Applications which are declined will be refunded. Refunds will be</p>

	<p>paid to unsuccessful Applicants within 10 days of the allocation of Shares or after the Applicant has been declined (as applicable). Refunds will be paid in the manner selected by the Applicant for future dividend payments in the Application Form.</p>
<b>Applications</b>	<p>An Application is an offer to subscribe for Shares at the value specified in the Application Form, on the terms and conditions set out in this PDS (including any replacement of it), the Disclose Register (at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> (Offer ref: 11152) and the Application Form. By submitting an Application Form an Applicant irrevocably agrees to subscribe for Shares on those terms, notwithstanding any variations to the Purchase Agreement or extensions to the settlement date for the purchase of the Property.</p> <p>Until the allotment of the Shares, subscription monies received will be held in the trust account of Anthony Harper Solicitors for the benefit of the Applicants.</p> <p>The banking of subscription monies does not constitute confirmation of allotment of any Shares or the acceptance of an Application.</p> <p>This PDS is intended for use only in connection with the Offer of the Shares in New Zealand and does not constitute an offer or invitation in any place in which, or to any person whom, it would not be lawful to make such an offer or invitation. No action has been, or will be, taken to register this PDS in any jurisdiction other than New Zealand or otherwise permit the offering of the Shares outside of New Zealand. This PDS is not to be sent or given to any person outside New Zealand in circumstances in which the Offer or distribution of this PDS would be unlawful. The Issuer, Maat and the directors of the Issuer disclaim all liability to any person who is sent or receives this PDS outside New Zealand.</p>
<b>Allocation and Allotment</b>	<p>The allotment of Shares to successful Applicants is scheduled to take place on the settlement date under the Purchase Agreement (anticipated to be 19 December 2016).</p> <p>The Allotment will be recorded on the Issuer's share registry.</p>
<b>Constitution</b>	<p>The constitution of the Issuer prescribes the rights attached to the Shares. These are more particularly described in Section 6 "<i>Key features of the Shares</i>".</p> <p>A copy of the constitution of the Issuer can be found at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> (Offer ref: 11152) under "Other material information".</p>



<b>Management Fees</b>	<p>Under the Management Agreement the following fees are payable to Maat:</p> <ul style="list-style-type: none"> <li>• A management fee of 2.00% p.a. of the net rental income collected from Tenants of the Property, plus GST;</li> <li>• An annual accounting fee of \$8,500 p.a. plus GST (payable monthly in arrears) adjusted annually by the annual movement in the Consumer Price (All Groups) Index;</li> <li>• Once the Issuer obtains title to the Property, an establishment fee of \$266,400;</li> <li>• On sale of the Property, a lump sum payment of 2% of any sale profit. Sale profit is the difference between the net sale price of the Property (being the sale price less expenses) and the acquisition cost of the Property (being the Purchase Price of \$24,946,800 plus the Share issue costs of \$786,599 (Excl. GST)).</li> </ul>
------------------------	---

See Section 11 "*How to apply*" for further information about Applications and how to apply for Shares.



## 6 KEY FEATURES OF THE SHARES

Under the constitution of the Issuer, each Share gives the holder the right:

- By special resolution to:
  - Adopt, revoke or alter the Constitution;
  - Approve a "major transaction" (as defined in the Companies Act) of the Issuer;
  - Approve any amalgamation of the Issuer under section 221 of the Companies Act;
  - Place the Issuer into liquidation;
  - Remove Maat as manager and appoint a new manager, on not less than 6 months' notice;
  - Release or waive any breach or default by Maat as manager under the Management Agreement;
  - Alter the provisions of the Management Agreement.
- By ordinary resolution, to appoint and remove Directors;
- To receive an equal share in any cash distributions or other distributions paid or made on the Shares;
- To receive an equal share in the distributions of surplus assets in a liquidation of the Issuer;
- To be provided with certain information, including notices of meetings and company reports, sent to shareholders generally; and
- To exercise all other rights conferred on a shareholder by the Companies Act and the constitution of the Issuer.

A special resolution is a resolution of shareholders approved by a majority of 75% of those shareholders entitled to vote and voting on the question.

The A Shares (held by Maat) do not give any right to receive dividends or other distributions or to share in the distributions of surplus assets in a liquidation of the Issuer.

### *Dividend policy*

It is intended that the dividend policy be based on net cash flow from operating activities. It is intended that the projected gross dividend yield of 8.2% per annum (for the first 3 years) will be paid (less tax at the investor's selected tax rate) by monthly instalments on the last working day of each month. The taxation of these dividends is set out in Section 9 "Tax". Such monthly dividends are reliant on the Issuer receiving full rental payments under the Leases. The Board will monitor the Issuer's projected cash flow and capital requirements and will review this policy annually. It is anticipated that the first monthly dividend will be for the period from settlement of the purchase of the Property until 31 December 2016 and be paid on or about 30 December 2016. Dividend statements will be sent to all shareholders after completion of the Issuer's annual financial statements.

If the Issuer registers as a portfolio investment entity ("PIE") and a multi-rate PIE as defined in the Income Tax Act 2007, the distribution will be Attributed PIE Income and tax will be paid at your prescribed investor rate ("PIR").

### *Risks associated with Shares*

You may be unable to sell Shares because a market for them does not develop, or any such market that develops ceases to exist. Shares in a company which has only a single asset (being a commercial property) may not be an attractive investment as there is no diversity of assets.

The price at which Shares are able to be sold may be lower than the amount you paid to subscribe for the Shares. There is no guarantee that there will always be willing buyers for this type of investment.

The only way you are guaranteed to be able to realise your Shares is on the sale of the Property. The Property may be unable to be sold when required (in accordance with the availability of bank funding or when Investors wish to do this). The Property may be an illiquid asset and no promise or guarantee is made regarding the ability of the Issuer to realise the Property nor any timeframe within which the Property may be realised.

The Property may have to be sold at a sale price that is less than the initial total subscriptions (together with establishment costs). The proceeds from sale of the Property would first go to repaying the amount of the loan with the Bank. If the sale proceeds were insufficient to fully repay the amount of the loan you would be unable to recoup any part of your initial subscription.

The value of the Property and so the value of your Shares is dependent upon there being Tenants within the building, and those Tenants paying the rent due under their leases.

It is possible that Maat may itself subscribe for Shares. If and for so long as Maat, or a related entity of Maat, holds Shares in the Issuer, there is a risk that Investors seeking to sell their Shares may compete for purchasers

of Shares (as at the same time, Maat or its related entity may also be seeking to sell the Shares it holds). This may mean that there is an over-supply of Shares available for sale, which could result in a decrease of the market price for Shares. This over-supply may also mean an Investor cannot dispose of its Shares if, and when, it wishes to do so.

#### *No guarantee of returns*

Neither the Issuer, its directors, Maat nor any other person gives any assurances as to the level or frequency of any dividend (or other distribution, if any) payable. Payment of dividends (if any) is at the discretion of the Board and dividends (if any) will only be declared after meeting appropriate solvency requirements. Should the Issuer pay dividends, it will expect to pay them on a fully imputed dividend basis. See Section 7 "*The Issuer's financial information*" for more information on dividends.

#### *Management Agreement*

The following is a summary of the Management Agreement. The full Management Agreement can be found on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

#### *Role of Maat*

- Maat will manage the Issuer and the Property for the term of the Agreement (which will be for the duration of the Issuer's ownership of the Property, unless terminated).
- Maat may be removed by special resolution of shareholders.
- Maat will be paid the fees in respect of management of the Issuer and the Property described in Section 5 "*Terms of the Offer*".
- Maat is appointed as the sole and exclusive manager of the Issuer and the Property (subject to Maat's right to appoint and engage any agent or sub-manager) having the power to complete (in the name of the Issuer) the purchase of the Property, arrange bank borrowings, grant a mortgage over the Property, recover the rent and outgoings, recover any shortfall from you and negotiate all contracts relating to the Property.



#### *Duties and powers of Maat under Management Agreement*

- Maat must, in the name of the Issuer, arrange insurance (including material damage insurance, loss of rents insurance, business interruption and public liability insurance) in respect of the Property on usual terms appropriate for the Property.
- Maat has the ability to undertake expenditure relating to repairs, maintenance, decoration and improvements to the Property at its sole discretion if the expense does not exceed \$50,000 exclusive of GST per set of improvements. Any expense exceeding \$50,000 exclusive of GST per set of improvements can only be undertaken with the approval of an ordinary resolution of shareholders. Maat however may undertake maintenance and improvements (of any value) where the relevant Tenant is liable for such costs



under the terms of any lease, or in order to comply with any obligations to a Tenant under the terms of any lease.

#### *Role of the Issuer*

- The Issuer will acquire and hold the Property. The Issuer will own the Property in its own right and not as a bare trustee (or any other kind of trustee). It is a term of the Management Agreement that Maat will take all necessary steps to enable the Issuer to be registered as the proprietor of the Property on its acquisition.
- The Issuer may only borrow monies, in addition to the initial borrowings specified in this information memorandum, not exceeding in aggregate, 65% of the market value of the Property.
- The Issuer intends to distribute profits at monthly intervals of such amounts as the Directors deem to be appropriate. The Issuer is authorised to retain monies for any future expenditure the Directors think necessary to comply with the terms of the Management Agreement or to maximise the value of the investment. Maat is obliged to comply with all relevant legislation.

#### *Resolutions and sale of Property*

- Shareholders may meet and pass resolutions. Meetings may be called by shareholders holding not less than 5% of Shares or at the request of Maat or the Directors. The Management Agreement provides that it cannot be altered unless agreed by special resolution of shareholders. A meeting of Shareholders will be convened by the Manager, to resolve whether the Property should be sold and the Issuer wound up, not less than 6 months prior to the final repayment date for the bank funding and also on request in writing of shareholders who hold more than 5% of the Shares.
- The shareholders may decide to sell the Property at any time, by way of special resolution.

#### *Investors' right to sell shares*

- Investors may sell or otherwise dispose of their Share(s) to any person subject to the terms and conditions set out in the Constitution.



## **7 THE ISSUER'S FINANCIAL INFORMATION**

### *Selective Prospective financial information*

This PDS contains selective prospective financial information, which is based on the Issuer's assessment of events and conditions existing at the date of this PDS. You should read the information in light of those assumptions and in conjunction with the other information in this PDS, including the risks set out in Section 8 "*Risks to the Issuer's business and plans*". Going forward, the Board will be responsible for the preparation and fair presentation of financial statements for the Issuer that comply with generally accepted accounting practice in New Zealand.

The table below in this Section 7 provides key prospective financial information about the Property and the Issuer. Prospective Financial Information is available on the Offer Register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) by searching "Shamrock House Investment Limited" under "search offers".

The prospective financial information included in the table below has been extracted from prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS 42), which are available on the Offer Register.

The prospective financial statements have been subject to a reasonable assurance engagement and an unmodified opinion has been issued by BDO Auckland, a copy of which is also included on the Offer Register.

If you do not understand this financial information, you can seek advice from a financial advisor or an accountant.

There has been no business acquisition (and accordingly no Vendor financial information). However, prospective financial information is included for Investors' information.

#### Shamrock House Investment Limited Financial Information

	Note	Prospective (5.4 Months) 31/03/2017 (Note 1: Trading for 3.4 Months)	Prospective (12 Months) 31/03/2018	Prospective (12 Months) 31/03/2019
<b>Revenue</b>				
Lease Income	1	610,126	2,170,297	2,174,126
Operating Expenses Recovered		23,169	84,360	86,891
Bargain Purchase Price		53,200		
		<b>686,496</b>	<b>2,254,657</b>	<b>2,261,017</b>
<b>Less Expenses</b>				
Acquisition Costs		350,324		
Audit and Accountancy Fees		16,197	20,920	21,548
Company Management Fees		10,125	35,840	35,690
Legal and Valuation Fees		8,000	8,280	8,528
Operating Expenses		127,064	462,661	476,541
		<b>511,710</b>	<b>527,701</b>	<b>542,307</b>
EBITDA (Earnings before interest, taxation, depreciation and amortisation)		174,786	1,726,956	1,718,710
Less Interest on Loan		137,173	490,865	490,865
<b>Net Profit After Tax</b>		<b>37,613</b>	<b>1,236,091</b>	<b>1,227,845</b>
Dividends at 8.20% (including tax payable)		323,583	1,143,900	1,143,900
Total Assets		25,209,837	25,302,874	25,387,262
Cash and Cash Equivalents		209,837	302,874	387,262

Total Liabilities		11,982,083	11,982,930	11,983,372
Total Debt		11,899,750	11,899,750	11,899,750
Total Equity		13,227,754	13,319,944	13,403,890

## Notes and Assumptions for the years ending 31 March 2017, 2018 and 2019

The prospective financial information in this section is based on various best estimate assumptions. Further information about this prospective financial information is contained on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information." The principal assumptions are summarised below and should be read in conjunction with the sensitivity analysis included with the further information about the prospective financial information available on the Disclose Register, the risk factors set out under the heading "*What are my risks?*" and the statement of Accounting Policies, also included with the further information about the prospective financial information available on the Disclose Register.

### 1 Settlement

The Issuer will settle the purchase of the Property not later than its contracted date of 15 December 2016. The prospective financial information has been prepared for the periods ended 31 March 2017, 2018 and 2019. As the Issuer was incorporated on 18 October 2016, the first accounting period recorded is for the 5.4 month period from 18 October 2016 to 31 March 2017, but will represent only 3 months and 12 days of trading.

### 2 Property Valuation

The valuation by Colliers International, Wellington, as at 26 September 2016 was \$25,000,000. The purchase valuation figure of \$25,000,000 is also assumed to be the fair value on the date of purchase of the Property and at 31 March 2017, 2018 & 2019 and that there is no increase in the fair value of the Property over the forecast period. The valuation received is for potential acquisition, first mortgage purposes and financial reporting purposes.

### 3 Rental Receipts

Rent receipts will be, according to the various lease agreements, \$610,126 for the first reporting period. It has been assumed that there will be an adjustment in rental according to the various lease agreements in each of the reporting periods and there will be no bad debts.

### 4 Shareholder Distributions

Distributions to shareholders and IRD are based on an 8.2% annual return on initial funds invested in line with the PDS. Due to the acquisition costs in the period to 31 March 2017, the company will incur a profit of \$37,612 before distribution to shareholders of \$323,583. Cumulative cash will be retained for each of the 3 years, being \$209,837; \$302,874; and \$387,262 respectively. Part of this cash includes \$116,351 being a forecast refund of GST from the payment of Acquisition and Share Issue Costs.

### 5 Acquisition and Share Issue Costs

That the Investors' funds will be used to pay for the Acquisition and Share Issue Costs, as detailed in Section 3 above.

### 6 Cash at bank

The cash at bank will be retained as a contingency for future:

- Building maintenance
- Capital expenditure (as outlined in Note 13)
- Rises in interest rates
- Lease vacancies
- Tenancy considerations

### 7 Interest

The interest rate on the Bank borrowings has been assumed to be at a fixed rate of 4.125% for the first 3 years. The interest expense and cash flow is based on

- no principal repayments during the term of the loan
- no recourse to Investors.

This is based on current indications from ASB Bank, subject to variation at the time of the loan being drawn and assumes the conditions precedent in the offer are fulfilled.

## **8 Loan Funds**

The level of bank borrowings will be \$11,899,750, being 47.7% of the cost of the Property of \$24,946,800 and has been committed to by ASB Bank. The loan will be secured by a registered first mortgage over the Property, a first registered general security interest over the assets of the Company and an assignment of the lease agreements for the Property.

## **9 Related Parties**

The management fees payable to the Manager will be \$35,840 for the first full year (2018), which is based on an annual management fee charge of 2% per annum on the net rental received from the Property. In addition, the Manager will be paid an annual accountancy fee of \$6,000, payable monthly in arrears and an annual fee of \$2,500 in relation to end of financial year audit preparation, with both fees being adjusted by the CPI movement each year. On settlement the manager will be paid \$266,400 as an Offeror's Fee.

## **10 Contingent Liabilities**

There are no contingent liabilities as at 31 March 2017, 2018 or 2019.

## **11 Operating Environment and Taxation**

There will be no material changes in the economic environment, legal requirements or the current tax regulations and the Company qualifies as a Portfolio Investment Entity ("PIE").

## **12 Issue of Shares**

That all 279 share parcels of \$50,000 shares are issued for \$13,950,000 The Investors as holders of Shares will be entitled to receive distributions as declared from time to time and are entitled to one vote per interest at meetings of the Company (but cannot elect directors) and rank equally with regard to the Company's residual assets.

## **13 Capital Expenditure**

No specific capital expenditure has been provided for. The Valuation Report received from Colliers International, Wellington, included a non-specific provision of \$15,000 (plus inflation) as a capital expenditure requirement for each of the 10 years following purchase.

## **14 Investor Returns**

Returns are based on one or more hypothetical but realistic assumptions. The actual results may differ from the prospective financial information if there are fluctuations in the various factors contributing to the Issuer's prospects. The resulting variance may be material. Prospective Investors should see the sensitivity analysis available on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

Prospective financial information has been prepared for the purpose of the Offer and is not suitable for any other purpose. Investors should not place undue reliance on any of the above prospective financial information.

Prospective financial information by its nature involves risks and uncertainties, many of which are beyond the control of the Issuer and Maat. These risks include, but are not limited to, those set out in Section 8 "*Risks to the Issuer's business and plans*".

There is no present intention to update the prospective financial information or to publish prospective financial information in the future, other than as required by accounting standards, the FMC Act and the FMC Regulations.

The projected returns above are based on holding one or more parcels of 50,000 Shares (at an issue price of \$1.00 per Share) for the duration of each period stated, and calculated on the basis of distributions from available cash surpluses.



## 8 RISKS TO THE ISSUER'S BUSINESS AND PLANS

If the risks described below occur you may not be able to recoup all or any of your investment or you may not receive the returns you expect to receive from holding the Shares. This could happen for a number of reasons.

The Issuer's business, and the returns generated from that business, will be directly affected by the quality of tenants in the building, the Tenants continuing to pay rent and exercising rights of renewal and the scheduled rent reviews achieving an equal or greater rent return than that realised at the date of this PDS.

At present the Property is fully leased and there are no vacant areas other than two of the casual car parks. The leases are generally of medium term duration, with the two main leases to the Accident Compensation Corporation expiring in November 2022 (ground, levels 1 to 3) and June 2020 (levels 1 to 4) respectively. The lease to the Insurance and Financial Services Ombudsman Scheme Incorporated expires in October 2019, with an earlier termination right if that scheme is wound up, on 6 months' notice. The lease to Wilkinson Insurance Brokers (2014) Limited expires in April 2020. The lease to Belleza Hair Design expires in January 2020.

If Tenants do not exercise renewal rights or enter into new leases on the expiry of their leases, the Issuer will be required to find new tenants for the building. Prolonged vacancies will reduce the rental income for the Issuer. The Valuation assumes that, on average, based on the location of the Property, it may take 6 months to find a new tenant.

Leases to replacement tenants may also require inducements to be paid by the Issuer (in the form of cash payments, rent free periods or contributions towards fit-out costs). Real estate agent's fees will also be payable if new tenants are required to be found, which are generally 16% of the initial annual rent for a new tenant. It is also possible that if replacement tenants are required to be found, rental may be at a lower level than the rental payable under the Leases current at the date of this PDS.

The current risk of Tenants not paying their rent is considered to be very low. The major Tenant, the Accident Compensation Corporation, is a Crown owned entity. The Insurance and Financial Services Ombudsman Scheme Incorporated has over 4,000 members paying levies, and the risk of financial difficulties for it is low. Wilkinson Insurance Brokers are a member of a large insurance broking group. They have been operating since 1997. Whilst no information is available to verify their financial performance, it is considered to be a low risk that this company would not be in a position to continue paying its due **rent**. The most vulnerable Tenant is likely to be Belleza Hair Design, although that is a minor tenancy compared with the other tenants. The Vendor has confirmed that there have been no material breaches of the leases by the current Tenants.

### *Rental income risk*

General economic conditions and movements in the market will impact on the rental payable following market reviews. There is no guarantee that the rent following any review will increase and there is no assurance that the rent following any review will not decrease, although:

- none of the rents under the leases can fall below their current commencing rent levels;
- the lease to Wilkinson Insurance Brokers (2014) Limited prevents any rent decrease at the time of a market rent review; and
- the lease to Belleza Hair Design Limited includes fixed annual rent reviews (at 5% per annum), together with a restriction on any rent decreases at the time of the market rent review.

All of the leases have only limited recoverability of operating expenses from Tenants. The recoverable operating expenses are largely limited to utility charges for electricity, water, telephones, etc. For the ACC leases, this is limited to charges consumed within those premises, meaning that electricity charges relating to common areas are non-recoverable. The only lease that allows for recovery of insurance related costs (premiums, valuation fees and excesses (capped at \$2,000)) is the lease to Belleza Hair Design.

The Issuer will accordingly be vulnerable if there are increases in non-recoverable operating expenses (including rates, insurance premiums, service contract charges, repairs and maintenance and building warrant of fitness compliance), as those increased costs will not be able to be passed on to Tenants.

### *Capital expenditure risk*

Capital expenditure on structural repairs or capital improvements to the Property may arise or be required under the Leases that cannot be recovered from the Tenants. The valuation report did not identify any specific capital expenditure requirements. It was recommended that a general allowance of \$15,000 per annum should be provided for maintenance over a 10 year period.

The leases to ACC and to the Insurance and Financial Services Ombudsman do not require those Tenants to redecorate or replace carpets at the expiry of their leases. Furthermore, the lease to the Insurance and Financial Services Ombudsman does not require that tenant to remove its fitout and rectify any damage caused by that

removal. When those Tenants vacate the Property, capital expenditure will be required for the removal of Tenant's fixtures and fittings (in the case of the IFSO premises) and the costs of putting those premises into a condition ready for new tenants.



Capital expenditure on upgrades, alterations or improvements may also be required by statutory requirements from time to time, including where alterations requiring a building consent, or a change of use of the Property, require compliance with latest building code requirements relating to disabled access or means of escape from fire. The ACC leases do not include any restrictions on that Tenant carrying out alterations which may trigger required building upgrades, and there is a positive obligation in those leases for the Landlord to carry out such upgrades at its own cost if required.

#### *Risk of damage and destruction*

The Issuer holds only one asset, being the Property. In the event of damage or destruction of the Property, the Issuer will hold insurance for replacement of the building and in respect of lost rents from the Property (for a 24 month period). If the Property is damaged or destroyed by an insured event, the Issuer will be required to meet the cost of any insurance excess (which is expected to be 5% of the replacement value, which is to be determined by an insurance valuation). The only lease which allows for recovery of the insurance excess is the lease to Belleza Hair Design, and that recovery is limited to \$2,000.

Some of the leases also include early termination rights exercisable by the Tenants if damage is not repaired or access is not restored within a certain period of the event causing damage or a lack of access. The leases to the ACC include termination rights if the premises are damaged and not repaired within 3 months or if access is prevented after a natural disaster event and not reinstated within 3 months. Those 3 month periods would be inadequate if substantial damage or lack of access was caused by a significant event such as a major earthquake. In those circumstances the Issuer would need to rely on its insurance for loss of rents, to cover the lost rental income.

If any damage or destruction was not covered by the insurance policies that Maat is required to arrange for the Property, or if Maat fails to comply with its obligation and does not arrange appropriate insurance in respect of the Property, any destruction of the Property will impact adversely on the value and income from the Property. The Issuer considers that the specific risks above are more likely than the more general risk of Maat failing to maintain adequate insurance.

#### **Risks relating to Bank funding**

The Issuer has received an expression of interest from ASB Bank in relation to two facilities. The first facility is the 36-month of \$12,000,000 CCAF which (to comply with the loan to value ratio) will be drawn in an amount of \$11,899,750 and the second is the Bridging Loan of up to \$2,800,000 and for up to 3 months (which may be

drawn in whole or in part). A copy of the letter of expression of interest may be found on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152) under "Other material information".

#### *Term of Bridging loan*

If the Bridging Loan is utilised and insufficient subscriptions are raised under the Offer to enable the Issuer to repay that Bridging Loan, the Bank may require principal repayments to be made and would have the option of exercising its security, giving it the right to sell the Property. The Bridging loan has a relatively short term of 3 months, meaning that additional subscriptions of up to \$2,800,000 may have to be found within that relatively short time frame.

The Bridging Loan is guaranteed by each of the directors. Accordingly, the Bank could seek to recover under those guarantees. However, the Bank is not obliged to pursue the guarantors. Failure to repay the Bridging Loan would enable the Bank to exercise all powers under its securities (including the power of sale to the Property). See the discussion below.

#### *Term of CCAF loan*

There is the risk that the CCAF Bank loan may not be able to be rolled over at its expiry after 36 months and the Issuer may be unable to obtain alternative finance. In this instance, the Property may need to be sold in a sub-optimal timeframe resulting in a low sale price (see the Forced sale risk discussion below). Any refinancing may involve higher rates, which would affect cash returns.

#### *Forced sale risk*

If:

- the Issuer does not receive subscriptions to enable the Bridging loan to be repaid or breaches or defaults on any of its obligations to or financial covenants agreed with the Bank; or
- the Bank declines to provide further funding on the expiry of the CCAF, and no alternative funding can be obtained,

the Property may be subject to a "forced sale". A forced sale will be likely to result in a lower sale price than would have been achieved if a sale was able to be conducted when market conditions were optimal.

#### *Interest rate risk*

The return to Investors will be subject to interest rate variations on the Bank loan. The proposed Bank funding for 3 years is at the 30 day BKBM rate plus a margin of 1.99% p.a. Future interest rate movements cannot be accurately forecast. The borrowing therefore introduces an interest rate risk and a leverage risk. The return to Investors is subject to interest rate variations in the loans from the Bank. Interest rate movements are unable to be accurately predicted.

The Issuer may manage short-term interest rate risk by utilising interest rate swap agreements. The interest rate prevailing at the end of any swap arrangement may differ materially from the rate at the date the swap arrangement is entered into and may accordingly impact on the actual return that Investors receive.



### Financial covenant risk

If the Issuer is required to fully draw down both the CCAF and the Bridging Loan, the Bank will have advanced an amount equivalent to approximately 58.80% of the Property's current value. There is a risk that adverse market movements may cause a breach of the Bank loan-to-value ratio. In the first 3 months following drawdown, the total borrowings from the Bank are to be no more than 59% of the Property value and must reduce to 50% or less following the expiry of the Bridging Loan. Failure to comply with these ratios will trigger an event of default, allowing the Bank to call for loan repayments and, in default, to exercise all rights under its securities.

In addition to the loan-to-value ratio, the CCAF and the Bridging Loan will contain interest cover ratios. There is a requirement for an initial interest cover ratio of not less than 2.50 (for the first 3 months from initial drawdown) and thereafter an interest cover ratio of 3.0. Once again, a failure to achieve these ratios will enable the Bank to call an event of default and exercise its securities.

## 9 TAX

### NEW ZEALAND TAXATION

#### Taxation treatment in relation to your investment in the Issuer

Tax can have significant consequences for investments. If an investor has queries in relation to tax consequences, the investor should obtain professional advice on these consequences.

The Issuer intends to register (but does not guarantee that it will register) as a portfolio investment entity ("PIE") and a multi-rate PIE as defined in the Income Tax Act 2007. If the Issuer registers as a PIE all taxable income, losses and tax credits related to Issuer's investments must be allocated to you in proportion to your unit holdings in the Issuer, with tax payable at your prescribed investor rate ("PIR").

#### You need to tell us your PIR and IRD number

You must provide your IRD number, your applicable PIR and other details to the Issuer when you subscribe for Shares. If you do not provide these details, your investment in the Issuer will be subject to tax at the 28% PIR. Each year you will be asked to confirm your PIR.

Under the PIE tax legislation, the Issuer will calculate and pay tax on the net income it allocates to you at the following rates (referred to as the prescribed investor rate or PIR).

#### *If you're an individual*

At the date of this PDS an individual Investor who is a New Zealand resident will have a PIR of 10.5%, 17.5% or 28% depending upon your taxable income in the previous 2 years.

<b><i>In either of the two tax years (ending 31 March) immediately before the tax year in question:</i></b>		
<b><i>Taxable income was:</i></b>	<b><i>And taxable income plus PIE income was:</i></b>	<b><i>Then the PIR that applies is:</i></b>
\$0 - \$14,000	\$0 - \$48,000	10.5%
\$0 - \$14,000	\$0 - \$70,000	17.5%*
\$14,000 - \$48,000	\$0 - 70,000	28%*

\*As your PIR is based on your income levels in either of the previous two income years, where you satisfy the criteria for two rates, your correct PIR will be the lower rate.

#### *If you're not an individual*

The Issuer will attribute other Investors with the following PIRs:

- 28% for all non-residents;
- 0% for all New Zealand residents that are not individuals, such as companies, unit trusts, superannuation schemes, and charities;
- New Zealand resident trustees (excluding trustees of unit trusts and charitable trusts), the rate elected by you which must be 0%, 17.5% or 28%; and



- New Zealand resident trustees of testamentary trusts, the rate elected by you which must be 0%, 10.5%, 17.5% or 28%.

*If you're subscribing jointly with another person*

If you are subscribing for Shares jointly with another person, the investment is to be split and each partner/holder will have their share of attributable income taxed at their individual PIR. The individual IRD numbers for each partner/holder will need to be supplied to the Issuer.

**How the Issuer will account for tax on your investments**

The tax payable by the Issuer on the net income allocated to you for any given period will depend on the net income allocated to you for that period and your PIR. The Issuer will adjust the amount of a distribution to be paid to you to address the difference in PIRs between shareholders and to reflect the tax paid to the IRD on a shareholder's behalf. If there are excess tax credits for a period, the Issuer should be able to make additional cash distributions to you on account of that tax credit. Investors with a 0% PIR can claim their share of excess credits in their own tax return.

Taxable income is attributed annually to 31 March or at any time you dispose of your investment (or a part of your investment) in the Issuer. If you dispose of your Shares in full, any tax liability on the Issuer's net income attributable to your investment will be deducted from any PIE income attributable to you. If you sell a portion of your Shares during the year, this results in tax being attributed to you in proportion to the amount you have sold.

Taxation legislation and rates of tax change. You should always seek independent professional tax advice on your own personal circumstances.

Further information can be found on the IRD website: [www.ird.govt.nz](http://www.ird.govt.nz).

You should note that the Issuer has broad powers to act at its discretion to ensure that the Issuer remains eligible to be a PIE. This includes, for example, the ability to refuse investment or to compulsorily re-acquire all or part of your Shares in the Issuer if your continued investment may prejudice the Issuer's PIE eligibility.

**Taxation treatment outside of the PIE regime**

**Taxation of distributions**

If the Issuer is unable to satisfy the eligibility requirements in order to register, or maintain its registration, as a portfolio investment entity, distributions paid by the Issuer (other than on liquidation) will be taxable dividends. The Issuer may attach imputation credits to dividends up to a maximum allowable ratio of 28:72. Any imputation credits attached will be treated as part of the dividend for tax purposes and may be used to satisfy any New Zealand tax liability of a shareholder as discussed further below.

The Issuer will be required to withhold RWT from any dividend it pays.

## 10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to the Issuer, the Property and the Shares is available on the Disclose Register (for example the Constitution of the Issuer and, once these are issued, financial statements). A copy of information on the Disclose Register is available on request to the Registrar. The Disclose Register can be accessed free of charge at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152).



The information and documents provided on the Disclose Register, [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: 11152), includes material provided by third parties. The Issuer does not accept any responsibility or make any warranties in respect of any statements or information provided by third parties. Investors should read such information and documents and make their own assessment as to validity and reliability.

Copies of information on the Disclose Register are available on request from the Issuer at B3, 17 Corinthian Drive, Albany, Auckland 0632.

## 11 HOW TO APPLY

You may subscribe for Shares by completing the Application Form attached to this PDS. The minimum investment is one parcel of 50,000 Shares.

No Applications for this investment will be accepted unless you have completed the Application Form attached to this PDS.

All completed and signed Application Forms and cheques for the full subscription amount accompanied by:

- copies of official certified photo identification; and
- a copy of a utilities bill or bank statement, verifying your residential address; and
- (in the case of trusts) a copy of the Trust Deed and any amendments which may have been implemented since the preparation of that Trust Deed; and
- in the case of other corporate Investors, such additional information as is set out on the Application Form,

must be forwarded to the offices of Maat Property Group, P O Box 301848, Albany, Auckland 0752.

Alternatively, you may transfer the full subscription amount electronically to the Trust Account of Anthony Harper, Solicitors (banking details are provided in the Application Form). If paying by this method, the Application Form, together with all supporting identity verification must be scanned and emailed to [info@maat.co.nz](mailto:info@maat.co.nz). The original Application Form must then be sent to Maat at the address shown above.

All funds received from subscriptions for Shares in the Issuer (including interest earned on those funds) are to be held in the trust account of Anthony Harper, Solicitors, Auckland. Funds will be held in trust for you until all conditions relating to the receipt of subscriptions are satisfied and all of the Shares are subscribed for in full. You will be paid interest at call rates (less Commission and RWT) on your Application money from the date of receipt of cleared funds by Anthony Harper until the funds are withdrawn from deposit to enable settlement of the purchase of the Property or the return of the Application money to you in accordance with this PDS. You can advise us of your IRD number and the RWT rate applicable to the interest payable to you in the Application Form.

In the event that the Property is not acquired by 31 January 2017 then, unless you agree otherwise in writing, your Application money will be promptly returned in full (including interest earned on those funds less Commission, bank fees and withholding tax).

Cheques must be made payable to "Anthony Harper Trust Account" and cannot be post-dated.



## 12 CONTACT INFORMATION

### Issuer

Shamrock House Investment Limited  
B3, 17 Corinthian Drive,  
Albany, Auckland 0632  
P O Box 301848  
Albany  
Auckland 0752  
New Zealand  
Telephone: (09) 414 6078  
Email: [info@maat.co.nz](mailto:info@maat.co.nz); [ntuffin@maat.co.nz](mailto:ntuffin@maat.co.nz)

### Legal Advisors to the Offer

Anthony Harper, Lawyers  
Level 8, Chorus House  
66 Wyndham Street  
P O Box 2646  
Auckland 1140  
Telephone: (09) 920 6400  
Facsimile: (09) 920 9599

### Auditor

BDO Auckland  
Level 8, BDO Tower  
120 Albert Street, Auckland  
P O Box 2219,  
Auckland 1140  
Telephone: (09) 379 2950  
Facsimile: (09) 303 2220  
Email: [www.bdo.co.nz](http://www.bdo.co.nz)

### Valuer

Colliers International (Wellington Valuation) Limited  
Level 10, 36 Customhouse Quay,  
Wellington 6140  
PO Box 2747, Wellington 6140  
Telephone: (04) 473 4413  
Email: [www.colliers.com](http://www.colliers.com)

### Securities Register

Maat Consulting Limited  
B3, 17 Corinthian Drive,  
Albany, Auckland 0632  
P O Box 301848  
Albany  
Auckland 0752  
New Zealand  
Telephone: (09) 414 6078  
Email: [info@maat.co.nz](mailto:info@maat.co.nz); [ntuffin@maat.co.nz](mailto:ntuffin@maat.co.nz)

## GLOSSARY

"**Applicant**" means a person or other entity who makes an Application.

"**Application**" means an application for Shares on the form provided in this PDS.

"**Application Form**" means the form to apply for Shares attached to this PDS.

"**Attributed PIE Income**" means the amount of income attributed to you by all PIEs (including the Issuer) in an income year.

"**Bank**" means ASB Bank New Zealand Limited or such other bank as may be appointed by the Issuer.

"**Board**" means the Issuer's board of directors.



**"Business Day"** means a day on which all registered banks are open for business generally in Auckland and Wellington.

**"Commission"** means 5% of the gross interest earned on any investment funds held on behalf of Investors by Anthony Harper for the period between investment monies being deposited in cleared funds and monies are required to be withdrawn from deposit to enable settlement under the Purchase Agreement or the return of Application funds to an Investor.

**"Companies Act"** means the Companies Act 1993.

**"Constitution"** means the constitution of the Issuer.

**"Disclose Register"** means the online register for offers of financial products under the FMC Act.

**"FMA"** means Financial Markets Authority.

**"FMC Act"** means the Financial Markets Conduct Act 2013.

**"FMC Regulations"** means the Financial Markets Conduct Regulations 2014.

**"Issuer"** means Shamrock House Investment Limited.

**"Investor"** means the holder, from time to time, of Shares in the Issuer and in the description of the shares also referred to as the "Shareholder".

**"Leases"** means the leases of parts of the Property to the Tenants.

**"Maat"** means Maat Consulting Limited

**"Maat Property"** means Maat Commercial Property Management Limited.

**"Manager"** means Maat.

**"Management Agreement"** means the management agreement between the Issuer and Maat, in respect of the management of the Property.

**"NZ GAAP"** means generally accepted accounting practice in New Zealand.

**"NZ IFRS"** means New Zealand Equivalent to International Financial Reporting Standards.

**"Offer"** means the offer of Shares under this PDS.

**"PDS"** means this product disclosure statement issued under the FMC Act and the FMC Regulations.

**"PIE"** means a portfolio investment entity, as that term is defined in the Income Tax Act 2007.

**"PIR"** means the prescribed investor rate, which is the tax rate applicable to attributed PIE income, and is the rate that the Issuer will use to calculate and pay tax on a shareholder's proportion of the Issuer's taxable income.

**"Property"** means the property situated at 81 Molesworth Street, Thorndon, Wellington as is more particularly described and comprised in identifier WN31A/705 (Wellington Registry).

**"Purchase Agreement"** means the agreement for sale and purchase dated 26 August 2016 entered into between Maat and the Vendor in relation to the Property, as varied by subsequent correspondence.

**"Security"** means the first registered mortgage over the Property and first registered General Security Agreement to be granted by the Issuer to ASB Bank and any other securities required by ASB Bank.

**"Shares"** means the B Shares in the Issuer offered for subscription under this PDS.

**"Tenants"** mean the tenants listed in the Tenancy schedule contained in the General Summary of leases in Section 2 of this PDS entitled *"The Issuer and what it does"*.

**"Valuation"** means the valuation for the Property prepared by the Valuer dated 23 May 2016.

**"Valuer"** means Colliers International (Wellington Valuation) Limited.

**"Vendor"** means 81 Molesworth Street Limited.

# Shamrock House Investment Limited

## Application Form — Individuals and Joint Investors

1 Investor Information	
<b>Investor 1 (principal account holder)</b>	<b>Investor 2 (if applicable)</b>
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> ____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> ____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth:                                /        /	Date of birth:                                /        /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD number:	IRD number:

2 Your Investment	
Amount you are investing (minimum \$50,000):                                \$	
What is the purpose of your investment? <input type="checkbox"/> Accumulation of Wealth  <input type="checkbox"/> Retirement  <input type="checkbox"/> Other — please specify:	What is the source of funds?  <input type="checkbox"/> Salary  <input type="checkbox"/> Other — please specify:

3 Tax Information	
<i>The taxpayer for joint Investors is the Investor with the highest prescribed investor rate.</i>	
Is the taxpayer a New Zealand resident for tax purposes?  <input type="checkbox"/> Yes <input type="checkbox"/> No	<i>If no, state the taxpayer's country of residence for tax purposes.</i>
Taxpayer's prescribed investor rate:  <input type="checkbox"/> 0%* <input type="checkbox"/> 10.5% <input type="checkbox"/> 17.5% <input type="checkbox"/> 28%	<i>Your resident withholding tax rate should be consistent with your marginal tax rate. If a prescribed investor rate is not selected, or no IRD number is provided in the 'Investor Information' section, 28% will apply.</i> <i>* Please include a copy of your resident withholding tax certificate of exemption.</i>

#### 4 Distribution Instructions (please tick)

<div style="border: 1px solid black; width: 50px; height: 50px; margin: 0 auto;"></div> <b>Option 1 — By Cheque</b>	<div style="border: 1px solid black; width: 50px; height: 50px; margin: 0 auto;"></div> <b>Option 2 — By Direct Credit to NZ Bank Account</b>																			
Made out to:	Bank account number:																			
<i>Note: cheques will be sent to the address you have supplied in the Investor Information section above.</i>	<table border="1" style="width: 100%;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>																			
	Name of account:																			
Branch:																				

#### 5 Confirming Your Identity and Address

To comply with anti-money laundering laws, we need to verify your identity and your address. Please tick to identify the certified documents you will provide to fulfil the requirements of *either* Identification Option 1 *or* Identification Option 2 *or* Identification Option 3 **and** in each case the Address Verification Requirement.

**Please note certification of documents must be by a “trusted referee”. See the description of who is a trusted referee below.**

Identification Option 1	Identification Option 2	Identification Option 3
One of:  <input type="checkbox"/> NZ passport <input type="checkbox"/> NZ certificate of identity <input type="checkbox"/> NZ firearms licence <input type="checkbox"/> emergency travel document <input type="checkbox"/> overseas passport <input type="checkbox"/> foreign-issued national identity document <input type="checkbox"/> NZ refugee travel document	<input type="checkbox"/> your NZ driver licence  <b>and one of:</b>  <input type="checkbox"/> a credit card, debit or EFTPOS card issued by a registered NZ bank (name and signature must be on the card) <input type="checkbox"/> a bank account statement issued by a registered NZ bank addressed to you from the last 12 months <input type="checkbox"/> a document issued by a NZ government agency containing your name and signature (e.g. a Super Gold card) <input type="checkbox"/> an IRD statement or other NZ government agency statement addressed to you from the last 12 months	One of the following forms of photo ID:  <input type="checkbox"/> NZ driver licence <input type="checkbox"/> 18+ card (Hospitality Association) <input type="checkbox"/> a valid international driving permit  <b>and one of:</b>  <input type="checkbox"/> NZ full birth certificate <input type="checkbox"/> certificate of NZ citizenship <input type="checkbox"/> citizenship certificate issued by a foreign government <input type="checkbox"/> birth certificate issued by a foreign government

#### Address Verification Requirement

**In addition** to the above, you must supply a copy of **one** form of address verification documentation from the following list which cannot be more than 3 months old:

- ☐ utility bill
- ☐ IRD tax assessment notice (New Zealand)
- ☐ credit card/bank statements from an active account
- ☐ government valuation of Property (evidencing ownership)
- ☐ letter from a New Zealand employer on the employer's letterhead (subject to separate verification process)
- ☐ tenancy Agreement for a New Zealand address

### Who is a Trusted Referee?

When supplying certified identification documents, the trusted referee must be at least 16 years of age and one of the following:

- Commonwealth Representative (as defined in the Oaths and Declarations Act 1957)
- an employee of the Police who holds the office of constable
- a justice of the peace
- a registered medical doctor
- Kaumātua
- a registered teacher
- a minister of religion
- a lawyer
- a notary public
- New Zealand Honorary Consul
- a Member of Parliament
- a Chartered Accountant

In addition, the trusted referee must not be:

- related to the Investor; for example, a trusted referee cannot be a parent, child, brother, sister, aunt, uncle or cousin of the Investor
- the spouse or partner of the Investor
- a person who lives at the same address as the Investor

The trusted referee must sight the original identification documentation, and make a statement on the copy to the effect that the documents provided are a true copy and correctly represent the identity of the Investor.

The certification by the trusted referee must include the name, occupation and signature of the trusted referee and the date of certification. Certification must have been carried out in the three months preceding the presentation of the copied document.

## 6 Your Acknowledgements and Agreements

### Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT)

You must not knowingly do anything to put Issuer or Shamrock House Investment Limited ('Maat') (collectively 'us') in breach of the AML/CFT.

You agree to provide all additional information and assistance requested by us and to comply with all reasonable requests from us to facilitate our compliance with the AML/CFT.

You represent and warrant that you are not aware and have no reason to suspect that:

- the money used to fund any investment by you is derived from or related to any criminal or other illegal activities, money laundering, terrorism financing or similar activities (Illegal Activities); or
- the proceeds of any investment will fund any Illegal Activities.

You agree that neither the Issuer nor Maat is liable for any losses incurred as a result of any action we take which either delays your investment or results in an application being declined, when these actions are necessary for us to comply with our obligations under the AML/CFT.

### Privacy Act 1993

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, and to contact you in relation to your investment.

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law; to meet our legal or regulatory obligations; and to any party proposing to acquire an interest in us. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about Issuer and other products and services.

### Power of Attorney

If you are signing for the Investor under a Power of Attorney, you have also attached:

- a certified copy of the power of attorney together with a certificate of non-revocation; and
- identification of the attorney as described above.

### Email Use

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.



## 7 Disclosures

Are you a, or are you immediately related to any, senior member of NZ or foreign government, the judiciary, the military or an ambassador?

☐ Yes

☐ No

Are you a citizen or permanent resident of the United States?

☐ Yes

☐ No

## 8 Declaration

I have read and retained a copy of the attached Product Disclosure Statement and agree to be bound by the terms and conditions of the Constitution. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that the Issuer is primarily intended as a vehicle for long-term investment and the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which fees will be deducted from my investment.

**I understand that investment in Issuer is subject to investment risk, including possible delays in repayment and loss of income or principal invested. I understand that neither Issuer, Maat, nor any other person, guarantees the performance of Issuer or the repayment of capital by Issuer or any particular rate of return.**

Signature of Investor 1 (principal account holder):

Signature of Investor 2 (if applicable):

Date:        /        /

Date:        /        /

## Payment Methods (please tick)

☐

### Option 1 — By Cheque

Please send the original Application Form together with certified proof of identity to Anthony Harper Lawyers at the address shown below.

Please make your cheque payable to 'Anthony Harper Trust Account', cross it 'Not Transferable' and send to:

Anthony Harper Lawyers  
PO Box 2646  
AUCKLAND 1140  
Attention: Maat Investment

☐

### Option 2 – By Direct Credit

Application money may be deposited into:

Name of account: Anthony Harper Trust Account  
Name of bank: Westpac New Zealand Limited  
Address: 93 Armagh Street, Christchurch  
Bank account number: 03 0826 0103700 02  
Client reference: 285822-18

**If paying by this method the Application Form must be scanned and emailed to:**

**info@maat.co.nz**

The original Application Form together with certified proof of identity must then be sent to:

**Maat Group  
PO Box 301848  
Albany  
Auckland 0752**

**Shamrock House Investment Limited**  
**Application Form — Companies, Trusts, Partnerships and Estates**

**1. Investor Information**

Company, Trust, Partnership or Estate name:

Company registration number:

Registered address:

Postal address (if different from registered address):

Contact phone:

Email:

**2. Tax Information**

Investor's IRD number:

Is the Investor a New Zealand resident for tax purposes?

☐ Yes    ☐ No

*If no, state the Investor's country of residence for tax purposes.*

Prescribed investor rate:

☐ 0%    ☐ 10.5%    ☐ 17.5%    ☐ 28%

*If a prescribed investor rate is not selected, or no IRD number is provided, 33% will apply.*

A trustee can elect a resident withholding tax rate (see the description in the PDS). A company can elect a resident withholding rate (see the description in the PDS). Regardless of the rate selected, if you have not provided your IRD number in the "Investor Details" section of this Application Form, resident withholding tax will be deducted at 33% from interest payable to you in relation to your application money.

**3. Investment Details**

Amount you are investing (minimum \$50,000):       \$

**4. Confirming the Identity and Address of Relevant Persons**

To comply with anti-money laundering rules, we need to verify the identity of various people associated with the Investor. In the case of companies, we must verify the identity of people owning more than 25% of the shares and people acting on behalf of the company (usually the directors). In the case of partnerships, we must verify the identity of the partners and anyone authorised to act on behalf of the partnership. In the case of trusts, we must identify persons acting on behalf of the trust (usually the trustees) and also any settled beneficiaries. **Each of these people described above is a "Relevant Person"**. If a trust has a range of beneficiaries it is necessary to describe that range (for example "relatives of the settlor").

Each Relevant Person must complete the information below and provide certified copies of documents to fulfil the requirements of *either* Identification Option 1 *or* Identification Option 2 *or* Identification Option 3 **and** in each case the Address Verification Requirement. **Please note certification of documents must be by a "trusted referee"**. **See the description of who is a trusted referee below.**

*If necessary, please attach additional copies of this page to describe all Relevant Persons.*

Relevant Person 1	Relevant Person 2
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> ____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> ____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth: / /	Date of birth: / /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number	IRD Number
Relationship to Investor:	Relationship to Investor:
Relevant Person 3	Relevant Person 4
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> ____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> ____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth: / /	Date of birth: / /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number	IRD Number
Relationship to Investor:	Relationship to Investor:

**Description of range of beneficiaries for trusts (if applicable):**

Identification Option 1	Identification Option 2	Identification Option 3
<p>One of:</p> <ul style="list-style-type: none"> <li>NZ passport</li> <li>NZ certificate of identity</li> <li>NZ firearms licence</li> <li>emergency travel document</li> <li>overseas passport</li> <li>foreign-issued national identity document</li> <li>NZ refugee travel document</li> </ul>	<ul style="list-style-type: none"> <li>a NZ driver licence</li> </ul> <p><b>and one of:</b></p> <ul style="list-style-type: none"> <li>a credit card, debit or EFTPOS card issued by a registered NZ bank (name and signature must be on the card)</li> <li>a bank account statement issued by a registered NZ bank addressed to the Relevant Person from the last 12 months</li> <li>a document issued by a NZ government agency containing the Relevant Person's name and signature (e.g. a SuperGold card)</li> <li>an IRD statement or other NZ government agency statement addressed to the Relevant Person from the last 12 months</li> </ul>	<p>One of the following forms of photo ID:</p> <ul style="list-style-type: none"> <li>NZ driver licence</li> <li>18+ card (Hospitality Association)</li> <li>a valid international driving permit</li> </ul> <p><b>and one of:</b></p> <ul style="list-style-type: none"> <li>NZ full birth certificate</li> <li>certificate of NZ citizenship</li> <li>citizenship certificate issued by a foreign government</li> <li>birth certificate issued by a foreign government</li> </ul>

**Address Verification Requirement**

**In addition** to the above, each Relevant Person must supply a copy of **one** form of address verification documentation from the following list which cannot be more than 3 months old:

- utility bill
- IRD tax assessment notice (New Zealand)
- credit card/bank statements from an active account
- government valuation of Property (evidencing ownership)
- letter from a New Zealand employer on the employer's letterhead (subject to separate verification process)
- tenancy Agreement for a New Zealand address

**Who is a Trusted Referee?**

When supplying certified identification documents, the trusted referee must be at least 16 years of age and one of the following:

- Commonwealth Representative (as defined in the Oaths and Declarations Act 1957)
- an employee of the Police who holds the office of constable
- a justice of the peace
- a registered medical doctor
- Kaumātua
- a registered teacher
- a minister of religion
- a lawyer
- a notary public
- New Zealand Honorary Consul
- a Member of Parliament
- a Chartered Accountant

In addition, the trusted referee must not be:

- related to the Relevant Person; for example, a trusted referee cannot be a parent, child, brother, sister, aunt, uncle or cousin of the Relevant Person
- the spouse or partner of the Relevant Person
- a person who lives at the same address as the Relevant Person

The trusted referee must sight the original identification documentation, and make a statement on the copy to the effect that the documents provided are a true copy and correctly represent the identity of the relevant person.



The certification by the trusted referee must include the name, occupation and signature of the trusted referee and the date of certification. Certification must have been carried out in the three months preceding the presentation of the copied document.

#### 5. Distribution Instructions (please tick)

☐

##### Option 1 — By Cheque

Made out to:

☐

##### Option 2 — By Direct Credit to NZ Bank Account

Bank account number:

**Note: cheques will be sent to the address you have supplied in the Investor Information section above.**

Name of account:

Branch:

#### 6. Trusts Only

Briefly describe below the source of funds (e.g. sale of a property or available cash in trust fund) and normal source of trust income:

Please provide a certified copy of the trust deed **including any amendments and trustee appointment documentation.**

#### 7. Estates Only

Please provide a certified copy of the last will and a copy of probate.

#### 8. Partnerships Only

Please provide a certified copy of the partnership agreement.

#### 9. Companies Only

Please provide a certified copy of the certificate of incorporation.

#### 10. Your Acknowledgements and Agreements

##### Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT)

You must not knowingly do anything to put the Issuer or Maat Consulting Limited ('Maat') (collectively 'us') in breach of the AML/CFT.

You agree to provide all additional information and assistance requested by us and to comply with all reasonable requests from us to facilitate our compliance with the AML/CFT.

You represent and warrant that you are not aware and have no reason to suspect that:

- the money used to fund any investment by you is derived from or related to any criminal or other illegal activities, money laundering, terrorism financing or similar activities (Illegal Activities); or
- the proceeds of any investment will fund any Illegal Activities.

You agree that neither Issuer nor Maat is liable for any losses incurred as a result of any action we take which either delays your investment or results in an application being declined, when these actions are necessary for us to comply with our obligations under the AML/CFT.

**Privacy Act 1993**

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, and to contact you in relation to your investment.

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law; to meet our legal or regulatory obligations; and to any party proposing to acquire an interest in us. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about Issuer and other products and services.

**Email Use**

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.

**11. Disclosures**

Are you a company incorporated in the United States? ☐ Yes ☐ No

Are you an unincorporated association with a substantial number of members who are United States citizens or residents? ☐ Yes ☐ No

Are you or any of the Relevant Persons senior members of NZ or foreign government, the judiciary, the military or an ambassador? ☐ Yes ☐ No

**12. Declaration**

I have read and retained a copy of the attached Product Disclosure Statement for the Issuer and agree to be bound by the terms and conditions of the Constitution. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that the Issuer is primarily intended as a vehicle for long-term investment and the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which fees will be deducted from my investment.

In addition, by signing this Application Form, companies, trusts and partnerships certify that:

- the trust/partnership/company has been duly established and is validly existing under the laws of New Zealand;
- the trust/partnership/company has not been terminated or liquidated and no event requiring the vesting of the trust's/partnership's/company's assets has occurred;
- the Relevant Persons are as shown on this Application Form; and
- this proposed investment will not cause any limitation on the powers of the trustees/partners/directors to be exceeded.

**I understand that investment in the Issuer is subject to investment risk, including possible delays in repayment and loss of income or principal invested. I understand that neither the Issuer, Maat nor any other person guarantees the performance of the Issuer or the repayment of capital by Issuer or any particular rate of return.**

**Signed for Investor (attach additional pages if more signatures are required):**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Payment Methods (please tick)**

☐

**Option 1 — By Cheque**

Please send the original Application Form together with certified proof of identity to Anthony Harper Lawyers at the address shown below.

Please make your cheque payable to 'Anthony Harper Trust Account', cross it 'Not Transferable' and send to:

Anthony Harper Lawyers  
PO Box 2646  
AUCKLAND 1140  
Attention: Maat Investment

☐

**Option 2 – By Direct Credit**

Application money may be deposited into:

Name of account: Anthony Harper Trust Account  
Name of bank: Westpac New Zealand Limited  
Address: 93 Armagh Street, Christchurch  
Bank account number: 03 0826 0103700 02  
Client reference: 285822-10

**If paying by this method the Application Form must be scanned and emailed to:**

**info@maat.co.nz**

**The original Application Form together with certified proof of identity must then be sent to:**

**Maat Group  
PO Box 301848  
Albany  
Auckland 0752**