PROPERTY IMPROVEMENTS LIMITED

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

PROSPECTIVE FINANCIAL INFORMATION DATED 28 NOVEMBER 2024

Introduction

The Prospective Financial Information ("PFI') of Property Improvements Limited (the "Issuer") comprises of the following prospective financial statements, disclosures and other PFI related information for the 7.55 months ending 31 March 2025, 12 months ending 31 March 2026, 2027 and 2028.

- Prospective statement of comprehensive income;

- Prospective statement of changes in equity;

- Prospective statement of cash flows;

- Prospective statement of financial position;

- Notes and assumptions to these prospective financial statements; and

- Sensitivity analysis of the PFI for changes in specific key assumptions

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

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

Basis of Preparation

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

The PFI, and underlying best estimate assumptions, have been prepared by the administrator and approved by the Directors of the Administrator, specifically for the offer of shares in the Issuer.

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

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

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

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

The Issuer is incorporated and domiciled in New Zealand.

The registered office of the Administrator, Maat Consulting Limited (the "Administrator") is situated at 181 No. 3 Line, Whanganui East, Whanganui.

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

Financial Periods

The PFI covers the following reporting periods:

- Forecast financial information for FY25 (7.55 months ending 31 March 2025 (since incorporation), but trading figures for only 3.42 months);
- Forecast financial information for FY26 (12 months ending 31 March 2026);
- Forecast financial information for FY27 (12 months ending 31 March 2027); and
- Forecast financial information for FY28 (12 months ending 31 March 2028).

Neil Tuffin

_____________________________ 28 November 2024

Director Date

Mark Hughson

_____________________________ 28 November 2024

Director Date

Property Improvements Limited Prospective Statement of Comprehensive Income For the year ending 31 March	Note	2025 [1] 7.55 Months $	2026 12 Months $	2027 12 Months $	2028 12 Months $
Income					
Interest Received		30,477	148,774	178,200	178,200
Operating Expenses Recovered		14,600	30,177	30,832	31,513
	1.2	**45,077**	**178,951**	**209,032**	**209,713**
Operating Expenses					
Administration		1,600	4,832	4,929	5,027
Audit Fee		7,000	7,245	7,499	7,761
Directors' Fees		4,000	12,000	12,000	12,000
Directors' Insurance		2,000	6,100	6,405	6,725
		14,600	**30,177**	**30,832**	**31,513**
Operating Profit before Taxation		**30,477**	**148,774**	**178,200**	**178,200**
Income Tax Expense		-	-	-	-
Net Profit After Tax		30,477	148,774	178,200	178,200
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the year attributable to shareholders		**30,477**	**148,774**	**178,200**	**178,200**

[1] The 2025 year includes trading figures for 3.42 Months, from 19 December 2024 - 31 March 2025

Property Improvements Limited Prospective Statement of Changes in Equity For the year ending 31 March	Note	2025 [1] 7.55 Months $	2026 12 Months $	2027 12 Months $	2028 12 Months $
Opening Share Capital		**-**	**1,200,000**	**1,980,000**	**1,980,000**
Shares Issued		1,200,000	780,000	-	-
Closing Share Capital		**1,200,000**	**1,980,000**	**1,980,000**	**1,980,000**
Opening Retained Earnings		**-**	**-**		**-**
Total Comprehensive Income		30,477	148,774	178,200	178,200
Distribution to Shareholders	**1.5**	(30,477)	(148,774)	(178,200)	(178,200)
Closing Retained Earnings		**-**	**-**	**-**	**-**
Equity at Beginning of Year		**-**	**1,200,000**	**1,980,000**	**1,980,000**
Equity at End of Year		**1,200,000**	**1,980,000**	**1,980,000**	**1,980,000**

[1] The 2025 year includes trading figures for 3.42 Months, from 19 December 2024 - 31 March 2025

Property Improvements Limited Prospective Statement of Cash Flows For the year ending 31 March	Note	2025 [1] 7.55 Months $	2026 12 Months $	2027 12 Months $	2028 12 Months $
Cash Flows from Operating Activities					
Cash was Provided from:					
Interest Received		30,477	148,774	178,200	178,200
Operating Expenses Recovered		7,600	29,932	30,579	31,251
Total Cash Received		**38,077**	**178,706**	**208,779**	**209,451**
Cash was Applied to:					
Accounting Fee		(1,600)	(4,832)	(4,929)	(5,027)
Audit Fee		-	(7,000)	(7,245)	(7,499)
Directors Fees		(4,000)	(12,000)	(12,000)	(12,000)
Directors Insurance		(2,000)	(6,100)	(6,405)	(6,725)
Total Cash Disbursed		**(7,600)**	**(29,932)**	**(30,579)**	**(31,251)**
Net Cash Inflow from Operating Activities	**1.9**	**30,477**	**148,774**	**178,200**	**178,200**
Cash Flows from Investing Activities					
Cash was Applied to:					
Loan - 650 Great South Road Limited		(1,200,000)	(780,000)	-	-
Total Cash Disbursed		**(1,200,000)**	**(780,000)**	**-**	**-**
Net Cash (Outflow) to Investing Activities		**(1,200,000)**	**(780,000)**	**-**	**-**
Cash Flows from Financing Activities					
Cash was Provided from:					
Shares Issued		1,200,000	780,000	-	-
Total Cash Received		**1,200,000**	**780,000**	**-**	**-**
Cash was Applied to:					
Distributions to Investors and Inland Revenue (PIE tax)		(30,477)	(148,774)	(178,200)	(178,200)
Total Cash Disbursed		**(30,477)**	**(148,774)**	**(178,200)**	**(178,200)**
Net Cash Inflow/(Outflow) from Financing Activities		**1,169,523**	**631,226**	**(178,200)**	**(178,200)**
Net Increase in Cash Held		**-**	**-**	**-**	**-**
Cash and Cash Equivalents at Start of Year		**-**	**-**	**-**	**-**
Cash and Cash Equivalents at End of Year		**-**	**-**	**-**	**-**

[1] The 2025 year includes trading figures for 3.42 Months, from 19 December 2024 - 31 March 2025

Property Improvements Limited Prospective Statement of Financial Position as at 31 March	Note	2025 $	2026 $	2027 $	2028 $
Current Assets					
Cash and Cash Equivalents	**1.3**	-	-	-	-
Trade and Other Receivables	**1.4**	7,000	7,245	7,499	7,761
Loan - 650 Great South Road Limited		-	-	1,980,000	1,980,000
Total Current Assets		**7,000**	**7,245**	**1,987,499**	**1,987,761**
Non-Current Assets					
Loan - 650 Great South Road Limited	**1.7**	1,200,000	1,980,000	-	-
Total Non-Current Assets		**1,200,000**	**1,980,000**	**-**	**-**
Total Assets		**1,207,000**	**1,987,245**	**1,987,499**	**1,987,761**
Current Liabilities					
Trade and Other Payables	**1.8**	7,000	7,245	7,499	7,761
Total Current Liabilities		**7,000**	**7,245**	**7,499**	**7,761**
Total Liabilities		**7,000**	**7,245**	**7,499**	**7,761**
Equity		**1,200,000**	**1,980,000**	**1,980,000**	**1,980,000**
Total Liabilities and Equity		**1,207,000**	**1,987,245**	**1,987,499**	**1,987,761**

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

1 Assumptions

1.1 Equity raise, offer costs and settlement

It is assumed that $1,200,000 of equity is raised in the Offer to fund the Issuer Loan to 650 Great South Road Limited (650 GSR). These funds will be applied by 650 GSR to pay for the Refurbishments, to pay an existing overdraft taken out to partly fund those works, and to pay the costs of this Offer as detailed below. The Shares are being offered in $10,000 parcels.

Tenancy Fitouts	412,887
Ground Floor Bathroom Upgrade	150,000
Repayment of Bank Overdraft	360,000
Contingency for Works	11,027
Offer Costs	156,522
GST (claimed back from Inland Revenue)	109,564
	$ 1,200,000
Represented By:	
Subscriptions from Investors	1,200,000
	$ 1,200,000

Estimated Costs of Offer	
Offer Costs Payable by 650 GSR	
Legal Fees	110,000
Establishment Fee	25,000
Statutory Fees	8,978
Valuation Fees	6,393
Contingency	6,151
GST	23,478
Total Estimated Offer Costs	**$ 180,000**

Note: The GST amount of $109,564 is expected to be refunded by the Inland Revenue and used for working capital.

1.2 Income

The main source of income for the Issuer will be "Interest Received" from 650 GSR on the $1,200,000 Issuer Loan advanced. The interest rate per the Issuer Loan agreement will be 9% per annum and the initial term of the Issuer Loan expires on 31 March 2028.

"Operating Expenses Recovered" income includes the recovery of the operating expenses from 650 GSR which is responsible for paying these expenses.

1.3 Cash at bank

The cash balance will be $Nil at the end of every year as all income received from interest received will be distributed to shareholders as distributions and the "Operating Expenses Recovered" will be paid out to suppliers for operating expenses incurred.

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

1.4 Trade and Other Receivables

	2025	2026	2027	2028
	$	$	$	$
Audit Fee Recoverable from 650 GSR	7,000	7,245	7,499	7,761
	7,000	7,245	7,499	7,761

1.5 Shareholder Distributions

The Shares are being offered in $10,000 parcels at $1.00 per Share. The distributions payable to Shareholders is forecast to be 9%, payable quarterly in arrears. The first distribution payment is forecast to be paid on 31 March 2025, which will include the period from commencement of the Issuer Loan through to 31 March 2025.

1.6 Tax

The Issuer intends to register as a Portfolio Investment Entity (PIE) and therefore, the Issuer itself will not be subject to tax. Instead, the Issuer will attribute income to the Shareholder 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. The Investor will be responsible for electing the Investor's correct PIR in the Application Form. If the Investor's PIR changes the Investor will be responsible for notifying Maat and the Issuer of the change.

1.7 Loan to 650 GSR

On completion of the Offer, the Issuer intends to loan all the funds to 650 GSR pursuant to the Issuer Loan. The initial term of the Issuer Loan will be through to 31 March 2028 with a 9% interest rate. Interest will be payable quarterly in arrears. The first payment of interest is forecast to be paid on 31 March 2025, which will include the period from commencement of the Issuer Loan through to 31 March 2025. The forecasts also assume that a further equity raise is completed in July/August 2025 to enable a further loan to 650 GSR to fund the required fitouts for two further vacancies. It is forecast that the second loan would be for $780,000 and that the terms of that loan would be the same as the initial Issuer Loan. This would mean that the total balance of loans from the Issuer to 650 GSR will increase from $1,200,000 to $1,980,000. The forecasts assume that the total loan is refinanced on the expiry date of 31 March 2028, either through extending the term of the Issuer Loan or via obtaining alternative funding from a bank.

1.8 Trade and Other Payables

	2025	2026	2027	2028
	$	$	$	$
Accrued Expenses	7,000	7,245	7,499	7,761
	7,000	7,245	7,499	7,761

1.9 Cash Flow

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

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

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

Reconciliation of Net Profit with Net Cash Flow from Operating Activities

	2025	2026	2027	2028
	$	$	$	$
Profit for the period	30,477	148,774	178,200	178,200
Non-cash items				
	30,477	148,774	178,200	178,200
Movement in working capital items				
- (Increase) in trade and other receivables	(7,000)	(245)	(254)	(262)
- Increase in trade and other payables	7,000	245	254	262
Net Cash Flow from Operating Expenses	30,477	148,774	178,200	178,200

1.10 Related Parties

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

The administration fees payable to Maat by the Issuer will be $1,600 plus GST in 2025, $4,832 plus GST in 2026, $4,929 + GST in 2027 and $5,027 plus GST in 2028. The Administration Deed states that the administration fees payable to Maat are $4,800 + GST, adjusted via the Consumer Price Index (CPI) annually. These fees are to be recovered from 650 GSR and then paid directly from the Issuer to Maat.

The Issuer will advance $1,200,000 to 650 GSR and receive interest at 9% per annum on the loan payable quarterly in arrears, expected to be $108,000 annually on the loan advanced of $1,200,000. The forecasts also assume that a further $780,000 will be advanced to 650 GSR in the 2026 financial year on the same terms. This would mean that the annual interest payable from 650 GSR to the Issuer would be $178,200.

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

1.11 Contingent Liabilities

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

1.12 Operating Environment and Taxation

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

1.13 Issue of Shares

The PFI assumes that all 120 share parcels of $10,000 each are issued for $1,200,000. The Investors as holders of Shares will be entitled to receive distributions as declared from time to time. If a poll is taken at a meeting of the Shareholders, each Share has one vote and ranks equally with regard to the Issuer's residual surplus assets.

1.14 Capital Commitments

As at 31 March 2025, 2026, 2027 and 2028, it is assumed that the Issuer will have no capital commitments.

1.15 Actual Results

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

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

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

2 Statement of accounting policies

The prospective financial statements are for the reporting entity Property Improvements Limited.

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

The actual annual financial statements for the Issuer will be prepared in accordance with and comply with NZ IFRS and International Financial Reporting Standards. The accounting policies adopted in the prospective financial statements reflect the policies expected to be adopted in the actual annual financial statements.

Measurement Base

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

Specific Accounting Policies

(a) **Income**

Includes interest received and recovered outgoings from 650 GSR.

Interest received is recognised as revenue on an accrual basis using the effective interest method.

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

(b) **Cash and Cash Equivalents**

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

(c) **Trade and Other Receivables**

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

(d) **Trade and Other Payables**

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

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

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

(f) **Income Tax**

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

(g) **Expenses**

Expenses are recognised when incurred.

(h) **Changes in Accounting Policies**

There are no accounting standards issued but not yet effective that will materially impact the Issuer.

(i) **Going Concern**

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

3 Sensitivity analysis

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

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

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

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

Interest Received Risk Sensitivity

The Issuer is exposed to the performance of 650 GSR, and its ability to make interest payments on the Issuer Loan at 9% per annum. The sensitivity shows the impact of 650 GSR not being able to maintain the 9% interest rate.

Investor Return Risk Sensitivity

Investor Returns are not guaranteed and may fluctuate due to the ability of 650 GSR not being able to maintain the 9% interest rate return, due to unexpected capital expenditure or maintenance that is not recovered from the tenants and tenancy vacancies longer than forecast.

Forecast Sensitivities

Description	Sensitivity applied	Impact on Forecast Cash surplus 31 March 2025	Impact on Forecast Cash surplus 31 March 2026	Impact on Forecast Cash surplus 31 March 2027	Impact on Forecast Cash surplus 31 March 2028
Forecast Cash on Hand at end of year	Base Forecast	$Nil	$Nil	$Nil	$Nil
Interest Received	Rate of – 1%	-$3,500	-$12,000	-$12,000	-$12,000
Investor Return	Rate of – 1%	+$3,500	+$12,000	+$12,000	+$12,000

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

4 Reconciliation of Non-GAAP Financial Information

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

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

	2025 $	**2026 $**	**2027 $**	**2028 $**
Net profit after tax	30,477	148,774	178,200	178,200
Add back: Finance expenses	-	-	-	-
Add back: Income tax	-	-	-	-
EBITDA	30,477	148,774	178,200	178,200
Add back: Unrealised gains and losses	-	-	-	-
EBITDA adjusted for unrealised gains and losses	30,477	148,774	178,200	178,200

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