

PEACHGROVE ROAD LIMITED PARTNERSHIP INVESTMENT STATEMENT

160 PEACHGROVE ROAD, HAMILTON EAST
30 NOVEMBER 2015



AUGUSTA
FUNDS MANAGEMENT

BAYLEYS



7.5% PROJECTED
CASH RETURN
FOR THE FIRST
FULL YEAR ENDING
31 MARCH 2017

TOTAL LAND HOLDING
OF **1.8402** HECTARES



IMPORTANT INFORMATION

(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.

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:

What sort of investment is this?	24
Who is involved in providing it for me?	28
How much do I pay?	32
What are the charges?	33
What returns will I get?	37
What are my risks?	54
Can the investment be altered?	60
How do I cash in my investment?	61
Who do I contact with inquiries about my investment?	62
Is there anyone to whom I can complain if I have problems with the investment?	62
What other information can I obtain about this investment?	63

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.

THE FINANCIAL MARKETS AUTHORITY REGULATES CONDUCT IN FINANCIAL MARKETS

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>.

FINANCIAL ADVISERS CAN HELP YOU MAKE INVESTMENT DECISIONS

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check -

- the type of adviser you are dealing with:
- the services the adviser can provide you with:
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>.

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

INVESTMENT STATEMENT

This document is an investment statement for the purposes of the Securities Act 1978.

OFFER UNDER SECURITIES ACT 1978

In accordance with clause 6 of Schedule 4 of the Financial Markets Conduct Act 2013, Augusta Funds Management Limited has elected that the Securities Act 1978 will apply to the Offer.

OVERSEAS INVESTORS

The Offer is only being made to members of the public in New Zealand. No person may offer, invite, sell or deliver any Interests or distribute any documents (including the Investment

Statement) to any person outside New Zealand without the approval of the Manager. The Investment Statement may not be sent into or distributed in the United States.

Unless otherwise agreed with the Manager, any person applying for Interests under the Offer will be deemed to represent and warrant to the Manager that he, she or it is not in a jurisdiction that does not permit the making of the Offer or an invitation of the kind contained in the Investment Statement and is not acting for the account or benefit of a person within such a jurisdiction. Neither the Manager, the Supervisor, nor any of their directors, officers, employees, consultants, agents, partners or advisers accepts any liability or responsibility to determine whether a person is able to participate in the Offer.

WARNING STATEMENTS

Prospective investors should be aware that:

- **This is an investment in a New Zealand limited partnership that will (through the Custodian) own 160 Peachgrove Road, Hamilton East.**
- **The Peachgrove Road Limited Partnership (LP) has no fixed term with the Property to be sold and the LP wound up only upon the passing of a special resolution of Investors, with one vote attributed to each Interest.**

CONTENTS

IMPORTANT INFORMATION	4	WHAT SORT OF INVESTMENT IS THIS?	24
Choosing an Investment	4	What is a limited partnership?	24
The Financial Markets Authority regulates conduct in financial markets	4	Development of the Scheme (LP)	25
Financial advisers can help you make investment decisions	5	Nature and use of principal asset of the Scheme (LP)	25
Investment Statement	5	Nature of Security	25
Offer under Securities Act 1978	5		
Warning Statements	5	WHO IS INVOLVED IN PROVIDING IT FOR ME?	26
		Name of the Scheme	26
KEY HIGHLIGHTS	10	Manager	26
		Underwriter	26
HOW THE FUNDS RAISED ARE TO BE APPLIED	12	Directors of the Manager	26
		Senior managers of Augusta	29
KEY INVESTMENT FEATURES	14	Other information	30
Limited Partnership	14	Supervisor	30
The Property	14	Change in Contact Details	31
Seismic Strength	15	Activities	31
Construction Monitoring	15	Principal Activities of the Manager (Issuer)	31
Location	16		
Resource Management and Environmental	16	HOW MUCH DO I PAY?	32
The Lease	17	Money Payable by Investors	32
The Tenant	17	Purchase Price of the Property	32
Insurance	17		
Structure of Investment	18	WHAT ARE THE CHARGES?	33
What is a limited partnership?	18	Initial subscription	33
Term of LP	19	On-going charges and expenses payable by the LP	33
Return to Investors	19	Issue Expenses	33
Augusta Funds Management Limited	19	Explanation of the issue expenses	34
Supervisor	20	Ongoing annual costs	34
Risks	20	New leasing	35
Offer Underwritten	21	Sale of the Property	35
Timetable	21	Other possible fees	36
How Do You Subscribe?	21		
Valuer's Report	22		

WHAT RETURNS WILL I GET?	37	WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?	63
Nature of Returns	37	Prospectus and Financial Statements	63
Cash Returns	37	Annual information	63
Gains on sale of the Property	37	On request information	63
Taxation	37	Investment advice	63
Expected Return	37		
Projected Investment Return	38	OTHER MATERIAL INFORMATION	64
Period of Time Expected to Elapse before Return is Achieved	39	Agency agreement	64
Prospective Financial Information	39	Bank Funding proposal	64
Notes and Assumptions	43	Underwriting agreement	64
Auditors' report	53	Agreement for Sale and Purchase	64
Tax Depreciation Claim	53	Interest rate swap agreement	67
		Placeholder limited partnership agreement	68
WHAT ARE MY RISKS?	54	Interparty Deed	68
Summary of key risks	54	Limited Partnership Agreement	68
Tenant Default	54	Lease	69
Not being able to recoup original investment	55	Deed of Participation	75
Not receiving the projected return on investment in the LP	55	No other information	78
General risks with property investments of this nature	57		
Specific risks related to this LP	57	DISCLAIMER	79
Consequences of insolvency	59		
		APPLICATION INSTRUCTIONS	80
CAN THE INVESTMENT BE ALTERED?	60	Payment	80
		Closing date	80
HOW DO I CASH IN MY INVESTMENT?	61	Identification process	80
Early termination	61	Identification verification	80
Right to sell security	61	How to complete the application form	81
		Other terms	82
WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?	62		
		APPLICATION FORM	83
IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?	62	GLOSSARY OF KEY TERMS	92
		DIRECTORY	94

DEAR INVESTOR

Our journey now sees us as one of New Zealand's largest property funds managers with approximately \$1.3 billion in commercial property, across the Australasian market, under management. This level has been achieved with the support of a strong following of loyal and committed investors and we are very appreciative of that.

It is our intention to further grow this portfolio through our skilled executive team and the selection and management of high quality investment assets. The strict criteria for selecting assets, which involves final ratification from our directors, ensures only the best opportunities are presented to our investors for consideration.

This offering, 160 Peachgrove Road, is situated in Hamilton and brings together a well located, new supermarket tenanted by a major New Zealand brand. Hamilton has experienced substantial growth and the area of Peachgrove on the eastern side of the river is well located with an existing established consumer base and

is strategically located on a main arterial road. The strength of the tenant and the length of the lease underpins the stability of this investment. The property is leased by General Distributors Limited, part of the Progressive Enterprises business which operates the Countdown supermarkets, and franchises the Fresh Choice and Super Value supermarkets, throughout New Zealand.¹

This quality investment has a valuation of \$19.3 million and has only just been completed, opening in December 2015. The building and the associated car parks are on approximately 1.8 hectares.

We are able to use our parent company's balance sheet to underwrite the offering ensuring the acquisition of the property and this investment proceed.

The recent sales of Countdown supermarkets in New Zealand has shown that public demand and interest for this type of investment is high. Investments of this calibre in prime locations with strong tenants are difficult to source in the current economic climate.

We believe the fundamental attributes of this property are a good investment and, together with Augusta's track record with similar offerings, creates an opportunity for investors throughout New Zealand to diversify their portfolio and enjoy regular monthly returns.

Kind regards



Mark Francis
Managing Director



Bryce Barnett
Executive Director

¹ Progressive Enterprises Limited does not guarantee the Tenant's performance under the Lease.



AUGUSTA
FUNDS MANAGEMENT

FULLY MANAGED INVESTMENT

BROUGHT TO YOU BY AUGUSTA
FUNDS MANAGEMENT, ONE
OF NEW ZEALAND'S LEADING
PROPERTY FUND MANAGERS

SINGLE ASSET
SINGLE TENANT
INVESTMENT

KEY HIGHLIGHTS

Investment in a New Zealand limited partnership which will acquire the Property;

\$50,000 minimum investment with 220 Interests offered;

Initial 7.5% projected cash return for the first full year ending 31st March 2017 - paid monthly from settlement;¹

A new Countdown supermarket is being constructed on the Property, which will be trading by settlement;

Total land holding of 1.8402 hectares;

The property is positioned on Peachgrove Road, a main arterial road, and a short distance east of the Hamilton central business district;

Gearing at 46.8% based on purchase price and 43.7% based on valuation;

15 year lease from the settlement date (expected to be 22 December 2015) plus 6 rights of renewal of 5 years each, giving a potential total lease term of 45 years;

Leased to General Distributors Limited, part of the Progressive Enterprise Limited business which operates the Countdown supermarkets, and franchises the Fresh Choice and Super Value supermarkets, throughout New Zealand;²

5% rental increase in base rent after 5 years;

The supermarket building seismic rating will be at least 100% of New Building Standard when complete and therefore is not considered to be earthquake prone nor an earthquake risk;

Limited recourse extendible loan facility with an initial term of 24 months (subject to annual review before extension of 1 year);³

Single asset, single tenant investment;

100% of the debt has been hedged for 5 years from the Settlement Date;

Purchase price of \$18,000,000 and initial establishment costs of \$1,428,500, with an independent valuation of the Property at \$19,300,000 (as if complete);

Fully managed investment brought to you by Augusta Funds Management, one of New Zealand's leading property fund managers;

LP overseen by Covenant Trustees Service as Statutory Supervisor;

Offer fully underwritten by Augusta Capital Limited.⁴

¹ Projected pre-tax return for first full one year period. Details on how the return will be calculated and the risk associated with this investment and return are set out on pages 54 to 59.

² Progressive Enterprises Limited does not guarantee the Tenant's performance under the Lease.

³ Further details on the bank funding are set out on page 64.

⁴ Augusta Capital Limited does not guarantee the securities offered under the Investment Statement or the projected cash returns to Investors or any payment of returns by the LP.



AUGUSTA
FUNDS MANAGEMENT

**5%
INCREASE**
IN BASE RENT
AFTER 5 YEARS

15 YEAR LEASE
FROM THE
SETTLEMENT
DATE

\$50,000
MINIMUM INVESTMENT
WITH 220 INTERESTS
OFFERED

HOW THE FUNDS ARE TO BE APPLIED

Details of the purchase of the Property and the total Issue Expenses are as follows:

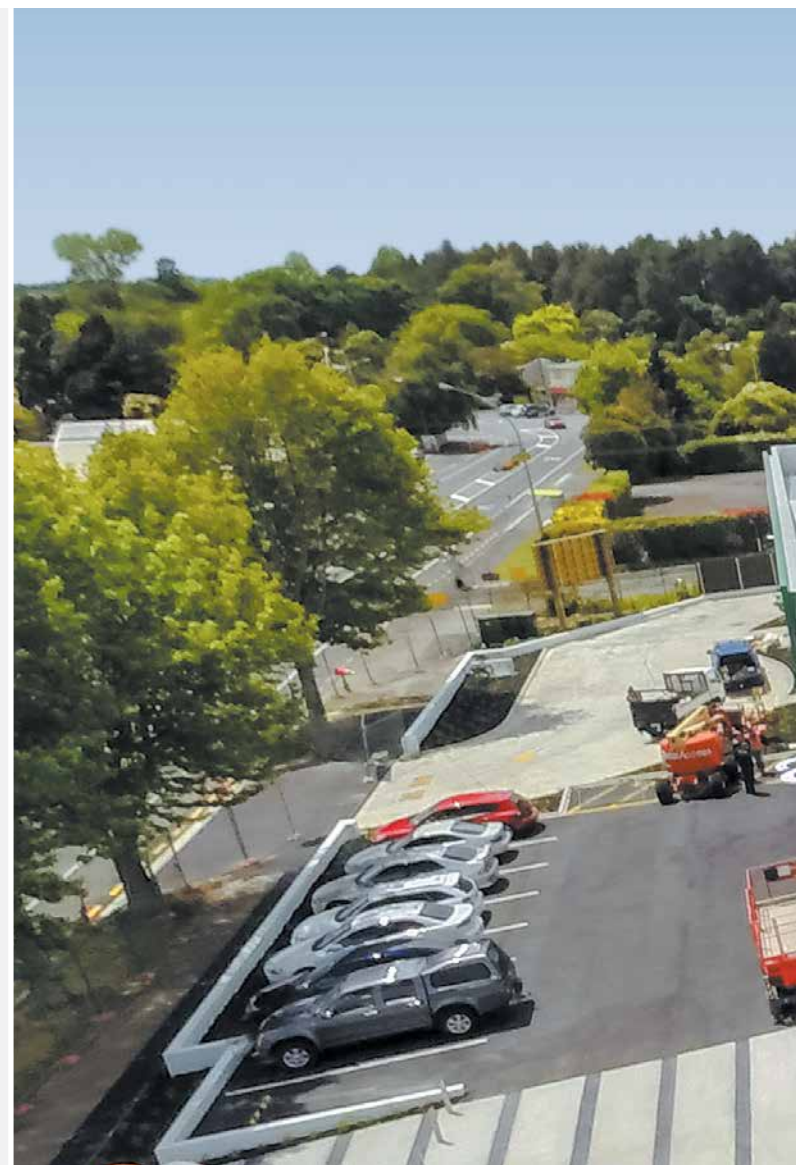
Purchase Price	\$18,000,000
Issue Expenses / establishment costs	\$1,428,500
Total	\$19,428,500

To be funded by:

Subscriptions from Investors (220 Interests at \$50,000)	\$11,000,000
Bank Loan	\$8,428,500
Total	\$19,428,500

Issue expenses / establishment costs

Offeror's fee	540,000
Underwriter's fee	330,000
Brokerage on equity raised	220,000
Legal – capital raising	122,500
Legal – property	52,500
Statutory Supervisor	5,000
Accountancy	8,000
Audit	8,000
Printing and advertising	105,000
Valuation	5,500
Health and Safety	1,500
Bank Legal	8,000
Development monitoring	22,500
Total issue expenses / establishment costs	\$1,428,500





KEY INVESTMENT FEATURES

LIMITED PARTNERSHIP

Augusta Funds Management Limited (the *Offeror and Manager*) established the Peachgrove Road Limited Partnership to acquire the property at 160 Peachgrove Road, Hamilton East (legally described in certificate of title SA55C/196 (South Auckland Registry)), which, from the Settlement Date, will be fully leased to General Distributors Limited (the *Tenant*). Investors are being offered the opportunity to purchase a proportional interest in the limited partnership which will acquire the Property. Further information on the LP structure is contained at pages 18 to 19.

On settlement, a new limited partnership agreement will be adopted in respect of the limited partnership and each Investor will enter into the Limited Partnership Agreement. The Custodian will sign the Limited Partnership Agreement on behalf of the Investors. A description of that limited partnership agreement is contained on pages 68 to 69.

220 Interests are being offered at \$50,000 each. Investors may apply to purchase more than one Interest.

The certificate of title for the Property will be held on behalf of the LP by Peachgrove Road Custodian Limited (the *Custodian*) as bare trustee for the LP.

THE PROPERTY

160 Peachgrove Road, Hamilton East

This property is situated in a road front position on Peachgrove Road, Hamilton East. It includes a newly built standalone Countdown supermarket within an approximate lettable area of 4,001m² together with 192 on site car parks. There is a small storage building located on the Property, located away from the new supermarket building.

The total land area is 1.8402 hectares and the Property will be fully leased to General Distributors Limited from the Settlement Date. The supermarket building, which is currently under construction, is anticipated to be completed in early December 2015 (and, in any event, the Tenant will have commenced trading and the building will have achieved practical completion prior to settlement). A resource consent has been obtained for the construction of the supermarket and the development is intended to comply with the conditions of that consent including any ongoing operational requirements.

The supermarket building generally comprises a reinforced concrete foundation and floor, exterior walls of precast concrete panel as well as steel metal cladding in parts along with a long run steel roof over an internal steel frame. Goods loading is along the back of the building while the front has an entrance canopy facing the on-grade sealed car parking. Extensive site landscaping is in place along with the protection

of an area of native bush at the rear of the site known as Caldwell's Native Bush and public access to this reserve is provided as part of the development as a condition of the resource consent.

The supermarket building includes extensive Landlord's fixtures and fittings such as internal walls, partitions, ceilings and ceiling tiles and floor finishes. Also owned by the Landlord will be air conditioning and fire protection systems, the complete electrical system, all plumbing services, pylon signage structures and a range of other items. The ownership of these fixtures and fittings by the Landlord is consistent with modern Countdown supermarket leases. Generally, the Tenant is responsible for repair and maintenance of the interior of the premises and the Landlord's fixtures and fittings, but the Landlord is responsible for structural repairs and certain maintenance and capital works. Further details are contained in the summary of the Lease at pages 69 to 75.

The Property also includes some underdeveloped land, upon which is a small storage building split into individual sheds. That part of the land (and the sheds thereon) are also being leased to the Tenant under the Lease on an "as is where is" basis. The sheds appear to be of 1950's or 1960's construction and comprise 488m² area. They have concrete floors and walls along with a galvanised iron roof and a number of roller doors for access. The overall condition is fair. The Tenant is entitled to alter or demolish this building without the Landlord's consent.



Lettable Areas

As the supermarket building on the Property is currently under construction the final lettable area has not been assessed however is proposed to comprise 3,727 square metres of main retailing area, 179 square metres of mezzanine offices and 95 square metres of plant area. The total lettable area will therefore be approximately 4,001 square metres in addition to 192 car parking spaces on site.

SEISMIC STRENGTH

As the supermarket building on the Property is newly constructed to current design standards, the seismic capacity of the building is a minimum of 100% of current New Building Standard. The Landlord's fixtures and fittings (as defined in the Lease) will also comply with relevant seismic codes and statements.

CONSTRUCTION MONITORING

In connection with the Manager's due diligence investigations on the Property, the Manager has engaged a Project Delivery and Building consultancy firm to review construction contract documentation; ongoing development monitoring (for which

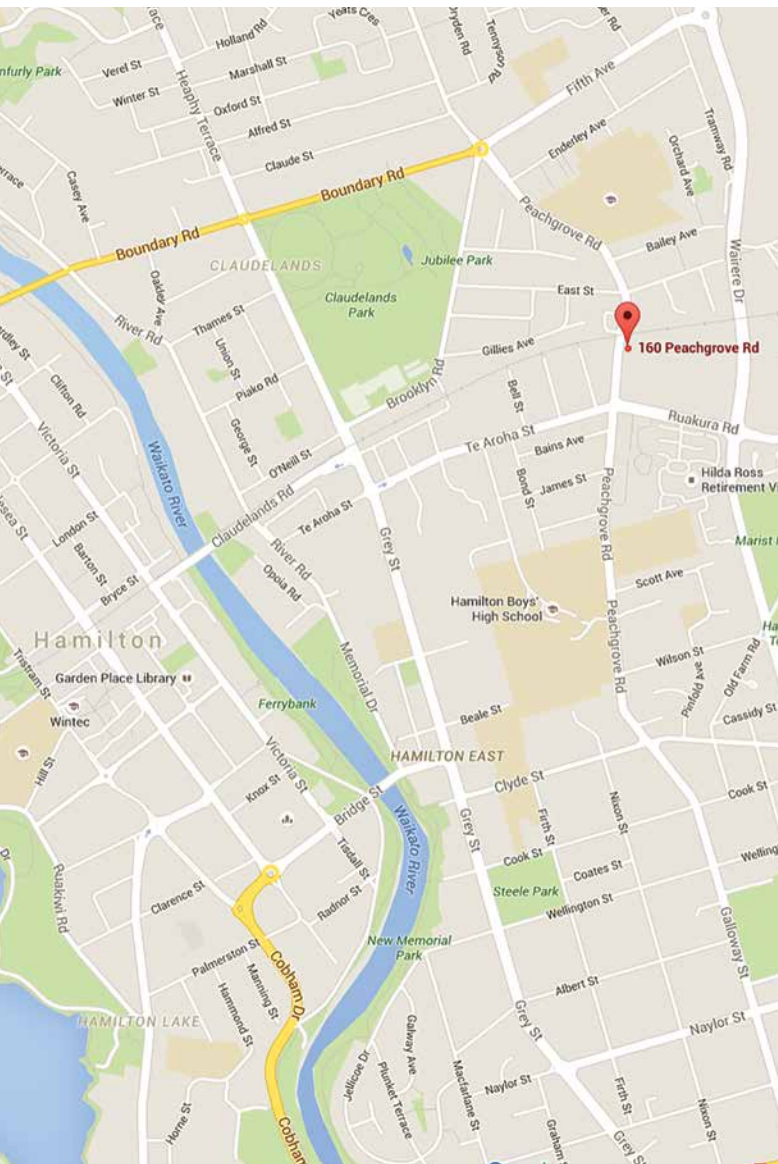
the Manager has obtained a Development Monitoring Report); review of practical completion and a detailed inspection of the finished building at the end of the period of defects liability. The Manager is satisfied that the construction documentation is on General Distributors Limited's standard form.

Furthermore, under the Sale and Purchase Agreement, the Vendor is required to complete the works pursuant to the relevant construction contract. This obligation includes the obligation to obtain and comply with all consents required.

Under the Sale and Purchase Agreement, during the period of defects liability the Vendor is required to remedy all defects certified under the construction contract up to a maximum cost of \$100,000 and the Vendor is also required to ensure the practical completion certificate and final completion certificate for the works are obtained. The Vendor has also provided a warranty that it will not be in breach of any resource consent conditions as at the Settlement Date.

On the basis of the above, the Manager is confident that the construction of the supermarket is being undertaken in accordance with the relevant resource consents and construction contracts.

KEY INVESTMENT FEATURES CONT.



LOCATION

Peachgrove Road is a main arterial road extending north to south on the eastern side of Hamilton. With the Hamilton central business district approximately 3 kilometres to the west, the locality also is close to Wairere Drive, a main link road around Hamilton.

The immediate area is mostly residential but does also include Waikato University. The Waikato Expressway, a major motorway extension, is currently being developed and will further benefit the location due to a major interchange nearby on Ruakura Road.

RESOURCE MANAGEMENT AND ENVIRONMENTAL

The land is zoned Industrial, Industrial Amenity Protection Area and Natural Open Space under the Hamilton City Council Operative District Plan. Under the Industrial Development controls permitted activities include retail activity. An independent commissioner was appointed by the Hamilton City Council to hear and determine the resource consent application, which was subsequently granted subject to a number of conditions.

The Manager has reviewed a copy of the resource consent application and decision. The consent proposal included removal of existing buildings on site and construction of a 4,000m² supermarket along with signage both on the building and around the site.

In addition, three vehicle crossings were to be created, one of which gave access to a loading and service area which delivery vehicles will not utilise before 7am or after 8pm. Alongside the creation of 192 car parking spaces, extensive landscaping and the replanting of 20 trees were also part of the proposal.

Further, the refurbishment and relocation of an existing electricity turbine into an artwork piece as well as the creation of a walkway to the Caldwell's Bush Memorial Plaque will be carried out (by the Vendor) as part of the consent requirements.

Consent was granted effective June 2014 on the basis that public access to Caldwell's Bush would be locked outside of daylight hours and the opening hours for the supermarket shall only be between the hours of 7am and 11pm.

The conditions of consent can be reviewed by Hamilton City Council for up to three years following the commencement of the resource consent. The consent also requires independent reporting on road safety within 3 months of trading commencing and transport/traffic performance during the first year of trading, with mitigation measures to be implemented to Hamilton City Council's satisfaction. The LP will procure that report at its cost. Following its review of the resource consent (including traffic engineering analysis) and the site and discussions with the Vendor, the Manager does not anticipate that report giving rise to any material issues, or additional costs beyond the cost of the required reports and monitoring, for the LP.

THE LEASE

Upon settlement of the Property the Custodian (as landlord) will lease the property to General Distributors Limited (as tenant). The lease will commence on the Settlement Date for a term of 15 years. In addition there are 6 renewals of 5 years each, which if exercised brings the total lease term to 45 years. The Lease is based on General Distributors Limited's standard supermarket lease, which is a tenant-friendly form of lease.

The base rent payable under the lease from commencement date will be \$1,316,000 per annum plus GST. The Tenant is directly responsible for rates, utilities consumed at the premises and for maintaining and repairing the interior of the premises and the cost of insurance for the premises (including any excess). The Landlord remains responsible for structural repairs and certain maintenance and capital works, including repairs and maintenance to the roof and exterior of the building, replacement of building services and the Landlord's fixtures and fittings where items have reached the end of their effective life, disrepair due to fair wear and tear or inherent defects or earthquake strengthening works if the minimum statutory requirements are increased above the building's current seismic rating, as well as maintenance of lighting and landscaping, car park, driveways, and the loading zone.

The base rent payable under the Lease will increase by 5% after 5 years (or the average of the last 3 years' turnover rent, whichever is the higher), after which rental will only increase

where turnover rental is payable. If the Tenant is paying turnover rent, the base rent will be increased on the 10th anniversary of the lease commencement date and every 5 years thereafter by the average of the last 3 years' turnover rent. A description of the turnover rental is contained at pages 69 to 70. The Manager does not expect there would be any significant turnover rental payable in the initial 15 year term of the Lease, however turnover rental is expected to grow during any renewal terms. The Manager has prepared the prospective financial information on the basis that no turnover rental is payable.

A fuller description on the lease is contained at pages 69 to 75.

THE TENANT

General Distributors Limited is the property holding/operating division of Progressive Enterprises Limited. Progressive Enterprises Limited (and its related companies) is the operator of the Countdown, and franchisor of the Fresh Choice and Super Value, supermarkets throughout New Zealand. Progressive Enterprises owns and operates over 170 Countdown supermarkets in New Zealand being the country's largest private sector employer with some 18,500 people employed in stores, support offices, processing plant and distribution centres.

The ultimate parent company of Progressive Enterprises is Woolworths Limited, an ASX listed Australian company, which has been in the business of food retailing for more than 80 years.

Woolworths Limited has had an A- Standard and Poors credit rating since 2001, and has a market capitalisation of approximately AUD\$29 billion and a turnover in excess of AUD\$60 billion.

Neither Progressive Enterprises, Woolworths Limited nor any other member of the Woolworths group guarantees the obligations of the Tenant under the Lease.

INSURANCE

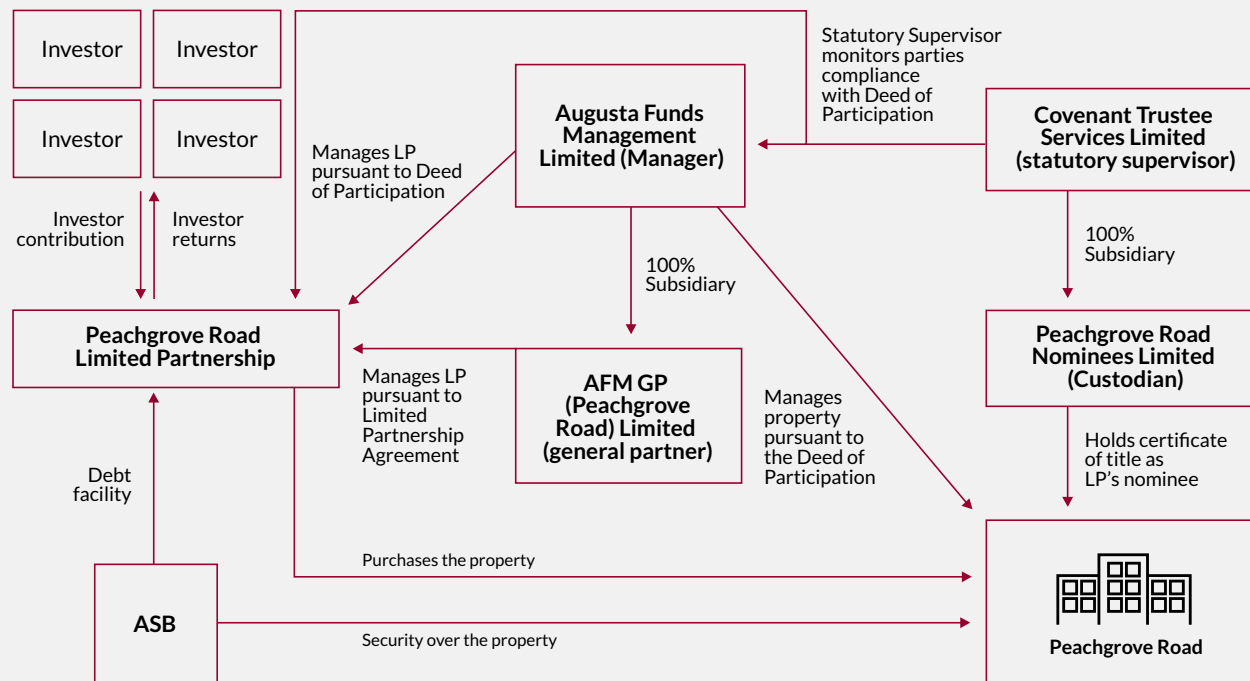
Under the Lease, whilst the Tenant is General Distributors Limited or a related company, the Tenant is required at its cost to arrange insurance with a reputable insurance company under a full replacement and reinstatement policy for full replacement value as well as a public liability policy, glass cover and replacement of the Tenant's fixtures, fittings and stock. The interest of the Landlord (which is the Custodian) and that of its financier must be noted on the insurance policy if requested by the Landlord. While the Tenant is responsible for insuring the property, there is no rent abatement in the event of damage or destruction. If the Tenant is no longer General Distributors Limited or a related company or the parties agree, the Landlord is responsible for arranging insurance for the above risks plus 24 months' loss of rents and rates, the cost of which is recoverable from the Tenant.

KEY INVESTMENT FEATURES CONT.

STRUCTURE OF INVESTMENT

A simplified version of the LP's structure is set out below:

Peachgrove Road Syndication Limited Partnership Structure



What is a limited partnership?

Investors are offered the opportunity to invest in the entity (limited partnership) that will acquire the Property and become a Limited Partner in Peachgrove Road Limited Partnership. Under the limited partnership structure, Investors are (so long as they do not take part in the management of the LP, which is described further at page 58) liable for no more than their initial capital contributions. An LP is a separate legal person from its limited partners and general partner which is formed under the Limited Partnerships Act 2008.

The Custodian will hold the title to the Property and the Lease in its name for the LP. The interrelationship between the Investors (as limited partners and, under the Securities Act, as holders of participatory securities), the LP and the General Partner is set out in the Limited Partnership Agreement and the Deed of Participation.

The LP will be managed and administered by the Manager pursuant to the Deed of Participation. The Manager's responsibilities and duties are set out in the Deed of Participation (which is summarised on pages 75 to 78) which sets out the rights and obligations of the Investors, Manager, General Partner, LP, Custodian and Supervisor. The Manager also intends to engage Bayleys Property Services to provide day-to-day facilities and property management services for the Property, under the guidance and supervision of the Manager.

The Property will be owned by the Custodian on behalf of the LP. Each Investor is, by virtue of purchasing an Interest in the LP, a Limited Partner of the LP.

The General Partner (which in this case is a limited liability company – AFM GP (Peachgrove Road) Limited) has been incorporated to act as the general partner of the LP in accordance with the Limited Partnership Agreement. The General Partner’s liability is not limited. The directors of the General Partner are Mark Francis and Bryce Barnett. The shareholder of the General Partner is the Manager.

An LP enables the General Partner to conduct the business of the partnership, while the limited partners are liable for no more than their respective capital contributions. Limited Partners must not take part in the management of the LP. For the purposes of the LP the Manager will, pursuant to the Deed of Participation, direct the General Partner as to the management of the LP provided that the General Partner cannot be obliged to take any action that would breach the Limited Partnership Agreement.

In relation to the risks of this investment, please refer to the “Special Trade Factors and Risks” at pages 54 to 59 of the Investment Statement.

Bayleys Real Estate Limited is acting as selling agent for the LP and will receive a brokerage fee of \$1,000 (plus GST)

for each Interest which is allotted to a person other than the Underwriter. That brokerage fee is included in the Issue Expenses and represents 2% of the aggregate issue price for the Interests (assuming all Interests are sold in the Offer and not taken up by the Underwriter).

Term of LP

The LP has no fixed term with the Property to be sold and the LP wound up only upon the passing of a special resolution of Investors, with one vote attributed to each Interest.

RETURN TO INVESTORS

The LP is projected to provide a cash return from settlement of 7.5% per annum for the first full year ending 31 March 2017 paid monthly. The cash return does not take into account any increase or decrease in the value of the Property or any other non-cash items. It also does not take tax or depreciation into account. It is based on, and subject to, the notes and assumptions to the prospective financial statements set out on pages 43 to 52.

None of the Manager, the General Partner, the Custodian, the Supervisor, the Underwriter or any other person guarantees or promises these projected cash returns to Investors or any payment of returns by the LP. The actual returns paid could differ from the projected returns.

AUGUSTA FUNDS MANAGEMENT LIMITED

Augusta Funds Management’s property schemes are structured to provide investors with a high-yielding long term investment in commercial and industrial real estate, while seeking to minimise the administrative and operational burdens of private property ownership. Augusta Funds Management is responsible for the LP and property management, including the facilities and property management, preparation of annual financial statements and payment of monthly distributions.

Augusta Funds Management also arranges funding packages allowing Investors to enjoy the terms of the LP’s funding arrangements, including some interest rate hedging and initial interest-only terms. Details of the bank funding applying to the LP are set out on page 64 of this Investment Statement.

Augusta Funds Management is a wholly-owned subsidiary of Augusta Capital Limited, which is an NZX listed company with a market capitalisation of approximately NZ\$85million as at the date of the Prospectus. Augusta Funds Management has assets under management of approximately NZ\$1.3 billion.

For more on Augusta see www.augusta.co.nz.

The directors of the Manager and key senior managers of Augusta Funds Management collectively have considerable

KEY INVESTMENT FEATURES CONT.

property expertise with experience in property development, facilities and asset management, property investment, business administration and accounting. Augusta Funds Management manages a wide range of properties including single ownership entities, and syndicates in numerous locations throughout New Zealand and Brisbane, Australia. This investment opportunity is based around the market knowledge and experience of these people. Further detail on the expertise and background of these people is set out on pages 27 to 29 of this Investment Statement.

SUPERVISOR

Covenant Trustee Services Limited (the *Supervisor*) has been appointed statutory supervisor for the LP. The “Statutory Supervisor” section on pages 30 to 31 of this Investment Statement outlines the details of the Supervisor’s role in the LP and its governance structure. The “Summary of Terms of Deed of Participation” section on pages 75 to 78 of the Investment Statement details the Supervisor’s duties in respect of the LP.

The Supervisor’s corporate trust team has significant corporate trustee experience and its senior staff have professional qualifications in accounting or law. The Supervisor is experienced in supervising this kind of public offering and has had experience in supervising proportionate ownership schemes and limited partnerships that are similar to the LP. The Supervisor has over 200 appointments as trustee or supervisor representing over NZ\$5 billion in assets supervised.

RISKS

Potential investors should review the risks associated with this Offer in detail before investing.

There are a number of general and specific risks associated with the ownership of commercial property and long term investment through an investment in a Limited Partnership, factors that may result in Investors:

- (a) not being able to recover their original investment in full; and/or
- (b) not receiving the projected return or projected cash return on their investment in the LP.

In addition, there are a number of risks specific to this LP:

- (a) the building not being completed or not completed within expected timeframes. The Vendor is required to provide a certificate of practical completion and commence trading prior to settlement. If the building is not completed and the Vendor has not commenced trading by 22 December 2016 (except in the event of damage or destruction after the practical completion date but prior to the settlement date, following which settlement may be delayed), either party may cancel the Sale and Purchase Agreement. The Vendor may also default on its obligations to rectify defects and obtain the required certifications

for completion of the supermarket building following the settlement date. However, this risk is mitigated by the warranties and obligations set out in the Sale and Purchase Agreement, and as further described on page 15, under the heading “Construction Monitoring”;

- (b) with the exception of a 5% base rental increase after the first 5 years of the Lease, the base rent is only subject to increase in the event the Tenant is required to pay turnover rent. The Manager does not expect there would be any significant turnover rental payable in the initial 15 year term of the Lease;
- (c) the value of the Property will reflect the status of the current lease and the performance of the commercial property sector in both Hamilton and New Zealand generally;
- (d) downturn in the Hamilton and/or New Zealand economies; and
- (e) ASB Bank Limited not agreeing to extend the bank loan after the initial 24 month term or on any subsequent annual review and/or alternative funding not being available.

The principal risks associated with commercial property are the Tenant failing to pay the rent and/or operating expenses required under the Lease and the Landlord being unable to promptly re-lease the Property if the Tenant vacates the Property at the end of the Lease term or by earlier termination.

Dependence has been placed on the ability of the Tenant to meet its contractual obligation to continue payment of rental and outgoings. If the Tenant was to fail to pay rent and outgoings in part or in full, or if the Property was vacant or partly so, it would have a serious detrimental impact on:

- (a) the ability of the LP to pay returns to Investors;
- (b) the ability of Investors to recoup their original investment; and
- (c) the ability of the LP to meet its expenses.

The risks involved with investing in the LP are set out in detail on pages 54 to 59 of the Investment Statement. Investors interested in investing should consider carefully the risks involved in investing in this LP. Investors should be aware that this is a long term investment. Potential investors are recommended to seek professional financial advice before investing.

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

OFFER UNDERWRITTEN

Augusta Capital Limited (the Manager's parent) has agreed to underwrite the offer. Augusta Capital's underwriting commitment is for \$11,000,000, representing all the interests under the Offer.

Augusta Capital Limited will receive a base underwriting fee of \$330,000 (being 3% of the underwritten amount).

Potential investors should be aware that if the Underwriter is required to subscribe for Interests under the terms of its underwriting commitment, the LP could be controlled by related parties of the Manager. Should the Underwriter hold Interests, the terms of the Deed of Participation and Limited Partnership Agreement suspend the Underwriters voting rights on a number of resolutions (including resolutions to remove the Manager and to increase the management fee payable). However, the Underwriter would be able to vote on resolutions to sell the Property, wind up the LP and to amend the terms of the Deed of Participation (although any amendment to the terms of the Deed of Participation requires the Supervisor's consent).

Further details of the underwriting arrangements are described at page 64 of the Investment Statement. **Augusta Capital Limited does not guarantee the securities offered under the Investment Statement or the projected cash returns to Investors or any payment of returns by the LP.**

TIMETABLE

The offer contained in the Investment Statement closes at 5pm on 18 December 2015. However, the Manager reserves the right to close the offer at any time prior to that date or extend the offer by up to 25 working days without prior notice to Investors.

Settlement of the purchase of the Property is currently scheduled for 22 December 2015. The Manager also reserves the absolute right in its sole discretion to accept or reject any application in whole or in part without assigning any reason.

Applications will not be accepted during the Financial Markets Authority's consideration period in respect of the Prospectus.

HOW DO YOU SUBSCRIBE?

Investors may join in this investment opportunity with a minimum subscription of \$50,000. Subscriptions must be completed on the application form contained on pages 83 to 91.

TO ENSURE YOUR APPLICATION IS ACCEPTED, PLEASE READ THE APPLICATION INSTRUCTIONS BELOW CAREFULLY.

Completed and signed application forms must be forwarded to the offices of the LP's Solicitors (Attention: Peachgrove Road Offer).

Investors must supply all necessary information to be compliant with anti-money laundering (AML) identification requirements in order for their application to be accepted

KEY INVESTMENT FEATURES CONT.

and subscription monies receipted. Further details on those requirements are set out on pages 80 to 81. **IMPORTANT** - for existing investors, identification documents may have been provided previously as part of Augusta's AML (Anti-Money Laundering) requirements. If, at the time of submitting your application Augusta does not have the correct identification documents on file up to the standard of the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009* additional documents may have to be re-submitted before your application can be accepted.

Once applications have been processed and investors have provided all necessary AML identification requirements, Investors will be provided with Chapman Tripp's trust account details once the Manager has confirmed that they have satisfied all AML requirements.

Investors will be paid interest at call rates (less resident withholding tax) on their application money from the date of receipt by Chapman Tripp until settlement of the purchase of the Property.

By signing an application form in relation to the subscription for Interests, each Investor is deemed to have provided the written statement required by section 37(3) of the Securities Act which also authorises Chapman Tripp, the LP's Solicitors, to receive such application form/written statement and each Investor's subscription monies on behalf of the Supervisor. The Supervisor has appointed the LP's Solicitors with that appointment authorising the LP's Solicitors to receive those application forms/written statements and Investor's subscription monies on the Supervisor's behalf.

Until such time as all capital required by the LP for the acquisition of the Property as set out in the Investment Statement is paid by Investors then the Supervisor and each Investor authorises all capital contributed to be deposited to and is to remain held in the trust account of the LP's Solicitors and is only to be released from that trust account at such time as the Sale and Purchase Agreement can be settled and the Certificate of Title for the Property can be transferred to the Custodian. The Underwriter will subscribe for any Interests unsold in the Offer, therefore ensuring that settlement of the purchase of the Property will proceed.

VALUER'S REPORT

The Property has been valued by Dale Winfield and Liam Rooney of Jones Lange LaSalle at \$19,300,000 plus GST (if any) as at 2 November 2015 in accordance with International Valuation Standards and API/PINZ Valuation Standards (as if complete).

The valuation has been arrived at by having regard to the results of both a discounted cash flow valuation approach and a capitalisation valuation approach as well as available market evidence and present market sentiment. Further details on the assumptions used for each valuation approach are set out in the Valuation Report attached to the Prospectus.

Prospective Investors are encouraged to review the Valuation Report. A copy of the full Valuation report is attached to the Prospectus and available on request from the Manager. The Manager may in the future engage the services of Jones Lang LaSalle as a professional adviser to provide valuation or other services.



WHAT SORT OF INVESTMENT IS THIS?

The Investment Statement offers interests in a limited partnership to the public in New Zealand. The offer of interests in the LP constitutes an offer of participatory securities in terms of the Securities Act and Securities Regulations and the LP is considered to be a “scheme” under the Securities Act and Securities Regulations.

WHAT IS A LIMITED PARTNERSHIP?

A limited partnership is a separate legal person from its limited partners and general partner, which is formed under the Limited Partnerships Act 2008.

Investors are offered the opportunity to purchase an Interest in the Property by becoming a Limited Partner in the LP pursuant to the Limited Partnership Agreement. The interrelationship between the Investors (as limited partners and, under the Securities Act, holders of participatory securities) and the General Partner is set out in the Limited Partnership Agreement and the Deed of Participation.

The LP will also be managed and administered by the Manager pursuant to the Deed of Participation. The Manager’s responsibilities and duties are set out in the Deed of

Participation (summarised on pages 75 to 78) which sets out the rights and obligations of the Investors, Manager, LP, General Partner, Custodian and Supervisor.

The Property will be owned by the Custodian on behalf of the LP. Each Investor is, by virtue of purchasing an Interest in the LP, a Limited Partner of the LP.

The General Partner (which in this case is a limited liability company - AFM GP (Peachgrove Road) Limited) has been incorporated to act as the general partner of the LP in accordance with the Limited Partnership Agreement. The General Partner’s liability is not limited. The directors of the General Partner are Mark Francis and Bryce Barnett. The shareholder of the General Partner is the Manager.

The General Partner manages the LP, while the limited partners are liable for no more than their respective capital contributions. Limited Partners must not take part in the management of the LP. For the purposes of the LP the Manager will, pursuant to the Deed of Participation, direct the General Partner as to the management of the LP provided that the General Partner cannot be obliged to take any action that would breach the Limited Partnership Agreement.





DEVELOPMENT OF THE SCHEME (LP)

The LP will only commence trading upon the Offer being fully subscribed. Accordingly, there is no previous development of the LP during the five years preceding the date of the Investment Statement.

NATURE AND USE OF PRINCIPAL ASSET OF THE SCHEME (LP)

Upon commencement of the LP, its principal asset will be the Property, 160 Peachgrove Road, Hamilton East. That asset will be, from settlement of the Property, subject to the Lease to the Tenant. The Property will also be subject to a mortgage to ASB Bank Limited which restricts the Manager's ability to sell the Property, on behalf of the LP, following a resolution of the LP. Under the terms of the mortgage, the Property cannot be transferred, sold, encumbered, changed or otherwise dealt with, without the consent of ASB Bank Limited or without a discharge of the mortgage. A discharge of the mortgage would require all outstanding amounts owed to ASB Bank Limited to be repaid by the LP.

NATURE OF SECURITY

Each successful Investor will acquire an interest in the LP, with the Custodian holding the certificate of title to the Property for the LP.

Each Interest confers equal rights and obligations on each Investor in respect of entitlements to income and capital from the LP and each Interest will confer one vote upon the holder in respect of matters on which Investors are entitled to vote.

The relationship between the Investors is that of limited partners in a New Zealand limited partnership.

The Supervisor has agreed to act as the statutory supervisor pursuant to the Securities Act and Securities Regulations and the terms and conditions of the Deed of Participation.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

NAME OF THE SCHEME

The name of the participatory scheme constituted by the New Zealand limited liability partnership is the “Peachgrove Road Limited Partnership”.

MANAGER

Augusta Funds Management Limited is the manager. Its registered office is at Level 2, 4 Viaduct Harbour Avenue, Auckland. Augusta Funds Management Limited is a wholly owned subsidiary of Augusta Capital Limited.

UNDERWRITER

Augusta Capital Limited is the underwriter. Its registered office is at Level 2, 4 Viaduct Harbour Avenue, Auckland.

DIRECTORS OF THE MANAGER

The directors of the Manager are:

Bryce Robert Barnett

10 Mountain Road
RD3
New Plymouth 4373

Paul John Duffy

312 The Point
121 Customs Street West
Auckland 1010

Mark Edward Francis

47 Victoria Avenue
Remuera
Auckland 1050

Martin Gerard Goldfinch

37 Glanville Terrace
Parnell
Auckland 1052

Phillip Michael Hinton

106 Buller Street
New Plymouth 4312

John James Loughlin

267 Te Mata Mangateretere Road
RD 2
Hastings 4172

Robert Mark Petersen

50c Chatsworth Road
Silverstream
Upper Hutt 5019

Peter David Wilson

623 Rahui Road
RD 3
Otaki 5583

The composition of the board of directors of the Manager provides a broad base of knowledge and experience.

Bryce Barnett

CA, FPINZ

Bryce is a Chartered Accountant and a Fellow of the Property Institute of New Zealand. He began his career in the Inland Revenue before becoming the Chief Accountant of the Moller Group of Companies in 1980. From there he joined General Properties Consolidation Limited as the Managing Director involved in property development and investment throughout New Zealand. In 1989 Bryce became the General Manager of MacDow Properties, a subsidiary of the McConnell Dowell Corporate. Bryce was responsible for that company's development and investment activity throughout New Zealand. In 1993 Bryce established KCL Property. KCL Property was acquired by Augusta Funds Management in April 2014.

Paul Duffy

Independent Director

Dip Urb Val

Paul Duffy became a director on 2 November 2015 of both the Manager and Augusta Capital Limited. It is also intended that Paul Duffy will become Chairman of both companies on Peter Wilson's retirement.

Paul Duffy has had 35 years' experience in the property investment industry, both within NZ and internationally. Paul is currently a director of several private companies and was the chief executive/executive director of DNZ Property Fund (now

Stride) for 13 years. During his career, Paul held the position of general manager of Fletcher Property Limited and was joint managing director of Abu Dhabi Investment Authority, an offshore government property investment agency where he was responsible for the formation of a large real estate portfolio in the United States and Europe. A former chairman of the Keystone Trust, Paul now sits on the Keystone Trust Board.

Mark Francis

Managing Director

BCom (Finance)

Mark has a commerce degree in finance and for the last 19 years has worked in many aspects of property investment and development with companies such as Village Roadshow and Force Corporation and his own private investment vehicles. Mark is a founding director of NZSX-listed Augusta Capital Limited (formerly Kermadec Property Fund Limited).

Mark has significant experience and background in property development and construction projects. Mark's primary business prior to the formation of Augusta Capital Management in 2003 was property development with significant projects across all sectors including commercial, retail, industrial and residential. These projects included minor refurbishments and extensions and full scale 'greenfield' development of retail centres and apartment complexes and ranged in size from NZ\$500,000 to NZ\$30,000,000.

Martin Goldfinch

Independent Director

BCom, LLB

Martin has extensive commercial experience across a range of industries in both public and private companies. He holds degrees in Law and Commerce from Auckland University. He is currently the Private Equity Manager for Accident Compensation Corporation (ACC) and represents ACC on the boards of Cavalier Wool Holdings Limited and Partstrader Markets Limited. He is also a director of Les Mills Holdings Limited, Youi NZ Pty Ltd and is a Council Member of NZ Venture Capital Association.

Phillip (Phil) Hinton

FPINZ, FNZIV

Phil has over 35 years property experience in New Zealand, previously as a registered valuer and partner of TelferYoung (Taranaki) Limited, specialising in commercial property valuations for twenty years. He joined the KCL Property group of companies in 2002 and specialised in investment, analysis, management and development. KCL Property was acquired by Augusta Funds Management in April 2014. Phil is a past President and Board member of the Property Institute of New Zealand and a member of the Institute of Directors. Phil is a licensed Real Estate Agent, a Fellow of the New Zealand Institute of Valuers and has a Fellowship from the New Zealand Property Institute.

WHO IS INVOLVED IN PROVIDING IT FOR ME? CONT.

John Loughlin

Independent Director

MBA, BCA, FCA, FCIS, ANZIIF (fellow), INFINZ (fellow), FNZIM, AFInstD

John Loughlin is a professional company director. He is chairman of Powerco Limited, Tru-Test Corporation Limited, EastPack Limited and Havelock North Fruit Co. Limited. He is also a director of Port of Napier Limited and Bay Venues Limited.

John was the chairman of finance company Allied Nationwide Finance Limited, now known as NFA Limited (in liquidation) (referred to below as *Allied*), from 1 May 2007 to 23 August 2010. Allied was placed in receivership on 20 August 2010 as part of the finance company collapses in New Zealand at that time and subsequently went into liquidation on 31 October 2012. He ceased to be the chairman and a director of Allied on 23 August 2010. On 2 September 2013, the Financial Markets Authority (*FMA*) issued a formal warning letter to John Loughlin and the other directors of Allied stating that, in the *FMA*'s view, the directors of Allied likely breached the Securities Act by failing to adequately disclose the ability of Allied's parent, Allied Farmers Limited, to provide financial support and Allied's ability to meet its financial obligations. The *FMA* advised that, having taken into account the possible availability of defences, *FMA*'s enforcement policy and public interest considerations, the *FMA* did not intend to take formal enforcement action at

that time. The *FMA* considers that better disclosure should have been made, to ensure that investors were aware of the risks associated with their investment in Allied.

Robert Mark Petersen (known as Mark Petersen)

Independent Director

Dip Urb Val, SNZPI

Mark is a professional director and corporate adviser who has worked in the commercial property sector for the past 35 years. Initially working as a registered valuer, Mark's background includes development management, project management and investment management. Mark was Managing Director of NZX listed Shortland Properties Limited from 1989 to 1999 and he is currently a director of CentrePort Limited, Wellington's container port company and its subsidiaries and is also an advisory Board member for Te Tumu Kainga, a trust administered by the Maori Trustee for the provision of affordable housing. Mark is a former director of Wellington Waterfront Limited, a former director of Australian property focused private equity funds which were established and managed by Grant Samuel and is a past Chair of the NZ Hockey Federation. Mark is currently an Executive Director of DH Flinders NZ Limited. DH Flinders is a Melbourne headquartered corporate advisory firm providing corporate and funds management advice in Australia, New Zealand and South East Asia.

Peter Wilson

Independent Director

CA

Peter is a Wellington based professional director with extensive experience in banking, business establishment, problem resolution, asset sale and management of change functions. Currently Peter is chairman of Arvida Group Limited, deputy chairman of Meridian Energy Limited, a director of Farmlands Co-operative Society Limited and a director of P F Olsen Limited. Peter is the immediate former chairman of Westpac New Zealand Limited.

Peter has announced that he intends to retire as a director of Augusta Capital Limited and Augusta Funds Management in December 2015.

SENIOR MANAGERS OF AUGUSTA

The Augusta Funds Management team includes asset/property management, facilities management and accounting and finance staff who are made available by the Manager's parent, Augusta Capital.

The senior managers of Augusta Capital are currently **Mark Francis**, who is the Managing Director, **Simon Woollams**, the Chief Financial Officer, **Bryce Barnett**, Head of Funds Management, **Phil Hinton**, General Manager and **Hayden Bryant**, Portfolio Manager. The qualifications and expertise of Mark Francis, Bryce Barnett and Phillip Hinton are set out above on pages 27 to 29.

Hayden Bryant *Portfolio Manager*

Hayden has a very strong background in Commercial and Industrial Agency. With over 14 years in the market, Hayden has had senior roles with major international agency firms including Jones Lang LaSalle and CBRE. Hayden has recently returned from Melbourne where he was Managing Director of CBRE, focusing on corporate leasing, acquisitions and development. Hayden now resides in Auckland.

Simon Woollams *Chief Financial Officer*

BCom, CA

Simon has a commerce degree majoring in accountancy and is a Chartered Accountant. Simon has a strong financial background including roles with BDO, UK experience and ANZ National Bank in the property and finance teams. Simon has been with Augusta since 2007 initially as the Financial Controller before becoming Chief Financial Officer in March 2012.

In more recent years the Augusta team have undertaken a number of re-development/refurbishment projects on properties across the group's syndicated assets and directly held assets. These include new-build office developments, warehouse extensions, office refurbishments, seismic upgrades and change of use redevelopments. The team's experience in this area covers management of all aspects of development, including design, consenting, funding, construction and delivery of the final product.



WHO IS INVOLVED IN PROVIDING IT FOR ME? CONT.

OTHER INFORMATION

Neither the Manager, nor any director of the Manager has been:

- adjudged bankrupt or insolvent;
- convicted of a crime involving dishonesty;
- prohibited from acting as a director of a company;
- placed in statutory management, voluntary administration, liquidation or receivership.

The solicitors to the Manager and the LP are:

Chapman Tripp

Level 35
ANZ Centre
23 Albert Street
Auckland Central

The auditors of the Manager are:

Ernst & Young

2 Takutai Square
Auckland Central

The independent auditors of the LP will be:

RSM Hayes Audit

Level 1, 1 Broadway
Newmarket
P O Box 9588
Auckland

RSM Hayes Audit is registered under the Auditor Regulation Act 2011.

The Valuation Report has been prepared by Dale Winfield and Liam Rooney of Jones Lang LaSalle, Level 16, 188 Quay Street, Auckland. Dale Winfield's qualifications are BCom(VPM), MPINZ, MRICS. Liam Rooney's qualification is BProp. Both Dale Winfield and Liam Rooney are registered valuers.

Neither Jones Lang LaSalle nor any of its principals or employees (including the valuers specifically named above) involved in the preparation of the valuation have any relationship (other than that of valuer) with or any interest in:

- Augusta Funds Management Limited or any of its associated persons;
- the Property.

Dale Winfield and Liam Rooney of Jones Lang LaSalle, as experts, have each given their consent and have not withdrawn their consent before distribution of the Investment Statement with the inclusion of the statements attributed to them in the Investment Statement in the form and context in which they are included.

Neither Jones Lang LaSalle nor any director, officer or employee of it are or are intended to be, a director, officer or employee of the Manager.

SUPERVISOR

The supervisor for the LP is Covenant Trustee Services Limited.

The registered office of Covenant Trustee Services Limited is Level 9, 191 Queen Street, Auckland 1010. Its directors are:

Andrew Howard Barnes

218 Delamore Drive
Oneroa
Waiheke Island 1081

Graham Russell Miller

15 Fancourt Street
Meadowbank
Auckland 1072

James Earl Douglas

12 Dexter Avenue
Mount Eden
Auckland 1024

The Supervisor does not guarantee repayment of the Interests or payment of interest or any return on the Interests.

As at the date of the Investment Statement, the Supervisor has been granted a full licence under the Financial Markets Supervisors Act 2011, to act as a Statutory Supervisor in respect of participatory securities. The licence expires on 16 February 2018 and is subject to conditions. Those conditions and further information on the Supervisor's licence is publicly available on the Financial Markets Authority website www.fma.govt.nz.

In April 2015, Complectus Limited, the ultimate holding company of Perpetual Trust Limited and The New Zealand Guardian Trust Company Limited, acquired the Supervisor. In addition, on 4 August 2015, Complectus announced that it had finalised the purchase of the independent full-service corporate trustee Foundation Corporate Trust and that Foundation Corporate Trust will be integrated into the business of Covenant Trustee Services.

The Supervisor will hold the shares in the Custodian. The Supervisor will also appoint the directors of the Custodian. As at the date of the Investment Statement the directors of the Custodian appointed by the Supervisor are:

Graham Russell Miller

15 Fancourt Street
Meadowbank
Auckland 1072

Richard Brookes Spong

10 Sea Spray Drive
Bucklands Beach
Auckland 2012

Michael John Hablous

5 Rutgers Place
Albany
Auckland 0632

CHANGE IN CONTACT DETAILS

The names of the directors of the Manager and the addresses of the Supervisor and the Manager may change. You can find the address of the Supervisor and the Manager and the names of the Manager's current directors by searching the public register maintained by the Companies Office on its website www.companiesoffice.govt.nz.

ACTIVITIES

The participatory scheme is a New Zealand limited partnership. The LP has not commenced trading and will only commence trading on the completion of the offer detailed in the Investment Statement.

The LP will be an commercial property owner and landlord on settlement of the purchase of the Property and will undertake activities relating to being an industrial property owner. From the Settlement Date, the Property will be subject to the Lease. The Property will also be subject to a mortgage to ASB Bank Limited which restricts the Manager's ability to sell the Property, on behalf of the LP, following a resolution of the LP.

PRINCIPAL ACTIVITIES OF THE MANAGER (ISSUER)

Augusta Funds Management's property schemes are structured to provide investors with a high-yielding long term investment in commercial and industrial real estate, while seeking to minimise the administrative and operational burdens of private property ownership. Augusta Funds Management is responsible for the LP and property management, including the facilities and property management, preparation of annual financial statements and payment of monthly distributions.

Augusta Funds Management also arranges funding packages allowing the public to enjoy the terms of the LP's funding arrangements, including some interest rate hedging and initial interest-only terms. Details of the bank funding applying to the LP are set out on page 64 of this Investment Statement.

Augusta Funds Management is a wholly-owned subsidiary of Augusta Capital Limited, which is an NZX listed company with a market capitalisation of approximately NZ\$85 million as at the date of the Investment Statement. Augusta Funds Management has assets under management of approximately NZ\$1.3 billion.

For more on Augusta see www.augusta.co.nz.

HOW MUCH DO I PAY?

MONEY PAYABLE BY INVESTORS

The subscription price payable by each Investor for each Interest is \$50,000. There are no additional charges or costs payable by Investors in respect of their initial subscription.

Investors must send their completed and signed application forms and pay their subscription monies to Chapman Tripp, Solicitors, Auckland (Attention: Peachgrove Road Offer). No subscriptions will be received unless accompanied by a completed and signed application form. Investors should carefully review the instructions on the application form as to how it should be completed.

Investors will be paid interest at call rates (less resident withholding tax) on their application money from the date of receipt by Chapman Tripp until settlement of the purchase of the Property.

PURCHASE PRICE OF THE PROPERTY

The Property is being purchased by the Custodian as bare trustee for the LP for \$18,000,000 plus GST (if any).

Settlement of the purchase of the Property is scheduled for 22 December 2015.

Details of the purchase price for the Property and the Issue Expenses, being the costs involved in establishing the LP, are as follows:

Purchase Price	\$18,000,000
Issue Expenses / establishment costs	\$1,428,500
Total	\$19,428,500

To be funded by:

Subscriptions from Investors (220 Interests at \$50,000)	\$11,000,000
Bank Loan	\$8,428,500
Total	\$19,428,500



WHAT ARE THE CHARGES?

INITIAL SUBSCRIPTION

There are no entry charges other than the subscription amount of \$50,000 per Interest payable by Investors to participate in the LP.

As a limited partner in a limited partnership each Investor's liability is limited to that subscription amount unless they take part in the management of the business of the LP. If an Investor took part in the management of the business of the LP, they would be liable for all debts and obligations of the LP incurred while taking part in the management of the LP. It is not expected, however, that Investors will take part in the management of the business of the LP.

ON-GOING CHARGES AND EXPENSES PAYABLE BY THE LP

The following charges are or may be payable by Investors, by deduction from the LP:

Issue expenses

The preliminary issue expenses (excluding GST), being:

Offeror's fee	540,000
Underwriter's fee	330,000
Brokerage on equity raised	220,000
Legal – capital raising	122,500
Legal – property	52,500
Statutory Supervisor	5,000
Accountancy	8,000
Audit	8,000
Printing and advertising	105,000
Valuation	5,500
Health and Safety	1,500
Bank Legal	8,000
Development monitoring	22,500
Total issue expenses / establishment costs	\$1,428,500

WHAT ARE THE CHARGES? CONT.

Explanation of the Issue Expenses

The offeror's fee is payable to the Manager for arranging and establishing the LP.

The underwriter's fee is payable to the Underwriter for underwriting the Offer, and represents 3% of the Underwriter's underwriting commitment of \$11,000,000.

The brokerage fee is payable to Bayleys as the sole selling agent for the Offer.

Legal costs are payable to the LP's Solicitors, Chapman Tripp, for the costs of legal due diligence on the Property, negotiation of the Sale and Purchase Agreement and Lease, settlement of the purchase, cost of advising on the Prospectus, the Investment Statement, the Deed of Participation, compliance with the Securities Act and Securities Regulations, and in connection with the LP's financing arrangements.

The statutory supervisor fees are payable to the Statutory Supervisor for their costs in relation to reviewing the Prospectus, the Investment Statement and the Deed of Participation.

The accounting fees are payable to the Manager for the preparation of the prospective financial statements.

Audit fees represent RSM Hayes Audit's fee for auditing the prospective financial statements set out in the Investment Statement.

Printing and advertising costs reflect the costs of both preparing and producing various newspaper, digital and other print advertisements in relation to the Offer and of placing those advertisements in various newspapers, digital websites and other mediums and the costs for preparing and printing the Investment Statement.

The valuation fee is payable to Jones Lang LaSalle for preparing the Valuation Report.

The health and safety fee is payable to certain contractors engaged in relation to the health and safety due diligence undertaken by the Manager on the Property.

The bank legal fee is payable to ASB Bank Limited in connection with its provision of the loan facility to the LP.

Development monitoring costs are payable to certain contractors engaged in relation to the development monitoring undertaken on the building and development of the supermarket on the Property, as part of the Manager's due diligence on the Property.

Ongoing annual costs

(a) An annual LP management fee payable by the LP to the Manager. The annual LP management fees have been agreed at \$45,000 in the first year, \$46,350 in the second year and will increase at the greater of 3% or CPI thereafter per year (all excluding GST).

(b) The fees payable to the Supervisor, being:

- The Supervisor will initially be paid an annual fee of NZ\$6,000 plus GST;
- The Supervisor's fee is payable quarterly in arrears.
- The Supervisor is also entitled to charge a special duties fee, charged at the Supervisor's usual time and attendance rates to cover the Supervisor's ongoing reviews of any amendment to the documentation, the exercise of its power and discretions, the Supervisor's attendance at any special meetings and any other non-routine duties.

(c) The audit of financial statements (estimated at \$7,000 plus GST).

(d) The annual valuation fee (estimated at \$4,000 plus GST).

(e) Legal fees arising in relation to attendances on management of the Property and the LP, including documenting rent reviews and attendances in relation to any sale of the Property (charged on the basis of time spent).

(f) Annual interest charges payable to ASB Bank Limited (as set out in the Prospective Financial Information on pages 39 to 42) estimated at \$396,140 per annum based on an effective interest rate of 4.70% per annum which is the expected interest rate at the Settlement Date.

100% of the LP's loan facility has been hedged via an interest rate swap until December 2020 in relation to the base rate (and not the margin rate) charged by ASB Bank Limited. There is a 'right to break' clause within the swap agreement as the swap term is longer than the loan facility terms, however, penalties may be payable if the swap was out of the money. The swap would be out of the money if the agreed swap rate was higher than the prevailing wholesale market rate that reflects the remaining term through to maturity.

- (g) Outgoings, property maintenance expenses, fees and costs (to the extent not recoverable from the Tenant). The Manager has the ability to undertake or approve repairs, maintenance or improvements at its sole discretion if the aggregate expense does not exceed \$200,000 per financial year exclusive of GST. Aggregate expenses exceeding \$200,000 per financial year exclusive of GST can only be undertaken with the approval of the Investors who hold not less than 50% of the total Interests entitled to vote and voting on the resolution. The Manager however may undertake repairs, maintenance or improvements without the approval of the Investors where necessary to comply with the terms of the Lease.

Subject to the Investors' right to sanction an increase in the Manager's LP management fee in accordance with the Deed of Participation, the Manager does not have the right to alter

the Manager's charges referred to above. Third party charges (including those charged by real estate agents, the bank, legal advisors, accountants and valuers) will be set by the relevant third parties and may be subject to change.

New leasing

The initial term under the Lease is 15 years from the Settlement Date, with 6 rights of renewal of 5 years each. However, if the Lease were to come to an end, the following fees will be payable to the Manager for any new leasing:

- (a) Where no real estate agent is used by the Manager:
 - (i) Lease term of less than one year: Nil;
 - (ii) Lease term of one year or longer but less than three years: 10% of annual rental plus GST;
 - (iii) Lease term of three years or longer but less than five years: 12.5% of annual rental plus GST;
 - (iv) Lease term of five years or longer: 15% of annual rental plus GST;
- (b) Where a real estate agent is involved:
 - (i) Lease term of less than one year: Nil;
 - (ii) Lease term of one year or longer but less than three years: 5% of annual rental plus GST;

(iii) Lease term of three years or longer but less than five years: 6.25% of annual rental plus GST;

(iv) Lease term of five years or longer: 7.5% of annual rental plus GST.

No charge will be payable to the Manager on lease renewals. However if at the expiry or surrender of an existing lease a new lease with the Tenant is agreed, then the leasing fees described above will apply.

Sale of the Property

On the sale of the Property or part of the Property:

- (a) The Manager will be entitled to a fee equal to 1.0% of the sale price for any part of the Property.
- (b) Commission on the sale of the Property, estimated at 2.0% of the sale price plus GST, will be payable to a real estate agent.
- (c) Legal fees will arise in relation to attendances on the sale of the Property and repayment of the bank loan (charged on the basis of time spent).
- (d) An early repayment fee may be payable to the bank in the event that the Property is sold prior to expiration of the term of any loan facility of the LP.

WHAT ARE THE CHARGES? CONT.

Other possible fees

- (a) Legal fees for any future leasing, renewals of lease, assignments, rent reviews, refinancing, syndicate meetings and incidentals to management of the Property will be charged on the basis of time spent.
- (b) Project management fees may also be payable to the Manager in the event any rebranding, extension or redevelopment of all or part of the Property, on the basis of time spent, as agreed between the Manager and the Supervisor.
- (c) Leasing fees (whether for a new lease or a renewed lease) by external agencies involved in any such negotiations will be charged separately at that time.

None of the detailed charges are payable by the Manager. The charges specified are all payable by the LP and may affect the amount of returns to Investors.

Should Investors wish to sell their Interest(s), there may be brokerage commission payable to a financial planner, broker, real estate agent or any other professional acting in a brokerage capacity in respect of any agency arrangements entered into by an Investor relating to the sale of an Investor's interest in the LP, as well as applicable legal fees and out of pocket expenses for any such sale.

If Investors utilise the secondary market facility offered by Augusta Funds Management, then an administration fee will be payable to Augusta Funds Management and the current charge is equivalent to 2% of the transaction value. Augusta Funds Management will facilitate secondary transfers but does not act as a broker nor does it provide financial advice to any party.

The Manager is obliged under the Deed of Participation to account to Investors for all charges which affect returns to Investors. Particulars of these charges will be included in the audited financial statements relating to the LP, copies of which will be sent to all Investors and the Supervisor. There is no other

procedure available to Investors to ascertain the amount of the charges referred to above that are not expressed as dollar amounts (or as a percentage of another dollar amount).

Third party charges (including those charged by real estate agents, the bank, legal advisors, accountants and valuers) will be set by the relevant third parties and may be subject to change.

The Tenant pays GST to the LP and the Manager is responsible for filing GST returns and making the required payments to the Inland Revenue Department. Any non or under payment of GST by the Manager may affect cash returns. The Manager is obliged to file GST returns and pay GST under the terms of the Deed of Participation.

Each Investor is also liable for tax on the returns paid to an Investor by the LP. Please refer to the "Taxation" section on page 37 and "Tax Depreciation Claim" section on page 53 for further details.

WHAT RETURNS WILL I GET?

The information below should be read in conjunction with the information set out below the heading “What are my risks?”

NATURE OF RETURNS

Investors may receive the following returns in respect of their Interests:

- Distributions of operating cashflows of the LP relative to their respective Interests; and
- Any gains which result from the net sale proceeds of the Property exceeding the purchase price to be paid for the acquisition of the Property by the LP and the establishment costs.

Cash Returns

After meeting expenses in relation to the LP, bank interest costs and costs of administration (the details of which are set out on pages 33 to 36), the Manager will distribute operating cashflows at monthly intervals (of such amounts as the Manager deems appropriate) to the Investors in proportion to their interests in the LP. The Manager is authorised to retain monies for any future expenditure the Manager deems necessary to comply with the terms of the Deed of Participation or to maximise the value of the investment. Any such retentions may reduce the amounts available to be distributed to Investors.

The key factors affecting any cash returns are the expenses in relation to the Property and the LP, including the bank interest costs and costs of administration, described on pages 33 to 36.

The projected income and expenditure for the LP is set out in the prospective financial statements set out on pages 41 to 42.

Operating cashflows are distributed at the discretion of the Manager taking into account likely future expenditure. Cash distributions will be made to Investors monthly in arrears, with payments being made on the 7th day of each subsequent month, or the next working day.

No amount of returns, quantifiable as at the date of this investment statement and enforceable by investors, is promised.

Gains on sale of the Property

On a winding up of the LP, Investors may receive a return which is greater than the \$50,000 paid for each Interest if the net sale proceeds from the sale of the Property exceed the total capital paid by Investors. However, there is no guarantee that the value of the Property will increase and/or that the net sale proceeds will exceed the Investors’ aggregate capital.

Taxation

Under the LP, each Investor is assessed individually on its proportionate share of the net rent and any other distributions from the LP. Investors will be individually responsible for the payment of their tax.

Investors are, under current legislation, able to depreciate the fit out and chattels for taxation purposes. It is the intention of the Manager to provide an itemised list of assets to enable maximum depreciation to be claimed. It is also the intention of the Manager to provide (on an ongoing basis) a fixed asset schedule with assets depreciated at maximum allowable tax rates.

The depreciation allowance entitles Investors to defer taxation on a portion of their cash return until the Property is sold by claiming as a tax deduction each Investor’s proportionate share of the depreciation of the fit out and chattels. Depreciation can no longer be claimed on buildings, however under current legislation, depreciation will still be able to be claimed on the building fit out to the extent it is owned by the LP. Post settlement of the Property a detailed fixed asset register will be identified which will clearly outline the relevant depreciation claim. Under current rules, depreciation claimed on Property during the term of the LP will be taxable in the year the Property or an Investor’s Interest in the LP is sold provided that the sale price exceeds the original cost, less all depreciation previously claimed. The net effect is to provide a deferral of tax for Investors during the period of ownership of the Property.

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

EXPECTED RETURN

The LP’s operations, after payments of all expenses including the fee payable to the Manager, are expected to return cash distributions to Investors as follows:

- 7.50% per annum before tax on the Investor’s original subscription amount for the period from 22 December 2015 to 31 March 2016 (assuming settlement takes place on the expected Settlement Date of 22 December 2015); and
- 7.50% per annum before tax on the Investor’s original subscription amount for the year ending 31 March 2017.

WHAT RETURNS WILL I GET? CONT.

The method for calculating the projected return is tabled below.

Projected Investment Return

	3 Months and 10 days ending 31 March 2016	Year ending 31 March 2017
Amount Invested per Interest	50,000	50,000
Prospective Net Profit before Tax (Total LP)	218,610	821,063
Total Number of Interests	220	220
Prospective Net Profit per Interest	994	3,732
Total Investor Cash Return per Interest*	1,030	3,750
Projected cash return per annum**	7.50%	7.50%
Reconciliation of Net Profit to Distributable Profit		
Prospective Net Profit per Interest	994	3,732
Adjust for: Non cash items		
Initial finance costs amortised	6	18
Operating Cash Surplus available for Distribution	1,000	3,750
Amount of projected net cash flow from operating activities per Interest exceeding/ (less than) projected distributions to Investors	(30)	0

* A reconciliation of the net profit to the cash profit is tabled on this page as the cash distribution payments to investors will be dependent on the operating cash profit generated. Items included are:

- The initial finance costs are fully paid on establishment of the LP but for accounting reasons are capitalised and amortised over initial 2 year period of the loan facility.

The Manager believes this non-GAAP disclosure was important as it clearly states the operating cash surplus available for distribution and this is a consistent measure that the Manager will use when identifying future distribution levels.

- Such a calculation will also adjust for other non-cash items such as the revaluation of both the investment property and the interest rate swap, but neither of these items are reported within these prospective financial statements. These are not one off transactions but are items that do not impact the cash flows generated which are available for distribution.

** A cash distribution payment representing a 7.5% return per annum is expected to be distributed on a monthly basis in arrears. The projected cash return for the period ending 31 March 2016 includes the April 2016 distribution.

Period of Time Expected to Elapse before Return is Achieved

The projected returns are based on holding one Interest (based on the subscription price of \$50,000 per one Interest) for the duration of the period stated, and calculated on the basis of distributions available from operating cash surpluses. These projected returns are based on and subject to the notes and assumptions set out on pages 43 to 52 of this Investment Statement. These projected returns do not take into account any retained profit or loss which may arise and also does not include any non-cash transactions such as the revaluation of investment property. They are gross returns and do not reflect any tax deductions or tax depreciation that Investors may be able to claim. The notes and assumptions assume that settlement of the Property will take place on 22 December 2015 (please refer to the Timetable section on page 21 of this Investment Statement). As settlement is expected to occur on 22 December 2015, the LP is deemed to commence trading on 22 December 2015. The Manager intends to make distributions to the Investors on a monthly basis in arrears and payments are to be made on the 7th day of the month, or the next working day. A partial-distribution of \$20,342, or \$92 per Interest, is expected to be made on 7 January 2016 for the 9 days of rental received for the period 23-31 December 2015.

PROSPECTIVE FINANCIAL INFORMATION

As the LP and ownership of the Property has not yet commenced, no appropriate financial information exists for the Property other than as set out in the prospective financial information. Prospective financial information in respect of the LP for the first accounting period of 3 months and 10 days ending 31 March 2016 and for the year ending 31 March 2017 are set out below. These prospective financial statements comprise the Prospective Statement of Profit and Loss and Other Comprehensive Income, Prospective Statement of Changes in Equity, Prospective Statement of Financial Position and Prospective Statement of Cash Flows which accord with generally accepted accounting practice and have been subject to an assurance engagement by RSM Hayes Audit, Auckland (whose report can be found on pages 83 to 84 of the Prospectus). These should be read in conjunction with the assumptions and notes on pages 43 to 52.

WHAT RETURNS WILL I GET? CONT.

PEACHGROVE ROAD LIMITED PARTNERSHIP PROSPECTIVE FINANCIAL INFORMATION

Prospective Statement of Profit and Loss and Other Comprehensive Income

	Note	3 Months and 10 days ending 31 March 2016 \$	12 Months ending 31 March 2017 \$
Rental Income		361,537	1,316,000
Gross Rental Income		361,537	1,316,000
Net Operating Costs		(8,877)	(32,000)
Net Rental Income		352,660	1,284,000
Less Expenses			
Audit Fees	8	(7,000)	(7,000)
Finance Fees		(1,333)	(4,000)
Interest		(108,803)	(396,140)
LP Administration		(11,250)	(45,797)
Statutory Supervisor Fees		(1,664)	(6,000)
Valuation Fees		(4,000)	(4,000)
Total Expenses (excluding initial establishment costs)	15	(134,050)	(462,937)
Comprehensive Income and Profit before Investment Property Revaluation and Taxation		218,610	821,063

Prospective Statement of Changes in Equity

	Note	Capital \$	Retained Earnings \$	Total \$
Balance at 22 December 2015		-	-	-
Profit for the Period		-	218,610	218,610
Total Comprehensive Income for the period		-	218,610	218,610
Issued Capital	7	11,000,000	-	11,000,000
Issue Costs	7	(1,338,500)	-	(1,338,500)
Distributions to Investors	9	-	(157,842)	(157,842)
Balance as at 31 March 2016	7	9,661,500	60,768	9,722,268
Balance as at 1 April 2016		9,661,500	60,768	9,722,268
Profit for the Year		-	821,063	821,063
Total Comprehensive Income for the year		-	821,063	821,063
Distributions to Investors	9	-	(825,000)	(825,000)
Balance as at 31 March 2017		9,661,500	56,831	9,718,331

Prospective Statement of Financial Position

	Note	As at 31 March 2016 \$	As at 31 March 2017 \$
Current Assets			
Cash on Hand	10	136,938	135,283
Non Current Assets			
Investment Property	3	18,082,000	18,082,000
Total Assets		18,218,938	18,217,283
Current Liabilities			
Trade Creditors	13	11,000	11,000
Interest Payable	13	33,012	33,012
GST Payable	13	30,825	29,106
Non Current Liabilities			
Secured Bank Loan	14	8,428,500	8,428,500
Associated Finance Costs		(6,667)	(2,666)
Total Liabilities		8,496,670	8,498,952
Net Assets		9,722,268	9,718,331
LP's Funds			
Capital	7	9,661,500	9,661,500
Retained Earnings		60,768	56,831
Closing LP's Funds		9,722,268	9,718,331



WHAT RETURNS WILL I GET? CONT.

Prospective Statement of Cashflows

	Note	3 Months and 10 days ending 31 March 2016 \$	12 Months ending 31 March 2017 \$
Cash Flows from Operating Activities			
Cash provided from:			
Rental Receipts		415,768	1,513,400
Cash applied to:			
Net Operating Expenses		(23,146)	(102,117)
Statutory Supervisor Fees Paid		(1,914)	(6,900)
Interest Paid		(75,791)	(396,140)
GST Received (Paid)		(20,137)	(184,897)
Net Cash Inflow from Operating Activities		294,780	823,345
Cash Flows from Investing Activities			
Cash applied to:			
Purchase of Investment Property - Purchase Price	3	(18,000,000)	-
Purchase of Investment Property - directly related costs	3	(82,000)	-
Net Cash (Outflow) from Investing Activities	3	(18,082,000)	-
Cash Flows from Financing Activities			
Cash provided from:			
Loan proceeds	14	8,428,500	-
Contributions from Investors	7	11,000,000	-

Prospective Statement of Cashflows (cont.)

	Note	3 Months and 10 days ending 31 March 2016 \$	12 Months ending 31 March 2017 \$
Cash applied to:			
Finance costs		(8,000)	-
Costs of raising capital	7	(1,338,500)	-
Distributions to Investors	9	(157,842)	(825,000)
Net Cash Inflow (Outflow) from Financing Activities		17,924,158	(825,000)
Cash at the Beginning of the Period		-	136,938
Net Increase (Decrease) in Cash Held		136,938	(1,655)
Cash at the End of the Period	10	136,938	135,283
Reconciliation of Surplus to Cash from Operating Activities			
Reported Surplus		218,610	821,063
Non Cash Items			
Finance Costs amortised		1,333	4,000
Adjust for Movements in Working Capital Items:			
Increase/(Decrease) in Goods and Services Tax Payable		30,825	(1,718)
Increase in Creditors		44,012	-
Net Cash Inflow from Operating Activities		294,780	823,345

NOTES AND ASSUMPTIONS FOR THE PERIOD ENDING 31 MARCH 2016 AND THE YEAR ENDING 31 MARCH 2017

The purpose of the prospective financial statements is to assist Investors in assessing the viability of and return on funds invested. This Investment Statement and the prospective financial information contained in it may not be appropriate for any other purpose.

The LP is established and domiciled in New Zealand.

The LP will be a commercial property investor that owns land and buildings located at the Property. The registered office of the Manager is situated at Level 2, 4 Viaduct Harbour Avenue, Auckland.

The prospective financial statements were authorised for issue on 20 November 2015 being the date of the Prospectus. The Manager is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

1. ASSUMPTIONS

Pursuant to the Sale and Purchase Agreement, settlement is to occur on 22 December 2015. Therefore for the purpose of the financial statements, rental income has been recognised from 22 December 2015 over the remaining term of the Lease.

The rental used in the prospective financial statements is based on the Lease detailed on pages 69 to 75. **No turnover rent is assumed.**

For the financial period ending 31 March 2016 and year ending 31 March 2017 it is assumed that there is no vacancy and no tenant default. It is also assumed that there are no delays in receipt of rent and opex recoveries.

There will be no lease incentive payments required to be made.

The loan agreement is an extendable agreement and will be interest only. It will have an initial loan term of 2 years from date of drawdown. The loan facility is subject to annual review and extensions of 1 year. It is assumed that a 1 year extension will be granted on 22 December 2016 extending the term to 22 December 2018 on the same terms. It is assumed that the two year loan facility will continue to be renewed on a rolling basis.

The interest expense is calculated at 4.70%, and is based on no principal repayments (interest only) during the assumed initial 2 year term of the loan. The Manager has entered into an

interest rate swap to fix the interest rate for 5 years (on all the debt) from settlement.

Interest is assumed to be paid monthly in arrears, based on the ASB Bank Limited finance proposal.

The establishment costs and future administrative costs have been based on quotes received.

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

The prospective financial statements do not allow for any interest earned on the bank account.

The annual LP management fees have been agreed at \$45,000 in the first year, \$46,350 in the second year and will increase at the greater of 3% or CPI thereafter per year.

The LP is responsible for certain operating costs (excluding rates) and maintenance obligations. It is assumed that all operating costs payments will be made on time and that there are no creditors associated with these operating costs. The Tenant is responsible for all rates obligations.

There is no sinking fund for capital expenditure for the financial period ending 31 March 2016 and year ending 31 March 2017 as

WHAT RETURNS WILL I GET? CONT.

the supermarket building will be newly completed and any work required will be covered under existing warranties. There is however a budgeted allowance for certain landlord obligations within operating costs, which are based on the Manager's expectations from properties of a similar nature and scale.

The future fair value gain or loss on the investment property cannot be reliably predicted, and accordingly the fair value of the Property is assumed to equal the cost, plus any directly related acquisition costs and any further capital costs incurred during the prospective period.

The fair value of the LP's interest rate swaps are not able to be reliably predicted and may be positive or negative, depending on future interest rate movements.

Actual Results

Actual results may differ from the prospective financial statements. The resulting variance may be material. The prospective financial statements also do not include the potential impact of the property revaluation or interest rate swap fair value movements which has the potential to be material, payment would only be required to the bank on liquidation. They also do not include potential exposure to interest rate charges due to changes in the bank's margin which would directly impact interest payments to the bank. The LP and Manager give no guarantee or assurance that the prospective financial information presented will be achieved.

2. STATEMENT OF ACCOUNTING POLICIES

The prospective financial statements here are for the reporting entity Peachgrove Road Limited Partnership (the LP).

The LP will be an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and will report as a Tier 1 For Profit entity. The prospective financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying FRS-42 Prospective Financial Statements. The accounting policies and disclosures adopted in these prospective financial statements reflect those required by the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit oriented entities.

The actual annual financial statements for the LP will be prepared in accordance and comply with NZ IFRS and also International Financial Reporting Standards. The accounting policies adopted in the prospective financial statements reflect the policies expected to be adopted in the actual future financial statements.

Measurement Base

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

- (a) Revenue Recognition: Rental income from operating leases is recognised in income on an invoice basis. When the LP provides incentives to its Tenant, the costs of the incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income. The current Lease has no incentives. Future fixed rental increases have not been recognised on a straight line basis. The Lease has a fixed rental increase of 5% after 5 years which if it was the only future rental increase condition, would be recognised as income on a straight-line basis over the lease term. However, the Lease also includes turnover rent which cannot be reliably measured and therefore the total rental increase in future years cannot be reliably measured and is considered contingent at this stage.
- (b) Investment Properties: This investment property is initially recognised at cost, which includes transaction costs. Thereafter it is measured at fair value. Fair value will be determined annually by external valuers having regard to recent market transactions for similar properties in the same location as the investment property. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.
- (c) Receivables: Receivables should be recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Bad debts are written off during the period in which they are identified.

- (d) Payables: Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. As accounts payable do not accrue interest and are generally paid within 30 days of recognition, they are stated at the invoice amount.
- (e) Goods and Services Tax (GST): The prospective financial statements have been prepared using GST exclusive figures with the exception of receivables and payables which are stated GST inclusive.
- (f) Income Tax: As a limited partnership, the LP itself is not liable for income tax. Each Investor will be allocated a proportional share of the net taxable profit or loss of the LP to include in their tax return.
- (g) Comparatives: The LP has not yet commenced trading and therefore there are no comparatives available. These prospective financial statements represent the expected first 3 months and 10 days of trading to 31 March 2016 and also the year ending 31 March 2017.
- (h) Changes in Accounting Policies: There are no changes in the accounting policies anticipated in the first two reporting periods.
- (i) Establishment Costs: Are treated in a number of ways depending on the nature of the costs; (1) costs associated with respect to raising equity are deducted from the equity proceeds, (2) costs associated with

obtaining finance are capitalised and amortised over the initial period of the borrowings, and (3) costs associated with purchasing the property are capitalised as part of the investment property asset.

- (j) Depreciation: Each Investor will be entitled to a depreciation deduction based on its proportional share of the depreciation of the property fit out and chattels only. Accordingly, no allowance has been made for depreciation in the prospective statement of profit and loss and other comprehensive income for the 3 months and 10 days ending 31 March 2016 and the year ending 31 March 2017.
- (k) Derivatives: The LP uses derivative financial instruments (interest rate swaps) to hedge its exposure to variable interest rate risk arising from borrowings. The interest rate swaps convert certain variable interest rate borrowings to fixed interest rates reducing the exposures to fluctuations in floating rates.

Derivative financial instruments will be carried at fair value. Any resulting gain or loss on measurement is recognised in the profit and loss. However no fair value movement has been estimated in these prospective financial statements.
- (l) Borrowings: Borrowings are recognised initially at fair value less directly attributable transaction costs. Borrowings are subsequently stated at amortised cost

using the effective interest rate method. Borrowings are classified as current liabilities unless the LP has an unconditional right to defer the settlement of the liability for at least twelve months after balance date. Also, if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period.

Statement of Cash Flows

The Statement of Cash Flows is presented on a direct basis. The following terms are used in the Statement of Cash Flows:

- (a) Cash and cash equivalent means cash on deposit with banks;
- (b) Operating activities means the gross cash received from and paid in relation to the principal revenue producing activities and other activities that are not investing or financing activities;
- (c) Investing activities means the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents; and
- (d) Financing activities means the activities which result in changes in the equity and debt capital structures, this includes the payment of distributions.

WHAT RETURNS WILL I GET? CONT.

3. INVESTMENT PROPERTY

	2016	2017
Balance at beginning of financial year	-	18,082,000
Contracted purchase price	18,000,000	-
Acquisition costs	82,000	-
Balance at end of financial year	18,082,000	18,082,000

The carrying value of the Property as at 31 March 2016 and as at 31 March 2017 has been arrived at on the basis of the purchase price paid as per the Sale and Purchase Agreement, plus

capitalised acquisition costs and assumed capital expenditure. At each financial year ending 31 March a valuation of the Property will be carried out by an independent registered valuer not related to the LP. The valuation movement will be reported through the Statement of Profit and Loss and Other Comprehensive Income and may have an impact on the reported profit as well as the reported value of the investment property in the Statement of Financial Position. No allowance for capital expenditure has been assumed for the financial period ending 31 March 2016 or for the year ended 31 March 2017.

A valuation has been undertaken by Jones Lang Lasalle, a registered valuation firm, as at 2 November 2015, which

indicates a market value of \$19,300,000 compared to the carrying value of \$18,082,000. Net rental of \$1,284,000 per annum (which is in line with net market rental income) and a capitalisation rate of 7.13%. The valuation represents an initial passing yield of 6.65% and is based on a lease term of 15 years from settlement.

The table below represents some further sensitivity in respect to applied yields or capitalisation rates. The purchase price of \$18,000,000 (excluding transaction costs) applies a 7.13% capitalisation rate from the passing rental of \$1,284,000 for the year ending 31 March 2017. Passing rental is the rental that the Tenant is contractually obliged to pay under the Lease.

	Low Yields			Purchase Price	High Yields		
Purchase price / Valuation	19,753,846	19,164,179	18,608,696	18,000,000	17,589,041	17,120,000	16,675,325
Cap rate (Yield)	6.50%	6.70%	6.90%	7.13%	7.30%	7.50%	7.70%
Valuation Change	1,753,846	1,164,179	608,696	0	(410,959)	(880,000)	(1,324,675)
Change in Equity Per Investment	7,972	5,292	2,767	0	(1,868)	(4,000)	(6,021)
Change in Equity %	15.9%	10.6%	5.5%	0.0%	(3.7%)	(8.0%)	(12.0%)



4. CAPITAL AND OPERATING LEASE COMMITMENTS

The LP does not anticipate having any capital or leasing commitments as at 31 March 2016 and 2017.

5. CONTINGENT LIABILITIES

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

6. FINANCIAL INSTRUMENTS

(i) **Credit Risk**

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

The LP will hold no collateral or any other security over their financial assets subject to credit risk. However, the LP funds will be held by ASB Bank Limited which is a well-established bank within New Zealand, and currently holds an AA- credit rating from Standard & Poor's (Australia) Pty Limited and Fitch Australia Pty Limited and Aa3 from Moody's Investor Service Pty Limited, therefore reducing possible credit risk. The LP's Tenant

will pay rent monthly in advance, and as such there is no anticipated credit risk exposure as at 31 March 2016 or 31 March 2017 arising from the Tenant. As a result the LP does not anticipate non-performance by the counter parties. During the due diligence process the Manager did not identify any material tenant risk.

Maximum exposures to credit risk at balance date are:

	2016	2017
	\$	\$
Bank balances	136,938	135,283

(ii) **Currency Risk**

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

(iii) **Liquidity Risk**

Liquidity risk represents the LP's ability to meet its financial obligations on time. The LP projects to generate sufficient cash flows from its operating activities to make timely payment to meet these obligations. The table below represents all contractual terms of settlement and repayments resulting from expected financial liabilities at the end of each of the financial years covered in these prospective financial statements.

WHAT RETURNS WILL I GET? CONT.

As at 31 March 2016

Financial Liabilities	1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Total
	\$	\$	\$	\$	\$
<i>Non-derivative financial liabilities</i>					
Trade payables and accruals	11,000	-	-	-	11,000
Interest payable	32,559	66,204	297,376	1,486,880	1,883,019
Borrowings	-	-	-	8,428,500	8,428,500
Total	43,559	66,204	297,376	9,915,380	10,322,519

As at 31 March 2017

Financial Liabilities	1 month	1 - 3 months	3 months - 1 year	1 - 5 years	Total
	\$	\$	\$	\$	\$
<i>Non-derivative financial liabilities</i>					
Trade payables and accruals	11,000	-	-	-	11,000
Interest payable	32,559	66,204	297,376	1,090,740	1,486,879
Borrowings	-	-	-	8,428,500	8,428,500
Total	43,559	66,204	297,376	9,519,240	9,926,379

If the Property is not sold before the expiry of the bank facility, a new financial facility may involve principal repayments which (together with the applicable interest rates) will affect cash returns payable to Investors.

However it is assumed that the loan is extended on annual review in December 2016 extending the loan facility term to December 2018 on the same terms. It is assumed that the two year loan facility will continue to be renewed on a rolling basis.

(iv) Interest Rate Risk

The aggregate interest rate assumed in the prospective financial statements is 4.70%. By managing interest rate risk the LP aims to moderate the impact of fluctuations in interest rates.

The Manager has entered into a swap agreement on behalf of the LP fixing 100% of the LP's loan facility until December 2020 in relation to the base rate (and not the margin rate) charged by ASB Bank Limited. The all up effective interest rate is 4.70%.

Changes in interest rates will have an impact on future profits for the period ended 31 March 2016 and the year ended 31 March 2017. The impact of this on the return to the Investors' capital, and the sensitivity is outlined below.

Impact of an Interest Rate Change for a Full Year

These variances in interest rates and the corresponding changes in projected cash return are calculated on the basis that the variation is apparent for a full financial year ending 31 March 2017 and that all other assumed variables are held. It simply outlines the investor return should the actual aggregate interest rate be different from the assumed aggregate interest rate of 4.70%, for instance due to a change in the bank's margin rate, which is not fixed by the interest rate swap.

Annual Interest Rate	Annual Projected Investor Return	Investor Yield	Variance in Projected Investor Actual Return
4.30%	\$3,903	7.81%	\$153
4.40%	\$3,865	7.73%	\$115
4.50%	\$3,827	7.65%	\$77
4.60%	\$3,788	7.58%	\$38
4.70%	\$3,750	7.50%	\$0
4.80%	\$3,712	7.42%	(\$38)
4.90%	\$3,673	7.35%	(\$77)
5.00%	\$3,635	7.27%	(\$115)
5.10%	\$3,597	7.19%	(\$153)

Derivative Interest Rate Sensitivity

As derivative instruments (interest rate swaps) have been entered into, the fair values of these instruments is to be recorded, and any movement in the fair values will be recorded in the Statement of Profit and Loss and Other Comprehensive Income in future financial statements. Any variation in interest rates will also impact the fair values of the instruments. The reported movement in the fair values is a non cash transaction and may also be excluded for tax purposes. The fair values will also be subject to change on a daily basis and the Manager is not

able to accurately predict the future variation in interest rates. As an indicator of the degree of sensitivity of the swap's fair values to interest rate changes, the following outlines the sensitivity to a change in swap rates as at 19 November 2015:

Movement in Swap	Change in Fair Value	Change in Equity (Per Interest)
(1.0%)	(334,071)	(1,519)
(0.75%)	(250,553)	(1,139)
(0.50%)	(167,036)	(759)
(0.25%)	(83,518)	(380)
0	-	-
0.25%	83,518	380
0.50%	167,036	759
0.75%	250,553	1,139
1.0%	334,071	1,519

This sensitivity is priced based on rates provided by ASB Bank effective 19 November 2015.

Capital Risk

The LP's objectives when managing capital are to safeguard the LP's ability to continue as a going concern in order to provide returns for Investors and benefits for

other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As the market and the LP's situation will evolve, the Manager will consider various capital management initiatives accordingly, including a debt reduction and also a change in the level of distributions to Investors. The projected cash return to Investors is \$3,750 per Interest for the year ended 31 March 2017 (\$717 per Interest is projected for the 3 months and 10 days ending 31 March 2016), noting that distributions are paid monthly in arrears. Capital will also be monitored through the gearing ratio (debt/investment property).

(v) Fair Values

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

7. ISSUED INTERESTS

	2016	2017
Number of Interests issued	220	220

The holders of Interests will be entitled to receive distributions as declared from time to time and are entitled to one vote per Interests at meetings of the LP, and rank equally with regard to the LP's residual assets. Any Interests acquired by the Underwriters are subject to voting restrictions set out in more detail on page 21.

WHAT RETURNS WILL I GET? CONT.

Investor contributions are calculated as follows:

	2016
Gross contribution from Investors (220 allotments @ \$50,000 each)	\$11,000,000
Less: Legal costs – equity raising	(\$122,500)
Less: Statutory Supervisor fees	(\$5,000)
Less: Printing and Advertising	(\$105,000)
Less: Accounting and audit fees (Prospectus)	(\$16,000)
Less: Brokerage on equity raised	(\$220,000)
Less: Offeror’s fee	(\$540,000)
Less: Underwrite Fee	(\$330,000)
Total establishment costs associated with raising equity	(\$1,338,500)
Issued Capital	\$9,661,500

8. FEES PAID TO AUDITORS

Audit and assurance fees of \$15,000 plus GST are anticipated to be paid to the auditors during the financial period ending 31 March 2016. \$8,000 is for the audit of the prospective financial statements contained in the Investment Statement. The auditor fees in respect to the annual audit of the financial statements for the period ending 31 March 2016 and the year ending 31 March 2017 are expected to be \$7,000 plus GST for each period respectively.

9. DISTRIBUTIONS

The following gross distributions are included in the prospective financial statements during the period ending 31 March 2016 and year ending 31 March 2017.

	2016	2017
	\$	\$
Per Interest – Gross distributions (before tax)	717	3,750

Cash distributions are to be paid monthly and in arrears by one month. A distribution is expected to be paid in early April 2016, which relates to the March 2016 period. This has not however been accrued in the prospective balance sheet at 31 March 2016. The gross distribution applicable to the 3 months and 10 day period ending 31 March 2016 is expected to be \$1,030.

The gross distribution (before tax) applicable to the year ending 31 March 2017 will be \$3,750.

The variance between the projected accounting surplus and the operating cash flow is due to the timing differences in respect to working capital and the amortisation of initial borrowing costs.

10. CASH AT BANK

	2016	2017
	\$	\$
Current Account	136,938	135,283

The current account will have no overdraft facility.

11. FUTURE LEASE PAYMENTS RECEIVABLE

The LP’s property will have an operating lease attached to it from the Settlement Date, under which the contractual payments due to be received are as follows:

Period/Year ending (31 March)	Minimum Payments (\$)
Formation to 31 March 2016	360,839
1 April 2016 to 31 March 2020	5,264,000
From 1 April 2020	14,778,620

The above rental income does not factor any future rental review impacts except for the 5% fixed rental increase on the 5th anniversary of the Lease commencement. No further rent reviews are assumed nor any turnover rent is assumed to be derived.

12. RELATED PARTIES NOTE

Augusta Funds Management Limited is the Manager of the LP. Augusta Funds Management Limited is also the issuer in respect of the Prospectus. The following is a schedule of the fees to be paid to Augusta Funds Management Limited:

- Offeror's fee of \$540,000 (establishment cost).
- Accounting fees of \$8,000 (establishment cost). No accounting fees will be charged in relation to the period ending 31 March 2016 and year ending 31 March 2017 but accounting fees will be charged in subsequent years.
- Management fees are \$45,000 in the first 12 months, \$46,350 in the second 12 months and then will increase by the greater of 3% or CPI thereafter per year.

Augusta Funds Management Limited's parent, Augusta Capital Limited is providing an underwrite of the Interests Offered. The relevant underwriting fee to be charged by Augusta Capital Limited is \$330,000 which represents 3% of the \$11 million underwrite provided by Augusta Capital. As a result of this underwrite, Augusta Capital will subscribe for the balance of any unsubscribed Interests on the close of the offer period, and hence become an Investor in the LP. The directors of Augusta Capital Limited (Peter Wilson, John Loughlin, Bryce Barnett, Mark Francis, Martin Goldfinch, Paul Duffy and Mark Petersen) are also directors of Augusta Funds Management Limited.

In addition to the above underwriting fees, Augusta Capital Limited will receive \$1,000 for each Interest that it is required to subscribe for under the terms of the underwriting agreement. However, in this event, the brokerage fees payable by the Scheme to Bayleys Real Estate will also reduce by the same amount. The Underwriter intends to apply that \$1,000 for each Interest toward paying the costs of Bayleys Real Estate selling for the Underwriters any Interest that they are required to subscribe for.

Augusta Funds Management Limited will subcontract the property management to Bayleys Property Services (*BPS*), hence BPS will charge a property management fee to Augusta Funds Management Limited.

13. TRADE PAYABLES

	2016 \$	2017 \$
GST payable	30,825	29,106
Trade Creditors	11,000	11,000
Interest Payable	33,012	33,012

The above records current liabilities due within 30 days of the balance date.

14. LOAN

	2016 \$	2017 \$
Bank Loan – ASB Bank	8,428,500	8,428,500

The loan agreement is an extendable loan facility and will be interest only. It will have an initial loan term of 2 years from the date of drawdown. The loan facility is subject to annual review and extensions of 1 year and it is assumed that the loan is extended on annual review in December 2016 extending the loan facility term to 22 December 2018 on the same terms, and the two year facility will continue to be renewed on a rolling basis.

Bank legal fees are estimated at \$8,000. These bank legal fees will be amortised over the initial period of the borrowings which is two years.

At all times the loan to property valuation ratio (LVR) is to be lower than 50%. As at 31 March 2016 the LVR is expected to be 43.7%. Interest cover is at all times to be maintained at not less than 2.00 times, calculated as net rental income generated / interest expense. For the year ending 31 March 2017, net rental income is forecasted to be 3.24 times the interest expense.

Calculations of bank loan covenants at 31 March 2017:

Interest cover (times)*	\$1,284,000 / \$396,140 = 3.24 (times)
LVR**	\$8,428,500 / \$19,300,000 = 43.7%

* (Net rental is based on cash net rental income)

** (based on valuation of the Property by JLL)

WHAT RETURNS WILL I GET? CONT.

Loan Security

The loan will be secured by a registered first mortgage over the Property and a first general security interest over the assets of the LP. The Custodian will enter into the loan for and on behalf of all Investors and ASB Bank's recourse will only be against the Custodian, and in respect to the LP, limited to the security provided by the Custodian. Therefore the loan is non-recourse against the Investors.

15. OPERATING EXPENSES

The Manager will charge an annual management fee of \$45,000 in the first 12 months, \$46,350 in the second 12 months and then will increase by the greater of 3% or CPI thereafter per year.

The Tenant will pay directly rates, utilities, insurance and interior repairs and maintenance. The LP is responsible for the building exterior and maintaining the lighting, landscapes, driveways and service to the building. The cost of this has been calculated as \$8,877 and \$32,000 for the two financial periods ending 31 March 2016 and 31 March 2017 respectively. The LP is also responsible for exterior painting of the premises and replacement of building fit-out items including plant, when they are at the end of its effective life, which is not expected to incur before 31 March 2017 as the building is new.

16. ESTABLISHMENT COSTS

	Investment Property Capitalised Costs	Issue Costs	Financing costs	Total
Purchase Price	18,000,000	-	-	18,000,000
Offeror's Fee	-	540,000	-	540,000
Underwrite Fee	-	330,000	-	330,000
Brokerage on equity raised	-	220,000	-	220,000
Legal	52,500	122,500	-	175,000
Statutory Supervisor	-	5,000	-	5,000
Accountancy	-	8,000	-	8,000
Audit	-	8,000	-	8,000
Printing and advertising	-	105,000	-	105,000
Valuation	5,500	-	-	5,500
Health and Safety	1,500	-	-	1,500
Bank Legal	-	-	8,000	8,000
Development monitoring	22,500	-	-	22,500
Total establishment costs	82,000	1,338,500	8,000	1,428,500
TOTAL	18,082,000	1,338,500	8,000	19,428,500



AUDITORS' REPORT

These prospective financial statements have been subject to an assurance engagement by the LP's auditor, RSM Hayes Audit, whose report can be found on pages 83 to 84 of the Prospectus.

TAX DEPRECIATION CLAIM

Under the LP, each Investor is assessed individually on its proportionate share of the net rent and any other distributions from the LP. Investors will be individually responsible for the payment of their tax.

Investors are, under current legislation, able to depreciate the fit out and chattels for taxation purposes. It is the intention of the Manager to obtain an itemised list of assets to enable maximum depreciation to be claimed. It is also the intention of the Manager to provide (on an ongoing basis) a fixed asset schedule with assets depreciated at maximum allowable tax rates.

The depreciation allowance entitles Investors to defer taxation on a portion of their cash return until the Property is sold by claiming as a tax deduction each Investor's proportionate share of the depreciation of the fit out and chattels. Depreciation can no longer be claimed on buildings, however under current legislation, depreciation will still be able to be claimed on the building fit out to the extent it is owned by the LP. Post settlement of the Property a detailed fixed asset register will be identified which will clearly outline the relevant depreciation claim. Under current rules, depreciation claimed on Property during the term of the LP will be taxable in the year the Property or an Investor's Interest in the LP is sold provided that the sale price exceeds the original cost, less all depreciation previously claimed. The net effect is to provide a deferral of tax for Investors during the period of ownership of the Property.

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



WHAT ARE MY RISKS?

This section sets out the special trade factors and risks associated with investment in the LP that:

- (a) are not set out elsewhere in the Investment Statement;
- (b) are not likely to be known or anticipated by the general public; and
- (c) could materially affect the prospects of the LP.

There are a number of risks, both general and specific, that could impact on the performance of the LP, the financial returns of the LP, and the value of investment and potential liabilities of Investors under the LP. The principal risks for investors in the LP are detailed below.

Prospective investors should consider the risks in conjunction with the contents of the Investment Statement and should seek independent advice.

Investors should note that the bank borrowing (including the initial 24 month term borrowing and any future borrowing) is provided to the LP, which means that, if the LP defaults, ASB Bank Limited can only recover the amount lent to the LP from the security given by the LP (the assets of the LP) and liability does not pass down to Investors for interest and principal payments to ASB Bank Limited. However, Investors may be liable for tax under current tax law on their proportionate share of any debt forgiveness if ASB Bank Limited writes off part of its loan in the event that the loan is unable to be repaid in full. Prospective investors should seek independent advice in relation to their own individual tax position.

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

Summary of key risks

Investors are subject to the following risks in this LP:

- (a) not being able to recoup their original investment – in particular, Investors should note that ASB Bank Limited will have security over the Property which ranks ahead of each Investor's investment in the LP;
- (b) with the exception of a 5% increase in base rent after the first 5 years of the Lease, the base rent is only subject to increase in the event the Tenant is required to pay turnover rent. The Manager does not expect there would be any significant turnover rental payable in the initial 15 year term of the Lease;
- (c) not receiving the projected return on their investment in the LP;
- (d) not receiving the projected cash return on their investment in the LP;

- (e) the Vendor defaulting on its obligations under the sale and purchase agreement to rectify defects and obtain completion certification;
- (f) delays in practical completion of the building or the Tenant commencing trading which would delay completion of the LP's purchase of the Property;
- (g) the LP not being able to replace the Tenant with tenant(s) on expiry or early termination of the Lease or being required to incur expenditure or forego rental (by way of rental holiday or similar) to secure a renewal of the Lease with the Tenant or new tenant(s);
- (h) a decline in the performance of the commercial property sector in both Hamilton and New Zealand generally;
- (i) downturn in the New Zealand and/or Hamilton economies;
- (j) the Tenant assigning its interest in the Lease to a tenant with a lesser covenant strength, upon which the Tenant is released from liability under the Lease;
- (k) the Tenant defaulting on its lease obligations; and
- (l) ASB Bank Limited not agreeing to extend the bank loan after the initial 24 month term or on any subsequent annual review and/or alternative funding not being available.

The key risks referred to above are described in more detail below.

Tenant Default

Dependence has been placed on the ability of the Tenant to meet its contractual obligations to continue payment of rental

and outgoings. If the Tenant was to suffer liquidity or other financial problems of a significant nature, any resulting failure to pay rental and outgoings and consequential recovery action or litigation would have a serious detrimental impact on the ability of the LP to pay returns to Investors on their interest in the LP and for Investors to recoup their original investment.

The Manager has not been provided with any financial statements in respect of General Distributors Limited, and prospective Investors must take this into account in their assessment of the financial standing of the tenant and whether to invest in the LP. The Manager understands General Distributors Limited is the principal property holding/operating company of Progressive Enterprises Limited, and holds the majority of the freehold and leasehold property assets in relation to its New Zealand supermarket operations.

The Tenant is described on page 17 of the Investment Statement.

Not being able to recoup original investment

An Investor may not recoup its original investment in full if:

- (a) the LP becomes insolvent – should the LP become insolvent, Investors may not recover in full the amount which they have paid for their investment in the LP and may not receive the expected returns on their investment;
- (b) the Property is sold in the future and on the sale the net sale proceeds (after repayment of the bank funding) are less than the initial total subscriptions. The sale proceeds from a sale of the Property would first go to repaying the amount of the loan with ASB Bank Limited.

If the proceeds of a sale of the Property were insufficient to repay the full amount of the loan, ASB Bank Limited would not have any recourse at all to Investors for the outstanding amount of the loan. However, Investors would be unable to recoup any part of their initial subscription and may be liable for tax under current tax law on their proportionate share of any debt forgiveness if ASB Bank Limited writes off part of its loan;

- (c) the Property is unable to be sold due to the value and size of the Property. There is no guarantee that there will always be willing buyers for the Property. Further, the ability to sell the Property is dependent also on the underlying lease terms and the performance of the commercial property sector in Hamilton and New Zealand at the relevant time. The market demand for the Property will affect not only the sale price for the Property but also the timing of sale. Failure to fully lease the Property or rectify any outstanding contamination or construction issues may also affect the value and sale proceeds. The reliance on turnover rent for rental growth may also have an effect on the value of the Property, depending upon the status of turnover at the date the LP intends to sell the Property;
- (d) the Property is damaged or destroyed and such damage or destruction is not covered by the insurance policies arranged for the Property by the Tenant (or the Landlord) pursuant to the Lease;
- (e) an Investor sells his or her interest in the LP to a third party for less than the initial subscription amount. There

is no guarantee that there will always be willing buyers for this type of investment. The sale of interests in the LP by Investors presumes a market for the interests. While Augusta Funds Management Limited offers a secondary market facility (refer to page 36), there is no established market for the sale of interests in the LP. Independent of whether there is an established market for the sale of interests, any market may be illiquid and a sale of an interest in the LP may not be easily achieved.

Not receiving the projected return on investment in the LP

An Investor may not receive the projected return on its interest in the LP if the net income from which returns are paid is less than forecast. The following factors may impact adversely on the income from the Property:

- (a) **Tenant Risk** – the Tenant may default on lease payments or be unable to sustain payment of the rental under the Lease. There may be difficulty in replacing the Tenant, if required. It is also possible that if replacement tenant(s) are required to be found, rental may be at a lower level than the rental payable under the Lease at the date of the Investment Statement. Costs associated with obtaining a replacement tenant(s) will reduce funds available for the distribution to Investors;
- (b) **Renewal Risk** – on the expiry of the Lease or on any renewal of the Lease, the LP may need to incur expenditure/costs by upgrading or remediating the Property, or by providing lease inducement payments or

WHAT ARE MY RISKS? CONT.

rental holidays to the Tenant or any replacement tenant(s). Costs associated with obtaining replacement tenant(s) will reduce funds available for the distribution to Investors;

- (c) **Interest Rate Risk** – the return to Investors will be subject to interest rate variations on the bank loan (initially a 24 month term, subject to annual review and extension – refer to the summary of the bank loan terms on page 64 of the Investment Statement). However, interest rate movements are unable to be accurately predicted. Additionally, if the Property is not sold before the expiry of the term of the bank loan (initially a 24 month term), renewed or extended financial facilities may involve principal repayments which will affect cash returns (and Investors will remain liable for New Zealand tax on their proportionate share of the New Zealand taxable income earned by the LP – which any principal repayments will not reduce). To manage interest rate risk, the Manager has entered into a swap agreement on behalf of the LP fixing 100% of the LP's loan facility until December 2020 in relation to the base rate (and not the margin rate) charged by ASB Bank Limited. The all up effective interest rate is 4.70%. There is a 'right to break' clause within the swap agreement as the swap term is longer than the loan facility terms, however, penalties may be payable if the swap was out of the money. The swap would be out of the money if the agreed swap rate was higher than the prevailing wholesale market rate that reflects the remaining term through to maturity.

The interest rate at the end of the swap arrangement or any alternate swap arrangement may differ materially from the rate at the date the initial swap arrangement is entered into; and may accordingly impact (positively or adversely) on the actual return Investors receive;

- (d) **Landlord Costs** – under the terms of the Lease, structural repairs and certain maintenance and capital works to the Property are the responsibility of the owner of the Property (being the LP) and are not recoverable from the Tenant under the terms of the Lease. Such costs could include repairs and maintenance to the roof and exterior of the building, replacement of building services and the Landlord's fixtures and fittings where items have reached the end of their effective life, disrepair due to fair wear and tear or inherent defects or earthquake strengthening works if the minimum statutory requirements are increased above the building's current seismic rating as well as maintenance of lighting and landscaping, car park, driveways, and the loading zone. However, under the terms of the Sale and Purchase Agreement the Purchaser as Landlord has no liability for defects arising in or on the Property during the period of defects liability under the construction contract.

Should further significant expenditure be required, the decision on how to fund these works will be made at the relevant time and may involve further bank funding and reductions in the rate of return;

- (e) **GST Risk** – the Tenant pays GST to the LP and the Manager is responsible for filing GST returns and making the required payments to the Inland Revenue Department. Any non or under payment of GST by the Manager may affect cash returns. The Manager is obliged to file GST returns and pay GST under the terms of the Deed of Participation;

- (f) **Destruction Risk** – the Property is subject to the risk of total and significant destruction from natural disasters and other events causing damage to the Property. Destruction of the Property may result in a loss of rental income from the Property or, in certain circumstances, termination of the Lease. Under the Lease, the Tenant (while the Tenant is General Distributors Limited or a related company) is required to insure the building under a full replacement and reinstatement policy to full replacement value noting the interests of the Landlord and its financier. If the Tenant does not comply with this obligation and does not arrange appropriate insurance for the Property, or is unable to meet the deductible amount, then any destruction of the Property will impact adversely on the income from the Property. Where the Tenant is no longer General Distributors Limited or a related company or the parties have agreed, the Landlord is responsible for obtaining insurance for the above risks. If, in the event the Landlord is responsible for insuring the Property, and the LP does not arrange appropriate insurance for the Property then any destruction of the Property will impact adversely on the income from the Property.

General risks with property investments of this nature

General risks with property investments of this nature, which apply to the LP are:

- (a) **Tenancy Risk** – the key area of risk associated with investment in the LP is that of the Tenant defaulting on its lease obligations. Dependence has been placed on the ability of the Tenant to meet its contractual obligations to continue payment of rentals and outgoings. If the Tenant (or, where relevant, any subsequent tenant(s)) were to suffer liquidity problems of a significant nature, any resulting failure to pay rental and outgoings and consequential recovery action or litigation may have a serious detrimental impact on the ability of the LP to pay returns to Investors on their interest in the LP and for Investors to recoup their original investment. Investors are reliant on the Tenant's ability to withstand difficult market conditions. If the Lease is terminated as a result of the Tenant's default, the LP may have to carry out works or otherwise provide incentives to re-lease the Property on the same terms;
- (b) **Liquidity Risk** - there is no guarantee that there will always be willing buyers for this type of investment. The sale of interests in the LP by Investors presumes a market for the interests. The market may be illiquid and a sale of an interest in the LP may not be easily achieved. The Interests have not been approved for trading on a registered market;
- (c) **Single Asset Risk** – the LP is exposed to a single asset (the Property). If that asset fails to perform then returns to Investors will be impacted and will not be offset by exposure to other assets;
- (d) **Property Market Risk** – the value of the Property will reflect the underlying performance of the commercial property sector in Hamilton, New Zealand. If the overall market falls, the value of the Property may fall and correspondingly, Investors may not be able to recoup their original investment;
- (e) **Economy Risk** – the value of the Property may, in part, reflect the overall state of the economy in New Zealand generally and in Hamilton specifically. Deterioration in the New Zealand and/or Hamilton economy may reduce the value of the Property and affect the LP's costs, rentals and other underlying property fundamentals;
- (f) **Leverage** – There is a risk that adverse market movements may cause a breach of banking covenants – in particular the requirement in the ASB Bank Limited facility to maintain a maximum loan to value ratio of 50% and net rental income at a level not less than 2.00 times the actual interest cost. If the breach (or any other breach of the banking covenants) is not remedied, the Bank may enforce its security and sell the Property at a lower than market price due to a forced mortgagee sale. On settlement of the Property, the loan to valuation ratio is expected to be approximately 43.7% and the net rental income is expected to be approximately 3.24 times the actual interest cost (for the year ended 31 March 2017); and
- (g) **Changes in Laws** – changes in laws applying to the LP may affect the prospects of the LP. In particular, future changes in taxation law may affect the tax treatment of acquiring, holding (including receiving distributions), and disposing of an interest in the LP. Prospective investors should seek independent advice in relation to their own individual tax position.

Specific risks related to this LP

Specific risks which apply to this LP are:

- (a) **Interest Rate Swap Risk** - to manage interest rate risk, the Manager has entered into a swap agreement on behalf of the LP fixing 100% of the LP's loan facility until December 2020 in relation to the base rate (and not the margin rate) charged by ASB Bank. The all up effective interest rate is 4.70%.

However, if the Property was sold (for example, pursuant to a Special Resolution of Investors) before the term of the swap expired, penalties may be payable if the swap was out of the money. The swap would be out of the money if the agreed swap rate was higher than the prevailing wholesale market rate that reflects the remaining term through to maturity.
- (b) **Control Risk** – the Deed of Participation does not limit the number of Interests that an Investor may hold. Accordingly, Investors are subject to the risk that one Investor may have control of the LP or have sufficient votes to block any proposed resolutions.

WHAT ARE MY RISKS? CONT.

In particular, potential Investors should be aware that if the Underwriter is required to subscribe for Interests under the terms of its underwriting commitment, the LP could be controlled by related parties of the Manager. Should the Underwriter hold Interests, the terms of the Deed of Participation and Limited Partnership Agreement suspend the Underwriter's voting rights on a number of resolutions (including resolutions to remove the Manager and to increase the management fee payable). However, the Underwriter would be able to vote on resolutions to sell the Property, wind up the LP and to amend the terms of the Deed of Participation (although any amendment to the terms of the Deed of Participation requires the Supervisor's consent).

- (c) **Construction risk** – as at the date of this Investment Statement, construction of the supermarket building on the Property has not been fully completed. The Vendor is required to obtain a certificate of practical completion and certificate of public use (or code compliance certificate) for the supermarket building and commence trading prior to the Settlement Date. Following the Settlement Date the Vendor is required to rectify defects at its cost up to \$100,000 (without prejudice to the Vendor's ability to procure that the contractor remedies any defects under the construction contract) and obtain a final completion certificate and code compliance certificates for the supermarket building pursuant to the terms of the Sale and Purchase Agreement (further detail of which is summarised on pages 64 to 67 of the Investment Statement). If the Vendor does not comply

with its obligations in respect of the completion of the supermarket building (in respect of practical completion and certificate of public use) settlement of the Property may be subject to delay. If the Vendor does not comply with its obligations to obtain the required certifications following the Settlement Date, the Investors are subject to the risk that additional costs may be incurred by the LP to remedy any outstanding defects in construction.

- (d) **Pre-Settlement destruction risk** – as the Lease does not commence until the Settlement Date (which is triggered by commencement of trading and certificates of practical completion and public use), in the event of damage or destruction of the Property or buildings on the Property prior to the Settlement Date the damage and destruction provisions of the Lease will not apply. Accordingly, the Purchaser will have 3 months in which to elect to complete settlement (in which case the insurance and damage and destruction provisions of the Lease will apply as if the damage had occurred during the term of the Lease) or the Vendor will be required to rectify any such damage and settlement (subject to the Vendor obtaining all necessary consents) of the acquisition of the Property will be delayed until the rectification is complete and the buildings can be opened for trading. In the event the Purchaser does not agree to proceed with settlement within the 3 month period and the Vendor does not reinstate within 18 months of the date of damage or destruction, either party will be entitled to cancel the Sale and Purchase Agreement.

- (e) **Turnover rent risk** – following the 5% increase in base rent following the initial 5 years of the Lease, the only scope for rental increases is where turnover rental is payable. If the Tenant is paying turnover rent, the base rent will be increased on the 10th anniversary of the lease commencement date and every 5 years thereafter by the average of the last 3 years' turnover rent. The Manager does not expect there would be any significant turnover rental payable in the initial 15 year term of the Lease. Turnover rental is expected to grow during any renewal terms. A description of the turnover rental is contained at pages 69 to 70.
- (f) **Management risk** – if an Investor were to participate in the management of the LP, that Investor may become liable for the liabilities of the LP, under the 'no management rule' contained in the Limited Partnerships Act 2008. The LP and the Offer have been structured to avoid Investors breaching that rule, and the Manager believes it is highly unlikely that any Investor will breach that rule in the future.
- (g) **Dilution Risk** – if the General Partner seeks to raise further capital in order to fund development at the Property or for the operating costs of the Property, the interest of Investors in the LP may be diluted if an Investor is not able or willing to subscribe for further capital in the LP. This risk is mitigated for Investors by the General Partner being obliged, pursuant to the Deed of Participation, to offer any further capital to be issued to Investors on a pro-rata basis reflecting their proportionate interest in the LP.

- (h) **Refinancing Risk** – the loan facility has an initial 24 month term. The loan facility does not currently require the principal to be paid off within a specified period of time. As any extension is at ASB Bank Limited’s discretion there is a risk that the LP will not be able to secure any extension on similar terms with ASB Bank Limited. Should the reviewed terms (lending margin and base rate) differ from the initial terms entered into, this would lead to an impact (positively or adversely) on the actual return Investors receive. Should the LP not be able to secure a refinanced loan facility then the LP will be forced to source an alternative finance facility agreement which may lead to an adverse impact on the return Investors receive or will be forced to sell the Property in order to repay the loan facility.
- (i) **Assignment risk** – Upon assignment with the Landlord’s consent and a deed of covenant from the incoming tenant, the Tenant is released from any continuing obligations under the Lease. Any assignee must be respectable, responsible and have the financial resources to meet the Tenant’s commitment under the Lease, however the Landlord cannot require that the assignee be the owner or operator of a business of an equivalent or similar substance or nature to that of the Tenant. If the assignee is a company not listed on the NZX, the Landlord may require that the principal shareholders of the assignee company unconditionally guarantee the obligations of the assignee. The risk is that General Distributors Limited assigns to an assignee/guarantor

with an acceptable, but lesser covenant than General Distributors Limited and General Distributors Limited will be released from liability going forward.

The Tenant does not have to obtain the Landlord’s consent to assign the Property to any related companies or to a franchise so long as General Distributors Limited remains liable as if it were the Tenant (including during any renewed term).

- (j) **Seismic obligations risk** – The Landlord is obliged to maintain the seismic rating for the building at 100% of New Building Standard as at the commencement date and otherwise at minimum levels required by the relevant law and ensure the Landlord’s fixtures and fittings achieve minimum seismic standards required by legislation during the term of the Lease. Accordingly seismic strengthening works for either the building or the Landlord’s fixtures and fittings may be required during the term of the Lease. If the Tenant is unable to use all or part of the premises as a result of seismic strengthening works then a fair proportion of the rent and other money due under the Lease shall cease to be payable (unless the works are being carried out due to damage for which the Tenant is required to insure for). If the Landlord does not comply with the seismic obligations above within a reasonable time, or fails to obtain an engineering report following a seismic event materially effecting the structure of the building, or major seismic strengthening works are required where the interruption cannot be

reasonably ameliorated by a fair and reasonable rent abatement and such works would take longer than 9 months, the Tenant can cancel the Lease on 60 working days’ written notice.

- (k) **Set-off risk** – if the Landlord has not obliged with its obligations under the Lease, and the Tenant has served reasonable notice on the Landlord in accordance with the provisions of the Lease, the Tenant can deduct its reasonable costs of remedying the Landlord’s breach of the Lease from the rent payable. Accordingly if the Landlord does not comply with its obligations under the Lease, and does not remedy any such breach within a reasonable time of receipt of notice from the Tenant, the Tenant’s right of set-off may reduce the rental income.
- (l) **Future planning risk** – the Landlord has agreed to make submissions or objections as requested by the Tenant in relation to the resource consent requirements of the property as at the commencement date of the lease. Although the Landlord’s obligations are limited to a cost of \$150,000 plus GST such costs cannot be recovered from the Tenant.

CONSEQUENCES OF INSOLVENCY

In the event that the LP is put into liquidation or wound up, unless an Investor has participated in the management of the LP (as described further on page 58), no Investor will be liable to pay money to the LP’s creditors. However, all liabilities of the LP (including the bank loan) will rank ahead of Investors.

CAN THE INVESTMENT BE ALTERED?

The subscription amount set out under the heading “How much do I pay” cannot be altered by the Manager, an Investor or any other person.

The terms of an Investor’s interest in the LP are governed by the Deed of Participation and the Limited Partnership Agreement. The Deed of Participation and Limited Partnership Agreement provide that the LP cannot be altered unless agreed by Investors representing not less than 75% of the Interests entitled to vote and voting on the question at a properly constituted meeting of Investors.

Under the terms of the Deed of Participation and the Limited Partnership Agreement, certain matters can be approved by Investors representing not less than 75% of the Interests entitled to vote and voting on the question – refer to pages 76 to 78.

The Supervisor may, on behalf of the Investors, make a change to the Deed of Participation in certain circumstances – refer to the Deed of Participation summary on pages 75 to 78 for more details.

HOW DO I CASH IN MY INVESTMENT?

EARLY TERMINATION

Term of the LP

The LP has no fixed term. However, the LP and/or an Investor's interest in the LP may be terminated in various circumstances. These circumstances are set out below.

The LP may be terminated and wound up at any time if Investors representing not less than 75% of the Investors entitled to vote and voting resolve to terminate and wind up the LP.

Repayment or re-financing of ASB Bank Limited loan

The Manager must call a meeting of Investors if the Manager is not able to agree a re-financing of the LP's existing bank facilities or enter into any new facilities, either at the end of the initial 24 month term or on any annual extension thereafter, to determine whether or not the Property or any part of it should be sold and the LP terminated.

At that meeting a resolution of Investors representing a majority of not less than 75% of the Interests entitled to vote and voting on the question in the LP can determine the proposed course of action.

Termination by Investors

An Investor can terminate his or her interest in the LP by selling the interest held by that Investor in accordance with the requirements of the Limited Partnership Agreement.

Details of the charges payable on the termination of the LP, or the termination by an Investor of his or her interest, are set out on pages 35 to 36.

RIGHT TO SELL SECURITY

Each Investor may sell his or her interest to any person so long as:

- (a) the LP has approved the proposed transferee, such approval not to be unreasonably withheld. Any new investor (being someone who has not invested in a previous syndication offered by the Manager) will need to provide the Manager with the required Anti-Money Laundering and Countering Financing of Terrorism Act 2009 approval identification prior to the Manager registering the transfer;
- (b) the instrument of transfer is in the form approved by the Manager from time to time and that it is signed by the transferor and the transferee;
- (c) if required, any mortgagee of the Property has consented to the transfer;

- (d) the transferee has signed a Deed of Adherence – Substitute Partner (whereby the transferee agrees to be bound by the terms of the limited partnership agreement in its capacity as a Limited Partner) and the signed Deed of Adherence – Substitute Partner has been delivered to the LP; and
- (e) the transferor agrees to pay or reimburse any reasonable legal costs incurred by the Manager or the LP in connection with the transfer.

Further, the LP may in its absolute discretion refuse or delay the registration of any transfer if there are unpaid amounts owing from the transferor to the Manager or the Limited Partnership or the transferor is in breach of this agreement or the Deed of Participation.

There is no active market anticipated for the sale or purchase of Interests. However, Augusta Funds Management does offer a secondary market facility to Investors. If Investors utilise the secondary market facility offered by Augusta Funds Management, then an administration fee will be payable to Augusta Funds Management and the current charge is equivalent to 2% of the transaction value. Augusta Funds Management will facilitate secondary transfers but does not act as a broker nor does it provide financial advice to any party.

WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?

Enquiries about the LP can be made to Mark Francis, Managing Director at Augusta Funds Management Limited (at the address and business telephone number set out in the Directory on page 94).

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

A complaint about your investment in the first instance may be made to Mark Francis, Managing Director at Augusta Funds Management Limited (at the address and business telephone number set out in the Directory on page 94).

A complaint about your investment may also be made to The Real Estate Institute of New Zealand. The Institute may be contacted by telephoning 0800 473 469 or at Level 1, Windsor Court, 128 Parnell Road, Parnell, Auckland.

A complaint can also be made to Fairway Resolution Limited (trading as Financial Dispute Resolution), being the dispute

resolution scheme Augusta Funds Management Limited has joined for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act. Financial Dispute Resolution may be contacted by telephoning 0508 337 337 or at Freepost 231075, PO Box 5730, Wellington 6145.

A complaint about your investment may also be made to the Supervisor (at the address and business telephone number set out in the Directory on page 94).

There is no ombudsman to whom complaints can be made about your investment.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

PROSPECTUS AND FINANCIAL STATEMENTS

Other information about the Interests (securities) and the LP is contained in or referred to in the Prospectus. A copy of the Prospectus is available free of charge from the Manager at the address set out in the directory at the back of the Investment Statement. The Prospectus, the prospective financial statements and other documents (including the Deed of Participation) relating to the LP are filed on a public register at the Companies Office of the Ministry of Economic Development and available for public inspection (www.companies.govt.nz) by searching “Augusta Funds Management Limited” on the register.

ANNUAL INFORMATION

Investors will be sent annually audited financial statements in respect of the performance, financial position and cash flows of the LP. These will be provided by the Manager within three months of each financial year ended 31 March.

ON REQUEST INFORMATION

Investors will be able to obtain the following information on request free of charge:

(a) further copies of the Investment Statement;

- (b) a copy of the full Valuation Report;
- (c) the latest audited financial statements of the LP, at the time of request – there are no audited financial statements of the LP as at the date the Investment Statement is prepared;
- (d) full copies of the Lease and any other documentation relating to the Lease;
- (e) a copy of the Deed of Participation and Limited Partnership Agreement;
- (f) a copy of the agreement for sale and purchase of the Property; and
- (g) any other documents listed below in the “Other Material Information” section.

Requests for information should be made by phone, facsimile or email to Mark Francis at Augusta Funds Management Limited (at the address set out in the Directory on page 94).

INVESTMENT ADVICE

Prospective investors are recommended to seek professional advice from an Authorised Financial Adviser which takes into account their personal circumstances before making an investment decision.

OTHER MATERIAL INFORMATION

AGENCY AGREEMENT

Augusta Funds Management has entered into an agency agreement with Bayleys Real Estate Limited dated 11 November 2015, appointing Bayleys as the sole selling agent for the Offer. Bayleys will receive a brokerage fee of \$1,000 (plus GST) for each Interest which is allotted to an Investor other than the Underwriter. That brokerage fee is included in the Issue Expenses.

BANK FUNDING PROPOSAL

A bank funding proposal for the LP dated 19 November 2015 has been secured from ASB Bank Limited. The parties are the LP as borrower and ASB Bank Limited as lender. It details the terms on which the bank will loan funds to the LP. It also details, among other things, the conditions precedent to providing that funding, the bank's security requirements and the covenants the LP must adhere to.

The loan offer contains, among others, the following terms and conditions:

- Amount
 - \$8,428,500
- Security
 - Registered mortgage over the Property
 - A General Security Agreement over all present and after acquired personal property of the LP, General Partner and Custodian.
- Loan term
 - 24 months
 - With an extendable term, the "evergreen" facility can be renewed annually and subsequently extended by a further 12 months (to effectively reset the term to 24 months from the extension date) at both the ASB Bank Limited's and the Custodian's discretion. Should the "extendable" option be exercised ASB Bank Limited may re-price the facility lending margin. The current market price for the further 12 month extension will be blended with the current rate for the remaining term of the initial facility to determine a new lending margin.
- Personal Guarantees
 - Custodian and General Partner guarantees LP's debt and obligations. No personal guarantees are required from investors.
- Legal Fee
 - \$8,000 (estimated)
- Assumed Interest Rate
 - 4.70%
- LVR (Loan to Value Ratio)
 - Not to exceed 50%.
- Interest Cover Covenant
 - The net rent divided by the interest expense is to be greater than or equal to 2.00 times at each reporting period.

- Principal Payments
 - No principal repayments are required to be made until the repayment date specified in the loan agreement which is the expiry of the loan term (provided the LP is not in default of the bank covenants).

UNDERWRITING AGREEMENT

The Manager has entered into an underwriting agreement with Augusta Capital Limited dated 20 November 2015. Augusta Capital has agreed to underwrite the Offer. Augusta Capital's underwriting commitment is for \$11,000,000 or all the Interests under the Offer.

Augusta Capital will receive a base underwriting fee of \$330,000 (being 3% of its underwriting commitment).

In addition, Augusta Capital will receive \$1,000 for each Interest it is required to subscribe for under the terms of the underwrite.

AGREEMENT FOR SALE AND PURCHASE

The Sale and Purchase Agreement for the Property is dated 6 October 2015 as varied pursuant to a due diligence confirmation letter dated 18 November 2015 (the *Sale and Purchase Agreement*). The parties to the Sale and Purchase Agreement are General Distributors Limited (the *Vendor*) and the Manager and/or nominee (the *Purchaser*).

The Manager will nominate the Custodian as purchaser under the Sale and Purchase Agreement prior to settlement.

The Sale and Purchase Agreement contains, among others, the following terms:

- **Purchase Price** – \$18,000,000.00 (plus GST (if any)).
- **GST** – the transaction will be zero rated for GST.
- **Deposit** – \$900,000.00 payable on the date the Sale and Purchase Agreement is unconditional. The deposit will be paid by the Manager and will be reimbursed by the LP on settlement of the purchase of the Property. The Vendor’s agent will hold the deposit until settlement of the Property is completed.
- **Settlement Date** – the later of the date following the date the Vendor commences trading from the Property and the date five (5) working days after the date the Vendor provides a certificate of practical completion and either a public use or code compliance certificate for the Property. In any event, the Settlement Date cannot be earlier than 22 December 2015.
- **Other Terms** – the Sale and Purchase Agreement includes the following terms and conditions:
 - o **Risk** – if the Property is destroyed or damaged prior to the Settlement Date (and lease commencement date) so that the Vendor is unable to commence trading

from the Property, the Purchaser will have 3 months in which to elect to complete settlement (in which case the insurance and damage and destruction provisions of the Lease will apply as if the damage had occurred during the term of the Lease) or the Vendor will be required to rectify any such damage and settlement (subject to the Vendor obtaining all necessary consents) and the acquisition of the Property will be delayed until the rectification is complete and the buildings can be opened for trading. In the event the Purchaser does not agree to proceed with settlement within the 3 month period and the Vendor does not reinstate within 18 months of the date of damage or destruction, either party will be entitled to cancel the Sale and Purchase Agreement.

- o **Development** – the Vendor is required to carry out and complete the works diligently, professionally and in accordance with the construction contract, in a good and workmanlike manner, at its cost, including obtaining and complying with all consents required by law to undertake the Vendor’s Works. The Vendor is required to obtain the Purchaser’s consent to any material changes the Vendor desires or is required to make to the Vendor’s Works, such consent not to be unreasonably withheld, and in the case of changes required by law or for the Tenant’s works, such consent shall be granted.

- o **Construction Contract** - the Vendor shall not consent to or approve any material variation to the construction contract without the Purchaser’s approval (not to be unreasonably withheld or delayed and only to be withheld where the Vendor is permitted under the construction contract to withhold its approval). Following practical completion the Vendor will take all steps reasonably available to it at its cost to procure that the contractor remedies all defects and completes any outstanding contract works. Notwithstanding the Vendor’s ability to procure the contractor to remedy any defects, the Vendor shall be primarily liable to remedy any defects certified under the construction contract to a maximum amount of \$100,000. The Vendor shall procure the issue of trade warranties and guarantees in assignable form and (during the defects liability period) enforce any of the trade warranties and guarantees. The Vendor shall provide notice and allow the Purchaser’s representative to be present for certification of practical completion under the construction contract and issue of the defects liability certificate.
- o **Lease** – on the Settlement Date the Custodian will grant the Lease (on the form attached to the due diligence confirmation letter) to General Distributors Limited. The first payment of rent under the Lease will be made by way of a set-off from the Purchase Price payable on the Settlement Date.

OTHER MATERIAL INFORMATION CONT.

- o **Vendor Warranties** – the Sale and Purchase Agreement includes a number of the standard Auckland District Law Society Incorporated / Real Estate Institute of New Zealand Incorporated vendor warranties, together with the following additional warranties:
 - there is no material subsisting default or dispute under the Construction Contract as at the execution date of the Sale and Purchase Agreement;
 - as at the execution date of the Sale and Purchase Agreement there is no current litigation or (as the Vendor is aware) any circumstances likely to give rise to litigation in relation to the Property;
 - as at the date of the Sale and Purchase Agreement all information about the Property included in the due diligence materials is true, correct and complete in all material respects to the best of the Vendor’s knowledge and belief and no information included in the due diligence materials is known by the Vendor to be false or misleading;
 - the Vendor has disclosed to the Purchaser any consents, waivers, notices or demands issued by a third party which are likely to have a material adverse effect on the Purchaser;
- for the period up to and including the Settlement Date it has complied with and is not (and knows of no reason why it would be) in breach of any resource consent conditions that relate to the Property, including any use thereon;
- at the Settlement Date all development contributions and other charges or levies pursuant to the Vendor’s land use and building consents have been or will be paid when due and as at the settlement date there are no outstanding or unpaid development contributions or other charges or levies in respect of the Property;
- as at the date of the due diligence confirmation letter until the Settlement Date there are no leases, tenancies, occupancy or use rights in respect of the Property or any part of the Property;
- as at the settlement date the Building (as defined in the Lease) will have a Seismic Strength Rating of at least 100% of New Building Standard and achieves the minimum level required by the relevant legislation within any timeframes allowed under such legislation and the Landlord’s fixtures and fittings will comply with the relevant seismic codes and statements in force as at the settlement date.
- o **Settlement Obligations** – on settlement the Vendor is required to deliver to the Purchaser the following:
 - the original Lease; and
 - a current insurance certificate for the Property.
- o **Service Contracts** – the Vendor will assign the service contracts for pest control and landscaping maintenance to the Purchaser (to the extent such contracts are able to be assigned) and the Purchaser will provide a covenant to be bound by an easement agreement to register an easement in favour of WEL Networks Limited;
- o **Defects Liability** – the Vendor is required to obtain a final completion certificate at the end of the period of defects liability under the construction contract. The Purchaser has the ability to notify the Vendor of outstanding defects items during this period. During the period of defects liability the Purchaser will have no liability for defects arising in or on the Property.
- o **Assignment of Construction Documentation** – at the end of the defects maintenance period under the construction contract the Purchaser will take an assignment of the benefit of the construction contract,

the contract works guarantee and weather-tightness guarantee, the trade warranties and guarantees and any warranties from key design consultants. To the extent such warranties are unable to be assigned the Vendor will hold such warranties on trust and enforce the same when requested by the Purchaser (at the Purchaser's cost). The Vendor will (to the extent the Purchaser has not received an assignment of warranties) enforce the key design consultant's contracts at the Purchaser's cost when reasonably requested by the Purchaser.

- o **Confidentiality** – the Vendor consents to the disclosure of the Sale and Purchase Agreement, lease and due diligence results in connection with the proposed syndication of the Property.

INTEREST RATE SWAP AGREEMENT

To manage interest rate risk, Augusta Capital Limited has entered into a swap agreement with ASB Bank Limited, dated 17 November 2015, on behalf of the LP fixing 100% of the LP's loan facility until December 2020 in relation to the base rate (and not the margin rate) charged by ASB Bank Limited. The all up effective interest rate is 4.70%. There is a 'right to break' clause within the swap agreement as the swap term is longer than the loan facility terms, however, penalties may be payable if the swap was out of the money. The swap would be out of the money if the agreed swap rate was higher than the prevailing wholesale market rate that reflects the remaining term through to maturity.



OTHER MATERIAL INFORMATION CONT.

PLACEHOLDER LIMITED PARTNERSHIP AGREEMENT

The General Partner and AFM LP Limited have entered into a placeholder limited partnership agreement, dated 6 November 2015. This agreement establishes the LP under the Limited Partnerships Act 2008 and sets out certain rights and duties of the parties.

On settlement of the Property, the General Partner, AFM LP Limited and the Investors will enter into an amended and restated limited partnership agreement, which will replace the placeholder limited partnership agreement. The Custodian will sign the Limited Partnership Agreement on behalf of the Investors. Further details on this agreement is set out below.

INTERPARTY DEED

The Interparty Deed prevents ASB Bank Limited from making further advances (or re-advancing previous advances) to the Custodian except:

- (a) as it is expressly permitted to do under its facility and security documents;
- (b) where there is a short term advance (for no longer than 30 days) of an amount not greater than one month's gross rental received from the Property and for the purpose of covering short term excesses of the LP;

(c) with the prior written consent of the Custodian (which is a subsidiary of the Statutory Supervisor) (which will not be unreasonably withheld); or

(d) where authorised by the Deed of Participation.

The Interparty Deed will only be executed if, and upon, the offer contained in the Investment Statement being fully subscribed. The parties to the Interparty Deed are the Manager, the Custodian, the Supervisor and ASB Bank Limited. The Interparty Deed is a schedule to the Deed of Participation.

Obligations are imposed on ASB Bank Limited to consult with the Supervisor in relation to the exercise by ASB Bank Limited of its power to appoint a receiver. However, ASB Bank Limited does have the right to appoint a receiver without notice to, or consultation with, the Supervisor where ASB Bank Limited reasonably believes the immediate appointment is necessary to protect its interests.

LIMITED PARTNERSHIP AGREEMENT

On settlement, the General Partner will enter into the new limited partnership agreement with each of the investors (along with the initial limited partner, AFM LP Limited, who, at that point, ceases to be a limited partner) wherein it will act as the general partner of the Peachgrove Road Limited Partnership with the Investors, who will each be a limited partner. The Custodian will sign the Limited Partnership Agreement on behalf of the Investors.

Each Investor is, by virtue of purchasing its interest in the LP, a Limited Partner of the LP.

The LP structure limits each of the Investors liability to their capital contribution (as long as they do not participate in the management of the LP. If an Investor did participate in the management of the LP, that Investor may become liable for the liabilities of the LP, under the 'no management rule' contained in the Limited Partnerships Act 2008. The LP and the Offer have been structured to avoid Investors breaching that rule, and the Manager believes it is highly unlikely that any Investor will breach that rule in the future).

AFM GP (Peachgrove Road) Limited, as the general partner will manage the activities and affairs of the LP in accordance with the Limited Partnership Agreement.

The LP has no fixed term.

The limited partnership agreement mirrors the provisions of the Deed of Participation in relation to fees, Investors' capital contributions, distributions and the provisions relating to meetings of limited partners. A full description of the Deed of Participation is contained at pages 75 to 78.

The limited partnership agreement provides that each Investor may sell his or her interest to any person so long as:

- (a) the LP has approved the proposed transferee, such approval not to be unreasonably withheld. Any new

investor (being someone who has not invested in a previous syndication offered by the Manager) will need to provide the Manager with the required Anti-Money Laundering and Countering Financing of Terrorism Act 2009 approval identification prior to the Manager registering the transfer;

- (b) the instrument of transfer is in the form approved by the Manager from time to time and that it is signed by the transferor and the transferee;
- (c) if required, any mortgagee of the Property has consented to the transfer;
- (d) the transferee has signed a Deed of Adherence – Substitute Partner (whereby the transferee agrees to be bound by the terms of the limited partnership agreement in its capacity as a Limited Partner) and the signed Deed of Adherence – Substitute Partner has been delivered to the LP; and
- (e) the transferor agrees to pay or reimburse any reasonable legal costs incurred by the Manager or the LP in connection with the transfer.

Further, the LP may in its absolute discretion refuse or delay the registration of any transfer if there are unpaid amounts owing from the transferor to the Manager or the Limited Partnership or the transferor is in breach of this agreement or the Deed of Participation.

To the extent allowed by law the General Partner, and its officers (including managers and directors), partners, contractors (who are acting in a similar manner as employees but who are not treated as employees for relevant employment legislation purposes), employees and personnel are not liable for loss or damage incurred, sustained or suffered by the LP and are indemnified by the LP for their costs or expenses incurred by it performing any of their duties or exercising any of their powers in relation to the LP, except in the case of gross negligence, willful dishonesty, fraud, willful misconduct, willful illegal act or material breach of an obligation under the Limited Partnership Agreement.

LEASE

At the Settlement Date, the Property will be subject to a lease between the Custodian (as landlord) and General Distributors Limited (as tenant).

The key terms of the Lease are as follows:

- (a) **Premises** – all of the Landlord’s land at 160 Peachgrove Road, Hamilton the building comprising a supermarket (and associated facilities, site works and improvements, including the storage building) and the carparks on the Property from time to time.
- (b) **Tenant** – General Distributors Limited.
- (c) **Commencement Date** – the Settlement Date, expected to be 22 December 2015.

- (d) **Current Term** – 15 years.
 - (e) **Expiry Date of Current Term** – 15 years after the Commencement date, expected to be 21 December 2030.
 - (f) **Rights of Renewal** – 6 rights of renewal of 5 years each exercisable on 6 months’ notice.
 - (g) **Current Rent** – \$1,316,000.00 plus GST per annum.
 - (h) **Turnover Rent** - The amount by which the Turnover Rent Percentage Amount for each “Lease Year” exceeds the aggregate of:
 - (i) the Base Rent; plus
 - (ii) the rates; plus
 - (iii) (where the Landlord is responsible for insuring the premises) the insurance premiums;
 paid by the Tenant for that “Lease Year”.
- The “Turnover Rent Percentage Amount” is calculated as follows:
- (i) 2.25% of Turnover up to and including \$61,600,000.00; plus
 - (ii) 2% of Turnover in excess of \$61,600,000.00 up to and including \$66,600,000.00; plus
 - (iii) 1.75% of Turnover in excess of \$66,600,000.00.

OTHER MATERIAL INFORMATION CONT.

“Turnover” captures only:

- (i) sales by the Tenant and/or a related company resulting from transactions originating at the premises;
- (ii) rent or occupation fees paid by sublessees and licensees; and
- (iii) sales and orders which the Tenant would in the normal course of the Tenant’s business credit or attribute to the Premises.

“Turnover” excludes a number of items, including:

- (i) revenue from electronic (online) orders filled at or delivered from the Premises (e.g. internet sales);
- (ii) revenue received by subtenants, licensees and concessionaires (except where such licensee, sublessee or concessionaire is a related company of the Tenant).

In the event the Tenant does not open the Premises for trade for reasons reasonably within the Tenant’s control for a continuous period of 12 months then the Landlord may elect to trigger a market review of the base rent with a hard ratchet. The market reviews will continue on each fifth anniversary of the commencement date thereafter if the Tenant continues to not open the Premises for reasons reasonably within the Tenant’s control. If the Tenant reverts

to trading from the Premises the base rent will remain at the current market rent and the parties shall revert to the non-market mechanism on the next rent review date.

- (i) **Rent Reviews** – the base rent is subject to a 5% fixed increase on the fifth anniversary of the commencement date (or increase by the average turnover rent for the last 3 years, whichever is the greater). Thereafter, on each fifth anniversary of the commencement date the base rent is subject to increase to the base rent plus the average of the turnover rent payable for the previous 3 years, including during any renewed term. If the Tenant wishes to assign the Lease outside of the Woolworths Group of Companies the lease shall be varied so that each rent review shall be to the higher of the rent calculated pursuant to the above mechanism and the market rent for the assignee’s proposed retail use on each rent review date.
- (j) **Outgoings** – the Tenant is liable to pay all rates and insurance costs. The Tenant is responsible to pay for all utilities and other services consumed at the premises (including but not limited to electricity, gas, wastewater, water, telecommunications rents and charges, line or system charges, rubbish collection charges and fire service callout charges).
- (k) **Permitted Use** – a supermarket (as defined in the Lease, which includes general merchandise and services that complement the food and grocery range as provided for

in supermarkets anywhere in New Zealand or Australia, together with any ancillary uses provided the predominant use of the Premises is a full line food supermarket). We understand that the Premises will include a café and pharmacy operated by General Distributors Limited or a related company at the initial commencement date of the Lease. The Tenant may only change the permitted use with the prior consent of the Landlord (not to be unreasonably withheld or delayed) on assignment, provided the assignee’s proposed use is a retail use of the Premises.

- (l) **Tenant Maintenance** – the Tenant is required to maintain the interior of the premises and (to the extent set out in the table set out in the Lease) the Landlord’s fixtures and fittings in good order, repair and condition. This obligation excludes fair wear and tear, any insured risk, any maintenance or repairs of a structural nature or repairs or replacements involving capital expenditure or anything for which the Landlord is responsible. The Tenant is not required to maintain the interior of the premises in any better state or condition than that which existed as at the commencement date.

The Tenant also has a number of detailed cleaning, repair and maintenance obligations set out in a table included in the Lease, included cleaning external walls, roof and guttering, regular repair and maintenance to ceilings, HVAC systems and fire safety systems, refrigeration and doors. The Tenant is not responsible for or liable

to contribute to any of the items recorded under the Landlord's maintenance obligations, noted below.

(m) **Additions and Alterations** – the Tenant may carry out non-structural alterations or refurbish the premises, its external signage or install trolley locking devices for mechanisms in the carparks without the consent of the Landlord, provided that the Tenant obtains all relevant Authority approvals and complies with the conditions of those approvals. The Tenant must obtain the Landlord's consent (not to be unreasonably withheld or delayed) before carrying out structural work to the Premises or the services to and from the Premises.

(n) **Landlord's Maintenance** - the Landlord is responsible for maintenance of the Premises the Tenant is not liable for, with a number of specific obligations set out in a detailed table in the Lease. These include:

- (i) repairs and maintenance of the external walls, roof, guttering and floors beneath floor coverings;
- (ii) maintenance of landscaping;
- (iii) preserving the watertightness and weather proofness of the premises;
- (iv) replacement of floor coverings and ceilings at the end of their effective life or 20 years from installation, whichever is the earlier;

- (v) painting of the exterior of the premises when reasonably required by the Tenant;
- (vi) replacement of the HVAC or its major component parts, or the fire safety systems or any component part when a contractor certifies that repair is not economical or the item has reached the end of its effective life;
- (vii) replacement of electrical switchboards, doors, dock levellers and goods lifts and light fittings where repair is uneconomic or they reach the end of their effective life;
- (viii) works to ensure the electrical installations and systems within and serving the Premises are adequate (i.e. are maintaining a level of supply equivalent to that of the commencement date, as verified by an independent engineer's report);
- (ix) maintenance of the loading zone to ensure it complies with the relevant authority's requirements; and
- (x) rectification of inherent defects.

(o) **Reinstatement** – at the end of the Lease, the Tenant is required to yield up the Premises and the Landlord's fixtures and fittings in a state and condition consistent with the Tenant's obligations under the Lease and in no better a state of condition than as at the commencement of the

Lease. There is no obligation on the part of the Tenant to remove its alterations, additions, partitions, fixtures and fittings at the end of the term. It may however elect to do so, although the Tenant cannot remove the roller grille (if any) and all doors providing access to the premises without the prior written consent of the Landlord. The Landlord can request the removal of all signs and notices erected by the Tenant and the make good of any resulting damage.

(p) **Insurance** – whilst the Tenant is General Distributors Limited or a related company, the Tenant will procure insurance under a full replacement and reinstatement policy for the building on the Property to full replacement value noting the interests of the Landlord and its financier. The Tenant is responsible for payment of the premiums and any deductible amount (such amount to be at the Tenant's discretion, which could result in an unsatisfactorily high deductible upon which the Landlord is relying upon the Tenant's financial covenant to support). The Tenant shall keep current public liability insurance, replacement insurance for all insurable risks to all glass in the premises and insurance for the full insurable value of all Tenant additions (except structural), fixtures, fittings and stock. If the Tenant is not General Distributors Limited or a related company or the parties agree otherwise, the Landlord can arrange the above insurance, together with 24 months' loss of rents and rates at the Tenant's cost.

OTHER MATERIAL INFORMATION CONT.

(q) **Destruction or Damage** –

- (i) if the premises are damaged or destroyed or (by way of an order) made unusable or inaccessible, subject to all necessary permits and consents being obtained, the Landlord is required to repair and reinstate the premises with all due speed and diligence (unless the damage or destruction occurs during the last 2 years of the lease term and the Tenant has not exercised its right to renew within 2 months of the date of such damage).
- (ii) in the event the insurance proceeds are insufficient to reinstate the premises then the Tenant shall pay the shortfall (except to the extent that the shortfall is caused or contributed to by the Landlord's negligence or breach of the Lease, or the Landlord is insuring the premises in accordance with the Lease, in which case the shortfall shall be paid by the Landlord).
- (iii) where the Tenant is insuring, the rent and other payments under the Lease shall continue to be payable by the Tenant, save that if the Premises are not reinstated within 24 months of the event of destruction or damage, a fair proportion of the rent and other moneys payable shall abate until the Premises are reinstated. If the Landlord is insuring, a fair proportion of the rent and other moneys payable shall abate until the Premises are reinstated.

- (iv) in the event that the premises are damaged to such an extent that it is not viable for the Tenant to continue to trade from the premises for a consecutive period of 24 months (in the reasonable opinion of the Tenant), the Tenant may within the period of 30 Working Days from the expiry of the 24 month period, serve written notice on the Landlord terminating the lease with immediate effect.
- (v) in the case of damage or destruction of the premises the Tenant may also terminate on 20 working days' notice if:
 - (A) the premises have not been reinstated or rebuilt within 24 months from the date of the damage or destruction; or
 - (B) an order from an Authority rendering the premises unusable or inaccessible continues in force 24 months after the date of the damage or destruction.
- (vi) the Landlord may terminate the lease if the Landlord is unable to obtain any necessary permit, consent or approval within 18 months (having used its best endeavours).
- (vii) in the event that the Landlord redevelops the land that formerly comprised the premises, the Tenant shall have

a first right of refusal to lease any tenantable space as may be appropriate for the Tenant's use for a period of 5 years following the termination of the Lease.

- (r) **Assignment** – assignment or subletting of the whole or part of the premises is permitted with the Landlord's consent, which shall be granted provided that the Tenant is not in material breach of the Lease and the proposed assignee is respectable, responsible and has the financial resources to meet the Tenant's commitments under the Lease. A deed of assignment must be provided and the Tenant shall pay the Landlord's reasonable solicitor's costs and costs of the Landlord's enquiries as to solvency of the assignee. The Landlord may require guarantees from the principal shareholders of the assignee if the assignee is not listed by the NZX. Where the Tenant has provided a deed of covenant from the incoming tenant and procured the Landlord's consent, the Tenant is released from any continuing obligation on assignment. In the event the Tenant assigns to an entity not within the Woolworths Group, the lease shall be varied so that each rent review shall be to the higher of the rent calculated pursuant to the review mechanism set out above and the market rent for the assignee's proposed retail use of the premises determined under the standard Auckland District Law Society Incorporated lease market rent review provisions, with the assignment date treated as a rent review date.

Consent is not required:

- (i) to assign the premises to any related companies or to a franchisee so long as General Distributors Limited remains liable as if it were the tenant under the Lease (including during any renewed term); or
 - (ii) for any sublease or licence of up to 20% of the rentable area of the premises for such time and on such terms as the Tenant may determine in its sole discretion; or
 - (iii) for a change in ownership or control of the Tenant or its parent company.
- (s) **Cancellation** – the Landlord can terminate the Lease where:
- (i) the rent is in arrears for more than 15 working days after 5 working days’ written demand for payment in accordance with s245 of the Property Law Act 2007;
 - (ii) the Tenant is in breach of any material obligations of the Lease and has failed to remedy the same within 15 days’ notice (or such longer period as may be reasonable in the circumstances) in accordance with s246 of the Property Law Act 2007.
- (t) **Landlord Fixtures and Fittings** - the Landlord’s fixtures and fittings include (but are not limited to) most building systems (including HVAC), roof, internal walls and partitions, and ceilings (including tiles). A full list is annexed to the Lease.

- (u) **Signage** – the Tenant may erect signs on the premises or exterior of the building with the Landlord’s written consent (not to be unreasonably or arbitrarily withheld). The Tenant is permitted to erect pylon signage in locations agreed between the parties. The Tenant may (without the Landlord’s consent):
- (i) erect, install or paint signage on the building or around the premises where such signage is in conformity with signage or colour scheme provisions of the Tenant’s branding from time to time;
 - (ii) display signs or advertisement notices relating to the promotion of the Tenant’s business; and
 - (iii) place signage required by occupational or health and safety legislation, regulations or other requirements by any authority or regulatory body.
- (v) **First Right of Refusal to Purchase** - the Tenant has a first right of refusal to purchase the Property if the Landlord wishes to sell the premises or any part thereof or any interest in the Property during the term, together with the rights of access (if any) granted by the Lease. The period for acceptance of the Landlord’s offer will be 60 working days save that it increases to 80 working days if the offer is received between 1 December and 31 January. The first right of refusal is on usual terms and the Landlord is required to re-offer the Property to the Tenant (for a period of 10 working days) in the event that the Tenant does not

accept the initial offer and the Landlord negotiates more favourable terms with a third party. If the Property is not sold within 12 months of the date of the first notice the Landlord is required to re-offer to the Tenant. The first right of refusal does not apply to the Purchaser’s purchase of the Property as the Lease does not commence until the settlement date, upon which the Tenant enters into the Lease with the Custodian. Whilst the Landlord is a syndicate or fund managed by AFM, the Tenant’s right of first refusal to purchase does not apply if the Landlord intends to sell its interest in the Premises to another syndicate or fund managed by AFM.

- (w) **First Right of Refusal to Take Further Lease** - if the Landlord chooses to re-let the premises for an additional term in the 5 years following final expiry of the Lease, the Landlord must notify the Tenant whether or not it intends to re-let or use the premises as a supermarket and then submit to the Tenant an offer to lease upon such terms and conditions as the Landlord determines (for 40 working days). The Landlord is required to re-offer the lease to the Tenant in the event that the Tenant does not accept the initial offer and the owner negotiates more favourable terms with a third party.
- (x) **Rebranding/Refurbishment** - the Tenant can carry out a re-branding or refurbishment of the premises. If the refurbishment requires repairs, replacements, alterations, additions or other work then the Landlord shall undertake

OTHER MATERIAL INFORMATION CONT.

improvement works at its cost, provided the parties can agree on an appropriate commercial return for the Landlord. If the parties agree an appropriate commercial return, the Tenant will pay the additional rent agreed by the parties for the period agreed by the parties. Failing agreement, the Tenant may undertake the works at its own cost, and will retain ownership of any such works but will not be required to remove any improvements on final expiry of the Lease or pay any additional rent.

- (y) **Option to Purchase** – the Tenant has an option to purchase the Property at market value if there is a change in control in respect of the Landlord with the result that the Landlord becomes a competitor of the Tenant (for so long as the Tenant is General Distributors Limited or a related company).
- (z) **Restrictions Imposed on Landlord** - the Landlord is restricted from permitting any part of the Property (or any adjoining property owned by the Landlord or a related company of the Landlord) to be used for the purpose of a supermarket, butchery, bakery, fruit/vegetable store, liquor store or pharmacy without the prior written consent of the Tenant. A breach of the above restrictions triggers a 50% base rent reduction and deferment of any rent review until the date three years after the breach of this clause is rectified.
- (aa) **Petrol Station Option** – if the Tenant wishes to erect a petrol station on the Property, the parties must work in

good faith to agree the amount of additional rent to be payable by the Tenant to enable the Landlord to achieve an appropriate commercial return. If the parties agree an appropriate commercial return, the Tenant can call on the Landlord to carry out construction of the petrol station, following which the Tenant will pay the additional rent agreed by the parties for the period agreed by the parties. If the parties fail to reach agreement within 3 months (or if the Tenant elects to do so) the Tenant can undertake all or part of the works to construct a petrol station itself (in which case no additional rent shall be payable and the petrol station will remain in the ownership of the Tenant until the expiry of the Lease).

- (ab) **Seismic Requirements** - the Landlord must ensure that at all times the building (excluding Tenant fixtures and fittings) maintains a seismic rating of at least 100% of New Building Standard assessed in accordance with the standard of measurement in force as at the Lease commencement date and the minimum level required by law. The Landlord must also ensure the Landlord's fixtures and fittings comply with the relevant codes and statements in force as at the commencement date and achieve the minimum seismic standards required by the relevant legislation. Within a reasonable time of a seismic event that has materially affected the structural performance of the building the Landlord must provide the Tenant a Detailed Engineering Evaluation and a Seismic Performance Evaluation. If the

works required by such evaluation would materially impact the Tenant's use and enjoyment of the premises and will take more than 9 months to complete, or the Landlord does not comply with its obligations under this clause within a reasonable period of time, the Tenant can cancel the lease if the works cannot be ameliorated by a fair and reasonable rent abatement. Otherwise, if the Landlord is required to carry out works pursuant to these obligations, a fair proportion of rent and outgoings will abate during any period that the Tenant is unable to use any part of the Premises as a result of the works under this clause.

- (ac) **Other Landlord Obligations** – the Landlord must not:

- (i) (without the Tenant's consent) grant, create or vary any easement or other right or agreement with itself or any other person having an interest in land in or about the Property that would diminish the amenity enjoyed by the Tenant or grant access to or from the Property or other benefit which might be enjoyed by the Tenant;
- (ii) carry out any future development of the Landlord's land or any adjoining land (owned by the Landlord or any related company of the Landlord) without the Tenant's prior written consent (not to be unreasonably withheld provided the Landlord minimises interference with the Tenant's operations);

- (iii) carry out a subdivision of the Property during the term of the Lease;
- (iv) carry out any development which infringes the Tenant's sight lines from Peachgrove Road, Ruakura Road and Te Aroha Streets;
- (v) carry out any future development on the Property which would adversely affect any rights of access to or egress from the premises.

The Landlord must:

- (i) obtain mortgagee consent to the Lease;
- (ii) comply with and maintain a resource consent for the Tenant's use of the Property, including taking action reasonably necessary to maintain the tenant's ability to use the Premises in accordance with such resource consent as at the commencement date;
- (iii) use its best endeavours to ensure that the status of the premises in the retail hierarchy under the relevant district plan and external road infrastructure at the initial lease commencement date is maintained;
- (iv) make submissions or object to changes in the relevant district plan that would alter the status of the premises in the retail hierarchy as at the commencement date of the Lease and any competing developments within 1 kilometre of the premises, and

use best endeavours to ensure that any development of any land adjacent to the premises is carried out in a manner so as to minimise any possible complaints by owners or occupiers of that adjacent land to the Tenant's normal conduct of the permitted use. The Landlord is also required to take such action as requested by the Tenant as is reasonably necessary to maintain the competitive position of the premises. This includes making submissions on plan changes or resource consent applications and/or lodging objections to any application for a plan change that the Tenant considers (acting reasonably) will have a materially detrimental impact on the competitive position of the premises (no provision for recovery of costs from the Tenant, but limited to a cost of \$150,000 plus GST).

- (ad) **Existing Sheds** – the leased premises include a storage building (sheds) constructed prior to the construction of the supermarket on the Property. The parties acknowledge the sheds adjoining the southern boundary of the land are included in the Premises but are leased on an “as is where is” basis. The Tenant can sublet the sheds, grant an occupational licence or alter or demolish any or all of the sheds without the consent of the Landlord. The sheds are used for storage purposes only. The Tenant indemnifies the Landlord in respect of all liability of the Landlord in respect of or arising out of the sheds.

(ae) **Registration** – the Lease may be registered on request by the Tenant.

(af) **Form of Lease** – the Lease is a bespoke form of lease.

DEED OF PARTICIPATION

The arrangements for ownership and management of the LP are set out in the Deed of Participation between the Manager, the LP, the Custodian and the Supervisor.

The Deed of Participation is dated 20 November 2015.

Prospective investors should read the Deed of Participation as in applying for interests, they agree to be bound by its terms.

The principal terms of the Deed of Participation are summarised below:

Custodian

- (a) The Custodian, holding in the capacity as a bare trustee on behalf of the LP, will become registered on the Certificates of Title as registered proprietor of the Property.
- (b) The Custodian (and its directors, managers, employees and representatives) is indemnified by the LP in relation to all liabilities (other than mortgage borrowings which are limited recourse) arising by virtue of its holding the Property as a bare trustee for the LP.

OTHER MATERIAL INFORMATION CONT.

Manager

- (a) The Manager is appointed by the LP as manager of the LP having full and complete power of management, including the power to complete in the name of the Custodian the purchase of the Property, to arrange the mortgage finance, to recover rent and outgoings, and to negotiate all contracts relating to the Property and the LP.
- (b) The term of the management contract is for the duration of the LP and will terminate when the Property is sold and the LP is wound up, unless otherwise agreed or terminated early in accordance with the terms of the Deed. Investors also have the power to pass a special resolution to sell any part of the Property.
- (c) The Deed of Participation sets out the duties of the Manager, including obligations to use its best endeavours to ensure the LP is carried on in a proper and efficient manner and to manage the Property in accordance with best industry standards.
- (d) The Manager has the power to borrow, for the purposes of the LP only, up to 50% of the purchase price or valuation of the Property (whichever is greater) from a lender selected by the Manager and provided those borrowings are secured by a first mortgage registered against the Certificate of Title for the Property. This power is at all times subject to any relevant covenants imposed by the LP's lender and the Interparty Deed (refer to page 78)
- (e) The Manager has the power to refinance the initial loan facility with ASB Bank Limited (either on any annual review and at the end of the initial 24 month term or at any other time during the loan term) if:
 - (i) the Manager considers the terms of any renewed facility are consistent with prevailing market terms (as at the date of the renewal); and
 - (ii) (if a material change to the terms of the loan and/or the LP's banking arrangements) the terms of the renewal are approved by the Supervisor.
- (f) The Manager also has the power to re-finance in the name of the LP, the initial loan facility or any other borrowing of the LP if the Manager considers alternative financing is more favourable to the LP than the then current borrowings or the terms of the re-finance are consistent with prevailing market terms, and (if a material change to the terms of the loan and/or the LP's banking arrangements) the terms of the re-finance are approved by the Supervisor.
- (g) The Manager has the power to raise further capital for the LP (which may rank equal with or after existing Interests) provided that the terms of the capital raising are agreed with the Supervisor and the offer is made to existing investors on a pro-rata basis reflecting their proportionate interest in the LP. The Manager will certify to the Supervisor as to the terms of the offer and that they are fair and reasonable to the LP and existing Investors.
- (h) The Manager is required to keep accounts and distribute operating cashflows at monthly intervals of such amounts as the Manager deems to be appropriate.
- (i) The Manager is authorised to retain monies for any future capital expenditure or capital management initiatives (including retentions as a contingency against increases in interest rates on any bank borrowing or for repayment of loan principal) the Manager considers necessary to comply with the terms of the Lease or the Deed of Participation or to maximise the value of the investment.
- (j) The Manager may suspend payment of all or part of any distributions, if it believes on reasonable grounds, that it is in the best interests of the LP to do so.
- (k) The Manager is obliged to manage and review compliance with all relevant legislation in respect of the Property and the LP.
- (l) The Manager may be removed by a special resolution of Investors (being a majority of not less than 75% of the Interests entitled to vote and voting on the question). In the event that the Manager is so removed, the Manager is to be paid the equivalent of one year's annual management fee as compensation.
- (m) The annual LP management fee is at \$45,000 in the first year, \$46,350 in the second year and will increase at the greater of 3% or CPI thereafter per year. The management fee is payable monthly in arrears.

- (n) Leasing and sale fees are payable to the Manager as set out on pages 35 to 36 of the Investment Statement.
- (o) Project management fees may also be payable to the Manager in the event of a refurbishment, rebranding, extension or redevelopment of all or part of the Property on a time spent basis, or a percentage of the costs of work, as agreed between the Manager and the Supervisor.

(p) The Manager has the ability to undertake or approve repairs, maintenance or improvements at its sole discretion if:

- (i) the aggregate expense of any such repairs, maintenance or improvements does not exceed \$200,000 per financial year exclusive of GST; or
- (ii) in any event to the extent that such expenses are met by the Tenant; or
- (iii) the Landlord is obliged to undertake such repairs, maintenance or improvement under the terms of the Lease.

In all other circumstances, any repairs, maintenance or improvements will require the prior approval of an ordinary resolution of Investors (being more than 50% of the Interests entitled to vote and voting on the question).

- (q) The Manager has the ability to engage any property or facilities manager, valuer, lawyer or any other person

as may be necessary, usual or desirable to perform its obligations under the Deed of Participation.

- (r) The Manager will be fully indemnified against all losses, damages and liabilities out of the capital of the LP, other than which arise from fraud or a failure by the Manager to comply with the duties in sections 143 and 144 of the Financial Markets Conduct Act.

Supervisor

- (a) The Supervisor is appointed as Statutory Supervisor of the LP for the purposes of the Securities Act and Securities Regulations.
- (b) The duties imposed on, and rights granted to, Statutory Supervisors pursuant to Schedule 17 of the Securities Regulations are imposed on, or granted to, the Supervisor under the Deed of Participation.

In this case, the fee payable to the Supervisor will initially be \$6,000 plus GST per annum (which may increase if the value of outstanding securities increase). The Supervisor is also entitled to charge the LP for the Supervisor's disbursements, being routine expenses related to the ongoing administration of the LP.

- (c) The Supervisor's fee is payable quarterly in arrears.
- (d) The Supervisor is also entitled to charge a special duties fee, charged at the Supervisor's usual time and attendance rates to cover the Supervisor's ongoing review of any

amendment to the documentation, the exercise of its power and discretions, the Supervisor's attendance at any special meetings and any other non-routine duties.

- (e) The Supervisor may, on behalf of the Investors, agree with the Manager and make a change to the Deed of Participation:

- (i) if the Deed of Participation contains a non-prejudicial error; or
- (ii) if authorised by a resolution passed by a majority of not less than 75% of the Interests entitled to vote and voting on the question; or
- (iii) if the Supervisor considers that the change is clearly non-prejudicial to the Investors' interests; or
- (iv) if it is required to comply with any statute or statutory regulation.

- (f) Under the terms of the Deed of Participation, the Manager has the following reporting obligations to the Supervisor:

- (i) The Manager must provide quarterly management accounts for the LP. However, the Supervisor may request the Manager provide management accounts on a more frequent basis than each quarter where the Supervisor reasonably considers that reporting on a more frequent basis is necessary to allow the Supervisor to be adequately informed as the status and performance of the LP;

OTHER MATERIAL INFORMATION CONT.

- (ii) The Manager must provide the Supervisor with the audited financial statements for the LP, together with a report from the Auditor addressed to the Supervisor that to the best of their knowledge (among other matters) there are no matters warranting the Supervisor's attention or, if there are such matters, details of those matters;
- (iii) The Manager must provide a quarterly certificate to the Supervisor in a form agreed between the Manager and the Supervisor;
- (iv) The Manager must notify the Supervisor immediately if it becomes aware of any default under the Deed of Participation or Limited Partnership Agreement by any party (including an Investor) or a default under any loan agreement; and
- (v) All reports and information provided by the Manager to Investors must also be provided to the Supervisor.
- (g) The Supervisor will be fully indemnified against all losses, damages and liabilities out of the capital of the LP, other than which arise from fraud or a failure by the Supervisor to comply with the duties in sections 153 and 154 of the Financial Markets Conduct Act.

Meetings

- (a) The Deed of Participation sets out who can call meetings and meetings that the Manager must call.
- (b) The Manager must call meetings to consider the latest financial statements (not later than 6 months after the end of the financial year) and if requested by the Supervisor or by Investors holding not less than 5% of the Interests. The Manager can otherwise call a meeting if it considers it necessary or desirable to do so.
- (c) An Investor may appoint a proxy to attend the meeting on his, her or its behalf.
- (d) At least 15 working days' notice of any meeting must be given.
- (e) The quorum requirement for any meetings of Investors is:
 - (i) where a special resolution is proposed, Investors holding not less than 25% of the Interests; or
 - (ii) if a special resolution is not proposed, 2 Investors.
- (f) The Manager must call a meeting of Investors if the Manager is not able to agree a re financing of the LP's existing bank facilities or enter into any new facilities, either at the end of

the initial 24 month term or any further term, to determine whether or not the Property or any part of it should be sold and the LP terminated. At that meeting a resolution of Investors representing a majority of not less than 75% of the Interests entitled to vote and voting on the question in the LP can determine the proposed course of action.

Interparty Deed

An Interparty Deed is included as a schedule to the Deed of Participation. It is a condition of the Deed of Participation that any new bank which provides funding to the LP must enter into a new interparty deed. Details of the Interparty Deed are contained under the heading "Interparty Deed" on page 62 of the Prospectus.

Fees

The Deed of Participation sets out that all the issue expenses / establishment costs (as detailed on pages 33 to 36) are payable by the LP.

NO OTHER INFORMATION

The Manager is not aware of any other information that would be material to a prospective Investor's decision to invest in the LP.

DISCLAIMER

No director, officer, employee, agent or adviser to Augusta Funds Management Limited or Augusta Capital Limited or any other person guarantees the performance of this LP or guarantees any return on investment in this LP.



APPLICATION INSTRUCTIONS

Subscriptions must be completed on the application form attached to the Investment Statement. **TO ENSURE YOUR APPLICATION IS ACCEPTED, PLEASE READ THE APPLICATION INSTRUCTIONS BELOW CAREFULLY.**

Completed and signed application forms must be mailed or delivered to Chapman Tripp, Solicitors at Level 38, ANZ Centre, 23-29 Albert Street, PO Box 2206, Auckland (Attention: Peachgrove Road Offer). Applications cannot be revoked or withdrawn.

No subscriptions will be received unless accompanied by a completed and signed application form and:

- for new investors, a completed checklist referred to on pages 81 to 82 below; and
- payment of the total application amount accompanies the application form.

IMPORTANT - for existing investors; identification documents may have been provided previously as part of Augusta's AML (Anti-Money Laundering) requirements. If, at the time of submitting your application Augusta does not have the correct identification documents on file up to the standard required by the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009* additional documents may have to be re-submitted before your application can be accepted.

PAYMENT

Payment must be made in New Zealand dollars for immediate value.

Cheques must be made out in favour of "Chapman Tripp Trust Account (A/C Peachgrove Road Limited Partnership)" and cross "Non-Transferable". Bank account details can be provided on request, for payment by direct credit.

CLOSING DATE

The closing date for applications is 5.00 pm on Friday, 18 December 2015, or such earlier or later date as Augusta Funds Management Limited may determine.

IDENTIFICATION PROCESS

As part of the New Zealand Government's commitment to a global fight against financial crime, all New Zealand banks and financial institutions (including people who offer interests in property syndicates – such as Augusta Funds Management) are required to make some changes to their investor identification process.

In order to comply with these changes, anyone who is a new investor (i.e. someone who has not invested in a previous Augusta syndication) will need to provide the following approved identification and some additional documentation. For existing investors, Augusta may need to follow up for additional

documents with existing investors if existing verification of identity documents on the investor's file are inadequate.

IDENTIFICATION VERIFICATION

Please follow the steps below:

STEP 1 Please refer to the Identity Verification document (*the ID Verification*) (**enclosed** with the Investment Statement at page 85) for the identity and address verification options that *everyone* needs to provide.

STEP 2 Please refer to the following pages of the ID Verification to follow the checklist(s) and provide additional information specific to your investment entity:

- Page 86– Individuals
- Page 87– Joint (Individuals)
- Page 88– Partnership
- Page 89– Company
- Page 90– Trusts
- Page 91– Estates

IMPORTANT: If you invest with us through multiple entities you must provide the information for each entity you invest through. However, if you have different trusts, companies etc. that you invest through, or you make an investment in the future through a different entity, we're required to obtain the

identification information for each separate entity. If you need additional checklists please photocopy the specific page and fill it out separately.

STEP 3 Please return the completed checklist(s) and all information together with your completed application form. Please **DO NOT** email any of this paperwork as we need the original hard copies on file.

For your application form to be accepted ALL relevant sections must be filled in correctly.

HOW TO COMPLETE THE APPLICATION FORM

Complete details in Section 1 – 5 of the application form

- Insert your full name(s), IRD number(s), address(es), telephone number(s) and email address(es).
- Applications must be in the name(s) of natural persons, companies or other legal entities.
- Applications by a minor, trust, fund, estate, business, firm or partnership, club or other unincorporated body cannot be accepted unless they are made in the individual name(s) of the person(s) who is (are) the legal guardian(s), trustee(s), proprietor(s), partner(s) or office bearer(s) (as appropriate). Applications received only in the name of a trust (rather than the trustees) are **NOT** able to be accepted.
- Tick the relevant box for Resident Withholding Tax.
- An application for Interests must state the actual number (e.g. 1, 2, 3) of Interests you are investing in and a principal amount of a minimum of \$50,000 and in multiples of \$50,000 thereafter.
- Augusta needs to verify the *Nature and Purpose* of why you are investing with us. A brief explanation of this **must** be inserted into the boxes in Section 3.
- Select whether you are an existing or new investor in Section 4.
- If you are an existing investor, please provide the name of a previous Augusta syndication you have invested in.
- If you are a new investor, please provide the identity and additional information set out on pages 85 to 91 as being required.
- Please state the *Bank Account Name* and *Bank Account Number* into which you wish interest and distribution payments to be deposited. You must enclose a bank encoded deposit slip, bank statement or confirmation from your bank verifying account name and number.
- Sign the application form in accordance with the instructions below.

Nature and purpose

Establishing the nature and purpose of your investment is required as two separate explanations i.e. the **nature** of the investment explains how regularly and how long you intend to invest with Augusta; the **purpose** explains your investment objectives and what you are trying to achieve by investing with Augusta.

Signing

- Read the application form and the acknowledgements carefully; and sign (and date) the form.
- The application form **must** be signed by each applicant personally and **witnessed** by an independent person (not a spouse, child or parent).
- Two directors of a Company (or one director if there is only one director) must sign the application form and have their signatures **witnessed** by an independent person (not a spouse, child or parent).
- If the application form is signed by an attorney, an original or certified copy of the relevant Power of Attorney must be lodged with the application form (originals will be returned). The attorney must complete the certificate of non-revocation below.
- All trustees must each sign the application form and have their signatures **witnessed** by an independent person (not a spouse, child or parent).

APPLICATION INSTRUCTIONS CONT.

- Joint applicants must each sign the application form and have their signatures **witnessed** by an independent person (not a spouse, child or parent).

OTHER TERMS

By signing an application form in relation to the subscription for Interests, each Investor is:

- deemed to have provided the written statement required by section 37(3) of the Securities Act which also authorises Chapman Tripp, the LP's Solicitors, to receive such application form/written statement and each Investor's subscription monies on behalf of the Supervisor. The Supervisor has appointed the LP's Solicitors with that appointment authorising the LP's Solicitors to receive those application forms/written statements and Investor's subscription monies on the Supervisor's behalf;

- appointing the Custodian as their attorney to sign the Limited Partnership Agreement on their behalf.

Until such time as all capital required by the LP for the acquisition of the Property as set out in the Investment Statement is paid by Investors then the Supervisor and each Investor authorises all capital contributed to be deposited to and is to remain held in the trust account of the LP's Solicitors and is only to be released from that trust account at such time as the Sale and Purchase Agreement can be settled and the Certificate of Title for the Property can be transferred to the Custodian.

APPLICATION FORM

This Application Form is issued with the investment Statement prepared as at 30 November 2015, issued by Augusta Funds Management Limited. Please return this application and relevant additional documents to **Chapman Tripp (Attention: Peachgrove Road Offer)**.

Prospective investors are recommended to seek professional advice from an Authorised Financial Adviser which takes into account their personal circumstances before making an investment decision.

ALL SECTIONS BELOW MUST BE COMPLETED BEFORE THE APPLICATION CAN BE ACCEPTED.

1. APPLICANT(S) TO COMPLETE, BLOCK LETTERS PLEASE

Please enter name(s) in full (including all first names). **IF YOU ARE APPLYING AS A TRUST, ALL TRUSTEE DETAILS ARE REQUIRED. APPLICATIONS MADE SOLELY IN THE NAME OF A TRUST (RATHER THAN THE TRUSTEES) CANNOT BE ACCEPTED**

Legal First Name(s)	Legal Family Name	IRD Number*
		/ /
		/ /
		/ /
Corporate or Trust Name:		
		/ /

**Note: Resident withholding tax will only apply to any interest earned on subscription monies held in Chapman Tripp's trust account prior to settlement of the purchase of the Peachgrove Road Property*

Please deduct from all interest earned on my/our subscription monies pending settlement of the purchase of the Peachgrove Road Property * (tick one)

- 10.5% Resident Withholding Tax 17.5% Resident Withholding Tax 28% Resident Withholding Tax
 30% Resident Withholding Tax 33% Resident Withholding Tax Exempt *(if exempt from Resident Withholding Tax please attach a copy of Certificate of Exemption)*

Postal Address	Email:
	Ph - Home ()
	Ph - Work ()
	Fax ()
	Postcode:

2. APPLICATION - IMPORTANT

Augusta Funds Management Limited may refuse to accept applications it receives after 5.00 p.m. on 18 December 2015. Cheques should be made payable to "Chapman Tripp Trust Account (A/C Peachgrove Road Limited Partnership)" and crossed "non-transferable". Bank account details can be provided, on request, for payment by direct credit.

Number of interests (minimum \$50,000 per interest and in multiples of \$50,000 thereafter)	Amount
e.g. 3 Interests	\$

3. NATURE AND PURPOSE

Applicant must state the nature and purpose of the proposed investment with Augusta. Please provide a brief description in the box below **(see page 81 for instructions)**:

Nature:
Purpose:

4. APPLICANT(S) IDENTIFICATION REQUIREMENTS (please complete only one option)

OPTION 1: EXISTING INVESTOR

Please state the name of one Augusta syndication you are an investor in: _____

OPTION 2: NEW INVESTOR

NEW INVESTORS MUST PROVIDE THE APPROVED IDENTIFICATION INFORMATION WITH THIS APPLICATION FORM - SEE PAGE 80 OF THIS INVESTMENT STATEMENT

5. DISTRIBUTION AND INTEREST PAYMENTS (IF APPLICABLE) TO MY NOMINATED BANK ACCOUNT. PLEASE COMPLETE BELOW.

ACCOUNT NAME(S):
ACCOUNT NUMBER:

PLEASE ENCLOSE A BANK ENCODED DEPOSIT SLIP, BANK STATEMENT OR CONFIRMATION FROM YOUR BANK VERIFYING THE ACCOUNT NAME AND NUMBER.

6. SIGNED AS A DEED BY THE APPLICANT(S)

I/We hereby apply for the interests as set out above in the Peachgrove Road Limited Partnership which will acquire the land and buildings at 160 Peachgrove Road, Hamilton East, on and subject to the terms and conditions of the Investment Statement prepared as at 30 November 2015, the Prospectus dated 20 November 2015 and the Deed of Participation dated 20 November 2015. I/We agree to accept the interests as applied for or any lesser number that may be issued to me. I/We hereby irrevocably appoint the Custodian as my/our attorney for the purposes of signing the Limited Partnership Agreement for the Peachgrove Road Limited Partnership and any other documentation on my/our behalf and to sign any registration forms or other documents required in order to register or otherwise facilitate operation of the Peachgrove Road Limited Partnership. **Please read the following page of this Application Form before signing.**

SIGNED AS A DEED PLEASE NOTE, ALL APPLICANTS MUST SIGN AND HAVE SIGNATURES WITNESSED BY AN INDEPENDENT PERSON (NOT A SPOUSE, CHILD OR PARENT)

DATED: / / 2015	Applicant Signature	NAME:
Applicant Signature	Applicant Signature	NAME:
Witness Signature	Witness Signature	NAME:
Applicant Signature	Applicant Signature	NAME:
Witness Signature	Witness Signature	NAME:

APPLICATION INSTRUCTIONS

1. COMPLETE DETAILS.

- Insert your full name(s), IRD number(s), address(es), telephone number(s) and email address(es) (optional).
- Applications must be in the name(s) of natural persons, companies or other legal entities.
- **APPLICATIONS BY A MINOR, TRUST, FUND, ESTATE, BUSINESS, FIRM OR PARTNERSHIP, CLUB OR OTHER UNINCORPORATED BODY CANNOT BE ACCEPTED UNLESS THEY ARE IN THE INDIVIDUAL NAME(S) OF THE PERSON(S) WHO IS (ARE) THE LEGAL GUARDIAN(S), TRUSTEE(S), PROPRIETOR(S), PARTNER(S) OR OFFICE BEARER(S) (AS APPROPRIATE). APPLICATIONS RECEIVED ONLY IN THE NAME OF A TRUST (RATHER THAN THE TRUSTEES) ARE NOT ABLE TO BE ACCEPTED.**
- Tick the relevant box for Resident Withholding Tax.
- An application for interests must be for a principal amount of a minimum of \$50,000 and in multiples of \$50,000 thereafter.
- Insert the bank account name and number into which you wish interest and distribution payments are to be deposited. Enclose bank verification with your application form. Please enclose a bank encoded deposit slip, bank statement or confirmation from your bank verifying the account name and number.

2. SIGNING

- Read the application form carefully and sign (and date) the form.
- Two directors of a company (or one director if there is only one director) must sign the application form.
- If the application form is signed by an attorney, an original or certified copy of the relevant Power of Attorney must be lodged with the application form (originals will be returned). The attorney must complete the certificate of non-revocation below.
- All trustees must each sign the application form.
- Joint applicants must each sign the application form.
- Each signature must be signed by the applicant(s) personally and witnessed by an independent person (not a spouse, child or parent).

3. PAYMENT

- Payment must be made in New Zealand dollars to the Chapman Tripp trust account advised to you once your application is processed. Alternatively, cheques may be enclosed with your application form, made payable to "Chapman Tripp Trust Account (A/C Peachgrove Road Limited Partnership)" and crossed "non-transferable".

4. CLOSING DATE

- 5.00 pm on 18 December 2015, or such earlier or later date as Augusta Funds Management Limited may determine.

5. DELIVERY

- Applications cannot be revoked or withdrawn.
- Application forms must be mailed or delivered to Chapman Tripp, Level 38, ANZ Centre, 23-29 Albert Street, PO Box 2206, Auckland (Attention: Peachgrove Road Offer).

PLEASE READ THIS BEFORE SIGNING

I/We have read and understood this Investment Statement dated **30 November 2015**. I/We have taken this Application Form from that document.

I/We agree to be bound by the provisions of the Deed of Participation, Limited Partnership Agreement and by the provisions of this Investment Statement and the Prospectus.

I/We confirm that I/we are not "politically exposed persons" for the purposes of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

I/We agree that the directors of Augusta Funds Management Limited reserve the right to accept or decline any application at their entire discretion.

Pursuant to section 37(3) of the Securities Act 1978, I authorise Chapman Tripp to receive this Application Form, my subscription monies and the written statement required by section 37(3) of the Securities Act 1978.

I/We acknowledge and agree that subscriptions will be deposited into the trust account of Chapman Tripp and released when registrable title to the 160 Peachgrove Road, Hamilton East property is obtained by the Custodian on behalf of the LP.

I/We acknowledge and agree that Bayleys Real Estate Limited only provided me/us with a copy of this Investment Statement dated **30 November 2015** and associated valuation and Bayleys Real Estate Limited did not take my/our particular situation or goals into account when providing me/us with any information about the LP or the Property.

I/We agree that the information I/we have disclosed in this form may be used by Augusta Funds Management Limited or its related companies or agents or advisers for the purposes of processing this application and sending me/us information relating to the interests in the LP.

I/We agree that Augusta Funds Management Limited may disclose this information to third parties, only when such disclosure is necessary for the above purposes. If requested, you will be provided with details of such third parties.

The information received from you will be held securely by Augusta Funds Management Limited. You may request access to the information, and you may also request that it be corrected.

I/We confirm that I am/we are not a builder, land developer or land dealer, and am/are not an associated person (as defined in the Income Tax Act 2007) of such a person.

I/We agree that the information I/we have disclosed in this form may be used by Augusta Funds Management Limited or its related companies or agents or advisers for the purposes of processing this application and sending me/us information relating to the interests in the LP.

Under the terms of the Unsolicited Electronic Messages Act 2007, I/we provide my/our consent to receiving commercial electronic messages for the purposes of that Act.

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. I/We certify that, where information is provided by me/us in this form about another person, I am/we are authorised by such person to disclose the information to you and to give authorisation.

In the case of joint applications, the joint applicants agree that, unless otherwise expressly indicated in this Application Form, the interests will be held jointly as joint tenants.

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,..... (Name of Attorney)
of (Address and Occupation of Attorney)
HEREBY CERTIFY

1. That as Attorney of..... under a deed dated (day)..... (Year) (month)
Given to me by (him/her/the Company)

2. That I have executed the application for interests on the face hereof as Attorney under the said Power of Attorney and pursuant to the powers hereby conferred on me.

3. That at the date hereof I have not received any notice of information of the revocation of the said Power of Attorney by death or otherwise.
Signed at (place).....this (day).....of (month).....2015

Signature

IDENTITY VERIFICATION

There are three different options you can use as identification. The simplest option is to pick ONE form of ID from Option 1 below; the other options require at least two forms.

Each copied form of identification must be certified by an independent trusted person. A trusted person must not be your spouse or partner, related to you, or someone who lives at the same address as you. A trusted person can be any of the following:

- *Police Officer*
- *Justice of the Peace*
- *Registered Medical Doctor*
- *Registered Teacher*
- *Minister of Religion*
- *Lawyer*
- *Notary Public*
- *NZ Honorary Consul*
- *Member of Parliament*
- *Chartered Accountant*
- *Kaumataua*
- *Commonwealth Representative*

The trusted person must sign the document and provide a written statement to the effect that the copy provided is a true and correct copy and represents your identity. Certification must include the name, occupation and signature of the trusted person, the date of confirmation and must have been carried out in the last three months.

OPTION 1

Choose ONE of the following as personal identification:

- *New Zealand passport*
- *New Zealand certificate of identity*
- *New Zealand firearms licence*
- *Emergency travel document*
- *Overseas passport*
- *Foreign-issued national identity document*
- *New Zealand refugee travel document*

If you don't have what you need from the above list you can choose to comply with either of the options set out below. Each option requires TWO forms of identification below (one photo and one non-photo).

OPTION 2 (TWO FORMS REQUIRED)

Photo identification:

- *New Zealand driver licence*
 - *18+ card (Hospitality Association)*
 - *A valid and current international driving permit*
- Non-photo identification:
- *New Zealand full birth certificate*
 - *Certificate of New Zealand citizenship*
 - *Citizenship certificate offered by a foreign government*
 - *Full birth certificate issued by a foreign government*

OPTION 3 (TWO FORMS REQUIRED)

Photo identification:

- *New Zealand driver licence*

Non-photo identification:

- *An embossed credit card, debit card or an EFTPOS card issued by a registered NZ bank*
- *An original bank statement issued by a registered NZ bank within 12 months of your application*
- *An original document issued by a NZ Government agency with your name and signature (Super Gold card)*
- *A statement issued by a NZ Government agency within 12 months of your application (like an IRD statement)*

ADDRESS VERIFICATION

As well as providing a form of identification from the above options, we are also required to verify your address.

In order to verify your address, please provide an original OR certified copy of one of the following:

- *Utility or rates bill*
- *Telephone bill*
- *Bank statement (as delivered by mail, not via internet banking)*
- *IRD tax notice or statement*

Each form needs to be dated in the last 12 months and addressed to you at your residential address.

INDIVIDUAL		TICK ✓
Property Syndication: <i>Please state to what Property Syndication(s) you are applying for as an INDIVIDUAL</i>	PEACHGROVE ROAD LIMITED PARTNERSHIP	
Investor Name: <i>Please print clearly</i>		
Investor Date of Birth: <i>Please print clearly</i>		
Investor Address: <i>Please print clearly</i>		
Authorised Person(s) (Optional): <i>Please list any authorised person(s) that may act on your behalf</i>	NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH:	
Politically Exposed Person (PEP): <i>Are you or any Authorised Person(s) listed above either</i>	- An individual who holds, or has held at any time in the preceding 12 months, a 'prominent public function' in any country (other than New Zealand); OR - An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent)	
'Prominent Public Function' <i>e.g. head of a country, government minister, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprise</i>		
Politically Exposed Person (PEP): <i>If you've ticked any of these options above please provide details of the public function held and the country</i>		
Certified IDENTITY Verification ATTACHED	See page 85 for options	
Certified ADDRESS Verification ATTACHED	See page 85 for options	
Certified IDENTITY Verification ATTACHED (Authorised Person Only)	See page 85 for options	
Certified ADDRESS Verification ATTACHED (Authorised Person Only)	See page 85 for options	
Source of Funds/Wealth <i>(signed by an Accountant or Lawyer)</i> FOR INDIVIDUALS LIVING OUTSIDE OF NEW ZEALAND AND AUSTRALIA ONLY	A letter with the description of the activity which has generated the overall net worth of the Individual e.g. inheritance, sale of business, earnings	

JOINT HOLDING (INDIVIDUALS)		TICK ✓
Property Syndication: <i>Please state to what Property Syndication(s) you are applying for JOINTLY</i>	PEACHGROVE ROAD LIMITED PARTNERSHIP	
Investor Name: <i>Please print clearly</i>		
Investor Date of Birth: <i>Please print clearly</i>		
Investor Address: <i>Please print clearly</i>		
Investor Name: <i>Please print clearly</i>		
Investor Date of Birth: <i>Please print clearly</i>		
Investor Address: <i>Please print clearly</i>		
Authorised Person(s) (Optional): <i>Please list any authorised person(s) that may act on your behalf</i>	NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH:	
Politically Exposed Person (PEP): <i>Are you or any Authorised Person(s) listed above either</i>	- An individual who holds, or has held at any time in the preceding 12 months, a 'prominent public function' in any country (other than New Zealand); OR - An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent)	
'Prominent Public Function' <i>e.g. head of a country, government minister, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprise</i>		
Politically Exposed Person (PEP): <i>If you've ticked any of these options above please provide details of the public function held and the country</i>		
Certified IDENTITY Verification ATTACHED	<i>See page 85 for options</i>	
Certified ADDRESS Verification ATTACHED	<i>See page 85 for options</i>	
Certified IDENTITY Verification ATTACHED (Authorised Person Only)	<i>See page 85 for options</i>	
Certified ADDRESS Verification ATTACHED (Authorised Person Only)	<i>See page 85 for options</i>	
Source of Funds/Wealth <i>(signed by an Accountant or Lawyer)</i>	A letter with the description of the activity which has generated the overall net worth of the Individual e.g. inheritance, sale of business, earnings	
FOR INDIVIDUALS LIVING OUTSIDE OF NEW ZEALAND AND AUSTRALIA ONLY		

PARTNERSHIP		TICK ✓
Property Syndication: <i>Please state to what Property Syndication(s) you are applying for as a PARTNERSHIP</i>	PEACHGROVE ROAD LIMITED PARTNERSHIP	
Partnership Full Legal Name: <i>Please print clearly</i>		
Partnership Trading Name (if different): <i>Please print clearly</i>		
Principal Business Address/ Registered Office Address: <i>Please print clearly</i>		
Registration Number: <i>Please print clearly</i>		
Certified ADDRESS Verification ATTACHED (Registered Office)	<i>See page 85 for options</i>	
Copy of Partnership Agreement	<i>A copy of the Partnership Deed/Agreement and any resolutions, evidencing any amendments which must confirm the Partnerships name, and Partners/Officers names and other persons authorised to act on behalf of the Partnership</i>	
Certified IDENTITY Verification (for EACH person) ATTACHED	<i>See page 85 for options</i>	
Certified ADDRESS Verification (for EACH person) ATTACHED	<i>See page 85 for options</i>	
List the person(s) acting on behalf of Partnership and Relationship to the Partnership		
Authorised Person(s) (Optional): <i>Please list any authorised person(s) that may act on behalf of the partnership</i>	NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH:	
Politically Exposed Person (PEP): <i>Is any person(s) listed above either</i>	- An individual who holds, or has held at any time in the preceding 12 months, a 'prominent public function' in any country (other than New Zealand); OR - An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent)	
'Prominent Public Function' <i>e.g. head of a country, government minister, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprise</i>		
Politically Exposed Person (PEP): <i>If you've ticked any of these options above please provide details of the public function held and the country</i>		

COMPANY		TICK ✓
Property Syndication: <i>Please state to what Property Syndication(s) you are applying for in as a COMPANY</i>	PEACHGROVE ROAD LIMITED PARTNERSHIP	
Company Legal Name: <i>Please print clearly</i>		
Company Trading Name (if different): <i>Please print clearly</i>		
Company Principal Business Address/Registered Office Address: <i>Please print clearly</i>		
Company Registration Number: <i>Please print clearly</i>		
Country of Incorporation or Registration: <i>Please print clearly</i>		
Certified IDENTITY Verification ATTACHED <i>(Certificate of Incorporation)</i>	<i>Full legal name and/or trading name and ID/Registration number</i>	
Certified ADDRESS Verification ATTACHED <i>(Registered Office)</i>	<i>See page 85 for options</i>	
Company Extract	<i>A copy of the Company Extract from the Companies Office that lists all Director(s) Names/Addresses/Shareholdings and Shareholders of the Company</i>	
Source of Funds/Wealth <i>(Signed by an Accountant or Lawyer)</i>	<i>A letter with the description of the activity which has generated the overall net worth of the Company</i>	
FOR COMPANIES INCORP OR REGISTERED OR ESTABLISHED OUTSIDE OF NEW ZEALAND ONLY		
<i>List the Authorised person(s) acting on behalf of the Company and the relationship to the Company</i> <i>i.e. – Authorised to carry out transactions on behalf of the Company e.g. accountant or lawyer or authorised person</i>	NAME: ADDRESS: DATE OF BIRTH: <i>See page 85 for options</i>	
Certified IDENTITY Verification (For EACH Director/Authorised Person) ATTACHED	<i>See page 85 for options</i>	
Certified ADDRESS Verification (For EACH Director/Authorised Person) ATTACHED	<i>See page 85 for options</i>	
Beneficial Owner(s) (if any) <i>List any person who:</i> - owns more than 25% of the COMPANY OR - has effective control of the COMPANY OR - on whose behalf a transaction is conducted	NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH: <i>See page 85 for options</i>	
Certified IDENTITY Verification of EACH Beneficial Owner ATTACHED	<i>See page 85 for options</i>	
Certified ADDRESS Verification of EACH Beneficial Owner ATTACHED	<i>See page 85 for options</i>	
Politically Exposed Person (PEP): <i>(Is any person(s) listed above either</i> <i>‘Prominent Public Function’</i> <i>e.g. head of a country, government minister, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprise</i>	- An individual who holds, or has held at any time in the preceding 12 months, a prominent public function in any country (other than New Zealand); OR - An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent)	
Politically Exposed Person (PEP): <i>If you've ticked any of these options above please provide details of the public function held and the country</i>		

TRUST		TICK ✓
Property Syndication: <i>Please state to what Property Syndication(s) you are applying for as a TRUST</i>	PEACHGROVE ROAD LIMITED PARTNERSHIP	
Trust Name: <i>Please print clearly</i>		
Certified IDENTITY Verification ATTACHED (if applicable)	Full legal name and/or trading name and ID/Registration number	
Certified ADDRESS Verification ATTACHED <i>(Principal ADDRESS for service)</i>	See page 85 for options	
Certified Copy of Trust Deed ATTACHED	A copy of the Trust Deed and any retirements, and/or any amendments which must confirm the Trusts name, and Trustees/Executors names and other persons authorised to act on behalf of the Trust	
Source of Funds/Wealth ATTACHED <i>(Signed by an Accountant or Lawyer)</i>	A letter providing the details of the origin of the settlor's wealth e.g. inheritance, accumulated business earnings, funds from sale of property. Also provide details of the source of any income the Trust is receiving e.g. monthly deposit from family bank account, income from an underlying company	
List legal names and date of birth of ALL Trustees <i>Please print clearly</i>	NAME: DATE OF BIRTH: NAME: DATE OF BIRTH: NAME: DATE OF BIRTH: NAME: DATE OF BIRTH:	
Certified IDENTITY Verification <i>(for EACH Trustee ATTACHED)</i>	See page 85 for options	
Certified ADDRESS Verification <i>(for EACH Trustee ATTACHED)</i>	See page 85 for options	
Is this a Charitable trust?	<i>If 'yes' please state the objects of the Trust:</i>	
Is this a Discretionary trust or a trust with more than 10 beneficiaries? <i>(If the trust is not a charitable trust, or a discretionary trust, or has less than 10 beneficiaries, you will need to provide identification details for each beneficiary. Please contact us for further information.)</i>	<i>If 'yes' please provide a description of each class or type of Beneficiary:</i>	
Beneficial Owner(s) and Authorised Person(s) (if any) <i>List any person who:</i> - has effective control of the TRUST (e.g. protector or special trustee (if any)) OR - is authorised to carry out transactions or activities on behalf of the TRUST (please identify relationship to trust and company or registration number (if applicable))	NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH:	
Certified IDENTITY Verification of EACH Beneficial Owner and Authorised Person(s) ATTACHED	See page 85 for options	
Certified ADDRESS Verification of EACH Beneficial Owner and Authorised Person(s) ATTACHED	See page 85 for options	
Politically Exposed Person (PEP): <i>Is any person(s) listed above either</i> 'Prominent Public Function' e.g. head of a country, government minister, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprise	- An individual who holds, or has held at any time in the preceding 12 months, a 'prominent public function' in any country (other than New Zealand); OR - An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent)	
Politically Exposed Person (PEP): <i>If you've ticked any of these options above please provide details of the public function held and the country</i>		

ESTATES		TICK ✓
Property Syndication: <i>Please state to what Property Syndication(s) you are applying for as an Estate</i>	PEACHGROVE ROAD LIMITED PARTNERSHIP	
Estate Name: <i>Please print clearly</i>		
Copy of the Death Certificate ATTACHED	<i>For the name of the Deceased</i>	
List the person(s) acting on behalf of the Estate and the relationship to the Estate e.g. the Executor <i>Please print clearly</i>	NAME: ADDRESS: DATE OF BIRTH: RELATIONSHIP:	
Certified IDENTITY Verification for Authorised Person ATTACHED	<i>See page 85 for options</i>	
Certified ADDRESS Verification for Authorised Person ATTACHED	<i>See page 85 for options</i>	
Beneficial Owner(s) and Authorised Person(s) (if any) <i>List any person who:</i> - has effective control of the ESTATE OR - is authorised to carry out transactions or other activities of behalf of the ESTATE <i>(If the trusts in the Estate are non-discretionary and the Estate has less than 10 beneficiaries, you will need to provide identification details for each beneficiary. Please contact us for further information.)</i>	NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH: NAME: ADDRESS: DATE OF BIRTH:	
Certified IDENTITY Verification of EACH Beneficial Owner and Authorised Person(s) ATTACHED	<i>See page 85 for options</i>	
Certified ADDRESS Verification of EACH Beneficial Owner and Authorised Person(s) ATTACHED	<i>See page 85 for options</i>	
Politically Exposed Person (PEP): <i>Is any person(s) listed above either</i> 'Prominent Public Function' <i>e.g. head of a country, government minister, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprise</i>	- An individual who holds, or has held at any time in the preceding 12 months, a prominent public function in any country (other than New Zealand); OR - An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent)	
Politically Exposed Person (PEP): <i>If you've ticked any of these options above please provide details of the public function held and the country</i>		

GLOSSARY OF KEY TERMS

Term	Definition
\$	New Zealand dollars
Auditor	RSM Hayes Audit
Augusta Capital	Augusta Capital Limited (Company number: 1873288)
Bayleys or Bayleys Real Estate	Bayleys Real Estate Limited (Company number: 88609)
Certificate of Title	SA55C/196 (South Auckland Registry)
CPI	The Consumer Price Index (all groups) published by Statistics New Zealand
Custodian	Peachgrove Road Custodian Limited (Company number: 5831767)
Deed of Participation or DOP	The Deed of Participation dated 20 November 2015, as more particularly described on pages 75 to 78 of the Investment Statement
General Partner	AFM GP (Peachgrove Road) Limited (Company number: 5838958)
Interests	The interests in the LP
Investment Statement	This investment statement dated 30 November 2015
Investors	Persons registered as the holders of Interests in the LP
Landlord	The Custodian following settlement of the Property
Lease	The lease in respect of the Property, as described on pages 69 to 75 of the Investment Statement, to be entered into on settlement by the Landlord and the Tenant
Limited Partner	A limited partner in the LP
Limited Partnership Agreement	The limited partnership agreement to be entered into by the General Partner, AFM LP Limited (Company number: 5839046) and, through their attorney the Custodian, each Investor, on the Settlement Date
LP	The limited partnership established for the purpose of acquiring the Property, being the Peachgrove Road Limited Partnership
LP's Solicitors	Chapman Tripp, 23 Albert Street, Auckland 1140

Term	Definition
Manager or Augusta Funds Management	Augusta Funds Management Limited (Company number: 3760278)
NBS or New Build Standard	Refers to the standard that would apply to a new building on a particular property under the current Building Code. A percentage of NBS is used to assess whether a building is earthquake prone. Earthquake prone buildings are those that fail to meet 34% of NBS.
Offer	The offer of Interests under the Prospectus and Investment Statement
Offeror	Augusta Funds Management Limited (Company number: 3760278)
Progressive Enterprises	Progressive Enterprises Limited (Company number: 61262)
Prospectus	The prospectus dated 20 November 2015 which details the offer of Interests in the LP
Property	The property at 160 Peachgrove Road, Hamilton East
Sale and Purchase Agreement	The Agreement for Sale and Purchase for the Property entered into by the Manager and the Vendor, dated 6 October 2015, as varied by a letter dated 18 November 2015
Securities Act	Securities Act 1978
Securities Regulations	Securities Regulations 2009
Settlement Date	The later of: (a) 22 December 2015; (b) the date five (5) working days after the date the Vendor provides a certificate of practical completion and either a public use or code compliance certificate for the Property; and (c) the date the Vendor commences trading from the Property.
Supervisor	Covenant Trustee Services Limited (Company number: 2194946)
Tenant	General Distributors Limited (Company number: 357961), as tenant under the Lease
Underwriter	Augusta Capital Limited (Company number: 1873288)
Valuation Report	The valuation report in respect of the Property, prepared by Dale Winfield and Liam Rooney of Jones Lang LaSalle, dated 2 November 2015, which values the Property at \$19,300,000 plus GST (if any) and is attached to the Prospectus
Vendor	General Distributors Limited, as vendor under the Sale and Purchase Agreement

DIRECTORY

REGISTERED OFFICE OF THE MANAGER

Augusta Funds Management Limited

(Company number: 3760278)

Level 2, 4 Viaduct Harbour Avenue
Auckland
PO Box 37953, Parnell
Auckland 1151

Attention: Mark Francis
Phone: (09) 300 6161
Facsimile: (09) 300 6162

DIRECTORS OF THE MANAGER

Bryce Barnett
Mark Francis
Paul Duffy
Martin Goldfinch
Phillip Hinton
John Loughlin
Mark Petersen
Peter Wilson

GENERAL PARTNER

AFM GP (Peachgrove Road) Limited

(Company number: 5838958)

Level 2, 4 Viaduct Harbour Avenue
Auckland
PO Box 37953, Parnell
Auckland 1151

CUSTODIAN

Peachgrove Road Custodian Limited

(Company number: 5831767)

Level 9
191 Queen Street
Auckland 1010

SOLICITORS

Chapman Tripp

Level 35, ANZ Centre
23 Albert Street
Auckland 1010
P O Box 2206
Auckland 1140

Telephone: (09) 357 9000
Facsimile: (09) 357 9099

AUDITOR

RSM Hayes Audit

Level 1, 1 Broadway
Newmarket
P O Box 9588
Auckland

SELLING AGENT

Bayleys Real Estate Limited

(Company number: 88609)

Maritime Square
4 Viaduct Harbour Avenue
Auckland 1010
P O Box 8923
Auckland 1150

Telephone: (09) 309 6020
Facsimile: (09) 309 9404

STATUTORY SUPERVISOR

Covenant Trustee Services Limited

(Company number: 2194946)

Level 9
191 Queen Street
Auckland 1010





AUGUSTA
FUNDS MANAGEMENT

AUGUSTA FUNDS MANAGEMENT LIMITED

Level 2, 4 Viaduct Harbour Ave, Auckland,
New Zealand. PO Box 37953 Parnell.

Phone: 64 9 300 6161. Fax: 64 9 300 6162.

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