WILLIS BOND
CAPITAL PARTNERS

ANNUAL REPORT
2010

WILLIS BOND CAPITAL PARTNERS LIMITED

CONTENTS

LETTER FROM CHAIRMAN

Welcome to the Annual Report for Willis Bond Capital Partners Limited (Capital Partners or Company) for the period ending 31 March 2010. Included are the audited financial year end accounts of Capital Partners for the period from establishment to 31 March 2010.

As the operating period has been relatively short, my comments will be brief. Investment activity will be covered in the Manager's Report.

General

The Fund successfully concluded its capital raising with a final close on 30 June 2010.

The first close of Capital Partners occurred on Wednesday, 24 February 2010. At that date, the Fund secured committed capital of $44.1 million from investors. Further investment funds were raised and as at Wednesday, 30 June 2010, total committed capital is $48.2 million. The Fund is now closed. In addition, a Co Investment Fund was established with committed capital of $80 million, taking combined committed capital to $128.2 million.

During the capital raising, there were a number of discussions with investors with respect to the key investment documents, including the Capital Partners Management Agreement and the Company's constitution. As a result of those discussions, a number of amendments were made, all of which were for the benefit of investors and improved governance.

Co Investment Fund

Three of New Zealand's largest financial institutions supported the capital raising and formed a Co Investment Fund in the form of a Limited Partnership to invest alongside Capital Partners. Contractually, Capital Partners and the Co-Investment Fund will invest and will meet common fees and expenses of all investments on a proportional basis. The funds will have a common Manager and Investment Committee, and constitutionally, they will act in unison with each other.

The combined capital of the two funds, of $128.2 million, provides the Manager with a significant resource with which to pursue its strategy of investing in value-add and opportunistic property.

The Co Investment Fund will benefit Capital Partners' shareholders in two ways:

- Corporate expenses and project investigation costs will now be spread across a wider base and borne in proportion to the respective capital committed; and
- The Manager can target larger deals which reduces competition for potential investments. Since Willis Bond released the Information Memorandum for Capital Partners in September 2009, capital available for value-add development property has if anything become more scarce whereas conversely, the number of potential opportunities appears to have increased.

The Advisory Committee

The Advisory Committee comprises representatives from both Capital Partners and the Co Investment Fund.

The independent Directors of Capital Partners, as well as representatives of the investors in Capital Partners and the Co Investment Fund, will sit on the Advisory Committee. This will ensure that all investors interests will be represented in this forum. The Advisory Committee must approve key person replacements and approve a change of control or assignment of the relevant Management Agreements.

To ensure transparency, any related party transactions, including, for example, the Overseas Passenger Terminal project, must also be approved by the Advisory Committee.

Under the terms of the offer, investors committing $5 million or more to Capital Partners had the right to be members of the Advisory Committee. At final close, there were four investors with that right and there are three further members from institutional investors. The four investors from Capital Partners are Mr Sam Morgan, Mr Brian McGuinness, Mr Wendell Phillips and Mr Mark McGuinness (non voting).

Annual General Meeting

The notice of Annual General Meeting can be found on page 23. The meeting will be held 5pm Tuesday, 31 August 2010 at the Wellington Club. We hope to see you there.

If you are planning to attend, we ask that you confirm via email to office@willisbond.co.nz to ensure sufficient seating is provided.

Mark Verbiest
Chairman
Willis Bond Capital Partners

MANAGER'S REPORT

General

We were very pleased to have successfully completed the capital raising and had the final close of the Capital Partners Fund on 30 June 2010. The establishment of the Fund went smoothly. The investment thesis was well supported by investors in what is still a difficult market to raise capital. It was also very pleasing to be able to appoint two well-qualified and experienced independent Directors, being Mr Mark Verbiest and Mr Graeme Horsley, both of whom have invested in the Fund.

Financial

The Company reported an operating loss of $74,434 for the period to 31 March 2010, as a result of administrative costs partly offset by interest earned on cash balances. It is likely that Capital Partners will have a pattern of losses in the early years until our initial investments have matured and been realised.

In addition, capital raising costs of $113,614 were written off directly against the capital raised in accordance with accounting requirements. This cost equates to 0.26% of the committed capital raised in the period which is an extremely cost-effective outcome for shareholders.

The Market

The property market continues to deteriorate and we are seeing a marked escalation in the deal flow. The finance companies are continuing to come under pressure as asset valuations deteriorate and they struggle to make interest payments to their investors. We have seen many of the moratoriums that were put in place unwind as this pressure increases.

In addition, it appears that the major banks are hardening their attitudes towards borrowers. We are looking at a number of interesting opportunities, but continue to move cautiously. We believe this is the right approach as markets continue to re-price assets as the lag effect of the global financial crisis takes hold.

We are also in dialogue with significant land owners looking for development capital and expertise. Capital Partners is well placed to pursue joint ventures with these parties.

Investment Activity

We are seeing a consistent stream of opportunities as vendors come under pressure from their sources of funding and in a more general sense, the shortage of capital available for development projects manifests itself.

Over the past six months, we have reviewed a large number of opportunities. Of these, nine have been reviewed in some detail by the Investment Committee, and we currently have three assets under contract subject to due diligence.

One of the more prominent sites we recently bid and missed out on was the Soho site in Ponsonby, Auckland. We understand this site has since failed to sell to the highest bidder and is now back on the market.

We have entered into a joint venture with a large corporate landowner to investigate the opportunity of a residential development on an excellent site which they own. This is centrally located in Wellington, with harbour views and great amenities nearby.

In Auckland, we are engaged with several parties looking at large strategic sites. These sites have planning consents in place to enable comprehensive development in a couple of Auckland's growth nodes and provide significant opportunities for the Fund.

Given the nature of the opportunities we are looking at, and the fact that we are active in the larger end of the market, we are very confident that we will be able to invest the Fund very well over the next two to three years.

Overseas Passenger Terminal

The Advisory Committee has recently agreed the terms of any investment in the Overseas Passenger Terminal project with Willis Bond. Any investment by Capital Partners is subject to Willis Bond achieving:

- pre-sales to a level satisfactory to Capital Partners;
- bank funding on terms satisfactory to Capital Partners; and
- costings being confirmed on terms satisfactory to Capital Partners.

The project itself is proceeding well. We are currently finalising the apartment design and updating our costings of the project. Our intention is to start marketing to those who have expressed an interest in the development in the 4th quarter of the calendar year. Investors in Capital Partners will be given the first opportunity to look at and treat on the apartments.

Reporting Calendar

Below is the schedule of reports you will receive:

February	Newsletter
July	Annual Report
August	Annual General Meeting
September	Newsletter
November	Half Year Report

I look forward to seeing those of you who can make it at the Annual General meeting.

Mark McGuinness
Manager
Willis Bond Capital Partners

DIRECTORS' REPORT

The Board of Directors is pleased to present the Directors' Report for Capital Partners, incorporating the Financial Statements and Auditor's Report for the period ended 31 March 2010.

Principal activity of the Company

The Company was incorporated in the period being reported on. The Company continues to invest in and develop value-add and opportunistic commercial property assets.

As at 31 March 2010, the Company had no subsidiaries.

Board of Directors

The persons holding office as directors of the Company as at 31 March 2010 were:

Mark Verbiest
Graeme Horsley
Mark McGuinness
Wayne Silver

Roger Twose (alternate Director for Wayne Silver)
David McGuinness (alternate Director for Mark McGuinness)

No directors ceased to hold office during the financial year ending 31 March 2010.

Entries recorded in the interest register

The following interest register entries were recorded for the Company during the financial year ended 31 March 2010.

Share dealings

As disclosed previously, entities associated with the Directors made the following investments in the company on 24 February 2010:

Director	Consideration per share	Number of shares	Relevant interest
Mark McGuinness	$1.00 partly paid to $0.10	5,500,000	Acquired by associated trust
Wayne Silver	$1.00 partly paid to $0.10	250,000	Acquired by associated person
Mark Verbiest	$1.00 partly paid to $0.10	250,000	Acquired by associated trust
Graeme Horsley	$1.00 partly paid to $0.10	500,000	Acquired by associated trust

Interests in transactions

As at 31 March 2010, the directors made the following general disclosures in the interest register of the Company. Each such Director will be regarded as interested in all transactions between the Company the disclosed entity:

Director	Entity and interest
Mark McGuinness	Capital Whart Limited, Willis Bond and Company Limited, Overseas Passenger Terminal
Wayne Silver	Willis Bond and Company Limited, Overseas Passenger Terminal
Mark Verbiest	nil
Graeme Horsley	nil

Use of company information

No Director issued a notice requesting to use information received in his capacity as a Director of the Company that would not otherwise have been available to the Director.

Directors' indemnity and insurance

The Company has agreed to indemnify the Company's Directors against any liability or costs incurred in any proceeding, excluding actions for criminal liability or breach of directors duties. The Company has paid premiums and taken out insurance cover, including insurance policies that indemnify Directors against potential legal liabilities. The Board authorised such insurance cover and certified that the cover is fair to the Company.

Directors' Fees

Details of the total remuneration and the value of other benefits received by each Director of the Company during the financial year ending 31 March 2010 are as follows:

Director	Value of remuneration and other benefits received
Mark McGuinness	nil
Wayne Silver	nil
Mark Verbiest	$4,687
Graeme Horsley	$4,688

Employees

No employees or former employees of the Company received remuneration and benefits in their capacity as employees of the Company, the value of which was or exceeded $100,000.

Auditors

The amount payable by the Company to Grant Thornton as audit fees in respect of the financial year ending 31 March 2010 was $6,000. The company did not engage Grant Thornton for any other services during that period.

Donations

No donations were made during the financial year ending 31 March 2010.

Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company as at 31 March 2010 and their financial performance and cash flows for the period ended on that date.

The Directors consider that the financial statements of the Company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider they have taken adequate steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The financial statements presented on pages 11 to 22 are signed for and on behalf of the Board and were authorised for issue on the date set out below.

This report is dated 12 July 2010 and is signed on behalf of the Board by:

Mark Verbiest
Chairman

Mark McGuinness
Manager

AUDITOR'S REPORT

GrantThornton

To the shareholders of Willis Bond Capital Partners Limited

We have audited the financial statements on pages 11 to 22. The financial statements provide information about the past financial performance of the company for the eight months ended 31 March 2010 and the financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 14 to 17.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company as at 31 March 2010 and of the financial performance for the eight months ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies used are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors, we have no relationship with or interests in the Company.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- the financial statements on pages 11 to 22:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the financial position of the Company as at 31 March 2010 and the financial performance for the eight months ended on that date.

Our audit was completed on 12 July 2010 and our unqualified opinion is expressed as at that date.

Grant Thornton

Grant Thornton New Zealand Audit Partnership
Auckland, New Zealand

STATEMENT OF COMPREHENSIVE INCOME

for the eight months ended 31 March 2010

	Notes	2010 $
Interest income	5	31,122
Interest expense	5	(1)
Net interest income		**31,121**
Other income		–
Total operating income		**31,121**
Operating expenses	6	(105,555)
Loss before tax		**(74,434)**
Tax expense	7	–
Loss for the year		**(74,434)**
Other comprehensive income:		
Total comprehensive loss for the year		**(74,434)**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the eight months ended 31 March 2010

	Notes	Share capital $	Retained earnings $	Total equity $
Balance on incorporation		–	–	–
Issue of share capital	13	4,410,500	–	4,410,500
Less: cost of share issue	13	(113,614)	–	(113,614)
Total comprehensive loss for the year		–	(74,434)	(74,434)
Balance at 31 March 2010		4,296,886	(74,434)	4,222,452

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2010

	Notes	2010 $
Current assets		
Cash and cash equivalents	10	4,179,016
Trade and other receivables	11	58,199
Taxation		9,391
Total current assets		4,246,606
Current liabilities		
Trade and other payables	12	24,054
Total current liabilities		24,054
Net current assets		4,222,552
Non-current liabilities		
Related party advance	18	100
Total non-current liabilities		100
Net assets		4,222,452
Equity		
Share capital	13	4,296,886
Retained earnings		(74,434)
Total equity		4,222,452

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the eight months ended 31 March 2010

1 General information

The reporting entity is Willis Bond Capital Partners Limited (the "Company"). It is profit orientated and domiciled in New Zealand. The Company was incorporated on 20 August 2009. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The Company is primarily involved in development and investment opportunities in the New Zealand real estate market.

These financial statements have been approved for issue by the Board of Directors on 12 July 2010.

2 Statement of compliance

The financial statements for the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Companies Act 1993 and The Financial Reporting Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Company is a qualifying entity within the New Zealand Institute of Chartered Accountants Differential Reporting Framework. The Company is an exempt company as it has no public accountability and it satisfies the relevant size criteria. Willis Bond Capital Partners Limited has taken advantage of all differential reporting concessions.

3 Changes in accounting policy

3.1 Overall considerations

As this is the first year of operation there have been no changes in accounting policy.

3.2 Annual Improvements 2009

The International Accounting Standards Board and the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants have issued improvements for International Financial Reporting Standards 2009. Most of these amendments become effective in annual periods beginning on or after 1 January 2010. These amendments are not expected to have a material impact on the Company's financial statements.

4 Summary of accounting policies

4.1 Overall consideration

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by NZ IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Basis of preparation

The financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of available for sale financial assets and derivative contracts. Cost is based on the fair values of the consideration given in exchange for assets.

4.3 Presentation of financial statements

The financial statements are presented in accordance with NZ IAS 1 *Presentation of Financial Statements*. The Company has elected to present the Statement of Comprehensive Income in one statement.

The Statement of Financial Position presentation discloses assets and liabilities in order of their liquidity in line with the Statement of Financial Position presentation used by other investment companies. Where it is not evident from the financial statement line item, disclosure of the current/non-current split has been made in the relevant note.

The financial statements are presented in New Zealand dollars ($), which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

4.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

4.5 Interest Income

Interest income is recognised as it is earned.

4.6 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.7 Income tax

The income is accounted for using the taxes payable method. The income tax expense recorded in the income statement for the period represents the income tax payable for the current period, adjusted for any differences between the estimated and actual income tax payable in prior periods. The current income tax asset or liability recognised in the Statement of Financial Position represents the current income tax balance due from or to the Inland Revenue Department at balance date.

Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognised.

4.8 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Retained earnings include all current retained profits.

Dividend distributions payable to equity shareholders are included in trade and other payables when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the Company are recorded separately within equity.

4.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.10 Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

For financial instruments traded in active markets, the quoted market prices or dealer price quotations are used as a measure of fair value. Where quoted market prices do not exist, fair values are estimated using present value or other market accepted valuation techniques, using methods and assumptions that are based on market conditions and risks existing as at balance date.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held to maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. The Company's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

Financial liabilities

The Company's financial liabilities include trade and other payables and related party advances.

Financial liabilities are measured subsequently at amortised cost using the effective interest rate method, except for financial liabilities, held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss. The Company does not currently have any financial liabilities held for trading or designated at fair value through profit or loss.

All derivative financial instruments that are not designated and effective as hedging instruments are account for at fair value through profit or loss.

4.11 Comparative Information

The Company was incorporated on 20 August 2009 and has traded for the eight months ended 31 March 2010. There is no comparative information.

5 Interest income and expense

Interest income and expense was derived as per below:

	2010 8 months $
Interest income	
Cash and short term investments	31,122
	31,122
Interest expense	
Overdraft interest	1
	1

6 Operating expenses

Loss before tax includes the following expenses:

	2010 8 months $
Directors fees	9,375
Audit fees	6,000
Insurance	1,038
Management fees	87,002
Administrative expenses	2,140
Operating expenses	105,555

The auditor of the Company is Grant Thornton.

7 Income tax

The relationship between the expected tax expense based on the domestic effective tax rate of the Company at 30% and the reported tax expense in the Statement of Comprehensive Income can be reconciled as follows, also showing major components of tax expense:

	2010 8 months $
Net profit/(loss) before tax:	(74,434)
Income tax at domestic tax rate	30%
Expected tax expense	(22,330)
Tax losses not recognised	22,330
Income tax expense	–

8 Imputation credits

The movements in the imputation credit account are as follows:

	2010 $
Balance 1 April	–
Resident withholding tax	9,391
	9,391

9 Dividends declared and paid

No dividends were declared and paid by the Company for the period ended 31 March 2010.

10 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2010 $
Cash at bank and in hand	279,016
Short term deposits	3,900,000
	4,179,016

The effective interest rate on term deposits in the 2010 financial year was 3.0%. The deposits had an average maturity of 30 days.

11 Trade and other receivables

	2010 $
Accrued interest	6,408
GST refund due	28,383
Insurance prepayments	23,408
Total trade and other receivables	58,199

All trade and other receivables are current as at 31 March 2010.

12 Trade and other payables

	2010 $
Sundry accruals	24,054
	24,054

All trade and other payables are current as at 31 March 2010.

13 Contributed equity

The share capital of Willis Bond Capital Partners Limited consists only of ordinary shares with a par value of $1. All ordinary shares have an equal right to vote, to dividends and to any surplus on winding up.

	2010
Shares issued:	
Share issue on incorporation	44,105,000
10% deposit paid	4,410,500
Unpaid share capital	39,694,500
	$
Paid share capital	4,410,500
Less: cost of share issue	(113,614)
Total paid share capital at 31 March 2010	4,296,886

The Company issued 44,105,000 shares on 2 March 2010. Investors made an initial payment of 10% of the value of the shares purchased, with the remainder being due when a project is to be invested in. Each share has the same right to vote, to dividends and to any surplus on winding up. Transaction costs of $113,614 were incurred on the issue of shares made during the period.

14 Fair value measurement methods of financial assets and liabilities

Measurement methods for financial assets and liabilities accounted for at amortised cost are described below.

Loans and receivables

Due to their relatively short term nature, the carrying amount of cash and cash equivalents and trade and other receivables is considered a reasonable approximation of fair value.

Other amortised cost

Due to their relatively short term nature, the carrying amount of trade and other payables and related party advances is considered a reasonable approximation of fair value.

15 Financial instrument risks

15.1 Risk management objectives and policies

The Company's management provides services to the business, co-ordinates development and investment opportunities and monitors and manages the financial risks relating to the operations of the Company through continuous monitoring of investments and the market. The Company analyses exposures by degree and magnitude of risks. The main types of risks are market risk, credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by seeking opportunities that deliver superior returns to investors via a strategy of acquiring value-add real estate investments.

The strategies governed by the Company's policies approved by the Board of Directors, which provide principles on interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Board of Directors on a continuous basis.

15.2 Market risk

The Company will be exposed to market risk through its investment and development of real estate.

15.3 Interest rate risk

The Company is not exposed to interest rate risk.

15.4 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments which potentially subject the Company to credit risk principally consist of cash and cash equivalents and trade and other receivables.

The Company's cash and cash equivalents are placed with major trading banks with high credit-ratings assigned by international credit-rating agencies.

Risk gradings categorise exposures according to the degree of risk of financial loss faced and focus management on the attendant risks.

15.5 Liquidity risk

Liquidity risk is the risk arising from the Company not being able to meet its obligations.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows.

15.6 Capital management

The Company considers share capital and retained earnings to be capital for management purposes.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Company also monitors the level of dividends to shareholders.

16 Capital commitments

There were no capital commitments at 31 March 2010.

17 Contingent assets and liabilities

There are no contingent assets or liabilities at 31 March 2010.

18 Related parties

The Company's related parties include entities with common directors.

The Company paid management fees of $87,002 to a related party, Willis Bond and Company Management Limited. The Company is related to Willis Bond and Company Management Limited through its directors. M McGuinness and W Silver are directors of both Willis Bond Capital Partners Limited and Willis Bond and Company Management Limited. D McGuinness and R Twose are alternate directors of Willis Bond Capital Partners Limited and are directors of Willis Bond and Company Management Limited.

The Company's Directors and associated persons to the Directors collectively have invested $700,000 (7,000,000 shares) in the Company's shares and no preferential treatment has been received.

An unsecured related party advance of $100 as at 31 March 2010 is payable on demand to Willis Bond and Company Limited.

All of the related party transactions during the year were made on normal commercial terms and no amounts owed by related parties have been written off or forgiven during the year.

19 Subsequent events

The Company raised a further $2,960,000 of equity capital on 31 May 2010. At 30 June 2010 the manager raised $80,000,000 for a limited partnership formed for the purpose of co-investing with the Company in all projects.

The Company became registered as a Portfolio Investment Entity on 1 April 2010.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF WILLIS BOND CAPITAL PARTNERS LIMITED (the Company)

The Company gives you notice that its annual meeting will be held at the Wellington Club, Level 4, 88 The Terrace, Wellington on Tuesday, 31 August 2010 at 5pm.

The business of the meeting will be:

GENERAL BUSINESS

1 The Chairman's address to shareholders and shareholder discussion for the period ended 31 March 2010.

2 To receive the Directors' Report, Financial Statements, and Auditor's Report for the Company for the year ended 31 March 2010.

3 To record the reappointment of Grant Thornton as auditor to:

3.1 hold office from the conclusion of this meeting to the conclusion of the next annual meeting; and

3.2 audit the Financial Statements including the group financial statements for the period from 1 April 2010 to 31 March 2011.

4 To authorise the Board of the Company to fix the auditor's fees and expenses.

PROXIES

You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote on your behalf. A proxy need not be a shareholder of the Company.

A proxy form is included as a separate attachment. If you propose not to attend the meeting, but wish to be represented by proxy, or if you are a company or other body corporate and propose to attend, please complete the form and send it to the Company at PO Box 24137, Wellington, or scan and email to office@willisbond.co.nz. The proxy form must be received at least 24 hours before the time for holding the meeting.

By order of the Board

Wayne Silver
Director

22 July 2010

DIRECTORY

Board of Directors of Willis Bond Capital Partners Limited

Mark Verbiest
Graeme Horsley
Mark McGuinness
Wayne Silver

Roger Twose	(alternate Director for Wayne Silver)
David McGuinness	(alternate Director for Mark McGuinness)

The Directors can be contacted at Willis Bond Capital Partners Limited below:

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Manager

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Registrar

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