



AUGUSTA



PRODUCT DISCLOSURE STATEMENT FOR AN OFFER OF UNITS IN SIR WILLIAM PICKERING DRIVE LIMITED PARTNERSHIP

Issued by Augusta Funds Management Limited
16 February 2018

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on <https://disclose-register.companiesoffice.govt.nz/>. Augusta Funds Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.



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1. Key Information Summary

Artists Impression



1.1 What is this?

This is an offer of units in the Sir William Pickering Drive Limited Partnership. Your money will be pooled with other investors' money and invested. Augusta Funds Management Limited invests the money in the property at 20-26 Sir William Pickering Drive, Burnside, Christchurch, and takes fees. The assets and fees are described in this document. By investing in this limited partnership (LP), you are relying on the investment decisions of Augusta Funds Management Limited and returns from the assets that the LP invests in. There is a risk that you may lose some or all of the money you invest.

1.2 Who manages this scheme?

Augusta Funds Management Limited (*Manager* and *Offeror*) is the manager of the LP. See "About Augusta Funds Management Limited and others involved in Sir William Pickering Drive Limited Partnership" in section 10 for further details.

1.3 What are you investing in?

You should be aware that:

- This is an offer of units in a New Zealand limited partnership. It has been structured as a long-term investment in commercial real estate.
- The LP will invest in a single asset – 20-26 Sir William Pickering Drive, Burnside, Christchurch (Property). The Property is leased to a single tenant, Airways Corporation of New Zealand Limited (Airways).
- The LP will undertake the development of a fourth building at the Property which will also be leased to Airways (referred to as the Development).
- The LP has no fixed term. This means that there is no set date on which you will get your investment back. A return of your investment will be dependent on the sale of your Unit(s) or the LP approving a sale of the Property, as well as the price of such sales.

The LP will use the funds raised to purchase the Property and to pay for the Development. The Property will be purchased from an existing proportionate ownership scheme managed by the Manager (*Previous Scheme*). Further details on the background of this opportunity and the Development Agreement, Construction Contract and the lease agreements for the Property are contained on pages 10 to 31.

The table sets out the costs of establishing the LP, acquiring the Property and completing the Development Works:

Purchase price	\$20,500,000
Development budget (including contingencies)	\$15,575,000
Lease incentive	\$3,000,000
Development incentive	\$654,286
Establishment costs	\$2,203,000
Future CAPEX fund	\$101,214
Total	\$42,033,500

Funded by:

Subscriber's capital	\$22,750,000
Debt	\$19,000,000
Operating cashflow retentions	\$283,500
Total	\$42,033,500

The Manager expects to draw down \$1,900,000 of the debt on Settlement to fund the Development Incentive, establishment costs and reimburse the Manager and Augusta Capital for development and establishment costs incurred prior to the establishment of the LP. The balance of the debt will be drawn progressively to fund the development and lease incentive due on Practical Completion.



1. Key Information Summary (cont.)

Investment Objectives

The LP has a long-term investment horizon. The primary objectives of the LP are to:

- Sustain projected cash distribution levels (as set out on page 36) forecast at 7% per annum for the first two accounting periods;
- Successfully undertake the Development;
- Preserve and grow the value of the Property; and
- Leverage lease extension options for the Property to increase lease terms and/or rent where possible.

Investment Strategy

The LP's strategy is to hold the Property, undertake the Development, continue to lease the Property to a quality tenant, and preserve and grow equity by active management of the LP and the Property.

1.4 Key Terms of the Offer

Products on Offer	Units in the LP
Price per Unit	\$50,000
Number of Units offered	455
Intended Offer Opening Date	24 February 2018
Intended Offer Closing Date	23 March 2018
Liability to make further payments under the Offer	Investors will only be liable to make further payments to the LP if they take part in the management of the LP. The LP has been structured to avoid Investors taking part in management.
Underwrite	The Offer is underwritten by Augusta Capital Limited and Cypress Capital Limited.
No overseas investors	The Offer is only being made to potential investors in New Zealand.

1.5 How You Can Get Your Money Out

An investment in the LP is not redeemable on demand and there is no fixed date on which you may get your money out. The LP may sell the Property and be wound up (with the surplus capital returned to Investors) if approved by 75% of Units entitled to vote and voting on the resolution. There is no guarantee that you will recoup the amount of your original investment.

Your investment in these Units can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

1.6 Key Drivers of Returns

The Manager considers that the most significant current and future aspects of the LP that will have, or may have, an impact on the LP's financial performance are:

- **Capital growth and expenditure** – capital growth of, and expenditure on, the Property is a key driver of returns, as the Property is the LP's sole asset.
- **Interest rates** – as a significant expense for the LP will be interest payments, the financial performance of the LP will be affected by interest rates. The Manager has entered into a forward start swap agreement on behalf of the LP fixing \$9,500,000 (of \$19m) of the LP's loan facility from 1 April 2019 to 5 April 2023 in relation to the base rate (and not the margin rate) charged by ASB.

The above summary does not cover all of the drivers of return. You should also read section 2 "Factors that may affect the financial performance of the LP and Investors' returns".

1.7 Sir William Pickering Drive Limited Partnership's Financial Information

Gearing Ratios

"Gearing ratios" tell you how much the LP owes (debt) as a portion of what it owns (assets).

on acquisition of the Property / issue of Units	9.05%
at 31 March 2019	39.99%
at 31 March 2020	45.41%

Interest Cover Ratios

"Interest cover ratios" tell you how much the LP's net income exceeds interest on its loans (as a multiple).

at 31 March 2019	8.43
at 31 March 2020	2.82

(Forecast Pre-Tax Cash Return)	Forecast pre-tax cash returns of:
	<ul style="list-style-type: none"> 7.00% per annum for the period from 29 March 2018 to 31 March 2019; and 7.00% for the second full financial year ending 31 March 2020

Further information on how these amounts are calculated is included on page 36.

The prospective financial information included in this PDS has been extracted from prospective financial statements prepared in accordance with the Financial Reporting Standard 42: Prospective Financial Statements (FRS 42), which are available on the Offer Register. The prospective financial statements have been subject to a reasonable assurance engagement and an unmodified opinion has been issued by KPMG, a copy of which is also included on the Offer Register.

Valuation

The Property was independently valued by CBRE at \$41,225,000 plus GST (if any) on a market value "as if complete" basis as at 16 November 2017 and subject to the new lease structure. The valuation was in accordance with current Australia and New Zealand Valuation and Property Standards and used both a capitalisation of net income approach and a discounted cash flow approach.

1.8 Key Risks of This Investment

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the LP's future performance and returns is suitable for you. The price of these Units should reflect the potential returns and the particular risks of these Units.

The Manager considers that the most significant risk factors that could affect the value of Units are:

- **Design risk associated with the Development:** The LP takes responsibility for design of the Development (the Construction Contract is a "build-only" contract). This means that:
 - the LP is responsible for the timely delivery of design documents to the Contractor. Delays in delivery of design may result in delays in the issuance of a building consent, and the construction programme. The Manager has commenced the design process ahead of the LP being established to mitigate this risk; and
 - the LP is responsible for defective design.
- **Contractor Solvency:** The LP has appointed Leighs Construction as the construction contractor to perform the LP's construction obligations under the Development Agreement. So long as Leighs Construction (and its parent company) remains solvent and continue to perform its obligations under the Construction Contract then the LP has mitigated, so far as is reasonably practicable, construction risk.



1. Key Information Summary (cont.)

- **Interest Rates** – The principal expense of the LP is interest payments. As debt is progressively drawn down from Settlement, the LP's debt will be wholly floating until 1 April 2019 as the Manager has entered into a forward start swap agreement fixing the base rate (and not the margin rate) for \$9,500,000 (or 50%) of the LP's debt for 4 years. The remaining 50% of the debt will be floating until further interest rate swaps are entered into. Accordingly, the financial performance of the LP will be adversely affected by any significant upward movement in interest rates.

This summary does not cover all of the risks. You should also read section 7 “Risks to returns from Sir William Pickering Drive Limited Partnership” and refer to other places in the PDS that describe risk factors (for example, risks arising for investors from the nature of the product).

1.9 What fees will you pay?

The table below summarises the fees and expenses that the LP will be charged. Further information about fees is set out in section 8 “What are the Fees?”.

Manager and associated person's fees on establishment of LP

Manager's offeror fee	\$600,000
Manager's development management fee	\$200,000
Augusta Capital's underwrite fee	\$450,000
Manager and associated person's aggregate fees for establishment of LP	\$1,250,000

Other fees for establishment of LP

Brokerage and marketing fees	\$386,400
Other underwriter's fees	\$155,000
Legal fees	\$225,000
Audit fees	\$18,500
Valuation fees	\$15,000
Supervisor	\$5,000
Bank fees (including legal fees)	\$125,450
Chattel valuation fee	\$8,000
Miscellaneous – administration expenses & disbursements	\$8,550
PDS and scheme registration fee and FMA levy	\$6,100
Other fees for establishment of the LP	\$953,000
Total fees for establishment of the LP	\$2,203,000

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Augusta contact details

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Ongoing fees and expenses (payable for the duration of the LP)

The Manager and its associated person's aggregate fees for the accounting periods to:*	31 March 2019 will be \$1,305,000 plus GST, which as a percentage of net assets of the LP is anticipated to be 6.16%**
	31 March 2020 will be \$259,650 plus GST, which as a percentage of net assets of the LP is anticipated to be 1.15%
Other person's aggregate fees and expenses (including interest expenses but excluding amortised finance costs) for the accounting periods to:	31 March 2019 will be \$815,177 plus GST, which as a percentage of net assets of the LP is anticipated to be 3.85%**
	31 March 2020 will be \$1,395,464 plus GST, which as a percentage of net assets of the LP is anticipated to be 6.16%

* Assuming the management and accounting fees increase at 3% a year and no other fees are payable.

** Fees and expenses for the period ended 31 March 2019 including establishment costs.

Alongside the above fees and expenses, the Manager is establishing a Future CAPEX fund to provide for additional working capital and any property related capital costs. Further details on this Future CAPEX fund are contained on page 10.

The above fees are exclusive of GST and disbursements.

1.10 How will your investment be taxed?

The LP is not a portfolio investment entity (PIE). See section 9 "Tax" for more information.



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Dear investor

This substantial investment at 20 – 26 Sir William Pickering Drive, Christchurch is currently owned by another scheme Augusta manages.

We have negotiated and agreed to a significant development on the property with the sole tenant Airways Corporation New Zealand Limited (Airways), a state-owned enterprise, wholly owned by the New Zealand government. This redevelopment project involves constructing a new air traffic control centre (ATC) with a development budget of \$15,575,000 (including contingencies). The nature of the use of this new ATC and the services that Airways provides from the Property is of national importance to the air traffic network – hence the building’s resilience to 100% NBS IL4 design.

This new offering is being made to acquire the property and fund the development with the intention of owning it as a long-term investment. The investors of the previous scheme have a first right of refusal to participate in this offer. A major achievement in these negotiations was having the tenant agree to a new 25-year lease on the new building and two of the existing buildings (ADC 1 & 2), with a right of renewal of 10 years. The fourth building (Andy Herd building) will be subject to a nine-year lease with a right of renewal of six years.

Airways is a state-owned enterprise, therefore providing in our view a very strong tenant covenant. Combining this strength with the length of the lease security, which will have a WALT of 21.83 years on practical completion, together with rental growth provisions in the lease, making this in our opinion, a highly desirable property investment.

Investments of this calibre are hard to find and this tenant covenant and WALT would be one of the strongest offerings we have provided to investors to obtain regular monthly forecast return.

This PDS contains important information about the LP and the offer. We encourage you to read this PDS carefully and consider in particular the “Risk to Returns from Sir William Pickering Drive Limited Partnership” section before making your investment decision.

We welcome you to join us in this exciting investment opportunity.

Kind regards,



Mark Francis
Managing Director



Bryce Barnett
Executive Director



2. What Sir William Pickering Drive Limited Partnership invests in





2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Key features of the Scheme (LP)

The key features of the LP are set out below:

Statement of Investment Policy and Objectives and Investment Strategy

The Manager has adopted a Statement of Investment Policy and Objectives (SIPO) for the LP which sets out its investment policies, objectives and strategies for the LP in respect of its investment in the Property as well as the policies it will apply in respect of its management and its investment performance monitoring benchmarks. A copy of the SIPO is available on the Scheme Register at (<https://disclose-register.companiesoffice.govt.nz/>) by searching “Sir William Pickering Drive Limited Partnership” under “search schemes”.

The SIPO sets out that the LP’s only allowable assets are:

- The Property and any leases/licences of the Property;
- Cash deposits with registered New Zealand banks; and/or
- Any other assets arising in connection with holding the Property including prepayments, accounts receivables, interest rate swap agreements and insurance receivables.

The investment strategy of the LP is to acquire the Property, complete the Development, continue to lease the Property to the Tenant, and preserve and then grow equity by active management of the LP and the Property. Should the Tenant not continue to lease the Andy Herd Building (AHB), the LP’s investment strategy will be to lease the building to a new tenant(s).

Given the nature of the LP’s sole asset (substantial commercial property) and its unlisted ownership structure, the LP has a long-term investment horizon. The primary objectives of the LP are to:

- Sustain distribution levels as per the forecasted pre-tax cash return of 7.00% per annum set out in this PDS; and
- Preserve and grow the value of the Property by successfully undertaking the Development and ensuring that the Development is completed to a high standard, attending to necessary ongoing repairs, maintenance and capital expenditure.

The key policies of the Manager in respect of implementing the above objectives and strategy are:

- **Cash flow management:** a regular cash flow budget for a minimum of two years is maintained and reviewed and six-monthly reviews with the LP’s bank are undertaken to review the LP’s current financing. Particular circumstances set out in the SIPO may result in an increase or decrease in distributions;
- **Interest cover:** maintaining the LP’s EBITDA at not less than 2 times the interest payments payable under its bank debt;
- **Development monitoring:** the Manager will monitor progress of the Development, and do everything reasonably practicable to ensure it is completed on-time and to a high standard and as required under the Development Agreement and the Construction Contract.
- **Building maintenance and capital expenditure:** in addition to the Development, the Manager will undertake regular monitoring of the condition of the buildings on the Property to ensure ongoing routine repairs and maintenance are undertaken to a high standard. The Manager is establishing a Future CAPEX Fund which will be supplemented by operating cashflow retentions over the life of the LP. This fund has been allowed for to provide for additional working capital at the commencement of the LP, and funding for any property related capital costs over the life of the LP. This Future CAPEX fund is forecast to be \$101,214 at commencement.
- **Hedging/interest rate policy:** The Manager’s interest rate management policy is to hedge a minimum of 50% and up to a maximum of 100% of the drawn debt balance post Practical Completion. The Manager will manage the benchmark component of the interest rate with a combination of short-term and long-term interest rate swap/fixed rate agreements and/or floating rates, and will actively monitor the margins available in the market during the life of the LP (and would consider changing lender if better margins were available elsewhere). The hedging strategy also considers the remaining lease term and forecast future income profile of the LP.

- **Leverage:** The maximum allowable loan amount is: (a) at any time prior to Practical Completion occurring, 60% of the As If Complete Valuation; and (b) at any time following Practical Completion occurring, 55% of the greater of the As If Complete Valuation and the most recent valuation obtained for the Property (which may be an "as if complete" valuation if there is any development, maintenance or capital expenditure being completed on the Property). If a return of 7% per annum is achieved, any further returns in excess of that may be applied towards debt repayment. Should debt repayments be made, the Manager would take into account any tax liability for Investors and potentially make a distribution if possible to account for that tax liability.

The SIPO may be amended by the Manager following consultation with Covenant Trustee Services Limited, the supervisor for the LP (*Supervisor*).

The Property – 20-26 Sir William Pickering Drive, Christchurch

The Property is located at 20-26 Sir William Pickering Drive, Canterbury Technology Park, Burnside, Christchurch. It is positioned to the western side of Sir William Pickering Drive within the Canterbury Technology Park, some 10 kilometres to the north west of the Christchurch CBD. The Technology Park is a modern office and industrial estate. The Property itself currently comprises two storied office accommodation housed in three principal structures – the Andy Herd Building (AHB) located to the northern part of the site, and the inter-linked Airways Development Centre Buildings (ADC1 and ADC2) located in the central portion of the site.

A fourth office building, (IL4), is to be developed on the Property. This building will be a two-storied base isolated Importance Level 4 structure that offers Airways, as the current tenant, ground level plant and first floor accommodation comprising a specialised flight control centre as part of Airways national radar and flight control network. The target date for completion of the construction of IL4 is 17 July 2019. In addition, the car parking and landscaping on the Property will be altered to accommodate IL4 and to provide at least 237 car parking spaces and appropriate vehicle ingress/egress points.

Legal Description

The Property is held in two freehold titles (Computer Freehold Registers CB32B/847 and 315961) with a combined area of approximately 1.7313ha, both of which are leased to Airways.

Features of the Buildings located at the Property

The two-storied offices currently located on the Property are comprised in three structures, the first of which was constructed circa 1988, the second circa 1999 and the third (comprising an extension to the second) in 2007. All three structures have concrete foundations, steel and reinforced concrete framing, concrete floors, concrete or plywood and membrane roofs, and aluminium joinery. The first building is clad in masonry and the other two in concrete. The total floor area of the buildings is 7,351.64m² and there are presently 261 carparks.

The new building to be developed at the Property, IL4, will be a specialised two-level office building structure. It will have the following unique key features: designed to 100% of the new building standard (NBS) for an Importance Level 4 building, including base isolation foundation system, redundancy provisions for water, wastewater, data, communications, HVAC, power, including back-up power generation, specialised lighting and loading/unloading facilities. The nature of the use of this building is of national importance to the air traffic network, with the intent to maintain operations during any future event such as a natural disaster, and hence the heightened design and specification in this instance. However, this means that the building is specialised and faces a development cost significantly above that of a conventional commercial building.

Further details of the Property are contained in the Valuation Report. A copy of the Valuation Report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/> by searching "Sir William Pickering Drive Limited Partnership" under "search offers".

Contamination

The part of the Property at 20 Sir William Pickering Drive is recorded on Environment Canterbury's Listed Land Use Register (LLUR) in relation to an underground petroleum storage system being located on the site. The underground petroleum storage system has been removed with no areas of soil contamination being identified. There are two aboveground steel storage tanks located on the site that meet all current regulations. No land contamination is anticipated as a result of these tanks.

No asbestos containing materials were identified at the Property during a detailed internal and external inspection undertaken in October 2017.



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Christchurch Airport

20–26 Sir William Pickering Drive

Christchurch CBD

2.3km

Distance to Airport

4 – 7 min

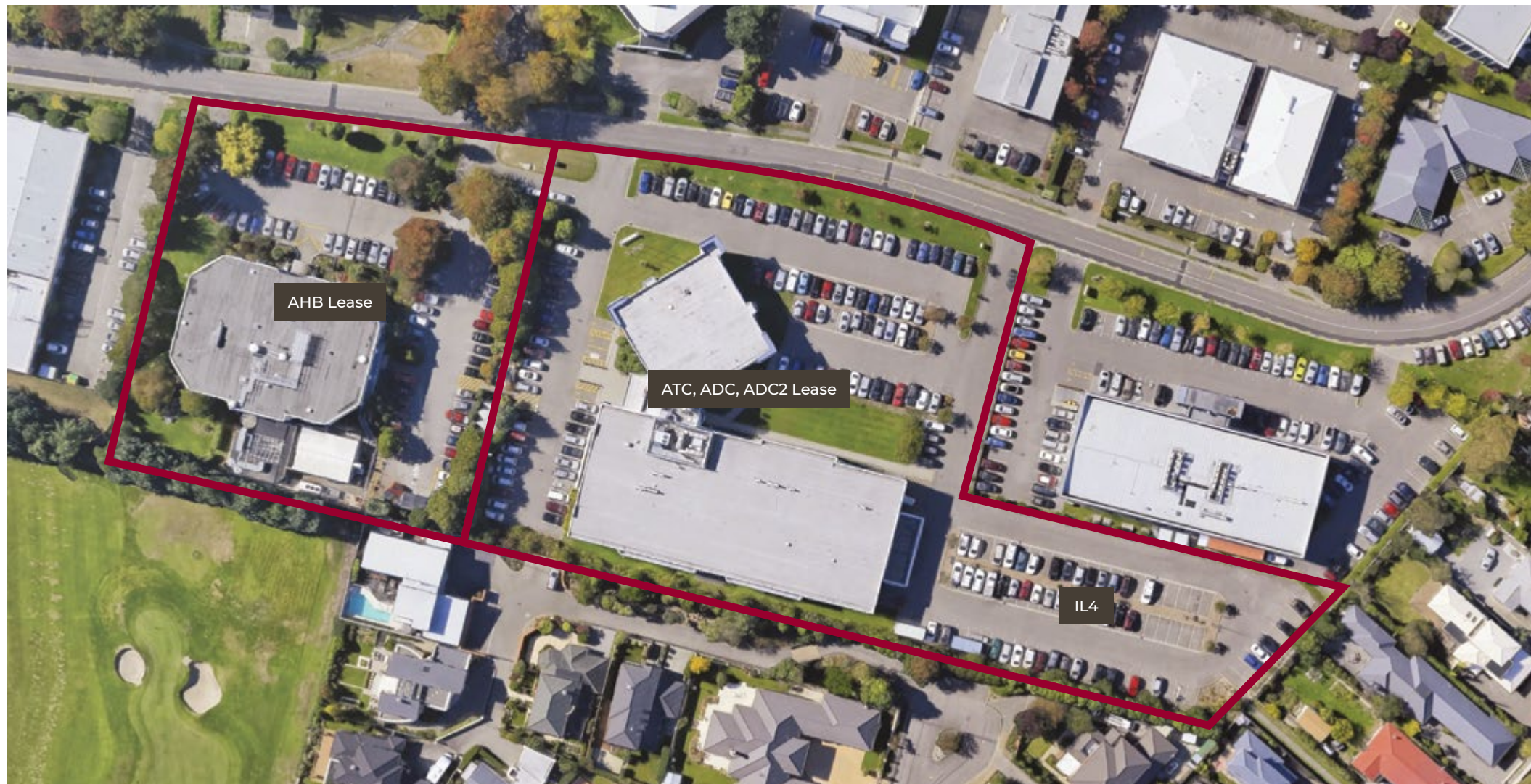
Drive to Airport

10km

Distance to CBD

14 – 24 min

Drive to CBD



Boundary line
indicative



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Seismic

Following the Christchurch earthquakes, detailed seismic assessment reports from Structex Harvard Limited were obtained which confirmed that each of the existing buildings have a NBS rating of at least 70% (IL2 standard – normal structures). The principal assumptions and qualifications of Structex's opinion are set out in their Seismic Assessment Reports a copy of which is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/> by searching "Sir William Pickering Drive Limited Partnership" under "search offers".

The new IL4 Building is required to be built by Leighs Construction to achieve a rating of 100% NBS (IL4 standard – post natural disaster critical infrastructure).

Geotechnical

The Manager has obtained a site specific geotechnical investigation report for the proposed new IL4 building, including borehole testing. This inferred that the soil is predominantly dense gravel which is unlikely to liquefy. The natural ground tested provides adequate bearing pressures to enable shallow foundations adopted for the new IL4 building.

Flooding

The site is not subject to flooding risk according to Christchurch City Council flood modelling data. However, the new ATC building (IL4) is subject to the requirements of the NZ Building Code which requires a minimum finished Floor Level (FFL) to provide protection to the building from flooding. The anticipated FFL of IL4 will be over 1m higher than the minimum FFL required due to the base isolation system being utilized, providing adequate protection for the new building.

Location

The Property is situated to the western side of Sir William Pickering Drive, within the Canterbury Technology Park. Canterbury Technology Park is a reasonably modern office estate comprising technical research, office and specialised activities. It is located 10 kilometres to the north west of the Christchurch CBD and within approximately 2 kilometres of the Christchurch International Airport.

The Tenant - Airways

The Property's only tenant is Airways Corporation of New Zealand Limited (Airways). Airways is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 7, 100 Willis Street, Wellington, New Zealand. Airways is a State-Owned Enterprise established under the State-Owned Enterprises Act 1986 with shares held in equal numbers by the Minister for State-Owned Enterprises and the Minister of Finance, on behalf of the Crown. The Tenant's financial statements show that Airways' profit after tax was \$23.8 million for the year ended 30 June 2017 and its net assets as \$115.3 million as at 30 June 2017. As a Government owned entity, the Manager considers that the Tenant provides a very strong tenant covenant. However, the obligations of Airways under the Existing Lease and the New Lease are not guaranteed by the government.

Airways' core business is the provision of air navigation services and associated aviation infrastructure services in New Zealand and internationally. Within New Zealand, Airways business is primarily centred on air traffic control, air traffic management and navigation services. Airways provides air traffic control and infrastructure across 30 million square kilometres of airspace in New Zealand and over the Pacific.

Further details on the Tenant are contained in the tenancy schedule set out on page 27 to 29.

The Property will have a weighted average lease term on Practical Completion of the Development of 21.83 years (by income).

Development and the Previous Scheme

Airways Nominee Joint Venture (*Previous Scheme*), a proportionate ownership scheme managed by Augusta Funds Management, acquired the Property in 2009.

Over the last 5 years, the Manager has been working closely with Airways in regards to their long-term property strategy in Christchurch, including the potential for a new air traffic control centre on the Property. In April 2017 Airways confirmed their focus on the Sir William Pickering Drive site for their Christchurch expansion and their intentions to enter into exclusive negotiations with Augusta, on behalf of the Previous Scheme, to develop the Property to meet their requirements and enter into new long-term lease agreements.

In December 2017, the Previous Scheme, the Tenant and Augusta Capital agreed to develop the Property in accordance with the terms of the Development Agreement. A new Importance Level 4, two-storied 1,560m² Air Traffic Control Centre (office building) is to be constructed. The new ATC building will be a specialised asset and its use will be of national importance to the air traffic network. Accordingly, the building will be constructed with resilience and redundancy provisions so that Airways are able to maintain operations after any natural disasters.

The budgeted cost of the Development is expected to be \$15,575,000 (including contingencies) and has a target completion date of 17 July 2019.

Under the Development Agreement, the Tenant agreed to vary the Existing Lease, including extending the current term and providing for increases in the annual rent. Further details on the Development Agreement are contained on pages 23 to 25.

At the time the Development Agreement was negotiated, the Manager considered whether the obligations of the landlord under the Development Agreement should be funded through the Previous Scheme, or by offering a new investment. The Manager recommended to the Previous Scheme that, due to the scale of this Development, the potential dilution of existing versus new investors equity and ongoing return, selling the Property into a new scheme (with the Development Agreement which includes the terms of the New Lease in place), with existing investors in the Previous Scheme having a first right of refusal to participate in the new scheme, was the best way forward. This was also considered appropriate as the investment profile of the Property with the Development Agreement in place is materially different to that offered to investors in the Previous Scheme.

Accordingly, the Previous Scheme resolved to sell the Property to the LP. As such, upon Settlement, the LP will replace the Previous Scheme as the landlord under the Development Agreement, the Existing Lease and the New Lease. The obligations of the Previous Scheme (including to pay the Lease Incentive, Development Incentive and complete the development works) will become the obligations of the LP.

As noted above, the investors in the Previous Scheme have a right of first refusal (subject to satisfying the Manager's anti-money laundering identification requirements, being members of the public in New Zealand, and providing a completed application form by 15 March 2018) over the same number of units as they have in the Previous Scheme and may be allocated further Units on a preferential basis. The minimum amount to be raised (\$22,750,000), along with its bank funding, will provide for the acquisition of the Property from the Previous Scheme, establishment of the LP and fund the Development.

Management of the LP

The LP will be managed by Augusta Funds Management Limited.

Day to day facilities and property management services for the Property are provided by Bayleys Property Services Limited under the guidance and supervision of the Manager (who will remain ultimately responsible and liable for such functions).

See "About Augusta Funds Management Limited and Others Involved in Sir William Pickering Drive Limited Partnership" in section 10 for further details.

The key personnel of the Manager who will be responsible for managing the LP and the Property are:

Name	Bio	Role
Mark Francis (BCom (Fin))	Mark is the Managing Director of Augusta. Mark formed Augusta in 2001, and is the largest shareholder in Augusta Capital.	Mark will, in conjunction with Bryce, oversee all aspects of the LP and the Property as part of his role overseeing all Augusta syndications, investments and funds.
Bryce Barnett (CA, FFINZ)	Bryce is the Head of Funds Management at Augusta. Bryce established and ran KCL Property, which was acquired by Augusta in 2014. Bryce was previously the General Manager of MacDow Properties, a subsidiary of McConnell Dowell.	Bryce will, in conjunction with Mark, oversee all aspects of the LP and the Property as part of his role overseeing all Augusta syndications, investments and funds.
Simon Woollams (BCom (Accounting), CA)	Simon is the Chief Financial Officer of Augusta. He is a Chartered Accountant and has a strong financial background, including UK experience and roles with BDO and ANZ Bank in its property and finance teams. Simon joined Augusta in 2007.	Simon will provide financial oversight of the LP and will, in particular, be responsible for the LP's bank finance.



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Name	Bio	Role
Guy French-Wright (BCom VPM (Valuation & Property Management))	Guy is the Chief Operating Officer at Augusta. Guy joined Augusta in 2017 having previously worked for Quintessential Equity, a wholesale property fund manager, and Mirvac Group both located in Melbourne, Australia.	Guy will oversee the development and asset management, including any re-leasing or sale, of the Property.
James Page (MEng (Engineering), ACA)	James is a Finance and Syndicate Manager. James previously worked for PwC in the United Kingdom, auditing property funds and unit trusts.	James will oversee the day-to-day financial management of the LP and the LP's bank finance.
Bernie Smith (BBS (Valuation & Property Management))	Bernie is a Senior Asset Manager at Augusta. Bernie has a background in property and asset management, previously working for KCL Property. Bernie completed a Bachelor of Business Studies majoring in Valuation & Property Management at Massey University.	Bernie will provide day to day asset management of the Property, including any re-leasing or sale. He will also be responsible for overseeing the property and facilities management services provided.
Stephen Brown-Thomas (BBS (Valuation & Property Management))	Stephen is a Development Manager at Augusta. Stephen was previously with KCL and DTZ International and has over 10 years' experience in development, asset and project management. Stephen has a bachelor of business majoring in Valuation & Property Management.	Stephen will be responsible for delivering the Development and the day-to-day asset management during the Development Phase.

Purpose of offer and allocation of finance

The purpose of the offer is to raise sufficient funds which, together with bank financing, will allow the LP to purchase the Property, pay establishment costs and fund the Development.

The money raised, together with the bank financing, will be allocated as follows:

Purchase price	\$20,500,000
Development budget (including contingencies)*	\$15,575,000
Lease incentive payable to the tenant	\$3,000,000
Development incentive payable to the tenant	\$654,286
Establishment costs	\$2,203,000
Future CAPEX fund	\$101,214
Total	\$42,033,500

Funded by:

Subscriber's capital	\$22,750,000
Debt	\$19,000,000
Operating cashflow retentions	\$283,500
Total	\$42,033,500

* Development budget (including contingencies) is estimated at \$15,575,000 based on the price payable to Leighs Construction and the expected fees payable for all consultants, consents and other costs in respect of the Development, including contingencies of \$1.086 million.

The above costs relate to the SIPO as further described:

- **Purchase price of the Property:** a key part of the investment strategy is to acquire the Property;
- **Development budget:** following the acquisition of the Property, the next part of the LP's investment strategy is to fund the development of the Property as described in this PDS;
- **Establishment costs (further details of which are set out in section 8 "What are the Fees?"):**
 - The offeror's fee secures the Manager's participation in the LP, which is necessary for the implementation of the SIPO;
 - The Development management fee ensures the successful completion of the Development, which requires a skilled manager to manage and control the Development;
 - The brokerage, marketing, underwriting, assurance, legal and supervisor fees, PDS registration fee and FMA levy, disbursements and bank fees ensure the successful completion of the offer and raising of the funds, without which the investment strategy will not be able to be implemented;
 - The Development and lease incentives are necessary to secure the Tenant, whose rental income is key to the investment strategy;
 - All other fees primarily relate to due diligence on the Property and the investment in order to test whether the investment strategy is feasible.

The establishment costs are:

Manager's offeror fee	\$600,000
Manager's development management fee	\$200,000
Augusta Capital's underwrite fee	\$450,000
Brokerage and marketing fees*	\$386,400
Other underwriter's fee	\$155,000
Legal fees	\$225,000
Audit fees	\$18,500
Valuation fees	\$15,000
Supervisor	\$5,000
Bank fees (including legal fees)	\$125,450
Chattel valuation fee	\$8,000
Miscellaneous – administration expenses & disbursements	\$8,550
PDS and scheme registration fee and FMA levy	\$6,100
Total fees for establishment of the LP	\$2,203,000

* To the extent that any Unit is issued to an underwriter under their underwriting obligations, the brokerage fee will reduce by \$1,000 in respect of each such Unit. That amount may be subsequently applied to any brokerage payable where an underwriter disposes of its underwritten Units.

The Development budget (including contingencies) is broken down as follows:

Construction costs	\$12,703,703
Consultant costs	\$1,492,480
Development costs	\$292,000
Contingency	\$1,086,817
Total	\$15,575,000

Further details on the establishment costs are set out in section 8 "What are the Fees?".



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Alongside the above fees and expenses, the Manager is establishing a Future CAPEX fund which may be supplemented by any unexpended development phase contingencies and operating cashflow retentions. The purpose of the Future CAPEX fund is to provide for additional working capital at the commencement of the LP, and funding for any capital expenditure over the life of the LP. This Future CAPEX fund is forecast to be \$101,214 at commencement of the LP.

On Settlement, all Investors' capital will be applied to settle the acquisition of the Property and pay the Development Incentive, establishment costs, except for the development management fee which will be payable in two equal tranches; on 31 March 2019 and the balance payable on Practical Completion of the Development.

The minimum amount to be raised for Investor subscriptions is \$22,750,000. Augusta Capital Limited (a wholly owned subsidiary of the Manager's parent company) and Cypress Capital Limited have agreed to underwrite the offer. Augusta Capital's underwriting commitment is for \$15,000,000 million (or 300 Units) and Cypress Capital's underwriting commitment is for \$7,750,000 (or 155 Units). Cypress Capital will only be required to subscribe for Units if Augusta Capital is required to subscribe for its total commitment of 300 Units.

Augusta Capital will receive an underwriting fee of \$450,000 (being 3.0% of the underwritten amount) and Cypress Capital will receive an underwriting fee of \$155,000 (being 2.0% of the underwritten amount).

Cypress Capital is owned by interests associated with Peter Francis, the father of Mark Francis (Augusta Capital Limited's managing director and largest shareholder).

Augusta Capital and Cypress Capital do not guarantee or promise the Units offered under this PDS or the projected cash returns to Investors or any payment of returns by the LP.

Factors that may affect the financial performance of the LP and Investors' returns.

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

- Distributions from the LP relative to their respective Units; and
- Any gains which result from the net sale proceeds of Sir William Pickering Drive Limited Partnership (whether sold in one or multiple transactions) exceeding the consideration to be paid for the LP and the establishment costs.

The key factors that will affect the financial performance of the LP and Investors' returns, and the strategies and plans to address those factors are:

Factor affecting	
Financial Performance	Strategy to address
Delayed Completion of the Development Works resulting in payment of a reduced rental	The key strategy to address this factor is the time buffer in the construction programme which is currently one month. A project manager has also been engaged to ensure key milestones are met.
Delayed Completion of the Development Works resulting in payment of Liquidated Damages being payable to the Tenant	The key strategy to address this factor is that the Liquidated Damages have been replicated in the Construction Contract so that Leighs Construction are required to pay those Liquidated Damages except in certain circumstances such as force majeure and tenant delay.

Factor affecting

Financial Performance Strategy to address

Increased construction costs

The contract price under the Construction Contract is \$12,703,703. After the final subtrade package has been let, the Manager and Leighs Construction intend to convert the contract price into a fixed price lump sum, which must not be greater than the above figure. The contract price will be subject to a typical variation regime under the Construction Contract which may increase the contract price (for example, Leighs Construction can claim a variation if the Manager instructs a scope change or if a change in law increases Leighs Construction's costs of performing the Development Works).

This risk is mitigated by the Tenant variation regime under the Development Agreement, which limits the Principal's obligation to incur expenditure on variations. This risk is further mitigated with a development phase contingency of \$1,086,817 which equates to 7.5% of development costs (excluding incentives) which is sufficient in the Manager's opinion. Consult QS, the Quantity Surveyor engaged by the Manager has confirmed that, in their opinion having regard to the terms of the Construction Contract, the contingency allowance is adequate for the Development.





AUGUSTA

Artists Impression



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Factor affecting Financial Performance	Strategy to address
Performance of Leighs Construction	<p>Leighs Construction Limited has been engaged to carry out the Development Works. The Construction Contract contains a number of measures to secure the performance of Leighs Construction, including the following:</p> <ul style="list-style-type: none"> • A parent company guarantee is required to be provided by Leighs Construction Holdings Limited (Leigh's parent company). This will be handed back at the end of the defects notification period; • A 7.5% on demand contractor's performance bond (market standard is 5.0%); • Liquidated Damages (LD) equivalent to the IL4 rental and LD's payable by the LP under the Development Agreement if Practical Completion is not achieved by 31 July 2019. The aggregate amount of LDs payable is uncapped; • Continuity guarantees will be provided by material subcontractors requiring them to continue to carry out work if the Construction Contract is terminated; • Retentions of at least \$250,000 to be held for 12 months post Practical Completion; • Extended warranties for key work packages (covering materials and workmanship) to be entered into on a joint and several basis by Leighs Construction and the relevant subcontractor (with the exception of the base isolator package where Leighs Construction will not be jointly and severally liable with the manufacturer); and • A 10-year weather tightness guarantee.

Factor affecting Financial Performance	Strategy to address
Changes in Interest rates	<p>As a significant expense for the LP will be interest payments, the financial performance will be affected by interest rates. The Manager has entered into a forward start swap agreement to fix the base rate (and not the margin rate) at 3.14% on \$9,500,000 (or 50%) of the LP's debt for 4 years from 1 April 2019. The all up interest rate on this portion of the loan is assumed to be 5.14% when the swap commences assuming the margin remains at 2.0% on this date. The Manager may enter into further forward start swap agreements to apply to some or all of the LP's debt after that date.</p>
Rental income	<p>The rental income received by the LP is the key source of the LP's income. That income is forecast to grow over time due to the agreed fixed rental increases in the initial term of the New Lease and the initial term of the AHB lease.</p> <p>The Tenant is a State-Owned Enterprise established in 1987. Airways' shareholders (on behalf of the Government) are the Ministers for State Owned Enterprises and Finance. The year ending 30 June 2017 financial statements record that Airways' profit after tax was \$23.8 million for the year ended 30 June 2017 and its net assets as \$115.3 million as at 30 June 2017. The Manager is not aware of the Tenant ever having failed to meet any material obligations under the terms of the Existing Lease (as it currently applies).</p> <p>Accordingly, based on the information available to the Manager, the Manager believes that Airways Corporation has good financial standing and provides a very strong tenant covenant.</p>



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Factor affecting

Financial Performance	Strategy to address
Future capital expenditure requirements	A Future CAPEX fund is to be established to allow for future unrecovered maintenance and capital expenditure. This Future CAPEX fund is forecast to be \$101,214 at commencement.
Value of the Property	<p>The value of the Property may increase or decrease over time depending on a number of factors (see section 7 “Risks to Returns from the Sir William Pickering Drive Limited Partnership for further detail). As the Property will be the LP’s sole asset, increases or decreases in its value will have a material impact on the financial performance.</p> <p>Each of the above strategies to manage the construction risk, rental income and capital expenditure is ultimately a strategy to support the value of the Property as those factors affect the value of the Property.</p>

Tax will also affect Investors’ post-tax returns. Further information is contained in section 9 “Tax”.

Nature of returns

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

- Distributions of operating cashflows of the LP relative to their respective Units; 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.

Acquisition of key property

Property Valuation

An independent valuation of the Property has been provided by Scott Ansley and Marius Ogg of CBRE Limited (CBRE) on an “as if complete” basis (i.e. assuming the Development has been completed and the new Lease has commenced) at \$41,225,000 plus GST (if any) as at 16 November 2017 in accordance with Australia and New Zealand Valuation and Property Standards. The valuation was prepared using both a capitalisation of net income approach and a discounted cash flow approach.

Other assumptions for the valuation were made by the valuers in undertaking the valuation, and are set out in the Valuation Report. The Manager does not consider any of the assumptions made to be unreasonable or unusual market practice, based on its significant experience obtaining and considering such valuation advice.

A copy of the Valuation Report may be found on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/> by searching “Sir William Pickering Drive Limited Partnership” under “search offers”.

Real property

This section of the PDS summarises important information comprised in:

- The Development Agreement – the agreement between, Airways Nominee Limited (for and on behalf of Airways Nominee Joint Venture, the Previous Scheme) as landlord and Airways Corporation of New Zealand Limited as tenant and Augusta Capital Limited as guarantor under which the Previous Scheme agrees to complete the Development, and the Tenant agrees to enter into the New Lease and Augusta Capital agrees to guarantee the obligations of the Previous Scheme. The Custodian on behalf of the LP will replace the Previous Scheme on Settlement. Augusta Capital's guarantee is also released on Settlement.

- The Construction Contract – the contract to be entered into between Sir William Pickering Drive LP and Leighs Construction Limited.
- The Existing Lease (which is to be varied in accordance with the Development Agreement), the New Lease and the lease of AHB;
- The titles for the Property and all interests registered on the titles; and
- The Land Information Memoranda issued by Christchurch City Council.

Development Agreement

The Development Agreement and Construction Contract have been structured to mitigate or minimise the risks to the LP of the Development not being completed on time, on budget or to the required standard. The key features of the Development Agreement are set out below. Further discussion of the Mitigation Strategies contained in the Development Agreement can be found in section 7 “Risks to Returns from Sir William Pickering Drive Limited Partnership”.

Item	Commentary
Construction Cost	\$12,703,703
Additional Project Costs for Landlord Works	<p>\$575,000 contingency.</p> <p>The Landlord is responsible for paying all cost overruns of the Base Build Works and the Fit-out Works, and costs of consultants, consents and any tenant-requested variations the landlord is required to implement (as set out in the ‘Design’ section below).</p>
Target Completion Date	17 July 2019
Landlord Works	A new Importance Level 4, two-storied office building, of approximately 1,560m ² being an Air Traffic Control Centre to be constructed at the Property (IL4).

Item	Commentary
Design	<p>The Landlord is to prepare the design of IL4 on the basis of the concept plans, specifications and milestone dates as agreed in the Development Agreement and provided to the Tenant for approval.</p> <p>The Tenant may, on written notice to the Landlord, request variations at any stage prior to Practical Completion.</p> <p>The Landlord will only be required to implement any tenant requested variations if:</p> <ol style="list-style-type: none"> 1. The variation is minor in nature and will not have an adverse impact on the end value of the Property; 2. The cost of the variation (plus the cost of all other variations requested by the Tenant which the Landlord is required to implement) does not exceed 50% of the uncommitted amount of the \$575,000 construction contingency as at the date on which the latest variation is requested; and 3. The variations are not (in the Landlord’s reasonable opinion) likely to delay the target completion date. <p>The Landlord shall not be entitled to implement any material variations to the agreed detailed design without first obtaining the written consent of the Tenant.</p>



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Item	Commentary
Construction	<p>The Landlord shall be liable for the cost of the Development.</p> <p>The Landlord wears all cost overruns of Base Build Works, Fit-Out Works, contingency, consultants and consents including any Tenant-requested variations that the Landlord is required to implement (as set out in the 'Design' section above). All other tenant-requested variations are to be paid for by the Tenant.</p> <p>If total development costs are less than \$14,200,000 (including the costs of consultants and consents) then the total rental payable from Commencement Date will be reduced by applying a yield of 6.25% to the reduction in total costs of the Development below \$14,200,000 – 75% will be apportioned to base rent and 25% to improvements rent. The defects liability retention will not be factored into this calculation.</p>
Ownership and Payment	Landlord to own all works (Base Build Works and Fit-out Works).
Development Incentive	A cash incentive of \$654,286 plus GST (if any) is payable to the Tenant on Settlement and is effectively repaid by the Tenant as part of the payments due by the Tenant under the terms of the Existing Lease (as varied).
Lease Incentive	A cash incentive of \$3 million plus GST is payable to the Tenant on Practical Completion of the Development.

Item	Commentary
Variations to the Existing Lease during Development Phase	<p>The Existing Lease to be varied on Settlement, to cover the period from Settlement to Practical Completion, as follows:</p> <ol style="list-style-type: none"> 1. The Tenant will pay an annual amount of \$2,633,884 plus GST p.a. plus OPEX. 2. Of the annual amount payable \$2,453,884 will be increased by 2.0% on the anniversary of the Settlement date (if the existing lease is still in place at that time). 3. Seismic – All current buildings located at the Property (ADC1, ADC2 and AHB) to be a minimum of 70%NBS (calculated in accordance with NZS 1170.5) as at Settlement. Existing Lease to be varied to include process for having the buildings reassessed following an event if, in the reasonable opinion of the Tenant, the seismic rating of the buildings is likely to have fallen below 70%NBS and requiring remedial works to be undertaken (if necessary) to return the seismic rating of the buildings to a minimum of 70%NBS; 4. The Tenant will not make any claims on the Landlord for breach of quiet enjoyment of lease for construction related activities in relation to the Development and associated works, so long as any disturbance does not amount to a "Major Disturbance". If there is a "Major Disturbance" due to a Landlord default, the Tenant shall be entitled to rent abatement for the duration of the disturbance. 5. Term – The current term of the Existing Lease is due to expire on 19 July 2019. In the event that Practical Completion is delayed beyond 17 July 2019, the term of the Existing Lease shall be automatically extended until Practical Completion is achieved (at which point the Existing Lease will be surrendered and the New Lease will be entered into).

Item	Commentary
Delays and Rent Abatement	<p>If there is a delay beyond 17 July 2019 which is not due to a tenant default, then the rent attributable to IL4 (being base rent of \$616,035.05 plus GST plus improvements rent of \$180,000 plus GST) is forfeited until Practical Completion is achieved.</p> <p>Liquidated Damages (capped at \$3,000 per day) are also payable if Practical Completion is delayed beyond 31 July 2019 (provided that the delay is not due to force majeure or a default by the Tenant).</p>
New Lease	<p>New Lease of ADC1, ADC2, AHB and IL4 to be entered into (and the Existing Lease surrendered) upon Practical Completion of IL4. New Lease to be on the same terms as Existing Lease subject to the variations set out below in the New Lease section.</p>
AHB Lease	<p>18 months following Practical Completion, the AHB building will be removed from the New Lease and will be comprised in a separate new lease (<i>AHB Lease</i>). The AHB Lease is to be on the same terms as the New Lease subject to the variations set out below in the AHB Lease section. The Tenant may elect to remove the AHB building from the New Lease up to 6 months prior to this date on 20 working days' notice.</p>
Termination	<p>Either party may terminate the Development Agreement if there is a "material default" by the other party which has not been remedied within a reasonable period of time (being not less than 180 working days).</p> <p>Following any termination of the Development Agreement:</p> <ol style="list-style-type: none"> 1. the Existing Lease will be deemed to be varied so that it is consistent with the terms of the Existing Lease prior to the variation or surrender effected pursuant to the Development Agreement. 2. Any incentives paid by the Landlord must be reimbursed by the Tenant. 3. Any additional rental paid by the Tenant as a result of the Development Agreement must be reimbursed by the Landlord.





AUGUSTA

Airways

(State-owned enterprise)
as sole tenant



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Construction Contract

Construction of the Development will be undertaken by Leighs Construction Limited. Leighs Construction was established in 1995 and have delivered projects across a number of sectors both in NZ and overseas from both their Auckland and Christchurch offices. Leighs Construction has successfully delivered construction projects across a number of sectors, including health, education, commercial offices, retail, primary industry, community and government, both at home in New Zealand and overseas. Recent high-profile Christchurch developments include both the new ANZ Centre and BNZ Centre complexes in the CBD and they are currently completing the new \$72 million Christchurch Hospital Outpatients building.

The Custodian, on behalf of Sir William Pickering Drive LP, will enter into a Construction Contract with Leighs Construction for a price of \$12,703,703 plus GST. The Construction Contract includes separable portions for each of the Base Build Works and the Fit-out Works. The contract price will be subject to a typical variation regime which may result in the price increasing. The Manager is satisfied that the development phase contingency totalling \$1,086,817 will adequately cater for any such increases. Consult QS, the Quantity Surveyor engaged by the Manager likewise has confirmed that, in their opinion having regard to the terms of the Construction Contract, the contingency allowance is adequate for the Development.

The Construction Contract is based on the NZS 3910:2013 standard form and includes special conditions to protect the LP's interests and ensure that it is consistent with the Development Agreement. In particular:

- (a) A parent company guarantee is required from Leighs Construction Holdings Limited. This will be handed back at the end of the defects notification period;
- (b) A 7.5% on demand contractor's performance bond;
- (c) Leighs Construction is liable to pay daily liquidated damages of \$3,000 plus GST (mirroring the LP's obligation to pay Liquidated Damages under the Development Agreement) if Practical Completion is not achieved by 31 July 2019;
- (d) Leighs Construction is liable to pay daily liquidated damages equivalent to the rental for IL4 if Practical Completion is not achieved by the target completion date (being 17 July 2019) until such time as Practical Completion is achieved.

Note: The liquidated damages referred to in (c) and (d) above are cumulative. There is no aggregate cap on the amount of liquidated damages payable. The Construction Contract includes typical grounds for Leighs Construction to claim extensions of time to the Due Dates for Completion (and avoid paying liquidated damages), for example, for the net effect of a variation, for default by the LP and for force majeure type events – the Manager believes such risks have been adequately mitigated with the development phase contingency.

- (e) Key milestones dates and Due Dates for Completion mirror those in the Development Agreement;
- (f) Continuity guarantees will be provided by material subcontractors;
- (g) There will be defect liability retentions of at least \$250,000 covering a 12-month defects notification period commencing on the date of Practical Completion; and
- (h) Extended warranties (covering materials and workmanship) to be entered into on a joint and several basis by Leighs Construction and the relevant subcontractor (with the exception of the base isolator package where Leighs Construction will not be jointly and severally liable with the manufacturer);
- (i) A 10-year weather tightness guarantee; and
- (j) The Construction Contract includes a provision requiring Leighs Construction to comply with the terms of the Development Agreement insofar as they are applicable to the Development Works.

The Lease

Airways Nominees Limited is the current landlord and Airways Corporation of New Zealand Limited is the current tenant under the Existing Lease for the three existing buildings located at the Property, which is due to expire on 19 July 2019.

Under the Development Agreement, the parties have agreed to develop and construct IL4 on the Property and to vary the existing lease arrangements. As noted above, under the Development Agreement the Landlord will pay a Development Incentive to the Tenant of \$654,286 plus GST



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

(which is subject to adjustment if the Settlement is later than 29 March 2018). The Existing Lease will be varied to provide that the Tenant will pay an annual amount of \$2,633,884 plus GST p.a. with effect from the Settlement.

On Practical Completion of the Development the Existing Lease will be surrendered and the Landlord and Tenant will enter into the New Lease of the land and all the buildings on the site (being ADC1, ADC2, AHB and IL4) for a 25-year term with a right of renewal of 10 years. The Landlord will pay a Lease Incentive to the Tenant of \$3,000,000 plus GST (if any) on Practical Completion of IL4.

However, during the period of 12 to 18 months following Practical Completion, the Andy Herd Building (AHB) will be surrendered from the New Lease and will be leased to the Tenant in a separate lease for a term of 9 years with a right of renewal of 6 years. The annual rent payable for AHB will remain the same level as the annual rent attributable to AHB under the New Lease, so the total annual rental payable for the Property will remain unchanged.

The tenancy schedule on the date of Settlement will be as follows:

Lease	Area (m ²)	Net Contract Rent	Net Market Rent	Lease Start Date	Rent Review Due	Next Right of Renewal
ADC, ADC2 and IL4	6,714	\$2,114,375	\$1,888,190	19/07/2019*	Annual 2%***	19 July 2044* (1 x 10 years)
AHB	2,345	\$519,509	\$437,972	19/07/2020**	Annual 2%****	19 July 2029** (1 x 6 years)
Total	9,059	\$2,633,884	\$2,326,162			

* Lease commences from Practical Completion of IL4

** Assumes lease commences 12 months after the target Practical Completion for IL4. The latest that it could commence is 18 months after the Target Practical Completion, at Airways' option.

*** Market review with a cap and collar of +/- 10% on the 10th anniversary and then every 5th anniversary going forwards.

**** Market review with a cap and collar of +/- 10% on the 4th anniversary and then every 5th anniversary going forwards (including renewals).

Set out below is a summary of the key terms of the New Lease and the AHB Lease.

The New Lease

ADC, ADC2, IL4 and AHB (until the Partial Surrender is completed)

Item	Commentary
Commencement Date	Practical Completion of IL4 (which is anticipated to be 17 July 2019)
Initial Term	25 years from Practical Completion.
Rights of Renewal	1 x 10 year right of renewal (12 months' notice required).
Final Expiry (if all rights of renewal are exercised)	35 years from Practical Completion.
Annual Rent	<p>Annual base rent of \$2,453,884 (or higher if the rent has been reviewed on the anniversary of the Settlement pursuant to the Existing Lease).</p> <p>The annual base rent and the improvements rent are subject to adjustment. If the total costs of the Development (including the costs of consultants and consents) are less than \$14,200,000 then the total rent payable from the Commencement Date will be reduced by applying a yield of 6.25% to the reduction in the total costs of the Development (including the costs of consultants and consents) below \$14,200,000. 75% of the reduction will be apportioned to the base rent and 25% will be apportioned to the improvements rent. The defects liability retention of \$250,000 will be factored into the total costs of the Development).</p> <p>Upon the Partial Surrender, the annual base rent will be reduced by \$519,508.65 (plus any increase in the rent attributable to AHB between the Settlement Date and the Partial Surrender).</p>
Improvements Rent	\$180,000 p.a. for the initial lease term (25 years).
Rent Reviews	<p>2.0% annual base rent review.</p> <p>Market review with a cap and collar of +/- 10% on the 10th anniversary and then every 5th anniversary going forwards.</p>

Item	Commentary
Outgoings	Operating expenses are fully recoverable from the Tenant with the exception of management expenses, roof repairs, external cladding repairs and external repainting.
Seismic	<p>The Landlord is required to maintain the IL4 building to a seismic strength rating of not less than 100% of NBS assuming building importance level 4.</p> <p>The Landlord will also be liable to maintain the existing buildings (ADC1, ADC2 and AHB) to a seismic strength rating of at least 70% of NBS calculated in accordance with NZS1170.5 as at the Settlement.</p> <p>The Tenant may request that the buildings be reassessed following an event if, in the reasonable opinion of the Tenant, the seismic rating of the buildings is likely to have fallen below the required seismic rating and may require remedial works to be undertaken (if necessary).</p>
Maintenance	The Tenant is responsible for usual day-to-day repairs and maintenance of the interior of the buildings (excluding structural maintenance and capital replacement of Landlord fixtures and fittings, including carpet, ceilings and HVAC) and the grounds, whilst the Landlord has responsibility for the buildings' exteriors.
Insurance	The Landlord is required to keep and maintain comprehensive insurance for buildings on the Property on a full replacement and reinstatement basis, insurance for 24 months' loss of rent and outgoings, landlord's fixtures, fittings and chattels and public liability insurance, all at the Tenant's cost.
Lease incentive	Cash incentive of \$3,000,000 plus GST is payable on Practical Completion.

New AHB Lease (following the Partial Surrender)

Item	Commentary
Commencement Date	18 months post Practical Completion or any time after 12 months post Practical Completion on 20 working days' notice by the Tenant.
Initial Term	9 years from commencement (being the day immediately following the date of Partial Surrender).
Rights of Renewal	1 x 6 years (12 months' notice required).
Final Expiry (if all rights of renewal are exercised)	15 years from commencement.
Rent	\$519,508.65 p.a. (adjusted at 2.0% p.a. from the Settlement Date to the commencement of the AHB Lease).
Rent Reviews	<p>2.0% annual base rent review.</p> <p>Market review with a cap and collar of +/- 10% on the 4th anniversary and then every 5th anniversary going forwards (including renewals).</p>

The Tenant's financial statements show that Airways' profit after tax was \$23.8 million for the year ended 30 June 2017 and its net assets as \$115.3 million as at 30 June 2017. The Manager is not aware of the Tenant ever having failed to meet any material obligations under the terms of the Existing Lease (as it currently applies). Accordingly, based on the information available to it, the Manager believes Airways has good financial standing and provides a very strong tenant covenant.

The Development Agreement (which includes the form of New Lease) is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/> by searching "Sir William Pickering Drive Limited Partnership" under "search offers".



2. What Sir William Pickering Drive Limited Partnership invests in (cont.)

Title

The Property consists of two fee simple estates contained in Computer Freehold Registers CB32B/847 and 315961 and having a combined area of 1.7313ha.

The Property is subject to the following covenants, encumbrances and interests recorded on the Computer Freehold Registers for the Property:

- **Certificate Pursuant to Section 37 Building Act 1991** – A395454.1. This interest affects both titles to the Property. It provides that a building is constructed across two allotments and these allotments shall not be transferred or leased except in conjunction with each other.
- **Easement Certificate 771805.21** – An easement for an appurtenant right to drain water is noted on the title. However, it is likely this easement is now redundant as the easement area does not physically connect to the title.
- **Easement 815862.5** – The land in title 315961 is subject to an easement for a right to drain sewage over that part marked D on DP 375305 in favour of the Christchurch City Council. This area appears to run along the southern boundary of the carpark bordering the accessway to Memorial Avenue.
- **Easement 7392847.4** – The land in title 315961 is subject to a right to drain water over that part marked B on DP 375305 in favour of the neighbouring property along Sir William Pickering Drive. This appears to run along the boundary of the Property and connect to the Council drainage facility described in Easement 815862.6. The easement is on reasonably standard terms and maintenance is shared between the parties based on proportionate use. The easement is a compulsory easement and requires Council's consent to surrender.
- **Easement 815862.6** – The land in title 315961 is subject to an easement for the right to drain water over the part marked P on DP 375305 in favour of Christchurch City Council. This area is roughly 9m² along the Sir William Pickering Drive road frontage (located roughly 20m north of the entry to the property on Sir William Pickering Drive).
- **Easement 7392847.5** – The land in title 315961 is subject to a right to convey electric power over that part marked A on DP 375305 in favour of Orion New Zealand Limited. This appears to run from Sir William Pickering Drive along the northern boundary of the land and is roughly 68m long.
- **Caveat by Airways Corporation of New Zealand Limited 7481235.1** – This interest affects both titles to the Property. The caveat protects the interests of Airways Corporation of New Zealand Limited as lessee under a deed of lease dated 18 July 2007.

Land Information Memoranda (LIMs)

The Manager has obtained two LIMs under section 44A of the Local Government Official Information and Meetings Act 1987 which are available on the Offer Register or on request from the Manager, free of charge. Other than the outstanding code compliance certificates referred to below, there are no material matters in the LIMs that have been referred to the independent registered valuer for the purposes of the valuation report referred to in this PDS and as found on the Disclose Register (<https://disclose-register.companiesoffice.govt.nz/>).

In addition to the information contained under the 'contamination' section of part 2 ('What Sir William Pickering Drive Limited Partnership Invests In') above, relevant information from the LIM relating to the property at 20 Sir William Pickering Drive discloses that there are two outstanding Code Compliance Certificates (CCC) for the following buildings consents:

- BCN/2012/2773 (issued on 27/08/2012) – voluntary upgrade of existing fire alarm system in the Andy Herd building – has passed final inspection and awaiting CCC; and
- BCN/2012/8063 (issued on 3/07/2013) – seismic repairs to existing commercial building, awaiting final inspection before CCC can be issued.

Building Inspection Reports

The Manager engaged CBRE to provide a technical due diligence property condition report. The report identifies potential capital expenditure of \$438,500 to be undertaken over the next 10 years. The Manager is therefore establishing a Future CAPEX fund in order to provide for funding of such works. This Future CAPEX fund is forecast to be \$101,214 at commencement.

A copy of the report is available on the Offer Register or on request from the Manager, free of charge.

3. Key dates and offer process

Borrowings

ASB has provided a credit approved offer of debt funding with the key terms being:

- Facility limit: \$19,000,000; of which the Manager expects to draw \$1,900,000 at Settlement.
- Security:
 - First registered mortgage over the unique identifiers/certificates of title for the Property.
 - General Security Agreements over all present and after acquired personal property of the LP, General Partner and Custodian.
 - Guarantees and indemnities given by the General Partner and Custodian in respect of all indebtedness and obligations of the LP.
 - An assignment of the existing leases and the Development Agreement.
- Loan Term: 36 months (subject to annual review and extension).
- Personal guarantee: No personal guarantees. The loan is non-recourse in respect of the Investors.
- Interest rate: The interest is effectively floating and is based on the current 30 day BKBM Bid Rate plus a margin of 2.00%. To hedge the risk on the floating nature of the interest rate the Manager has entered into a forward start swap agreement fixing the base rate at 3.14% (and not the margin rate) for four years from 1 April 2019 on \$9,500,000. Therefore, the all up interest rate on this portion of the loan is assumed to be 5.14% when the swap commences assuming the margin remains at 2.0% on this date.
- LVR: The loan to value ratio is to be less than 50%.
- Interest cover: EBITDA not less than 2.0 times the interest cost.
- Principal payments: The loan facility is interest only and no principal repayments are required during the loan term.

As the above borrowings for the LP will likely be due before the LP is wound up, the Manager considers that refinancing is likely to be needed.

The bank debt owing to ASB, and all other liabilities of the LP (including under the Leases), and the LP's business as usual activities, will rank ahead of Investors' Units on the winding up of the LP.

Offer opens	24 February 2018
Date that Previous Scheme investors must exercise their right of first refusal	15 March 2018
Offer closes	23 March 2018
Units are issued to Investors	29 March 2018
Settlement of the acquisition of the Property	29 March 2018

The timetable is indicative only and the dates may change. In particular, the Manager reserves the right to close the offer at any time prior to the above offer closing date or extend the offer by up to 25 working days without prior notice. 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.

Returns will not be paid until Settlement of the purchase of the Property and issue of the Units occurs. Investors' subscription monies will, in that period, be held in the Chapman Tripp Trust Account and will accrue interest. Upon Settlement, that interest shall be paid to the account of the LP. The Manager will make a special distribution to Investors from the LP's bank account. The amount of the distribution will reflect the size of the Investor's investment and the amount of time their funds were held in the Chapman Tripp Trust Account.



4. Terms of the offer

How can investments be made?	<p>You may invest in the LP with a minimum subscription of \$50,000 (1 Unit). Subscriptions must be completed on the application form contained in section 13 “How to apply”.</p> <p>TO ENSURE YOUR APPLICATION IS ACCEPTED, PLEASE READ THE APPLICATION INSTRUCTIONS IN THAT SECTION CAREFULLY.</p> <p>Subscriptions may only be made before the closing date and there is no continuous offer of Units in the LP.</p>	What are the returns? (cont.)	<p>repayment and not lead to higher cash distribution levels. Should debt repayments be made, the Manager would take into account any tax liability for Investors and potentially make a distribution if possible to account for that tax liability.</p> <p>Distributions are funded from operating cashflows.</p>
How can I withdraw my investment from the LP?	<p>An investment in the LP is not redeemable on demand and has no fixed term. You may only withdraw from the LP if:</p> <ul style="list-style-type: none"> You sell your Unit(s) to a third party (such as via the secondary market facility operated by the Manager); or A resolution is passed to wind up the LP and sell the Property. <p>The limitations on:</p> <ul style="list-style-type: none"> when (and how) an investor may sell their Unit; and when (and how) a resolution is passed to wind up the LP and sell the Property, <p>are set out in the Limited Partnership Agreement and the Governing Document. The proposed incoming investor will need to satisfy the Manager’s anti-money laundering requirements and become a party to the Limited Partnership Agreement.</p> <p>There is no guarantee there will be willing buyers for Units.</p>	When are distributions paid?	Distributions are paid monthly in arrears, with payments being made on the 7th day of each subsequent month, or the next working day.
		Key dates	Please see “Section 3: Key Dates and Offer Process” on page 31.
		Underwrite	<p>The Offer is fully underwritten. Augusta Capital Limited has underwritten \$15,000,000 of the Offer. Cypress Capital has underwritten \$7,750,000.</p> <p>Information on the identity of the other underwriter is contained in section 10 “About Augusta Funds Management Limited and others involved in Sir William Pickering Drive Limited Partnership”.</p>
		Minimum amount to be raised	\$22,750,000.
		No overseas investors	<p>The Offer is a regulated offer for the purposes of the Financial Markets Conduct Act 2013 and is only being made to potential investors in New Zealand. No person may offer, invite, sell or deliver any Units or distribute any documents (including the PDS) to any person outside New Zealand without the approval of the Manager. The PDS may not be sent into or distributed in the United States.</p> <p>Unless otherwise agreed with the Manager, any person applying for Units 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 PDS 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.</p>
What is the minimum amount payable to invest in the LP?	\$50,000 and in multiples of \$50,000 thereafter.	Further terms of the Units are set out in the Governing Document and the Limited Partnership Agreement. These documents are available on the Scheme Register (where the form of the Limited Partnership Agreement is included as a schedule to the Governing Document) at https://disclose-register.companiesoffice.govt.nz/ by searching “Sir William Pickering Drive Limited Partnership” under “search schemes”.	
What are the returns?	<p>Forecast pre-tax cash returns of 7.00% per annum for the first two accounting periods.</p> <p>These returns are not guaranteed. The actual distribution rates may vary. In the event that, following the forecast period, returns were higher than 7.00% per annum, those additional returns may be applied towards debt</p>		



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Forecast

7%

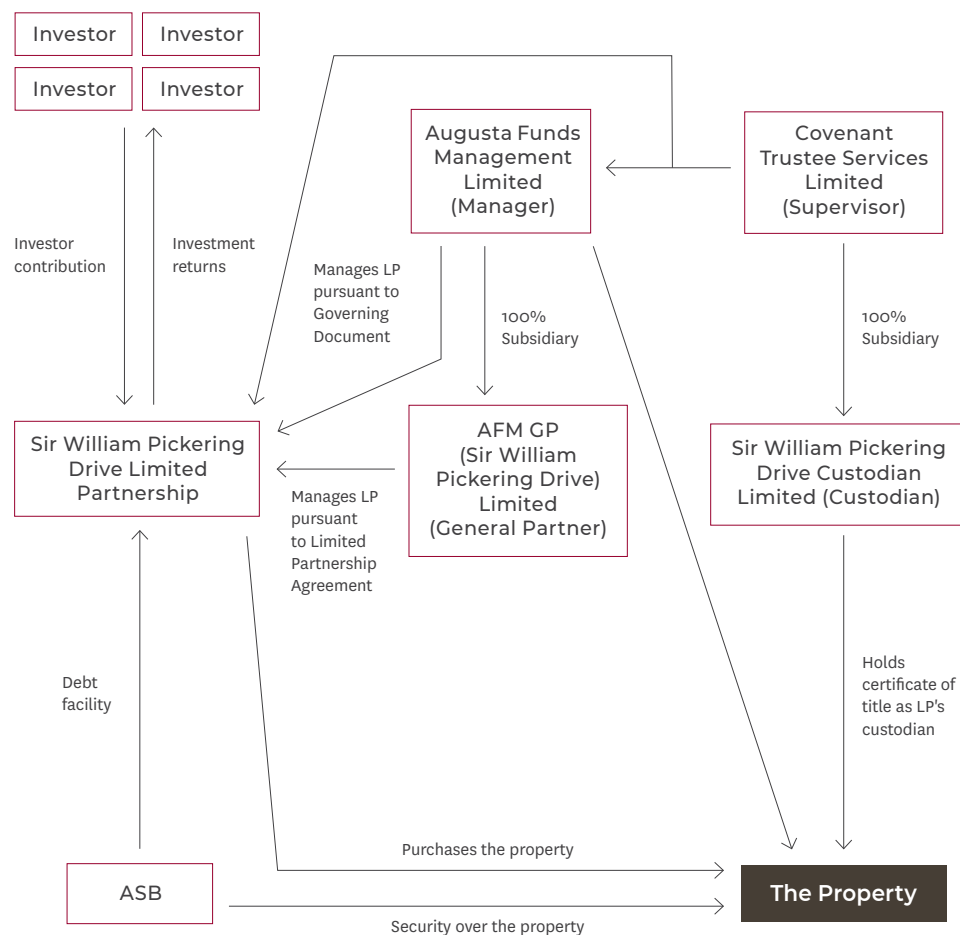
per annum pre-tax
cash return

(for the first 2 financial years)



5. How Sir William Pickering Drive Limited Partnership works

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



What is a limited partnership?

Investors are offered the opportunity to invest in the LP (a New Zealand limited partnership) that will acquire the Property and become a limited partner in the LP. 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 below) liable for no more than their initial investment in the LP. 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 Leases in its name for the LP. The interrelationship between the Investors (as limited partners), the LP and the General Partner is set out in the Limited Partnership Agreement.

The LP will be managed and administered by the Manager pursuant to the Governing Document. The Manager's responsibilities and duties are set out in the Governing Document (which is available on the Scheme Register at <https://disclose-register.companiesoffice.govt.nz/> by searching "Sir William Pickering Drive Limited Partnership" under "search schemes") which also sets out the rights and obligations of the Investors, Manager, LP, Custodian and Supervisor.

The LP is an "other managed investment scheme" for the purposes of the Financial Markets Conduct Act 2013 and, accordingly, in certain places, this PDS refers to the LP as a "scheme".

Bayleys Property Services Limited will provide day-to-day facilities and property management services for the Property. The Manager will, as part of its role as manager of the LP, monitor Bayleys Property Services Limited's compliance with its facilities and property management obligations (and any other replacement property manager).

Each Unit confers equal rights and obligations on each Investor in respect of entitlements to income and capital from the LP and each Unit will confer one vote upon the holder in respect of matters on which Investors are entitled to vote under the Limited Partnership Agreement and Governing Document.

The General Partner (which is a company – AFM GP (Sir William Pickering Drive) 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 LP, while the limited partners are liable for no more than their respective capital investment in the LP. Limited Partners must not take part in the management of the LP. The LP has been structured to avoid Investors taking part in management. For the purposes of the LP, the Manager will, pursuant to the Governing Document, 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.

Significant benefits of investing in the Limited Partnership

The significant benefits of investing in the Limited Partnership are:

- The forecasted pre-tax cash returns as set out in section 6 “Sir William Pickering Drive Limited Partnership's financial information”;
- The ability to have an investment in a property that would not typically be available to Investors who are only able to invest a minimum \$50,000;
- The investment in the LP is passive with active day-to-day management (including preparation of accounts, negotiation of leases, payment of distributions and obtaining bank financing) being handled by the Manager;
- The LP structure enables the General Partner to conduct the business of the LP, while the Investors' liability, as limited partners, is limited to their initial investment in the LP, as long as they do not take part in the management of the LP. The LP has been structured to avoid Investors taking part in management; and
- The investment in a commercial property leased to a State-Owned Enterprise, therefore affording a very strong tenant covenant, combined with the length of lease security (WALT of 21.83 years on Practical Completion) and annual rental increases of 2.0% p.a. (excluding market review dates).

Related party benefits

Paul Duffy is a director of the Manager, Leighs Construction Limited (*Leighs Construction*), and Leighs Construction Holdings Limited.

Construction of the Development will be undertaken by Leighs Construction. The Custodian on behalf of Sir William Pickering Drive Limited Partnership will enter into a Construction Contract with Leighs Construction for a price of \$12,703,703 plus GST.

Due to Paul Duffy being a director of the Manager and Leighs Construction, the Construction Contractor is a related party of the Manager. Leighs Construction will receive a related party benefit through its entry and performance of the Construction Contract.

The Manager believes that the Construction Contract was negotiated with each party acting in its own best interests and that this transaction will be conducted on arms' length terms.



6. Sir William Pickering Drive Limited Partnership's financial information

Selected financial information

This table provides selected financial information about the Sir William Pickering Drive Limited Partnership. Prospective Financial Information is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/> by searching "Sir William Pickering Drive Limited Partnership" under "search offers". If you do not understand this financial information, you can seek professional advice.

Forecast Pre-Tax Cash Return	Forecast pre-tax cash returns of: <ul style="list-style-type: none">• 7.00% per annum for the period from 29 March 2018 to 31 March 2019; and• 7.00% for the second full financial year ending 31 March 2020
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These returns are not guaranteed. The actual distribution rates may vary. In the event that, following the forecast period, returns were higher than 7.00% per annum, those additional returns may be applied towards either the building of the Future CAPEX fund and working capital or debt repayment and not lead to higher cash distribution levels. The Manager may take into account any tax liability for Investors and potentially make a distribution if possible to account for that tax liability in such circumstances.

As Investors are investing in a New Zealand limited partnership, they will need to account for tax on the taxable income in their individual tax returns, rather than simply on the cash return of 7.00%. Please refer to section 9 "Tax" for more information.

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

The prospective financial information included in the tables below has been extracted from prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS 42), which are available on the Offer Register. The prospective financial statements have been the subject to a reasonable assurance engagement and an unmodified opinion issued by KPMG, a copy of which is also included on the Offer Register.

The principal assumptions on which the prospective financial information is based are set out under the heading Principal Assumptions.

Forecast Investor Returns

The LP, after payments of all expenses including the fee payable to the Manager, is expected to return cash distributions to investors of 7.00% per annum before tax on the Investor's original subscription amount for the period 29 March 2018 to 31 March 2020 (assuming settlement takes place on the expected settlement date of 29 March 2018).

The following table reconciles the prospective net profit per the Prospective Financial Information to the distributable cash surplus. The reconciliation then also sets out further obligations which may require a retention of the cash surplus.

The Manager believes this non-GAAP disclosure is important as it clearly states the cash surplus available for distribution after making allowances for retentions to cover identified costs (such as the operating cashflow retentions of \$283,500 which will be retained for the purposes of funding the balance of the establishment and development costs) as well as future CAPEX obligations. This is a consistent measure that the Manager will use when identifying future distribution levels. This non-GAAP reconciliation has been considered by KPMG as part of their assurance review of the prospective financial information.

Prospective income, expenses and returns

The table below presents summary prospective financial information.

Prospective Statement of Profit and Loss and Other Comprehensive Income	13 months + 22 days ending 31 March 2019	12 Months ending 31 March 2020
	\$	\$
Net property income	2,811,140	2,818,330
LP expenses	(198,847)	(203,566)
Amortisation of lease incentive	-	(84,748)
Operating profit before finance costs	2,612,293	2,530,016
Net finance expenses	(371,736)	(940,445)
Operating profit	2,240,557	1,589,571
Other income	20,775	6,114
Total profit before revaluations	2,261,332	1,595,685
Change in fair value of investment property	(690,273)	1,468,279
Total profit for the year attributable to investors	1,571,059	3,063,964
Other comprehensive income	-	-
Total comprehensive income for year attributable to investors	1,571,059	3,063,964

Prospective Statement of Changes in Equity	Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at 7 February 2018	-	-	-
Profit for the Year	-	1,571,059	1,571,059
Contributions from Investors	22,750,000	-	22,750,000
Issue Costs	(1,534,550)	-	(1,534,550)
Distributions to Investors	-	(1,605,343)	(1,605,343)
Balance as at 31 March 2019	21,215,450	(34,284)	21,181,166

	13 Months + 22 Days ending 31 March 2019	12 Months ending 31 March 2020
	\$	\$
Prospective net profit before tax (total LP)	1,571,059	3,063,964
Add: development incentive	494,302	159,983
Adjust for: non-cash items *	71,817	(1,625,183)
Less: cash retention to fund development works	(283,500)	-
Less: cash retention for Future CAPEX fund	(248,335)	(6,264)
Cash surplus available for distribution	1,605,343	1,592,500
Total number of interests	455	455
Cash surplus available for distribution per interest	3,528	3,500
<i>% on original investment</i>	<i>7.00%</i>	<i>7.00%</i>
Distributions paid per unit	3,528	3,500
<i>% on original investment</i>	<i>7.00%</i>	<i>7.00%</i>
Variance	-	-

* Non-cash items include the amortised initial finance costs, the movement in the accrual for the fixed rental growth adjustment, revaluation of investment property and the amortisation of the capitalised lease incentive.

A reconciliation of the net profit to the distributable cash surplus is set out in the previous table as the cash distribution payments to investors will be dependent on the cash surplus generated. Reconciling items included are:

- The Development Incentive is adjusted for as under GAAP it is effectively repaid over the Development Phase and is not included in the net profit.
- The initial finance costs, which are fully paid on establishment of the LP but for accounting reasons are capitalised and amortised over the loan facility period to 29 March 2021.
- The revaluation of investment property is not a one-off transaction but is an item that does not impact the cash flows generated which are available for distribution.
- The accrual to recognise fixed rental growth and the lease incentive on a straight line basis as these are non-cash items.
- The cashflow retention of \$283,500 as these funds are to be applied towards the payment of the balance of the development costs.
- The cashflow retention in respect to the building of the Future CAPEX fund.



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6. Sir William Pickering Drive Limited Partnership's financial information (cont.)

Prospective Statement of Changes in Equity	Capital \$	Retained Earnings \$	Total \$
Balance as at 1 April 2019	21,215,450	(34,284)	21,181,166
Profit for the Year	-	3,063,964	3,063,964
Contributions from Investors	-	-	-
Issue Costs	-	-	-
Distributions to Investors	-	(1,592,500)	(1,592,500)
Balance as at 31 March 2020	21,215,450	1,437,180	22,652,630

Prospective Statement of Financial Position	As at 31 March 2019 \$	As at 31 March 2020 \$
Current Assets	1,127,512	619,845
Non-Current Assets	34,264,262	41,225,000
Total Assets	35,391,774	41,844,845
Current Liabilities	129,376	192,215
Non-Current Liabilities	14,081,232	19,000,000
Total Liabilities	14,210,608	19,192,215
Equity	21,181,166	22,652,630

Prospective Statement of Cash Flow	13 months + 22 days ending 31 March 2019 \$	12 Months ending 31 March 2020 \$
Cash at the beginning of the year	-	430,653
Net cash flow from operating activities	1,690,586	1,462,145
Net cash flow from investing activities	(34,940,347)	(4,527,405)
Net cash flow from financing activities	33,680,414	3,254,452
Cash as at the end of the year	430,653	619,845

Principal Assumptions

Below is a summary of the principal assumptions on which the above prospective financial information is based. Further information on these assumptions may be found at <https://disclose-register.companiesoffice.govt.nz/> by searching "Sir William Pickering Drive Limited Partnership" under "search offers".

The LP

The LP is to be established and domiciled in New Zealand. The LP was incorporated on 7 February 2018 which is the start of the first accounting period of 13 months and 22 days to 31 March 2019.

The LP will be a commercial property investor that owns the Property. The registered office of the Manager is situated at Level 2, 30 Gaunt Street, Viaduct Harbour, Auckland.

Settlement

Pursuant to the sale and purchase agreement for the Property, Settlement is to occur on 29 March 2018. Therefore, for the purpose of the financial statements, rental income has been recognised from 30 March 2018 when trading will commence.

The Property is assumed to be purchased by the LP on 29 March 2018 at a purchase price of \$20,500,000.

Establishment Costs

Total establishment costs are assumed to be no more than \$2,203,000. This includes offeror, development, underwriting, guarantee, brokerage, due diligence, legal, compliance and valuation fees as well as financing, administration and marketing costs. The bulk of these costs are deemed to be issue costs, with the exception of \$215,450 allocated to financing costs and \$453,000 capitalised with are directly related to the acquisition of the property.

The establishment costs have been based on contractual obligations, quotes received and/or estimates made using experience of establishing similar schemes.



6. Sir William Pickering Drive Limited Partnership's financial information (cont.)

Investment Property

On 31 March 2019, the value of 20-26 Sir William Pickering Drive, Burnside, Christchurch is assumed to equal the cost, plus any directly related acquisition costs and any capital costs incurred during the prospective period. On 31 March 2020, the value is assumed to equal the "as if complete" valuation dated 16 November 2017 completed by CBRE at \$41,225,000 subject to the New Lease structure.

Development

The development of a fourth office building on the premises is assumed to total \$15,575,000 (including contingencies of \$1.086 million). Design commenced in December 2017 with a targeted practical completion of 17 July 2019. Any development costs incurred by the Manager will be reimbursed on Settlement.

The development project costs are assumed to be incurred in line with the project development plan. The Manager will cover initial development related costs prior to settlement and establishment of the new Scheme. These costs will then be refunded to the Manager.

Lease Incentive

The lease incentive of \$3,000,000 is assumed to be paid on 17 July 2019 to coincide with the practical completion date and the signing of the New Lease.

Development incentive

The LP will pay a Development Incentive to the Tenant of \$654,286 on Settlement which will be repaid to the LP over the development period.

Rental Income

Rental income is assumed to commence on 30 March 2018 in respect to the existing lease. It is assumed that the new lease, as described in the development agreement, will be enforced from the assumed practical completion date of 17 July 2019. For the financial period ending 31 March 2019 and the year ending 31 March 2020, it is assumed that there is no vacancy and no tenant default. It is also assumed there are no delays in receipt of debtors.

The tenant is responsible for operating costs including rates, insurance premiums, utilities and certain maintenance obligations, however the tenant is not responsible for management fees, roof and structural repairs and external repainting. It is assumed that all operating cost payments will be made on time and that there are no creditors associated with these operating costs. Costs and recoveries have been assumed to increase by 2% CPI each year.

Fees charged by the Manager after establishment

The manager will charge the LP management fees of \$150,000 and accounting fees of \$5,000 in the first year. These fees will increase at the greater of 3% or CPI thereafter per year. The Manager will charge a total development management fee of \$200,000 for managing the Development. This fee will be payable in two equal instalments of \$100,000 on 31 March 2019 and the balance on practical completion which is expected to be by 17 July 2019. This cost is capitalised as a cost of the project.

Borrowings

The loan agreement is an extendable agreement and will be interest only. It will have an initial loan term of 3 years from date of drawdown. The loan facility will be subject to annual review and extension each year. It is assumed that a 1-year extension will be granted on 29 March 2019 extending the term to 29 March 2022 on the same terms.

The loan facility will be for \$19,000,000 and is expected to be drawn down over the life of the Development to fund the \$15,575,000 capital development works, the \$3,000,000 lease incentive and the \$654,286 development incentive.

	2019	2020
Opening Balance	-	14,153,049
Drawdowns	14,153,049	4,846,951
Closing Balance	14,153,049	19,000,000

Interest Expense

The interest expense assumes an all up floating interest rate of 3.90% per annum from the first drawdown. No principal repayments have been assumed (interest only) during the 3-year term of the loan. The long-term interest rate will be managed with an interest rate swap agreement on the base rate (excludes margin) for 4 years from 1 April 2019 on \$9,500,000 (or 50%) of the loan facility. The all up interest rate on this portion of the loan is assumed to be 5.14% when the swap commences which assumes the margin remains at 2.00% on this date. The balance (50%) is expected to remain floating in the initial term and therefore is subject to changes in the variable base rate. The variable base rate is assumed to increase according to OCR forecast estimates at the time of preparing the prospective financial information. The interest expense reflects the expected timing of loan drawdowns to fund the development budget which is expected to run from 29 March 2018 to 17 July 2019.

LP Expenses

LP expenses have been based on contractual obligations, quotes received and/or estimates made using experience of managing similar schemes.

Future CAPEX Fund

The Manager has provided for a Future CAPEX fund of \$101,214 on the establishment of the LP.

Environment

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 and that the lease is enforceable and is performed in accordance with its terms.

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 an independent property or swap revaluation as at the reporting date which have the potential to be material, but are non-cash items.

They also do not include potential exposure to interest rate changes between the time that this information is prepared and execution of the loan agreement due to changes in the base rate which is a cash item. The LP and Manager give no guarantee or assurance that the prospective financial information presented will be achieved.

Financial measures for scheme borrowings

The following table forecasts the gearing and interest cover ratios.

	29 March 2018	31 March 2019	31 March 2020
Gearing Ratio	9.05%	39.99%	45.41%
Interest Cover Ratio	Not applicable	8.43	2.82

The “Gearing ratio” tells you how much the LP owes (debt) as a portion of what it owns (total assets). The higher the gearing ratio, the higher the risk to the LP as it indicates that a higher portion of the LP’s assets will need to be applied to repay its debt.

Gearing is based on the prospective balance sheet. The carrying value of the investment property is deemed to represent the consideration paid. The consideration paid during the Development represents fair value as an “as is” valuation cannot be completed in respect to future reporting periods. It can only be determined at each reporting date. The Manager believes this is the most reasonable assumption.

The “Interest Cover Ratio” tells you how much the LP’s net income exceeds interest on its loans (as a multiple). The higher the ratio, the more comfortably the LP’s income can cover any interest owing (and the lower the risk to the LP).

The interest cover ratio is calculated in accordance with NZ GAAP.

The above ratios assume no increase (or decrease) in the value of Sir William Pickering Drive during the forecast period.

Borrowing repayment dates

Loan Facility	Repayment Date
ASB Facility	29 March 2021 The loan has a 36 month facility term and is interest only.

The loan facility will be subject to annual review and extension each year so that the term remaining is re-set to a 36-month term. ASB is under no obligation to offer such an extension (which may include an increase or decrease in the margin) and the Manager is not obliged to accept the offer on behalf of the LP.



7. Risks to returns from Sir William Pickering Drive Limited Partnership

Risks to returns from Sir William Pickering Drive Limited Partnership

This section sets out a description of the circumstances that the Manager is aware of that exist or are likely to arise that significantly increase the risk to returns for Investors. The table in this section sets out particulars of why each circumstance is of particular significance and an assessment of the likelihood of any impact arising, the nature of that impact, and the potential magnitude of that impact.

This investment differs from other syndicated property investments as it has a Development Phase. Accordingly, the risks are split into two sections – risks arising during the Development Phase and other risks arising during the Development Phase and the Investment Phase.

The Manager considers that the development risks are not out of the ordinary for a development of this size and nature. It should also be noted that the Development only relates to a portion of the Property and that most of the Property has already been developed.

These circumstances may not encompass all of the circumstances that may present a risk to returns of Investors now or in the future, and there is no guarantee that the importance of each circumstance will not change.

These circumstances, were they to occur and if they were not appropriately managed by the Manager, could have a material adverse effect on the LP's financial position or future financial performance through a decrease in revenue or an increase in costs. The Manager has taken, and will, in the future take, steps to mitigate the effects of these circumstances. However, some risks may not be fully capable of mitigation.

Investors should carefully consider these risks (together with other information in this PDS) before deciding whether to invest in the LP.

The description of the circumstances in this section does not take into account the personal circumstances, financial position or investment requirements of any person. It is therefore important that, before deciding to invest in the LP, you consider the suitability of an investment in the LP in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

Development Phase Risks

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Development Delay	<p>The Development Agreement provides the following:</p> <ul style="list-style-type: none"> If there is a delay in completion of the Development beyond 17 July 2019, the LP will suffer a reduction in rental income (except where such delay is caused by the Tenant); If there is a delay in completion of the Development beyond 31 July 2019, the LP will be required to pay liquidated damages (at \$3,000 plus GST per day) to Airways (except in limited circumstances such as force majeure events, which includes earthquakes); and Airways may also seek to terminate the Development Agreement on the grounds of material default if a delay in completion of the Development is material and cannot be remedied within a reasonable period of time (being not less than 180 working days). <p>The Manager considers that:</p> <ul style="list-style-type: none"> the nature of the development delay risks described above are typical for this type of development work; and the magnitude of this risk is low because of the mitigating factors (described in the right hand column). <p>The Manager believes that it has mitigated this risk as far as reasonably practicable via the negotiated risk allocation under the Construction Contract.</p> <p>Where the delay is attributable to, or is the contractual responsibility of, the LP under the Development Agreement the rental reduction and liquidated damages (where applicable) referred to above, would be incurred by the LP.</p>	<p>Time buffer in development programme: Practical Completion of IL4 under the Construction Contract is due by 16 June 2019; this is approximately one month earlier than the 17 July 2019 date set out in the Development Agreement. The Manager considers that the float built into the programme will assist in mitigating the risk of development delay.</p> <p>Appointment of a project manager: The Manager has also engaged a professional project manager (RCP) from inception of the project to ensure key milestones are met.</p> <p>Extension under Development Agreement: The Development Agreement provides for certain circumstances in which the target date for Practical Completion Date can be extended past 17 July 2019. These circumstances include force majeure events such as earthquakes and delays in processing the building consent which are not caused by the LP. As a result, the date for triggering liquidated damages will be extended in such circumstances.</p> <p>Delay attributable to the Construction Contractor: The Construction Contract is structured so as to 'back-to-back' any rental abatements (except in limited circumstances) and the LP's liability to pay liquidated damages under the Development Agreement where a delay has been caused by the Construction Contractor (i.e. the LP would recover such rental abatements and liquidated damages from the Construction Contractor). So, the LP is 'kept whole' to the extent that:</p> <ul style="list-style-type: none"> the delay is attributable to the Construction Contractor; and the Construction Contractor or the Parent Company remain solvent (i.e. financially capable of paying such liquidated damages). <p>In the event the Construction Contractor and the Parent Company become insolvent, the LP will have the benefit of an on-demand performance bond and progress payment retentions to 'off-set' rental reductions incurred, or liquidated damages payable, under the Development Agreement.</p> <p>Delay attributable to the LP: Delay risk has been mitigated by accelerating the design programme and procuring the base isolators ahead of schedule.</p> <p>In particular, the design programme has been accelerated by commencing design ahead of establishing the LP. The Manager considers the design programme has been advanced by four weeks.</p> <p>The Manager has also engaged Peer Reviews for key aspects (structural and fire) which will ensure prompt processing of consents with Council.</p>
Manager's assessment of likelihood of circumstances arising		Low
Manager's assessment of the impact, were the circumstance to arise		Potentially significant



7. Risks to returns from Sir William Pickering Drive Limited Partnership (cont.)

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Construction Contractor and Parent Company insolvency	<p>This investment is different from other syndicated property investments in that it involves the development of a fourth office building (IL4) at the Property.</p> <p>Investors could suffer loss if Leighs Construction becomes insolvent before completion of the Development and ceases works because this likely would cause delays and cost overruns.</p> <p>Airways may also seek to terminate the Development Agreement on the grounds of material default if the Manager is unable to appoint a replacement contractor and remedy the default within a reasonable period of time (being not less than 180 Working Days).</p> <p>In the event of insolvency of Leighs Construction, the LP would be unable to effectively enforce the terms of the Construction Contract. In addition to this inability to enforce the terms of the Construction Contract, the LP may also incur:</p> <ul style="list-style-type: none"> • a claim for Liquidated Damages from Airways if completion of the Development is delayed beyond 31 July 2019; • a reduction in rental income by the proportion of rent attributable to IL4 and the improvements rent; and • additional construction costs payable to a replacement contractor. <p>The Manager anticipates incurring higher construction costs in the event that a replacement contractor is required to be used to complete the Development due to increased costs to reflect the risk taken by a replacement contractor in completing works it has not been previously involved with and its re-establishment costs.</p>	<p>The Manager has assessed the risk of Leighs Construction and its parent company, Leighs Construction Holdings becoming insolvent as low given their reputation, and the Manager's assessment of both companies' financial statements for the past two years. However, because of the potential size of the costs and losses the LP may incur and suffer, the impact of both Leighs Construction and Leighs Construction Holdings becoming insolvent will likely be adverse until the Development is complete.</p> <p>Other risk mitigants include:</p> <ul style="list-style-type: none"> • Leighs Construction has agreed to provide a 7.5% on demand performance bond; and • Continuity guarantees will be provided by material subcontractors which require those subcontractors to continue carrying out their works in the event the Construction Contract is terminated. <p>The LP has a contingency allowance of \$1,086,817 which equates to 7.5% of the development costs (excluding incentives) which provides further insulation to contractor insolvency. Consult QS, the Quantity Surveyor engaged by the Manager has confirmed that, in their opinion having regard to the terms of the Construction Contract, the contingency allowance is adequate for the Development.</p> <p>In the event that this risk eventuates, but the LP was able to still access bank funding, the Manager would anticipate completing the Development utilising the performance bond, and contingencies to fund any alternate contractors step in costs, and liquidated damages payable under the Development Agreement. If, however this was not possible, the Manager anticipates that it is likely that the LP would be required to sell the Property with the Development partially completed.</p>
<i>Manager's assessment of likelihood of circumstances arising</i>		Low
<i>Manager's assessment of the impact, were the circumstance to arise</i>		Potentially significant

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Design Defects	<p>The Construction Contract is a 'build-only' contract. This means the LP is responsible for design defects relating to the Development.</p> <p>If the design needs to be amended, this may result in increased construction costs, which in turn could impact on returns to Investors.</p>	<p>The Manager has assessed the risk of design defects to be low. Risk mitigants include the following:</p> <ul style="list-style-type: none"> • The Manager has appointed well-regarded and reputable engineering and consultancy firms to prepare the design for the Development Works. • Those consultants will be required to obtain and maintain \$5m professional indemnity insurance (except for the planner, and peer reviewers who will hold \$2m and \$1m of PI cover respectively). • Leighs Construction will enter into an Early Contractor Involvement Agreement with the Manager. A key purpose of the ECI Agreement is to involve Leighs Construction in the design development process, including establishing and verifying the design of the Development Works (including testing the design for buildability), obtaining supply chain commitments and identifying and assessing risks associated with the Development Works and analysing those risks. • The LP has a contingency allowance of \$1,086,817 which equates to 7.5% of the development costs (excluding incentives). Consult QS, the Quantity Surveyor engaged by the Manager has confirmed that, in their opinion having regard to the terms of the Construction Contract, the contingency allowance is adequate for the Development.
<i>Manager's assessment of likelihood of circumstances arising</i>		Low
<i>Manager's assessment of the impact, were the circumstance to arise</i>		Potentially significant



7. Risks to returns from Sir William Pickering Drive Limited Partnership (cont.)

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Construction Defects	If defects are discovered in the Development Works after Practical Completion, this could result in additional costs incurred by the LP which may in turn impact on returns to Investors.	<p>The Manager has sought to mitigate the risk of construction defects by appointing a reputable Construction Contractor.</p> <p>The Construction Contract also includes the following risk mitigants:</p> <ul style="list-style-type: none">• 12-month defects notification periods which run from the date of Practical Completion for each separable portion.• A defects liability retention of at least \$250,000.• A 7.5% on-demand performance bond.• Extended subtrade warranties (covering materials and workmanship) ranging from 12 months to 15 years.• A 10 year weathertightness guarantee. <p>In addition, the Future CAPEX fund could be used to cover any shortfall costs incurred rectifying defects not covered by the above security.</p>
<i>Manager's assessment of likelihood of circumstances arising</i>		Low
<i>Manager's assessment of the impact, were the circumstance to arise</i>		Potentially significant

Other Risks

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Airways (Tenant) Default	<p>If the Tenant (Airways) were to suffer significant financial problems, any failure to pay rental and outgoings or vacancy/re-letting costs would have an impact on the ability:</p> <ul style="list-style-type: none"> • of the LP to pay returns to investors; and/or • for Investors to recoup their original investment. <p>Were the Tenant to default on their obligations under their Lease, it would adversely impact the LP's cashflows, and is likely to adversely impact distribution levels. The large tenancy area (four office buildings), the age of the AHB, ADC1 and ADC2 buildings, the location of the buildings, the semi-specialised nature of the Property, and high vacancy rates currently in the area may make it extremely difficult to find replacement tenant(s).</p> <p>In the Manager's view, the rental payable by Airways under the Lease is above market rental rates. In the event that a replacement tenant(s) is needed to be found, it is likely that the Manager would need to offer rental incentives to any incoming tenant(s) and/or agree to a lower market rate with the incoming tenant(s).</p>	<p>The Manager believes the tenant covenant provided by Airways is very strong. Commentary on the financial standing of Airways can be found in the Tenancy Schedule contained on page 29.</p>
<i>Manager's assessment of likelihood of circumstances arising</i>		<i>Low given that the Tenant, Airways, is of a sufficient financial standing and is a State-Owned Enterprise</i>
<i>Manager's assessment of the impact, were the circumstance to arise</i>		<i>Potentially significant. Such a loss of income would affect the LP's ability to pay distributions and pay required interest payments</i>



7. Risks to returns from Sir William Pickering Drive Limited Partnership (cont.)

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Interest rates	<p>The return to Investors will be subject to interest rate variations on the bank loan (initially a 36 month term, subject to annual review and extension).</p> <p>The magnitude of the impact of any adverse change in interest rates on distribution levels would be dependent on the magnitude of the change in the interest rate themselves. The Manager can take steps in an attempt to mitigate the impact of those changes, but, given current market conditions, the magnitude may be significant.</p> <p>However, the Manager will manage the floating component of the interest rate throughout the life of the LP with a combination of short-term and long-term interest rate swap/fixed rate agreements and/or floating rates.</p>	<p>The Manager has entered into a forward start swap agreement for 4 years on \$9,500,000 on the base rate of the LP's debt from 1 April 2019 to reduce the interest rate risk between these dates and for a portion of the loan structure. This only mitigates the risk on approximately 50% of the LP's debt and the interest rate will remain floating until further interest rate swaps are entered into.</p> <p>The Manager is unable to accurately predict the likelihood of a material change in interest rates occurring or the magnitude of the impact.</p>
<i>Manager's assessment of likelihood of circumstances arising</i>		<i>Unable to be accurately predicted. However, there is a reasonable prospect of a degree of adverse movement given the current interest rate environment</i>
<i>Manager's assessment of the impact, were the circumstance to arise</i>		<i>Potentially significant</i>

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Inability to re-finance	<p>The LP will borrow from ASB to partially fund the purchase of the Property and the Development. Adverse market movements may cause the banking covenants to be breached. If the breach (or any other breach of the banking covenants) is not remedied, ASB may enforce its security and sell the Property at a lower than market price due to a forced mortgagee sale.</p> <p>On the other hand, alternative funding (if available) may require higher interest payments and/or payment of loan principal.</p> <p>As set out on page 41, as the LP's borrowings will likely be due before the LP is wound up, the Manager considers that refinancing is likely to be needed.</p> <p>The LP's ability to pay distributions and fund the Development is dependent upon the LP's ability to draw down bank funding to fund these payments or seek alternative sources of funding or capital.</p> <p>A failure to maintain or renew funding may lead to a forced sale of the Property.</p>	<p>Based on the Manager's experience managing the funding arrangements associated with commercial property, such as the Property, the Manager considers that the likelihood of a breach of banking covenants or the Manager being unable to secure appropriate funding at the expiry of the initial facility arrangements to be low.</p> <p>A failure to maintain funding may threaten the ongoing viability of the LP. Repayment of principal will affect Investors cash returns, as 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.</p> <p>The Manager, based on its experience, considers the potential magnitude of the impact of changes to the LP's funding arrangements will be able to be adequately minimised through active management of the LP's finances and banking arrangements. However, if the LP was required to sell the Property with the Development partially completed in a 'forced' sale situation, the price may not cover the LP's outstanding bank debt, the establishment costs already incurred by the LP and the Investors' original investment amounts – leading to a significant loss of equity value.</p>
<i>Manager's assessment of likelihood of circumstances arising</i>		<i>Low, because of the range of mitigation strategies open to the Manager</i>
<i>Manager's assessment of the impact, were the circumstance to arise</i>		<i>Because of the potential size of the costs and losses the LP may incur and suffer, the impact is likely to be significant</i>



7. Risks to returns from Sir William Pickering Drive Limited Partnership (cont.)

Description of Risk	Manager's assessment of nature and magnitude	Mitigating factors
Single tenant, single property scheme	<p>The Tenant is the sole occupant of the Property, which is 100% leased to the Tenant. Accordingly, the LP's investment is not diversified by investment class, geographic location, tenant profile or exposure to different property sectors.</p> <p>If the Tenant vacates the Property, either prior to the end of the Lease term (for example, if the Lease is terminated due to breach or the Tenant becomes insolvent) or at the end of the Lease term (for example, at the end of the AHB Lease), the LP may not be able to find a replacement tenant in a timely fashion, at all, or at a lower rental income.</p> <p>Further, the Property is semi-specialised; while the majority of space is configured for office accommodation there is a specialised air traffic control component which may make it difficult to find a replacement tenant for the Property and capital expenditure may be required to repurpose the space to attract a tenant(s).</p> <p>In addition, the Manager believes that it would be extremely difficult to secure a replacement tenant(s) for the Property given the current surplus office property in the CBD and fringe suburbs of Christchurch as new or rebuilt properties come on to the market.</p>	<p>Vacancy periods may have an adverse impact on the LP's income, ability to comply with its debt covenants, the Property's capital value and potentially the NTA per Unit.</p> <p>The Manager, based on the long Lease term and strong tenant covenant considers the likelihood and potential magnitude of having to find a replacement tenant(s) very low and will be minimised through active management of the Property. The Tenant has been located at the Property since the late 1980's and has agreed to enter into separate 25 and 9-year leases for the various buildings on the property. The Tenant has also invested significant infrastructure into the Property. Moreover, both leases have fixed annual growth and market reviews interspersed with a cap/collar mechanism of 10% which mitigates this risk.</p> <p>However, CBRE in their valuation, estimated that the vacancy period would be 9 months, meaning, during that period, the LP would be unlikely to be able to maintain distributions or pay required interest payments.</p> <p>The Tenant must also give 12 months' notice of their intention to exercise their right of renewal.</p>
<i>Manager's assessment of likelihood of circumstances arising</i>		Low
<i>Manager's assessment of the impact, were the circumstance to arise</i>		<i>Because of the potential size of the costs and losses the LP may incur and suffer, the impact is potentially significant</i>



AUGUSTA





8. What are the fees?

Establishment fees

The fees and expenses charged to the LP on its establishment are:

Manager and associated person's fees on establishment of LP

Manager's offeror fee	\$600,000
Manager's development management fee	\$200,000
Augusta Capital's underwrite fee	\$450,000
Manager and associated person's aggregate fees for establishment of LP	\$1,250,000

Other fees for establishment of LP

Brokerage and marketing fees*	\$386,400
Other underwriter's fees	\$155,000
Legal fees**	\$225,000
Assurance fees	\$18,500
Valuation fees	\$15,000
Supervisor	\$5,000
Bank fees (including legal fees)**	\$125,450
Chattel valuation fee	\$8,000
Miscellaneous – administration expenses & disbursements**	\$8,550
PDS and scheme registration fee and FMA levy	\$6,100
Other fees for establishment of the LP	\$953,000
Total fees for establishment of the LP	\$2,203,000

* The brokerage fee is calculated in accordance with the following formula: 0.5% of any investors from the Previous Scheme, and 2.0% for any other investors, with the total brokerage fee of a minimum of \$250,000 and maximum of \$300,000. To the extent that any Unit is issued to an underwriter under their underwriting obligations, the brokerage fee will reduce by \$1,000 in respect of each such Unit.

** These amounts, or a component of these amounts, are the Manager's best estimates, based on its experience and the information known to it at the date of this PDS, but they may be subject to change based on the amounts invoiced to the LP (and investors will not be notified of such a change). All other amounts are maximum and cannot be increased.

The above fees are exclusive of GST and disbursements.

The offeror's fee is payable to the Manager for negotiating the Development Agreement & Lease, acquisition of the Property, completing due diligence, arranging and establishing the LP, negotiating the bank facility, preparing the prospective financial information, this PDS, the Limited Partnership Agreement and the Governing Document.

The underwriting fees are payable to Augusta Capital Limited and Cypress Capital Limited for underwriting the Offer.

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

Marketing costs reflect the costs of both preparing and producing advertisements in relation to the Offer and the costs for preparing and printing this PDS.

Legal fees are payable to the LP's Solicitors, Chapman Tripp, for the costs of legal due diligence on the Property, negotiation of the Development Agreement and Construction Contract, preparation of the sale and purchase agreement, attending to settlement of the purchase, advising on the debt facility agreements with ASB and advising on this PDS, the Limited Partnership Agreement and Governing Document, compliance with the Financial Markets Conduct Act and all applicable laws.

Assurance fees represent KPMG's fee for providing a reasonable assurance engagement on the prospective financial statements contained on the Offer Register.

The valuation fee is payable to CBRE for preparing the Valuation Report on the Property.

The chattel valuation fee is payable in connection with the chattel valuation obtained by the Manager for the chattels in the Property, required for calculation of capital allowances and depreciation.

The supervisor fees are payable to the Supervisor for their costs in relation to reviewing this PDS, the Governing Document and the Limited Partnership Agreement.

Disbursements are payable for certain costs incurred by the Manager and the Manager's professional advisers in connection with the establishment of the LP and preparation of the PDS.

The bank fees are payable to ASB in connection with establishing the LP's loan facility, securing the LP's effective interest rate, and the fees of the bank's legal advisers.

The PDS registration fee and FMA levy are payable in connection with the registration of the LP on the Offer Register and Scheme Register.

The above fees are payable by the LP - none are chargeable to Investors directly. In respect of part of the legal fees and the valuation fee, the Manager has already met these costs on behalf of the LP and, accordingly, is entitled to reimbursement. Other fees may be paid by the Manager between the dates of this PDS and Settlement. Those fees will be reimbursed to the Manager on Settlement.

Alongside the above fees and expenses, the Manager is also establishing a Future CAPEX fund (which will be supplemented over time by certain retentions from operating cashflows and any unexpended development phase contingency). This Future CAPEX fund is forecast to be \$101,214 at commencement.

Ongoing fees and expenses

There is no most recent accounting period for the LP.

The ongoing fees and expenses charged to the LP during its duration are:

Manager and associated person's fees

Annual Management Fee	\$150,000 plus GST per annum and increasing each year at the greater of 3% or any CPI increase for that year.
Annual Accounting Fee	\$5,000 plus GST per annum and increasing each year at the greater of 3% or any CPI increase for that year.
Development Fee	\$200,000 plus GST payable in two equal tranches at 31 March 2019 and the balance on Practical Completion.

New Leasing

- Where no real estate agent is used by the Manager:
 - Lease term of less than one year: Nil;
 - Lease term of one year or longer but less than three years: 10% of annual rental plus GST;
 - Lease term of three years or longer but less than five years: 12.5% of annual rental plus GST;
 - Lease term of five years or longer: 15% of annual rental plus GST;
- Where a real estate agent is involved:
 - Lease term of less than one year: Nil;
 - Lease term of one year or longer but less than three years: 5% of annual rental plus GST;
 - Lease term of three years or longer but less than five years: 6.25% of annual rental plus GST;
 - Lease term of five years or longer: 7.5% of annual rental plus GST.

Renewals or extensions

- If the Manager negotiates an extension or exercise of any renewal right, the Manager shall be entitled to a facilitation fee of:
- 5% of annual rent; plus
 - (if applicable) 1.5% of annual rent for each year that the negotiated extension or renewal exceeds the date that is six years from the contracted expiry of the lease (including any renewal), capped at 15%, plus GST.

Sale of part of the Property and Scheme not wound up

Upon a sale of part of the Property where the Scheme is not to be wound up (for example, where one title is sold and the remaining title remains held by the LP), the Manager will be entitled to a fee equal to 1% (plus GST) of the sale price for that part of the property.



8. What are the fees? (cont.)

Manager and associated person's fees (cont.)

Sale of the Property and Scheme wound up	<p>Upon a sale of the Property where the Scheme is to be wound up, or any part of the Property:</p> <ul style="list-style-type: none"> If the sale price plus the sale price of any part of the Property previously sold exceeds \$42,033,500 (being the combined total of the Purchase Price, development costs and establishment costs), the Manager will be entitled to a fee equal to 1% of the final sale price of the Property (excluding any prior sale) and If investors have received, or, upon final distribution following sale, will receive, actual pre-tax returns on their investment in the LP of an amount equal to an internal rate of return of 8% or more, the Manager shall be entitled to a fee equal to 10% of the amount that the funds available for return to Investors following the sale exceeds the equity contributed by Investors, <p>in each case, plus GST.</p>
Wind up fee	If the LP is wound up, the Manager is entitled to a fee equal to the then prevailing annual management fee divided by 12.
Project Management Fees	<p>In the event of any future refurbishment, rebranding, extension or redevelopment of the Property, the Manager will be entitled to a project management fee, calculated on the following incremental basis of the costs of such works:</p> <ul style="list-style-type: none"> in respect of the first \$50,000 of cost, 15% plus GST of such cost; in respect of cost between \$50,000 and \$99,999.99, 10% plus GST of such cost; in respect of cost between \$100,000 and \$199,999.99, 7.5% plus GST of such cost; and in respect any further cost, 5% plus GST of such cost.

Assignment fees	If a Tenant (or subsequent tenant) assigns their lease, the Manager is entitled to a fee of \$2,000 plus GST (increasing by the greater of 3% and CPI each year).
Refinancing fees	If the Manager re-finances the LP's banking arrangements then the Manager shall be entitled to a fee of \$10,000 plus GST (increasing by the greater of 3% and CPI each year).
Secondary market transfers	<p>If Investors utilise the secondary market facility offered by Augusta Funds Management, then an administration fee will be payable to Augusta Funds Management.</p> <p>The current charge is equivalent to 2% of the transaction value for arms-length transfers plus GST. Related party transfers may attract a fee of up to \$500 plus GST.</p>
Capital raising fee	If the LP raises further capital in accordance with the Governing Document, the Manager is entitled to a fee equal to 3% of any future capital raised.
Property Management Fee	Any property management fees that are recoverable from tenants of the Property under their leases.
Removal of Manager	If Investors resolve to remove the Manager in accordance with the terms of the Governing Document, a fee equal to one year's annual management fee will be payable to the Manager in connection with that removal.
The Manager and its associated person's aggregate fees for the accounting periods to:¹	<p>31 March 2019 will be \$1,305,000 plus GST, which as a percentage of net assets of the LP is anticipated to be 6.16%.</p> <p>31 March 2020 will be \$259,650 plus GST, which as a percentage of net assets of the LP is anticipated to be 1.15%.</p>

¹ Assuming the management fee increases at 3% a year and no other fees are payable (as at the date of this PDS the Manager does not anticipate it, nor any of its associated persons, will accrue any fees other than the management fee described).

The annual management fee is payable to the Manager for LP, asset and property management services.

The Development fee is payable to the Manager for managing the Development.

New leasing fees apply where the Manager arranges a new lease in respect of the Property.

Renewal and extension fees apply where Tenants (or other tenants) extend or renew their relevant leases, and are structured to incentivise the Manager to securing longer lease terms (and, in particular, beyond the terms contracted in the leases).

Sale of the Property fees apply where the Manager arranges a sale of the Property, or any part of the Property, and is structured to incentivise the Manager.

Project Management fees will apply in the event of any future rebranding, extension or redevelopment of all or part of the Property.

Assignment fees apply if a Tenant (or subsequent tenant) assigns their lease.

Refinancing fees apply if the Manager re-finances the LP's banking arrangements.

Secondary market transfer fees apply where an Investor seeks to utilise the Manager's secondary market transfer service. Augusta Funds Management will facilitate secondary transfers but does not act as a broker nor does it provide financial advice to any party.

The wind-up fee is payable to the Manager in the event of the LP being wound up, for administering that wind up.

Accounting fees are payable to the Manager for preparing the LP's financial statements.

Property management fees are payable to the Manager in respect of property management and are not recoverable under the Leases.

Removal of the Manager fees apply if Investors resolve, under the Governing Document, to remove the Manager.

Other fees and expenses

Supervisor's fees	<p>An annual base fee of \$11,375 plus GST, disbursements and expenses.</p> <p>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, and any other non-routine duties.</p> <p>The fee arrangements may be reviewed annually to ensure they are in keeping with current circumstances, with any changes to be agreed in writing between the Supervisor and Augusta, each acting reasonably.</p>
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Audit of financial statements	Estimated at \$8,400 plus GST (increasing by 2% each year)
Annual valuation fees	Estimated at \$10,200 plus GST (increasing by 2% each year)
Legal Fees	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).
Interest charges	Annual interest charges payable to ASB (as set out in the Prospective Financial Information on pages 36 to 41) estimated at \$303,853 for the period ending 31 March 2019 and \$874,464 for the year ending 31 March 2020.
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.
Expenses on a sale of the Property	<ul style="list-style-type: none"> Commission on the sale of the Property (or part of the Property), estimated at 1.0-2.5% of the sale price plus GST, will be payable to a real estate agent. 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). A swap termination fee may be payable to the bank in the event that the Property is sold prior to expiration of the term of the swap and the swap is 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. Liquidation & wind up fees.



8. What are the fees? (cont.)

Other fees and expenses (cont.)

Other possible fees and expenses	<ul style="list-style-type: none"> • Legal fees for any future leasing, renewals of lease, assignments, rent reviews, refinancing, LP meetings and any other advice relating to management of the Property will be charged on the basis of time spent. • 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. • Incentive or re-letting costs agreed with any replacement tenant. • Fees and expenses in relation to establishing or reviewing the LP's tax position and Investor meetings. • Fees and costs associated with regulatory compliance (such as any Financial Markets Authority levies payable by the LP or the Manager in its role as manager of the LP). • Property management fees and other outgoings not recoverable from the Tenant(s). • Bank fees incurred in relation to maintaining the LP's bank account and loan facility. • Any other fees and expenses which are necessary or desirable for the Manager to discharge its duties under the Trust Deed and which are consistent with the objects of the LP.
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Other person's aggregate fees and expenses (including interest expenses but excluding amortised finance costs) for the accounting periods to:**	<p>31 March 2019 will be \$815,177 plus GST, which as a percentage of net assets of the LP is anticipated to be 3.85%*</p> <p>31 March 2020 will be \$1,395,464 plus GST, which as a percentage of net assets of the LP is anticipated to be 6.16%</p>
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The above fees and expenses are the Manager's best estimate, based on its property management experience and the information known to it at the date of this PDS, but are subject to change based on the amounts invoiced to the LP. Details of the fees and expenses incurred by the LP will be included in the LP's annual report, however Investors will not be specifically notified of such a change.

* Aggregate fees for the accounting period 31 March 2019 include establishment costs.

** Further information on the LP's anticipated expenses is set out in the financial information for the LP available on the Offer Register at www.business.govt.nz/disclose by searching "William Pickering Drive Limited Partnership" under "search offers".

Supervisor fees are payable to the Supervisor for fulfilling the role of supervisor of the LP.

Audit fees are payable in connection with the audit of the LP's financial statements.

Valuation fees are payable in connection with the annual valuation of the Property.

Legal fees are payable in connection with any legal advice the Manager deems it necessary that the LP obtain.

Interest charges are payable to ASB under the terms of the LP's banking facility.

Outgoings, property maintenance expenses, fees and costs are payable in respect of the ongoing upkeep and maintenance of the Property.

Expenses on a sale will apply if it is proposed that the Property, or any part of the Property, be sold.

The above fees are payable by the LP - none are chargeable to Investors directly.



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9. Tax

The LP is not a portfolio investment entity (PIE).

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of an investment in the LP, you should obtain professional advice on those consequences.

Under the LP, each Investor is assessed individually on its proportionate share of the net rent and any other net income 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. Under current rules, depreciation claimed on the Property during the term of the LP will be taxable in the year the Property or an Investor's Unit 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.

10. About Augusta Funds Management Limited and others involved in Sir William Pickering Drive Limited Partnership

About Augusta Funds Management Limited

Augusta Funds Management Limited is the manager of the LP.

Augusta Funds Management Limited is licensed under the Financial Markets Conduct Act 2013 as a manager of Other Managed Investment Schemes; which are invested in Property Syndicates/ Real Property Proportionate Ownership Schemes, and Managed Investment Schemes - Managed Funds; where the Managed Funds are invested solely in real property (listed and unlisted).

The Manager's property schemes (such as the LP) are structured to provide Investors with a long-term investment in commercial and/or industrial real estate, while seeking to minimise the administrative and operational burdens of private property ownership. The Manager is responsible for the LP and property management, including the facilities and property management, preparation of annual financial statements and payment of monthly distributions.

The Manager also arranges funding packages allowing Investors to benefit from 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 31.

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\$91.5 million as at 13 February 2018. Augusta Funds Management has assets under management of approximately NZ\$1.7 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 property expertise with experience in property development, funds management, facilities and asset management, property investment, business administration and accounting. Augusta Funds Management manages a wide range of properties including multi asset funds, single ownership entities, and syndicates in numerous locations throughout New Zealand and Queensland, 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 below and on pages 15 to 16.

In addition to Mark Francis and Bryce Barnett whose profiles are set out on page 15, the directors of the Manager are:



Paul Duffy
Independent Director and Chairman
Dip Urb Val

Paul Duffy has over 35 years' experience in the property investment/development industry, including CEO/executive director of DNZ Property Fund (now named Stride Property) for 13 years. During his career, Paul held the position of general manager of Fletcher Property Limited and was joint managing director of US Real Estate Subsidiaries for the Abu Dhabi Investment Authority. In this role he oversaw the formation of a large real estate portfolio in the United States and Europe. Paul is currently a director of Leighs Construction Holdings Limited, Leighs Construction Limited, NPT Limited and of a number of private companies.

Paul is the chairman of Augusta Capital and Augusta Funds Management.



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 a number of companies that ACC invests in. He is also a director of Les Mills Holdings Limited, Youi (NZ) Pty Ltd and is a Council Member of NZ Venture Capital Association.



10. About Augusta Funds Management Limited and others involved in Sir William Pickering Drive Limited Partnership (cont.)



John Loughlin

Independent Director

MBA, BCA, FCA, ANZIIF (fellow), INFNZ (fellow), FNZIM, AFInstD

John Loughlin is a professional company director. He is chairman of Powerco Limited, Tru-Test Corporation Limited, EastPack Limited, Rockit Global Limited, Askerne Estate Winery Limited and Meat Industry Association of NZ Inc.

John has signalled that he will retire as a director of Augusta when a replacement director has been appointed in 2018. The replacement director is still currently being recruited.

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

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. Mark 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.

Contact details

The Manager may be contacted:

- At its registered office - Level 2, 30 Gaunt Street, Wynyard Quarter, Auckland, 1010
- By telephone - (09) 300 6161
- By fax - (09) 300 6162 (attention: Mark Francis/Bryce Barnett)

Who else is involved?

Party	Name	Role
Supervisor	Covenant Trustee Services Limited	Covenant Trustee Services Limited has been appointed supervisor for the LP.
		The Supervisor will monitor compliance with the Governing Document and fulfil the role of supervisor under the Financial Markets Conduct Act 2013 and Financial Markets Supervisors Act 2011.
Custodian	Sir William Pickering Drive Custodian Limited	<p>Sir William Pickering Drive Custodian Limited is a nominee company of the Supervisor and has been nominated as the custodian for the LP. The Custodian will hold the certificate of title for the Property on bare trust on behalf of the LP in accordance with the Governing Document.</p> <p>The Custodian is a subsidiary of the Supervisor.</p>
General Partner	AFM GP (Sir William Pickering Drive) Limited	<p>AFM GP (Sir William Pickering Drive) Limited is the general partner of the LP, and will manage the activities and affairs of the LP in accordance with the Limited Partnership Agreement.</p> <p>The General Partner is a subsidiary of the Manager.</p>

Party	Name	Role
Underwriters	Augusta Capital Limited	Augusta Capital has agreed to underwrite \$15,000,000 worth of Units offered under this PDS.
	Cypress Capital Limited	<p>Cypress Capital has agreed to underwrite \$7,750,000 worth of Units offered under this PDS (the balance of any unsubscribed Units in excess of Augusta Capital's underwriting commitment).</p> <p>Cypress Capital is owned by interests associated with Peter Francis, the father of Mark Francis (Augusta Capital's managing director).</p>
Property manager	Bayleys Property Services Limited (BPS)	The Manager intends to engage BPS to provide day-to-day facilities and property management services for the Property, under the guidance and supervision of the Manager.
None of the parties above guarantee any returns to Investors.		



11. How to complain

How to complain

Complaints about the Manager or the LP can be made to the Manager, attention Mark Francis, Managing Director, at the address and business telephone number set out on page 67.

A complaint can also be made to:

- (a) The Supervisor (at the address and business telephone number set out on page 67);
- (b) The Real Estate Institute of New Zealand. The Institute may be contacted by telephoning 0800 473 469 or at Level 3, 155 Khyber Pass Road, Grafton, Auckland; or
- (c) 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 2272, Wellington 6140. Financial Dispute Resolution will not charge a fee to any complainant to investigate or resolve a complaint.

12. Where you can find more information

Where you can find more information

The following further information relating to the LP and the Units is available on the Offer Register and the Scheme Register:

- Full Prospective Financial Statements.
- Valuation Report by Scott Ansley and Marius Ogg of CBRE Limited.
- KPMG's Reasonable Assurance Engagement opinion.
- Technical Due Diligence Report by CBRE.
- Seismic Assessment Reports by Structex Harvard Limited.
- Site Specific Geotechnical Report by Aurecon New Zealand Limited.
- The Development Agreement.
- The Construction Contract.
- The Sale and Purchase Agreement for the Property.
- The Land Information Memoranda for the Property.

A copy of information on the Offer Register and Scheme Register is available on request to the Registrar of Financial Service Providers.

The Offer Register may be viewed at <https://disclose-register.companiesoffice.govt.nz/> and search "Sir William Pickering Drive Limited Partnership" under Offers.

The Scheme Register may be viewed at <https://disclose-register.companiesoffice.govt.nz/> and search "Sir William Pickering Drive Limited Partnership" under Schemes.

No other information relating to the LP and the Units will be available other than the information contained in this PDS and on the Offer Register and Scheme Register.

All information available on the Offer Register and the Scheme Register is also available on request free of charge from the Manager (at the address and business telephone number set out on page 67).

13. How to apply

How to apply

In order to apply, prospective Investors must provide the following:

- A completed and signed Application Form;
- Completed Nature and Purpose statement (contained within the Application Form);
- Bank encoded deposit slip, bank statement or confirmation from your bank verifying your bank account name and number;
- For new investors with the Manager, the identification and other anti-money laundering due diligence information referred to on the form headed “Identity Verification” in this section;
- Payment of the total application amount. See “Payment” below, for further details.

Completed and signed application forms, along with the above accompanying documents and subscription amounts, must be mailed to the Manager, **Augusta Funds Management Limited** PO Box 37953, Parnell, Auckland 1151 (Attention: Sir William Pickering Drive Offer) or delivered or couriered to Level 2, 30 Gaunt Street, Wynyard Quarter, Auckland. The Offer closes on 23 March 2018.

IMPORTANT – for existing Augusta 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.

Investors must make the relevant election in section 5 of the application form to indicate their method of payment. Payment may be made by:

- Electronic transfer; or
- Cheque. Cheques must be made out in favour of “Chapman Tripp Trust Account (A/C Sir William Pickering Drive Offer)” and crossed “Non-Transferable”.

Returns will not be paid until Settlement of the purchase of the Property and issue of the Units occurs. Investor’s subscription monies will, in that period, be held in the Chapman Tripp Trust Account and will accrue interest. Upon Settlement, that interest shall be paid to the account of the LP. The Manager will make a special distribution to Investors. The amount of the distribution will reflect the size of Investor’s investment and the amount of time their funds were held in the Chapman Tripp Trust Account.

IMPORTANT – for reinvesting investors of the Previous Scheme, please refer to section 5 of the application form where you can elect to have up to \$70,000 per unit you hold in the Previous Scheme (which would otherwise be due to you on the wind-up of the Previous Scheme) applied to your application for Units.



Glossary

Term	Definition
\$	New Zealand dollars
ASB	ASB Bank Limited
ADC1 and ADC2	Office buildings (two of three) currently located at the Property at 26 Sir William Pickering Drive.
AHB	Andy Herd Building, which is one of the three existing office buildings located at 20 Sir William Pickering Drive.
Airways	Airways Corporation of New Zealand Limited (Company number: 331446).
Augusta Capital	Augusta Capital Limited (Company number: 1873288).
Augusta Funds Management	Augusta Funds Management Limited (Company number: 3760278).
Base Build Works	Construction of IL4 before tenant improvements (i.e. structural elements, building envelopes, lighting, HVAC systems etc).
Bayleys or Bayleys Real Estate	Bayleys Real Estate Limited (Company number: 88609).
Construction Contractor	Leighs Construction Limited
CPI	The Consumer Price Index (all groups) published by Statistics New Zealand.
Custodian	Sir William Pickering Drive Custodian Limited (Company number: 6688214).
Development	The development and construction of IL4 and associated landscaping and carparking works to be undertaken at the Property in accordance with the Development Agreement, and as further described on page 23.
Development Agreement	The Development Agreement between Airways Nominee Limited (Previous Scheme) as landlord and Airways Corporation of New Zealand Limited as tenant and Augusta Capital Limited (as guarantor) dated 22 December 2017 and as further described on page 23.
Development Incentive	\$654,286 plus GST (if any) if the Settlement date is 29 March 2018. If, however, the Settlement is later than 29 March 2018 then the Development Incentive will be calculated as follows: NPV of the difference in rent between the Settlement date and 17 July 2019 using a discount rate of 7% p.a.
Development Phase	The period from settlement of the purchase of the Property by the LP until Practical Completion.
Development Works	Together the Base Build Works and the Fit-out Works.
Due Date for Completion	Is the Target Completion Date under the Construction Contract (i.e. 17 July 2019).
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Existing Lease	Deed of Lease between Airways and the Landlord for the Property originally entered into in 2007.
Fit-out Works	Construction of interior fit-out, fixtures and fittings of the IL4 office building.
Future CAPEX fund	The capital expenditure fund to be established by the Manager, as described on page 10.

Term	Definition
General Partner	AFM GP (Sir William Pickering Drive) Limited (Company number: 6691113).
Governing Document	The Governing Document dated 16 February 2018 between the Manager, the LP the Custodian and the Supervisor, setting out the arrangements for ownership and management of the LP and as is available on the Scheme Register at https://disclose-register.companiesoffice.govt.nz/ by searching “Sir William Pickering Drive Limited Partnership” under “search schemes”.
IL4	The new base isolated Importance Level 4 Air Traffic Control Centre, which is a fourth office building to be constructed at the Property as part of the Development.
Improvements Rent	In addition to the Annual Rent, the Tenant will pay an Improvements Rent from the date of Settlement of \$180,000 plus GST (if any) per annum for the initial term of the New Lease in respect of the Fit-out Works.
Investment Phase	The period following Practical Completion, where the Development is complete and the New Lease has commenced.
Investors	Persons registered as the holders of Units in the LP.
Landlord	The LP, which will become the landlord under the Existing Lease, the New Lease and the AHB Lease.
Lease Incentive	The Landlord is required to pay the Tenant a Lease Incentive on Practical Completion of \$3,000,000 plus GST.
Leighs Construction	Leighs Construction Limited (Company number:534497).
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 of the acquisition of the Property by the LP.
Liquidated Damages	The fixed sum of damages payable (\$3,000 plus GST per day) by the Landlord to the Tenant pursuant to the Development Agreement should the Development be delayed beyond 31 July 2019 (provided that the delay is not due to force majeure or a default by the Tenant).
LP	The limited partnership established for the purpose of acquiring the Property, being the Sir William Pickering Drive Limited Partnership (Registration number:2694491).
LP's Solicitors	Chapman Tripp, 23 Albert Street, Auckland 1140.
Major Disturbance	The material disturbance of the Tenant's use and enjoyment of the Property for 48 hours (during business week) as a consequence of loss of core services or utilities, restricted or no access to the Property, hazards or safety concerns or fire or security risks which have not been agreed to by the Tenant (as defined in the Development Agreement).
Manager or Augusta Funds Management	Augusta Funds Management Limited (Company number: 3760278).
Offer	The offer of Units under the PDS.
Offer Register	The offer register entry for the LP, that forms part of the Disclose Register, that is available at https://disclose-register.companiesoffice.govt.nz/ by searching “Sir William Pickering Drive Limited Partnership” under “search offers”.
Parent Company	Leighs Construction Holdings Limited, being the parent company of Leighs Construction (the Construction Contractor).



Glossary (cont.)

Term	Definition
Partial Surrender	18 months' following Practical Completion, the Andy Herd Building (AHB) will be removed from the New Lease and will be comprised in a separate new lease for a 9-year term with a renewal right of 6 years. The Tenant may elect to remove the AHB building from the New Lease up to 6 months prior to this date on 20 working days' notice.
PDS or Product Disclosure Statement	This product disclosure statement detailing the offer of Units in the LP.
Practical Completion	The stage when the Development Works have achieved practical completion in accordance with the Construction Contract and the Development Agreement.
Previous Scheme	Airways Nominee Joint Venture, the proportionate ownership scheme, also managed by the Manager, from which the LP is acquiring the Property under the Sale and Purchase Agreement.
Property	20-26 Sir William Pickering Drive, Burnside, Christchurch and more particularly described as Lot 7 Deposited Plan 54647 (comprised in Computer Freehold Register CB 32B/847) and Lot 2 Deposited Plan 375305 (comprised in Computer Freehold Register 315961).
Sale and Purchase Agreement	The agreement for sale and purchase of the Property between the Previous Scheme as vendor and the LP as purchaser dated 12 February 2018.
Scheme Register	The scheme register entry for the LP, that forms part of the Disclose Register, that is available at https://disclose-register.companiesoffice.govt.nz/ by searching "Sir William Pickering Drive Limited Partnership" under "search schemes".
Settlement	The settlement of the acquisition of the Property by the LP which is anticipated to occur on 29 March 2018.
SIPO	The Statement of Investment Policy and Objectives for the LP adopted by the Manager which sets out its investment policies, objectives and strategies for the LP in respect of its investment in the Property as well as the policies it will apply in respect of its management and its investment performance monitoring benchmarks .
Supervisor	Covenant Trustee Services Limited (Company number: 2194946).
Target Completion Date	17 July 2019
Tenant	Airways (Airways Corporation of New Zealand Limited (Company number: 331446)).
Units	The units in the LP.
Valuation Report	The independent valuation report prepared by Scott Ansley and Marius Ogg of CBRE Limited which values the Property on an "as if complete" market value at \$41,225,000 plus GST (if any) as at 16 November 2017, which is available on the Offer Register at https://disclose-register.companiesoffice.govt.nz/ by searching "Sir William Pickering Drive Limited Partnership" under "search offers".
WALT	Weighted Average Lease Term.

Directory

Registered office of the Manager

Augusta Funds Management Limited

(Company number: 3760278)
 Level 2, 30 Gaunt Street, Wynyard Quarter
 Auckland 1010
 Attention: Mark Francis
 Phone: (09) 300 6161
 Facsimile: (09) 300 6162

Directors of the Manager

Bryce Barnett
 Mark Francis
 Paul Duffy
 Martin Goldfinch
 John Loughlin
 Mark Petersen

General Partner

AFM GP (Sir William Pickering Drive) Limited

(Company number: 6691113)
 Level 2, 30 Gaunt Street, Wynyard Quarter
 Auckland 1010

Custodian

Sir William Pickering Drive Custodian Limited

(Company number: 6688214)
 Level 14
 191 Queen Street
 Auckland 1010
 PO Box 4243, Shortland Street
 Auckland 1140

Solicitors

Chapman Tripp

Level 35, ANZ Centre
 23 Albert Street
 Auckland 1010
 PO Box 2206
 Auckland 1140
 Telephone: (09) 357 9000
 Facsimile: (09) 357 9099

Auditor

KPMG

KPMG Centre
 18 Viaduct Harbour Ave
 PO Box 1584
 Auckland 1140
 Telephone: (09) 367 5800
 Facsimile: (09) 367 5875

Selling Agent

Bayleys Real Estate Limited

(Company number: 88609)
 Bayleys House
 30 Gaunt Street
 Auckland 1010
 P O Box 8923
 Auckland 1150
 Telephone: (09) 309 6020
 Facsimile: (09) 309 9404

Supervisor

Covenant Trustee Services Limited

(Company number: 2194946)
 Level 14
 191 Queen Street
 Auckland 1010
 PO Box 4243, Shortland Street
 Auckland 1140
 Telephone: (09) 302 0638
 Facsimile: (09) 302 1037



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APPLICATION FORM

Before completing this Application Form, applicants should read and consider the Product Disclosure Statement dated 16 February 2018 to which this application relates. If you have any questions or if there is anything you do not understand, please contact our sales representatives on 0800 BAYLEYS (229539) or the Augusta Compliance Team on (09) 300 6161.

Augusta Funds Management does not provide any financial, tax or other professional advice. Before making any financial or investment decisions, we recommend that you seek professional financial advice from an Authorised Financial Adviser which takes into account your personal investment objectives, financial situation and individual needs.

PLEASE READ ALL INSTRUCTIONS BELOW TO ENSURE PROMPT PROCESSING OF APPLICATIONS

This Application Form is issued with the Product Disclosure Statement dated 16 February 2018, issued by Augusta Funds Management Limited.

Please post this application form and all other required accompanying documents to Augusta Funds Management Limited, PO Box 37953, Parnell 1151, Auckland or by courier to Augusta Funds Management Limited, Level 2, Bayleys House, 30 Grant Street, Wynyard Quarter, Auckland 1010.
(Attention: Sir William Pickering Drive).

INSTRUCTIONS ON HOW TO COMPLETE

- Please write in block letters
- Insert your full name(s), address(es), date of birth, place of birth, telephone number(s) and all email address(es).
- Applications must be in the name(s) of natural persons, companies or other legal entities.
- Please review the Customer Due Diligence Checklists that are required to be completed (unless you are an existing approved customer).
- If you are applying as a Trust, all trustee names are required including the name of the Corporate/Professional Trustee Company.
- Where applying in the name of a company, the names of directors and shareholders of the company do not need to be included.
- Please insert the Bank Account Holder's name and Bank Account Number into which distribution payments are to be made and include proof of the account holders name and account number.

1. NAME OF INVESTOR AND APPLICANT DETAILS

- Please enter all name(s) in full.
- If you are applying as a Trust, all trustee names are required including the Corporate or Professional Trustee Company name. Where applying in the name of a company, the names of directors and shareholders of the company do not need to be included.

INSERT TRUST, COMPANY OR PARTNERSHIP NAME HERE:

If applying as Joint Individuals, Partnership or Trust please include the names of ALL applicants (including all trustees) below			
Legal First Name(s)	Legal Family Name	Date of birth	Place of birth (city/town and country)
			Occupation

NAME OF CORPORATE TRUSTEE COMPANY (IF APPLICABLE):

Residential Address or Address for Service:	Ph - Home: ()
Postcode:	Mobile:
Postal Address (if different from address given above):	Email:
Postcode:	

BANK ACCOUNT DETAILS FOR DISTRIBUTION PAYMENTS

Please insert the Bank Account holder's name and Bank Account Number into which distribution payments are to be made. Distributions must be paid into the Bank Account of the investor/investment entity (Augusta does not pay distributions to third parties on an investor's behalf).

ACCOUNT HOLDER
ACCOUNT NUMBER

NOTE: YOU MUST ENCLOSE A BANK ENCODED DEPOSIT SLIP, BANK STATEMENT OR CONFIRMATION FROM YOUR BANK VERIFYING BANK ACCOUNT HOLDER'S NAME AND NUMBER.

2. IRD NUMBER

IRD Number. (For a joint application where both investors are individuals provide both your IRD numbers. For a company, trust, partnership or other entity, please provide the entity IRD number).

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Country of residence for taxation purposes:

☐ I am a New Zealand tax resident

☐ No I am tax resident of _____ (Country). Foreign tax number in overseas country _____

Are you a citizen or tax resident of the United States of America? ☐ Yes ☐ No
(If yes, we will contact you with further information)

3. NATURE AND PURPOSE OF YOUR INVESTMENT

The nature and purpose of your investment are two separate explanations i.e. the nature of the investment explains how regularly you intend to invest with Augusta and for how long you intend to hold this investment; the purpose explains your investment objectives and what you are trying to achieve by investing with Sir William Pickering Drive.

This information is being requested solely for the purpose of Augusta's regulatory compliance obligations (pursuant to section 17 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009) and not for the purpose of allowing Augusta Funds Management to assess the suitability of this investment for your personal financial circumstances, financial needs or goals.

THE NATURE OF MY INVESTMENT IS: (Explain how regularly you intend to invest with Augusta and how long you intend to hold this investment)

THE PURPOSE OF MY INVESTMENT IS: (Explain your investment objectives and what you are trying to achieve with this investment)

4. APPLICANT(S) CUSTOMER DUE DILIGENCE (CDD) REQUIREMENTS (PLEASE COMPLETE ONLY ONE OPTION)

As part of our obligations under the Anti Money Laundering and Countering Financing of Terrorism Act 2009, Augusta must undertake due diligence on (a) a customer (b) any beneficial owner of a customer (c) any person acting on behalf of a customer.

☐ OPTION 1: EXISTING INVESTOR -

I am an existing Augusta investor and I have previously provided complete CDD documentation, the details of which are still correct.

Please refer to the Entity Customer Due Diligence Checklists below to ensure all complete information has previously been supplied. Please note: Augusta will review the documents it holds on file and may request further information. If you are unsure if you have provided all of the necessary documentation please phone a member of the Augusta compliance team on 09 300 6161.

☐ OPTION 2: NEW INVESTOR -

I am a new investor with Augusta and will meet my Customer Due Diligence (CDD) requirements. In addition to the details provided above I have also completed one of the Customer Due Diligence Checklists on pages 103 to 109.

☐ Individual Checklist (Page 103) ☐ Joint Holding (individual) Checklist (Page 104) ☐ Partnership Checklist (Pages 105 to 106)

☐ Company Checklist (Page 109) ☐ Trust Checklist (Page 107 to 108)

NEW INVESTORS MUST PROVIDE THE APPROVED CUSTOMER DUE DILIGENCE INFORMATION WITH THIS APPLICATION FORM - SEE THE CUSTOMER DUE DILIGENCE CHECKLISTS AND PROOF OF IDENTITTY AND ADDRESS INFORMATION ON THE FOLLOWING PAGES.

5. APPLICATION AMOUNT AND PAYMENT

Number of Units (minimum \$50,000 per Unit)		Amount in NZD	
	Units	\$	
PLEASE NOTE: If you invest as a trust, a company with Nominee Shareholders or you are making an investment of \$500,000 or more, Augusta will require information relating to the source of the funds or wealth for this investment.			

Please choose ONE of the PAYMENT options below. Please tick the box next to your selected option:

☐ OPTION 1: ELECTRONIC TRANSFER

Please provide me with account details to make an electronic transfer. Note: Bank details for payment will be emailed, posted or faxed to you once the application is complete and all customer due diligence documentation has been provided.

☐ OPTION 2: CHEQUE

Please find attached made out in favour of “Chapman Tripp Trust Account (A/C Sir William Pickering Drive Limited Partnership)” and crossed “Non-Transferable” for the amount noted above.

Note: Cheques will not be banked until the application is complete and all customer due diligence documentation has been provided.

☐ OPTION 3: EXISTING AIRWAYS JOINT VENTURE (PREVIOUS SCHEME) INVESTOR

Please tick this box if you are already an investor in the Previous Scheme and wish for up to \$70,000 per unit you hold in the Previous Scheme (which would otherwise be due to you on the wind-up of the Previous Scheme) applied to your application for Units under this application form. The remaining amounts owing to you will be distributed to you as part of the Previous Scheme’s wind-up.

6. INVESTOR ACKNOWLEDGEMENT / DECLARATION

I/We hereby apply for the Units as set out above subject to the terms and conditions of the Product Disclosure Statement dated 16 February 2018 and the Governing Document dated 16 February 2018 for the Sir William Pickering Drive Limited Partnership. I/We have read and understood the Product Disclosure Statement. I/We understand the risk to returns for investors (including to my/our principal investment) as set out at section 7 of the Product Disclosure Statement. I/We understand the fees and expenses that are payable by the Sir William Pickering Drive Limited Partnership as set out at section 8 of the Product Disclosure Statement. I/We acknowledge that the offer of units in the Product Disclosure Statement was made to me/us in New Zealand. I/We agree to accept the Units as applied for or any lesser number that may be issued to me/us. I/We hereby consent to the Manager disclosing such information as it holds in respect of me/us to regulatory authorities. The information I/We have provided in this Application Form and the accompanying Customer Due Diligence Checklist/s is true and correct to the best of my/our knowledge. I/We understand that Augusta Funds Management have not assessed the suitability of this investment for my/our personal financial circumstances, financial needs or goals nor provided any personalised financial advice.

I/we hereby irrevocably appoint Sir William Pickering Drive Custodian Limited as my/our attorney for the purposes of signing the Limited Partnership Agreement and any other documents on my/our behalf in order to register and otherwise facilitate operation of the Sir William Pickering Drive Partnership.

Privacy Act 1993

You have a right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. The personal information you have supplied may be used by us (and other related entities) for the purposes of enabling us to arrange and manage your investment, to contact you in relation to your investment, and to market other products and services to you. You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf, to regulatory bodies or law enforcement agencies, and to meet our legal or regulatory obligations. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

SIGNATURES

Please note, all individual and joint applicants must each sign. If applying as trust, all trustees must sign. If the investor is a company or corporate trustee company of a trust, two directors of the company (or one director if there is only one director) must sign.

If the application form is signed by an Attorney (or an agent), an original or certified copy of the relevant Power of Attorney must be lodged with the application form. The Attorney must complete the certificate of non-revocation on this page

DATED: / / 2018	
Applicant Signature:	Applicant Signature:
Applicant Name:	Applicant Name:
Applicant Signature:	Applicant Signature:
Applicant Name:	Applicant Name:

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
Given to me by him/her/the Company DAY MONTH YEAR

2. That I have executed the application for Units 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 MONTH 2018

Signature

CUSTOMER DUE DILIGENCE INFORMATION (ANTI MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM ACT 2009)

As part of our obligations under the Anti Money Laundering and Countering Financing of Terrorism Act 2009 Augusta must undertake due diligence on

(a) a customer (b) any beneficial owner of a customer (c) any person acting on behalf of a customer.

PLEASE NOTE, AUGUSTA CAN ONLY ACCEPT APPLICATIONS WHERE COMPLETE CUSTOMER DUE DILIGENCE INFORMATION IS PROVIDED.

If you are an EXISTING Augusta investor and are unsure if further documentation is required or if you are a NEW investor and would like to discuss the Customer Due Diligence requirements - please phone a member of our compliance team to discuss on 09 300 6161.

New investors MUST provide the approved customer due diligence information with this application form – see the checklists and proof of identity and address information on the following pages.

NOTE:

- All documents provided must be originals or the original certified photocopies of documents.
- Certification of documents must have been carried out in the last three months. Original certifications of photocopied documents must be provided – scans or photocopies of certifications will not be accepted.
- Any identity and documents which are certified must be current, dated and signed by an independent trusted referee within the last three months (e.g. the Trustees of a trust should not certify documents for other trustees).
- Alternatively, an Augusta Staff Member may certify copies of documents at your request.

IDENTITY VERIFICATION REQUIRED FOR EVERY APPLICANT INCLUDING ALL TRUSTEES, BENEFICIAL OWNERS AND ANY PERSON ACTING ON BEHALF OF THE INVESTOR

There are two different options you can use as identification. The simplest option is to pick ONE form of ID from **Option 1** below. **Option 2** requires at least two forms.

Each copied form of identification must be certified by an independent NZ based trusted referee. A trusted referee must be over the age of 16, must not be your spouse or partner, related to you, someone who lives at the same address as you or someone with an interest or ownership in your investment. A trusted referee must be any one of the following:

- | | |
|--|--|
| <input type="checkbox"/> Lawyer (as defined in the Lawyers and Conveyancers Act 2006) | <input type="checkbox"/> NZ Chartered Accountant |
| <input type="checkbox"/> Justice of the Peace | <input type="checkbox"/> Registered Teacher |
| <input type="checkbox"/> Registered Medical Doctor | <input type="checkbox"/> Notary Public |
| <input type="checkbox"/> Member of the Police | <input type="checkbox"/> NZ Honorary Consul |
| <input type="checkbox"/> Member of Parliament | <input type="checkbox"/> Commonwealth Representative |
| <input type="checkbox"/> Minister of Religion | <input type="checkbox"/> Kaumatua (as verified through a reputable source) |
| <input type="checkbox"/> A person who has the legal authority to take statutory declarations or the equivalent in NZ | |

If you are certifying documents overseas, then the documents must be certified by a person who has the legal authority to take statutory declarations or the equivalent in that country.

Certification must have been carried out in the last three months. The trusted referee must sight the original document and make the following statement on the copy:

- “This document is a true copy and represents the identity of the named individual”;
- Trusted referee’s name, occupation and registration number (or equivalent); and
- Trusted referee’s signature and date.

Original certifications of photocopied documents must be provided – scans or photocopies of certifications will not be accepted.

OPTION 1

Choose ONE certified photocopy of the following as personal identification (document must be current/unexpired):

- ☐ New Zealand or overseas passport (containing your name, date of birth, photograph and signature)
- ☐ New Zealand certificate of identity
- ☐ New Zealand firearms licence
- ☐ Overseas government issued national identity card, containing your name, date of birth, photograph and signature

OR: OPTION 2

Provide a *certified* photocopy of the following (document must be current/unexpired):

- ☐ New Zealand driver licence

AND Non-photo identification. Choose ONE certified photocopy of the following (document must be current/unexpired):

- ☐ New Zealand or overseas full birth certificate
- ☐ Embossed credit card, debit card or an EFTPOS card, with your name and signature, issued by a registered NZ bank
- ☐ Bank account statement issued by a NZ registered bank within 12 months of your application
- ☐ Statement issued by a NZ Government agency within 12 months of your application (like an IRD statement)
- ☐ A document issued by a NZ Government agency with your name and signature (i.e. Super Gold Card)
- ☐ NZ or Overseas Citizenship Certificate

ADDRESS VERIFICATION REQUIRED FOR EVERY APPLICANT INCLUDING ALL TRUSTEES, BENEFICIAL OWNERS AND ANY PERSON ACTING ON BEHALF OF THE INVESTOR

Please provide an original OR certified photocopy of one of the following:

- ☐ Utility or rates bill
- ☐ Telephone bill
- ☐ Bank account statement
- ☐ IRD tax notice or statement
- ☐ Insurance policy document
- ☐ A document issued by a NZ Government agency

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

INDIVIDUAL CUSTOMER DUE DILIGENCE CHECKLIST		TICK ✓
Investor Name:		
Investor Date of Birth:		
Investor Address:		
Investor Place of Birth: (town/city)		
Certified IDENTITY Verification ATTACHED	See the identity verification guide for options	Tick Yes Provided <input type="checkbox"/>
Certified residential ADDRESS Verification ATTACHED	See the address verification guide for options	Tick Yes Provided <input type="checkbox"/>
Authorised Person(s) (Optional): "Authorised person(s)" include beneficial owners and persons acting on behalf i.e. Power of Attorney. These people must provide certified ID, residential address verification and POA document or other proof of authority (if applicable) Please list any authorised person(s) that may act on your behalf and their relationship to you	NAME: ADDRESS: DATE OF BIRTH PLACE OF BIRTH (TOWN/CITY): RELATIONSHIP: NAME: ADDRESS: DATE OF BIRTH PLACE OF BIRTH (TOWN/CITY): RELATIONSHIP:	
Politically Exposed Person (PEP): A PEP is an individual who holds a '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	Are you or any "Authorised Person(s)" listed above: 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): Yes <input type="checkbox"/> No <input type="checkbox"/> or: An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent). Yes <input type="checkbox"/> No <input type="checkbox"/>	
Politically Exposed Person (PEP) details (if applicable):	If you have marked 'yes' to any of the options above please provide details of the public function held and the country:.....	
FOR INDIVIDUALS MAKING AN INVESTMENT OF \$500,000 OR MORE	If you are making an investment of \$500,000 or more please write details of the origin of your wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, grantor's name, employment details, property address etc. Also provide details of the source of the income you are receiving e.g. wages/salary, investment income or any other income.	Tick Yes Provided <input type="checkbox"/>
Source of Funds and/or Wealth Statement	Signature: Name: Date: Please note, we may require that these details are verified by an independent Chartered Accountant, Lawyer or Justice of the Peace.	Tick Yes Provided <input type="checkbox"/>
FOR INDIVIDUALS MAKING AN INVESTMENT OF \$500,000 OR MORE	If you are making an investment of \$500,000 or more please provide backing documents to support the legitimacy of the details provided in the source of funds and/or wealth statement above e.g. certified photocopies of bank account statements confirming income i.e. business, personal and/or rental income, property settlement statement, details of investment income, inheritance i.e. letter from executor of estate, loan statement, gifting letter and/or financial statements (as prepared by a Chartered Accountant).	Tick Yes Evidence of source of funds / wealth attached <input type="checkbox"/>

JOINT HOLDING (INDIVIDUALS) CUSTOMER DUE DILIGENCE CHECKLIST		TICK ✓
First Investor - Investor Name:		
Investor Date of Birth:		
Investor Place of Birth: (town/city)		
Investor Address:		
Second Investor - Investor Name:		
Investor Date of Birth:		
Investor Place of Birth: (town/city)		
Investor Address:		
First Investor Certified IDENTITY Verification: ATTACHED	See the identity verification guide for options	Tick Yes Provided <input type="checkbox"/>
Certified residential ADDRESS Verification: ATTACHED	See the address verification guide for options	Tick Yes Provided <input type="checkbox"/>
Second Investor Certified IDENTITY Verification: ATTACHED	See the identity verification guide for options	Tick Yes Provided <input type="checkbox"/>
Certified residential ADDRESS Verification: ATTACHED	See the identity verification guide for options	Tick Yes Provided <input type="checkbox"/>
<p>Authorised Person(s) (Optional):</p> <p>"Authorised person(s)" include beneficial owners and persons acting on behalf i.e. Power of Attorney. These people must provide certified ID, residential address verification and POA document or other proof of authority (if applicable)</p> <p>Please list any authorised person(s) that may act on your behalf and their relationship to you</p>	NAME: ADDRESS: DATE OF BIRTH PLACE OF BIRTH (TOWN/CITY): RELATIONSHIP: NAME: ADDRESS: DATE OF BIRTH PLACE OF BIRTH (TOWN/CITY): RELATIONSHIP:	
Politically Exposed Person (PEP):	<p>Are you or any Authorised Person(s) listed above:</p> <p>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);</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/> or;</p> <p>An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent).</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>	
Politically Exposed Person (PEP):	If you have marked 'yes' to any of the PEP options above please provide details of the public function held and the country:.....	
FOR INVESTORS MAKING AN INVESTMENT OF \$500,000 OR MORE Source of Funds and/or Wealth Statement Please note, we may require that these details are verified by an independent Chartered Accountant, Lawyer or Justice of the Peace.	<p>If you are making an investment of \$500,000 or more please write details of the origin of your wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, grantor's name, employment details, property address etc</p> <p>.....</p> <p>Also provide details of the source of the income you are receiving e.g. monthly deposit from a bank account, income from an underlying company.</p> <p>.....</p> <p>Signature:</p> <p>Name:</p> <p>Date:</p>	Tick Yes Provided <input type="checkbox"/> Tick Yes Provided <input type="checkbox"/>
FOR INVESTORS MAKING AN INVESTMENT OF \$500,000 OR MORE Evidence of Source of Funds and/or Wealth: ATTACHED (photocopies must be certified by an independent trusted referee)	<p>If you are making an investment of \$500,000 or more please provide backing documents to support the legitimacy of the details provided in the source of funds and/or wealth statement above e.g. certified photocopies of bank account statements confirming income i.e. business, personal and/or rental income, property settlement statement, details of investment income, inheritance i.e. letter from executor of estate, loan statement, gifting letter and/or financial statements (as prepared by a Chartered Accountant).</p>	Tick Yes Evidence of source of funds / wealth attached <input type="checkbox"/>

PARTNERSHIP CUSTOMER DUE DILIGENCE CHECKLIST		TICK ✓
Partnership Full Legal Name:		
Partnership Trading Name (if different):		
Principal Business Address/ Registered Office Address:		
Registration Number:		
Certified ADDRESS Verification for the Partnership <i>See the address verification guide for options</i>		Tick Yes Provided <input type="checkbox"/>
Certified Copy of the Partnership Agreement	A certified 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	Tick Yes Provided <input type="checkbox"/>
Certified IDENTITY Verification (for EACH person/partner) <i>See the address verification guide for options</i>		Tick Yes Provided <input type="checkbox"/>
Certified residential ADDRESS Verification (for EACH person/partner) <i>See the address verification guide for options</i>		Tick Yes Provided <input type="checkbox"/>
List any: -beneficial owners of the Partnership (e.g. general or limited partners) and/or -person(s) authorised to act on behalf of the Partnership (e.g. accountant) and -please identify relationship to the Partnership	NAME: ADDRESS: DATE OF BIRTH PLACE OF BIRTH (TOWN/CITY): RELATIONSHIP: NAME: ADDRESS: DATE OF BIRTH PLACE OF BIRTH (TOWN/CITY): RELATIONSHIP:	
Certified IDENTITY Verification for each person authorised to act on behalf of the Partnership <i>See the address verification guide for options</i>		Tick Yes Provided <input type="checkbox"/>

PARTNERSHIP CUSTOMER DUE DILIGENCE CHECKLIST		TICK ✓	
Certified residential ADDRESS Verification for each person authorised to act on behalf of the Partnership <i>See the address verification guide for options</i>			Tick Yes Provided <input type="checkbox"/>
Politically Exposed Person (PEP): A PEP is an individual who holds a '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.	Are you or any Authorised Person(s) listed above: <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);</i> Yes <input type="checkbox"/> No <input type="checkbox"/> or; <i>An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent).</i> Yes <input type="checkbox"/> No <input type="checkbox"/>		
Politically Exposed Person (PEP) details (if applicable): FOR PARTNERSHIPS MAKING AN INVESTMENT OF \$500,000 OR MORE Source of Funds and/or Wealth Statement	If you have circled 'yes' to any of the options above please provide details of the public function held and the country:..... If you are making an investment of \$500,000 or more please write details of the origin of your wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, grantor's name, employment details, property address etc. Also provide details of the source of the income you are receiving e.g. wages/salary, investment income or any other income. Signature: Name: Date: Please note, we may require that these details are verified by an independent Chartered Accountant, Lawyer or Justice of the Peace.	Tick Yes Provided <input type="checkbox"/> Tick Yes Provided <input type="checkbox"/>	
FOR PARTNERSHIPS MAKING AN INVESTMENT OF \$500,000 OR MORE Evidence of Source of Funds and/or Wealth ATTACHED (photocopies must be certified by an independent trusted referee)	If you are making an investment of \$500,000 or more please provide backing documents to support the legitimacy of the details provided in the source of funds and/or wealth statement above e.g. certified photocopies of bank account statements confirming income i.e. business, personal and/or rental income, property settlement statement, details of investment income, inheritance i.e. letter from executor of estate, loan statement, gifting letter and/or financial statements (as prepared by a Chartered Accountant).	Tick Yes Evidence of source of funds / wealth attached <input type="checkbox"/>	

TRUST CUSTOMER DUE DILIGENCE CHECKLIST		TICK ✓
Trust Name:		
Registration Number (if applicable):		
Certified ADDRESS Verification for the Trust: ATTACHED <i>(Principal ADDRESS for service)</i>	See the address verification guide for options	Tick Yes Provided <input type="checkbox"/>
Trust Deed ATTACHED – copy to be certified by an independent trusted referee, this person cannot be a trustee. We cannot accept scans or photocopies of certified documents.	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	Tick Yes Provided <input type="checkbox"/>
Source of Funds and/or Wealth STATEMENT	<p>Please write details of the origin of the settlor's wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, grantor's name, employment details, property address etc.</p> <p>.....</p> <p>Also provide details of the source of income the Trust is receiving e.g. investment earnings, business/rental income or earnings from an underlying company.</p> <p>.....</p> <p>Signature:</p> <p>Settlor or at least one trustee to sign</p> <p>Trustee(s) Name:</p> <p>Date:</p> <p>Please note, we may require that these details are validated by a trusted referee who can reasonably be expected to have knowledge of these details, e.g. an independent Chartered Accountant, Lawyer or Justice of the Peace.</p>	Tick Yes Provided <input type="checkbox"/>
Evidence of Source of Funds and/or Wealth ATTACHED <i>(photocopies must be certified by an independent trusted referee)</i>	<p>Backing documents to support the legitimacy of the details provided in the source of funds and/or wealth statement above e.g. certified photocopies of bank account statements confirming income i.e. business, personal and/or rental income.</p> <p>property settlement statement, details of investment income, inheritance i.e. letter from executor of estate, loan statement, gifting letter and/or financial statements (as prepared by a Chartered Accountant).</p>	Tick Yes Evidence of source of funds / wealth attached <input type="checkbox"/>
List legal names of ALL trustees	NAME: ADDRESS: DATE OF BIRTH: PLACE OF BIRTH (town/city): NAME: ADDRESS: DATE OF BIRTH: PLACE OF BIRTH (town/city): NAME: ADDRESS: DATE OF BIRTH: PLACE OF BIRTH (town/city): NAME: ADDRESS: DATE OF BIRTH: PLACE OF BIRTH (town/city): NAME: ADDRESS: DATE OF BIRTH: PLACE OF BIRTH (town/city): Please list any additional details on a separate page	
All trustees including all directors of the corporate trustee company must provide certified ID and residential address verification.		
Certified IDENTITY Verification (for EACH Trustee) ATTACHED	See the identity verification guide for options	Tick Yes Provided <input type="checkbox"/>
Certified residential ADDRESS Verification (for EACH trustee) ATTACHED	See the address verification guide for options	Tick Yes Provided <input type="checkbox"/>
Is this a charitable trust?	Please circle:	
If 'yes' please state the objects of the Trust:	Yes / No	

TRUST CUSTOMER DUE DILIGENCE CHECKLIST (CONTINUED)		TICK ✓
Is this a discretionary trust or are there 10 or more beneficiaries?	<i>If YES, please provide a description of each class or type of beneficiary:</i>	
Who are the beneficiaries of the trust? Note: If the Trust is NOT a discretionary trust, a charitable trust, or there are less than 10 beneficiaries, please list names and date of birth for the beneficiaries.	BENEFICIARY NAME:	
	DATE OF BIRTH:	
	BENEFICIARY NAME:	
	DATE OF BIRTH:	
	BENEFICIARY NAME:	
	DATE OF BIRTH:	
Beneficial Owners / Effective Control List any person who: -has effective control of the Trust (e.g. protector or special trustee (if any)); and/or -any person who is authorised to carry out transactions on behalf of the Trust (please provide details of relationship to Trust, authority to carry out transactions, and company or registration number (if applicable)).	NAME:	
	ADDRESS:	
	DATE OF BIRTH:	
	PLACE OF BIRTH (town/city):	
	RELATIONSHIP TO TRUST:	
	NAME:	
	ADDRESS:	
	DATE OF BIRTH:	
	PLACE OF BIRTH (town/city):	
	RELATIONSHIP TO TRUST:	
Certified IDENTITY Verification of EACH Beneficial Owner / Effective Controller ATTACHED	See the identity verification guide for options	Tick Yes Provided <input type="checkbox"/>
Certified ADDRESS Verification of EACH Beneficial Owner / Effective Controller ATTACHED	See the address verification guide for options	Tick Yes Provided <input type="checkbox"/>
Politically Exposed Person (PEP): A PEP is an individual who holds a '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;	Are you or any Authorised Person(s) listed above: 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); Yes <input type="checkbox"/> No <input type="checkbox"/> or; An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent). Yes <input type="checkbox"/> No <input type="checkbox"/>	
Politically Exposed Person (PEP):	If you have marked 'yes' to any of the options above please provide details of the public function held and the country:	

COMPANY CUSTOMER DUE DILIGENCE CHECKLIST		TICK ✓/
Company Legal Name:		
Company Trading Name (if different):		
Company Principal Business Address/Registered Office Address:		
Company Registration Number:		
Does any entity such as a Family Trust have any ownership of the Company? Or is the Company acting as a nominee company or holding the units/shares on behalf of another person/entity. <i>Please note, if the answer is yes, we will require further information about the entity.</i>	Please circle yes or no below and provide details: Yes / No	
Beneficial Ownership / Effective Control <i>List any person who:</i> <ul style="list-style-type: none">- owns more than 25% of the company;- has effective control of the company;- on whose behalf a transaction is conducted;- is a director or shareholder of a corporate/trustee company involved with the company; and/or- is authorised to carry out transactions on behalf of the Company e.g. accountant, lawyer or other authorised person (please provide details of relationship to the company, source of authority, and company or registration number (if applicable)). <i>Please list any additional details on a separate page</i>	NAME: ADDRESS: DATE OF BIRTH: RELATIONSHIP TO COMPANY: NAME: ADDRESS: DATE OF BIRTH: RELATIONSHIP TO COMPANY: NAME: ADDRESS: DATE OF BIRTH: RELATIONSHIP TO COMPANY:	
Certified IDENTITY Verification of EACH Beneficial Owner / Effective Controller ATTACHED	See the identity verification guide for options	Tick Yes Provided <input type="checkbox"/>
Certified residential ADDRESS Verification of EACH Beneficial Owner / Effective Controller ATTACHED	See the address verification guide for options	Tick Yes Provided <input type="checkbox"/>
Politically Exposed Person (PEP): <i>A PEP is an individual who holds a '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.</i>	Are you or any Authorised Person(s) listed above: - 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); Yes <input type="checkbox"/> No <input type="checkbox"/> or; - An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent). Yes <input type="checkbox"/> No <input type="checkbox"/>	
Politically Exposed Person (PEP):	If you have circled 'yes' to any of the options above please provide details of the public function held and the country:.....	Tick Yes Provided <input type="checkbox"/>
FOR COMPANIES MAKING AN INVESTMENT OF \$500,000 OR MORE Source of Funds and/or Wealth Statement	<i>If you are making an investment of \$500,000 or more please write details of the origin of your wealth e.g. inheritance, earnings, savings, loan, gift, sale of property. Please include details about the transaction(s), date, grantor's name, employment details, property address etc.</i> <i>Also provide details of the source of the income you are receiving e.g. monthly deposit from a bank account, income from an underlying company.</i> Signature: Name: Date: <i>Please note, we may require that these details are verified by an independent Chartered Accountant, Lawyer or Justice of the Peace.</i>	Tick Yes Provided <input type="checkbox"/>
FOR COMPANIES MAKING AN INVESTMENT OF \$500,000 OR MORE Evidence of Source of Funds and/or Wealth ATTACHED <i>(photocopies must be certified by an independent trusted referee)</i>	<i>If you are making an investment of \$500,000 or more please provide backing documents to support the legitimacy of the details provided in the source of funds and/or wealth statement above e.g. certified photocopies of bank account statements confirming income i.e. business, personal and/or rental income, property settlement statement, details of investment income, inheritance i.e. letter from executor of estate, loan statement, gifting letter and/or financial statements (as prepared by a Chartered Accountant).</i>	Tick Yes Evidence of source of funds / wealth attached <input type="checkbox"/>





