

Walton Plaza Investments Limited

**Replacement Product Disclosure Statement
Replacing Product Disclosure Statement dated 8 May 2019**



**Offer of 296 Share Parcels
in
Walton Plaza Investments Limited
Dated 21 June 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:12625). Walton Plaza 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 Walton Plaza Investments Limited). You may receive a return if dividends are paid or if Walton Plaza Investments Limited increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Walton Plaza 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 Walton Plaza Investments Limited

Walton Plaza Investments Limited is the current registered proprietor of the commercial property located at 4 Albert Street, Whangarei ("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 Walton Plaza Investments Limited as is equal to the number of Proportionate Interests held by them in the Scheme. The winding up will take place with effect from 30 June 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 8,628 m² of net lettable area comprising a three-level commercial office building. Completed in 1990, the building has Whangarei City Council and the Ministry of Social Department as the anchor tenants who, between them, contribute approximately 97% of the building's net income. 106 car parks are available on site all of which are currently leased.

Walton Plaza Investments Limited was originally set up by Maat Consulting Limited ("Maat", also referred to as the "Manager") and its directors. Further information on Walton Plaza Investments Limited, the Property and Maat is provided in Section 2 "*Walton Plaza 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 Walton Plaza Investments Limited for the purposes of enabling Walton Plaza Investments Limited to acquire the previous assets of the Scheme in Walton Plaza 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 Walton Plaza 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 Walton Plaza 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	21 June 2019
Offer Opening Date	24 June 2019
Offer Closing Date	28 June 2019 Walton Plaza Investments Limited reserves the right to alter or extend this date, but by no more than 1 month. Walton Plaza 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 7,400,000

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 Tenants.</p> <p>Maat will also provide management services to Walton Plaza 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 2.5% p.a. of the gross rental income; • An annual accounting fee of \$5,529 plus GST (adjusted for annual CPI increases); • An additional Accounting Fee of \$2,500 plus GST, payable annually following the preparation of the financial statements and completion of the audit process, adjusted annually by the annual movement in the Consumer Price (All Groups) Index. • An annual investor service fee of \$5,529 plus GST (adjusted for annual CPI increases); • 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: 12625) under "Other material information".</p>

How you can get your money out

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

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

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

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

Tenant	Percentage of total gross returns
Whangarei District Council	50.71%
Ministry of Social Development	46.34%
Jenny Craig	2.43%
Car park licensees	0.52%

The total net rental income from the Property is \$1,713,890 plus GST per annum. Details of the lease term and expiry date, the current rental, the review and renewal rights for each lease are set out in Section 2 "*Walton Plaza 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 Walton Plaza Investments Limited. Walton Plaza Investments Limited will be liable to pay expenses and costs involved with owning and managing the Property.

Only 1.5% of the Property's current operating expenses are recoverable from Tenants. The Whangarei District Council and Ministry of Social Development pay a gross rent (meaning that they do not make a separate payment towards operating expenses).

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

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

Key strategies:

The key strategies and plans that Walton Plaza Investments Limited has in connection with maximising returns on the Property include encouraging Tenants to exercise rights of renewal, engaging an experienced letting agent to secure new tenants as required, carrying out regular maintenance on the Property, 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 Walton Plaza 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. Walton Plaza Investments Limited considers that the most significant risk factors that would affect the value of the Shares are:

Risks relating to Bank funding

Walton Plaza Investments Limited will take over the debt funding provided by Bank of New Zealand of \$5.6475 million. This debt funding ("Term Loan") expires on 30 June 2019. The Bank has issued a committed terms sheet to Walton Plaza Investments Limited confirming that, subject to the following conditions being satisfied, it will extend the Term Loan until 30 June 2021.

Those conditions are:

- The Bank being satisfied that the wind up of the Scheme and this Offer are compliant with the FMC Act,
- The Ministry of Social Development confirming to Walton Plaza Investments Limited its intention to renew its leases. While the MSD hasn't formally renewed its leases at the date of this PDS, this is expected to occur by the Operative Date (together with an extension of the premises leased by the MSD to include the vacant space on Level 2).

If these conditions are not met and another funder cannot be found Walton Plaza Investments Limited would have to proceed with a forced sale of the Property. In addition, at the end of the extended debt funding term, if the Term Loan is not further extended, or another funder found, the Property would have to be sold, once again under forced sale conditions. A copy of the committed terms sheet can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12625)

A forced sale could also occur at any time if Walton Plaza 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 Walton Plaza Investments Limited's financial position, and so the return to Investors, will be impacted by interest rate variations on the Bank loan. The interest rate offered by the BNZ is at the 90 day (BKBM rate (currently 1.76%)) plus a margin of 2.25% 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 level of vacancy within the building from time to time, and upon Tenants continuing to pay rent. For further details, see Section 8 "*Risks to Walton Plaza Investments Limited's business and plans*".

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

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

A key measurement in property valuation is the Weighted Average Lease Term (WALT). The WALT is measured by looking at the average remaining lease term for the various tenancies, and weighting that by reference to the respective rent levels for each tenant. A longer WALT will generally mean a higher value 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 June 2019) was nominal. When the Ministry of Social Development finalises its renewal of leases from 1 May 2019 (for 6 years) and when the Whangarei District Council renews its leases for a further 3 years from July 2019, those renewals will have a positive impact on the WALT. At the date of this PDS both of these tenants have given notice of renewal. In addition, the Ministry of Social Development have advised that they will lease a further 533 m² of currently vacant space on the second floor for a period of 5 years and 10 months from 1 July 2019 (to coincide with the 6 year renewal term for their current leases). The Council has announced its intention to construct a new building on other land it owns, which is expected to take up to 3 years to be built.

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 Walton Plaza 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 existing loans.

Capital expenditure risk

Capital expenditure on structural repairs or capital improvements to the Property may arise or be required under the Leases that cannot be recovered from the Tenants. Refurbishments and fitouts may be required for new tenants when existing leases expire. It is intended that Walton Plaza Investments Limited will fund such costs from cash reserves and/or borrowing.

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

Where you can find Walton Plaza Investments Limited's Financial Information

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

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2 WALTON PLAZA INVESTMENTS LIMITED AND WHAT IT DOES

Overview

Intended business of Walton Plaza Investments Limited

Walton Plaza 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. Walton Plaza 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*". Walton Plaza Investments Limited's business operations will be limited to owning the Property. Its revenue will be solely generated from rent returns from Tenants in the Property. Walton Plaza 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 Walton Plaza Investments Limited, requiring shareholders' approval by special resolution.

Maat is the current holder of all 100 shares in Walton Plaza 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 Walton Plaza Investments Limited. The Shares issued to Investors will be classified as B Shares. Walton Plaza 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: 12625) under "Other material information".

Walton Plaza 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 Walton Plaza Investments Limited will have any employees. Maat will have responsibility for managing Walton Plaza 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 Walton Plaza Investments Limited will raise any further capital in the near future.

Industry sector

Walton Plaza 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 tenants, the duration of leases and the level of current and expected vacancies. A detailed overview of the general economic and specific market factors affecting commercial property is provided in the Valuation.

Factors impacting on Walton Plaza Investments Limited's business

The current and future aspects that have or may have the most impact on the financial performance of Walton Plaza 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 Walton Plaza Investments Limited's sole asset will be the Property, factors affecting the value of the Property will have a direct impact on Walton Plaza 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 Tenants, the length of tenure of leases (and the weighted average lease term or WALT) but also to the location, quality and standard of maintenance of the building.

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 \$16,000,000 as at 30 June 2019. A copy of the Valuation can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12625) 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 4 Albert Street, Whangarei.

- *Legal Description*

The Property is comprised in Certificate of Title NA104D/626 (North Auckland Registry) being a fee simple estate of 6,589 square metres (more or less) which is more particularly described as Lot 1 Deposited Plan 171562 and Lot 2 Deposited Plan 145507.

A copy of the title is included in the Valuation.

Condition / Capital Expenditure

The building on the Property was constructed in 1989. The Property was purchased by the Scheme in December 2010.

The Property has been confirmed as being designed to 82% of New Building Standard (NBS) by Hawthorn Geddes (Whangarei Engineering Consultants). A copy of the engineer's confirmation to that effect can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12625) under "Other material information."

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	\$0	Year 6	\$0
Year 2	\$50,000	Year 7	\$0
Year 3	\$0	Year 8	\$0
Year 4	\$0	Year 9	\$0
Year 5	\$0	Year 10	\$0

Total capital expenditure allowances amount to \$50,000 over 10 years.

Title interests

The title for the Property is subject to the following covenants, conditions, restrictions, easements, encumbrances and interests:

- Transfer 364530 which provides the Property with the benefit of a right of way and a right to drain sewage as well as the burden of a right of way;
- Transfer 236596 which imposes the burden of a right to drainage and sewage;
- Easement Certificate C341412.3 which imposes the burden of a right to convey electricity and a right to drain sewage; and
- Easement Certificate D045263.10 which grants a right to drain water and also imposes the burden of a right to drain sewage.

The easements created by these documents are not unusual given the nature of the Property and do not contain particularly onerous maintenance or repair obligations.

As at the date of this PDS no further covenants, conditions, restrictions or easements are proposed in respect of the Property.

Land Information Memorandum ("LIM")

A LIM for the Property dated 23 August 2018 was obtained from the Whangarei District Council. Nothing contained in the LIM raise any material concerns in respect of the Property.

A copy of the LIM can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12625) under "Other material information".

(b) Rent returns from the Property

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

General summary of leases

Tenant	Leased Area	Initial Lease start date	Current term start date	Expiry Date	Annual Rent (plus GST)	Outgoings	Rights of Renewal	Rent Review Dates
Jenny Craig Weight Loss Centres (NZ) Ltd	Ground Floor 182.63m ² Plus 3 car parks	1996	15 March 2018	14 March 2021	\$35,727	Net lease	1x3	3 yearly to market
Ministry of Social Development (WINZ)	Ground Floor 1,588.8m ² 10 Car Parks	1995	01 May 2019	30 April 2025	\$344,481	Gross lease.	2x3 yrs	3 yearly to market
Ministry of Social Development (WINZ)	Ground Floor 686.72m ² 5 Car Parks	1995	01 May 2019	30 April 2025	\$150,365	Gross lease.	2x3 yrs	3 yearly to market
Ministry of Social Development (CYFS)	Second Floor 2,063.63m ² 23 Car Parks	2010	01 May 2019	30 April 2025	\$344,852	Gross lease.	2x3 yrs	3 yearly to market
Whangarei District Council	Ground Floor 332.12m ²	2005	1 July 2019	30 June 2022	\$ 68,749	Gross lease.	Nil	CPI Annually
Car Parks (2)	NZ Police (MSD - CYFS)				\$ 3,120			
Whangarei District Council	First Floor 2,932.92m ² 44 Car Parks	2005	1 July 2019	30 June 2022	\$607,114	Gross lease.	Nil	CPI Annually
Whangarei District Council	Second Floor 850m ²	2005	1 July 2019	30 June 2022	\$175,950	Gross lease.	Nil	CPI Annually
Car Parks (3)	NZLTA (linked to WDC)				\$ 5,460			
Total	8,636.82 m ²				\$1,735,758			

Strategies to increase rent returns and maintain WALT

The Property currently has a medium term lease profile, on the basis of the Ministry of Social Development (MSD) renewing their leases as from 1 May 2019 for a 6 year term and the Whangarei District Council (WDC) renewing their leases for a 3 year period as from 1 July 2019.

The MSD have requested the right to further expand their lease profile in the Property as from July 2019 by tenanting the remainder of level 2 (533.33 m²). This will increase the rental income by \$110,350 pa and has been included in the projected rental income for the 2020 financial year. At the date of this PDS the Deeds of Renewal and Variation for the MSD leases are still to be executed.

The WDC are pursuing a strategy to move to new premises in the future and have announced plans to construct a new building on other land owned by WDC. As that new building will take at least 2 years to be built, the WDC have agreed to renew their leases for a further 3 years as from 1 July 2019. The Deeds of Renewal and Variation have been prepared and are awaiting execution by the WDC.

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 June 2019), the WALT was 4 years, assuming the renewal of the WDC tenancies from 1 July 2019.

Specific Lease summaries

TENANCY 1	
Lease to Jenny Craig Weight Loss Centres (NZ) Limited	
Guarantor	None
Floor Area	182.63 m ²
Car parks	3 uncovered as outlined on the carpark plan
Term	The period from 14 March 2015 to 13 March 2020
Rights of Renewal	No further renewal rights.
Final Lease Expiry	13 March 2020
Base Rental	\$35,727 plus GST per annum from 14 March 2018
Rent Reviews	No further rent reviews.
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 excess in respect of a claim and insurance premiums and related valuation fees; 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; h) Management and security expenses; Maintenance and repair of the grounds, yards and car parking; i) The cost of obtaining a building warrant of fitness; j) Common area and after-hours energy charges
Form of Lease	Based upon the Auckland District Law Society Fifth Edition 2008
Ownership of fixtures and fittings	Lease is silent in this respect.
Financial Standing of the Tenant	Jenny Craig Weight Loss Centres PTY Limited (the tenant's parent company) is an Australian corporation, founded in 1983. It is a wholly owned subsidiary within the Nestle group. It uses a food/body/mind approach to safe weight loss. It has more than 725 Company owned and franchised Centres in the US, Canada, Australia, New Zealand, Puerto Rico and Guam. As noted above, however, there is no guarantee of the tenant's obligations. The Tenant's latest filed financial statements are available at the Companies Office website www.business.govt.nz/companies .

TENANCY 2	
Lease to The Ministry of Social Development	
Guarantor	None
Floor Area	1,588.8 m ²
Car parks	10 carparks on the carpark plan
Term	The period from 1 May 2019 to 30 April 2025
Rights of Renewal	Two rights of renewal of three (3) years
Final Lease Expiry	30 April 2031
Base Rental	\$344,481.60 plus GST per annum from 1 May 2019
Rent Reviews	On 1 May 2022 the rent is reviewed to the current market rent, subject to a hard ratchet clause.
Rental Payments	Monthly in advance
Operating Expenses	The Tenant is responsible for paying utilities (excluding water). The Landlord bears all other operating expenses.
Form of Lease	Public Sector Standard Lease
Ownership of fixtures and fittings	Tenant: <ul style="list-style-type: none"> • business signage; • communications cabling; • telephones and data; • carpet; • security system; • power supply from switchboard; and • window frosting/blinds.
Financial Standing of the Tenant	The Tenant is a department of the New Zealand Government. Financial statements for the New Zealand Government are available online at www.treasury.govt.nz .
Comment	At the conclusion of the Tenant's occupancy, the Tenant may at its sole opinion: <ul style="list-style-type: none"> • leave the Tenant's Fixtures and Fittings or any part thereof at the Premises; or • remove the whole or any part of the Tenant's Fixtures and Fittings from the Premises, in which case the Tenant must make good any damage to the Premise caused by such removal.

TENANCY 3	
Lease to Ministry of Social Development	
Guarantor	None
Floor Area	686.72 m ²
Car parks	5 carparks on the carpark plan
Term	The period from 1 May 2019 to 30 April 2025
Rights of Renewal	Two rights of renewal of three (3) years
Final Lease Expiry	30 April 2031
Base Rental	\$150,365.04 plus GST per annum from 1 May 2019
Rent Reviews	Each renewal date, to the current market rent.

TENANCY 4	
Lease to Ministry of Social Development	
Guarantor	None
Floor Area	2,063.63 m ²
Car parks	23 secure car parks on the carpark plan
Term	The period from 1 May 2019 to 30 April 2025
Rights of Renewal	Two rights of renewal of three (3) years
Final Lease Expiry	30 April 2031
Base Rental	\$344,852.10 plus GST per annum
Rent Reviews	Each renewal date, to the current market rent.
Rental Payments	Monthly in advance
Operating Expenses	The Tenant is responsible for paying utilities (excluding water). The Landlord bears all other operating expenses.
Form of Lease	Public Sector Standard Lease
Ownership of fixtures and fittings	<p><u>Tenant's Fixtures and Fittings:</u></p> <ul style="list-style-type: none"> • internal partitioning; • all kitchen facilities and finishes; • carpet tiles; • business signage; • internal security system; • blinds/window tinting; • communications cabling, telephone and data; • power supply from the switchboard; • furniture and office equipment.
Financial Standing of the Tenant	The Tenant is a department of the New Zealand Government. Financial statements for the New Zealand Government are available online at www.treasury.govt.nz .
Comment	<p>At the conclusion of the Tenant's occupancy, the Tenant may at its sole opinion:</p> <ul style="list-style-type: none"> • leave the Tenant's Fixtures and Fittings or any part thereof at the Premises; or • remove the whole or any part of the Tenant's Fixtures and Fittings from the Premises, in which case the Tenant must make good any damage to the Premise caused by such removal.

TENANCY 5	
Lease to Whangarei District Council	
Guarantor	None
Floor Area	332.12 m ²
Car parks	Nil
Term	The period from 1 July 2019 to 30 June 2022
Rights of Renewal	Nil
Final Lease Expiry	30 June 2022
Base Rental	\$68,749 plus GST per annum from 1 July 2019

Rent Reviews	Annually on a CPI basis.
Rental Payments	Monthly in advance
Operating Expenses	The Tenant is responsible for paying the following outgoings: a) Utilities; b) Rubbish collection charges; and c) Cleaning of the Premises only.
Form of Lease	Based upon the Auckland District Law Society Fifth Edition 2012(3) form of Agreement to Lease
Ownership of fixtures and fittings	Lease is silent on this point.
Financial Standing of the Tenant	The Tenant is a local government body. Financial statements for the Tenant are available online at www.wdc.govt.nz .
Comment	Make good obligations: The Tenant is not required to make good Landlord's Partitions or any works undertaken by the Tenant during the term of the lease, the former lease of this premises, or any subsequent renewal.

TENANCY 6	
Lease to Whangarei District Council	
Guarantor	None
Floor Area	2,932.92 m ²
Car parks	36 car parks on the carpark plan
Term	The period from 1 July 2019 to 30 June 2022
Rights of Renewal	Nil
Final Lease Expiry	30 June 2022
Base Rental	\$607,114 plus GST per annum from 1 July 2019
Rent Reviews	Annually on a CPI basis.
Rental Payments	Monthly in advance
Operating Expenses	The Tenant is responsible for paying the following outgoings: a) Utilities; b) Rubbish collection charges; and c) Cleaning of the premises only.
Form of Lease	Based upon the Auckland District Law Society Fifth Edition 2012(3) Agreement to Lease
Ownership of fixtures and fittings	Lease is silent on this point.
Financial Standing of the Tenant	The Tenant is a local government body. Financial statements for the Tenant are available online at www.wdc.govt.nz .

TENANCY 7	
Lease to Whangarei District Council	
Guarantor	None
Floor Area	850 m ²
Car parks	Nil
Term	The period from 1 July 2019 to 30 June 2022

Rights of Renewal	Nil
Final Lease Expiry	30 June 2022
Base Rental	\$175,950 plus GST per annum from 1 July 2019
Rent Reviews	Annually on a CPI basis.
Rental Payments	Monthly in advance
Operating Expenses	The Tenant is responsible for paying the following outgoings: a) Utilities; b) Rubbish collection charges; and c) Cleaning of the premises only.
Form of Lease	Based upon the Auckland District Law Society Fifth Edition 2012(3) Agreement to Lease
Ownership of fixtures and fittings	Lease is silent on this point.
Financial Standing of the Tenant	The Tenant is a local government body. Financial statements for the Tenant are available online at www.wdc.govt.nz .
Comment	<u>Make good obligations:</u> The Tenant is not required to make good the premises except that if it elects to remove its fixtures, fittings or chattels it must make good any damage caused.

(c) Property owning expenses

The third factor by which Walton Plaza 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 Tenants.

The main leases to Whangarei District Council and the Ministry of Social Development are 'gross' leases, meaning that the operating expenses including rates, insurance, service contract charges and repairs and maintenance are not recoverable from those Tenants. This makes Walton Plaza Investments Limited more susceptible to lower returns if increases in operating expenses are not matched in due course by rent increases from those Tenants.

(d) Factors relating to the Bank funding

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

The BNZ has offered to renew the Term Loan either on or before 30 June 2019 at an interest rate comprising either the 30 Day or 90 Day BKBM rate plus a margin of 2.25%. The current interest rate under the Term Loan Facility is the 90 day BKBM rate plus a margin of 2.75% per annum.

The new Term Loan is subject to the following conditions:

- The Bank being satisfied that the wind up of the Scheme and this Offer are compliant with the FMC Act; and
- The Ministry of Social Development confirming to Walton Plaza Investments Limited its intention to renew its leases. While the MSD hasn't formally renewed its leases at the date of this PDS, this is expected to occur by the Operative Date (together with an extension of the premises leased by the MSD to include the vacant space on Level 2).

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. The LVR at 30 June 2019 is 35.30%, based on the valuation of \$16,000,000 at 30 June 2019 and the bank debt of \$5,647,500. 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 2.0 at all times. This cover is to be tested every 12 months during the loan term.

Directors, Senior Management and individual relevant parties

The Directors of Walton Plaza Investments Limited (who are also directors of Maat) as at the date of this PDS are:

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

Brief biographical details of the Directors are as follows:

Neil Tuffin, Accountant, GDipBS, AFA

Neil Tuffin is an Accountant and Authorised Financial Advisor (under the Financial Advisers Act 2008.) He 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 and continues as a director and shareholder of the Maat Group and the 14 property owning companies managed by Maat. Bruce is a trustee and chairman 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 Walton Plaza Investments Limited 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: 12625) under "Other material information".

Role of Maat

- Maat will manage Walton Plaza Investments Limited and the Property for the duration of Walton Plaza Investments Limited's ownership of the Property, unless terminated.
- Maat may resign on not less than 6 months' notice.
- Maat may be removed by Walton Plaza Investments Limited 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 Walton Plaza Investments Limited or the B shareholders by ordinary resolution determine).

- Maat will be paid the fees in respect of management of Walton Plaza Investments Limited and the Property described in Section 5 "Terms of the Offer".
- Maat is the sole and exclusive manager of the Property and Walton Plaza Investments Limited but it has the right to appoint and engage agents or a sub-manager.
- Maat can complete (in the name of Walton Plaza Investments Limited) the purchase of the Property, arrange bank borrowings, assist with the grant of 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 Walton Plaza Investments Limited, 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 Walton Plaza Investments Limited 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 9 years with a combined purchase price of \$340,000,000, 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 Property the obligation to manage the Property on a day-to-day basis, with its role extending to (amongst other things):

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

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

The delegation to Maat Property will not involve any additional fees payable by Walton Plaza Investments Limited. The Directors are also directors of Maat Property.

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 Walton Plaza Investments Limited or Maat (as applicable).

Maat will align itself with the strategies of Walton Plaza Investments Limited including (but not limited to):

Short-term (2 years)

- to maintain strong relationships with Tenants 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 tenants; the provision for property maintenance not covered by recovery of operating expenditure from Tenants; and to fund capital expenditure as required
- to complete the lease agreements for MSD's commitment to renew their lease for a 6-year period and for them to tenant the remaining 533 m2 on level 2 from 1 July 2019

- to complete the lease agreements for WDC's commitment to renew their lease for a further 3 years from 1 July 2019
- to determine alternative options for the WDC tenancy area when they vacate at the end of their next renewal period (30 June 2022)

Medium term (3-5 years)

- to build the reputation of the Property as a preferred office location for (in particular) Government Departments, based on its proximity to the Whangarei CBD
- 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 Walton Plaza Investments Limited before PDS	Number of A Shares in Walton Plaza Investments Limited after allotment of Shares in Walton Plaza Investments Limited
Maat	Ordinary A Shares in Walton Plaza 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 Walton Plaza Investments Limited and director and shareholder in Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Neil James Tuffin	Director of Walton Plaza Investments Limited and director and shareholder in Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Bruce Charles Ellis	Director of Walton Plaza Investments Limited and director and shareholder in Maat Consulting Limited	167 shares (16.70%)	167 shares (16.70%)
Neil Tuffin, Mark Hughson and Bruce Ellis (jointly)	Directors of Walton Plaza Investments Limited and directors and shareholders in Maat Consulting Limited	167 shares (16.70%)	167 shares (16.70%)

Interests of directors

Walton Plaza Investments Limited does not have any employees and it does not intend to employ any persons other than as referred to above.

The directors of Walton Plaza Investments Limited are also directors and shareholders of Maat. Under the Management Agreement Maat will receive fees from Walton Plaza Investments Limited. These fees are set out in Section 5 "*Terms of the offer*". No previous directors' fees have been paid by Walton Plaza Investments Limited. The directors of Walton Plaza Investments Limited will not receive any directors' fees or other benefits from Walton Plaza 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

Walton Plaza 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 Walton Plaza Investments Limited so that Walton Plaza 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 Walton Plaza Investments Limited, by way of Share subscriptions;
- Walton Plaza 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;
- Walton Plaza 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 Walton Plaza Investments Limited; and
- Walton Plaza 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/\(Offer ref: 12625\)](https://disclose-register.companies.govt.nz/(Offer%20ref%3A%2012625))). 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. Walton Plaza Investments Limited will hold all assets previously in the Scheme in Walton Plaza 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	3,500
Accounting Review Costs	8,450
Legal Costs – PDS	36,166
Total Costs	48,116

4 KEY DATES AND OFFER PROCESS

Key dates	
PDS lodged on the Disclose Register	21 June 2019
Opening Date for Applications	24 June 2019
Offer Closing Date	28 June 2019
Operative Date for wind up of the Scheme and allocation of Shares	30 June 2019
Intended date of first dividend payment	31 July 2019

The above dates are indicative only and may change. Walton Plaza Investments Limited reserves the right to alter or extend these dates, but by no longer than 1 month from the dates mentioned above. Walton Plaza 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 Walton Plaza 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 7,400,000 (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: 12625) 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 Walton Plaza 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. Walton Plaza Investments Limited, Maat and the directors of Walton Plaza 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 Walton Plaza Investments Limited's share registry.
Constitution	The Constitution of Walton Plaza Investments Limited prescribes the rights attached to the Shares. These are more particularly described in Section 6 " <i>Key features of the Shares</i> ". A copy of the Constitution can be found at https://disclose-register.companiesoffice.govt.nz/ (Offer ref: 12625) under "Other material information".

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 1 May 2019, includes:</p> <ul style="list-style-type: none"> • A management fee of 2.5% pa of the gross rental income collected from Tenants of the Property, plus GST; • An accounting fee of \$5,529 p.a. plus GST (payable monthly in arrears) adjusted annually by the annual movement in the Consumer Price (All Groups) Index. • An additional Accounting Fee of \$2,500 plus GST, payable annually following the preparation of the financial statements and completion of the audit process, adjusted annually by the annual movement in the Consumer Price (All Groups) Index • An investor service fee of \$5,529 p.a. plus GST (payable monthly in arrears) 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>Walton Plaza Investments Limited will not be bound by a Management Agreement which provides for remuneration for the Manager beyond the date Walton Plaza Investments Limited terminates the contract.</p>
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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 Walton Plaza Investments Limited;
 - Approve any amalgamation of Walton Plaza Investments Limited under the Companies Act;
 - Place Walton Plaza 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 Shares only to:

- To vote by ordinary resolution, to appoint and remove Directors;
- Receive an equal share in any cash distributions or other distributions paid or made on the Shares;
- Receive an equal share in the distributions of surplus assets in a liquidation of Walton Plaza 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 Walton Plaza 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 9-months) will be paid (less Resident Withholding Tax) 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 Walton Plaza Investments Limited receiving full rental payments under the Leases. The Board will monitor Walton Plaza 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 July 2019. Dividend statements will be sent to all shareholders after completion of Walton Plaza Investments Limited's annual financial statements.

Neither Walton Plaza 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 Walton Plaza Investments Limited pay dividends, it will expect to pay them on a fully imputed dividend basis.

See Section 7 "*Walton Plaza 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 Walton Plaza 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 Walton Plaza Investments Limited, Walton Plaza Investments Limited will continue until such time as shareholders resolve, at a subsequent meeting, to wind up Walton Plaza 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 WALTON PLAZA 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 Walton Plaza Investments Limited for the 3-month period to 30 June 2019, the 9-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 Walton Plaza 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 the financial statements for the 2019 year which are still subject to audit. These Financial Statements are available on the Disclose Register, together with the Prospective Financial Statements for the 3-month period ended 30 June 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 (Walton Plaza Proportionate Ownership Scheme) was provided annually to investors in the Scheme.

Walton Plaza Investments Limited
Selected Financial Information

Walton Plaza Investments Limited Selected Financial Information for the years ended 31 March	Actual (12 Months)	Actual (12 Months)	Unaudited (12 Months)	Unaudited (3 Months)	Prospective (9 Months)	Prospective (12 Months)
	31/03/2017	31/03/2018	31/03/2019	30/06/2019	31/03/2020	31/03/2021
Note						
Revenue						
Lease Income	1,487,180	1,531,838	1,603,555	423,043	1,396,465	1,861,953
Interest	2,044	144	178	41	-	-
Operating Expenses Recovered	79,218	72,168	74,192	17,694	56,745	77,783
Total Income	1,568,442	1,604,150	1,677,925	440,778	1,453,210	1,939,736
Less Expenses						
Audit, Accountancy and Bank Fees	16,789	19,854	26,402	1,661	18,211	20,737
Company Management Fees	47,679	44,188	44,716	15,627	39,124	52,278
Valuation Fees	9,440	14,973	8,580	-	8,798	9,106
Operating Expenses	473,712	464,397	522,915	84,337	481,944	386,741
	547,620	543,412	602,614	101,625	548,077	468,862
EBITDA (Earnings before interest, taxation, depreciation and amortisation)	1,020,822	1,060,738	1,075,311	339,154	905,133	1,470,874
Less Interest on Loan	(251,930)	(261,772)	(261,132)	(57,024)	(172,326)	(231,548)
Less Income Tax					(176,407)	(312,157)
Add movement in value of investment property	257,375	230,012	1,482,790	-	16,500	-
Net Profit After Tax	1,026,267	1,028,978	2,296,969	282,129	572,900	927,170
Dividends at 10.5% (including tax payable), plus capital distribution	(740,000)	(740,000)	(761,583)	(224,308)	(582,750)	(777,000)
Total Assets	14,404,014	14,723,324	16,308,110	16,312,496	16,221,940	16,372,131
Cash and Cash Equivalents	102,998	146,573	231,594	264,380	221,940	372,131
Total Liabilities	5,761,721	5,792,053	5,841,455	5,788,019	5,788,429	5,788,449
Total Debt	5,647,500	5,647,500	5,647,500	5,647,500	5,647,500	5,647,500
Total Equity	8,642,293	8,931,271	10,466,656	10,524,477	10,433,511	10,583,682
Interest Rate Cover	- 4.05	- 4.05	- 4.12	- 5.95	- 5.25	- 6.35
Gearing Ratio	40.00%	39.34%	35.82%	35.48%	35.68%	35.36%
Net Cash Flow from Operating Activities	685,743	884,666	863,814	257,094	582,760	927,191

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 2019, 30 June 2019, 31 March 2020 and 31 March 2021

The unaudited financial information for the year ended 31 March 2019 and the 3 months ended 30 June 2019 is based on information extracted from the draft unaudited financial statements for those periods as maintained by Maat as the Manager of the Scheme. The audited financial statements for the years ended 2017 and 2018 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 is based on various best estimate assumptions. Further information about this prospective financial information is contained in the prospective financial information on the Disclose Register <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12625) 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

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

2 Property Valuation

The valuation of the property as at 30 June 2019 was undertaken by Telfer Young (Northland) Limited, a registered valuation firm and the report specifies a market value of \$16,000,000 for financial reporting purposes. 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 \$1,530,010 at a capitalisation rate of 9.50%. The discounted cashflow approach has assumed a discount rate of 9.50% and a terminal yield of 9.75%.

The valuation has been prepared on the assumption that leases with the Ministry of Social Development and Whangarei District Council will be renewed until 2025 and 2022. The Ministry of Social Development have confirmed their intention to remain in the property and are in the process of consolidating accommodation on the second floor. Whangarei District Council have confirmed that they intend to relocate to a purpose built civic centre to accommodate all staff on a single site. Given that there is no existing accommodation which meets their criteria there is virtually no likelihood of them not renewing their leases at expiry. Given the likely gestation period and construction time for a development of this size there is potential that they will not have completed new premises before the expiry of their renewed term. The valuation report has however assumed no renewals beyond a 3-year period.

3 Rental Receipts

Rental receipts are expected to be in accordance with the various lease agreements including rent reviews. No loss provision has been made, on the basis of the financial strength of the Tenants. It has been assumed that the leases to the Ministry of Social Development and Whangarei District Council will be renewed for 6 year and 3-year terms from their renewal dates of 1 May and 1 July 2019 respectively

Additional income from the MSD has been included for the rental from a previously vacant tenancy on Level 2 which they intend to occupy from 1 July 2019. A specific refurbishment expenditure allowance of \$153,500 has been included in the 9-month financial forecasts to 31 March 2020 in respect of this proposed additional MSD Lease. In addition, \$16,500, is expected to be incurred in capital expenditure for the upgrade of the lighting system in this area.

4 Operating Expenses

The Operating Expenses recorded for the 2019 year include \$175,000 of expenditure on the exterior painting and associated upgrade costs.

The Operating Expenditure recorded for the 3-month period ended 30 June 2019 includes a provision of \$153,500 for the refurbishment of the Level 2 tenancy to be tenanted by the MSD.

5 Dividends

Dividends are based on a 10.5% annual return on initial funds invested in line with the PDS. Walton Plaza Investments Limited forecasts an operating profit of \$282,129 from which \$194,250 will be distributed as a dividend to shareholders for the 3 months ended 30 June 2019. In addition, a special capital distribution of \$30,058 will be made to investors being for the tax on depreciation claimed by investors on the building (\$91,086) up until November 2011 and now needing to be returned by investors as depreciation recovered. (Cumulative cash will be retained for each of the 2 years ending 31 March, being 2020 - \$221,940; and 2021 - \$372,131 respectively).

6 Share Issue Costs

That the cash reserves will be used to pay for the Share Issue Costs of \$48,116, as detailed in Section 3 above.

7 Taxation

Walton Plaza Investments Limited will pay income tax on a *monthly* basis. Therefore dividend payments on Shares will be fully imputed. The dividend payment on Shares will be subject to a deduction of 5% RWT only.

8 Cash at bank

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

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

9 Interest

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

Financial Year	BKBM	Margin	Total
2020	1.80%	2.25%	4.05%
2021	1.85%	2.25%	4.10%

The interest expense and cash flow are based on

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

The total interest rate has been forecast to increase to 4.10% for the 2021 financial year as a 'precautionary' financial strategy.

10 Loan Funds

The level of bank borrowings will be \$5,647,500, being 35.30% of the valuation of the Property of \$16,000,000. It is expected that Walton Plaza Investments Limited will take over the loan from the legacy scheme as from 30 June 2019. The Bank has issued a committed terms sheet to Walton Plaza Investments Limited, confirming that, subject to the Bank being satisfied with the Scheme wind up and this Offer, it will extend the Term Loan for a period of 2 years to 30 June 2021. 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.

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.

11 Related Parties

The management fees payable to the Manager will be \$46,549 plus GST for the first full year (2021), which is based on an annual management fee charge of 2.5% per annum on the gross rental received from the Property. In addition, the Manager will be paid an annual accountancy fee of \$5,529, payable monthly in arrears and an annual fee of \$2,500 (both plus GST) in relation to end of financial year audit preparation, with both fees being adjusted by the CPI movement each year. The Manager will be also be paid an annual investor service fee of \$5,529, payable monthly in arrears, adjusted by the CPI movement each year.

12 Contingent Liabilities

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

13 Operating Environment and Taxation

The Prospective Financial Information assumes that there will be no material changes in the economic environment, legal requirements or the current tax regulations.

14 Issue of Shares

That all 296 share parcels of \$25,000 shares in the former Proportionate Ownership Scheme are issued for \$7,400,000. The Investors as holders of Shares will be entitled to receive distributions as declared from time to time and are entitled to one vote per Share at meetings of Walton Plaza Investments Limited and rank equally with regard to the Company's residual assets.

15 Capital Expenditure

No specific allowance has been provided for capital expenditure on the basis that expenditure will be provided from cash reserves maintained for this purpose.

8 RISKS TO WALTON PLAZA 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 Walton Plaza 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 Tenants. These risks are more fully discussed below in this Section 8 "*Risks to Walton Plaza 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 Leases that cannot be recovered from the Tenants. Projected capital expenditure for the next 10 years is set out in Section 2 *Walton Plaza Investments Limited and what it does*. The main capital expenditure risk will arise at the time of expiry/renewal of leases to Tenants, when refurbishment works to the respective premises may be required.

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

2019 (Unaudited)	\$17,210
2018	\$12,775
2017	\$132,300
2016	Nil
2015	Nil

NB. Significant amounts have been spent on repairs and maintenance to the property during this time, in particular \$600,000 on the replacement of the network supporting the air conditioning system; \$200,000 on the repair of weather tightness areas on the roof and exterior of the building; and \$60,000 on the repair of the foyer lighting on 2 floors. The painting of the exterior of the property (at a cost of \$150,000) and associated building maintenance (at a cost of \$41,000) was completed by 31 May 2019. Additional expenditure of \$170,000 is forecast to be spent before 30 June 2019 on the refurbishment of the vacant space on level 2 which the MSD is planning to occupy from 1 July 2019.

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 \$264,380.

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

- If tenants do not renew their leases, there may be a need to undertake more works than forecast for fitouts for new tenants.
- Capital expenditure on upgrades, alterations or improvements may be required by statutory requirements from time to time, including where alterations requiring a building consent, or a change of use of the Property, require compliance with latest building code requirements relating to disabled access or means of escape from fire.

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

Vacancy risk

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

The only current vacancy in the building is the 533.09 m² on Level 2, for which the MSD is in the process of entering into a lease agreement as from 1 July 2019.

If Tenants do not exercise renewal rights or enter into new leases on the expiry of their leases, Walton Plaza Investments Limited will be required to find new tenants for the building. Prolonged vacancies will reduce the rental income for Walton Plaza 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 both the MSD and WDC will renew their Leases as from their 2019 renewal dates. At the date of this PDS, the Deeds of Renewal and Variation for each of these tenants are being prepared.

If vacancies do arise, leases to replacement tenants may require inducements to be paid by Walton Plaza 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 replacement tenants are required to be found, rental may be at a lower level than the rent payable by the former tenant in respect of the relevant premises.

Tenancy default risk

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

The current risk of Tenants not paying their rent is considered to be very low, given the two anchor tenants are the Ministry of Social Development and the Whangarei District Council. The lease to Jenny Craig is not supported by a guarantee or other form of security. If that Tenant defaulted due to insolvency, there will be no available recourse from other sources.

There have been no material defaults by Tenants in meeting their 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 to the MSD or the WDC will result in rent increases. When the Leases to those Tenants provide for rent increases at the time of renewal, those parties may seek to negotiate the rent level before they commit to a renewal term. The net rental income derived from the Property is also dependent on the recoverability of operating expenses from Tenants. The only lease that provides for recoverability of all usual operating expenses is the lease to Jenny Craig. The leases to the Ministry of Social Development and the Whangarei District Council are gross leases, with no recoverability of operating expenses, and there is a risk that net rental returns from those Tenants may decrease if operating expenses increase.

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).

Walton Plaza 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 0.5% higher than the floating rates. No provision for hedging has been included in the financial projections. The current projections include provision for the 30-day BKBM rate to remain unchanged based at 1.85% 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 \$56,475 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 committed terms sheet, extending the Term Loan for 2 years from 30 June 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 Walton Plaza 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 (in 2021) and Walton Plaza 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:* Walton Plaza Investments Limited must comply with financial covenants in favour of the Bank, as set out in Section 2 *Walton Plaza 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 35.30% (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 *Walton Plaza Investments Limited and what it does*.

Walton Plaza 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 would need to be reduced to \$344,652 and \$624,314 in the respective financial reporting period 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 8.65% in 2020 and 8.7% in 2021 for the interest rate covenant to be breached.

The Manager considers there is adequate interest rate cover for the future at 5.25 for 2020 and 6.35 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.

Walton Plaza 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 \$30,058 shared between investors in the new company. The depreciation claimable was \$91,086 and the \$30,058 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 Walton Plaza Investments Limited, the Property and the Shares is available on the Disclose Register (for example the Constitution of Walton Plaza 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: 12625). Information about Walton Plaza 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: 12625), 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 Walton Plaza 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

Walton Plaza 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

Telfer Young
17 Hatea Drive
P O Box 1093
Whangarei 0140
Telephone: (09) 438 9599
Email: northland@telferyoung.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 Walton Plaza 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 Walton Plaza Investments Limited.

"Deed of Release and Undertaking" means the deed between Walton Plaza Investments Limited, the Manager and the Manager for and on behalf of the Subscribers pursuant to which Walton Plaza 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 Walton Plaza Investments Limited.

"Issuer" means Walton Plaza Investments Limited.

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

"Maat" means Maat Consulting Limited

"Maat Property" means Maat Commercial Property Management Limited.

"Manager" means Maat.

"Management Agreement" means the management agreement between Walton Plaza 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 June 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 4 Albert Street, Whangarei as is more particularly described and comprised in identifier NA104D/626 (North Auckland Registry).

"**Proportionate Interest**" means each undivided interest in the Scheme and its assets, of which there are 296 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 Walton Plaza 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 Walton Plaza Investments Limited to the Bank.

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

"**Shares**" means the B Shares in Walton Plaza Investments Limited offered for subscription under this PDS.

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

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

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

"**Valuer**" means Telfer Young.

4 Distribution Instructions (please tick)

Option 1 — By Cheque

Made out to:

Option 2 — By Direct Credit to NZ Bank Account

Bank account number:

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

Name of account:

Branch:

5 Confirming Your Identity and Address

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

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

Identification Option 1

One of:

- NZ passport
- NZ certificate of identity
- NZ firearms licence
- emergency travel document
- overseas passport
- foreign-issued national identity document
- NZ refugee travel document

Identification Option 2

- your NZ driver licence

and one of:

- 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 you from the last 12 months
- a document issued by a NZ government agency containing your name and signature (e.g. a Super Gold card)
- an IRD statement or other NZ government agency statement addressed to you from the last 12 months

Identification Option 3

One of the following forms of photo ID:

- NZ driver licence
- 18+ card (Hospitality Association)
- a valid international driving permit

and one of:

- 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, you must supply a copy of **one** form of address verification documentation from the following list which cannot be more than 3 months old:

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

Who is a Trusted Referee?

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

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

In addition, the trusted referee must not be:

- related to the Investor; for example, a trusted referee cannot be a parent, child, brother, sister, aunt, uncle or cousin of the Investor
- the spouse or partner of the Investor
- a person who lives at the same address as the Investor

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

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

6 Your Acknowledgements and Agreements – 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 Walton Plaza 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 Walton Plaza 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:

- Walton Plaza Investments Limited agrees to apply the winding up proceeds towards fully paid Shares in Walton Plaza Investments Limited;
- on and from the Operative Date Walton Plaza 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 Walton Plaza 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 Walton Plaza 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**

Walton Plaza 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? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>If no, state the Investor's country of residence for tax purposes.</i>
Resident withholding rate: <input type="checkbox"/> 0%* <input type="checkbox"/> 10.5% <input type="checkbox"/> 17.5% <input type="checkbox"/> 30% <input type="checkbox"/> 33% <i>If a rate is not selected, or no IRD number is provided, 33% will apply.</i>
A trustee can elect a resident withholding tax rate (see the description in the PDS). A company can elect a resident withholding rate (see the description in the PDS). Regardless of the rate selected, if you have not provided your IRD number in the "Investor Details" section of this Application Form, resident withholding tax will be deducted at 33% from interest payable to you in relation to your application money.

4. Confirming the Identity and Address of Relevant Persons

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

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

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

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

Home address: Postcode:	Home address: Postcode:
Postal address (if different from your home address): Postcode:	Postal address (if different from your home address): Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number	IRD Number
Relationship to Investor:	Relationship to Investor:

Description of range of beneficiaries for trusts (if applicable):
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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
<p>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:</p> <ul style="list-style-type: none"> • 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

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 Walton Plaza 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:

- Walton Plaza Investments Limited agrees to apply the winding up proceeds towards fully paid Shares in Walton Plaza Investments Limited;
- on and from the Operative Date Walton Plaza 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 Walton Plaza 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 Walton Plaza 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 Walton Plaza 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 Walton Plaza Investments Limited is subject to investment risk, including possible delays in repayment and loss of income or principal invested. I understand that neither Walton Plaza Investments Limited, Maat nor any other person guarantees the performance of Walton Plaza 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.
<p style="text-align: center;">Maat Group PO Box 301848 Albany Auckland 0752</p>