

# **Phoenix Drive Property Investments Limited**

## **Product Disclosure Statement**



### **Offer of 175 Share Parcels in Phoenix Drive Property Investments Limited Dated 20 August 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](http://www.companiesoffice.govt.nz/disclose) (Offer ref: 12710). Phoenix Drive Property Investments Limited has prepared this PDS in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.



## 1 KEY INFORMATION SUMMARY

### ***What is this?***

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

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

If Phoenix Drive Property Investments Limited runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

### ***About Phoenix Drive Property Investments Limited***

Phoenix Drive Property Investments Limited is the current registered proprietor of the commercial property located at 4 Phoenix Drive, Whakatane, ("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 Phoenix Drive Property Investments Limited as are equal to the number of Proportionate Interests held by them in the Scheme. The winding up will take place with effect from 31 August 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 8,040.78 m<sup>2</sup> of net lettable area situated within The Hub bulk goods retail centre located on State Highway 30, Whakatane. The building on the Property was constructed in 2006 and comprises a single level building with adjoining timber trade area and nursery. The building was specifically designed and built for the Tenant and includes 265 car parks. Staff amenities and offices are located on mezzanine levels within the main building. The building and carpark (which the Tenant is entitled to use but does not lease) are accessed directly from Phoenix Drive. Bunnings Limited is the sole tenant and therefore contributes 100% of the building's net income.

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

### ***Purpose of this Offer***

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

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

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

### ***Key terms of the Offer***

Description of securities	Offer of ordinary shares in Phoenix Drive Property Investments Limited (being B Shares offered in accordance with Issuer's constitution). The Offer is only open to people who are Investors in the Scheme at the date of this PDS.
Date of lodgement of PDS	20 August 2019
Offer Opening Date	28 August 2019
Offer Closing Date	29 August 2019 Phoenix Drive Property Investments Limited reserves the right to alter or extend this date, but by no more than 1 month. Phoenix Drive Property Investments Limited may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases).
Price of Shares	There is no fixed consideration and no fixed or indicative range



	within which the price or consideration may be fixed. The price per Share Parcel will be the winding up value of each Proportionate Interest in the Scheme. No other independent or objective mechanism has been used to set the price for the Shares.
Number of Shares offered per Investor	Each Investor is offered the same number of Share Parcels as that Investor holds Proportionate Interests in the Scheme. Each Share Parcel is of 25,000 Shares.
Number of Shares being offered	The total number of Shares offered is 4,375,000
Percentage which initial subscription is to all Shares issued	100%
Management of Property and Issuer	<p>The Property will be managed by Maat. Maat's duties in relation to the Property management include arranging for maintenance and insurance of the Property and liaising with the Tenant.</p> <p>Maat will also provide management services to Phoenix Drive Property Investments Limited, including being responsible for payment of income distributions, reporting to Investors, maintaining accounting records and statutory compliance.</p> <p>Maat will be paid management fees for this, as follows:</p> <ul style="list-style-type: none"> <li>• A management fee of 2% p.a. of the gross rental income;</li> <li>• An annual accounting fee of \$5,364 plus GST (adjusted for annual CPI increases);</li> <li>• 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.</li> <li>• An annual investor service fee of \$5,361 plus GST (adjusted for annual CPI increases);</li> <li>• 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).</li> </ul> <p>The management rights are set out in the Management Agreement, a copy of which can be found at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz/</a> (Offer ref: 12710) under "Other material information".</p>

### ***How you can get your money out***

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

### ***Key drivers of returns***

Current and future aspects of Phoenix Drive Property Investments Limited's business that have or may have the most impact on the financial performance of Phoenix Drive Property Investments Limited and the key strategies and plans for the business are as follows:

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

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



The current tenant in the Property (excluding subtenants):

Tenant	Percentage of total gross returns
Bunnings Limited	100%

The total net rental income from the Property is \$788,904 plus GST per annum (as from 19 June 2019). Details of the lease term and expiry date, the current rental, the review and renewal rights for the lease is set out in Section 2 *"Phoenix Drive Property Investments Limited and what it does"*.

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

Almost 100% of the Property's current operating expenses are recoverable from the Tenant with the exception being management expenses which the Tenant is not required to pay for under the Lease.

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

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

**Key strategies:**

The key strategies and plans that Phoenix Drive Property Investments Limited has in connection with maximising returns on the Property include encouraging the Tenant to exercise rights of renewal, engaging an experienced letting agent to secure new 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 Phoenix Drive Property Investments Limited's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. Phoenix Drive Property Investments Limited considers that the most significant risk factors that would affect the value of the Shares are:

**Risks relating to Bank funding**

Phoenix Drive Property Investments Limited will take over the debt funding provided by Bank of New Zealand of \$3,336,750. This debt funding ("Term Loan") expires on 29 August 2019.

The Bank has confirmed that credit approval has been granted for a formal extension of the Term Loan beyond 29 August 2019, but a condition precedent to that extension is that the Bank is satisfied that the wind up of the Scheme and this Offer are compliant with the FMC Act. If the Offer is not accepted by Investors, there is accordingly a risk that the debt funding will not be further extended by the Bank, which could lead to a forced sale of the Property.

In addition, at the end of the debt funding term (if extended), if the Term Loan is not further extended, or another funder not found, the Property would have to be sold, once again under forced sale conditions.

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

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

In addition, Phoenix Drive Property 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 currently paid to the BNZ is at the 90 day BKBM rate (1.44% at 7 August 2019) plus a margin of 2.38% per annum. The directors of Phoenix Drive Property Investments Limited expect that the extension to the Term Loan beyond 29 August 2019 be based on either the 30 day or 90 day BKBM rate, plus a margin of 2.30% 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 the Tenant continuing to pay rent. For further details, see Section 8 *"Risks to Phoenix Drive Property Investments Limited's business and plans"*.

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

A key measurement in property valuation is the Weighted Average Lease Term (WALT). The WALT is measured by looking at the average remaining lease term for the tenancy, and weighting that by reference to the respective rent level for the tenant. A longer WALT will generally mean a higher value for the property. Conversely a shorter WALT shows the vulnerability of the Property to loss of income at any particular point of time and will result in a lower value. The WALT for the property at the date of the most recent valuation (31 August 2019) was favourable. The Tenant has 6.83 years left on its current term under the Lease. There are two further rights of renewals in the Lease of eight years each. If all the rights of renewal are exercised the final expiry date will be June 2042. At the date of this PDS the Tenant has not given any indication in respect the further rights of renewal although this is to be expected given the next renewal date is 19 June 2026. All indications are that the Tenant is likely to continue to exercise the rights of renewal at the relevant times given that the premises were purpose built to service the Tenant's needs.

### ***Valuation risk***

A material reduction in value of the Property, due to loss of the Tenant, 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 Phoenix Drive Property Investments Limited. This may hinder the ability of Investors to sell their Shares. A material reduction in value could result in a breach of financial covenants to the Bank (the loan to value ratio) and could also limit the ability to renew bank funding on the expiry of existing loans.

### ***Capital expenditure risk***

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

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

## ***Where you can find Phoenix Drive Property Investments Limited's Financial Information***

The financial position and performance of Phoenix Drive Property Investments Limited are essential to an assessment of this offer.

You should also read Section 7, *Phoenix Drive Property Investments Limited's Financial Information*.



## CONTENTS

1	KEY INFORMATION SUMMARY .....	1
2	PHOENIX DRIVE PROPERTY INVESTMENTS LIMITED AND WHAT IT DOES .....	6
3	PURPOSE OF THE OFFER.....	14
4	KEY DATES AND OFFER PROCESS .....	15
5	TERMS OF THE OFFER .....	15
6	KEY FEATURES OF THE SHARES.....	16
7	PHOENIX DRIVE PROPERTY INVESTMENTS LIMITED'S FINANCIAL INFORMATION .....	17
8	RISKS TO PHOENIX DRIVE PROPERTY INVESTMENTS LIMITED'S BUSINESS AND PLANS.....	21
9	TAX.....	23
10	WHERE YOU CAN FIND MORE INFORMATION.....	24
11	HOW TO APPLY .....	24
12	CONTACT INFORMATION .....	24



## 2 PHOENIX DRIVE PROPERTY INVESTMENTS LIMITED AND WHAT IT DOES

### Overview

#### ***Intended business of Phoenix Drive Property Investments Limited***

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

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

Maat is the current holder of all 100 shares in Phoenix Drive Property Investments Limited. Following the winding up of the Scheme, Maat will continue to hold those 100 shares which will be classified as A Shares in Phoenix Drive Property Investments Limited. The Shares issued to Investors will be classified as B Shares. Phoenix Drive Property Investments Limited intends 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: 12710) under "Other material information".

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

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

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

#### ***Industry sector***

Phoenix Drive Property Investments Limited will operate as a commercial property owner and landlord of the Property. The commercial property sector is impacted upon by demand for rental properties and the availability of supply. General economic conditions impact upon rental demand. Important factors in assessing a property's value and the potential return are the location of the land, the age and quality of the buildings, the level of rental return, the financial strength of the 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 Phoenix Drive Property Investments Limited's business***

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

##### ***(a) Property value***

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

The Transfer Price of the Property will be at its current market value. The independent Valuation determined that a current value of the Property was \$12,150,000 as at 31 August 2019. A copy of the Valuation can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12710) 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 rent in accordance with lease review terms
- Negotiating increased rental rates when the lease is 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 Phoenix Drive, Whakatane.

- *Legal Description*

The Property is comprised in Record of Title 314186 (South Auckland Registry) being a fee simple estate of 2.7460 HA (more or less) which is more particularly described as Lot 1 Deposited Plan 378419

A copy of the title is included in the Valuation.

*Condition / Capital Expenditure*

The building on the Property was constructed in 2006. The Property was purchased by the Scheme in February 2012.

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	\$259,000	Year 6	\$11,303
Year 2	\$10,240	Year 7	\$11,586
Year 3	\$10,496	Year 8	\$411,022
Year 4	\$10,758	Year 9	\$12,172
Year 5	\$11,027	Year 10	\$12,476

Total capital expenditure allowances amount to \$760,081 over 10 years. This includes the valuers estimated cost of refurbishment at the time of renewal in year eight (8), as well as an allowance for an incentive required at that time, either to the existing tenant or to a new tenant (and associated agents/leasing costs at 16%). The total allowance for year eight is \$411,022. A \$259,000 year one (1) capital expenditure completes the valuer's estimation, including an estimated \$210,000 for the upgrade of lighting to LED which has been specifically provided for in the year ended March 2020 cash flow forecast. The 2021 cash flow forecast includes a non-targeted sum of \$9,000. Any additional capital expenditure required will be resourced from cash reserves which have been partially retained for this purpose.

*Title interests*

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

- Gazette Notice H859770 declaring the adjoining State Highway No. 2 (Pokeno to Wellington) a limited access road.
- Encumbrance 6710246.4 granted in favour of Carter Holt Harvey Limited (CHH) for a term of 20 years from 21 December 2005. The encumbrance contains the following restrictions:
  - o that the Property may not be used as a sawmill or building supply merchant other than a division of CHH or Bunnings Warehouse;
  - o that the owner of the Property cannot lodge or be a party to any submission, application, proceeding or appeal which has the effect of limiting, prohibiting or restricting CHH's mill, activities etc on the adjacent land; and
  - o that the owner of the Property cannot make or be associated with a claim for damages arising out of the adjacent mill or other uses of the adjacent land.
- Consent Notice 7650916.2 from the Whakatane District Council (Council), now varied by Variation of Consent Notice 8377086.1. The consent notice provides that no ground water abstraction for supply can take place without Council's consent



and advises that PCP and dioxin contamination exist on the Property and appropriate health and safety management procedures are required during any earthworks including drainage and the treatment of ground and surface water runoff. Given that the Property is already developed, and no further building works are being proposed, this should not have any adverse impact.

- Covenant 8351319.4, which benefits the Property, by restricting the use of the neighbouring land (the retail centre known as The Hub). These restrictions include that:
  - the neighbouring land must not be used for the sale, rental, advertising, signage etc of hardware/building supplies;
  - any future sale of the neighbouring land is conditional on the purchaser entering into a deed accepting the terms of this covenant; and
  - if a breach of these restrictions occurs the owner of the neighbouring land is to cease the prohibited activity immediately and pay the owner of the Property \$1,000.00 per day for the duration of the breach.

The restrictions are deemed to automatically expire if the permitted use as set out in the Lease to Bunnings is varied, or Bunnings ceases to lease the premises on the Property.

- Easement Instrument 8351319.3 grants a right to park cars (including visitor carparking) on part of the Property for the benefit of neighbouring land. The easement grants a non-exclusive right to pass, re-pass and park on the land (i.e. in common with the owner of the Property). The terms of the easement are usual other than that the owner of the land with the benefit of the easement shall be responsible for arranging repair and paying for maintenance of the carparks and meeting the associated requirements of the relevant local authority.
- Easement Instrument 7650916.4 grants a right of way over part of the Property, a right to convey water, electricity, telecommunications and computer media and a right to drain sewage over part of the Property and rights to convey electricity, telecommunications and computer media over part of the Property. Minor amendments have been made to the usual terms of these easements, but these will not adversely impact on the Property.
- Easement Instrument 7650916.5 grants a right (in gross) to a right of way over part of the Property, a right to drain water over part of the Property, a right to drain sewage over the part of the Property and a right to convey water over part of the Property in favour of the Whakatane District Council. Parts of this right of way are being surrendered as part of the transactions described further below.
- Easement Instrument 7650916.6 grants a right (in gross) to convey telecommunications and computer media over part of the Property in favour of Telecom New Zealand Limited. The terms of this easement are usual.
- Easement Instrument 7650916.7 grants a right (in gross) to convey electricity in favour of Horizon Energy Distribution Limited.
- Easement Instrument 8324397.1 grants a right of way over part of the Property.

#### *Future Changes to the Title and Title Interests*

Phoenix Drive Property Investments Limited has agreed to sell 0.2701 Ha of its land to Horizon Energy Distribution Limited ("Horizon") for a purchase price of \$233,333.00 plus GST (if any). Once completed the current title will be cancelled and two new records of title will be registered:

- The land sold to Horizon will be registered in new Record of Title: South Auckland 790292, Lot 2 DP 512743 ("Lot 2").
- The balance of land (including all the buildings) will be retained by Phoenix Drive Property Investments Limited and registered in new Record of Title: South Auckland 790291, Lot 1 DP 512743 ("Lot 1").

The new Record of Title for Lot 1 once issued will be subject to the above registered instruments, and will be subject to a further easement and have the benefit of an additional covenant, as follows:

- An easement instrument in favour of Lot 2 and a larger block of neighbouring land (both owned by Horizon) granting a right of way through part of the Property. The



maximum weight of vehicles using the right of way is 3.5 tonnes.

- A new covenant to be granted for the benefit of Phoenix Drive Property Investments Limited (and includes future owners of the Property) preventing the burdened land, (Lot 2) from being used for anything other than a carpark. The Covenant Instrument also specifically requires that the burdened land not be used for:
  - o The sale or rental of building products or hardware; or
  - o advertising or signage relating to building products, hardware or a retailer/ renter of hardware or building products.

These covenants will continue to apply as long as the Lease to Bunnings continues.

Bunnings has consented to the registration of the above instruments.

Completion of the subdivision and settlement of the sale is expected in October 2019. A copy of the Sale and Purchase Agreement and the Land Information New Zealand approved Title Plan can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12710).

Phoenix Drive Property Investments Limited is not aware of any other covenants, conditions, restrictions or easements in respect of the Property (registered or unregistered), and other than those discussed in relation to the upcoming sale of land none are proposed by Phoenix Drive Property Investments Limited.

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

#### *Land Information Memorandum ("LIM")*

A LIM for the Property dated 31 July 2019 was obtained from the Whakatane District Council.

The site is a confirmed Hazardous Activities and Industries List (HAIL) site being registered under the category of "Wood treatment or preservation including the commercial use of anti-sapstain chemicals during milling, or bulk storage of treated timber outside." It is also recorded as having a recorded archaeological/wahi tapu/historic site in the vicinity. These concerns however appear to have been previously mitigated by reports required by Whakatane District Council as part of the resource consent conditions for the building on the land. Those reports are included in the LIM report. As such, there is nothing contained in the LIM which raises any material concerns in respect of the Property.

A copy of the main pages of the LIM can be found at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12710) under "Other material information."

#### *(b) Rent returns from the Property*

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

Lease to <b>Bunnings Limited</b>	
Guarantor	None
Floor Area	8,040.78 m <sup>2</sup>
Car parks	Unrestricted use of 265 grade level car parks are provided on site
Term	The period from 19 June 2018 to 18 June 2026
Rights of Renewal	Two (2) rights of renewal of eight (8) years
Final Lease Expiry	18 June 2042
Base Rental	\$788,904 plus GST per annum from 19 June 2019
Rent Reviews	Two yearly increases in accordance with CPI movement plus 1%, calculated annually (but capped at 6.5% biennially) on the anniversary, 18 June. The next review date is 18 June, 2021. The rent is reviewed to market on any renewal.
Rental Payments	Monthly in advance



Operating Expenses	<p>The Tenant is responsible for paying the following outgoings:</p> <ul style="list-style-type: none"> <li>a) Rates and levies, water and sewerage rates, fire service charges, land tax or a similar tax (if any) payable to any Authority in connection with the Complex PROVIDED THAT land tax or a similar tax (if any) will be calculated and paid on the basis that the Premises is the only land owned by the Landlord in New Zealand; and the reasonable costs of repairing and maintaining the Common Areas, damage by fire, flood, lightning, storm, tempest, explosions, earthquake, impact of vehicles or air craft, riot, civil commotion, war damage, inevitable accident or act of God and fair wear and tear excepted;</li> <li>b) all charges for costs and expenses incurred by the Landlord in relation to the supply of water, sewage and drainage and all other charges for and costs of lighting and power supplied to the Complex which are not the direct responsibility of the Tenant or any other tenant in the Complex;</li> <li>c) all proper and reasonable costs associated with the operation, repairing, servicing, testing, inspecting and maintenance of all Services from time to time provided by the Landlord for the Premises and/or for the Complex, which are not the direct responsibility of the Tenant or any other tenant in the Complex;</li> <li>d) all costs of gardening and landscaping in or about the Common Areas;</li> <li>e) all costs incurred in connection with the periodic marking of carparks;</li> <li>f) all charges incurred in the maintenance servicing and repair of the sealed areas and lighting (including security lighting) of all Common Areas and grounds; and</li> <li>g) all costs and expenses incurred by the Landlord in providing an annual Building Warrant of Fitness to an Authority including any costs paid to an independent qualified person for any report establishing compliance with the Compliance Schedule.</li> </ul> <p>The Tenant is directly responsible for insuring the building on the Property and paying the insurance premiums. The Tenant is also directly responsible for non-structural repairs and maintenance of the building.</p> <p>Management fees are not recoverable as operating expenses.</p>
Form of Lease	Bespoke memorandum of lease
Ownership of fixtures and fittings	This is uncertain as there is no list setting out landlord's and tenant's fixtures and fittings attached to the Lease.
Financial Standing of the Tenant	<p>Bunnings Limited in NZ is a member of the Wesfarmers Group, one of Australia's largest corporate groups and, according to its website <a href="http://www.wesfarmers.com.au">http://www.wesfarmers.com.au</a>, the largest employer in Australia. Wesfarmers financial statements for the year ended 30 June 2018 disclose an asset base of \$37bn, with gross revenue of \$67m. Other notable brands which Wesfarmers owns are Coles, Kmart, Officeworks and Target, together with industrial, safety and mining revenue streams. Bunnings Limited latest filed annual report and financial as at 30 June 2018 record the total revenue of Bunnings Limited (for Australia and NZ) as \$12.5b and EBITDA of \$1.5bn. The latest financial statements available for NZ cover the year ended 30 June 2017. The NZ Revenue was \$1.12bn, with profit after tax of \$27.95m. The Australasian EBITDA has grown by 35% in the four years commencing 2015 through to the end of 2018.</p>

### *Strategies to increase rent returns and maintain WALT*

The Property currently has a long-term lease profile with the Tenant having recently (June 2018) renewed its Lease until 18 June 2026.

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 (31 August 2019), the WALT was 6.83 years.

#### *(c) Property owning expenses*

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

The Lease requires the Tenant to pay all usual outgoings, other than management expenses (as outlined above). The Tenant also pays some outgoings directly, such as insurance premiums and the cost of non-structural repairs and maintenance. This makes Phoenix Drive Property Investments Limited less susceptible to lower returns if there are increases in operating expenses as these increases will be covered by the Tenant.



(d) Factors relating to the Bank funding

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

Provided this Offer is accepted by Investors so that Phoenix Drive Property Investments Limited is compliant with the FMC Act, it is expected that the BNZ will renew the Term Loan at an interest rate comprising either the 30 Day or 90 Day BKBM rate plus a margin of 2.30%. The current interest rate under the Term Loan Facility is the 90 day BKBM rate plus a margin of 2.38% per annum.

The following covenants are currently applicable to the Bank funding, and are expected to continue when the Term Loan is extended:

*Loan to value ratio (LVR)*

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

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

*Interest cover ratio*

Under the current Term Loan Facility there is a requirement for the interest cover ratio (net rental income divided by interest costs) to exceed 2.0 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 Phoenix Drive Property 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 Phoenix Drive Property 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: 12710) under "Other material information".

### *Role of Maat*

- Maat will manage Phoenix Drive Property Investments Limited and the Property for the duration of Phoenix Drive Property Investments Limited's ownership of the Property, unless terminated.
- Maat may resign on not less than 6 months' notice.
- Maat may be removed by Phoenix Drive Property 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 Phoenix Drive Property Investments Limited or the B shareholders by ordinary resolution determine).
- Maat will be paid the fees in respect of management of Phoenix Drive Property Investments Limited and the Property described in Section 5 "Terms of the Offer".
- Maat is the sole and exclusive manager of the Property and Phoenix Drive Property Investments Limited but it has the right to appoint and engage agents or a sub-manager.
- Maat can (in the name of Phoenix Drive Property Investments Limited) 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 Phoenix Drive Property 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 Phoenix Drive Property 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 Tenant and service providers on day-to-day building, property and management issues;
- administering the Property's day-to-day building operations; and
- ensuring all relevant statutory and regulatory requirements in respect of the Property are complied with.

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

The delegation to Maat Property will not involve any additional fees payable by Phoenix Drive Property 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 Phoenix Drive Property Investments Limited or Maat (as applicable).

***Maat will align itself with the strategies of Phoenix Drive Property Investments Limited including (but not limited to):***

**Short-term (2 years)**

- to maintain strong relationships with the Tenant and key service contractors
- to develop a maintenance programme for a rolling 3-year period
- to create a cash reserve fund from non-distributable operating surpluses (cash balance after distributing the dividend payment to Investors) to be used for the costs of letting to a new tenant if required; the provision for property maintenance not covered by recovery of operating expenditure from the Tenant; and to fund future capital expenditure

**Medium term (3-5 years)**

- to build the reputation of the Property as a preferred industrial/distribution location
- to continue to build cash reserves for purposes as aforementioned, and to have the option to repay bank debt if considered to be an appropriate strategy at the time

**Long term (5-10 years)**

- to maintain the external appearance of the building in the Property to a high level
- to undertake refurbishment as necessary in conjunction with the renewal of the Lease.

**Table of substantial shareholders and of relevant interests**

<b>Issuer</b>			
<b>Party</b>	<b>Relevant Interest</b>	<b>Number of A Shares in Phoenix Drive Property Investments Limited before PDS</b>	<b>Number of A Shares in Phoenix Drive Property Investments Limited after allotment of Shares in Phoenix Drive Property Investments Limited</b>
Maat	Ordinary A Shares in Phoenix Drive Property Investments Limited	100 (100%)	100 (100%)

<b>Maat</b>			
<b>Relevant Party</b>	<b>Relevant Interest</b>	<b>Number of shares in Maat before PDS</b>	<b>Number of shares in Maat after allotment of Shares in Issuer</b>
Mark Geoffrey Hughson	Director of Phoenix Drive Property Investments Limited and director and shareholder in Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Neil James Tuffin	Director of Phoenix Drive Property Investments Limited and director and shareholder in Maat Consulting Limited	333 shares (33.3%)	333 shares (33.3%)
Bruce Charles Ellis	Director of Phoenix Drive Property 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 Phoenix Drive Property Investments Limited and directors and shareholders in Maat Consulting Limited	167 shares (16.70%)	167 shares (16.70%)



### Interests of directors

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

### Other material governance disclosures

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

## 3 PURPOSE OF THE OFFER

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

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

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

On the Operative Date:

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

In the Application each Investor authorises the Manager, on behalf of that Investor, to sign the Deed of Release and Undertaking. The Deed of Release and Undertaking gives effect (on and from the Operative Date) to the second, third and fifth bullet points above. A copy of the form of the Deed of Release and Undertaking is found on the Disclose Register ([https://disclose-register.companies.govt.nz/\(Offer ref: 12710\)](https://disclose-register.companies.govt.nz/(Offer%20ref%3A%2012710))). 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. Phoenix Drive Property Investments Limited will hold all assets previously in the Scheme in Phoenix Drive Property Investments Limited's own right, subject to such debts and liabilities as were previously in the Scheme.

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

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



Cost	\$
Bank Legal Costs	3,500
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	20 August 2019
Opening Date for Applications	28 August 2019
Offer Closing Date	29 August 2019
Operative Date for wind up of the Scheme and allocation of Shares	31 August 2019
Intended date of first dividend payment	30 September 2019

The above dates are indicative only and may change. Phoenix Drive Property Investments Limited reserves the right to alter or extend these dates, but by no longer than 1 month from the dates mentioned above. Phoenix Drive Property Investments Limited may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases). See the "Key terms of the Offer" within the Key Information Summary (in Section 1) for further information about these dates.

## 5 TERMS OF THE OFFER

<b>What is the Offer</b>	The Offer is for Shares in Phoenix Drive Property Investments Limited.
<b>Key dates</b>	See Section 4 "Key dates and Offer process" for information about the key dates for the Offer.
<b>Share Price</b>	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
<b>Structure of the Offer</b>	The total number of Shares to be issued is 4,375,000.00 (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.
<b>Applications</b>	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 <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz/</a> (Offer ref: 12710) 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 Phoenix Drive Property Investments Limited. The Offer made under this PDS is to Investors only. This PDS does not constitute an offer or invitation in any place in which, or to any person whom, it would not be lawful to make such an offer or invitation. No action has been, or will be, taken to register this PDS in any jurisdiction other than New Zealand or otherwise permit the offering of the Shares outside of New Zealand. This PDS is not to be sent or given to any person outside New Zealand in circumstances in which the Offer or distribution of this PDS would be unlawful. Phoenix Drive Property Investments Limited, Maat and the directors of Phoenix Drive Property Investments Limited disclaim all liability to any person who is sent or receives this PDS outside New Zealand.
<b>Allocation and Allotment</b>	The allotment of Shares to Investors is scheduled to take place on the Operative Date. The Allotment will be recorded on Phoenix Drive Property Investments Limited's share registry.
<b>Constitution</b>	The Constitution of Phoenix Drive Property Investments Limited prescribes



	<p>the rights attached to the Shares. These are more particularly described in Section 6 "<i>Key features of the Shares</i>".</p> <p>A copy of the Constitution can be found at <a href="https://disclose-register.companiesoffice.govt.nz/">https://disclose-register.companiesoffice.govt.nz/</a> (Offer ref: 12710) under "Other material information".</p>
<b>Management Fees</b>	<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"> <li>• A management fee of 2% pa of the gross rental income collected from Tenants of the Property, plus GST;</li> <li>• An accounting fee of \$5,364 p.a. plus GST (payable monthly in arrears) adjusted annually by the annual movement in the Consumer Price (All Groups) Index.</li> <li>• An annual syndication fee of \$5,361 p.a. plus GST (payable monthly in arrears) adjusted annually by the annual movement in the CPI</li> <li>• 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).</li> </ul> <p>Phoenix Drive Property Investments Limited will not be bound by a Management Agreement which provides for remuneration for the Manager beyond the date Phoenix Drive Property Investments Limited terminates the contract.</p>

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

## 6 KEY FEATURES OF THE SHARES

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

- To vote by special resolution to:
  - Adopt, revoke or alter the Constitution;
  - Approve a "major transaction" (as defined in the Companies Act) of Phoenix Drive Property Investments Limited;
  - Approve any amalgamation of Phoenix Drive Property Investments Limited under the Companies Act;
  - Place Phoenix Drive Property Investments Limited into liquidation.

A special resolution is a resolution of shareholders approved by a majority of 75% of those shareholders entitled to vote and voting on the question.

In the case of the 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 Phoenix Drive Property Investments Limited.

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

### *Dividend policy*

It is intended that the dividend policy be based on net operating cash flow from operating activities. It is intended that the projected gross dividend yield of 11 % per annum (for the first 1 year and 7-months) will be paid (less tax at the investors PIR ) 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 Phoenix Drive Property Investments Limited receiving full rental payments under the Leases. The Board will monitor Phoenix Drive Property Investments Limited's projected cash flow and capital requirements and will review this policy annually. It is anticipated that the first monthly dividend will be on 30 September 2019. Dividend statements will be sent to all shareholders after completion of Phoenix Drive Property Investments Limited's annual financial statements.



Neither Phoenix Drive Property Investments Limited, its directors, Maat nor any other person gives any assurances as to the level or frequency of any dividend (or other distribution, if any) payable. Payment of dividends (if any) is at the discretion of the Board and dividends (if any) will only be declared after meeting appropriate solvency requirements. Should Phoenix Drive Property Investments Limited pay dividends, it will expect to pay them on a fully imputed dividend basis.

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

#### *Resolutions and sale of Property*

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

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

#### *Investors' right to sell shares*

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

## **7 PHOENIX DRIVE PROPERTY INVESTMENTS LIMITED'S FINANCIAL INFORMATION**

### *Selected financial information*

These tables provide key historical financial information for the 2017, 2018 and 2019 years and prospective financial information about Phoenix Drive Property Investments Limited for the 5-month period to 31 August 2019, the 7-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/> (Offer ref: 12710). 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 Phoenix Drive Property Investments Limited that comply with generally accepted accounting practice in New Zealand.

The historical financial information included in the table below has been extracted from the audited financial statements for 2017, 2018 & 2019. These Financial Statements are available on the Disclose Register, together with the Prospective Financial Statements for the 5-month period ended 31 August 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 (Phoenix Drive Property Proportionate Ownership Scheme) was provided annually to investors in the Scheme.



**Phoenix Drive Property Investments Limited**  
**Selected Financial Information**

Phoenix Drive Property Investments Limited		Actual (12 Months)	Actual (12 Months)	Actual (12 Months)	Unaudited (5 Months)	Prospective (7 Months)	Prospective (12 Months)
Selected Financial Information for the years ended 31 March		31/03/2017	31/03/2018	31/03/2019	31/08/2019	31/03/2020	31/03/2021
	Note						
<b>Revenue</b>							
Lease Income		754,210	754,210	754,210	325,913	460,191	788,904
Interest		2,441	611	1,070	29	-	-
Operating Expenses Recovered		39,943	39,520	45,612	22,021	21,138	42,513
<b>Total Income</b>		<b>796,594</b>	<b>794,342</b>	<b>800,893</b>	<b>347,963</b>	<b>481,330</b>	<b>831,417</b>
<b>Less Expenses</b>							
Audit, Accountancy and Bank Fees		16,014	16,099	26,726	2,585	12,996	20,855
Company Management Fees		20,460	20,240	20,337	8,475	12,270	21,139
Legal Fees		-	5,497	1,846	295	-	-
Valuation Fees		4,010	9,996	4,200	-	4,326	4,456
Operating Expenses		40,930	75,466	51,626	35,670	28,657	48,513
		<b>81,414</b>	<b>127,299</b>	<b>104,735</b>	<b>47,025</b>	<b>58,249</b>	<b>94,963</b>
EBITDA (Earnings before interest, taxation, depreciation and amortisation)		<b>715,180</b>	<b>667,043</b>	<b>696,158</b>	<b>300,939</b>	<b>423,080</b>	<b>736,454</b>
Less Interest on Loan		(183,101)	(178,407)	(163,711)	(58,621)	(72,825)	(124,794)
Add movement in value of investment property	2	850,000	2,638,051	-	150,000	(210,000)	(9,000)
<b>Net Profit After Tax</b>		<b>1,382,079</b>	<b>3,126,687</b>	<b>532,447</b>	<b>392,318</b>	<b>140,255</b>	<b>602,660</b>
Dividends at 11% (including tax payable), plus capital distribution		(437,500)	(448,437)	(872,136)	(200,521)	(280,729)	(481,250)
Total Assets		9,801,805	12,556,717	12,205,803	12,400,586	12,204,218	12,324,916
Cash and Cash Equivalents (including Term Deposits)		437,860	528,633	151,644	180,336	254,217	374,916
Total Liabilities		3,368,582	3,445,244	3,434,019	3,437,005	3,429,225	3,428,514
Total Debt		3,336,750	3,336,750	3,336,750	3,336,750	3,336,750	3,336,750
Total Equity		6,433,223	9,111,473	8,771,784	8,963,581	8,774,993	8,896,402
Interest Rate Cover		3.91	3.74	4.25	5.13	5.81	5.90
Gearing Ratio		2.94	3.76	3.66	3.72	3.66	3.69
Net Cash Flow from Operating Activities		504,208	555,344	525,891	225,147	363,920	610,950

<sup>1</sup> 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 August 2019, 31 March 2020 and 31 March 2021**

The unaudited financial information for the 5 months ended 31 August 2019 is based on information extracted from the draft unaudited financial statements for that period 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. The 2019 audited financial statements were presented at the Annual General Meeting held on 16 August 2019. These 3 sets of 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: 12710) 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**

Phoenix Drive Investments Limited intends to convert from the non-compliant Proportionate Ownership Scheme to Phoenix Drive Investments Limited from not later than 31 August 2019. The prospective financial information for Phoenix Drive Investments Limited has been prepared for the periods ended 31 March 2020 and 2021. The first accounting period for which prospective financial statements have been recorded is for the 7 month period from 1 September 2019 to 31 March 2020.

### **2 Property Valuation**

The valuation of the property as at 31 August 2019 was undertaken by Jones Lang Lasalle, a registered valuation firm and the report specifies a market value of \$11,950,000 for financial reporting purposes, following the sale of the land in October 2019 for \$233,000 less expected legal fees of \$33,000. Therefore, the net proceeds are expected to be \$200,000. Please refer to the PFI for a reconciliation of the investment property balance. 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 \$801,796. Core income has been capitalised at 6.5% as a prime measure of valuing the property.

The valuation has been prepared on the assumption that the lease with Bunnings Limited will expire in 6.83 years and does not take into account any of the three right of renewals of eight years each available to the Tenant.

### **3 Rental Receipts**

Rental receipts are expected to be in accordance with the lease agreement including rent reviews. No loss provision has been made, on the basis of the financial strength of the Tenant.

### **4 Dividends**

Dividends paid have been calculated at a 11% annual return on investor funds held in line with the PDS.

Cumulative cash will be retained for each of the 2 periods, being \$254,217 and \$374,917 respectively.

### **5 Acquisition and Share Issue Costs**

That the cash reserves will be used to pay for the balance of the Share Issue Costs of \$21,443. Total issue costs are detailed in Section 3 above.

### **6 Taxation**

The Issuer plans to register as a PIE and therefore, the Issuer itself will not be subject to tax. Instead, the Issuer will attribute income to the investor and, where applicable, deduct tax at the individual investor's prescribed investor rate ("PIR") before it is paid to the investor. The Issuer will pay the tax deducted to the Inland Revenue.



## **7 Cash at bank**

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

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

## **8 Interest**

The interest rate on the Bank borrowings has been assumed to be at a floating rate, based on the 90 day bill rate (BKBM) and a fixed margin. The average BKBM rate used, is as follows:

Financial Year	BKBM	Margin	Total
2020	1.44%	2.30%	3.74%
2021	1.44%	2.30%	3.74%

The interest expense and cash flow are based on

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

## **9 Borrowings**

The level of bank borrowings will be \$3,336,750, being 27.92% of the valuation of the property of \$11,950,000 following the sale of the land in October 2019 (refer Note 2). It is expected that Phoenix Drive Property Investments Limited will take over the loan from the legacy scheme as from 31 August 2019.

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

## **10 Related Parties**

The management fees payable to the Manager will be \$15,778 plus GST for the first full year (2021), which is based on an annual management fee charge of 2% per annum on the gross rental received from the Property. In addition, the Manager will be paid an annual accountancy fee of \$5,364, 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 also be paid an annual investor service fee of \$5,361, payable monthly in arrears, adjusted by the CPI movement each year.

## **11 Contingent Liabilities**

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

## **12 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.

## **13 Issue of Shares**

All 175 share parcels of \$25,000 shares in the former Proportionate Ownership Scheme are issued for \$4,375,000. 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 Phoenix Drive Property Investments Limited and rank equally with regard to the Company's residual assets.

## **14 Capital Expenditure**

An amount of \$210,000 has been included in the 2020 year as capital expenditure for the upgrade of the store's lighting to LED. A small amount of \$9,000 has been included in the 2021 year for capital expenditure.



## 8 RISKS TO PHOENIX DRIVE PROPERTY INVESTMENTS LIMITED'S BUSINESS AND PLANS

If the risks described below occur, you may not be able to recoup all or any of your investment or you may not receive the returns you expect to receive from holding the Shares. This could happen for a number of reasons.

### *Lack of Diversification: Single Property Investment Risk*

The only asset of Phoenix Drive Property Investments Limited (other than cash reserves) will be the Property. This means there is no diversified portfolio of assets and no ability to spread risks across a number of investments or a number of different property types.

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

### *Capital expenditure risk*

Capital expenditure on structural repairs or capital improvements to the Property may arise or be required under the Leases that cannot be recovered from the Tenants. Projected capital expenditure for the next 10 years is set out in Section 2 *Phoenix Drive Property Investments Limited and what it does*. The main capital expenditure risk will arise at the time of expiry/renewal of the Lease to the Tenant, when refurbishment works to the Premises may be required.

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

2019	\$Nil
2018	\$11,949
2017	\$Nil
2016	\$Nil
2015	\$Nil

Additional expenditure of \$210,000 is forecast to be spent before 30 November 2019 on the upgrade of the lighting in the premises to LED.

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 \$158,893.

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 the Tenant does not renew its lease, there may be a need to undertake more works than forecast for fitout for a new tenant or 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, Phoenix Drive Property Investments Limited may have to arrange further borrowing to cover such expenditure, which will increase interest costs and reduce returns to Investors.

### *Vacancy risk*

Phoenix Drive Property Investments Limited's financial performance and the returns generated from Phoenix Drive Property Investments Limited's business will be directly affected by a future vacancy, the Tenant continuing to pay rent and the scheduled rent reviews achieving an equal or greater rent return than that realised at the date of this PDS.

If the Tenant does not exercise its renewal right or enter into a new lease on the expiry of its lease, Phoenix Drive Property Investments Limited will be required to find a new tenant for the building. A prolonged vacancy will reduce the rental income for Phoenix Drive Property Investments Limited and the level of distributions to Investors and will decrease the value of the Property.



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

If the Tenant does not renew its lease, a lease to a replacement tenant or tenants may require inducements to be paid by Phoenix Drive Property Investments Limited (in the form of cash payments, rent free periods or contributions towards fitout costs). Real estate agents' fees will also be payable if new tenants are required to be found. These are generally 16% of the initial annual rent for a new tenant. It is also possible that if a replacement tenant is required to be found, rental may be at a lower level than the rent payable by the former tenant in respect of the premises.

#### *Tenancy default risk*

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

The current risk of the Tenant not paying its rent is considered to be very low, given that the Tenant has been established at the premises since 2006 and is the New Zealand branch of a multinational company.

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

#### *Rental income risk*

General economic conditions and movements in the market will impact on the rental payable following market reviews.

There is no guarantee that market rents will increase or that the rent agreed at the time of the renewal of the lease. When the Lease provides for rent increases at the time of renewal, the Tenant may seek to negotiate the rent level before they commit to a renewal term. The Lease also includes a soft ratchet clause which means that on renewal a market rent review could result in a lower rent than in the previous term (but not as low as at the commencement date of the lease). The net rental income derived from the Property is also dependent on the recoverability of operating expenses from the Tenant.

#### *Interest rate risk*

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

Phoenix Drive Property Investments Limited may manage short-term interest rate risk by hedging interest rate agreements for either part or the whole of the loan. Interest rates on hedging are currently forecast to be approximately 0.5% higher than the floating rates. No provision for hedging has been included in the financial projections. The current projections include provision for the 90-day BKBM rate to reduce further from its current 1.44% level.

There is a risk that interest rates may not reduce further as has been widely projected and as used 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 \$33,368 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:*

The Bank has confirmed that credit approval has been granted for a formal extension of the Term Loan beyond its current expiry date on 29 August 2019, but a condition precedent to that extension is that the Bank is satisfied that the wind up of the Scheme and this Offer are compliant with the FMC Act. If this Offer is not accepted by Investors, there is accordingly a risk that the debt funding will not be further extended by the Bank, which could lead to a forced sale of the Property

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 and Phoenix Drive Property Investments Limited may be unable to obtain alternative finance. There is also the risk that even if the Investors then elect to sell the Property, there is no market for it.

In any of the above cases, the Property may need to be sold in a sub-optimal time-frame or may be subject to a "forced sale", resulting in a low sale price. After repayment of Bank debt this may result in a loss of some or all of the initial investment made by Investors.



Any refinancing may involve higher interest rates, which would affect cash returns. It is expected that a bank will assess future lending on the Property based on past loan repayment history; the current valuation of the Property; the tenancy schedule and the availability of funds at the time.

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

- *Financial covenant risk:* Phoenix Drive Property Investments Limited must comply with financial covenants in favour of the Bank, as set out in Section 2 *Phoenix Drive Property Investments Limited and what it does*. A failure to comply with these ratios will trigger an event of default, allowing the Bank to call for loan repayments and, in default, to exercise its rights to require a forced sale. A forced sale would result in a low sale price, which after repayment of Bank debt may result in a loss of some or all of the investment made by Investors.
- Specifically, in relation to Bank covenants the following is of note:

- *Loan to value ratio:*

There is a risk that adverse market movements or any material change in the Property (loss of the Tenant) may impact adversely on the value of the Property and cause a breach of the Bank LVR.

The Manager considers that the ongoing LVR of 27.46% (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 *Phoenix Drive Property Investments Limited and what it does*.

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

The net profit before interest would need to be reduced to \$145,650 and \$249,588 in the respective financial reporting periods to be at the minimum interest rate covenant level of 2 times.

If all other things remained equal (i.e. assuming the net rental income remained at the same levels projected), average interest rates would need to rise to 8.70% in 2020 and 7.5% in 2021 for the interest rate covenant to be breached.

The Manager considers there is adequate interest rate cover for the future at 5.8 for 2020 and 5.9 for 2021.

## 9 TAX

### NEW ZEALAND TAXATION

Tax can have significant consequences for investments. If an investor has queries in relation to tax consequences, the investor should obtain professional advice on these consequences.

The Issuer plans to register as a PIE and therefore, the Issuer itself will not be subject to tax. Instead, the Issuer will attribute income to the investor and, where applicable, deduct tax at the individual investor's prescribed investor rate ("PIR") before it is paid to the investor. The Issuer will pay the tax deducted to Inland Revenue. Further information about:

- What you need to tell us about your PIR and IRD number;
- How the Issuer will account for tax on your investment;
- The potential taxation treatment outside the PIE regime; and
- The taxation of distributions

is available on the Disclose Registry [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) (Offer ref. 12710) in the document entitled **"Taxation: What you Need to Know."**



## 10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to Phoenix Drive Property Investments Limited, the Property and the Shares is available on the Disclose Register (for example the Constitution of Phoenix Drive Property Investments Limited and financial statements). A copy of information on the Disclose Register is available on request to the Registrar. The Disclose Register can be accessed free of charge at <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12710). Information about Phoenix Drive Property Investments Limited can also be found on the Companies Office website [www.companiesoffice.govt.nz/](http://www.companiesoffice.govt.nz/)

The information and documents provided on the Disclose Register, <https://disclose-register.companiesoffice.govt.nz/> (Offer ref: 12710), 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 Phoenix Drive Property Investments Limited at B4, 17 Corinthian Drive, Albany, Auckland 0632.

## 11 HOW TO APPLY

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

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

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

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

## 12 CONTACT INFORMATION

### Issuer

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

Dale Winfield Bcom(VPM), MPNZ, MRICS  
JLL – Pricewaterhouse Coopers tower  
Level 16, 188 Quay Street  
PO BOX 165 Auckland 1140  
Telephone: (021) 442 541  
Email: [dale.winfield@ap.jll.com](mailto:dale.winfield@ap.jll.com)

### Securities Register

Maat Consulting Limited  
B4, 17 Corinthian Drive,  
Albany, Auckland 0632  
P O Box 301848  
Albany New Zealand  
Telephone: (09) 414 6078  
Email: [info@maat.co.nz](mailto: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 Phoenix Drive Property Investments Limited's board of directors.

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

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

**"Constitution"** means the constitution of Phoenix Drive Property Investments Limited.

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

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

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

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

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

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

**"Issuer"** means Phoenix Drive Property Investments Limited.

**"Lease"** means the leases of the premises situated within the Property to the Tenant.

**"Maat"** means Maat Consulting Limited

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

**"Manager"** means Maat.

**"Management Agreement"** means the management agreement between Phoenix Drive Property Investments Limited and Maat, in respect of the management of the Property.

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

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

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

**"Operative Date"** means 31 August 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 Phoenix Drive Property, Whakatane as is more particularly described and comprised in identifier 314186 (South Auckland Registry).

**"Proportionate Interest"** means each undivided interest in the Scheme and its assets, of which there are 175 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 Phoenix Drive Property Investments Limited (as nominee and bare trustee).

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

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

**"Shares"** means the B Shares in Phoenix Drive Property Investments Limited offered for subscription under this PDS.

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

**"Tenant"** means Bunnings Limited.

**"Valuation"** means the valuation for the Property prepared by the Valuer dated 31 August 2019.

**"Valuer"** means Jones Lang Lasalle.



**Phoenix Drive Property Investments Limited**  
**Application Form — Individuals and Joint Investors**

1 Investor Information	
<b>Investor 1 (principal account holder)</b>	<b>Investor 2 (if applicable)</b>
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:

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	
<p><i>The taxpayer for joint Investors is the Investor with the highest resident withholding tax.</i></p>	
<p>Is the taxpayer a New Zealand resident for tax purposes?</p> <p><input type="checkbox"/> Yes      <input type="checkbox"/> No</p>	<p><i>If no, state the taxpayer's country of residence for tax purposes.</i></p>
<p>Resident withholding rate:</p> <p><input type="checkbox"/> 0%*    <input type="checkbox"/> 10.5%    <input type="checkbox"/> 17.5%    <input type="checkbox"/> 30%    <input type="checkbox"/> 33%</p>	<p><i>Your resident withholding tax rate should be consistent with your marginal tax rate. If a rate is not selected, or no IRD number is provided in the 'Investor Information' section, 33% will apply.</i></p> <p><i>* Please include a copy of your resident withholding tax certificate of exemption.</i></p>



**4 Distribution Instructions (please tick)**

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

**5 Confirming Your Identity and Address**

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

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

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

**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 Phoenix Drive Property Investments Limited ('Maat') (collectively 'us') in breach of the AML/CFT.

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

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

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

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

#### Privacy Act 1993

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

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law; to meet our legal or regulatory obligations; and to any party proposing to acquire an interest in us. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about Issuer and other products and services.

#### Power of Attorney

If you are signing for the Investor under a Power of Attorney, you have also attached:

- a certified copy of the power of attorney together with a certificate of non-revocation; and
- identification of the attorney as described above.

#### Email Use

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.



## 7 Disclosures– Made by each Investor

Are you a, or are you immediately related to any, senior member of NZ or foreign government, the judiciary, the military or an ambassador?

☐ Yes

☐ No

Are you a citizen or permanent resident of the United States?

☐ Yes

☐ No

Are you a tax resident in a country other than New Zealand

☐ Yes

☐ No

## 8 Authorisation and Declaration– Made by each Investor

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

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

## 9 Declaration– Made by each Investor

I have read and retained a copy of the attached Product Disclosure Statement and agree to be bound by the terms and conditions of the Constitution. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that Phoenix Drive Property Investments Limited is primarily intended as a vehicle for long-term investment and the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which fees will be deducted from my investment.

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

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

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

Signature of Investor 1 (principal account holder):

Signature of Investor 2 (if applicable):

Date:        /        /

Date:        /        /

## Application Form

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

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



**Phoenix Drive Property Investments Limited**  
**Application Form — Companies, Trusts, Partnerships and Estates**

**1. Investor Information**

Company, Trust, Partnership or Estate name:

Company registration number:

Registered address:

Postal address (if different from registered address):

Contact phone:

Email:

**2. Your Investment**

What is the purpose of your investment?

- ☐ Accumulation of Wealth
- ☐ Retirement
- ☐ Other — please specify:

**3. Tax Information**

Investor's IRD number:

Is the Investor a New Zealand resident for tax purposes?

☐ Yes    ☐ No

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

Resident withholding rate:

☐ 0%\*    ☐ 10.5%    ☐ 17.5%    ☐ 30%    ☐ 33%

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

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



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

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

<p><b>Identification Option 1</b></p> <p>One of:</p> <ul style="list-style-type: none"> <li>NZ passport</li> <li>NZ certificate of identity</li> <li>NZ firearms licence</li> <li>emergency travel document</li> <li>overseas passport</li> <li>foreign-issued national identity document</li> <li>NZ refugee travel document</li> </ul>	<p><b>Identification Option 2</b></p> <ul style="list-style-type: none"> <li>a NZ driver licence</li> </ul> <p><b>and one of:</b></p> <ul style="list-style-type: none"> <li>a credit card, debit or EFTPOS card issued by a registered NZ bank (name and signature must be on the card)</li> <li>a bank account statement issued by a registered NZ bank addressed to the Relevant Person from the last 12 months</li> <li>a document issued by a NZ government agency containing the Relevant Person's name and signature (e.g. a SuperGold card)</li> <li>an IRD statement or other NZ government agency statement addressed to the Relevant Person from the last 12 months</li> </ul>	<p><b>Identification Option 3</b></p> <p>One of the following forms of photo ID:</p> <ul style="list-style-type: none"> <li>NZ driver licence</li> <li>18+ card (Hospitality Association)</li> <li>a valid international driving permit</li> </ul> <p><b>and one of:</b></p> <ul style="list-style-type: none"> <li>NZ full birth certificate</li> <li>certificate of NZ citizenship</li> <li>citizenship certificate issued by a foreign government</li> <li>birth certificate issued by a foreign government</li> </ul>
<p><b>Address Verification Requirement</b></p> <p><b>In addition</b> to the above, each Relevant Person must supply a copy of <b>one</b> form of address verification documentation from the following list which cannot be more than 3 months old:</p> <ul style="list-style-type: none"> <li>utility bill</li> <li>IRD tax assessment notice (New Zealand)</li> <li>credit card/bank statements from an active account</li> <li>government valuation of Property (evidencing ownership)</li> <li>letter from a New Zealand employer on the employer's letterhead (subject to separate verification process)</li> <li>tenancy Agreement for a New Zealand address</li> </ul>		



### Who is a Trusted Referee?

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

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

In addition, the trusted referee must not be:

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

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

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

<div data-bbox="419 1137 496 1214" style="border: 1px solid black; width: 60px; height: 60px; margin: 0 auto;"></div> <p data-bbox="328 1245 592 1265" style="text-align: center;"><b>Option 1 — By Cheque</b></p> <p data-bbox="164 1314 303 1335">Made out to:</p>	<div data-bbox="1061 1137 1137 1214" style="border: 1px solid black; width: 60px; height: 60px; margin: 0 auto;"></div> <p data-bbox="821 1245 1382 1265" style="text-align: center;"><b>Option 2 — By Direct Credit to NZ Bank Account</b></p> <p data-bbox="1027 1314 1268 1335" style="text-align: center;">Bank account number:</p>																		
<p data-bbox="164 1386 732 1471"><b><i>Note: cheques will be sent to the address you have supplied in the Investor Information section above.</i></b></p>	<table border="1" data-bbox="769 1348 1423 1400"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table> <p data-bbox="778 1420 971 1440">Name of account:</p> <p data-bbox="778 1476 868 1496">Branch:</p>																		

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

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



## 8. Partnerships Only

Please provide a certified copy of the partnership agreement.

## 9. Companies Only

Please provide a certified copy of the certificate of incorporation.

## 10. Your Acknowledgements and Agreements

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

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

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

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

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

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

### Privacy Act 1993

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

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law; to meet our legal or regulatory obligations; and to any party proposing to acquire an interest in us. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about Issuer and other products and services.

### Email Use

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.

## 11. Disclosures

Are you a company incorporated in the United States?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you an unincorporated association with a substantial number of members who are United States citizens or residents?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you or any of the Relevant Persons senior members of NZ or foreign government, the judiciary, the military or an ambassador?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Are you a tax resident in a country other than New Zealand	<input type="checkbox"/> Yes	<input type="checkbox"/> No



## 12. Authorisation and Declaration – Made by Each Investor

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

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

## 13. Declaration

I have read and retained a copy of the attached Product Disclosure Statement for Phoenix Drive Property Investments Limited and agree to be bound by the terms and conditions of the Constitution. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that Phoenix Drive Property Investments Limited is primarily intended as a vehicle for long-term investment and the value of my investment is liable to fluctuations and may rise and fall from time to time. I understand the manner in which fees will be deducted from my investment.

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

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

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

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

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

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Date



<hr/>	<hr/>
Signature	Signature
<hr/>	<hr/>
Full Name	Full Name
<hr/>	<hr/>
Date	Date

**Application Form**

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

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