

Central Assets Investment Limited

Replacement Product Disclosure Statement

Replacing Product Disclosure Statement dated 18 November 2019



Offer of up to 125 parcels of B Shares

in

Central Assets Investment Limited

2 December 2019

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.companiesoffice.govt.nz/disclose (Offer ref: 12770). Maat Consulting 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 Central Assets Investment Limited ("Central Assets" or the "Issuer"). You may receive a return if dividends are paid or Central Assets increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Central Assets 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 Central Assets Investment Limited

Central Assets has been established for the sole purpose of providing a loan to Magsons Hardware Limited ("Magsons") to enable Magsons to purchase trading stock and plant, fixtures, fittings and equipment (together the "Business Assets") required for its commencement of trading as 'Nido' in the furniture superstore which is under construction at 156-160 Central Park Drive, Waitakere, Auckland (the "Premises"). Magsons will be the tenant of the Premises upon the completion of construction. Construction of the Premises is currently expected to be fully completed in late March 2020.

It is not intended that Central Assets will undertake any other business activity.

The 'B' shareholders in Central Assets will be Investors who submit their applications for shares in accordance with the terms of this Product Disclosure Statement and have their application accepted.

Central Assets has been set up by Maat Consulting Limited ("Maat") and its directors. Further information on Central Assets and Maat is provided in Section 2 "*The Issuer and what it does*".

Maat has also set up Everest Central Investment Limited (the owner of the Premises and the landlord to Magsons) and Central Park Property Investment Limited, the 80% shareholder in Everest Central Investment Limited (the shares in which were the subject of a previous equity offer promoted by Maat). The other 20% shareholder in Everest Central Investment Limited is Magsons Investments Limited. The sole director of both Magsons Hardware Limited (the borrower of the Loan) and Magsons Investments Limited is Mr Vinod Kumar. The relationship between these companies is explained further in Section 2 "*The Issuer and what it does*". How conflicts of interest will be dealt with between the companies set up by Maat, including Central Assets, is also explained further in that section.

Purpose of this Offer

The purpose of this Offer is for Central Assets to raise capital to provide debt funding for Magsons to assist it in purchasing the Business Assets for the establishment and trading of the Nido store on the Premises.

Central Assets is seeking \$6,250,000 of new capital (in two separate tranches) which is to be used for the purpose outlined above. The loan to Magsons (the "Loan") will be up to \$6,250,000, and subject to various pre-conditions being satisfied. Each tranche of the Loan will only be made available if there is sufficient capital raised to fund the tranche.

The Loan is required by Magsons because it has been unable to obtain bank funding for the purchase of the Business Assets. The Directors understand that the trading banks approached by Magsons have not provided funding because Magsons has a risk profile which is outside the banks' current lending criteria.

In place of the unavailable bank funding, the Loan will finance 63.67% of the wholesale purchase price of the Nido trading stock levels and 35.63% of the cost price of the plant, fixtures, fittings and equipment, which Magsons has forecast to be the minimum levels of these Business Assets required for the commencement of Magsons' business (scheduled for late January 2020).

An overview of the wholesale purchase price of the Business Assets and the Loan applied to those assets is detailed below:

| Asset | Cost Price | Loan Value % | Loan Value \$ |
|--|----------------------------|---------------------|---------------------------|
| Nido Retail Stock | \$ 7,853,000 | 63.67 | \$5,000,000 |
| Nido Plant, Fixtures, Fittings & Equipment | <u>\$ 3,508,000</u> | <u>35.63</u> | <u>\$1,250,000</u> |
| | <u>\$11,361,000</u> | | <u>\$6,250,000</u> |

Subject to Central Assets raising sufficient capital pursuant to this Offer, the Loan will be advanced in two tranches once Central Assets is satisfied that the Business Assets purchased by Magsons and delivered on site to the Premises meet the loan to purchase price lending limits applied as above, as those Business Assets progressively increase over a 2 month period commencing December 2019. The forecast Loan draw-down dates are:

| | | |
|------------------|---|---------------------------|
| 20 December 2019 | - | \$5,000,000 |
| 20 January 2020 | - | \$1,250,000 |
| | | <u>\$6,250,000</u> |

The Shares in Central Assets are being offered and allotted in two tranches to coincide with these proposed Loan drawdown dates.

Central Assets and Magsons have entered into the following documents:

- A Term Loan Agreement which sets out the primary obligations of the parties to make and repay the Loan, and for Magsons to pay interest at 10% per annum, and for Magsons to pay all costs associated with the Loan including all costs and disbursements incurred by Maat associated with this Offer;
- A General Security Agreement ("GSA"), whereby Central Assets takes security over all present and after acquired property of Magsons, as security for performance by Magsons of its obligations under the Term Loan Agreement; and
- A Deed of Priority between Central Assets, Everest Central Investment Limited and Magsons, which confirms that as between Central Assets and Everest Central Investment Limited, Central Assets' security under the GSA is first ranking in an enforcement situation (up to \$6,250,000 plus 24 months interest and costs).

The commitments on Central Assets under these documents are conditional, amongst other things, on Tranche One of the capital raise being successful.

Further detail relating to the above is set out in Section 2 "*The Issuer and what it does*" under the heading "Key contracts entered into by Central Assets".

The Offer is not a 'managed investment scheme' offer for the purposes of the Financial Markets Conduct Act 2013 ("FMC Act"). This Offer is an equity investment in Central Assets under the FMC Act, whereby:

- the holders of the Shares will have the right to appoint and remove Directors;
- Central Assets will not be bound by any form of management agreement; and
- there is no FMA licensed manager or FMA licensed independent supervisor to govern Central's investment activities

The purpose of the Offer is further described in Section 3 "*Purpose of the Offer*".

Key terms of the Offer

| | |
|---|--|
| Description of securities | Offer of ordinary Shares in Central Assets (being B Shares offered in accordance with the Issuer's Constitution). |
| Date of lodgement of PDS | 2 December 2019 |
| Offer Opening Date | 3 December 2019 |
| Offer Closing Date | The Offer of Shares is made in two tranches, and there will be two corresponding Share allotments. The two closing dates for the subscription for fully paid Shares (relating to the two tranches) will be as follows: Tranche One: 5,000,000 Shares, with a closing date of 17 December 2019. Tranche Two: 1,250,000 Shares, with a closing date of 16 January 2020 Central Assets reserves the right to alter or extend these dates by no more than 2 months. Central Assets may also withdraw the Offer at any time before the allocation of Shares or accept late applications (either generally or in individual cases). |
| 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 | 1,250,000 |
| Number of Shares being offered | The maximum number of Shares to be issued is 6,250,000 |
| Percentage which initial subscription is to all Shares issued | 80% |

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

How you can get your money out

Central Assets 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. There is no ability for you to redeem your Shares.

Key drivers of returns

Current and future aspects of Central Assets' business that have, or may have, the most impact on the financial performance of Central Assets and the key strategies and plans for the business are set out below.

Central Assets' sole asset will be the Loan made to Magsons.

Interest payments:

The sole source of income of Central Assets will be interest paid under the Loan to Magsons. The interest rate payable is 10% per annum.

Magsons' ability to pay interest to Central Assets will depend upon the successful establishment and operation of Magsons' business, being the 'Nido' store to be opened at the Premises.

Magsons has supplied Central Assets with details of the expected turnover figures from its business. Those details are set out in Section 2 "*The Issuer and what it does*".

Loan repayment:

The Loan is scheduled to be repaid by Magsons on the second anniversary of the date of initial drawdown of the Loan. The repayment will depend on the trading performance of Magsons during the 2-year period, and Magsons' ability to arrange refinancing of the Loan.

Security value of Magsons' assets:

If the business operated by Magsons is unsuccessful, and it is unable to pay interest and/or repay the Loan, the returns to Investors will depend on the ability of Central Assets to successfully enforce its security and recover monies owed (and the costs associated with enforcement) from the assets secured by the GSA.

The Loan will be used progressively by Magsons to reimburse the purchase of the Business Assets to set up the Nido business in preparation for trading. The Loan will be secured by a first ranking GSA over Magsons' present and after-acquired property.

The minimum wholesale purchase price paid by Magsons for the Business Assets by 20 January 2020 is projected to be \$7,853,000 in respect of trading stock and is expected to be \$3,508,000 in respect of the plant, fixtures, fittings and equipment. The Loan value of \$6,250,000 is therefore expected to be secured against Business Assets with a minimum purchase cost of \$11,361,000 (excluding GST).

Further information relating to the value of the Business Assets, and the risks associated with sale of those assets in an enforcement situation, is set out in Section 2 "*The Issuer and what it does*" and Section 8 "*Risks to Issuer's business and plans*".

Key strategies:

- a) There will be no drawdown of the Loan unless the directors of Central Assets are satisfied that the Business Assets acquired by Magsons meet the loan to purchase price lending limits.
- b) The Central Assets directors have analysed Magsons' financial forecasts for the 3 year period from 1 April 2019 to 31 March 2022, to determine that they are reasonable and in accordance with previous forecasts reviewed at the time of raising capital for the Central Park Property Investment's Limited's shareholding in Everest Central Investment Limited. These forecasts include provision for the payment of interest to Central Assets on a monthly basis and the repayment of the loan funds to Central Assets on the second anniversary of the first drawdown of the Loan (anticipated to be on 20 December 2021). These forecasts are summarised in Section 2 "*The Issuer and what it does*".
- c) The directors of Central Assets will be responsible for verifying that the Business Assets secured by the GSA will have a sufficient realisable value (if sold in an enforcement situation) to support the value of the Loan funds provided at the scheduled 'draw-down' dates. This verification will be conducted by Maat by examining invoices from suppliers and verifying the physical location of the Business Assets before any advance of Loan funds is made.

Key risks affecting this investment

Investments in shares are risky. You should consider whether 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 as set out below.

a) *Insolvency/credit risk of Magsons*

If Magsons is unable to pay the interest due during the Loan Term or becomes insolvent, this may result in enforcement of the GSA. That could result in a forced sale by Central Assets of the Business Assets. If the assets secured by the GSA cannot be sold for more than the outstanding Loan balance, and outstanding interest and enforcement costs, Investors could suffer a significant loss.

b) *The Premises cost more to build than anticipated or are delayed.*

Any increase in the cost of the construction of the Premises, is required to be funded by Magsons Investments Limited, a related company of Magsons. This will increase the risk of Magsons having financial difficulties and being unable to meet its obligations under the Loan.

c) The loan funds are used for purposes other than their intended use

There is a risk that Loan funds advanced to Magsons are applied by Magsons for purposes other than required under the terms of the Loan. This will be an event of default under the Term Loan Agreement, and Central Assets may seek the repayment of the Loan. If Magsons is unable to repay the Loan, Investors may suffer a significant loss.

d) The Loan is not repaid on the due date

If the Loan is not repaid on the due date (estimated to be 20 December 2021) and a subsequent proposal for an extension of the Loan is not approved by Investors, the Investors may suffer a significant loss if a forced sale of the Business Assets is required.

Mitigation strategies

Various strategies have been developed to mitigate the above risks. Some of those key strategies include the following:

- The Term Loan Agreement includes an ability for Central Assets to approve Magsons' budgets before any amount of the Loan is advanced. In addition, the Term Loan Agreement allows Central Assets to receive Magsons' monthly management accounts so that the Directors can monitor Magsons' trading performance on a month by month basis.
- While any construction cost overruns are required to be made by Magsons Investments Limited, with the resulting negative impact on Magsons' financial position, the involvement of one of the Central Asset Directors, Neil Tuffin, as a member of the building's Project Control Group, means that the Central Assets Directors will have a better understanding of the impact of cost overruns, and the expected timeframe for completion of the Premises. Mr Tuffin will receive early warning signs of any problems that may have a negative impact on Central Assets.
- The Directors will be responsible for analysing Magsons' cash flow forecasts and verifying the costs of purchasing the Business Assets. The Loan funds will only be advanced to Magsons once the respective values of the Business Assets are adequate to support the lending ratio parameters under the Term Loan Agreement. The Term Loan Agreement also permits Central Assets to pay suppliers direct.
- The duration of the Loan (2 years for the first tranche) has been based on initial financial forecasts prepared by Magsons and reviewed by the Directors.

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

Where you can find the Issuer's Financial Information

The financial position and performance of Central Assets are essential to an assessment of this offer. You should also read Section 7, *The Issuer's Financial Information*.

Central Assets has been established to provide the Loan to Magsons and therefore has no historical financial information. However, selected prospective financial information (including a summary of principal assumptions) has been provided.





CONTENTS

| | | |
|----|--|----|
| 1 | KEY INFORMATION SUMMARY | 1 |
| 2 | THE ISSUER AND WHAT IT DOES | 5 |
| 3 | PURPOSE OF THE OFFER..... | 17 |
| 4 | KEY DATES AND OFFER PROCESS..... | 19 |
| 5 | TERMS OF THE OFFER..... | 19 |
| 6 | KEY FEATURES OF THE SHARES..... | 21 |
| 7 | THE ISSUER'S FINANCIAL INFORMATION | 23 |
| 8 | RISKS TO THE ISSUER'S BUSINESS AND PLANS | 25 |
| 9 | TAX..... | 27 |
| 10 | WHERE YOU CAN FIND MORE INFORMATION | 28 |
| 11 | HOW TO APPLY | 28 |
| 12 | CONTACT INFORMATION..... | 29 |

2 THE ISSUER AND WHAT IT DOES

Overview

Intended business of the Issuer

Central Assets has been established to provide the Loan to Magsons to enable it to purchase the Business Assets required for its commencement of trading as 'Nido' in the furniture superstore which is under construction at 156-160 Central Park Drive, Waitakere, Auckland.

Central Assets' business operations will be limited to the provision of the Loan to Magsons. Central Assets does not intend to undertake any other business.

Central Assets has been incorporated by Maat, which is the sole holder of all of the A Shares in Central Assets. The incorporation date was 7 November 2019.

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*".

Central Assets is seeking \$6,250,000 of new capital, in two tranches, to enable it to provide the Loan to Magsons.

It is not intended that Central Assets will have any employees. Maat will assume the responsibility for providing secretarial services to Central Assets and dealing with the receipt of interest and payment of dividends to Investors. Maat will not receive fees from Central Assets for providing those services to Central Assets, and there will be no management agreement entered into for the provision of those services. Central Assets will be free to contract with any other entity to provide those services at any time.

Industry sector

Central Assets will provide business finance to Magsons. The business finance sector provides working capital finance and takes security over business assets including stock, plant, vehicles and equipment.

Key contracts entered into by Central Assets

Term Loan Agreement

Central Assets has entered into a Term Loan Agreement with Magsons, whereby it agrees to provide the Loan to Magsons, subject to various conditions precedent and ongoing conditions being met.

Key provisions of the Term Loan Agreement are as follows:

- Principal amount: \$6,250,000, if fully drawn.
- Interest rate: 10% per annum. Interest payments are monthly.
- Term: Two years after the first advance.
- Security: First ranking General Security Agreement over all of Magsons' present and after-acquired property, subject to a second ranking General Security Agreement to Everest Central Investment Limited.
- Drawdown requirement: Central Assets must be satisfied with its first ranking security position over the relevant Business Assets.

A copy of the Term Loan Agreement can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12770) under "Other material information".

General Security Agreement

Central Assets has entered into a General Security Agreement ("GSA") with Magsons, whereby Magsons has granted Central Assets a security interest over all of the Magsons' present and after-acquired property. The GSA will provide security to Central Assets for performance by Magsons of its obligations under the Term Loan Agreement.

If Magsons is in default under the Term Loan Agreement, one of the powers granted to Central Assets under the GSA is the ability to appoint a Receiver, to take control over the business and assets of Magsons. The GSA will allow Central Assets to permit Magsons to continue to trade either itself or under the control of a Receiver. Either Central Assets or the Receiver will have the power to sell the Business Assets if Magsons defaults.

Central Assets' security under the GSA will rank behind suppliers of goods to Magsons that have not been fully paid for, provided those suppliers have a security interest (including a retention of title) in the goods supplied and have protected that interest through registration on the Personal Property Securities Register.

The GSA will otherwise be first ranking. Central Assets has entered into a Deed of Priority with Everest Central Investment Limited, which also holds a GSA over Magsons, as security for Magsons' obligations under the lease of the Premises from Everest Central Investment Limited. The Deed of Priority records that Central Assets will have first ranking priority (ahead of Everest Central Investment Limited) up to \$6,250,000 plus 24 months interest and costs.

If Central Assets takes enforcement action against Magsons and sells the Business Assets, the following costs and claims will need to be paid from the proceeds of sale before any money can be paid to Central Assets and returned to the Investors:

- costs to remove any plant, fixtures, fittings and equipment from the Premises;
- costs to store and insure the Business Assets;
- costs to sell the Business Assets, including any auctioneer's costs and valuation costs;

- amounts due to prior ranking creditors, (if any) such as suppliers who have a prior security interest over the relevant Business Assets;
- preferential creditors of Magsons, such as Inland Revenue for any unpaid tax, if Magsons is in receivership or liquidation at the time;
- costs charged by a Receiver.

Strategies to manage issues relating to Central Assets security position are:

- Central Assets is not required to advance any amount of the Loan to Magsons unless Magsons is complying with its loan obligations (eg, if Magsons has paid all interest payments) and Central Assets is satisfied with its security position.
- Magsons will have to comply with the loan to security ratios (63.67% in respect of stock, at cost price, and 35.63% in respect of plant, fixtures, fittings and equipment, at cost price.
- Central Assets will check all relevant suppliers of Business Assets to ensure payments by Magsons are up to date or will be paid from the proceeds of the Loan.

Copies of the General Security Agreement and the Deed of Priority can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12770) under "Other material information".

Factors impacting on the Issuer's business

The current and future aspects of Central Assets' business that have or may have the most impact on the financial performance of Central Assets' business are (a) financial performance of Magsons, and its ability to pay interest on the Loan advances and to repay the Loan when required; and (b) if Magsons is unable to meet its payment obligations, the security position of Central Assets, based on the assets secured under the GSA.

(a) Financial performance of Magsons

(i) Magsons' responsibility to fund any construction costs above fixed price

At the date of this PDS, there are approximately 4 months remaining to complete the construction of the Premises. It is estimated that the construction costs will have escalated to \$41m, an increase of \$3.2m (8.47%) over the original estimate of \$37.8m. Magsons Investments Limited (a related company of Magsons) will be responsible for funding the costs over and above the fixed price. This increase in the construction costs have had a negative impact on the financial position of Magsons, and the Directors understand that this has contributed to the inability of Magsons to obtain bank funding.

(ii) Magsons financial performance and position

The projected financial position of Magsons for the years ended 31 March 2020, 2021 and 2022, is set out below. Magsons is a start-up business with no trading experience and therefore Maat have had to rely on projected financial performance, previous retail experience and independent reports to assist in the feasibility of assessing Magsons financial projections as the borrower.

Given that the construction of the Premises is not scheduled to be sufficiently completed until mid-January 2020, Magsons is scheduling for a limited opening in late January 2020 with a full opening scheduled for late March 2020. As Magsons has been in the process of 'setting up' for trading since 1 April 2019, it has incurred significant costs prior to commencement of trading. These costs have (and will be) met through a combination of capital introduced by Magsons, plus debt funding provided by Central Assets with security over Magsons' Business Assets.

Maat has reviewed the Magson's projected financial statements for the years ended 31 March 2020, 2021 and 2022 for an assessment of the financial viability of Magsons as the tenant. This review included:

- a) An analysis of the assumptions used in Magsons' financial forecasts for the period 1 April 2019 to 31 March 2025. From this analysis, Maat requested confirmation and clarification from Magsons as to the validity of assumptions, in particular in relation to the following:
 - i) Sales forecasts - the forecasts are based on several factors including information obtained from 2 independent reports from Property Economics and First Retail Group as detailed in the table below, the purchasing strategy of Magsons' and the sales mix of products.
 - ii) the increasing stock holdings (including base display stock);
 - iii) the programme for purchase of fixed assets (as per a schedule provided by Magsons);
 - iv) the cost of increasing staff numbers from the current 34 to 160-180 in time for the March opening;
 - v) the interest expense paid to Central Assets on a monthly basis during the period of the loan, together with the repayment of the loan in full from cash flow on 20 December 2021;

- vi) the repayment of the financing of the Dexion automated warehouse system over a three year period ended 31 March 2022;
- vii) the provision for the costs of leasing vehicles and mobile plant for the warehouse; and
- viii) the costs of employing consultants for various aspects of the business.

The achieving of the sales forecasts was identified by Maat as the greatest risk to the success of the business. In gaining satisfaction that the forecasts used by Magsons were achievable, Maat referred to two independent reports received by Magsons which respectively supported the expected sales revenue and the positioning of Nido in the Auckland and New Zealand retail market.

- a) A report from Property Economics was commissioned by Magsons in 2015 which was updated in November 2018. In commenting on the indicative economic market, the report commented that "with any novel large retail concept, there is a 'honeymoon period' of strong interest due to the intrigue factor. After a period the market settles down and adjusts, but its unique and comprehensive offer and environment will ensure it maintains an ability to attract customers from an extensive area for a sustained period. This has been seen by other large retail developments such as The Base and Sylvia Park, which still attract significant customers from outside their respective cities".

A summary of the key conclusions included in the Property Economics report is detailed in the table below:

| Key Measurement | Population Growth | | Increase | | Households Growth | | Increase | |
|--|------------------------|---------|----------------|--------------|-------------------|---------|----------------|--------------|
| | 2018 | 2038 | No. | % | 2018 | 2038 | No. | % |
| Population & Households | | | | | | | | |
| Primary Catchment Area West Auckland (50%) | 237,050 | 331,470 | 94,420 | 39.83 | 79,150 | 114,460 | 35,310 | 44.61 |
| Secondary Catchment Area Rest of Auckland (45%) | 1.463m | 1.891m | 428,000 | 29.26 | 499,300 | 673,400 | 174,100 | 34.87 |
| Estimated sales per square metre of retail space (20,000 m²) | \$3000 - \$3500 | | | | | | | |
| Estimated annual Sales | \$60m-\$70m | | | | | | | |

Further information can be found in the Property Economics report, which may be viewed at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: OFR12770) under "Other material information"

Having assessed the information in the report, Magsons has based its financial modelling on an annual sales base of \$53m for the first full year, ending 31 March 2021 and \$57.5m for the year ended 31 March 2022, with a reduction of 30% from that turnover estimate figure for a break-even turnover figure.

- b) A further report was received, from the First Retail Group in March 2019, who assessed the store's Positioning and Competitor Impact, on which the report concluded:

Positioning

The proposed NIDO concept does not mirror any one retailer or anchor on a specific category. Instead it plans to deliver a synergistic, solution-set of products that people buy on a weekly, monthly or less frequent basis, along with services and shopping environments not available elsewhere. NZ consumers are tiring of the sameness in retail and increasingly craving new experiences & offers. NIDO'S proposed range differentiation would create a unique and defensible position by limiting comparison, while aspirational marketing themes and store experience strategies would create greater perceived value for consumers.

Competitor Outlook *(Likely impacts if a competitor of scale enters the marketplace)*

NIDO'S positioning and range is different to IKEA, however its target consumer demographic is similar. If IKEA opened in North or West Auckland, impact would likely be similar to that experienced by home improvement stores, when a competitor launches. This typically impacts trade up to 20% initially, then returns to regular levels within 12 months. In this case, impacts could be lessened as both IKEA and NIDO locating in the same area may create 'cluster value' – benefiting from each other's draw and attracting consumers from a wider catchment through combined convenience and proposition. If IKEA opened in South Auckland, we would anticipate the impact to be diffused given NIDO's broader offer, more frequent demand potential and geographical distance.

IKEA'S flat-pack, self-assembly model contrasts with the majority of NIDO's proposed range being completely built-up, but still available ex. stock. This could be a differentiating edge for the brand. IKEA'S limited opportunity to leverage scale in store numbers, or operational synergies of central warehousing in New Zealand may compromise their ability to deliver pricing comparative to their Australian business. More expensive products could challenge IKEA's value proposition and goodwill.

Given current progress on NIDO's site, the local brand will enjoy first-mover advantage – enabling it to engage its market, build recognition and develop goodwill ahead of others.

Further information can be found in the Retail Property Group report, which may be viewed at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: OFR12770) under "Other material information"

A summary of the forecast financial performance and position of Magsons for the selected 3-year period is recorded below. This has been prepared in compliance with generally accepted accounting practice in New Zealand (NZ GAAP).

| Magsons Hardware Limited | | Prospective (12 Months) | Prospective (12 Months) | Prospective (12 Months) |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|
| | | 31/03/2020 | 31/03/2021 | 31/03/2022 |
| (Trading as 'Nido') | Note | | | |
| Revenue | | | | |
| Sales | 1 | 12,949,314 | 53,567,500 | 57,585,063 |
| Cost of Sales | 2 | 6,215,671 | 25,712,400 | 27,640,830 |
| Gross Profit | 3 | 6,733,643 | 27,855,100 | 29,944,233 |
| Less Expenses | 4 | | | |
| Operating | | 4,032,260 | 10,384,085 | 11,854,568 |
| Marketing | | 985,958 | 1,500,252 | 1,469,317 |
| Property Occupancy | 5 | 1,485,608 | 1,579,130 | 924,400 |
| | | 6,503,826 | 13,463,467 | 14,248,285 |
| EBITDA (Earnings before interest, taxation, depreciation and amortisation) | | 229,817 | 14,391,633 | 15,695,948 |
| Less | | | | |
| Interest | 6 | 508,514 | 3,780,393 | 2,923,384 |
| Depreciation | 8 | 588,740 | 5,161,757 | 4,742,486 |
| Income Tax | | (240,083) | 1,950,195 | 793,431 |
| | | 857,171 | 10,892,345 | 8,459,301 |
| Net Profit | | (627,354) | 3,499,290 | 7,236,649 |
| Interest Rate Cover | | 0.45 | 3.81 | 5.37 |
| Cash and Cash Equivalents | | 2,744,969 | 7,466,556 | 7,321,710 |
| Fixed Assets | 7 | 9,106,838 | 7,574,812 | 6,462,058 |
| Property Lease Asset | | - | 50,846,072 | 47,216,341 |
| Total Assets | | 24,315,730 | 78,498,435 | 73,825,737 |
| Property Lease Liability | | - | 52,351,571 | 50,260,902 |
| Total Liabilities | | 12,347,581 | 63,078,995 | 53,687,650 |
| Total Debt | 6 | 8,913,965 | 7,563,389 | 208,433 |
| Gearing Ratio | | 74.48% | 49.05% | 1.04% |
| Total Equity | | 11,968,149 | 15,419,438 | 20,138,086 |
| Net Cash Flow from Operating Activities | | (7,975,815) | 4,769,587 | 8,623,154 |

Notes and Assumptions for the periods ending 31 March 2020, 2021 and 2022

The prospective financial information in this section is based on various best estimate assumptions provided by the tenant, Magsons Hardware Limited, which has been reviewed and analysed by Maat to gain assurance that the financial projections are reasonable in accordance with the generally acceptable compilation of such financial information, including the assumption of the relationship of expenses to sales revenue and volume; the financial impact of fixed costs; the programme to increase stock levels during the initial period of trading; and the ability to reduce debt to comply with Magsons' various loan obligations. The principal assumptions are summarised below:

1 Commencement of Trading

Magsons will commence trading from its premises from 24 January 2019. The sales for the 31 March 2020 year therefore assumes store sales for a 2.23 month period, plus 'other sales' during this inaugural full year (including from internet and customised sales).

2 Stock Value

That the cost price of stock on hand will be \$8.337m, \$8.126m and \$7.919m for the respective 3 accounting periods

3 Gross Profit

It has been assumed that a Gross Profit of 52% is maintained during the 3 year accounting periods

4 Expenses

Expenses have been calculated in accordance with pre-determined ratios to sales revenue and volume; variable overhead costs, and a specifically calculated fixed cost structure

5 Property Occupancy Expenses

Property Operating Expenses include property management, rates, cleaning, repairs and maintenance and security

6 Loan Values & Interest payments

The debt value reduces in line with the loan repayment obligations over the 3 year period, together with the corresponding reduction in interest payable. The Interest payments for the years ending 31 March 2021 and 31 March 2022 include interest on the property lease. The split is as follows:

| | 2021 | 2022 |
|-------------------------------|--------------------|--------------------|
| Interest on Loans | 1,390,732 | 409,882 |
| Interest on Property Lease | 2,389,661 | 2,513,502 |
| Total Interest Expense | \$3,780,393 | \$2,923,384 |

7 Fixed Assets

The fixed assets value at the end of each financial year are recorded at cost price, less provision for depreciation

8 Depreciation Expense

Depreciation on fixed assets is calculated at the maximum rates allowed by the Inland Revenue. The depreciation expense for the years ending 31 March 2021 and 31 March 2022 includes depreciation on the property lease. The split is as follows:

| | 2021 | 2022 |
|-----------------------------------|--------------------|--------------------|
| Depreciation on Fixed Assets | 1,532,026 | 1,112,755 |
| Depreciation on Property Lease | 3,629,731 | 3,629,731 |
| Total Depreciation Expense | \$5,161,757 | \$4,742,486 |

9 Contingent Liabilities

There will be no contingent liabilities as at 31 March 2020, 2021 or 2022.

Magsons has been responsible for funding the costs of the pre-opening cash flows. These costs are estimated to be \$17,536,000 based on actual costs to 31 October 2019, plus estimates of future costs to end of January 2020. The table below provides a summary of these costs:

| | PRE-OPENING CASH FLOWS | | |
|--------------------|---------------------------------------|---|-----------------------------|
| | Actuals to 31 October 2019 | Forecasts to 31 January 2020 | Total Cash Flows |
| Operating Expenses | 1,265,630 | 520,370 | 1,786,000 |
| Marketing | 228,323 | 93,677 | 322,000 |
| Property Occupancy | 263,081 | 313,919 | 577,000 |
| Stock | 7,002,581 | 3,229,419 | 10,232,000 |
| Fixed Assets | 2,061,000 | 2,558,000 | 4,619,000 |
| | \$ 10,820,615 | \$ 6,715,385 | \$ 17,536,000 |

The Directors understand that Magsons will meet these costs from the following sources:

| | |
|--------------------------------|---------------------|
| Magsons (Capital introduced) | \$ 11,286,000 |
| Central Assets' Loan (Secured) | \$ 6,250,000 |
| | \$17,536,000 |

The Central Assets Loan will be used to fund the following pre-opening cash flows:

| | <u>CENTRAL ASSETS LOAN VALUE</u> | | |
|-----------------------|----------------------------------|--|---------------------|
| | As at 31 October 2019 | Additional Loan Value at 31 January 2020 | Total Funding |
| Stock (63.67%) | 4,458,805 | 541,195 | 5,000,000 |
| Fixed Assets (35.63%) | 734,335 | 515,665 | 1,250,000 |
| | \$ 5,193,140 | \$ 1,056,860 | \$ 6,250,000 |

In addition to the capital invested in the business, Magsons (and Magsons Investments Limited) will be responsible for funding the projected \$3.2m cost over-runs in the construction of the building, which will be met by Magsons' own capital.

b) Central Assets' security position under the GSA

If Magsons is unable to pay interest or repay the Loan when required, and if Central Assets then enforces its security under the GSA (if trading out of difficulty is not considered to be feasible), the ability of Central Assets to repay Investors will depend on the amount realised upon a sale of the Business Assets. While it may be possible for a buyer to be found for the Magsons' business as a whole, this is considered by the Directors to be unlikely given the scale of the Nido store and the risk that would be taken on by an incoming buyer. It is more likely that the Business Assets would need to be sold separately.

The Business Assets comprise the following:

a) Fixed Assets

Magsons has budgeted for purchasing a range of fixtures, fittings, plant and equipment at an estimated cost price of \$3,508,000. In addition, Magsons will own equipment (separate to that listed below) which will be paid for over a period of time under a financing arrangement to the value of approximately \$4m and lease vehicles for an arranged period of time.

If Magsons encounters financial difficulties within the first two years and cannot either repay or refinance the Loan, the assets would be sold to repay the Loan from Central Assets. The table below illustrates Maat's assessment of the estimated realisable value of the fixed assets. Maat has not obtained any independent asset valuation advice in making this assessment.

| Asset Description | Cost Value | Estimated Realisable Value | Estimated Realisable Value |
|---|---------------------|----------------------------|----------------------------|
| | | % | \$ |
| Wall Fixtures | \$ 160,000 | Nil | Nil |
| Retail Tables/Work Station, Design & Display furniture & fittings | \$ 873,000 | 42% | \$ 367,000 |
| Warehouse and Office Furniture, Fittings and equipment | \$ 445,000 | 40% | \$ 178,000 |
| Cafeteria, Build and appliances | \$ 800,000 | 33% | \$ 264,000 |
| Office Equipment | \$ 366,000 | 45% | \$ 164,700 |
| Signage | \$ 250,000 | Nil | Nil |
| Security Cameras | \$ 119,000 | 45% | \$ 53,550 |
| Lighting System | \$ 495,000 | 45% | \$ 222,750 |
| | \$ 3,508,000 | 35.63% | \$ 1,250,000 |

b) Trading Stock

The Directors understand that Magsons it will have circa 100 suppliers from whom it will purchase trading stock. It is expected that 60% of the stock purchased will be sourced from European suppliers. Maat has reviewed contracts which Magsons holds with its 15 major suppliers of stock.

Stock has been (and will be) purchased each month in the period from 1 April 2019 – 30 November 2019, with the projected value on hand at 30 November being \$7,853,000. Stock will begin to be ‘turned over’ once trading starts in late January 2020.

The stock on hand as at 31 March 2020, 2021 and 2022 is projected to be \$8,337,000, \$8,126,000 and \$7,899,000 respectively. The stock values will, of course, fluctuate during the year depending on seasonality and buying patterns. The Directors have estimated the security value to be \$5m during the Loan term. The average retail sale price of Magsons’ stock value of \$7,853,000 is \$16,360,000. Therefore, \$5,000,000 is 30.5% of the retail price.

Central Assets will only draw down the Loan funds for Magsons once the Directors are satisfied that the stock is on hand and paid for.

There could be significant hurdles for Central Assets to sell the Business Assets if Central Assets enforces the GSA. The principal hurdles are:

- Finding buyers for the stock at a price that will allow Magsons to repay the Loan. Saleability of the stock will depend on what market there is for the stock, and competition from businesses who sell similar stock.
- Removing plant, fixtures, fittings and equipment from the Premises is likely to be a problem, especially without damaging the relevant Business Assets. In some cases the assets (such as the cafeteria fitout, lighting, signage and wall fixtures) may be bespoke to the Premises, and there may be no buyers for those assets.

These factors have been taken into account by the Directors when considering the security value of the relevant Business Assets.






Construction on walls November 2019



Construction continues November 2019

Directors, Senior Management and individual relevant parties

The Directors of Central Assets as at the date of this PDS are Neil Tuffin and Mark Hughson (both are also Directors of Maat) and Bruce Ellis as an Independent Director:

| | | |
|--|---|--|
|  <p>Neil Tuffin, Accountant, GDipBS. AFA Director</p> <p>181 No 3 Line Wanganui 4500 New Zealand</p> <p>Neil Tuffin is an Accountant and Authorised Financial Advisor (under the Financial Advisers Act 2008.) He has been the managing director and shareholder of the Maat Group since its formation and is a director of the 14 property owning companies managed by Maat. He also holds the positions of Chairman of the Boards of Remediation (NZ) Ltd and Central Landscape Systems Ltd, and Deputy Chairman of the Business North Harbour Association.</p> <p>Neil has 40 years' experience in accountancy, retail businesses, management consulting and investment portfolio construction and management.</p> |  <p>Bruce Ellis, JP, BCA Independent Director</p> <p>23c Wallath Road Westown New Plymouth 4310 New Zealand</p> <p>Bruce is an Accountant operating his own accounting practice in New Plymouth. As a qualified accountant for the past 45 years, Bruce utilised his professional skills in investment research and management, financial management in the not for profit and schools' sectors, before entering into public practice in 2001, first in Stratford and now in New Plymouth. He became a founding Director and shareholder of Maat Consulting Limited in 2010. He has relinquished both of these roles, as well as those of Director of Central Park Property Investment Limited and Everest Central Investment Limited in November 2019. Bruce continues as a Director of 13 of the 14 property owning companies managed by Maat. Bruce is a trustee of the Stratford Community House and the Percy Thomson Trusts.</p> |  <p>Mark Hughson, CA BBS Dip BS Director</p> <p>65 Collins Street Hawera 4610 New Zealand</p> <p>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 the Maat Group and the 13 property owning companies managed by Maat.</p> |
|--|---|--|



Maat Administration Staff

The two Directors of Maat are Neil Tuffin and Mark Hughson whose profiles are summarised above.

Management role of Maat

Maat is the manager of 14 property owning companies. Formed in early 2010, Maat has arranged investments in these property-owning companies during the last 10 years with a combined market price of \$340,000,000, ranging from \$4,000,000 to \$61,000,000. Approximately 47.5% of the purchase price of these properties has been funded by bank loans and the balance has been funded by investor subscriptions.

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 Central Assets; and
- preparing reports for Investors

Table of substantial shareholders and of relevant interests

| Party | Relevant Interest | Number of A Shares in Central Assets before PDS | Number of A Shares in Central Assets after allotment of Shares in Central Assets |
|-------|-------------------------------------|---|--|
| Maat | Ordinary A Shares in Central Assets | 100 (100%) | 100 (100%) |

| Relevant Party | Relevant Interest | Number of shares in Maat before PDS | Number of shares in Maat after allotment of Shares in Issuer |
|--|---|-------------------------------------|--|
| Mark Geoffrey Hughson | Director of Central Assets and director and shareholder in Maat Consulting Limited | 389 shares (38.90%) | 389shares (38.90%) |
| Neil James Tuffin | Director of Central Assets and director and shareholder in Maat Consulting Limited | 389 shares (38.90%) | 389 shares (38.90%) |
| Neil Tuffin and Mark Hughson (jointly) | Directors of Central Assets and directors and shareholders in Maat Consulting Limited | 222 shares (22.20%) | 222 shares (22.20%) |

Interests of directors

Central Assets does not have any employees and it does not intend to employ any persons.

Two of the three directors of Central Assets are also directors and shareholders of Maat. There are no management fees payable by Central Assets. The directors of Central Assets will not receive any directors' fees from Central Assets. A fee of \$7,500 p.a. will be paid to Bruce Ellis by Magsons, in his role as an independent director. The directors of Maat may receive directors' fees from Maat.

Conflicts of Interest

The Directors of Central Assets have agreed a Conflicts of Interest policy. The policy provides that if the independent director of Central Assets (Bruce Ellis) determines that a conflict of interest arises in respect of a particular matter, all decisions of Central Assets relating to that matter will be made by Bruce Ellis on his own.

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

The purpose of this Offer is for Central Assets to raise capital to provide the Loan to Magsons to assist it in purchasing the Business Assets, for the establishment and trading of the 'Nido' store on the Premises.

Central Assets is seeking \$6,250,000 of new capital (in two separate tranches) which is to be used for the purpose outlined above. The Loan will be for the full amount of \$6,250,000, and subject to various pre-conditions being satisfied, will be advanced to Magsons in two separate tranches in line with each tranche of the capital raising. The projected return for Investors on their shares in Central Assets will be 10% per annum for a period estimated to end on 20 December 2021 at which time Magsons will be required to repay the Loan in full to Central Assets. The funds when received by Central Assets will be duly repaid to the Investors who hold the Shares in Central Assets. Subsequently, Central Assets will be put into liquidation.

The Loan will finance 63.67% of the cost price of the Nido trading stock levels and 35.63% of the cost price of the Business Assets, which Magsons has forecast to be the minimum levels of these Business Assets required for the commencement of Magsons' business (scheduled for late January 2020).

Subject to Central Assets raising sufficient capital pursuant to this Offer, the Loan will be advanced in two tranches once Central Assets is satisfied that the Business Assets purchased by Magsons and delivered on site to the Premises meet the loan to purchase price lending limits applied as above and all other lending requirements of Central Assets have been met, as those Business Assets progressively increase over a 3-month period commencing November 2019. The forecast Loan draw-down dates are:

| | | |
|-------------------|---|---------------------------|
| December 16, 2019 | - | \$5,000,000 |
| January 20, 2020 | - | <u>\$1,250,000</u> |
| | | <u>\$6,250,000</u> |

The Shares in Central Assets are being offered and allotted in two tranches to coincide with these proposed Loan drawdown dates.

The minimum amount that must be raised before the Shares are issued to initial Investors in Tranche One is \$5,000,000. If the minimum amount of \$5,000,000 is received for Tranche One, but none or not all of Tranche Two is received, Magsons will not be able to purchase all of the Business Assets it requires for full trading. In these circumstances Magsons may have to trade on a limited basis, if it can trade at all. There is accordingly more risk for Investors in Tranche One, because at the time of their investment it is not known if Tranche Two of the capital raise will be successful.

Under the Term Loan Agreement, Magsons is required to meet all costs associated with this Offer, and with the preparation of the Term Loan Agreement and associated documents.

The Offer is not underwritten.



Example of Nido Living display

4 KEY DATES AND OFFER PROCESS

| | |
|--|--|
| Key dates | |
| PDS lodged on the Disclose Register | 2 December 2019 |
| Opening Date for Applications | 3 December 2019 |
| Offer Closing Date | <p>The Offer of Shares is made in two tranches, and there will be two corresponding Share allotments. The two closing dates for the subscription for fully paid Shares (relating to the two tranches) will be as follows:</p> <p>Tranche One: 5,000,000 Shares, with a closing date of 17 December 2019.</p> <p>Tranche Two: 1,250,000 Shares, with a closing date of 20 January 2020.</p> |
| Date of advancement of Tranche One of Loan and issue of Shares | The advancement of Tranche One of the Loan is anticipated to be on 20 December 2019, being 3 working days after the Offer Closing date. On this date the initial Share allocation will be made. |
| Intended date of first dividend payment | 31 December 2019 |

The above dates are indicative only and may change. Central Assets reserves the right to alter or extend these dates, but by no longer than 2 months from the dates mentioned above. Central Assets 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

| | |
|-------------------------------|---|
| What is the Offer | The Offer is for Shares in Central Assets. 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 Central Assets or any return on the Shares. |
| Key dates | See Section 4 " <i>Key dates and Offer process</i> " for information about the key dates for the Offer. |
| Fixed Price | \$1.00 per Share, minimum Application 50,000 Shares. The price per share is linked to the amount that must be raised to meet Central Assets' intended Loan to Magsons. No other independent or objective mechanism has been used to set the price for the Shares. |
| Structure of the Offer | <p>The number of Shares to be issued is 6,250,000</p> <p>The Offer of Shares is made in two tranches and there will be two corresponding Share allotments. The two closing dates for the subscription for fully paid Shares (relating to the two tranches) will be as follows:</p> <p>Tranche One: 5,000,000 Shares, with a closing date of 17 December 2019</p> <p>Tranche Two: 1,250,000 Shares, with a closing date of 16 January 2020</p> <p>Central Assets reserves the right to alter or extend the above Offer closing dates by no more than 2 months. Central Assets may also withdraw the Offer at any time before the allocation of Shares or accept late applications (either generally or in individual cases).</p> |

| | |
|---------------------------------|--|
| | <p>The minimum number of Share Parcels for an Investor is one (50,000 Shares). The maximum number of Share Parcels per investor is 25 (being 1,250,000 Shares in total).</p> |
| Refunds | <p>The Offer may be withdrawn by Central Assets at any time before the allocation of the Shares, at Central Assets' sole discretion. If the Offer is withdrawn, then the non-allotted subscription monies will be refunded.</p> <p>Central Assets may decline any Application, in its discretion. Money received in respect of Applications which are declined will be refunded. Refunds will be paid to unsuccessful Applicants within 10 business days of the allocation of Shares to successful Applicants 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> |
| Applications | <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), and which may be found on the Disclose Register (at https://disclose-register.companiesoffice.govt.nz/ (Offer ref: 12770) 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 Term Loan Agreement, the GSA, the Deed of Priority or extensions to the anticipated dates for drawdown of the Loan.</p> <p>Until the allotment of the Shares, subscription monies received will be held in the trust account of Anthony Harper, Solicitors, Auckland on escrow.</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. Central Assets, Maat and the directors of Central Assets disclaim all liability to any person who is sent or receives this PDS outside New Zealand.</p> |
| Allocation and Allotment | <p>The allotment of Shares in Tranche One to successful Applicants is scheduled to take place on the date of the initial Loan drawdown (anticipated to be 20 December 2019).</p> <p>The allotment of Shares in Tranche Two to successful Applicants is scheduled to take place on the date of the second Loan drawdown (anticipated to be 20 January 2020).</p> <p>The allotments will be recorded on Central Assets' share registry.</p> |
| Constitution | <p>The Constitution of Central Assets 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 can be found at https://disclose-register.companiesoffice.govt.nz/ (Offer ref: Offer ref: 12770) under "Other material information".</p> |
| Management Fees | <p>There are no management fees payable by Central Assets.</p> |

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, each Share and each A share gives the holder the right:

- To vote by special resolution to:
 - Adopt, revoke or alter the Constitution;
 - Approve a "major transaction" (as defined in the Companies Act) of Central Assets;
 - Approve any amalgamation of Central Assets under the Companies Act;
 - Place Central Assets into liquidation.

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.

- In the case of the Shares only to:
 - Vote by ordinary resolution, to appoint and remove Directors;
 - Receive an equal share in any cash distributions or other distributions paid or made on the Shares;
 - Receive an equal share in the distributions of surplus assets in a liquidation of Central Assets.

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 Central Assets.

Dividend policy

Shareholders will be paid by way of dividends 100% of the interest received by Central Assets. If Magsons does not pay interest on the Loan there will be no corresponding dividend to the Shareholders. It is intended that the projected gross dividend yield of 10% per annum for the term of the Loan (2-years) will be paid (less tax) by monthly instalments on the last working day of each month. Investors should see the dividend information in Section 7 "*The Issuer's Financial Information*". The taxation of these dividends is set out in Section 9 "*Tax*".

It is anticipated that the first monthly dividend will be for the period from the date of the initial advancement of the Loan by Central Assets until 31 December 2019 and will be paid on or about 31 December 2019. All dividend payments will require that Central Assets satisfy the statutory solvency test at the relevant time. If Central Assets incurs costs to enforce the Loan (including the costs of a Receiver) and/or has to pay creditors of Magsons with prior ranking claims, and those amounts are not recoverable from Magsons, then the Shareholders will not get full dividends at 10% per annum and will not get the full amount of their investment back.

Dividend statements will be sent to all shareholders after completion of Central Assets' annual financial statements.

Neither Central Assets, its directors, Maat nor any other person gives any guarantee or 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 Central Assets 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.



Two Examples of Nido Living display

7 THE ISSUER'S FINANCIAL INFORMATION

Selected Prospective Financial Information

The table below provides key prospective financial information about Central Assets. Full prospective financial statements for Central Assets are available on the Disclose Register at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12770). If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

Going forward, the Board will be responsible for the preparation and fair presentation of financial statements for Central Assets that comply with generally accepted accounting practice in New Zealand.

Financial Forecasts for Central Assets Investment Limited

The sole income for Central Assets will be the interest paid by Magsons Hardware Limited on the balance of the Loan from Central Assets (\$6,250,000), scheduled to be advanced on:

| | |
|-------------------|--------------------|
| 20 December 2019: | \$5,000,000 |
| 20 January 2020 | \$1,250,000 |
| | \$6,250,000 |

| Central Assets Investment Limited | Prospective (4 Months & 23 Days) | Prospective (12 Months) | Prospective (12 Months) |
|---|----------------------------------|-------------------------|-------------------------|
| | 31/03/2020 | 31/03/2021 | 31/03/2022 |
| Revenue | | | |
| Interest Received | 163,593 | 625,000 | 452,055 |
| Less Expenses | - | - | - |
| Net Profit | 163,593 | 625,000 | 452,055 |
| Dividends | 163,593 | 625,000 | 452,055 |
| Cash and Cash Equivalents | - | - | - |
| Investments | 6,250,000 | 6,250,000 | - |
| Total Assets | 6,250,000 | 6,250,000 | - |
| Total Liabilities | - | - | - |
| Total Debt | - | - | - |
| Total Equity | 6,250,000 | 6,250,000 | - |
| Net Cash Flow from Operating Activities | - | - | - |

Notes and Assumptions for the periods ending 31 March 2020, 2021 and 2022

The prospective financial information in this section is based on various best estimate assumptions provided by the Issuer, Central Assets. Further information about this prospective financial information is contained in the prospective financial information on the Disclose Register <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12770) under "Other material information." The principal assumptions are summarised below and should be read in conjunction with the sensitivity analysis included with the prospective financial information statements 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 in the prospective financial information available on the Disclose Register.

1 Loan Commencement Date

Central Assets will advance the 1st tranche of the Loan Funds no later than 20 December 2019. The first accounting period recorded for Central Assets is for a 4.77month period but will represent only 3.35 months of interest income from 20 December 2019.

2 Loan Value

The Loan Value of \$6,250,000 is assumed to be the fair value as at 31 March 2020 and 2021, with the Loan to be repaid in full and on time by 20 December 2021. The advancing of the Loan funds from Central Assets to Magsons is assumed to occur on the two drawdown dates as per the schedule above.

3 Interest Received

Interest received by Central Assets will be in accordance with the Term Loan Agreement. No provision for bad debts has been made. The forecast assumes that interest received will commence from 20 December 2019, with the final interest payment to be made by Magsons on 20 December 2021, together with the repayment of the Loan money advanced, \$6,250,000.

4 Shareholder Distributions

Distributions to shareholders in Central Assets and Inland Revenue are based on a 10% annual return on initial funds invested in line with the PDS.

5 Acquisition and Share Issue Costs

No Central Assets' Investors' funds will be used to pay for Share Issue Costs and associated costs of setting up the documentation relating to the Loan. As detailed in Section 3 above, these costs will be borne by Magsons.

6 Tax

Central Assets plans to register as a PIE and therefore will not be subject to tax. Instead, Central Assets will attribute income to each Investor and, where applicable, deduct tax at the individual Investor's prescribed investor rate ("PIR") before it is paid to the Investor. The tax deducted will be paid to the Inland Revenue.

7 Contingent Liabilities

There will be no contingent liabilities as at 31 March 2020, 2021 or 2022.

8 Operating Environment and Taxation

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

9 Issue of Shares

All 125 share parcels of 50,000 Shares in Central Assets are issued for \$6,250,000. 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 share at meetings of Central Assets and rank equally with regard to the Company's residual assets.

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.

Risk 1: *Insolvency/credit risk of Magsons*

Assessment of Nature and Magnitude:

Magsons is a start-up company, with no previous trading history in the furniture retail industry. As a result, if Magsons does not achieve its projected financial performance, it may face financial difficulties and is unable to pay the interest due during the Loan Term, or becomes insolvent, this may result in enforcement of the GSA. That could result in a forced sale by Central Assets of the Business Assets. Some of the Business Assets (particularly items of the fitout of the 'Nido' store) may have limited resale value. If the assets secured by the GSA cannot be sold for more than the outstanding Loan balance, and outstanding interest and enforcement costs, Investors could suffer a significant loss.

The only security provided for the Loan is the GSA, and this is not supported by personal guarantees from the director or shareholders of Magsons.

Mitigation strategies

The principal and visionary of the Nido superstore is Vinod Kumar who has extensive retail experience. As the owner and operator of Mitre 10 stores in Auckland from 1989-2017, under the Magsons Hardware company name. This included 2 Mega Mitre 10 stores which Magsons owned and operated prior to selling those stores in order to focus on the establishment of the Nido superstore. Magsons established the first Mega Mitre 10 store in NZ. Vinod Kumar has demonstrated his ability as a successful retailer and 'employer of choice' over a long period of time. In addition, Vinod Kumar, is associated with charitable organisations.

The Term Loan Agreement includes an ability for Central Assets to approve Magsons' budgets before any amount of the Loan is advanced. In addition, the Term Loan Agreement allows Central Assets to receive Magsons' monthly management accounts so that the Directors can monitor Magsons' trading performance on a month by month basis.

The Directors will meet regularly with Vinod Kumar, the sole director of Magsons, and will have detailed knowledge of the financial performance of the 'Nido' store, the revenue from which will enable Magsons to pay interest to Central Assets and to meet its other working capital commitments.

The Directors expect to be in a position to advise Investors on a timely basis of the financial performance and strategies of Magsons. Therefore, if there are concerns about the financial performance of Magsons, it is likely that these can be identified in the short-term and a decision can be made whether or not enforcement action should be taken under the GSA. This will depend on whether the Directors consider that there is a likelihood of the financial performance of Magsons improving.

Assessment of likelihood of circumstance arising:

Low.

Assessment of impact, if the circumstance were to arise:

Significant.

Risk 2: *The Premises cost more to build than anticipated or are delayed.*

Assessment of Nature and Magnitude:

Everest Central Investment Limited is paying a fixed price for construction of the Premises by Vijay Holdings Limited, a company related to Magsons and Magsons Investments Limited. As such, any increase in the cost of the construction of the Premises, is required to be funded by Magsons Investments Limited. This will lead to Magsons Investments Limited having to fund additional construction costs from funds which would otherwise be directed to Magsons and which will have been forecast to be used for Magson's operating expenses, including the purchase of Business Assets. This will increase the risk of Magsons facing financial difficulties and being unable to meet its obligations under the Loan.

Magsons Investments Limited is also required to fund dividends payable to investors in Central Park Property Investments Limited from 30 November 2019 until commencement of the lease of the Premises to Magsons, which is currently expected to occur in March 2020. Magsons Investments Limited is also

obliged to pay all interest and costs payable to Pearlfisher Capital Limited under the development funding provided for the construction of the Premises. The initial target completion date of the new building was 30 November 2019. The current estimated full completion date of the building is now late March. Any further delays may increase these cost pressures on Magsons Investments Limited and reduce funds which would otherwise be directed to Magsons.

Mitigating Strategy

Fixed contract prices have been received from contractors for 75% of the construction cost. This will limit Magson Investment's financial exposure in the event of an extended period for the completion of construction.

Assessment of likelihood of circumstance arising:

Low

Assessment of impact, if the circumstance were to arise:

Moderate

Risk 3: *The loan funds are used for purposes other than their intended use*

Assessment of Nature and Magnitude:

There is a risk that Loan funds advanced to Magsons are applied by Magsons for purposes other than required under the terms of the Loan. This will be an event of default under the Term Loan Agreement, and Central Assets may require that the Loan is repaid by Magsons. If Magsons is unable to repay the Loan, Investors may suffer a significant loss.

Mitigating Strategy

The Directors will be responsible for analysing Magsons' cash flow forecasts and verifying the costs of purchasing the Business Assets. This will involve reviewing the detail of invoices from key suppliers; verifying the timelines for payment; verifying that the payments are correctly made; and verifying the receipt of the Business Assets into the 'Nido' store. The Loan funds will only be advanced to Magsons once the respective values of the stock and plant, fittings, fixtures and equipment are adequate to support the lending ratio parameters under the Term Loan Agreement. The Term Loan Agreement also permits Central Assets to pay suppliers direct.

Assessment of likelihood of circumstance arising:

Low

Assessment of impact, if the circumstance were to arise:

Significant

Risk 4: *The Loan is not repaid on the due date*

Assessment of Nature and Magnitude:

If the Loan is not repaid on the due date (estimated to be 20 December 2021), Investors will be required to either approve a variation to that date or take enforcement action under the GSA (which may include appointing a receiver to take control of the Business Assets and business operations of Magsons). If a proposal for an extension of the Loan is not approved by Investors and subsequent legal proceedings are not successful in having the Loan repaid, the Investors may suffer a significant loss if a forced sale of the Business Assets is required.

Mitigation strategies

The duration of the Loan (2 years for the first tranche) has been based on initial financial forecasts prepared by Magsons and analysed by the Directors. The Directors are satisfied that there will be an acceptable level of cash reserves forecast to be retained by Magsons to enable repayment of the Loan on the

estimated repayment date (20 December 2021), after providing for the continuing payment of interest throughout the Loan period and the payment of rent and other business expenses.

Magsons may also look to refinance either all or part of the Loan through an external source if this is a preferred option (and if Magsons is then able to meet the lending criteria of a trading bank or other competitor) at the time the Loan is repayable.

Assessment of likelihood of circumstance arising:

Low

Assessment of impact, if the circumstance were to arise:

Significant

Risk 5: *Risks relating to market for Shares*

Assessment of Nature and Magnitude:

There is no established market for selling your Shares.

Central Assets 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 Central Assets. No assurance is given that any assets will be available for distribution on the liquidation of Central Assets.

Mitigating strategies

Maat operates a pre-emptive rights system where any sale of Shares in Central Assets is firstly offered to the other shareholders in Central Assets. If they are not purchased via this first option, Maat will offer them on the seller's behalf to the wider investment database which Maat holds.

Assessment of likelihood of circumstance arising:

Low

Assessment of impact, if the circumstance were to arise:

This will depend on the individual circumstances of the Investor looking to sell. If a sale of Shares was not able to be made within a preferred time-frame, the seller would retain those Shares until they were eventually sold.

9 TAX

NEW ZEALAND TAXATION

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.

Central Assets plans to register as a PIE and therefore, Central Assets itself will not be subject to tax. Instead, Central Assets will attribute income to the Investor and, where applicable, deduct tax at the individual Investor's prescribed investor rate ("PIR") before it is paid to the Investor. Central Assets will pay the tax deducted to Inland Revenue. For further information about:

- What you need to tell us about your PIR and IRD number;
- How Central Assets will account for tax on your investment;
- The potential taxation treatment outside the PIE regime; and
- The taxation of distributions

is contained on the Disclose Register www.companiesoffice.govt.nz/disclose (Offer ref: 12770) in the document entitled "**Taxation: What you Need to Know.**" In order to have Shares allotted to you, you must supply your IRD number.

10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Central Assets, the Term Loan Agreement and the Shares is available on the Disclose Register (for example the Term Loan Agreement, the General Security Agreement, the Deed of Priority and the Constitution of Central Assets). The Disclose Register can be accessed free of charge at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12770). Information about Central Assets can also be found on the Companies Office website www.companiesoffice.govt.nz/.

The information and documents provided on the Disclose Register, <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12770), includes material provided by third parties. Investors should read information and documents provided by third parties such as the Valuer and make their own assessment as to its validity and reliability.

Copies of information on the Disclose Register are available on request from Central Assets at B4, 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 all information as is set out on the Application Form, must be forwarded to the offices of Maat Property Group, PO 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. The original Application Form must then be sent to Maat at the address shown above.

All funds received from subscriptions for Shares in Central Assets (including interest earned on those funds) are to be held on escrow in the trust account of Anthony Harper, Solicitors, Auckland. Funds will be held in the Anthony Harper trust account until all conditions relating to the receipt of subscriptions are satisfied and all of the Shares are allotted. You will not be paid interest on your Application money from Anthony Harper. Once Anthony Harper receives all information required from you your application, proceeds will be placed on escrow in an interest bearing account until they are withdrawn to enable advancement of the Loan.

Net interest earned (less RWT and Commission) on the investment amounts received will be paid in one lump sum from Anthony Harper to Central Assets, which then intends to apportion the net interest amongst Investors according to the respective amounts and dates of investment. If the advancement of the Loan does not proceed then your Application amount will be returned and any net interest (less Commission) will be paid to Central Assets in one lump sum which, once again, Central Assets intends to apportion amongst Investors according to the respective amounts and dates of investment. You can advise us of your IRD number in the Application Form.

In the event that the Loan is not advanced by 20 March 2020 then, unless you agree otherwise in writing, your Application money will be promptly returned in full.

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

12 CONTACT INFORMATION

Issuer

Central Assets Investment Limited
B4, 17 Corinthian Drive,
Albany, Auckland 0632
P O Box 301848
Albany
Auckland 0752
New Zealand
Telephone: (09) 414 6078
Email: info@maat.co.nz; ntuffin@maat.co.nz

Legal Advisors to the Offer

Anthony Harper, Lawyers
Level 6, Chorus House
66 Wyndham Street
P O Box 2646
Auckland 1140
Telephone: (09) 920 6400
Facsimile: (09) 920 9599

Securities Register

Maat Consulting Limited
B4, 17 Corinthian Drive,
Albany, Auckland 0632
P O Box 301848
Albany
Auckland 0752
New Zealand
Telephone: (09) 414 6078
Email: info@maat.co.nz; 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 Central Assets) in an income year.

"**Board**" means Central Assets' board of directors.

"**Building**" means the buildings to be constructed at 156-160 Central Park Drive, Waitakere and forming part of the Premises

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

"**Central Assets**" and "**Issuer**" means Central Assets Investment Limited.

"**Commission**" means 5% of the gross interest earned on any investment funds held in escrow by Anthony Harper for the period between investment monies being deposited in cleared funds and monies are required to be withdrawn from deposit for advancement of the Loan, or the return of Application funds to an Investor.

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

"**Constitution**" means the constitution of Central Assets.

"**Directors**" means the directors of Central Assets.

"**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.

"**General Security Agreement**" or "**GSA**" means the general security agreement between Magsons (as the debtor) and Central Assets (as the secured party) dated 2 December 2019.

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

"**Loan**" means the loan to be advanced by Central Assets to Magsons pursuant to the Term Loan Agreement, upon

"**Maat**" means Maat Consulting Limited

"**Magsons**" means Magsons Hardware Limited.

"**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 Central Assets will use to calculate and pay tax on a shareholder's proportion of Central Assets' taxable income.

"**Premises**" means the land and building being constructed at 156-160 Central Park Drive, Waitakere as is more particularly described and comprised in identifier 61871 (North Auckland Registry).

"**Share Parcel**" means each parcel of 50,000 Shares.

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

"**Shareholders**" means the holders of A Shares and B Shares in Central Assets.

"**Term Loan Agreement**" means the Term Loan Agreement dated 18 November 2019 and entered into between Central Assets as lender and Magsons as borrower.

"**Tranche One**" means the initial capital raising of \$5,000,000 of B Shares in Central Assets.

"**Tranche Two**" means the second capital raising of \$1,250,000 of B Shares in Central Assets.

| 4 Distribution Instructions | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| By Direct Credit to NZ Bank Account | | | | | | | | | | | | | |
| Bank account number: | | | | | | | | | | | | | |
| 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"/> your NZ driver licence | One of the following forms of photo ID: |
| <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 | and one of: | <input type="checkbox"/> NZ driver licence <input type="checkbox"/> 18+ card (Hospitality Association) <input type="checkbox"/> a valid international driving permit |
| | <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 | and one of: |
| | | <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 Central Assets 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 Central Assets 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 and other potential investments.

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

Are you a tax resident in a country other than New Zealand 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 Central Assets 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 Central Assets is subject to investment risk, including possible delays in repayment and loss of income or principal invested. I understand that neither Central Assets, Maat, nor any other person, guarantees the performance of Issuer or the repayment of capital by Central Assets 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 Maat Group shown below.

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

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

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: 83 Cashel St, Christchurch
Bank account number: 03 0826 0103700 02
Client reference: 285822-41

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**

Central Assets 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? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If no, state the Investor's country of residence for tax purposes.</i> |
| Prescribed investor rate: <input type="checkbox"/> 0% <input type="checkbox"/> 10.5% <input type="checkbox"/> 17.5% <input type="checkbox"/> 28% <i>If a prescribed investor rate is not selected, or no IRD number is provided, 33% will apply.</i> |
| Resident withholding tax rate: ____ % |
| 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 |
|---|
| <p>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").</p> <p>Each Relevant Person must complete the information below and provide certified copies of documents to fulfil the requirements of <i>either</i> Identification Option 1 <i>or</i> Identification Option 2 <i>or</i> 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.</p> |

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):

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

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.

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 and for other investment opportunities.

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? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are you an unincorporated association with a substantial number of members who are United States citizens or residents? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are you or any of the Relevant Persons senior members of NZ or foreign government, the judiciary, the military or an ambassador? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are you a tax resident in a country other than New Zealand | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

12. Declaration

I have read and retained a copy of the attached Product Disclosure Statement for Central Assets 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 Central Assets 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 Central Assets is subject to investment risk, including possible delays in repayment and loss of income or principal invested. I understand that neither Central Assets, Maat nor any other person guarantees the performance of Central Assets or the repayment of capital by Central Assets 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 Maat Group at the address shown below.

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

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

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: 83 Cashel St, Christchurch
Bank account number: 03 0826 0103700 02
Client reference: 285822-41

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**