

PROSPECTIVE FINANCIAL INFORMATION

Basis of preparation

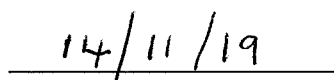
The Prospective Financial Information (PFI) comprises the Prospective Financial Statements and other PFI related information for the 4 months ended 31 March 2020 and the 12 months ended 31 March 2021.

The final prospective financial statements of Bush Road Property Investments Limited have been prepared in compliance with FRS-42 "Prospective Financial Statements" and NZ GAAP as they apply to prospective financial statements and have been subject to an assurance engagement by Baker Tilly Staples Rodway Audit Limited (whose report can be found on the Disclose Register). These should be read in conjunction with the notes on pages 5-11. The accounting policies used in the prospective financial statements reflect the policies expected to be adopted in the actual annual financial statements.

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



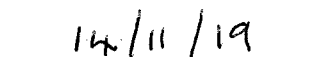
Director



Date



Director



Date

Bush Road Property Investments Limited Prospective Statement of Comprehensive Income For the period ended 31 March	2020	2021
	4 Months	12 Months
	\$	\$
Revenue		
Rental Income	196,817	602,246
Interest Received	2,041	4,150
Operating Expenses Recovered	27,388	103,427
Total Revenue	226,246	709,823
Accountancy	3,511	6,565
Audit Fee	8,768	9,206
Bank Fees	32	479
Operating Expenses	32,388	126,427
Property Management Fees	3,444	10,531
Property Syndication Fees	1,300	3,901
Valuation Fee	2,993	3,142
Total Expenses	52,437	160,251
Operating Surplus before Interest and Tax	173,809	549,572
Finance Costs	37,932	92,269
Income Tax Expense	34,540	117,859
Total Operating Earnings	101,336	339,444
Less Movement in Value of Investment Property	-	(165,000)
Total Comprehensive Income for the period attributable to shareholders	101,336	174,444

Bush Road Property Investments Limited Prospective Statement of Changes in Equity For the period ended 31 March	Equity \$	Retained Earnings \$	Total \$
Equity as at 1 April 2020	7,437,376	(19,414)	7,417,963
Total Comprehensive Earnings	-	174,444	174,444
Dividends Paid	-	(362,250)	(362,250)
Equity as at 31 March 2021	7,437,376	(207,220)	7,230,156
Equity as at 1 December 2019	-	-	-
Contribution of equity from Proportionate Ownership Scheme	7,497,686	-	7,497,686
Share Issue Costs	(60,309)	-	(60,309)
Total Comprehensive Earnings	-	101,336	101,336
Dividends Paid	-	(120,750)	(120,750)
Equity as at 31 March 2020	7,437,376	(19,414)	7,417,963

Bush Road Property Investments Limited Prospective Statement of Cash Flows For the period ended 31 March	2020	2021
	4 months \$	12 Months \$
Cash Flows from Operating Activities		
Cash was provided from:		
Rental Receipts	196,817	602,246
Interest Received	32	96
Operating Expenses Recovered	27,388	103,427
Net GST Paid	149	347
Total Cash Received	224,386	706,116
Cash was applied to:		
Interest Paid	28,274	94,436
Accounting Fees	1,511	6,565
Bank Fees	32	480
Audit Fee	-	8,768
Income tax paid	5,958	89,524
Operating Expenses	32,388	126,427
Properties Management Fees	3,444	10,531
Property Syndication Fees	1,300	3,901
Valuation Fees	-	2,993
Total Cash Disbursed	72,907	343,623
Net Cash Inflow from Operating Activities	151,479	362,492
Cash Flows from Investing Activities		
Cash was applied to:		
Capital Expenditure on Building	-	165,000
Total Cash Disbursed	-	165,000
Cash (Outflow) to Investing Activities	-	(165,000)
Cash Flows from Financing Activities		
Cash was provided from:		
Term Deposit	-	125,774
Total Cash Received	-	125,774
Cash was applied to:		
Issue costs paid	17,950	-
Dividends paid	120,750	362,250
Total Cash Disbursed	138,700	362,250
Cash (Outflow) to Financing Activities	(138,700)	(236,476)
Net Increase/(Decrease) in Cash Held	12,779	(38,984)
Net cash transferred from Proportionate Ownership Scheme	44,993	-
Cash and Cash Equivalents at Start of Period	-	57,771
Cash and Cash Equivalents at End of Period	57,771	18,788

Bush Road Property Investments Limited Prospective Statement of Financial Position as at 31 March	2020 \$	2021 \$
Current Assets		
Cash at Bank	57,771	18,788
Term Deposit	122,855	-
	180,626	18,788
Non-Current Assets		
Investment Property	10,000,000	10,000,000
Total Assets	10,180,626	10,018,788
Current Liabilities		
Trade and Other Payables	48,663	74,632
Term Liabilities		
Borrowings	2,714,000	2,714,000
Total Liabilities	2,762,663	2,788,632
Net Assets	7,417,963	7,230,156
Represented by :		
Shareholders' Equity and Retained Earnings	7,417,963	7,230,156

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

Basis of preparation

The purpose of the prospective financial statements is to assist current subscribers in the non-compliant Bush Road Proportionate Ownership Scheme to assess the viability of subscribing for shares in the replacement equity investment entity, Bush Road Property Investments Limited, the 'Issuer'. The Product Disclosure Statement ("PDS") and the prospective financial information contained in it may not be appropriate for any other purpose.

The Company is incorporated and domiciled in New Zealand.

The Company owns land and buildings at 242 – 244 Bush Road, Albany. The registered office of the Manager is situated at B4, 17 Corinthian Drive, Albany, Auckland.

The prospective financial statements were authorised for issue on 14 November 2019 being the date of the Product Disclosure Statement. The Manager is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The prospective financial statements will not be updated subsequent to initial presentation.

Assumptions

1 Settlement

Bush Road Property Investments Limited intends to convert from the non-compliant Proportionate Ownership Scheme to Bush Road Property Investments Limited from not later than 30 November 2019. The prospective financial information for Bush Road Property Investments Limited has been prepared for the periods ended 31 March 2020 and 2021. The first accounting period for which prospective financial statements have been recorded is for the 4- month period from 1 December 2019 to 31 March 2020.

2 Transfer of business from former Scheme to Bush Road Property Investments Limited

Bush Road Property Investments Limited is the current registered proprietor of the commercial property located at 242 - 244 Bush Road, Albany ("Property") which it holds as nominee and bare trustee on behalf of investors ("Investors") in a proportionate ownership scheme ("Scheme"). If this Offer is successful the Scheme will be wound up and Investors will instead receive Share Parcels in Bush Road Property Investments Limited as is equal to the number of Proportionate Interests held by them in the Scheme. The winding up will take place with effect from 30 November 2019, or such later date as the Board may determine ("Operative Date"). The Property has 4,149m² of net lettable area comprising a standalone commercial office and warehouse building. Completed in 1998, the building has Thermo Fisher Scientific New Zealand Limited as the sole tenant which, contributes 100% of the building's net income

Bush Road Proportionate Ownership Scheme was required by section 127 of the Financial Market Conduct Act (the Act) to register as a licensed manager. This was not done by the required date. The purpose of this PFI is to complete the transition of Bush Road to a registered equity investment entity (in line with the provisions of the Act).

The prospective schedule of assets and liabilities held by the former Scheme as at 30 November 2019 is recorded below. The business which comprises the assets and liabilities will be transferred to Bush Road Property Investments Limited on 30 November 2019.

Assets	
Cash and Cash Equivalents	44,993
Term Deposit	121,409
Accounts Receivable	77,378
Property (as per Valuation, 30 November, 2019)	10,000,000
Total Assets	\$10,243,780
Liabilities	
Accounts Payable	32,094
BNZ Loan	2,714,000
Total Liabilities	\$ 2,746,094
Net Assets	\$ 7,497,686

It is not intended that the Prospective Financial Information will be amended subsequent to registration of the PDS.

3 Property Valuation

The valuation of the property as at 30 November 2019 was undertaken by Jones Lang LaSalle (JLL), a registered valuation firm and the report specifies a market value of \$10,000,000 for financial reporting purposes. Below is a reconciliation of the investment property balance.

	2020	2021
Opening Value (Fair value of property acquired from Bush Road Proportionate Ownership Scheme)	10,000,000	10,000,000
Plus: Additions during the year (refer note 17)	-	165,000
Less: Movement in value of Investment Property	-	(165,000)
Closing value at 31 March	\$10,000,000	\$10,000,000

The prospective financial statements assume no increase in fair value of the property over the forecast period.

This valuation has been prepared with consideration of results of a discounted cash flow valuation approach, a capitalisation valuation approach and a cost approach reconciled with the 'direct comparison' approach on a rate per square metre of gross lettable area basis combining available market evidence and present market conditions. The valuation assumptions used in the capitalisation approach include a net market rental income of \$623,160 at a capitalisation rate of 6.00%. The discounted cashflow approach has assumed a discount rate of 7.50% and a terminal yield of 6.25%.

The valuation has been prepared on the assumption that the lease with Thermo Fisher Scientific NZ Limited will expire in 0.50 years and does not take into account a right of renewal of five years available to the tenant. The valuation has therefore allowed for a number of vacancy allowances such as downtime and leasing fees.

4 Rental Receipts

Rental receipts are expected to be in accordance with the lease agreement including rent reviews. No loss provision has been made, on the basis of the financial strength of the tenant. The lease to Thermo Fisher Scientific New Zealand Limited has a right to renewal on 31 May 2020. It is assumed that the lease will be renewed for a 5- year term, however this may be reduced to a 3- year term. The prospective financial information assumes in the periods to 31 March 2020 and 2021, \$5,000 and \$23,000 respectively of repairs and maintenance are not recovered from the tenant. All other operating expenses are fully recovered.

5 Dividends

Dividends paid have been calculated at a 10.5% annual return on investor funds held in line with the PDS. This is assumed to be a fully tax imputed dividend to investors.

Cumulative cash (incl term deposits held) will be retained for each of the 2 periods, being \$180,626; and \$18,788 respectively.

6 Acquisition and Share Issue Costs

Bush Road Property Investments Limited will be responsible for paying all costs of the Acquisition and Share Issue Costs, as detailed in the table below:

Cost	\$
Bank Legal Costs	3,510
Accounting Review Costs	8,450
Legal Costs – PDS	41,849
Valuation	6,500
Total Costs	60,309

Costs have been based on quotes and actual payments made by the legacy Scheme on behalf of Bush Road Property Investments Limited.

7 Tax

Bush Road Property Investments Limited will pay income tax on a monthly basis. Dividend payments to shareholders will therefore be fully imputed. The dividend payment to investors will be subject to a deduction of 5% RWT only.

8 Cash at bank

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

- Rises in interest rates
- Lease vacancies
- Building maintenance
- Capital expenditure (as outlined in Note 17)
- Tenancy considerations

9 Interest

The interest rate on the Bank borrowings has been assumed to be at a floating rate, based on the 90-day bill rate (BKBM) plus liquidity margin, plus a fixed margin. The rates used, are as follows:

Financial Year	Base Rate	Margin	Total
To 31 May 2020	3.14%	1.05%	4.19%
From 1 June 2020 to 31 March 2021	2.20%	1.05%	3.25%

The interest expense and cash flow is based on

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

10 Borrowings

The level of bank borrowings will be \$2,714,000, being 27.14% of the valuation of the Property of \$10,000,000. It is expected that Bush Road Property Investments Limited will take over the loan from the legacy scheme as from 30 November 2019. The BNZ Bank has extended the loan to 31 May 2020 to coincide with the expiry of the tenant's lease. The Term Loan will be secured by a registered first mortgage over the Property, a first registered general security interest over the assets of the Company and an assignment of the lease agreements for the Property. It is expected that on expiry, the loan will be extended on similar terms from 31 May 2020 for a 2-year period.

The Interest Rate Cover and Gearing (Loan to Value) Ratio are non-GAAP information.

	31/3/2020	31/3/2021
Interest Rate Cover (operating surplus before interest and tax / interest)	4.58 Times (\$173,809/\$37,932)	5.96 Times (\$549,572/\$92,269)
Gearing Ratio (total assets / total interest-bearing liabilities)	3.75:1 (\$10,180,626 / \$2,714,000)	3.69:1 (\$10,018,788 / \$2,714,000)

11 Reconciliation of Net Profit with Net Cash Flow from Operating Activities

	2020 \$	2021 \$
Net Profit before tax	135,877	457,303
Less Interest received on term deposit – net	(1,446)	(2,919)
Less Income Tax	<u>(34,540)</u>	<u>(117,859)</u>
	99,891	336,525
Movement in Working Capital items		
- Decrease/(Increase) in trade and other receivables	17,069	-
- Increase/(Decrease) in trade and other payables	16,569	25,967
- Trade payables relating to financing activities	17,950	-
	<u>\$151,479</u>	<u>\$362,492</u>

12 Related Parties

The management fees payable to the Manager will be \$10,531 plus GST for the first full year (2021), which is based on an annual management fee charge of 1.75% per annum on the gross rental received from the Property. In addition, the Manager will be paid an annual accountancy fee of \$3,901, payable monthly in arrears and an annual fee of \$2,000 (both plus GST) in relation to end of financial year audit preparation, with both fees being adjusted by the CPI movement each year. The Manager will also be paid an annual investor service fee of \$3,901, payable monthly in arrears, adjusted by the CPI movement each year.

13 Lessor Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Scheme's investment property has the following minimum lease payments receivable under non-cancellable operating leases. The calculation below does not take into consideration the lease renewal on 31 May 2020 as negotiations are not finalised.

	2020	2021
	\$	\$
Not later than one year	98,408	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>98,408</u>	<u>-</u>

14 Contingent Liabilities

There are no contingent liabilities expected as at 31 March 2020 or 2021.

15 Operating Environment and Taxation

The projected financial information assumes that there will be no material changes in the economic environment, legal requirements or the current tax regulations.

16 Issue of Shares

All 138 share parcels of 25,000 shares in the former Proportionate Ownership Scheme are to be issued (total 3,450,000 shares). 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 Bush Road Property Investments Limited and rank equally with regard to the Company's residual assets.

17 Capital Expenditure & Capital Commitments

General capital expenditure has been forecast in line with quotes received for the fit-out required by the tenant on lease renewal. In the period ended 31 March 2021, \$165,000 has been forecast on the lease expiry of the tenant for office refurbishment. However, as per note 3, there has been no forecast change in the value of the investment property during the 2020 and 2021 periods. Therefore, the capital expenditure is disclosed as movement in the value of the investment property through the Prospective Statement of Comprehensive Income.

There are no capital commitments contracted to by Bush Road Property Investments Limited for the periods ended 31 March 2020 and 2021.

Statement of accounting policies

The prospective financial statements here are for the reporting entity Bush Road Property Investments Limited.

The Company will be an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and will report as a Tier 1 For Profit entity. The prospective financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements and comply with FRS-42 Prospective Financial Statements. The accounting policies and disclosures adopted in these prospective financial statements reflect those required by the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for-profit oriented entities.

The actual annual financial statements for the Company will be prepared in accordance and comply with NZ IFRS and, also International Financial Reporting Standards. The accounting policies adopted in the prospective financial statements reflect the policies expected to be adopted in the actual annual financial statements.

Measurement Base

The prospective financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities including investment property as described in the accounting policies which are intended to be adopted by the Directors as the Issuer's accounting policies.

Specific Accounting Policies

- (a) Revenue Recognition: Rental income is recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the investment property is diminished. Lease incentives provided to tenants are amortised on a straight-line basis over the non-cancellable portion of the lease to which they relate, as a reduction of rental income. Property operating expense recoveries are recognised in accordance with the following five-step model;
- (a) Step 1: Identify the contract(s) with a customer
 - (b) Step 2: Identify the performance obligations in the contract
 - (c) Step 3: Determine the transaction price
 - (d) Step 4: Allocate the transaction price to the performance obligations in the contract
 - (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.
- Revenue arising from each non-lease service is recognised separately as income, once the Company has satisfied performance obligations in relation to the service.
- (b) Investment Properties: The acquisition of the investment property and the associated leases is considered a business combination. The Investment Property fair value will be determined annually by external valuers in accordance with financial reporting standards. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.
- (c) Payables: Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. As accounts payable do not accrue interest and are generally paid within 30 days of recognition, they are stated at the invoice amount.
- (d) Goods and Services Tax (GST): The prospective financial statements have been prepared using GST exclusive figures with the exception of receivables and payables which are stated GST inclusive.
- (e) Income Tax: Bush Road Property Investments Limited will pay Income Tax to the IRD
- (f) Share Issue Costs: Share issue costs associated with respect to the establishment of Bush Road Property Investments Limited will be paid from cash reserves held by the former Scheme prior to 30 November 2019.
- (g) Finance Expenses: Finance expenses comprise interest on borrowings and is accounted for using the effective interest rate.
- (h) Changes in Accounting Policies: There are no changes in the accounting policies anticipated in the first two reporting periods.

Sensitivity Analysis

Prospective financial information is inherently subject to business, economic and competitive uncertainty, and accordingly actual results are likely to vary from prospective financial information and this variation could be material. A summary of the likely effects of variation in certain of these assumptions on the forecast of Cash Surplus is detailed below.

The sensitivities for each assumption are not intended to be indicative or predictive of the possible range of outcomes. Care should be taken in interpreting the information set below.

The approach taken in respect of the sensitivities has been to determine those variables most likely to materially affect results in the 2020 and 2021 financial periods, as shown.

Each movement in an assumption is calculated and presented in isolation from possible movements in other assumptions, which is not likely to be the case. It is more likely that more than one assumption may move at any point in time, giving rise to compounding or offsetting effects. Furthermore, the sensitivity analysis does not take into account any potential mitigating actions that Directors may take.

Capital Expenditure Sensitivity

Capital expenditure has been forecast in line with the quotes received for the fit-out works as per Note 17. The sensitivity shows the impact of a 50% increase or decrease from the forecast amounts.

Tenancy Risk Sensitivity

Exposure to tenancy risk is in the normal course of the business. The forecast assumes that rent receipts will be received in accordance with the lease agreements. Changes in the lease agreements will have an impact on the Cash Surplus.

Interest Rate Risk Sensitivity

Exposure to interest rate risk is in the normal course of the business. The funding offer from the BNZ provides for a floating rate for the 6 month period of the loan. The Issuer projects that the interest rate strategy implemented will provide a realistic 'buffer' against a sudden reversal of the NZ interest rate regime which is tracking lower and/or future upward movements in the bank margins. The sensitivity shows the impact of changes in the floating rate.

Investment Property Sensitivity

The Investment property is valued at fair value. The change in value is not part of the cash flow. However, it does have an impact on the Statement of Comprehensive Income and reserves. The value of this asset is sensitive to changes in assumptions (over the long term), including future tenancy risk, discount rate applied and projected operation and capital expenditure. The value of this asset may increase or decrease depending on changes in the applicable assumptions.

Investor Return Sensitivity

Returns are based on one or more hypothetical but realistic assumptions. The actual results may differ from the prospective financial information if there are fluctuations in the various factors contributing to the prospects. The resulting variance may be material.

Forecast Sensitivities

Description	Sensitivity applied	Impact on Forecast Cash surplus 31 March 2020	Impact on Forecast Cash surplus 31 March 2021
Forecast Cash on Hand at end of period (incl Term Deposits held)	Base Forecast	\$180,626	\$18,788
Allowance for capital expenditure and fit-out costs in relation to future leasing	Additional provision to equate to + or – 50% from the Valuer's assumptions	\$Nil	+-\$82,500
Delay in Purchase Settlement	Settlement of property purchase is delayed 2 weeks	(\$10,055)	\$Nil
Change in Interest Rate based on floating rates applicable for each year	Rate of + or – 1%	+ - \$27,140	+ - \$27,140
Investor Return	Projected distribution rate per annum reduced by 0.5% (to 10%)	\$17,250	\$17,250

Results may not occur as expected and the variations may be material. Accordingly, neither the Issuer, its directors, Maat nor any other person provides any assurance that the prospective financial information will be achieved and Investors are cautioned not to place undue reliance on the prospective financial information.