Offeror's Statement

PROPORTIONATE OWNERSHIP SCHEME

Prepared as at 25 November 2010

Stage 2
Valley Mega Centre
Rifle Range Road
New Plymouth

KCL property

Offeror's Statement

THIS STATEMENT WAS PREPARED AS AT 25 NOVEMBER 2010

OFFERS ARE INVITED FOR SUBSCRIPTION TO 225 INTERESTS OF $50,000 EACH ON THE TERMS AND CONDITIONS SET OUT IN THIS OFFEROR'S STATEMENT.

"To preserve and then grow equity through property investment by active management."

KCL PROPERTY MISSION STATEMENT

IMPORTANT
Information for investors

The information in this section is required under the Securities Act 1978.

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

WARNING
This offer is exempt under the Securities Act (Real Property Proportionate Ownership Schemes) Exemption Notice 2002 from the legal requirement to register a prospectus for this scheme and to appoint an independent supervisor to monitor the interests of subscribers. Your attention is drawn to the absence of these statutory protections.

Engaging an Investment Adviser

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including—

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by one or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include—

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

Choosing an Investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

NOTE
The information provided by KCL Investments Limited in this Offeror's Statement is not personalised and does not take into account the particular financial situation or goals of any person. Neither KCL Investments Limited nor Kawaroa Consultancy Limited employees canprovide you with personalised financial advice. To obtain advice tailored to your particular circumstances please contact a professional financial adviser.

KEY

Investment details

Proportionate ownership scheme

KCL Investments Limited ("the Offeror") through Russell Moore AREINZ ("the Offeror's Agent") is offering investors an opportunity, through a Proportionate Ownership Scheme, to participate in the proportionate ownership of a purpose built retail centre comprising three separate buildings being part of The Valley Mega Centre development in the established large format retail area in the Waiwakaiho Valley, New Plymouth ("The Property").

The Property's anchor tenant is a Countdown supermarket leased to General Distributors Limited which provides 65% of the total current income under a 15 year lease from the 22nd July 2009. Two further buildings house an additional seven tenancies. The first, a standalone building accessed of Vickers Road, is leased to Vehicle Testing New Zealand Limited held under a 12 year lease from the 12th February 2001 with 2 further 4 year rights of renewal. The second building is a retail block with a series of retail leases with terms varying between 6 and 8 years from starting dates of October 2008 through to March 2011. These tenants include Lighting Plus, Godfreys Vacuum Cleaners, Robertsons Pharmacy, Dogs Breakfast and, under final negotiations, a proposed tenancy to Uncle Bills Wholesale Club Limited. The smallest 158m² unit in this building remains unoccupied and a three year rental underwrite will be provided by the vendor upon settlement.

General Distributors Limited (Countdown supermarket) is part of the Progressive Enterprises group of companies operating 77 Countdown supermarkets across New Zealand in addition to Woolworths and Foodtown stores. Progressive Enterprises, the parent company of General Distributors Limited, is in turn a subsidiary of Woolworths New Zealand Limited, with its ultimate parent Woolworths Limited, an Australian company with its Head Office in Sydney. Woolworths Limited operates more than 3,000 stores in Australia and has over 190,000 employees making it the largest private sector employer in Australia. In New Zealand, in addition to its supermarket business managed by Progressive Enterprises Limited, Woolworths Limited also operates 71 Dick Smith Electronic stores. Note: General Distributors Limited is the operating entity of Progressive Enterprises Limited, the lease is not guaranteed by the parent companies.

Two hundred and twenty five (225) investment parcels of $50,000 each are being offered in this Proportionate Ownership Scheme with individual investors entitled to purchase one or more investment parcels.

The Property is under a conditional contract to be purchased from Brookfield Funds Management Limited for $19,000,000.00 plus GST (if any). The Offeror has received an independent market valuation of CB Richard Ellis conditionally valuing the property at $19,400,000.00 plus GST (if any) a copy of which is provided with this Offeror's Statement. The purchase contract remains conditional until completion of the Offeror's equity raising period of 40 working days, with this due to expire on or about the 18th of February 2011. Settlement is 10 working days after the unconditional date. The Offeror will elect to settle once all the Subscription Funds have been received. The offer will close on Friday 17 December 2010 or such earlier or later date as the offer is fully subscribed at the Offeror's discretion. The Offeror, reserves the right to close the offer or extend the offer at any time prior to that date.

The Offeror will declare the agreement unconditional as soon as practicable following satisfaction of the equity raising condition in the agreement for sale and purchase. Settlement is anticipated to be ten working days thereafter. If the agreement is declared unconditional on 20 December 2010, settlement is anticipated to be Tuesday 25 January 2011 (the period 24 December until 14 January 2011 (inclusive) are not working days pursuant to the agreement for sale and purchase).

Applications must be made on the Application Deed accompanying this Offeror's Statement.

9.25% return to investors

The Scheme is forecast to provide a cash return to Subscribers of 9.25% per annum pre tax. This return is calculated on the basis of distributions from available cash surpluses. The return does not take into account any retained profit or loss that may result from rental activities or any increase or decrease in the value of the Property. It also does not take tax or depreciation into account.

For each $50,000 interest for the 12 months up until the 31st March 2012 (the first full financial year after the Scheme's commencement), the Offeror projects Subscribers will receive, in cash, a total of $4,625 per annum. It is intended that cash distributions will be made to Subscribers of $385.42 per month, per interest, in arrears. The monthly payment will be made within 10 working days of the first of each month.

Taxation

Subscribers will be liable for any tax due on income from the Scheme after taking into account the tax deprecation allowances available to them (if any). The Manager will advise the taxable income to Subscribers annually.

The Valley Mega Centre

The Valley Mega Centre is a destination bulk retail centre bounded between Devon Road (State Highway 3), Vickers Road, Rifle Range Road and Smart Road. It lies within the Waiwakaiho Valley basin on the northern side of the New Plymouth city urban area.

The Valley Mega Centre commenced with Stage 1 development work in 2004 in response to a lack of suitable large format bulk retailing sites available within New Plymouth. The Stage 1 development was immediately successful in securing anchor tenants such as Briscoes and Rebel Sports, as well as Noel Leeming, Warehouse Stationary, Postie Fashions, Lighting Direct and Payless Plastics. Stage 1 of The Valley development comprised approximately 11,700m² of tenancy space in addition to 317 car parks.

The success of The Valley was then followed by a further stage constructed during 2008 and 2009 by Brookfield Multiplex. This involved the construction of a 4,315m² Countdown supermarket, a new block of retail space comprising 2,713m² with 6 separate tenancies, as well as an existing Vehicle Testing NZ Limited property facing Vickers Road with buildings comprising 832m².

Mitre 10 NZ Limited secured adjoining land whilst the development of Stage 1 and 2 was being undertaken and has constructed a Mitre 10 Mega on land immediately opposite the supermarket of some 10,935m². Together with the adjoining Harvey Norman store (not part of the Mega Centre itself) The Valley Mega Centre has become New Plymouth's predominant large bulk retail destination shopping area, the only one of its kind in the Taranaki region. The total shopping space within the centre itself is now approaching 30,000m².

The Valley is situated in a high profile area of New Plymouth city, immediately alongside the main State Highway North from the city (Devon Road). Devon Road itself has recently undergone extensive upgrading, with the recent completion of the Bell Block bypass which has meant road widening to four lanes servicing Bell Block, some 3 kilometers further to the north.

The catchment area for The Valley Mega Centre is wide, servicing all of the New Plymouth district, as well as also pulling people from central and southern Taranaki. The total population of the province is approximately 107,000 people.

New Plymouth, Taranaki

The city of New Plymouth benefits from being underpinned by high value dairy land generating significant milk supply, as well as being the undisputed energy base for New Zealand gas and oil production both onshore and offshore. This creates a cosmopolitan approach to the city, with its strong agricultural base, blended with the energy sector activities primarily around engineering process and supply. Significant arts, cultural and recreational opportunities exist in the North Taranaki area which in 2008 won "The World's Best and Most Sustainable Community" in the international awards for livable communities.

KEY

Investment details

The Tenants

The Property comprises three separate buildings leased to a variety of tenants.

Countdown Supermarket

This building sits alongside Devon Road and leased to General Distributors Limited trading as Countdown on a 15 year initial lease term from 22 July 2009, with 2 further 9 year rights of renewal. Rent reviews are 3 years from commencement to the average of the previous 3 years turnover rent above minimum thresholds. A CPI review applies on the renewal dates. This is a net lease with the tenant responsible for outgoings.

NZ Vacuum Cleaner Company Limited

Trading as Godfreys, this tenant occupies part of the separate bulk retail block on a 6 year term from 3 November 2008 with a 6 year right of renewal. Rent reviews are 2 yearly to CPI plus 2%. This is a net lease with the tenant paying outgoings in addition to the base rental.

Robertsons Pharmacy

Trading as a Unichem pharmacy, this tenant occupies part of the bulk retail block on a 6 year term from 1 March 2010 with 3 further 4 year rights of renewal. Rent reviews are annually by the change in the CPI plus 1% (capped at 3%). There is a $40,000 bank guarantee for a 3 year period.

Dogs Breakfast Trading Company Limited

This tenant, one of Jan Cameron's (ex owner of Kathmandu) group of companies, occupies part of the retail block at the Centre on an 8 year lease from 20 October 2008 with a 4 year right of renewal. Rent reviews are annually by the change in CPI and the tenant is responsible for all outgoings. There is provision for a bank guarantee for the equivalent of 3 months annual rent and outgoings for the full term of the lease.

Lighting Plus Limited

This tenant occupies part of the retail block on an 8 year lease from 3 November 2008 with a further 4 year right of renewal. Rent reviews are 2 yearly by the CPI change plus 1%. In addition the tenant pays all outgoings on the premises and there is no personal guarantee in place.

Uncle Bills Wholesale Club Limited – proposed tenancy

This tenant is intended to occupy a 1,010m^2 tenancy within the separate retail block. Negotiations are currently well progressed with the vendor on the basis of a 6 year lease commencing 1 March 2011 with a further 6 year right of renewal. There are 3 yearly reviews, the first being a set step up to $160,000 per annum and reviewed to market rent thereafter. The tenant pays the usual operating costs in respect of the premises.

In the event that this lease does not come to fruition, the vendor has agreed to provide an underwrite on rental of $150,000 per annum, plus operating cost expenses for up to a 3 year period from 1 March 2011, in addition to a lump sum payment covering the costs of leasing commission and legal fees (refer clause 1.7 below).

Vacant Shop

The smallest area within the separate retail block is a space of 158m^2. In the Sale and Purchase Agreement the vendor has agreed to provide an amount of $101,544 plus GST being an upfront payment towards the rental and operating costs expenses expected from the tenancy of this space for a period of between 2 ½ and 3 years (depending on what rental rate is applied to the shop space). The scheme is not required to refund this payment should this premises be tenanted within the 3 year period.

Vehicle Testing New Zealand Limited

Trading as VTNZ, this tenant occupies a stand alone building facing Vickers Road. This lease has been on foot for some time being an original 12 year period commencing 12 February 2001 with 2 further 4 year rights of renewal. Rent reviews are 3 yearly to market levels.

In total the net income from the tenancies (including the expected tenancy of Uncle Bills Wholesale Company Limited and the vacant tenancy, both having rental underwrites) is $1,731,028 at the date of this Offeror's Statement.

As at the date of this Offeror's Statement, the weighted average lease term (WALT) for the total property based on rental income, is 10.7 years.

Term

The Scheme has no fixed term. The Offeror regards commercial property investment by way of proportionate ownership as a long term investment. The Scheme may however be terminated by a special resolution, this being a resolution passed by Subscribers holding not less than 75% of votes cast at a meeting of Subscribers.

Property management

The KCL Property group of companies has been active in property syndication since the mid 1990s with the Manager currently managing 60 active property syndicates with total property assets under management in excess of $450 million spread across 130 commercial properties. The Property and the Scheme will be managed by KCL Property Management Limited (the "Manager") which was established in 2004 to separate the property management division of Kawaroa Consultancy Limited from the investment and consultancy division of this company.

The directors and key management staff of the Manager have considerable property experience in areas extending from the management of an property portfolio in New Zealand and Brisbane, Australia, to completing property development, project management work and business administration and accounting services to single entity and syndicate property owners. This investment opportunity is based around the market knowledge and experience of these people.

Further details of the Manager's experience are set out at section 2.2 below. Information on the KCL Property group of companies is available at www.kclproperty.com

Management and administration will involve:

- Collection of Rent;
- Payment of outgoings payable by the scheme;
- Management of the Property and tenancies in accordance with the best industry standards;
- Overseeing accounting matters;
- Reporting to the Subscribers and to the directors of the Nominee;
- Arranging annual general meetings of all Subscribers.

Further details of the management obligations are set out below at paragraph 2.3

How do you subscribe?

Investors may secure this investment opportunity with a minimum subscription of $50,000. Applications should be completed on the Application Deed accompanying this Offeror's Statement. By signing the Application Deed, a Subscriber authorises the Manager to execute the Property Ownership Deed containing the rights and obligations of the Subscribers, Manager and Nominee, on the Subscriber's behalf.

No Subscriber may hold more than 33 interests without the consent of the Offeror with only 225 available in total.

Completed and signed Application Deeds must be forwarded to the offices of the Offeror, with cheques for the full subscription made payable to Glaister Ennor Trust Account.

Any interest received on investor's funds held in the Glaister Ennor Trust Account will be credited to the investor's bank account, less any associated fees, bank charges or resident withholding tax following the commencement of this Scheme.

In the event that this Scheme does not proceed subscriptions will be returned to the Subscribers in full in accordance with this Offeror's Statement, plus any interest earned (less Resident Withholding Tax).

Cheques must be payable to:
Glaister Ennor Trust Account.
For Direct Credit payment details please contact the Offeror or Kylie Tietjens of Glaister Ennor at
kylie.tietjens@glaisterennor.co.nz
(09) 356 8243.

Completed application deeds with attached cheque should be mailed directly to:
KCL Investments Limited
PO Box 44
New Plymouth 4340
Or by courier to
335 Devon Street East,
New Plymouth 4312.

QUESTIONS

About your investment

1.0 WHAT SORT OF INVESTMENT IS THIS?

1.1 Description of proportionate ownership scheme

KCL Investments Limited ("the Offeror") through Russell Kenneth Moore AREINZ ("the Offeror's Agent") is offering Subscribers a new opportunity through a proportionate ownership scheme to be established in accordance with the Securities Act (Real Property Proportionate Ownership Schemes) Exemption Notice 2002 ("the Scheme") to acquire ownership of a retail complex comprising a Countdown supermarket, Vehicle Testing Station and assorted retail units at The Valley Mega Centre, Rifle Range Road, New Plymouth. ("the Property").

Two hundred and twenty five (225) units in the Scheme are being offered at $50,000.00 each (each "an Interest"). Individual Subscribers (each "a Subscriber" and together "the Subscribers") may purchase one or more Interests in the Scheme though the Offeror must consent to any subscription to more than 33 Interests. The Scheme will only begin operating if this offer is fully subscribed and the Property Ownership Deed has been executed. The Offeror may subscribe to an Interest or Interests in the Scheme.

The Scheme is a property investment syndicate with each Subscriber receiving an Interest in the Property. It will be established by the execution of the Property Ownership Deed by KCL Property Management Limited ("the Manager") and Vickers Rd Nominees Limited ("the Nominee") and through the Manager's execution of the Property Ownership Deed (both for itself and also as the attorney for those people who successfully subscribe under this offer) which will have the effect of binding all the successful Subscribers to the terms of the Property Ownership Deed.

Each Interest in the Scheme will confer equal rights and obligations on the holder in respect of entitlements to income and capital of the Scheme. Each Interest will also confer one vote on the holder in respect of matters on which Subscribers are entitled to vote. Information about returns to which Subscribers will be entitled, and the manner in which they will be calculated, is set out in section 5 below.

The 225 Interests will raise a total sum of $11,250,000 which together with $8,597,500 of first mortgage borrowings will be used to acquire the Property and to fund the establishment costs. Subscribers must purchase a minimum of one Interest for $50,000.00, payment to accompany the Application Deed and to be received no later than 17 December 2010.

By acquiring an Interest, a Subscriber will acquire a proportionate share in the Property. The certificate of title for the Property will be held on behalf of all Subscribers by the Nominee (Vickers Rd Nominees Limited) which is a recently incorporated company wholly owned by the Manager. The Nominee's purpose is to hold the title and the mortgage to the Property for and on behalf of all Subscribers in accordance with the terms of the Property Ownership Deed, and to be a party to the Property Ownership Deed.

The Manager is the first manager of the Scheme.

The Scheme itself will be managed on behalf of Subscribers by the Manager pursuant to the terms of the Property Ownership Deed. It will manage and administer the Property and will also administer the Scheme, in each case for a fee which will be deducted from the Scheme's income. Further details are set out below in sections 2 and 4, particularly sections 2.3 and 4.1(1)(b).

A copy of the Proportionate Ownership Deed is available upon request and available for inspection at the offices of the Offeror at the address set out in the directory inside the back cover of this Offeror's Statement.

The offer contained in this Offeror's Statement will close on 17 December 2010 or such later date as the Offeror may determine (being no later than 18 February 2011) unless earlier subscribed in full ("Closing Date"). However, the Offeror reserves the right to close or extend the offer at any time prior to that date and by itself to subscribe for an Interest or Interests in the Scheme in its name or in the name of any incorporated company. The Offeror's Agent also reserves the right to apply for an Interest or Interests in the Scheme.

The Offeror has the absolute right in its sole discretion to accept or reject any application in whole or in part without giving any reason.

1.2
Description of the Property

The Property to be purchased by Subscribers for the purposes of the Scheme is known as Stage 2 of The Valley Mega Centre, and classified as a bulky goods centre comprising a Countdown supermarket, a separate block of six large format retail tenancies and a standalone building accommodating a vehicle testing station occupied by Vehicle Testing New Zealand. The supermarket and large format retail tenancies were completed during 2009 and present in excellent condition. The testing station is in a good to excellent condition given its use requirements.

The Property itself forms an irregular shaped land holding of 24,314 m² with 100m of street frontage to Rifle Range Road, 148m to Devon Road and 128m to Vickers Road.

The supermarket trades onto a central carpark area and benefits from a good level of visibility to State Highway 3. Access to the large format retail tenancies is from the adjoining carparking areas and is considered easy and direct, with all shops receiving good exposure to the carparks. The Vehicle Testing New Zealand site functions as a stand

The layout of the subject complex is illustrated in the following floor plans:

alone operation with access from Vickers Road.

The floor areas of tenancies on the Property are as follows:

Tenant	Floor Area
Countdown	4,315.6m²
Uncle Bills Wholesale Club*	1,010 m²
Dogs Breakfast	690 m²
Pharmacy	308 m²
Lighting Plus	343 m²
Godfreys	204 m²
Vacant	158 m²
VTNZ	832 m²
TOTAL rentable floor area	**7,860.6 m²**
Carparks	324

Car Parking

Car parking for approximately 324 vehicles is provided on site, reflecting a rate of 4.1 car spaces per 100 square metres of Gross Lettable Area. The calculated carparking ratio of 4.1 parks per 100sqm of lettable area appears adequate for a supermarket anchored Bulky Goods centre (refer CBRE valuation).

Parking is provided free of charge.

Location

The overall Valley Mega Centre development occupies a site in the eastern catchment of New Plymouth, and is the only large Bulky Goods centre in the region. It is located approximately 4 kilometres north east of the New Plymouth City Centre adjoining State Highway 3 (Devon Road), the main north road into and out of New Plymouth.

Stage 2 is positioned to the north eastern portion of The Valley Mega Centre, immediately to the east of Stage 1 of The Valley Mega Centre, and enjoys critical mass from the recently constructed Mitre 10 Mega store to the northern boundary of the property and further to the southwest a Harvey Norman store held under separate ownership. Marked on site car parking is provided for approximately 324 vehicles. Tenants within the complex include Countdown and premises for seven specialty tenancies.

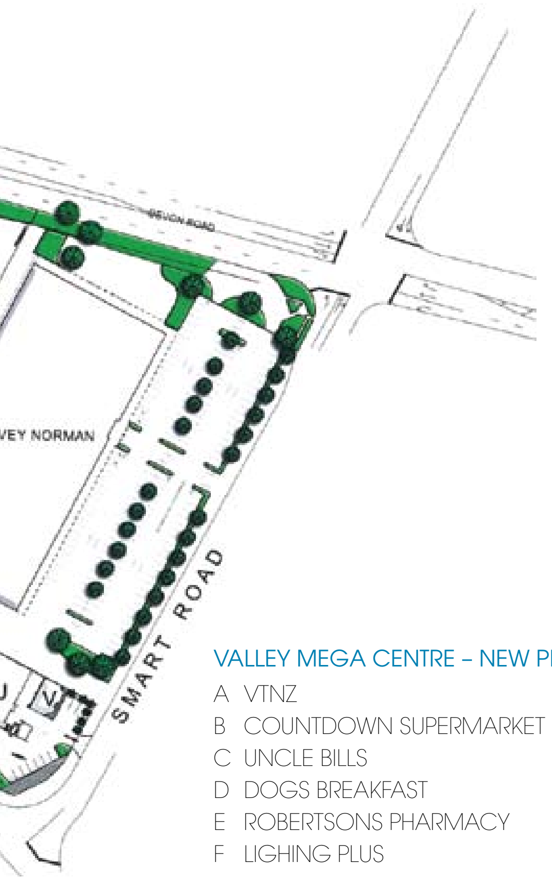
Stage 1 of the Valley Mega Centre includes Rebel Sport, Briscoes, Postie Plus, Noel Leeming, Number 1 Shoe Warehouse, Lighting Direct, Warehouse Stationery and Payless Plastics, amongst others.

The surrounding locality accommodates a range of industrial uses with The Warehouse located 3 kilometres to the north east off State Highway 3 at Bellblock and the New Plymouth Commercial Centre located 4 kilometres to the south west. The New Plymouth Commercial Centre accommodates a range of retail and commercial facilities including the Centre City Shopping Centre and four full format supermarkets.

Legal Description

The Property comprises 4 individual freehold titles as follows:

Estate	Lot	Deposited Plan	Unique Identifier
Fee Simple	2	372014	336310
Fee Simple	3	372014	336311
Fee Simple	2	20419	TNL1/1053
Fee Simple	1	20419	TNL1/1052



VALLEY MEGA CENTRE – NEW PLYMOUTH

A VTNZ
B COUNTDOWN SUPERMARKET
C UNCLE BILLS
D DOGS BREAKFAST
E ROBERTSONS PHARMACY
F LIGHING PLUS
G GODFREYS
H (VACANT)
I NOEL LEEMING
J WAREHOUSE STATIONERY
K NO. 1 SHOE WAREHOUSE
L POSTIE PLUS
M REBEL SPORT
N BRISCOES
O LIGHTING DIRECT
P BB'S CAFE
Q SUBWAY
R INDIA TODAY
S PAYLESS PLASTICS
T BENDON
U BEDS R US
V (VACANT)

Construction and Services

Construction – Countdown Supermarket

Foundations:	Concrete.
Floors:	Reinforced concrete slabs.
Structure:	Steel framing throughout with steel roof trusses.
External Walls:	Pre-cast concrete tilt slab external walls, with metal cladding in some areas and fibre cement panelling.
Windows/Doors:	Aluminium framed windows and doors throughout.
Roof:	Metal roof sheeting.

Construction – Large Format Retail

Foundations:	Concrete.
Floors:	Reinforced concrete slabs.
Structure:	Steel and reinforced concrete framing throughout with steel roof trusses.
External Walls:	Pre-cast concrete tilt slab external walls, with metal cladding in some areas.
Windows/Doors:	Aluminium framed windows and doors throughout.
Roof:	Metal roof sheeting, with netting over sisalation.
Awnings:	Metal clad awnings to some external elevations, lined and illuminated.

Construction – VTNZ Building

Foundations:	Concrete
Floors:	Reinforced concrete floor slabs with workpits
Structure:	Steel and reinforced concrete framing throughout with steel roof trusses
External Walls:	Pre-cast concrete tilt slab external walls with fibre cement cladding in some places
Windows/Doors:	Aluminium framed windows and doors throughout
Roof:	Metal roof sheeting
Canopy:	Steel legs to front canopy with fibre cement soffit and metal sheet roof"

Internal Finishes

Individual tenancy fit outs are generally the responsibility of tenants according to their particular requirements.

Services

Air Conditioning:	The centre (excluding VTNZ) is fully air conditioned throughout.
Loading Areas:	Loading docks are strategically located to service both the major and specialty tenancies.
Fire Prevention:	The retail tenancies are fitted with smoke detectors and alarms with heat detectors additionally included in some tenancies. The supermarket is fitted with a sprinkler system. Fire extinguishers are located throughout the buildings.
Security:	Security alarms are installed within the centre. Most tenancies include security cameras.
Amenities:	Staff amenities are provided with the tenancies.

Condition & Repair

Based on the inspection by the valuer and the architectural review, the property is reported to be in excellent condition having regard to its age and use. The architectural review noted some areas of minor repairs required to the Countdown supermarket all of which should be covered by warranties.

Retail centres by their very nature require continual expenditure to maintain the aesthetic appeal, structural integrity and hence, capital value of the asset. In this regard, the Offeror has incorporated a specific capital expenditure allowance throughout the term of the cash flows in recognition of the requirement for an ongoing refurbishment program.

1.3 Material contracts relating to improvements to The Property

As at the date of this Offeror's Statement the buildings on the Property have been fully constructed. There are no further proposals to extend or upgrade these buildings or to construct any new buildings.

1.4 Covenants in respect of the Property

The fee simple freehold identifiers have the following interests registered against them:

(a) Subject to and/or appurtenant to the following easements:

- Transfer 469212.2 – reserves the right to drain sewage and other drainage in favour of New Plymouth District Council. This easement passes under the Uncle Bill's proposed tenancy.
- Transfer 483099.2 - reserves the right to drain sewage and other drainage in favour of New Plymouth District Council.
- Easement 8352617.1 – creates an appurtenant right of way over the Mitre 10 lot in our favour.
- Easement 8352617.2 – creates appurtenant rights of way giving access to Struthers place and subjects the property to rights of way over the supermarket lot.
- Easement 5731995.5, 7321174.5 and 8352617.3 – create appurtenant rights to drain sewage.
- Transfer 368688 – reserves the right to construct a gas main and to convey gas to the New Plymouth District Council over an area on the corner of Vickers Road and Dunn Road.
- Transfer 445399 – reserves an easement in gross in favour of Powerco Limited for electricity, data and communication services on the corner of Vickers and Dunn Road.
- Easement 5731995.4 – creates an appurtenant right to convey water, electricity, gas and telephone communications over a small corner of the area leased to VTNZ.
- Easement 5731995.6 – creates an appurtenant right to drain sewage over an area located in Hynds Pipes.

(b) The easements created by Easement instruments 5731995.4, 5731995.6 and 7321174.5 and by transfers 483099.2 and 469212.2 are subject to Section 243 (a) of the Resource Management Act 1991.

(c) Subject to Section 59 Land Act 1948 reserving minerals in the land for the Crown.

(d Fencing Covenant in Transfer 469212.1 is relative to boundary fence contributions not being required.

(e) 171538 Gazette Notice declaring State Highway No.3 adjoining the within land to be a limited access road.

(f) 409091.1 Compensation Certificate pursuant to Section 19 Public Works Act 1981.

(g) 468097.1 Consent Notice pursuant to Section 221(1) Resource Management Act 1991 restricts building close to SH3 and requires foundations to be designed by a registered engineer.

(h) 7704087.1 Certificate pursuant to Section 77 Building Act 2004. This certificate includes the requirement that the land held within 3 of the 4 subject Certificates of Title, namely TNL1/1052, TNL1/1053 and 336311 be held within common ownership. The land accommodating the Vehicle Testing New Zealand tenancy is not subject to this condition.

(i) 7695506.1 Notification that a building consent issued pursuant to Section 72 Building Act 2004 identifies inundation (flooding, overflow, storm surge) as a natural hazard.

(j) 7386691.3 Mortgage to CBA Corporate Services (NSW) PTY Limited to be discharged on settlement.

The Offeror is not aware of any unregistered covenants, conditions, restrictions or easements in respect of the Property.

1.5
Land information memorandum relating to The Property

The Offeror has obtained a Land Information Memorandum ("LIM") in accordance with Section 44A of the Local Government Official Information and Meetings Act 1987 which is available for inspection at the offices of the Offeror.

The Property is zoned Industrial C under the Environment Area zone under the New Plymouth District Plan. Industrial C Environment Areas include a wide variety of uses and generally serve as a buffer to separate other Environmental Areas from industrial areas. The New Plymouth District Plan does not restrict uses within Industrial C provided development controls are adhered to.

The LIM notes an outstanding Code Compliance Certificate ("CCC") for a building consent granted for a pylon sign on the Property. The Vendor has undertaken to obtain this consent prior to settlement, and failing such a retention of $20,000 will be held by the purchaser's solicitor until the consent is obtained. A further fit out consent for the Lighting Plus tenancy has not been obtained and both the vendor and Manager will take steps to ensure this tenant obtains its required CCC.

No other matters arising from the LIM, in the opinion of the Offeror, needed to be referred to the independent valuer.

A copy of the LIM is available for inspection at the offices of the Offeror and the Offeror's Agent.

1.6
Options in respect of The Property

The Vendor under the conditional agreement for sale and purchase for the Property ("the Agreement for Sale and Purchase") is Brookfield Funds Management Limited as trustee of the Brookfield Multiplex Albert Street Landowning Trust. The purchaser is recorded as Hamden Holdings Limited or nominee, a company which is one of the KCL Property group of companies (www.kclproperty.com). Hamden Holdings Limited will nominate the Agreement for Sale and Purchase to the Nominee as the purchaser of the Property prior to declaring the Agreement for Sale and Purchase unconditional by way of Deed of Nomination, or if required novate the agreement by a deed of novation. The Nominee will be GST registered prior to being nominated. The agreement is conditional upon due diligence until 25 November 2010, the General Distributors Limited tenant not exercising its first right of refusal to purchase the property by 1 December 2010 and an equity raising period, due to expiry on or about 18 February 2011. Settlement is 10 working days after the agreement is unconditional in all respects.

There is no other option, buy back or similar arrangement in relation to the Property.

1.7
Material details concerning rights of occupation of the Property

The Property comprises eight tenancies, six already leased, one awaiting final approval and one vacant unit. The 158m^2 vacant unit and 1010m^2 unit subject to final agreement are subject to a rental, operating expenses and leasing costs underwrite for three years from the Vendor.

The material lease terms are summarised as follows:

Tenant	**General Distributors Limited**
Guarantor	Nil
Premises	The Building comprising an area of 4,315.6m^2 erected on the Land comprised in Certificates of Title TNL1/1052, TNL1/1053, 336310 and 336311, situated at Stage Two, Valley Mega Centre, New Plymouth and comprising a Supermarket and associated facilities and site works and improvements. Together with: (a) exclusive use of the supermarket loading zone; (b) common vehicular access; (c) common pedestrian access. (d) non exclusive use of the Common Areas, Shared Carparks and Supermarket Carparks; (e) exclusive licence to the Trolleybays. 120 on grade carparks (Supermarket Carparks) and 92 on grade carparks (Shared Carparks)
Type of Lease	Original Format Deed of Lease
Commencement Date	22 July 2009
Initial Term	Fifteen (15) years
Rights of Renewal	Two (2) rights of nine (9) years each
Current Term	Initial Term
Final Expiry Date	21 July 2042
Rent	$1,105,000 plus GST per annum Or Turnover rental being* 2% of Turnover in excess of zero and up to and including $62.78 million; plus 1.75% of Turnover in excess of $62.78 million up to and including $73 million; plus 1.5% of Turnover in excess of $73 million. Whichever is the higher.
Rent Review details	Three yearly excluding the renewal date, rent reviews as follows: The Annual Rent shall be reviewed to the rental calculated by adding the average Turnover Rental payable over the 3 preceding years (TR) to the Base Rent (BR). R = BR + (TR / 3)

	On Renewal: For the first renewed term to the greater or: (a) Preceding Base Rent reviewed as if a standard rent review date; and Base Rent as at the 9th anniversary plus CPI increase to renewal date capped at 15% increase; and On second Renewal as above provided CPI review date is 16th anniversary until renewal, capped at 7.5% increase.
Outgoings	Net Lease
Permitted use	Display and retail sale of all types of goods and merchandise and the supply of such services as may be sold or supplied by a supermarket from time to time.
Tenant's Maintenance	Standard maintenance required to keep and maintain the interior and Landlord's Fixtures and Fittings in good condition, except fair wear and tear, insured damage, structural repairs / capital expenditure, damage caused or contributed to be Landlord. Tenant obligation to keep clean and tidy at all times. Tenant, if required by Landlord, to enter into and maintain, service and maintenance contracts with the contractors the Tenant considers appropriate to fulfil the Tenant's maintenance obligations in relation to Landlord Fixtures and Fittings. Tenant to further ensure: • repair or replace facilities broken or damaged by Tenant; • windows clean and replaced if damaged or broken by Tenant; • keep Tenant signage attractive, clean and good condition, illuminated where appropriate. • keep and maintain in good order and repair Tenant Fixtures and Fittings to extent necessary to prevent hazard to or deterioration in the condition of the Premises. The Tenant shall redecorate the interior of the Premises when reasonably required. Redecorate all affected parts of the interior upon removal by the Tenant of any partitions, fixtures, fittings, signs decorations, floor coverings or other items installed by Tenant. Limited to the extent such is reasonably necessary to remedy the effects of removal or alteration and to return to the Premises to the overall standard before installation.

Landlord Maintenance	Landlord to ensure Loading Zone is maintained and compliant throughout the term. Landlord responsible for all repairs to, maintenance of and replacements to the Premises (including without limitation replacement of major components of the air-conditioning and any other Landlord Fixture and Fittings and the resurfacing of the carparks); except: • where obligation is Tenant's • structural repairs caused by neglect of default of the Tenant, the Tenant's fixtures and fittings or requirements of the Tenant pursuant to any relevant authority. Landlord further liable to maintiain: • gutters and downpipes; • weathertightness; • Common Areas in good state of repair, clean, secure, lit; • carparks clearly marked; • maintain continuity of all Services (e.g. water, gas, electricity, communications, fire fighting, garbage removal). • repaint every 7 years and within 12 months of any renewal, the exterior, except where required as part of the Tenant rebranding or if the Tenant requires painting at shorter intervals. • rectify inherent defects. Should the Services fail and the Landlord fails to immediately remedy and that failure has a material impact on the ability of the Tenant to operate in the normal manner – Rent shall cease until rectified.
Rebranding or Refurbishment	Rebranding permitted upon Landlord consent whichshall be granted upon reasonable explanation and no material adverse impact on the value of the Premises. At Tenant cost unless it involves repairs, replacements, alterations, additions or otherwise (structural or otherwise) to the Premises (which may include extension) and/or to the Landlord's Fixtures and Fittings (Landlord Works). Landlord Works are at the Landlord's Cost with Improvements Rent paid at the rate of Official Cash Rate plus 3% (resulting in a current Improvements Rent rate of 6.5% per annum). Improvements Rent deducted from Turnover Rent calculation.

	Refurbishment if desired by the Tenant for valid commercial reasons, where it involves Landlord Work, the Tenant to provide plans and specifications and the Landlord shall complete the Landlord's Works component at its cost (unless otherwise determined by the Tenant). NOTE: Improvements Works are only required if there are not less than 8 years to run, unless the Tenant agrees to extend the lease.
First Right of Refusal	The Tenant has a first right to purchase the property and a first right to lease the property on expiration or earlier termination of the lease. The Tenant has a further first right of refusal to take a lease of any petrol station constructed on the Centre by the Tenant.
Non Competition	A non- competition clause prevents another tenant using its premises as a Supermarket, bing a store which stocks, sells ans supplies such general merchandise and services as provided for in supermarkets anywhere in the world. Rent will reduce by 50% if this provision is breached, until rectification (acting reasonably).
Damage or Destruction	The Tenant may terminate the Lease if the Premises are so damaged that they cannot continue to trade. Tenant may further terminate the lease if the Premises are not reinstated within 18 months unless good progress has been made in which case 6 month extension granted. If terminated, the Tenant shall have an option to take a new lease of the Premises once reinstated by the Landlord or a related party thereof.
Assignment	If assigned pursuant to the requirements of the Lease, the Tenant shall be discharged from any ongoing obligations. Tenant must provide sufficient information of the assignee that the Landlord may reasonably require to allow the Landlord to establish to its reasonable satisfaction that such assignee is respectable, responsible and shall have the financial resources to meet the Tenant's commitment under the Lease.

A copy of the Lease, and all deeds and variations relating thereto may be inspected free of charge at the offices of the Offeror detailed below.

*The turnover rental formula has been incorrectly recorded in the deed of lease. The Vendor and tenant have verbally agreed to rectify this mistake to read as above. A $200,000 retention will be held by the purchaser's solicitor until this is rectified and if not rectified by the Vendor, retained by the Purchaser.

Financial Standing of the Tenant

General Distributors Limited

General Distributors Limited was first registered on the New Zealand Companies Officein September 1987. The company has a registered office at 80 Favona Road, Mangere and is 100% owned by Progressive Enterprises Limited, registered at the same address. The ultimate parent of Progressive Enterprises Limited is the ASX listed Woolworths Limited. General Distributors Limited's obligations under this Lease are not guaranteed by its parent companies.

The Offeror has not been provided with financial statements in respect of General Distributors Limited and as such prospective investors must take this lack of information into account in their assessment of the financial standing of the tenant and whether to subscribe to Interests in the Scheme. The Offeror has obtained the June 2009 audited financial statements of Woolworths New Zealand Group Limited (the New Zealand parent of the General Distributors and Progressive Enterprises companies) which showed total revenues of $4.9 billion dollars for the June 2009 year.

The Offeror has received confirmation from the Vendor that, during their ownership of the Property, General Distributors Limited has not failed to meet the payment of rent and operating expenses due under the Lease.

The Offeror has been unable to obtain any further financial information relative to this Tenant.

For further information about the Tenant see http://www.progressive.co.nz the website of the Tenant's parent company.

Tenant	**Dogs Breakfast Trading Company Limited**
Guarantor / Bank Guarantee	No Guarantor The Tenant is required to provide a Bank Guarantee equivalent to three months rent and outgoings plus GST, reviewed following each review date, required during term of Lease and any renewed term.
Premises	Tenancy 1B being 690m^2 as more particularly shown outlined in red on the Premises Plan attached to the Lease. No exclusive carparks. General right to use common areas and Shared Use Carparks which may be allocated by the Landlord from time to time.
Type of Lease	Agreement to Lease with draft ADLS Deed of Lease attached.
Commencement Date	20 October 2008
Initial Term	Eight (8) years
Rights of Renewal	One (1) rights of four (4) years each
Current Term	Initial Term
Final Expiry Date	19 October 2020
Rent	$128,210.89 plus GST per annum
Rent Review details	Each anniversary of the commencement date. Increases by movement in CPI (all groups) index.
Outgoings	Net Lease
Permitted use	Retail store for sale of homeware, pet accessories and clothing.
Tenant's Maintenance	Agreement anticipates standard ADLS covenants save that evidence of the repair and condition of the premises is deemed to be 'as new'.
Landlord Maintenance	Standard ADLS covenants changed so Tenant may not terminate Lease or have any claim against Landlord if services fail to function due to no fault of Landlord.
Non Competition	Tenant may not open similar store within 2 km of the premises.
Reinstatement	Tenant's reinstatement requirements are contained within a condition report attached to the Lease.

Financial Standing of the Tenant

Dogs Breakfast Trading Company Limited

Dogs Breakfast Trading Company Limited was first registered on the New Zealand Companies Office in June 2008. The company has a registered office at 2 Long Street, Woolston, Christchurch with all its shares held by Jan Cameron. Jan Cameron is the former owner of the Kathmandu clothing chain.

The Dogs Breakfast Trading Company currently operates 13 stores throughout New Zealand and 5 stores in Australia specialising in homeware and lifestyle products.

The Dogs Breakfast Trading Company has recently announced a plan to rebrand these stores with one of Jan Cameron's two other brands Nood (www.nood.co.nz) or Chickenfeed (www.chickenfeed.com.au). The tenant has requested that they rebrand this store with the Chrickenfeed entity and is in the process of obtaining the appropriate variations to their deed of lease to provide for this. The obligation to comply with the lease has just under six years to run on the current term and the tenant is required to provide a three month bank guarantee.

The Offeror has obtained from the Companies Office website (www.companies.govt.nz) the last filed annual accounts of Dogs Breakfast Trading Company Limited being their initial accounts for the 14 months ending 31 July 2009. These accounts show total revenue of $19 million from retail sales which with a gross profit of $6.78 million at a margin of 35.6%, and an after tax loss of $7.9million. Net working capital (current assets less current liabilities) is $4.4 million and equity is $7.1 million.

Prospective investors may obtain a set of these accounts from the Offeror upon request and should take this information into account in their assessment of the financial standing of the tenant and whether to subscribe to Interests in the Scheme. A 3 month bank guarantee is to be provided for this tenancy.

The Offeror has received confirmation from the Vendor that, during their ownership of the Property, Dogs Breakfast Trading Company Limited has not failed to meet the payment of rent and operating expenses due under the Lease.

The Offeror has been unable to obtain any further financial information relative to this Tenant.

For further information about the Tenant see http://www.dogsbreakfastonline.com the website of the Tenant.

Tenant	Robertsons Pharmacy Limited
Guarantor / Bank Guarantee	No Guarantor $40,000 bank guarantee applies until 1 March 2013.
Premises	Shop 2 of Stage 2 of the Landlord's building known as the Valley Mega Centre located at Rifle Range Road, New Plymouth being 308m^2 as more particularly shown outlined in red on the Premises Plan attached as Appendix 1 to the Lease. Exterior and structure not leased to tenant. No exclusive use carparks. Tenant has shared use of those carparks from time to time allocated by the Landlord as Share Use Carparks (no specific number required)
Type of Lease	ADLS Deed of Lease with variations.
Commencement Date	1 March 2010
Initial Term	Six (6) years
Rights of Renewal	Three (3) rights of four (4) years each
Current Term	Initial Term
Final Expiry Date	29 February 2028
Rent	$71,000.00 plus GST per annum
Rent Review details	Each anniversary of the commencement date. Increases by movement in CPI (all groups) index plus 1%. Capped at 3% increase per review.
Outgoings	Net Lease
Permitted use	Health and beauty, photographic and pharmacy related activities.
Tenant's Maintenance	Standard ADLS covenants with small amendments: Premises deemed to be in 'as new' condition at commencement of Lease. Painting and decorating at least every five years. Tenant to use landlord's nominated cleaning services provider.
Landlord Maintenance	Standard ADLS covenants changed so Tenant may not terminate Lease or have any claim against Landlord if services fail to function due to no fault of Landlord.
Non Competition	The Tenant must not carry on any business of this type within 2km of the centre (unless one existed prior to the commencement date of this lease) The Landlord may not grant a lease for "Pharmacy" or "Pharmacy-related activities" during the term of this Lease within the centre or within 2km of this unit. However, it will not be a breach of this provision if a tenant whose lease existed prior to the commencement of this Lease permits such activities.
Reinstatement	Tenant required to remove all fit-out, additions and alterations with attached schedule containing specific make good and reinstatement requirements.

Financial Standing of the Tenant

Robertsons Pharmacy Limited

Robertsons Pharmacy Limited was first registered on the New Zealand Companies Office in September 1975. The company has a registered office at 94 High Street, Hawera, Taranaki with the shares held by Maree Robertson as to one half, Andrew Robertson as to one quarter, and Andrew and Maree Robertson as to the remaining quarter. Robertsons Pharmacy Limited is part of the Unichem Pharmacies group of pharmacies, part of the pharmacy brands franchise group (www.pharmacybrands.co.nz).

The Offeror has not been provided with financial statements in respect of Robertsons Pharmacy Limited and as such prospective investors must take this lack of information into account in their assessment of the financial standing of the tenant and whether to subscribe to Interests in the Scheme. The pharmacy trades under the Unichem brand name and has pharmacies in both Hawera and The Valley.

The Offeror has received confirmation from the Vendor that, during their ownership of the Property, Robertsons Pharmacy Limited has not failed to meet the payment of rent and operating expenses due under the Lease.

The Offeror has been unable to obtain any further financial information relative to this Tenant.

For further information about the Tenant http://www.robertsonspharmacy.co.nz the website of the Tenant

Tenant	**Lighting Plus Limited**
Guarantor / Bank Guarantee	Nil.
Premises	Tenancy 3 being 343m^2 as more particularly shown outlined in red on the Premises Plan attached to the draft Lease. No exclusive carparks. General right to use common areas and Shared Use Carparks.
Type of Lease	Agreement to Lease with draft ADLS Deed of Lease attached.
Commencement Date	3 November 2008
Initial Term	Eight (8) years
Rights of Renewal	One (1) rights of four (4) years each
Current Term	Initial Term
Final Expiry Date	2 November 2020
Rent	$92,887.14 plus GST per annum
Rent Review details	Each second anniversary of the commencement date. Increases by movement in CPI (all groups) index plus 1%.
Outgoings	Net Lease
Permitted use	Retail of lighting products and related accessories.
Tenant's Maintenance	Standard ADLS covenants only varied by requiring painting and decorating at least every five years.
Landlord Maintenance	Standard ADLS covenants changed so Tenant may not terminate Lease or have any claim against Landlord if services fail to function due to no fault of Landlord.
Non Competition	Tenant may not open similar store within 2 km of the premises.
Reinstatement	Standard ADLS requirements

Financial Standing of the Tenant

Lighting Plus Limited

Lighting Plus Limited was first registered on the New Zealand Companies Office in August 1993. The company has a registered office at level 1, 10 Heather Street, Parnell, Auckland with all its shares held by interests associated with Barry John Mellor, the sole director.

Lighting Plus currently operates retail lighting stores throughout New Zealand.

The Offeror has not been provided with financial statements in respect of Lighting Plus Limited and as such prospective investors must take this lack of information into account in their assessment of the financial standing of the tenant and whether to subscribe to Interests in the Scheme.

The Offeror has received confirmation from the Vendor that, during their ownership of the Property, Lighting Plus Limited has not failed to meet the payment of rent and operating expenses due under the Lease.

The Offeror has been unable to obtain any further financial information relative to this Tenant.

For further information about the Tenant see www.lightingplus.co.nz the website of the Tenant.

Tenant	New Zealand Vacuum Cleaner Company Limited (t/a Godfreys)
Guarantor / Bank Guarantee	Electrical Home-Aids Pty Limited (an Australiancompany) and minority shareholder of New Zealand Vacuum Cleaner Company's parent Australian Vacuum Cleaner Co Pty Limited.
Premises	Tenancy 4 being 204m^2 as more particularly shown outlined in red on the Premises Plan attached to the Agreement. No exclusive carparks. General right to use common areas and Shared Use Carparks which may be allocated by the Landlord from time to time.
Type of Lease	Agreement to Lease
Commencement Date	3 November 2008
Initial Term	Six (6) years
Rights of Renewal	One (1) rights of six (6) years each
Current Term	Initial Term
Final Expiry Date	2 November 2020
Rent	$53,630.03 plus GST per annum
Rent Review details	Each second anniversary of the commencement date. Upwards only. Increases by movement in CPI (all groups) index plus 2%.
Outgoings	Net Lease
Permitted use	Retail, wholesale and trade supply of vacuum clearners and cleaning appliances (including domestic, commercial, industrial), spare parts, repairs, cleaning products and cleaning services.
Tenant's Maintenance	Agreement anticipates standard ADLS.
Landlord Maintenance	Standard ADLS covenants.
Non Competition	Nil.
Reinstatement	Standard ADLS

Financial Standing of the Tenant

New Zealand Vacuum Cleaner Company Limited

New Zealand Vacuum Cleaner Company Limited was first registered on the New Zealand Companies Office in October 2000. The company is a 100% subsidiary of Australian Vacuum Cleaner Co. Pty Limited with its ultimate parent International Cleaning Solutions Holding Pty Limited (an Australian registered company).

New Zealand Vacuum Cleaner Company Limited, trading as Godfreys, operates 22 stores in New Zealand and through its parent company numerous Godfreys stores throughout Australia specialising vacuum cleaners, accessories and cleaning products.

As the company is a 100% subsidiary of an overseas registered company, the Offeror has obtained from the Companies Office the latest Annual Report of the company, to 30 June 2009. These financial statements show revenue of $12.1 million for the year to 30 June 2009 and a net loss for the year of $1.02 million, down from a profit of $1.83 million in the previous year. Equity was $3.2million.

A copy of this Annual Report, together with prior Annual Reports are available on the Companies Office website www.companies.govt.nz or from the Offeror on request.

The Offeror has received confirmation from the Vendor that, during their ownership of the Property, New Zealand Vacuum Cleaner Company Limited is up to date with the payment of rent and operating expenses due under the Lease.

The Offeror has been unable to obtain any further financial information relative to this Tenant.

For further information about the Tenant see http://www.godfreys.co.nz the website of the Tenant.

Tenant	Vehicle Testing New Zealand Limited
Guarantor / Bank Guarantee	Nil.
Premises	Part Lot 2 DP 17437 (now incorporated in Identifier 336310) as more particularly shown outlined in red on the lease plan.
Type of Lease	ADLS Third Edition Deed of Lease with variations
Commencement Date	12 February 2001
Initial Term	Twelve (12) years
Rights of Renewal	Two (2) rights of four (4) years each
Current Term	Initial Term
Final Expiry Date	11 February 2021
Rent	$100,300 plus GST per annum
Rent Review details	Every three years to market provided that the rental must be higher than $70,000 plus GST.
Outgoings	Net Lease provided that the Tenant only pays 66% of rates and is not liable for service contract charges, provisioning shared facilities or body corporate costs (if any).
Permitted use	The delivery of services as an agent (or sub-agent) for the Land Transport Safety Authority. Extensive description given of what this includes, but description is not limited.
Tenant's Maintenance	Standard ADLS covenants with restriction: New clause requires the tenant not be liable for any building maintenance, repair to water, drainage or electrical services or for repair, maintenance or rectification work caused by any defect in design, construction, workmanship, finish or materials used in constructing the premises and its amenities by the Landlord.
Landlord Maintenance	Standard ADLS covenants with extensions to require maintenance requirements to all building services and keeping the roof, external windows, external doors and eternal walls watertight and to have fair wear and tear repaired.
Non Competition	The Landlord may not grant a lease which allows a competing business to be conducted on "the property of which this premises forms part"
Reinstatement	Standard ADLS requirements, subject to no reinstatement for extension built by Landlord in or about 2006.

Financial Standing of the Tenant

Vehicle Testing New Zealand Limited

Vehicle Testing New Zealand Limited (VTNZ) was first registered on the New Zealand Companies Office in February 1994. The company has a registered office at Level 6, 15 Willeston Street, Wellington. The company's ultimate parent is the Motor Trade Association Incorporated.

VTNZ is a former State Owned Enterprise privatised in 1999 and purchased by the Motor Trade Association. In 2004, VTNZ purchased the business of On Road New Zealand which were rebranded to VTNZ in 2008.

There are now 85 VTNZ testing stations throughout the country and nearly all carry out Warrant of Fitness inspections. Well over half of the stations also carry out safety inspections on the heavy vehicles of New Zealand. And VTNZ is the only company to have satellite "offsites" to inspect heavy vehicles in the more rural areas.

VTNZ is the largest vehicle inspection company in New Zealand.

The Offeror has not been provided with financial statements in respect of Vehicle Testing New Zealand Limited and as such prospective investors must take this lack of information into account in their assessment of the financial standing of the tenant and whether to subscribe to Interests in the Scheme.

The Offeror has received confirmation from the Vendor that, during their ownership of the Property, Vehicle Testing New Zealand Limited has not failed to meet the payment of rent and operating expenses due under the Lease.

The Offeror has been unable to obtain any further financial information relative to this Tenant.

For further information about the Tenant see www.vtnz.co.nz the website of the Tenant.

Tenant	Uncle Bills Wholesale Club Limited (proposed tenancy)
Guarantor / Bank Guarantee	Nil.
Premises	Tenancy 1A being 1,010m².
Type of Lease	Original format Agreement to Lease (in draft) with negotiations by correspondence.
Commencement Date	1 March 2011 (proposed).
Initial Term	Six (6) years.
Rights of Renewal	One (1) rights of six (6) years.
Current Term	Awaiting confirmation of final terms.
Final Expiry Date	Twelve (12) years following Commencement Date.
Rent	$150,000 plus GST per annum (proposed).
Rent Review details	Increase to $160,000 plus GST on the third anniversary of the Commencement Date and to market rent three yearly thereafter.
Outgoings	Net Lease (proposed).
Permitted use	Sale of retail goods.
Tenant's Maintenance	Standard ADLS covenants with variations to be confirmed.
Landlord Maintenance	Standard ADLS covenants with variations to be confirmed.
Reinstatement	Standard ADLS requirements, variations (if any) to be confirmed.

Financial Standing of the Tenant

Uncle Bill's Wholesale Club Limited

Uncle Bill's Wholesale Club Limited was first registered on the New Zealand Companies Office in May 2007. The company's directors are Ian Lang and Peter Trotter.

Uncle Bill's Wholesale Club Limited is a discount goods retailer which provides wholesale prices for bulk purchases. They currently have two stores in New Zealand, one in Porirua and one in Palmerston North.

The Offeror has not been provided with financial statements in respect of Uncle Bill's Wholesale Club Limited and as such prospective investors must take this lack of information into account in their assessment of the financial standing of the tenant and whether to subscribe to Interests in the Scheme.

For further information about the Tenant see www.ubclub.co.nz the website of the Tenant.

The Offeror has been unable to obtain any further financial information relative to this Tenant.

Lease Underwrite

The Vendor has provided a three year rental, operating expenses and related costs underwrite in relation to this tenancy if Uncle Bill's Wholesale Club Limited is not secured by settlement. The funds required for this underwrite will be held in the purchaser's solicitor's trust account and released to the Scheme monthly for payment of rental and operating expenses until a new tenant is secured, or 3 years after settlement, whichever is the earlier. The underwrite will also cover leasing fees of up to $22,000 plus GST, $102,087.50 plus GST of fit-out costs and leasing incentives and $2,000 plus GST of legal costs. The balance of funds upon tenanting of the unit, or 3 years after settlement will be released to the vendor (if any).

Alternate Tenant

The Vendor advises that it is also in discussions with one further Australian retail company interested in tenanting this unit (Tenancy 1A). These negotiations are at an early stage and provide an alternative to Uncle Bills Wholesale Club Limited if more favourable lease terms can be agreed. The Vendor has advised that this tenancy would require a commencement date of approximately July 2011. If unconditional before settlement, the abovementioned lease underwrite would apply to this tenancy until 1 September 2011 at the level described in the lease underwrite above (being an underwritten rental of $14,549.86 plus GST per month). Any rent free beyond this will be met by the Scheme, though current expectations are that the increased rental from this tenant will outweigh any temporary shortfall. If additional tenancy construction work is required above the $102,087.50 plus GST provided by the Vendor to secure this tenant after settlement, the Manager may, on behalf of the Scheme raise the required additional funds from the ASB Bank, provided this does not exceed 47% of the value of the Property, and only where the corresponding increase in value to the Property of securing this tenant is in excess of the borrowed amount and the return to investors is not compromised.

There is no guarantee this tenant will take a lease of this unit and the assumptions provided with the Prospective Financial Information attached to this Offeror's Statements do not assume this tenancy is secured.

Vacant Tenancy

The Vacant Tenancy is subject to a rental and operating expenses underwrite which will be paid to the purchaser in one lump sum of $101,544 plus GST on settlement if this 158m² is not unconditionally tenanted at settlement. The $101,544 plus GST will be retained in the Nominee's bank account to meet the costs on this tenancy as if a tenant was already in place. Should the Manager tenant this tenancy within the 3 year underwrite period, no refund to the Vendor is required.

2.0 WHO IS INVOLVED IN PROVIDING IT FOR ME?

2.1 Information about persons associated with this proportionate ownership scheme

(a) The Offeror of the Scheme is KCL Investments Limited whose registered office is at 335 Devon Street East, New Plymouth.

The directors of the Offeror are:

Bryce Robert Barnett
335 Devon Street East
New Plymouth

Phillip Michael Hinton
335 Devon Street East
New Plymouth

The Offeror's role in the Scheme is to prepare and facilitate the offer of the Interests under this Offeror's Statement.

(b) The Manager of the Scheme is KCL Property Management Limited whose registered office is 335 Devon Street East.

The directors of the Property Manager are:

Bryce Robert Barnett
335 Devon Street East
New Plymouth

Phillip Michael Hinton
335 Devon Street East
New Plymouth

Jonathan Mark Bishop
335 Devon Street East
New Plymouth

Terence Joseph Carter
335 Devon Street East
New Plymouth

The qualifications and experience of the Manager and its directors are outlined at paragraph 2.2 below.

(c) Vickers Rd Nominees Limited, 335 Devon Street East, New Plymouth is the Nominee. All of the shares in the Nominee are held by the Manager on behalf of the Subscribers.

The directors of the Nominee are:

Phillip Michael Hinton
335 Devon Street East
New Plymouth

Clinton James Sullivan
335 Devon Street East
New Plymouth

Alternate director:
Christopher Brian Rudd
335 Devon Street East
New Plymouth

Phillip Hinton is an executive director of the KCL Property Group of companies and director of the Manager.

Clinton Sullivan is the General Manager of the KCL Property Group of companies, including the Manager.

Christopher Rudd is the Finance and Investment Manager for the KCL Property group of companies.

The Nominee's purpose is to hold the Property as bare trustee for the Subscribers in accordance with the terms of the Property Ownership Deed, and to be a party to the Property Ownership Deed.

(d) The investment funds in relation to this Scheme will be paid to Glaister Ennor, Solicitors, 18 High Street, Auckland whose role is to hold funds in its trust account until the conditions in clause 5(2)(ca) of the Securities Act (Real Property Proportionate Ownership Schemes) Exemption Notice 2002 are satisfied.

(e) The initial auditor of the Scheme is Staples Rodway whose address is 109-113 Powderham Street, New Plymouth.

2.2 Qualifications and experience of Manager of proportionate ownership scheme

The KCL Property group of companies have been active in property syndication since the mid 1990s with the Manager (KCL Property Management Limited) since its incorporation in 2004 having taken over the management of an extensive portfolio of managed properties from Kawaroa Consultancy Limited totalling in excess of $450 million in value. The Manager was established in 2004 to separate the property management division of Kawaroa Consultancy

Limited from the investment and consultancy division of this company and has within its portfolio 60 syndicated properties, seven of which commenced in the mid 1990s.

Bryce Robert Barnett is the founder of the KCL Property group of companies and is a director of the Manager. Bryce has extensive experience in property development, investment, management and finance and this investment opportunity draws on his market knowledge and management skills.

Phillip Michael Hinton is also a director of the Manager and has a background as a registered valuer with Telfer Young (Taranaki) Limited, specialising in commercial valuations for some twenty years. He has been with the KCL Property group of companies since 2002 and is an executive director of Kawaroa Consultancy Limited.

Jonathan Mark Bishop (professional director, of Auckland) and Terence Joseph Carter (Chartered Accountant in public practice, of Auckland) are both non executive directors of the Manager.

The Manager is the first manager of the Scheme and will be responsible for managing the Property in accordance with the terms of the Property Ownership Deed.

2.3 Management agreements relating to the Property

(1) The material details of the management agreement relating to the Property contained in the Property Ownership Deed are as follows:

(a) The Manager shall manage the Property for the term of the Scheme, subject to the provisions of the Property Ownership Deed which deals with the removal and appointment of the Manager;

(b) (i) The Manager will receive a management fee of 4.25% plus GST of the annual rental received by the Nominee in respect of the provided that the management fee shall not without the consent of the Manager be less than 2% of the current market rental of the property. This fee will be paid quarterly in advance. A portion of this management fee may be a recoverable outgoing from the Tenants.

(ii) The Manager will also be paid an annual accounting fee of $5,000.00 plus GST and an annual syndicate servicing fee of $50 plus GST per Interest ($11,250 plus GST). These fees may be increased annually by the movement in the CPI (All Groups) Index;

(c) The Manager will receive fees for various lease negotiations, finance arrangements and project management services and the like that may occur – refer section 4.1(1)(b);

(d) On a sale of the Property Kawaroa Consultancy Limited will be entitled to a fee of 2% plus GST of the sale price for conducting the sale process;

(e) The Manager is empowered to manage the Property and to undertake maintenance and improvements to the Property and is empowered to incur financial liability if the Tenant is liable for such costs or if required as a result of negotiations under the lease or for any future leases of other parts of the Property or at the Manager's sole discretion. Without limiting this power, the Manager shall only be entitled to borrow monies in addition to the initial borrowings specified in the Offeror's Statement, not exceeding 47% of the market value of the Property, particularly for the purposes of refurbishing or carrying out alterations for leasing of the Property to new tenants. This figure may increase by extraordinary resolution of the Subscribers.

(f) The remuneration of the Manager may not otherwise be increased except by ordinary resolution of the Subscribers; and

(g) The procedures for making decisions that may affect the interests of Subscribers are:

(i) Any aspect relating to management of the Scheme may be amended by Subscribers passing an ordinary resolution of the Scheme and such resolution will be binding on the Manager provided that no such resolution shall operate to invalidate a prior action of the Manager which was valid at the time it was taken.

(ii) The Manager is authorised pursuant to clauses 6.8 and 6.9 of the Property

Ownership Deed to incur financial liability on behalf of the Subscribers where expenditure is required under any tenancy and does not exceed $50,000.00 plus GST in respect of any one item, or where expenditure is required for repairs that are necessary to protect the Property. The Manager's right to borrow in addition to the initial bank loan to buy the Property is restricted to 47% of the market value of the Property.

(iii) All other financial liability incurred by the Manager (to the extent not provided for in this Offeror's Statement) on behalf of the Subscribers requires prior sanction by ordinary resolution of the Subscribers.

(iv) The Subscribers may remove the Manager, or any subsequent manager appointed in place of the Manager, by extraordinary resolution if the Manager fails to perform its duties pursuant to the Property Ownership Deed and has not remedied such default within 14 days of receiving written notice of the default.

(v) The Subscribers may by extraordinary resolution make alterations to or limitations to the powers and duties of the Manager.

(2) A copy of the Property Ownership Deed which contains the management agreement will be provided to a prospective Subscriber on request and may be inspected free of charge at the offices of the Manager, Offeror or Offeror's Agent.

2.4 Interests of the Offeror, Manager and others

The following are transactions relating to the Scheme in which the Offeror, Manager or any person associated with them have an interest:

(1) The Agreement for Sale and Purchase between Brookfield Funds Management Limited as vendor and Hamden Holdings Limited as purchaser. Hamden Holdings Limited will, if the Agreement for Sale and Purchase is declared unconditional, nominate, or if required by the vendor, novate the agreement to the Nominee as purchaser. Hamden Holdings Limited is part of the KCL Property group of companies which also includes the Manager and the Offeror. The Agreement for Sale and Purchase states the purchase price at $19,000,000 plus GST (if any). The deposit of $500,000 will be paid by Kawaroa Consultancy Limited which will receive a refund of that sum and will charge interest and bank costs until the refund is received, at the time of purchase of the Property. Settlement of the transaction is set down for 10 working days after the Agreement for Sale and Purchase is declared unconditional by the purchaser.

(2) The Manager is a party to the Property Ownership Deed which will be signed between the Manager and the Nominee, for itself and on behalf of all Subscribers, particulars of which are set out under clause 2.3 of this Offeror's Statement. The Manager is a company in the KCL Property group of companies which will undertake management of the Property for the Subscribers of the Scheme. The Manager receives annual remuneration pursuant to the Property Ownership Deed as follows:

  (a) Management fee of 4.25% plus GST of the rental income received from tenants of the Property; provided that the management fee shall not without the consent of the Manager be less than 2% of the current market rental of the property.

  (b) The accounting fee of $5,000 plus GST per annum paid quarterly in advance.

  (c) The syndicate servicing fee of $11,250 plus GST per annum paid quarterly in advance.

  The fees referred to 2.4(2)(b) and (c) above may be adjusted annually to the movement in the CPI (All Groups) Index.

  The Manager may receive further remuneration if certain events occur in relation to the Property and this is set out in clause 6.11 of the Property Ownership Deed and in sections 4.1(1)(b) and 2.3(1) of this Offeror's Statement.

  The Manager may also subscribe for Interests in the Scheme in its own name.

(3) The Offeror receives a fee of $343,000 plus GST for acting as Offeror of the Scheme if the Scheme proceeds and the Nominee subsequently purchases the Property. This fee is a combination of (though not limited to) a fee for sourcing and obtaining a conditional contract, preparation of cash flows, sourcing bank funding and all matters required to initiate the Scheme through to commencement and settlement of the Property.

(4) The Offeror may also receive brokerage for sourcing investors to subscribe to the Scheme at a rate of 2% of the amount subscribed to by any investor who subscribes, sourced by the Offeror.

(5) Kawaroa Consultancy Limited, the principal company in the Kawaroa group of companies, may subscribe for Interests in the Scheme.

(6) Bryce Robert Barnett is the director of the Offeror and Kawaroa Consultancy Limited and he is one of the directors of the Manager. He is a person who will derive a material benefit as he or his family trusts are the ultimate owners of the shareholders of the Offeror, Kawaroa Consultancy Limited and the Manager.

(7) Bryce Robert Barnett personally may also be directly materially interested in the Scheme in that the Kawaroa Trust, his family trust may subscribe for Interests in the Scheme.

(8) Phillip Michael Hinton is a director of the Manager, the Offeror and Kawaroa Consultancy Limited and may derive a material benefit from their performance.

3.0 HOW MUCH DO I PAY?

3.1 Purchase Price

The purchase price to be contributed to by Subscribers for the Property is $19,000,000 plus GST (if any). Establishment costs of $737,508 (including contingencies) are added to this purchase price to comprise the funds required for the Scheme. Subscribers will contribute $11,250,000 of this amount, being 225 $50,000 Interests, with $8,597,500 to be advanced by ASB Bank on a non recourse basis. The prospective financial statements provided to the Subscribers with this Offeror's Statement detail further how the bank advance and Subscriber funds are accounted for.

Settlement of the purchase is due to take place 10 working days following the agreement for sale and purchase being declared unconditional, currently anticipated to be 4 March 2011.

Bank Loan

ASB Bank has agreed to loan the sum of $8,597,500 to the Subscribers on a non recourse basis along with swap facilities to enable the interest to be fixed, as is the intention of the Manager if it does not impact on the 9.25% return. The Nominee will complete the loan documentation on each Subscribers behalf prior to settlement with the mortgage held in the Nominee's name and registered against the titles to the Property. The bank will also take security by way of assignment over all present and future deeds of leases for the Property and a General Security Deed over the assets and undertakings of the Scheme.

The loan is for a term of 5 years, subject to the banks loan conditions, with the initial interest rate set at a margin of 2.3% above the bank's 90 day bill rate. As at 1 November 2010, this rate would be 5.51%, with 5.55% the rate used in the cashflow assumptions. Please refer to the Notes and Assumptions to the Prospective Financial Statements for the Periods Ended 31 March 2011, 2012 & 2103 for the interest rate assumptions for the Scheme throughout these periods. The final interest rate may be greater or less than this rate at settlement depending on movements in the banks 90 day bill rate until settlement.

The Manager proposes to hedge the loan against possible interest rate movements by entering into an interest rate swap facility. The Nominee cannot enter into this facility until the agreement for sale and purchase is declared unconditional. As at 16 November, the Manager has the ability to enter into a five year fixed rate including credit and term funding premiums of 7.75% without impacting upon the pre-tax cash return of 9.25%. If the fixed rate would impact on the 9.25% rate the Manager will leave the loan floating or fix for a shorter period.

The loan will be entered into on an interest only basis. On expiry of the loan the full principal amount is repayable unless the loan is extended by the bank. The loan to value ratio must be maintained below 47% and the net income of the property must not be less than 2 times the actual interest cost to prevent a review of the loan by the bank during the loans term. Should a breach of either of these conditions occur, the ASB bank will have a right to requirement repayment of all or part of the loan.

4.0 WHAT ARE THE CHARGES?

4.1 Types of Charges

(1) The following charges are or may be payable to the Offeror, or an associated person of the Offeror, or the Scheme by a Subscriber (whether directly or indirectly, including by deduction), or by the Offeror from the Scheme to the Manager or an associated person of the Offeror or the Manager (being changes that will or may affect the return to Subscribers):

(a) Entry Charges:

Offeror's fee	$343,000
Brokerage	$225,000
Legal fees (including structure set up)	$ 55,000
Deposit funding cost	$ 3,082
Offeror's Agents Fee	$ 2,000
Accounting & Audit review (estimate)	$ 6,500
Valuation fees (estimate)	$ 15,000
Marketing	$ 45,633
Chattels valuation fee (estimate)	$ 5,000
Bank loan fees (estimate)	$ 25,793
Due diligence reports (estimated)	$ 6,500
Contingency	$ 5,000
Total establishment costs	**$737,508**
GST on set up costs (to be refunded by IRD)	$ 106,295
Surplus funds on acquisition	**$ 3,698**

(b) Administration and Management Fees:
The following ongoing annual fees are payable from the Scheme to the Manager pursuant to the Property Ownership Deed, being charges that will or may affect the amount of the returns to Subscribers:

(i) The Manager will be paid an annual management fee of 4.25% plus GST of the rental income received from the tenants provided that the management fee shall not without the consent of the Manager be less than 2% of the current market rental of the property. A portion of this management fee may be recoverable from some of the tenants under the deeds of lease.

(ii) The Manager will receive an annual accounting fee of $5,000 plus GST per annum paid quarterly in advance, which fee may be increased annually by the movement in the CPI (All Groups) Index.

(iii) The Manager will receive an annual syndicate servicing fee of $11,250 plus GST per annum paid quarterly in advance, which fee may be increased annually by the movement in the CPI (All Groups) Index.

(iv) A facilitation fee for any new leasing at the following rate:

(a) Where no real estate agent is involved:

• Leases less than 1 year	Nil
• Leases 1year and greater and less than 3 years	10% plus GST of annual rent
• Leases 3 years and greater and less than 5years	12.5% plus GST of annual rent
• Leases 5 years or longer	15% plus GST of annual rent

(b) Where a real estate agent is involved:

• Leases less than 1 year	Nil
• Leases 1year and greater and less than 3 years	5% plus GST of annual rent
• Leases 3 years and greater and less than 5years	6.25% plus GST of annual rent
• Leases 5 years or longer	7.5% plus GST annual rent

No charge will be made on lease renewals, however if at the expiry or surrender of an existing lease a new lease with the tenant is agreed, then a leasing facilitation fee may apply.

(v) A fee for any refinancing at the following rate:
(a) $0 - $1,000,000 0.75%
(b) Over $1,000,000 0.30%

(vi) Either:

(a) If project work of a capital nature is necessary in the range up to $50,000 plus GST a fee of 15% of actual cost plus direct costs (such as travel or accommodation) plus GST, reducing to 10% of the actual cost plus direct costs on any cost above the first $50,000 plus GST, or the Manager reserves the right to negotiate a reasonable market fee with the Subscribers on a case by case basis; or

(b) Where development of the Property or any part thereof costing in excess of $50,000 plus GST is necessary the Manager will negotiate a fee at the time of the development commensurate to industry standards.

(vii) A fee of $1,000 plus GST where a Subscriber wants to sell an Interest to a non-related party (i.e. not a family member or family trust, or related trust of the Subscriber) for managing the process. There may also be legal and valuation fees for a selling Subscriber.

(viii) Upon a sale of the Property the Manager will be entitled to a fee of 2% of the sale price (excluding real estate agent fees payable to any real estate agency successfully arranging the sale of the property).

(ix) A standard real estate agency commission will be charged, plus associated agency costs, on sale of the Property.

(x) In the case of any other attendances outside the duties outlined in the Property Ownership Deed, the Manager shall receive a fee charged at no greater than $150 plus GST per hour.

(2) The remuneration of the Manager may not otherwise be increased except by ordinary resolution of the Subscribers, this provision also being recorded in clause 6.12 of the Property Ownership Deed.

(3) If there are any other practices of the Offeror or Manager in relation to charges that will or may affect the amount of the returns to Subscribers, then the Offeror or Manager must negotiate such terms with the Subscribers before they can be charged.

4.2
Amount of Charges

Where a charge can at the date of this Offeror's Statement be expressed as a dollar amount (or as a percentage of another dollar amount) it has been specifically stated. Where the charge, or the minimum or maximum amount of a charge, cannot at the date of this Offeror's Statement be expressed as a dollar amount (or as a percentage of another dollar amount), the estimated amount has been stated. In that case, Subscribers can ascertain the amount of such charges (which will be based on the actual cost incurred) at any time by contacting the Manager.

4.3
Remuneration of Offeror relating to proportionate ownership scheme

The remuneration the Offeror will receive for establishing and promoting the Scheme is the Offeror's fee of $343,000 plus GST stated in clause 4.1(1)(a) of this Offeror's Statement. No other benefits will be provided to the Offeror.

The Offeror's Agent will receive a fee of $2,000 plus GST.

5.0 WHAT RETURNS WILL I GET?

5.1 Income and expenses relating to the Scheme

All income in respect of the Scheme will be received by the Nominee, as Landlord of the Lease of the Property.

The Manager will account for all income and expenses relating to the Scheme.

The basis on which profits are to be distributed between the Subscribers is in accordance with each Subscriber's proportion of ownership in the Scheme, subject to the provisions of the Property Ownership Deed.

The projected income and expenditure for the first full year of the Scheme is set out in the prospective financial statements referred to in clause 5.3 of this Offeror's Statement.

Profits are distributed at the discretion of the Manager, taking into account likely future expenditure. There is no specific agreement as to distribution of set amounts of profit, however, based on the prospective financial statements and the Manager's property management experience, the Manager expects the Scheme to have sufficient cash surpluses to pay Subscribers, on a monthly basis, a cash return of 9.25% per annum assuming Subscribers hold their Interest for a full one year period. Subscribers are advised to seek tax advice from their own professional advisors on their individual tax positions.

5.2 Financial Information in respect of the Property

The Offeror is not in possession or control of, and is not reasonably able to obtain, any appropriate financial information for the Property, other than as set out in the prospective financial statements which are included in clause 5.3 of this Offeror's Statement.

The Offeror has however received confirmation from the Vendor that the Tenant is up to date with their payments of rent and operating expenses. Refer clause 2.5 of the valuation report provided with this Offeror's Statement.

5.3 Prospective financial statements

Prospective financial statements in respect of the Scheme for the financial years to 31 March 2011, 2012 and 2013 which follow:

(a) comprise statements of financial position, financial performance and cashflows; and

(b) accord with generally accepted accounting practice; and

(c) have been reviewed by the partnership of Staples Rodway Taranaki, a member of the Institute of Chartered Accountants of New Zealand.

ACCOUNTANT'S REPORT TO VICKERS RD LIMITED

staplesrodway
CHARTERED ACCOUNTANTS

We have prepared this report for inclusion in the Offeror's Statement dated 29 November 2010, for the issue of a proportionate share of the land and buildings at The Valley Mega Centre, Stage 2 situated at 2-20 Rifle Range Road, Waiwhakaiho, New Plymouth. This review is required under clause 20 of the Securities Act (Real Property Proportionate Ownership Schemes) Exemption Notice 2002.

We have reviewed the prospective financial statements of Vickers Rd Limited included in the Offeror's Statement on pages 37 to 40 for the year ending 31 March 2011, 31 March 2012 and 31 March 2013 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants. Vickers Rd Limited is responsible for the prospective financial statements including the principal assumptions on which they are based.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

In performing our review we examined the prospective financial statements, so far as the accounting policies and calculations are concerned, to ensure these have been properly compiled on the footing of the assumptions made or adopted by Vickers Rd Limited. We also ensured these are presented on a basis consistent with the accounting policies adopted by the company.

Actual results may differ from the prospective financial statements as anticipated events frequently do not occur as expected and the variation may be significant. Accordingly, we express no opinion as to whether the prospective financial statements will be achieved. We have no responsibility to update our report on the financial statements for events and circumstances after the date of this report.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying prospective financial statements, which have been prepared based on the assumptions included, are not fairly stated.

Bruce Bedford.

Staples Rodway Taranaki
New Plymouth

29 November 2010

Notes and assumptions

To the prospective statements for the periods ended 31 march 2011, 2012 & 2013

For comparison the prospective financial statements have also been prepared for a full 12 month period ended 31 March 2012 & 2013.

The prospective financial statements have factored in rent increases, which may occur, per the lease agreements.

An interest rate of 5.55% on borrowing by the scheme has been assumed based on the bank's current floating rate, but it should be noted that the interest rate may vary. We have assumed the following increases in the floating rate in our forecasts:

5.55% to 30 April 2011;
6.05% from 1 May 2011;
6.55% from 1 Aug 2011 ;
7.05% from 1 Nov 2011;
7.45% from 1 Feb 2012;
7.75% from 1 May 2012;
8.25% from 1 Dec 2012;

Certain preliminary establishment costs have been included as a cost of the investment property.

The independent valuers' valuation of the investment property as at 29 October 2010 has been adopted to establish the value of the property at 31 March 2011, 2012 & 2013.

The Term Liabilities are interest only.

The prospective financial information has been prepared as a forecast - based on assumptions of events that are reasonably expected to occur. This contrasts with financial information prepared as a projection - based on one or more hypothetical but realistic assumptions.

Actual results may differ from the prospective financial statements depending on rent increases, interest rates and other expenses. The resulting variance may be material. There is no intention to update the prospective financial statements subsequent to presentation.

The Offeror, Manager and Nominee give no guarantee or assurance that the forecast will be achieved.

Accounting Policies

The prospective financial statements have been prepared in accordance with Financial Reporting Standard 42 (FRS 42) - Prospective Financial Statements.

Investment Property

The investment property will initially be recorded at its original cost and thereafter, annually re-valued based on an independent valuation from a registered valuer. Changes in the investment property valuation will be recorded in the Statement of Financial Performance. The investment property is not held under an operating lease.

Depreciation

No allowance has been made for depreciation in the Prospective Statement of Financial Performance for the year ended 31 March 2011, 2012, and 2013 in accordance with the accounting treatment of Investment Properties.

Set up costs allow for a Property Cost Allocation, which will determine the tax depreciation.

Goods and Services Taxation (GST)

The Prospective Statement of Financial Performance and Prospective Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Prospective Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which are GST inclusive.

Taxation

No account has been taken for income tax under the scheme. Each subscriber will be assessed individually on their proportionate share of the rent and any other distributions from the scheme. Subscribers will be individually responsible for the payment of their taxes.

Adoption of the New Zealand Equivalents of International Financial Reporting Standards

The company will be required to prepare financial statements under the New Zealand equivalents to the International Financial Reporting Standards (IFRS) for the years ending 31 March 2011, 2012 and 2013. The accounting policies above comply with NZIFRS.

These statements have been reviewed by the Scheme's Auditors, Staples Rodway Taranaki, whose report is on page 36.

Prospective Financial Statements

Vickers Road Scheme

FINANCIAL INFORMATION PERIOD ENDING 31 MARCH 2011

Purchase Price	**2011**
Total establishment costs:	**$**
Purchase Price	19,000,000
Establishment Costs (including contingency fund)	737,508
	$19,737,508
To be funded by:	
Subscriptions from Subscribers	11,250,000
Bank Loan	8,597,500
	$19,847,500
Preliminary establishment costs payable by the scheme are:	
Accounting & Review Fees	6,500
Offerors Agent Fee	2,000
Bank Loan Approval Fee	25,793
Brokerage/Commission	225,000
Marketing	45,633
Legal Fees	55,000
Offerors Fee	343,000
Deposit Funding	3,082
Contingency	5,000
Chattels Valuation	5,000
Due Diligence Reports	6,500
Property Valuation Report	15,000
Total – GST excl.	**$737,508**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011, 2012 & 2013

	31/03/2011	**31/03/2012**	**31/03/2013**
Assets	**$**	**$**	**$**
Cash at Bank	265,055	312,398	236,829
	265,055	**312,398**	**236,829**
Investment Property at Valuation	19,400,000	19,400,000	19,400,000
	$19,665,055	**$19,712,398**	**$19,636,829**
Liabilities			
GST Payable	20,226	43,214	43,632
Accruals	50,217	64,390	66,581
Secured Term Liabilities	8,597,500	8,597,500	8,597,500
	8,667,943	**8,705,104**	**8,707,713**
Equity	**10,997,112**	**11,007,294**	**10,929,116**
	$19,665,055	**$19,71 2,398**	**$19,636,829**

Prospective Financial Statements

Vickers Road Scheme

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME (GST EXCLUSIVE) FOR THE PERIODS ENDED 31 MARCH 2011 , 2012 & 2013

	(one month) **31/03/2011** **$**	(twelve months) **31/03/2012** **$**	(twelve months) **31/03/2013** **$**
Revenue			
Rent Income	144,229	1,733,921	1,746,744
Management Fees Received	667	8,000	8,000
Interest	0	4,310	3,865
	144,896	1,746,231	1,758,609
Less Expenses			
Audit/Accounting & Tax	7,500	7,800	7,800
Interest - Loan	42,717	570,331	674,786
Legal Fees	1,125	4,500	4,680
Operating Expenses	200	7,400	2,496
Scheme and Property Management Fee	7,484	89,943	90,486
Repairs & Maintenance	1,250	15,450	15,914
	60,276	695,424	796,162
Net rental before Investment Property revaluation and amortisation of establishment expenses and taxation	84,620	1,050,807	962,447
Less ammortisation of establishment expenses	-172,693	0	0
Taxation	0	0	0
Profit/Loss	-88,073	1,050,807	962,447
Add movement in value of investment property	-164,815	0	0
Total Comprehensive Income/Loss	**($252,888)**	**$1,050,807**	**$962,447**

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 MARCH 2011, 2012 & 2013

	(one month) **31/03/2011** **$**	(twelve months) **31/03/2012** **$**	(twelve months) **31/03/2013** **$**
Total Comprehensive Income/Loss	-252,888	1,050,807	962,447
Subscriptions (225 @ $50,000 each)	11,250,000	0	0
Distributions to Subscribers	0	-1,040,625	-1,040,625
	10,997,112	**10,182**	**-78,178**
Equity at the beginning of the period	0	10,997,112	11 ,007,294
Equity at the end of the period	**$10,997,112**	**$11,007,294**	**$10,929,116**

Prospective Financial Statements

Vickers Road Scheme

PROSPECTIVE STATEMENT OF CASHFLOWS FOR THE PERIODS ENDED 31 MARCH 2011, 2012 & 2013

	(one month) 31 /03/2011	(twelve months) 31/03/2012	(twelve months) 31/03/2013
Cashflow from Operating Activities			
Cash will be provided from:			
Rental Receipts			
Rental Receipts	144,229	1,733,921	1,746,744
Management Fees Received	667	8,000	8,000
Interest Received	0	4,310	3,865
	144,896	**1,746,231**	**1,758,609**
Cash will be applied to:			
Operating Expenses			
Accounting/Audit Fee	0	7,500	7,800
Interest – Loan	0	556,458	672,595
Legal & Valuation Fees	1,125	4,500	4,680
Operating Expenses	200	7,400	2,496
Property Management Fee	7,484	89,943	90,486
Unrecovered opex – R&M and other	1,250	15,450	15,914
	10,059	**681,251**	**793,971**
Net Cashflow from Operating Activities	**$134,837**	**$1,064,980**	**$964,638**
Cashflows from Investing Activities			
Cash applied to:			
Property Purchase	-19,000,000	0	0
Establishment Costs	-737,508	0	0
Net Cashflow from Investing Activities	**($19,737,508)**	**$0**	**$0**
Cashflows from Financing Activities			
Cash to be provided from :			
Equity Subscriptions	11 ,250,000	0	0
Secured Bank Loan	8,597,500	0	0
GST	20,226	22,988	418
Cash applied to:			
Distributions to Investors	0	-1,040,625	-1,040,625
Net Cashflow from Financing Activities	**$19,867,726**	**($1,017,637)**	**($1,040,207)**
Net Increase/(Decrease) in Cash	265,055	47,343	(75,569)
Cash at start of period	0	265,055	312,398
Cash at end of period	**$265,055**	**$312,398**	**$236,829**

6.0 WHAT ARE MY RISKS?

6.1 Liabilities relating to the Scheme

Investment in property includes a number of general and specific risk factors that may contribute to Subscribers being unable to recover their original investment in full, not receiving expected returns on their investment in the Scheme, or becoming liable for further payments into the Scheme.

Before deciding to invest, prospective Subscribers should consider carefully the risks set out below in conjunction with the other sections of this Offeror's Statement. These risks do not take into account the personal circumstances, financial position, investment requirements or experience of any Subscriber in particular and it is recommended that a potential Subscriber seeks professional financial advice before investing.

The Scheme has however been established with the intention of minimising the risks of any liability to Subscribers beyond their initial investment in the Scheme. The bank borrowings have been structured on a non recourse basis, which means that upon default by the Nominee, the bank can only recover the amount lent to the Nominee from the security given, being the Property, and not from any of the Subscribers.

The principle risks to the Subscribers associated with commercial property ownership is tenancy risk. The risk that a tenant defaults on its obligations under the lease, reducing income to the Scheme in lost rental and increasing Scheme costs in unrecovered operating expenses, leasing fees and the potential requirement for incentives to incoming tenants. The impact of such a default would have a detrimental impact on the ability of the Scheme to pay returns to Subscribers and may negatively impact upon Subscribers ability to recoup their original investment in full.

Inability to recover initial investment in full

A Subscriber may not be able to recover their original investment in part or in full if:

- The Property is sold and the net sale proceeds after the repayment of bank debt and any costs of sale, including the Manager's and related company fees, are less than the initial total of subscriptions plus establishment costs;
- The Scheme is terminated by the Subscribers prior to the Property increasing in value by a sufficient amount to cover establishment expenses and expenses related to sale;
- The Property is unable to be sold;
- If a Subscriber sells his or her Interest in the Scheme for less than the initial subscription amount plus costs of sale.
- The Property is destroyed and such destruction is not covered by the insurance policies that the Manager is required to arrange for the Scheme (or by any insurance that the tenant has arranged under the terms of the Lease)
- The Scheme becomes insolvent.

Tenancy Risk

The Scheme is exposed to multiple tenants, any of whom at any time may default in meeting their financial obligations under the Lease, or become insolvent, which could result in non-payment of rental and operating expenses or termination of the Lease thereby causing a reduction in the Scheme's cashflow and its ability to make distributions to Subscribers. If a Tenant stops paying rent, or reduces the amount of rent and operating expenses being paid, Subscribers may receive a reduced return from the Scheme, or, if the reduction in cashflow is such that the Scheme's expenses cannot be met, the Subscribers may be required, in proportion to their interest in the Scheme, to make further contributions to the Scheme in order to meet mortgage and other operating costs. Failure to make these further contributions may result in a breach of the Scheme's obligations under the mortgage resulting in mortgagee sale and/or insolvency of the Scheme.

Financing / Interest Rate Risks

The Scheme's loan is described in clause 3.1 under the heading "How Much Do I Pay" and is for 5 years, interest only. The interest rate is to be at a margin of 2.3% above the bank's 90 day bill rate of which 1.0% is a term funding premium (i.e. the additional cost of borrowing following the credit crisis). Whilst the Offeror has made certain assumptions regarding interest rate fluctuations there is a risk that interest rates may rise above that anticipated by the Offeror as projected in the cashflows, available on request, and attached in part at Appendix A, reducing cashflow available to the Scheme for distribution. Furthermore, the risk that income received by the Scheme is insufficient to meet the mortgagee's required payments of interest and principal (if required) may require Subscribers to make further payments to the Scheme to prevent the Scheme becoming insolvent.

Should the Loan to Value Ratio exceed 47% of the value of the Property in the future, the Scheme will be in breach of its bank covenants which may require repayment of the loan or principal reductions.

If the Scheme is continuing on the expiry of the bank loan or if the bank reviews the loan during its term and requires a change, the loan will need to be extended or refinanced. There is a risk that only a reduced loan amount may be available which may result in the actual cash returns to the Subscribers being less than the projected cash returns to Subscribers set out in this statement or that the Subscribers may be required to contribute further funds to meet any shortfall to avoid mortgagee sale.

The Scheme's intention is to minimise the risks of any liability to Subscribers over and above their initial investment in the Scheme as much as possible. Bank borrowings have been structured on a non recourse basis which means that the bank can only recover the amount of money lent to the Nominee with no liability to the Bank passing down to Subscribers.

Economic Risk

The value of Property, the level of rent payable by a tenant and the ability of a tenant to pay the full rent is affected by the overall state of the New Zealand and world economy. If the overall market falls, the value of the Property may fall, the achievable rent levels decrease and the ability of the tenant to meet the rent and remain tenanting the Property may be at risk.

Given the relatively illiquid nature of real estate, the Scheme's ability to respond to a prolonged or future economic downturn by selling the Property may result in the value of a Subscribers Interest decreasing or being lost.

Vacancy Risk

As at the date of this Offeror's Statement, two of the retail tenancies are vacant, one tenancy of 158m² and one of 1,010m². The smaller of these two tenancies is subject to a 3 year rent and operating expenses credit to be paid to the Nominee on settlement by the Vendor. This fee is not refundable if this space is tenanted within the first 3 years. If not tenanted by the third anniversary however, there is no further underwrite and the Scheme's cashflow will be negatively affected which may result in the return to investors decreasing until tenanted.

The larger 1,010m² is currently conditionally offered to Uncle Bills Wholesale Club Limited with final terms

to be agreed between the parties. If this lease to Uncle Bills is not completed at settlement, the Vendor has agreed to underwrite this as referred to under "Lease Underwrite" and "Alternate Tenant" at clause 1.7. Should actual costs of leasing this tenancy exceed the underwritten sum, the Manager may be required to borrow further funds from the ASB, or use available cash reserves, to meet the leasing costs. This may increase loan servicing costs without a reciprocal increase in income and may, over time, reduce the ability to pay the 9.25% return to Subscribers.

Competition for Tenants

Should a tenant not renew its lease or terminate the lease before the end of the then current term, the ability to re-tenant the Property will be affected by other commercial property landlords also competing for prospective tenants who may be able to offer newer or more suited properties than the Scheme's Property. This may make it hard for the Scheme to re-tenant the Property and the ability to pay a return to the Subscribers and/or sell the Property at a price sufficient to recover a Subscribers full contribution to the Scheme. Subscribers may be required to make further contributions to the Scheme to meet the Scheme's outgoings, including mortgage payments, if the Property is vacant.

Supermarket Competition Risk

The Lease of the supermarket to General Distributors Limited contains a non-competition clause preventing the other tenants from trading as or like a supermarket. If contravened, the supermarket rent may be reduced by 50% until rectified.

If another tenant in the property breaches this non-competition clause, this may have an adverse effect on cashflow which may result in the return to investors decreasing.

The current tenants will require the Scheme's consent to vary their current permitted uses to operate in such a manner that may compete with the Supermarket. The Manager will not grant such consent to a permitted use change without the prior consent of General Distributors Limited.

Turnover Rectification Risk

Whilst the Vendor and General Distributors Limited have verbally agreed to rectify the Turnover Rental definition (refer clause 1.7), if this is not rectified, and Court action taken by the Vendor at the Vendor's cost also not successful, then the $200,000 retention provided by the Vendor would be retained by the Scheme. This non rectification, if not fixed by the Vendor or Scheme, may reduce the value of the Property on sale, and the ability of Subscribers to recover their investment in full.

Building Expenditure

Whilst the Offeror has made provision in the cashflows of the Scheme for some future expenditure on the Property not otherwise payable by a tenant, any unanticipated expenditure on the Property will reduce the Scheme's cash flow. If the Scheme is unable to meet the expenditure to pay for unanticipated expenditure from its cashflow or from the manager increasing the mortgagee (not to be over 47%), the Subscribers may be required to make contributions to the Scheme in proportion to their interests to meet the expenditure. Failure to make unanticipated repairs may result in the Scheme being in breach of the Lease and entitle the relevant tenant to cancel the Lease and vacate the Property.

The General Distributors lease has a requirement on the Landlord to complete certain rebranding, refurbishment and repairs referred to under the General Distributors Limited lease description at 1.7 above. Should these costs be greater than anticipated by the Manager, the Scheme may be required to borrow further funds or reduce payments to Subscribers. Furthermore, General Distributors Limited may in certain circumstances require the Landlord to undertake structural work as part of a refurbishment. If so, the Tenant shall be obliged to pay the Improvements Rent Percentage and that irate may be insufficient to cover the full interest cost of further borrowings to complete the required works. If the bank does not advance the funds, Subscribers may be required to contribute funds in proportion to their interest in the Scheme.

Contamination and Flooding Risk

The LIM notes prior contamination to the site which contamination was addressed during construction. Whilst the subsequent monitoring notes no issues of concern, if further contamination requires addressing, the lease to General Distributors Limited requires the Landlord to remove the contamination discovered on the Property not caused by the Tenant. The removal expenditure would be an unanticipated expense for the Scheme.

The property is also noted to have areas of flooding risk however since the construction of stopbanks adjacent to Rifle Range Road by the regional council, the site has not experienced any surface flooding.

Liquidity Risk on Sale of Interest

There is no recognised secondary market for Interests in the Scheme, and an active trading market for the Interests may not develop, or if developed, may not continue. This may make it more difficult for Subscribers to dispose of their Interest in a timely manner, if they are able to dispose of their Interest at all.

Joint and several Liability

If there is any shortfall in funds required to meet the obligations of the Property or the Scheme, then the Investors will be jointly and severally liable on an unlimited basis for those funds. This means that there may be a joint action against them as a group as well as a separate action against each Investor for the full amount. The Investors agree pursuant to the Property Ownership Deed that such liability is to be shared amongst them in proportion to their respective ownership interests in the scheme and to indemnify each other accordingly. There is however no guarantee the indemnity will cover the shortfall. The Offeror does however expect the proceeds of the sale in those circumstances to be sufficient to meet those liabilities, though that cannot be guaranteed

Loss of Key Personnel

The Manager relies upon its directors and key employees for its success. The loss of any key personnel or a general shortage of qualified staff could impact the ability of the Manager to effectively manage its properties and business. As such, personnel losses may adversely impact future performance of the Scheme.

Management Risk

The Scheme relies upon the Manager to fulfil its obligations under the Property Ownership Deed. Should the Manager not fulfil its obligations under the Property Ownership Deed the Subscribers may suffer a reduction in cashflow. The Manager is also empowered to incur costs on behalf of the Subscribers and increase bank borrowings to 47% if required to meet costs of the Scheme. These increases may reduce cashflow and, at least in the short term, decrease the value of a Subscribers Interest.

The Manager is indemnified by the Subscribers for any claims made against the Manager not caused by gross negligence, wilful default or fraud on the part of the Manager.

Changes in Laws

The Scheme's Property is subject to various regulatory requirements. Failure to comply with these requirements could result in the imposition of fines by governmental authorities or awards of damages to private litigants. The Scheme expects to comply in all material respects with such requirements, however, there can be no assurance that these requirements will not be changed, that the condition of the Property will not change, or that new requirements will not be imposed which would require significant unanticipated expenditure by the Scheme. Such expenditure could have an adverse effect on the Scheme's cashflow and its ability to make distributions to Subscribers, or require Subscribers to contribute further funds to the Scheme in proportion to their interest in the Scheme.

Other Risks

Other risks usually associated with the ownership of leased property include damage or destruction by fire, earthquake or other such events. Whilst these are risks covered by the Scheme's insurance, any shortfall in funds recoverable from insurance would need to be met first from the Scheme's funds, then, if further funds are required, either from further borrowings or further contributions from each Subscriber in proportion to their interest in the Scheme. Such further borrowings or contribution may impact upon the return to Subscribers.

Consequences of Insolvency

If the Scheme is placed into receivership or liquidation, Subscribers may receive, in total, less than the value of their Interest subscribed for. The actual amount received will depend upon the total amount claimed by creditors of the Scheme, primarily the mortgagee and the realised value of the Property. Subscribers will not however be liable to pay money to any person as a result of the insolvency of the Scheme, other than expenses payable to the Manager if the Scheme becomes insolvent.

All claims of creditors of the Scheme, including any unpaid fees due to the Manager, will rank ahead of any claims by Subscribers in the event of the Scheme being put into liquidation. The claims of the Subscribers will rank equally among themselves.

Actions on Default

In the event of a default by any Tenant and/or any new tenant(s) the Manager may, for example:

- Immediately negotiate with the Tenant's representatives to obtain some payment or a payments schedule;
- IExercise its rights in relation to any tenancy guarantees;
- IStop paying all or part of the anticipated 9.25% per annum cash return to Subscribers if there was difficulty with the Schemes cashflow;
- ITake legal action against the Tenant under the lease;
- IKeep the Subscribers fully informed about progress on the above and other options such as immediate sale or redevelopment of the Property;
- IEnquire whether Subscribers were willing to make further loans to the Scheme to pay interest and outgoings;
- ISuggest that Subscribers sell the Property; or
- IAdopt any other best practice alternatives that arise out of the above.

7.0 – 16.0

7.0 Can the investment be altered?

7.1 Alteration of securities

When a Subscriber invests in the Scheme, the terms of a Subscriber's Interest in the Scheme can only be altered by a special resolution of Subscribers (being one passed by 75% of the interests in the Scheme), which procedure is detailed in the Property Ownership Deed.

8.0 How do I cash in my investment?

8.1 Early termination

(a) There is no right for a Subscriber to terminate his/her or its investment other than by selling the Interest as set out in section 8.2. There is no recognised secondary market for the sale of Interests in the Scheme, although the Manager is available to assist in, but does not guarantee, the on-sale of any Interest to other Subscribers or potential Subscribers.

(b) The Manager may require a Subscriber to sell the Interest in the Scheme in the following circumstances:

(i) If the Subscriber becomes bankrupt, goes into receivership or liquidation or enters into a composition with creditors; or

(ii) Makes default on the payment of any money due to the Manager or any other party pursuant to the Property Ownership Deed or otherwise breaches any of the terms of the Property Ownership Deed and either:

(a) fails to remedy the breach within a period of twenty one days after being given written notice from one or more of the parties notifying the breach, or

(b) fails to invoke the dispute resolution procedure set out in the Property Ownership Deed within a period of twenty one days after written notice has been given by one of the other parties specifying the breach.

(c) The Scheme may be terminated upon a special resolution (being one passed by 75% of the Interests in the Scheme) being passed by the Subscribers at a meeting convened by the Manager to consider whether the Property should be sold.

8.2 Right to Sell an Interest

(a) A Subscriber is entitled to sell his or her Interest in the Scheme to another person but must first offer his or her Interest to the existing Subscribers on the terms set out in clause 10.1 of the Property Ownership Deed. A Subscriber must arrange for a new transferee to sign a Deed of Accession by which he or she agrees to be bound by the terms of the Property Ownership Deed. In the Offeror's opinion, there is not an established secondary market for such sales, although the Manager is available to assist in, but does not guarantee, the on-sale of any Interest to other Subscribers or potential Subscribers.

(b) The Manager shall be entitled to charge a fee of $1,000.00 plus GST for the sale of an Interest to a non related party (i.e. not a relative or family trust or related trust of the Subscriber). The Subscriber may also be required to pay legal and valuation fees relating to the Deed of Accession and other documentation.

9.0 Who do I contact with enquiries about my investment?

9.1 Enquiries about the Scheme

Enquiries about the Scheme can be made to:

Phillip Hinton

KCL Investments Limited
PO Box 44
335 Devon Street East
NEW PLYMOUTH

Tel: (06) 759 1520
Fax: (06) 759 1521
Mobile: 0274 448 3057
Email: phil@kclproperty.com

10.0 Is there anyone to whom I can complain if I have problems with this investment?

10.1 Complaints about the Scheme

(a) A complaint about the Scheme should be made in the first instance to:

Phillip Hinton

KCL Investments Limited
PO Box 44
335 Devon Street East
NEW PLYMOUTH

Tel: (06) 759 1520
Fax: (06) 759 1521
Mobile: 0274 448 3057
Email: phil@kclproperty.com

(b) There is no statutory trustee or ombudsman to whom complaints can be made about your investment.

11.0 What other information can I obtain about this investment?

11.1 Annual information

(a) Subscribers will be provided annually with audited annual financial statements in respect of the performance, financial position and cashflows of the Scheme. These will be provided within three months of the end of the financial year of the Scheme being 31 March in each year.

(b) The Manager will report from time to time to all Subscribers about relevant matters to do with the Property and the Scheme.

11.2 On request information

(a) The following information will be available to Subscribers, on request and free of charge:

- A copy of the Solicitor's Due Diligence Report on the Property;
- A copy of the Architect's Structural Executive Summary on the Property;
- The latest registered valuation report on the Property;
- A copy of the LIM on the Property;
- The latest Financial Statement of the Scheme (once available);
- A copy of the Certificate of Title for the Property;
- A copy of Deeds of Lease and or Agreements to Lease with the tenants and any Deeds of Variation, Renewals or Rent Reviews (where available);
- A copy of the Property Ownership Deed;
- A copy of the loan agreement between the Nominee and the Bank (when available).
- A copy of any tenants registered financial statements available to the Offeror.

(b) Requests for information may be made to:

Phillip Hinton of KCL Investments Limited, C/- PO Box 44, New Plymouth 4340, or by personal delivery to his attention at 335 Devon Street East, New Plymouth or by faxing the request to (06) 759 1521. Alternatively you may contact the Offeror's Agent, Russell

Kenneth Moore, through whom the offer is made, by letter at PO Box 8024, New Plymouth 4342.

(c) No charge will be made for the information in clause 11.2(a), if a request is made at intervals of not less than six months. A charge of 20 cents per page may apply where requests from a Subscriber are made more than once every six months.

12.0 What other information can I obtain about this investment?

12.1 Other Material Information
The Offeror is not aware of any information other than the information contained in this Offeror's Statement that would be material to a prospective Subscriber's decision to invest in the Scheme.

13.0 Application Terms and Conditions

13.1 Please read and complete the attached Application Deed and Power of Attorney. All details should be written clearly. Full names, not initials, are required.

14.0 Minimum Investment

14.1 The minimum investment is one Interest (for a consideration of $50,000.00).

15.0 How to apply

15.1 All subscriptions, together with the signed Application Deed and Power of Attorney (if applicable) must be sent to the Offeror's at the following address:

KCL Investment Limited
PO Box 44, New Plymouth 4340

Or by courier to:

335 Devon Street East,
New Plymouth 4312

All cheques must be payable to Glaister Ennor Trust Account.

The offer will be open until 17 December 2010 or such later date as the Offeror may determine (being no later than 4 March 2011 unless earlier subscribed in full.

16.0 Distribution of returns

16.1 Distributions of returns will be made by direct credit. Please ensure that you include full details of your bank account on the application deed and also include a bank account deposit slip.

DISCLAIMER

No director, officer, employee, agent of, or adviser to the Offeror, the Manager or the Offeror's Agent guarantees the performance of this Scheme or guarantees any return on this investment or any person associated with those persons.

Signed by the directors of the Offeror

Bryce Robert Barnett
Director

Phillip Michael Hinton
Director

Dated this 25th day of November 2010

APPENDIX A

Notes and assumptions to the prospective financial statements for the periods ended 31 march 2011, 2012 & 2013

APPLICATION DEED Vickers Road Syndicate

This application deed relates to an offer of interests in a proportionate ownership scheme by KCL Investments Limited, made through its agent Russell Kenneth Moore AREINZ, issued in conjunction with the Offeror's Statement dated 25 November 2010 issued by KCL Investments Limited.

Applicant(s) to Complete

Please enter the following details if applicant is an individual or individuals:

TITLE	FIRST NAME	SURNAME	IRD NUMBER(S)

Please enter the following details if the applicant is a Company or Companies:

NAME OF COMPANY(IES)	COMPANY IRD NUMBER(S)

NAME(S) OF DIRECTORS

Please enter the following details if the applicant is a Trust or Trusts

TRUST NAME	TRUST IRD NUMBER

TRUSTEES NAME(S)

Contact Details *Please include all trustee addresses if applying on behalf of a trust*

ADDRESS	
EMAIL	PHONE / FAX

Bank Details *Please ATTACH a bank deposit slip or copy of your relevant bank statement for this account.*

ACCOUNT NAME			
BANK	BRANCH	ACCOUNT NUMBER	SUFFIX

Resident Withholding Tax, please deduct from all interest earned whilst held by Glaister Ennor (tick one)

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33%

☐ Exempt from Resident Withholding Tax (please attach a copy of Certificate of Exemption)

Subscriptions

NUMBER OF INTERESTS APPLIED FOR	AMOUNT OF ATTACHED CHEQUE(S)
	$

The minimum investment amount is $50,000 (one Interest) and in multiples of $50,000 thereafter.
Cheques should be made payable to "Glaister Ennor Trust Account" and returned with this Application Deed to the Offeror.
If you wish to pay by direct credit, please contact either the Offeror or Kylie Tietjens at Glaister Ennor for a copy of the direct credit instructions.
Kylie.tietjens@glaisterennor.co.nz or (09) 356 8243.

Signature(s)

Please read this page before signing this Application Deed.

I/We hereby apply for the Interests as set in the Offeror's Statement dated 25 November 2010 for the Vickers Road Syndicate and I/we acknowledge the following:

1. I/We agree to invest in the Vickers Road Syndicate Proportionate Ownership Scheme as detailed in the Offeror's Statement dated 25 November 2010.
2. I/We have read the terms and conditions of the Offeror's Statement and the valuation provided herewith, and we confirm that this application deed has been taken from that document.
3. I/We irrevocably appoint Vickers Road Nominees Limited as my/our attorney for the purposes of signing the Property Ownership Deed, loan agreement and related loan documentation and memorandum of mortgage and all associated documents required under the Offeror's Statement and the Property Ownership Deed.
4. That investment in property may provide us with the benefit of a capital gain or loss and income from this investment is subject to taxation. I/We acknowledge that I/We have been advised under the Offeror's Statement to seek tax advice from my/our own professional advisors on my/our tax position.
5. I/We understand that KCL Investments Limited reserves the right to accept or decline any application at its sole discretion. If your application is declined, KCL Investments Limited will return your cheque to you.
6. By signing this application deed I/We are committed to completing the purchase of an Interest or Interests in the Property and irrevocably authorise the Manager and Glaister Ennor to apply the monies held by Glaister Ennor in completing the purchase of the Property, and agree to be bound by the terms of the agreement for sale and purchase of the Property.
7. This application may be rejected (or the number of interests applied for reduced) if this offer is oversubscribed or for any other reason determined by the Offeror or Manager.
8. Subscriptions will be held until settlement of the purchase of the Property and the requirements of clause 5(2)(ca) of the Securities Act (Real Property Proportionate Ownership Schemes) Exemption Notice 2002 are satisfied. If the investment does not proceed all Subscribers' subscriptions will be refunded in full.
9. I/We attach our cheque(s) hereto in payment of the Interest. Cheque(s) are to be made payable to Glaister Ennor's Trust Account. Application deeds with cheque attached are to be mailed to KCL Investments Limited PO Box 44, New Plymouth 4342 for registration purposes.
10. In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this Deed, the Proportionate Shares will be held jointly as joint tenants.
11. Pursuant to the Privacy Act 1993 I/We agree that all information about me/us provided on this application deed may be used by the Manager or Offeror for the purpose of mailing me/us further information on other investment products offered by the KCL group of companies. I/We understand that I/We must advise the Offeror if I/we do not want this information provided to me/us, by writing to the Offeror or any associated company at PO Box 44, New Plymouth 4340.

Applicants must sign below including all trustees of a trust applying for an Interest or Interests. If signing this application on behalf of a company either one director must sign, with the signature being witnessed by a third party or at least two directors must sign without a witness. If signed under Power of Attorney, the attorney hereby certifies that no notice or information has been received of revocation by death or otherwise of that power.

Signed as a Deed

Please note, all signatures must be witnessed by an independent person (not a spouse, child or parent).

Dated / /2010

Applicant

NAME SIGNATURE

Witness

NAME SIGNATURE

ADDRESS OCCUPATION

Applicant

NAME SIGNATURE

Witness

NAME SIGNATURE

ADDRESS OCCUPATION

Applicant

NAME SIGNATURE

Witness

NAME SIGNATURE

ADDRESS OCCUPATION

Applicant

NAME SIGNATURE

Witness

NAME SIGNATURE

ADDRESS OCCUPATION

Certificate of non-revocation of Power of Attorney

Complete this section if you are acting on behalf of someone for whom you hold Power of Attorney.

I, ______________________________ of ______________________________
(NAME OF ATTORNEY) (ADDRESS AND OCCUPATION OF ATTORNEY)

HEREBY CERTIFY that I am the attorney of ______________________________ under a deed dated ______________
(NAME OF DONOR)

That I have executed the application for the interest or interests in the Vickers Road Syndicate on the face hereof as attorney under the said power of attorney and pursuant to the powers thereby conferred on me; and

That at the date hereof I have not received any notice or information of the revocation of the said power of attorney by death or otherwise.

Signed at ______________________________ Date: ______________

Signature ______________________________

NOTES:

OFFEROR

KCL Investments Limited
335 Devon Street East
P O Box 44, New Plymouth 4340
Phone: 06 759 1520

MANAGER

KCL Property Management Limited
335 Devon Street East
P O Box 44, New Plymouth 4340
Phone: 06 759 1520

NOMINEE

Vickers Rd Nominees Limited
335 Devon Street East
P O Box 44, New Plymouth 4340
Phone: 06 759 1520

AUDITORS

Staples Rodway Taranaki
Chartered Accountants
P O Box 146, New Plymouth 4342

TAX ADVISORS

Staples Rodway Taranaki Limited
Chartered Accountants
P O Box 146, New Plymouth 4342

VALUERS

CB Richard Ellis
Level 14
21 Queen Street
Auckland

SOLICITORS TO THE OFFEROR, MANAGER & THE NOMINEE

Glaister Ennor
Norfolk House
18 High Street
P O Box 63, Shortland Street
Auckland 1140

OFFEROR'S AGENT

Russell Kenneth Moore AREINZ
PO Box 8024
New Plymouth 4342


MEGA

KCL

property