650 GREAT SOUTH ROAD LIMITED

PROSPECTIVE FINANCIAL INFORMATION, RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION TO GAAP FINANCIAL INFORMATION AND SUPPLEMENTARY FINANCIAL INFORMATION

PROSPECTIVE FINANCIAL INFORMATION DATED 28 NOVEMBER 2024

Introduction

The Prospective Financial Information ("PFI') of 650 Great South Road Limited (650 GSR) comprises of the following prospective financial statements, disclosures and other PFI related information for the 12 months ending 31 March 2025 (1 April 2024 to 31 October 2024 are actual amounts and 1 November 2024 to 31 March 2025 are forecast amounts), 31 March 2026, 2027 and 2028.

- Prospective statement of comprehensive income;
- Prospective statement of changes in equity;
- Prospective statement of cash flows;
- Prospective statement of financial position;
- Notes and assumptions to these prospective financial statements;
- Sensitivity analysis of the PFI for changes in specific key assumptions; and
- Reconciliation of non-GAAP financial information

The document should be read in conjunction with the Product Disclosure Statement ("PDS") dated 28 November 2024 and other information provided on the Offer Register (Offer reference: OFR13862).

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

Basis of Preparation

The PFI has been prepared in compliance with the requirements of Financial Reporting Standard 42: Prospective Financial Statements, and generally accepted accounting practice in New Zealand (NZ GAAP) as they apply to prospective financial statements. Financial information is presented in New Zealand Dollars.

The PFI, and underlying best estimate assumptions, have been prepared by management and approved by the Directors of the Manager, specifically for the offer of shares in Property Improvements Limited (the "Issuer"), who will loan the equity raised to 650 GSR.

PFI, by its nature, is inherently uncertain. It involves predictions of future events that cannot be assured as well as risks and uncertainty which are often beyond the control of 650 GSR. These risks include, but are not limited to, the non-occurrence of anticipated events or alternatively events occurring that were not anticipated.

Various risk factors and the occurrence of these risks may influence the success of 650 GSR's and 650 GSR's business – with specific reference to section 8 in the PDS. Accordingly, actual results may vary from the PFI, and those variations may be significantly more or less favourable. The Directors of the Manager cannot and do not guarantee the achievement of the PFI.

The accounting policies assumed in the prospective financial statements reflect the policies adopted in the actual annual financial statements.

The purpose of the PFI is to assist subscribers in assessing the viability of and return on funds invested. The PDS and PFI contained in it may not be appropriate for any other purposes.

650 GSR is incorporated and domiciled in New Zealand.

650 GSR owns land and buildings at 650 Great South Road, Ellerslie, Auckland. The registered office of the Manager, Maat Consulting Limited (the "Manager') is situated at 181 No. 3 Line, Whanganui East, Whanganui.

The PFI was authorised for issue by the directors of the Manager on 28 November 2024, being the date of the PDS. The Manager is responsible for the PFI presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Financial Periods

The PFI covers the following reporting periods:

- Forecast financial information for FY25 (7 months (April 2024 to October 2024) of actual figures and 5 months (November 2024 to March 2025) of forecast figures.
- Forecast financial information for FY26 (12 months ending 31 March 2026);
- Forecast financial information for FY27 (12 months ending 31 March 2027); and
- Forecast financial information for FY28 (12 months ending 31 March 2028).

Neil Tuffin

__________________________ 28 November 2024

Director Date

Mark Hughson

__________________________ 28 November 2024

Director Date

650 Great South Road Limited Prospective Statement of Comprehensive Income For the year ending 31 March	Note	2025 [1] 12 Months $	2026 12 Months $	2027 12 Months $	2028 12 Months $
Income					
Lease Income	**1.1**	1,515,082	2,217,997	2,560,306	2,576,419
Operating Expenses Recovered		397,895	608,731	724,229	749,577
Other Income		672	671	671	671
		1,913,649	**2,827,399**	**3,285,206**	**3,326,667**
Operating Expenses					
Accountancy		16,807	17,263	17,670	18,087
Audit Fee		19,148	19,818	20,511	21,229
Property Operating Expenses		784,889	743,267	769,470	799,472
Property Improvements Limited Costs		7,600	29,932	30,579	31,251
Property Management Fees		39,213	51,658	67,449	68,501
Other Expenses		78,463	117,995	119,278	119,651
Valuation Fee		10,319	10,681	11,054	11,441
		956,439	**990,613**	**1,036,012**	**1,069,634**
Operating Profit before Finance Expenses and Fair Value Movements		**957,210**	**1,836,786**	**2,249,194**	**2,257,033**
Finance Costs	**1.2**	(1,173,716)	(1,090,220)	(1,057,117)	(1,057,117)
Operating (Loss)/Profit before Fair Value Movements		**(216,506)**	**746,566**	**1,192,077**	**1,199,916**
Fair Value Gain/(Loss) on Investment Property	**1.5**	2,548,279	(998,680)	83,900	94,526
Operating Profit/(Loss) before Taxation		2,331,773	(252,114)	1,275,977	1,294,442
Income Tax Expense		-	-	-	-
Net Profit/(Loss) After Tax		2,331,773	(252,114)	1,275,977	1,294,442
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income/(Loss) for the year attributable to shareholders		**2,331,773**	**(252,114)**	**1,275,977**	**1,294,442**

[1] The 2025 year includes actual figures from 1 April 2024 - 31 October 2024 and forecast figures from 1 November 2024 - 31 March 2025.

650 Great South Road Limited Prospective Statement of Changes in Equity For the year ending 31 March	Note	2025 [1] 12 Months $	2026 12 Months $	2027 12 Months $	2028 12 Months $
Opening Share Capital		**18,593,981**	**18,593,981**	**18,593,981**	**18,593,981**
Closing Share Capital		**18,593,981**	**18,593,981**	**18,593,981**	**18,593,981**
Opening Accumulated (Losses)/Profits		**(1,874,305)**	**457,468**	**(35,896)**	**275,080**
Total Comprehensive Income/(Loss)		2,331,773	(252,114)	1,275,977	1,294,442
Distribution to Shareholders	**1.6**	-	(241,250)	(965,000)	(965,000)
Closing Accumulated (Losses)/Profits		**457,468**	**(35,896)**	**275,080**	**604,522**
Equity at Beginning of Year		**16,719,674**	**19,051,449**	**18,558,085**	**18,869,061**
Equity at End of Year		**19,051,449**	**18,558,085**	**18,869,061**	**19,198,503**

[1] The 2025 year includes actual figures from 1 April 2024 - 31 October 2024 and forecast figures from 1 November 2024 - 31 March 2025.

650 Great South Road Limited Prospective Statement of Cash Flows For the year ending 31 March	Note	2025 [1] 12 Months $	2026 12 months $	2027 12 Months $	2028 12 Months $
Cash Flows from Operating Activities					
Cash was Provided from:					
Rental Receipts		1,459,957	1,938,014	2,614,832	2,641,570
Operating Expenses Recovered		399,870	600,131	724,229	749,577
Other Income		34,564	671	671	671
Net GST Received		-	22,749	8,664	1,118
Total Cash Received		**1,894,391**	**2,561,564**	**3,348,396**	**3,392,936**
Cash was Applied to:					
Accounting Fee		(17,287)	(17,154)	(17,557)	(17,971)
Audit Fee		(18,500)	(19,148)	(19,818)	(20,511)
Interest Paid		(1,200,386)	(1,080,623)	(1,057,117)	(1,057,117)
Operating Expenses		(790,892)	(743,700)	(769,942)	(799,958)
Other Expenses		(12,297)	(10,300)	(10,660)	(11,033)
Property Improvements Limited Costs		(7,600)	(29,932)	(30,579)	(31,251)
Property Management Fees		(43,896)	(35,619)	(67,836)	(68,501)
Valuation Fees		(9,971)	(10,319)	(10,681)	(11,054)
Net GST Paid		(3,112)	-	-	-
Total Cash Disbursed		**(2,103,941)**	**(1,946,795)**	**(1,984,190)**	**(2,017,397)**
Net Cash (Outflow)/Inflow from Operating Activities	**1.10**	**(209,549)**	**614,769**	**1,364,206**	**1,375,538**
Cash Flows from Investing Activities					
Cash was Applied to:					
Capital Expenditure		(730,529)	(595,000)	-	-
Tenancy Costs		(42,795)	(176,246)	-	-
Net Cash (Outflow) to Investing Activities		**(773,324)**	**(771,246)**	**-**	**-**
Cash Flows from Financing Activities					
Cash was Provided from:					
Debt Funding - Property Improvements Limited		1,200,000	780,000	-	-
Total Cash Received		**1,200,000**	**780,000**	**-**	**-**
Cash was Applied to:					
Distributions to Investors and Inland Revenue (PIE tax)		-	(241,250)	(965,000)	(965,000)
Debt Funding Costs		(156,522)	(83,261)	-	-
Total Cash Disbursed		**(156,522)**	**(324,511)**	**(965,000)**	**(965,000)**
Net Cash Inflow/(Outflow) to Financing Activities		**1,043,478**	**455,489**	**(965,000)**	**(965,000)**
Net Increase in Cash Held		**60,605**	**299,012**	**399,206**	**410,538**
Cash and Cash Equivalents at Start of Year		**86,031**	**146,635**	**445,647**	**844,853**
Cash and Cash Equivalents at End of Year		**146,635**	**445,647**	**844,853**	**1,255,392**

[1] The 2025 year includes actual figures from 1 April 2024 - 31 October 2024 and forecast figures from 1 November 2024 - 31 March 2025.

650 Great South Road Limited Prospective Statement of Financial Position as at 31 March	Note	2025 $	2026 $	2027 $	2028 $
Current Assets					
Cash and Cash Equivalents	**1.3**	146,635	445,647	844,853	1,255,392
Trade and Other Receivables	**1.4**	50,470	45,185	47,036	48,979
Total Current Assets		**197,106**	**490,832**	**891,889**	**1,304,371**
Non-Current Assets					
Investment Property	**1.5**	34,500,000	34,500,000	34,500,000	34,500,000
Total Non-Current Assets		**34,500,000**	**34,500,000**	**34,500,000**	**34,500,000**
Total Assets		**34,697,106**	**34,990,833**	**35,391,888**	**35,804,372**
Current Liabilities					
Trade and Other Payables	**1.8**	141,606	166,237	177,070	180,869
Property Improvements Limited Borrowings (net of capitalised costs)	**1.9**	-	-	1,900,757	1,980,000
ASB Borrowings	**1.9**	14,445,000	-	14,445,000	-
Total Current Liabilities		**14,586,606**	**166,237**	**16,522,827**	**2,160,869**
Non-Current Liabilities					
ASB Borrowings	**1.9**	-	14,445,000	-	14,445,000
Property Improvements Limited Borrowings (net of capitalised costs)	**1.9**	1,059,053	1,821,513	-	-
Total Non-Current Liabilities		**1,059,053**	**16,266,513**	**-**	**14,445,000**
Total Liabilities		**15,645,658**	**16,432,750**	**16,522,827**	**16,605,869**
Equity		**19,051,449**	**18,558,085**	**18,869,061**	**19,198,503**
Total Liabilities and Equity		**34,697,106**	**34,990,833**	**35,391,888**	**35,804,372**

Notes and Assumptions for the years ending 31 March 2025, 2026, 2027 and 2028

1 Assumptions

1.1 Income

Rental income has been forecast based on existing Lease agreements with Tenants. The PFI assumes that there will be no Tenant default and no delays in receipt of payment from debtors.

The PFI reflects all market and fixed rent reviews occurring during the PFI period. Market reviews have been forecast as per the 31 July 2024 Valuation (a copy of which can be found on the Offer Register).

Tenancies subject to renewal during PFI period

Three tenancy leases in the portfolio are due for renewal during the PFI period. Kahui Tu Kaha has two leases expiring on 31 July 2025, these are for their ground floor, Level 2 (combined in one lease) and Level 3 tenancies. The Ministry of Health lease expires on 14 December 2025. No correspondence has been received from either of these tenants as to their intention when these leases expire. Kahui Tu Kaha has two further rights of renewal of three years each and Ministry of Health has a two year right of renewal, followed by a one year right of renewal. The PFI assumes that both these Tenants exercise their first right of renewal.

Tenancies expiring with no rights of renewal during the PFI period

There are no Leases expiring during the PFI period that do not have any remaining rights of renewal.

Current Vacancies

There are three vacancies within the Property, 1,022.28sqm on the Ground Floor, 1,137.97sqm on Level 1 and 1,271.38sqm on Level 2, along with 88 car park spaces. The PFI assumes that both the Ground Floor and Level 2 tenancies are leased by 1 September 2025, and the new tenants receive six-months' rent free (excluding car parks and outgoings) for an initial lease term of six years. The remaining vacant space on Level 1 is not forecast to be tenanted during the PFI period.

1.2 Interest

The interest rate on the Bank Loan has been assumed to be at a floating rate. The floating rate is based on the Bank's 30-day Bill Rate and a fixed margin. The average rates used are as follows:

Financial Year	BIR	Margin	Total Interest Rate
2025 (Actuals)			
April 2024	5.59%	2.85%	8.44%
May 2024	5.60%	2.85%	8.45%
June 2024	5.60%	2.85%	8.45%
July 2024	5.60%	2.85%	8.45%
August 2024	5.60%	2.85%	8.45%
September 2024	5.36%	2.85%	8.21%
October 2024	5.26%	2.85%	8.11%
November 2024	4.88%	2.85%	7.73%
2025 (Forecast)			
December 2024	4.45%	2.85%	7.30%
January 2025	4.20%	2.85%	7.05%
February 2025	4.20%	2.85%	7.05%
March 2025	3.95%	2.85%	6.80%
2026 (Forecast – Average)	3.66%	2.85%	6.51%
2027 (Forecast)	3.20%	2.85%	6.05%
2028 (Forecast)	3.20%	2.85%	6.05%

The interest rate on the Issuer Loan is forecast to be 9% per annum as per the Issuer Loan agreement, payable quarterly in arrears.

1.3 Cash at bank

The cash at bank is increasing from $146,635 at 31 March 2025 to $445,647 at 31 March 2026 and then increasing to $844,853 at 31 March 2027 and $1,255,392 at 31 March 2028. The cash reserves may be used for future:

- Building maintenance
- Capital expenditure
- Rises in interest rates
- Lease vacancies
- Tenancy considerations

Cash will be held in accounts which meet the accounting definition of cash and cash equivalents.

1.4 Trade and Other Receivables

	2025 $	2026 $	2027 $	2028 $
Prepaid Insurance	35,248	37,010	38,861	40,804
Sundry Receivables	15,222	8,175	8,175	8,175
	50,470	45,185	47,036	48,979

1.5 Property Valuation

The valuation by Jones Lang LaSalle Limited, Auckland as at 31 July 2024 was $34,500,000 "As if Complete" and $31,600,000 "As Is". The Refurbishments have already been completed so 650 GSR has adopted the "As if Complete" valuation for PFI purposes. The Property will be revalued at the end of every financial year, however for the purpose of the forecasts it is assumed that there will be no movement in the fair value due to any underlying changes in the valuation being unable to be accurately predicted. The Valuation received is for product disclosure statement purposes only. The Valuation includes a limitation that the Valuer has not considered the financial standing of the Tenants in determining its Valuation.

The actual movements in fair value are likely to be different to what is assumed in the PFI as the actual valuations will be based on rents, market yields and other contributing factors as at the relevant valuation dates. Management notes a degree of caution should be applied when referencing valuations in the current economic climate.

The Property and the leases are considered as a single asset because the associated leases on the Property, including any movements in lease terms, directly impact the Property's fair value. Rent receivable is recognised on a straight-line basis over the period of the lease. Where an incentive (such as a rent-free period) is given to a tenant, the carrying value of the Property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

The unrealised change in fair value of the Property is included in the Prospective Statement of Comprehensive Income.

The following table shows a reconciliation from the opening balances to the closing balances for fair values:

	2025 $	2026 $	2027 $	2028 $
Carrying amount at beginning of year	31,300,000	34,500,000	34,500,000	34,500,000
Capital movements				
Additions	730,529	595,000	-	-
Movement in accrual for lease direct costs	(50,577)	134,271	(29,374)	(29,374)
Movement in accrual for fixed rental increases/lease incentives	(28,232)	269,410	(54,526)	(65,151)
Unrealised change in fair value of investment property	2,548,279	(998,680)	83,900	94,526
Carrying amount at end of year	**$ 34,500,000**	**$ 34,500,000**	**$ 34,500,000**	**$34,500,000**

1.6 Shareholder Distributions

Distributions to shareholders in 650 GSR are forecast to resume from 1 November 2025. Distributions to shareholders and Inland Revenue are paid based on the number of shares owned.

A summary of the forecast distribution rates is provided below:

Date Range	Gross distribution rate per B Share in 650 GSR per annum	Total return paid on 19,300,000 B Shares in 650 GSR per annum
1 November 2025 to 31 March 2026	3.00%	$241,250
1 April 2026 to 31 March 2027	5.00%	$965,000
1 April 2027 to 31 March 2028	5.00%	$965,000

1.7 Tax

650 GSR is registered as a Portfolio Investment Entity (PIE) and therefore, 650 GSR itself will not be subject to tax. Instead, 650 GSR will attribute income to the 650 GSR Shareholder and, where applicable, deduct tax at the 650 GSR Shareholder Prescribed Investor Rate ("PIR") before it is paid to the 650 GSR Shareholder. 650 GSR will pay the tax deducted to the Inland Revenue. The 650 GSR Shareholder was responsible for electing their correct PIR when investing in 650 GSR. If a 650 GSR Shareholder's PIR changes the 650 GSR Shareholder will be responsible for notifying Maat and 650 GSR of the change.

1.8 Trade and Other Payables

	2025	2026	2027	2028
	$	$	$	$
Accounts Payable	64,767	66,713	68,726	70,848
Accrued Expenses	43,793	54,557	54,976	55,811
GST Payable	22,472	44,967	53,368	54,210
Income Received in Advance	10,574	-	-	-
	141,606	166,237	177,070	180,869

1.9 Borrowings

ASB Bank

The level of bank borrowings with the bank is currently $14,445,000. The current expiry of the Bank Loan is 31 March 2025. The PFI assumes that the Bank Loan is renewed on 31 March 2025 for no longer than one year, but after the expiry of this term, the loan is renewed for a further two-year term.

Issuer Loan (Property Improvements Limited)

After completion of the Offer, the Issuer will loan $1,200,000 to 650 GSR, for an initial term that expires on 31 March 2028.

The forecasts also assume that a further equity raise of $780,000 is completed by the Issuer in July/August 2025 and these funds are loaned to 650 GSR on the same terms as the initial Issuer Loan. This would mean that the total balance of loans from the Issuer to 650 GSR will increase from $1,200,000 to $1,980,000. The forecasts assume that the total loan is refinanced on the expiry date of 31 March 2028, either through extending the term of the Issuer Loan or via obtaining alternative funding from a bank.

650 GSR is responsible for paying the Offer costs of $180,000 (GST Incl) on completion of the Offer.

The financial covenants applicable to the Bank ASB Loan are as follows:

1 **Loan to Value Ratio:** The LVR must not exceed 52.5% of the value of the Property at all times

2 **Interest Cover Ratio:** The ICR is not, at any times, to be lower than 1.5 times.

Further detail on these covenants can be found on pages 13 to 16 of the PDS, under the heading "Key terms of the Bank Loan from the Bank to 650 GSR."

As at the PDS Date, the Bank calculates the LVR based on the 31 March 2024 valuation of $31,300,000. Using that valuation, the LVR is currently 46.15%. After the Issuer Loan is made, the LVR will increase to 49.98%.

The ICR is currently 1.24 times and accordingly 650 GSR is currently in breach of this covenant. As at the PDS date, the Bank has waived the existing ICR covenant breach but reserves the right to review. The Bank has stated that it expects 650 GSR to be in compliance with the ICR covenants by 30 September 2025.

Borrowings are classified as current liabilities unless 650 GSR has the right to defer settlement of the liability for at least twelve months after the reporting period. A covenant does not affect whether the right to defer settlement exists at the end of the reporting period if 650 GSR is required to comply with the covenant only after the end of the reporting period.

	2025	2026	2027	2028
	$	$	$	$
Current	14,445,000	-	16,345,757	1,980,000
Non-Current	1,059,053	16,266,513	-	14,445,000
	15,504,053	16,266,513	16,345,757	16,425,000

Borrowings Summary

Net Borrowings

	2025	2026	2027	2028
	$	**$**	**$**	**$**
Bank Facility Drawn Down	14,445,000	14,445,000	14,445,000	14,445,000
Issuer Loan	1,200,000	1,980,000	1,980,000	1,980,000
Unamortised Borrowing Fees	(140,947)	(158,487)	(79,243)	-
Net Borrowings	15,504,053	16,266,513	16,345,757	16,425,000

Interest Rate Cover and Gearing Ratio are non-GAAP information which the Directors have included as they consider they are useful to Investors. Interest Rate Cover measures the adequacy of 650 GSR's profits relative to interest payments on its loan and Gearing Ratio is a measure of the extent to which the property is funded by lenders versus shareholders. A reconciliation of this information can be found in Section 4 - Reconciliation of non-GAAP financial information.

1.10 Cash Flow

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The following terms are used in the Statement of Cash Flows:

- Operating activities are the principal revenue producing activities of 650 GSR and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of 650 GSR.

Reconciliation of Net Profit with Net Cash Flow from Operating Activities

	2025	2026	2027	2028
	$	**$**	**$**	**$**
Profit/(Loss) for the period	2,331,773	(252,114)	1,275,977	1,294,442
Non-cash items				
Plus: Bank Fee Amortisation	15,575	65,720	79,244	79,244
Plus: Leasing Expenses Amortisation	50,577	41,975	29,374	29,374
Plus/(Less): Lease Incentives	28,232	(269,407)	54,526	65,151
(Less)/Plus: Fair Value (Gain)/Loss on Investment Property	(2,548,279)	998,680	(83,900)	(94,526)
	(122,122)	584,854	1,355,221	1,373,685
Movement in working capital items				
- Decrease/(Increase) in trade and other receivables	41,662	5,287	(1,851)	(1,943)
- (Decrease)/Increase in trade and other payables	(171,884)	24,628	10,836	3,796
- Trade and other payables relating to investing activities	42,795	-	-	-
Net Cash Flow from Operating Expenses	(209,549)	614,769	1,364,206	1,375,538

1.11 Related Parties

The PFI assesses that Maat will be paid $25,000 + GST directly from 650 GSR as an "Establishment Fee" on completion of the Offer.

The management fees payable to Maat will be $39,213 plus GST in 2025, $51,568 plus GST in 2026, $67,449 plus GST in 2027 and $68,501 in 2028. The management fees payable are 2.02% plus GST of "gross rental income" as per the management agreement between Maat and 650 GSR and original product disclosure statement for the Offer of B Shares in 650 GSR..

In addition to management fees, Maat charges an annual property accounting fee of $12,943 plus GST (payable monthly in advance), adjusted by the annual movement in the CPI.

Maat also charges an annual accounting fee of $3,055 plus GST (payable annually following preparation of financial statements and audit), adjusted by the annual movement in the CPI on 31 March.

Mark Hughson is a non-beneficiary trustee of 1 trust that holds 2 parcels in 650 GSR and receives a share of the distributions.

On completion of the Offer, the Issuer will loan $1,200,000 to 650 GSR and along with interest of 9% per annum, 650 GSR will also be responsible for paying the regular operating costs of the Issuer which includes administration fees payable to Maat of $4,800 plus GST per annum, adjusted by the annual movement in the CPI.

Neil James Tuffin and Mark Geoffrey Hughson are Directors of Maat, 650 GSR and the Issuer.

1.12 Contingent Liabilities

There will be no contingent liabilities as at 31 March 2025, 2026, 2027 or 2028.

1.13 Operating Environment and Taxation

The PFI assumes there will be no material changes in the economic environment, legal requirements or the current tax regulations and 650 GSR continues to qualify as a PIE.

1.14 Capital Commitments

As at 31 March 2025, 2026, 2027 and 2028, it is assumed that 650 GSR will have no capital commitments as any capital work forecast in these financial years is assumed to be completed by the end of the relevant financial year.

1.15 Actual results

Actual results may differ from the PFI. The resulting variance may be material.

650 GSR, the Issuer, the Board and Maat give no guarantee or assurance that the prospective results will be achieved.

The PFI should be read in conjunction with Section 8 "Risks to the Issuer's business and plans" in the PDS. An analysis of the sensitivity of the PFI to changes in specific key assumptions is included in Section 3 of this PFI.

2 Statement of accounting policies

The prospective financial statements are for the reporting entity 650 Great South Road Limited.

650 GSR is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and reports as a Tier 1 for Profit entity. The prospective financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements and comply with FRS-42 Prospective Financial Statements. The accounting policies adopted in these prospective financial statements reflect those required by the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The actual annual financial statements for 650 GSR are prepared in accordance with and comply with NZ IFRS and International Financial Reporting Standards. The accounting policies adopted in the prospective financial statements reflect the policies adopted in the actual annual financial statements.

Measurement Base

The prospective financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies which are adopted by the Directors as 650 GSR's accounting policies.

Specific Accounting Policies

(a) **Property Income**

Includes rental income and recovered outgoings from the Property held by 650 GSR.

Rental income from operating leases is recognised in income on a straight - line basis over the lease term in accordance with *NZ IFRS 16 Leases*. When 650 GSR provides incentives to its Tenant, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Income from recovered outgoings is recognised at the point in time when the related operating expense is incurred.

(b) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand. Cash and cash equivalents are initially measured at fair value, and are subsequently measured at amortised cost.

(c) **Trade and Other Receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit loss. 650 GSR applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses. At each period end an assessment is made if there has been a significant increase in credit risk since the asset was originated to determine if an expected credit loss provision should be recorded. The provision is recognised in profit or loss and subsequent recoveries of amounts written off are recognised in profit or loss. Trade receivables are non-interest bearing and on 30-day terms.

(d) **Investment Property**

Investment property was initially measured at cost, including transaction costs and is subsequently measured at fair value which reflects market conditions. Fair value will be determined annually by external valuers in accordance with financial reporting standards. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Subsequent expenditure is capitalised to the asset's carrying amount only where it is probable a future economic benefit will flow to 650 GSR and cost can be reliably measured. All other repairs and maintenance costs are expensed as incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal and is calculated as the difference between the net disposal proceeds and the carrying value of the item.

(e) **Payables**

Payables are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. As accounts payable do not accrue interest and are generally paid within 30 days of recognition, they are stated at the invoice amount.

(f) **Goods and Services Tax (GST)**

The prospective financial statements have been prepared using GST exclusive figures with the exception of payables which are stated GST inclusive.

(g) **Income Tax**

As a PIE, 650 GSR itself is not liable for income tax. 650 GSR's taxable income is instead apportioned amongst its shareholders based on the number of Shares they hold and their prescribed investor rates.

(h) **Finance Expenses**

Finance expenses comprise interest on borrowings and are accounted for using the effective interest rate.

(i) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

(j) **Expenses**

Expenses are recognised when incurred. Property operating expenses are recovered from tenants. It is assumed that all recoveries are recovered on time from the tenants.

(k) **Changes in Accounting Policies**

The following amendments to standards are effective for accounting periods beginning on or after 1 January 2024. 650 GSR has adopted the following amended standard in preparing the prospective financial statements.

- ***Amendments to IAS1: Classification of Liabilities as Current or Non-current***

The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that for a liability to be classified as non-current, the right to defer settlement of a liability must exist at least 12 months after the reporting period. The right must have substance and exist at the end of the reporting period and the classification of the liability must be unaffected by the likelihood that 650 GSR will exercise that right.

- ***Amendments to IAS1: Non-current Liabilities with Covenants***

On 31 October 2022, the IASB issued amendments to IAS 1 'Non-current liabilities with covenants.' The amendments clarify how the classification of a liability is affected by conditions where an entity must comply with covenants on or before the end of the reporting period. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions, so users understand the risk that the liabilities could become repayable within twelve months after the reporting date. Such information includes the carrying amount of the liability, disclosure of covenants and facts and circumstances, if any, that indicate the entity may have difficulty complying with covenants.

The adoption of these amended standards has not had a material effect on the prospective financial statements.

There are no other accounting standards issued but not yet effective that will materially impact 650 GSR.

(l) **Going Concern**

The PFI has been prepared under the going concern assumption which assumes 650 GSR will be able to pay its debts as they fall due in the normal course of business.

Maat has considered all information available for the period of the PFI and is of the opinion that if the capital raise is successful and the Issuer Loan is advanced to 650 GSR then 650 GSR will be a going concern based on available liquidity levels and forecast operating cashflows being sufficient to cover future obligations when they fall due.

The loan with ASB currently expires on 31 March 2025, Management considers that the next term of the loan is likely to be less than one year until some of the vacant tenancies are filled, forecast to be 1 September 2025, therefore at 31 March 2025, the current liabilities of 650 GSR exceed current assets by $14,389,499. After the expiry of this term, the PFI forecasts that the loan will be renewed for a further two-year term.

If the capital raise is unsuccessful, the property will have to be sold.

As the validity of the going concern assumption is dependent on the successful outcome of the capital raise, finding tenants for the vacant tenancies and the extension of the lending facility, should this not be the case, and if the going concern assumption is not valid, the consequence is 650 GSR may be unable to realise the value of its assets and discharge its liabilities in the normal course of the business.

3 Sensitivity analysis

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

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

The approach taken in respect of the sensitivities has been to determine those variables most likely to materially affect results in the 2025, 2026, 2027 and 2028 Financial Periods.

Movements in assumptions are shown occurring in the 2025, 2026, 2027 and 2028 financial years. Each movement in an assumption is calculated and presented in isolation from possible movements in other assumptions, which is not likely to be the case. It is more likely that more than one assumption may move at any point in time, giving rise to compounding or offsetting effects. Furthermore, the sensitivity analysis does not take into account any potential mitigating actions that the Directors may take.

Tenancy Risk Sensitivity

Exposure to tenancy risk is in the normal course of 650 GSR's business. Whilst the financial strength of the tenants is currently considered high, there is a risk that a tenant may default and not be able to be replaced for a period of time. There is also a risk that the vacant tenancies are not able to be leased in line with the forecasts. There are also three tenancy leases expiring during the PFI period, they all have rights of renewals but there is a risk that they will not renew.

Interest Rate Risk Sensitivity

Exposure to interest rate risk is in the normal course of 650 GSR's business. The sensitivity shows the impact of changes in the floating rate.

Investor Return Risk Sensitivity

Investor Returns are not guaranteed, and may fluctuate due to factors including interest rate changes, unexpected capital expenditure or maintenance that is not recovered from the tenants and tenancy vacancies.

Investment Property Sensitivity

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

Forecast Sensitivities

Description	Sensitivity applied	Impact on Forecast Cash surplus 31 March 2025	Impact on Forecast Cash surplus 31 March 2026	Impact on Forecast Cash surplus 31 March 2027	Impact on Forecast Cash surplus 31 March 2028
Forecast Cash on Hand at end of year	Base Forecast	$146,635	$445,647	$844,853	$1,255,392
Tenancy Default	5% loss of income	($92,991)	($126,907)	($166,953)	($169,557)
Change in Interest Rate based on floating rates applicable for each year	Rate of + or – 1%	+ - $144,450	+ - 144,450	+- $144,450	+-$144,450
Investor Return	Rate of + or – 1%	$Nil	+ - 80,417	+- $193,000	+-$193,000

Results may not occur as expected and the variations may be material. Accordingly, neither 650 GSR, its directors, the Issuer or Maat nor any other person provides any assurance that the prospective financial information will be achieved, and Investors are cautioned not to place undue reliance on the prospective financial information.

4 Reconciliation of Non-GAAP Financial Information

Earnings before Interest, taxes, depreciation and amortisation (EBITDA)

The following table reconciles the net profit after tax as per the Prospective Statement of Comprehensive Income to EBITDA and EBITDA adjusted for unrealised gains and losses.

	2025 **$**	**2026** **$**	**2027** **$**	**2028** **$**
Net profit/(loss) after tax	2,331,773	(252,114)	1,275,977	1,294,442
Add back: Finance expenses	1,173,716	1,090,220	1,057,117	1,057,117
Add back: Income tax	-	-	-	-
EBITDA	3,505,489	838,106	2,333,094	2,351,559
(Less)/Plus: Unrealised movement in the fair value of the investment property	(2,548,279)	998,680	(83,900)	(94,526)
EBITDA adjusted for unrealised gains and losses	957,210	1,836,786	2,249,194	2,257,033

EBITDA is earnings before interest, taxes, depreciation and amortisation.

Gearing ratio

	2025 **$**	**2026** **$**	**2027** **$**	**2028** **$**
Loan Balance	15,504,053	16,266,513	16,345,757	16,425,000
Total Assets	34,697,106	34,990,833	35,391,888	35,804,372
Gearing ratio	44.68%	46.49%	46.19%	45.87%

Interest cover ratio (EBITDA)

	2025 **$**	**2026** **$**	**2027** **$**	**2028** **$**
EBITDA adjusted for unrealised gains and losses	957,210	1,836,786	2,249,194	2,257,033
Interest expense on borrowings	1,173,716	1,090,220	1,057,117	1,057,117
Interest cover ratio	0.82	1.68	2.13	2.14