



10059605136

Prospectus

124 Tauroa Street Limited

7 September 2010

BUSINESS & REGISTRIES BRANCH, AUCKLAND.
07 SEP 2010
RECEIVED

CONTENTS

MAIN TERMS OF OFFER	2
VALUATION	6
PROSPECTIVE FINANCIAL INFORMATION	12
AUDITOR'S REPORT	25
STATUTORY INFORMATION	27
DIRECTORY	41

Defined Terms

Defined terms in the Prospectus have the meanings given to them in the Glossary appearing on page 40.

Prospectus

This Prospectus is dated 7 September 2010. A copy of this Prospectus, duly signed and having attached thereto copies of the documents required by section 41 of the Securities Act 1978, has been delivered for registration to the Registrar of Companies.

The documents required by section 41 of the Securities Act 1978 to be attached to the copy of this Prospectus delivered to the Registrar of Companies for registration are:

- the material contracts referred to in the Statutory Information section on pages 33 to 35;
- the auditor's report in respect of prospective financial information contained in this Prospectus (set out on pages 25 and 26);
- the signed consent of the auditor to the auditor's report appearing in this Prospectus; and
- the written consent of Colliers International New Zealand Limited to the inclusion of its summary valuation report in this Prospectus.

This Prospectus is an important document and should be read in its entirety.

If you have any questions about any part of this Prospectus, you should obtain the advice of your solicitor, sharebroker, accountant or financial or taxation adviser.

None of 124 Tauroa Street Limited, Commercial Investment Properties Limited (*CIPL*), their officers, agents or nominees, nor any other person guarantees the value of the Shares, the payment of dividends or any other distributions on the Shares, or guarantees the performance of 124 Tauroa Street Limited.

Restrictions on Offer

This Offer is made only in New Zealand. No person may offer, sell, or deliver any Shares or distribute any documents relating to the Offer (including this Prospectus or the Investment Statement) to any person in a jurisdiction outside New Zealand.

MAIN TERMS OF OFFER

This Prospectus describes details relevant to investors in relation to an offering of 160 unlisted Shares at an issue price of \$50,000.00 each by 124 Tauroa Street Limited (*the Company*).

Offer

The Company offers investors an opportunity to subscribe for unlisted Shares at an issue price of \$50,000.00 per Share, to be applied in the manner described below. The Shares will comprise 100% of the issued and paid-up shares in the Company (on the basis that the offer is fully subscribed).

The minimum Subscription Amount from an investor who participates in the Offer will be \$50,000.

The proceeds of the Offer, together with the proceeds of the Company's bank borrowings, will be applied to:

- the acquisition of the Property;
- meeting \$465,450 (plus GST) of costs associated with the Offer; and
- funding the Company's working capital requirements.

The Offer will close at 5pm on 8 October 2010, unless closed earlier or extended by the Company.

The Property

CIPL has entered into a conditional agreement for the sale and purchase of the Property with DNZ Property Fund Limited (*the Vendor*). The Company has entered into a deed of nomination with CIPL pursuant to which the Company has been nominated to complete the purchase of the Property from the Vendor in accordance with that agreement.

The Property currently forms part of the DNZ portfolio and is located to the south of Whangarei City at 124 Tauroa Street, Whangarei. The Property is located on a large site with frontage to State Highway 1, Tauroa Street and Smeaton Drive. The Property benefits from extensive exposure to passing traffic on State Highway 1. The Whangarei District is home to over 74,000 people, and the Property is located approximately 3.5 kilometres from the Central Business District.

Adjacent to the Property is the Gull Service Station, and bulk retailer Harvey Norman is positioned directly opposite the Property on the opposite side of State Highway 1. Within the locality of the Property there is a mix of residential housing, high and low intensity industrial premises and small to medium sized retail/distribution premises.

The Property also features approximately 2,290 square metres of additional land within the northern boundary of the site that offers the potential for future development.

The Building

Constructed in 2006 for Bunnings, the building on the Property comprises a total floor area of 11,830.20 square metres. This modern building consists of reinforced concrete foundations and perimeter walls, with a frame of RSJ portal frame sections, combined with a number of internal columns. The walls and roof have steel perlins that support a lean-to trough section Coloursteel roof.

The building hosts an expansive 6,702 square metres of high stud warehousing for bulk retail, combined with 2,718.50 square metres for a timber sales warehouse and timber yard, an outdoor nursery and a bagged goods/canopy area. Mezzanine offices and amenities are located to the right hand side of the main entry. The premises also boast 225 sealed customer carparks onsite.

The premises benefit from both mercury vapour down lights throughout the premises, as well as numerous translucent panels providing natural light. The entire premises are sprinklered.

Both the outdoor nursery and the timber yard are surrounded by perimeter security fencing and covered by several large sail canopy covers.

Recently, the tenant has redeveloped the onsite café to the value of approximately \$96,000.00. These development works were carried out by the tenant and practical completion of the works occurred during August 2010.

Site Description

The site is 32,645 sqm (3.2645 ha) and has frontage of 180 metres to Tauroa Street and 123 metres to State Highway 1. The site has a gentle upwards contour heading away from Tauroa Street, with a significant timber retaining wall at the rear of the Property.

The entire Property is leased to Bunnings Limited for the retail, wholesale and bulk sale and display of goods, materials, products and merchandise.

Tenant	Area m ²	Basic Annual Rent	Current Term and Commencement Date	Rights of Renewal	Next Review	Type of Lease
Bunnings Limited	11,830	\$1,125,262*	12 years from 19 June 2007	Five of five years each	19 June 2011	Net

* This figure is comprised of current annual rent of \$1,118,952 payable under the lease and the improvement rent of \$6,310 payable in relation to the redevelopment of the onsite cafe referred to above. It will be an essential term of settlement that the Vendor provides satisfactory evidence that the works have been completed and the improvement rent is payable by Bunnings Limited.

Valuation

A copy of the full valuation report containing further details of the Property is available on request free of charge from the Company. A summary valuation report prepared by Colliers International New Zealand Limited containing further details of the Property is set out at pages 6 to 11 of this Prospectus. The method and date of the valuation, together with other information relating to the valuation and the valuer, are set out on those pages.

Management

CIPL will act as manager of the Company and the Property.

The director and key personnel of CIPL have had considerable experience in property development, investment and finance, and this investment opportunity draws on their market knowledge and management skills.

CIPL’s duties are to manage the Property and to ensure that administrative and general services are provided to the Company in accordance with the Management Agreement. CIPL’s duties are described fully in Schedule 1 to the Management Agreement, and generally fall into the categories of investment management duties, property management and development duties and administration management duties.

CIPL currently has 26 properties under management, and has syndicated approximately \$160 million worth of properties. Further information on these properties can be found at www.commercialproperties.co.nz.

Projected cash return to investors and distribution policy

The projected cash returns to investors based on the distributions projected to be made by the Company are:

- 4.5% on the investors’ original subscription price for the 7 months from 7 September 2010 to 31 March 2011; and
- 9% on the investors’ original subscription price for the 12 months from 1 April 2011 to 31 March 2012.

The projected cash returns above relate solely to the cash distributions intended to be paid to investors in respect of the Shares and are based on a minimum holding of 1 Share (at an issue price of \$50,000) for the duration of each period.

The projected cash returns above comprise a cash return which includes:

- a repayment of capital of \$472 for the 7 month period ending 31 March 2011 (representing approximately 21% of the total projected cash return for that period); and
- a repayment of capital of \$64 for the year ending 31 March 2012 (representing approximately 1.4% of the total projected cash return for that period).

These projected cash returns are based on and subject to the notes and assumptions set out on pages 15 to 24 of this Prospectus. The returns do not take into account any increase or decrease in the value of the Property, as required by NZ IAS 40, or any other non-cash items. They also do not take tax or depreciation into account. They assume that settlement of the purchase of the Property by the Company will occur during October 2010.

Based on the assumption that the tenant meets its lease commitments, if the Property does not increase in value and, if sold, only realises its original cost then the average return to investors on their total investment over the period of the prospective financial statements would be 8% per annum. However, as the Property is being purchased as a long term investment it is more realistic to view the return over at least a 10 year period. On the same basis the average return to investors on their total investment over a 10 year period would be 8.7% per annum (assuming the initial interest only facility (described on page 34) is rolled over on an interest only basis at the commencement of year 4 of the loan term, with no principal repaid).

If the Company is unable to renew its funding facility on an interest only basis, then the cash return to investors will reduce after year 3 as a result of principal repayments to Bank of New Zealand (refer to page 31 for further detail).

The Board intends to make cash distributions to investors monthly in arrears with payments being made on the 2nd day of each subsequent month, with payments to commence on the 2nd day of the month following the month in which settlement of the purchase of the Property occurs.

None of the Company, CIPL or any other person guarantees or promises these projected cash returns to investors or any payment of distributions by the Company.

How to apply

Applications for Shares can only be made on the application form that is distributed with the Investment Statement. Applications must be for a minimum of 1 Share to the value of \$50,000.00.

Applications must be accompanied by payment in full of the subscription price payable for each Share applied for. All cheques and payment orders must be made out to "124 Tauroa Street Limited Trust Account" and crossed "Not Transferable". All payments must be in New Zealand dollars. Cheques must be drawn on a registered New Zealand bank.

100% of the issue price of each Share (or \$50,000.00 for each Share) is payable on application.

Completed application forms with attached payment should be mailed directly to:

Commercial Investment Properties Limited
PO Box 650
Timaru 7940
(or by courier to Level 1, 269 Stafford Street, Timaru 7910)

Applicants will be paid interest at call rates (less resident withholding tax) on their subscription money from the date of receipt by the Company until the allotment of the Shares.

Timetable

Prospectus registered	7 September 2010
Offer opens	8 September 2010
Closing date of Offer	8 October 2010
Shares allotted on or about <i>(subject to any extension by the Company)</i>	13 October 2010

Withdrawal or extension of Offer

The Company reserves the right to withdraw or extend the Offer at any time prior to allotment. If the Offer is withdrawn, the Company will return all subscription money together with interest at call rates (less resident withholding tax) on subscription money from the date of receipt by the Company until the return of the subscription money. If the Offer is extended, application moneys will continue to be held on behalf of investors pending allotments, in accordance with the requirements of the Securities Act 1978.

Offer in New Zealand

The Shares are offered in New Zealand. No action has or will be taken by the Company which would permit a public offering of Shares or possession/distribution of offering material in any jurisdiction where action for that purpose is required. Applications from residents overseas will be accepted only if the applicant satisfies the Company that the application can be received from it without breaching any applicable law of the applicant's jurisdiction.

Listing

It is not intended that the Shares will be listed on any stock exchange at the present time.

VALUATION

**SUMMARY VALUATION REPORT
BUNNINGS WHANGAREI, 124 TAUROA STREET, WHANGAREI**

6 September 2010

124 Tauroa Street Limited
C/- Commercial Investment Properties Limited
P O Box 650
TIMARU 7940



Level 27, 151 Queen St
PO Box 1631, Auckland 1140
New Zealand
Tel 64 9 358 1888
Fax 64 9 358 1999
www.colliers.co.nz

1. *Name and Address of Valuer*

Lindsay Mark Parlane

Colliers International New Zealand Limited, P O Box 1631, Auckland 1140

- Director
- Bachelor of Business Studies
- Senior Member of both the New Zealand Institute of Valuers and the Property Institute of New Zealand

2. *Statement by Registered Valuer*

A full valuation has (dated 28 June 2010) been prepared and a copy is held by the promoter and this summary valuation is subject to the full report and assumptions therein. The valuation report has been prepared by Mr Lindsay Mark Parlane who has acted as an independent valuer.

Further it is noted that:

- Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any relationship (other than that of valuer) with 124 Tauroa Street Limited ("the Company") or any of the Company's associated persons or any other relationship that would impair the objectivity or independence of the valuer in the normal performance of the valuation;
- Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any interest in the property described at paragraph 4 below; and
- Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any relationship with any other person that has a material interest in the property described at paragraph 4 below.
- For the purposes of this valuation we have been specifically instructed to assume the café is completed.



Quality Endorsed
Valuation Services

ISO 9001
QEC13885

Our Knowledge is your Property

Colliers International New Zealand Limited MREINZ – Professional Property Services: Brokerage, Consultancy, Valuation, Management



KEY PARTNER



3. *Purpose of Report*

The valuer is aware that the Company intends to make an offer of Shares to the public, and has prepared this Summary Valuation Report for the purpose of being included in each of the registered prospectus and investment statement for Shares in the Company to be dated on or about 7 September 2010 ("offer documents") for the use by prospective investors.

4. *Description of Real Property*

The subject property comprises a substantial bulk retail premises with on site carparking with frontage to State Highway 1, occupying a prominent position to the south of Whangarei City.

The property is located on a significant site of approximately 3.2645 hectares and offers excellent exposure to passing traffic. The premises themselves offer a substantial bulk retail outlet of some 11,830 sqm including yard areas with the balance of the site providing sealed and marked carparking. In addition there is extra land to the northern boundary of the site of approximately 2,290 sqm held on the same title but identified by the parties as potential for additional development land.

The property is subject to a 12 year lease to Bunnings Limited from 19 June 2007 with five, five year rights of renewal at an annual rental of \$1,125,262 per annum plus GST including café improvement rental of \$6,310 per annum plus GST (to be constructed at a cost of circa \$100,000). This is a structured lease which increases at a fixed percentage of 3.0% per annum over the term of the lease with rental review to market (subject to a ceiling of 110% and a floor of 90% of the then current rental) on renewals – see paragraph 9 below for further information.

5. *Covenants etc, in Respect of Real Property*

The property is legally described as Lot 2 Deposited Plan 209868, being an estate in fee simple comprising an area of 3.2645 ha more or less, as contained within Computer Freehold Register Identifier NA137C/747.

The following interests are registered:

- Fencing Agreement in Transfers 667758 and A144772.
- Subject to Part IV A Conservation Act 1987.
- Subject to Section 11 Crown Minerals Act 1991.
- Subject to Section 59 Land Act 1948.
- Encumbrance to North Power Limited (D677012.3) - 31.1.2002.
- Subject to a right of way over part marked B on District Plan 209868 specified in Easement Certificate D677012.6 - 31.1.2002.
- Appurtenant hereto is a right of way specified in Easement Certificate D677012.6 - 31.1.2002.
- Appurtenant hereto is a right of way easement created by Easement Instrument 5835176.1 - 11.12.2003.



- Land covenant in Easement Instrument 5835176.2 - 11.12.2003. For the period from November 2003 to 10 June 2020, the site shall not be used for or be permitted to suffer the use of the servient tenement for the sale or distribution of motor vehicle fuel at retail.
- Land covenant in Easement Instrument 5835176.3 - 11.12.2003. For the period from November 2003 to 10 June 2020, the site shall not be used or to permit or suffer the use of the servient tenement:
 - for a supermarket;
 - for the retail sale or delivery of food or drink to customers who, at the time of sale or delivery are within or substantially within a motor vehicle.

6. *Present Use of Real Property*

The property is used for retail and wholesale of home improvement and timber products together with customer carparking.

7. *Compliance with Regional or District Plan Rules*

- (1) The property is zoned under the Business 3 Environment within the Whangarei Operative District Plan May 2007. The Business 3 Environment includes shopping centres outside the Central Business District and businesses near living environments.
- (2) The use of the property appears to comply with the rules of the Business 3 Environment. In addition the property enjoys existing use rights under the Resource Management Act.

Further detail of the nature of any Regional or District Plan rules, existing use rights, resource consents and other statutory requirements relating to the property (and compliance therewith) are contained in the detailed valuation report.

We note a Building Warrant of Fitness was last issued in February 2010.

8. *Rateable Value of Real Property*

Assessment No.	00763/212.00
Date of Assessment:	1 September 2009
Land Value:	\$4,350,000
Value of Improvements:	\$10,250,000
Capital Value:	\$14,600,000

9. *Leasehold Interests or Tenancy Arrangements in Respect of Real Property*

- (1) The property is freehold.
- (2) We have been provided with the lease details and a copy of the lease dated 9 June 2007. We detail the tenancy below.



<i>Tenant:</i>	Bunnings Limited
<i>Lease Commencement:</i>	19 June 2007
<i>Lease Term:</i>	12 years
<i>Right of Renewal:</i>	Five terms of five years each.
<i>Final Expiry:</i>	Assumed 18 June 2044
<i>Current Annual Net Rent:</i>	\$1,125,262 per annum plus GST including café improvement rental of \$6,310 per annum plus GST (to be constructed).
<i>Next Review:</i>	19 June 2011
<i>Rental Reviews:</i>	<ul style="list-style-type: none"> a) During the initial 12 year term, rent is increased annually by 3.0%. b) Upon renewal, the rent is to be reviewed to market but the reviewed rent cannot exceed 110% nor fall below 90% of the rental payable in the immediately preceding 12 month term c) During the renewed period, the rent is increased annually by 3.0%.
<i>Right of Purchase:</i>	<p>No more than nine months, nor less than six months prior to expiry of the initial term (and each renewed term), the landlord must offer the premises to the Tenant for sale. In determining the value of the property for sale purposes, the valuer must disregard any goodwill, Tenant fixtures and fittings and Tenant improvements, disregards the terms and conditions of the lease and the existence of the lease and treat the property as vacant, and have regard to the condition of the premises.</p> <p>In addition, if the landlord wishes to sell the property during the lease term (and each renewed term), the Tenant has first right of refusal to purchase.</p>

We would refer you to the full report which outlines the rent review procedure, details on operating expenses, the right of purchase and landlord's maintenance provisions.



10. *Registered Valuer's Opinion as to Capital Value of Real Property*

The assessment of current market value of the subject property as at 28 June 2010 is **THIRTEEN MILLION SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS (\$13,750,000)** plus GST (if any), and excluding any mortgages or other charges.

11. *Basis of Valuation*

The valuation has been completed in accordance with the Property Institute of New Zealand Professional Practice Standards IVA1 – Valuation for Financial Reporting Purposes and ICANZ IAS 40 – Investment Property which relates to non-operational assets held for future development, investment or surplus to the operations of the entity.

We have adopted the International Valuation Standards Committee definition of "Fair Value" as follows:

"fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Fair value is generally synonymous with the term market value. Market Value is defined in the International Valuation Standards as:

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

12. *Income from Real Property*

- (1) The amount of income the Real Property currently produces is \$1,118,952 per annum plus GST plus improvement rental of \$6,310 per annum plus GST attributable to Café (to be constructed).
- (2) The valuer considers the current net market rental to be \$1,137,965 per annum plus GST.

13. *Other Material Matters Relating to Real Property*

The valuation is undertaken according to standards usually applied by registered valuers in conducting valuations of Real Property. We are not aware of any other material not mentioned in this report which is considered material, should further matters be brought to our attention we reserve the right to amend our valuation accordingly.



14. *Consent to Distribution of Report*

Colliers International New Zealand Limited give consent for this Summary Valuation Report to be distributed to prospective investors for shares in the offer documents in the form and context in which it is included and, as at the date of this report, its consent has not been withdrawn.

Yours faithfully

COLLIERS INTERNATIONAL NEW ZEALAND LIMITED

A handwritten signature in black ink, appearing to read 'LM Parlane'.

LM PARLANE BBS ANZIV SPINZ
Registered Valuer
Director – Valuation & Consultancy

PROSPECTIVE FINANCIAL INFORMATION
--

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME			
In New Zealand Dollars			
		7 Months ending 31 March 2011	12 Months ending 31 March 2012
	Note	\$	\$
Revenue			
Rental Income		\$523,307	\$1,153,394
Interest Received		1,074	2,165
Less Expenses			
Bank Fees and charges		(126)	(250)
Accounting and Audit Fees		(8,800)	(8,800)
Bank Interest/Finance costs (average interest rate = 6.0%)		(170,210)	(381,250)
Deductible establishment expenses		(31,935)	0
Scheme Management and Property Management		(20,932)	(45,010)
Valuation Costs		(5,400)	(5,400)
Repairs & Maintenance		(2,502)	(5,000)
Total expenses (excluding initial establishment costs)		(239,905)	(445,710)
Net Profit /(Loss)		284,476	709,848
Other comprehensive income for the year, net of tax		-	-
Total Comprehensive Income for the year		284,476	709,848

PROJECTED INVESTMENT RETURN		
In New Zealand Dollars		
The following is based on the Prospective Financial Statements outlined on pages 12 to 14 (and is based on a minimum holding of 1 Share (at an issue price of \$50,000) and based on and subject to the notes and assumptions set out on pages 15 to 24 of this Prospectus). It assumes that settlement of the purchase of the Property by the Company will occur during October 2010.		
	7 Months ending 31 March 2011	12 Months ending 31 March 2012
Amount Invested per equity security (share)	\$50,000	\$50,000
Prospective net profit before tax	\$284,476	\$709,848
Prospective net profit per equity security (share)	\$1,778	\$4,436
Total Investor Cash Return per equity security (share)	\$2,250	\$4,500
Forecast cash return per annum as a percentage of the amount invested per equity security (share)	4.5%	9.0%

PROSPECTIVE STATEMENT OF FINANCIAL POSITION			
In New Zealand Dollars			
		31 March 2011	31 March 2012
	Note	\$	\$
Equity			
Opening Balance		0	7,490,961
Investors Capital Contribution (160 shares at \$50,000 each)	8	7,566,485	0
Distributions		(360,000)	(720,000)
Net Operating Profit		284,476	709,848
Closing Equity		7,490,961	7,480,809
Represented by;			
Current assets			
Cash	9	103,850	93,698
GST Recovered		2,758	2,758
Non-current assets			
Investment Property	3	13,596,000	13,596,000
Total Assets		13,702,608	13,692,456
Current Liabilities			
Trade Payables	12	21,147	21,147
Creditors	12	30,500	30,500
Distribution		60,000	60,000
Non-current liabilities			
Secured Bank Loan	13	6,100,000	6,100,000
Total liabilities		6,211,647	6,211,647
Net Assets		7,490,961	7,480,809

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY				
In New Zealand Dollars				
		Share Capital	Retained Earnings	Total
	Note	\$	\$	\$
Opening Balance 7 September 2010		0	0	0
TOTAL Comprehensive Income for the Year			284,476	284,476
Investors Capital Contribution	8	7,566,485	0	7,566,485
Less Distributions to Investors			(360,000)	(360,000)
Balance as at 31 March 2011		7,566,485	(75,524)	7,490,961
Opening Balance as at 1 April 2011		7,566,485	(75,524)	7,490,961
TOTAL Comprehensive Income for the Year			709,848	709,848
Less Distributions to Investors			(720,000)	(720,000)
Balance as at 31 March 2012		7,566,485	(85,676)	7,480,809

PROSPECTIVE STATEMENT OF CASHFLOWS			
In New Zealand Dollars			
		7 Months ending 31 March 2011	12 Months ending 31 March 2012
	Note	\$	\$
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Rental receipts		523,307	1,153,394
Interest Received		1,074	2,165
<i>Cash was disbursed to:</i>			
Operating Expenses – non-recoverable		(19,371)	(64,460)
Interest paid		(139,710)	(381,250)
Net cash inflow from operating activities		365,300	709,848
Cash flows from investing activities			
<i>Cash was disbursed to:</i>			
Purchase of investment property	3	(13,596,000)	0
Net cash inflow from investing activities		(13,596,000)	0
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Loan Proceeds	13	6,100,000	0
Net Proceeds from Investors	8	7,566,485	0
<i>Cash was disbursed to:</i>			
Deductible Issue Expenses		(31,935)	
Distributions		(300,000)	(720,000)
Net cash inflow from financing activities		13,334,550	(720,000)
Net increase (decrease) in cash held		103,850	(10,152)
Cash at start of period		0	103,850
Cash at end of period		103,850	93,698
Reconciliation of Surplus to Cash from Operating Activities			
In NZ Dollars			
Reported Surplus/(deficit)		284,476	709,848
Non operating items			
Establishment costs		31,935	0
Add/(Less) Movements in Working Capital			
Increase in Creditors and Provisions		51,647	
Decrease in GST		2,758	
Net Cash Inflow (Outflow) from Operating Activities		365,300	709,848

NOTES AND ASSUMPTIONS TO AND FORMING PART OF THE PROSPECTIVE FINANCIAL STATEMENTS

FOR THE PERIODS ENDING 31 MARCH 2011 AND 31 MARCH 2012

The Company is incorporated and domiciled in New Zealand.

The Company will be a commercial property investor and will own the Property.

124 Tauroa Street Limited's registered office is situated at 269 Stafford Street, Timaru.

The prospective financial statements were authorised for issue on the date of this Prospectus by the Company. The Company is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The issuer does not intend to update these prospective financial statements. No actual financial results have been incorporated into these prospective financial statements for the period ending 31 March 2012.

The prospective financial statements have been prepared for the purpose of investors to determine the appropriateness of this investment to them. This prospectus and the prospective financial information contained in it may not be appropriate for any other purpose.

1 ASSUMPTIONS

The rentals used in the prospective financial statements are based on the current rental agreements. The prospective financial statements do not factor any rent increases that may occur on each rent review.

The average interest rate on the bank loan advance adopted by 124 Tauroa Street Limited in the prospective financial statements is 6% per annum, but it should be noted that the interest rate might differ at the time of drawdown. Refer to the interest rate risk section on page 31 for further information.

The Establishment Costs have been based on quotes received. The administration and operating expenses have been based both on quotes and previous experience.

The prospective financial statements have been based on the assumption that there will be no material change in the economic environment, legal requirements or the current tax legislation.

As noted in the accounting policies, the Property will initially be recorded at its original cost and thereafter, annually reviewed to its fair value based on an independent valuation from a registered valuer. For the purposes of this prospective financial information presented, an assumption has been made that there will be no change in the fair value from the commencement date to 31 March 2011 and 31 March 2012.

Actual results may differ from prospective financial statements depending on rent increases, interest rates and other expenses. The resulting variance may be material. The Company gives no guarantee or assurance that the prospective financial information presented will be achieved.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes and assumptions above.

2 STATEMENT OF ACCOUNTING POLICIES

The prospective financial statements presented here are for the reporting entity 124 Tauroa Street Limited. The Company is designated as a profit-oriented entity for financial reporting purposes. 124 Tauroa Street Limited is an issuer under the Securities Act 1978. 124 Tauroa Street Limited was incorporated and registered in New Zealand in accordance with the Companies Act 1993 on 19 August 2010.

The prospective financial statements have been prepared in accordance with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements), New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS), and other applicable financial reporting standards as appropriate for profit-oriented entities.

MEASUREMENT BASE

The prospective financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars, which is the functional currency of the Company. All values are rounded to the nearest dollar, unless otherwise stated.

SPECIFIC ACCOUNTING POLICIES

(a) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of Goods and Services Tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities, as described below:

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at each reporting date. Fair value was determined based on the proposed sale and purchase agreement. In future, the fair value will be determined annually by external valuers having regard to recent market transactions for similar properties in the same location as the investment property. Movements in fair value are recognised in the profit or loss.

(c) **Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss.

Subsequent recoveries of amounts written off are recognised in profit or loss.

(d) **Payables**

These amounts represent unsecured liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

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

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

(f) **Segmental and Risk Information**

The Company will operate in one market being the rental market in Whangarei, New Zealand. The Company proposes to own one commercial building which is rented out to a single tenant. The Company will be exposed to property price and property rentals risk.

(g) **Income Tax**

124 Tauroa Street Limited will be a Portfolio Investment Entity (PIE) for tax purposes and will be liable to file quarterly tax statements, and make quarterly tax payments on behalf of shareholders. Under the PIE regime, the Company attributes the taxable income of the Company to the shareholders in accordance with their proportional interest in the Company. Income attributed to each shareholder is taxed at the shareholder's prescribed investor rate, which is currently capped at 30% (but will be capped at 28% from 1 October 2010). The Company accounts for tax on behalf of natural persons and certain shareholders and adjusts the shareholder's interest in the Company to reflect that the Company pays tax at varying rates on behalf of the shareholders.

(h) **Comparatives**

The Company has not yet commenced trading and therefore there are no comparatives available. These prospective financial statements represent both the expected first six months of trading, and the next full year of trading.

(i) **Changes in Accounting Policies**

There have been no changes in the accounting policies. These policies have been applied consistently throughout both the periods covered in the prospective financial information.

(j) **Financial assets**

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. At the reporting date the Company's financial assets were all classified as loans and receivables.

(k) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The Company's loans and receivables comprise receivables and cash and cash equivalents.

Purchases and sales of loans and receivables are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs.

Loans and receivables are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Following initial recognition, loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(l) **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(m) **Borrowings**

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(n) **Finance Expenses**

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

(o) **Dividend distribution**

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at the reporting date.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(p) **Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3 INVESTMENT PROPERTY

	2011 NZ\$	2012 NZ\$
Balance at beginning of financial year	-	13,596,000
Acquisition of Building	13,596,000	-
Balance at end of financial year	13,596,000	13,596,000

The fair value of the Company's investment property as at 31 March 2011 has been arrived at on the basis of the fair value paid in the sale and purchase agreement. On 31 March 2012 a valuation will be carried out by an independent registered valuer not related to the Company.

4 CONTINGENT LIABILITIES

The Company does not anticipate having any contingent liabilities as at 31 March 2011 or 31 March 2012.

5 CAPITAL AND OPERATING LEASE COMMITMENTS

The Company has no capital and operating lease commitments as at 31 March 2011 or 31 March 2012.

6 FEES PAID TO AUDITORS

Audit fees of \$9,000 plus GST are anticipated to be paid to the auditors during the financial year ended 31 March 2011 consisting of \$3,500 for the audit of this Prospectus and the Investment Statement related to this Prospectus and \$5,500 accrued for the audit of the 2011 financial statements.

7 FINANCIAL INSTRUMENTS

Credit Risk

To the extent the entity has a receivable from another party there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the Company to credit risk principally consist of bank balances and receivables.

The Company will hold no collateral or any other security over the Company's financial assets subject to credit risk. However, the entity's funds will be held by a well established bank within New Zealand therefore reducing possible credit risk. The Company's receivables will be with their usual customers and are not considered to be large enough to expose the Company to significant risk. As a result the entity does not anticipate non-performance by the counter parties.

Maximum exposures to credit risk at balance date are:

	2011	2012
	NZ\$	NZ\$
Bank balances	103,850	93,698

Currency Risk

The Company has no exposure to currency risk. All financial assets will be held in New Zealand dollars.

Liquidity Risk

Liquidity risk represents the Company's ability to meet its financial obligations on time. 124 Tauroa Street Limited projects to generate sufficient cash flows from its operating activities to make timely payment.

Interest Rate Risk

Exposure to interest rate risk is in the normal course of the Company's business. The current interest rates quoted by Bank of New Zealand Limited and used in the prospective financial statements are stated on page 34. The Bank of New Zealand Limited indicative offer comprises a floating interest rate of 30 day Bank Bill Bid Rate (BKBM) plus a margin of 2.4%, total 5.58%. The interest rate is subject to change both prior to drawdown and during the first year of trading, therefore an additional margin has been allowed to offset any interest rate changes. For the purposes of the prospective financial statements the Company has adopted an average interest rate of 6% per annum in year one with the interest rate in year two being 6.5%. At 31 March 2011 the principal or contract amounts outstanding are estimated to be \$30,500. By managing interest rate risk the Company aims to moderate the impact of short-term fluctuations in interest rates. Changes in interest rates will have an impact on profit. It is estimated that a one percent increase in average interest rates would reduce the profit by \$61,000. Please refer to page 31 for further commentary related to some potential risks related to the loan advance and interest rates.

Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders/investors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Fair Values

The carrying value is the fair value for all financial instruments and accordingly they are not scheduled out in this note to the accounts.

8 ISSUED SHARES, EQUITY AND RESERVES

	2011
Number of equity securities (shares) issued	160

The holders of ordinary shares will be entitled to receive distributions as declared from time to time and are entitled to one vote per share at meetings of the Company, and rank equally with regard to the Company's residual assets.

	Share Capital	Retained Earnings	Total Equity
	NZ\$	NZ\$	NZ\$
Balance at 7 September 2010			
Contributions from Investors	7,566,485	0	7,566,485
Total recognised income and expense		284,476	284,476
Distributions to shareholders/Investors		360,000	360,000
Balance at 31 March 2011	7,566,485	(75,524)	7,490,961

As at 31 March 2011 and 2012, 160 shares are anticipated to be on issue.

Investor contribution is calculated as follows:

	NZ\$
Gross contribution from Investors (160 allotments @ \$50,000 each)	8,000,000
Less:	
Legal Costs	55,000
Issue expenses – printing, advertising and promotion	48,565
Promoters fee	169,950
Brokerage fee	160,000
Net Investor Contribution	7,566,485

The remainder of the Establishment Costs (totalling \$31,935) payable by the Company are outlined on page 36 and are being expensed through the statement of comprehensive income.

Distributions

The following distributions are forecasted during the 12 months to 31 March.

	2011	2012
	NZ\$	NZ\$
Per share	1,875	4,500

A further distribution of \$375 per share is expected to be paid in early April 2011, which relates to the month of March 2011. The full year distribution for the 7 month period ended 31 March 2011 is expected to be \$2,250.

9 CASH AT BANK

	2011	2012
	NZ\$	NZ\$
Current Account	103,850	93,698

10 RENTAL INCOME

The Company's investment property has operating leases attached to it.

	Minimum Payments	Minimum Payments
	2011	2012
	NZ\$	NZ\$
Less than one year	562,631	1,159,020
Between one and five years	4,848,907	4,994,374
More than five years	5,101,125	3,796,638
Total	10,512,663	9,950,032

11 RELATED PARTIES

Cheryl Tracy Macaulay is a director of 124 Tauroa Street Limited and is associated with the promoter and manager of 124 Tauroa Street Limited (Commercial Investment Properties Limited). Cheryl Tracy Macaulay is a director of and shareholder in Commercial Investment Properties Limited.

12 TRADE PAYABLES

	2011	2012
	NZ\$	NZ\$
Trade Payables	21,147	21,147
Creditors	30,500	30,500

13 **LOANS**

	2011 NZ\$	2012 NZ\$
Bank Loan	6,100,000	6,100,000

The loan will have a loan term of 5 years from date of drawdown. The indicative interest rate that will apply is 5.58%. For these prospective financial statements the Company has adopted an average interest rate of 6% per annum in year one being the period to 31 March 2011 and 6.5% for year two being the period ended 31 March 2012. Please refer to page 31 for further commentary related to some potential risks related to the loan advance and interest rates.

Loan Security

The loan is secured by a first registered mortgage over the Property. The Company will grant to Bank of New Zealand Limited a General Security Agreement over its assets. The Company will also grant to Bank of New Zealand Limited a Deed of Assignment over the leases of the Property.

Loan Covenants

Included in the Indicative Letter of Offer from the Bank of New Zealand Limited usual conditions after advance of the facilities of this nature will apply during the term of the facility, including;

- Interest coverage ratio must be greater than 1.75x at all times
- The loan to value ratio must be less than 50% at all times
- Updated acceptable valuations must be provided to the Bank at least biennially

14 **INCOME TAX**

The following is a general summary of the New Zealand Tax implications for Investors in the Company. An investor should seek their own professional advice as to the taxation implications in investing in the Company. The summary is based on the tax legislation current at the date of this Prospectus, which may change. The PIE tax information below is provided as a general summary only and is not (and should not be construed or relied upon as) legal or tax advice to a prospective investor. It is based upon taxation laws as they apply in New Zealand as at the date of this Prospectus.

Depreciation

Investors are entitled, under current legislation (which is under review) to depreciate the fit out and chattels for taxation purposes. It is the intention of the Manager to provide an itemised list of assets to enable maximum depreciation to be claimed. It is also the intention of the Manager to provide ongoing, a fixed asset schedule with assets depreciated at maximum allowable tax rates based on their shareholding in the Company. No allowance has been made for depreciation in the prospective income statement for the seven months ending 31 March 2011 and for the twelve months ending 31 March 2012.

The depreciation allowance entitles shareholders to defer taxation on a portion of their cash return until the Property is sold by claiming as a taxation deduction based on shareholding in the company a share of the depreciation of the building. Each shareholder will be entitled to claim depreciation on the building until 31 March 2011. From 1 April 2011, depreciation can no longer be claimed on buildings with a useful life of greater than 50 years. The Inland Revenue Department have however recently stated that they intend to review the depreciation allowances in respect to building fit out.

It is recommended that investors seek advice from their own professional advisers.

Portfolio Investment Entity (PIE)

The Company intends to elect to become and maintain its status as a Portfolio Tax Rate Entity in terms of the Portfolio Investment Entity (PIE) tax regime. Should the Company cease to be a PIE, the taxation rules applying to the Company will change.

PIE Regime

By electing to utilise the PIE tax regime, the Company will choose to be taxed as a “flow through” entity (PIE entity) whereby the Company’s income will be attributed to the shareholders according to the number of shares they hold. As such, the Company will pay tax on behalf of the shareholders at each Shareholder’s Prescribed Investor Rate (PIR) and, provided the Company has been provided with a shareholder’s correct PIR, the tax paid by the Company will be a final tax for the shareholders and all cash distributions to shareholders from the Company will be excluded income (unless a 0% PIR is chosen).

This PIE regime will therefore enable the Company to distribute, for example, cash flow enhanced by tax depreciation deductions, or realised and unrealised capital gains without any tax cost for the company or its shareholders.

PIE Qualification Criteria

In order to meet the requirements to be a PIE entity:

- The Company must have at least 20 non associated shareholders,
- No investor (or associated shareholders) may hold more than 20% of the total portfolio shareholder interest,
- At least 90% of the assets and 90% of the income must relate to:
 - Land;
 - Financial arrangements (e.g. bonds and term deposits); or
 - Expected financial arrangements (e.g. shares and units in unit trusts),
- At least 90% of the entity income must be passive income, such as dividends, interest and rent,
- The company must be a New Zealand resident,
- All shareholders must be given the same rights in relation to the proceeds from the investments of the entity.

Prescribed Investor Rate (PIR)

Your PIR is the tax rate that the Company will use to calculate the tax payable on the income the Company allocates to you. The PIR is based on your taxable income. If you are investing jointly with another investor, the highest PIR of the joining shareholders will be used to calculate the tax liability that arises in respect of income allocated to you.

There are four Prescribed Investor Rates available. A shareholder must determine which PIR is appropriate for their investment entity and advise the manager. If a shareholder’s PIR changes during the period they hold Shares in the Company, that shareholder must immediately advise the manager of that change.

The prescribed investor rates applicable to New Zealand resident natural persons from 1 April 2010 are as follows:

Taxable Income	Taxable + PIE Income	PIE Tax Rate	PIE Tax rate from 1 October 2010
\$0 - \$14,000	\$0 - \$48,000	12.5%	10.5%
\$0 - \$14,000	\$48,001 - \$70,000	21%	17.5%
\$14,001 - \$48,000	\$0 - \$70,000	21%	17.5%
\$48,001 and over		30%	28%
	\$70,001 and over	30%	28%

PIR Rates for Companies:

New Zealand registered companies must choose a 0% PIR and account for tax in their own tax return.

PIR Rates for Trusts:

Trusts may elect either a 30% PIR, or a 0% PIR (in which case they must account for tax in their own tax return). (0 or 28% from 1 October 2010)

Others:

Charities and portfolio investor proxies must elect a 0% PIR.

Superannuation funds may elect a 0% or 30% PIR. (0 or 28% from 1 October 2010)

Non New Zealand tax residents must choose a 30% PIR. (28% from 1 October 2010)

If you do not provide a PIR and IRD number, the current PIR default rate is 30%. (28% from 1 October 2010)

The importance of advising your correct PIR

You will be required to provide your PIR annually. It is important that you provide your PIR when requested. If you fail to provide you PIR and IRD number, then income allocated to you by the Company will be taxed at the current PIR default rate of 30% or your last advised PIR. This rate could be different to your correct PIR.

If you do provide a PIR that is lower than your correct PIR, you will be required to file a tax return and will be liable to pay any consequential tax shortfall to Inland Revenue. If you do not provide a PIR, or advise a PIR that is higher than the applicable rate, you will not be able to claim back any excess tax paid.

Provided you have provided a PIR that is not lower than your correct PIR and the PIR is above 0%, the tax paid by the Company on your income from the Company will be a final tax and you will not be required to file a tax return in respect of such income.

7 September 2010

The Directors
124 Tauroa Street Limited
P O Box 650
TIMARU 7940

Dear Directors

As auditor of 124 Tauroa Street Limited ("the Company") we have prepared this report for inclusion in the prospectus dated 7 September 2010.

Directors' and Manager's Responsibilities

The directors of the Company are responsible for the preparation and presentation of the prospective financial information for the 7 months period ending 31 March 2011 and the year ending 31 March 2012 including the assumptions on which the prospective financial information is based.

Auditor's Responsibilities

We are responsible for reporting, in accordance with clause 28 of Schedule 1 to the Securities Regulations 2009, on the prospective financial information for the 7 month period ending 31 March 2011 and the year ending 31 March 2012.

This report has been prepared for inclusion in the Prospectus for the purpose of meeting the requirements of clause 28 of Schedule 1 to the Securities Regulations 2009. We disclaim any responsibility for reliance on this report or the amounts included in the prospective financial information for any other purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the Prospectus not mentioned in the report.

We have no relationship with or interests in the Company other than our capacity as auditors.

Basis Of Opinion Of Prospective Financial Information

We have examined the prospective financial information for the 7 month period ending 31 March 2011 and the year ending 31 March 2012 set out on page 3 and 4 and pages 12 to 14 to confirm that, so far as the accounting policies and calculations are concerned, it has been properly compiled on the footing of the assumptions made or adopted by the Company as set out on pages 15 to 24 of this Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Company.

Unqualified Opinion on the Prospective Financial Information

We have obtained all the information and explanations we have required.

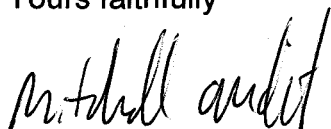
As the Company has not commenced business as at the date of this report, there are no historical accounting records on which we are required to express an opinion.

In our opinion the prospective financial information set out on pages 3 and 4 and pages 12 to 14, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the Company as set out on pages 15 to 24 of this Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Company.

Actual results are likely to be different from the prospective financial information since anticipated events frequently do not occur as expected and the variation could be material. Accordingly we express no opinion as to whether the prospective financial information will be achieved. We have no responsibility to update our opinion on the prospective financial statements for events and circumstances occurring after the date of this report.

We completed our work for the purposes of this report on 7 September 2010 and our unqualified opinion is expressed as at that date.

Yours faithfully

A handwritten signature in black ink that reads "mitchell audit". The signature is written in a cursive, lowercase style.

mitchell audit
Timaru

STATUTORY INFORMATION

The following includes, but is not limited to, particulars given pursuant to Schedule 1 to the Securities Regulations 2009 (the *Securities Regulations*). The numbering used for the principal paragraphs in this section corresponds with the clause numbering in that Schedule.

1 **Main Terms of Offer**

Issuer

124 Tauroa Street Limited is the issuer of the Shares which are offered pursuant to this Prospectus and has its registered office, and can be contacted, at 269 Stafford Street, Timaru.

Description of Securities

The Shares being offered are 160 ordinary shares in the Company. This is the maximum number of Shares being offered. The issue price of each Share being offered is \$50,000.00.

Each Share provides the holder with the right to:

- one vote in a poll at a meeting of the Company's shareholders;
- a pro-rata participation in dividends and other distributions paid in respect of the Shares;
- an equal participation in the residual assets of the Company with other shareholders in the event of liquidation of the Company;
- be sent reports, notices of meetings and other information sent to shareholders,

together with all other rights as a shareholder conferred by the Company's constitution and the Companies Act 1993.

2 **Name and Address of Offeror**

124 Tauroa Street Limited is both the issuer and the offeror of the Shares. As the issuer is the offeror, the disclosure requirements in clause 2 of Schedule 1 to the Securities Regulations are not applicable.

3 **Details of Incorporation of Issuer**

124 Tauroa Street Limited was incorporated on 19 August 2010 under the Companies Act 1993 and its company registration number is 3067609.

The public file in relation to the Company can be viewed on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the website, a request for the documents can be made by contacting the Ministry of Economic Development Business Service Centre on 0508 266 726.

4 **Principal Subsidiaries of Issuer**

At the date of registration of this Prospectus, the Company has no subsidiaries.

5 **Names, Addresses and Other Information**

The name and address of the Director of the Company is Cheryl Tracy Macaulay, 17 Trafalgar Street, Timaru, 7910.

The Director can be contacted at the Company's address at 269 Stafford Street, Timaru.

Executive Director

The Director of the Company is not an employee of the Company. Cheryl Tracy Macaulay is the executive director of CIPL (the manager and promoter of this Offer).

Promoter

Commercial Investment Properties Limited is the promoter of the Shares which are offered pursuant to this Prospectus and has its registered office at Hubbard Churcher & Co, Chartered Accountants, 39 George Street, Timaru. Commercial Investment Properties Limited's physical address is at Level 1, 269 Stafford Street, Timaru.

No Bankruptcy

None of the Company, the sole Director of the Company or CIPL (the promoter of this Offer) has during the five years preceding the date of this Prospectus been adjudged bankrupt or insolvent, convicted of a crime involving dishonesty, prohibited from acting as a director of a company, or placed into statutory management, voluntary administration, liquidation or receivership.

Advisers

The Company does not have a secretary or separate securities registrar. The name and address of the Company's auditors and the solicitors that have been involved in the preparation of this Prospectus are set out in the Directory on the inside back cover of this Prospectus.

Mitchell Audit of 57A Theodosia Street, PO Box 40, Timaru 7940 has given, and has not withdrawn, its consent to be named in the Prospectus as auditor of the Company and to the issue of the Prospectus with its audit report in the form and context in which it appears.

Experts

The name, address and qualifications of the expert named in this Prospectus (Colliers International New Zealand Limited) are set out in the Directory on the inside back cover of this Prospectus.

Colliers International New Zealand Limited, being the registered valuer referred to in respect of the Property, has given its consent and not withdrawn its consent before delivery of this Prospectus for registration under Section 41 of the Securities Act 1978 to the distribution of this Prospectus with the inclusion of the summary valuation report on pages 6 to 11 included in the form and context in which it is included.

Colliers International New Zealand Limited is not intended to be a director, officer or employee of the Company. The Company may in the future engage the services of Colliers International New Zealand Limited as a professional adviser, to provide valuation or other services.

Underwriting

The offer of Shares is not underwritten.

None of the persons named in the Directory or elsewhere in this Prospectus, other than the Director of the Company and CIPL (as promoter of this Offer), has authorised or caused the issue of this Prospectus, and none of them, other than the Director of the Company and CIPL (as promoter of this Offer) takes any responsibility for any part of the Prospectus.

6 Restrictions on Directors' Powers

As at the date of this Prospectus, the Company's constitution provides the Directors may not:

- issue or acquire any of its equity securities except in accordance with the provisions of the constitution;
- (if at any time there is more than one class of issued shares) take any action which alters or adversely affects the rights or privileges of any interest group (being a group of shareholders with similar or identical rights), without the sanction of a special resolution of that interest group; and

- cause the Company to enter into certain transactions with related parties without the prior approval of a resolution of Shareholders.

The Companies Act 1993 contains a number of other provisions which could have the effect or consequence, in certain circumstances, of restricting the powers of Directors. For example, the Directors must not allow the Company to enter into any major transactions (as that term is defined in the Companies Act 1993) without the prior approval of a special resolution of Shareholders. These provisions are common to any company registered under the Companies Act 1993.

7 ***Substantial Equity Security Holders of Issuer***

As at the date of this Prospectus, the shareholder of the Company is Cheryl Tracy Macaulay who owns 1 share. The shareholder does not undertake any liability in respect of, or guarantee, the Shares offered pursuant to this Prospectus. Immediately after the Offer, the Company intends to buy back and cancel the 1 share.

8 ***Description of the Activities of Issuing Group***

As at the date of this Prospectus, the issuing group comprises, solely, the Company. The Company has not traded during the five years preceding the date of registration of this Prospectus, but has entered into a deed of nomination pursuant to which it has been nominated to acquire the Property (before allotment of the Shares under the Offer) and other agreements related to this Offer. Further details about these agreements are set out under the heading “Material Contracts” on pages 33 to 35.

As at the date of this Prospectus, the Company does not hold any assets.

9 ***Summary Financial Statements***

The Company has not commenced business. Apart from the costs incurred in incorporation and those relating to this Prospectus, the Company has not acquired any assets or incurred any debts. Therefore no historical financial statements have been prepared.

10 ***Prospects and Forecasts***

The trading prospects of the Company together with any material information relevant to those prospects, are described generally on pages 2 to 4 and more particularly in the prospective financial information (and accompanying notes) set out on pages 12 to 24 of this Prospectus.

Special trade factors and risks which could materially affect the prospects of the Company are as follows:

- **Building Supply and Demand:** Construction of new buildings, refurbishment of existing buildings and general economic conditions will be among the factors which will affect the demand (whether for leasing or for purchase) for the Company’s building. There may be fluctuations in the supply of and demand for the type of buildings owned by the Company. This may affect the value of the Company’s assets. In addition, this may affect the rental revenues achieved at rent reviews and lease expiries which, in turn, may affect the distributions paid by the Company.
- **Property Sector Exposure:** The value of the Company’s assets will reflect the underlying performance of the commercial, industrial and retail property sectors in New Zealand. If the market falls, the value of the Company’s investments may fall and correspondingly, the value of an investor’s Shares may fall.
- **Single Asset Risk:** The Company is exposed to a single asset (the Property). If that asset fails to perform, then returns to subscribers will be impacted and will not be offset by exposure to other assets.
- **Destruction of Property:** The Property is subject to the risk of total and significant destruction from natural disasters and other events causing damage to the Property. Destruction of the Property would affect the Company’s ability to make distributions and may affect the value of the Shares. The

Company will maintain insurance cover over the Property sufficient to provide for full replacement and loss of profits.

- **Default or Loss of Tenant:** The default or loss of the tenant (either through tenant unwillingness or inability to pay rent or other lease commitments or to observe lease terms or through non renewal of a lease upon expiry) could adversely affect the Company, depending on its ability to relet the vacant space at an appropriate rental, and may result in a breach of the Company's interest cover covenant to BNZ.
- **Tenancy:** A tenant may decline to renew its lease when it falls due for renewal or may become insolvent during the lease term. No assurance can be given that a new tenant can be secured on the same terms or as to the quality of any new tenant.
- **Rent levels and incentives:** The rent levels are reflected, and taken into account, in the independent property valuation. However, if a tenant defaults or does not renew its lease, the Company may have to provide incentives to re-lease the Property on the same terms. Other tenancy risks are described above.
- **Building Expenditure:** Any unanticipated expenditure on buildings will reduce the Company's cash flow, except to the extent (if any) that amounts spent are recovered from tenants or under relevant warranties.
- **Upgrade Works:** There is a risk that the tenant of the Property may require significant expenditure on upgrade works which are not subject to landlord approval. The cost of these works may not be reflected by an equivalent increase in the value of the Property when the improvement rent of 7 years expires. The market rental for these works may be less than the improvement rent.
- **Right to Purchase:** If the tenant of the Property exercises its right to purchase at fair value, the fair value will be determined on a vacant possession basis. Depending on market conditions this may be less than fair market value on a tenanted basis.
- **Dependence on Key Personnel of the Manager:** CIPL has a small number of management staff who are important to the ongoing success of the Company. While every effort is made to retain key staff, plan for succession and recruit new staff as the need arises, the loss of one or more key staff of CIPL may adversely affect the Company's business, financial position and performance.
- **Distributions:** The Board intends to declare distributions in accordance with the policy set out on page 4 in order to achieve the projected cash returns to investors set out on pages 3 and 4. There are risks that the performance of the Company will be lower than forecast, and that the actual cash distributions paid to investors will be less than the projected cash returns set out on pages 3 and 4.
- **Leverage Risk:** Approximately 44.87% of the purchase price of the Property will be funded by the loan advanced by Bank of New Zealand Limited. There is a risk that adverse market movements may cause a breach of banking covenants – the Bank of New Zealand Limited indicative letter of offer provides that the LVR must be less than 50% of market value at all times.
- **Forward-looking Statements:** This Prospectus contains forward-looking statements. Those forward-looking statements are based on current beliefs of the Board and CIPL. Actual results could differ materially from those forecast in the forward-looking statements as a result of the risks set out above, the matters set out in this Prospectus generally, and certain other economic and business factors, some of which may be beyond the control of CIPL. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In addition, the inclusion of such forward-looking statements does not constitute a representation or warranty by the Company, CIPL or

any of their respective directors or employees or any person with respect to the achievement of the matters set out in such statements, or that the underlying assumptions used will in fact be the case.

- **Interest Rates:** The commercial and industrial property markets are sensitive to fluctuations in interest rates. The level of investment activity can fall if the general level of interest rates rises. Interest rates affect the Company's cost of borrowing funds and also have an impact on the value of its property, its Share price, net profit, distributions and, to a lesser extent, the rentals it is able to obtain. Due to the risk of movement in floating interest rates the prospective financial information has used an average interest rate of 6%. The bank loan described on page 34 is interest-only during its first 3 years of the 5 year term. The balance of the loan at 31 March 2011 will be \$6,100,000. The principal repayments required in years 4 and 5 are \$10,000 per month (and this will have an effect on the profits available for distribution to shareholders). If the Property is not sold before the expiration of the first 3 years of the term of the bank loan, principal repayments will be made at \$10,000 a month which will affect the Company's net profit and distributions.
- **Capital Expense risk:** Initial establishment expenses of \$433,515 will be deducted from the investors' capital of \$8,000,000 on settlement of the purchase of the Property by the Company. The commencement capital for the Company is \$7,566,485 (net of establishment expenses) and represents a 5.4% reduction in investors' contributions. If the Property is sold in the future and the net sale proceeds (following repayment of any bank loan and taking into account the Company's trading) are less than the commencement capital and establishment expenses, then investors may not recoup their original investment in full.
- **General Economic Conditions:** General economic and financial conditions in New Zealand may influence the profitability of the Company's tenant, the value of the Company's assets and the market price of Shares.
- **Tax risks:** Changes in corporate or other taxation rates in New Zealand may influence the returns to the Company from such investments, and thereby the market price of the Shares and returns to shareholders. Any change to the current prescribed investor rates applying to income earned through a Portfolio Investment Entity (PIE) will impact on after tax shareholder returns.

The Company intends to maintain its PIE status. If the Company were to lose its PIE status, this would have an adverse impact on after-tax shareholder returns.

The top tax rate on income earned through a PIE will reduce to 28%, and the lower two PIE rates will reduce to 10.5% and 17.5% respectively, on 1 October 2010. In the 2010 Budget the Government announced income tax changes to the depreciation deduction for buildings for residential and commercial rental properties with a useful life greater than 50 years, with effect from 1 April 2011. This will mean that the Company will not be able to claim for tax purposes a deduction for depreciation for tax periods commencing after 1 April 2011.

The Inland Revenue have however recently stated that they intend to review the depreciation allowances in respect to building fit out.

It is recommended that investors seek advice from their own professional advisers.

All proceeds from the Offer will be used to acquire the Property, pay preliminary expenses and provide working capital for the Company. The expected financial benefits from these acquisitions are reflected in the trading prospects and prospective financial information referred to above.

11 Provisions Relating to Initial Flotations and Minimum Subscription

The plans of the Director during the twelve month period commencing on the date of this Prospectus are to complete the acquisition of the Property as set out on page 2. The sources of funds required for the implementation of these plans will be funds generated by this Offer and bank facilities.

It is intended that all proceeds from the Offer will be used to acquire the Property, pay preliminary expenses and provide working capital for the Company. However, those proceeds may, despite the stated Director's plans, be applied towards any other purpose that the Company may lawfully engage in.

Prospective statements of financial position, financial performance and cash flows of the Company prepared in accordance with FRS-42 (including the principal assumptions on which they are based) which the Director expects to occur for periods from 7 September 2010 to 31 March 2011 and 1 April 2011 to 31 March 2012 are set out on pages 12 to 24.

The minimum amount that, in the opinion of the Director, must be raised by the issue of the Shares offered under this Prospectus in order to provide for any of the following:

- The purchase price of the Property;
- Any preliminary expenses or commissions so payable to any person in consideration of such person agreeing to subscribe for, or procuring or agreeing to procure subscriptions for any of the Shares;
- Working capital;
- The repayment of any money borrowed by the Company in respect of any of these matters,

is \$8,000,000.

12 Acquisition of Business or Subsidiary

No business or subsidiary has been acquired by the Company at any time in the two years preceding the date of registration of this Prospectus.

Following the date of this Prospectus, the Company intends to acquire the Property, but does not intend to acquire any specific business or subsidiary. The Property currently forms part of the property portfolio held by DNZ Property Fund Limited and accordingly does not constitute a business for the purposes of clause 12 of Schedule 1 to the Securities Regulations.

13 Securities Paid Up Otherwise than in Cash

The existing 1 share in the Company was issued upon incorporation for no consideration. The Company has not allotted any securities otherwise than in cash.

14 Options to Subscribe for Securities of Issuing Group

No options to subscribe for securities of the Company have been granted to, or are proposed to be granted to, any person by or on behalf of the Company.

15 Appointment and Removal of Directors

Appointment and Removal of Directors

The manager of the Property and the Company from time to time may at any time by notice in writing to the Company appoint and remove up to three persons who are not disqualified from acting as directors under the Companies Act 1993 as Directors. The holders of Shares may at any time by an ordinary resolution passed at a meeting of the holders of Shares appoint up to two persons who are not disqualified from acting as directors under the Companies Act 1993 as Directors. As at the date of this Prospectus, CIPL (in its capacity as manager under the Management Agreement) has not appointed any Directors. However, Cheryl Tracy Macaulay is

deemed to have been appointed by CIPL under the Company's constitution. CIPL will not have the right to vote on the election of any other Directors not appointed by CIPL (in its capacity as manager under the Management Agreement), unless CIPL acquires a Share in the Company. CIPL does not currently intend to acquire any Shares in the Company.

Alternate Directors

Directors have the power to appoint alternate directors under the Company's constitution, subject to approval by a majority of the other Directors. An alternate director may be any person not disqualified by the Companies Act 1993 and who is approved by the majority of the other directors. Unless otherwise provided by the terms of his or her appointment, an alternate director shall have all the powers, rights, duties and privileges of a director (other than the right to act as managing director or appoint an alternate director). No such Directors (whether alternate or otherwise) have been appointed as at the date of this Prospectus.

16 ***Interested Persons***

Remuneration other than Directors' Fees

The sole Director of the Company is not entitled to any other remuneration from the Company, other than by way of Directors' fees and reasonable travelling, accommodation and other expenses (and the indirect remuneration described below).

Directors' Fees and Other Remuneration

In addition to the payment of Directors' fees (which are subject to approval by ordinary resolution of Shareholders), the Company's constitution provides that Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors. The Company does not intend to pay any Directors' fees as at the date of this Prospectus. There is no dollar limit on the expenses that the Directors are entitled to recover from the Company.

The Company has granted the sole Director an indemnity to the maximum extent permitted by the Companies Act 1993 and its constitution.

Promoter's Fees

The Company will pay CIPL (as promoter of this Offer) a one off promoter's fee of \$169,950 for developing this investment opportunity. The amount of remuneration recoverable from the Company by CIPL in respect of the promoter's fee is limited to the amount stated in this paragraph. Cheryl Tracy Macaulay is a director of and shareholder in CIPL. As such, the Director will benefit, indirectly, from this remuneration payable to CIPL.

Management Agreement

Cheryl Tracy Macaulay is a director of and shareholder in CIPL. As such, the Director will benefit, indirectly, from the remuneration received by CIPL from the Company pursuant to the Management Agreement. The fees that will be payable to CIPL under the Management Agreement are described on page 35 of this Prospectus.

17 ***Material Contracts***

The Company has entered into the following material contracts (not being contracts entered into in the ordinary course of business) in the 2 years preceding the date of registration of this Prospectus:

Deed of nomination relating to agreement for sale and purchase of Property

The Company has entered into a deed of nomination with CIPL (as promoter of this Offer) dated 30 August 2010 pursuant to which CIPL has nominated the Company to complete the purchase of the Property under an agreement for sale and purchase between the CIPL and DNZ Property Fund Limited (as vendor) in respect of the sale of the vendor's interests in the Property, for the purchase price of \$13,500,000 plus GST (if any), payable in accordance with the terms of the agreement for sale and purchase. Under the terms of the agreement for sale and purchase the Company will be required to take an assignment or novation of an agreement with the NZ Transport Agency (formerly Transit New Zealand) to contribute \$60,000 towards the

upgrade of the Tauroa Street/SH1 intersection when those works are committed to by the NZ Transport Agency. On settlement DNZ Property Fund Limited will transfer that \$60,000 contribution to Chapman Tripp who will hold it in their trust account on the Company's behalf until the NZTA commits to the intersection upgrade works. Under the terms of the agreement for sale and purchase the Company will be required to pay \$95,612.09 to DNZ Property Fund Limited to reimburse it for its costs in relation to the Tenant's cafe upgrade works completed at the Property. The transactions recorded by the sale and purchase agreement will be settled after the allotment of the Shares.

The sole shareholder of the Company has approved the Company's entry into the deed of nomination and the transactions contemplated by the sale and purchase agreement as "major transactions" under section 129 of the Companies Act 1993.

BNZ funding

The Company has received a letter of offer dated 19 August 2010 from Bank of New Zealand Limited on the following terms:

- (a) Maximum facility amount: \$6,100,000;
- (b) Term: 5 years from date of drawdown (from 13 October 2010 to 17 October 2010);
- (c) Interest Rate: The indicative floating interest rate that will apply is 5.58% per annum;
- (d) Repayments: Interest only for the first three year with principal repayments commencing in year four and five at \$10,000 per month. All outstanding principal and accrued interest repayable at the conclusion of the loan term;
- (e) Security: registered first and only mortgage over the Property, assignment of property lease and a first and only perfected security interest over all assets and undertakings of the Company;
- (f) Guarantees: nil;
- (g) Conditions precedent: The Bank of New Zealand Limited finance proposal outlines certain conditions precedent that must be met prior to drawdown of the facility.

Management Agreement

The Company has entered into a management agreement with Commercial Investment Properties Limited dated 30 August 2010 (*the Management Agreement*). Under the Management Agreement, the Company has appointed CIPL, on an exclusive basis, to manage the Property and other operations of the Company.

CIPL's duties are to manage the Property and to ensure that administrative and general services are provided to the Company in accordance with the Management Agreement. CIPL's duties are described fully in Schedule 1 to the Management Agreement, and generally fall into the categories of investment management duties, property management and development duties and administration management duties. CIPL represents and warrants that it has the necessary expertise, experience and facilities required to properly carry out the duties and responsibilities specified in the Management Agreement.

Under the Management Agreement, CIPL has certain powers to act on behalf of the Company.

In performing its duties, CIPL may, at its sole discretion, act through any of its subcontractors or employees. However, CIPL may not subcontract the entirety of its obligations under the Management Agreement without the prior written consent of the Board of the Company.

CIPL has agreed under the Management Agreement that it will perform its management duties:

- diligently, expeditiously, in good faith and to a high standard; and
- with the degree of skill and due care expected of a professional property manager operating in the property management industry in exercising the rights, power and authorities granted to it, and in performing its obligations.

In return for the performance of its duty as manager of the Property, CIPL will be entitled to be paid:

- a management fee of 4% of the annual lease income of the Property plus GST per annum, currently calculated using the annual lease income (incorporating improvement rent payable in relation to the café works) of \$1,125,262 (but not less than \$45,010 per annum plus GST) which will be paid monthly in advance;
- additional fees for new lease negotiations, sale, project management services and the like that may occur. As at the date of this Prospectus, these fees are as follows:
 - A. For a new tenancy (i.e. not a negotiation for a new tenancy for an existing tenant), an amount equal to 3% of the passing annual rent, including any rent or fee payable in relation to car parks, naming and signage rights (exclusive of GST) multiplied by the number of years of the term of the new tenancy.
 - B. A sale fee payable on the sale of a Property of an amount equal to the higher of 2% of the value of the Property on the basis of the most recent valuation of the Property and 2% of the sale price (together with reimbursement of any costs and expenses incurred in the marketing and sale of the Property).
 - C. A development management fee for the provision of any development management services of an amount equal to the higher of:
 - (a) 5% of the total cost of the approved development works (exclusive of GST); or
 - (b) CIPL's assessment of a reasonable market fee for the provision of such services; or
 - (c) At an hourly rate of time spent, at an hourly rate of \$150 plus GST per hour (or at a lower rate dependent on the experience of the person providing the service);
 - D. Charges at a rate of \$150.00 plus GST per hour (or at a lower rate dependent on the experience of the person providing the service) for additional services as may from time to time be required in order to manage the Property (including, without limitation, services relating to supervision of any works carried out by a tenant which extend beyond usual fit out works).

The Management Agreement may be terminated by the Company on a resolution of the Company's shareholders passed by a majority of not less than 90% of the votes cast by shareholders entitled to vote and voting on that resolution. If the Management Agreement is so terminated, CIPL will be entitled to receive from the Company compensation equal to one year's management fee.

18 **Pending Proceedings**

There are no legal proceedings or arbitrations pending at the date of the registration of this Prospectus that may have a material adverse effect on the Company.

19 **Preliminary and Issue Expenses**

The Company will meet \$465,450 (plus GST) of the issue expenses, including legal and accounting fees, advertising, printing and other costs incurred by the Company in relation to the Offer.

The issue expenses include:

- (a) Legal costs of \$55,000;
- (b) Accounting costs of \$8,500;
- (c) Audit costs of \$3,500;
- (d) Issue expenses of \$48,565;
- (e) Promoters fee of \$169,950;
- (f) Brokerage fee of \$160,000 from which commissions may be payable (at rates to be agreed) to financial advisers and brokers responsible for arranging for the subscription for Shares;
- (g) Valuation fees of \$4,435; and
- (h) Bank fees of \$15,500 (including bank legal costs).

The Company has not commenced business. Apart from the costs incurred in incorporation (approximately \$1,000) and those referred to above relating to this Prospectus, the Company has not acquired any assets or incurred any debts.

20 Restrictions on Issuing Group

As at the date of this Prospectus, there are no restrictions on the Company from making a distribution, or borrowing, being restrictions that result from any undertaking given, or contract or deed entered into by the Company.

21 Other Terms of Offer and Securities

All other terms of the Offer and all the terms of the Shares being offered are set out in this Prospectus, except for those implied by law or set out in a document that:

- Has been registered with a public official;
- Is available for public inspection; and
- Is referred to in this Prospectus.

22– 24 Financial Statements

There are no historical financial statements for the Company, as the Company has not commenced business and has not acquired an asset or incurred a debt.

25 Places of Inspection of Documents

During the currency of this Prospectus, copies of the constitution of the Company and the material contracts referred to under paragraph 17 of this Statutory Information section of the Prospectus may be inspected without fee at the registered office of the Company at 269 Stafford Street, Timaru during normal business hours of 9.00am to 5.00pm on a working day (as defined in the Companies Act 1993). The documents can also be viewed on the Companies Office website at www.companies.govt.nz. Charges may be payable. When relevant documents are not available on the website, a request for the documents can be made by contacting the Ministry of Economic Development Business Service Centre on 0508 266 726.

26 Other Material Matters

The Shares will not be listed on any exchange, nor is there an established market for trading of the Shares.

There are no other material matters relating to the offer of Shares in this Prospectus other than matters elsewhere set out in this Prospectus and contracts entered into in the ordinary course of business of the Company.

27 ***Director's Statement***

The Company is a newly incorporated company and therefore has not yet completed an initial accounting period and, as such, the Director cannot give an opinion on any circumstances affecting the Company since the completion of that period.

28 ***Auditor's Report***

A copy of the auditor's report required by clause 28 of Schedule 1 to the Securities Regulations is set out on pages 25 to 26. Mitchell Audit has given and has not withdrawn its consent to be named in this Prospectus as auditors of the Company and to the issue of this Prospectus and its Auditor's Report included in the form and content in which it appears. Mitchell Audit takes no responsibility for, nor has it authorised the issue of any part of the Prospectus except for the Auditor's Report. While Mitchell Audit is a professional advisor to the Company, neither Mitchell Audit nor any officer or employee of Mitchell Audit is intended to be a partner, officer or employee of the Company.

Statutory Index required by the Securities Regulations

For the purposes of Regulation 16 of the Securities Regulations, matters required to be disclosed in this Prospectus in accordance with Schedule 1 to the Securities Regulations are contained on the following pages:

1	Main terms of offer	27
2	Name and address of offeror	27
3	Details of incorporation of issuer	27
4	Principal subsidiaries of issuer	27
5	Names, addresses, and other information	27
6	Restrictions on directors' powers	28
7	Substantial equity security holders of issuer	29
8	Description of activities of issuing group	29
9	Summary financial statements	29
10	Prospects and forecasts	29
11	Provisions relating to initial flotations and minimum subscription	32
12	Acquisition of business or subsidiary	32
13	Securities paid up otherwise than in cash	32
14	Options to subscribe for securities of issuing group	32
15	Appointment and removal of directors	32
16	Interested persons	33
17	Material contracts	33
18	Pending proceedings	35
19	Preliminary and issue expenses	35
20	Restrictions on issuing group	36
21	Other terms of offer and securities	36
22 – 24	Financial statements	36
25	Places of inspection of documents	36
26	Other material matters	36
27	Director's statement	37
28	Auditor's report	37

PROSPECTUS - 124 TAUROA STREET LIMITED

This Prospectus has been signed by, or on behalf of, the Director of the Issuer and each Promoter.

Issuer:

124 Tauroa Street Limited by:



Director

in the presence of:



Abbie Hennelly
Name

Property Manager
Occupation

Temuka
Address

Promoter:

Commercial Investment Properties Limited by:



Director

in the presence of:



Abbie Hennelly
Name

Property Manager
Occupation

Temuka
Address

GLOSSARY

Application means an application for Shares under the Offer;

Board means the board of directors of the Company;

CIPL means Commercial Investment Properties Limited;

Company means 124 Tauroa Street Limited;

Directors means the Directors of the Company (the name and details of the sole Director as at the date of this Prospectus are listed under “Directors” in the Directory);

Investment Statement means the investment statement dated on or about 7 September 2010 in relation to the Offer of the Shares;

Offer means the offer of Shares as set out in this Prospectus;

Property means the property located at 124 Tauroa Street, Whangarei, being Lot 2, DP 209868;

Prospectus means this Prospectus dated 7 September 2010 and any supplementary or replacement Prospectus;

Shareholder means a holder of Shares in the Company;

Shares means ordinary shares in the Company;

Subscription Amount means, for each Shareholder, the amount they commit to pay for their Shares.

DIRECTORY

Company

124 Tauroa Street Limited
C/- Commercial Investment Properties Limited
Level 1
269 Stafford Street
PO Box 650, Timaru 7940
Phone: 03 687 7573

Director

Cheryl Tracy Macaulay

Promoter

Commercial Investment Properties Limited
Licensed under the REA Act 2008
Level 1
269 Stafford Street
PO Box 650, Timaru 7940
Phone: 03 687 7573

Manager

Commercial Investment Properties Limited
Level 1
269 Stafford Street
PO Box 650, Timaru 7940
Phone: 03 687 7573

Auditors

Mitchell Audit
PO Box 40
Timaru 7940
Phone: 03 688 9092

Valuers

Colliers International New Zealand Limited
Mark Parlane *BBS ANZIV SPINZ*
Level 27
151 Queen Street
Auckland 1140

Solicitors to the Company

Chapman Tripp
ANZ Building, Level 35
23 Albert Street
PO Box 2206, Auckland 1140



mitchell audit

D A Mitchell - Principal

CHARTERED 
ACCOUNTANTS

7 September 2010

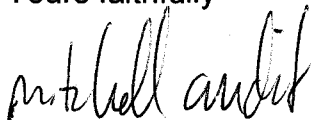
The Directors
124 Tauroa Street Limited
P O Box 650
TIMARU 7940

Dear Directors

In terms of Regulation 18(1)(c)(ii) of the Securities Regulations 2009, we hereby give our consent to the inclusion of our report dated 7 September 2010 in the Prospectus dated 7 September 2010 in the form in which it appears. We also confirm that we have not before delivery of a copy of the Prospectus for registration withdrawn our written consent to the issue thereof.

Mitchell Audit take no responsibility for, nor have we authorised or counselled the issue of any part of the Prospectus other than the financial information set out on pages 3 and 4 and pages 12 to 14 and the assumptions set out on pages 15 to 24 of the Prospectus.

Yours faithfully



mitchell audit
Timaru

14850.2/LMP

6 September 2010

124 Tauroa Street Limited
C/- Commercial Investment Properties Limited
P O Box 650
TIMARU 7940

COLLIERS
INTERNATIONAL

Level 27, 151 Queen St
PO Box 1631, Auckland 1140
New Zealand

Tel 64 9 358 1888
Fax 64 9 358 1999

www.colliers.co.nz

SECTION 40 OF THE SECURITIES ACT 1978 CONSENT

1. We refer to the Prospectus of 124 Tauroa Street Limited that you intend to file with the Companies Office for registration on or about 7 September 2010. The Prospectus contains a Colliers International New Zealand Limited summary valuation report (a copy of which is attached) that we have provided to you and names us (Colliers International New Zealand Limited) as an expert.
2. As required by section 40 of the Securities Act 1978 we certify as at the date of this letter:
 - (a) we have given and have not, before delivery of a copy of the 124 Tauroa Street Limited Prospectus for registration in accordance with section 41 of the Securities Act 1978, withdrawn our written consent to the distribution of the Prospectus with our summary valuation report in the form and context in which it is included;
 - (b) we have given and have not withdrawn our consent as the aforesaid appears in the registered Prospectus;
 - (c) we confirm the statements that appear in our Summary Valuation Report included in the Prospectus as follows are correct:

"Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any relationship (other than that of valuer) with Commercial Investment Properties Limited, 124 Tauroa Street Limited ("the Company") or any of the Company's associated persons or any other relationship that would impair the objectivity or independence of the valuer in the normal performance of the valuation."

"Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any interest in the property described at paragraph 4 below."

"Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any relationship with any other person that has a material interest in the property described at paragraph 4 below."; and



Quality Endorsed
Valuation Services

ISO 9001
QEC13885

Our Knowledge is your Property



KEY PARTNER

(d) we confirm the statements that appear in the Prospectus as follows are correct:

“Colliers International New Zealand Limited, being the registered valuer referred to in respect of the Property, has given its consent and not withdrawn its consent before delivery of this Prospectus for registration under Section 41 of the Securities Act 1978 to the distribution of this Prospectus with the inclusion of the summary valuation report on pages 6 to 11 included in the form and context in which it is included.”

“Colliers International New Zealand Limited is not intended to be a director, officer or employee of the Company. The Company may in the future engage the services of Colliers International New Zealand Limited as a professional adviser, to provide valuation or other services.”

Yours faithfully

COLLIERS INTERNATIONAL NEW ZEALAND LIMITED



LM PARLANE BBS ANZIV SPINZ

Registered Valuer

Director – Valuation & Consultancy

**SUMMARY VALUATION REPORT
BUNNINGS WHANGAREI, 124 TAUROA STREET, WHANGAREI**

6 September 2010

Level 27, 151 Queen St
PO Box 1631, Auckland 1140
New ZealandTel 64 9 358 1888
Fax 64 9 358 1999www.colliers.co.nz124 Tauroa Street Limited
C/- Commercial Investment Properties Limited
P O Box 650
TIMARU 79401. *Name and Address of Valuer***Lindsay Mark Parlane**

Colliers International New Zealand Limited, P O Box 1631, Auckland 1140

- Director
- Bachelor of Business Studies
- Senior Member of both the New Zealand Institute of Valuers and the Property Institute of New Zealand

2. *Statement by Registered Valuer*

A full valuation has (dated 28 June 2010) been prepared and a copy is held by the promoter and this summary valuation is subject to the full report and assumptions therein. The valuation report has been prepared by Mr Lindsay Mark Parlane who has acted as an independent valuer.

Further it is noted that:

- Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any relationship (other than that of valuer) with 124 Tauroa Street Limited ("the Company") or any of the Company's associated persons or any other relationship that would impair the objectivity or independence of the valuer in the normal performance of the valuation;
- Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any interest in the property described at paragraph 4 below; and
- Neither Colliers International New Zealand Limited, nor any of its principals or employees involved in the preparation of the valuation have any relationship with any other person that has a material interest in the property described at paragraph 4 below.
- For the purposes of this valuation we have been specifically instructed to assume the café is completed.

Quality Endorsed
Valuation ServicesISO 9001
QFC13885

Our Knowledge is your Property

Colliers International New Zealand Limited MREINZ – Professional Property Services: Brokerage, Consultancy, Valuation, Management



KEY PARTNER

3. *Purpose of Report*

The valuer is aware that the Company intends to make an offer of Shares to the public, and has prepared this Summary Valuation Report for the purpose of being included in each of the registered prospectus and investment statement for Shares in the Company to be dated on or about 7 September 2010 ("offer documents") for the use by prospective investors.

4. *Description of Real Property*

The subject property comprises a substantial bulk retail premises with on site carparking with frontage to State Highway 1, occupying a prominent position to the south of Whangarei City.

The property is located on a significant site of approximately 3.2645 hectares and offers excellent exposure to passing traffic. The premises themselves offer a substantial bulk retail outlet of some 11,830 sqm including yard areas with the balance of the site providing sealed and marked carparking. In addition there is extra land to the northern boundary of the site of approximately 2,290 sqm held on the same title but identified by the parties as potential for additional development land.

The property is subject to a 12 year lease to Bunnings Limited from 19 June 2007 with five, five year rights of renewal at an annual rental of \$1,125,262 per annum plus GST including café improvement rental of \$6,310 per annum plus GST (to be constructed at a cost of circa \$100,000). This is a structured lease which increases at a fixed percentage of 3.0% per annum over the term of the lease with rental review to market (subject to a ceiling of 110% and a floor of 90% of the then current rental) on renewals – see paragraph 9 below for further information.

5. *Covenants etc, in Respect of Real Property*

The property is legally described as Lot 2 Deposited Plan 209868, being an estate in fee simple comprising an area of 3.2645 ha more or less, as contained within Computer Freehold Register Identifier NA137C/747.

The following interests are registered:

- Fencing Agreement in Transfers 667758 and A144772.
- Subject to Part IV A Conservation Act 1987.
- Subject to Section 11 Crown Minerals Act 1991.
- Subject to Section 59 Land Act 1948.
- Encumbrance to North Power Limited (D677012.3) - 31.1.2002.
- Subject to a right of way over part marked B on District Plan 209868 specified in Easement Certificate D677012.6 - 31.1.2002.
- Appurtenant hereto is a right of way specified in Easement Certificate D677012.6 - 31.1.2002.
- Appurtenant hereto is a right of way easement created by Easement Instrument 5835176.1 - 11.12.2003.

- Land covenant in Easement Instrument 5835176.2 - 11.12.2003. For the period from November 2003 to 10 June 2020, the site shall not be used for or be permitted to suffer the use of the servient tenement for the sale or distribution of motor vehicle fuel at retail.
- Land covenant in Easement Instrument 5835176.3 - 11.12.2003. For the period from November 2003 to 10 June 2020, the site shall not be used or to permit or suffer the use of the servient tenement:
 - for a supermarket;
 - for the retail sale or delivery of food or drink to customers who, at the time of sale or delivery are within or substantially within a motor vehicle.

6. *Present Use of Real Property*

The property is used for retail and wholesale of home improvement and timber products together with customer carparking.

7. *Compliance with Regional or District Plan Rules*

- (1) The property is zoned under the Business 3 Environment within the Whangarei Operative District Plan May 2007. The Business 3 Environment includes shopping centres outside the Central Business District and businesses near living environments.
- (2) The use of the property appears to comply with the rules of the Business 3 Environment. In addition the property enjoys existing use rights under the Resource Management Act.

Further detail of the nature of any Regional or District Plan rules, existing use rights, resource consents and other statutory requirements relating to the property (and compliance therewith) are contained in the detailed valuation report.

We note a Building Warrant of Fitness was last issued in February 2010.

8. *Rateable Value of Real Property*

Assessment No.	00763/212.00
Date of Assessment:	1 September 2009
Land Value:	\$4,350,000
Value of Improvements:	\$10,250,000
Capital Value:	\$14,600,000

9. *Leasehold Interests or Tenancy Arrangements in Respect of Real Property*

- (1) The property is freehold.
- (2) We have been provided with the lease details and a copy of the lease dated 9 June 2007. We detail the tenancy below.

<i>Tenant:</i>	Bunnings Limited
<i>Lease Commencement:</i>	19 June 2007
<i>Lease Term:</i>	12 years
<i>Right of Renewal:</i>	Five terms of five years each.
<i>Final Expiry:</i>	Assumed 18 June 2044
<i>Current Annual Net Rent:</i>	\$1,125,262 per annum plus GST including café improvement rental of \$6,310 per annum plus GST (to be constructed).
<i>Next Review:</i>	19 June 2011
<i>Rental Reviews:</i>	<ol style="list-style-type: none">a) During the initial 12 year term, rent is increased annually by 3.0%.b) Upon renewal, the rent is to be reviewed to market but the reviewed rent cannot exceed 110% nor fall below 90% of the rental payable in the immediately preceding 12 month termc) During the renewed period, the rent is increased annually by 3.0%.
<i>Right of Purchase:</i>	<p>No more than nine months, nor less than six months prior to expiry of the initial term (and each renewed term), the landlord must offer the premises to the Tenant for sale. In determining the value of the property for sale purposes, the valuer must disregard any goodwill, Tenant fixtures and fittings and Tenant improvements, disregards the terms and conditions of the lease and the existence of the lease and treat the property as vacant, and have regard to the condition of the premises.</p> <p>In addition, if the landlord wishes to sell the property during the lease term (and each renewed term), the Tenant has first right of refusal to purchase.</p>

We would refer you to the full report which outlines the rent review procedure, details on operating expenses, the right of purchase and landlord's maintenance provisions.

10. *Registered Valuer's Opinion as to Capital Value of Real Property*

The assessment of current market value of the subject property as at 28 June 2010 is **THIRTEEN MILLION SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS (\$13,750,000)** plus GST (if any), and excluding any mortgages or other charges.

11. *Basis of Valuation*

The valuation has been completed in accordance with the Property Institute of New Zealand Professional Practice Standards IVA1 – Valuation for Financial Reporting Purposes and ICANZ IAS 40 – Investment Property which relates to non-operational assets held for future development, investment or surplus to the operations of the entity.

We have adopted the International Valuation Standards Committee definition of "Fair Value" as follows:

"fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Fair value is generally synonymous with the term market value. Market Value is defined in the International Valuation Standards as:

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

12. *Income from Real Property*

- (1) The amount of income the Real Property currently produces is \$1,118,952 per annum plus GST plus improvement rental of \$6,310 per annum plus GST attributable to Café (to be constructed).
- (2) The valuer considers the current net market rental to be \$1,137,965 per annum plus GST.

13. *Other Material Matters Relating to Real Property*

The valuation is undertaken according to standards usually applied by registered valuers in conducting valuations of Real Property. We are not aware of any other material not mentioned in this report which is considered material, should further matters be brought to our attention we reserve the right to amend our valuation accordingly.

14. *Consent to Distribution of Report*

Colliers International New Zealand Limited give consent for this Summary Valuation Report to be distributed to prospective investors for shares in the offer documents in the form and context in which it is included and, as at the date of this report, its consent has not been withdrawn.

Yours faithfully

COLLIERS INTERNATIONAL NEW ZEALAND LIMITED



LM PARLANE BBS ANZIV SPINZ
Registered Valuer
Director – Valuation & Consultancy

Deed of Nomination
Agreement for Sale and
Purchase of Cnr State
Highway One and Tauroa
Street, Whangarei

Commercial Investment Properties Limited (*Nominator*)

124 Tauroa Street Limited (Nominee)



**DEED OF NOMINATION
AGREEMENT FOR SALE AND PURCHASE OF CNR STATE HIGHWAY ONE AND
TAUROA STREET, WHANGAREI**

Date: 30 August 2010

PARTIES

Commercial Investment Properties Limited (the Nominator)

124 Tauroa Street Limited (the Nominee)

BACKGROUND

- A By an agreement for sale and purchase dated 20 May 2010 (*the Agreement*), made between the Nominator as purchaser and DNZ Property Fund Limited as vendor (*Vendor*), the Nominator has agreed to purchase and the Vendor has agreed to sell the property situated at Cnr State Highway One and Tauroa Street, Whangarei (*the Property*)
- B The Nominator wishes to nominate the Nominee as the purchaser under the Agreement.
- C The Nominee wishes to accept the nomination.
- D The Vendor has required that, and the Nominator and the Nominee shall, enter into the deed of covenant attached as Schedule 2 to this deed.

THE PARTIES AGREE as follows:

1 NOMINATION

The Nominator nominates the Nominee as the purchaser under the Agreement with effect from 27 August 2010 (*the Nomination Date*), and the Nominee accepts the nomination.

2 NOMINATOR'S UNDERTAKING AND INDEMNITY

2.1 The Nominator:

- (a) undertakes to fulfil the purchaser's obligations under the Agreement up to and including the Nomination Date; and
- (b) indemnifies the Nominee against any loss, claim, damage, expense, liability or proceeding suffered or incurred at any time by the Nominee as a direct or indirect result of any breach by the Nominator of the Nominator's undertaking in this clause 2.1.



3 NOMINEE'S UNDERTAKING AND INDEMNITY

3.1 The Nominee:

- (a) undertakes to fulfil the purchaser's obligations under the Agreement with effect from the Nomination Date; and
- (b) indemnifies the Nominator against any loss, claim, damage, expense, liability or proceeding suffered or incurred at any time by the Nominator as a direct or indirect result of any breach by the Nominee of the Nominee's undertaking in this clause 3.1.

4 NOMINEE'S COVENANT WITH NOMINATOR

4.1 The Nominee covenants with the Nominator:

- (a) that it is a registered person as that term is defined in the Goods and Services Tax Act 1985; and
- (b) to pay the GST (if any) payable under the Agreement on any supply evidenced by the Agreement; and
- (c) that except for a variation to the Agreement as between the Nominee and the Vendor agreeing that the supply under the Agreement is the supply of a going concern, not to agree to any variation of the Agreement with the Vendor without first obtaining the prior written consent of the Nominator in each instance, such consent not to be unreasonably withheld or delayed.

5 MUTUAL COVENANT

The Nominator and the Nominee agree that the sale of the property is the supply of a going concern for GST purposes.

6 NOMINEE TO REIMBURSE NOMINATOR

On the Nomination Date the Nominee will reimburse the Nominator for:

- 6.1 all money, including interest and goods and services tax (if any) paid by the Nominator pursuant to the Agreement; and
- 6.2 the Nominator's reasonable legal and other costs and disbursements relating to the Agreement.

7 NOTICE OF PROVISIONS OF AGREEMENT

The Nominee acknowledges that the Nominee has executed this deed with full notice of all provisions contained or implied in the Agreement.

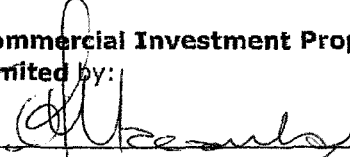


8 ELECTRONIC DELIVERY ALLOWED

Without limiting any other mode of delivery, the parties agree to allow delivery of this deed by transmission, in electronic form by any means of electronic communication (including facsimile or email of a scanned copy) of an original of this deed executed by a party, to the other party or its solicitors.

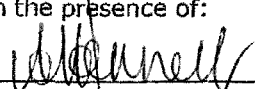
EXECUTED AND DELIVERED AS A DEED

Commercial Investment Properties Limited by:



Director

in the presence of:




Name: Abbie Hennelly

Occupation: Property Manager

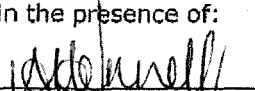
Address: Temuka

124 Tauroa Street Limited by:



Director

in the presence of:



Name: Abbie Hennelly

Occupation: Property Manager

Address: Temuka

DEED OF NOMINATION AGREEMENT FOR SALE AND PURCHASE OF CNR STATE HIGHWAY ONE AND TAUROA STREET,
WHANGAREI



SCHEDULE 1

AGREEMENT FOR SALE AND PURCHASE

Copy **attached**.

AGREEMENT FOR SALE AND PURCHASE OF REAL ESTATE

This form is approved by the Real Estate Institute of New Zealand Inc and by Auckland District Law Society.

DATE:

20th May 2010

VENDOR:

DNZ Property Fund Limited

PURCHASER: Commercial Investment Properties Limited and/or nominee

PROPERTY			
Address: State Highway One, Car Tauroa Street, Whangarei			
Estate:	FEE SIMPLE	LEASEHOLD	CROSSLEASE (FEE SIMPLE)
	STRATUM IN FREEHOLD	STRATUM IN LEASEHOLD	CROSSLEASE (LEASEHOLD)
			(if none is deleted fee simple)
Legal Description:			
Area (more or less):	Lot/Flat/Unit:	DP:	Unique Identifier or CT:
3.2645ha	2	209868	NA137C/747

PAYMENT OF PURCHASE PRICE	
Purchase price: \$14,000,000.00	Plus GST (if any) OR inclusive of GST (if any).
(Fourteen million dollars)	if neither is deleted the purchase price includes GST (if any).
	GST date (refer clause 12.0):
Deposit (clause 2.0): \$Nil	
Balance of purchase price to be paid or satisfied as follows:	
(1) By payment in cleared funds on the settlement date which is the Possession Date	
OR	
(2) In the manner described in the Further Terms of Sale.	Interest rate for late settlement: 14 % p.a.

POSSESSION
Possession date (clause 3.0): Ten (10) Working Days after this Agreement becomes unconditional

CONDITIONS (clause 8.0)	
Finance condition	LIM required: Yes/No
Lender:	
Amount required:	OIA Consent required: Yes/No
Finance date:	Land Act/OIA date:

TENANCIES (if any)			
Name of tenant: Buntings Limited			
Bond:	Rent: \$1,086,361.60	Term: Twelve (12) years	Right of renewal: 5x5 years

SALE BY:	Bayleys Real Estate Limited
	Licensed Real Estate Agent

It is agreed that the vendor sells and the purchaser purchases the property, and the chattels listed in Schedule 1, on the terms set out above and in the General Terms of Sale and any Further Terms of Sale.

124 Tauroa Street

GENERAL TERMS OF SALE

1.0 Definitions, notices and interpretation

1.1 Definitions

- (1) Unless the context requires a different interpretation, words and phrases not otherwise defined have the same meanings ascribed to those words and phrases in the Property Law Act 2007 or the Resource Management Act 1991.
- (2) "Agreement" means this document including the front page, these General Terms of Sale, any Further Terms of Sale and any schedules and attachments.
- (3) "Building Act" means the Building Act 1991 and/or the Building Act 2004.
- (4) "Building warrant of fitness" means a building warrant of fitness supplied to a territorial authority under the Building Act.
- (5) "Cleared funds" means:
- cash; or
 - a bank cheque; or
 - an electronic transfer of funds that has been made pursuant to a protocol agreed between the parties.
- (6) "Default GST" means any interest, or late payment penalty, or shortfall penalty, or other sum imposed on the vendor under the Tax Administration Act 1984 by reason of non-payment of any GST payable in respect of the supply made under this agreement but does not include any such sum levied against the vendor by reason of a default by the vendor after payment of the GST to the vendor by the purchaser.
- (7) "e-dealing" means the process of registration of electronic instruments.
- (8) "e-dealing capable" means being legally capable of performing an e-dealing.
- (9) "Electronic instrument" has the same meaning as ascribed to that term in the Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002.
- (10) "GST" means Goods and Services Tax arising pursuant to the Goods and Services Tax Act 1985 and "GST Act" means the Goods and Services Tax Act 1985.
- (11) "Landonline Workspace" means an electronic workspace facility approved by the Registrar-General of Land pursuant to the provisions of the Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002.
- (12) "LIM" means a land information memorandum issued pursuant to the Local Government Official Information and Meetings Act 1987.
- (13) "LINZ" means Land Information New Zealand.
- (14) "Local authority" means a territorial authority or a regional council.
- (15) "OIA Consent" means consent to purchase the property under the Overseas Investment Act 2005.
- (16) "Property" means the property described in this agreement.
- (17) "Purchase price" means the total purchase price stated in this agreement which the purchaser has agreed to pay the vendor for the property and the chattels included in the sale.
- (18) "Regional council" means a regional council within the meaning of the Local Government Act 2002.
- (19) "Remote settlement" means settlement of the sale and purchase of the property by way of the purchaser paying the moneys due and payable on the settlement date directly into a bank account nominated by the vendor, in consideration of the vendor agreeing to meet the vendor's obligations under clause 3.7(2), pursuant to a protocol agreed by the parties.
- (20) "Settlement date" means the date specified as such in this agreement or, if no such date is specified, the possession date. Where the day nominated for settlement is not a working day the settlement date shall be the last working day before the day so nominated.
- (21) "Settlement statement" means a statement showing the purchase price, plus any GST payable by the purchaser in addition to the purchase price, less any deposit or other payments or allowances to be credited to the purchaser, together with apportionments of all incomings and outgoings apportioned at the possession date.
- (22) "Territorial authority" means a territorial authority within the meaning of the Local Government Act 2002.
- (23) "Unit title" means a unit title issued under the Unit Titles Act 1972.
- (24) The terms "principal unit", "accessory unit", "unit plan" and "unit" have the meanings ascribed to those terms in the Unit Titles Act 1972.
- (25) The terms "building", "building consent", "code compliance certificate", "compliance schedule", "household unit" and "residential property developer" have the meanings ascribed to those terms in the Building Act.
- (26) The term "title" includes where appropriate a computer register within the meaning of the Land Transfer (Computer Registers and Electronic Lodgement) Amendment Act 2002.
- (27) The terms "going concern", "registered person", "supply" and "taxable activity" have the meanings ascribed to those terms in the GST Act.
- (28) "Working day" means any day of the week other than:
- Saturday, Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's Birthday, and Labour Day; and
 - a day in the period commencing on the 24th day of December in any year and ending on the 5th day of January in the following year, both days inclusive; and
 - the day observed as the anniversary of any province in which the property is situated.
- A working day shall be deemed to commence at 9.00 am and to terminate at 5.00 pm.
- (29) Any act done pursuant to this agreement by a party after 5.00 pm on a working day, or on a day which is not a working day, shall be deemed to have been done at 9.00 am on the next succeeding working day.
- (30) Where two or more acts (including service of notices) done pursuant to this agreement are deemed to have been done at the same time, they shall take effect in the order in which they would have taken effect but for subclause 1.1(29).
- (31) Unless a contrary intention appears on the front page or elsewhere in this agreement:
- the interest rate for late settlement is double the 90 day bank bill buy rate;
 - the applicable 90 day bank bill buy rate is that as advised by the vendor's solicitor's bank and if more than one such rate then the highest rate during the relevant period;
 - a party is in default if it did not do what it has contracted to do to enable settlement to occur, regardless of the cause of such failure.

1.2 Notices

The following apply to all notices between the parties relevant to this agreement, whether authorised by this agreement or by the general law:

- All notices must be served in writing.
- Any notice under section 28 of the Property Law Act 2007, where the purchaser is in possession of the property, must be served in accordance with section 353 of that Act.
- All other notices, unless otherwise required by the Property Law Act 2007, must be served by one of the following means:
 - on the party as authorised by sections 354 to 361 of the Property Law Act 2007, or
 - on the party or on the party's solicitor:
 - by personal delivery; or
 - by posting by ordinary mail; or
 - by facsimile, or by email; or
 - in the case of the party's solicitor only, by sending by document exchange.
- In respect of the means of service specified in subclause 1.2(3)(b), a notice is deemed to have been served:
 - in the case of personal delivery, when received by the party or at the solicitor's office;
 - in the case of posting by ordinary mail, on the second working day following the date of posting to the address for service notified in writing by the party or to the postal address of the solicitor's office;
 - in the case of facsimile transmission, when sent to the facsimile number notified in writing by the party or to the facsimile number of the solicitor's office;
 - in the case of email, when acknowledged by the party or by the solicitor orally or by return email or otherwise in writing;
 - in the case of sending by document exchange, on the second working day following the date of sending to the document exchange number of the solicitor's office.
- Notice served by a party after 5.00 pm on a working day, or on a day which is not a working day, shall be deemed to have been served by that party at 9.00 am on the next succeeding working day.
- Where two or more notices are deemed to have been served at the same time, they shall take effect in the order in which they would have been served but for subclause 1.2(3).
- Any period of notice required to be given under this agreement shall be computed by excluding the day of service.

1.3 Interpretation

- (1) If there is more than one vendor or purchaser, the liability of the vendors or of the purchasers, as the case may be, is joint and several.
- (2) Where the purchaser executes this agreement with provision for a nominee, or as agent for an undisclosed principal, or on behalf of a company to be formed, the purchaser shall at all times remain liable for all obligations on the part of the purchaser.
- (3) If any inserted term (including any Further Terms of Sale) conflicts with the General Terms of Sale the inserted term shall prevail.
- (4) Headings are for information only and do not form part of this agreement.

2.0 Deposit

- 2.1 The purchaser shall pay the deposit to the vendor or the vendor's ^{solicitor} agent immediately upon execution of this agreement by both parties and/or at such other time as is specified in this agreement.
- 2.2 If the deposit is not paid on the due date for payment, the vendor may at any time thereafter serve on the purchaser notice requiring payment. If the purchaser fails to pay the deposit on or before the third working day after service of the notice, time being of the essence, the vendor may cancel this agreement by serving notice of cancellation on the purchaser. No notice of cancellation shall be effective if the deposit has been paid before the notice of cancellation is served.
- 2.3 The deposit shall be in part payment of the purchase price.
- 2.4 The person to whom the deposit is paid shall hold it as a stakeholder until:
 - (1) the requisition procedure under clause 5.0 is completed without either party cancelling this agreement; and
 - (2) where this agreement is entered into subject to any condition(s) expressed in this agreement, each such condition has been fulfilled or waived; or
 - (3) this agreement is cancelled pursuant to subclause 5.2(3)(c) or avoided pursuant to subclause 8.7(5).

3.0 Possession and Settlement

Possession

- 3.1 Unless particulars of a tenancy are included in this agreement the property is sold with vacant possession and the vendor shall so yield the property on the possession date.
- 3.2 If the property is sold with vacant possession the vendor shall permit the purchaser or any person authorised by the purchaser in writing, upon reasonable notice:
 - (1) to enter the property on one occasion prior to the possession date for the purposes of examining the property, chattels and fixtures which are included in the sale; and
 - (2) to re-enter the property on or before the possession date to confirm compliance by the vendor with any agreement made by the vendor to carry out any work on the property and the chattels and fixtures.
- 3.3 Possession shall be given and taken on the possession date. Outgoings and incomings in respect of the possession date are the responsibility of and belong to the vendor.
- 3.4 On the possession date the vendor shall make available to the purchaser keys to all exterior doors, electronic door openers relating to the property and the keys and/or security codes to any alarms which may be situated on the property. The vendor does not have to make available keys, electronic door openers and security codes where the property is tenanted and these are held by the tenant.

Settlement

- 3.5 The purchaser shall prepare, at the purchaser's own expense, a transfer instrument in respect of the property, executed by the purchaser if necessary. The purchaser shall tender the transfer instrument to the vendor or the vendor's solicitor a reasonable time prior to the settlement date.
- 3.6 The vendor shall prepare, at the vendor's own expense, a settlement statement. The vendor shall tender the settlement statement to the purchaser or the purchaser's solicitor a reasonable time prior to the settlement date.
- 3.7 On the settlement date:
 - (1) The balance of the purchase price, interest and other moneys, if any, shall be paid by the purchaser in cleared funds or otherwise satisfied as provided in this agreement (credit being given for any amount payable by the vendor under subclause 3.12 or 3.13);
 - (2) The vendor shall concurrently hand to the purchaser:
 - (a) the transfer instrument in respect of the property provided by the purchaser under subclause 3.5, in registrable form;
 - (b) all other instruments in registrable form required for the purpose of registering the transfer instrument and conferring title on the purchaser in terms of the vendor's obligations under this agreement; and
 - (c) LINZ registration fees on each of the instruments referred to in subclause 3.7(2)(b) and the purchaser's solicitor's reasonable agency registration fees.
- 3.8 All obligations under subclause 3.7 are interdependent.

Electronic Instruments

3.9 Where:

- (1) the instruments conferring title on the purchaser in terms of the vendor's obligations under this agreement can be prepared and registered as electronic instruments; and
 - (2) the vendor's solicitor is e-dealing capable but the purchaser's solicitor is not e-dealing capable or the purchaser or the purchaser's solicitor has declined to consent to electronic registration of the instruments -
- then the vendor's obligation under subclause 3.7(2)(b) to hand to the purchaser any discharges or withdrawals of instruments will be satisfied:
- (3) if the vendor's solicitor submits the discharges or withdrawals for registration as electronic instruments and produces to the purchaser's solicitor a search of the title to the property evidencing registration of the discharges or withdrawals; or
 - (4) in the case of a remote settlement, if the vendor's solicitor provides the purchaser's solicitor with a written undertaking prior to settlement that:
 - (a) the vendor's solicitor has prepared, certified, signed and pre-validated the discharges or withdrawals as electronic instruments in the Landonline Workspace created for them by the vendor's solicitor (quoting the e-dealing number); and
 - (b) immediately following receipt of confirmation of payment of the moneys due on settlement in accordance with the protocol for remote settlement agreed between the parties, the vendor's solicitor shall submit the discharges or withdrawals for registration as electronic instruments and shall produce to the purchaser's solicitor immediately after registration a search of the title to the property evidencing registration of the discharges or withdrawals.

3.10 Where:

- (1) the instruments conferring title on the purchaser in terms of the vendor's obligations under this agreement can be prepared and registered as electronic instruments; and
- (2) both parties' solicitors are e-dealing capable and both parties and their solicitors have consented to electronic registration of the instruments then:
- (3) the purchaser's obligations under subclause 3.5 shall be satisfied by the purchaser's solicitor certifying and signing a reasonable time prior to the settlement date the transfer instrument in the Landonline Workspace created for the transaction by the purchaser's solicitor; and
- (4) the vendor's obligation under subclause 3.7(2) shall be satisfied:
 - (a) by the vendor's solicitors preparing, certifying, signing and pre-validating a reasonable time prior to the settlement date in such Landonline Workspace the transfer instrument and all other instruments required to confer title on the purchaser in terms of the vendor's obligations under this agreement and releasing the same upon settlement so that the purchaser's solicitor can then submit them immediately after settlement for registration; and
 - (b) by the vendor's solicitor paying to the purchaser's solicitor the LINZ registration fees on all of the instruments mentioned in subclause 3.10(4)(a), except for the transfer instrument, unless an allowance for such fees has been included in the settlement statement or such fees are charged to the vendor by LINZ.

Last Minute Settlement

- 3.11 If due to the delay of the purchaser, settlement takes place between 4.00 pm and 5.00 pm on the settlement date ("last minute settlement"), the purchaser shall pay the vendor:
 - (1) one day's interest at the interest rate for late settlement on the portion of the purchase price paid in the last minute settlement; and
 - (2) if the day following the last minute settlement is not a working day, an additional day's interest (calculated in the same manner) for each day until, but excluding, the next working day.

Purchaser Default: Late Settlement

- 3.12 If the vendor is not in default and if any portion of the purchase price is not paid upon the due date for payment:

- (1) The purchaser shall pay to the vendor interest at the interest rate for late settlement on the portion of the purchase price so unpaid for the period from the due date for payment until payment ("the default period"); but nevertheless this stipulation is without prejudice to any of the vendor's rights or remedies including any right to claim for additional expenses and damages. For the purposes of this subclause, a payment made on a day other than a working day or after the termination of a working day shall be deemed to be made on the next following working day and interest shall be computed accordingly.
- (2) The vendor is not obliged to give the purchaser possession of the property or to pay the purchaser any amount for remaining in possession, unless this agreement relates to a tenanted property, in which case the vendor must elect either to:
 - (a) account to the purchaser on settlement for incomings in respect of the property which are payable and received during the default period, in which event the purchaser shall be responsible for the outgoing relating to the property during the default period; or
 - (b) retain such incomings in lieu of receiving interest from the purchaser pursuant to subclause 3.12(1).

Vendor Default: Late Settlement or Failure to give Possession

- 3.13 (1) For the purposes of this subclause 3.13:
- (a) the default period means:
 - (i) in subclause 3.13(2), the period from the possession date until the date when the vendor is able and willing to provide vacant possession and the purchaser takes possession; and
 - (ii) in subclause 3.13(3), the period from the date the purchaser takes possession until the date when settlement occurs; and
 - (iii) in subclause 3.13(5), the period from the possession date until the date when settlement occurs;
 - (b) the vendor shall be deemed to be unwilling to give possession if the vendor does not offer to give possession; and
 - (c) the purchaser shall be deemed not to be in default if the purchaser provides reasonable evidence of the purchaser's ability to perform the purchaser's obligations under this agreement.
- (2) If this agreement provides for vacant possession but the vendor is unable or unwilling to give vacant possession on the possession date, then, provided that the purchaser is not in default:
- (a) the vendor shall pay the purchaser, at the purchaser's election, either:
 - (i) compensation for any reasonable costs incurred for temporary accommodation for persons and storage of chattels during the default period; or
 - (ii) an amount equivalent to interest at the interest rate for late settlement on the entire purchase price during the default period; and
 - (b) the purchaser shall pay the vendor an amount equivalent to the interest earned or which would be earned on overnight deposits lodged in the purchaser's solicitor's trust bank account on such portion of the purchase price (including any deposit) as is payable under this agreement on or by the possession date but remains unpaid during the default period less:
 - (i) any withholding tax; and
 - (ii) any bank or legal administration fees and commission charges; and
 - (iii) any interest payable by the purchaser to the purchaser's lender during the default period in respect of any mortgage or loan taken out by the purchaser in relation to the purchase of the property.
- (3) If this agreement provides for vacant possession and the vendor is able and willing to give vacant possession on the possession date, then, provided the purchaser is not in default, the purchaser may elect to take possession in which case the vendor shall not be liable to pay any interest or other moneys to the purchaser but the purchaser shall pay the vendor the same amount as that specified in subclause 3.13(2)(b) during the default period. A purchaser in possession under this subclause 3.13(3) is a licensee only.
- (4) Notwithstanding the provisions of subclause 3.13(3), the purchaser may elect not to take possession when the purchaser is entitled to take it. If the purchaser elects not to take possession, the provisions of subclause 3.13(2) shall apply as though the vendor were unable or unwilling to give vacant possession on the possession date.
- (5) If this agreement provides for the property to be sold tenanted then, provided that the purchaser is not in default, the vendor shall on settlement account to the purchaser for incomes which are payable and received in respect of the property during the default period less the outgoings paid by the vendor during that period. Apart from accounting for such incomes, the vendor shall not be liable to pay any other moneys to the purchaser but the purchaser shall pay the vendor the same amount as that specified in subclause 3.13(2)(b) during the default period.
- (6) The provisions of this subclause 3.13 shall be without prejudice to any of the purchaser's rights or remedies including any right to claim for any additional expenses and damages suffered by the purchaser.
- (7) Where the parties are unable to agree upon any amount payable under this subclause 3.13:
- (a) An interim amount shall on settlement be paid to a stakeholder by the party against whom it is claimed until the amount payable is determined.
 - (b) The interim amount shall be the lower of:
 - (i) the amount claimed; or
 - (ii) an amount equivalent to interest at the interest rate for late settlement for the relevant default period on such portion of the purchase price (including any deposit) as is payable under this agreement on or by the possession date.
 - (c) Any interest earned on the interim amount net of any withholding tax and any bank or legal administration fees and commission charges shall follow the destination of the interim amount.
 - (d) The amount determined to be payable shall not be limited by the interim amount.
 - (e) If the parties cannot agree on a stakeholder the interim amount shall be paid to a stakeholder nominated on the application of either party by the president or vice-president for the time being of the Law Society for the district where the property is situated.

Deferment of Settlement and Possession

3.14 If—

- (a) this is an agreement for the sale by a residential property developer of a household unit; and
 - (b) a code compliance certificate has not been issued by the possession date or the settlement date in relation to the household unit—
- then, unless the parties agree otherwise (in which case the parties shall enter into a written agreement in the form prescribed by the Building (Forms) Regulations 2004) the possession date and/or the settlement date, as the case may be, shall be deferred to the fifth working day following the date upon which the vendor has given the purchaser notice that the code compliance certificate has been issued (which notice must be accompanied by a copy of the certificate).
- 3.15 In every case, if neither party is ready, willing and able to settle on the settlement date, the settlement date (and the possession date if the possession date is the same date) shall be deferred to the second working day following the date upon which one of the parties gives notice it has become ready, willing and able to settle.

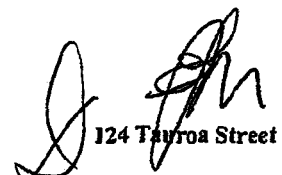
New Title Provision

3.16 (1) Where—

- (a) the transfer of the property is to be registered against a new title yet to be issued; and
 - (b) a search copy, as defined in section 172A of the Land Transfer Act 1952, of that title is not obtainable by the fifth working day prior to the settlement date—
- then, unless the purchaser elects that settlement shall still take place on the agreed settlement date, the settlement date shall be deferred to the fifth working day following the later of the date on which:
- (c) the vendor has given the purchaser notice that a search copy is obtainable; or
 - (d) the regulations procedure under clause 5.0 is complete.
- (2) This subclause shall not apply where it is necessary to register the transfer of the property to enable a plan to deposit and title to the property to issue.
- (3) Deferment of the settlement date under this subclause shall not constitute deferment of the possession date unless the parties so agree.

4.0 Risk and Insurance

- 4.1 The property and chattels shall remain at the risk of the vendor until possession is given and taken.
- 4.2 If, prior to the giving and taking of possession, the property is destroyed or damaged, and such destruction or damage has not been made good by the possession date, then the following provisions shall apply:
- (1) If the destruction or damage has been sufficient to render the property untenable and it is untenable on the possession date the purchaser may:
 - (a) complete the purchase at the purchase price, less a sum equal to any insurance moneys received or receivable by or on behalf of the vendor in respect of such destruction or damage, provided that no reduction shall be made to the purchase price if the vendor's insurance company has agreed to reinstate for the benefit of the purchaser to the extent of the vendor's insurance cover; or
 - (b) cancel this agreement by serving notice on the vendor in which case the vendor shall return to the purchaser immediately the deposit and any other moneys paid by the purchaser, and neither party shall have any right or claim against the other arising from this agreement or its cancellation.
 - (2) If the property is not untenable on the possession date the purchaser shall complete the purchase at the purchase price less a sum equal to the amount of the diminution in value of the property.
 - (3) In the case of a property zoned for rural purposes under an operative District Plan, damage to the property shall be deemed to have rendered the property untenable where the diminution in value of the property exceeds an amount equal to 20% of the purchase price.
- 4.3 The purchaser shall not be required to take over any insurance policies held by the vendor.



124 Tauroa Street

5.0 Title, boundaries and requisitions

- 5.1 The vendor shall not be bound to point out the boundaries of the property except that on the sale of a vacant residential lot which is not limited as to parcels the vendor shall ensure that all boundary markers required by the Cadastral Survey Act 2002 and any related rules and regulations to identify the boundaries of the property are present in their correct positions at the possession date.
- 5.2 (1) The purchaser is deemed to have accepted the vendor's title ~~except as to objections or requisitions which the purchaser is entitled to make and notice of which the purchaser serves on the vendor on or before the earlier of~~
- ~~the tenth working day after the date of this agreement; or~~
 - ~~the possession date; or~~
 - ~~the settlement date~~
- (2) ~~if a plan has been or is to be submitted to LINZ for deposit in respect of the property, then in respect of objections or requisitions arising out of the plan, the purchaser is deemed to have accepted the title except as to such objections or requisitions which the purchaser is entitled to make and notice of which the purchaser serves on the vendor on or before the fifth working day following the date the vendor has given the purchaser:~~
- ~~notice that the plan has been deposited; or~~
 - ~~notice that (where a new title is to issue for the property) the title has issued and a search copy of it as defined in section 172A of the Land Transfer Act 1952 is obtainable.~~
- (3) ~~if the vendor is unable or unwilling to remove or comply with any objection or requisition as to title, notice of which has been served on the vendor by the purchaser, then the following provisions will apply:~~
- ~~The vendor shall notify the purchaser (the vendor's notice) of such inability or unwillingness on or before the fifth working day after the date of service of the purchaser's notice.~~
 - ~~if the vendor does not give a vendor's notice the vendor shall be deemed to have accepted the objection or requisition and it shall be a requirement of settlement that such objection or requisition shall be complied with before settlement.~~
 - ~~if the purchaser does not or, before the fifth working day after service of a vendor's notice, notify the vendor that the purchaser waives the objection or requisition, either the vendor or the purchaser may (notwithstanding any intermediate negotiations) by notice to the other, cancel this agreement.~~
- (4) ~~in the event of cancellation under subclause 5.2(3), the purchaser shall be entitled to the immediate return of the deposit and any other moneys paid under this agreement by the purchaser and neither party shall have any right or claim against the other arising from this agreement or its cancellation. In particular, the purchaser shall not be entitled to any interest or to the expense of investigating the title or to any compensation whatever.~~
- 5.3 (1) ~~if the title to the property being sold is a cross lease title or a unit title and there are:~~
- ~~in the case of a cross lease title:~~
 - ~~alterations to the external dimensions of any leased structure; or~~
 - ~~buildings or structures not intended for common use which are situated on any part of the land that is not subject to a restricted user covenant;~~
 - ~~in the case of a unit title, encroachments out of the principal unit or accessory unit title space (as the case may be);~~
- ~~the purchaser may requisition the title under subclause 5.2 requiring the vendor:~~
- ~~in the case of a cross lease title, to deposit a new plan depicting the buildings or structures and register a new cross lease or cross leases (as the case may be) and any other ancillary dealings in order to convey good title; or~~
 - ~~in the case of a unit title, to deposit a redevelopment plan or new unit plan (as the case may be) depicting the principal and/or accessory units and register such transfers and any other ancillary dealings in order to convey good title.~~
- (2) ~~The words "alterations to the external dimensions of any leased structure" shall only mean alterations which are attached to the leased structure and enclosed.~~
- 5.4 Except as otherwise expressly set forth in this agreement, no error, omission or misdescription of the property or the title shall annul the sale but compensation, if demanded in writing before settlement but not otherwise, shall be made or given as the case may require.
- 5.5 The vendor shall not be liable to pay for or contribute towards the expense of erection or maintenance of any fence between the property and any contiguous land of the vendor but this proviso shall not enure for the benefit of any subsequent purchaser of the contiguous land; and the vendor shall be entitled to require the inclusion of a fencing covenant to this effect in any transfer of the property.

6.0 Vendor's warranties and undertakings

- 6.1 The vendor warrants and undertakes that at the date of this agreement the vendor has not:
- received any notice or demand and has no knowledge of any requisition or outstanding requirement:
 - from any local or government authority or other statutory body; or
 - under the Resource Management Act 1991; or
 - from any tenant of the property; or
 - from any other party; or
 - given any consent or waiver - which directly or indirectly affects the property and which has not been disclosed in writing to the purchaser.
- 6.2 The vendor warrants and undertakes that at the giving and taking of possession:
- The chattels are delivered to the purchaser in their state of repair as at the date of this agreement (fair wear and tear excepted) but failure so to deliver the chattels shall only create a right of compensation.
 - All electrical and other installations on the property are free of any charge whatsoever.
 - There are no arrears of rates, water rates or charges outstanding on the property.
 - Where an allowance has been made by the vendor in the settlement statement for incomings receivable, the settlement statement correctly records those allowances including, in particular, the dates up to which the allowances have been made.
 - Where the vendor has done or caused or permitted to be done on the property any works:
 - any permit, resource consent or building consent required by law was obtained; and
 - the works were completed in compliance with those permits or consents; and
 - where appropriate, a code compliance certificate was issued for those works.
 - Where under the Building Act, any building on the property sold requires a compliance schedule:
 - the vendor has fully complied with any requirements specified in any compliance schedule issued by a territorial authority under the Building Act in respect of the building;
 - the building has a current building warrant of fitness; and
 - the vendor is not aware of any reason, that the vendor has not disclosed in writing to the purchaser, which would prevent a building warrant of fitness from being supplied to the territorial authority when the building warrant of fitness is next due.
- 6.3 The vendor warrants and undertakes that at settlement:
- Since the date of this agreement, the vendor has not given any consent or waiver which directly or indirectly affects the property.
 - Any notice or demand received by the vendor, which directly or indirectly affects the property, after the date of this agreement:
 - from any local or government authority or other statutory body; or
 - under the Resource Management Act 1991; or
 - from any tenant of the property; or
 - from any other party -
- has been delivered forthwith by the vendor to either the purchaser or the purchaser's solicitor, unless the vendor has paid or complied with such notice or demand. If the vendor fails to so deliver or pay the notice or demand, the vendor shall be liable for any penalty incurred.
- (3) Any chattels included in the sale are the unencumbered property of the vendor.
- 6.4 The vendor warrants and undertakes that on or immediately after possession:
- If the water and wastewater charges are determined by meter, the vendor will have the water meter read and will pay the amount of the charge payable pursuant to that reading; but if the water supplier will not make special readings the water and wastewater charges shall be apportioned.
 - Any outgoings included in the settlement statement are paid in accordance with the settlement statement and, where applicable, to the dates shown in the settlement statement, or will be so paid immediately after the possession date.
 - The vendor will give notice of sale in accordance with the Local Government (Rating) Act 2002 to the territorial authority and regional council in whose district the land is situated and will also give notice of the sale to every other authority that makes and levies rates or charges on the land and to the supplier of water.
 - Where the property comprises a stratum estate, the vendor will notify the secretary of the body corporate in writing of the transfer of the property and the name and address of the purchaser.
- 6.5 Breach of any warranty or undertaking contained in this clause does not defer the obligation to settle. Settlement shall be without prejudice to any rights or remedies available to the parties at law or in equity, including but not limited to the right to cancel this agreement under the Contractual Remedies Act 1979.

7.0 Unit title and cross-lease provisions**Unit Titles**

7.1 If the property is a unit title the vendor warrants and undertakes as follows:

- (1) Apart from regular periodic contributions, no contributions have been levied or proposed by the body corporate that have not been disclosed in writing to the purchaser;
- (2) Not less than five working days before the settlement date the vendor will provide:
 - (a) a copy of all insurance policies or certificates effected by the body corporate under the provisions of section 46 of the Unit Titles Act 1972 (the Act); and
 - (b) a certificate from the body corporate under section 38 of the Act. Any periodic contributions shown in that certificate shall be apportioned.
- (3) There are no amounts owing by the vendor under sections 44, 23 or 24 of the Act;
- (4) There are no unsettled judgments against the body corporate and no proceedings have been instituted against or by the body corporate;
- (5) No order or declaration has been made by any Court under sections 28, 27, 40, 42, 43, 48 or 51 of the Act;
- (6) The vendor has no knowledge or notice of any fact which might give rise to or indicate the possibility of:
 - (a) the vendor or the purchaser incurring any liability under sections 44, 23 or 24 of the Act or
 - (b) any proceedings being instituted by or against the body corporate or
 - (c) any order or declaration being sought under sections 28, 27, 40, 42, 43, 48 or 51 of the Act.
- (7) The vendor is not aware of proposals to pass any body corporate resolution relating to its rules nor are there any unregistered charges to the body corporate which have not been disclosed in writing to the purchaser;
- (8) No lease, licence, easement or special privilege has been granted by the body corporate in respect of any part of the common property;
- (9) No resolution has been passed and no application has been made and the vendor has no knowledge of any proposal for:
 - (a) the transfer of the whole or any part of the common property;
 - (b) the addition of any land to the common property;
 - (c) the cancellation of the unit plan; or
 - (d) the deposit of a new unit plan in substitution for the existing unit plan which has not been disclosed in writing to the purchaser.
- (10) As at the giving and taking of possession, all contributions and other moneys payable by the vendor to the body corporate have been paid in full.

7.2 If the vendor does not provide a copy of all insurance policies or certificates and the certificate under section 38 in accordance with the requirements of subclause 7.1(2):

- (1) The settlement date shall be deferred to the fifth working day following the date on which that information is provided to the purchaser;
- (2) The purchaser may elect that settlement shall still take place on the settlement date, such election not being a waiver of any rights under subclause 7.1(2)(b) to a proper apportionment of outgoings;
- (3) Deferral of the settlement date under this subclause shall not constitute deferral of the possession date unless the purchaser so elects.

Unauthorised structures - Cross-leases and unit titles

7.3 (1) Where structures (not stated in clause 5 to be requisitionable) have been erected on the property without:

- (a) in the case of a cross-lease title any required lessor's consent or
 - (b) in the case of a unit title any required body corporate consent -
- the purchaser may demand within the period expiring on the earlier of:
- (i) the tenth working day after the date of this agreement; or
 - (ii) the possession date; or
 - (iii) the settlement date.

that the vendor obtain the written consent of the current lessors or the body corporate (as the case may be) to such improvements (a current consent) and provide the purchaser with a copy of such consent on or before the settlement date.

- (2) Should the vendor be unwilling or unable to obtain a current consent then the procedure set out in subclauses 6.2(3) and 6.2(4) shall apply with the purchaser's demand under subclause 7.3(1) being deemed to be an objection and requisition.

8.0 Conditions and mortgage terms**Particular conditions**

- 8.1 If particulars of any finance condition(s) are inserted on the front page of this agreement, this agreement is conditional upon the purchaser arranging finance in terms of those particulars on or before the finance date.
- 8.2 (1) If the purchaser has indicated on the front page of this agreement that a LIM is required:
 - (a) that LIM is to be obtained by the purchaser at the purchaser's cost; and
 - (b) the purchaser is to request the LIM on or before the fifth working day after the date of this agreement; and
 - (c) this agreement is conditional upon the purchaser approving that LIM.
- (2) If the purchaser does not approve the LIM, the purchaser shall give notice to the vendor ("the purchaser's notice") on or before the fifteenth working day after the date of this agreement stating the particular matters in respect of which approval is withheld and, if those matters are capable of remedy, what the purchaser requires to be done to remedy those matters. If the purchaser does not give a purchaser's notice the purchaser shall be deemed to have approved the LIM. If through no fault of the purchaser the LIM is not available on or before the fifteenth working day after the date of this agreement and the vendor does not give an extension when requested, this condition shall not have been fulfilled and the provisions of subclause 8.7(5) shall apply.
- (3) The vendor shall give notice to the purchaser ("the vendor's notice") on or before the fifth working day after receipt of the purchaser's notice advising whether or not the vendor is able and willing to comply with the purchaser's notice by the settlement date.
- (4) If the vendor does not give a vendor's notice, or if the vendor's notice advises that the vendor is unable or unwilling to comply with the purchaser's notice, and if the purchaser does not, on or before the tenth working day after the date on which the purchaser's notice is given, give notice to the vendor that the purchaser waives the objection to the LIM, this condition shall not have been fulfilled and the provisions of subclause 8.7(5) shall apply.
- (5) If the vendor gives a vendor's notice advising that the vendor is able and willing to comply with the purchaser's notice, this condition is deemed to have been fulfilled and it shall be a requirement of settlement that the purchaser's notice shall be complied with, and also, if the vendor must carry out work on the property, that the vendor shall obtain the approval of the territorial authority to the work done, both before settlement.
- 8.3 (1) If the purchaser has indicated on the front page of this agreement that OIA Consent is not required then the purchaser warrants that the purchaser does not require OIA Consent.
- (2) If the purchaser has indicated on the front page of this agreement that OIA Consent is required, this agreement is conditional upon OIA Consent being obtained on or before the Land Act/OIA date shown on the front page of this agreement, the purchaser being responsible for payment of the application fee.
- 8.4 If this agreement relates to a transaction to which the Land Act 1949 applies, this agreement is subject to the vendor obtaining the necessary consent by the Land Act/OIA date shown on the front page of this agreement.
- 8.5 If the Land Act/OIA date is not shown on the front page of this agreement that date shall be the possession date or a date two months from the date of this agreement whichever is the sooner.
- 8.6 If this agreement relates to a transaction to which section 225 of the Resource Management Act 1991 applies then this agreement is subject to the appropriate condition(s) imposed by that section.

Operation of conditions

- 8.7 If this agreement is expressed to be subject either to the above or to any other condition(s), then in relation to each such condition the following shall apply unless otherwise expressly provided:
 - (1) The condition shall be a condition subsequent.
 - (2) The party or parties for whose benefit the condition has been included shall do all things which may reasonably be necessary to enable the condition to be fulfilled by the date for fulfillment.
 - (3) Time for fulfillment of any condition and any extended time for fulfillment to a fixed date shall be of the essence.
 - (4) The condition shall be deemed to be not fulfilled until notice of fulfillment has been served by one party on the other party.
 - (5) If the condition is not fulfilled by the date for fulfillment, either party may at any time before the condition is fulfilled or waived avoid this agreement by giving notice to the other. Upon avoidance of this agreement the purchaser shall be entitled to the immediate return of the deposit and any other moneys paid by the purchaser under this agreement and neither party shall have any right or claim against the other arising from this agreement or its termination.
 - (6) At any time before this agreement is avoided the purchaser may waive any finance condition and either party may waive any other condition which is for the sole benefit of that party. Any waiver shall be by notice.

Mortgage terms

- 9.8 Any mortgage to be arranged pursuant to a finance condition shall be upon and subject to the terms and conditions currently being required by the lender in respect of loans of a similar nature.
- 9.9 If the vendor is to advance mortgage moneys to the purchaser then, unless otherwise stated, the mortgage shall be in the appropriate "fixed sum" form currently being published by the Auckland District Law Society.

9.0 Notice to complete and remedies on default

- 9.1 (1) If the sale is not settled on the settlement date either party may at any time thereafter serve on the other party a settlement notice; but
 (2) The settlement notice shall be effective only if the party serving it is at the time of service either in all material respects ready able and willing to proceed to settle in accordance with the notice or is not so ready able and willing to settle only by reason of the default or omission of the other party.
 (3) If the purchaser is in possession the vendor's right to cancel this agreement will be subject to sections 28 to 36 of the Property Law Act 2007 and the settlement notice may incorporate or be given with a notice under section 28 of that Act complying with section 29 of that Act.
- 9.2 Subject to clause 9.1(3), upon service of the settlement notice the party on whom the notice is served shall settle:
 (1) on or before the twelfth working day after the date of service of the notice; or
 (2) on the first working day after the 13th day of January if the period of twelve working days expires during the period commencing on the 6th day of January and ending on the 13th day of January, both days inclusive –
 time being of the essence, but without prejudice to any intermediate right of cancellation by either party.
- 9.3 (1) If this agreement provides for the payment of the purchase price by instalments and the purchaser fails duly and punctually to pay any instalment on or within one month from the date on which it fell due for payment then, whether or not the purchaser is in possession, the vendor may immediately give notice to the purchaser calling up the unpaid balance of the purchase price, which shall upon service of the notice fall immediately due and payable.
 (2) The date of service of the notice under this subclause shall be deemed the settlement date for the purposes of subclause 9.1.
 (3) The vendor may give a settlement notice with a notice under this subclause.
 (4) For the purpose of this subclause a deposit is not an instalment.
- 9.4 If the purchaser does not comply with the terms of the settlement notice served by the vendor then, subject to clause 9.1(3):
 (1) Without prejudice to any other rights or remedies available to the vendor at law or in equity the vendor may:
 (a) sue the purchaser for specific performance; or
 (b) cancel this agreement by notice and pursue either or both of the following remedies namely:
 (i) forfeit and retain for the vendor's own benefit the deposit paid by the purchaser, but not exceeding in all 10% of the purchase price; and/or
 (ii) sue the purchaser for damages.
 (2) Where the vendor is entitled to cancel this agreement the entry by the vendor into a conditional or unconditional agreement for the resale of the property or any part thereof shall take effect as a cancellation of this agreement by the vendor if this agreement has not previously been cancelled and such resale shall be deemed to have occurred after cancellation.
 (3) The damages claimable by the vendor under subclause 9.4 (1)(b)(ii) shall include all damages claimable at common law or in equity and shall also include (but shall not be limited to) any loss incurred by the vendor on any bona fide resale contracted within one year from the date by which the purchaser should have settled in compliance with the settlement notice. The amount of that loss may include:
 (a) interest on the unpaid portion of the purchase price at the interest rate for late settlement from the settlement date to the settlement of such resale; and
 (b) all costs and expenses reasonably incurred in any resale or attempted resale; and
 (c) all outgoings (other than interest) on or maintenance expenses in respect of the property from the settlement date to the settlement of such resale.
 (4) Any surplus money arising from a resale as aforesaid shall be retained by the vendor.
- 9.5 If the vendor does not comply with the terms of a settlement notice served by the purchaser then without prejudice to any other rights or remedies available to the purchaser at law or in equity the purchaser may:
 (1) sue the vendor for specific performance; or
 (2) cancel this agreement by notice and require the vendor forthwith to repay to the purchaser any deposit and any other money paid on account of the purchase price and interest on such sum(s) at the interest rate for late settlement from the date or dates of payment by the purchaser until repayment.
- 9.6 The party serving a settlement notice may extend the term of the notice for one or more specifically stated periods of time and thereupon the term of the settlement notice shall be deemed to expire on the last day of the extended period or periods and it shall operate as though this clause stipulated the extended period(s) of notice in lieu of the period otherwise applicable; and time shall be of the essence accordingly. An extension may be given either before or after the expiry of the period of the notice.
- 9.7 Nothing in this clause shall preclude a party from suing for specific performance without giving a settlement notice.
- 9.8 A party who serves a settlement notice under this clause shall not be in breach of an essential term by reason only of that party's failure to be ready and able to settle upon the expiry of that notice.

10.0 Non-merger

- 10.1 The obligations and warranties of the parties in this agreement shall not merge with:
 (1) the giving and taking of possession;
 (2) settlement;
 (3) the transfer of title to the property;
 (4) delivery of the chattels (if any); or
 (5) registration of the transfer of title to the property.

11.0 Agent

- 11.1 If the name of a licensed real estate agent is recorded on this agreement it is acknowledged that the sale evidenced by this agreement has been made through that agent whom the vendor appoints as the vendor's agent to effect the sale. The vendor shall pay the agent's charges including GST for effecting such sale.

12.0 Goods and Services Tax

- 12.1 If this agreement provides for the purchaser to pay (in addition to the purchase price stated without GST) any GST which is payable in respect of the supply made under this agreement then:
 (1) The purchaser shall pay to the vendor the GST which is so payable in one sum on the GST date.
 (2) Where the GST date has not been inserted on the front page of this agreement the GST date shall be the possession date.
 (3) Where any GST is not so paid to the vendor the purchaser shall pay to the vendor:
 (a) interest at the interest rate for late settlement on the amount of GST unpaid from the GST date until payment; and
 (b) any default GST.
 (4) It shall not be a defence to a claim against the purchaser for payment to the vendor of any default GST that the vendor has failed to mitigate the vendor's damages by paying an amount of GST when it fell due under the GST Act.
 (5) Any sum referred to in this clause is included in the purchase price, interest and other moneys, if any, referred to in subclause 3.7.
- 12.2 If the supply under this agreement is a taxable supply the vendor will deliver a tax invoice to the purchaser on or before the GST date or such earlier date as the purchaser is entitled to delivery of an invoice under the GST Act.
- 12.3 The vendor warrants that any dwelling and curtilage or part thereof supplied on sale of the property are not a supply to which section 5(16) of the GST Act applies.
- 12.4 (1) Without prejudice to the vendor's rights and remedies under clause 12.1, where any GST is not paid to the vendor on or within one month of the GST date, then whether or not the purchaser is in possession, the vendor may immediately give notice to the purchaser calling up any unpaid balance of the purchase price, which shall upon service of the notice fall immediately due and payable.
 (2) The date of service of the notice under this subclause shall be deemed the settlement date for the purposes of subclause 9.1.
 (3) The vendor may give a settlement notice under subclause 9.1 with a notice under this subclause.

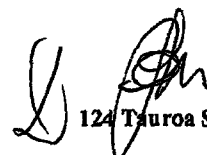

 124 Taurua Street

13.0 Supply of a Going Concern

- 13.1 If the supply made pursuant to this agreement comprises the supply of a taxable activity that is a going concern at the time of the supply then, unless otherwise expressly stated herein:
- (1) each party warrants that it is a registered person or will be so by the date of the supply;
 - (2) each party agrees to provide the other party by the date of the supply with proof of its registration for GST purposes;
 - (3) the parties agree that they intend that the supply is of a taxable activity that is capable of being carried on as a going concern by the purchaser; and
 - (4) the parties agree that the supply made pursuant to this agreement is the supply of a going concern on which GST is chargeable at zero per cent.
- 13.2 If it subsequently transpires that GST is payable in respect of the supply and if this agreement provides for the purchaser to pay (in addition to the purchase price without GST) any GST which is payable in respect of the supply made under this agreement then the provisions of clause 12.0 of this agreement shall apply.

14.0 Limitation of Liability

- 14.1 If any person enters into this agreement as trustee of a trust, then:
- (1) That person warrants that:
 - (a) that person has power to enter into this agreement under the terms of the trust;
 - (b) that person has properly signed this agreement in accordance with the terms of the trust;
 - (c) that person has the right to be indemnified from the assets of the trust and that right has not been lost or impaired by any action of that person including entry into this agreement; and
 - (d) all of the persons who are trustees of the trust have approved entry into this agreement.
 - (2) If that person has no right to or interest in any of the assets of the trust except in that person's capacity as trustee of the trust, that person's liability under this agreement shall not be personal and unlimited but shall be limited to an amount equal to the value of the assets of the trust that are available to meet that person's liability unless the right of that person to be indemnified from the assets of the trust has been lost and, as a result, the other party to this agreement is unable to recover from that person that amount.


124 Tauroa Street

FURTHER TERMS OF SALE

See attached "Amendments to the General Terms" and "Further Terms of Sale"

SCHEDULE 1

List all chattels included in the sale
(strike out or add as applicable)

Stove **Fixed floor coverings** **Blinds** **Curtains** **Drapes** **Light fittings**
Refer clause 20

WARNING (This warning does not form part of this agreement)

This is a binding contract. Read the information set out on the back page before signing.

Signature of vendor(s)

P. J. [unclear]
[unclear]

Signature of purchaser(s)

Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

AMENDMENTS TO THE GENERAL TERMS

Clause 3.6: Insert the following words at the end of the first sentence after the word "statement": "such that the Vendor is responsible to pay all outgoings and is entitled to receive all incomings in respect of the date of possession".

Clause 3.11: Delete the words "4.00 pm" and replace with "3.00 pm".

Clause 12.5: Further GST Provisions.

GST Date: The GST date is the earlier of the Possession Date or that date two working days immediately prior to the date that the Vendor is obliged to account to the Inland Revenue Department for the GST payable on the supply evidenced by this Agreement.

Clause 13: Further supply of a Going Concern Provisions.

Clause 13.3: In the event that the Inland Revenue Department rules that any GST and/or penalty tax for late payment is payable, this Agreement will remain in full force and effect and the provisions of clause 12 are to apply in full.

FURTHER TERMS OF SALE

For the purposes of this Agreement, the following definitions apply:

Lease means the Lease between the Vendor's predecessor in title, Dominion Foundation Property Fund Limited and Bunnings Limited dated 19 June 2007.

Tenants mean those tenants or other persons having a right to occupy the Property by virtue of the Lease.

15.0 Conditions

15.1 Vendor Board Approval

- (a) This Agreement is conditional upon the approval of the board of directors of the Vendor to this Agreement and the transactions evidenced by this Agreement in all respects. The approval or otherwise of the board is the board's absolute and unfettered discretion and the Vendor is not to be called upon or obliged to give any reason or justification for the board's decision whatsoever. This condition is inserted for the sole benefit of the Vendor and may at any time prior to the date for fulfilment be waived by the Vendor by written notice to the Purchaser.
- (b) The Purchaser acknowledges that the Tenant has a first right of refusal to purchase this property as documented in the Lease. This Agreement is conditional upon the Tenant not exercising its right to purchase under the Lease. Should the Tenant exercise its rights, this



Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

Agreement is at an end and neither party shall have any right or actions against the other.

- (c) The date for satisfaction of the conditions contained in clause 15.1(a) and (b) is that date which is 10 Working Days following this Agreement being signed by both parties.

15.2 Due Diligence

- (a) This Agreement is conditional upon the Purchaser carrying out a due and diligent investigation of the property, including without limitation obtaining any reports on or in relation to the property that it considers appropriate, and the results of such investigation being satisfactory in all respects to the Purchaser.
- (b) Clause 15.2(a) is to be satisfied by 4pm on that day 15 Working Days after satisfaction of the conditions contained in clause 15.1. The parties acknowledge that clause 15.2(a) of this Agreement is inserted for the sole benefit of the Purchaser and may at any time prior to this Agreement being avoided, be waived by the Purchaser giving written notice of waiver to the Vendor. The satisfaction of that condition shall be at the sole and absolute discretion of the Purchaser and in the event that the condition is not fulfilled because the Purchaser is not satisfied with any aspect of the property, the Purchaser shall not be obliged to provide any reason to the Vendor for the non-satisfaction of the condition.

15.3 Investor Support

- (a) This Agreement is further conditional upon the Purchaser obtaining unconditional investor support to complete the purchase on or before ~~10~~ ¹⁵ Working Days after satisfaction of clause 15.2.
- (b) The condition in clause 15.3(a) is inserted for the sole benefit of the Purchaser and may at any time prior to the date for fulfilment be waived by the Purchaser by written notice to the Vendor.

16.0 Vendor To Assist

- 16.1 To assist the Purchaser in undertaking its enquiries, the Vendor agrees to generally assist and provide the Purchaser with all information and all relevant material that the Vendor has in its actual knowledge, control or possession (except insofar as the Vendor is legally bound to keep such information confidential) in relation to the property, that the Purchaser reasonably requests in writing. The Vendor also agrees to provide such reasonable assistance as may be required by the Purchaser to facilitate the conduct of the Purchaser's inquiries and investigations in a timely and effective manner.

17.0 No Capitalised Interest

- 17.1 For the purposes of the financial arrangements rules in the Income Tax Act 2007, the parties agree that:



Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

- (a) the purchase price (excluding any default interest) is the lowest price the parties would have agreed for the sale and purchase of the property, on the date this Agreement was entered into, if payment would have been required in full at the time the first right in the contracted property (being the property) was transferred; and
- (b) the purchase price (excluding any default interest) is the value of the property; and
- (c) they will compute their taxable income for the relevant period on the basis that the purchase price (excluding any default interest) includes no capitalised interest and will file their tax returns accordingly.

18.0 Supply of Going Concern

- 18.1 For the purposes of clause 13 of the General Terms of Sale the parties intend that the supply made pursuant to this agreement is the supply of a taxable activity, or part of a taxable activity, that is capable of being carried on as a going concern by the Purchaser.

19.0 Entire Agreement

- 19.1 This Agreement is the entire agreement between the parties for the sale and purchase of the property. This Agreement replaces all earlier negotiations, representations, warranties, understandings and agreements, whether oral or written, between parties relating to the sale and purchase of the property. The Vendor does not warrant the correctness or completeness of any advertising or promotional material which the Purchaser may have received or of any statements by the Vendor or any agent of the Vendor including the correctness or completeness of any details relating to the tenancies. The Purchaser acknowledges that the Purchaser enters into this transaction solely in reliance on its own investigations and judgement and not in reliance on any representation made by or on behalf of the Vendor.

20.0 Chattels

- 20.1 The Vendor's chattels, fixtures and fittings on the property are included in the sale. Tenant's fixtures, fittings and chattels are excluded.
- 20.2 The Vendor does not warrant the value of the chattels, fittings and fixtures and may not be called upon or obliged to agree on any such value with the Purchaser.

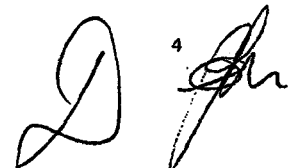
21.0 Sale subject to lease

- 21.1 The Property is sold subject to, but with the benefit of, the Lease.
- 21.2 The Vendor is, as soon as practicable after the signing of this Agreement, to make available:
- (a) to the Purchaser's solicitors, copies of the Lease; and



Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

- (b) to the Purchaser, such documents, files, budgets, records, reports, plans or other information which is reasonably required by the Purchaser to such extent as the same are held by the Vendor.
- 21.3 The Purchaser acknowledges that the Vendor gives no warranty as to the validity or enforceability of the Lease.
- 21.4 During the period from the date of this Agreement up to the date of fulfilment of the conditions specified in clause 15.0 the Vendor is:
- (a) entitled to consent to any assignment or subletting and to grant or renew the Lease and to review and determine rent under the Lease insofar as the Vendor is obliged and/or entitled to do so. The Vendor is, as soon as practicable, to give the Purchaser details of any such matters, but is not required to obtain the Purchaser's consent to any such action unless the Vendor has exceeded its obligations under the Lease or has departed from resolution procedures specifically provided for in the Lease; and
- (b) to provide the Purchaser with information relating to the administration and management of the Property and in particular keep the Purchaser fully informed of all tenancy matters including tenancy disputes and rent reviews.
- 21.5 The Vendor agrees that, any time after the date that this Agreement becomes unconditional in all respects and prior to Settlement, the Vendor is not to consent to any assignment or subletting or grant any new lease or renew any Lease or review or determine rent under any Lease or otherwise take any steps in relation to the tenancy without first obtaining the written consent of the Purchaser (such consent not to be reasonably withheld or delayed) and the Vendor generally will continue to manage the Property in accordance with prudent property management practices.
- 21.6 The Purchaser and its successors and assigns are as from Settlement to indemnify the Vendor against all liabilities which the Vendor may incur or suffer as a result of any breach of the Lease by the Purchaser as landlord.
- 21.7 If the rent specified in any of the Leases, is reviewed or revised (whether before or after the Settlement Date) and the reviewed or revised rent applies to and is payable for any period that includes or is prior to the Settlement Date (which for the purposes of this sub-clause includes the Settlement Date), the Purchaser is to advise the Vendor of the amount of the reviewed or revised rent and must, within two working days of its receipt, account to the Vendor for its proportion of the reviewed or revised rent calculated in accordance with this condition.
- 21.8 If, at the Settlement Date, there are any outstanding arrears of rental, operating expenses or any other monies due and payable under the Leases to the Vendor (the Arrears), on Settlement the Arrears are to be reserved to the Vendor and the Purchaser is to execute all documents reasonably required by the Vendor to evidence their reservation. The Purchaser will lend its name to any legal proceedings commenced by and at the cost of the Vendor to recover the Arrears.



Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

22.0 Access in the due diligence period

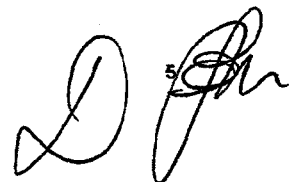
- 22.1 Subject always to the rights of the Tenants of the Property and their customers and employees, the Purchaser is entitled to reasonable rights of access by the Purchaser and the Purchaser's consultants, valuers, surveyors and professional advisers during the normal business hours provided that the Purchaser exercises such rights in a manner that causes the Vendor and the Tenants the least possible inconvenience and disruption.
- 22.2 The Purchaser is to give the Vendor reasonable prior notice of its intention on each occasion to exercise the foregoing rights. The Purchaser will not drill any bore or test holes in the Property without first and on each occasion obtaining the Vendor's and the Tenants' approval.
- 22.3 The right granted by this clause 22.0 is a right of access only and is not a grant of legal possession of the Property. The Purchaser is not to make any alterations or additions to the Property or carry out any demolition to or about the improvements on the Property without the consent and approval of the Vendor first had and obtained (which approval the Vendor may or not give in its absolute and unfettered discretion).

23.0 Nomination

- 23.1 The Purchaser shall have the right to nominate some other person or company to complete the purchase subject to the following conditions:
- (a) the nominee shall first be approved in writing by the Vendor and such approval shall not be unreasonably withheld;
 - (b) the nominee shall first enter into a direct Deed of Covenant with the Vendor to comply with all the terms of this Agreement;
 - (c) the Purchaser shall acknowledge in such Deed of Covenant that it remains fully liable under this Agreement notwithstanding such nomination;
 - (d) such deed of covenant shall be prepared by the Vendor's solicitors at the cost of the Purchaser.

24.0 Counterparts and Facsimile Execution

- 24.1 This Agreement may be executed in any number of counterparts, all of which shall constitute on and the same instrument, and either of the parties to this agreement may execute this agreement by signing any such counterpart.
- 24.2 The Vendor and the Purchaser agree that a binding agreement may be constituted between them by the following procedure:
- (a) the Purchaser shall execute an original of this agreement and transmit a copy to the Vendor by facsimile or pdf (portable document format);



Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

- (b) the Vendor shall execute the facsimile or pdf copy transmitted by the Purchaser and shall transmit by facsimile or pdf the executed copy to the Purchaser;
- (c) although a binding contract shall then exist the Purchaser shall forward to the Vendor the original copy of the agreement, in duplicate, bearing original signatures of the Purchaser for execution by the Vendor. Upon receipt the Vendor will forthwith execute the same and will then forward one original agreement to the Purchaser and retain the other copy.

25.0 Confidentiality

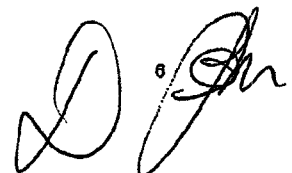
- 25.1 The Purchaser shall not disclose to any party prior to the satisfaction of clause 15.2, the existence of any term or terms of this agreement unless the consent in writing of the Vendor (which may or may not be given) is first obtained.

26.0 Upgrade works and right to purchase

- 26.1 The Purchaser shall enter into a deed of covenant in accordance with clauses 17.13 and 18.16 of the Lease in favour of the Tenant, prior to settlement.

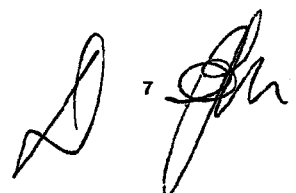
27.0 Transit New Zealand Deed

- 27.1 The Purchaser acknowledges the existence of the bond arrangement that Bunnings Limited (under its previous name of Benchmark Building Supplies Limited) (Bunnings) entered into with Transit New Zealand (Transit) as evidenced by the terms of the deed dated 29 August 2003 attached as Annexure 1 (Transit Deed).
- 27.2 The Vendor became bound by the terms of the Transit Deed in place of Bunnings by way of the Deed of Novation between Transit, Bunnings and the Vendor's predecessor in title dated 2007 attached as Annexure 2 (Deed of Novation).
- 27.3 Pursuant to clause 4.1 of the Transit Deed, the rights and obligations of the Vendor under the Transit Deed are assignable to the Purchaser.
- 27.4 The Purchaser shall, on settlement, enter into a deed of assignment or a deed of novation at the Vendor's discretion, in a form reasonably required by the Vendor (and in any event in substantially the same form as that attached as Annexure 1) under which the Purchaser shall take over the rights and benefits of the Vendor under the Transit Deed in the place and stead of the Vendor, such deed to be supplied by the Vendor to the Purchaser in time for the Purchaser to execute it for delivery to the Vendor on settlement.
- 27.5 The Purchaser shall, prior to settlement, enter into a deed of covenant (in a form prepared by the Vendor) in favour of Bunnings and Transit in accordance with clause 3.2 of the Deed of Novation.



Eighth Edition 2006(2)
Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

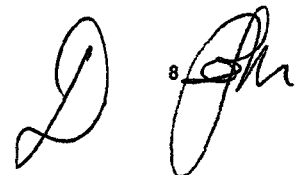
- 27.6 On that date which is the later of settlement or following receipt of the deeds described in clauses 27.4 and 27.5 above by the Vendor, the Vendor shall cause the sum of \$60,000 plus accrued net interest (less any withholding tax) currently held in the trust account of Bell Gully (in accordance with clause 2.4 of the Transit Deed) to be transferred to the trust account of the Purchaser's solicitor, provided Bell Gully has first been released from its undertakings to Transit in regards to the holding of the funds. The Purchaser shall cause the Purchaser's solicitor to issue an undertaking to Transit in the form required by Transit and to the effect that it shall hold those moneys on trust in accordance with clause 2.4 of the Transit Deed.

A handwritten signature in black ink, appearing to be 'D. J. M.', located in the bottom right corner of the page.

Eighth Edition 2006(2)
Sale of Premises at SH1 (corner of Tauroa Street), Whangarei

Annexure 1

Transit Deed

Two handwritten signatures in black ink. The first signature is a stylized 'D' with a vertical line through it. The second signature is a cursive 'J' with a horizontal line through it.

COPY

DEED OF AGREEMENT
RELATING TO
PROPOSED HARDWARE STORE AT TAUROA ROAD, WHANGAREI

between

TRANSIT NEW ZEALAND

and

BENCHMARK BUILDING SUPPLIES LIMITED

 **Simpson
Grierson**

THIS DEED dated the 29 day of August 2003

BETWEEN TRANSIT NEW ZEALAND (Transit)

AND BENCHMARK BUILDING SUPPLIES LIMITED (Benchmark)

BACKGROUND

- A. Benchmark is proposing to apply for resource consents to build a large format hardware store at Tauroa Street, Whangarei (the project). The proposed site for the project is adjacent to State Highway 1.
- B. Transit is a roading authority established under the Transit New Zealand Act 1989 to carry out various functions in relation to roads and transport including control of the State Highway system on behalf of the Crown. It is potentially an affected person for the purposes of Benchmark's resource consent application.
- C. Transit has agreed to give its written consent as an affected person to Benchmark's resource consent applications provided Benchmark agrees to a resource consent condition requiring it to contribute \$60,000 (exclusive of GST) towards signalisation and associated upgrading of the Tauroa Street/State Highway 1 intersection, and a section 128 condition enabling the conditions of consent to be reviewed if traffic impacts on State Highway 1 arise as a result of the use of the slipplane over the adjacent Gull Service Station site as secondary access to the proposed site.
- D. Benchmark agrees that the Tauroa Street access is intended to be the preferred and primary access for the proposed site, including for traffic from the south and Rewarōwa Road.
- E. Transit acknowledges that Benchmark is proceeding with its application for resource consents and the project in reliance on Transit's agreement that it will not proceed with the roading works set out in clause 3.1 of this Deed.
- F. The parties record their agreement as follows.

WITNESSES AS FOLLOWS:

1. INTERPRETATION

In this deed unless the context indicates otherwise:

1.1 Definitions:

"abandoned proposal" means Transit's proposal, that has now been abandoned, to extend Rewarōwa Road through the proposed site more or less as shown in Schedule 1;

"Benchmark" means Benchmark Building Supplies Limited (Companies Office No. 115189), and includes its successors and assigns;

"plan" means the signalisation plan 6139A3A-s1st4 prepared by Traffic Design Group and titled "Bunnings Whangarei Option - 1, The SH1/Tauroa Street Intersection" attached as Schedule 2;

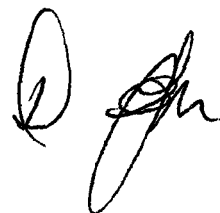
"project" means Benchmark's proposal to build a large format hardware store on the proposed site.

"proposed site" means 3.2645 hectares more or less being Lot 2 DP 209865 as contained in certificate of title 137C/747.

"resource consents" means all resource consents which Benchmark needs under the Resource Management Act 1991 to proceed with the project;

"Transit" means Transit New Zealand, and includes its successors;

- 1.2 **Defined Expressions:** expressions defined in the main body of this deed have the defined meaning in the whole of this deed including the background;
- 1.3 **Headings:** section, clause and other headings are for ease of reference only and will not affect this deed's interpretation;
- 1.4 **Negative Obligations:** any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;
- 1.5 **Parties:** references to parties are references to parties to this deed;
- 1.6 **Persons:** references to persons include references to individuals, companies, corporations, partnerships, firms, joint ventures, associations, trusts, organisations, governmental or other regulatory bodies or authorities or other entities in each case whether or not having separate legal personality;
- 1.7 **Plural and Singular:** words importing the singular number include the plural and vice versa;
- 1.8 **Schedules:** the schedules to this deed and the provisions and conditions contained in these schedules have the same effect as if set out in the body of this deed;
- 1.9 **Sections, Clauses and Schedules:** references to sections, clauses and schedules are references to this deed's sections, clauses and schedules; and
- 1.10 **Statutes and Regulations:** references to any statutory provision include any statutory provision which amends or replaces it, and any subordinate legislation made under it.



2. **CONDITION OF CONSENT**

2.1 Transit agrees to provide, on request, its written consent as an affected party to Benchmark's application for resource consents for the project.

2.2 In consideration for Transit's agreement in 2.1, Benchmark agrees to the imposition of the following conditions on the resource consents:

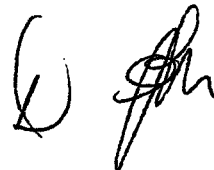
1. That the consent holder will pay to Transit New Zealand a contribution of \$60,000.00 (excl. GST) towards the signalisation and associated upgrading costs of the Tauroa Street/SH1 intersection, payable when Transit New Zealand commits to undertake the intersection upgrade.

2. Pursuant to section 128 of the Resource Management Act 1991, the Council may, on advice from Transit New Zealand, serve notice on the consent holder, within 5 years of the commencement of trading on the site, of its intention to review condition 1 (i.e. the condition that states that the proposal shall proceed in accordance with the consent drawings). The review will require the consent holder to provide a traffic assessment report from a qualified traffic engineer, which assesses the effects on the State Highway of vehicles using the slip lane. The traffic assessment will be undertaken by the consent holder at its own expense and will be reviewed by the Council in consultation with Transit New Zealand.

2.3 The parties acknowledge and agree that the signalisation and associated upgrading of the Tauroa Street/SH1 intersection referred to in the proposed resource consent condition set-out as condition 1 in clause 2.2, is the agreed method of traffic control for the project and that it will be constructed and implemented generally in accordance with the plan, if and when Transit determines it is necessary.

2.4 Benchmark will pay the contribution of \$60,000 (excl. GST) into Simpson Orlerson's Trust Account once the resource consent is granted by Whangarei District Council immediately after the signature of this agreement. Simpson Orlerson will hold the contribution as stakeholder until such time as Transit gives Benchmark written notice that it intends to commence construction of the signalisation and upgrade works and requires Benchmark's contribution and Simpson Orlerson will immediately pay the \$60,000 contribution (excl. GST) to Transit upon advice of such notice. Any interest accrued on the contribution (less tax and commission) will be payable to Benchmark.

2.5 Benchmark agrees to waive all rights and remedies it may otherwise have to re-litigate the quantum of the contribution and the obligation to pay that contribution as provided for in the proposed resource consent condition set out as condition 1 in clause 2.2.



2.6 For the avoidance of doubt, the timing of the intersection upgrade shall remain in the sole discretion of Transit New Zealand, however Transit shall consult with Benchmark in relation to any plans for the upgrade works before the commencement of the construction of any such works.

3. TRANSIT'S FURTHER COVENANTS

3.1 Transit also agrees that it will not at any time during the economic life of the building constructed pursuant to Benchmark's proposal, without Benchmark's agreement:

3.1.1 construct a central median island on State Highway 1 to prohibit right hand turns into or out of Tauroa Street; and

3.1.2 proceed with its abandoned proposal or any similar proposal to extend Rewarewa Road through the Proposed Site.

3.2 Transit acknowledges that Benchmark is proceeding with its application for resource consents and the project in reliance on Transit's agreements in clause 3.1.

4. DEED BINDING

4.1 This Deed binds the parties to it and their respective successors and assigns (as applicable). In particular, this Deed is assignable by Benchmark to any purchaser of the proposed site.

5. COSTS

5.1 Each party will pay its own costs for the preparation and execution of this Deed.

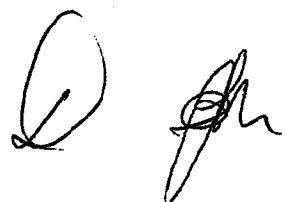
6. ENTIRE AGREEMENT

6.1 This agreement sets out the parties' entire agreement on this agreement's subject matter. It replaces all of the parties' earlier agreements, negotiations and representations, whether oral or written.

7. NON MERGER

7.1 Despite any contrary rule of law, none of this agreement's terms will merge or be extinguished on granting of the resource consents or completion of the project but will continue to have effect and be fully enforceable.

8. COUNTERPART EXECUTION



8.1 The parties may enter into this Deed by signing two or more counterparts each of which will be treated as an original. All of the counterparts taken together will constitute a single document.

Executed as a deed.

SIGNED by TRANSIT NEW ZEALAND
by:

Robin James Penfold
Full name of authorised signatory

R. Penfold
Signature of authorised signatory

Witness:

[Signature]
Signature of witness

Linda Lunn
Full name of witness

Personnel Assistant
Occupation of witness

Whangarei
Address of witness

SIGNED by BENCHMARK BUILDING
SUPPLIES LIMITED by: 03128

CHRISTOPHER DAVID SARGENT

CHRISTOPHER DAVID SARGENT
Full name of director AUTHORIZED SIGNATORY

[Signature]
Signature of director AUTHORIZED SIGNATORY

Witness:

[Signature]
Signature of witness

Hannes Boshoff
Full name of witness

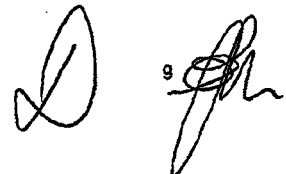
Accounting Manager
Occupation of witness

Auckland
Address of witness

[Signature] [Signature]

Annexure 2

Deed of Novation

Two handwritten signatures in black ink, one to the left of the other, located in the bottom right corner of the page.

DEED OF NOVATION

BUNNINGS LIMITED

DOMINION FOUNDATION PROPERTY FUND LIMITED

TRANSIT NEW ZEALAND



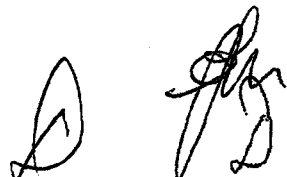
Simpson Grierson

Barristers & Solicitors
Auckland & Wellington, New Zealand
www.simpsongrierson.com

Two handwritten signatures in black ink are located in the bottom right corner of the page. The first signature is a simple, stylized 'S', and the second is a more complex, cursive signature.

CONTENTS

CLAUSE	PAGE
1. DEFINITIONS AND INTERPRETATION	1
2. NOVATION, ACCEPTANCE, CONSENT AND RELEASE	2
3. NO CHANGES WITHOUT BUNNINGS CONSENT	3
4. NO KNOWN CLAIMS	3
5. MISCELLANEOUS	4

Handwritten initials or signature, possibly "D" and "AS".

DEED DATED

2007

PARTIES

1. **BUNNINGS LIMITED** (previously called **BENCHMARK BUILDING SUPPLIES LIMITED**) (Bunnings)
2. **DOMINION FOUNDATION PROPERTY FUND LIMITED** (Dominion Funds)
3. **TRANSIT NEW ZEALAND** (Transit)

BACKGROUND

- A. This deed is supplemental to a Deed of Agreement Relating to Proposed Hardware Store at Tauroa Road, Whangarei dated 28 August 2003 between Bunnings and Transit (Agreement), a copy of which Agreement is attached to this deed.
- B. Bunnings wishes to be discharged and released from the Agreement. Transit has agreed to discharge and release Bunnings with effect from the Operative Time upon Dominion Funds' undertaking to perform the Agreement and be bound by the terms of the Agreement in place of Bunnings.
- C. The parties agree to the novation of the Agreement on the terms of this deed.

THIS DEED RECORDS THAT:

1. DEFINITIONS AND INTERPRETATION

- 1.1 **Definitions:** In this deed, unless the context indicates otherwise:

Agreement means the agreement described in background paragraph A of this deed (a copy of which is attached to this deed); and

Operative Time means June 2007;
- 1.2 **Interpretation:** In this deed, unless the context indicates otherwise:
 - (a) **Defined Expressions:** expressions defined in the main body of this deed have the defined meaning throughout this deed, including the background;
 - (b) **Headings:** section, clause and other headings are for ease of reference only and will not affect this deed's interpretation;
 - (c) **Parties:** references to any party include that party's executors, administrators, successors and permitted assigns;
 - (d) **Persons:** references to a person include an individual, company, corporation, partnership, firm, joint venture, association, trust, unincorporated body of persons, governmental or other regulatory body.



authority or entity, in each case whether or not having a separate legal identity;

- (e) **Plural and Singular:** references to the singular include the plural and vice versa;
- (f) **Clauses/Attachments:** references to clauses and attachments are to clauses in, and attachments to, this deed. Each such attachment forms part of this deed;
- (g) **Negative Obligations:** any obligation not to do anything includes an obligation not to suffer, permit or cause that thing to be done;
- (h) **Inclusive Expressions:** the term includes or including (or any similar expression) is deemed to be followed by the words without limitation;
- (i) **Documents:** references to any document (however described) are references to that document as modified, novated, supplemented, varied or replaced from time to time and in any form, whether on paper or in an electronic form;
- (j) **Discharge and Release:** references to discharge and release mean the unconditional, irrevocable and full discharge and release; and
- (k) **Obligations and Liabilities:** references to obligations and liabilities mean all obligations and liabilities, actual and contingent.

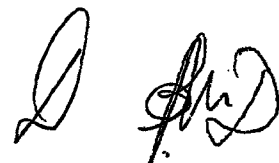
2. NOVATION, ACCEPTANCE, CONSENT AND RELEASE

2.1 **Novation:** Subject to the terms and conditions of this deed, with effect from the Operative Time:

- (a) **Parties Substituted:** Dominion Funds will be substituted for Bunnings under the Agreement and all references to Bunnings in the Agreement will be read and construed as if they are references to Dominion Funds; and
- (b) **Dominion Funds Bound:** Dominion Funds will be bound by the provisions of the Agreement binding upon Bunnings and will:
 - (i) enjoy all the rights and benefits of Bunnings under the Agreement; and
 - (ii) comply with and perform all of the obligations [and liabilities] of Bunnings under the Agreement which arise on and as from the Operative Time.

2.2 **Acceptance:** Dominion Funds accepts and assumes the novation and transfer of all of Bunnings' rights, benefits and obligations under the Agreement and covenants with Bunnings and Transit in terms of clause 2.1(b), with effect from the Operative Time.

2.3 **Consent and Release:** Transit consents to the novation and discharges and releases Bunnings from all its obligations and liabilities to Transit under the Agreement, with effect from the Operative Time.



- 2.4 **Transfer:** With effect from the Operative Time Bunnings shall cause the sum of \$60,000 plus accrued interest currently held in the trust account of Simpson Grierson (on the terms of clause 2.4 of the Agreement) to be transferred to the trust account of Bell Gully (as the solicitors for Dominion Funds) and Dominion Funds shall cause Bell Gully to issue an undertaking to Transit to the effect that Bell Gully shall hold those moneys on trust in accordance with clause 2.4 of the Agreement from the date of receipt by Bell Gully. Completion of such transfer of funds by Simpson Grierson to Bell Gully shall release Simpson Grierson from its undertaking to Transit in respect of the same.

3. NO CHANGES WITHOUT BUNNINGS CONSENT

Regardless of anything to the contrary expressed or implied in this deed or in the Agreement, Dominion Funds undertakes that while Bunnings Limited or any "related company" of or to it (within the meaning of that term in the Companies Act 1993) leases, licenses or otherwise occupies or operates a business from the property at Tauroa Street, Whangarei it will not:

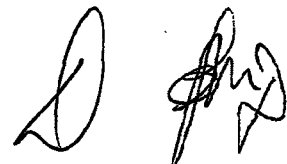
- 3.1 **No Changes:** agree to any changes to the Agreement without first obtaining the written consent of Bunnings to those changes such consent not to be unreasonably withheld; and
- 3.2 **No assignment without covenant:** transfer, sell or otherwise part with possession of the property comprised in Unique Identifier NA137C/747 without first obtaining an executed deed of covenant from the proposed assignee or transferee in favour of Bunnings and Transit whereby the proposed assignee or transferee covenants to be bound by the terms of the Agreement and this deed (including this clause), such deed of covenant to be in customary form and approved by Bunnings and Transit, each acting reasonably.

For the purposes of clause 3.1, Bunnings will not be deemed to be acting unreasonably in withholding its consent to any changes to the Agreement which would result in:

- (a) the construction of a median island on State Highway 1 to prohibit right-hand turns into or out of Tauroa Street; or
- (b) the proceeding with the abandoned proposal or similar proposal to extend Rewarewa Road through the land in Unique Identifier NA137C/747.

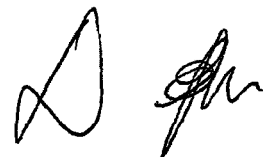
4. NO KNOWN CLAIMS

- 4.1 **Against Transit:** Bunnings confirms to Transit and Dominion Funds that, as at the date of this deed, it is not aware of any matter, fact or circumstance which is or may be likely to give rise to a claim being made against Transit by it under the Agreement.
- 4.2 **Against Bunnings:** Transit confirms to Bunnings and Dominion Funds that, as at the date of this deed, it is not aware of any matter, fact or circumstance which is or may be likely to give rise to a claim being made against Bunnings by it under the Agreement.



5. MISCELLANEOUS

- 5.1 **Assignment:** No party will assign or otherwise transfer any of its rights or obligations under this deed to any other person without the prior written consent of the other parties, such consent not to be unreasonably withheld.
- 5.2 **Amendment:** No amendment to this deed will be effective unless it is in writing and signed by a duly authorised senior representative of each party.
- 5.3 **Waiver:** Any waiver by a party of any of its rights or remedies under this deed will be effective only if it is recorded in writing and signed by that party. If the waiver relates to a breach of any provision of this deed, this will not (unless stated otherwise) operate as a waiver of any other breach of that provision. No waiver of any breach, or failure to enforce any provision, of this deed at any time by either party will in any way affect limit or waive that party's right to subsequently require strict compliance with this deed.
- 5.4 **Counterparts and Facsimile Copies:** This deed may be signed in any number of counterpart copies which, read together, will constitute one and the same document. Any facsimile copy of this deed (including any facsimile copy of any document evidencing any party's signature of this deed) may be relied on by any other party as though it were an original copy. This deed may be entered into on the basis of an exchange of such facsimile copies.
- 5.5 **Severability:** If any provision of this deed is or becomes invalid or unenforceable, that provision will be deemed deleted from this deed. The invalidity or unenforceability of that provision will not affect the other provisions of this deed, all of which will remain in full force and effect to the extent permitted by law, subject to any modifications made necessary by the deletion of the invalid or unenforceable provision.
- 5.6 **Notices:** For the purposes of the provisions of the Agreement relating to the service of notice and other communications, the address, facsimile and telephone numbers and relevant person or office holder of Dominion Funds as the substitute party are set out below:
Address: Level 4, 80 Greys Ave, Auckland Central
Facsimile: 09 912 2693
Telephone Number: 09 912 2690
Attention: The Asset Manager
- 5.7 **Governing Law and Jurisdiction:** This deed is governed by the laws of New Zealand. The parties submit to the exclusive jurisdiction of the New Zealand courts in respect of all matters relating to this deed.

EXECUTED AS A DEED

SIGNED by BUNNINGS LIMITED by:

Full name of director/authorised signatory

Signature of director/authorised signatory

Full name of director/authorised signatory

Signature of director/authorised signatory

Witness:
(if other than two directors sign)

Signature of witness

Full name of witness

Occupation of witness

Address of witness

SIGNED by DOMINION FOUNDATION
PROPERTY FUND LIMITED by:

Full name of director/authorised signatory

Signature of director/authorised signatory

Full name of director/authorised signatory

Signature of director/authorised signatory

Witness:
(if other than two directors sign)

Signature of witness

Full name of witness
Gavin Keith Peebles

Occupation of witness
Manager

Address of witness
Auckland

Address of witness

SIGNED by BUNNINGS LIMITED by: 4/5/07

CHRISTOPHER DAVID GREEN
Full name of director/authorised signatory

[Signature]
Signature of director/authorised signatory

Bradley James Conston
Full name of director/authorised signatory

[Signature]
Signature of director/authorised signatory

Witness:
(if other than two directors sign)

[Signature]
Signature of witness

Daniel Alexander Knabson
Full name of witness

Property Manager
Occupation of witness

[Address]
Address of witness

SIGNED by DOMINION FOUNDATION
PROPERTY FUND LIMITED by:

Full name of director/authorised signatory

Signature of director/authorised signatory

Full name of director/authorised signatory

Signature of director/authorised signatory

Witness:
(if other than two directors sign)

Signature of witness

Full name of witness

Occupation of witness

Address of witness

[Signature]
[Signature]

SIGNED by TRANSIT NEW ZEALAND by:

Wayne Robert McDonald
Full name of authorised signatory


Signature of authorised signatory


Witness:
(if other than two directors sign)


Signature of witness

Steven John Lloyd
Full name of witness

Town Planner
Occupation of witness

73 A Mauro St, Auckland
Address of witness




BEFORE SIGNING THE AGREEMENT

- It is recommended both parties seek professional advice before signing. This is especially so if:
 - there are any doubts. Once signed, this will be a binding contract with only restricted rights of termination.
 - the property is sold as a going concern.
 - Property such as a hotel or a farm is being sold. The agreement is designed primarily for the sale of residential and commercial property.
 - the property is vacant land in the process of being subdivided or there is a new cross lease or unit title to be issued. In these cases additional clauses may need to be inserted.
 - there is any doubt as to the position of the boundaries.
 - the purchaser wishes to check the weathertightness and soundness of construction of any dwellings or other buildings on the land.
- The purchaser should investigate the status of the property under the Council's District Plan. The property and those around it are affected by zoning and other planning provisions regulating their use and future development.
- The purchaser should investigate whether necessary permits, consents and code compliance certificates have been obtained from the Council where building works have been carried out by an earlier owner. This investigation can be assisted by obtaining a LIM from the Council.
- The purchaser should compare the title plans against the physical location of existing structures where the property is a cross lease or unit title. Structures or alterations to structures not shown on the plans may result in the title being defective.
- In the case of a unit title, the purchaser should inquire whether the body corporate holds funds for deferred maintenance of common property.
- The vendor should ensure the warranties and undertakings in clauses 6 and 7:
 - are able to be complied with; and if not
 - the applicable warranty is deleted from the agreement and any appropriate disclosure is made to the purchaser.
- Both parties should ensure the chattels list in Schedule 1 is accurate.
- If the property is sold as a "going concern", the vendor should ensure the purchase price is stated on the front page as "PLUS GST (if any)".

THE ABOVE NOTES ARE NOT PART OF THIS AGREEMENT AND ARE NOT A COMPLETE LIST OF MATTERS WHICH ARE IMPORTANT IN CONSIDERING THE LEGAL CONSEQUENCES OF THIS AGREEMENT.

PROFESSIONAL ADVICE SHOULD BE SOUGHT REGARDING THE EFFECT AND CONSEQUENCES OF ANY AGREEMENT ENTERED INTO BETWEEN THE PARTIES.

THE PURCHASER IS ENTITLED TO A COPY OF ANY SIGNED OFFER AT THE TIME IT IS MADE.

AGREEMENT FOR SALE AND PURCHASE OF REAL ESTATE

© This form is copyright to the Real Estate Institute of New Zealand Inc and Auckland District Law Society

DATE:

VENDOR: DNZ Property Fund Limited

Contact Details:

VENDOR'S SOLICITORS:

Firm: Bell Gully

Individual Acting: Jane Holland

Contact Details:

Ph: 09 916 8800

Fax: 09 916 8801

PURCHASER: Commercial Investment Properties Limited and/or nominee

Contact Details:

PURCHASER'S SOLICITORS:

Firm: Chapman Tripp

Individual Acting: Pip England

Contact Details: 09-3579069

REAL ESTATE AGENT:

Agent's Name: Bayleys Real Estate Limited

Manager:

Salesperson: Daryl Devereux

Contact Details:



124 Tauroa Street

BELL GULLY

Tessa Kennings
Chapman Tripp
PO Box 2206
Auckland 1140

FROM Jane Holland / Anna Southwell
DDI 64 9 916 8983 / 64 9 916 8785
MOBILE 64 21 706 129 / -
EMAIL jane.holland@bellgully.com
EMAIL anna.southwell@bellgully.com
MATTER NO. 02-343-0094
DATE 22 July 2010

Bunnings, Cnr State Highway One and Tauroa Street, Whangarei - DNZ Property Fund Limited and Commercial Investment Properties Limited

We write further to the above matter and refer to the agreement for sale and purchase dated 20 May 2010 between DNZ Property Fund Limited (the **Vendor**) and Commercial Investment Properties Limited (the **Purchaser**) relating to the sale and purchase of the property comprised in certificate of title NA137C/747 (the **Agreement**).

The Vendor and the Purchaser agree that:

- (a) the Agreement is varied so the purchase price recorded on the front page is amended from \$14,000,000.00 to \$13,500,000.00; and
- (b) for the avoidance of doubt, the reference to purchase price in clause 17.1 of the Agreement is acknowledged to be a reference to the purchase price varied by way of this letter;

The Vendor and the Purchaser agree that:

- (a) in consideration of the reduction of the purchase price the Agreement is varied so that an additional clause 28 is inserted in the Further Terms of Sale as follows:

"28.0 Cafe Improvements

28.1 The Vendor shall pay the cost of cafe upgrade works of \$95,612.09 detailed in Annexure 2 (**Upgrade Works Sum**).

28.2 The Purchaser shall reimburse the Vendor the Upgrade Works Sum on settlement and the amount payable by the Purchaser on settlement shall be adjusted accordingly.

28.3 Any contracts relating to the cafe upgrade works to which the Vendor is a party shall be assigned to the Purchaser on settlement. Prior to settlement the Purchaser shall enter into a deed of assignment in a form reasonably required by the Vendor and approved by the relevant third party if required, such deed to be provided to the Purchaser in time for the Purchaser to execute it for delivery to the Vendor on settlement. If any contract is not assignable the Vendor shall to the extent lawfully permitted to do so, hold the benefit of such contracts for and on behalf of the Purchaser and at the cost of the Purchaser shall take such reasonable action to enforce such contracts as the Purchaser reasonably directs. "

(b) the Agreement is varied by the addition of Annexure 2 – Cafe Upgrade Works as attached.

Except as expressly varied above, the provisions contained and implied in the Agreement are confirmed and continue to remain in full force and effect.

This letter and the Agreement (as varied by this letter) contain all the terms, representations and warranties made between the Vendor and the Purchaser and supersede all prior discussions and agreements.

Please confirm the Purchaser's agreement to and acceptance of the above by signing where indicated.

Yours faithfully
Bell Gully

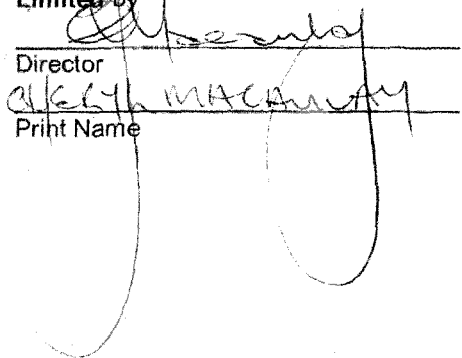


Jane Holland / Anna Southwell
Partner / Solicitor

Agreed and acknowledged on behalf of
**Commercial Investment Properties
Limited** by

Director

Print Name



Director

Print Name

Annexure 2 - Cafe Upgrade Works

BUNNINGS

14 APR 2010



13 April 2010

Bunnings Limited

National Support Centre
78 Carbine Road
Mt Wellington, Auckland
P O Box 14 436, Panmure
Auckland New Zealand
Telephone (09) 978 2200
Facsimile (09) 978 2297

Roger Soulsby
DNZ
PO Box 6320
Wellesley Street
Auckland

Dear Roger.

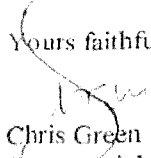
Bunnings Warehouse Whangarei – Capitalisation Café Upgrade

Further to our earlier conversation, please find enclosed plans and costs for the café upgrade at the above premises. The cost of the actual improvements, excluding demolition, fees etc. is \$95,612.09 plus GST.

As the project works have not yet commenced, funding could conceivably be put back to (say) 1 July 2010.

We look forward to receiving your confirmation.

Yours faithfully,


Chris Green
Commercial Manager

BNZ Partners
T. +64 3 353 8255 F. +64 3 366 2237
M. 029 393 0930 E. david_cameron@bnz.co.nz
BNZ House, Level 1, 129 Hereford Street
Christchurch, New Zealand



19 August 2010

Commercial Investment Properties Limited
P O Box 650
Timaru 7940

Attn: Cheryl Macaulay & Graeme Brown

Dear Cheryl and Graeme

Re: Offer of Finance

I am pleased to confirm that the Bank is prepared to make funds available to you substantially according to the following terms and conditions: -

BORROWER/S 124 Tauroa Road Limited

LENDER Bank of New Zealand

FLOATING RATE CUSTOMISED AVERAGE RATE TERM LOAN

Amount \$6,100,000

Purpose To assist with the purchase of 124 Tauroa Street,
Whangarei

Interest Rate Interest will be charged as follows:

BKBM Rate (30 days)	3.18%
BNZ Liquidity Premium	1.20%
BNZ Credit Margin	<u>1.20%</u>
Total	5.58%

Notes:

BKBM Rate The rate for 30 days displayed at or about 10.45am on the date of the relevant advance on Reuters screen page BKBM as the Bank Bill Bid rate for bank bills calculated on a daily basis over a 365 day year.

BNZ Liquidity Premium Is subject to change at the Bank's discretion

Interest Payments	Shall be made monthly in arrears
Term	5 years
Repayments	36 interest only payments paid monthly in arrears, followed by 23 monthly principal and interest payments and 1 final repayment of outstanding principal and accrued interest.
	The monthly principal repayments required (from end of year 3) are \$10,000 per month, excluding interest
Application Fee	\$5,500

DERIVATIVE LIMITS

We have approved uncommitted derivative limits to enable you to enter into Interest Rate Swap Agreements for a maximum of 5 years with the Bank for interest rate risk management purposes.

The execution of the Bank's Master Agreement for Derivative Transactions will be required as a condition precedent to entering into any interest rate swap agreements.

SECURITY

- New Perfected security interest in all present and after acquired property of 124 Tauroa Street Limited
- New Registered First and only Mortgage over 124 Tauroa Street, Whangarei, detailed in Certificate of Title 137C/747
- New Assignment of the Lease with Bunnings Limited

SPECIAL CONDITIONS PRECEDENT

The commitment by the Bank is subject to the following conditions being met to the Bank's satisfaction:-

- Colliers valuation is to be re-addressed to BNZ. We confirm that the valuation is satisfactory to BNZ.
- A copy of the Building Warrant of Fitness is to be provided
- We require confirmation from the Bank's solicitor that the following are satisfactory to the Bank in all respects:
 - Sale and Purchase Agreement confirming price paid with no other consideration or proposed conditions of purchase which may affect the Bank's security
 - Deed of Agreement with Transit NZ and any impact this may have on the Bank's security position
 - Bunnings Limited Lease
 - Purchase structure including prospectus

SPECIAL COVENANTS

In addition to the standard covenants required of the Borrower/s: -

Financial:

- The Bank's Loan to Value ratio (LVR) is set at 50% of Market Value, based on BNZ approved valuations
- Full transactional banking relationship is to be maintained with BNZ and rental distributions via Commercial Investment Properties Limited Trust Account are to be paid to BNZ's account
- Interest Cover of not less than 1.75x is to be maintained at all times and measured annually. (Interest Cover is measured as total net rentals divided by total interest cost)

Reporting:

- A copy of the annual financial accounts is to be provided within 9 months of balance date
- The Bank reserves the right to require updated registered valuations:
 - 2 yearly from the date of drawdown or
 - If the Bank believes the LVR covenant has been breached or
 - If the Borrower requests a change in loan terms and conditions (including increased limits or changes in securities) or
 - If the Borrower is in default or
 - In the event of a material adverse change in the Borrower's financial position or
 - Prior to the extension of any maturing loan

Registered Valuations are to be undertaken by a BNZ approved/selected Valuer on direct instructions from the BNZ with all costs to the Borrower's account

COSTS & EXPENSES

All costs and expenses associated with the establishment and maintenance of these facilities shall be for the account of the Borrower. Such costs shall include, but shall not be restricted to, Legal Fees, Stamp Duties (if any), Withholding Tax, Goods and Services Tax and any reasonable out of pocket expenses incurred by the Bank.

FURTHER CONDITIONS PRECEDENT

This commitment is conditional upon:

- The preparation, execution and delivery of legal documentation in a form and substance satisfactory to us and to our legal counsel incorporating substantially the terms and conditions outlined or referred to above, and
- The absence of a material adverse change in the financial condition or operations or ownership of the Borrower/s or the Guarantor/s since the date of the Borrower's/Guarantor's
- There being no event of default that remains un-remedied to the Bank's satisfaction under any existing facility provided to the Borrower by the Bank, or any security held by the Bank in respect of any such facility.

LEGAL DOCUMENTATION

The terms and conditions of this commitment listed above are not exhaustive or complete. Those matters that are not covered by or made clear in the above outline are subject to mutual agreement of the parties.

In the event of inconsistency between this document and the legal documentation relative to any further binding offer which the Bank may make in respect of this transaction, the legal documentation shall prevail EXCEPT that any conditions/covenants in this letter that are not substantially repeated in the legal documentation shall continue to apply and shall prevail over the legal documentation.

The terms, conditions and concepts inherent within this document are proprietary information to the Bank of New Zealand. The contents and ideas in this document may not be conveyed to any other party without the written consent of Bank of New Zealand.

REVIEW

Without detracting from the nature and effect of any on-demand facilities made available to you, I invite you to meet with the Bank on or before 28 February 2011 to review all the above facilities and security arrangements.

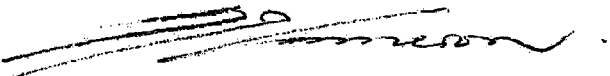
ACCEPTANCE

I trust this meets with your approval, however, should you feel there are any outstanding issues, or you have any further questions, please feel free to contact me directly on (03) 353 8253. You may also wish to seek independent legal advice before signing this document.

Otherwise, I look forward to your acceptance of the above, which will remain open on these terms until 31 August 2010. You'll find an Acceptance Form included for you to complete and return, together with a copy of this document.

Thank you for the opportunity to present this offer. I look forward to assisting with your banking needs both now and in the future.

Yours sincerely



David Cameron
Partner - Property Finance

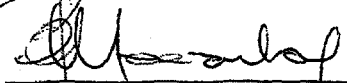
ACCEPTANCE

To: The Manager
BNZ Partners
Bank of New Zealand
PO Box 1461
CHRISTCHURCH 8140

I/We hereby acknowledge that I/we have perused the foregoing offer and the terms and conditions contained therein are acceptable as shown.

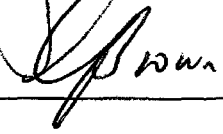
BORROWER/S

Signed for and on behalf of 124 Tauroa Street Limited



Director

Date: 30/8/2010

In the presence of:
Witness 

Occupation Accountant

Address 40 Gleniti Road
Tiremu

Date: 30/8/10

Property Management Agreement for 124 Tauroa Street, Whangarei

124 TAUROA STREET LIMITED

Company

COMMERCIAL INVESTMENT PROPERTIES LIMITED

Manager

Commercial Investment Properties Limited

PO Box 650

Timaru

CONTENTS

INTRODUCTION	1
AGREEMENT	1
1 INTERPRETATION	1
2 APPOINTMENT	3
3 DUTIES	3
4 TERM	4
5 FEE	4
6 REIMBURSEMENT OF EXPENSES	4
7 MANAGER'S AUTHORITY TO INCUR EXPENSE	5
8 REPORTING	7
9 INDEMNITIES	7
10 TERMINATION	7
11 CONFIDENTIAL INFORMATION	9
12 ASSIGNMENT	9
13 DISPUTE RESOLUTION	10
14 GENERAL	10
EXECUTION	12
SCHEDULE 1	13
SCHEDULE 2	18
SCHEDULE 3	19

PARTIES

- (1) 124 TAUROA STREET LIMITED (Company)
- (2) COMMERCIAL INVESTMENT PROPERTIES LIMITED (Manager)

INTRODUCTION

- A. The Company has been incorporated to acquire the Property, and to undertake the ownership of the Property for the purposes of capital growth and rental yield.
- B. The Manager has expertise in the provision of management services.
- C. The Manager has been requested by the Company to manage the Property and the Company in accordance with the terms and conditions contained in this Agreement.

AGREEMENT

1 INTERPRETATION

- 1.1 In this Agreement, unless inconsistent with the context, the following definitions apply:

Agreement means this agreement together with the schedules attached to this agreement and any amendments made from time to time;

Auditor means any such person appointed by the Company (or the Manager at the Company's request) from time to time as the auditor of the Company;

Building Management means the building management duties specified in paragraph 3 of Schedule 1;

Commencement Date means the date on which the Company settles the acquisition of the Property;

Company means the company named as a party to this Agreement, and the Company's executors, administrators, successors and assigns and, where not repugnant to the context, included the employees, agents and authorised representatives of the Company;

Company Administration means the administration and company secretarial duties specified in Schedule 1;

Duties means all the duties specified in Schedule 1;

GST means goods and services tax chargeable, or to which a person may be liable, under the Goods and Services Tax Act 1985, and any penalties, additional tax or interest payable in respect thereof.

Leases means leases relating to the Property or any part of it and includes any agreements to lease and licenses relating to the Property;

Management Fee means the management fee for the Duties as specified in **clause 5.1**;

Property management means the management and administration of property and tenant related functions of the company.

Property means the land described in **Schedule 4** and includes all improvements and buildings included on such land as at the date of this Agreement;

Property Funds means all income derived from ownership of the Property including rental income;

Property Trust Account means the trust account operated for the purpose of receiving and disbursing all money received or payable in respect of the Property;

Quarter means the three month periods ending 31 March, 30 June, 30 September and 31 December;

Shareholders means shareholders of the Company;

Tenancy Management means the tenancy management duties specified in **paragraph 2 of Schedule 1**;

Tenants means tenants and licensees occupying the Property or any part of it pursuant to a lease, agreement to lease or license;

Term subject to **clause 10.1**, means the duration of the Company's ownership of the Property;

Working Day means any day other than a Saturday, Sunday, statutory public holiday in New Zealand, or any day in the period commencing 24 December in any year and ending on 5 January in the following year;

Year means each 12 month period commencing on 1 April and ending on 31 March or such other 12 month period as the Company may nominate.

1.2 In this Agreement, unless the context otherwise requires:

- (a) headings are inserted for convenience only and shall be ignored in construing this Agreement;
 - (b) the singular includes the plural and vice versa;
 - (c) one gender includes the other genders;
 - (d) references to individuals include companies and other corporations and vice versa;
 - (e) references to any document includes reference to that document (and, where applicable, any of its provisions) as amended, notated, supplemented or replaced from time to time;
-

-
- (f) references to monetary amounts, money or money's worth are to New Zealand dollars unless specifically stated otherwise;
 - (g) any reference to "month" or "monthly" shall mean, respectively, calendar month or calendar monthly.

2 APPOINTMENT

- 2.1 The Company appoints the Manager as the sole and exclusive manager of the Company and the Property during the Term in accordance with the terms and conditions of this Agreement. The Company authorises the Manager to act for it in its name and on its behalf and at its expense in respect of carrying out the Duties or any other matter which is necessary or incidental to the management of the Property. The Manager represents and warrants that it has the necessary expertise, experience and facilities required to properly carry out the Duties.
- 2.2 During the term of this Agreement, the Company will not itself provide nor appoint any other person to provide any of the services to be provided by the Manager under this Agreement.
- 2.3 The Manager accepts the appointment and agrees to carry out the duties on its part set out in this Agreement. The Manager may act by and through any of its employees or sub contractors at its sole discretion, provided that the Manager must not subcontract the entirety of its obligations under this Agreement.

3 DUTIES

- 3.1 The Manager shall carry out the Duties specified in **Schedule 1** and, for the purpose of carrying out the Duties shall have the associated authority and powers on behalf of the Company to carry out such Duties.
 - 3.2 The Company shall:
 - (a) respond promptly to all requests made to it by the Manager for instructions;
 - (b) allow the Manager and the Manager's employees and permitted subcontractors and invitees access to the Property to enable the Manager to perform its obligations under this Agreement;
 - (c) delegate to the Manager the powers, duties and discretions that the Board is competent at law to delegate to the Manager and may be necessary for the proper performance of the Manager's duties under this Agreement;
 - (d) pay the Manager the Management Fee in accordance with clause 5; and
 - (e) provide any other reasonable assistance as may be necessary to allow the Manager to perform its obligations under this Agreement.
 - 3.3 In the discharge of the Duties, the Manager will perform the Duties:
-

-
- (a) diligently, expeditiously and to a high standard acting all times in the best interests of the Company; and
 - (b) with the degree of skill and care reasonably expected of a professional property manager operating in the property management industry.

4 TERM

- 4.1 The Term shall commence on the Commencement Date and shall continue in force for the duration of the Company's ownership of the Property, subject to clause 10.
- 4.2 The Management Agreement will terminate on the sale of the Property by the Company.

5 FEE

- 5.1 The Company shall pay the Manager a base management fee for the Duties equal to the greater of:
 - (a) the amount equal to 4% of the annual lease income of the Property per annum plus GST; and
 - (b) \$45,010 per annum plus GST.
- 5.2 The Management Fee is payable in monthly instalments on the first Working Day of each month for the previous month.
- 5.3 The Manager may charge additional fees for:
 - (a) the additional services set out in **paragraph 1 of Schedule 2** at the rates detailed in **paragraph 1 of Schedule 2**; and
 - (b) any services in addition to the Duties, at the rates detailed in **paragraph 2 of Schedule 2**.

Such fees so charged by the Manager may be deducted by the Manager from the Property Funds or at the Manager's option, invoiced to the Company in which case such additional fees shall be payable on the first Working Day of the month following invoice. The fees and charges detailed in **Schedule 2** may be adjusted by the Manager from time to time by written notice to the Company.

6 REIMBURSEMENT OF EXPENSES

- 6.1 The Manager shall be entitled to be reimbursed out of Property Funds for and in connection with any costs or expenses which may be incurred by it in respect of the Property and/or the Company (and not otherwise charged against the Property Funds or the Company) including, without limitation, the following items:
-

-
- (a) All costs, charges and expenses incurred in connection with the acquisition, registration, custody, disposal or other dealing with the Property, including commission, brokerage and bank charges incurred by the Manager;
 - (b) Accountants' fees for the preparation of the accounts for the Company;
 - (c) The fees and expenses of the Auditor;
 - (d) The fees and expenses of any solicitor, barrister, valuer, agent, accountant or other person from time to time employed by the Manager in the discharge of its duties under this Agreement;
 - (e) Companies Office registration and filing fees;
 - (f) All legal, agency and valuation fees and expenses incurred in relation to any Tenancy of the Property;
 - (g) Any expense or liability incurred in bringing or defending any action or suit in respect of the Company or the provisions of this Agreement;
 - (h) All repair and maintenance charges and expenses incurred in relation to the Property not recoverable from contributions by the Tenants under the Leases;
 - (i) Any other costs or expenses properly and reasonably incurred by the Manager in connection with carrying out its duties under this Agreement or in respect of the Company.

7 MANAGER'S AUTHORITY TO INCUR EXPENSE

- 7.1 The Manager shall, in carrying out its obligations under this Agreement, be subject to the direction and control of the Company in respect of incurring any financial liability on behalf of the Company.
- 7.2 Subject to **clause 7.1** the Company authorises the Manager to incur financial liability on behalf of the Company in order to complete any maintenance, repair or improvement under the Property, without the prior approval of the Company, in the following circumstances:
- (a) where such financial liability is required under the terms of a Tenancy; or
 - (b) where such financial liability is required by law; or
 - (c) where such financial liability is recoverable by the Company from contributions by the Tenants to operating expenses in relation to the Property; or
 - (d) where such financial liability is incurred as part of the expenditure in a budget for the Property approved by the Company; or
 - (e) where such financial liability relates to a repair to the Property that in the opinion of the Manager must be carried out without any delay to protect the Property from damage or from further damage, or to maintain essential services to the occupants.
-

-
- 7.3 All other financial liability in excess of \$60,000 for any one item must first be approved by the Company appointed sub committee.
- 7.4 The Company will ensure that at all times there are sufficient monies in its bank accounts to enable the Manager to pay the Company's expenditure.
- 7.5 The Manager shall have, and by signing this Agreement grants the Manager, authority to draw on the Company's bank accounts (without the prior approval of the Company) all expenditure in respect of the Manager's duties under this Agreement provided it is incurred in accordance with the current annual budget for the Property or **clause 7.2**. The Company will ensure that all the Company's income and expenditures (whether relating to the Property or otherwise) shall be paid into and from such accounts.
- 7.6 In performing its duties under this Agreement, the Manager may:
- (a) execute all or any of the following documents on the Company's behalf without the prior approval of the Company:
 - (i) service, maintenance and repair contracts;
 - (ii) terms of engagement and letters of instruction with valuers, accountants, surveyors, real estate agents and lawyers;
 - (iii) documentation consenting to any assignment, subletting, charging, change of use or alterations or additions by the tenants of the Property;
 - (b) require the Company to execute the following documentation on behalf of the Company (and the Company shall execute such documentation promptly on receipt from the Manager):
 - (i) agreements to lease, deeds of lease, deeds of variation, rent review deeds, and deeds of renewal;
 - (ii) loan documentation;
 - (iii) construction contracts and other documentation relating to any approved development works;
 - (iv) easements, covenants or other title instruments; and
 - (v) any other documentation required by the Manager in connection with the performance of its duties under this Agreement,

provided that any expenditure required under such documentation is authorised under either the current annual budget for the Property or **clause 7.2**.

8 REPORTING

- 8.1 Correspondence shall be submitted by the Manager to the Company on all matters that require the Company's instructions under this Agreement. Copies of any correspondence entered into between the Manager and any person with regard to the Property shall be forwarded to the Company upon its request to do so.
- 8.2 Following each Quarter the Manager shall report to the Company in order to summarise all management activities which occurred in or with regard to the Property and the Company during the preceding Quarter under the following headings:
- (a) Company Administration;
 - (b) Tenancy Management; and
 - (c) Building Management.
- 8.3 Financial statements in relation to the Property and the Company shall be prepared by the Manager and shall be attached to the quarterly management report referred to in **clause 8.2**. Such financial statements shall include complete details of income and outgoings for the Property and the Company during the Quarter.
- 8.4 The Manager shall prepare annual budget reports. Such reports shall comprise income and outgoings budgets for the next Year and shall be submitted to the Company for approval.

9 INDEMNITIES

- 9.1 The Company shall indemnify and keep indemnified the Manager from and against any action, claim, demand, loss, damage, cost, expense and liability for which the Manager in the due and proper course of management, may render itself legally liable on behalf of the Company.
- 9.2 The Manager shall not be responsible for any loss or damage caused to the Company or the Property by the exercise of any discretion or authority conferred on the Manager pursuant to this Agreement.
- 9.3 Neither the indemnity contained in **clause 9.1** nor the release contained in **clause 9.2** shall apply to any action, claim, demand, loss, damage, cost, expense or liability incurred or suffered because of any default by the Manager in complying with the provision of this Agreement or by reason of any negligence on the part of the Manager.

10 TERMINATION

- 10.1 This Agreement may be terminated in any of the following circumstances:
- (a) On a resolution of the Company's shareholders passed by a majority of not less than 90% of the votes cast by shareholders entitled to vote and voting on that resolution.
-

If the Management Agreement is so terminated, the Manager will be entitled to receive from the Company compensation equal to one year's management fee;

- (b) If during the Term the non-performance or unsatisfactory performance of the Manager results in material breach of this Management Agreement and the Manager fails to cure within 20 Working Days of receiving notice of the breach from the Company, the Company may terminate the agreement;
- (c) if during the Term the building on the Property is destroyed or damaged to the extent of being incapable of repair or reinstatement and is rendered unable to be tenanted, the Term shall at once cease and terminate provided that, if at the request of the Company, the Manager shall continue to perform management services for the Property following the date upon which the Property becomes unable to be tenanted, the Manager shall be entitled to be paid a reasonable fee by the Company for the provision of management services.

10.2 The Manager may terminate this Agreement at any time, but only by giving the Company six months' prior written notice to this effect, provided that no notice shall be given before the expiry of two years from the date of this Agreement.

10.3 In the event that the Manager:

- (a) becomes insolvent;
- (b) goes, or is put into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation);
- (c) goes, or is put into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation);
- (d) is wound up or dissolved; or
- (e) enters into a scheme or arrangement with its creditors,

then the Company, or any other person duly authorised by it, may on 20 Working Days' notice cancel this Agreement and take over the management of the Properties and administration of the Company without releasing the Manager from any liability in respect of the breach or non observance of any provision of this Agreement.

10.4 In the event that the Company:

- (a) becomes insolvent;
 - (b) goes, or is put into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation);
 - (c) goes, or is put into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation);
 - (d) is wound up or dissolved; or
 - (e) enters into a scheme or arrangement with its creditors,
-

then the Manager, or any other person duly authorised by it, may cancel this Agreement without releasing the Company from any liability in respect of the breach or non observance of any provision of this Agreement.

- 10.5 Upon final termination of this Agreement the Company shall pay all fees and costs due and payable under this Agreement to the Manager and the Manager shall promptly deliver to the Company all contracts, documents and records pertaining to the Property and shall take such action as the Company may reasonably require in order to ensure an orderly termination of the Manager's duties under this Agreement.
- 10.6 Any termination of this Agreement shall be without prejudice to the rights of either party against the other in respect of any antecedent breach of any of the provisions contained in this Agreement.

11 CONFIDENTIAL INFORMATION

- 11.1 Neither party shall at any time (whether during or after the termination of this Agreement), either directly or indirectly, use or divulge to any person any knowledge or information which it may acquire during the Term, or may have already acquired, concerning the other party, its operations, affairs, property, Tenants, or principals (**Confidential Information**) except:
- (a) with the consent of the other party;
 - (b) in respect of Confidential Information which has become public knowledge other than as a result of unauthorised disclosure by either of the parties or their directors, officers, employees, agents, contractors or representatives;
 - (c) Confidential Information that is required to be disclosed to the auditors of either party or to any governmental agency or otherwise as required by law.
- 11.2 Each party shall use its best endeavours to ensure that its director, officers, employees, agents, contractors or representatives who are at any time in possession of Confidential Information do not disclose or permit the disclosure or use of such Confidential information except as specifically provided in **clause 11.1**.

12 ASSIGNMENT

- 12.1 The Company may not assign or otherwise deal with the benefit of this Agreement without the Manager's prior written consent.
- 12.2 Subject to clauses 12.3 and 12.4, the Manager may assign or otherwise deal with the benefit of this Agreement without the Company's prior consent.
- 12.3 The Manager will ensure that any assignee of the Manager has the skills and resources to fulfil and discharge the Duties to the standard specified in clause 3.3.
- 12.4 If required by the Company, the Manager will procure that any assignee of the Manager shall before such assignment will be effective as between the assignee and the Company:
-

- (a) enter into a deed of covenant in the form reasonably required by the Company (with such variations as may be agreed by the assignee and the Company); and
- (b) provide an original of that deed of covenant to the Company together with such evidence as the Company may reasonably require as to its due execution and enforceability.

13 DISPUTE RESOLUTION

- 13.1 In the spirit of mutual goodwill and cooperation the parties shall from time to time meet with each other as necessary to discuss in good faith any differences or difficulties which may arise in relation to this Agreement and each party shall use its best endeavours to resolve the matter before recourse to arbitration or other legal process.
- 13.2 In the event of any dispute or difference between the parties as to the construction of this Agreement or as to any matter or thing arising out of this Agreement then such dispute or difference shall be referred to arbitration of one arbitrator (agreed upon by the parties or if they are unable to agree within 14 days, one appointed by the President of the New Zealand Law Society) in accordance with the Arbitration Act 1996. The award of such arbitrator shall be final and binding upon the parties. The parties shall bear an equal share of the costs of the arbitration, unless the arbitrator determines that one party shall bear a proportion of the costs of the other party. In case of notice from the manager to the Company then notice must be sent to each of the directors of the Company.

14 GENERAL


- 14.1 **Costs:** Each party shall pay its own costs of and incidental to the negotiation, preparation, signing and amending of this Agreement.
 - 14.2 **Notices:** Any notice permitted or required to be given under this Agreement shall be in writing and shall either be:
 - (a) delivered personally;
 - (b) mailed by pre-paid registered mail; or
 - (c) sent by facsimile transmission;to the addressee at the addressee's last known address or facsimile number in New Zealand, or in the case of a corporation, to its registered office.
 - 14.3 Any notice sent by registered mail shall be deemed to have been received on the third Working Day following the date of mailing. Any notice sent by facsimile transmission during a Working Day between 8.30am and 5pm shall be deemed to be received upon completion of transmission, and in every other case, shall be deemed to be received at 8:30am on the next Working Day after it is sent.
 - 14.4 **Failure to perform:** Neither party shall be liable to the other party for failure or delay in the performance of any of its obligations under this Agreement if, and to the extent that, such
-

failure or delay is because of any matter or thing beyond the reasonable control of such party.

- 14.5 **Guarantees:** Without the prior unanimous consent of the directors of the Company, the Manager shall not commit the Company to give any guarantee or indemnity or otherwise to become liable whatsoever for, or in connection with, any borrowings or indebtedness.
- 14.6 **No warranty:** No warranty is given by the Manager as to the performance or profitability of the Company.
- 14.7 **Further assurances:** Each party will take all steps, execute all documents and do everything as may be reasonably required by the other party to carry out and give effect to the terms and intentions of this Agreement according to its true intent.
- 14.8 **Waiver:** Any delay, failure or forbearance by a party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Agreement shall not operate as a waiver of such right, power or remedy. A waiver of any breach of any provision of this Agreement shall not be effective unless that waiver is in writing and is signed by the party against whom that waiver is claimed. The waiver of any breach shall not be, or be deemed to be, a waiver of any other or subsequent breach.
- 14.9 **Illegality:** If at any time any provision of this Agreement is held by a court of competent jurisdiction to be unreasonable, illegal, invalid or unenforceable for any reason whatsoever, that unreasonableness, illegality or unenforceability shall not affect the ability of the Company or Manager to enforce any other provision of this Agreement and such provision shall be modified only to the extent necessary to give effect to the court.
- 14.10 **Governing Law:** This Agreement is governed by the laws of New Zealand and the parties submit to the nonexclusive jurisdiction of the courts of New Zealand in respect of any dispute or proceeding arising out of this Agreement.
-

EXECUTION

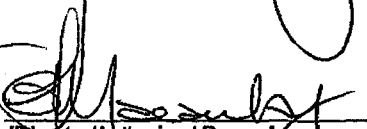
SIGNED by and on behalf of
124 TAUROA STREET LIMITED



[Director/Authorised Person]

30/8/10

SIGNED by and on behalf of
**COMMERCIAL INVESTMENT
PROPERTIES LIMITED**



[Director/Authorised Person]

30/8/10

SCHEDULE 1**Duties of Manager****1 Company Administration/Investment Management**

The Manager shall have the following Company Administration powers and duties:

- (a) execute and deliver on behalf of the Company any documents (including deeds) necessary or desirable (in the Manager's opinion) for carrying on the business and affairs of the Company including entering into, cancelling, waiving or varying contracts or other arrangements in relation to the Company provided such actions are consistent with the Manager's obligations pursuant to this Agreement;
 - (b) arrange for the preparation of accounts for the Company and distribution to Shareholders;
 - (c) carry out all company secretarial functions in accordance with the requirements of the Companies Act 1993 including filing annual returns, maintaining the Company's minute book and other registers, including the register of shareholders and interests register;
 - (d) Arrange venues for any meetings of the Company and give notices of any such meeting to all shareholders in accordance with the constitution of the Company including:
 - (i) each annual general meeting of the Company which shall be held within six months of the Company's balance date;
 - (ii) any extraordinary general meeting of the Company;
 - (e) Arrange for the annual balance sheet and accounts of the Company to be audited by the Company's auditors;
 - (f) Prepare and circulate notices, agendas and board papers for meetings of the board of directors of the Company;
 - (g) undertake payment of dividends and interest payments to Shareholders as authorised by the Company;
 - (h) subject to director sub committee approval open, operate and close any bank account (of any kind) with any bank in relation to the Company and collect money and give receipts, releases, and discharges in relation to the Company;
 - (i) pay any debts and meet any other liabilities of the Company and satisfy (to the extent of the assets of the Company) the obligations of the Company to any mortgagee of the Property;
 - (j) grant any consents in relation to the Company and agree to any set off by or against the Company;
-

-
- (k) comply with any statute, by-law, ordinance or local government requirement in respect of the Company including (without limitation) those prescribed by the Companies Act 1993 and the Securities Act 1978;
 - (l) Ensure compliance with any securities given by the Company for borrowings and make payments of all amounts properly payable under such borrowings;
 - (m) Prepare and file all tax returns (including goods and services tax returns) required to be filed by the Company under any applicable statutory enactment, regulation, by law or notice;
 - (n) Open and maintain such trading bank accounts, for the Company as is appropriate;
 - (o) Prepare annual management accounts, forecasts and budgets (to be updated annually);
 - (p) Manage relationships between the Company and all parties with whom it is necessary to associate for all the ongoing activities of the Company including:
 - (i) lessees;
 - (ii) real estate agents;
 - (iii) registered valuers;
 - (iv) lawyers;
 - (v) accountants;
 - (vi) investors;
 - (vii) insurance brokers; and
 - (viii) central and local government.
 - (q) Arrange funding facilities for the Company (not to exceed 50% of the greater of the "carrying value" of the Property or the purchase price of the Property, or any lesser amount that may be required under the Company's arrangements with lenders) and manage the financial affairs of the Company in line with the overall strategies as determined by the board of directors of the Company.

2 Tenancy Management

The Manager shall have the following Tenancy Management duties:

- (a) establish a liaison with Tenants at the appropriate levels to ensure proper communication and to promote goodwill and co-operation between the Manager and the Tenants;
-

-
- (b) promptly attend to complaints made by Tenants;
 - (c) administer all of the terms and conditions of the Leases as required and use all reasonable endeavours to ensure compliance by the Tenants with the terms and conditions of their Leases with the exception of building and fit-out alterations which will be billed on a time cost basis;
 - (d) serve notices terminating Leases when required but only with the prior written approval of the Company;
 - (e) negotiate all rent and license fee reviews, renewals, variations extensions, surrenders of Leases and the terms and conditions of new leases, subject to the Company's prior written approval of the principle terms and conditions, and where necessary obtain valuations for rental purposes from a bank approved panel valuer approved by the Manager;
 - (f) attend to any sub-letting and assignments of Leases in accordance with the relevant terms and conditions;
 - (g) instruct the Company's solicitors to prepare Leases, renewals, variations, extensions, surrenders of Leases and notices terminating Leases;
 - (h) prepare a budget of income and outgoings for the Property prior to the commencement of each Year;
 - (i) collect all rents, license fees, outgoings and other charges due in accordance with the terms and conditions of the Leases and deposit them in the Property Trust Account;
 - (j) regularly review arrears of rent, license fees, outgoings and other charges and take action to recover such arrears with the minimum of delay. If the assistance of solicitors is required in order to recover any arrears to instruct the Company's solicitors to act in such matters and report this to the Company;
 - (k) obtain all bonds and deposits from Tenants when appropriate, deposit such money in the Property Trust Account and ensure disbursement of such money as appropriate.
-

3 Building Management

The Manager shall have the following Building Management powers and duties:

- (a) ensure payment of all outgoings incurred, in relation to the Property, from income collected from the Property in accordance with the budget and the instructions of the Company;
 - (b) manage the operation of the Property including the building services, common and public areas and perimeter of the Property subject to the terms and conditions of the relevant Leases and in compliance with the Resource Management Act 1991 and the Building Act 2004;
 - (c) appoint and supervise all maintenance and service contractors required to maintain the Property and services to an appropriate standard. Contracts may be signed by the Manager on behalf of the Company subject to prior approval of the Company;
 - (d) initiate and supervise any preventative or breakdown maintenance works required (where such works are the responsibility of the Company and are not subject to a maintenance contract);
 - (e) take whatever reasonable measures are available to eliminate the risk in the event of an emergency when the safety of the Property or its occupants or the supply of essential services is at risk;
 - (f) insure the Property or other assets of the Company (to the extent the Property and assets are not insured by any body corporate relating to the Property) and advise the Company of any insurance claims in respect of the Property; initiate such claims and report in writing to the Company on the Completion of all such claims;
 - (g) where a compliance schedule is required for any building on the Property:
 - (ii) obtain a compliance schedule, if not already issued;
 - (iii) ensure that the inspection, maintenance and reporting procedures specified in the compliance schedule are undertaken in accordance with the requirements of the compliance schedule; and
 - (iv) comply with all other obligations imposed on building owners under sections 108 and 110 of the Building Act 2004;
 - (i) ensure the Company complies with the obligations under any body corporate rules relating to the Property (if applicable).
-

4 Sale of Assets/Winding Up

If the Company approves the sale of the Property or part thereof and/or winding up the Company pursuant to this clause 2, then

- (a) If favoured by the Board the Manager will (in the name of the Company) market the sale of the Property and use all reasonable endeavours to sell the property for the best price reasonably obtainable in the open market, provided that the Manager will otherwise have a complete discretion regarding the marketing and disposal of the property;
 - (b) Any sale proceeds received in respect of the Property will be paid into the Company Account;
 - (c) After deducting any allowable costs, fees and expenses from the Company account (including but not limited to the sale expenses set out in schedule 3), the net balance will be distributed to Shareholders pro rata according to the number of Shares held by each of them;
 - (d) Following the distribution to Shareholders of all monies pursuant to this clause 4 the company will be at an end and neither the Manager nor the Company will have any further liability to the Shareholders or to each other under the terms of this deed or the Statement save in respect of any antecedent breach.
-

SCHEDULE 2**Manager's Additional Fees****1 Additional Services and Specified Charges****(a) Leasing fee**

For a new tenancy (i.e. not a negotiation for a new tenancy for an existing tenant), an amount equal to 3% of the passing annual rental, including any rent or fee payable in relation to car parks, naming and signage rights (exclusive of GST) multiplied by the number of years of the term of the new tenancy.

(b) Sale Fee

A sale fee on the sale of a Property of an amount equal to the higher of 2% of the value of the Property on the basis of the most recent valuation of the Property and 2% of the sale price (together with reimbursement of any costs and expenses incurred in the marketing and sale of the property).

(c) Development Fee

A development management fee for the provision of any development management services of an amount equal to the higher of:

- (i) 5% of the total cost of the approved development works (exclusive of GST);
or
- (ii) The Manager's assessment of a reasonable market fee for the provision of such services.
Or
- (iii) At an hourly rate of time spent, at an hourly rate as detailed below

2 All Other Services Outside the Duties

- (a) Any services (outside the scope of the Duties) required to manage the Property or the Company - charged at the tiered rate with the highest fee of \$150.00 plus GST per hour dependent on the experience of the person providing the service.
-

SCHEDULE 3**Sale Expenses**

- (a) real estate commission on the sale of the Property
- (b) legal fees in relation to attendances on the sale of the Property and repayment of any bank loan secured on the Property (charged on the basis of time spent).
- (c) any early repayment fee to the bank in the unlikely event that the Property is sold prior to the expiration of the loan term.
- (d) company wind up fee payable to the Manager on the sale of the Property equal to 0.5% or a fee agreed (at the time of the board approval to sell) of the sale price of the property (or the sale price of any part of the Property).

The above expenses are exclusive of GST and out of pocket costs and disbursements which also be allowable as sale expenditure.

SCHEDULE 4**Description Of The Land****Physical Address & Legal Description**

124 Tauroa Street, Whangarei

LOT 2

DP 209868

Computer Freehold Register: NA137C/747


Land Area 32,645 square metres

CERTIFICATE OF REGISTRATION OF PROSPECTUS

(Under Section 42(5) of the Securities Act 1978)

124 TAUROA STREET LIMITED
3067609

This is to certify that a Prospectus for 124 TAUROA STREET LIMITED dated the 7th day of September 2010 was registered on the 7th day of September 2010.



Neville Harris
Registrar of Companies
Dated this 13th day of September 2010

