67 Courtenay Street Limited

Prospectus

Initial Public Offering of Ordinary Shares in

67 Courtenay Street Limited

22 January 2015

This Prospectus relates to an offer of ordinary shares in 67 Courtenay Street Limited (the **Company** or **67 Courtenay Street**). A description of the Offer and the Offer Shares is set out under the heading "Details of the Offer" on pages 9 to 13 of this Prospectus.

This Prospectus is dated 22 January 2015.

The purpose of this Prospectus is to provide certain key information that is likely to assist you to decide whether or not to acquire Offer Shares. However, you should note that other important information about the Offer Shares and the Offer is set out in the Investment Statement for the Offer and that further information is available for inspection at the offices of the Company at Level 1, 27 Kings Crescent, Lower Hutt 5040.

You should read all of this Prospectus, and the Investment Statement, before deciding whether or not to invest in the Company.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus, the Investment Statement, or in any other communications from the Board of Directors. Any information or representation not so contained may not be relied upon as having been authorised by the Company.

If you are in any doubt as to any aspect of the Offer, you should consult your financial or legal advisor.

You should seek your own taxation advice on the implications of an investment in the Offer Shares.

NO GUARANTEE

No person guarantees the Offer Shares offered under this Prospectus nor warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

REGISTRATION

A copy of this Prospectus duly signed by or on behalf of the Director and every Promoter of the Offer for the purposes of the Securities Act, and having endorsed thereon or attached thereto copies of the documents and other materials required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration in accordance with section 42 of the Securities Act.

The documents required by section 41 of the Securities Act to be endorsed on or attached to the copy of this Prospectus delivered to the Registrar of Financial Service Providers are:

- the report of the Auditor in respect of certain financial information included in this Prospectus, as set out in this Prospectus;
- the signed consent of the Auditor to its audit report appearing in this Prospectus;
- signed consents from each of Colliers International New Zealand Limited and Telfer Young (Taranaki) Limited to the references to each of them and their respective reports being included in this Prospectus in the form and context in which they appear;
- copies of the material contracts referred to on pages 55 to 56 of this Prospectus under the heading "Material Contracts"; and
- letters of authority authorising this Prospectus to be signed by an agent of the Director or the Promoter (if and where required).

RESTRICTION ON DISTRIBUTION OF PROSPECTUS

This Prospectus is intended for use only in connection with the offer of the Offer Shares in New Zealand and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been, or will be, taken to register this Prospectus in any jurisdiction other than New Zealand or otherwise permit a public offering of the Offer Shares outside of New Zealand.

No person may purchase, offer, sell, distribute or deliver Offer Shares, or be in possession of, or distribute to any other person, any offering material or any documents in connection with the Offer Shares, in any jurisdiction outside New Zealand other than in compliance with all applicable laws and regulations.

This Prospectus is not to be sent to or given to any person outside New Zealand in circumstances in which the Offer or distribution of this Prospectus would be unlawful. The distribution of this Prospectus (including an electronic copy) outside New Zealand may be restricted by law. If you are outside New Zealand and come into possession of this Prospectus, you should observe any such restrictions and seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws, and persons who receive this Prospectus should seek advice on and observe any such restriction. The Company, its Director and every Promoter disclaim all liability to any person who is sent, or receives, this Prospectus outside New Zealand.

CONSIDERATION PERIOD

Pursuant to section 43D of the Securities Act, the Company is unable to allot any Offer Shares or accept any Applications or subscriptions in respect of the Offer during the Financial Markets Authority's "Consideration Period". The Consideration Period commences on the date of registration of this Prospectus and ends at the close of five working days from the date of registration. The Financial Markets Authority may shorten the Consideration Period or extend it by no more than five additional working days.

RISK AND SUITABILITY OF THE INVESTMENT

This Prospectus does not take into account each investor's investment objectives, financial situation and particular needs. You should read this Prospectus in full before deciding whether to invest. In particular, you should consider the risk factors that could affect the Company's performance (including those set out on pages 38 to 43 of this Prospectus under the heading "Special Trade Factors and Risks"), having particular regard to your personal circumstances. If you are in any doubt as to any aspect of the Offer you should consult your financial or legal advisor.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that relate to the future. Such statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements of the Company to differ materially from those expressed or implied by such statements.

DEFINITIONS

Capitalised terms used in this Prospectus have the specific meaning given to them in the Glossary on pages 60 to 62 of this Prospectus.

Unless otherwise indicated, any references to dates and time are to dates and time in New Zealand.

This Prospectus refers to various legislation in force in New Zealand from time to time. Copies of any such legislation may be viewed online at www.legislation.govt.nz free of charge.

Dear Investor

New Zealand Syndication Group Limited is pleased to be promoting to the New Zealand public this offer of 5,775,000 ordinary shares in 67 Courtenay Street Limited, a company set up specifically to purchase a prime commercial property in New Plymouth.

We believe the shares will be a very suitable investment for those investors who are seeking a reasonably stable and consistent income return from a long term investment.

The property 67 Courtenay Street Limited is purchasing "ticks all the boxes" of our investment criteria;

- **Good location**. The Property has dual frontages to Devon Street East and Courtenay Street in New Plymouth, and is located next to the heart of New Plymouth's central business district;
- **Strong covenant.** The tenant is The Warehouse Limited, a wholly owned subsidiary of The Warehouse Group Limited - a listed public company and one of New Zealand's largest retail groups;
- **Long lease term.** The tenant has recently entered into a new 12 year lease that expires on 2 October 2026;
- **Sound and modern building.** The current owner has spent $1.2 million on refurbishing the building which has an estimated critical seismic capacity of at least 135% of the New Building Standard;
- **Good value.** The Property is being acquired for $10,515,000 at a discount to its assessed market value of $11,000,000.

The Property is currently owned by a proportionate ownership scheme managed by Cambridge Asset Management Limited and has become available for purchase because the term of that scheme has expired. As a result, the Property must be sold. Cambridge Asset Management Limited, which currently manages a property portfolio with a current market value in excess of $100 million for investors, will continue to be involved in the management of the property after it is purchased by 67 Courtenay Street Limited and we expect that a number of investors in the existing ownership scheme will want to reinvest under this Offer.

Address Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040, New Zealand
Phone 04 4993219 | Email office@cambridgemanagement.co.nz | www.nzsg.co.nz

Cambridge Asset Management Limited has been involved in the syndication of property since 1994 and assisted us in the preparation of this prospectus given its knowledge of the Property.

Dividends are to be paid on the shares monthly. A gross dividend equivalent to an 8.5% return per annum is projected to be paid for the 24-month period ending 31 March 2017.

Full details of the offer can be found in this Investment Statement and the Prospectus for the offer. We strongly recommend that before investing you read this document and the Prospectus carefully and take your own taxation and investment advice from your financial or legal advisor.

Yours faithfully,

Peter Hutchison
Chairman

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KEY INFORMATION SUMMARY

The Offer/Company	An offer of up to 231 parcels of fully paid ordinary shares in 67 Courtenay Street Limited, a new company established to buy the Property. Each parcel comprises 25,000 Offer Shares at an issue price of $1.00 each. You must subscribe for at least 25,000 Offer Shares ($25,000). Applications for more than 25,000 Offer Shares must be in multiples of 25,000 Shares. The Offer closes at 4.00pm on 17 March 2015, but may close early or be extended (as described on page 9 of this Prospectus).
Promoter	New Zealand Syndication Group Limited (**NZSG**)
Manager	NZSG Management Limited
Property	A 5,865m^2 retail warehouse located at 67 Courtenay Street, New Plymouth
Vendor of the Property	Direct Property Investments (No.2) Limited (on behalf of the 67 Courtenay Street, New Plymouth Proportionate Ownership Scheme)
Purchase Price for the Property	$10,515,000 plus GST, if any
Independent Valuation	$11,000,000 plus GST, if any
Current Tenant	The Warehouse Limited
Borrowing	$5,275,000 from ASB Bank Limited
Fees, expenses and costs	Acquisition and establishment costs: $503,563 Annual fees to Manager: Investment Management $33,103 per annum (plus GST) and Property Management $18,000 per annum (plus GST) Annual accounting fee of $6,000 per annum (plus GST) Other fees and expenses as set out on pages 24 to 25 of this Prospectus
Projected gross distributions	8.5% per annum (based on the current tenant and lease terms, and the assumptions set out on pages 34 to 38 of this Prospectus). This return is not guaranteed by any person. Prospective financial information for the Company (together with the principal assumptions on which that prospective financial information has been prepared) is set out on pages 27 to 38 of this Prospectus.
Principal risks	The principal risks to investors are that they may not be able to recoup their original investment or that they may not receive the returns they expect (or that have been projected). The principal reasons why these risks may eventuate include default by the Tenant (or any subsequent tenants), the occurrence of circumstances that entitle the Tenant to reduce or not make rent payments or the expiry or early termination of the current lease of the Property. Investors are also exposed to other general risks associated with property ownership including natural disasters and market falls. (See the explanation of principal risk factors on pages 39 to 41 of this Prospectus and general risks on pages 41 to 43 of this Prospectus)
Liquidity	There is no established market for the Offer Shares, which will not be listed or tradeable on a securities market operated by a registered exchange or on any other securities market. Offer Shares may be sold as described on page 13 of this Prospectus.

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IMPORTANT DATES

Important Dates*

Opening date of Offer	12 February 2015
Closing Date	17 March 2015
Allotment of Offer Shares	20 March 2015
Settlement Date (for the purchase of the Property)	20 March 2015
Expected first dividend payable on Offer Shares	12 May 2015
Expected subsequent dividends	12th day of each month

* The timetable above is indicative only and subject to change. The Company has the right to vary the above dates, without prior notice, including the right to close the Offer early or withdraw the Offer, extend the Closing Date or to accept late Applications, at its sole discretion.

DETAILS OF THE OFFER

The Offer

The Offer is for 5,775,000 ordinary shares in 67 Courtenay Street (the **Offer Shares**).

All Offer Shares will be issued at the Offer Price of $1.00 per Offer Share, will be fully paid on issue and will rank equally with each other and with all other fully paid ordinary shares in the Company. The Offer Shares will be issued in Parcels of 25,000 Offer Shares per Parcel. Accordingly, applications must be made for a minimum of 25,000 Offer Shares (with a minimum investment amount of $25,000). Applications for more than the minimum Parcel size (i.e., for more than 25,000 Offer Shares) must be in multiples of 25,000 Offer Shares. There are a total of 231 Parcels of Offer Shares available for subscription. The Company must raise a minimum of $4,825,000 under this Offer in order to complete the purchase of the Property. If it does not raise a minimum of $4,825,000 under the Offer, the Company will cancel the Offer and all application moneys will be refunded to applicants.

The Offer will open on 12 February 2015 and will close on 17 March 2015 or such later date as the Company may determine (being no later than 12 August 2015), unless earlier subscribed in full.

The Company will allot the Offer Shares to successful applicants as soon as practicable following the Closing Date. However, should the Company extend the Closing Date beyond the Settlement Date, Offer Shares will be allotted for applications received up to the Settlement Date as soon as practicable on or after that date.

The Offer is made on the terms, and subject to the conditions, set out in this Prospectus and the Investment Statement.

The issuer

67 Courtenay Street is the issuer of the Offer Shares. The Company was incorporated on 13 January 2015. It has not commenced business as at the date of this Prospectus.

The principal activity of the Company will be property investment and ownership. The Company was established for the sole purpose of purchasing the Property and subsequently owning and leasing the Property for use as a retail premises. Under the Constitution, the Company cannot carry on any other business activities without the approval of the Shareholders by Special Resolution.

The Company can be contacted at:

Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040

Phone: (04) 499 3219
Email: office@cambridgemanagement.co.nz

The Directors as at the date of this Prospectus are:

Peter Hutchison	Mark French	Peter Waters
135 Eglinton Road	750 North Road	194 Short Street
Mornington	Clevedon	Birchgrove
Dunedin 9011	Auckland 2582	NSW 2011

Further information about each of the Directors' background and experience is set out on page 20 of this Prospectus under the heading "Directors and Management".

Under the Constitution, the Company may have a maximum of five directors. The Manager has the right to appoint up to two of the directors of the Company and to remove any directors appointed by it and appoint new directors in their place. With the exception of Directors appointed by the Manager, Directors may be appointed or removed by Ordinary Resolution of the Shareholders, or may be appointed by the Directors to fill a casual vacancy. At the date of this Prospectus, Peter Waters and Mark French are deemed to have been appointed as Directors by the Manager.

Purpose of the Offer

The purpose of the Offer is to raise funds to enable the Company, as the nominee of NZSG, to purchase the Property located at 67 Courtenay Street, New Plymouth from a proportionate ownership scheme managed by Cambridge Asset Management Limited.

The Property is part of a Unit Title development (Unit 10 on Deposited Plan 20371), which has dual frontages to Devon Street East and Courtenay Street and is located next to the heart of New Plymouth's central business district. It is a 5,865m^2 retail warehouse and is currently leased to The Warehouse Limited for a term of 12 years until 2 October 2026. The current contract rent is $882,750 (plus GST) per annum. The overall Unit Title development comprises a large "The Warehouse" store together with eight other shops and associated parking. The car parks, which are owned by the New Plymouth City Council, consist of a basement car park (Unit 9) that sits below The Warehouse store and an open car park (Unit 11) that is located to the front of The Warehouse store on Courtenay Street. The basement car park is a public car park and the Council has leased the car park on Unit 11 for a nominal sum to the owner of the Property for the life of the building on Unit 10 (not exceeding 99 years).

The Property is being acquired from a proportionate ownership scheme managed by Cambridge Asset Management Limited for $10,515,000 (plus GST if any), which is at a slight discount to its current independent market valuation of $11,000,000, as assessed by Telfer Young (Taranaki) Limited as at 27 November 2014. The proportionate ownership scheme expired in July 2014. As a result of the expiry of the term of the scheme, the Property must be sold. The Company has agreed to offer all of the existing investors in the scheme an opportunity to invest in the Offer Shares.

NZSG has entered into a conditional Agreement for Sale and Purchase of the Property and has nominated the Company to complete the purchase under the Deed of Nomination. The Sale and Purchase Agreement is conditional, in particular, on the Company obtaining the required investor support via this equity raising to enable it to complete the purchase of the Property. The Settlement Date under the Sale and Purchase Agreement is 20 March 2015.

The Property is intended to be the sole asset of the Company and is being acquired as a long term investment to generate a stable and consistent income return for Shareholders.

Further information about the Property, including its current valuation and tenancy arrangements, is set out on pages 15 to 19 of this Prospectus under the heading "Key Property Details".

Shares

The Offer Shares are ordinary shares in the Company.

Each Offer Share gives the Shareholder the right to:

- attend and vote at a meeting of Shareholders, including the right to cast one vote on a poll or any resolution, including but not limited to any resolution to:
    - appoint or remove a Director or auditor of the Company;
    - adopt, revoke or alter the Constitution;
    - approve a "major transaction" (as defined in the Companies Act) of the Company;
    - approve a material amendment to, or to terminate, the Management Agreement
    - approve any amalgamation of the Company under section 221 of the Companies Act; and
    - place the Company into liquidation;

- receive an equal share in dividends and other distributions (if any) paid or made on the ordinary shares of the Company;

- receive an equal share in the distribution of surplus assets in a liquidation of the Company;

- be provided with certain information, including notices of meetings and company reports, sent to Shareholders generally; and

- exercise all other rights conferred on a Shareholder by the Companies Act and the Constitution.

Constitution

The Constitution of the Company is available for inspection on the Company's public profile on the Companies Office website at www.business.govt.nz/companies.

Use of proceeds

The proceeds received from the issue of the Offer Shares under the Offer will be applied by the Company in the following manner:

- up to $5,775,000 will be used, together with funds drawn down under the Bank Facilities being made available by ASB Bank Limited (detailed below), to purchase the Property for $10,515,000

- to pay for acquisition costs (estimated at $250,000 plus GST);

- in payment of the Offer costs (estimated at $253,563); and

- the balance will be deposited with ASB Bank Limited and used to fund working capital requirements.

Dividends

It is intended that dividends will be paid on the Offer Shares on the 12th day of each month (or the next business day) with the first dividend payment scheduled to be paid in May 2015. This dividend will be for the month of April 2015.

The amount of each dividend payable (if any) will be determined by the Board.

It is projected that the Company will be in a position to pay a gross dividend equivalent to an 8.5% return per annum before tax on the Offer Shares for the full year ending 31 March 2016 and for the full year ending 31 March 2017. This is subject to the rental income generated by the Company over these periods being sufficient to cover all costs and expenses (including tax) payable by it and any capital requirements of the Company.

Based on this projected return of 8.5% per annum, the gross dividend that would be paid for a full month (before deductions for tax) would be 0.7083 cents per Share or $177.08 per Parcel of Offer Shares. This equates to a total annual gross dividend of $2,124.96 per Parcel of Offer Shares.

Dividends are intended to be paid on the Offer Shares monthly. It is intended that the first dividend will be paid on 12 May 2015 for the period from 1 April 2015 up to 30 April 2015.

Despite the intentions set out above, the Company can give no assurances as to the level or frequency of any dividend (or other distributions, if any) payable on the Offer Shares.

Bank Facility

The Company will use bank borrowing, together with the funds raised under this Offer, to fund the purchase of the Property.

ASB Bank has confirmed that it will provide funding facilities of up to $6,275,000, in aggregate, to 67 Courtenay Street Limited to assist it in completing the purchase of the Property upon the following terms and conditions:

Term Loan

Facility type:	Committed Cash Advance Facility (CCAF)
Facility limit:	$5,275,000
Purpose of facility:	To assist with the purchase of the Property

Term:	Either 24 – 36 month evergreen or 60 months. For the evergreen options, the limit is reviewed annually and subsequently extended by a further 12 months at the Bank's discretion. The Company currently intends taking the 24 month evergreen loan.
Interest rate:	The current ASB 30 day bank bill rate plus a margin of 1.35% (for the 24 month evergreen loan).
Interest payments:	Interest calculated daily and charged monthly in arrears.
Establishment fee:	Waived
Bridging Loan	
Facility type:	Committed Cash Advance Facility (CCAF)
Facility limit:	$1,000,000
Purpose of facility:	To assist with the purchase of the Property should the amount of subscriptions received by 17 March 2015 be less than $5,775,000 (but greater than $4,825,000)
Term:	6 months.
Interest rate:	The current ASB 30 day bank bill rate plus a margin of 1.75%.
Interest payments:	Interest calculated daily and charged monthly in arrears.
Establishment fee:	Waived
Special conditions:	No single investor is to hold more than 20% of the Offer Shares on completion of the Offer In the event that the Bridging Loan is required, $100,000 of the procurement fee payable to NZSG is to be withheld and is only to be paid if the Offer is fully subscribed and the Bridging Loan is repaid in full.

The two facilities are to be secured by a first unrestricted registered all obligations mortgage over the Property, being the land comprised in certificate of title TNL2/161 and a first and exclusive registered General Security Agreement over the assets and undertakings of the Company.

The Directors will determine the amount to be borrowed from ASB Bank Limited for settlement of the purchase of the Property. For example, if the Offer is fully subscribed by Settlement Date, then only the $5,275,000 Term Loan will be drawn down. However, if less than $5,775,000 (but more than the minimum amount of $4,825,000) is raised from subscriptions under the Offer prior to Settlement Date, then the Directors will draw down all of the Term Loan and all or part of the Bridging Loan to enable the Company to complete the purchase of the Property. In these circumstances, the Company will extend the closing date of the Offer and seek further subscriptions under it.

If the Bridging Loan is drawn down, the Directors expect the Company will fully repay it out of the amounts raised by the Company under the Offer following the extension of the Closing Date. Based on interest rates current at the date of the Prospectus (January 2015), use of the Bridging Loan will not have an adverse impact on the projected return of 8.5% per annum.

Under the Constitution, the Company may not borrow or otherwise incur indebtedness if as a result of such borrowing or indebtedness the total indebtedness of the Company would exceed 65% of the value of the Property unless the Shareholders approve a higher amount of borrowing by Special Resolution.

The Promoter and Promoter's interests

New Zealand Syndication Group Limited is the Promoter of the Offer. It will be paid a procurement fee of $230,000 for arranging the acquisition of the Property by the Company and undertaking due diligence investigations in respect of the Property for the Company. In the event that the Bridging Loan is required, $100,000 of the procurement fee payable to NZSG is to be withheld and is only to be paid if the Offer is fully subscribed and the Bridging Loan is repaid in full.

The Promoter can be contacted at:

Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040

Phone: (04) 499 3219
Email: office@cambridgemanagement.co.nz

The Directors of 67 Courtenay Street are also the directors of the Promoter and interests associated with them have a beneficial interest in the shares of the Promoter.

The Manager

The Company and the Property will be managed by NZSG Management Limited (the **Manager**), a wholly-owned subsidiary of New Zealand Syndication Group Limited, under a management agreement dated 22 January 2015 (the **Management Agreement**). Further information about the terms of the Management Agreement is set out on pages 20 to 22 of this Prospectus in the section headed "Directors and Management". A copy of the Management Agreement and constitution of the Company and other documents of, or relating to, the Company are filed on the public register maintained by the Companies Office and can be inspected by visiting http://www.business.govt.nz/companies or by contacting the Companies Office on 0508 266 726.

It is intended that the Manager will sub-contract all of its obligations under the Management Agreement to Cambridge Asset Management Limited (**Cambridge**). Further information about Cambridge is set out on pages 22 to 23 of this Prospectus in the section headed "Directors and Management".

Selling Agent

Colliers International New Zealand Limited is acting as selling agent for the Offer and will receive a brokerage fee of 2.25% of the aggregate Offer Price for Offer Shares issued under applications submitted by applicants introduced by the Selling Agent.

Investment term

Your investment in the Company has no fixed term. However, your investment in the Company will in effect come to an end if the Shareholders resolve by a Special Resolution at a properly constituted meeting of Shareholders to wind up the Company.

Whilst the property is being acquired as a long term investment, the Directors will review on an on-going basis whether the Company's continued ownership of the Property is in the Shareholders' best interest. If the Directors consider that the Property should be sold, then they will call a meeting of Shareholders and give them the opportunity to consider the future ownership of the Property. Shareholders will have the option of either retaining the Property or resolving by Special Resolution to sell the Property and following the sale wind-up the Company.

If the Property is sold, any outstanding bank borrowing and other liabilities of the Company would be paid first, with the net proceeds from the sale being distributed to Shareholders on a pro-rata basis on the winding-up of the Company.

Shareholders may realise their investment by selling their Offer Shares by private agreement. As at the date of this Prospectus, there is no established market for trading the Offer Shares and the Directors do not intend that the Offer Shares will be listed or tradeable on a securities market operated by a registered exchange or on any other securities market.

THE PROPERTY MARKET

30 September 2014

The Warehouse, New Plymouth

Retail spending has continued to recover in New Zealand through 2014. Retail sales per capita now exceed the peak level of 2007. The biggest increases in retail spending per capita in the period 2007 to 2014 have been in the electrical and department stores categories.

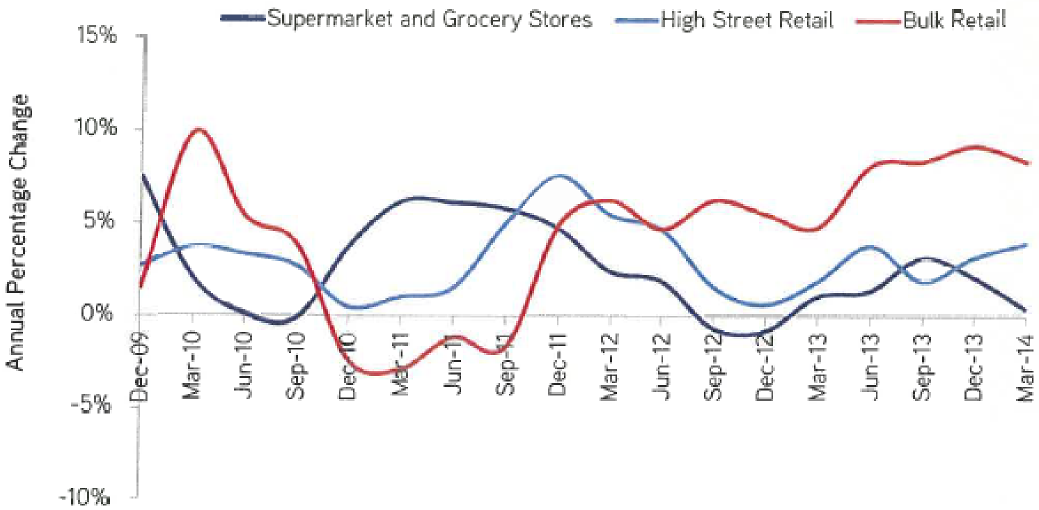
In Taranaki local economic indicators are generally positive, particularly business confidence, up 17 points in July 2014 compared to a year earlier. The seasonally adjusted value of commercial building permits is up 124% in June 2014 versus a year earlier, and regional economic activity to June 2014 up by 3.4% on the previous period (ANZ Regional Trends).

Investor appetite for retail property has been stimulated by the improving fortunes of the retailers themselves, who are emerging from a difficult few years. While across the board rental growth in all geographies and sectors is unlikely to occur, some retailers and their landlords will prosper. This continuing investment demand is illustrated by the fact that retail sales of properties sold for over $2million totalled almost $2billion in 2012 and 2013, in 271 transactions across New Zealand.

New Plymouth's population increased by 7.7% between the 2006 census and the 2013 census, outstripping the country's overall population growth in the same period of 5.3%.

Retail spending patterns in a property context can be examined by dividing the categories of retail spending data published by Statistics New Zealand into property types, being high street retail, bulk retail, or supermarkets and grocery stores. The chart below illustrates that bulk retail spending has increased far more robustly particularly in recent years, than the other two categories

Retail Indicators – Spending by Category



Source: StatsNZ, Colliers International

Accelerating success.

KEY PROPERTY DETAILS

The Property

The legal description of the property that is being acquired by the Company is Principal Unit 10 on Deposited Plan 20371, as comprised and described in Certificate of Title TNL2/161 (Taranaki Registry). The Property is part of a Body Corporate.

The Property comprises a large format, fully leased, retail store that has dual frontage to Devon Street East and Courtenay Street, New Plymouth. It is serviced by two large public car parking areas that are allocated underneath (in a basement car parking area) and in front of Unit 10. The car parks are owned by the New Plymouth District Council and provide 207 car parks in total. The basement car parks are available for public use on a pay as you go basis whereas the open car parks are currently available free of charge.

The Devon Street East frontage comprises mostly strip retailing plus a mix of restaurant use. Courtenay Street is part of the one-way traffic system that leads vehicles in a west to east direction and is also part of the State Highway system taking traffic out of New Plymouth. Development along Courtenay Street is of a lower intensity mix, featuring all of the main supermarket brands and fast food outlets. Access to The Warehouse store and to the Council car parks is off Courtenay Street.

Unit 10 was constructed in 1999 and contains 5,865m2 of lettable floor area comprising:

Main Retail Shop	5,274m^2
Garden Shop:	200m^2
Mezzanine Offices, Amenities & Store:	391m^2

The building's construction comprises reinforced concrete foundations, RSJ steel portal frame, pre-cast concrete panel external walls and long-run galvanised iron roof. The ground floor provides a high stud sprinklered showroom/bulk goods retail area with goods delivery and garden centre. The first floor provides offices, amenities and storage. The main retail area is air-conditioned with additional ventilation systems providing air circulation to ancillary areas of the building.

Unit 10 forms parts of a body corporate development that includes the Council car parks and eight separate retail units. The registered proprietor will be a member of a body corporate that will administer issues common to the whole development. Under the body corporate rules the owner of Unit 10 holds 55.05% of the unit entitlements. It is liable for 80% of the expenses that relate to the common area and 55.05% of the non-common area expenses. In the 12 month period ending 31 March 2014 the owner of Unit 10 paid $36,645 plus GST as body corporate levies. The unit title development of which the Property forms part enjoys the benefit of a right of way over adjoining land located at Courtenay Street currently occupied by a Z service station. This right of way provides access to a loading dock and the right to park motor vehicles for the purpose of loading and unloading.

Recent Refurbishment

The original lease to The Warehouse Limited was scheduled to expire on 14 July 2013. Following extensive negotiations, the current owner of the Property and The Warehouse Limited agreed to enter into a new 12 year lease upon completion of certain agreed works. The refurbishment works included installing a new canopy to the Courtenay Street frontage, replacement glazing, new skylights, replacement of four air-conditioning units and a repaint. In addition toilet and amenity areas within the premises were refurbished and new flooring installed. The total work cost slightly over $1.25 million and the current owner of the Property contributed $1.2 million towards the costs.

Key Lease Terms

Premises:	Unit 10 plus lease areas for airspace and car park
Tenant:	The Warehouse Limited
Rentable Floor Area:	5,865m^2

Lease Commencement:	3 October 2014
Lease Term:	12 Years
Rights of Renewal:	3 terms of three years
Current Contract Rent:	$882,750 plus GST per annum
Rent Reviews:	3 yearly
Rent Review Basis:	To market or CPI whichever is the lesser
Ratchet Clause:	A floor clause prevents the rental dropping below the rent payable at the commencement date of the initial term ($882,750 plus GST per annum)
Lease Type:	Net
Proportion of Outgoings;	100% in relation to the Premises. Recoverable outgoings include Body Corporate levies
Insurance:	Full replacement and reinstatement

Financial Standing of Tenant

The Tenant is a wholly owned subsidiary of The Warehouse Group Limited, which is one of the largest retail group operations in New Zealand. In addition to The Warehouse, the group consists of Warehouse Stationery, Noel Leeming and a multi-unit business unit that includes the likes of Torpedo 7, 1-day and Red Alert. The Warehouse Group Limited does not guarantee the obligations of the Tenant under the lease or otherwise.

In the year ending 27 July 2014, The Warehouse Group Limited achieved a net operating profit of $95.169 million on revenue of $2,650.89 million. The Tenant was the main contributor to group revenue and net operating profit. It achieved a net operating profit of $76.903 million on revenue of $1,665.23 million.

Earthquake Rating

The building has been assessed for seismic performance against the Initial Evaluation Procedure as detailed in the New Zealand Society for Earthquake Guideline “Assessment and Improvement of the Structural Performance of Buildings in Earthquakes”. The building has been assessed as having an estimated critical seismic capacity of at least 135% of the New Building Standard, which is equivalent to a Seismic Grade of A+. On that basis, the building is not defined either as an earthquake prone building nor an earthquake risk building.

Encumbrances

Part of the retail shop and garden area, totalling 103m^2, is sited on the Council’s car park (unit 11). The Council has granted a lease over the area to the owner of Unit 10 for the life of the building at a nominal rental. However, should a sub-lessee other than one related to The Warehouse Limited become the occupier of the building, then the Council has the right to assess a market ground rental for the unimproved value of the 103m^2 of land occupied under the lease.

The Council has also granted the owner of Unit 10 a lease relating to air space above Devon Street East. The lease covers an area of 102m^2 and has been granted so that the building may extend partially out over the footpath. The rental is for a nominal amount. The Council has registered encumbrances over the title to the Property in order to secure certain obligations under the car park and airspace leases. The encumbrances provide that, in the event they are breached:

- a sum of $10,000 in the case of the car park lease, or $50,000 in the case of the airspace lease, plus GST will be payable annually while the breach continues; and

- the Council has all powers granted to mortgagees and encumbrances under the Land Transfer Act 1952 or the Property Law Act 2007 including a power of sale in respect of the Property.

Valuation

The Property has been valued at $11,000,000 plus GST, if any. A summary of the Valuation Report dated 27 November 2014 by Telfer Young (Taranaki) Limited is set out on pages 18 to 19 of this Prospectus. A full copy of the Valuation Report is available on request to the Company.

The rating valuation for Unit 10 as at 1 September 2013 is:

Land Value (share of total):	$ 2,980,000
Improvements:	$ 7,845,000
Capital Value	$10,825,000

Valuation Report

Valuers Property Advisors

Our Ref: TAR-48834

18 December 2014

New Zealand Syndication Group Limited
PO Box 30528
Lower Hutt 5040

TelferYoung (Taranaki) Limited
P O Box 713, Taranaki Mail Centre,
New Plymouth 4340
Phone: 06 757 5753
Fascimile: 06 758 9602
email : taranaki@telferyoung.com
website : www.telferyoung.com

Unit 10 DP 20371 Occupied by The Warehouse Limited
67 Courtenay Street, New Plymouth

In accordance with your instructions, we inspected the above property on 27 November 2014 and completed a comprehensive valuation report on market value, as at 4 December 2014 as requested. This Valuation Summary has been prepared for inclusion in the Prospectus and Investment Statement for the offer of shares in 67 Courtenay Street Limited (The Offer).

TelferYoung (Taranaki) Limited consents to being named in the Investment Statement for The Offer and also to the inclusion of this summary valuation report in that Investment Statement. As at the date of the Investment Statement, this consent has not been withdrawn.

For further information, reference should be made to the full copy of our valuation report dated 4 December 2014, report number TAR-48834, which is available for inspection at the offices of New Zealand Syndication Group Limited.

Brief Description

The subject is a comparatively modern large industrial warehouse used by The Warehouse store. The floor area comprises 5274 m² of retail shop, 200 m² of adjoining garden shop and 391 m² of mezzanine offices and storage. Current lease term commenced on 3 October 2014 and runs for a period of 12 years.

This property is part of an integrated unit title development that is spread over two levels with The Warehouse store and 39 car spaces on Courtenay Street, and eight speciality shops and covered carparking (168 covered carparks within the Council area) fronting Devon Street East. The subject involves Unit 10 only.

Unit 10 Deposited Plan 20371 is a Stratum Estate in Freehold that is described in Title Identifier TNL2/161. Interests registered against the unit included two encumbrances to the New Plymouth District Council and a mortgage to ASB Bank Limited. The encumbrances relate to leases held with the Council. In addition, the Supplementary Record Sheet (TNL2/164) records easements for storm water, right of way and the right to convey and drain water.

Valuation Methodology

Our valuation has been prepared in accordance with International Valuation Standards 2013 and Australia and New Zealand Valuation Guidance Notes.

In arriving at our valuation we have examined the available market evidence and applied this analysis to the income capitalisation approach and the discounted cashflow approach.

Valuation Summary

Valuation Date:	27 November 2014
Income Capitalisation Approach (Market Rent):	$11,020,000
Discounted Cashflow Approach:	$10,985,000
Adopted Market Value:	$11,000,000
Net Passing Income:	$882,750
Net Market Income:	$839,560
Remaining Lease Term:	11.9 years
Yield on Contract Income:	8.03%
Yield on Market Income:	7.63%
Discount Rate:	8.98%

Liability and Other Disclaimers

TelferYoung (Taranaki) Limited were involved only in the preparation of the Valuation Summary and the valuation referred to herein and specifically disclaims liability to any person in the event of any omission from, or false or misleading statement included in the Prospectus and Investment Statement other than in respect of the valuation and this Valuation Summary.

Neither the whole nor any part of this Valuation Summary or any reference thereto may be included in any publicised documents, circular or statement, or published in part or in full in any way without written approval of the form and context in which it may appear.

No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation.

TelferYoung (Taranaki) Limited have no interest in the subject property and no personal interest with respect to the parties involved.

Neither the valuer nor TelferYoung (Taranaki) Limited has any pecuniary (or other) interest giving rise to a conflict of interest in valuing the property.

Yours faithfully

TelferYoung (Taranaki) Limited

Ian Baker - FNZIV, FPINZ; Registered Valuer,
Director

Email: ian.baker@telferyoung.com

DIRECTORS AND MANAGEMENT

Directors

Peter James Hutchison (Chairman)

135 Eglinton Road, Mornington, Dunedin 9011

Peter has many years of senior management and governance experience in a variety of fields but more specifically in the property, banking and financial services sectors. He is a fellow of the New Zealand Institute of Management and a chartered member of the Institute of Directors.

Peter is involved with the local community as Director and Chairman of the Audit & Risk Committee for Dunedin Venues Management Limited which operates the Forsyth Barr Stadium in Dunedin, President of the Otago & Southland Division and Deputy Chairman of the National Board of the Cancer Society of New Zealand. Peter holds a number of other directorships with not-for-profit and commercial organisations throughout New Zealand.

Peter was a director of All Purpose Finance Limited, which was voluntarily placed in receivership on 10 November 2008 at the request of the directors. The receivership concluded on 29 October 2014 and resulted in a loss of capital for holders of debenture stock issued by the company. The FMA conducted a review of the company and decided against any action in relation to the directors.

Mark French

750 North Road, Clevedon, Auckland 2582

Mark has several degrees including a Bachelor of Built Environment, a Graduate Diploma in Project Management (majoring in Property Economics), and a Masters of Business Administration.

Mark has over 20 years' experience in the property and construction industry. During this time he worked in various management and consultancy roles in both Australia and New Zealand.

Mark is currently the Managing Director of Triumph Capital Limited, a company that specialises in property finance and asset management.

Peter Waters

194 Short Street, Birchgrove, NSW 2011

Peter has been involved in property investment and development in Australia and New Zealand for more than 30 years. He is a licensed real estate agent and builder and has completed an Associate Diploma in Building Science and a Master's Degree in the Built Environment.

Property development activities include residential sub divisions, residential apartment developments, commercial office investment and development, and investment in the hotel industry sector. Peter owns and manages a small industrial and residential property portfolio and has extensive consultancy experience in property and finance. Peter is the director of a number of private property development and investment companies. Property development is generally undertaken using single asset entities, project by project. After the completion of each project, the entity is liquidated. In one case, the liquidation of one of the companies of which Peter was a director was carried out by the Inland Revenue Department as there was a loss of GST to the Department.

The Directors of 67 Courtenay Street are also the directors of the Promoter and interests associated with them have a beneficial interest in the shares of the Promoter.

The Manager

The Company and the Property will be managed by the Manager under the Management Agreement.

The key terms of the Management Agreement between the Company and the Manager are set out below:

- ***Term***: The Manager will manage the Company and the Property for the duration of the Company's ownership of the Property.

- ***Termination***: The Management Agreement may be terminated:

    1. by the Company in certain situations of default by the Manager. The Manager will be entitled, on termination of the Management Agreement, to be paid all accrued and unpaid management fees and other costs and expenses, but will not be entitled to receive any other payment in respect of such termination; and

    2. by a Special Resolution of Shareholders. In the event that the Manager is removed from office as manager by this means, it is to be paid the equivalent of two year's annual management and accounting services fees as compensation for the early termination of the Management Agreement.

- ***Functions***: The Manager will provide administration and management services in respect of the Company and property management services in respect of the Property, as set out in the Management Agreement. The Manager's principal duties include:

    - managing the Property in accordance with best industry standards;

    - negotiating matters with the Tenant of the Property on behalf of the Company;

    - maintaining the register of Shareholders;

    - paying all accounts rendered in connection with the Property and the Company;

    - maintaining proper accounting records in respect to the Company; and

    - managing the Company's banking facilities.

- ***Fees***: The Company will pay the Manager:

    - a base annual investment management fee equal to the greater of $30,000 and 3.75% of the total amount of rental received by the Company from the Property in the relevant year. The base management fee for the year ending 31 March 2016 is estimated to be $33,103 (plus GST);

    - an annual property management fee of $18,000 (plus GST) for services in managing the Property; and

    - an annual accounting services fee of $6,000 (plus GST) for maintaining the accounting records and preparing the annual financial statements of the Company.

  Under the Management Agreement, any amendment to increase the Manager's fees must be approved by the Shareholders by Special Resolution.

  In addition to the annual fees referred to above, the Manager will be entitled to charge the Company a Facilitation Fee for new leasing, a Project Management Fee for overseeing any work of a capital nature and a Sale Fee if the Property is sold. Please refer to pages 24 to 25 of this Prospectus for further details.

- ***Amendment***: The Management Agreement may be amended at any time by agreement between the parties in writing, although any material amendments must be approved by Shareholders by Special Resolution. Any changes to the provisions relating to term and renewal of the Management Agreement, the fees payable to the Manager or the termination provisions, will constitute "material" amendments requiring the approval of Shareholders by a Special Resolution.

It is intended that the Manager will sub-contract all of its obligations under the Management Agreement to Cambridge Asset Management Limited at no additional cost to the Company.

Cambridge Asset Management Limited

Cambridge Asset Management Limited specialises in providing property management, accounting and administration services primarily in respect of property syndicates.

Cambridge was established in 2004 and was previously known as St Laurence Assets Management Limited. In December 2010 Cambridge Funds Management Limited, a company owned by the family trusts of Sandra Lee, Jim McArley and Kevin Podmore acquired the company from the receiver of St Laurence Limited and changed its name to Cambridge.

Cambridge currently manages over $100 million of commercial property and is managing the Property for its current owner, Direct Property Investments (No.2) Limited.

The directors of Cambridge are:

- Sandra Ann Lee CA;
- James Rex McArley BCA and
- Lyncia Patricia Podmore BA (Hons) Industrial and Organisational Psychology.

Sandra and James are both executive directors.

Sandra is Cambridge's Finance Director and is responsible for its accounting services, financial reporting and governance functions. Prior to establishing Cambridge, Sandra worked for Auguste Holdings Limited, the majority shareholder of the St Laurence group of companies, where she was responsible for Auguste's finance and reporting functions. Following the approval of St Laurence Limited's Recapitalisation Plan in December 2008, Sandra assumed the role of Executive Director – Corporate Services for St Laurence Funds Management Limited. In that role, her responsibilities included beinga director or alternate director on a number of St Laurence group entities, some of which were placed in receivership and liquidation.

Sandra was an alternate director for Kevin Podmore on the board of Irongate Property Limited (previously known as St Laurence Property & Finance Limited) between 15 April 2004 and 26 May 2010. Irongate Property Limited was placed in receivership on 3 May 2011 as part of the property and finance company collapses in New Zealand at that time and subsequently went into liquidation on 12 December 2012.

Sandra was also an alternate director for Kevin Podmore and Aeneas (Mike) O'Sullivan on the board of finance company St Laurence Limited. St Laurence Limited was placed in receivership on 29 April 2010 as part of the property and finance company collapses in New Zealand at that time and subsequently went into liquidation on 12 December 2012. She ceased to be an alternate director of St Laurence on 13 June 2011. On 5 March 2014, the Financial Markets Authority (FMA) issued a formal warning letter to Sandra and other directors of St Laurence stating that in the FMA's view the directors of St Laurence likely breached the Securities Act by failing to adequately disclose information about the company's declining liquidity and loan quality. The FMA advised that, having taken into account the possible availability of defences, there being no evidence of personal gain or dishonesty by the directors, the short period during which the breach occurred, the limited prospects of recovery for investors from any action taken and the FMA's enforcement policy and public interest considerations, it did not intend to take formal enforcement action at this time.

James oversees Cambridge's advisory and property management activities. He has extensive experience in property management and development via various roles initially with Auguste Holdings Limited and then with the St Laurence Group of companies following the approval of St Laurence Limited's Recapitalisation Plan. James' role at St Laurence as Manager, Property Investment and Asset Restructuring entailed him being a director of a number of St Laurence managed property funds. He was a director of St Laurence Property Development Fund Limited which was placed in liquidation on 8 August 2011. Prior to joining Auguste in May 2007, he was Chief Executive of a national property consultancy company and managing director of an importation and distribution company.

Lyncia Podmore is a principal of Boost Productive People Limited which provides HR support and processes to small and medium sized businesses.

Kevin Podmore is a senior executive of Cambridge and will be assisting Cambridge to fulfil the Manager's responsibilities under the Management Agreement. Kevin was adjudicated a Bankrupt in January 2012 in respect of a $20 million personal guarantee he had provided in respect of St Laurence Limited's indebtedness under its moratorium plan and was discharged from bankruptcy on 12 January 2015. Kevin was the Managing Director of St Laurence Limited and had primary responsibility for the oversight of its funds management business activities. He was issued with the same formal warning letter from the FMA on 5 March 2014 as was issued to Sandra Lee. Kevin was also a director of Irongate Property Limited (previously known as St Laurence Property & Finance Limited), which was placed in receivership and liquidation as set out above.

OFFER COSTS AND ON-GOING CHARGES

Applicants are not required to pay any charges to the Company, or any associated persons of the Company, in relation to the Offer other than the Offer Price of each Offer Share allotted to them.

Upfront Costs

The Company will pay all costs incurred in acquiring the Property. The Acquisition Costs are estimated to be:

Procurement fee	$230,000
Legal costs	$17,000
Valuation fee	$3,000
	$250,000

(plus GST, if any)

The Company will also pay all costs associated with the Offer. The Offer costs are estimated to be:

Legal costs	$49,450
Marketing costs	$59,800
Accounting and Audit costs	$11,500
Brokerage	$129,938
Registry set up fee	$2,875
	$253,563

(inclusive of GST, if any)

On-going Charges

Management Fees

The Company and the Property will be managed by the Manager under the Management Agreement.

The Company will pay the Manager an annual management fee comprising:

1. a base annual investment management fee equal to the greater of $30,000 or 3.75% of the total amount of rental received by the Company from the Property in the relevant year. The base investment management fee for the year ending 31 March 2016 is estimated to be $33,103 (plus GST);

2. an annual property management fee of $18,000 (plus GST) per annum for services in managing the Property; and

3. an annual accounting services fee of $6,000 (plus GST) for maintaining the accounting records and preparing the annual financial statements of the Company.

Under the Management Agreement, any increase in the Manager's fees must be approved by the Shareholders by Special Resolution.

The Manager intends to sub-contract all of its obligations under the Management Agreement to Cambridge Asset Management Limited at no additional cost to the Company.

Further details on the terms of the Management Agreement are set out on pages 20 to 22 of this Prospectus under the heading "The Manager".

Facilitation Fee for New Leasing

The following fees will be payable to the Manager for any new leasing in respect of the Property:

1. where no real estate agent is used by the Manager:
    a. Lease term of less than one year: Nil;
    b. Lease term of one year or longer but less than three years: 10% of annual rent (plus GST);

    c. Lease term of three years or longer but less than five years: 12.5% of annual rent (plus GST);
    d. Lease term of five years or longer: 15% of annual rent (plus GST); or

2. where a real estate agent is involved:
    a. Lease term of less than one year: Nil;
    b. Lease term of one year or longer but less than three years: 5% of annual rent (plus GST);
    c. Lease term of three years or longer but less than five years: 6.25% of annual rent (plus GST);
    d. Lease term of five years or longer: 7.5% of annual rent (plus GST).

Project Management Fees

If project work of a capital nature is necessary, a fee equal to 4% of the actual costs of the project to the Company (plus GST) will be payable to the Manager for arranging and managing that work. In addition, the Manager will be entitled to recover any direct costs (such as travel or accommodation) incurred by it in respect of the relevant project.

Audit Fees

An annual audit fee estimated at $6,500 (plus GST) per annum.

Valuation Fees

An annual independent valuation fee estimated at $4,000 (plus GST) per annum.

<u>One–off fees</u>

Sale of Offer Shares

A Shareholder selling its Offer Shares to a third party may be liable for brokerage fees if the sale is negotiated by or through a third party.

Sale of the Property

Upon sale of the Property, the Manager will be entitled to a fee equal to 2% of the sale price (plus GST). If the property is sold by a Real Estate Agency, then a sales commission will also be payable to the agency out of the sales proceeds. The Commission is estimated to be 2.1% (plus GST) of the sale price.

If the Property was sold during the term of any fixed interest loan, there may be an early repayment fee which is likely to equate to any loss suffered by the lender as a result of the early repayment of the loan.

Termination Fee

If Shareholders resolve by Special Resolution to remove the Manager, the Company must pay to the Manager a termination fee equivalent to two years' annual management and accounting services fees as compensation for the early termination of the Management Agreement.

FINANCIAL INFORMATION

The latest financial statements for Direct Property Investments (No.2) Limited for the year ended 31 March 2014, which comply with, and were registered under the Financial Reporting Act 1993 on 6 June 2014, can be found on the public register relating to the Company at www.business.govt.nz/companies.

Introduction

The Company has not commenced business nor acquired an asset or incurred a debt as at the date of this Prospectus. On this basis, financial statements for the Company are not available and have not been provided.

Prospective Information for the Company, as required by clause 11(1)(c) of Schedule 1 of the Securities Regulations, is set out on pages 27 to 38 of this Prospectus.

Summary financial statements for the five years ended 31 March 2014 for Direct Property Investments (No.2) Limited, the current owner of the Property, are set out on pages 48 to 49 of this Prospectus.

Prospective Financial Information

This section sets out prospective financial information for the Company, as required by clause 11(1)(c) of Schedule 1 of the Securities Regulations.

Introduction and basis for preparation

This section contains prospective financial information for the Company for the approximately 15 month period ending 31 March 2016 and the financial year ending 31 March 2017, which includes:

- Prospective statement of comprehensive income;
- Prospective statement of movements in equity;
- Prospective statement of financial position;
- Prospective statement of cash flows;
- Accounting policies applied in the preparation of the prospective financial information
- General and specific assumptions on which the prospective financial information has been based; and
- An analysis of the sensitivity of prospective financial information to changes in a number of key assumptions.

The prospective financial information has been prepared in accordance with Financial Reporting Standard No.42 “Prospective Financial Statements” issued by the External Reporting Board.

67 Courtenay Street Limited is a new company that has been established specifically to acquire the Property and has no existing business. The prospective financial information has been prepared to support the Offer as set out in this Prospectus and the information presented may not be appropriate for any other purpose.

The prospective financial information has been prepared on the same basis as the summary financial statements for Direct Property Investments (No.2) Limited included on pages 48 to 49 of this Prospectus have been prepared.

The Directors of the Company believe that the prospective financial information, including the assumptions on which it is based, has been prepared with due care and attention, having regard to the historical financial performance of the Property, and consider the assumptions are the best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, actual results may vary from the prospective financial information presented as anticipated results may not occur as expected, and the variations may be material.

The prospective financial information is based on events and conditions existing at the date of the Prospectus and the accounting policies and assumptions stated below.

Prospective financial information by its nature involves risks and uncertainties, many of which are beyond the control of the Company. These risks and uncertainties include, but are not limited to, the risks discussed under the heading “Special Trade Factors and Risks” on pages 38 to 43 of this Prospectus.

The principal accounting policies that have been adopted in the preparation of the prospective financial information are set out on pages 32 to 38 of this Prospectus.

The prospective financial information was authorised by the Board for issue on 20 January 2015. The Board of the Company is responsible for the issue of the prospective financial information, including the appropriateness of the assumptions underlying the prospective financial information and all other required disclosures.

It is not intended that the prospective financial information will be updated following registration of the Prospectus.

67 COURTENAY STREET LIMITED

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

	Period Ending 31 March 2016 15 Months	Period Ending 31 March 2017 12 Months
	$	$
Operating revenue		
Gross rental income	911,772	882,750
Interest income	1,553	1,500
Total operating revenue	**913,325**	**884,250**
Net gain from fair value adjustment on investment property	**235,000**	**-**
Expenses		
Accounting fees	6,197	6,000
Audit fee	6,500	6,500
Body Corp Fees - non recoverable	2,844	2,753
Interest expense	314,115	303,313
Loan costs amortised	5,014	4,986
Management fees	34,191	33,103
Other expenses	6,000	6,000
Property management fee	18,592	18,000
Registry fees	7,747	7,500
Valuation fees	4,000	4,000
Total expenses	**405,200**	**392,155**
Net profit for the period	**743,125**	**492,095**
Total comprehensive income for the period attributable to shareholders before tax	**743,125**	**492,095**
Income tax expense	140,877	139,182
Profit and total comprehensive income for the period attributable to shareholders after tax	**602,248**	**352,913**

67 COURTENAY STREET LIMITED

PROSPECTIVE STATEMENT OF MOVEMENT IN EQUITY

	SHAREHOLDER FUNDS $	RETAINED EARNINGS $	TOTAL EQUITY $
Opening equity	-	-	-
Profit for the period after tax	-	602,248	602,248
Total comprehensive income for the year	-	**602,248**	**602,248**
Transactions with owners recorded directly in equity:			
Shares issued	5,775,000	-	5,775,000
Share issue costs	(253,563)	-	(253,563)
Dividends paid to shareholders	-	(323,413)	(323,413)
Total transactions with owners	5,521,437	(323,413)	5,198,024
Balance as at 31 March 2016	**5,521,437**	**278,835**	**5,800,272**
Opening balance at 1 April 2016	**5,521,437**	**278,835**	**5,800,272**
Profit for the period after tax	-	352,913	352,913
Total comprehensive income for the year	-	**352,913**	**352,913**
Transactions with owners recorded directly in equity			
Shares issued	-	-	-
Dividends paid to shareholders	-	(353,430)	(353,430)
Total transactions with owners	-	(353,430)	(353,430)
Balance at 31 March 2017	**5,521,437**	**278,318**	**5,799,755**

67 COURTENAY STREET LIMITED

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	As at 31 March 2016 $	As at 31 March 2017 $
Assets		
Current assets		
Cash and cash equivalents	112,613	134,769
Total current assets	**112,613**	**134,769**
Non-current assets		
Investment property	11,000,000	11,000,000
Total non-current assets	**11,000,000**	**11,000,000**
Total assets	**11,112,613**	**11,134,769**
Liabilities		
Current liabilities		
Trade payables	719	719
Accrued expenses	10,500	10,500
Accrued term loan interest	9,141	9,141
Current tax payable	(422)	17,265
GST payable	20,304	20,304
RWT payable	2,085	2,085
Total current liabilities	**42,327**	**60,014**
Non-current liabilities		
Borrowings	5,275,000	5,275,000
Less loan costs to be amortised	(4,986)	-
Total non-current liabilities	**5,270,014**	**5,275,000**
Equity		
Share capital	5,521,437	5,521,437
Retained earnings	278,835	278,318
Total equity attributable to equity holders of the Company	**5,800,272**	**5,799,755**
Total equity and liabilities	**11,112,613**	**11,134,769**

67 COURTENAY STREET LIMITED

PROSPECTIVE STATEMENT OF CASH FLOWS

	Period Ending 31 March 2016 15 Months $	Period Ending 31 March 2017 12 Months $
Cash flows from operating activities		
Cash provided from:		
Rental income	911,772	882,750
Bank interest income	1,553	1,500
Net GST received	20,304	-
	933,629	884,250
Cash applied to:		
Interest paid on term borrowings	(304,974)	(303,313)
Payment to suppliers	(74,854)	(83,856)
Tax paid	(139,213)	(121,495)
	(519,041)	(508,664)
Net cash flows from operating activities	**414,588**	**375,586**
Cash flows from investing activities		
Cash applied to:		
Acquisition of investment property	(10,765,000)	-
	(10,765,000)	-
Net cash flows from investing activities	**(10,765,000)**	-
Cash flows from financing activities		
Cash provided from:		
Proceeds from issue of shares	5,775,000	-
Proceeds from borrowings	5,275,000	-
	11,050,000	-
Cash applied to:		
Share issue costs	(253,563)	-
Costs associated with borrowings	(10,000)	-
Dividends paid to shareholders (including RWT)	(323,413)	(353,430)
	(586,975)	(353,430)
Net cash flows from financing activities	**10,463,025**	**(353,430)**
Net increase in cash and cash equivalents	**112,613**	**22,156**
Cash and cash equivalents at beginning of the period	-	112,613
Cash and cash equivalents at end of the period	**112,613**	**134,769**

Statement of Accounting Policies

The prospective financial statements are for the reporting entity, 67 Courtenay Street Limited ("the Company). The Company was incorporated on 13 January 2015.

The prospective financial information has been prepared in accordance with Financial Reporting Standard No.42 "Prospective Financial Statements" issued by the External Reporting Board and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements.

The accounting policies applied in the preparation of the prospective financial statements are intended to be used in the preparation of the financial statements of the Company in the future.

Accounting period

The prospective financial statements presented in respect of the Company are for the first approximately 15 month accounting period (following the incorporation of the company on 13 January 2015 to the end of the first financial year 31 March 2016) and the subsequent financial year ended 31 March 2017. The first accounting period is based on the Expected Settlement Date of the Property of 20 March 2015 and therefore the forecasts to 31 March 2016 represent 12 months and 12 days trading.

Basis of measurement

The financial statements are prepared on the historical cost basis except that the investment property is measured at fair value through the prospective statement of comprehensive income. The methods used to measure fair values are discussed below.

Functional and presentation currency

The prospective financial statements are presented in New Zealand dollars (NZD), rounded to the nearest dollar, which is the Company's functional currency.

Significant accounting policies

The specific accounting policies applied in the preparation of these prospective financial statements are set out below. These policies have been consistently applied to both periods presented.

a) Revenue and expense recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and that revenue can be reliably measured. Expenses are recognised in the prospective statement of comprehensive income on an accrual basis.

i. Rental income
Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

ii. Service charge income
The customer's share of operating costs directly attributable to a property which are recoverable are recognised on an accrual basis.

iii. Property operating expenses
Property operating expenses are expensed as incurred. All other expenses are recognised on an accrual basis.

b) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or subsequently enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probably that the related tax benefit will be realised.

c) Goods and services tax

The prospective financial statements have been prepared on a GST exclusive basis, except for receivables, payables and share issue costs which are stated inclusive of GST.

GST on share issue costs are not able to be claimed by the Company as they are capital in nature and will therefore be non-recoverable and are therefore included in the prospective statement of equity at the GST inclusive amount.

d) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured initially at its cost, including related transaction costs. Where settlement is deferred, cost reflects the present value of the settlement amount. Interest is recognised as this present value is unwound.

After initial recognition, the investment property is stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and experience in the location and category of the property being valued, values the property annually.

Subsequent expenditure is capitalised to the investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the profit and loss component of the prospective statement of comprehensive income.

Rental income from investment property is accounted for as described in the accounting policy above.

The Company does not hold any other items of property, plant and equipment.

e) Term borrowings

Term borrowings are recognised initially at fair value less transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the prospective statement of comprehensive income over the period of the borrowing using the effective interest method.

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

f) Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs associated with the issue of shares are shown in equity as a deduction from the proceeds of issue of shares.

g) Dividend Distribution

Dividend distribution to Shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved (but not paid).

h) Cash flows

Operating activities predominantly comprise cash flows arising from the provision of leasing activities. Cash comprises bank balances and demand deposits used as part of the day-to-day cash management of the Company.

i) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued, values the Company's investment property every 12 months.

ii. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date, except for short term receivables which are not discounted.

iii. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Assumptions

The prospective financial information in this section is based on various best estimate assumptions. The principal assumptions are summarised below and should be read in conjunction with the sensitivity analysis set out below, the risk factors set out on pages 38 to 43 of this Prospectus under the heading "Special Trade Factors and Risks" and the statement of Accounting Policies.

General Assumptions

The following general assumptions have been made in the preparation of the prospective financial information:

- The Company will settle the purchase of the Property on 20 March 2015 being its contracted settlement date. The prospective financial statements have been prepared for the periods ended 31 March 2016 and 2017. As the Company was incorporated on 13 January 2015 the first accounting period recorded is for the approximately 15 month period from 13 January 2015 to 31 March 2016, but will only represent 12 months and 12 days of trading.

- The principal activity of the Company will be property investment with the Property being acquired by the Company for long term investment to generate stable and consistent income returns for Shareholders.

- The prospective financial statements have been prepared on the assumptions that there will be no material changes in the economic environment, legal requirements or the current tax regime applying in New Zealand.

- It is assumed that there will be no material change in interest rates, including the Official Cash Rate (as determined by the Reserve Bank of New Zealand from time to time), from current levels.

- There will be no material changes to the material agreements and contractual obligations of the Company.

Specific Assumptions

1. Revenue

The prospective financial statements assume rental income of $882,750 plus GST per annum, being the amount of rental that is required to be paid by The Warehouse Limited under its Deed of Lease.

2. Operating costs

Most operating costs (rates, utilities, maintenance costs and Body Corporate levies) are paid directly by the Tenant or paid by the landlord then fully recovered from the Tenant. These costs have been excluded from the prospective financial statements. Only the Manager's property management fee and $2,843 of other costs are assumed to not be recoverable.

3. Management fees

The management fees payable to the Manager are assumed to be $33,103 plus GST per annum. It is based on an annual investment management fee charge of 3.75% per annum on the net rental received from the property and a property management fee of $18,000 plus GST per annum. In addition the Manager will be paid an annual accountancy fee of $6,000 plus GST per annum.

The forecast management fees are based on the contractual fees that will be payable to the Manager pursuant to the Management Agreement entered into by the Company (and as set in the Prospectus).

4. Depreciation

It is assumed that no depreciation will be expensed in the period ending 31 March 2016 and 31 March 2017.

5. Finance facilities and interest costs

It is assumed that there will be no material change in conditions relating to the availability of funding and banking facilities. The assumed facility and interest rate are based on a letter of offer for funding from ASB and are set out on pages 11 to 12 of this Prospectus.

The level of bank borrowings will be $5,275,000 being 50.2% of the Property's purchase price of $10,515,000

The interest rate on the bank borrowings has been assumed to be at a fixed rate, of 5.75% for the first 2 years. The assumed facility and interest rate are based on a letter of offer for funding from ASB and prevailing interest rates. The initial loan term is for two years. The limit is reviewed annually and subsequently extended by further 12 months at the Banks discretion. Interest is payable monthly in arrears. The interest expense and cash flow is based on no principal repayments during the term of the loan. This is based on current indications from ASB Bank, subject to variation at the time of the loan being drawn and assumes the conditions precedent in the offer are fulfilled.

The Bank Facility from ASB will be secured by a first unrestricted registered all obligations mortgage over the Company being the land comprised in certificate of title TNL2/161 and a first and exclusive registered General Security Agreement over the assets and undertakings of the Company.

6. Dividends

Distributions to Shareholders are based on an 8.5% annual return on initial funds invested in line with this Prospectus. Due to the acquisition costs in the period to 31 March 2016 the distribution for this period will be partly paid from Capital Contributed. The annual dividend payable in cash would be $323,413, inclusive of resident withholding tax, and it is assumed that imputation credits will be attached to the dividend based on tax paid by the Company at a rate of 28% per annum.

It is assumed that monthly dividends will be paid on the Shares on the 12th of each month with the first dividend payment scheduled to be paid on 12 May 2015. This dividend will be for the month of April 2015.

7. Fair value of Investment Property

The valuation by Telfer Young (Taranaki) Limited will also be fair value on the date of the purchase of the Property and at 31 March 2016 and 2017, and there is no increase in the fair value of the Property over the forecast period. The valuation received is for potential acquisition, first mortgage purposes and financial reporting purposes.

8. Capital Expenditure

The prospective financial statements have been prepared on the basis that no capital expenditure is anticipated as the condition of the building is such that no capital expenditure is considered to be required over the forecast period.

9. Equity Issued

231 parcels of $25,000 shares are issued for $5,775,000. The subscribers as holders of Shares will be entitled to receive distributions as declared from time to time and are entitled to one vote per interest at meetings of the company and rank equally with regard to the Company's residual assets.

10. Contingencies

The Company does not anticipate having any contingent liabilities as at 31 March 2016 and 2017.

11. Related party arrangements

The following related party arrangements will exist between the Company and related parties:

Name of related party	**Arrangement**	**Amount payable by Company**
New Zealand Syndication Group Limited	Procurement fee	$230,000 (plus GST)
NZSG Management Limited	Investment Management fee	$33,103 per annum (plus GST)
NZSG Management Limited	Property management fee	$18,000 per annum (plus GST)
NZSG Management Limited	Accounting fee	$6,000 per annum (plus GST)
FMO Registry Services Limited	Registry fee	$7,500 per annum (plus GST)

New Zealand Syndication Group Limited is the Promoter of the Shares in the Company. Peter Hutchison, Mark French and Peter Waters are Directors of both New Zealand Syndication Group Limited and the Company.

NZSG Management Limited, a wholly-owned subsidiary company of New Zealand Syndication Group Limited, is the Manager of the Company. Peter Hutchison, Mark French and Peter Waters are Directors of both NZSG Management Limited and the Company.

FMO Registry Services Limited will provide registry services for the Company. Peter Hutchison, a director of the Company, is a director and shareholder of FMO Registry Services Limited.

Sensitivity of Significant Assumptions

The prospective financial information is subject to significant business, economic and competitive uncertainties and therefore actual results are likely to vary from that presented in the prospective financial information and these variations might be material.

The sensitivity analysis presented in the following tables demonstrates the potential impact of changes to key assumptions on the prospective net profit available for distribution. Care should be taken in interpreting the sensitivity analysis as changes in specific assumptions are analysed in isolation to potential changes to other specific assumptions. The sensitivity analysis does not take into account any potential mitigating actions that the Board or Manager may take.

The factors that the Directors consider to have the most significant impact on financial performance are movements in interest rates, movements in the level of non-recoverable operating expenses and administration costs, movements in the valuation of the Property and the extent to which the amount raised under the Offer by 17 March 2015 is less than $5,775,000.

The annual rent payable by the Tenant is fixed at $882,750 plus GST until 2 October 2017. The management fees payable to the Manager are also fixed and can only be increased with Shareholder approval.

Movement in interest rates

The Company has assumed an average interest rate of 5.75% per annum for the period to 31 March 2017. The current interest rate using ASB’s 30 day Bank Bill Bid rate is 5.05% (including the Bank’s margin of 1.35%). The Company intends to manage short term interest rates through utilising interest rate swaps. The current 2 year fixed interest rate using ASB’s 2 year swap rate is 5.49% (including the Bank’s margin of 1.35%).

An increase in interest rates by 1% from 5.75% to 6.75% would decrease the profit/equity by $52,750 if the increase was for a full year.

Movement in non-recoverable operating expenses and administration costs

	Prospective	**+12.5%**	**+25.0%**	**+50%**
31 March 2016	**$33,287**	$4,161	$8,322	$16,644
31 March 2017	**$32,753**	$4,094	$8,188	$16,376

The above table shows the estimated impact on distributable profit of an increase in non-recoverable operating expenses and administration costs. If these costs were 50% higher than expected then the forecast operating profit would reduce by approximately $16,500 and this would necessitate either the proposed distribution having to be reduced or the shortfall being funded from reserves.

Movement in investment property valuation

The Investment Property is valued at fair value. Significant changes in the fair value adjustment made to investment property will have a material impact on the Statement of Comprehensive Income and Statement of Financial Position and can be difficult to estimate. The value of this asset is sensitive to changes in assumptions (over long term), including future tenancy risk, discount rate applied and projected operation and capital expenditure. The value of this asset may increase or decrease depending on changes in the applicable assumptions. The sensitivity results based on increasing / decreasing assumed fair value by 2% will result in an impact of ($220,000) / $220,000 on the fair value of the investment property.

A decrease in the value of the investment property by greater than 12.8% would result in a breach of the Company's 55% loan to value covenant with ASB, as set out on page 56 of this Prospectus. This would trigger an event of review and ASB would have the right to amend the terms of the facility, including but not limited to the implementation of a principal amortisation regime.

Subscriptions received lower than $5,775,000 – effect on retained earnings

	Prospective	**$4,825,000**	**$5,000,000**	**$5,500,000**
31 March 2016	**$278,835**	$14,488	$11,819	$4,194

The above table shows the estimated impact on retained earnings should subscriptions received by 17 March 2015 be less than $5,775,000. If subscriptions received amounted to greater than $4,825,000 but less than $5,775,000 then this would necessitate the Company utilising the Bridging Facility to assist with the purchase of the Property. As the interest rate for the Bridging Facility is lower than the 8.5% return that is to be paid to investors, then the amount of retained earnings available for future distributions at 31 March 2016 would increase through utilising the Bridging Facility. The interest rate on this facility is based on the ASB Bank Bill Bid Rate plus a margin of 1.75%. Assuming the 30-day Bank Bill Bid Rate is 3.70% per annum then the interest rate would be 5.45%. In calculating the effect on interest expense the Company has assumed that the additional subscriptions will be received 6 months following draw down. The facility is available for a term of 6 months to enable full subscriptions to be received.

Special Trade Factors and Risks

No investment is free of risk and the Offer Shares are no exception.

The principal risks are that you may not be able to recoup your original investment or may not receive the returns on your investment that you expect (or that have been projected). This could happen for a number of reasons including that:

- the operational and financial performance of the Company is worse than expected;
- the price at which you are able to sell your Offer Shares is less than the Offer Price;
- you are not able to sell your Offer Shares at all – for instance, because a market for them does not develop, or any such market becomes illiquid or ceases to exist;
- the Company's financial performance is not as good as expected and, as a result, it is not in a position to pay dividends on the Offer Shares; or
- the Company becomes insolvent and is placed in receivership or liquidation.

In general, the risks associated with an investment are affected by the nature of the underlying assets and the structure of the investment. In relation to property investments, property values and market rentals can be affected, positively or negatively, by economic factors such as interest rate movements, general price movements and the level of economic activity. The value of the Property being acquired by the Company will also be affected by factors affecting the Tenant (including its financial performance and circumstances), by insured and uninsured perils, maintenance and repair obligations and other factors.

The principal risk factors that may affect your ability to recoup your investment or receive the returns you expect are set out below. Those risk factors are not the only ones that may impact on the Company's performance. They are, however, believed to be the most significant risk factors for their potential impact on the Company's future operating performance and financial position and therefore on the value of the Offer Shares and the Company's ability to pay the projected dividends. There may be additional risk factors that the Company is currently unaware of, or that the Company deems immaterial but which may subsequently become key risk factors for it. You should, therefore, consider the risk factors in this section in conjunction with the other information in this Prospectus and should read all the information in this Prospectus (and seek professional advice, if necessary) before deciding whether or not to subscribe for Offer Shares under this Offer.

The Offer Shares will be fully paid on issue. Accordingly, Shareholders will not have any liability to make any further payments in respect of their Offer Shares.

Principal Risk Factors

Not being able to recoup original investment

You may not recoup your original investment if:

(a) The Company is placed in receivership or liquidation. Should the Company become insolvent then you may receive, in total, less than the amount paid by you for your Offer Shares. The actual amount received will depend on the total amount claimed by the creditors of the Company and the amount realised from the sale of the assets of the Company (including the Property) that are available to meet those claims. Shareholders will not be liable to pay money to any person as a result of the insolvency of the Company. However, Shareholders may receive less than the amount of their investment in the Offer Shares if the Company becomes insolvent.

(b) The Property is sold in the future and the sale proceeds (after meeting the costs of sale and repaying all borrowings in respect of the Property) are less than the total amount raised under this Offer and the acquisition and other establishment costs. The proceeds from a sale of the Property would first go to repaying the amount of the loan from ASB Bank Limited (or any other secured lender) and then in paying all other creditors of the Company. If the proceeds from a sale of the Property were insufficient to enable the Company to repay the full amount of the loan from ASB Bank Limited (or any other secured lender) and to repay any other creditors of the Company in full, ASB Bank Limited and those other creditors would not have any recourse to Shareholders for the amount owed to them by the Company. Market demand for the Property will affect not only the sale price achieved for it should it be sold in the future but also the timing of any such sale.

(c) The Property is damaged or destroyed and the loss suffered by the Company is not covered by insurance policies arranged for the Property by either the Body Corporate or the Company.

(d) You sell your Offer Shares to a third party for less than the Offer Price. There is no guarantee that there will be willing buyers for Offer Shares in the future. The sale of Offer Shares in the Company presumes that there is a market for them. As at the date of this Prospectus, however, there is no established market for the Offer Shares and the Directors do not intend that the Offer Shares will be listed or tradeable on a securities market operated by a registered exchange or on any other securities market. There may therefore only be a limited market for Offer Shares in the future.

Not receiving returns on your investment in the Company

You may not receive the returns you expect (or that have been projected) on your Offer Shares if the financial performance of the Company is not as good as expected. The following principal risk factors may impact adversely on the Company's financial performance. These risk factors may also impact on the value of the Property and therefore on your ability to recover your investment in Offer Shares in full.

(a) Single Asset Risk. The Property is the Company's only asset. If the Property does not perform to expectations, then the Company's financial performance (and returns to Shareholders) will be impacted adversely and will not be offset by the performance of other assets.

(b) Single Tenant Risk. As the Property is leased to The Warehouse Limited, the Company is exposed to a single tenant. If The Warehouse Limited is unable to or does not pay the rent payable under the lease, the Company will have no income from which to meet its day to day obligations, such as bank interest and property outgoings, until the Tenant is able to or does resume paying its rent or a new tenant is found.

If the current lease with The Warehouse Limited is terminated for any reason (including for non-payment of rent), it may be difficult to find a new tenant that is able to take a lease of the whole Property in its current configuration. It is also possible that if a replacement tenant needs to be found, the Company may need to charge rent at a lower level than the rent payable under the current lease by The Warehouse Limited. To enable the Property to be leased in whole or part to a tenant or tenants other than The Warehouse Limited, the Company may need to undertake work so that the premises could be leased to a number of tenants. The cost of that work could be significant and would be need to be met by the Company.

Both situations could result in the Company being unable to pay dividends to Shareholders and potentially becoming insolvent unless it is able to find replacement tenants quickly or raise additional capital from its Shareholders or borrow additional funds to enable it to meet its obligations until replacement tenants can be found.

(c) Tenant default. The performance of the Company depends on the ability of The Warehouse Limited to meet its contractual obligation to pay rent and outgoings in respect of the Property. If The Warehouse Limited was to suffer financial problems of a significant nature, any resulting failure to pay rent and outgoings and consequential litigation would have a detrimental impact on the Company's financial performance and its ability to pay dividends to Shareholders. A material default by The Warehouse Limited could also impact on the ability of Shareholders to recoup their original investment.

The Warehouse Limited is a wholly-owned subsidiary of NZX-listed The Warehouse Group Limited, which is one of New Zealand's largest retail group operations. For more information on The Warehouse Limited and The Warehouse Group Limited please refer to the Property Section of this Prospectus and/or visit www.warehouse.co.nz. The Warehouse Group Limited does not guarantee the obligations of The Warehouse Limited under the lease or otherwise.

(d) Renewal risk. At expiry of the initial 12 year term of the existing lease of the Property to The Warehouse Limited, the Company may need to incur expenditure or costs by upgrading the Property or providing lease inducement payments or rental holidays to The Warehouse Limited, or any replacement tenant, to secure the renewal of the existing lease or a new lease of the Property. Costs associated with obtaining a renewal of the Lease to The Warehouse Limited or replacement tenant(s) will reduce the funds available for distribution to Shareholders. There may also be an impact on the solvency of the Company if there is a significant delay in finding a new tenant or tenants for the Property.

(e) Interest rate risk. The return to Shareholders is subject to interest rate variations in the Bank loan with ASB Bank Limited. Interest rate movements are unable to be accurately predicted. The Company intends to manage short term interest rate risk by utilising interest rate swap agreements. The interest rate prevailing at the end of any swap arrangement may differ materially from the rate at the date the swap arrangement is entered into and may accordingly impact (positively or adversely) on the actual return that Shareholders receive.

In addition, if it is necessary to renegotiate, or refinance, the ASB Bank loan, the renegotiated or new financial facilities may require principal repayments which will affect returns. If the Bridging Loan is utilised and insufficient subscriptions are raised under the Offer to enable the Company to repay the loan in full, then the Bank may require principal repayments to be made. This would also affect the amount of funds available for distribution to Shareholders.

(f) Leverage risk. If the Company is required to fully draw down both the Term Loan and the Bridging Loan, then ASB Bank will have advanced an amount equivalent to approximately 57% of the Property's current value. There is a risk that adverse market movements may cause a breach of ASB Bank's requirements. In the six month period following loan drawdown, the loan to value ratio of the Bank's security is to be no more than 60% and is to reduce to 55% following expiry of the Bridging Loan. Failure to comply with those ratios will trigger an event of review and the Bank will have the right to review and amend the terms of the facility(ies) including, but not limited to, by implementing of a principal amortisation (or repayment) regime.

(g) Property ownership costs. Structural repairs and certain maintenance and capital works may be required to the Property, the costs of which would not be recoverable from the Tenant under the terms of the lease. Given the recent refurbishment work undertaken by the current owner of the Property, the Company does not anticipate there being any significant costs of this nature in the medium term.

(h) Destruction risk. Natural disasters and other events could cause total and/or significant destruction to the Property. Should this occur then this may result in a loss of rental income from the Property. The Body Corporate is required to insure the buildings and other improvements pursuant to the Unit Titles Act. If the Body Corporate does not arrange appropriate insurance in respect to the Property then any destruction of the Property will adversely impact on income from the Property.

The Body Corporate has insured the unit title development for up to $24,195,924. The policy contains standard industry exclusions, for example the insurer does not indemnify the policy holder for damage caused by events of war, invasion and acts of foreign enemies.

As the Property is part of a wider unit title development, it is unlikely that any such damage or destruction will be limited to the Property. If other parts of the development are affected, then multiple parties will need to co-operate in relation to the repair or rebuilding of the unit title development, which could result in additional delays and cost.

In the event of the total development being destroyed and the full amount of the $24,195,124 cover being paid out, the Company would be entitled to $13,319,856 under the insurance policy based on the Company holding 55.05% of the unit entitlements in the Body Corporate.

The Tenant has the right to terminate the lease within three months if the Property is rendered untenantable as a result of damage or destruction. The insurance policy affected by the Body Corporate provides cover for 12 months loss of rent in these circumstances. The Company intends to increase the term of the loss of rent cover to 24 months. The cost of increasing the loss of rent cover, which will be a non-recoverable cost under the lease, is expected to be $780 per annum.

(i) Breach of encumbrance risk. As set out on pages 16 to 17 of this Prospectus, the Council has registered encumbrances over the Property to secure certain obligations under the car park lease and the airspace lease. The encumbrances provide that, in the event they are breached, the Council has all powers granted to mortgagees and encumbrances under the Land Transfer Act 1952 or the Property Law Act 2007 including the power of sale. In the Directors' view it is highly unlikely that the Council would seek to exercise a power of sale if an encumbrance was breached, particularly given that the encumbrances also provide for monetary and other remedies if they are breached. However, the possibility of a sale in those circumstances cannot be discounted. A sale for breach of an encumbrance would shorten the term of the investment and therefore the period for which any projected returns may be paid.

General Risks

In addition to the principal risk factors set out above, the Company is also exposed to the following general risk factors which may also impact on your ability to recoup your investment in, or receive the expected returns from, the Offer Shares.

Property market risk

The value of, and returns generated from, the Property may fluctuate depending on property market conditions, including, in particular, the state of the retail premises segment of the commercial property market. The demand for retail premises (including from both purchasers and lessees) changes over time and can be influenced by general economic factors such as interest rates, employment rates and social factors such as population demographics and the impact of such factors on consumer confidence and spending.

In particular, a reduction in the demand for retail premises may result in a reduction in the market value of the Property and, therefore, the value of each Shareholder's investment in the Company.

Economic conditions

Like any other investment, returns from an investment in the Offer Shares will be influenced by the level of economic activity. A contraction in the New Zealand or global economy may impact on the performance of the Company and the Property by reducing or increasing demand for retail premises, or by affecting the amount of rent lessees are willing to pay, operating costs or other commercial real estate fundamentals.

Consumer demand and spending

A fall in consumer confidence and a consequent reduction in consumer spending may result in a reduction in the level of demand for retail premises such as the Property. This would have a direct impact on the rental income generated from the Property and may impact the Company's financial performance and its ability to pay the projected returns to Shareholders.

Management

The Manager may not manage the Property to the standards or with the degree of expertise required under its contractual arrangements with the Company. The failure of the Manager to properly manage the existing lease may result in a loss of rental income from the Property. The failure to properly manage the operating expenses for the Property may also result in costs being higher than expected. This may have an adverse effect on the Company, its business and its financial performance.

Litigation and disputes

Legal and other disputes may arise from time to time in the ordinary course of operations. Any such dispute may have an impact on earnings or affect the value of the Company's assets.

The Company is not, as at the date of this Prospectus, currently involved in any material litigation or dispute.

Taxation Risks

Changes to tax law and practice in New Zealand that apply to the Company, including any change to the existing rate of company income tax, may affect the Company's returns, and a change to tax law applying to you personally could affect your returns.

Other general risks

The Company also faces the usual risks that arise in the normal course of operating its business, such as:

- potential changes to existing laws or the introduction of new laws, could result in increased compliance costs and obligations;

- information systems failure, fraud, business continuity planning and data integrity risk;

- the emergence of a widespread health emergency, epidemic or pandemic which could create economic or financial disruption that could adversely affect the Company's financial performance or impair its ability to manage its business.

Assumptions and forward-looking statement risks

Certain statements in this Prospectus constitute forward-looking statements, including the prospective financial information set out on pages 27 to 38 of this Prospectus under the heading "Prospective Financial Information". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance and achievements expressed or implied in such forward looking statements.

The return from an investment in Offer Shares may be less than expected if the assumptions on which the prospective financial information is based are not met, particularly the specific assumptions relating to forecast revenue. These assumptions are set out on pages 35 to 37 of this Prospectus. The assumptions reflect future events that the Board reasonably expects to occur associated with actions the Board reasonably expects the Company to take as at the date the assumptions are prepared. Given the risks and uncertainties associated with prospective financial information, there can be no assurance that the assumptions will prove accurate.

Given these uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements, including the prospective financial information. In addition, under no circumstances should the inclusion of such forward-looking statements, including the prospective financial information, in this Prospectus be regarded as a representation or warranty by the Company, the Promoter or any other person with respect to the achievement of the results set out in such statements, or that the underlying assumptions used will in fact be correct.

The Company disclaims any responsibility to update any such risk factors or publicly announce the result of any revisions to any of the forward-looking statements, including the prospective financial information, contained in this Prospectus to reflect future developments or events, other than where it is required to do so by the Securities Act, the Securities Regulations or the Financial Reporting Act.

Taxation

Taxation implications of returns

Tax will affect your return from the Offer Shares.

The following is a summary of the New Zealand tax implications of investing in Offer Shares if you are tax resident in New Zealand.

The following comments are of a general nature. They are based on income tax laws at the date of this Prospectus and may not deal with your specific circumstances. You should obtain independent professional tax advice in relation to your own particular circumstances before investing.

Tax laws (including tax rates) are subject to change.

When distributions are taxable

Distributions you receive from the Company will generally be taxable dividends for New Zealand tax purposes.

Some distributions you receive from the Company may not be dividends (for example, non-taxable bonus issues and certain returns of capital).

Resident withholding tax

The Company will generally withhold resident withholding tax (RWT) from dividends it pays. RWT will be deducted at 33% of the gross dividend amount (the gross dividend being calculated as the cash dividend plus any attached imputation credits) less the imputation credits attached to the dividend. The Company will not withhold RWT from a dividend paid to you if you hold a current RWT exemption certificate that you have provided to the Company before the dividend is paid.

Filing an income tax return or income statement

If you do not have to file an income tax return or income statement, receiving dividends from the Company will not change that. If your marginal tax rate is less than 33% you may be able to reduce your other tax liabilities, or get a refund of any RWT deducted from dividends, by filing an income tax return or income statement.

If you file a tax return or income statement, you must include in your taxable income the gross dividend amount received from the Company. You will be able to use attached imputation credits and a credit for RWT deducted to satisfy (or partially satisfy) your tax liability on the gross dividend. If the attached imputation credits and RWT deducted exceed the amount of tax on the gross dividend, your tax liability on other income you earn will be reduced as a result of receiving the dividend from the Company.

Sale or disposal of Offer Shares

Although New Zealand does not have a comprehensive capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Offer Shares or be allowed a deduction for any loss you make. You must consider your individual circumstances to determine whether any gain on the sale or disposal of Offer Shares will be taxable.

Generally, you will be subject to tax on any gain (or allowed to deduct any loss) arising from the sale or disposal of Offer Shares if you:

- are in the business of dealing in shares;
- acquire the Offer Shares with the purpose of selling or disposing of them; or
- dispose of or sell the Offer Shares as part of a profit making undertaking or scheme.

Your taxable gain (or tax deductible loss) will be the difference between the cost of the Offer Shares and the proceeds derived from the sale or disposal (including the market value of any non-cash consideration). If you have a taxable gain you will most likely be required to include that gain in a tax return or income statement for the tax year in which the sale occurs. You will need to pay any tax owing in respect of that gain at your relevant marginal tax rate.

No Stamp Duty or GST

New Zealand does not have stamp duty.

New Zealand GST should not apply to your investment in the Offer Shares.

Investment Return

Investors are projected to receive a gross cash return on their investment in the Offer Shares equivalent to an 8.5% return per annum (pre-tax) for the period from 1 April 2015 to 31 March 2017. This return is calculated solely on the distributions projected to be made by the Company. Being a cash return, it does not allow for any profit or loss accruing to Shareholders through the trading operations of the Company, any increase or decrease in the value of the Property or in the preliminary expenses or issue costs.

Independent auditor's report

To the readers of the prospectus of 67 Courtenay Street Limited

As auditor of 67 Courtenay Street Limited ("the company") we have prepared this report pursuant to clause 28 of Schedule 1 of the Securities Regulations 2009 for inclusion in the prospectus dated 22 January 2015.

Report on the summary financial statements pertaining to the acquisition of Direct Property Investments No.2 Limited

The summary financial statements on pages 48 to 49 are derived from the audited financial statements of Direct Property Investments No.2 Limited for the years ended 31 March 2010, 2011, 2012, 2013 and 2014. We expressed an unmodified audit opinion on those financial statements in our audit reports for each of those years. The summary financial statements do not reflect the effects of events that occurred subsequent to the date of the report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Direct Property Investments No.2 Limited.

Directors' responsibility for the summary financial statements pertaining to Direct Property Investments No.2 Limited

The directors are responsible for preparing a summary of the audited financial statements of Direct Property Investments No.2 Limited for the years ended 31 March 2010, 2011, 2012, 2013 and 2014 in accordance with clause 12(3) of Schedule 1 of the Securities Regulations 2009.

Auditor's responsibility for the summary financial statements pertaining to the acquisition of Direct Property Investments No.2 Limited

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) 810 and International Standards on Auditing 810 *Engagements to Report on Summary Financial Statements*.

Opinion on the summary financial statements pertaining to the acquisition of Direct Property Investments No.2 Limited

In our opinion, the amounts set out in the summary financial statements on pages 48 to 49 of this prospectus, derived from the audited financial statements of Direct Property Investments No.2 Limited for the years ended 31 March 2010, 2011, 2012, 2013 and 2014, as required by clause 12(3) of Schedule 1 of the Securities Regulations 2009:

- are consistent, in all material respects, with those financial statements; and
- have been correctly taken from the audited financial statements of Direct Property Investments No.2 Limited for the years ended 31 March 2010, 2011, 2012, 2013 and 2014.

Report on the prospective financial information

Directors' responsibility for the prospective financial information

The directors are responsible for the preparation and presentation of prospective financial information for the years ended 31 March 2016 and 31 March 2017, including the assumptions on which the prospective financial information is based, in accordance with the requirements of clauses 11(1)(c), 11(2) and 11(3) of Schedule 1 of the Securities Regulations 2009.

This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the prospective financial information that is free from material misstatement, whether due to fraud or error. It also includes selecting the assumptions and policies upon which it is based, making judgements and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the prospective financial information.

Auditor's responsibility for the prospective financial information

Our responsibility is to examine the prospective financial information and express a reasonable assurance opinion on whether the prospective financial information, 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 28 to 34 of this prospectus, and is presented on a basis consistent with the accounting policies normally adopted by the company.

Our engagement was conducted in accordance with International Standard on Assurance Engagements (New Zealand) (ISAE (NZ)) 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the External Reporting Board of New Zealand. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether the company's prospective financial information has been properly compiled in all material respects, on the footing of the assumptions made or adopted by the company, as set out on pages 28 to 34 of the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the company.

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the prospective financial information for the company, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the prospective financial information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the company's internal control over the preparation and presentation of the prospective financial information.

Prospective financial information relates to events and actions that have not yet occurred and may not occur. It is likely that actual results will vary from those forecast. Accordingly, we are not in a position to express an opinion as to whether the results shown in the prospective financial information will be achieved.

Opinion on the prospective financial information

In our opinion, the prospective financial information, 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 28 to 34 of this prospectus, and is presented on a basis consistent with the accounting policies normally adopted by the company. We do not express any opinion as to whether the results shown in the prospective financial information will be achieved.

KPMG

Other matters

Independence

The firm has no relationship with, or interest in, the company.

Responsibility for updating

We have no responsibility to update our opinion on the historical financial statements for events and circumstances occurring after the date of our audit report on those financial statements.

We have no responsibility to update our opinion on the prospective financial information for event and circumstances occurring after the date of this report.

Restriction on use

This report has been prepared for inclusion in the prospectus for the purpose of meeting the requirements of clause 28 of Schedule 1 of the Securities Regulations 2009. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the summary financial statements, or the prospective financial information for any 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 specifically mentioned in this report.

Auditor's consent

In accordance with regulation 18(1)(c)(ii) of the Securities Regulations 2009, we hereby give our consent to the inclusion of this report in the prospectus in the form in which it appears. We also confirm that we have not, before delivery of this prospectus, withdrawn our consent to the issue thereof.

KPMG

22 January 2015
Wellington

Financial Information for the Property

Summary Financial Statements for Direct Property Investments (No.2) Limited

Direct Property Investments (No.2) Limited holds title to the Property on behalf of all investors in the 67 Courtenay Street, New Plymouth Proportionate Ownership Scheme. The only business activity of Direct Property Investments (No.2) Limited during the period to which the summary financial statements relate has been ownership of the Property on behalf of the underlying investors in the proportionate ownership scheme. Accordingly, in the Director's view, the financial statements of Direct Property Investments (No.2) Limited correctly reflect the financial performance and position of the Property over the past five years (being the "business" for the purposes of clause 12 of Schedule 1 to the Securities Regulations). The specific disclosures included in the summary financial statements have been extracted from the full audited financial statements. The latest financial statements for Direct Property Investments (No.2) Limited for the year ended 31 March 2014, which comply with, and were registered under the Financial Reporting Act 1993 on 6 June 2014, can be found on the public register relating to the Company at www.business.govt.nz/companies.

Events occurring after balance date:

Subsequent to 31 March 2014, Direct Property Investments (No.2) Limited has entered into a conditional Agreement for Sale and Purchase with NZSG (or its nominee) for the sale of the Property for $10,515,000 (plus GST, if any). Under a Deed of Nomination, NZSG has nominated the Company to complete the purchase of the Property.

Summary Statement of Financial Performance

For the Years ended	Audited 31 March 2014 $	Audited 31 March 2013 $	Audited 31 March 2012 $	Audited 31 March 2011 $	Audited 31 March 2010 $
Operating revenue	876,865	836,266	830,542	825,661	818,284
Net gain/(loss) from fair value adjustment on investment property	159,155	1,153,273	(759,346)	(56,721)	(214,477)
Finance Expenses	178,831	179,409	199,759	209,158	170,077
Other Expenses	165,521	116,524	113,262	100,888	94,713
Total comprehensive income before tax	**691,668**	**1,693,606**	**(241,825)**	**458,894**	**339,017**
Tax	-	-	-	-	-
Total comprehensive income after tax	**691,668**	**1,693,606**	**(241,825)**	**458,894**	**339,017**

Summary Statement of Movements in Equity

For the Years ended	Audited 31 March 2014 $	Audited 31 March 2013 $	Audited 31 March 2012 $	Audited 31 March 2011 $	Audited 31 March 2010 $
Equity at start of period	**5,848,427**	**4,478,821**	**5,044,646**	**5,017,752**	**4,948,735**
Net profit/(loss) after tax	691,668	1,693,606	(241,825)	458,894	339,017
Distributions to equity holders	(384,750)	(324,000)	(324,000)	(432,000)	(270,000)
Equity at end of period	**6,155,345**	**5,848,427**	**4,478,821**	**5,044,646**	**5,017,752**

Summary Statement of Financial Position

As at	Audited 31 March 2014 $	Audited 31 March 2013 $	Audited 31 March 2012 $	Audited 31 March 2011 $	Audited 31 March 2010 $
Current Assets	9,990,728	548,842	688,864	510,000	420,513
Non-current assets	-	8,608,000	7,500,000	8,300,000	8,300,000
Total Assets	**9,990,728**	**9,156,842**	**8,188,864**	**8,810,000**	**8,720,513**
Current Liabilities	3,835,383	3,308,415	450,043	3,765,354	42,761
Non-current Liabilities	-	-	3,260,000	-	3,660,000
Total Liabilities	**3,835,383**	**3,308,415**	**3,710,043**	**3,765,354**	**3,702,761**
Net Assets	**6,155,345**	**5,848,427**	**4,478,821**	**5,044,646**	**5,017,752**
Equity	**6,155,345**	**5,848,427**	**4,478,821**	**5,044,646**	**5,017,752**

Summary Statement of Cashflows

As at	Audited 31 March 2014 $	Audited 31 March 2013 $	Audited 31 March 2012 $	Audited 31 March 2011 $	Audited 31 March 2010 $
Net cash flows from operating activities	**590,096**	**544,839**	**558,385**	**559,653**	**584,860**
Net cash flows from investing activities	**(1,029,186)**	**-**	**(55,963)**	**(38,166)**	**-**
Net cash flows from financing activities	**140,115**	**(724,000)**	**(324,000)**	**(432,000)**	**(270,000)**
Net increase/(decrease) in cash and cash equivalents	**(298,975)**	**(179,161)**	**178,422**	**89,487**	**314,860**
Cash and cash equivalents at beginning of year	**509,261**	**688,422**	**510,000**	**420,513**	**105,653**
Cash and cash equivalents at end of year	**210,286**	**509,261**	**688,422**	**510,000**	**420,513**

STATUTORY INFORMATION

The information in this section is required under Schedule 1 of the Securities Regulations.

Main terms of the Offer

The issuer of the Offer Shares is 67 Courtenay Street Limited (the **Company**), which has its registered office at Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040.

The securities being offered under this Offer (i.e., the Offer Shares) are fully paid ordinary shares in the Company. The Offer Shares are described in more detail on pages 9 to 13 of this Prospectus under the heading "Details of the Offer"

The maximum number of Offer Shares being offered under the Offer is 5,775,000 Offer Shares. The Offer Price for the Offer Shares is $1.00 per Offer Share, payable in full on application. Applications for Offer Shares must be for a minimum Parcel of 25,000 Offer Shares, with applications above the minimum Parcel size required to be in multiples of 25,000 Offer Shares. There are a total of 231 Parcels of Offer Shares available for subscription.

Details of incorporation of the issuer

The Company was incorporated in New Zealand on 13 January 2015 under the Companies Act. The Company's registration number is 5557425. The Company was established for the sole purpose of purchasing the Property and subsequently owning and leasing the Property for use as a retail premises. Under its Constitution, the Company cannot carry on any other business activities without the approval by Special Resolution of the Shareholders.

The public register relating to the Company is available for inspection on the Companies Office website at www.business.govt.nz/companies.

Principal subsidiaries of the issuer

As at the date of this Prospectus, the Company does not have any subsidiaries.

Names, addresses and other information

Directors

The Directors of the Company are:

Peter Hutchison 135 Eglinton Road Mornington Dunedin 9011	Mark French 750 North Road Clevedon Auckland	Peter Waters 194 Short Street Birchgrove NSW 2011

The Director(s) can be contacted via the Company at:

Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040

Phone: (04) 499 3219
Email: office@cambridgemanagement.co.nz

Promoter

New Zealand Syndication Group Limited is the Promoter of the Offer. New Zealand Syndication Group Limited can be contacted at:

Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040

Phone: (04) 499 3219
Email: office@cambridgemanagement.co.nz

The Directors of 67 Courtenay Street are also the directors of the Promoter and interests associated with them have a beneficial interest in the shares of the Promoter.

None of the Company, the Directors or any Promoter, have been adjudged bankrupt or insolvent, convicted of a crime involving dishonesty, prohibited from acting as a director of a company, or placed in statutory management, voluntary administration, liquidation or receivership during the five years preceding the date of this Prospectus. As indicated above, Peter Hutchison was a director of All Purpose Finance Limited trading as St Kilda Finance, a company that is in receivership.

Advisors

The names and addresses of the Company's auditor, securities registrar, solicitors, and other professional advisers who have been involved in the preparation of this Prospectus are set out in the Directory on page 63 of this Prospectus.

Experts

Colliers International New Zealand Limited and Telfer Young (Taranaki) Limited have given their consent and have not withdrawn their consent before delivery of this Prospectus for registration under section 41 of the Securities Act to the distribution of this Prospectus with the inclusion of the references to them and their advice (including copies of their respective reports) in this Prospectus in the form and context in which they are included.

The qualification and address of Telfer Young (Taranaki) Limited is set out in its report on pages 18 to 19 of this Prospectus. Colliers International New Zealand Limited provides a wide range of property and building consultancy and advisory services. Its address is set out in the Directory on page 63 of this Prospectus.

None of Collier International New Zealand Limited and Telfer Young (Taranaki) Limited nor any of their respective directors, officers or employees, are or are intended to be a director, officer or employee of the Company.

Colliers International New Zealand Limited and Telfer Young (Taranaki) Limited have provided professional advisory services to the Company. In particular, Colliers International New Zealand Limited is acting as Selling Agent for the Offer.

Underwriter

The Offer is not underwritten.

Restrictions on Directors' powers

The principal restrictions on the powers of the Board imposed by the Constitution are as follows:

- the Company's sole purpose is to acquire the Property and subsequently owning and leasing the Property for use as a retail premises. It cannot carry on any other business activities without the approval of its Shareholders by Special Resolution; and
- the Company must not agree to any material amendments to the Management Agreement without the approval of Shareholders by Special Resolution; and
- the Company may only borrow monies, in addition to the initial borrowings specified in this Prospectus, not exceeding in aggregate, 65% of the market value of the Property; and
- other than the allotment of the Offer Shares under this Offer, the Board may not issue any Shares without the approval of Shareholders by Ordinary Resolution; and

- Directors' fees must be approved by Shareholders by ordinary resolution (as at the date of this Prospectus, no directors fees of have been approved for payment).

In addition, a Director may not vote on any matter in which he or she is interested unless permitted by the Companies Act where he or she has complied with the relevant provisions and signed a certificate in respect of the matter.

The Companies Act contains a number of other provisions that could have the effect, in certain circumstances, of imposing restrictions on the powers of the Board. For example, Directors cannot allow the Company to:

- enter into a major transaction (as that term is defined in the Companies Act) without the prior approval of a Special Resolution of Shareholders; and

- take any action which affects the rights attaching to the Shares without the prior approval of a Special Resolution of each interest group (being a group of Shareholders with similar or identical rights).

These provisions apply to any company registered under the Companies Act.

Substantial equity security holders of the issuer

As at the date of this Prospectus, the sole Shareholder of the Company is New Zealand Syndication Group Limited.

None of New Zealand Syndication Group Limited, Peter Hutchison, Mark French or Peter Waters (the directors of that company), guarantees, or undertakes any liability in respect of, the Offer Shares.

Description of activities of issuing group

Activities

The Company was incorporated on 13 January 2015 to undertake the Offer and to complete the purchase of the Property. As at the date of this Prospectus, the Company has not carried on any business activities since its incorporation other than entering into:

- the Agreement for Sale and Purchase for the purchase of the Property;

- the Management Agreement; and

- carrying out other activities associated with proceeding with this Offer.

Principal assets

The only asset of the Company at the date of this Prospectus is its contingent contractual right, as a nominee of NZSG pursuant to the Deed of Nomination, to acquire the Property on the terms set out in the Agreement for Sale and Purchase. The principal asset of the Company will be the Property once it has been acquired by the Company following completion of the Offer.

The Company is prohibited under its Constitution from carrying on any business activity other than that of acquiring, and subsequently owning, the Property (and, therefore, cannot acquire any further properties or other principal assets) without the approval of Shareholders by Special Resolution.

As set out on pages 11 to 12 of this Prospectus, the two facilities offered by ASB Bank are to be secured by a first unrestricted registered all obligations mortgage over the Property, being the land comprised in certificate of title TNL2/161 and a first and exclusive registered General Security Agreement over the assets and undertakings of the Company. In addition, as set out on pages 16 to 17 of this Prospectus, the Council has registered encumbrances over the Property to secure certain obligations under the car park lease and the airspace lease. The security arrangements and encumbrances modify or restrict the Company's ability to deal with the Property.

Summary financial statements

The Company was incorporated on 13 January 2015 and, as at the date of this Prospectus, has not commenced business (other than carrying on activities in preparation for the Offer). Accordingly, no financial statements have been prepared in respect of past periods.

Prospects and forecasts

A statement as to the trading prospects of the Company, together with any relevant material information that may be relevant to those prospects, is set out on pages 27 to 38 of this Prospectus under the heading "Prospective Financial Information". Supporting information material to the prospective financial information is set out in the general assumptions and specific assumptions in that section.

Any special trade factors and risks which could materially affect the prospects of and which are not likely to be known or anticipated by the general public are set out on pages 38 to 43 of this Prospectus under the heading "Special Trade Factors and Risks".

The funds raised under this Offer will be applied, principally, towards the purchase of the Property. Further information about the Property is set out on pages 15 to 19 of this Prospectus under the heading "Key Property Details".

Provisions relating to initial flotation and minimum subscription

Directors' plans

The plans of the Directors in respect of the Company during the 12 month period commencing on the date of this Prospectus are to acquire the Property under the Agreement for Sale and Purchase (as a nominee of NZSG pursuant to the Deed of Nomination) and thereafter to carry on the business of owning the Property.

The acquisition of the Property will be funded from the funds raised under the Offer and from the funds drawn down under the Bank Facilities with ASB Bank Limited.

The funds required for meeting the costs of the Company's business operations will be provided from operating cash flows, working capital and, if required, any borrowings or other financial accommodation considered appropriate by the Company.

Use of proceeds

The proceeds of the Offer will be applied by the Company in the following manner:

- together with funds drawn down under the Bank Facilities being made available by ASB Bank Limited, in purchasing the Property for $10,515,000 (plus GST, if any);
- in payment of acquisition costs (estimated at $250,000 plus GST, if any);
- in payment of the Offer costs (estimated at $253,563, including GST, if any); and
- the balance will be invested in bank deposits with ASB Bank Limited to provide a reserve fund for meeting annual maintenance costs and costs relating to a future refurbishment of the Property.

The proceeds of the Offer may not be applied towards any other purpose.

Prospective statements of comprehensive income, movements in equity, financial position, and cash flows

A prospective statement of comprehensive income, a prospective statement of movements in equity, a prospective statement of financial position and a prospective statement of cash flows for the Company for:

- the period of twelve months and twelve days ending on 31 March 2016; and
- the period of twelve months ending on 31 March 2017,

are set out on pages 28 to 31 of this Prospectus.

Minimum amount

For the purposes of section 37(2) of the Securities Act, the minimum amount that, in the opinion of the Director, must be raised by the Company under the Offer in order to provide the sums required to be provided in respect of:

(a) the purchase price of the Property that is to be met in part out of the proceeds of the Offer;

(b) any preliminary expenses (including the costs of the Offer) or commissions payable by the Company;

(c) working capital; and

(d) the repayment of any money borrowed in respect of the above, is $4,825,000.

Acquisition of business or subsidiary

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

NZSG has entered into a conditional contract to purchase the Property for $10,515,000 (plus GST, if any) on the terms set out in the Agreement for Sale and Purchase. Under the Deed of Nomination, NZSG has nominated the Company to complete the purchase. The contract is conditional, in particular, on the Company obtaining the required investor support under this Offer to enable it to complete the purchase of the Property (by raising a minimum of $4,825,000 under this Offer). The purchase of the Property will constitute the acquisition of a "business" for the purposes of the Securities Regulations.

Assuming the issue is fully subscribed, the net tangible asset backing per Offer Share will be 99.6 cents.

A description of the Property, and the "business" carried on in respect of the Property, is set out on pages 15 to 19 of this Prospectus under the heading "Key Property Details". Financial information, including five year summary financial statements in respect of Direct Property Investments (No.2) Limited (the current owner of the Property), are set out on pages 48 to 49 of this Prospectus under the heading "Financial Information for the Property". The latest financial statements for Direct Property Investments (No.2) Limited for the year ended 31 March 2014, which comply with, and were registered under the Financial Reporting Act 1993 on 6 June 2014, can be found on the public register relating to the Company at www.business.govt.nz/companies.

Securities paid up otherwise than in cash

The Company has not allotted to any person any securities paid up otherwise than in cash within the five years preceding the date of this Prospectus.

Options to subscribe for securities of issuing group

As at the date of this Prospectus, no options to subscribe for securities of the Company have been granted to any person.

Appointment and removal of Directors

Under the Constitution, the Company may have a maximum of five directors. The Manager has the right to appoint up to two of the directors of the Company and to remove any directors appointed by it and appoint new directors in their place. With the exception of Directors appointed by the Manager, Directors may be appointed or removed by Ordinary Resolution of the Shareholders, or may be appointed by the Directors to fill a casual vacancy. At the date of this Prospectus, Peter Waters and Mark French are deemed to have been appointed as Directors by the Manager.

Each Director has the power to appoint any person as an alternate Director, provided that person has not been disqualified under the Companies Act from holding the position of a director of a company, and provided that person is approved by a majority of the other Directors.

Interested persons

Remuneration for services

Except as set out below, no Director or proposed director of the Company, the Promoter (nor any associated person of any of them) will be entitled to any remuneration from the Company other than by way of directors' fees, reasonable travelling, accommodation and other expenses reasonable incurred in the course of performing duties or exercising powers as a Director or Promoter.

The Company has agreed to pay to New Zealand Syndication Group Limited a procurement fee of $230,000 once it has settled its purchase of the Property. In the event that the Bridging Loan is required, $100,000 of the procurement fee payable to NZSG is to be withheld and is only to be paid if the Offer is fully subscribed and the Bridging Loan is repaid in full.

The Company and the Property will be managed by the Manager under the terms of the Management Agreement. The key terms of the Management Agreement are set out on pages 20 to 22 of this Prospectus. The Manager is wholly-owned by the Promoter and the Directors are also the directors of the Manager.

The Company will pay the Manager a base annual investment management fee and an annual property and facilities management fee together with facilitation fees for any new leasing in respect of the Property and project management fees if work of a capital nature is necessary. Full details of these fees and their amounts are set out on pages 24 to 25 of this Prospectus.

The Manager intends entering into a sub-contract with Cambridge Asset Management Limited under which Cambridge Asset Management Limited will perform all of the Manager's obligations under the Management Agreement. Any fees payable to Cambridge Asset Management Limited will be met by the Manager out of the fees payable to it by the Company.

The Property is currently owned by a proportionate ownership scheme, managed by Cambridge Asset Management Limited. Cambridge receives management fees in its capacity as the manager of the Property. In addition, Cambridge will be paid a performance fee capped at 5% plus GST of any profit realised from sale of the Property to the Company under the Agreement for Sale and Purchase.

Peter Hutchison is a director and shareholder of FMO Registry Services Limited. The Company has entered into a Registry Agreement with FMO Registry Services Limited under which FMO Registry Services Limited will receive a registry fee of $7,500 per annum (plus GST) in respect of the Offer.

Material interests

No Director or proposed director of the Company (nor any associated person of such a director) has, or has had in the five years preceding the date of this Prospectus, a direct or indirect material interest in the Company.

Material contracts

The Company has entered into the following material contracts since its incorporation on 13 January 2015:

(a) a Deed of Nomination dated 22 January 2015 under which NZSG nominated the Company to complete the purchase of the Property under the Agreement for Sale and Purchase with Direct

Property Investments (No.2) Limited dated 31 October 2014, a conditional contract for the purchase of the Property for a purchase price of $10,515,000;

(b) Management Agreement with NZSG Management Limited dated 22 January 2015 under which the Manager is to provide administration and management services in respect of the Company and property management services in respect of the Property; and

(c) the letter of offer dated 30 October 2014 from ASB Bank under which the bank agrees to advance a total of $6,275,000 under the Bank Facilities to the Company to fund the acquisition of the Property (the terms of the Bank Facility with ASB Bank have not yet been negotiated and finalised).

In addition, the Company has agreed to pay to New Zealand Syndication Group Limited a procurement fee of $230,000 once it has settled its purchase of the Property. As indicated above, in the event that the Bridging Loan is required, $100,000 of the procurement fee payable to NZSG is to be withheld and is only to be paid if the Offer is fully subscribed and the Bridging Loan is repaid in full.

Pending proceedings

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

Preliminary and issue expenses

Applicants for Offer Shares are not required to pay any charges to the Company or any associated persons in relation to the Offer, other than the Offer Price of each Offer Share allocated to them.

Preliminary and issue expenses (including brokerage and commission fees, share registry expenses, legal fees, accounting fees, advertising costs, valuation fees and experts fees, printing costs and postage and courier costs) relating to the Offer are estimated to amount to approximately $503,363 in total (including the full procurement fee of $230,000 payable to the Promoter).

The Company will pay all preliminary and issue expenses associated with the Offer. The preliminary and issue expenses will only be paid by the Company in the event that the Offer Shares are allotted to investors. New Zealand Syndication Group Limited will be responsible for paying any preliminary and issue costs incurred if the Offer is not completed and the Offer Shares are not allotted under it.

Brokerage will be payable to the Selling Agent at a rate of 2.25% of the aggregate Offer Price for Offer Shares issued under applications submitted by applicants introduced by the Selling Agent. It has been assumed for the purposes of estimating the preliminary and issue expenses that 100% of the funds raised from the issue of Offer Shares under the Offer will be introduced through the Selling Agent.

Restrictions on the issuer

There are no restrictions on the ability of the Company to make a distribution, or to borrow, being restrictions that result from any undertaking given, or contract or deed entered into, by the Company.

It is intended that the Bank Facilities be entered into by the Company with ASB Bank will restrict one single investor from holding more than 20% of the Offer Shares.

The Bank Facilities will also provide that if, at any time, the Bank determines that the amount of the Bank Facilities exceeds 60% of the value of its security, it may require the Company to prepay such amount, or provide such additional security acceptable to the Bank, to ensure that this ratio is no longer exceeded. In addition, the Loan to Value Ratio is to reduce to no more than 55% within 6 months from the initial facility advance commensurate with the repayment of the Committed Cash Advance Facility. The Bank Facilities will also provide that interest coverage (i.e., the ratio of net rental income to interest expense) must not be less than 2.00 times.

Should the Company wish to sell the Property it will need to obtain the New Plymouth District Council's consent to the leases in respect to the air-rights and the car park being assigned to any purchaser.

Finally, the Constitution provides that the Company may not borrow or otherwise incur indebtedness if as a result of such borrowing or indebtedness the total indebtedness of the Company would exceed 65% of the value of the Property unless the Shareholders approve a higher amount of borrowing by Special Resolution.

Other terms of offer and securities

All terms of the Offer and all terms of the Offer Shares are set out in this Prospectus other than those implied by law or set out in a document that is registered with a public official, which is available for public inspection, and is referred to in this Prospectus (such as the Constitution of the Company).

Financial statements

As at the date of this Prospectus, the Company has not commenced business. Accordingly, no financial statements have been prepared in respect of the Company.

Places of inspection of documents

Copies of the Constitution and any of the material contracts referred to above under the heading "Material Contracts" may be inspected on the Companies Office website at www.business.govt.nz/companies or during normal business hours at the offices of the Company at level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040.

Other material matters

There are no material matters relating to the Offer other than those set out in this Prospectus or in contracts entered into in the ordinary course of business of the Company.

Directors' statement

The Directors of the Company are of the opinion, after due enquiry, that none of the following has materially and adversely changed during the period between the date of incorporation of the Company and the date of registration of this Prospectus:

(a) the trading or profitability of the Company;

(b) the value of the assets of the Company; or

(c) the ability of the Company to pay its liabilities due within the next 12 months.

Auditor's report

As the Company was incorporated on 13 January 2015, no financial statements have been prepared in respect of it. Accordingly, an auditor's report has not been prepared for the Company's financial statements as at the date of this Prospectus.

The Auditor's report relating to the summary financial statements in respect of Direct Property Investments (No. 2) Limited and the prospective financial information for the Company, set out on pages 48 to 49 and 27 to 38 of this Prospectus respectively, is set out on pages 45 to 47 of this Prospectus.

Complaints about this investment

Any complaints about the Offer Shares can be directed to the Directors of the Company at the address shown below under the heading "Other information about this investment". There is no approved dispute resolution scheme to which complaints can be made about an investment in the Offer Shares.

Other information about this investment

Investment Statement and financial statements

Further information about the Offer, the Offer Shares and the Company is contained in the Investment Statement and other sections of this Prospectus, including the "Prospective Financial Information" and "Financial Information for the Property" sections set out on pages 27 to 38 and pages 48 to 49 of this Prospectus. There are no historic financial statements for the Company as it has not yet commenced business. This Prospectus does however contain historic financial information including summary financial statements for each of the five years preceding 31 March 2014 for Direct Property Investments (No.2) Limited, the current owner of the Property. This information is set out in pages 48 to 49 of this Prospectus. The latest financial statements for Direct Property Investments (No.2) Limited for the year ended 31 March 2014, which comply with, and were registered under the Financial Reporting Act 1993 on 6 June 2014, can be found on the public register relating to the Company at www.business.govt.nz/companies.

Copies of the Investment Statement may be obtained, free of charge, during normal business hours at:

New Zealand Syndication Group Limited,
C/- Cambridge Asset Management Limited,
Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040

Phone: (04) 499 3219
Email: office@cambridgemanagement.co.nz

A copy of this Prospectus, and other documents of, or relating to, the Company are filed on the public register maintained by the Companies Office and available for public inspection (including financial statements for the Company, once prepared and registered) by visiting www.business.govt.nz/companies or by contacting the Companies Office (payment of a fee may be required) on 0508 266 726 during normal business hours.

On-going reports to Shareholders

Shareholders will be entitled to receive information relating to the on-going performance of the Company. Unless otherwise signalled, Shareholders will receive periodic statutory reports relating to the Company, including annual reports and annual audited financial statements and other Shareholder communications. Shareholders will also receive a notice stating the availability of such Shareholder communications, and how to obtain copies.

On request information

Shareholders are also entitled to request copies of the following documents under section 54B of the Securities Act:

- the most recent financial statements of the Company and all documents that are required to be incorporated in or attached to, or to accompany, those financial statements;
- this Prospectus;
- the Investment Statement;
- a comparison of actual results against the prospective financial information set out in this Prospectus, once available; and
- any other information that may be requested under regulation 44 of the Securities Regulations.

This information will be made available to Shareholders, free of charge, upon a written request to the Company at Level 1, 27 Kings Crescent, PO Box 30528, Lower Hutt 5040 or by email to office@cambridgemanagement.co.nz

Signatures

Signed by, or on behalf of, the directors of 67 Courtenay Street Limited:

Mark John French

Peter Hutchison

Peter Waters

Signed by, or on behalf of, New Zealand Syndication Group Limited (as Promoter):

Director

GLOSSARY

Agreement for Sale and Purchase	the conditional agreement for sale and purchase dated 31 October 2014 between NZSG and Direct Property Investments (No.2) Limited for the acquisition of the Property by the Company
Allotment Date	20 March 2015, unless varied by the Company in its discretion
Applicant	Any person named as an applicant on an Application Form
Application	An application to subscribe for Offer Shares under this Prospectus made on the Application Form and accompanied by the Application Moneys
Application Form	The application form attached to, or accompanying, the Investment Statement
Application Moneys	The moneys required to pay for the number of Offer Shares applied for, payment of which accompanies the relevant Application Form
Auditor	KPMG
Bank Facilities	The facility agreements under which loan facilities totalling $6,275,000 are to be provided by ASB Bank Limited
Board or **Board of Directors**	The board of directors of the Company
Body Corporate	A body corporate development that includes The Warehouse, Unit 10, Council car parks and eight separate retail units
Business Day	A day on which all registered banks are open for business generally in New Plymouth
Cambridge	Cambridge Asset Management Limited
Closing Date	The last day on which Applications will be accepted under the Offer, being 17 March 2015, unless varied by the Company in its discretion
Companies Act	Companies Act 1993
Company or **67 Courtenay Street**	67 Courtenay Street Limited
Constitution	The constitution of the Company, as amended from time to time
Council	New Plymouth District Council

Deed of Nomination	The deed of nomination between NZSG and the Company dated 22 January 2015
Director	A director of the Company
Directory	The directory set out in this Prospectus
Financial Reporting Act	Financial Reporting Act 1993
Glossary	This glossary of key terms
Investment Statement	The investment statement for the Offer dated 22 January 2015
Management Agreement	The management agreement dated 22 January 2015 between the Company and the Manager
Manager	NZSG Management Limited
NZ	New Zealand
NZ IFRS	New Zealand Equivalent to International Financial Reporting Standards
NZSG	New Zealand Syndication Group Limited
Offer	The offer of Offer Shares pursuant to this Prospectus and the Investment Statement
Offer Price	$1.00 per Offer Share
Offer Shares	The 5,775,000 new fully paid ordinary shares in the Company offered under this Prospectus
Opening Date	The first date on which Applications may be made, being 12 February 2015, unless varied by the Company in its discretion
Parcel	A parcel of 25,000 Offer Shares issued by the Company
Promoter	New Zealand Syndication Group Limited
Property	The property located at 67 Courtenay Street, New Plymouth
Prospectus	This prospectus
Securities Act	Securities Act 1978
Securities Markets Act	Securities Markets Act 1988
Selling Agent	Colliers International New Zealand Limited

Settlement Date	The date on which the sale of the Property is completed under the Agreement for Sale and Purchase, being 20 March 2015 (as at the date of this Prospectus)
Securities Regulations	Securities Regulations 2009
Shareholder	A holder of one or more Offer Shares in the Company
Special Resolution	A resolution approved by a majority of at least 75% of the votes of the Shareholders entitled to vote and voting on that resolution
Tenant	The Warehouse Limited

DIRECTORY

Issuer

67 Courtenay Street Limited
Level 1, 27 Kings Crescent,
Lower Hutt 5040

Promoter

New Zealand Syndication Group Limited
Level 1, 27 Kings Crescent,
Lower Hutt 5040

Legal Advisors to the Offer

Bell Gully
Level 21, 171 Featherston Street
Wellington

Telephone: 04 915 6800
Facsimile: 04 915 6810

Auditor

KPMG
Maritime Tower
10 Customhouse Quay
Wellington

Property Valuer

Telfer Young (Taranaki) Limited
143 Powderham Street
New Plymouth

Share Registrar

FMO Registry Services Limited
Level 5 Forsyth Barr House,
165 Stuart Street,
Dunedin

Selling Agent

Colliers International New Zealand Limited
Level 27 SAP Tower,
151 Queen Street,
Auckland

Deed of nomination

relating to

67 Courtenay Street, New Plymouth

New Zealand Syndication Group Limited

Nominator

and

67 Courtenay Street Limited

Nominee

Date 22 January 2015

BELL GULLY

WELLINGTON 171 FEATHERSTON STREET

P O BOX 1291, WELLINGTON 6140, DX SX11164, NEW ZEALAND

TEL 64 4 915 6800 **FAX** 64 4 915 6810

This **Deed of nomination** is made on 22 January 2015

between (1) **New Zealand Syndication Group Limited (Nominator)**

and (2) **67 Courtenay Street Limited (Nominee)**

Introduction

A. The Nominator has entered into an agreement for sale and purchase dated 3 October 2014 (**Agreement**), under which the Nominator agreed to purchase 67 Courtenay Street, New Plymouth (as further described in the Agreement) (the **Property**).

B. The Nominee has agreed to take a nomination of the Agreement.

It is declared

1. Nomination

The Nominator nominates the Nominee to complete the purchase under the Agreement and assigns and transfers to the Nominee the Nominator's interest as Purchaser under the Agreement.

2. Acceptance of nomination

The Nominee accepts this nomination and assignment and:

(a) covenants with the Nominator to perform all of the obligations of the purchaser under the Agreement; and

(b) indemnifies the Nominator against all costs, claims and other liabilities under or in respect of the Agreement.

3. Counterparts

This deed may be signed in any number of counterparts, all of which together shall constitute one and the same instrument, and either of the parties to this deed may execute this deed by signing any such counterpart.

4. Delivery

For the purposes of section 9 of the Property Law Act 2007, and without limiting any other mode of delivery, this deed will be delivered by each party immediately on the earlier of:

(a) physical delivery of an original of this deed, executed by the relevant party, into the custody of the other party or the other party's solicitors; or

(b) transmission by the relevant party or its solicitors (or any other person authorised in writing by the relevant party) of a facsimile, photocopied or scanned copy of an original of this deed, executed by the relevant party, to the other party or the other party's solicitors.

Execution

Executed as a deed of nomination.

New Zealand Syndication Group Limited by

Director	Director
PETER JAMES HUTCHISON	
Print Name	Print Name

67 Courtenay Street Limited by

Director	Director
PETER JAMES HUTCHISON	
Print Name	Print Name

Deed of nomination

relating to

67 Courtenay Street, New Plymouth

New Zealand Syndication Group Limited

Nominator

and

67 Courtenay Street Limited

Nominee

Date 22 January 2015

BELL GULLY

WELLINGTON 171 FEATHERSTON STREET

P O BOX 1291, WELLINGTON 6140, DX SX11164, NEW ZEALAND

TEL 64 4 915 6800 FAX 64 4 915 6810

This **Deed of nomination** is made on 22 January 2015

between (1) **New Zealand Syndication Group Limited (Nominator)**

and (2) **67 Courtenay Street Limited (Nominee)**

Introduction

A. The Nominator has entered into an agreement for sale and purchase dated 3 October 2014 (**Agreement**), under which the Nominator agreed to purchase 67 Courtenay Street, New Plymouth (as further described in the Agreement) (the **Property**).

B. The Nominee has agreed to take a nomination of the Agreement.

It is declared

1. Nomination

The Nominator nominates the Nominee to complete the purchase under the Agreement and assigns and transfers to the Nominee the Nominator's interest as Purchaser under the Agreement.

2. Acceptance of nomination

The Nominee accepts this nomination and assignment and:

(a) covenants with the Nominator to perform all of the obligations of the purchaser under the Agreement; and

(b) indemnifies the Nominator against all costs, claims and other liabilities under or in respect of the Agreement.

3. Counterparts

This deed may be signed in any number of counterparts, all of which together shall constitute one and the same instrument, and either of the parties to this deed may execute this deed by signing any such counterpart.

4. Delivery

For the purposes of section 9 of the Property Law Act 2007, and without limiting any other mode of delivery, this deed will be delivered by each party immediately on the earlier of:

(a) physical delivery of an original of this deed, executed by the relevant party, into the custody of the other party or the other party's solicitors; or

(b) transmission by the relevant party or its solicitors (or any other person authorised in writing by the relevant party) of a facsimile, photocopied or scanned copy of an original of this deed, executed by the relevant party, to the other party or the other party's solicitors.

Execution

Executed as a deed of nomination.

New Zealand Syndication Group Limited by

Director	Director
	PETER W. WATERS.
Print Name	Print Name

67 Courtenay Street Limited by

Director	Director
	PETER. W. WATERS.
Print Name	Print Name

Management Agreement

relating to

administration and property management services

67 Courtenay Street Limited

Company

and

NZSG Management Limited

Manager

Date 22 January 2015

BELL GULLY

WELLINGTON 171 FEATHERSTON STREET
P O BOX 1291, WELLINGTON 6140, DX SX11164, NEW ZEALAND
TEL 64 4 915 6800 **FAX** 64 4 915 6810

Contents

This **Management Agreement** is made on 22 January 2015

between (1) **67 Courtenay Street Limited (Company)**

and (2) **NZSG Management Limited (Manager)**

Introduction

A. The Company is the owner of the Property.

B. The Property comprises a large format retail store with dual frontage on Courtenay Street and Devon Street, New Plymouth (being Principal Unit 10 on Deposited Plan 20371, and being all of the land comprised and described in computer unit title register TNL2/161 (Taranaki Registry). The Property is leased to The Warehouse Limited.

C. The Company wishes to appoint the Manager, and the Manager wishes to accept appointment, as the exclusive provider to the Company of:

(a) administration and management services in respect of the Company; and

(b) property management services in respect of the Property,

on the terms set out in this Agreement.

It is agreed

1. Definitions and interpretation

1.1 Definitions

In this Agreement, unless the context requires otherwise:

Accounting Services Fee has the meaning given to it in clause 7.2(d);

Agreement means this agreement, including the schedules, and any amendments from time to time agreed in writing by the parties;

Base Investment Management Fee has the meaning given to it in clause 7.1(a);

Board means the board of directors of the Company;

Body Corporate means Body Corporate 20371, a body corporate development that includes The Property, car parks and six other separate retail units;

Business Day means a day on which all registered banks are open for business generally in Wellington;

Commencement Date means 20 March 2015 or such other date on which shares in the Company are first allotted to investors pursuant to the Offer Document;

Company Services means the administration and management services to be provided by the Manager in respect of the Company set out in Schedule 2 and such other services as may be agreed in writing by the parties from time to time;

Confidential Information means any and all information and data in any form that:

(a) is related to the business or financial affairs, operations, methodologies, personnel, suppliers, Tenants, systems, processes, plans or pricing of a party (or of a Related Company) or a property owned by the Company (or of a Related Company); or

(b) is obtained from the other party or a Related Company of the other party and that is a trade secret or is otherwise confidential in nature or is expressed to be confidential,

whether obtained before or after the date of this Agreement;

Constitution means the constitution of the Company as may be adopted or altered from time to time;

Facilitation Fee has the meaning given to it in clause 7.2(b);

Force Majeure means, in relation to either party, any event or circumstance which is beyond the reasonable control of that party, including strikes, lockouts or other industrial disputes (whether involving the workforce of the party so prevented or of any other party), acts of God, fire, flood, war, riot, civil commotion, malicious damage and failure of third party infrastructure, except to the extent that such event or circumstance could have been prevented, overcome or mitigated as a result of exercising reasonable care;

GST means goods and services tax;

Laws means:

(a) any statute, regulation, bylaw, ordinance or subordinate legislation in force from time to time in New Zealand to which a party is subject;

(b) the common law and the law of equity of New Zealand as applicable to the parties from time to time;

(c) any binding New Zealand court order, judgment or decree;

(d) any applicable industry code, policy or standard enforceable by New Zealand law; or

(e) any applicable direction, policy, permission, consent, licence, rule or order that is binding on a party and that is made or given by any governmental, legal or regulatory body having jurisdiction in New Zealand over a party or any of that party's assets, resources or business;

Investment Management Fee has the meaning given to it in clause 7.1;

Offer Document means the prospectus and investment statement, each expected to be dated on or around 22 January 2015 pursuant to which shares in the Company are offered to the public for subscription;

Project Management Fees has the meaning given to it in clause 7.2(c)

Property means the large format retail store with dual frontage on Courtenay Street and Devon Street, New Plymouth (being Principal Unit 10 on Deposited Plan 20371, and being all of the land comprised and described in computer unit title register TNL2/161 (Taranaki Registry);

Property and Facilities Management Fee has the meaning given to it in clause 7.2(a);

Property Services means the property management services to be provided by the Manager in respect of the Property set out in Schedule 1 and such other services as may be agreed in writing by the parties from time to time;

Reimbursable Expenses means the following expenses incurred by the Manager directly in the course of performance of the Services:

(a) any out of pocket travel and accommodation costs and expenses reasonably incurred by the Manager in connection with its performance of the Services;

(b) any costs or expenses which directly relate to the Company or the ownership and management of the Property and provision for which has been included in the annual Property operating expense budget or annual Company budget; and

(c) any other cost and expense approved in writing by the Company as being a Reimbursable Expense,

but for the avoidance of doubt, all costs or expenses incurred by the Manager in performing Services for which the Manager is paid the Facilitation Fee, Project Management Fee or Sale Fee are not Reimbursable Expenses;

Related Company has the meaning given to that term in section 2(3) of the Companies Act 1993;

Sale Fee has the meaning given to it in clause 7.1(b);

Services means the Company Services and the Property Services;

Subsidiary has the meaning given to that term in section 5 of the Companies Act 1993;

Tenancy means an agreement to lease, or a deed of lease in respect of all or any part of the Property;

Tenant means any person who from time to time occupies all or any part of the Property under a Tenancy or any other form of grant of occupancy (as at the Commencement Date, the sole Tenant is the Warehouse Limited, which occupies all of the Property under a deed of lease for a term of 12 years);

Term has the meaning given to it in clause 3; and

Year means the 12 month period ending on 31 March in each calendar year provided that:

(a) the first Year is to be the period beginning on the Commencement Date and ending on the next following 31st of March; and

(b) the final Year is to be the period ending on the date of termination of this Agreement and beginning on the immediately preceding 1st of April.

1.2 General references

In this Agreement, unless the context otherwise requires:

(a) a reference to a clause or schedule is a reference to a clause of, or schedule to, this Agreement;

(b) a reference to this Agreement or another instrument includes any variation, novation, or replacement of either of them;

(c) a reference to business hours means the hours between 8:30 a.m. and 5:00 p.m. on any Business Day;

(d) a reference to a statute or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them (whether before or after the date of this Agreement);

(e) the singular includes the plural and vice versa;

(f) "including", "for example" and similar words are illustrative and do not imply any limitations;

(g) the word person includes an individual, a body corporate, an association of persons (whether corporate or not), a trust, a state and an agency of state, in each case, whether or not having a separate legal personality;

(h) a reference to a "person" includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and permitted assigns;

(i) a reference to $ or dollars is a reference to the lawful currency of New Zealand and, unless otherwise specified, all amounts payable by a party under this Agreement are to be paid in that currency;

(j) words importing one gender include the other gender; and

(k) headings are inserted for convenience and do not affect the interpretation of this Agreement.

2. Appointment

2.1 Appointment

The Company appoints the Manager, and the Manager accepts appointment, to perform the Services on the terms set out in this Agreement.

2.2 Exclusive appointment

Unless expressly permitted by this Agreement, the Company will not, while this Agreement is in force, appoint any other person to provide any of the Services to be provided by the Manager under this Agreement, or any services that are comparable to the Services to be provided by the Manager under this Agreement, except:

(a) if the Manager actually or practically refuses or fails to provide a Service as and when it is required to do so under this Agreement and, following a request in writing by the Company to provide the Service, the Manager has not (without good reason) provided that Service within such time frame as is reasonable in the circumstances;

(b) if there is an emergency or event of Force Majeure which prevents the Manager from providing all or some of the Services; or

(c) with the prior written consent of the Manager, which consent is not to be unreasonably withheld or delayed.

(To avoid any doubt, the Company may, at any time and for any reason, engage consultants or advisors to advise the Board on any matter, including any matter relating to the Property or to the Services or the Manager's performance of them.)

2.3 Application of exceptions

If the Company arranges the performance of Services by a person other than the Manager under clause 2.2(a), then the reasonable cost of the provision of those Services will be deducted from the Management Fee before any further Management Fee is payable to the Manager.

3. Term

This Agreement is effective on and from the Commencement Date and will continue in force until such time as it is terminated in accordance with clause 10 of this Agreement or the date on which completion occurs under an agreement or other arrangement for the sale or other disposition of the Property, whichever is the earlier.

4. Manager's obligations

4.1 Services

The Manager will perform the following Services:

(a) the Property Services set out in Schedule 1;

(b) the Company Services set out in Schedule 2; and

(c) such other services as may be agreed in writing by the parties from time to time.

4.2 Duties

The Manager, in performing the Services, will:

(a) act at all times in a skilled and professional manner consistent with the standard of competence which can reasonably be expected from someone of good standing engaged by companies in the property investment sector to perform services of a magnitude and nature similar to those to be provided by it;

(b) manage the Company's business and the Property with the aim of maximising the value of the Company and returns to its shareholders over the medium to long term;

(c) act at all times in good faith and in the best interests of the Company;

(d) use its best efforts and exercise due care in exercising the rights, powers and authorities granted to it under this Agreement and in performing the Services under this Agreement;

(e) ensure that it has sufficient resources, experience and expertise so as to always provide the Services when, in the manner and to the standard required under this Agreement and otherwise to meet its obligations under this Agreement;

(f) use all reasonable endeavours to comply with, and ensure that the Company and the Property comply with:

(i) all Laws; and

(ii) any rules or requirements of any self-regulatory organisation to which the Company is affiliated,

in each case to the extent applicable;

(g) manage its records so as to enable it to provide the Company with access to such records in accordance with clause 4.3; and

(h) act in accordance with the reasonable requirements of the Board as advised from time to time to it, provided those requirements are not inconsistent with the provisions of this Agreement.

4.3 Access to Manager's information

The Manager will provide the Company with:

(a) access to all documents, records and other information held by the Manager relating to the Company, its business, the Property (including information relating to any Tenancies or Tenants), this Agreement and/or the Services, at any time during business hours on reasonable notice;

(b) reasonable assistance for the purposes of enabling the Company and/or its advisers, auditors or agents to monitor the Manager's compliance with the terms of this Agreement, including by:

(i) allowing any of those persons to inspect documents, records and other information on the Manager's premises relating to the same; and

(ii) allowing those persons to take accurate and complete copies of such documents, records and other information; and

(c) notice of any material matter that may adversely affect the capacity or ability of the Manager to perform its obligations under this Agreement as soon as the Manager becomes aware of any such matter.

The Manager will retain, in addition to the records it is required to retain under the Companies Act 1993, all documents, records or other information of the kind referred to in clause 4.3(a) for a period of seven years or for such shorter period as (in respect of all or specified documents, records and other information) the Company determines.

4.4 Authority

The Manager:

(a) does not have any authority to act, or to assume any obligations, on behalf of the Company; and

(b) will not represent (whether by act or omission or otherwise) that it is the agent of the Company,

except in accordance with, and subject to the conditions of, a written delegation made, or authority given, by the Company that is in effect at the time.

4.5 Engaging advisers

To enable the provision of the Services, the Manager may at the cost of the Company, but subject to obtaining the prior written consent of the Company, appoint advisers to act for the Company at the expense of the Company in respect of accounting, tax and audit matters, legal matters and other external consulting matters (such as obtaining valuations of the Property as and when required). The Manager acknowledges that no such appointment will relieve it of responsibility for performing and discharging its duties and obligations under this Agreement. To avoid any doubt, each such adviser must:

(a) advise the Company;

(b) owe its duty of care to, and contractual responsibilities to, the Company in respect of such advice; and

(c) give any representations, warranties or guarantees (whether express or implied) to, or for the benefit of, the Company,

and the Company acknowledges that such advisers, and not the Manager, will be providing such advice.

4.6 Manager acts solely as agent of the Company

For the purposes of this Agreement and the performance by the Manager of its duties, the Manager shall act solely as the agent of the Company.

4.7 Employees of the Manager

(a) Subject to clause 6.2, the Manager will employ such persons as are necessary to ensure that it can perform its obligations under this Agreement.

(b) The Manager will ensure that its employees involved in the performance of the Manager's obligations under this Agreement have sufficient and appropriate expertise and experience as to enable them to effectively and efficiently carry out the Services on behalf of the Manager in accordance with this Agreement and will use all reasonable endeavours to ensure that each such employee always acts consistently with, and so as to give effect to, this Agreement (including the Manager's obligations in connection with the performance of the Services).

4.8 Manager's responsibility for employees

Without limiting clause 4.7, the Manager will:

(a) ensure that all employees or authorised contractors engaged in performing the Services comply with, observe and perform, this Agreement just as if they were parties to it; and

(b) be responsible for, and liable to the Company for, the acts and omissions of such employees and contractors.

4.9 Insurance

The Manager will ensure that it has in place, at all times during the Term, such professional indemnity insurance and other insurance as is reasonable for a service provider providing services in the nature of the Services and as is consistent with any relevant good industry practice.

4.10 Assets

(a) The Manager will ensure that all assets, rights and property of the Company or that ought reasonably to be owned by the Company are held in the name of the Company. Such assets, rights and property include:

(i) anything which is, or should be, included in the Company's statement of financial position or statement of financial performance;

(ii) all consents, warranties and titles; and

(iii) all software or other intellectual property purchased by or developed for and at the expense of the Company (whether before or after the date of this Agreement) or used exclusively for the provision of the Services or in the operations and/or management of the Company's business, transactions or affairs or in the management of the Property.

(b) The Manager acknowledges that, if it has any rights in or to the Company's intellectual property or the goodwill in the Company's intellectual property, those rights will automatically vest exclusively in the Company on termination of this Agreement. The Manager will, at the Company's request, execute all documents and instruments and do all things reasonably required by the Company to give effect to this clause.

4.11 Direction by the Board

The Manager will provide the Services under the direction and supervision of the Board. Accordingly, the Board retains complete discretion to oversee the Manager's management of the Company, and to direct the Manager to act in relation to the Company and its business, and the Property, as the Board believes is necessary. The Manager will act in accordance with all such directions from the Board.

4.12 Material transactions

Without limiting the Board's right's and powers under clause 4.11, the Board has the sole and exclusive right and power to consider and approve:

(a) all "major transactions" (as defined in section 129 of the Companies Act 1993) of the Company subject to the requirement to obtain approval by the Company's shareholders for such transactions as set out in the Companies Act 1993 and the Constitution;

(b) the Company's financial statements;

(c) a recommendation as to the appointment of an auditor;

(d) all material announcements by or for the Company;

(e) any decision, power or right requiring the authorisation of a special resolution;

(f) any capital raising; and

(g) any other act, matter or thing specified for the purposes of this clause by the Board.

4.13 Manager's responsibilities to the Board

Without limiting the scope of the Services, the Manager:

(a) shall report to the Board at each meeting of the Board, and otherwise as and when reasonably requested to do so, on:

(i) the Company's operating and financial performance;

(ii) any major maintenance, refurbishment or other work required to be carried out in respect of the Property or any issues or potential issues regarding the Property's compliance with any applicable statutory or regulatory regime;

(iii) past or upcoming events, actions or occurrences of a material nature;

(iv) any actual or potential threats to or opportunities for the Company, or the Company's business, including any actual or threatened litigation against the Company (including in respect of the Property or a Tenancy) or any actual, threatened or proposed regulatory or legislative proposal or action;

(v) any matters which the Manager believes should be brought to the Board's attention; and

(vi) such other matters as the Board reasonably requires;

(b) may prepare, and present to the Board, any investment, divestment and development opportunities identified by the Manager which, in its view, are commercially viable for the Company or which otherwise fall within parameters set by the Board;

(c) shall be responsible for such other matters directly related to the Company, the Company's business, the Property or the Services as the Board may reasonably require; and

(d) shall declare to the Board any conflicts of interest and manage any such conflicts in the manner reasonably required by the Board.

4.14 Review of performance

The parties agree that as from time to time reasonably determined by the Board, but at least annually, they will carry out a review of the Manager's performance of its obligations under this Agreement.

5. Company's obligations

5.1 Access to Company's information

The Company will provide to the Manager, for the purposes of allowing the Manager to meet its obligations under this Agreement:

(a) access to all of its documents, records and other information relating to the Company or the Property;

(b) reasonable rights of access to the Property, subject to the rights of any Tenant of the Property from time to time, to enable the Manager to discharge its duties and obligations under this Agreement;

(c) access to the Board and to its employees and officers; and

(d) such other reasonable assistance as is requested by the Manager.

5.2 Board appointment rights

For so long as this Agreement is in force, the Manager will be entitled, by notice in writing to the Company, to appoint up to two directors to the Board (and to substitute or remove such two directors by notice in writing to the Company). The Company is to procure that its constitution expressly provides for such a right of appointment is not to amend its constitution to remove or amend such right without the approval in writing of the Manager.

6. Subcontracting

6.1 No subcontracting

Subject to clause 6.2, the Manager will not subcontract the provision of any of the Services under this Agreement without the prior written consent of the Board.

6.2 Permitted subcontracting

The Manager may enter into a subcontract, at no cost to the Company, with Cambridge Asset Management Limited for the provision of the Services, provided that the Manager will not be relieved from any of its obligations under this Agreement by subcontracting with Cambridge Asset Management Limited for the performance of the Services.

7. Fees

7.1 Investment Management Fee

The Company will pay to the Manager an Investment Management Fee comprising:

(a) a Base Investment Management Fee equal to the greater of:

(i) such amount as is equal to 3.75% of the total amount of rental income received by the Company from the Property each Year; or

(ii) $30,000,

in either case, (plus GST) per Year; and

(b) if the Property is sold or otherwise disposed of, a Sale Fee equal to 2% of the sale price for the Property (plus GST) and will reimburse the Manager for any out of pocket travel and accommodation costs and expenses reasonably incurred by the Manager in connection with that sale or other disposition.

7.2 Property Management Fees

The Company will pay to the Manager the following fees in addition to the Investment Management Fee:

(a) **Property and Facilities Management Fee**

The Company will pay to the Manager a Property and Facilities Management Fee of $18,000 (plus GST) per Year.

(b) **Facilitation Fee for new leasing**

Where a new Tenancy is arranged and entered into in respect of all or any part the Property for a term of at least one year, the Company will pay to the Manager a Facilitation Fee calculated as follows:

(i) If no real estate agent is involved in arranging the Tenancy, the Facilitation Fee will equal:

(A) for a Tenancy with a term of one year or longer but less than three years: 10% of the annual rent payable under the lease (plus GST);

(B) for a Tenancy with a term of three years or longer but less than five years: 12.5% of the annual rent payable under the lease (plus GST); and

(C) for a Tenancy with a term of five years or longer: 15% of the annual rent payable under the lease (plus GST).

(ii) If a real estate agent is involved in arranging the Tenancy, the Facilitation Fee will equal:

(A) for a Tenancy with a term of one year or longer but less than three years: 5% of the annual rent payable under the lease (plus GST);

(B) for a Tenancy with a term of three years or longer but less than five years: 6.25% of the annual rent payable under the lease (plus GST); and

(C) for a Tenancy with a term of five years or longer: 7.5% of the initial annual rent (plus GST).

(iii) In addition to the Facilitation Fee payable under clauses 7.2(b)(i) or 7.2(b)(ii), the Company will reimburse the Manager for any out of pocket travel and accommodation costs and expenses reasonably incurred by the Manager in connection with the arranging and entering into of the Tenancy.

(c) **Project Management Fee**

If any project work of a capital nature is required to be carried out in respect of the Property, the Manager will arrange for that work to be carried out, and oversee it, on behalf of the Company in consideration for the payment by the Company of a Project Management Fee equal to 4% of the cost of that project work to the Company excluding this Project Management Fee (plus GST). In addition, the Company will reimburse the Manager for any out of pocket travel and accommodation costs and expenses reasonably incurred by the Manager in connection with that project work.

(d) **Accounting Services Fee**

The Company will pay the Manager an Accounting Services Fee of $6,000 (plus GST) per Year.

7.3 Manner of payment

(a) **Base Investment Management Fee, Property and Facilities Management Fee and Accounting Services Fee**

(i) Subject to clause 7.3(a)(ii), the Base Investment Management Fee, Property and Facilities Management Fee and Accounting Services Fee are to be paid by the Company monthly, in advance, on the first day of each month to which the payment relates. Where the first day of a month is not a Business Day, the Base Investment Management Fee, Property and Facilities Management Fee and Accounting Services Fee are to be paid by the Company on the first Business Day after the first day of the relevant month. At the beginning of each Year the Manager will render a perpetual invoice to the Company for the monthly Base Investment Management Fee, Property and Facilities Management Fee and Accounting Services Fee expected to be payable for each month of the upcoming Year.

(ii) The Base Investment Management Fee, Property and Facilities Management Fee and Accounting Services Fee for the period from the Commencement Date until the end of the month in which the Commencement Date falls (being the amount of $4,758.58 (plus GST) shall be payable by the Company on the Commencement Date.

(b) **Project Management Fee**

(i) Project Management Fees are to be paid on a monthly basis with the Manager to render an invoice to the Company each month for the amount of the Project Management Fee for that month and any travel and accommodation costs and expenses incurred in that month for which the Manager is entitled to be reimbursed in accordance with clause 7.2(c).

(ii) Each invoice rendered under clause 7.3(b)(i) is to be paid by the Company on or before the 20th of the month following the month in which the Company receives a correctly rendered invoice from the Manager.

(c) **Facilitation Fee and Sale Fee**

(i) If a Tenancy is duly executed by all relevant parties, the Manager is to render an invoice to the Company for the amount of the Facilitation Fee payable in respect of that Tenancy and any travel and accommodation costs and expenses for which the Manager is entitled to be reimbursed in accordance with clause 7.2(b)(iii).

(ii) If completion occurs under an agreement or other arrangement for the sale or other disposition of the Property, the Manager is to render an invoice to the Company for the amount of the Sale Fee payable in respect of such sale or other disposition and any travel and accommodation costs and expenses for which the Manager is entitled to be reimbursed in accordance with clause 7.1(b).

(iii) The Sale Fee payable under 7.3(c)(ii) will be payable notwithstanding the expiry of this Agreement under clause 3.

(iv) Each invoice rendered under clause 7.3(c)(i) or 7.3(c)(ii) is to be paid on or before the 20th of the month following the month in which the Company receives a correctly rendered invoice from the Manager.

(d) **Reimbursable Expenses**

(i) The Manager is to render an invoice to the Company for any Reimbursable Expenses incurred by it.

(ii) Each invoice rendered under clause 7.3(d)(i) is to be paid on or before the 20th of the month following the month in which the Company receives a correctly rendered invoice from the Manager.

7.4 Adjustments

If, for any reason, the total amount paid under clause 7.3(a) on account of the Base Investment Management Fee for a Year is more or less than the actual amount of the Base Investment Management Fee for that Year, as calculated in accordance with clause 7.1, then the Company or the Manager, as the case may be, shall pay to the other the amount of any such under or over payment within 10 Business Days of a written notice being provided by the party entitled to payment setting out the amount of any such over or under payment.

7.5 Management Fee is all inclusive

With the exception of the Reimbursable Expenses, the Facilitation Fee, the Project Management Fee, Accounting Services Fee and the Sale Fee, the Management Fee includes all of the Manager's general administrative costs and overheads of and incidental to the performance of its duties and obligations under this Agreement (including, without limitation, salaries, wages, travel and accommodation costs, stationery, all communication costs and costs of premises and other facilities).

8. Confidentiality

8.1 Restricted disclosure and use

Except to the extent set out in this clause 8 or otherwise expressly permitted in this Agreement, each party:

(a) will only use Confidential Information for the purposes of this Agreement or otherwise for the purpose for which it was disclosed by the other party;

(b) will keep Confidential Information confidential and not disclose any Confidential Information to any third party or in the presence of any person other than its employees or advisors permitted under paragraphs (c) and (d) without first obtaining the written consent of the other party;

(c) may disclose Confidential Information to its employees to the extent they need to know the Confidential Information in the ordinary course of their work and activities or for a particular purpose, provided that such employees have first been made aware of their obligations to keep such information confidential and of the obligations in this clause 8 and it ensures that they comply with those obligations;

(d) may only disclose Confidential Information to its professional advisers if such disclosure is necessary for the purposes of receiving professional advice in relation to this Agreement and those professional advisers are subject to a duty of confidentiality in relation to that information; and

(e) will take all action reasonably necessary to secure the Confidential Information against theft, loss or unauthorised disclosure.

8.2 Continuing obligations

The provisions of this clause will continue to bind a party notwithstanding that it may have ceased to be a party to this Agreement.

8.3 Return of information

Following termination of this Agreement, each party will immediately deliver to the other party all such Confidential Information (including all copies or reproductions of the same and all material referring to any such Confidential Information) within that party's possession or control together with a certificate signed by a director of the relevant party confirming that the information returned comprises all such Confidential Information held by that party.

9. Ownership of information

9.1 Ownership

The Manager acknowledges that all records, documents and information held by it, or prepared by or on behalf of it, for the purposes of, or in connection with, the provision of the Services under this Agreement are the property of the Company and the Manager has no right to use, disclose or retain those records, documents and information except in accordance with and for the purposes of this Agreement.

9.2 Access

If, following return by the Manager of any such records, documents and information, the Manager requires access to the same for the purposes of either conducting or defending any litigation or other proceedings to which the Manager is a party or dealing with any tax related matters arising as a consequence of the provision of the Services, the Company will, following receipt of a written request from the Manager to that effect, permit the Manager to have such access to those records, documents and information, during normal business hours, as the Manager may reasonably require (and having regard always to any obligations of confidentiality to which the Company may be subject and, for the avoidance of doubt, the obligations in clause 8 will apply to such records, documents and information), provided that:

(a) the rules of discovery will apply in respect of any proceedings by the Manager against the Company to the exclusion of the remainder of clause 9.2 above; and

(b) if the Company determines in good faith that the Company may be entitled to claim client legal privilege in respect of a document, or any part of a document, and the loss of the right to claim such privilege could result in material damage to the Company, whether at that time or at any time in the future, then the Company may impose such conditions on the Manager's access to the relevant document (including refusing to allow access) as the Company reasonably determines, in good faith, are appropriate to ensure that the right to claim privilege cannot be jeopardised by such access.

10. Termination

10.1 Termination by agreement

The parties may terminate this Agreement at any time by agreement in writing.

10.2 Termination on default

Notwithstanding any other provision of this Agreement, either the Manager or the Company (the **Non-Defaulting Party**) may terminate this Agreement at any time with immediate effect by written notice to the other party, if the other party (the **Defaulting Party**) commits or is or becomes subject to any of the following events:

(a) the Defaulting Party goes into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the Non-Defaulting Party);

(b) a receiver or receiver and manager is appointed in respect of any of the assets of the Defaulting Party;

(c) an application is made to the Court or a meeting is called for any of the purposes in (a) and (b) above (unless the Defaulting Party satisfies the Non-Defaulting Party, in its reasonable opinion, that the application or call for meeting is frivolous or vexatious);

(d) the Defaulting Party is unable to pay its debts as they become due;

(e) the Defaulting Party enters into any arrangement or composition with its creditors generally (other than with the prior consent of the Non-Defaulting Party, which consent is not to be unreasonably withheld or delayed);

(f) a statutory manager is appointed in respect of the Defaulting Party under the Corporations (Investigation and Management) Act 1989;

(g) the Defaulting Party commits a material breach of this Agreement and (if the breach is capable of remedy) fails to remedy the breach within 20 Business Days after receipt of written notice from the Non-Defaulting Party requiring it to remedy the breach; or

(h) the Defaulting Party is negligent in the performance of its duties under this Agreement and such negligence:

(A) causes material loss or damage to the Company or a material loss in reputation to, or damage to the reputation of, the Company; or

(B) results in a material reduction in the value of the Property.

10.3 Termination by the Company

Notwithstanding any other provision of this Agreement, the Company may terminate this Agreement at any time on not less than three months' notice in writing to the Manager, if the shareholders of the Company have resolved by special resolution to remove the Manager.

10.4 Fees payable to the Manager on termination

(a) Without prejudice to any other rights or remedies of the Manager, if this Agreement is terminated under clause 10.1 or 10.2, then the Company will pay to the Manager, on the date of termination, an amount equal to all accrued and unpaid Investment Management Fees, Property and Facilities Management Fees, Facilitation Fees, Project Management Fees, Accounting Services Fees and Reimbursable Expenses, but is not required to make any other payment to the Manager in respect of such termination (other than any amount which may be payable under 10.4(d)).

(b) Without prejudice to any other rights or remedies of the Manager, if this Agreement is terminated under clause 10.3 then the Company will pay to the Manager, on the date of termination:

(i) all accrued and unpaid Investment Management Fees, Property and Facilities Management Fees, Facilitation Fees, Project Management Fees, Accounting Services Fees and Reimbursable Expenses; and

(ii) a termination fee equal to two times the total of the combination of the Base Investment Management Fee, Property and Facilities Management Fee and Accounting Fee paid or payable in respect of the Year immediately preceding the date of termination (plus GST) provided that:

(A) if this Agreement terminates before the end of the second Year but at least 12 calendar months after the Commencement Date, the termination fee will be such amount as is equal to two times the total of the combination of the Base Investment Management Fee, Property and

Facilities Management Fee and Accounting Fee paid or payable over the 12 calendar months immediately preceding the date of termination; and

(B) if this Agreement terminates within 12 calendar months of the Commencement Date, the termination fee will be such amount as calculated in accordance with the following formula.

$$Y = (\frac{MF}{D}) \times T$$

Where:

Y = the termination fee

MF = the total combination of the Base Investment Management Fee, Property and Facilities Management Fee and Accounting Fee paid or payable from the Commencement Date up to and including the date of termination.

D = the number of days in the period from the Commencement Date until the date of termination.

T = the number of days in the calendar year in which the date of termination falls multiplied by two,

(c) The Company is not required to make any other payment to the Manager in respect of the termination of this Agreement by the Company under clause 10.3 other than the termination fee determined in accordance with clause 10.4(b) and any amount which may be payable under 10.4(d).

(d) Notwithstanding clause 10.4(a) and 10.4(b), if, at the time that the Agreement is terminated under clause 10.1, 10.2 or 10.3, an agreement or other arrangement for the sale or other disposition of the Property has been entered into but completion under that agreement or other arrangement has not occurred, a Sale Fee will remain payable to the Manager on completion occurring under that agreement or other arrangement in the same manner as it would have been payable under clause 7.3(c)(ii) had this Agreement not been terminated.

10.5 Obligations on termination

On termination of this Agreement:

(a) the Manager will deliver, or cause to be delivered, to the Company all property of the Company (including all certificates, accounting records, correspondence, and all other records relating to the business or affairs of the Company (including in respect of the Property)) in the possession or under the control of the Manager or any contractor or subcontractor of the Manager;

(b) the Manager will deliver to the Company all proxies, letters of authority, mandates or powers of attorney which may have been issued to it by the Company; and

(c) the Manager will not hold itself out as having authority to negotiate, contract or take any other action for or on behalf of, or as agent for, the Company.

11. Indemnities

11.1 Manager

The Manager will indemnify, and hold the Company indemnified, from and against any losses, liabilities, costs, claims, demands and expenses made against, or suffered or incurred by, the Company as a result of:

(a) any unauthorised acts of the Manager, fraud, dishonesty, negligence, default or wilful breach of the terms of this Agreement by the Manager;

(b) any material act or material omission on the part of an employee or subcontractor engaged by the Manager in performing Services; and

(c) any claim made or threatened against the Company by any employee, contractor or subcontractor engaged, or formerly engaged, by the Manager in providing Services,

except to the extent that any such losses, liabilities, costs, claims, demands and expenses were directly caused by an act or omission of the Company or any party other than the Manager or its employees, contractors or subcontractors acting on behalf of the Manager (other than due to any default or failure of the Manager to comply with its obligations under this Agreement).

11.2 Company

(a) In carrying out its obligations under this Agreement, the Manager acts as agent for the Company to the extent of the authorities and powers conferred on the Manager under this Agreement and the Company will indemnify the Manager and its directors, and hold them indemnified, from and against any losses, liabilities, costs, claims, demands and expenses whatsoever suffered which are made against, or suffered or incurred by, the Manager, its directors, employees or permitted contractors that arise as a result of the Manager carrying out its obligations under and in accordance with the terms of this Agreement, provided that the Manager shall not be indemnified for any such losses, liabilities, costs, claims, demands and expenses if and to the extent they arise from any unauthorised acts of the Manager, fraud, dishonesty, gross negligence, wilful default or wilful breach of the terms of this Agreement by the Manager, its directors, employees or permitted contractors.

(b) If any claims or demands are brought, or threatened to be brought, against the Manager in respect of which indemnification may be sought from the Company under this Agreement, the Manager is to notify the Company in writing as soon as practicable after the Manager becomes aware of any such claim or demand and will fully consult with the Company on the steps to be taken, if any, in defending any such action, proceeding, claim or demand.

(c) The Manager will not admit liability in respect of all or part of, settle or compromise or consent to the entry of judgment in, or incur any costs in relation to, any pending or threatened action, proceeding, claim or demand brought or threatened against it in respect of which the Manager is, or may be, entitled to indemnification from the Company under this clause 11.2 without first consulting with and discussing such action with the Company unless it would be unreasonable to do so.

11.3 Mitigation

Each party will take reasonable steps to mitigate any claim, losses or damage sustained or incurred as a result of any act or omission (including any breach or default) of the party (regardless of whether or not covered by any indemnity).

12. Force Majeure

12.1 Failure to perform

If either party is prevented or delayed in the performance of any of its obligations under this Agreement by Force Majeure, that party will forthwith serve notice in writing on the other party specifying the nature and extent of the circumstances giving rise to Force Majeure, and will subject to service of such notice and to this clause 12, have no liability in respect of the performance of such of its obligations as are prevented by the Force Majeure event during the continuation of such event, and for such time after any such event ceases as may be necessary for that party, using all reasonable endeavours, to recommence performing its obligations under this Agreement.

12.2 Long term failure

If either party is prevented from performance of all or substantially all of its obligations under this Agreement for a continuous period in excess of two months due to Force Majeure, the other party may terminate this Agreement forthwith on service of written notice upon the party so prevented, in which case neither party will have any liability to the other except in respect of any rights and liabilities that accrued prior to such termination, which will continue to subsist.

12.3 Reasonable endeavours

The party claiming to be prevented or delayed in the performance of any of its obligations under this Agreement by reason of Force Majeure will use reasonable endeavours to bring the Force Majeure event to a close or to find a solution by which the Agreement may be performed despite the continuance of the Force Majeure event. Without extending this obligation to use reasonable endeavours, the Manager acknowledges that the provision of the Services to the Company is crucially important to the proper operation of the Company's business and that it is committed to, and will make available such resources as are necessary for, such proper operation.

13. Dispute resolution

13.1 Dispute resolution process to apply

No party may commence any proceedings relating to any dispute between the parties (except where the party seeks urgent interlocutory relief) unless the party has taken all reasonable steps to comply with this clause 13.

13.2 Notice of dispute

If either party believes that there is a dispute between the parties concerning this Agreement, that party will give written notice to the other party setting out the details of the dispute. If a notice of dispute is given:

(a) the Company will direct an independent director (or, if there is no independent director at the relevant time, the Chairperson of the Board) and the Manager will direct its Managing Director to use reasonable endeavours to resolve the dispute within 10 Business Days from the date the dispute is referred to them; and

(b) if the dispute is not resolved under clause 13.2(a), then either party may, by written notice to the other party, require that the dispute be referred to mediation. The parties will appoint a mediator agreed by the parties, or if there is no agreement, approved by the President of the New Zealand Law Society. The mediator will determine the process and timetable for the mediation. The cost of the mediation will be shared equally between the parties.

13.3 Manager to continue providing the Services

In the event of a dispute between the parties concerning this Agreement, the Manager will continue to provide the Services and the Company will continue paying for the Services.

14. Notices

14.1 Form of notice

Each notice or other communication under this Agreement is to be in writing, is to be made by email, personal delivery or by post to the addressee at the email address or physical address, and is to be marked for the attention of the person or office holder (if any), from time to time designated for the purpose by the addressee to the other parties. The initial email address and physical address and relevant person or office holder of each party is set out below:

Manager:

NZSG Management Limited

Level 1, 27 Kings Crescent,
PO Box 30528
Lower Hutt 5140
Email: office@cambridgemanagement.co.nz

Company:

67 Courtenay Street Limited

Level 1, 27 Kings Crescent,
PO Box 30528
Lower Hutt 5140
Email: office@cambridgemanagement.co.nz

14.2 Notice effective

No communication is to be effective until received. A communication is to be deemed to be received by the addressee:

(a) in the case of an email, on the Business Day on which it is sent or, if sent after 5pm (in the place of receipt) on a Business Day or, if sent on a non-Business Day, on the next Business Day after the date of sending;

(b) in the case of personal delivery, when delivered; and

(c) in the case of a letter, on the third Business Day after posting by fastpost or by airmail.

15. General

15.1 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 will not operate as a waiver of such right, power or remedy. A waiver of any breach of any provision of this Agreement will not be effective unless that waiver is in writing and is signed by the party against whom that waiver is claimed. A waiver of any breach will not be, or be deemed to be, a waiver of any other or subsequent breach.

15.2 Assignment

A party will not be entitled to assign, transfer or otherwise dispose of any of its rights or obligations under this Agreement (other than through subcontracting in accordance with this Agreement), except with the prior written consent of the other party, which consent will not be unreasonably withheld or delayed. A change in the effective control of the Manager will be deemed to be an assignment, transfer or other disposition for the purposes of this clause.

15.3 Amendment

This Agreement may be amended at any time by agreement between the parties in writing, provided that any material changes to the Agreement must be approved by the Company's shareholders by special resolution. Without limiting the preceding sentence, any amendments to the following clauses will constitute a material change for the purpose of this clause 15.3:

(a) clause 3 (Term);

(b) clause 7 (Fees); and

(c) clause 10 (Termination).

15.4 Severability

If any provision of this Agreement is, or becomes, unenforceable, illegal or invalid for any reason, the relevant provision will be deemed to be modified to the extent necessary to remedy such unenforceability, illegality or invalidity or if this is not possible then such provision will be severed from this Agreement, without affecting the enforceability, legality or validity of any other provision of this Agreement.

15.5 Counterparts

This Agreement may be signed in any number of counterparts all of which, when taken together, will constitute one and the same instrument. A party may enter into this Agreement by executing any counterpart.

15.6 Entire agreement

This Agreement constitutes the entire understanding and agreement of the parties relating to the subject matter of this Agreement and supersedes and extinguishes all prior agreements and understandings between the parties relating to such subject matter.

15.7 Governing law

This Agreement is governed by the laws of New Zealand and the parties submit to the non-exclusive jurisdiction of the courts of New Zealand.

Execution

Executed as an agreement.

NZSG Management Limited by:

Director

Peter James Hutchison

Print Name

67 Courtenay Street Limited by:

Director

Peter James Hutchison

Print Name

Schedule 1: Property Services

The Manager will manage and supervise, and protect the Company's interests in relation to, the Property. In particular, the Manager will:

(a) ensure, as far as is practicable, that the Property is fully tenanted at all times;

(b) promptly collect from each Tenant all rent, outgoings and any other amounts payable by the Tenant under the relevant Tenancy (including any arrears);

(c) ensure, as far as is reasonably possible, that each Tenant complies with its obligations under their Tenancy;

(d) deal with all day-to-day complaints and requests from Tenants and promptly notify the Company of the service upon the Manager of any notice, requisition, legal document or process setting out or claiming any actual or alleged liability on the part of the Company;

(e) arrange, conduct or attend to any objections, reference to experts, arbitration hearings, dispute resolution, mediation or appeals which the Manager considers to be reasonably necessary or desirable in the interest of the Company in relation to any rent review and, with the Company's prior written approval, where required in the Manager's reasonable opinion to contest or defend by objection, hearing or appeal any charges, levies, assessments or valuations made in relation to any matter in respect of the Property;

(f) ensure the Company complies with all of its obligations under the Property Law Act 2007;

(g) implement, arrange, control, supervise and maintain the security systems and arrangements for the Property and keep the Property secure at all times as reasonably necessary and appropriate;

(h) advise the Company how to minimise operating expenses and prepare an annual operating budget for the Property;

(i) arrange, negotiate, document and supervise each Tenancy and any consent to assignment or subletting and any renewals or termination of any Tenancy;

(j) arrange rental reviews under each Tenancy and under each review endeavour to achieve the best rent reasonably obtainable;

(k) arrange, at the expense of the Company, valuations of the Property for the purposes of insurance, the preparation of financial statements and the determination of rentals or as otherwise requested by the Company. The Company has the right to nominate the registered valuer to be instructed for these purposes;

(l) arrange quotations and negotiate contracts for, and supervise:

    (i) the cleaning, routine servicing, repair and maintenance of the Property (including servicing of the lifts, air conditioning and fire equipment), the plant, equipment, fittings and fixtures of it and the carparks and landscaped areas of it; and

    (ii) any service contracts for the Property that may be entered into by the Company;

    (For the purposes of this paragraph, the Manager may undertake repairs and maintenance of the Property within expenditure and budget limits previously approved in writing by the Company);

(m) conduct inspections of the Property at intervals of not more than three months and provide a written report on the state of the same to the Company as soon as practicable after completing each inspection;

(n) co-operate with the local authority, fire authorities and civil defence in relation to the arrangement and supervision of evacuation and emergency procedures for the Property;

(o) oversee compliance, through independent consultants where necessary, with the Building Act 2004, the Health & Safety in Employment Act 1992 and the Fire Safety and Evacuation of Building Regulations and any other acts, regulations or statutes which may apply to the Property from time to time;

(p) supervise the carrying out of any alterations to the Property by a Tenant, provided such alterations have been approved by the Company;

(q) receive all notices and other communications from Tenants and any local authority or other regulatory authority in respect of the Property, and to either deal with or make recommendations to the Company in respect of all of these communications;

(r) advise the Company on, and arrange for, insurance cover appropriate for the Property and the plant, equipment, fittings and fixtures on it, having regard to the obligation on the Body Corporate to arrange insurance for the Property;

(s) liaise with the Company, and if required by the Company, the Company's insurers in relation to any loss or damage to the Property or the plant, equipment, fittings or fixtures and in relation to any other insured liability relating to the Property and to provide all details available to the Manager to assist in making any claim against the insurers;

(t) compile and maintain all documentary records relating to the Property including all Tenancy documentation;

(u) ensure the Property complies with all applicable Laws (including any requirements of any regulatory authority or the Company's insurers);

(v) represent the Company in all dealings relating to the Body Corporate including attending and voting at meetings of the Body Corporate;

(w) undertake all day-to-day matters relating to the operation, maintenance and management of the Property and to comply promptly at all times with all reasonable directions from the Company from time to time given in respect of the Manager's obligations under this Agreement; and

(x) undertake any other services which the Company may reasonably require the Manager to carry out to ensure the proper management and control of the Property.

Schedule 2: Company Services

The Manager is responsible for providing general administration and management services to, and as required by, the Company. In particular, the Manager will:

(a) prepare or procure the preparation of:

(i) such reports and other information and material as the Board may require in connection with the annual reports and audited annual accounts of the Company; and

(ii) any other report as may be required from time to time by the Board, and the Manager will promptly after request by the Board at any time provide the Company with any information the Board may require in respect of the Company's operations or the performance by the Manager of its duties and obligations under this Agreement;

(b) keep, or cause to be kept, such business and accounting records in relation to the Company, the Manager and this Agreement as are required by law or otherwise necessary for the proper conduct of the affairs of the Company and the discharge of the Manager's obligations under this Agreement;

(c) open accounts with such authorised bank as the Company may from time to time appoint as its bankers in the Company's name, into which all moneys coming into the hands of the Manager on behalf of the Company will be paid, and operate such bank accounts, authorise the making of withdrawals from such bank accounts, and sign cheques or authorise the signing of cheques drawn on such bank accounts, in accordance with any authority given by the Board from time to time in relation to such bank accounts;

(d) as soon as practicable, on receipt of any moneys received on behalf of the Company, pay such moneys into a bank account held in the name of the Company;

(e) subject to any direction of the Board, hold or arrange the holding of all certificates or other documents of title received in respect of the Company safe and secure on behalf of the Company;

(f) subject to there being sufficient funds available to the Manager in the Company's bank accounts, meet all liabilities of the Company in relation to this Agreement as and when such liabilities become due and payable, with the exception of the fees and costs payable to the Manager under this Agreement, which may only be paid with the prior approval of the Board;

(g) use its best endeavours to collect all outstanding moneys owing by debtors of the Company (including any moneys due to the Company by Tenants) and if necessary the Manager will, if required by the Board, commence litigation in the name of the Company which may reasonably be considered necessary for the Company to collect any outstanding debts, subject to any directions which may from time to time be given to the Manager by the Board;

(h) advise the Board on risk management matters, including reviewing and advising on insurance arrangements;

(i) procuring and managing legal, accounting and other professional service providers engaged to assist the Company;

(j) conduct any litigation in respect of which the Company has any interest either as plaintiff, defendant or third party subject to any directions which may from time to time be given to the Manager by the Board;

(k) arrange for the annual financial statements of the Company to be audited by the Company's auditor, including the audit of the calculation of the Management Fee and other costs under this

Agreement in respect of the accounting period concerned;

(l) prepare and file all returns and notices required to be filed by the Company under any Laws;

(m) give to the Company all such assistance as the Company may reasonably require in connection with the preparation and filing of all tax returns (including GST returns) required to be filed by the Company;

(n) be responsible for financial and treasury management, including:

(i) the negotiation and supervision of all financial indebtedness of the Company that may from time to time be incurred or desired to be incurred by the Company;

(ii) ensuring compliance with borrowing obligations and related security arrangements;

(o) at all times keep comprehensive and up to date records of all transactions entered into by the Manager relating to the Services, and retain copies of such records for at least such periods as are required by law or for so long as the Manager provides the Services until they are delivered up to the Company;

(p) ensure that should the administrative duties be subcontracted, that such subcontractor will undertake to at all times maintain in full force a professional indemnity insurance policy which covers all duties such subcontractor so performs;

(q) ensure compliance by the Company with all relevant Laws, including the Companies Act 1993, Securities Act 1978, Financial Reporting Act 1993, Privacy Act 1993;

(r) liaise with the Company's share registrar to ensure that the register of shareholders is adequately maintained; and

(s) arrange with the share registrar to pay any dividends or interim dividends declared by the Board;

(t) prepare and circulate notices, agendas and board papers for meetings of the Board;

(u) attending meetings of the Company, the Board and shareholders, whenever reasonably requested by the Board and reporting to the Board at each meeting of the Board and otherwise when and as reasonably requested, on:

(i) the Company's financial performance;

(ii) any major maintenance, refurbishment or other work required to be carried out in respect of the Property or any issues or potential issues regarding the Property's compliance with any applicable statutory or regulatory regime;

(iii) past or upcoming events, actions or occurrences of a material nature;

(iv) any actual or potential threats to or opportunities for the Company, or the Company's business, including any actual or threatened litigation against the Company (including in respect of the Property) or any actual, threatened or proposed regulatory or legislative proposal or action;

(v) any matters which the Manager believes should be brought to the Board's attention; and

(vi) such other matters as the Board reasonably requires;

(v) arrange the Company's shareholder meetings and give notices of any such meeting to all shareholders in accordance with the Constitution, and otherwise undertake all required shareholder communications;

(w) keep minutes of all proceedings of all Board meetings, Board committee meetings and shareholder meetings;

(x) prepare an annual budget for the Company and present the budget to the Board for approval (the approved budget being the **Annual Budget**). The Annual Budget must provide details relating to the Property, including details of:

(i) income (rental revenue, building operating expense recoveries, other revenue);

(ii) expenses (property operating costs, outgoings and other expenses); and

(iii) capital expenditure; and

(y) prepare reports for presentation at each scheduled Board meeting. Each report must include, as a minimum, the following information:

(i) comparisons between budgeted, actual year-to-date and year end forecast financial information;

(ii) operational successes, challenges, failures and emerging issues;

(iii) property market activity;

(iv) risks, including identification of all risks, risk status level and management mitigation plans;

(v) identification and assessment of financial opportunities external to budget assumptions;

(vi) property valuation as carried out pursuant to the relevant regulations and Company policies; and

(vii) level of compliance with applicable regulations and legislation.

ASB

30 October 2014

The Directors
67 Courtenay Street Limited
C/- Brian Fitzgerald
Via Email: brian@triumphcapital.co.nz

PRIVATE & CONFIDENTIAL

Attention: Brian Fitzgerald

Dear Brian,

FINANCE PROPOSAL – 67 COURTENAY STREET LIMITED

I am pleased to confirm that ASB Bank Limited (referred to hereafter as the "Bank" or the "Lender" or "ASB") has approved funding facilities totalling **$6,725,000** to assist with the purchase of 67 Courtenay Street, New Plymouth (the "Property"), occupied by The Warehouse Limited. The new facility(s) will be provided on the terms contained in this Finance Proposal.

If you wish to accept this Finance Proposal, ASB must receive your written confirmation before 20 November 2014. If ASB does not receive your confirmation within the above mentioned timeframe, the terms of this proposal are withdrawn.

Should you decide to proceed with this proposal, all facilities provided to you by ASB shall be subject to ASB's lending criteria, including ASB's General Terms and Conditions. The terms of the documents and any special conditions will be fully detailed in ASB's Facility Agreement(s) and security documentation ("the Documents"). If there is any conflict between the terms of this Finance Proposal and the terms of the Documents, the terms of the Documents shall prevail.

The Documents will be completed based on the named Loan Applicant(s) and Guarantor(s) described in the Facilities attachment. Should you wish to change these entities ASB may charge you ASB's then current re-documentation fee.

Interest Rates	The interest rates are indicative only and may change prior to drawdown of funds at the sole discretion of the Bank.
Insurance	Comprehensive insurance is required for all secured assets, other than bare land, with ASB's interest noted.
Fees and Costs	All legal costs and other expenses incurred in the preparation of the documents are to be paid by you upon demand. The legal costs will include ASB's own legal costs, where ASB requires its own solicitors to act (for example, to prepare or peruse documentation). ASB will consult with you prior to requesting its own solicitors to act on its behalf.
Confidentiality	This Finance Proposal is only intended for the Customer. The contents should be held in confidence by such persons and not disclosed to any third parties, including other financial providers without ASB's consent.

Completion

On receipt of written confirmation from you, in the form attached, that you wish to proceed with this Finance Proposal, ASB will proceed to document the Facilities.

If the Documents are not completed to ASB's total satisfaction then ASB will be under no obligation to provide the facilities referred to in this Finance Proposal.

The Borrower will remain liable for any legal costs incurred and other expenses referred to above.

Conclusion

If there is any part of this Finance Proposal on which you require further clarification, please do not hesitate to contact the writer on (09) 337 4216.

Yours faithfully

R W SLOMAN
Senior Manager
ASB Property Finance

R E BAKER
Account Manager
ASB Property Finance

Facilities

Facility 1

Borrower	67 Courtenay Street Limited
Facility Type	Committed Cash Advance Facility (CCAF)
Facility Limit	$5,275,000
Term	Either 24 – 36 month evergreen or 60 month terminating dependent upon which margin is elected as per the Margin section below. For the evergreen options, the limit is reviewed annually and subsequently extended by a further 12 months at the Banks discretion.
Purpose of Facility	To assist with the purchase of 67 Courtenay Street, New Plymouth (the "Property"), occupied by The Warehouse Limited.
Interest Rate	The current ASB 30-day Bank Bill Bid Rate on the date of each drawing, plus a margin as detailed in the Margin section below. The 30-day Bank Bill Bid Rate is currently 3.70% per annum. Indicative Forward Start Swap Interest Rates and Options as at today and subject to a start date of 1 April 2015 are as follows: Term: Swap Rate: Option Premium 2 Year 4.14% $27,290 3 Year 4.25% $41,280 5 Year 4.41% $67,060 A Treasury specialist will be available to you to discuss interest rate hedging products. Should you elect to enter a Forward Start Swap Interest Rate prior to settlement of the Property the Bank will require a minimum of $440,000 to be placed on deposit with the ASB and utilised as security.
Margin	Option 1: 2 year evergreen 1.35% Margin Option 2: 3 year evergreen 1.55% Margin Option 3: 5 year terminating 1.80% Margin During the term of the facility the margin may only be adjusted on notification of a material downgrade in the Borrowers' credit worthiness. In respect of the 2 and 3 year evergreen facilities, the Bank's margin is fixed for the respective term. At each annual review when the extendable option is sought, the Bank reserves the right to re-price the extendable option in consultation with the Borrower. In the event that no agreement can be reached on the re-pricing of the extendable period, the current fixed margin remains for the balance of the respective term.
Interest Payments	Interest calculated daily and charged monthly in arrears.
Establishment Fee	Waived.
Drawings	In one lump sum on satisfaction of the Conditions Precedent, anticipated for 1 April 2015 (but no later than 30 April 2015).

The Interest Rate applicable to your Facilities may change prior to drawdown at the sole discretion of ASB.

Facility 2

Borrower	67 Courtenay Street Limited
Facility Type	Committed Cash Advance Facility (CCAF)
Facility Limit	$1,000,000
Term	6 months
Purpose of Facility	A bridging facility to assist with the purchase 67 Courtenay Street, New Plymouth, occupied by The Warehouse Limited, should subscriptions received by 1 December 2014 be less than $5,825,000 (but greater than $4,825,000).
Interest Rate	The current ASB 30-day Bank Bill Bid Rate on the date of each drawing, plus a margin as detailed in the Margin section below. The 30-day Bank Bill Bid Rate is currently 3.70% per annum.
Margin	A margin of 1.75% per annum for the term of the facility. During this term the margin may only be adjusted on notification of a material downgrade in the borrowers' credit worthiness.
Interest Payments	Interest calculated daily and charged monthly in arrears.
Establishment Fee	Waived.
Drawings	In one lump sum on satisfaction of the Conditions Precedent, anticipated for 1 April 2015 (but no later than 30 April 2015).

The Interest Rate applicable to your Facilities may change prior to drawdown at the sole discretion of ASB.

Security

In support of lending facilities as proposed above, the Borrower is requested to provide the following securities to the Bank:

1. A first unrestricted registered all obligations mortgage, on our standard form, over the property at 67 Courtenay Street, New Plymouth being the land comprised in certificate of title TNL2/161.

2. A first & exclusive registered General Security Agreement over the assets and undertakings of 67 Courtenay Street Limited.

Conditions Precedent to the Initial Advance

Usual Conditions Precedent for facilities of this nature, including but not limited to provision and/or satisfaction of the following, in a form and substance acceptable to the Bank:

Facility One and Two

1. A Directors Certificate completed and executed by all Directors, on our standard form.

2. A final signed copy of the Agreement(s) for Sale and Purchase of 67 Courtenay Street, New Plymouth.

3. Evidence that relevant insurance policies, which must include Loss of Rental Income for not less than 12 months and adequate Public Risk Cover, are in place and our interest noted.

4. A current valuation of 67 Courtenay Street, New Plymouth, such valuation(s) to be from a valuer acceptable to us. The valuation report(s) is to be addressed to us, is to contain a mortgage recommendation and must show a current market value in aggregate of not less than $10,515,000, exclusive of GST and chattels.

5. A copy of all current Building Warrants of Fitness and compliance schedules in terms of The Building Act 2004, relating to applicable buildings which come under/form part of our security. Namely, the property at 67 Courtenay Street, New Plymouth.

6. Bank satisfaction in respect of the seismic rating of the security property, to be at our sole discretion. You are to provide available engineering reports in relation to the construction and the seismic rating of the security property.

7. A copy of the final form of Investment Statement and Prospectus for 67 Courtenay Street Limited, to be satisfactory to the Bank in all respects.

8. Completed account opening forms for the Borrower are to be provided and are to be satisfactory to the Bank in all respects.

9. A copy of the Deed of Lease(s) and/or Agreement(s) to Lease between the Borrower and The Warehouse Limited to be satisfactory to the Bank in all respects, to confirm net rentals at no less than $882,750 per annum, and to confirm that The Warehouse Limited has extended their lease term 12 years to October 2026.

10. Your solicitor is to confirm that:
    a. The offering of securities complies with the Securities Act 1978 and the Securities Regulations 2009 and, to the extent applicable, any relevant exemption notice;
    b. The offering is fully subscribed (or subscribed up to an amount of at least $4,825,000 should Facility 2 be required) and that there is no vendor finance;
    c. The subscribers to the offer are not otherwise related parties to the transaction (unless agreed by the Bank); and
    d. No one single investor holds more than 20% of the issue.

Facility Two

11. Confirmation from your solicitor, satisfactory to the Bank, that subscriptions received to date are greater than $4,825,000 but less than $5,825,000.

12. Confirmation that the Investment Statement and Prospectus for 67 Courtenay Street Limited discloses to investors that in the event that Facility 2 is required (for any amount up to $1,000,000) $100,000 of the Promoter's Fee will be withheld and only released once the Offer is fully subscribed. For the avoidance of doubt (and in the event that Facility 2 is drawn), the $100,000 portion of the Promoter's Fee will be applied toward permanent debt reduction of Facility 2 and will only be released once Facility 2 is repaid in full.

13. Appropriate undertakings from your solicitor confirming that Facility 2 will be reduced by $100,000 from the Promoter's Fee.

Conditions after the Initial Advance

Facility One and Two

1. All facilities are subject to annual review.

2. Rental income from all security properties is to be directly banked into your account with us.

3. You will provide us with annual financial statements, prepared in accordance with accepted New Zealand Accounting Standards, within 180 days of balance date.

4. All properties charged to us are to be revalued every two years by a valuer acceptable to us, at your cost.

5. Interest Coverage (Net Rental Income / Interest Expense) is not to be less than 2.00 times at all times. Net Rental Income means Gross Rental Income less non-recoverable direct operating expenses or outgoings.

6. You will advise us in a timely manner of any material matters in relation to, existing lease terms, and/or tenant vacations or disputes, and/or rental arrears.

7. You must maintain Loss of Rental Income insurance for not less than 12 months (if applicable) and adequate Public Risk insurance for all properties charged to us, and provide evidence of same to us upon request.

8. For all buildings that form part of our security, you are to maintain, where applicable, a current Building Warrant of Fitness and provide the same to us, on request.

9. If, at any time, we determine that amounts outstanding to us (under this or any other facility) exceed 60% of the value of our security we may give notice to you requiring you, within 30 days, to prepay such amount and/or (at our absolute discretion) provide additional security acceptable to us to ensure that this ratio is no longer exceeded.
   The Loan to Value Ratio is to reduce to no more than 50% within 6 months from the initial facility advance commensurate with the repayment of Facility 2 (regardless of whether Facility 2 is utilised). Failure to comply with this ratio will trigger an event of review in terms of which ASB will have the right to review and/or amend the terms of the facility(s) including but not limited to the implementation of a principal amortisation regime.

10. You will provide such information as we may reasonably require to enable us to carry out an annual internal assessment of your financial position to ensure that there has been no adverse change in your creditworthiness, in our discretion. This may include, but not be limited to, an up to date tenancy schedule, details of all outgoings/opex, and projected capital spending.

Facility One

11. In the event that an evergreen option is selected, the Bank will consider providing an annual extension of 12 months to this facility at each annual review, beyond the initial term, subject to bank credit approval and pricing review.

Facility Two

12. This facility is to be repaid in full no later than 6 months from the initial advance (anticipated as 1 April 2015) from further subscribers to the offer.

ASB Bank Property Finance
Level 6, ASB North Wharf
12 Jellicoe Street
Wynyard Quarter
Auckland

Attn: Richard Sloman

CONFIRMATION TO PROCEED WITH FINANCE PROPOSAL FOR 67 COURTENAY STREET LIMITED

1. We instruct ASB Bank Limited ("ASB Bank") to proceed with preparation of a Facility Agreement and all other documentation required to give effect to the Finance Proposal dated 30 October 2014.

2. We acknowledge our liability for all legal costs and other expenses, (including ASB Bank's own legal costs). We acknowledge that we are liable for these costs whether or not the facilities proceed, (unless ASB Bank in its absolute discretion agrees otherwise.)

3. We confirm that all information provided to ASB Bank in connection with this Finance Proposal is true and accurate. No information has been omitted or withheld which would cause any information given to be misleading or incomplete in any material respect.

4. Privacy Act 1993.
   (a) We confirm that our solicitors in this transaction are:

   Firm:
   Solicitor Acting:
   Contact details:

   (b) We agree that all of our personal information collected by ASB Bank may be used by the ASB Group of Companies to advise us of other products and services; and

   (c) We authorise the release to ASB Bank at any time of all personal information held by;
   (i) Any credit reference agencies, or other providers of credit regarding our previous credit history;

   (d) We agree to ASB Bank releasing at any times any personal information held by ASB Bank to its credit reference agencies, and persons authorised by us.

Dated this __________ day of ______________________________ 2014

Accepted by and Executed on behalf of – 67 Courtenay Street Limited

By ______________________ as Director / Authorised Person Peter James Hutchison.
Signature Full Name

Level 27, 151 Queen Street
PO Box 1631, Auckland 1140
New Zealand
www.colliers.co.nz

MAIN +64 9 358 1888
FAX +64 9 358 1999

20 January 2015

The Directors
67 Courtenay Street Limited
PO Box 30528
Lower Hutt 5040

Dear Directors,

67 Courtenay Street Limited Prospectus

1. We refer to the prospectus to be dated on or around 21 January 2015 for an initial public offering of shares in 67 Courtenay Street Limited (the **Prospectus**).

2. The Prospectus contains a report from Colliers International New Zealand Ltd on the New Plymouth commercial property market dated 30 September 2014 (the **Report**) and names Colliers International New Zealand Ltd as an expert for the purposes of the Securities Act 1978.

3. For the purposes of section 40 of the Securities Act 1978, Colliers International New Zealand Ltd confirms that it:

(a) has given its consent to the distribution of the Prospectus with the references to it and its Report (including a copy of the Report) being included in the Prospectus in the form and context in which they are included; and

(b) has not, before delivery of a copy of the Prospectus for registration in accordance with section 41 of the Securities Act 1978, withdrawn its consent referred to in paragraph 3(a) above.

Yours sincerely

Alan McMahon

Alan McMahon BSc (Hons), FRICS, MPINZ, AREINZ
National Director of Consulting & Research
Ph: +64 21 677 886
+64 9 356 8811
Email: alan.mcmahon@colliers.com

Valuers Property Advisors

Our Ref: TAR-48834

21 January 2015

TelferYoung (Taranaki) Limited
P O Box 713, Taranaki Mail Centre,
New Plymouth 4340
Phone: 06 757 5753
Fascimile: 06 758 9602
email : taranaki@telferyoung.com
website : www.telferyoung.com

The Directors
67 Courtenay Street Limited
PO Box 30528
Lower Hutt 5040

Dear Directors

67 Courtenay Street Limited Prospectus

1. We refer to the prospectus to be dated on or around 21 January 2015 for an initial public offering of shares in 67 Courtenay Street Limited (the **Prospectus**).

2. The Prospectus contains a summary market valuation report by Telfer Young (Taranaki) Limited dated 30 November 2014 prepared in respect of the property at 67 Courtenay Street, New Plymouth (the **Property**) and names Telfer Young (Taranaki) Limited as an expert for the purposes of the Securities Act 1978.

3. For the purposes of section 40 of the Securities Act 1978, TelferYoung (Taranaki) Limited confirms that it:

   (a) has given its consent to the distribution of the Prospectus with the references to it and its valuation of the Property (including a copy of its summary valuation report) being included in the Prospectus in the form and context in which they are included; and

   (b) has not, before delivery of a copy of the Prospectus for registration in accordance with section 41 of the Securities Act 1978, withdrawn its consent referred to in paragraph 3(a) above.

Yours faithfully

TelferYoung (Taranaki) Limited

Ian Baker - FNZIV, FPINZ; Registered Valuer;
Director

Email: ian.baker@telferyoung.com