

Fred Thomas Property Investment Limited

Product Disclosure Statement



Offer of up to 673 parcels of B Shares in Fred Thomas Property Investment Limited

Dated 19 July 2017

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:OFR11981) Fred Thomas Property Investment Limited has prepared this PDS in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.

KEY INFORMATION SUMMARY

What is this?

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

The Shares give you a stake in the ownership of Fred Thomas Property Investment Limited ("Issuer"). You may receive a return if dividends are paid or if the Issuer increases in value and you are able to sell your Shares at a higher price than you paid for them. If the Issuer runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

About Fred Thomas Property Investment Limited

The Issuer has been created for the purpose of acquiring and holding the adjacent commercial properties located at 2-4 Fred Thomas Drive, Takapuna, North Shore, Auckland, situated on a land area of 15,223 m². It is not intended that the Issuer will undertake any other business activity.

The property at 2 Fred Thomas Drive has 4,115 m² of net lettable area comprising a three level building which was subject to a major refurbishment during 2011-2013. The ground floor includes medical and café tenants, with two floors of offices above. The middle building (known as 3 Fred Thomas Drive) was completed in 2016. It includes four levels of secure car parking at the rear and above a 531 m² medical facility on the ground floor. The property at 4 Fred Thomas Drive has 7,563 m² of net lettable area. It has been refurbished over recent years and provides three levels of offices plus a small portion of warehouse. 446 car parks are available on site including 250 in the new car park building.

The Issuer has been set up by Maat Consulting Limited ("Maat", also referred to as the "Manager") and its directors. Further information on the Issuer, the Property and Maat is provided in Section 2 "*The Issuer and what it does*".

Purpose of this Offer

The purpose of this Offer is to raise capital to enable the Issuer to purchase the Property. Proceeds from the Offer also enable the management fees (described in "Key terms of the offer" below) to be paid. The Issuer is seeking up to \$33,650,000 of new capital to be used for the purchase of the Property. The total cost of purchasing the property is \$62,550,000, including:

Purchase Price	\$60,850,000
Issue Costs (including the initial fees paid to the Manager)	<u>\$ 1,700,000</u>
	<u>\$62,550,000</u>
Funded by:	
Capital raised	\$33,650,000
Bank debt	<u>\$28,900,000</u>
	<u>\$62,550,000</u>

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

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

The Offer is not a 'managed investment scheme' offer for the purposes of the Financial Markets Conduct Act 2013 ("FMC Act").

This Offer is an equity investment in Fred Thomas Property Investment Limited in accordance with the exemption provisions of the FMC Act, whereby:

- The holders of the Shares will have the right to appoint and remove Directors
- the Issuer will not be bound by a Management Agreement which provides for remuneration for the Manager beyond the date the Issuer terminates the contract
- there is no FMA licensed manager or FMA licensed independent supervisor to govern the Issuer's investment activities.

Key terms of the Offer

Description of securities	Offer of ordinary shares in the Issuer (being B Shares offered in accordance with Issuer's constitution)
Date of lodgement of PDS	19 July 2017
Offer Opening Date	27 July 2017
Offer Closing Date	23 August 2017 The Issuer reserves the right to alter or extend this date, but by no more than 6 months. The Issuer may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases).
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	6,700,000
Number of Shares being offered	<p>The minimum number of Shares to be issued is 30,550,000. The maximum number of Shares to be issued is 33,650,000.</p> <p>If, by Closing Date, more than the minimum but less than the maximum Share subscriptions have been reached, Shares will be issued and the Property will be purchased using the money raised, the term Bank funding and so much of the \$3.1 million Bank bridging loan as may be required. The Closing Date will be extended and further allotments (up to the maximum) will be progressively made. The subscription moneys from these allotments will be used to progressively repay the Bank bridging loan.</p>
Percentage which initial subscription is to all Shares issued	100%
Management of Property and Issuer	<p>The Property will be managed by Maat. Maat's duties in relation to the Property management include arranging for maintenance and insurance of the Property and liaising with Tenants.</p> <p>Maat will also provide management services to the Issuer, including being responsible for payment of income distributions, reporting to Investors, maintaining accounting records and statutory compliance.</p> <p>Maat will be paid management fees for this, as follows:</p> <ul style="list-style-type: none"> • A management fee of 1.35% p.a. of the net rental income; • An annual accounting fee of \$12,500 plus GST (adjusted for annual CPI increases); • A lump sum Issuer's fee of \$760,500 (1.25% of the Purchase Price); • An exit fee on sale of the Property of 2% of the profit on that sale. <p>The management rights are set out in the Management Agreement, a copy of which can be found at www.business.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".</p> <p>Where Maat fulfils a broker role it is entitled to its proportionate share of brokerage fees (the total brokerage fees are estimated at \$200,000).</p>

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

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

Key drivers of returns

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

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

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

The current tenants of the Property (excluding subtenants) are:

2 FRED THOMAS DRIVE	
Green Cross Health Primary Limited	Luke's Café Limited
ASCC Limited	Wireless Nation Limited
Reckitt Benckiser (New Zealand) Limited	Property Partners Limited
3 FRED THOMAS DRIVE	
Auckland Eye Limited	
4 FRED THOMAS DRIVE	
Calamp Wireless Networks Corporation Limited	Spencer Henshaw Limited

Yachting New Zealand Incorporated	GN Resound (NZ) Limited
AON New Zealand	Riley Consultants Limited
Liquid Financial Solutions Limited	The Electoral Commission
Housing New Zealand Corporation	Amplifon NZ Limited

The total rental income from the Property is \$4,334,734 plus GST per annum. Details of the lease term and expiry date, the current rental and the review and renewal rights for each lease are set out in Section 2 *"The Issuer and what it does"*.

Property owning expenses: Costs associated with owning the Property will have a key impact on the financial performance of the Issuer. The Issuer will be liable to pay expenses and costs involved with owning and managing the Property.

Approximately 82% of the Property's current operating expenses are recoverable from Tenants. There is a shortfall in recovery of operating expenses relating to the car parking building, which the Vendor has agreed to underwrite for 24 months from settlement of the purchase of the Property. At the end of that period the percentage of recoverable operating expenses will reduce to 77.4%.

Further details relating to Property owning expenses are set out in Section 2 *"The Issuer and what it does"* and in the separate legal due diligence report prepared by Anthony Harper ("Due Diligence Report") which can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

The property-owning expenses referred to above include the management fees payable to Maat under the Management Agreement, but not the issue expenses.

Key strategies:

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

Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about the Issuer's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. The Issuer considers that the most significant risk factors that would affect the value of the Shares are:

Risks relating to market for Shares

The only way you are guaranteed to be able to realise your Shares is on the sale of the Property. The Property may be an illiquid asset and no promise or guarantee is made regarding the ability of the Issuer to sell the Property for fair value, nor the timeframe within which the Property may be sold.

The proceeds from sale of the Property would first go to repaying the amount of the loan with the Bank. If the sale proceeds were insufficient to fully repay the amount of the loan you would be unable to recoup any part of your initial subscription.

The price at which Shares are able to be sold may be lower than the amount you paid to subscribe for the Shares where market prices for commercial properties have fallen generally or particular factors affect the value of the Property as described below.

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

Risks relating to the Property

Tenancy risk

The value of the Property and so the value of your Shares is dependent upon the level of vacancy within the buildings from time to time, and upon Tenants continuing to pay rent. 4.55% of the total net lettable area is currently vacant. The Vendor has agreed to underwrite the rent and expenses in respect of those vacant areas for 24 months from settlement. The Vendor has also agreed to underwrite the income from premises which are to become vacant in the short term: (Calamp Wireless on 1 December 2017 for 24 months; The Electoral Commission on 1 January 2018 for 12 months; and GN Resound on 1 November 2017 for 24 months, if that tenant does not renew its lease). For further details, including additional underwrites provided by the Vendor, see Section 8 *"Risks to the Issuer's business and plans"*.

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

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

A key measurement in property valuation is the Weighted Average Lease Term (WALT). The WALT is measured by looking at the average remaining lease term for the various tenancies, and weighting that by reference to the respective rent levels for each tenant. A longer WALT will generally mean a higher value the property. Conversely a shorter WALT shows the vulnerability of the Property to loss of income at any particular point of time, and will result in a lower value.

The WALT for 2-4 Fred Thomas Drive is 4.6 years by income through a mix of tenancies from 2 months remaining on their lease term to 9.5 years.

There are financial covenants relating to rental income and WALT in the Bank funding referred to below. Increased vacancy levels could result in a breach of the financial covenants relating to WALT and so result in the Bank exercising its security, and requiring a forced sale.

Valuation risk

A material reduction in value of the Property, due to increased vacancy levels, a lower WALT or market conditions generally will have a direct impact on the value of the Shares, given that the Property will be the only asset owned by the Issuer. This may hinder the ability of Investors to sell their Shares. A material reduction in value could result in a breach of financial covenants to the Bank (the loan to value ratio) and could also limit the ability to renew bank funding on the expiry of existing loans.

Capital expenditure risk

Capital expenditure on structural repairs or capital improvements to the Property may arise or be required under the Leases that cannot be recovered from the Tenants. The main capital expenditure items will be structural repairs/maintenance when required and refurbishments/fitouts required for new tenants when existing leases expire. The roofs of 2 & 4 Fred Thomas Drive have been coated with a waterproofing product which carries a 10 year warranty from 18 April 2017. The building inspection consultants, Prendos, have assessed that the roofs may need replacing in 6-10 years at a cost of \$900,000. It is intended that the Issuer will fund such an upgrade from future cash reserves and/or borrowing.

Other Property risks

There are outstanding code compliance certificates for works carried out at the Property. The Vendor is assisting with obtaining the missing certificates, but if they cannot all be obtained, there may be a risk of enforcement action and capital expenditure on remedial works. That risk is considered to be low given that the outstanding certificates generally relate to historic tenant fitout works which have been superseded by fitouts undertaken by subsequent tenants.

The Property is situated on an old landfill site and contains methane testing and release procedures/facilities, although the current levels of methane are now minimal. This may result in additional capital expenditure for the upkeep and maintenance of this equipment, and may also create a perception risk for potential tenants or a future prospective purchaser of the Property.

The building inspection identified certain issues with regards to fire separations within the ceiling void of 4 Fred Thomas Drive. The vendor has agreed to remedy the defects at their cost. The schedule of works to be completed has been listed in the Additional Vendor Works Schedule attached to the Addendum to the Sale and Purchase Agreement.

Risks relating to Bank funding

The Issuer has received an expression of interest from the China Construction Bank (New Zealand) Limited ("CCB") in relation to two funding facilities. The main term loan facility of \$28,900,000 is for 3 years which will be fully drawn and the second is a bridging loan of up to \$3,100,000 for up to 12 months. The Issuer will be required to use the bridging facility if it does not reach the full subscription amount. If it does not receive full subscriptions for shares within the 12 month period of the bridging loan facility, the balance remaining in the bridging facility is added to the main loan facility. This will increase the loan to value ratio and reduce interest cover, so making a breach of the Banking covenants more likely.

Failure of the Issuer to obtain further bank financing at the expiry of the 3 year loan term for the main loan advance (from CCB or from another funding bank) and the Issuer being unable to sell the Property at that time would lead to a forced sale. A forced sale could also occur at any time if the Issuer is in breach of its financial covenants in favour of the Bank.

Any forced sale would be likely to yield a lesser sale price than that paid by the Issuer for the Property. As Bank debt would be repaid first, a forced sale would result in a loss of some or all of the investment made by Investors.

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

Where you can find the Issuer's Financial Information

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

The Issuer has been established to purchase the Property and therefore has no historical financial information. However, selected prospective financial information (including a summary of principal assumptions) has been provided.



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2 THE ISSUER AND WHAT IT DOES

Overview

Intended business of the Issuer

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

There is no intention to sell the Property after any particular timeframe. Any sale would be a major transaction of the Issuer, requiring shareholders' approval.

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

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

Maat has entered into the Purchase Agreement for the purchase of the Property for a price of \$60,850,000 plus GST (if any). The Purchase Agreement is conditional on the Issuer completing a successful raising of capital under this Offer, and obtaining finalised bank funding, at which point Maat will nominate the Issuer as the purchaser under the Purchase Agreement. A copy of the Purchase Agreement and Leases can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

The Issuer is seeking a minimum of \$30,550,000 and a maximum of \$33,650,000 of new capital to complete the purchase of the Property. The balance of the Purchase Price and issue expenses (including the initial fees to Maat) relating to the purchase and establishment of the Issuer will be funded from Bank borrowing. If less than the maximum subscription amount of \$33,650,000 (but more than the minimum amount of \$30,550,000) is raised from subscriptions prior to the settlement date, the Issuer will draw down the difference from a 12 month cash advance facility being provided by the Bank ("Bridging Loan") to enable the Issuer to

complete the purchase of the Property. In these circumstances the Issuer will extend the closing date of the Offer and seek further subscriptions under it.

It is not intended that the Issuer will have any employees. Maat will assume the responsibility for managing the Issuer's business in accordance with the terms of its Management Agreement and receive fees for undertaking its management duties.

Industry sector

The Issuer will operate as a commercial property owner and landlord of the Property. The commercial property sector is impacted upon by demand for rental properties and the availability of supply. General economic conditions impact upon rental demand. Important factors in assessing a property's value and the potential return are the location of the land, the age and quality of the buildings, the level of rental return, the financial strength of the tenants, the duration of leases and the level of current and expected vacancies. A detailed overview of the general economic and specific market factors affecting commercial property is provided in the Valuation.

Factors impacting on the Issuer's business

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

(a) Property value

As the Issuer's sole asset will be the Property, factors affecting the value of the Property will have a direct impact on the Issuer's business. Return on capital invested will come to Investors from the sale of the Property. Accordingly, the Investor's return is impacted by the resale value of the Property. The Property value is linked not only to the quality of Tenants, the length of tenure of leases (and the weighted average lease term or WALT) but also to the location, quality and standard of maintenance of the building.

As Managers of the property, Maat has the responsibility to implement a strategy for growing the value of the property for the long term. This strategy will include:

- The development of a rolling 5 year maintenance and capital expenditure forecast
- Maintaining rents in accordance with lease review terms
- Negotiating increased rental rates when leases are renewed
- Minimising vacancy

Set out below is a general description of the Property.

General description of the Property

• Location

The buildings are situated on the western edge of the Takapuna commercial zone of Auckland's North Shore, 8kms from the Auckland CBD and 750m from the Esmonde Road / northern motorway interchange. Major public transport is 10 minutes away at the Northern Busway Station. The retail strip in the Takapuna CBD is located 10 minutes to the east, towards the coastline. The site is readily accessed from neighbouring suburbs of Milford, Takapuna and Devonport.

• Titles

The Property is contained in three fee simple titles - identifier NA89B/718, legally described as Lot 1 Deposited Plan 150159 (5,915 sqm); NA89B/719, legally described as Lot 2 Deposited Plan 150159 (9,291 sqm); NA88C/125, Section 1 Survey Office Plan 61394 (17 sqm). The two main titles (NA89B/718 and NA89B/719) are subject to a certificate issued under s77 of the Building Act 2004, preventing the separate sale of those titles due to the new carpark building straddling the boundary of those titles.

• Condition

The property includes three stand-alone buildings, with two buildings having been extensively refurbished and one building built in 2016.

The Vendor has commissioned a technical due diligence report from Prendos New Zealand Limited ("**Prendos Report**") in respect of the buildings. The initial report dated 18 May 2017 has been supplemented by an addendum letter from Prendos dated 21 June 2017. Both the initial report and the addendum letter can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981)) under "Other material information". The Prendos Report (and addendum letter) concluded the following:

- 2 Fred Thomas Drive – The building was constructed in the late 1980s and was substantially modified and refurbished in 2012. The roof appeared to be watertight at the time of inspection by Prendos, but ongoing repairs are expected to the roof coverings. Prendos was initially of the view that the roof

covering will require replacement in the short term (2-5 years) at an estimated cost of approximately \$300,000. Prendos subsequently carried out a site visit on 21 June 2017 to gain an understanding of works done to coat the roof of this building (and 4 Fred Thomas Drive) with a waterproofing product (Rustoleum Noxyde) during the first quarter of 2017. Prendos concluded that, with regular maintenance (including annual inspection and wash down) the replacement of the metal roof covering could be stretched out to the long term, 6-10 years. Prendos could not however guarantee that the roof systems will reach this period, and they may fail earlier given their current age.

- 3 Fred Thomas Drive – A code compliance certificate was issued for this newly constructed building in April 2017.
- 4 Fred Thomas Drive - The building was constructed in the late 1980s and benefitted from a refurbishment of the main internal stair core areas in 2012. Prendos initially concluded that the condition of the main roof covering was generally poor and that replacement will be required in the short term at a cost of approximately \$600,000. After the site inspection on 21 June 2017, Prendos further concluded that with regular maintenance (including annual inspection and wash down) the replacement of the metal roof covering could be stretched out to the long term, 6-10 years. Prendos could not however guarantee that the roof systems will reach this period, and they may fail earlier given their current age.

Prendos has also identified an issue with internal fire separations within the ceiling void of 4 Fred Thomas Drive, where fire separations were found not to be continuous to the underside of the roof, or damaged so as to adversely affect their fire resistance function. The vendor has agreed to remedy the defects at their cost. The schedule of works to be completed has been included in the Additional Vendor Works Schedule attached to the Addendum to the Sale and Purchase Agreement.

Other remedial matters were also identified in the original Prendos Report, some of which have since been remediated.

The Vendor holds a 10 year warranty from the applicator of the roof coating referred to above (Citywide Roofing & Waterproofing Limited, www.cwroofing.co.nz), and the benefit of that warranty will be assigned to the Issuer on settlement of the purchase. The directors of Maat are of the view, following discussions with the director of Citywide Roofing & Waterproofing Limited and with the Vendor (in reference to another building in which the Vendor has had the same restoration process applied) that the coating product and the 10 year warranty can be relied upon.

- Land Information Memorandum ("LIM")

LIM Reports have been issued for the Property from the Auckland Council.

Copies of the LIMs can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

- Zoning

The zoning for the site under the Auckland Unitary Plan is Business – Mixed Use Zone (MUZ) under the Auckland Unitary Plan. The Mixed-Use Zone provides for a range of permitted, controlled, restricted discretionary, discretionary and non-complying activities. Permitted activities include commercial services, food and beverage outlets, and offices up to 500 m² per tenancy, retail up to 200 m² per tenancy, healthcare facilities, tertiary education facilities, warehousing and storage. In respect of offices and retail outlets that do not meet the tenancy size limits, these are discretionary activities for which resource consent would be required.

Despite the tenancy size limits now imposed by the Unitary Plan given the Mixed-Use Zoning of the Property, the Property will benefit from existing use rights enabling the leasing of offices within 2 and 4 Fred Thomas Drive of greater than 500 m² to continue, provided the buildings continue to include office tenancies. A resource consent would be required for the establishment of offices within the carpark building on 3 Fred Thomas Drive.



- Former landfill use

The Property was historically used as a landfill, between 1930 and 1964, with a maximum filling depth of around five metres. The buildings at 2 and 4 Fred Thomas were subsequently constructed between 1987 and 1989. The construction included measures to mitigate risks from landfill gas, such as gas monitoring alarms and passive venting systems. Similar systems were implemented during the recent construction of the car parking building.

Various reports exist (on the Council property file and as disclosed by the Vendor) which confirm the monitoring for landfill gas that has taken place and that the remaining levels of landfill gas (methane) are minimal. Further details of those reports are included in the Due Diligence Report, which can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

The LIMs confirm that contaminants have either been partially removed or properly contained and managed and therefore, potential risks to human health are considered to be mitigated so that the site is suitable for its current use. The LIMs note that resource consent may be required before any further development, soil disturbance, change of use etc. takes place.

Soil issues at 2 Fred Thomas Drive have been recorded due to the previous landfill use, and because the Property is within a flood sensitive area. Those soil conditions were taken into account for the foundation design of the new carpark building. Any future development of the Property would also require specific geotechnical analysis.

- Storm Water and Sewer Drains

A building consent was issued in May 2015 in relation to 2 Fred Thomas Drive, to build over storm water and sewer drains (and the existence of those drains is confirmed on the services plans with that LIM).

- Building Consents and outstanding Code Compliance Certificates

A code compliance certificate (CCC) is a certificate issued by Council which confirms that building works have been carried out in accordance with the building consent issued for those works.

There are a number of building consents across 2 and 4 Fred Thomas Drive where CCCs have not issued. A full list of those consents without CCCs is set out in the Due Diligence Report, which can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

All CCCs relating to construction of the recently completed carpark building have been issued.

The majority of the consents without CCCs are of only historic relevance, as the Vendor has advised they relate to works (generally office fitouts) that have been superseded by more recent tenant fitouts, and so the original works no longer exist. Assuming those works no longer exist then those matters are not of concern.

In respect of the following consents, which relate to works consented since 2010 and which are still in existence, the Vendor has agreed to use its commercially reasonable endeavours to have CCCs issued prior to settlement of the Issuer's purchase of the Property, or within 12 months of the settlement date (by

arranging final inspections/works or requiring tenants to do so where it is their responsibility). The relevant consents are:

- BM-1241856 issued in 2011 for an office fitout on level 1 of 4 Fred Thomas Drive;
- BD-1242891 issued in 2011 for an office fitout with structural work for separating floors at 4 Fred Thomas Drive;
- BD-1246212 issued in 2012 for works undertaken by GN Resound to split an existing tenancy at 4 Fred Thomas Drive;
- BD-1248221 issued in 2013 for works undertaken by the Vendor for the Riley Consultants' fitout at 4 Fred Thomas Drive;
- BD-1246873 issued in 2013 for new internal partitions undertaken by the Vendor at 2 Fred Thomas Drive;
- BD-1255394 issued in 2016 for the Auckland Eye fitout works (including hydraulic, emergency lighting and mechanical systems) (a certificate of public use has issued for those works which is current until 30 June 2017).

While CCCs for these consents are outstanding, it cannot be assumed that the relevant building works were performed to the standard required by law. This potentially leaves the Issuer exposed to enforcement action by the Auckland Council (by way of requiring the works to be completed to the relevant building code, or removed), if the works are found to be substandard. In some instances the responsibility under the leases will rest with the relevant tenants (Riley Consultants or Auckland Eye). One of the consents (BD-1242891) appears to have involved structural works for the separate of floors, and which could therefore result in structural remediation if those works are found to be substandard and the Council decides to take enforcement action.

○ Building Warrants of Fitness

The buildings on the property all have current building warrants of fitness. Those for the buildings at 2 and 4 Fred Thomas Drive expire on 13 July 2017. If the Vendor has not obtained renewals of those building warrants of fitness by the settlement date, the settlement date will extend to two working days after the issue of the building warrants of fitness.

The building warrant of fitness for 3 Fred Thomas Drive expires in April 2018.

○ Seismic Performance

The Vendor has provided initial evaluation procedure (IEP) reports prepared by Stephen Mitchell Engineers in April and June 2012 which evaluate the buildings as follows:

- 2 Fred Thomas Drive is rated at 146% of New Building Standard (NBS), and is therefore an A+ rated building.
- 4 Fred Thomas Drive is rated at 102% of NBS, and is therefore an A+ rated building.

The Council has noted those reports on the property file maintained by the Council, and has confirmed that those reports replace other reports prepared for the Council which gave the buildings a lower rating (the reports mentioned above having been accepted by the Council as being more accurate).

The Vendor has also supplied a December 2016 letter from BGT Structures (Auckland) Limited confirming that as the new carpark building at 3 Fred Thomas Drive was designed and constructed in 2015 to the latest building standards, it is rated at 100% of New Building Standard.

○ Flooding sensitivity

The LIMs reveal that the Property is sensitive to flooding, including coastal flooding during extreme storm events. There have been no instances of flooding during the Vendor's period of ownership since 2010.

Further details regarding the title interests for the property and the matters disclosed by the LIM can be found in the separate Due Diligence Report prepared by Anthony Harper which can be found at www.companiesoffice.govt.nz/disclose (Offer ref: 11981) under "Other material information".

Valuation

The Valuer has independently valued the Property at \$60,850,000 plus GST (if any) as at 2 May 2017 in accordance with International Valuation Standards and API/PINZ Valuation Standards. A copy of the full Valuation report containing further details can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information". Investors are encouraged to view the Valuation carefully. The Valuer has consented to the Valuation being included in this PDS and on the Disclose Register.

(b) Rent returns from the Property

The second factor by which the Issuer's business (and consequently the returns payable to Investors) will be impacted upon is the income stream from rentals from the Property. The main factors impacting on rental returns are vacancy levels, the remaining term of leases (measured by the weighted average lease term or WALT), the quality of the Tenants and their ability to pay rent. Set out below is a table giving a summary of the Tenants' names and principal lease provisions. Following that, there is set out a more detailed description of each of the Leases.

General summary of leases

Tenant Name & Location	Lease Expiry	Type	Rights of Renewal	Next Rent Review Date	Current Passing Income (p.a. excl. GST)	Monthly Licence Income for Car Park/Storage (p.a. excl GST)
2 FRED THOMAS DRIVE						
Green Cross Health Primary Ltd. (Ground)	07/07/2025	Net	1 x 6 years	8/7/2019 (2.5% Compounding)	615,159	6,240
Luke's Cafe (Ground)	31/10/2022	Net	1 x 9 years	1/8/17 (annual CPI)	60,859	
ASCC (Level 1)	30/11/2018	Net	-	1/12/2017 (Market)	88,396	10,400
Wireless Nation Ltd. (Level 1)	20/10/2019	Net	1 x 6 years	21/10/17 (annual CPI)	101,629	4,800
Reckitt Benckiser Limited (Level 1)	15/07/2021	Net	1 x 6 years	16/07/2017 (Fixed 3%)	205,416	62,399
Property Partners (Level 2)	31/08/2021	Net	1 x 6 years	01/09/2017 (Fixed)	400,463*	2,880
3 FRED THOMAS DRIVE						
Auckland Eye Ltd. (Ground)	30/05/2026	Net	1 x 5 years	31/05/2017 >CPI or 2%	274,664	2,340
4 FRED THOMAS DRIVE						
Cal Amp Wireless Network Corporation (Ground)	30/11/2017	Net	-	-	114,134	4,160
Yachting NZ Inc	14/12/2020	Net	-	15/12/2018 (CPI)	87,684	6,240
GN Resound	31/10/2017	Net	1 x 6 years	-	239,600	
Henshaw Group Ltd.	14/08/2019	Net	1 x 1 year	15/8/2018 (Market)	160,653	36,920
AON New Zealand	28/02/2023	Net	-	1/03/2018 (CPI)	361,845	35,360
NZI (sub-tenant of AON)				-		17,159.76
Liquid Financial Solutions (AMP)	31/12/2017	Net	-		50,489	11,760
Riley Consultants Ltd	24/05/2020	Net	1 x 6 years	25/10/2017 (CPI)	226,208	13,260
Housing NZ Corporation	31/07/2018	Net	1 x 4 years	1/8/2018 (Fixed)	43,813	24,960
The Electoral Commission	31/12/2017	Gross	-	-	464,820	
Amplifon New Zealand	31/01/2026	Net	2 x 3 years	1/2/2020 (Market)	419,015	49,919

Fred Thomas Investments Ltd (initial Vendor underwrites of vacant spaces)	27/07/2019	Net	-	-	141,189	
Total Rental Income					\$4,056,036	\$288,795.56
Weighted Average Lease Term	4.64 years (by income)					

* Rental figure for Property Partners lease is the combined amount of the current reduced rent, and the Vendor underwrite which will apply until the rent for that tenant increases to \$400,463 per annum.

Strategies to increase rent returns and maintain WALT

The Manager considers that the property has a blend of long and short - term leases which provides the opportunity to increase rents at time of renewal on the shorter leases, but (at the same time) maintain tenant continuity and stability through the longer leases.

The Weighted Average Lease Term (WALT) by income provides a measurement (as a key indicator) for assessing the risk of vacancy. The WALT is measured by looking at the average remaining lease term for the various tenancies, and weighting that by reference to the respective rent levels for each tenant. A longer WALT will give more value to the property. Conversely a shorter WALT shows the vulnerability of the Property to loss of investment value at any particular point of time. As at the date of the valuation (2 May 2017), the WALT was 4.64 years, which is considered to be within the medium time-frame.

The Manager will aim to maintain the WALT at the medium term as the effect of the larger tenants' on the WALT decreases as they progress through their lease term and opportunities are provided to renew short term leases during the 2018-2020 financial projection period.

Specific Lease summaries

Lease to Green Cross Health Primary Limited	
Guarantor	Bank guarantee from ANZ for \$930,126.90, which will be released on 1 July 2019.
Floor Area / carparks	Part Ground Floor, 2 Fred Thomas Drive – 1,380.22 m ² – 40 car parks
Term	12 years, expiring 7 July 2025
Rights of Renewal	1 of 6 years
Final Lease Expiry	7 July 2031
Current Annual Rent	\$615,159.77 plus GST (Separately pays \$6,239 plus GST p.a. in licence fees for 3 car parks on monthly licence)
Rent Reviews	<ul style="list-style-type: none"> Market Review – 8 July 2025 (if renewed). The rent may not fall below the rent at the commencement date Fixed Rent Review – 8 July 2019, 8 July 2022, 8 July 2028 (if renewed) at 2.5% p.a. (compounding)
Operating Expenses	Full outgoings recovery
Other material matters	<ul style="list-style-type: none"> In addition to the bank guarantee the tenant has granted the landlord security in the tenant's interest in the various subleases, which if enforced would allow the landlord (i.e. the Issuer on completion of the purchase) to enforce payment of rent direct from the subtenants. Those securities (including the ANZ bank guarantee) will be assigned to the Issuer on settlement The Tenant is not required to remove tenant's fixtures, fittings and chattels at the end of the lease. The lease includes an indemnity from the Landlord in favour of the Tenant for any loss caused by a contaminant on the land. There are six current subtenants of these premises, who are various medical specialists (individuals and companies). The lease restricts the Landlord from leasing any other premises at 2 or 4 Fred Thomas Drive for general or specialist medical services (excluding operating theatres operated by specialist medical practitioners). The tenant has consented to the lease to Auckland Eye.

Tenant Profile	Green Cross Health purchased Peak Primary in 2014, adding 11 medical centres to its other 38 already owned. Green Cross listed on the NZX during 2014, replacing its previous Pharmacybrands' Listing. It rebranded its Radius Pharmacy, Amcal and Care Chemist brands to Unichem and Life Pharmacy brands. It currently has 350 pharmacies now operating under those brands.
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Lease to Luke's Café Limited	
Guarantor	Wenfeng Zhang (personal guarantee) Bank guarantee of \$15,214.83 from ASB
Floor Area / carparks	Part of ground floor, 2 Fred Thomas Drive – 145 m ² – 10 car parks
Term	9 years, 3 months, expiring 31 October 2022
Rights of Renewal	1 of 9 years
Final Lease Expiry	31 October 2031
Current Annual Rent	\$60,859.31 plus GST
Rent Reviews	<ul style="list-style-type: none"> Market Review – 1 November 2022 (if renewed) (rent cannot decrease) CPI Review – Annually on 1 August, except for 1 August 2022
Operating Expenses	Full outgoings recovery
Other material matters	N/A
Tenant profile	Luke's Café is a privately owned café, with another café operated in the St. Luke's Shopping Centre, Auckland



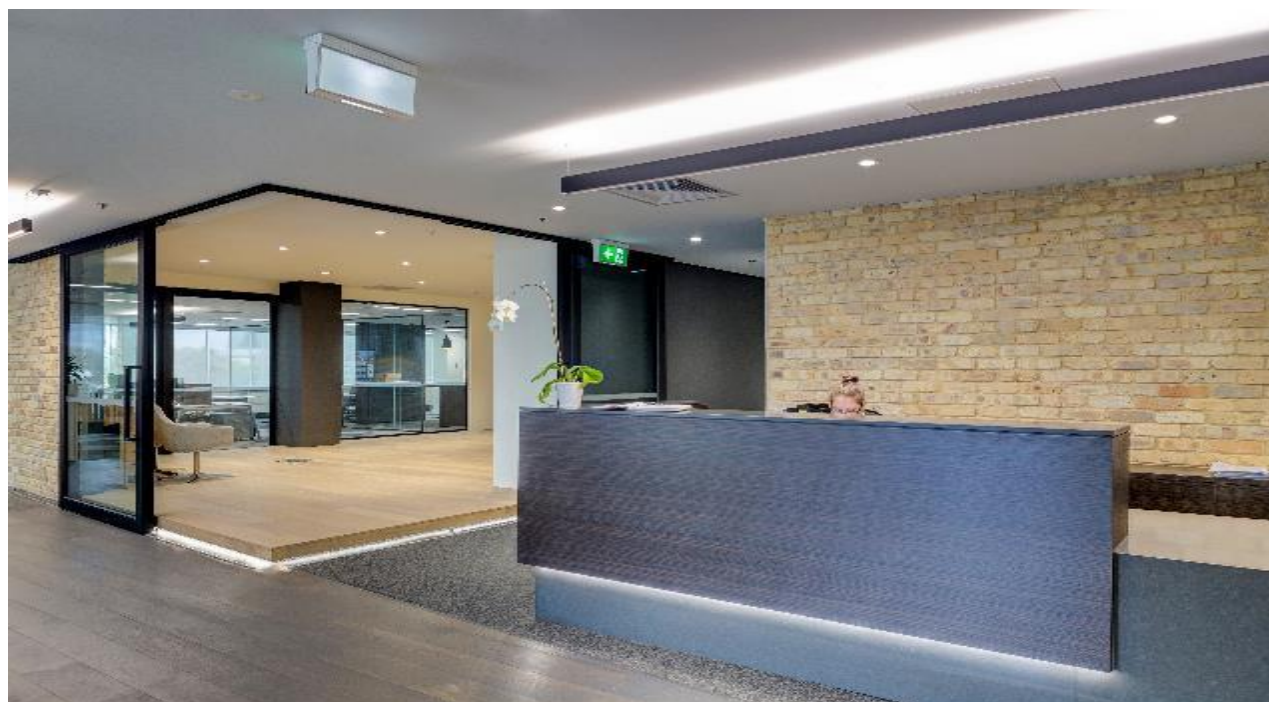
Lease to ASCC Limited	
Guarantor	Graham Stuart Catley and Ivan James Hollows
Floor Area / carparks	Part Level 1, 2 Fred Thomas Drive – 310.89 m ² – 7 car parks
Term	Three years expiring 30 November 2018
Rights of Renewal	Nil
Final Lease Expiry	30 November 2018
Current Annual Rent	\$88,396.38 plus GST (Separately pays \$10,399 plus GST p.a. in licence fees for 5 car parks on monthly licence)
Rent Reviews	Market Review – 1 December 2017 (rent cannot decrease)
Operating Expenses	Full outgoings recovery
Other material matters	N/A
Tenant profile	Australasian Solvents and Chemical Supplies (ASCC) is an Australian Company providing the supply of resins, fluids and other raw materials to the manufacturing industry in Australia, Asia and the South Pacific. ASCC purchased the NZ company Rebains International (NZ) Ltd. in 2016. Based on the North Shore of Auckland, Rebain International created a distinguished growth path in the chemical supplies for the coatings and plastics industries since it was formed in 1998. Rebain established its international profile in Australia and Spain.

Lease to Wireless Nation Limited	
Guarantor	N/A
Floor Area / carparks	Part Level 1, 4 Fred Thomas Drive – 777.6 m ² plus basement warehouse premises – 20 car parks
Term	6 years expiring 20 October 2019
Rights of Renewal	1 x 6 years
Final Lease Expiry	20 October 2025 (if renewed)
Current Annual Rent	\$101,629 plus GST (Separately pays \$4,800 plus GST p.a. in licence fees for storage cage on monthly licence)
Rent Reviews	<ul style="list-style-type: none"> • Market Review – 21 October 2019 (if renewed) – (rent cannot decrease) • CPI Review – 21 October every year except 21 October 2019
Operating Expenses	Full outgoings recovery
Other material matters	N/A
Tenant profile	<p>Wireless Nation has a number of NZ shareholders from across the northern half of NZ who support the company's mission of presenting fast broadband throughout NZ.</p> <p>The company was formed in 2005 to provide effective and affordable bespoke solutions to overcome hurdles that may prevent connectivity, such as remoteness, needing internet access to a large area, or line of sight issues, with a particular focus on rural NZ.</p>



Lease to Reckitt Benckiser (NZ) Limited	
Guarantor	N/A
Floor Area / carparks	Part level 1, 2 Fred Thomas Drive – 615.54 m ² – 20 car parks
Term	6 years expiring 15 July 2021
Rights of Renewal	1 x 6 years
Final Lease Expiry	15 July 2027 (if renewed)
Current Annual Rent	\$205,416 plus GST (Separately pays \$62,398 plus GST p.a. in licence fees for 30 car parks on monthly licence)
Rent Reviews	<ul style="list-style-type: none"> Market Review – 16 July 2021 (if renewed) – rent on market review not to fall below rent at commencement of the lease (soft ratchet) Fixed Rent Review – 3% per annum on 16 July, other than the renewal date
Operating Expenses	Full outgoing recovery.
Other material matters	If the Tenant renews the lease for a further 6 year term (after the current expiry of the lease in 2021), it is relieved from any obligation to remove and reinstate any fit-out or other alterations it has made to the premises (but without limiting its other repair obligations including to repaint).
Tenant profile	Reckitt Benckiser (NZ) Ltd is a subsidiary of the UK company of the same name. It is the marketer of branded grocery items, toiletries, household products and pharmaceuticals. Amongst its diverse range of products are Janola, Harpic, Vanish, Disprin, Eno and Lucifer.

Lease to Property Partners Limited	
Guarantor	Ty Adam Jones and Steven Max Mikkelsen. Their liability is limited to an amount equal to 24 months' rent and outgoings.
Floor Area / carparks	Level 2, 2 Fred Thomas Drive – 1312 m ² – 20 car parks
Term	6 years expiring 31 August 2021
Rights of Renewal	1 x 6 years
Final Lease Expiry	31 August 2027 (if renewed)
Current Annual Rent	<p>\$271,384 plus GST (Separately pays \$2,880 plus GST p.a. in licence fees for storage cage on monthly licence)</p> <p>Note: The Vendor has agreed to "top up" the rent received in respect of this tenancy by way of an underwrite, so that the total amount received (from both the Tenant and the underwrite) is \$400,463 plus GST per annum. This underwrite continues until the rent payable by the Tenant is increased to \$400,463 plus GST p.a. on 1 September 2018.</p>
Rent Reviews	<ul style="list-style-type: none"> Market Review – 1 September 2021 (if renewed) – rent on market review not to fall below \$366,480 Fixed Rent Review – rent increases to \$332,571 plus GST p.a. on 1 September 2017, and to \$400,460 plus GST p.a. on 1 September 2018; thereafter at 3% per annum on 1 September
Operating Expenses	Full outgoings recovery.
Other material matters	The Tenant has an option (exercisable up to 30 May 2021) to take a lease of an additional 28 car parks within the new parking building at 3 Fred Thomas Drive (at the rent then payable for the parks).
Tenant profile	<p>Incorporated in May 2010, Property Partners was formed to assist Aucklanders subdivide traditional larger sections; to design and build new homes; or to carry out the process from start to finish.</p> <p>Their aim is to offer a more streamlined and effective service than other industry players who worked separately from each other They bring together a range of experts under one roof – land, design, building and sales – the vital ingredients for every type of Auckland property.</p>



Lease to Auckland Eye Limited	
Guarantor	Bank guarantee for \$261,925 from ANZ (equivalent to 9 months' rent and outgoings)
Floor Area / carparks	Whole of ground floor, 3 Fred Thomas Drive – 530.66 m ² – 30 car parks
Term	10 years expiring 20 May 2026
Rights of Renewal	1 x 5 years
Final Lease Expiry	30 May 2031 (if renewed)
Current Annual Rent	\$274,664 plus GST (Separately pays \$2,340 plus GST p.a. in licence fees for 1 car park on monthly licence)
Rent Reviews	<ul style="list-style-type: none"> • Market Review – On renewal (31 May 2026) • Fixed/CPI Rent Review – Annual increases on 31 May (other than the renewal date) to higher of 2% and CPI
Operating Expenses	<p>Rates, insurance costs and utilities used by the Tenant in the premises are recoverable from the Tenant as outgoings in the usual manner.</p> <p>All other outgoings for maintenance and repair costs, common area utilities, service charges, building WoF charges etc are subject to a fixed outgoings recovery, initially at \$21,226.40 plus GST per annum and increasing annually to the higher of 2% and CPI.</p> <p>Note: The Vendor has agreed to underwrite the shortfall in unrecoverable outgoings relating to the operation of the carpark at 3 Fred Thomas Drive for 24 months from the settlement date.</p>
Other material matters	<p>The lease includes various relaxations of the usual restrictions on subleasing and sharing occupation without the Landlord's consent. Specifically:</p> <ul style="list-style-type: none"> • The Tenant is free to sublet any part of the premises to opticians and/or ophthalmologists other than the Tenant, or to a joint venture comprising the Tenant and the Eye Institute Limited. • The Tenant is free to allow specialists to use the operating theatres on the premises for surgical procedures, on a session by session basis, and subject to various restrictions. • While the Tenant is Auckland Eye Ltd, it is free to share occupation of the operating theatre, recovery rooms, staff room and reception areas with Oasis Surgical Ltd (while it is a related company of Auckland Eye), subject to various restrictions. Oasis Surgical Ltd has signed the deed of lease to commit to adhering to those restrictions (including to ensure that its use doesn't breach the lease). <p>In addition to these arrangements outlined in the lease, Auckland Eye has agreed to enter into an agreement with Canopy Cancer Care Limited to share the use of part of the premises (including treatment areas) comprising 305 m².</p>
Tenant profile	<p>Auckland Eye is New Zealand's leading private sub speciality eye centre, is dedicated to providing the highest quality service in a caring environment.</p> <p>Auckland Eye's team of leading experts are highly trained in their particular area of expertise, providing assessment and management of a comprehensive range of ophthalmic treatments such as laser eye surgery, Cataract surgery, Glaucoma, Eyelid surgery, Paediatrics and Retinal Surgery.</p>



Lease to Cal Amp Wireless Networks Corporation	
Guarantor	N/A
Floor Area / carparks	Tenancy C, Ground Floor, 4 Fred Thomas Drive – 358 m ² – 10 car parks
Term	5 years expiring 5 August 2017. The Tenant is not renewing its lease, but an extension to the current term until 30 November 2017. Note: The Vendor has agreed to underwrite the rent payable from this Tenancy for 24 months from 1 December 2017 (or until a replacement tenant is found) at the current rental rate.
Rights of Renewal	Nil
Final Lease Expiry	30 November 2017
Current Annual Rent	\$114,134.80 plus GST (Separately pays \$4,159 plus GST p.a. in licence fees for 2 car parks on monthly licence)
Rent Reviews	N/A
Operating Expenses	Full outgoings recovery
Other material matters	Nil.
Tenant profile	Calamp is a worldwide company, formed in 1981 and listed on the Nasdaq in 1983. It is based in Irvine, California. Its objective is to assemble the right wireless communications solutions for businesses and machines from an extensive portfolio of devices, scalable cloud service enablement platforms and targeted software applications.
Lease to Yachting NZ Incorporated	
Guarantor	N/A
Floor Area / carparks	Part Ground Floor, 4 Fred Thomas Drive – 269.84 m ² – 7 car parks
Term	6 years expiring 14 December 2020
Rights of Renewal	Nil
Final Lease Expiry	14 December 2020

Current Annual Rent	\$87,684 plus GST (Separately pays \$6,239 plus GST p.a. in licence fees for 3 car parks on monthly licence)
Rent Reviews	CPI Review – 2 yearly, next review on 15 December 2018
Operating Expenses	Full outgoings recovery
Other material matters	The Tenant has a right of early termination of this lease at any time during the remaining term on a minimum of three months written notice. The Vendor has advised that it has no information as to whether or not Yachting NZ might exercise this break right in the future.
Tenant profile	Yachting NZ is the controlling body for the sport of sailing in NZ. It is a non-profit organisation with supporting 250+ affiliated clubs throughout the country.

Lease to GN Resound Limited	
Guarantor	N/A
Floor Area / carparks	Tenancy 5, Ground Floor, 4 Fred Thomas Drive, 784.64 m ² – 23 car parks
Term	6 years expiring 31 October 2017
Rights of Renewal	1 x 6 years (6 months' notice to be given by 1 May 2017). As at 1 May 2017 tenant had not given notice to renew. Note: If the Tenant does not exercise its right of renewal for all or part of the premises, the Vendor has agreed to underwrite the rent payable from this Tenancy for 24 months from 1 December 2017 (or until a replacement tenant is found) at the current rental rate.
Final Lease Expiry	31 October 2023 (if renewed)
Current Annual Rent	\$239,600 plus GST
Rent Reviews	Market Review – 1 November 2017 and 1 November 2020 (if renewed). Rent on market review cannot fall below \$172,258 plus GST per annum
Operating Expenses	Full outgoings recovery
Other material matters	Part of the premises (178 m ²) is subleased to Everedgeip Ltd. That sublease expires on 31 October 2017.
Tenant profile	GN Resound was founded in 1943. It has offices in 25 countries and distributors in 80 countries, with 4,100 employees worldwide. It is part of the GN Nord Group, based in Denmark The company is dedicated to being able to solve peoples hearing problems through the many technological advancements of hearing aids.

Lease to Spencer Henshaw Limited	
Guarantor	Cornelius Murphy and Rodney Spencer
Floor Area / carparks	Part ground floor, 4 Fred Thomas Drive – 507.92 m ² , plus basement warehouse premises of 99.24m ² – 20 car parks
Term	5 years expiring 14 August 2019
Rights of Renewal	1 x 1 year
Final Lease Expiry	14 August 2020 if renewed
Current Annual Rent	\$160,653.60 plus GST (Separately pays \$36,919 plus GST p.a. in licence fees for 14 car parks and 2 storage spaces on monthly licence)
Rent Reviews	Market Review – 15 August 2016, 15 August 2018. Rent on market review not to fall below rent at commencement of current term (soft ratchet) Note: The 15 August 2016 market rent review has not yet been undertaken. The Vendor has agreed with the Issuer to commence that review, and if the office rent determined on the review is less than \$235 per m ² (it is currently \$225 per m ²), the Vendor has agreed to underwrite the difference until the next rent review date on 15 August 2018.
Operating Expenses	Full outgoings recovery
Other material matters	Nil.
Tenant profile	Spencer Henshaw Ltd (SHL) is a family owned business that was formed in 2011 when two long established heritage companies, Henshaw Group Ltd (HGL) and SPM Building Ltd (SPM) merged. Both the heritage companies have been providing property maintenance services since 1972. They are now New Zealand's largest privately owned, independent property maintenance business. The founding shareholders of these businesses are still actively involved in the governance of the business. They provide a full range of property repair, maintenance and upgrade services to government and corporate clients. They have a staff of approximately 140 combined with an experienced subcontractor network numbering around 2,000, covering all the trades required to deliver a full one-stop-shop of maintenance services. They provide services from the top of the North Island through the greater Auckland area.

Lease to AON New Zealand Limited	
Guarantor	N/A
Floor Area / carparks	Whole of Level 1, 4 Fred Thomas Drive – 1183.49 m ² – 35 car parks
Term	6 years expiring 28 February 2023
Rights of Renewal	Nil
Final Lease Expiry	28 February 2023
Current Annual Rent	\$361,845 plus GST (including signage fees of \$4,000 plus GST per annum). (Separately pays \$35,359 plus GST p.a. in licence fees for 17 car parks on monthly licence)
Rent Reviews	<ul style="list-style-type: none"> Market review – no further market reviews CPI Reviews - Annually on 1 March
Operating Expenses	Full outgoings recovery
Other material matters	<ul style="list-style-type: none"> There is no obligation on this Tenant to repaint at the expiry of its lease. The Tenant can elect not to remove and reinstate its fixtures, fittings and chattels at the expiry of the lease, and if it does remove any items its make good obligation is limited to fixing any damage required to render the premises safe and tenantable. While AON remains the Tenant it must be given first option to meet competitors' quotes for insurance for 4 Fred Thomas Drive and place cover for the building (if it can meet competitors' pricing and the terms and conditions of cover are otherwise reasonably satisfactory). The Tenant has exclusive signage rights in respect of the southern wall of the building at 4 Fred Thomas Drive, and the right to approve signage to the northern parts of the building at 4 Fred Thomas Drive provided it doesn't

	unreasonably withhold such consent.
Tenant profile	AON is the largest provider of Insurance Brokerage Services in NZ, with 800 staff and 76 offices around the country.

Lease to Liquid Financial Solutions Limited	
Guarantor	Russell Glen Jones and Peter Michael Moore
Floor Area / carparks	Tenancy 3, Level 1, 4 Fred Thomas Drive, 161.71 m ² – 4 car parks
Term	3 years expiring 31 December 2017
Rights of Renewal	Nil
Final Lease Expiry	31 December 2017
Current Annual Rent	\$50,489.40 plus GST (Separately pays \$11,760 plus GST p.a. in licence fees for 4 car parks and storage cage on monthly licence)
Rent Reviews	None remaining.
Operating Expenses	Full outgoings recovery
Other material matters	The Tenant does not have usual obligations to remove fitout and repair any resulting damage, as the fitout is owned by the Landlord.
Tenant profile	Liquid Financial Solutions operates as an AMP Financial Advisory Service. Formed by two principles, advisers provide advice on the full range of financial products and services offered by AMP.

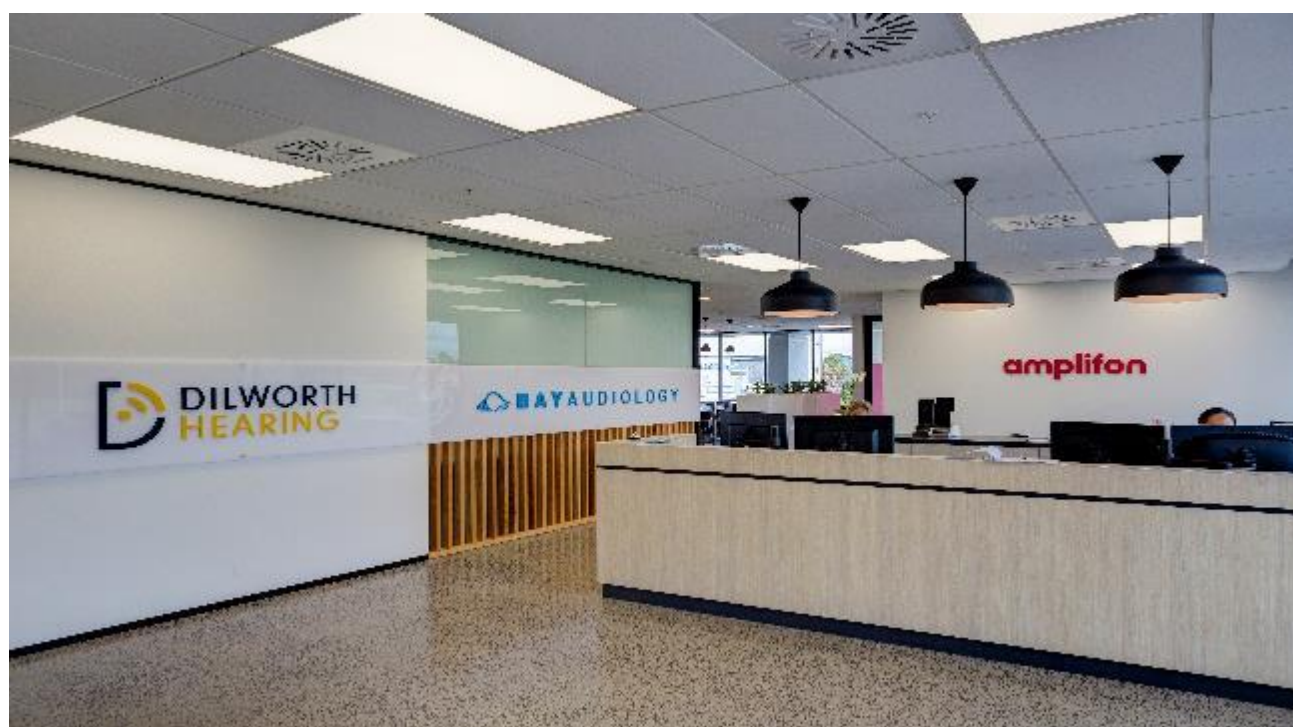
Lease to Riley Consultants	
Guarantor	N/A
Floor Area / carparks	Part level 1, 4 Fred Thomas Drive – 777.6 m ² plus basement warehouse premises – 20 car parks
Term	6 years and 7 months expiring 24 May 2020
Rights of Renewal	1 x 6 years
Final Lease Expiry	24 May 2026 if renewed
Current Annual Rent	\$226,208 plus GST (Separately pays \$13,259 plus GST p.a. in licence fees for 6 car parks on monthly licence)
Rent Reviews	<ul style="list-style-type: none"> Market review – 25 May 2020 (if renewed) – rent on market review not to fall below \$231,560 plus GST CPI Review – 25 October every year except 25 October 2020
Operating Expenses	Full outgoings recovery. (Management fees recovered as outgoings must not exceed the management fees which would be payable to an independent professional management company)
Other material matters	<ul style="list-style-type: none"> The Tenant is not obliged to remove any of its fixtures and chattels, and must not remove the initial fitout of the premises. If the noise from air conditioning or vibration or noise from the floor exceeds noise/vibration levels that a reasonable tenant would expect, the Tenant may make a complaint to the Landlord. The Landlord must then engage an independent consultant to assess whether the disturbance goes beyond what a reasonable tenant would expect, and if it does the Landlord must (at its cost) follow any reasonable recommendations made by the consultant.

Tenant profile	Riley are Geotechnical, Civil, Environmental and Water Resourcing Engineers, with offices in Auckland and Christchurch. Formed in 1993, it employs over 80 staff and is one of NZ's leading engineering consultancy companies.
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Lease to Housing New Zealand Corporation	
Guarantor	N/A
Floor Area / carparks	Tenancy 4, Ground Floor, 4 Fred Thomas Drive – 138.52 m ² – 3 car parks
Term	4 years expiring 31 July 2018
Rights of Renewal	1 x 4 years
Final Lease Expiry	31 July 2022 (if renewed)
Current Annual Rent	\$43,813 plus GST (Separately pays \$24,959 plus GST p.a. in licence fees for 12 car parks on monthly licence)
Rent Reviews	Market Review – 1 August 2018 (if renewed). The rent may not fall below the current rent.
Operating Expenses	Full outgoings recovery
Other material matters	None
Tenant profile	This location is the base for a Property Management team for Housing NZ servicing Auckland's North Shore.

Lease to The Electoral Commission	
Guarantor	N/A
Floor Area / carparks	Part level 2, 4 Fred Thomas Drive – 1,222.48 m ² – 6 car parks
Term	10 months expiring 31 December 2017
Rights of Renewal	Nil
Final Lease Expiry	31 December 2017 Note: The rent from these premises is underwritten by the Vendor for a period of 12 months from 1 January 2018 at the current annual rent rate.
Current Annual Rent	\$464,820 plus GST
Rent Reviews	N/A
Operating Expenses	Usual outgoings are not recoverable from this Tenant (it is a "gross" lease). Recoverable outgoings are limited to direct consumables (electricity, gas and telephone charges) used by the Tenant within the premises
Other material matters	None.
Tenant profile	The Electoral Commission office has been set up to assist in the provision of services to the North Shore for the parliamentary elections on 23 September 2017 and to complete their tasks post-election.

Lease to Amplifon New Zealand	
Guarantor	Bank guarantee of \$288,123 (6 months' rent and outgoings) from BNZ. The bank guarantee must be released after 5 years (in January 2022) if there has been no default and if Amplifon remains the tenant at that time.
Floor Area / carparks	Part Level 2, 4 Fred Thomas Drive, 1,201.6 m ² plus 18 m ² storage space – 43 car parks
Term	9 years expiring 31 January 2026
Rights of Renewal	2 x 3 years
Final Lease Expiry	31 January 2032 (if renewed)
Current Annual Rent	\$419,015 plus GST (Separately pays \$49,919 plus GST p.a. in licence fees for 24 car parks on monthly licence)
Rent Reviews	Market Review – 3 yearly, next review on 1/2/2020. Market reviews on renewal dates are subject to a cap and collar at 107.5% and 92.5% respectively. Market reviews that do not occur on renewal dates are subject to a soft ratchet (rent not to decrease below the rent at the commencement of that lease term)
Operating Expenses	Full outgoings recovery. Outgoings recovery (other than utilities used by the Tenant) is capped at \$68.64m2 for the first 12 months (until 1/2/18)
Other material matters	<ul style="list-style-type: none"> • If Amplifon (or a related company) is the Tenant at the expiry of the lease, it is not obliged to repaint the premises, and nor is it obliged to remove and reinstate its initial fit-out (except signage or rooftop antennae). • At any time during the initial term Amplifon has a right to surrender up to 10 carparks, by 1 months' notice in writing. • The Landlord must notify Amplifon if any office space within 2, 3 or 4 Fred Thomas Drive becomes available for lease, and if Amplifon is interested in that space the Landlord must conduct good faith discussions for at least 10 working days. However, the Landlord is not obliged to negotiate exclusively with Amplifon, and this provision doesn't amount to a right of first refusal.
Tenant profile	<p>Amplifon was formed over 60 years ago and has grown to become one of Italy's major multi-nationals and a world leader in the field of hearing loss.</p> <p>Bay Audiology became part of Amplifon in 2010 and Dilworth Hearing joined the Amplifon group in 2015. The Takapuna base houses its NZ Support Office.</p>



Further details of the material terms of the leases are included in the separate legal Due Diligence Report prepared by Anthony Harper which can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

(c) Property owning expenses

The third factor by which the Issuer's business (and consequently the returns payable to Investors) will be impacted upon is the expenses relating to the Property and the extent to which they are recoverable from Tenants.

All of the leases, except for the lease to the Electoral Commission, allow full recoverability of usual operating expenses from Tenants on a shared basis, with some limited exceptions which are detailed in the individual lease summaries.

There is currently a shortfall in the recovery of operating expenses relating to the operation of the carpark building. The Vendor has agreed to underwrite that shortfall for 24 months from the settlement date. After that time there will be a continuing shortfall (approximately \$27,000 plus GST per annum) in recovery of outgoings for the carpark, but as existing leases expire and new leases are granted there should be an opportunity for the Issuer to renegotiate leases so that operating expenses relating to the carpark building are recoverable.

Directors, Senior Management and individual relevant parties

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

Neil James Tuffin Accountant GDipBS AFA 181 No 3 Line Wanganui 4500 New Zealand	Bruce Charles Ellis JP CA BCA 23c Wallath Road Westown New Plymouth 4310 New Zealand
Mark Geoffrey Hughson CA BBS Dip BS 65 Collins Street Hawera 4610 New Zealand	

Brief biographical details of the Directors are as follows:

Neil Tuffin, Accountant, GDipBS. AFA

Neil Tuffin is an Accountant and Authorised Financial Advisor (under the Financial Advisers Act 2008.) He is the managing director and shareholder of Maat and Maat Financial Services; a director of the eleven property owning companies managed by Maat; Chairman of the Boards of Remediation (NZ) Ltd and Central Landscape Systems Ltd. and a Board Member of Business North Harbour.

Bruce Ellis, JP, CA, BCA

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

Mark Hughson, CA BBS Dip BS

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

Management role of Maat

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

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

Maat is the manager of eleven property owning companies. Formed in early 2010, Maat has arranged investments in these property owning companies during the last 6 years with a combined purchase price of

\$180,000,000, ranging from \$4,000,000 to \$36,000,000. Approximately 45% of the purchase price of these properties has been funded by bank loans and the balance has been funded by investor subscriptions.

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

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

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

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

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

Maat will align itself with the strategies of the Issuer including (but not limited to):

Short-term (2 years)

- to build strong relationships with Tenants and key service contractors
- to develop a maintenance and capital expenditure programme for a rolling 3 year period
- to build towards achieving maximum revenue for the Issuer, through letting all available tenancy areas
- to enhance the share value for Investors, through creating a stronger tenancy profile by way of WALT (Weighted Average Lease Term)
- to create a cash reserve fund from non-distributable operating surpluses (cash balance after distributing the dividend payment to Investors) to be used for the costs of letting to new tenants; the provision for property maintenance not covered by recovery of operating expenditure from Tenants; and to fund capital expenditure as required

Medium term (3-5 years)

- to enhance the value of the Shares by offering competitively priced tenancy space
- to build the reputation of the Property as a preferred office location, based on its proximity to Takapuna, the availability of a large number of car parks; and its proximity to access to the motorway
- to continue to build cash reserves for purposes as aforementioned, and to have the option to repay bank debt if considered to be an appropriate strategy at the time

Long term (5-10 years)

- to maintain the external appearance of each of the buildings in the Property to a high level
- to undertake refurbishment as necessary in conjunction with the renewal of leases

Table of substantial shareholder and of relevant interests

Party	Relevant Interest	Number of A Shares in the Issuer before PDS	Number of A Shares in the Issuer after allotment of Shares in the Issuer
Maat	Ordinary A Shares in the Issuer	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 the Issuer and director and shareholder in Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Neil James Tuffin	Director of the Issuer and director and shareholder in Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Bruce Charles Ellis	Director of the Issuer and director and shareholder in Maat Consulting Limited	167 shares (16.70%)	167 shares (16.70%)
Neil Tuffin, Mark Hughson and Bruce Ellis (jointly)	Directors of the Issuer and directors and shareholders in Maat Consulting Limited	167 shares (16.70%)	167 shares (16.70%)

Interests of directors

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

The directors of the Issuer are also directors and shareholders of Maat. Under the Management Agreement Maat will receive fees from the Issuer. These fees are set out in Section 5 "*Terms of the offer*". As the Issuer is a new company no directors' fees have been paid. The directors of the Issuer will not receive any directors' fees from the Issuer. They may receive directors' fees from Maat.

Other material governance disclosures

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

3 PURPOSE OF THE OFFER

Maat has an agreement to purchase the Property from the Vendor for \$60,850,000 plus GST (if any). The Purchase Price is supported by a Valuation completed by the Valuer, dated 2 May 2017. Maat will nominate the Issuer to complete the purchase under the Purchase Agreement. The only remaining condition of the Purchase Agreement is the Issuer completing a successful raising of capital under this Offer and successfully confirming its debt funding.

The purpose of this Offer, therefore, is to raise capital to enable the Issuer to purchase the Property. The Issuer is seeking up to \$33,650,000 of new capital to fund the purchase. The minimum amount required before the Property purchase will proceed is \$30,550,000. The balance of the Purchase Price and issue expenses will be provided from Bank funding. The above use of the money raised will not change depending on the total amount that is raised.

The Offer is not underwritten.

A minimum of \$30,550,000 must be raised before any Shares will be allotted.

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

Fred Thomas Property Investment Limited	\$
Funds Received	
Subscriptions from investors (673 parcels of \$50,000 each)	33,650,000
Bank Loan comprising	28,900,000
Total	62,550,000
Use of Funds	
Purchase Price	60,850,000
Estimated Issue Expenses	1,700,000
Total	62,550,000

Total Estimated Costs of Offer and Issues	
Bank Loan - Application Fees	112,000
Interest Paid on Deposit Funds.	2,990
Bank Loan - Legal Fees	14,485
Accountants fee - Financial Forecast Review	25,000
Brokerage Fees	200,000
Legal Fees	165,000
Statutory Fees	2,900
Marketing	164,150
Offerors' Fee	760,500
Special Reports	25,000
Valuation Fees	21,235
GST on Set-up Costs (claimed back from IRD)	206,740
Total	\$1,700,000

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

4 KEY DATES AND OFFER PROCESS

Key dates	
PDS lodged on the Disclose Register	19 July 2017
Opening Date for Applications	27 July 2017
Offer Closing Date	23 August 2017, unless extended
Settlement date of Property purchase and issue of Shares	Settlement of the Property anticipated on 31 August 2017, being 6 working days after the Offer Closing date. On this date the initial Share allocation will be made. This Share allocation depends upon the number Share subscriptions then received. It will be not less than the minimum of 30,550,000 Shares and may be up to the maximum of 33,650,000 Shares. Where less than the maximum Share allotment is initially made the Offer will be extended and, as additional subscriptions are received, there will be progressive further Share allotments.

Intended date of first dividend payment	30 September 2017
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The above dates are indicative only and may change. The Issuer reserves the right to alter or extend these dates, but by no longer than 6 months from the dates mentioned above. The Issuer may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases). See the "Key terms of the Offer" within the Key Information Summary (in Section 1) for further information about these dates.

5 TERMS OF THE OFFER

What is the Offer	The Offer is for Shares in the Issuer. See Section 5 "Key terms of the Offer" in the Key Information Summary for an overview of what the Offer involves and Section 6 "Key Features of the Issuer's Shares" for an outline of the key features of the Shares. No person guarantees the value or liquidity of the Shares offered under this Offer. No person guarantees the future performance of the Issuer or any return on the Shares.
Key dates	See Section 4 "Key dates and Offer process" 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 purchase the Property. No other independent or objective mechanism has been used to set the price for the Shares
Structure of the Offer	<p>The minimum number of Shares to be issued is 30,550,000. The maximum number of Shares to be issued is 33,650,000.</p> <p>The minimum number of Share Parcels for an Investor is one. The maximum number of Share Parcels per Investor is 134 (being 6,700,000 in total).</p> <p>If, by Closing Date, more than the minimum but less than the maximum Share subscriptions have been reached, the Shares will be issued and the Property will be purchased using the money raised, term Bank funding and so much of the \$3.1 million Bank bridging loan as may be required. The Closing Date will be extended and further allotments (up to the maximum) will be progressively made. The subscription moneys from these allotments will be used to progressively repay the Bank bridging loan.</p>
Refunds	<p>The Offer may be withdrawn by the Issuer at any time before the allocation of the Shares, at the Issuer's sole discretion. If the Offer is withdrawn, then the subscription monies will be refunded with any interest earned (less resident withholding tax ("RWT") and Commission) no later than 10 business days after the decision to withdraw the Offer.</p> <p>The Issuer may decline any Application, in its discretion. Money received in respect of Applications which are declined will be refunded. Refunds will be paid to unsuccessful Applicants within 10 business days of the allocation of Shares or after the Applicant has been declined (as applicable). Refunds will be paid in the manner selected by the Applicant for future dividend payments in the Application Form.</p>
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), the Disclose Register at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) and the Application Form. By submitting an Application Form an Applicant irrevocably agrees to subscribe for Shares on those terms, notwithstanding any variations to the Purchase Agreement or extensions to the settlement date for the purchase of the Property.</p> <p>Until the allotment of the Shares, subscription monies received will be held in the trust account of Anthony Harper Solicitors for the benefit of the</p>

	<p>Applicants.</p> <p>The banking of subscription monies does not constitute confirmation of allotment of any Shares or the acceptance of an Application.</p> <p>This PDS is intended for use only in connection with the Offer of the Shares in New Zealand and does not constitute an offer or invitation in any place in which, or to any person whom, it would not be lawful to make such an offer or invitation. No action has been, or will be, taken to register this PDS in any jurisdiction other than New Zealand or otherwise permit the offering of the Shares outside of New Zealand. This PDS is not to be sent or given to any person outside New Zealand in circumstances in which the Offer or distribution of this PDS would be unlawful. The Issuer, Maat and the directors of the Issuer disclaim all liability to any person who is sent or receives this PDS outside New Zealand.</p>
Allocation and Allotment	<p>The allotment of Shares to successful Applicants is scheduled to take place on the settlement date under the Purchase Agreement (anticipated to be 31 August 2017).</p> <p>The Allotment will be recorded on the Issuer's share registry.</p>
Constitution	<p>The constitution of the Issuer prescribes the rights attached to the Shares. These are more particularly described in Section 6 "<i>Key features of the Shares</i>".</p> <p>A copy of the constitution of the Issuer can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".</p>
Management Fees	<p>Under the Management Agreement the following fees are payable to Maat, for so long as it is the Manager under the Management Agreement.</p> <ul style="list-style-type: none"> • A management fee of 1.35% p.a. of the net rental income collected from Tenants of the Property, plus GST; • An annual accounting fee of \$10,000 p.a. plus GST (payable monthly in arrears) adjusted annually by the annual movement in the Consumer Price (All Groups) Index. • An additional Accounting Fee of \$2,500 plus GST, payable annually following the preparation of the financial statements and completion of the audit process, adjusted annually by the annual movement in the Consumer Price (All Groups) Index; • Once the Issuer obtains title to the Property, an establishment fee of \$760,500; • On sale of the Property, a lump sum payment of 2% of any sale profit. Sale profit is the difference between the net sale price of the Property (being the sale price less expenses) and the acquisition cost of the Property (being the Purchase Price of \$60,850,000 plus the Share issue costs of \$1,493,555 (excl. GST)). <p>Where Maat fulfils a broker role it is entitled to its proportionate share of brokerage fees (the total brokerage fees are estimated at \$200,000).</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 of the Issuer, 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 the Issuer;

- Approve any amalgamation of the Issuer under the Companies Act;
- Place the Issuer 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:
 - 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 the Issuer;

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

Dividend policy

It is intended that the dividend policy be based on net cash flow from operating activities. It is intended that the projected gross dividend yield of 8.10% per annum (for the first 3 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*". Such monthly dividends are reliant on the Issuer receiving full rental payments under the Leases. The Board will monitor the Issuer's projected cash flow and capital requirements and will review this policy annually. It is anticipated that the first monthly dividend will be for the period from settlement of the purchase of the Property until 30 September 2017 and be paid on or about 30 September 2017. Dividend statements will be sent to all shareholders after completion of the Issuer's annual financial statements.

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

Management Agreement

The following is a summary of the Management Agreement. The full Management Agreement can be found on the Disclose Register www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

Role of Maat

- Maat will manage the Issuer and the Property for the term of the Agreement (which will be for the duration of the Issuer's ownership of the Property, unless terminated).
- Maat may resign on not less than 6 months' notice.
- Maat may be removed by the Issuer or by ordinary resolution of B Shareholders, on not less than 6 months' notice (and subject to the appointment of a replacement manager on such terms as the Issuer or the B shareholders by ordinary resolution determine).
- Maat will be paid the fees in respect of management of the Issuer and the Property described in Section 5 "*Terms of the Offer*".
- Maat is appointed as the sole and exclusive manager of the Property and the issuer (subject to Maat's right to appoint and engage any agent or sub-manager) having the power to complete (in the name of the Issuer) the purchase of the Property, arrange bank borrowings, grant a mortgage over the Property, recover the rent and outgoings and negotiate all contracts relating to the Property.

Duties and powers of Maat under Management Agreement

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

- The Management Agreement may be amended by the Issuer and Maat, subject to the authorisation of an ordinary resolution of shareholders.

Role of the Issuer

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

Resolutions and sale of Property

- Shareholders may meet and pass resolutions. Meetings may be called by shareholders holding not less than 5% of shares entitled to vote on any issue or at the request of the Board.

A meeting of shareholders will be convened by the Board to resolve whether the Property should be sold and the Issuer wound up, not less than 6 months prior to the final repayment date for the bank funding. If at this meeting shareholders do not resolve to sell the Property and wind up the Issuer, the Issuer will continue until such time as shareholders resolve, at a subsequent meeting, to wind up the Issuer.

Investors' right to sell shares

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

7 THE ISSUER'S FINANCIAL INFORMATION

Selected Prospective financial information

These tables provide key prospective financial information about Fred Thomas Property Investment Limited. Full prospective financial statements are available on the offer register at www.companiesoffice.govt.nz/disclose. 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 the Issuer that comply with generally accepted accounting practice in New Zealand.

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

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



Fred Thomas Property Investment Limited
Prospective Financial Information

Fred Thomas Property Investment Limited		Prospective (10 Months) 31/03/2018 (Note 1: Trading for 7 Months)	Prospective (12 Months) 31/03/2019	Prospective (12 Months) 31/03/2020
	Note			
Revenue				
Lease Income		2,551,133	4,418,184	4,417,154
Operating Expenses Recovered		407,609	694,470	732,786
Management Fees Recovered		19,311	34,097	35,120
Other Income		17,500	35,000	35,000
		2,995,553	5,181,751	5,220,059
Less Expenses				
Acquisition Costs		898,490		
Audit and Accountancy Fees		20,333	24,990	25,490
Property Management Fees		34,299	57,184	58,079
Legal and Valuation Fees		9,000	9,180	9,364
Operating Expenses		474,296	837,472	862,596
		1,436,420	928,827	955,529
EBITDA (Earnings before interest, taxation, depreciation and amortisation)		1,559,133	4,252,925	4,264,531
Less Interest on Loan		705,002	1,241,243	1,279,431
Net Profit		854,131	3,011,682	2,985,099
Interest Rate Cover - Footnote 1		2.21	3.43	3.33
Dividends		1,589,963	2,725,650	2,725,650
Total Assets		61,295,820	61,558,153	61,819,101
Cash and Cash Equivalents		435,380	400,388	392,966
Total Liabilities		28,976,421	28,952,721	28,954,220
Total Debt		28,900,000	28,900,000	28,900,000
Gearing Ratio - Footnote ¹		47.20%	46.90%	46.70%
Total Equity		32,319,399	32,605,432	32,864,881
Net Cash Flow from Operating Activities		920,114	2,805,633	2,871,603

¹ The Interest Rate Cover and Gearing Ratio are not GAAP information. Please refer to the Prospective Financial Statements in the Disclose Register for further information and a reconciliation of GAAP information.

Notes and Assumptions for the years ending 31 March 2018, 2019 and 2020

The prospective financial information in this section is based on various best estimate assumptions. Further information about this prospective financial information is contained in the prospective financial information on the Disclose Register www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) 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 the prospective financial information available on the Disclose Register.

1 Settlement

The Issuer will settle the purchase of the Property not later than its contracted date of 31 August 2017. The prospective financial information has been prepared for the periods ended 31 March 2018, 2019 and 2020. As the Issuer was incorporated on 29 May 2017, the first accounting period recorded is for the 10 month period from 29 May 2017 to 31 March 2018, but will represent only 7 months of trading.

2 Property Valuation

The valuation by Jones Lang LaSalle, Auckland, as at 2 May 2017 was \$60,850,000. The purchase valuation figure of \$60,850,000, together with capital expenditure incurred (assumption 14), is assumed to be the fair value on the date of purchase of the Property and at 31 March 2018, 2019 & 2020 meaning that there is no gain/loss from the revaluation of the Property over the forecast period. The valuation received is for potential acquisition, first mortgage purposes and financial reporting purposes.

3 Rental Receipts

Rent receipts will be in accordance with the various lease agreements including rent reviews. No provision for Bad Debts has been made, on the basis of the financial strength of the Tenants. A number of leases either have a right of renewal or expire during the period. For such leases, it has been assumed that they are renewed at the same rate as prior but that there is a rent-free incentive period given of between 3 and 4 months. For each lease which expires an underwrite facility for up to 24 months has been received and it is assumed that tenants are in place at the end of the underwrite period. A 3 month rent free incentive period is assumed as is the cost of letting agents' fees. There is also a specific capital expenditure allowance for refurbishments made in respect of leases which expire in the period (Note 14).

4 Shareholder Distributions

Distributions to shareholders and IRD are based on an 8.10% annual return on initial funds invested in line with the PDS. Due to the acquisition costs in the period to 31 March 2018, the issuer forecasts a profit of \$854,132 before distribution to shareholders of \$1,589,963. Distribution for this period will be partly paid from capital contributed. Cumulative cash will be retained for each of the 3 years, being \$435,380; \$400,387; and \$392,965 respectively. Part of this cash includes \$206,740, being a forecast refund of GST from the payment of Acquisition and Share Issue Costs

5 Acquisition and Share Issue Costs

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

6 Taxation

The Issuer plans to register as a PIE and therefore, the Issuer itself will not be subject to tax. Instead, the Issuer 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. The Issuer will pay the tax deducted to the Inland Revenue.

7 Cash at bank

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

- Building maintenance
- Capital expenditure (as outlined in Note 14)
- Rises in interest rates
- Lease vacancies
- Tenancy considerations

8 Interest

The interest rate on the Bank borrowings has been assumed to be at a floating rate, based on the 30 day bill rate (BKBM) and a fixed margin, as follows:

Financial Year	BKBM	Margin	Total
2018	1.90	2.30	4.20
2019	1.99	2.30	4.29
2020	2.13	2.30	4.43

The interest expense and cash flow is based on

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

These rates are based on current projections from the China Construction Bank, subject to variation at the time of the loan being drawn and assumes the conditions precedent in the offer are fulfilled.

As the interest rate is floating, there is a significant chance that it will be higher than forecast.

9 Loan Funds

The level of bank borrowings will be \$28,900,000, being 47.49% of the cost of the Property of \$60,850,000 and has been committed to by the CCB. The loan will be secured by a registered first mortgage over the Property, a first registered general security interest over the assets of the Company and an assignment of the lease agreements for the Property.

The Interest Rate Cover and Gearing (Loan to Value) Ratio are non-GAAP information. Please refer to the prospective financial information for further information and a reconciliation to GAAP information.

10 Related Parties

The management fees payable to the Manager will be \$57,184 plus GST for the first full year (2019), which is based on an annual management fee charge of 1.35% per annum on the net rental received from the Property. In addition, the Manager will be paid an annual accountancy fee of \$10,000, payable monthly in arrears and an annual fee of \$2,500 (both plus GST) in relation to end of financial year audit preparation, with both fees being adjusted by the CPI movement each year. On settlement the manager will be paid \$760,500 plus GST as an arranger's fee and is also entitled to a share of the brokerage fees (\$200,000) as included in the issue expenses.

11 Contingent Liabilities

There are no contingent liabilities as at 31 March 2018, 2019 or 2020.

12 Operating Environment and Taxation

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

13 Issue of Shares

That all 673 share parcels of \$50,000 shares are issued for \$33,650,000 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 the Issuer and rank equally with regard to the Company's residual assets.

14 Capital Expenditure

An allowance of \$Nil, \$114,975 and \$153,375 has been provided for tenancy refurbishment for each of the 2018, 2019 and 2020 years respectively, based on an assessment of \$75 per square metre for **each individual tenancy** for which the lease will terminate during the forecast period and it is considered that those tenancies will need refurbishment at that time. In comparison to this assumption, the Valuation assessment provided for capital expenditure of \$434,784 for a full 36 month period, based on a refurbishment rate of \$75-\$100 per square metre for **all tenancies** where leases will terminate during this period, irrespective of whether refurbishment may actually be required.

It has also been assumed that:

- a) No general capital expenditure has been forecast during the 2018 and 2019 years. However, the Valuation estimates a cost of \$20,000 should be made available for this purpose in 2020 and this has been included in the Sensitivity Analysis section of the prospective financial information

- b) the condition of the roofs will withstand their 10 year warranty period, providing annual maintenance is completed;
- c) no expenditure will be required to upgrade the methane measuring equipment situated at the Property;
- d) no expenditure will be required to obtain code compliance certificates (CCCs) for work completed on the Property. The Vendor has commitments under the Purchase Agreement to obtain or procure Tenants to obtain outstanding CCCs for recent works, and other outstanding CCCs relate to previous tenants' works which have been superseded by later tenant fitouts.



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.

Lack of Diversification: Single Property Investment Risk

The Offer seeks funds to be used for only one purpose, namely the purchase of the Property. This means there is no diversified portfolio of assets and no ability to spread risks across a number of investments or a number of different property types.

The result of this is that some risks are greater than would be the case with a diversified portfolio of assets. This is particularly the case with risks relating to the need to incur capital expenditure on the Property, the risks relating to Tenant vacancies and Tenant defaults. Likewise, maintaining Bank financial covenants is dependant solely on factors relating to the Property and its Tenants. These risks are more fully discussed below in this Section 8 "Risks to the Issuer's Business and Plans"

Capital expenditure risk

Capital expenditure on structural repairs or capital improvements to the Property may arise or be required under the Leases that cannot be recovered from the Tenants. The Valuation assumes that unallocated capital expenditure in relation to repairs and remediation works to the buildings will be payable in the first two years of ownership, and that expenditure of \$20,000 will be required in year 3, rising to \$50,000 in year 10 of ownership.

The Prendos Report identified various items requiring remediation works, involving expenditure to be spent in each of the following respective periods: Year 1, \$110,000; during years 2-5, \$310,000 (total); during years 6-10, \$1,340,000 (total). These figures have been adjusted from the initial Prendos Report, to take into account the conclusion in the subsequent addendum letter from Prendos where it was indicated that roof replacement for the buildings may not be required until years 6 to 10. Some of the costs identified in the Prendos Report are maintenance costs which could be recovered from Tenants, although the majority are capital costs. The major cost items identified in the Prendos Report are the replacement of the metal roof covering of 2 Fred Thomas Drive at a cost of approximately \$300,000, and replacement of the metal roof covering of 4 Fred Thomas Drive at a cost of approximately \$600,000, both of which are expected in years 6 to 10.

Prendos has also identified an issue with internal fire separations within the ceiling void of 4 Fred Thomas Drive. The Vendor has agreed to remedy the defect at its cost.

The leases to AON, Liquid Financial Solutions, Riley Consultants, Green Cross Health, Amplifon (as long as it remains the tenant) and Reckitt Benckiser (if it renews in 2021) do not require those tenants to remove their fitouts and reinstate any damage caused by such removal on expiry of those leases. When those Tenants vacate the Property, capital expenditure will be required for the removal of tenant's fixtures and fittings and the cost of putting those premises into a condition ready for new tenants.

The Valuation has included allowances for capital expenditure and refurbishment works coinciding with major lease expiries, which are necessary to achieve the rental growth forecasts in the Valuation, over a 10 year period as follows:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$34,197	Year 6	\$53,538
Year 2	\$127,917	Year 7	\$177,281
Year 3	\$272,650	Year 8	\$126,734
Year 4	\$31,712	Year 9	\$505,857
Year 5	\$246,943	Year 10	\$554,817

These capital expenditure allowances amount to \$2,131,646 (based on an assessed \$173.82/sqm of net lettable area) over 10 years. This expenditure includes a 'global' provision for tenancy refurbishment; a non-specific repairs and maintenance allowance; and an assessment of future capital expenditure required, based on the size and age of the buildings. The disclosure of the comparison of expenditure for the reporting period (2018-2020) as calculated by the Issuer is recorded in the table below:

Cash Flow Year	Valuer's Capital Expenditure Forecast	Included in Issuer's Cash Flow Forecasts	Included in Issuer's Sensitivity Analysis
2018	\$34,197	Nil	\$34,197

2019	\$127,917	\$114,975	\$12,942
2020	\$272,650	\$153,375	\$119,275
Total	\$434,764	\$268,350	\$166,414

The Sensitivity Analysis is included in the Prospective Financial Statements information at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981).

Any capital expenditure incurred will be funded from cash reserves held and/or debt financing for specific, large expenditure items (and in particular debt financing may be required in years 9 and 10). The forecast cash reserves on hand as at 31 March 2020 is \$392,966. No projections for future income have been made beyond the period to 31 March 2020, in accordance with standard accounting practice whereby future projections depend on assumptions which may not be valid too far in to the future.

There is a risk that capital expenditure on the above items (structural repairs and maintenance and tenant fitouts/refurbishments) may be higher than as forecast, including for the following reasons:

- Significant expenditure items such as roof replacements may be required earlier than anticipated.
- If fewer tenants renew their leases, there may be a need to undertake more works than forecast for fitouts for new tenants.
- Capital expenditure on upgrades, alterations or improvements may be required by statutory requirements from time to time, including where alterations requiring a building consent, or a change of use of the Property, require compliance with latest building code requirements relating to disabled access or means of escape from fire.
- Capital expenditure may be required if the Council were to take enforcement action based on the outstanding code compliance certificates. The risk of any enforcement action is considered to be low given that most outstanding certificates relate to fitouts undertaken by former tenants (which have subsequently been removed and replaced).
- Capital expenditure may be required if components of the landfill gas monitoring systems require renewal or replacement.

If actual capital expenditure is higher than forecast, and there are insufficient reserves available to pay for the expenditure, the Issuer may have to arrange further borrowing to cover such expenditure, which will increase interest costs and reduce returns to Investors.

Former landfill use risk

There is a risk that the former use of the Property as a landfill, and the existence of systems for the release and monitoring of landfill gas, may reduce the attractiveness of the Property to incoming tenants, or to potential purchasers at the time of sale of the Property.

This risk is mitigated by the fact that the buildings have all been specifically designed with foundations and systems in place to deal with any soil stability and landfill gas issues that arise, and the fact that remaining methane levels are minimal. Any contaminants existing in the soil have also effectively been capped by the sealing of the site. There will be a need to educate any prospective tenants or purchasers (if the Property is sold) regarding these mitigating factors.

Vacancy risk

The Issuer's financial performance and the returns generated from the Issuer's business will be directly affected by the vacancy levels in the buildings, the Tenants continuing to pay rent and the scheduled rent reviews achieving an equal or greater rent return than that realised at the date of this PDS.

If Tenants do not exercise renewal rights or enter into new leases on the expiry of their leases, the Issuer will be required to find new tenants for the building. Prolonged vacancies will reduce the rental income for the Issuer and the level of distributions to Investors, and will decrease the value of the Property. Increased vacancy levels could also result in a breach of financial covenants to the Bank (given that there are financial covenants relating to rental income and Weighted Average Lease Term (WALT)), which could result in the Bank exercising its security and requiring a forced sale. This is further discussed below.

The four main leases are generally of medium term duration, and the Property has a WALT of 4.6 years assessed against income. The four main leases expire as follows:

- Auckland Eye Limited, May 2026
- Amplifon, January 2026
- Green Cross Health Primary, July 2025
- AON New Zealand, February 2023

The Valuation assumes that, on average, based on the location of the Property, it may take 6 months to find a new tenant.

4.55% of the total net lettable area is currently vacant. The Vendor has agreed to underwrite the rent and expenses in respect of those vacant areas for 24 months from settlement. In addition, the Vendor has committed to underwrite the rental income from three other tenancy areas from the termination date of those leases if new tenants are not found, as follows:

- A 24 month underwrite of rent from 759 square metres from 1 November 2017 (if GN Resound does not exercise its right of renewal). GN Resound have verbally confirmed that they will renew their lease, subject to their successful conclusion of negotiations with a prospective sub-lessee to take part of their premises;
- A 24 month underwrite of rent from 359 square metres from 1 December 2017 (after Calamp Wireless Networks vacates); and
- A 12 month underwrite of rent from 1,222 square metres from 1 January 2018 (after the Electoral Commission vacates at the end of its fixed term tenancy).

There is a risk that the areas covered by these underwrites may remain vacant after the expiry of these underwrite periods. The Manager will engage commercial leasing agents to market these tenancies from the settlement date thus providing an effective period to re-let of 28 months for the Calamp tenancy and 16 months for the current Electoral Commission tenancy. The Manager considers that this will be adequate time to find tenants for these vacancies. An allowance has been made for the letting-up costs of \$71,865 and \$164,208 respectively for these two vacancies, plus \$26,925 and \$91,650 respectively for tenancy fit-out costs.

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

Tenancy default risk

Should any Tenant default on its lease payments or be unable to sustain payment of the rental, the resulting lack of rental income, the cost of enforcement action and the need to obtain a replacement tenant(s) (including any incentives offered to secure a tenant) will reduce the funds available for distribution to Investors and will adversely impact on the valuation of the Property.

The current risk of Tenants not paying their rent is considered to be low, given the calibre of the Tenants and the fact that many of the leases include security in the form of either bank guarantees or personal guarantees. The leases to Green Cross Health Primary, Auckland Eye and Amplifon are all secured by bank guarantees, the benefit of which will be assigned to the Issuer on settlement. Further details of the bank guarantees and personal guarantees are included within the individual lease summaries. Some of the leases do not have any guarantees. If those Tenants default due to insolvency, there will be no available recourse from other sources.

The Vendor has confirmed that there have been no material defaults by Tenants in meeting their lease obligations to date.

Rental income risk

General economic conditions and movements in the market will impact on the rental payable following market reviews. There is no guarantee that the rent following any review will increase and there is no assurance that the rent following any review will not decrease (as some of the leases allow the rent to decrease at the time of a market review).

The Property Partners Lease terms provide that the rent cannot be reduced to less than \$366,480 plus GST per annum upon renewal in 2021, a decrease of \$33,980 (8.5%) per annum. The current rental rate is \$275 per sq metre which the Manager considers to be still achievable in 4 years' time.

The GN Resound lease provides that the rent cannot fall below \$172,258 plus GST per annum upon renewal on 1 November 2017, a decrease of 28.1% on the current rent. The rate per square metre is currently \$250 and the valuer has estimated the market value to be \$255 per square metre. The Manager has therefore provided for the lease renew in accordance with the Valuer's assumptions and does not anticipate a decrease in rent upon renewal.

The net rental income derived from the Property is also dependent on the recoverability of operating expenses from Tenants. All of the leases, except for the lease to the Electoral Commission, allow full recoverability of usual operating expenses from Tenants on a shared basis, with some limited exceptions which are detailed in the individual lease summaries.

There is currently a shortfall in the recovery of operating expenses relating to the operation of the carpark building. The Vendor has agreed to underwrite that shortfall for 24 months from the settlement date. After

that time there will be a continuing shortfall (approximately \$27,000 plus GST per annum) in recovery of outgoings for the carpark, but as existing leases expire and new leases are granted there should be an opportunity to renegotiate leases so that operating expenses relating to the carpark building are recoverable.

Interest rate risk

The Issuer's financial position, and so the return to Investors, will be impacted on by interest rate variations on the Bank loan. The proposed Bank funding for 3 years is at the 30 day BKBM rate plus a margin of 2.30% p.a. The Bridging Loan has a margin of 3%. Future interest rate movements cannot be accurately forecast. The borrowing therefore introduces an interest rate risk and a leverage risk.

The Issuer may manage short-term interest rate risk by hedging interest rate agreements for either part or the whole of the loan. Interest rates on hedging are currently forecast to be approximately 0.65% higher than the floating rates. No provision for hedging has been included in the financial projections. The current projections include provision for an increase in the 30 day BKBM rate based from 1.90% to 2.16% during the 2018-2020 period.

There is a risk that interest rates rise higher and faster than as projected above and in the forecast financial information. An increase in interest rates by 1% per annum above the projected rates would result in an increase of \$289,000 per annum. This will impact on cash reserves and may impact on the distribution rate paid to investors.

Risks relating to need to repay Bank Loan

- *Refinancing risk:* There is the risk that the Term Loan may not be able to be rolled over at its expiry after 36 months and the Issuer may be unable to obtain alternative finance. In this instance, the Property may need to be sold in a sub-optimal timeframe, or may be subject to a "forced sale", resulting in a low sale price. After repayment of Bank debt this may result in a loss of some or all of the investment made by Investors. Any refinancing may involve higher interest rates, which would affect cash returns. It is expected that a bank will assess future lending on the Property (at the end of the first 36 month loan period) based on past loan repayment history; the current valuation of the Property; the tenancy schedule and the availability of funds at the time.

On any refinancing (which cannot be assured, see above), the Bank may require a debt reduction programme in line with a reduced loan to value (LVR) target. The movement in market values of properties over time may account for a reduction in the LVR. However, any debt reduction programme would increase amounts paid to the Bank and so decrease investors' returns.

- *Financial covenant risk:* The Issuer will be obliged to comply with the following financial covenants in favour of the Bank. A failure to comply with these ratios will trigger an event of default, allowing the Bank to call for loan repayments and, in default, to exercise its rights to require a forced sale. A forced sale would result in a low sale price, which after repayment of Bank debt may result in a loss of some or all of the investment made by Investors.

- *Loan to value ratio:*

This is the ratio that the amount of the loan bears to the then Property value. If both the Term Loan and the Bridging Loan are drawn down, the total borrowings from the Bank are to be no more than 55% of the Property value. If the Issuer is required to fully draw down both the Term Loan and the Bridging Loan, the Bank will have advanced an amount equivalent to approximately 52.59% of the Property's current value at the settlement date.

If the Bridging Loan is not drawn down on the settlement date, the total borrowings from the Bank are to be no more than 50% of the Property value. In that situation the Term Loan would, at the settlement date, be at 47.49% of the Property's current value.

The Property will be valued annually to test compliance with the loan to value ratio. There is a risk that adverse market movements or any material change in the Property (loss of a significant tenant or a material reduction of WALT) may impact adversely on the value of the Property and cause a breach of the Bank loan-to-value ratio.

The Manager considers that the ongoing LVR of within the 50% bank covenant is achievable given the forecast increased rental income and anticipated market increase over time.

Interest cover ratio:

There is a requirement for the interest cover ratio (net rental income divided by interest costs) to exceed 1.75 at all times. This covenant is tested every 6 months during the loan term. The net profit before interest would need to be reduced by \$314,938, \$1,898,400 and \$1,910,532 in the respective financial reporting period to be at the minimum interest rate covenant level of 1.75 times.

Future vacancies for prolonged periods could cause a breach of the interest cover ratio. The Manager considers that there is adequate interest rate cover for the future at 2.2 times for 2018, 3.31 for 2019 and 3.29 for 2020.

An increase in interest rates could also cause a breach of this covenant. If all other things remained equal (i.e. assuming the net rental income remained at the same levels projected, interest rates would need to rise to 6.07% in 2018; 6.56% in 2019; and 7.31% in 2020 for this covenant to be breached.

Weighted Average Lease Term (WALT):

WALT is a measurement used to determine the average length of lease in the property at a certain point in time, relative to either lease income or lettable area.. It is a weighted calculation, including the proportion of each tenants' lease commitments as a proportion of the total rent commitment over the term of all the tenancies.

There is a requirement that the WALT is to exceed 2.75 years at all times. Currently the WALT is 4.64 years by income. If Tenants do not renew their leases, or if replacement tenants cannot be found, there is a risk that this covenant will be breached. The Manager considers that there are sufficient tenancies to be renewed during the loan period to offset the diminishing WALT of the longer term leases; so that the requirement for a cover of 3.5 years WALT will be achieved.

Risks related to selling Shares

There is no market for the Shares and an Investor may not be able to sell their investment, or only sell for a lower price than they think the Shares are worth. Maat will, however, use its best efforts to market the Shares both to other investors and more generally.

Where a number of Shareholders elect to sell their Shares, they will be competing for potential buyers. An over-supply of Shares available for sale could result in a decrease of the market price for Shares. There is no current intention for Maat or any of its related parties to acquire Shares. However, it is possible that Maat or a related entity may subscribe for Shares. If this did occur, investors seeking to sell their Shares may also compete with Maat for those purchasers if Maat was seeking to sell its Shares at the same time.

Overall, the price at which Shares are able to be sold may be lower than the amount Investors paid to subscribe for the Shares.

If Shareholders cannot sell their Shares the only way in which they can get their investment back is by a sale of the Property. Investors can resolve to sell the Property (any sale would be a major transaction of the Issuer so require Investors' approval by special resolution).

No promise or guarantee is made regarding the ability of the Issuer to sell the Property, nor any timeframe within which the Property may be sold. There is no guarantee that there will always be willing buyers for this type of investment. Particularly in the situation where a sale was forced, due to the occurrence of the risks relating to the Bank funding described above, the Property may be sold at a sale price that is less than the initial purchase price. If this happened, once Bank lending was repaid there may be less available to Investors than they originally paid for their Shares.

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.

The Issuer plans to register as a PIE and therefore, the Issuer itself will not be subject to tax. Instead, the Issuer 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. The Issuer 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 the Issuer 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 Registry www.companiesoffice.govt.nz/disclose (Offer ref. OFR11981) in the document entitled "Taxation: What you Need to Know."

10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to the Issuer, the Property and the Shares is available on the Disclose Register (for example the Constitution of the Issuer and, once these are issued, financial statements). A copy of information on the Disclose Register is available on request to the Registrar. The Disclose Register can be accessed free of charge at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981). Information about the Issuer can also be found on the Companies Office website www.companiesoffice.govt.nz/

The information and documents provided on the Disclose Register, www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981), includes material provided by third parties. Investors should read information and documents provided by third parties such as the Valuer or the Prendos Report. and make their own assessment as to its validity and reliability.

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

11 HOW TO APPLY

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

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

All completed and signed Application Forms and cheques for the full subscription amount accompanied by all information as is set out on the Application Form, must be forwarded to the offices of Maat Property Group, P O Box 301848, Albany, Auckland 0752.

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

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

In the event that the Property is not acquired by 31 January 2018 then, unless you agree otherwise in writing, your Application money will be promptly returned in full (including interest earned on those funds less Commission, bank fees and withholding tax).

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

12 CONTACT INFORMATION

Issuer

Fred Thomas Property Investment Limited
B3, 17 Corinthian Drive,
Albany, Auckland 0632
P O Box 301848
Albany
Auckland 0752
New Zealand
Telephone: (09) 414 6078
Email: info@maat.co.nz; 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

Auditor

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

Valuer

Jones Lang LaSalle IP, Inc (Auckland)
Level 16, 188 Quay Street,
Auckland 1140
PO Box 165, Auckland 1140
Telephone: (09) 366 1666
Email: www.ap.jll.com

Securities Register

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

GLOSSARY

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

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

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

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

"**Bank**" means CCB or such other bank as may be appointed by the Issuer.

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

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

"**CCB**" means China Construction Bank (New Zealand) Limited.

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

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

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

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

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

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

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

"**Issuer**" means Fred Thomas Property Investment Limited.

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

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

"**Maat**" means Maat Consulting Limited

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

"**Manager**" means Maat.

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

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

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

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

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

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

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

"**Prendos Report**" means the Building Report commissioned by Maat in respect of the buildings and dated 18 May 2017, a copy of which can be found at www.companiesoffice.govt.nz/disclose (Offer ref: OFR11981) under "Other material information".

"**Property**" means the property situated at 2-4 Fred Thomas Drive, Takapuna, North Shore, Auckland as is more particularly described and comprised in identifier NA88C/125, NA89B/718 and NA89B/719 (North Auckland Registry).

"**Purchase Agreement**" means the agreement for sale and purchase dated 7 April 2017 entered into between Maat and the Vendor in relation to the Property, as varied by an addendum to that agreement dated 17 May 2017 and an Additional Vendor Works Schedule.

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

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

"shareholders" means the holders of A Shares and B Shares.

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

"Valuation" means the valuation for the Property prepared by the Valuer dated 2 May 2017.

"Valuer" means Jones Lang LaSalle

"Vendor" means Fred Thomas Drive Investments Limited.

Fred Thomas Property Investment Limited
Application Form — Individuals and Joint Investors

1 Investor Information	
Investor 1 (principal account holder)	Investor 2 (if applicable)
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: <div style="text-align: right;">Postcode:</div>	Home address: <div style="text-align: right;">Postcode:</div>
Postal address (if different from your home address): <div style="text-align: right;">Postcode:</div>	Postal address (if different from your home address): <div style="text-align: right;">Postcode:</div>
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD number:	IRD number:

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

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

4 Distribution Instructions (please tick)

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

5 Confirming Your Identity and Address

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

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

Identification Option 1	Identification Option 2	Identification Option 3
One of:		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	<input type="checkbox"/> your NZ driver licence and one of: <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	<input type="checkbox"/> NZ driver licence <input type="checkbox"/> 18+ card (Hospitality Association) <input type="checkbox"/> a valid international driving permit 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 Issuer or Fred Thomas Property Investment Limited ('Maat') (collectively 'us') in breach of the AML/CFT. You acknowledge that you are not a politically exposed person under the AML/CFT.

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

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

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

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

Privacy Act 1993

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, and to contact you in relation to your investment 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 the Issuer is primarily intended as a vehicle for long-term investment and the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which fees will be deducted from my investment.

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

Signature of Investor 1 (principal account holder):

Signature of Investor 2 (if applicable):

Date: / /

Date: / /

Payment Methods (please tick)

☐

Option 1 — By Cheque

Please send the original Application Form together with certified proof of identity to 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 3081848
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: 93 Armagh Street, Christchurch
Bank account number: 03 0826 0103700 02
Client reference: 285822-18

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

info@maat.co.nz

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

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

Fred Thomas Property Investment Limited
Application Form — Companies, Trusts, Partnerships and Estates

1. Investor Information

Company, Trust, Partnership or Estate name:

Company registration number:

Registered address:

Postal address (if different from registered address):

Contact phone:

Email:

2. Tax Information

Investor's IRD number:

Is the Investor a New Zealand resident for tax purposes?

☐ Yes ☐ No

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

Prescribed investor rate:

☐ 0% ☐ 10.5% ☐ 17.5% ☐ 28%

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

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

3. Investment Details

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

4. Confirming the Identity and Address of Relevant Persons

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

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

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

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

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

Identification Option 1	Identification Option 2	Identification Option 3
One of: <ul style="list-style-type: none">NZ passportNZ certificate of identityNZ firearms licenceemergency travel documentoverseas passportforeign-issued national identity documentNZ refugee travel document	<ul style="list-style-type: none">a NZ driver licence <p>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 monthsa 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	One of the following forms of photo ID: <ul style="list-style-type: none">NZ driver licence18+ card (Hospitality Association)a valid international driving permit <p>and one of:</p> <ul style="list-style-type: none">NZ full birth certificatecertificate of NZ citizenshipcitizenship certificate issued by a foreign governmentbirth 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.

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

5. Distribution Instructions (please tick)

☐

Option 1 — By Cheque

Made out to:

☐

Option 2 — By Direct Credit to NZ Bank Account

Bank account number:

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

Name of account:

Branch:

6. Trusts Only

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

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

7. Estates Only

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

8. Partnerships Only

Please provide a certified copy of the partnership agreement.

9. Companies Only

Please provide a certified copy of the certificate of incorporation.

10. Your Acknowledgements and Agreements

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

You must not knowingly do anything to put the Issuer or Maat Consulting Limited ('Maat') (collectively 'us') in breach of the AML/CFT. You acknowledge that you are not a politically exposed person under the AML/CFT.

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

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

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

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

Privacy Act 1993

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, and to contact you in relation to your investment 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 the Issuer and agree to be bound by the terms and conditions of the Constitution. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that the Issuer is primarily intended as a vehicle for long-term investment and the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which fees will be deducted from my investment.

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

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

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

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

Signature

Full Name

Date

Signature

Full Name

Date

Signature

Full Name

Date

Signature

Full Name

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: 93 Armagh Street, Christchurch
Bank account number: 03 0826 0103700 02
Client reference: 285822-10

If paying by this method the Application Form must be scanned and emailed to:
info@maat.co.nz

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

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