

Bush Road Property Investments Limited

Product Disclosure Statement



Offer of 138 Share Parcels in Bush Road Property Investments Limited

Dated 14 November 2019

Important Information

This PDS gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this Offer on www.companiesoffice.govt.nz/disclose (Offer ref: 12748). Bush Road Property Investments Limited has prepared this PDS in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.

1 KEY INFORMATION SUMMARY

What is this?

This is an Offer of B Shares ("Shares"). The Shares are offered in Share Parcels (each Share Parcel being 25,000 Shares).

The Shares give you a stake in the ownership of Bush Road Property Investments Limited. You may receive a return if dividends are paid or if Bush Road Property Investments Limited increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Bush Road Property Investments Limited 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 Bush Road Property Investments Limited

Bush Road Property Investments Limited is the current registered proprietor of the commercial property located at 242 – 244 Bush Road, North Shore City ("Property") which it holds as nominee and bare trustee on behalf of investors ("Investors") in a proportionate ownership scheme ("Scheme"). If this Offer is successful, the Scheme will be wound up and Investors will instead receive Share Parcels in Bush Road Property Investments Limited as are equal to the number of Proportionate Interests held by them in the Scheme. The winding up will take place with effect from 30 November 2019, or such later date as the Board may determine ("Operative Date"). Further details on the winding up of the Scheme are provided in Section 3 "Purpose of the Offer".

The Property has 4,149 m² of net lettable area comprising a standalone commercial office and warehouse building. Completed in 1998, the building has Thermo Fisher Scientific New Zealand Limited as the sole tenant which, contributes 100% of the building's net income.

Bush Road Property Investments Limited was originally set up by Maat Consulting Limited ("Maat", also referred to as the "Manager") and its directors. Further information on Bush Road Property Investments Limited, the Property and Maat is provided in Section 2 "Bush Road Property Investments Limited and what it does".

Purpose of this Offer

The purpose of this Offer is to raise capital by the subscription of Shares in Bush Road Property Investments Limited for the purposes of enabling Bush Road Property Investments Limited to acquire the previous assets of the Scheme in Bush Road Property Investments Limited's own right.

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

The Offer is not a 'managed investment scheme' offer for the purposes of the Financial Markets Conduct Act 2013 ("FMC Act") and does not have an FMA-licensed manager or an FMA-licensed independent supervisor to govern its investment activities. Investor rights are set out in the Constitution of Bush Road Property Investments Limited, which has been set up in accordance with the Companies Act 1993.

Key terms of the Offer

Description of securities	Offer of ordinary shares in Bush Road Property Investments Limited (being B Shares offered in accordance with Issuer's constitution). The Offer is only open to people who are Investors in the Scheme at the date of this PDS.
Date of lodgement of PDS	14 November 2019
Offer Opening Date	21 November 2019
Offer Closing Date	30 November 2019 Bush Road Property Investments Limited reserves the right to alter or extend this date, but by no more than 1 month. Bush Road Property Investments Limited 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	There is no fixed consideration and no fixed or indicative range within which the price or consideration may be fixed. The price per Share Parcel will be the winding up value of each Proportionate Interest in the Scheme. No other independent or objective mechanism has been used to set the price for the Shares
Number of Shares offered per Investor	Each Investor is offered the same number of Share Parcels as that Investor holds Proportionate Interests in the Scheme. Each Share Parcel is of 25,000 Shares.
Number of Shares being offered	The total number of Shares offered is 3,450,000
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 the Tenant.</p> <p>Maat will also provide management services to Bush Road Property Investments Limited, 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 1.75% p.a. of the gross rental income; • An annual accounting fee of \$3,900 plus GST (adjusted for annual CPI increases); • An annual syndication fee of \$3,900 plus GST (adjusted for annual CPI increases); • An additional accounting fee of \$2,000 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 • An exit fee on sale of the Property of 2% of the profit on that sale (this does not include the beneficial ownership change occurring on the Scheme wind up, in respect of which no exit fee is payable). <p>The management rights are set out in the Management Agreement, a copy of which can be found at https://disclose-register.companiesoffice.govt.nz/ (Offer ref:12748) under "Other material information".</p>
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How you can get your money out

Bush Road Property Investments Limited 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 Bush Road Property Investments Limited's business that have or may have the most impact on the financial performance of Bush Road Property Investments Limited and the key strategies and plans for the business are as follows:

Property value: Bush Road Property Investments Limited'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 "*Bush Road Property Investments Limited and what it does*" and section 8 "*Risks to Bush Road Property Investments Limited's business and plans*".

Rent returns: Bush Road Property Investments Limited's business is to hold and own the Property. Its ability to generate income is dependent on rent payments from the tenant. Bush Road Property Investments Limited's business (and consequently the returns paid to Investors) will be impacted on by the quality of the Tenant, the level of rent which is paid by the Tenant, the Lease terms and conditions and the vacancy level in the Property.

The sole tenant of this property is Thermo Fisher Scientific NZ limited

The total net rental income from the Property is \$590,450.40 plus GST per annum up until 31 May 2020. Details of the lease term and expiry date, the current rental, the review and renewal rights for the lease are set out in Section 2 "*Bush Road Property Investments Limited and what it does*".

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

The Lease provides for all the usual operating expenses (including rates, insurance costs, service contract charges and repairs and maintenance) to be paid by the Tenant.

Further details relating to Property owning expenses are set out in Section 2 "*Bush Road Property Investments Limited and what it does*".

The property-owning expenses referred to above do not include the management fees payable to Maat under the Management Agreement or the Issue Costs.

Key strategies:

The key strategies and plans that Bush Road Property Investments Limited has in connection with maximising returns on the Property include encouraging the Tenant to exercise rights of renewal, engaging an experienced letting agent to secure new tenant(s) as required, carrying out regular maintenance on the Property, undertaking capital improvements

when required, 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 Bush Road Property Investments Limited'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. Bush Road Property Investments Limited considers that the most significant risk factors that would affect the value of the Shares are:

Risks relating to Bank funding

Bush Road Property Investments Limited will take over the debt funding provided by Bank of New Zealand of \$2,714,000. This debt funding ("Term Loan") expires on 30 November 2019. Bank of New Zealand has agreed to extend this funding from 30 November 2019 to 31 May 2020. A copy of the facility documents can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12748)

At the end of the debt funding term, if the Term Loan is not further extended, or another funder found, the Property would have to be sold, under forced sale conditions.

A forced sale could also occur at any time if Bush Road Property Investments Limited is in breach of its financial covenants in favour of the Bank or is otherwise in default under the terms of its funding documents.

Any forced sale would be likely to result in a loss of some or all of the investment made by Investors.

In addition, Bush Road Property Investments Limited's financial position and so the return to Investors will be impacted by interest rate variations on the Bank loan. The current interest rate is at the 90 day BKBM rate plus a margin of 2.38% per annum. The interest rate from 30 November 2019 to 31 May 2020 under the new term loan facility will decrease to a base rate (provided at the time of drawdown) plus a margin of 1.052% per annum. The borrowing therefore introduces an interest rate risk and a leverage risk.

Risks relating to the Property

Tenancy risk

The value of the Property and so the value of your Shares is dependent upon the ongoing occupation of the Property by the Tenant (or a replacement tenant) and on the Tenant continuing to pay rent. For further details, see Section 8 "*Risks to Bush Road Property Investments Limited's business and plans*".

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

Should the 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 tenancy, and weighting that by reference to the respective rent level for the tenant. A longer WALT will generally mean a higher value for 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 the property at the date of the most recent valuation (30 November 2019) was nominal. The Tenant has 0.50 years left on its current term under the Lease but has a right of renewal of five (5) years from 1 June 2020. The renewal assuming that it is exercised will have a positive impact on the WALT. At the date of this PDS the Tenant has not given notice of renewal although all indications are that it will renew the lease at the relevant time given that the premises were purpose built to service the tenant's needs.

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 Bush Road Property Investments Limited. 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 the existing loan.

Capital expenditure risk

Capital expenditure on structural repairs or capital improvements to the Property may arise or be required under the Lease that cannot be recovered from the Tenant. Refurbishments and fitouts may be required for new tenant(s) when the existing lease expires. It is intended that Bush Road Property Investments Limited will fund such costs from cash reserves and/or borrowing.

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

Where you can find Bush Road Property Investments Limited's Financial Information

The financial position and performance of Bush Road Property Investments Limited are essential to an assessment of this offer.
You should also read Section 7, *Bush Road Property Investments Limited's Financial Information*.

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2 BUSH ROAD PROPERTY INVESTMENTS LIMITED AND WHAT IT DOES

Overview

Intended business of Bush Road Property Investments Limited

Bush Road Property Investments Limited was initially established to own the Property as nominee and bare trustee under the Scheme, and to operate as a commercial property owner and landlord. Bush Road Property Investments Limited will continue to operate as a commercial property owner and landlord after the Scheme is wound up. Further information about the winding up of the Scheme is contained in Section 3 "*Purpose of the Offer*". Bush Road Property Investments Limited's business operations will be limited to owning the Property. Its revenue will be solely generated from rent returns from the Tenant in the Property. Bush Road Property Investments Limited does not intend to purchase any other property or assets.

There is no intention to sell the Property after any particular timeframe. Any sale would be a major transaction of Bush Road Property Investments Limited, requiring shareholders' approval by special resolution.

Maat is the current holder of all 100 shares in Bush Road Property Investments Limited. Following the winding up of the Scheme, Maat will continue to hold those 100 shares which will be classified as A Shares in Bush Road Property Investments Limited. The Shares issued to Investors will be classified as B Shares. Bush Road Property Investments Limited does not intend to register as a PIE.

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*".

The Investors have approved a winding up of the Scheme ("Resolution") pursuant to which the Property can be dealt with at its market valuation price and Investors are able to apply the winding up value of their Proportionate Interests in the Scheme towards fully paid Shares. A copy of the chairperson's minute recording the Resolution can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref:12748) under "Other material information".

Bush Road Property Investments Limited is issuing the Shares in accordance with the Resolution, so that all Investors will apply their winding up proceeds from the Scheme towards the subscription for fully paid Shares offered pursuant to this PDS.

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

It is not intended that Bush Road Property Investments Limited will raise any further capital in the near future.

Industry sector

Bush Road Property Investments Limited 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 tenant(s), 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 Bush Road Property Investments Limited's business

The current and future aspects that have or may have the most impact on the financial performance of Bush Road Property Investments Limited's business are (a) the Property value; (b) the rent returns from the Property; (c) the Property-owning expenses; and (d) factors relating to the Bank funding.

(a) Property value

As Bush Road Property Investments Limited's sole asset will be the Property, factors affecting the value of the Property will have a direct impact on Bush Road Property Investments Limited's business. Return on capital invested can only 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 the Tenant), the length of tenure of the Lease (and the weighted average lease term or WALT) but also to the location, quality and standard of maintenance of the building.

The Transfer Price of the Property will be at its current market value. The independent Valuation determined that a current value of the Property was \$10,000,000 as at 30 November 2019. A copy of the Valuation can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref:12748) under "Other material information".

As Manager 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 vacancies

Set out below is a general description of the Property.

General description of the Property

- *Location*

The Property is located at 242 -244 Bush Road, Albany, North Shore, Auckland.

- *Legal Description*

The Property is comprised in two (2) Records of Title:

NA108C/131 (North Auckland Registry) being Lot 32 Deposited Plan 176314 with an area of 2,977m² more or less; and

NA108C/132 (North Auckland Registry) being Lot 32 Deposited Plan 176314 with an area of 4,220 m² more or less.

A copy of the titles are included in the Valuation.

Condition / Capital Expenditure

The building on the Property was constructed in 1997. The Property was purchased by the Scheme in August 2010.

The Property has not yet been assessed to determine the seismic strength of the building. Bush Road Property Investments Limited intends to commission such assessment in the 2020 financial year.

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. The allowances for capital expenditure for the next 10 years are as follows:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	\$193,306	Year 6	\$8,921
Year 2	\$7,926	Year 7	\$221,431
Year 3	\$8,164	Year 8	\$9,464
Year 4	\$8,409	Year 9	\$9,748
Year 5	\$8,661	Year 10	\$10,040

Total capital expenditure allowances amount to \$486,070 over 10 years.

The Tenant has informally proposed that the property's warehouse canopy be extended. It is expected that this request will become central to the tenant's lease renewal in 2020. This has been provided for in the 2021 financial forecasts.

Title interests

The titles for the Property are subject to the following covenants, encumbrances and interests:

- **Consent notice D045541.14.** Any building or substantial structure (or any extensions) must be designed in accordance with the recommendations of a registered structural engineer, who must take into account the recommendations in Report 6436 by Foundation Engineering dated 23 August 1996. The engineer must confirm that adequate investigations have been undertaken to ensure that foundations are taken to soil which will support the building and that the design of the building has regard to the specific nature of the site.
- **Land covenants in Transfer D045541.18.** The Property is subject to a scheme of building covenants, which remain in effect to 1 September 2026. The building covenants are in favour of, and may be enforced by, the owner of any 'benefitting lot' as described in the land covenant (being Lots 14, 15, 20-25 (inclusive), 34, 35 and 36 on DP 176313, Lots 16-19 (inclusive) and 31 on DP 176314 and Lots 26, 29 and 30 on DP 176315).

The building covenants provide that:

- (a) The owner of the Property may not erect any second hand/used building or structure or allow any second hand/used materials to be used in construction of any building on the Property;

- (b) The owner of the Property may not erect any building or structure without the approval of the owners of the benefitting lots of the plans and construction materials. Approval may not be withheld unreasonably and may not be withheld where the buildings or structures are of a good standard and aesthetic appearance with regard to design, construction materials and colour scheme and will not detract from other developments within the area;
- (c) The exterior walls of any building must not be constructed of any corrugated galvanised iron or fibrolite material without the approval of the owners of the benefitting lots and satisfying those other owners that the use of such materials will not detract from other developments in the area.
- (d) The owner of the Property must not place any caravan, hut or shed to be used as temporary premises on the Property, other than a portacom-type building used in the course of construction of an approved building on the Property.

At the time of purchase by the Issuer in August 2010, the vendor advised that it did not have any information regarding whether the required consent was obtained to the construction of the building in 1997. The Issuer has not received any notice of a breach of the building covenants. Given the considerable time that has passed since the building was constructed, it is considered that any claim for breach of covenant would no longer be legally maintainable (as the breach has effectively been waived by acquiescence).

There is no administrative scheme to obtain the consent of all benefitting lot owners. It could therefore be difficult to obtain the consent of all benefitting lot owners to undertake any redevelopment or rebuilding on the Property before 1 September 2026, although no such works are currently contemplated.

- **Certificate pursuant to Section 37, Building Act 1991.** This certificate was registered due to the building on the Property being built across both titles. It prevents any separate sale of one title without the other. Such certificates are common and in practice there would be no point in selling one of the titles separately.

The Issuer is not aware of any other covenants, conditions, restrictions or easements in respect of the Property (registered or unregistered), and none are proposed by the Issuer.

Land Information Memorandum ("LIM")

A LIM for the Property dated 18 July 2019 was obtained from the Auckland District Council.

Although not noted in the current LIM, a LIM obtained at the time of acquisition of the property in August 2010 noted that the Property is potentially contaminated, because of the storage of hazardous substances on the Property. This notation is reasonably common for a property storing hazardous chemicals, and may mean that a site contamination assessment and/or remediation is required prior to any redevelopment or subdivision of the property. Neither the Issuer nor the Council has any information regarding whether there is any actual (as opposed to potential) contamination of the Property.

The Lease requires the Tenant to comply with the terms of the resource consent issued in respect of the storage of hazardous substances on the Property. The costs of remediating any contamination caused as a result of a breach of the Lease would be recoverable from the Tenant. The Issuer is not aware of any non-compliance by the Tenant with the conditions regarding storage of hazardous substances on the Property.

A copy of the LIM can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12748) under "Other material information".

(b) Rent returns from the Property

The second factor by which Bush Road Property Investments Limited's business (and consequently the returns payable to Investors) will be impacted upon is the rental income stream from the Property. The main factors impacting on rental returns are vacancy levels, the remaining term of the lease (measured by the weighted average lease term or WALT), the quality of the tenant and its ability to pay rent. Set out below is a table giving a summary of the tenant's principal lease provisions.

Lease to Thermo Fisher Scientific New Zealand Limited	
Guarantor	The Tenant has arranged a bank guarantee from HSBC equal to six months rental and outgoings.
Floor Area	4,149 m ²
Car parks	69 parks within the Property
Current Lease	The period from 1 June 2015 to 31 May 2020

Term	
Final Lease Expiry	31 May 2025
Rights of Renewal	One right of renewal of 5 years.
Current Rental	\$590,450.00
Rent Reviews	On 1 June 2020, 1 June 2022 and 1 June 2024 the rent is reviewed to the greater of the then current market rent or CPI increase (but with no more than a 5% increase on 1 June 2020).
Rental Payments	Monthly in advance
Operating Expenses	<p>The Tenant is responsible for paying the following outgoings:</p> <ul style="list-style-type: none"> a) Rates; b) Utilities; c) Rubbish collection charges; d) New Zealand Fire Service charges and maintenance of fire detection and fighting equipment; e) Insurance premiums and related valuation fees (provided they do not exceed current market rates); f) Service contract charges for air conditioning, lifts, security services and other building services g) Cleaning, maintenance and repair charges (including repainting and decorative repairs) and the repair of building services which do not comprise part of the cost of service maintenance contracts but excluding structural repairs and other works of a capital nature; <p>Maintenance and repair of the grounds, yards and car parking; The cost of obtaining a building warrant of fitness.</p>
Form of Lease	Based upon the Auckland District Law Society Third Edition 1993 (2) Deed of Lease with various amendments.
Ownership of fixtures and fittings	The lease does not contain any details regarding ownership of fixtures and fittings and the Issuer has no information regarding ownership of fixtures and fittings. This could make it difficult to determine at the end of the term of the lease which items the Tenant is entitled/obliged to remove.
Financial Standing of the Tenant	<p>Thermo Fisher Scientific New Zealand Limited was previously Biolab Scientific, a division of the Biolab Group (emerging from its former group name of Smith-Biolab Ltd.), the largest manufacturer of pharmaceutical equipment in Australasia and the Pacific.</p> <p>The Tenant's parent company Thermo Fisher Scientific Inc's financial statements as at 2018 record the total annual worldwide revenue of \$24.9 Billion USD</p>

Strategies to increase rent returns and maintain WALT

The Property currently has a short term lease profile, which will increase on the basis of the Tenant renewing its Lease as from 1 June 2020 for a 5 year term.

The WALT by income provides a measurement (as a key indicator) for assessing the risk of vacancy. The WALT is measured by assessing 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 a property. Conversely a shorter WALT shows the vulnerability of a property to loss of investment value at any particular point of time. As at the date of the valuation (30 November 2019), the WALT was 0.50 years, as no assumption has been made regarding renewal of the Tenant from 1 June 2020.

(c) Property owning expenses

The third factor by which Bush Road Property Investments Limited'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 the tenant.

The Lease requires the Tenant to pay all usual outgoings (as outlined above). This makes Bush Road Property Investments Limited less susceptible to lower returns if there are increases in operating expenses as these increases will be covered by the Tenant.

(d) Factors relating to the Bank funding

The cost of borrowing and the need to comply with Bank covenants will impact on Bush Road Property Investments Limited's business.

The current interest rate under the Term Loan Facility is the 90 day BKBM rate plus a margin of 2.38% per annum. The interest rate from 30 November 2019 to 31 May 2020 under the new term loan facility will decrease to a base rate (provided at the time of drawdown) plus a margin of 1.05% per annum

The following covenants are applicable to the Bank funding:

Loan to value ratio (LVR)

This is the ratio that the amount of the loan bears to the then Property value. Under the current Term Loan Facility, the total borrowings from the Bank are to be no more than 50% of the Property value.

The Property will be valued annually to test compliance with the LVR.

Interest cover ratio

Under the current Term Loan Facility there is a requirement for the interest cover ratio (net rental income divided by interest costs) to exceed 2 at all times. This cover is to be tested every 12 months during the loan term.

The BNZ facility expiring on 30 November 2019 has been refinanced to 31 May 2020. The factors relating to bank funding will remain the same other than the following changes:

The interest rate under the new Term Loan Facility will decrease to a base rate (provided at the time of drawdown) plus a margin of 1.05% per annum.

It is expected that on expiry the loan facility will be extended for a 2-year period on similar terms to the current facility.

Directors, Senior Management and individual relevant parties

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

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

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 has been the managing director and shareholder of the Maat Group since its formation and is a director of the 14 property owning companies managed by Maat. He also holds the positions of Chairman of the Boards of Remediation (NZ) Ltd and Central Landscape Systems Ltd, and Deputy Chairman of the Business North Harbour Association.

Neil has 40 years' experience in accountancy, retail businesses, management consulting and investment portfolio construction and management.

Bruce Ellis, JP, CA, BCA

Bruce is an Accountant operating his own accounting practice in New Plymouth. As a qualified accountant for the past 45 years, Bruce has utilised his professional skills in investment research and management, financial management in the not for profit and schools' sectors, before entering into public practice in 2001, first in Stratford and now in New Plymouth. He became a founding Director of Maat Consulting Limited in 2010. Bruce retired as a Director of Maat Consulting Limited in November 2019 but remains a shareholder. Bruce is also a director of the 14 property owning companies managed by Maat as well as a trustee of the Stratford Community House and the Percy Thomson Trusts..

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 the Maat Group and the 14 property owning companies managed by Maat.

Management role of Maat

Maat is appointed to manage the Issuer and the Property under the Management Agreement.

The following is a summary of the Management Agreement. The full Management Agreement can be found on the Disclose Register <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12748) under "Other material information".

Role of Maat

- Maat will manage the Issuer and the Property 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 the sole and exclusive manager of the Property and the Issuer but it has the right to appoint and engage agents or a sub-manager.
- Maat can 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 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.
- Maat can undertake repairs, maintenance, decoration and other improvements to the Property at its sole discretion if the cost of those does not exceed \$50,000 exclusive of GST per set of improvements. Any expense exceeding \$50,000 exclusive of GST per set of maintenance or improvements can only be undertaken with the approval of an ordinary resolution of shareholders. Maat can, however undertake maintenance and improvements (of any value) where a 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.

Maat is the manager of fourteen property owning companies. Formed in early 2010, Maat has arranged investments in these property-owning companies during the last 10 years with a combined purchase price of \$280,000,000, ranging from \$4,000,000 to \$60,000,000. Approximately 47.5% of the purchase price of these properties has been funded by bank loans and the balance has been funded by investor subscriptions.

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

- liaising with the Tenant 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 Commercial Property Management Ltd in managing the Property.

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

Conflicts Policy

The Board and the board of directors of Maat have adopted a conflict policy under which:

- conflicts of interest are noted and recorded;
- the Board and the board of directors of Maat must comply fully with all directors' duties; and

- the Board and the board of directors of Maat will not put their personal interests ahead of those of the Issuer or Maat (as applicable).

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

Short-term (2 years)

- to maintain strong relationships with the Tenant and key service contractors
- to develop a maintenance programme for a rolling 3 year period
- 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 tenant as required; the provision for property maintenance not covered by recovery of operating expenditure from the tenant; and to fund future capital expenditure
- to secure a commitment by the tenant to renew their lease from 1 June 2020
- to fund the cost of extension of the warehouse canopy

Medium term (3-5 years)

- to build the reputation of the Property as a preferred industrial/distribution location
- 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 the building in the Property to a high level
- to undertake refurbishment as necessary in conjunction with the renewal of leases

Table of substantial shareholders and of relevant interests

Issuer			
Party	Relevant Interest	Number of A Shares in Bush Road Property Investments Limited before PDS	Number of A Shares in Bush Road Property Investments Limited after allotment of Shares in Bush Road Property Investments Limited
Maat	Ordinary A Shares in Bush Road Property Investments Limited	100 (100%)	100 (100%)

Maat			
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 Bush Road Property Investments Limited and director and shareholder of Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Neil James Tuffin	Director of Bush Road Property Investments Limited and director and shareholder of Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Bruce Charles Ellis	Director of Bush Road Property Investments Limited and shareholder of Maat Consulting Limited	167 shares (16.70%)	167 shares (16.70%)
Neil Tuffin, Mark Hughson and Bruce Ellis	Directors of Bush Road Property Investments Limited and directors and	167 shares (16.70%)	167 shares (16.70%)

(jointly)	shareholders of Maat Consulting Limited		
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Interests of directors

Bush Road Property Investments Limited does not have any employees and it does not intend to employ any persons other than as referred to above.

Two of the directors (Neil Tuffin and Mark Hughson) of Bush Road Property Investments Limited are also directors and shareholders of Maat. Under the Management Agreement Maat will receive fees from Bush Road Property Investments Limited. These fees are set out in Section 5 "*Terms of the offer*". No previous directors' fees have been paid by Bush Road Property Investments Limited. The directors of Bush Road Property Investments Limited will not receive any directors' fees or other benefits from Bush Road Property Investments Limited. 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

Bush Road Property Investments Limited is the current registered proprietor of the Property, which it holds as nominee and bare trustee on behalf of Investors in the Scheme. The purpose of this Offer is to raise capital by the subscription of Shares in Bush Road Property Investments Limited so that Bush Road Property Investments Limited may acquire the Property and other Scheme assets in its own right. The Offer will enable Investors in the Scheme, prior to the Offer Date, to take up such number of fully paid Share Parcels as is equal to the number of Proportionate Interests held by them in the Scheme.

Investors have agreed to wind up the Scheme. The winding up will take place on the Operative Date.

Under the Share subscription terms, as set out in the Application Form, investors irrevocably direct the party responsible for the Scheme winding up to apply the amount otherwise payable to those Investors on the Scheme winding up solely towards the Share subscription price.

On the Operative Date:

- the winding up value of each Investor's Proportionate Interests in the Scheme will be paid to Bush Road Property Investments Limited, by way of Share subscriptions;
- Bush Road Property Investments Limited will allot to each Investor the same number of Share Parcels (being 25,000 Shares each) as that Investor previously held Proportionate Interests in the Scheme;
- Bush Road Property Investments Limited will be released from holding the Property and other Scheme assets as bare nominee and will hold the Property and other Scheme assets in its own right;
- the existing Bank of New Zealand debt will (subject to the agreement of the Bank) be novated to Bush Road Property Investments Limited; and
- Bush Road Property Investments Limited will take over all other liabilities of the Scheme.

In the Application each Investor authorises the Manager, on behalf of that Investor, to sign the Deed of Release and Undertaking. The Deed of Release and Undertaking gives effect (on and from the Operative Date) to the second, third and fifth bullet points above. A copy of the form of the Deed of Release and Undertaking is found on the Disclose Register ([https://disclose-register.companies.govt.nz/\(Offer ref: 12748\)](https://disclose-register.companies.govt.nz/(Offer%20ref%3A%2012748))). The Deed of Release and Undertaking will be executed by the parties on the Operative Date.

From the Operative Date, Investors will hold the same number of fully paid Share Parcels as they previously held Proportionate Interests in the Scheme. Bush Road Property Investments Limited will hold all assets previously in the Scheme in Bush Road Property Investments Limited's own right, subject to such debts and liabilities as were previously in the Scheme.

In the event that subscriptions for the total number of Shares offered under this PDS are not received by the Operative Date, no allotment of Shares will be made and the Scheme will be wound up under the alternative winding up provisions governing the Scheme. This will require an open market sale of the Property.

The costs associated with this Offer and the winding up of the Scheme ("Issue Costs") will be met from cash reserves and will be payable irrespective of whether all Investors take up this Offer. The Issue Costs are described below.

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

4 KEY DATES AND OFFER PROCESS

Key dates	
PDS lodged on the Disclose Register	14 November 2019
Opening Date for Applications	21 November 2019
Offer Closing Date	30 November 2019
Operative Date for wind up of the Scheme and allocation of Shares	30 November 2019
Intended date of first dividend payment	31 December 2019

The above dates are indicative only and may change. Bush Road Property Investments Limited reserves the right to alter or extend these dates, but by no longer than 1 month from the dates mentioned above. Bush Road Property Investments Limited 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 Bush Road Property Investments Limited.
Key dates	See Section 4 " <i>Key dates and Offer process</i> " for information about the key dates for the Offer.
Share Price	There is no fixed consideration and no fixed or indicative range within which the price or consideration may be fixed. The price per Share Parcel will be the winding up value of each Proportionate Interest in the Scheme. No other independent or objective mechanism has been used to set the price for the Shares
Structure of the Offer	The total number of Shares to be issued is 3,450,000 (offered in Share Parcels of 25,000 Shares each). Share Parcels are only available for subscription by Investors in the same number as the number of Proportionate Interests they hold in the Scheme.
Applications	An Application made by an Investor is an offer to subscribe for the same number of fully paid Share Parcels as that Investor holds Proportionate Interests in the Scheme, on the terms and conditions set out in this PDS (including any replacement of it), and which may be found on the Disclose Register (at https://disclose-register.companiesoffice.govt.nz/ (Offer ref: 12748) and the Application Form. By submitting an Application Form an Investor irrevocably agrees to subscribe for Shares on those terms and directs that all moneys otherwise payable to that Investor on the winding up of the Scheme be applied solely towards fully paid Shares in Bush Road Property Investments Limited. The Offer made under this PDS is to Investors only. This PDS 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. Bush Road Property Investments Limited, Maat and the directors of Bush Road Property Investments Limited disclaim all liability to any person who is sent or receives this PDS outside New Zealand.
Allocation and Allotment	The allotment of Shares to Investors is scheduled to take place on the Operative Date. The Allotment will be recorded on Bush Road Property Investments Limited's share registry.
Constitution	The Constitution of Bush Road Property Investments Limited prescribes the

	<p>rights attached to the Shares. These are more particularly described in Section 6 "<i>Key features of the Shares</i>".</p> <p>A copy of the Constitution can be found at https://disclose-register.companiesoffice.govt.nz/ (Offer ref: 12748) 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. The fees schedule effective from 30 November 2019, includes:</p> <p>Maat will be paid management fees for this, as follows:</p> <ul style="list-style-type: none"> • A management fee of 1.75% p.a. of the gross rental income; • An annual accounting fee of \$3,900 plus GST (adjusted for annual CPI increases); • An annual syndication fee of \$3,900 plus GST (adjusted for annual CPI increases) • An additional accounting fee of \$2,000 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 • An exit fee on sale of the Property of 2% of the profit on that sale (this does not include the beneficial ownership change occurring on the Scheme wind up, in respect of which no exit fee is payable). <p>Bush Road Property Investments Limited will not be bound by a Management Agreement which provides for remuneration for the Manager beyond the date Bush Road Property Investments Limited terminates the contract.</p>

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

6 KEY FEATURES OF THE SHARES

Under the Constitution, each Share and each A Share gives the holder the right:

- To vote by special resolution to:
 - Adopt, revoke or alter the Constitution;
 - Approve a "major transaction" (as defined in the Companies Act) of Bush Road Property Investments Limited;
 - Approve any amalgamation of Bush Road Property Investments Limited under the Companies Act;
 - Place Bush Road Property Investments Limited 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 B Shares only to:

- Vote by ordinary resolution, to appoint and remove Directors;
- Receive an equal share in any cash distributions or other distributions paid or made on the Shares;
- Receive an equal share in the distributions of surplus assets in a liquidation of Bush Road Property Investments Limited.

The A Shares (held by Maat) do not give any rights to receive dividends or other distributions or to share in the distributions of surplus assets in a liquidation of Bush Road Property Investments Limited. Maat is required to surrender its holding of A Shares if it is removed or resigns as manager.

Dividend policy

It is intended that the dividend policy be based on net operating cash flow from operating activities. It is intended that the projected gross dividend yield of 10.5% per annum (for the first 1 year and 4-months) will be paid (less Tax Paid at 5%) by monthly instalments on the last working day of each month. The taxation of these dividends is set out in Section 9 "*Tax*". Monthly dividends are reliant on Bush Road Property Investments Limited receiving full rental payments under the Lease. The Board will monitor Bush Road Property Investments Limited's projected cash flow and capital requirements and will review this policy

annually. It is anticipated that the first monthly dividend will be on 31 December 2019. Dividend statements will be sent to all shareholders after completion of Bush Road Property Investments Limited's annual financial statements.

Neither Bush Road Property Investments Limited, 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 Bush Road Property Investments Limited pay dividends, it will expect to pay them on a fully imputed dividend basis.

See Section 7 "*Bush Road Property Investments Limited's financial information*" for more information on dividends.

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 Bush Road Property Investments Limited 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 Bush Road Property Investments Limited, Bush Road Property Investments Limited will continue until such time as shareholders resolve, at a subsequent meeting, to wind up Bush Road Property Investments Limited.

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 BUSH ROAD PROPERTY INVESTMENTS LIMITED'S FINANCIAL INFORMATION

Selected financial information

These tables provide key historical financial information for the 2017, 2018 and 2019 years and prospective financial information about Bush Road Property Investments Limited for the 8-month period to 30 November 2019, the 4-month period to 31 March 2020 and the full year ended 31 March 2021. Full historical and prospective financial statements are available on the Disclose Register at <https://disclose-register.companiesoffice.govt.nz/>. 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 Bush Road Property Investments Limited that comply with generally accepted accounting practice in New Zealand.

The historical financial information included in the table below has been extracted from the audited financial statements for 2017, 2018 and 2019 years. These Financial Statements are available on the Disclose Register, together with the Prospective Financial Statements for the 8-month period ended 30 November 2019.

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 Disclose Register.

The prospective financial statements have been subject to a limited assurance engagement and an unmodified opinion has been issued by Baker Tilly Staples Rodway Audit Limited, New Plymouth, a copy of which is also included on the Disclose Register.

This is a business acquisition (not an asset acquisition). Historical financial information for the previous owner of the assets (Bush Road Proportionate Ownership Scheme) was provided annually to investors in the Scheme.

Bush Road Property Investments Limited
Selected Financial Information

Bush Road Property Investments Limited Selected Financial Information for the years ended 31 March	Note	Actual (12 Months) 31/03/2017	Actual (12 Months) 31/03/2018	Actual (12 Months) 31/03/2019	Unaudited (8 Months) 30/11/2019	Prospective (4 Months) 31/03/2020	Prospective (12 Months) 31/03/2021
Revenue							
Lease Income		551,780	552,724	568,442	371,625	196,817	602,246
Interest		832	262	1,297	665	2,041	4,150
Operating Expenses Recovered		61,619	93,230	114,172	79,357	27,388	103,427
Total Income		614,232	646,216	683,911	451,648	226,246	709,823
Less Expenses							
Audit, Accountancy and Bank Fees		17,793	14,609	16,237	3,116	12,312	16,250
Company Management Fees		13,558	13,848	14,179	9,489	4,745	14,432
Legal Fees		-	-	-	449	-	-
Valuation Fees		3,057	9,097	3,645	-	2,993	3,142
Operating Expenses		63,426	158,364	190,123	95,895	32,388	126,427
Total Expenses		97,835	195,918	224,185	108,949	52,437	160,251
Operating Surplus before Interest and Tax		516,396	450,298	459,727	342,699	173,809	549,572
Less: Interest on Loan		(120,273)	(125,039)	(125,170)	(76,187)	(37,932)	(92,269)
Less: Income Tax Expense		-	-	-	-	(34,540)	(117,859)
Total Operating Earnings		396,123	325,259	334,557	266,512	101,336	339,444
Add: Movement in Value of Investment Property	2	290,000	76,631	500,000	400,000	-	(165,000)
Total Comprehensive Income for the period attributable to shareholders		686,123	401,890	834,557	666,512	101,336	174,444
Dividends at 10.5% (including tax payable) + Capital Distribution		(310,500)	(310,500)	(340,687)	(252,715)	(120,750)	(362,250)
Total Assets		9,254,035	9,358,051	9,848,392	10,243,780	10,180,626	10,018,788
Cash and Cash Equivalents (including Term Deposits)		192,933	209,410	181,724	166,402	180,626	18,788
Total Liabilities		2,755,405	2,768,031	2,764,502	2,746,095	2,762,666	2,788,631
Total Debt		2,714,000	2,714,000	2,714,000	2,714,000	2,714,000	2,714,000
Total Equity		6,498,630	6,590,020	7,083,890	7,497,686	7,417,963	7,230,156
Interest Rate Cover		4.29	3.60	3.67	4.50	4.58	5.96
Gearing Ratio		3.41	3.45	3.63	3.77	3.75	3.69
Net Cash Flow from Operating Activities		400,467	350,346	311,689	249,714	151,479	362,492

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 to GAAP information.

Notes and Assumptions for the periods ending 31 March 2017, 31 March 2018, 31 March 2019, 30 November 2019, 31 March 2020 and 31 March 2021

The unaudited financial information for the 8 months ended 30 November 2019 is based on information extracted from the draft unaudited financial statements as maintained by Maat as the Manager of the Scheme. The audited financial statements for the years ended 31 March 2017, 2018 and 2019 have previously been distributed to investors and adopted at the relevant Annual General Meetings. These financial statements are also available on the Disclose Register.

The prospective financial information for the periods ended 31 March 2020 and 2021 in this section are based on various best estimate assumptions. Further information about this prospective financial information is contained in the prospective financial information on the Disclose Register <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12748) 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 Scheme Wind up and Settlement

Bush Road Property Investments Limited will beneficially acquire the Property and will issue the Shares not later than 30 November 2019. The prospective financial information has been prepared for the periods ended 31 March 2020 and 2021.

2 Property Valuation

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

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

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

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

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

3 Rental Receipts

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

4 Dividends

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

Cumulative cash (incl term deposits held) will be retained for each of the 2 periods, being \$192,355; and \$134,017 respectively.

5 Share Issue Costs

That the cash reserves will be used to pay for the Share Issue Costs of \$60,309, as detailed in Section 3 above.

6 Taxation

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

7 Cash at bank

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

- Rises in interest rates
- Lease vacancies
- Building maintenance
- Capital expenditure (as outlined in Note 16)
- Tenancy considerations

8 Interest

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

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

The interest expense and cash flow is based on

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

9 Borrowings

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

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

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

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

11 Related Parties

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

12 Lessor Operating Lease

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

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

13 Contingent Liabilities

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

14 Operating Environment and Taxation

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

15 Issue of Shares

All 138 share parcels of 25,000 shares in the former Proportionate Ownership Scheme are to be issued (total 3,450,000 shares). The Investors as holders of Shares will be entitled to receive distributions as declared from time to time and are entitled to one vote per Share at meetings of Bush Road Property Investments Limited and rank equally with regard to the Company's residual assets.

16 Capital Expenditure & Capital Commitments

General capital expenditure has been forecast in line with quotes received for the fit-out required by the tenant on lease renewal. In the period ended 31 March 2021, \$165,000 has been forecast on the lease expiry of the tenant for office refurbishment. However, as per note 2, there has been no forecast change in the value of the investment property during the 2020 and 2021 periods. Therefore, the capital expenditure is disclosed as movement in the value of the investment property through the Prospective Statement of Comprehensive Income.

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

8 RISKS TO BUSH ROAD PROPERTY INVESTMENTS LIMITED'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 only asset of Bush Road Property Investments Limited (other than cash reserves) will be 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 tenant(s). These risks are more fully discussed below in this Section 8 "*Risks to Bush Road Property Investments Limited'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 Lease that cannot be recovered from the tenant(s). Projected capital expenditure for the next 10 years is set out in Section 2 *Bush Road Property Investments Limited and what it does*. The main capital expenditure risk will arise at the time of expiry/renewal of the lease to the tenant, when refurbishment works to the Premises may be required.

The Scheme's capital expenditure in the last five years, included:

2019	\$Nil
2018	\$23,369
2017	\$Nil
2016	\$Nil
2015	\$Nil

Any further capital expenditure incurred will be funded from cash reserves held and/or debt financing for specific, large expenditure items. The forecast cash reserves on hand after the Scheme is wound up (and the Issue Costs are paid) are \$111,536.

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

- If the tenant does not renew its lease, 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.

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

Vacancy risk

Bush Road Property Investments Limited's financial performance and the returns generated from Bush Road Property Investments Limited's business will be directly affected by a future vacancy, the tenant 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 the Tenant does not exercise its renewal right or enter into a new lease on the expiry of their lease, Bush Road Property Investments Limited will be required to find a new tenant for the building. A prolonged vacancy will reduce the rental income for Bush Road Property Investments Limited and the level of distributions to Investors and will decrease the value of the Property.

The directors of the Manager are of the view that the tenant will renew its Lease as from the renewal date.

If the Tenant does not renew its lease, leases to replacement tenants may require inducements to be paid by Bush Road Property Investments Limited (in the form of cash payments, rent free periods or contributions towards fitout costs). Real estate agents' 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 a replacement tenant is required to be found, rental may be at a lower level than the rent payable by the former tenant in respect of the premises.

Tenancy default risk

Should the 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 the tenant not paying its rent is considered to be very low, given that the tenant has been established at the premises since 1998 and is the New Zealand branch of a multinational company.

There have been no material defaults by the tenant in meeting its lease obligations during the ownership of the Property within the Scheme.

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 market rents will increase or that the rent agreed at the time of the renewal of the lease will increase. When the Lease provides for rent increases at the time of renewal, the tenant may seek to negotiate the rent level before they commit to a renewal term. The lease also includes a soft ratchet clause which means that on renewal a market rent review could result in a lower rent than in the previous term (but not as low as at the commencement date of the lease). The net rental income derived from the Property is also dependent on the recoverability of operating expenses from the tenant.

Interest rate risk

The Bank borrowing introduces an interest rate risk and a leverage risk as it is based on a margin above the 90-day BKBM (which is a fluctuating measurement).

Bush Road Property Investments Limited 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 0.2% higher than the floating rates. No provision for hedging has been included in the financial projections. The current projections include provision for the 90-day BKBM rate to remain unchanged based at 1.00% during the 2020-2021 period.

There is a risk that interest rates rise higher and faster than as projected in both the above and in the forecast financial information. An increase (or decrease) in interest rates by 1% per annum above the projected rates would result in an increase (or decrease) in interest payments of \$27,140 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:*

While the Bank has provided a facility agreement, extending the Term Loan for 6 months from 30 November 2019, that offer remains conditional on the Bank approving the wind up of the Scheme and this Offer. If those conditions are not satisfied there is a risk that Bush Road Property Investments Limited may be unable to obtain alternative finance.

In addition, where Investors elect not to sell the Property at the end of the extended Term Loan there is also the risk that the Term Loan may not be able to be rolled over at its expiry (on 31 May 2020) and Bush Road Property Investments Limited may be unable to obtain alternative finance. There is also the risk that even if the Investors then elect to sell the Property, there is no market for it.

In any of the above cases, the Property may need to be sold in a sub-optimal time-frame 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 initial 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 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:* Bush Road Property Investments Limited must comply with financial covenants in favour of the Bank, as set out in Section 2 *Bush Road Property Investments Limited and what it does*. 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.

- Specifically, in relation to Bank covenants the following is of note:

- *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 LVR.

The Manager considers that the ongoing LVR of 27.14% (within the 50% bank covenant) is achievable given the forecast increased rental income and anticipated market increase over time.

- *Interest cover ratio:*

Future vacancies for prolonged periods could cause a breach of the interest cover ratio, as described in Section 2 *Bush Road Property Investments Limited and what it does*.

Bush Road Property Investments Limited's financial position, and so the return to Investors, will also be impacted on by interest rate variations on the Bank loan. Future interest rate movements cannot be accurately forecast. The borrowing therefore introduces an interest rate risk and a leverage risk. An increase in interest rates may cause a breach of the interest cover covenant.

The net profit before interest and taxation would need to be reduced to \$75,864 and \$184,538 in the respective financial reporting periods to be at the minimum interest rate covenant level of 2 times.

If all other things remained equal (i.e. assuming the net rental income remained at the same levels projected, average interest rates would need to rise to 9.61% in 2020 and 10.12% in 2021 for the interest rate covenant to be breached.

The Manager considers there is adequate interest rate cover for the future at 4.58 for 2020 and 5.96 for 2021 (if the Leases are renewed at current levels).

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.

Bush Road Property Investments Limited will attach imputation credits and deduct RWT from dividend payments to shareholders at the rate of 5%.

As a result of the 'claw back' of the depreciation of buildings which was claimed by investors in their individual tax returns up until this tax benefit was discontinued in 2011, there will be a capital distribution of \$11,215 shared between investors in the new company. The depreciation claimable was \$33,986 and the \$11,215 distributed to investors represents the tax effect at a 33% tax rate. This capital distribution will be made once all applications have been received to transfer the assets to a compliant equity investment.

10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Bush Road Property Investments Limited, the Property and the Shares is available on the Disclose Register (for example the Constitution of Bush Road Property Investments Limited and 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 <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12748). Information about Bush Road Property Investments Limited can also be found on the Companies Office website www.companiesoffice.govt.nz.

The information and documents provided on the Disclose Register, <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12748), includes material provided by third parties. Investors should read information and documents provided by third parties such as the Valuer and make their own assessment as to its validity and reliability.

Copies of information on the Disclose Register are available on request from Bush Road Property Investments Limited at B4, 17 Corinthian Drive, Albany, Auckland 0632.

11 HOW TO APPLY

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

Each Investor has the right to subscribe for such number of Share Parcels as is equal to that Investor's number of Proportionate Interests in the Scheme.

All completed and signed Application Forms 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.

In the event that subscriptions for the total number of Shares offered under this PDS are not received by the Operative Date, no allotment of Shares will be made.

12 CONTACT INFORMATION

Issuer

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

Legal Advisors to the Offer

Anthony Harper, Lawyers
Level 9, Anthony Harper Tower
62 Worcester Boulevard
P O Box 2646
Christchurch 8140
Telephone: (03) 379 0920
Facsimile: (03) 366 9277

Auditor

Baker Tilly Staples Rodway Audit Limited
109-113 Powderham Street
New Plymouth 4310
P O Box 146
New Plymouth 4340
Telephone: (06) 757 3155

Valuer

Jones Lang LaSalle Limited
Level 16, PWC Tower, 188 Quay Street, Auckland
PO Box 165 Auckland 1140
Telephone: (09) 3661666
Email: Brad.chemaly@ap.jll.com

Securities Register

Maat Consulting Limited
B4, 17 Corinthian Drive,
Albany, Auckland 0632
P O Box 301848
Albany New Zealand
Telephone: (09) 414 6078
Email: info@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.

"**Bank**" means Bank of New Zealand.

"**Board**" means Bush Road Property Investments Limited's board of directors.

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

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

"**Constitution**" means the constitution of Bush Road Property Investments Limited.

"**Deed of Release and Undertaking**" means the deed between Bush Road Property Investments Limited, the Manager and the Manager for and on behalf of the Subscribers pursuant to which Bush Road Property Investments Limited is released from holding the Property and other Scheme assets as bare nominee and instead holds those assets in its own right.

"**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.

"**Investor**" means an investor in the Scheme at the date of this PDS, and will mean, after the subscription of the Share, the holder, from time to time, of Shares in Bush Road Property Investments Limited.

"**Issuer**" means Bush Road Property Investments Limited.

"**Lease**" means the lease of the Property to the tenant.

"**Maat**" means Maat Consulting Limited

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

"Manager" means Maat.

"Management Agreement" means the management agreement between Bush Road Property Investments Limited 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.

"Operative Date" means 30 November 2019 or such later date as the Board may determine as the date on which the Scheme is wound up and the allotment of Shares is made.

"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.

"Property" means the property situated at 242 – 244 Bush Road, Albany as is more particularly described and comprised in identifier NA108C/132 (North Auckland Registry).

"Proportionate Interest" means each undivided interest in the Scheme and its assets, of which there are 138 such Proportionate Interests,

"Resolution" means the resolution to wind up the Scheme, passed by the Investors.

"Scheme" means the proportionate ownership scheme under which Investors currently hold the Property through Bush Road Property Investments Limited (as nominee and bare trustee).

"Security" means the first registered mortgage over the Property and first registered General Security Agreement to be granted by Bush Road Property Investments Limited to the Bank.

"Share Parcel" means each parcel of 25,000 Shares.

"Shares" means the B Shares in Bush Road Property Investments Limited offered for subscription under this PDS.

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

"Tenant" means Thermo Fisher Scientific New Zealand Limited.

"Valuation" means the valuation for the Property prepared by the Valuer dated 30 November 2019.

"Valuer" means Jones Lang LaSalle Limited.

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 – Made by each Investor

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

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

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

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

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

You agree that neither Bush Road Property Investments Limited 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– Made by each Investor

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 Authorisation and Declaration– Made by each Investor

I hereby irrevocably instruct Maat, on my behalf, to sign the Deed of Release and Undertaking and I acknowledge and agree that pursuant to the Deed of Release and Undertaking:

- Bush Road Property Investments Limited agrees to apply the winding up proceeds towards fully paid Shares in Bush Road Property Investments Limited;
- on and from the Operative Date Bush Road Property Investments Limited is released from holding the Property and other Scheme assets as bare nominee and holds the Property and other Scheme assets in its own right; and
- on and from the Operative Date Bush Road Property Investments Limited takes over all liabilities previously in the Scheme, in its own right.

9 Declaration– Made by each Investor

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 Bush Road Property Investments Limited 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.

I hereby apply for such number of Share Parcels (each comprising 25,000 Shares) as is equal to the number of Proportionate Interests I have in the Scheme.

I irrevocably instruct Maat and any other person involved in the payment of the amount due to me on the winding up of the Scheme to pay and apply such amount solely towards my subscription for Shares.

Signature of Investor 1 (principal account holder):

Signature of Investor 2 (if applicable):

Date: / /

Date: / /

Application Form

Please send this Application Form together with certified proof of identity to Maat Group shown below.

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

Bush Road Property Investments 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. Your Investment	
What is the purpose of your investment?	
<input type="checkbox"/> Accumulation of Wealth <input type="checkbox"/> Retirement <input type="checkbox"/> Other — please specify:	
3. Tax Information	
Investor's IRD number:	
Is the Investor a New Zealand resident for tax purposes?	<i>If no, state the Investor's country of residence for tax purposes.</i>
<input type="checkbox"/> Yes <input type="checkbox"/> No	
Resident withholding rate:	<i>If a rate is not selected, or no IRD number is provided, 33% will apply.</i>
<input type="checkbox"/> 0%* <input type="checkbox"/> 10.5% <input type="checkbox"/> 17.5% <input type="checkbox"/> 30% <input type="checkbox"/> 33%	
4. Confirming the Identity and Address of Relevant Persons	
<p>To comply with anti-money laundering rules, we need to verify the identity of various people associated with the Investor. In the case of companies, we must verify the identity of people owning more than 25% of the shares and people acting on behalf of the company (usually the directors). In the case of partnerships, we must verify the identity of the partners and anyone authorised to act on behalf of the partnership. In the case of trusts, we must identify persons acting on behalf of the trust (usually the trustees) and also any settled beneficiaries. Each of these people described above is a "Relevant Person". If a trust has a range of beneficiaries, it is necessary to describe that range (for example "relatives of the settlor").</p> <p>Each Relevant Person must complete the information below and provide certified copies of documents to fulfil the requirements of <i>either</i> Identification Option 1 <i>or</i> Identification Option 2 <i>or</i> Identification Option 3 and in each case the Address Verification Requirement. Please note certification of documents must be by a "trusted referee". See the description of who is a trusted referee below.</p>	

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

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

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

Address Verification Requirement

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

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

Who is a Trusted Referee?

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

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

In addition, the trusted referee must not be:

- related to the Relevant Person; for example, a trusted referee cannot be a parent, child, brother, sister, aunt, uncle or cousin of the Relevant Person
- the spouse or partner of the Relevant Person

- a person who lives at the same address as the Relevant Person

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

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)

By Direct Credit to NZ Bank Account

Bank account number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name of account:

Branch:

6. Trusts Only

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 Bush Road Property Investments Limited or Maat Consulting Limited ('Maat') (collectively 'us') in breach of the AML/CFT.

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

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

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

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

Privacy Act 1993

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

I hereby irrevocably instruct Maat, on my behalf, to sign the Deed of Release and Undertaking and I acknowledge and agree that pursuant to the Deed of Release and Undertaking:

- Bush Road Property Investments Limited agrees to apply the winding up proceeds towards fully paid Shares in Bush Road Property Investments Limited;
- on and from the Operative Date Bush Road Property Investments Limited is released from holding the Property and other Scheme assets as bare nominee and holds the Property and other Scheme assets in its own right; and
- on and from the Operative Date Bush Road Property Investments Limited takes over all liabilities previously in the Scheme, in its own right.

13. Declaration

I have read and retained a copy of the attached Product Disclosure Statement for Bush Road Property Investments Limited 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 Bush Road Property Investments Limited 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 Bush Road Property Investments Limited is subject to investment risk, including possible delays in repayment and loss of income or principal invested. I understand that neither Bush Road Property Investments Limited, Maat nor any other person guarantees the performance of Bush Road Property Investments Limited or the repayment of capital by Issuer or any particular rate of return. I hereby apply for such number of Share Parcels (each comprising 25,000 Shares) as is equal to the number of Proportionate Interests I have in the Scheme.

I irrevocably instruct Maat and any other person involved in the payment of the amount due to me on the winding up of the Scheme to pay and apply such amount solely towards my subscription for Shares.

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

Signature

Signature

Full Name

Full Name

Date

Date

Signature

Signature

Full Name

Full Name

Date

Date

Application Form

Please send this Application Form together with certified proof of identity to Maat Group at the address shown below.

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