

Expression of Interest in Funding

Prepared for Maat Consulting
Limited

Private and Confidential

7 September 2016

ASB Bank Limited

ASB

7 September 2016

Maat Consulting Limited
Attention: Neil Tuffin
Per email: ntuffin@maat.co.nz

Dear Neil,

EXPRESSION OF INTEREST

Thank you for your enquiry in relation to the funding of the purchase of the property at 81 Molesworth Street, Wellington.

The purpose of this letter is to suggest one possible option for structuring this transaction, as well as being a basis for conversation. We would welcome an open dialog with you to try and agree in principle terms and conditions that would be suitable to both you and ASB.

We believe that ASB Bank, and in particular the Property Finance Unit within ASB, is the best funding option available in the market for the following reasons:

1. The strength of ASB

ASB is a member of the Commonwealth Bank of Australia group of companies, which by market capitalisation, is the largest of the listed banks in Australia.

London-based financial magazine *The Banker* named ASB the New Zealand Bank of the Year in 2015, 2014, 2013 and 2011, noting that ASB is "the bank that demonstrates it is striving to improve and break new ground".

2. Experience of the Property Finance Unit

ASB Property Finance Unit has a group of vastly experienced Senior Managers, all with a minimum of 10 years as specialist property finance lenders. This group leads 9 relationship teams throughout the country, with the backing of a 4-person team structure that our competitors envy. Within these teams, our support staff boast wide-ranging banking, finance and property experience.

We consider ASB Property Finance Unit the most experienced within the industry and well placed to maintain the high standard of customer service that our existing customers enjoy, and we expect of ourselves.

3. Our Commitment to Service

Your ASB Property Team comprises 4 property finance specialists whose job it is to understand your business and recommend the best options for your business. ASB measures this team's performance annually via independent customer satisfaction surveys, with a commitment to use your feedback to improve our service where-ever possible.

We also understand that property finance transactions are often time-critical events, and accordingly we further commit to meeting your funding deadlines.

The following summary of loan terms and conditions is for discussion purposes only and is not intended to be an offer of finance. Any eventual proposal arising from this Expression of Interest and subsequent dialog will be subject to formal Bank credit approval.

ASB

Where to From Here?

The purpose of this letter is to set out possible key terms and conditions of the proposed ASB facility, based on our discussions and the information currently available.

We welcome your feedback and questions on the content of this letter, and once we agree on indicative terms and conditions that are mutually acceptable to you and ASB, we will proceed to seek formal credit approval.

To progress to the next stage, we request you to:

- Provide the information set out above; and
- Sign the attached "Confirmation to Proceed" acknowledgement

Upon receipt of this, we will then complete our formal credit process. All things being equal, it is my expectation that a formal credit decision will be available within 5 working days.

Provided the formal credit decision is in line with our understanding of your requirements, it is then our expectation that a formal loan offer would be accepted by you.

This offer is available for two weeks and expires at 4pm on Friday 20 September 2016.

Confidentiality

Details of this Expression of Interest are to remain confidential to the Bank and yourselves. We ask that you respect this confidentiality by ensuring that the contents of this letter are not shared with any other party without our consent.

Thank you once again for the opportunity to consider the funding for your transaction. We look forward to being able to provide clarification of any points on which you are unclear, with a view to progressing straight to a formal credit submission.

Yours sincerely,

Gavin Berman
Senior Manager
ASB Property Finance

PROPOSED FUNDING STRUCTURE**Facility 1:**

Borrower	Syndicate name to be advised
Facility Type	Committed Cash Advance Facility
Facility Limit	\$12,000,000
Term of Facility	36 months. The facility is to be repaid or restructured at expiry. The facility terms are in line with the margin term.
Repayment Structure	Interest only for the term of the facility.
Purpose of Facility	To assist with the purchase of 81 Molesworth Street, Wellington.
Interest Base Rate	The current 30/60/90-day BKBM Bid Rate on the date of each drawing, plus a Margin as detailed below. The Current 30-day BKBM Bid Rate is 2.135% pa. A Treasury specialist will be available to you to discuss interest rate hedging products. Rates available will be confirmed on Bank approval of the facilities.
Margin	A margin of 1.99% per annum, committed for a term of 36 months.
Drawings	In one lump sum upon completion of the loan documentation and on satisfaction of all conditions precedent.
Establishment Fee	Nil
Line Fee	Nil
Securities	<ol style="list-style-type: none"> 1. Registered first and exclusive mortgage over the subject Property. 2. Assignment by way of Specific Security Agreement of present and future leases for the subject property. 3. A first ranking General Security Deed over the Borrower.
Special Conditions	<p>The facility will be subject to our normal terms and conditions, which will be set out in the formal loan offer and loan documentation. Key conditions and covenants particular to this transaction as we currently see them are likely to be:</p> <ol style="list-style-type: none"> 1. Evidence that relevant insurance policies (including, but not limited to public liability and loss of rental insurance for not less than 24 months, or otherwise) are in place and our interest is noted; 2. An interest cover ratio of not less than 2.50 times for the first 3 months of the loan being advanced and 3.00 times thereafter. 3. The loan to value ratio must not exceed 59% for the first 3 months of the loan being advanced and 50% thereafter. 4. A copy of the current building Warrant of Fitness.
Information Required	<p>The following information will be needed now in order to assist with the formal credit submission process:</p> <ol style="list-style-type: none"> 1. Confirmation of the borrowing entity and its ownership structure. 2. A valuation for the property with the valuation to be satisfactory to the ASB and reflect a value of not less than \$25,285,000. 3. A copy of the prospectus. 4. A copy of the executed Sale and Purchase Agreement for the property. 5. A Detailed Engineers Assessment of the property.

Facility 2:

Borrower	Syndicate name to be advised
Facility Type	Commercial Term loan
Facility Limit	\$2,800,000
Term of Facility	3 months from the initial drawdown. The facility is to be repaid by the expiry date.
Repayment Structure	Interest only for the term of the facility.
Purpose of Facility	To assist with the purchase of 81 Molesworth Street, Wellington.
Interest Rate	ASB's floating base rate, currently 3.40% per annum, plus a margin of 1.99% per annum. The all up rate equates to 5.39% per annum
Drawings	In one lump sum upon completion of the loan documentation and on satisfaction of all conditions precedent.
Establishment Fee	\$7,000.00
Line Fee	Nil
Securities	<ol style="list-style-type: none"> 1. Registered first and exclusive mortgage over the Property. 2. A registered first and exclusive general security agreement over the Borrower. 3. An assignment over all leases in relation to the security property. 4. Several personal guarantees from Neil James Tuffin, Mark Geoffrey Hughson and Bruce Charles Ellis.
Special Conditions	<p>The facility will be subject to our normal terms and conditions, which will be set out in the formal loan offer and loan documentation. Key conditions and covenants particular to this transaction as we currently see them are likely to be:</p> <ol style="list-style-type: none"> 1. Evidence that relevant insurance policies (including, but not limited to public liability and loss of rental insurance for not less than 24 months, or otherwise) are in place and our interest is noted. 2. An interest cover ratio of not less than 2.50 times for the first 3 months of the loan being advanced and 3.00 times thereafter. 3. The loan to value ratio must not exceed 59% for the first 3 months of the loan being advanced and 50% thereafter. 4. A copy of the current building Warrant of Fitness.
Information Required	<p>The following information will be needed now in order to assist with the formal credit submission process:</p> <ol style="list-style-type: none"> 1. Confirmation of the borrowing entity and its ownership structure. 2. A valuation for the property with the valuation to be satisfactory to the ASB. 3. A copy of the prospectus. 4. A copy of the executed Sale and Purchase Agreement for the property. 5. A Detailed Engineers Assessment of the property.

CONFIRMATION TO PROCEED WITH CREDIT APPLICATION

1. I/we instruct ASB to proceed with preparation of a formal credit application on the terms and conditions based on this Expression of Interest.
2. I/we acknowledge that this is an indicative discussion document only, and as such the terms contained are still subject to a formal credit process. Nothing in this letter should place an obligation upon ASB to provide a formal loan offer.
3. I/we confirm that all information provided, or to be provided, to ASB in connection with the finance proposal is true and accurate. No information has been omitted or withheld which would cause any information given to be misleading or incomplete in any material respect.
4. I/we agree to advise ASB of any material or adverse change in my/our business or my/our commercial or financial prospects which may affect my/our ability to comply with my/our obligations under the facility between the date I/we sign this acceptance letter in relation to this letter and the date of any drawdown of the facilities herein.
5. I/we authorise the release to ASB at any time of all personal information held by; any credit reference agencies, any previous employers and/or other providers of credit regarding my/our previous employment and credit history; and any solicitor, accountant or other person authorised by me/us.
6. I/we authorise ASB to release or obtain information relating to this transaction to / from professional consultants and other secured parties which may include quantity surveyors, valuers, accountants, lawyers, mezzanine financiers or any other consultant that the Bank reasonably considers necessary.

Dated this 19th day of September 2016.

Executed by

By Neil Tuffin [Signature]
Name Signature

By _____
Name Signature

Each being duly authorised persons/directors of the Borrower.