



## **650 Great South Road Limited**

### **Replacement Product Disclosure Statement For a Product Disclosure Statement dated 21 April 2016**

### **Offer of up to 386 parcels of B Shares in 650 Great South Road Limited**

**Dated 22 April 2016**

#### **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.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546). 650 Great South Road 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 give you a stake in the ownership of 650 Great South Road Limited ("Issuer"). You may receive a return if dividends are paid by the Issuer or if the Issuer increases in value and you are able to sell your Shares at a higher price than you paid for them.

If the Issuer 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 650 Great South Road Limited***

The Issuer has been created for the purpose of acquiring and holding the commercial property located at 650 Great South Road, Penrose, Auckland, as is contained and described in Certificate of Title NA108C/559 ("Property"). It is not intended that the Issuer will undertake any other business activity. The Issuer has been set up by Maat Consulting Limited ("Maat", also referred to as the "Manager") and its directors. Further information on the Issuer, the Property and Maat is provided in Section 2 "*The Issuer and what it does*".



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

The purpose of this Offer is to raise capital to enable the Issuer to purchase the Property. Proceeds from the Offer also enable the management fees (described in "Key terms of the offer" below) to be paid. The Issuer is seeking up to \$19,300,000 of new capital to be put towards the purchase of the Property. The minimum amount which must be raised is \$15,800,000. The balance of up to \$3,500,000 may be funded by the ASB Bank, to be repaid during the three months following settlement from subscriptions expected to be received by the Issuer following the issue of further shares to Investors. The balance of the Purchase Price and issue expenses (including the initial fees to the Manager) will be provided from bank funding. The purpose of the Offer is further described in Section 3 "*Purpose of the Offer*".

The Issuer has a conditional agreement to purchase the Property (subject to the successful capital raising). Further detail relating to this is set out in Section 2 "*The Issuer and what it does*" under the heading "Intended business of the Issuer".

The Offer is not a 'managed investment scheme' offer for the purposes of the FMC Act. Accordingly, there is no FMA licensed manager or a FMA licensed independent supervisor to govern the Issuer's investment activities.

## ***Key terms of the offer***

Description of securities	Offer of ordinary shares in the Issuer (being B Shares offered in accordance with Issuer's constitution)
Date of lodgement of PDS	21 April 2016
Date of lodgement of replacement PDS	22 April 2016
Offer Opening Date	2 May 2016 *
Offer Closing Date	31 May 2016 *
Price of Shares	\$1.00 per Share
Minimum number of Shares per Investor	50,000 (and thereafter in multiples of 50,000)
Maximum number of Shares per Investor	3,500,000
Number of Shares being offered	Minimum 15,800,000 Maximum 19,300,000
Percentage which minimum subscription is to all Shares offered	80.5%
Percentage which maximum subscription is to all Shares offered	100%

Additional payments	If for any reason there are insufficient funds in the Issuer to meet any outgoings, costs or charges in relation to the Property or the Issuer (except to the extent those outgoings consist of bank borrowing of the Issuer made on a limited recourse basis or without shareholder guarantees) then Investors will be liable to contribute money to the Issuer to meet such shortfall pro-rata to the amount of each Investor's Shares.
Management of Property	<p>The Property will be managed by Maat. Maat will be responsible for payment of income distributions, reporting to Investors, arranging for maintenance and insurance of the Property, maintaining accounting records, liaising with Tenants, administering the Property 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 2.02% p.a. of the gross rental income;</li> <li>• An annual accounting fee of \$10,000 plus GST (adjusted for CPI increases);</li> <li>• A lump sum establishment fee of \$325,000;</li> <li>• Fees on sale of the Property and if Maat is removed from its management role, as described in Section 5 "The terms of the Offer".</li> </ul> <p>The management rights are set out in the Ownership and Management Deed, a copy of which can be found at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> (Offer ref: OFR10546) under "Other material information".</p>

\*The above dates are indicative only and may change. The Issuer reserves the right to alter or extend these dates, but by no more than 6 months from the dates mentioned above. The Issuer may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases).

The minimum amount needed to be raised is \$15,800,000. Accordingly, the Shares will not be issued unless Applications for 15,800,000 Shares are received. The maximum number of Shares in this Offer is 19,300,000.

You can find more information about the use of proceeds from the Offer in Section 3 "Purpose of the Offer". You can find more information about the terms of the Offer in Section 5 "Terms of the Offer".

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

The Issuer 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 its business that drive Issuer's business that have or may have the most impact on the financial performance of the Issuer, and the key strategies and plans for the business are as follows:

*Property value:* The Issuer'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 "The Issuer and what it does" and section 8 "Risks to Issuer's business and plans".

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

The current tenants of the Property are Unisys (NZ) Limited, The Fletcher Construction Company Limited, Health Alliance Limited, Northern Regional Alliance Limited and two government departments, The total rental income from the Property (and payments from licence fees for carparks) is \$2,710,061.22 plus GST per annum. Details of the lease term and expiry date, the current rentals and the review and renewal rights for each lease are set out in Section 2 "*The Issuer and what it does*".

**Property owning expenses:** Costs associated with owning the Property will have a key impact on the Issuer's business. The Issuer will be liable to pay expenses and costs involved with owning and managing the Property.

A majority of the day to day expenses and costs involved in the ownership and management of the Property will be recoverable from the Tenants as outgoings. The Issuer will be liable for non-recoverable expenses under the leases, including structural repairs, capital maintenance items and replacement or upgrade of building services.

Recoverable outgoings for most of the leases include rates, insurance premiums, valuation fees, insurance excess (capped at \$2,000), utility charges, service, security and maintenance contracts, cleaning, maintenance and repair costs (of a non-structural nature), building warrant of fitness costs and grounds and car parking area maintenance and repair costs and management expenses.

Further details relating to Property owning expenses is set out in Section 2 "*The Issuer and what it does*" and in the separate legal due diligence report prepared by Anthony Harper ("Due Diligence Report") which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

Property owning expenses also include the management fees payable to Maat under the Ownership and Management Deed.

### **Key strategies**

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

#### **Risks relating to market for Shares**

You may be unable to sell Shares because a market for them does not develop, or any such market that develops ceases to exist. Shares in a company which has only a single asset (being a commercial property) may not be an attractive investment because of lack of diversity of assets. The additional payments required under the Ownership and Management Deed may dissuade potential share purchasers.

The price at which Shares are able to be sold may be lower than the amount you paid to subscribe for the Shares where market prices for commercial properties have fallen generally or (because of lack of good Tenants or insufficient maintenance) the value of the Property has fallen.

The Issuer has no obligation to repurchase the Shares. You will only realise your investment in the Shares by selling the Shares or on the distribution of surplus assets on the liquidation of the Issuer. No assurance is given that any assets will be available for distribution on the liquidation of the Issuer.

#### **Risks relating to the Property**

##### *Sale risk*

The only way you are guaranteed to be able to realise your Shares is on the sale of the Property.

The Property may be an illiquid asset and no promise or guarantee is made regarding the ability of the Issuer to realise the Property for fair value nor the timeframe within which the Property may be realised.

The Property may be sold at a sale price that is less than the initial total subscriptions (together with establishment costs). This would depend upon market conditions at the time. The proceeds from sale of the

Property would first go to repaying the amount of the loan with the Bank. If the sale proceeds were insufficient to fully repay the amount of the loan you would be unable to recoup any part of your initial subscription.

#### *Tenancy risk*

The value of the Property and so the value of your Shares is dependent upon the Tenants continuing to pay rent. At present the Property is fully leased and there are no vacant areas. However, the lease terms are of a short duration. Three of the leases have current terms expiring in 2018 and two of the leases expire in 2019. There is only one lease (to Northern Regional Alliance Limited) which expires later than 2019. Some of the leases also include early termination rights. Specifically, the lease to Fletcher Construction and the lease to Northern Regional Alliance include early termination rights. For further details see Section 8 "*Risks to the Issuer's business and plans*".

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

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

#### **Risks relating to Bank funding**

The Issuer has received an expression of interest from ASB Bank in relation to two funding facilities. One is for 2 years which will be fully drawn and the second is a bridging loan of up to \$3,500,000 for up to 3 months.

If ASB Bank does not make binding loan offers acceptable to the Issuer, the Issuer may obtain comparable funding from another registered bank, without going back to prospective Investors. Any such comparable funding will be on financial terms and conditions no less favourable to the Issuer than those set out in the expression of interest from ASB Bank.

The Issuer will be required to use the bridging facility if it does not reach the full subscription amount. If it does not receive further subscriptions for shares within the 3 month period of the bridging facility, the funding bank could enforce its security, including by the exercise of its power of sale.

Failure of the Issuer to obtain further bank financing at the expiry of the 2-year loan term for the main loan advance (from ASB or from another funding bank) and the Issuer being unable to sell the Property at that time would also lead to a forced sale.

Any forced sale would be likely to yield a lesser purchase price and so reduced Investors' returns.

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

#### ***The Issuer's Financial Information***

The Issuer is purchasing the Property from Stride Property Limited ("Vendor"). The Vendor holds the Property as part of a wider portfolio and, accordingly, the purchase of the Property is the purchase of an asset and therefore there are no historical financial statements. The Issuer will commence trading upon settlement of the purchase of the Property so has no financial history. However, the Issuer has elected to include selected prospective financial information (including a summary of principal assumptions) in Section 7 "*The Issuer's financial information*". The Issuer's prospective financial information will be provided on the Disclose Register, [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "The Issuer's financial statements".

# CONTENTS

1	KEY INFORMATION SUMMARY .....	1
2	THE ISSUER AND WHAT IT DOES.....	6
3	PURPOSE OF THE OFFER .....	19
4	KEY DATES AND OFFER PROCESS .....	20
5	TERMS OF THE OFFER .....	21
6	KEY FEATURES OF THE SHARES .....	23
7	THE ISSUER'S FINANCIAL INFORMATION .....	26
8	RISKS TO THE ISSUER'S BUSINESS AND PLANS .....	29
9	TAX.....	33
10	WHERE YOU CAN FIND MORE INFORMATION .....	35
11	HOW TO APPLY.....	36
12	CONTACT INFORMATION .....	37





## THE ISSUER AND WHAT IT DOES

### Overview

#### *Intended business of the Issuer*

The Issuer has been formed solely to purchase the Property and to operate as a commercial property owner and landlord. The Issuer's business operations will be limited to acquiring and holding the Property. Its revenue will be solely generated from rent returns from Tenants in the Property. The Issuer does not intend to purchase any other business, property or assets.

The Issuer has been incorporated by Maat, which is the sole holder of all of the A Shares in the Issuer.

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".

Maat has entered into the Purchase Agreement for the purchase of the Property for a price of \$31,800,000 plus GST (if any). The Purchase Agreement is conditional on the Issuer completing a successful raising of capital under this Offer, at which point Maat will nominate the Issuer as the purchaser under the Purchase Agreement. A copy of the Purchase Agreement and Leases can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

The Issuer is seeking a minimum of \$15,800,000 and a maximum of \$19,300,000 of new capital to complete the purchase of the Property. The balance of the Purchase Price and issue expenses (including the initial fees to Maat) relating to the purchase and establishment of Issuer will be funded from bank funding. If less than the maximum subscription amount of \$19,300,000 (but more than the minimum amount of \$15,800,000) is raised from subscriptions prior to the settlement date, the Issuer will draw down the difference from a 3 month cash advance facility being provided by the Bank (the "Bridging Loan") to enable the Issuer to complete the purchase of the Property. In these circumstances the Issuer will extend the closing date of the Offer and seek further subscriptions under it.

If the purchase of the Property is completed, Maat will have an ongoing role in managing the Property under the terms of the Ownership and Management Deed.



### *Industry sector*

The Issuer 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 quality of tenants. General economic conditions impact upon rental demand. Important factors in assessing a property's value and the potential return are the value of the land and the building, the level of rental return and the certainty of that rental return over time. A detailed overview of the general economic and specific market factors affecting commercial property is provided in the Valuation.

### *Factors impacting on the Issuer's business*

The current and future aspects that have or may have the most impact of the financial performance of the Issuer's business are the Property value, the rent returns from the Property and the Property owing expenses.

### *Property value*

As the Issuer's sole asset will be the Property, factors affecting the value of the Property will have a direct impact on the Issuer's business. Return on capital invested will 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 Tenants but also to the location, quality and standard of maintenance of the building. Set out below is a general description of the Property.

### *General description of the Property*

The property is situated adjacent to the Central Park office complex on Great South Road, Auckland, near the Ellerslie/Panmure highway. It is within a short distance to the Southern Motorway and is well serviced by both bus and rail public transport. A café servicing the businesses in the wider area is situated as a stand alone facility within the Central Park complex.

The Property is contained in one fee simple title, identifier NA108C/559 legally described as Lot 2 Deposited Plan 176485, and comprising 6,573 m<sup>2</sup> more or less.

The Property has the benefit and burden of right of way and services easements which relate to the shared driveway which also benefits the properties at 656 and 660 Great South Road. The easements include usual maintenance and cost sharing provisions. There are also electricity and telecommunications easements in favour of Vector Limited and Genesis Energy respectively.



A Land Information Memorandum ("LIM") for the Property has been obtained from Auckland Council. The office and car park buildings on the Property were originally constructed in the late 1990s. Since they were built, most building activity at the Property has consisted of office fitouts for tenants.

A potential issue arising from the LIM is the lack of code compliance certificates in respect of various works for which building consents were issued. There are six building consents listed in the LIM which do not have building consents. Three of those consents relate to office fitouts carried out in the last 3 years (two for Northern Regional Alliance and one for the Inland Revenue Department). Those works may still be ongoing hence the lack of code compliance certificates. The Vendor has advised that Unisys is following up the other missing code compliance certificate (two of which relate to that tenant's fitout and one of which relates to a Vector substation). While the primary responsibility for obtaining these code compliance certificates under the leases will rest with the tenants (or will rest with Vector for the substation), if they fail to obtain the certificates the Issuer, as owner of the Property, could be responsible if there are issues with these works and if the Council requires remedial action to be taken. The Vendor has undertaken in the Purchase Agreement to use all commercially reasonable endeavours to advance resolution of these issues during the period to settlement.

A copy of the LIM can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

Further details regarding the title interests for the property and the matters disclosed by the LIM can be found in the separate legal due diligence report prepared by Anthony Harper ("Due Diligence Report") which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

The Valuer has independently valued the Property at \$31,900,000 plus GST (if any) as at 23 March 2016 in accordance with International Valuation Standards and API/PINZ Valuation Standards. A copy of the full Valuation report containing further details can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information". Investors are encouraged to view the Valuation carefully. The Valuer has consented to the Valuation being included in this PDS and on the Disclose Register.

#### *Rent returns from the Property*

The second factor by which the Issuer's business (and consequently the returns payable to Investors) will be impacted upon is the quality of the Tenants and the level of rent which is paid by those Tenants. Set out below is a table giving a summary of the Tenants' names and principal Lease provisions. Following that, there is set out a more detailed description of each of the Leases.

#### *General summary of leases*

Tenant Name	Lease Expiry	Outgoings recovery	Rights of Renewal	Next Rent Review Date	Current Passing Income (per annum excluding GST)
Unisys (NZ) Ltd	18/12/19	Full	1 x 3 years	19/12/16	\$508,049.76
The Fletcher Construction Company	31/07/18 (subject to break rights in 2016/2017)	Full	Nil	Nil	\$435,090.00
Her Majesty The Queen	18/3/18	Partial	2 x 3 years	19/3/18 (if renewed)	\$599,621.88
Health Alliance Ltd	31/3/18	Full	Nil	Nil	\$332,690.38
Northern Regional Alliance Limited	31/3/22 (subject to a break right in 2019)	Full	1 x 3 years	1/4/19	\$460,351.20
Ministry of Health	14/12/19	Full	1 x 6 years	15/12/16	\$328,395.00
<b>Total lease rentals</b>					<b>\$2,664,198.22</b>
Casual car park licence fees (21 parks)					\$45,864.00
<b>Total lease/ licence income</b>					<b>\$2,710,062.22</b>



*Specific Lease summaries*

<b>Lease to Unisys (NZ) Limited</b>	
Guarantor	Nil
Floor Area / carparks	1483.7m <sup>2</sup> and 54 car parks
Term	5 years from 19 December 2014
Rights of Renewal	1 x 3 years
Final Lease Expiry	18 December 2022
Current Annual Rent	\$508,049.76 plus GST (including naming rights)
Rent Reviews	Annual 2% fixed increases – next due on 19 December 2016
Operating Expenses	The lease allows the landlord to recover usual outgoings costs from the tenant.
Other material matters	<ol style="list-style-type: none"> <li>1 No further market rent reviews although there is a fixed 2% per annum rent increase in December of each year.</li> <li>2 The tenant has a first right of refusal to a new lease of the premises if the landlord decides to continue leasing the premises for the purposes permitted in terms of the lease.</li> <li>3 The tenant has exclusive naming rights to the building while it is the tenant under this lease. It pays (currently) \$25,000 plus GST per annum, increasing 2% per annum along with the premises rent.</li> </ol>
Tenant Profile	Unisys is a global information technology company with more than 20,000 employees serving clients around the world. Their business includes providing a range of cloud based and outsourcing IT services to Government Departments and large corporations. In New Zealand, Unisys employs almost 300 people with the Auckland office employing 30. Unisys has been a tenant in this building since it opened in 1997. They operate a 24 hour service for their clients and have a significant sized infrastructure set up to enable them to operate their business.



<b>Lease to The Fletcher Construction Company Limited</b>	
Guarantor	Nil
Floor Area / carparks	486.14m <sup>2</sup> + 824.49 m <sup>2</sup> and 50 car parks
Term	2 years 11 months from 21 August 2015 (subject to early termination rights described below)
Rights of Renewal	Nil
Final Lease Expiry	31 July 2018
Current Annual Rent	\$435,090 plus GST
Rent Reviews	Nil
Operating Expenses	The lease allows the landlord to recover usual outgoings costs from the tenant.
Other material matters	<ol style="list-style-type: none"> <li>1 The tenant may terminate the lease early between 19 June and 14 August 2016 or 20 March and 5 April 2017. (In this event, the Vendor has agreed under the Purchase Agreement to lease the premises on like terms for the balance of the term and beyond, to 18 November 2018, in the manner described below).</li> <li>2 No further rent reviews during the lease.</li> <li>3 The tenant is not required to remove all of its fitout, or to redecorate or replace floor coverings at the end of the lease. This will require additional costs to be incurred by the Issuer as landlord, to put the premises in a condition suitable for a new tenant at the end of the lease.</li> <li>4 There are unusually onerous damage and destruction provisions in the context of a substantial repair or rebuild, in particular: <ol style="list-style-type: none"> <li>(a) if the premises are badly damaged so as to be un-tenantable, either party may terminate the lease within 20 working days of the date of damage. If the lease isn't so terminated, the landlord must reinstate the building. This period (20 working days) may be too short to determine whether the building can be rebuilt or not;</li> </ol> </li> </ol>

	<p>(b) the landlord must pay any shortfall in insurance monies and costs of repair;</p> <p>(c) the tenant may terminate the lease if the landlord fails to:</p> <p>(i) demonstrate it has funds to reinstate the premises within 3 months;</p> <p>(ii) obtain all consents within 6 months of the date of damage; and</p> <p>(iii) repair or reinstate the premises within 9 months from date of damage.</p> <p>5 The landlord warrants the building has a minimum 67% NBS seismic rating and is graded 'B' under the Building Grading System and is free from seismic vulnerabilities that threaten life or safety and that it will do any works required (at its cost) to maintain this rating. The tenant may terminate the lease if this covenant is breached and not remedied within 4 months of tenant's notice.</p>
Tenant profile	The Fletcher Construction Roading Division is using this tenancy as a base for their team to prepare and submit an international tender for the construction of a new motorway. At the time of preparation of this PDS, Fletchers were awaiting the outcome of their submission. If short-listed for the project, Fletcher Construction will continue to the final selection stage.

<b>Lease to Her Majesty The Queen</b>	
Guarantor	Nil
Floor Area / carparks	2092.77m <sup>2</sup> and 5 car parks
Term	6 years from 19 March 2012
Rights of Renewal	2 x 3 years
Final Lease Expiry	18 March 2024
Current Annual Rent	\$599,621.88 plus GST. This level of rent takes into account the fact that not all outgoings are recoverable from this Tenant (so is higher than if the lease required the tenant to pay all usual outgoings). To determine the net income from this Tenant it is necessary to deduct the amount the landlord will need to pay towards outgoings which cannot be recovered from this Tenant. The actual income payable by this Tenant (after deducting all outgoings) is, according to information supplied by the Vendor, \$498,811.73 plus GST per annum.
Rent Reviews	19 March 2018 (if renewed; market review with soft ratchet as described below)
Operating Expenses	In addition to the rent the tenant only pays its share of rates, its own utility charges, insurance costs and provisioning of toilets and other shared amenities. Other charges such as service contracts, repair and maintenance costs are not recoverable from this Tenant.
Other material matters	<p>1 The next rent review will occur if the lease is renewed in March 2018; to market. At that point the reviewed rent cannot fall lower than the rent at commencement of the lease (in March 2012), so if market rents fall the rent may decrease at that time.</p> <p>2 The tenant is not required to remove all of its fitout, or to redecorate or replace floor coverings at the end of the lease. This will require additional costs to be incurred by the Issuer as landlord, to put the premises in a condition suitable for a new tenant at the end of the lease.</p> <p>3 There are additional and onerous landlord's maintenance obligations, including:</p> <p>(a) a requirement that the landlord must supply annual reports to the tenant relating to the condition, testing, maintenance and repair of fire protection, emergency lighting, air conditioning, heating and ventilation plant, lifts, energy supply systems and emergency systems;</p>

	<p>(b) the landlord must ensure that the building remains compliant with all relevant legislation, and must maintain the common areas and exterior to a standard of repair and appearance as near as practicable to the condition of the building at the commencement of the lease;</p> <p>(c) detailed requirements for cleaning the building on a regular basis;</p> <p>(d) the landlord must replace floor coverings, including on the first renewal date (19 March 2018);</p> <p>(e) the tenant may, at its cost, conduct a full technical audit of the premises against the Tenancy Performance Specifications set out in the lease. Those Tenancy Performance Specifications are detailed, and include a seismic requirement (67% of New Building Standard), temperature tolerances and lighting levels. If the audit reveals any defects or shortcomings, the landlord must put a remedial works programme into effect as promptly as possible.</p> <p>4 The damage and destruction clauses are potentially onerous to the landlord if the building is substantially damaged:</p> <p>(a) Either party (instead of just the landlord) can terminate the lease if that party determines that the premises require demolition or reconstruction within 3 months of an event causing damage or destruction; and</p> <p>(b) If the tenant is prevented from having full access to the premises due to a natural event, act of God or statutory requirement, for a continuous period of 3 months, then the Tenant may terminate the lease.</p> <p>5 While the Crown is the tenant, it has a right of first refusal to take a lease of any space that becomes available on the ground floor of the building.</p>
Tenant profile	The tenant is the Crown.



<b>Lease to The Health Alliance Limited</b>	
Guarantor	Nil
Floor Area / carparks	869.55m <sup>2</sup> and 74 car parks
Term	6 years from 1 April 2012
Rights of Renewal	Nil
Final Lease Expiry	31 March 2018
Current Annual Rent	\$332,690.38 plus GST
Rent Reviews	Nil
Operating Expenses	The lease allows the landlord to recover usual outgoings costs from the tenant.
Other material matters	<ol style="list-style-type: none"> <li>1 No further rent reviews.</li> <li>2 The tenant is entitled to a partial rebate of rent of \$10,692.92 plus GST per month for the period from 1 April 2015 to 30 September 2016. The Vendor has agreed in the Purchase Agreement to pay to this tenant, prior to the settlement date, the full remaining balance of this rental rebate, so that the tenant pays the full rent to the Issuer following settlement.</li> <li>3 The Vendor and the tenant have agreed that 6 car parks shall be surrendered for re-leasing to Northern Regional Alliance, reducing the car parks in this lease from 80 to 74. This will need to be documented by a deed of partial surrender.</li> </ol>
Tenant profile	Health Alliance was established in 2000 to assist the Government to achieve its objective of providing better healthcare by providing non clinical services to the Northern Region DHBs for Information Technology, Staff Services (Payroll and HR Administration), Regional Internal Audit and to the DHB Sector in Finance, Procurement, and Supply Chain.

<b>Lease to Northern Regional Alliance Limited</b>	
Guarantor	Nil
Floor Area / carparks	1271.38m <sup>2</sup> and 78 carparks
Term	6 years from 1 April 2016 (subject to early termination described below)
Rights of Renewal	1 x 3 years
Final Lease Expiry	31 March 2025
Current Annual Rent	\$460,351.20 plus GST
Rent Reviews	3 yearly to market – next review on 1 April 2019
Operating Expenses	The lease allows the landlord to recover usual outgoings costs from the tenant
Other material matters	<ol style="list-style-type: none"> <li>1 The tenant may terminate the current term of the lease 3 years early, on 19 March 2019.</li> <li>2 If the early termination occurs, the Vendor has agreed under the Purchase Agreement to enter into a replacement lease for the balance of the current term, at the current rent, on an identical lease form, subject to an obligation on the Purchaser to take steps to find a replacement tenant in which event the Vendor's lease may be surrendered.</li> <li>3 If it terminates early the tenant must repay half (\$170,365 plus GST) of the landlord's (Vendor's) incentive payment. This payment is to be made by the Issuer to the Vendor provided the Vendor has met its commitment to enter into the replacement lease described above, failing which the Purchaser will receive the repayment.</li> <li>4 The tenant has a first right of refusal to lease the balance of Level 2, on market terms, should it become available during the term of this lease.</li> <li>5 The landlord must ensure the air conditioning can maintain 21 degrees</li> </ol>

	<p>plus/minus 2 degrees. If the landlord fails to do so the tenant can effect necessary works and is entitled to recover costs from the landlord.</p> <p>6 If the premises have been damaged and are to be repaired and there is significant disruption to the tenant's business in the unrepaired condition, the tenant can require the landlord to state its reasonable estimate for the repair period. If this is more than 9 months the tenant may terminate the lease.</p> <p>7 At the date of this PDS there is no signed Deed of Lease in place with this Tenant. While there is a binding commitment by the Tenant for this lease, the final terms of the Deed of Lease have not yet been agreed (although a draft document has been given to this Tenant). There is some uncertainty regarding the final form of this lease,</p> <p>8 The Vendor has agreed in the Purchase Agreement to use its reasonable commercial endeavours to have this lease finalised as soon as possible, and must consult with the Issuer if there are any material changes to the form of the lease. The Vendor has further agreed that \$200,000 may be retained by the Issuer from the purchase price if this lease (and associated arrangements for rearranging carparks between this tenant and Health Alliance Limited) are not formalised prior to the settlement date. Once those arrangements are formalised the \$200,000 retention amount is released to the Vendor. The Issuer considers that this retention amount provides sufficient security to ensure that these matters are formalised, or to compensate the Issuer if they are not.</p>
<p>Tenant profile</p>	<p>Northern Regional Alliance Limited provides the same services as the Health Alliance to improve the delivery of better health care in the Northern Region of NZ.</p>



<b>Lease to The Ministry of Health</b>	
Guarantor	Nil
Floor Area / carparks	1306.85m <sup>2</sup> plus 13 car parks
Term	6 years from 15 December 2013
Rights of Renewal	1 x 6 years
Final Lease Expiry	14 December 2025
Current Annual Rent	\$328,395 plus GST
Rent Reviews	15 December 2016
Operating Expenses	The lease allows the landlord to recover usual outgoings costs from the tenant
Other material matters	<ol style="list-style-type: none"> <li>1 The market reviewed rent cannot be less than the rent payable at commencement of the lease in December 2013</li> <li>2 There are extensive landlord's maintenance obligations, in particular: <ol style="list-style-type: none"> <li>(a) the landlord must maintain building services in good working operational order, repair and condition and in accordance with the tenant's performance criteria attached to the lease;</li> <li>(b) the landlord must keep clean and maintain the roof and exterior (including exterior windows) in good and substantial repair, order and condition and in a structurally sound and weatherproof and watertight condition.</li> </ol> </li> <li>3 The tenant is not required to remove its fitout, or to redecorate or replace floor coverings at the end of the lease. This will require additional costs to be incurred by the Issuer as landlord, to put the premises in a condition suitable for a new tenant at the end of the lease.</li> </ol>
Tenant profile	<p>The Ministry of Health at this location has the tasks of:</p> <ul style="list-style-type: none"> <li>• implementing, administering and enforcing relevant legislation and regulations; and</li> <li>• providing Health Information</li> </ul>

Further details of the material terms of the leases are included in the separate legal due diligence report prepared by Anthony Harper ("Due Diligence Report") which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

#### *Vendor's entry into replacement leases*

The Purchase Agreement contains obligations on the Vendor to enter into replacement leases (as tenant) in respect of the two leases where the tenant has early termination rights (Fletcher Construction and Northern Regional Alliance) and to also enter into a 12 month lease for the Health Alliance premises following the current lease's expiry on 31 March 2018. More specifically:

- The Vendor will sign (as tenant) a replacement deed of lease on identical terms to the lease terminated early by NRA or Fletcher Construction, including the rent, for the balance of the current term of the NRA lease, and beyond the expiry date of the current term of the Fletcher Construction lease, to 18 November 2018 (except that in the case of the extra period for the replacement Fletcher Construction lease (being the period 1 August – 18 November 2018) a gross (or including outgoings) rent of \$157,303 plus GST for the period has been agreed). The Vendor will also sign an additional lease for the period 1 August 2019 – 18 November 2018 even if Fletcher Construction does not terminate its lease early; again on identical terms to the expired lease and at the pre-agreed gross rental of \$157,303 plus GST.
- The Vendor will sign (as tenant) an additional lease of the ex-Health Alliance premises, to commence on 1 April 2018 (being the day after expiry of Health Alliance's lease) for 12 months, on identical terms to the Health Alliance lease, except that the rent for the period has been agreed at \$392,697 plus GST, on a gross basis; and

- In all three cases:
  - the Vendor won't be required to take on the replacement or additional leases described above for any period where the tenant holds-over (i.e. continues in possession, paying rent); and
  - the Purchaser must actively market the premises for lease and the Vendor will be released if a new tenant is found.

These arrangements for replacement leases alleviate the commercial risk to the Issuer of the tenants' early termination rights and the relatively short remaining term of the Health Alliance lease. The Vendor's obligations here are unsecured and the Purchaser will be relying on the Vendor to honour these obligations when the leases are required.

There is also no guarantee that replacement tenants will be found once the Vendor's leases have expired.

#### *Property owning expenses*

A further factor that will have an important impact on the financial performance of the Issuer's business is the property owning expenses.

The Issuer will be liable to pay expenses and costs involved with owning and managing the Property. A majority of the day to day expenses and costs involved in the ownership and management of the Property will be recoverable from the Tenants as outgoings. The Issuer will be liable for non-recoverable expenses under the leases, including structural repairs, capital maintenance items and replacement or upgrade of building services.

Recoverable outgoings for most of the leases include rates, insurance premiums, valuation fees, insurance excess (capped at \$2,000), utility charges, service, security and maintenance contracts, cleaning, maintenance and repair costs (of a non-structural nature), building warrant of fitness costs, grounds and car parking area maintenance and repair costs and management expenses. The IRD lease is a semi-gross lease with recoverable outgoings being limited to rates, utility charges and insurance costs. Other leases also have changes to recoverable outgoings.

Further details on the recoverable outgoings are included in the separate legal due diligence report prepared by Anthony Harper ("Due Diligence Report") which can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

In addition to the above property owning expenses, the Issuer must meet the management fees payable to Maat under the Ownership and Management Deed. Further information on the management role of Maat is set out below under the heading "Management role of Maat" below. Further information on the Ownership and Management Deed and its terms is available in Section 6 "*Key features of the Shares*". A copy of the Ownership and Management Deed is available on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

#### *Key strategies and plans*

Key strategies and plans to maximise the returns on the Property are:

- encouraging Tenants to exercise rights of renewal;
- engaging an experienced letting agent to secure new tenants, as required;
- carrying out regular Property maintenance. This will be achieved by Maat fulfilling its obligations to ensure maintenance under the Ownership and Management Deed;
- if necessary implementing the commitment of the Vendor to enter into replacement leases as described above;
- appointing Maat as manager, under the Ownership and Management Deed so that the Issuer has the benefit of Maat's proven track record; and
- appointing an experienced professional sales agent when the Property is to be sold.

## Directors, Senior Management and individual relevant parties

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

Neil James Tuffin CA AFA 181 No 3 Line Wanganui 4500 New Zealand	Bruce Charles Ellis JP CA BCA 636 Stanley Road Stratford 4394 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, CA,AFA

Neil Tuffin is a Chartered Accountant and Authorised Financial Advisor (under the Financial Advisers Act 2008.) Neil is the managing director and shareholder of Maat, Maat Financial Services, and a director of the ten property owning companies managed by Maat. Neil is also Chairman of the Boards of Remediation (NZ) Ltd and Central Landscape Systems Ltd.

### Bruce Ellis, JP, CA, BCA

Bruce is a Chartered Accountant operating his own accounting practice in Stratford, following his career as a director of a former Stratford accounting practice, Accountants on Broadway. He is a director and shareholder of Maat, Maat Financial Services and the ten property owning companies managed by Maat.

### 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 Maat, Maat Financial Services and the ten property owning companies managed by Maat.

### Management role of Maat

Maat will be responsible for management of the Property. In particular, the Ownership and Management Deed, which governs the operation of the Issuer, provides that Maat will be responsible for (amongst other things):

- payment of monthly income distributions to Investors;
- maintaining proper accounting records for the Issuer;
- preparing timely reports for Investors; and
- arranging and placing appropriate insurance policies in respect of the Property.

Maat is the Manager of commercial property proportionate ownership investment and share ownership opportunities offered to selected Investors and also to the wider public. Formed in early 2010, Maat has syndicated ten properties during the last 6 years with a combined capital value of \$150,000,000, ranging in value from \$4,000,000 to \$36,000,000. Approximately 45% of the purchase price of these properties has been funded by bank loans and the balance has been funded by investor subscriptions.

Further detail of the Ownership and Management Deed is set out in Section 6 "*Key features of the Shares*".

Maat will appoint Maat Property to manage the Property on a day-to-day basis, with its role extending to (amongst other things):

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

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

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

### Information about acquired businesses, subsidiaries, and body corporates

In acquiring the Property, the Issuer is not acquiring a business for the purposes of the FMC Regulations. However, certain prospective financial information is provided in Section 7 "The Issuer's financial information". The Disclose Register will contain future financial information about the Issuer. The Issuer has no other businesses, subsidiaries or interests in any body corporates.

### Table of substantial shareholder and of relevant interests held by the directors

As at the date of this PDS, the following shareholder has a relevant interest in 5% or more of the A Shares in the Issuer:

Name	Number of Shares	Consideration
Maat	100 (100% of total A Shares)	\$100

Following the allocation of Shares the following shareholder may have a relevant interest as follows:

Shareholder	Number of Shares	Consideration	Type of Share
Maat	100 (100% of the A Shares)	\$100 for A Shares	A Shares

### Interests of directors

The Issuer does not have any employees and it does not intend to employ any persons other than the subcontractors referred to above.

The directors of the Issuer are also directors of Maat. Under the Ownership and Management Deed Maat will receive fees from the Issuer. These fees are set out in Section 5 "Terms of the offer".

### 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

Maat has an agreement to purchase the Property from the Vendor for \$31,800,000 plus GST (if any). The Purchase Price is supported by a Valuation completed by the Valuer, dated 23 March 2016. Maat will nominate the Issuer to complete the purchase under the Purchase Agreement. The only remaining condition of the Purchase Agreement is the Issuer completing a successful raising of capital under this Offer.

The purpose of this Offer, therefore, is to raise capital to enable the Issuer to purchase the Property. The Issuer is seeking up to \$19,300,000 of new capital to fund the purchase. The minimum amount required before the Property purchase will proceed is \$15,800,000. The balance of the Purchase Price and issue expenses will be provided from bank funding.

The Offer is not underwritten.

A minimum of \$15,800,000 must be raised before the Shares will be allotted.

Details of amounts to be raised and the expected use of those funds are as follows:

#### Funds Received

650 Great South Road - Share Issue Costs		\$
Minimum subscriptions from investors (316 parcels of \$50,000 each)		15,800,000
Bank Loan comprising (\$15,105,000 of term funding and \$3,500,000 of short term funding)		18,605,000
<b>Total</b>		<b>34,405,000</b>
<b>Use of Funds</b>		
Purchase Price		31,800,000
Facilities Upgrade Fund		1,350,000
Issue Costs		1,255,000
<b>Total</b>		<b>34,405,000</b>
<b>Estimated issue expenses payable by the issuer</b>		
Bank Loan - Application Fees		8,000
Interest Paid on Deposit Funds.		3,440
Bank Loan - Application Legal Fees		9,000
Accountants fee - Financial Forecast Review		19,000
Brokerage Fees		386,000
Legal Fees		120,000
Statutory Fees		10,000
Marketing		187,500
Offerors' Fee		325,000
Contingency		4,860
Valuation Fees		20,000
GST on Set-up Costs (claimed back from IRD)		162,200
<b>Total</b>		<b>\$ 1,255,000</b>

Any of the estimated costs above unspent may be applied towards any fee that exceeds the amounts as set out above, with any savings retained by the Issuer as working capital.

#### 4 KEY DATES AND OFFER PROCESS

Key dates	
PDS lodged on the Disclose Register	21 April, 2016
Opening Date for Applications	2 May, 2016
Offer Closing Date	31 May, 2016
Settlement date of Property purchase and issue of Shares	Anticipated to be 15 June, 2016, being 10 working days from the Offer Closing date.
Intended date of first dividend payment	30 June, 2016

The above dates are indicative only and may change. The Issuer reserves the right to alter or extend these dates, but by no longer than 6 months from the dates mentioned above. The Issuer may also withdraw the Offer at any time before the allocation of Shares or accept late Applications (either generally or in individual cases). See Section 5 of the Key Information Summary "*Key terms of the Offer*" for further information about these dates.



## 5 TERMS OF THE OFFER

<p><b>What is the Offer</b></p>	<p>The Offer is for Shares in the Issuer. See Section 5 "<i>Key terms of the Offer</i>" in the Key Information Summary for an overview of what the Offer involves and Section 6 "<i>Key Features of the Issuer's Shares</i>" for an outline of the key features of the Shares. No person guarantees the value or liquidity of the Shares offered under this Offer. No person guarantees the future performance of the Issuer or any return on the Shares.</p>
<p><b>Key dates</b></p>	<p>See Section 4 "<i>Key dates and Offer process</i>" for information about the key dates for the Offer.</p>
<p><b>Fixed Price</b></p>	<p>\$1.00 per Share, minimum Application 50,000 Shares.</p>
<p><b>Structure of the Offer</b></p>	<p>The Offer is an offer of up to \$19,300,000 Shares in the Issuer. Provided the minimum subscription of \$15,800,000 is reached, Shares are to be allotted on the date the Property is purchased under the Purchase Agreement. Shares will be issued in parcels of 50,000 share parcels ("Share Parcels"). The minimum number of Share Parcels for an Investor is one. The maximum number of Share Parcels per Investor is 70 (being \$3,500,000 in total).</p>
<p><b>Refunds</b></p>	<p>The Offer may be withdrawn by the Issuer at any time before the allocation of the Shares, at the Issuer's sole discretion. If the Offer is withdrawn, then the subscription monies will be refunded with any interest earned (less resident withholding tax ("RWT") and Commission) no later than 10 days after the decision to withdraw the Offer.</p> <p>The Issuer may decline any Application, in its discretion. Money received in respect of Applications which are declined will be refunded. Refunds will be paid to unsuccessful Applicants within 10 days of the allocation of Shares or after the Applicant has been declined (as applicable). Refunds will be paid in the manner selected by the Applicant for future dividend payments in the Application Form.</p>
<p><b>Applications</b></p>	<p>An Application is an offer to subscribe for Shares at the value specified in the Application Form, on the terms and conditions set out in this PDS (including any replacement of it), the Disclose Register (at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> (Offer ref: OFR10546) and the Application Form. By submitting an Application Form an Applicant irrevocably agrees to subscribe for Shares on those terms, notwithstanding any variations to the Purchase Agreement or extensions to the settlement date for the purchase of the Property.</p> <p>Until the allotment of the Shares, subscription monies received will be held in the trust account of Anthony Harper Solicitors for the benefit of the Applicants.</p> <p>The banking of subscription monies does not constitute confirmation of allotment of any Shares or the acceptance of an Application.</p> <p>This PDS is intended for use only in connection with the Offer of the Shares in New Zealand and 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</p>

	<p>circumstances in which the Offer or distribution of this PDS would be unlawful. The Issuer, Maat and the directors of the Issuer disclaim all liability to any person who is sent or receives this PDS outside New Zealand.</p>
<b>Allocation and Allotment</b>	<p>The allotment of Shares to successful Applicants is scheduled to take place on the settlement date under the Purchase Agreement (anticipated to be 15 June, 2016).</p> <p>The Allotment will be recorded on the Issuer's share registry.</p>
<b>Constitution</b>	<p>The constitution of the Issuer prescribes 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 of the Issuer can be found at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> (Offer ref: OFR10546), "Other material information".</p>
<b>Management Fees</b>	<p>Under the Ownership and Management Deed the following fees are payable to Maat:</p> <ul style="list-style-type: none"> <li>• A management fee of 2.02% p.a. of the gross rental income collected from Tenants of the Property, plus GST;</li> <li>• An annual accounting fee of \$10,000 p.a. plus GST (payable monthly in arrears) adjusted annually by the annual movement in the Consumer Price (All Groups) Index;</li> <li>• Once the Issuer obtains title to the Property, an establishment fee of \$350,000;</li> <li>• On sale of the Property, a lump sum payment of 2% of any sale profit. Sale profit is the difference between the net sale price of the Property (being the sale price less expenses) and the acquisition cost of the Property (being the Purchase Price of \$31,800,000 plus the Share issue costs of \$1,092,800; and</li> <li>• If Maat is removed by special resolution of the holders of the Shares, Maat is to be paid the equivalent of one year's annual management fee, as compensation.</li> </ul>

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 of the Issuer, each Share gives the holder the right to:

- Attend and vote at a meeting of shareholders of the Issuer, including the right to cast one vote on a poll or any resolution, including but not limited to any resolution to:
  - Adopt, revoke or alter the constitution of the Issuer;
  - Approve a "major transaction" (as defined in the Companies Act) of the Issuer;
  - Approve any amalgamation of the Issuer under section 221 of the Companies Act; and
  - Place the Issuer into liquidation;
- 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 the Issuer;
- Be provided with certain information, including notices of meetings and company reports, sent to shareholders generally; and
- Except as set out below, exercise all other rights conferred on a shareholder by the Companies Act and the constitution of the Issuer.

The A Shares will be cancelled if the Ownership and Management Deed is terminated. If this happens, the holders of a majority of the Shares will be able to appoint or remove Directors.

The A Shares do not give any right to receive dividends or other distributions or to share in the distributions of surplus in a liquidation of the Issuer.

The Shares are also impacted upon by the terms of the Ownership and Management Deed, as described below.

### *Liability to contribute*

By subscribing for Shares, Investors also agree to be bound by the terms of the Ownership and Management Deed. A shareholder electing to sell Shares must first ensure that the purchaser agrees to also be bound by the provisions of the Ownership and Management Deed.

**Under the Ownership and Management Deed, if for any reason there are at any time insufficient funds in the Issuer to meet any outgoings, fees or charges in relation to the Property or the Issuer (except to the extent those outgoings consist of bank borrowings of the Issuer made on a limited recourse basis or without shareholder guarantees), then Investors will be liable to contribute money to the Issuer to meet such shortfall pro-rata to the account of each Investor's Shares.**

Further details of the Ownership and Management Deed are set out below.

### *Dividend policy*

It is intended that the dividend policy be based on net cash flow from operating activities. It is intended that the projected gross dividend yield of 9% per annum (for the first 3 years) will be paid (less tax at the investors selected tax rate) by monthly instalments on the last working day of each month. The taxation of these dividends is set out in Section 9 "Tax". Such monthly dividends are reliant on the Issuer receiving full rental payments under the Leases. The Board will monitor the Issuer's projected cash flow and capital requirements and will review this policy annually. It is anticipated that the first monthly dividend will be for the period from settlement of the purchase of the Property until 30 June, 2016 and be paid on or about 30 June, 2016. Dividend statements will be sent to all shareholders after completion of the Issuer's annual financial statements.

If the Issuer registers as a portfolio investment entity ("PIE") and a multi-rate PIE as defined in the Income Tax Act 2007, the distribution will be Attributed PIE Income and tax will be paid at your prescribed investor rate ("PIR").

### *Risks associated with Shares*

You may be unable to sell Shares because a market for them does not develop, or any such market that develops ceases to exist. Shares in a company which has only a single asset (being a commercial property) may not be an attractive investment as there is no diversity of assets.

The price at which Shares are able to be sold may be lower than the amount you paid to subscribe for the Shares. There is no guarantee that there will always be willing buyers for this type of investment. Further, as Shares can only be sold subject to the terms of the Ownership and Management Deed, prospective

purchasers may be discouraged by the potential additional payments which could be levied on them as shareholders.

The only way you are guaranteed to be able to realise your Shares is on the sale of the Property. The Property may be unable to be sold when required (in accordance with the availability of bank funding or when Investors wish to do this). The Property may be an illiquid asset and no promise or guarantee is made regarding the ability of the Issuer to realise the Property nor any timeframe within which the Property may be realised.

The Property may have to be sold at a sale price that is less than the initial total subscriptions (together with establishment costs). The proceeds from sale of the Property would first go to repaying the amount of the loan with the Bank. If the sale proceeds were insufficient to fully repay the amount of the loan you would be unable to recoup any part of your initial subscription.

The value of the Property and so the value of your Shares is dependent upon there being Tenants within the building, and those Tenants paying the rent due under their leases.

It is possible that Maat may itself subscribe for Shares. If and for so long as Maat, or a related entity of Maat, holds Shares in the Issuer, there is a risk that Investors seeking to sell their Shares may compete for purchases of Shares (as at the same time, Maat or its related entity may also be seeking to sell the Shares it holds). This may mean that there is an over-supply of Shares available for sale, which could result in a decrease of the market price for Shares. This over-supply may also mean an Investor cannot dispose of its Shares if, and when, it wishes to do so.

#### *No guarantee of returns*

Neither the Issuer, 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 the Issuer pay dividends, it will expect to pay them on a fully imputed dividend basis. See Section 7 "*The Issuer's financial information*" for more information on dividends.

#### *Ownership and Management Deed*

The following is a summary of the Ownership and Management Deed. The full Ownership and Management Deed can be found on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

#### *Role of Maat*

- Maat will manage the Issuer and the Property for the term of the Deed (which will be for the duration of the Issuer's ownership of the Property, unless terminated).
- Maat may be removed by resolution of shareholders representing 75% of the Shares. In the event that Maat is so removed, Maat is to be paid the equivalent of one year's annual management fee as compensation.
- Maat will be paid the fees in respect of management of the Issuer and the Property described in Section 5 "*Terms of the Offer*".
- Maat is appointed as the sole and exclusive Manager of the Issuer and the Property (subject to Maat's right to appoint and engage any agent or sub-manager) having the power to complete (in the name of the Issuer) the purchase of the Property, arrange bank borrowings, grant a mortgage over the Property, recover the rent and outgoings, recover any shortfall from you and negotiate all contracts relating to the Property.

#### *Duties and powers of Maat*

- Maat must, in the name of the Issuer, arrange insurance (including material damage insurance, loss of rents insurance, business interruption and public liability insurance) in respect of the Property on usual terms appropriate for the Property.
- Maat has the ability to undertake expenditure relating to repairs, maintenance, decoration and improvements to the Property at its sole discretion if the expense does not exceed \$50,000 exclusive of GST per set of improvements. Any expense exceeding \$50,000 exclusive of GST per set of improvements can only be undertaken with the approval of shareholders who hold not less than 50% of the Shares. Maat however may undertake maintenance and improvements (of any value) where the relevant 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.

### *Role of the Issuer*

- The Issuer will acquire and hold the Property. The Issuer will own the Property in its own right and not as a bare trustee (or any other kind of trustee). It is a term of the Ownership and Management Deed that Maat will take all necessary steps to enable the Issuer to be registered as the proprietor of the Property on its acquisition.
- The Issuer may only borrow monies, in addition to the initial borrowings specified in this information memorandum, not exceeding in aggregate, 65% of the market value of the Property.
- The Issuer intends to distribute profits at monthly intervals of such amounts as the Directors deem to be appropriate. The Issuer is authorised to retain monies for any future expenditure the Directors think necessary to comply with the terms of the Ownership and Management Deed or to maximise the value of the investment. Maat is obliged to comply with all relevant legislation.

### *Resolutions and sale of Property*

- Shareholders may meet and pass resolutions. Meetings, however, will not be held unless they are called by shareholders holding not less than 30% of Shares or at the request of Maat or the Directors. The Ownership and Management Deed provides that it cannot be altered unless agreed by shareholders representing in excess of 75% of the total Shares at a properly constituted meeting of shareholders.
- A meeting of Shareholders will be convened by the Manager, to resolve whether the Property should be sold and the Issuer wound up, not less than 6 months prior to the repayment date for the bank funding and also on request in writing of shareholders who hold more than 30% of the Shares.
- The shareholders may decide to sell the Property at any time if shareholders representing 75% of the Shares so resolve at a properly constituted meeting.

### *Investor default*

- Any defaulting party (under the Ownership and Management Deed) will indemnify Maat for any losses and costs incurred by Maat in compelling that defaulting party to act in accordance with the Ownership and Management Deed or as a consequence of taking any other action against that defaulting party that Maat, in its sole discretion, deems necessary.

### *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 Ownership and Management Deed.



## 7 THE ISSUER'S FINANCIAL INFORMATION

### *Prospective financial information*

This PDS contains prospective financial information, which is based on the Issuer's assessment of events and conditions existing at the date of this PDS. You should read the information in light of those assumptions and in conjunction with the other information in this PDS, including the risks set out in Section 9 "Risks to Issuer's business and plans". Going forward, the Board will be responsible for the preparation and fair presentation of financial statements for Issuer that comply with generally accepted accounting practice in New Zealand.

The table below in this Section 7 provides key prospective financial information about the Property and the Issuer. If you do not understand this financial information, you can seek advice from a financial advisor or an accountant.

There has been no business acquisition (and accordingly no Vendor financial information). However, prospective financial information is included for Investors' information.

### **650 Great South Road Limited Financial Information**

	Note	Prospective (12 Months) 31/03/2017 (Note 1: Trading for 9.5 Months)	Prospective (12 Months) 31/03/2018	Prospective (12 Months) 31/03/2019
<b>Revenue</b>				
Lease Income	4	2,147,634	2,724,012	2,574,542
<b>Less Expenses</b>				
Acquisition Costs	6	418,440		
Audit and Accountancy Fees		22,411	25,358	26,245
Facilities Upgrade Expenditure	3	150,000	300,000	300,000
Unrecovered Property Management Fees		10,924	14,292	14,792
Legal and Valuation Fees		12,000	12,420	12,855
Unrecovered Operating Expenses		53,893	70,510	125,724
		<b>667,668</b>	<b>422,580</b>	<b>479,616</b>
EBITDA (Earnings before interest, taxation, depreciation and amortisation)		1,479,966	2,301,432	2,094,926
Less Interest on Loan	8	478,394	604,200	604,200
Add movement in value of investment property	2	100,000	-	-
<b>Net Profit After Tax</b>		<b>1,101,572</b>	<b>1,697,232</b>	<b>1,490,726</b>
Dividends at 9% (including tax payable)	5	1,374,134	1,737,000	1,737,000
Total Assets		33,566,736	33,534,074	33,275,292
Cash and Cash Equivalents	7	1,666,736	1,634,074	1,375,292
Total Liabilities		15,213,658	15,220,764	15,208,256
Total Debt		15,105,000	15,105,000	15,105,000
Total Equity		18,353,078	18,313,310	18,067,036
Net Cash Flow from Operating Activities		1,110,230	1,704,339	1,478,217

## Notes and Assumptions for the years ending 31 March 2017, 2018 and 2019

The prospective financial information in this section is based on various best estimate assumptions. Further information about this prospective financial information is contained on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information." The principal assumptions are summarised below and should be read in conjunction with the sensitivity analysis included with the further information about the prospective financial information 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 with the further information about the prospective financial information available on the Disclose Register.

### 1 Settlement

The Issuer will settle the purchase of the Property not later than its contracted date of 15 June 2016. The prospective financial information has been prepared for the periods ended 31 March 2017, 2018 and 2019. As the Issuer was incorporated on 8 April 2016, the first accounting period recorded is for the 12 month period from 8 April 2016 to 31 March 2017, but will represent only 9 months and 15 days of trading.

### 2 Property Valuation

The valuation by Jones Lang LaSalle, Auckland, as at 23 March 2016 was \$31,900,000. The difference of \$100,000 between this valuation and the purchase price of \$31,800,000 is shown as a Movement in the value of the investment property. The purchase valuation figure of \$31,900,000 is also assumed to be the fair value on the date of purchase of the Property and at 31 March 2017, 2018 & 2019 and that there is no increase in the fair value of the Property over the forecast period. The valuation received is for potential acquisition, first mortgage purposes and financial reporting purposes.

### 3 Facilities Upgrade Fund

Included in the \$19,300,000 of investors' subscriptions required to complete the purchase of the property is \$1,350,000 of funds to be specifically applied to the upgrade of the air conditioning system over the 6 year period from date of purchase to 31 March 2022. It is anticipated that \$750,000 of this expenditure will be incurred in the 3 years forecast to 31 March 2019. The balance of \$600,000 will be retained and identified separately for expenditure required in the subsequent 3 years. The forecast timing and amount of this expenditure may vary.

The amount of the forecast expenditure and its timing is based on an independent engineers report.

### 4 Rental Receipts

Rent receipts will be, according to the various lease agreements, \$2,147,634 for the first reporting period. It has been assumed that there will be an adjustment in rental according to the various lease agreements in each of the reporting periods and there will be no bad debts.

In particular:

- No rental income is projected to be derived from the Fletcher Construction tenancy for the period from 18 November 2018 to 31 March 2019.
- The continuation of rental income from Her Majesty the Queen's tenancy is provided for in the 2019 year, following the end of their current lease term on 19 March 2018.

### 5 Shareholder Distributions

Distributions to shareholders and IRD are based on a 9% annual return on initial funds invested in line with the PDS. Due to the acquisition costs in the period to 31 March 2017 and the upgrade of the air conditioning system in the periods 2017, 2018, 2019 and beyond, the distribution for these periods will be partly paid from capital contributed. Cumulative cash will be retained for each of the 3 years, being \$1,666,736; \$1,634,074; and \$1,375,292 respectively. Part of this cash includes \$162,200, being a forecast refund of GST from the payment of Acquisition and Share Issue Costs.

### 6 Acquisition and Share Issue Costs

That the investors' funds will be used to pay for the Acquisition and Share Issue Costs, as detailed in Section 3 above.

### 7 Cash at bank

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

- Building maintenance
- Capital expenditure (as outlined in Note 14)

- Rises in interest rates
- Lease vacancies
- Tenancy considerations

## **8 Interest**

The interest rate on the bank borrowings has been assumed to be at a fixed rate, of 4% for the first 3 years. The initial loan term is 2 years. Interest is payable monthly. The interest expense and cash flow is based on

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

This is based on current indications from ASB Bank, subject to variation at the time of the loan being drawn and assumes the conditions precedent in the offer are fulfilled. The rate applicable for the whole of the third year of projections (to 31 March 2019) has also been assumed at 4%.

## **9 Loan Funds**

The level of bank borrowings will be \$15,105,000, being 47.5% of the cost of the Property of \$31,800,000, and has been committed to by ASB Bank. The loan will be secured by a registered first mortgage over the Property, a first registered general security interest over the assets of the Company and an assignment of the lease agreements for the Property.

## **10 Related Parties**

The management fees payable to the Manager will be \$43,510 for the first full year (2017), which is based on an annual management fee charge of 2.03% per annum on the rental received from the Property. In addition, the Manager will be paid an annual accountancy fee of \$10,000, payable monthly in arrears, adjusted by the CPI movement each year. On settlement the manager will be paid \$325,000 as an Offeror's Fee.

## **11 Contingent Liabilities**

There are no contingent liabilities as at 31 March 2017, 2018 or 2019.

## **12 Operating Environment and Taxation**

There will be no material changes in the economic environment, legal requirements or the current tax regulations and the Company qualifies as a Portfolio Investment Entity ("PIE").

## **13 Issue of Shares**

That all 386 share parcels of \$50,000 shares are issued for \$19,300,000 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 interest at meetings of the Company (but cannot elect directors) and rank equally with regard to the Company's residual assets.

## **14 Capital Expenditure**

An upgrade of the aircon system has been anticipated at the time of purchase. It is projected that the estimated cost of \$1,350,000 will be spread over the first 6 years of ownership by the Company and be funded from investor subscriptions. This estimated cost is based on a Condition Survey Report by an engineer but the timing included in the projected financial statements has been accelerated as compared to the valuation.

No other specific additional capital expenditure has been identified as the condition of the building is such that no capital expenditure is considered to be required over the forecast period. The valuer does anticipate refurbishment costs of \$127,000 in 2019 at the end of the Fletcher Construction (Note 4a) and Her Majesty the Queen (Note 4b) tenancies. The forecasts assume the Fletcher's tenancy will be filled in 2020 and that the lease with Her Majesty the Queen will renew and therefore no refurbishment cost has been forecast. The impact of the Valuer's projections are included in the sensitivity analysis below, but not included in the projected financial statements.

## **15 Investor Returns**

Returns are based on one or more hypothetical but realistic assumptions. The actual results may differ from the prospective financial information if there are fluctuations in the various factors contributing to the Issuer's prospects. The resulting variance may be material. Prospective Investors should see the sensitivity analysis available on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information"..

Prospective financial information has been prepared for the purpose of the Offer and is not suitable for any other purpose. Investors should not place undue reliance on any of the above prospective financial information.

Prospective financial information by its nature involves risks and uncertainties, many of which are beyond the control of the Issuer and Maat. These risks include, but are not limited to, those set out in Section 8 "*Risks to the Issuer's business and plans*".

There is no present intention to update the prospective financial information or to publish prospective financial information in the future, other than as required by accounting standards, the FMC Act and the FMC Regulations.

The projected returns above are based on holding one or more parcels of 50,000 Shares (at an issue price of \$1.00 each Share) for the duration of each period stated, and calculated on the basis of distributions from available cash surpluses.

## **8 RISKS TO THE ISSUER'S BUSINESS AND PLANS**

If the risks described below occur you may not be able to recoup all or any of your investment, you may not receive the returns you expect to receive from holding the Shares or you could be required to make further payments under the terms of the Ownership and Management Deed. This could happen for a number of reasons.

The Issuer's business, and the returns generated from that business, will be directly affected by the quality of tenants in the building, the Tenants continuing to pay rent and exercising rights of renewal and the scheduled rent reviews achieving an equal or greater rent return than that realised at the date of this PDS.

At present the Property is fully leased and there are no vacant areas. However, the lease terms are of a short duration. Three of the leases have current terms expiring in 2018, and two of the leases expire in 2019. There is only one lease (to Northern Regional Alliance Limited) which expires later than 2019, and that expires in 2022.

Some of the leases also include early termination rights exercisable by the Tenants. Specifically, the lease to Fletcher Construction includes early termination rights exercisable by that tenant between June and August 2016 and in March/April 2017, and the Northern Regional Alliance lease includes an early termination right exercisable by that tenant on 31 March 2019 (subject to re-payment of a landlord's incentive amount of \$170,365 plus GST, which is payable to the Vendor (provided the Vendor enters into the replacement lease as required by the Agreement)).

The Purchase Agreement contains obligations on the Vendor to enter into replacement or additional leases ensuring that tenancies continue in the Fletcher Construction premises to 18 November 2018, the Northern Regional Alliance premises to 31 March 2022 and the Health Alliance premises to 31 March 2019. This removes the commercial risk to the Purchaser presented by Fletcher Construction's and Northern Regional Alliance's early termination rights, and improves the position regarding the relatively short remaining lease term in the Health Alliance lease. More detail on these arrangements with the Vendor is set out in Section 2 "*The Issuer and what it does*", under the heading "*Vendor's entry into replacement leases*."

However, even with the replacement lease arrangements by the Vendor, the leases are still generally of a short duration. If Tenants do not exercise renewal rights or enter into new leases on the expiry of their leases, the Issuer will be required to find new Tenants for the building. Prolonged vacancies will reduce the rental income for the Issuer. The Valuation assumes that, on average, based on the location of the Property, it may take 6 months to find a new tenant.

Leases to replacement tenants may also require inducements to be paid by the Issuer (in the form of cash payments, rent free periods or contributions towards fitout costs). Real estate agent's fees will also be payable if new tenants are required to be found, which are generally 16% of the initial annual rent for a new tenant. It is also possible that if replacement tenants are required to be found, rental may be at a lower level than the rental payable under the Leases current at the date of this PDS.

The Valuation takes into account the short duration of the leases and the obligations of the Vendor to enter into replacement leases if required. If the leases were of a longer duration the value of the Property would be higher, and initial returns to investors would be lower.

The current risk of Tenants not paying their rent is considered to be very low. The Tenants comprise government departments and substantial corporates (including two, Health Alliance Limited and Northern Regional Alliance Limited, which are owned by district health boards). The insolvency risk for the Tenants is very low and the Vendor has confirmed that there has been no history of default in the payment of rent.

### *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 the rent following any review will increase and there is no assurance that the rent following any review will not decrease, as none of the Leases with future market rent reviews contain restrictions on the rent reducing if market rents fall. The Lease to Unisys New Zealand Limited however does include fixed annual rent reviews (at 2% per annum).

### *Capital expenditure risk*

Capital expenditure on structural repairs or capital improvements to the Property (including the replacement or overhaul of air conditioning and other systems within the building) may arise or be required under the Leases that cannot be recovered from the Tenants.

Section 5.7 of the Valuation Report includes details of expected capital expenditure and the timeframes for that expenditure, including:

- Upgrades to the plant and controls of the building management system (BMS) over years 2 to 6 at a total cost of \$520,000;
- Replacement of fan coil units (within the air conditioning system) over years 2 to 6 at a total cost of \$750,000;
- Replacement of air handling units over years 1 to 2 at a cost of \$80,000; and
- Upgrades to lift car door operators over years 8 to 9 at a cost of \$80,000.

The initial subscriptions from investors include a Facilities Upgrade Fund of \$1,350,000 which will be applied towards these (and other) capital expenditure items in the manner described in assumption 3 to the Financial Projections.

Some of the Leases contain more onerous maintenance obligations than are normal (particularly the leases to Fletcher Construction and the Inland Revenue Department), as detailed in the Tenancy Schedules in Section 2 "*The Issuer and what it does*", under the heading "*Specific Lease Summaries*", which may increase the likelihood of capital expenditure being required by the Issuer on the buildings.

The leases to Fletcher Construction, the Inland Revenue Department and the Ministry of Health do not require those Tenants to remove all of their fixtures and fittings, or to pay for redecoration and carpeting costs, at the expiry of their leases. When those tenants vacate the Property, capital expenditure will be required for the removal of Tenants' fixtures and fittings and the costs of putting those premises into a condition ready for new tenants.

Capital expenditure on upgrades, alterations or improvements may also 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. There is also a risk of capital expenditure being required by the local authority if any works carried out prior to purchase of the Property by the Issuer are found to breach the building code. See the comments relating to outstanding code compliance certificates in Section 2 "*The Issuer and what it does*", under the heading "*General description of the Property*."

### *Risk of damage and destruction*

The Issuer holds only one asset, being the Property. In the event of damage or destruction of the Property, the Issuer will hold insurance for replacement of the building and in respect of lost rents from the Property (for a 24 month period). If the Property is damaged or destroyed by an insured event, the Issuer will be required to meet the cost of any insurance excess (which is expected to be 1% of the replacement value, which is to be determined by an insurance valuation). The ability to recover insurance excesses from Tenants (if the leases remain on foot) is limited, in most cases by a monetary cap of \$2,000.

Some of the leases include termination rights for Tenants if damage is not repaired/access is not restored within a certain period (generally 9 months) of the event causing damage or a lack of access. The lease to the Inland Revenue Department includes a termination right if any natural event, act of God or any statute or law prevents full access to the premises for a period of 3 months. That period would be inadequate to enable repairs and access to be restored if the Property is damaged by a significant event such as an earthquake

If any damage or destruction was not covered by the insurance policies that Maat is required to arrange for the Property, or if Maat fails to comply with its obligation and does not arrange appropriate insurance in respect of the Property, any destruction of the Property will impact adversely on the value and income from the Property. The Issuer considers that the specific risks above are more likely than the more general risk of Maat failing to maintain adequate insurance.

### *Limited recourse risk*

The Purchase Agreement includes various standard warranties given by the Vendor within the standard REINZ sale contract form. It also includes additional specific warranties negotiated by Maat with the Vendor, including warranties that all information about the Property disclosed to the purchaser is, to the best of the Vendor's knowledge and belief, true and correct and complete in all material respects, and that the Vendor does not hold any material information which has not been disclosed to the Purchaser.

However, the Purchase Agreement also contains unusually restrictive limitations on the Purchaser's ability to make claims against the Vendor for breaches of warranties under the Purchase Agreement. In particular, any warranty claim is subject to a monetary cap of 1% of the purchase price (being \$318,000) and a 12 month limitation period on any claims being brought.

If there is found to be a breach by the Vendor of the warranties within the Purchase Agreement which causes the Issuer to suffer significant losses (for instance if the Vendor has failed to disclose anything which has a material adverse effect on the value of the Property), the Issuer may have no recourse against the Vendor beyond the monetary cap mentioned above. Further, if a breach of the Vendor's warranties is discovered later than 12 months after the date of the Purchase Agreement, the Issuer may be unable to bring a claim against the Vendor.

### **Risks relating to Bank funding**

The Issuer has received an expression of interest from ASB Bank in relation to two facilities. The first facility is the 24-month CCAF of \$15,105,000 (which will be drawn) and the second is the Bridging Loan of up to \$3,500,000 and for up to 3 months (which may be drawn in whole or in part). A copy of the letter of expression of interest may be found on the Disclose Register [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".

#### *Term of Bridging loan*

If the Bridging Loan is utilised and insufficient subscriptions are raised under the Offer to enable the Issuer to repay that Bridging Loan, the Bank may require principal repayments to be made and would have the option of exercising its security, giving it the right to sell the Property. The Bridging loan has a relatively short term of 3 months, meaning that additional subscriptions of up to \$3,500,000 may have to be found within that relatively short time frame.

The Bridging Loan is guaranteed by each of the directors. Accordingly, the Bank could seek to recover under those guarantees. However, the Bank is not obliged to pursue the guarantors. Failure to repay the Bridging Loan would enable the Bank to exercise all powers under its securities (including the power of sale to the Property). See the discussion below.

#### *Term of CCAF loan*

There is the risk that the CCAF Bank loan may not be able to be rolled over at its expiry after 24 months and the Issuer may be unable to obtain alternative finance. In this instance, the Property may need to be sold in a sub-optimal timeframe resulting in a low sale price, (see the Forced sale risk discussion below). Any refinancing may involve higher rates, which would affect cash returns.

#### *Forced sale risk*

If:

- the Issuer does not receive subscriptions to enable the Bridging loan to be repaid or breaches or defaults on any of its obligations to or financial covenants agreed with the Bank; or
- the Bank declines to provide further funding on the expiry of the CCAF, and no alternative funding can be obtained,

the Property may be subject to a "forced sale". A forced sale will be likely to result in a lower sale price than would have been achieved if a sale was able to be conducted when market conditions were optimal.

#### *Interest rate risk*

The return to Investors will be subject to interest rate variations on the Bank loan. The proposed Bank funding for 2 years is at the 90 day BKBM rate plus a margin of 1.40% p.a. Future interest rate movements cannot be accurately forecast. The borrowing therefore introduces an interest rate risk and a leverage risk. The return to Investors is subject to interest rate variations in the loans from the Bank. Interest rate movements are unable to be accurately predicted.

The Issuer may manage short-term interest rate risk by utilising interest rate swap agreements. The interest rate prevailing at the end of any swap arrangement may differ materially from the rate at the date the swap arrangement is entered into and may accordingly impact on the actual return that Investors receive.

### *Financial covenant risk*

If the Issuer is required to fully draw down both the CCAF and the Bridging Loan, the Bank will have advanced an amount equivalent to approximately 57.96% of the Property's current value. There is a risk that adverse market movements may cause a breach of the Bank loan-to-value ratio. In the first 3 months following drawdown, the total borrowings from the Bank are to be no more than 59% of the Property value and must reduce to 50% or less following the expiry of the Bridging Loan. 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 all rights under its securities.

In addition to the loan-to-value ratio, the CCAF and the Bridging Loan will contain interest cover ratios. There is a requirement for an initial interest cover ratio of not less than 2.50 (for the first 3 months from initial drawdown) and thereafter an interest cover ratio of 3.0. Once again, a failure to achieve these ratios will enable the Bank to call an event of default and exercise its securities.



## 9 TAX

### NEW ZEALAND TAXATION

#### Taxation treatment in relation to your investment in the Issuer

Issuer intends to register (but does not guarantee that it will register) as a portfolio investment entity ("PIE") and a multi-rate PIE as defined in the Income Tax Act 2007. If the Issuer registers as a PIE all taxable income, losses and tax credits related to Issuer's investments must be allocated to you in proportion to your unit holdings in Issuer, with tax payable at your prescribed investor rate ("PIR").

#### You need to tell us your PIR and IRD number

You must provide your IRD number, your applicable PIR and other details to Issuer when you subscribe for Shares. If you do not provide these details, your investment in Issuer will be subject to tax at the 28% PIR. Each year you will be asked to confirm your PIR.

Under the PIE tax legislation, Issuer will calculate and pay tax on the net income it allocates to you at the following rates (referred to as the prescribed investor rate or PIR).

#### *If you're an individual*

At the date of this PDS an individual Investor who is a New Zealand resident will have a PIR of 10.5%, 17.5% or 28% depending upon your taxable income in the previous 2 years.

<b><i>In either of the two tax years (ending 31 March) immediately before the tax year in question:</i></b>		
<b><i>Taxable income was:</i></b>	<b><i>And taxable income plus PIE income was:</i></b>	<b><i>Then the PIR that applies is:</i></b>
<i>\$0 - \$14,000</i>	<i>\$0 - \$48,000</i>	<i>10.5%</i>
<i>\$0 - \$48,000</i>	<i>\$0 - \$70,000</i>	<i>17.5%*</i>
<i>\$48,001 and over</i>	<i>\$70,001 and over</i>	<i>28%*</i>

\*As your PIR is based on your income levels in either of the previous two income years, where you satisfy the criteria for two rates, your correct PIR will be the lower rate.

#### *If you're not an individual*

The Issuer will attribute other Investors with the following PIRs:

- 28% for all non-residents;
- 0% for all New Zealand residents that are not individuals, such as companies, unit trusts, superannuation schemes, and charities;
- New Zealand resident trustees (excluding trustees of unit trusts and charitable trusts), the rate elected by you which must be 0%, 17.5% or 28%; and
- New Zealand resident trustees of testamentary trusts, the rate elected by you which must be 0%, 10.5%, 17.5% or 28%.

#### *If you're subscribing jointly with another person*

If you are subscribing for Shares jointly with another person, the investment is to be split and each partner/holder will have their share of attributable income taxed at their individual PIR. The individual IRD numbers for each partner/holder will need to be supplied to the Issuer.

#### How the Issuer will account for tax on your investments

The tax payable by the Issuer on the net income allocated to you for any given period will depend on the net income allocated to you for that period and your PIR. The Issuer will adjust the amount of a distribution to be paid to you to address the difference in PIRs between shareholders and to reflect the tax paid to the IRD on a shareholder's behalf. If there are excess tax credits for a period, the Issuer should be able to make additional cash distributions to you on account of that tax credit. Investors with a 0% PIR can claim their share of excess credits in their own tax return.

Taxable income is attributed annually to 31 March or at any time you dispose of your investment (or a part of your investment) in the Issuer. If you dispose of your Shares in full, any tax liability on Issuer's net income attributable to your investment will be deducted from any PIE income attributable to you. If you sell a portion

of your Shares during the year, this results in tax being attributed to you in proportion to the amount you have sold.

Taxation legislation and rates of tax change. You should always seek independent professional tax advice on your own personal circumstances.

Further information can be found at on the Disclose Register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information" and on the IRD website: [www.ird.govt.nz](http://www.ird.govt.nz).

You should note that the Issuer has broad powers to act at its discretion to ensure that Issuer remains eligible to be a PIE. This includes, for example, the ability to refuse investment or to compulsorily re-acquire all or part of your Shares in Issuer if your continued investment may prejudice Issuer's PIE eligibility.

### **Taxation treatment outside of the PIE regime**

#### **Taxation of distributions**

If the Issuer is unable to satisfy the eligibility requirements in order to register, or maintain its registration, as a portfolio investment entity, distributions paid by the Issuer (other than on liquidation) will be taxable dividends. The Issuer may attach imputation credits to dividends up to a maximum allowable ratio of 28:72. Any imputation credits attached will be treated as part of the dividend for tax purposes and may be used to satisfy any New Zealand tax liability of a shareholder as discussed further below.

The Issuer will be required to withhold RWT from any dividend it pays. Further information can be found at on the Disclose Register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546) under "Other material information".



## 10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to the Issuer, the Property and the Shares is available on the Disclose Register (for example the constitution of the Issuer and, once these are issued, 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 [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546).

The information and documents provided on the Disclose Register, [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (Offer ref: OFR10546), includes material provided by third parties. The Issuer does not accept any responsibility or make any warranties in respect of any statements or information provided by third parties. Investors should read such information and documents and make their own assessment as to validity and reliability.

Copies of information on the Disclose Register are available on request from the Issuer at B3, 17 Corinthian Drive, Albany, Auckland 0632.



## 11 HOW TO APPLY

You may subscribe for Shares by completing the Application Form attached to this PDS. The minimum investment is one parcel of 50,000 Shares.

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

All completed and signed Application Forms and cheques for the full subscription amount accompanied by:

- copies of official certified photo identification,
- a copy of a utilities bill or bank statement, verifying your residential address, and
- (in the case of trusts) a copy of the Trust Deed and any amendments which may have been implemented since the preparation of that Trust Deed, and
- in the case of other corporate Investors, such additional 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.

Alternatively, you may transfer the full subscription amount electronically to the Trust Account of Anthony Harper, Solicitors (banking details are provided in the Application Form). If paying by this method, the Application Form, together with all supporting identity verification must be scanned and emailed to [info@maat.co.nz](mailto:info@maat.co.nz). The original Application Form must then be sent to Maat at the address shown above.

All funds received from subscriptions for Shares in the Issuer (including interest earned on those funds) are to be held in the trust account of Anthony Harper, Solicitors, Auckland. Funds will be held in trust for you until all conditions relating to the receipt of subscriptions are satisfied and all of the Shares are subscribed for in full and the Ownership and Management Deed has been entered into. You will be paid interest at call rates (less Commission and RWT) on your Application money from the date of receipt of cleared funds by Anthony Harper until the funds are withdrawn from deposit to enable settlement of the purchase of the Property or the return of the Application money to you in accordance with this PDS. You can advise us of your IRD number and the RWT rate applicable to the interest payable to you in the Application Form.

In the event that the Property is not acquired by 31 July 2016 then, unless you agree otherwise in writing, your Application money will be promptly returned in full (including interest earned on those funds less Commission, bank fees and withholding tax).

Cheques must be made payable to "Anthony Harper Trust Account" and cannot be post-dated.



## 12 CONTACT INFORMATION

### Issuer

650 Great South Road Limited  
B3, 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 8, Chorus House  
66 Wyndham Street  
P O Box 2646  
Auckland 1140  
Telephone: (09) 920 6400  
Facsimile: (09) 920 9599

### Auditor

BDO Auckland  
Level 8, BDO Tower  
120 Albert Street, Auckland  
P O Box 2219,  
Auckland 1140  
Telephone: (09) 379 2950  
Facsimile: (09) 303 2220  
Email: [www.bdo.co.nz](http://www.bdo.co.nz)

### Valuer

Jones Lang LaSalle Limited  
PricewaterhouseCoopers Tower  
Level 16, 188 Quay Street  
P O Box 165  
Auckland 1140  
Telephone: (09) 366 1666  
Facsimile: (09) 309 7628  
Email: [dale.winfield@ap.jll.com](mailto:dale.winfield@ap.jll.com)

### Securities Register

Maat Consulting Limited  
B3, 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)

## 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.

"**Attributed PIE Income**" means the amount of income attributed to you by all PIEs (including Issuer) in an income year.

"**Bank**" means ASB Bank New Zealand Limited or such other bank as may be appointed by the Issuer.

"**Board**" means Issuer's board of directors.

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

"**Commission**" means 5% of the gross interest earned on any investment funds held on behalf of Investors by Anthony Harper of the period between investment monies being deposited in cleared funds and monies are required to be withdrawn from deposit to enable settlement under the Purchase Agreement or the return of Application funds to an Investor.

"**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.

"**Issuer**" means 650 Great South Road Limited.

"**Investor**" means the holder, from time to time, of Shares in the Issuer and in the description of the shares also referred to as the "Shareholder".

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

"**Maat**" means Maat Consulting Limited

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

"**Manager**" means Maat.

"**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.

"**Ownership and Management Deed**" means the management deed between Issuer and Maat in respect of the Property and the Offer.

"**PDS**" means this replacement product disclosure statement (issued in replacement of a product disclosure statement dated 21 April 2016) 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.

"**PIR**" means the prescribed investor rate, which is the tax rate applicable to attributed PIE income, and is the rate that Issuer will use to calculate and pay tax on a shareholder's proportion of Issuer's taxable income.

"**Property**" means the property situated at 650 Great South Road, Penrose, Auckland as is more particularly described and comprised in identifier NA108C/559.

"**Purchase Agreement**" means the agreement for sale and purchase dated 3 March 2016 entered into between Maat and the Vendor in relation to the Property, as varied by subsequent correspondence.

"**Security**" means the first registered mortgage over the Property and first registered General Security Agreement to be granted by the Issuer to ASB Bank and any other securities required by ASB Bank.

"**Shares**" means the B Shares in Issuer offered for subscription under this PDS.

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

"**Valuation**" means the valuation for the Property prepared by the Valuer dated 23 May 2016.

"**Valuer**" means Jones Lang LaSalle Limited

"**Vendor**" means Stride Properties Limited







### Who is a Trusted Referee?

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

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

In addition, the trusted referee must not be:

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

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

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

## 6 Your Acknowledgements and Agreements

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

You must not knowingly do anything to put Issuer or 650 Great South Road 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 the 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.

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

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

## 8 Declaration

I have read and retained a copy of the attached PDS (being an Investment Statement and Prospectus) for the Issuer and agree to be bound by the terms and conditions of the Constitution and the Ownership and Management Deed. 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 the Issuer 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 appoint Maat as my agent to execute and deliver the Ownership and Management Deed on my behalf on or about the date of the acquisition of the Property under the Purchase Agreement.

**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 I may be called upon to contribute more than my original investment amount. 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.**

Signature of Investor 1 (principal account holder):

Date:        /        /

Signature of Investor 2 (if applicable):

Date:        /        /

## Payment Methods (please tick)

### Option 1 — By Cheque

Please send the original Application Form together with certified proof of identity to Anthony Harper Lawyers at the address shown below.

Please make your cheque payable to 'Anthony Harper Trust Account', cross it 'Not Transferable' and send to:

Anthony Harper Lawyers  
PO Box 2646  
AUCKLAND 1140  
Attention: Maat Investment

### Option 2 – By Direct Credit

Application money may be deposited into:

Name of account: Anthony Harper Trust Account  
Name of bank: Westpac New Zealand Limited  
Address: 93 Armagh Street, Christchurch  
Bank account number: 03 0826 0103700 02  
Client reference: 285822-10

**If paying by this method the Application Form must be scanned and emailed to:**

**info@maat.co.nz**

The original Application Form together with certified proof of identity must then be sent to:

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

# 650 Great South Road Limited Replacement Product Disclosure Statement dated 22 April 2016

## 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 Tax Information	
Investor's IRD number:	
Is the Investor a New Zealand resident for tax purposes? <input type="checkbox"/> Yes <input type="checkbox"/> No	<i>If no, state the Investor's country of residence for tax purposes.</i>
Prescribed investor rate: <input type="checkbox"/> 0% <input type="checkbox"/> 10.5% <input type="checkbox"/> 17.5% <input type="checkbox"/> 28%	<i>If a prescribed investor rate is not selected, or no IRD number is provided, 33% will apply.</i>
A trustee can elect a resident withholding tax rate (see the description in the PDS). A company can elect a resident withholding rate (see the description in the PDS). . Regardless of the rate selected, if you have not provided your IRD number in the "Investor Details" section of this Application Form, resident withholding tax will be deducted at 33% from interest payable to you in relation to your application money.	

3 Investment Details	
Amount you are investing (minimum \$50,000):	\$

4 Confirming the Identity and Address of Relevant Persons	
<p>To comply with anti-money laundering rules we need to verify the identity of various people associated with the Investor. In the case of companies, we must verify the identity of people owning more than 25% of the shares and people acting on behalf of the company (usually the directors). In the case of partnerships, we must verify the identity of the partners and anyone authorised to act on behalf of the partnership. In the case of trusts, we must identify persons acting on behalf of the trust (usually the trustees) and also any settled beneficiaries. <b>Each of these people described above is a "Relevant Person"</b>. If a trust has a range of beneficiaries it is necessary to describe that range (for example "relatives of the settlor").</p> <p>Each Relevant Person must complete the information below and provide certified copies of documents to fulfil the requirements of <i>either</i> Identification Option 1 <i>or</i> Identification Option 2 <i>or</i> Identification Option 3 <b>and</b> in each case the Address Verification Requirement. <b>Please note certification of documents must be by a "trusted referee"</b>. <b>See the description of who is a trusted referee below.</b></p>	



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

Identification Option 1	Identification Option 2	Identification Option 3
<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>	<ul style="list-style-type: none"> <li>• a NZ driver licence</li> </ul> <p style="text-align: center;"><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>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 style="text-align: center;"><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>

**Address Verification Requirement**

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

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

**Who is a Trusted Referee?**

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

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

In addition, the trusted referee must not be:

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

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

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

**5 Distribution Instructions (please tick)****Option 1 — By Cheque**

Made out to:

**Option 2 — By Direct Credit to NZ Bank Account**

Bank account number:

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

Name of account:

Branch:

**6 Trusts Only**

Briefly describe below the source of funds (e.g. sale of a property or available cash in trust fund) and normal source of trust income:

Please provide a certified copy of the trust deed **including any amendments and trustee appointment documentation.****7 Estates Only**

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

**8 Partnerships Only**

Please provide a certified copy of the partnership agreement.

**9 Companies Only**

Please provide a certified copy of the certificate of incorporation.

**10 Your Acknowledgements and Agreements****Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT)**

You must not knowingly do anything to put the Issuer 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.

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?  Yes  No

Are you an unincorporated association with a substantial number of members who are United States citizens or residents?  Yes  No

Are you or any of the Relevant Persons senior members of NZ or foreign government, the judiciary, the military or an ambassador?  Yes  No

**12 Declaration**

I have read and retained a copy of the attached PDS (being an Investment Statement and Prospectus) for the Issuer and agree to be bound by the terms and conditions of the Constitution and the Ownership and Management Deed. 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 the Issuer 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 appoint Maat as my agent to execute and deliver the Ownership and Management Deed on my behalf on or about the date of the acquisition of the Property under the Purchase Agreement.

**I understand that investment in the Issuer is subject to investment risk, including possible delays in repayment and loss of income or principal invested. I understand that I may be called upon to contribute more than my original investment amount. I understand that neither the Issuer, Maat nor any other person guarantees the performance of the Issuer or the repayment of capital by Issuer or any particular rate of return.**

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Payment Methods (please tick)**

**Option 1 — By Cheque**

Please send the original Application Form together with certified proof of identity to Anthony Harper Lawyers at the address shown below.

Please make your cheque payable to 'Anthony Harper Trust Account', cross it 'Not Transferable' and send to:

Anthony Harper Lawyers  
PO Box 2646  
AUCKLAND 1140  
Attention: Maat Investment

**Option 2 – By Direct Credit**

Application money may be deposited into:

Name of account: Anthony Harper Trust Account  
Name of bank: Westpac New Zealand Limited  
Address: 93 Armagh Street, Christchurch  
Bank account number: 03 0826 0103700 02  
Client reference: 285822-10

**If paying by this method the Application Form must be scanned and emailed to:**

**info@maat.co.nz**

**The original Application Form together with certified proof of identity must then be sent to:**

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