

# 33 Broadway Trust

Other material information

12 April 2017

## 1 **GENERAL**

This Other Material Information Document (*Document*) has been prepared to meet the requirements of section 57(1)(b) of the Financial Markets Conduct Act 2013 (*FMCA*) and clauses 48 and 50 of Schedule 5 to the Financial Markets Conduct Regulations 2014 (*FMCR*) in relation to an offer of units in 33 Broadway Trust, as set out in a product disclosure statement (*PDS*) dated on or around the date of this document available on the Offer Register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) by searching "33 Broadway Trust" under "search offers".

Terms capitalised but otherwise undefined in this document have the meanings given to them in the PDS. This Document must be read alongside the PDS. Any application for admission by an Investor in the Trust must be made on the application form (and be accompanied by the relevant identification documentation) contained in the PDS.

## 2 TOTAL ESTIMATED COSTS OF OFFER AND ISSUE

Description of cost:	Amount paid, or agreed to be paid, by the Trust in connection with the offer and issue of the Units (including all benefits):	Cost paid to:	Reason for cost and description of services:
Offeror fee	\$2,180,000	Manager (Augusta Funds Management Limited)	The offeror's fee is payable to the Manager for negotiating the Mansons Development Agreement, completing due diligence, arranging and establishing the Trust, negotiating the bank facility, and preparing the prospective financial information and the PDS.
Augusta Capital underwrite fee	\$1,005,000	Augusta Capital Limited	The Augusta Capital underwrite fees are payable to Augusta Capital for underwriting the Offer.
Brokerage fee*	\$1,461,250	Bayleys	The brokerage fee is payable to Bayleys as the sole selling agent for the Offer.
Other underwriters fees	\$1,500,000	Cook Property Group Limited Mansons TCLM Limited	The underwriting fees are payable to the underwriters for underwriting the Offer.
Legal fees	\$380,000	Chapman Tripp	Legal fees are payable to the Trust's Solicitors, Chapman Tripp, for the costs of legal due diligence on the property located at the corner of Broadway and Alma Street in Newmarket, Auckland, which the Trust will acquire on settlement under the Mansons Development Agreement (33 Broadway), negotiation of the Mansons Development Agreement, settlement of

<b>Description of cost:</b>	<b>Amount paid, or agreed to be paid, by the Trust in connection with the offer and issue of the Units (including all benefits):</b>	<b>Cost paid to:</b>	<b>Reason for cost and description of services:</b>
			the purchase of 33 Broadway, cost of advising on the PDS, and Governing Document, compliance with the Financial Markets Conduct Act, and in connection with the Trust's financing arrangements.
Assurance fee	\$23,000	KPMG	Assurance fees represent KPMG's fee for providing a reasonable assurance engagement on the prospective financial statements contained on the Offer Register.
Valuation fee**	\$14,020	Jones Lang LaSalle	The valuation fee is payable to Jones Lang LaSalle for preparing the Valuation Report on 33 Broadway.
Health and safety review fees**	\$975		The health and safety review fee is payable in connection with the health and safety review undertaken on 33 Broadway as part of the Manager's due diligence investigations of 33 Broadway.
Planning due diligence reports fees	\$4,031		The planning, engineering and architectural due diligence reports fees relate to the due diligence reports the Manager commissioned as part of the Manager's due diligence investigations of 33 Broadway.

<b>Description of cost:</b>	<b>Amount paid, or agreed to be paid, by the Trust in connection with the offer and issue of the Units (including all benefits):</b>	<b>Cost paid to:</b>	<b>Reason for cost and description of services:</b>
Engineering due diligence reports fees	\$17,600		The engineering due diligence reports fees relate to the due diligence reports the Manager commissioned as part of the Manager's due diligence investigations of 33 Broadway.
Architectural due diligence report fees	\$10,375		The architectural due diligence reports fees relate to the due diligence reports the Manager commissioned as part of the Manager's due diligence investigations of 33 Broadway.
Chattel valuation fee**	\$20,000		The chattel valuation fee is payable in connection with the chattel valuation to be obtained by the Manager for the chattels in 33 Broadway, required for calculation of capital allowances and depreciation.
Supervisor	\$10,000	Supervisor	The supervisor fees are payable to the Supervisor for their costs in relation to reviewing this PDS and the Governing Document.
Marketing**	\$364,662		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.

Description of cost:	Amount paid, or agreed to be paid, by the Trust in connection with the offer and issue of the Units (including all benefits):	Cost paid to:	Reason for cost and description of services:
Bank fees and bank legal costs**	\$670,000	ASB Bank Limited (and its legal advisers)	The bank fees are payable to ASB in connection with establishing the Trust's loan facility and the fees of the bank's legal advisers.
Interest rate swaps	\$1,500,000		The interest rate swap costs are payable in connection with the three forward start interest rate swap agreements held by Augusta Capital Limited, which will be novated to the Trust, which secure the interest rate applying to the Trust's debt.
Quantity Surveyor Fees**	\$335,000	BBD	quantity surveyor fees are payable to the Trust's consultant in connection with quantity surveying consultancy services provided in respect of the Development.
PDS registration fee and FMA levy	\$4,087	Financial Markets Authority	The PDS registration fee and FMA levy are payable in connection with the registration of the Trust on the Offer Register and Scheme Register.
<b>Total</b>	<b>\$9,500,000</b>		

\* To the extent that any Unit is issued to an underwriter under their underwriting obligations, the brokerage fee will reduce by \$875 in respect of each such Unit. That amount may be subsequently applied to any brokerage payable where an underwriter disposes of its underwritten Units.

\*\* 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 Trust (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.

NOTE:

The above fees are payable by the Trust - none are chargeable to Investors directly. In respect of certain fees set out above, the Manager has either already met these costs on behalf of the Trust or will pay those costs prior to Settlement and, accordingly, is entitled to reimbursement on Settlement. Augusta Capital Limited, the Manager's parent company, has met the costs associated with entry into the forward start interest rate swaps which secure the interest rate applicable to the Trust's debt, and is similarly entitled to reimbursement of those costs on Settlement. 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.

Furthermore, the Manager has paid a deposit of \$5,000,000 in partial satisfaction of the consideration payable for 33 Broadway. Upon Settlement of the acquisition of 33 Broadway and issue of the Units, the Manager is entitled to reimbursement of that amount and the associated interest.

### 3 **VALUER**

An independent valuation of 33 Broadway has been provided by Dave Wigmore, Hannah Roberston and Arthur Harris of Jones Lang LaSalle on an “as if complete” basis (i.e. assuming the Development is complete) at \$141,500,000 plus GST (if any) as at 27 February 2017 in accordance with current Australia and New Zealand Valuation and Property Standards. It was prepared using both a capitalisation of net income approach and a discounted cash flow approach.

Dave Wigmore’s qualifications are BPA, ANZIV and SPINZ. Hannah Roberston’s qualifications is BProp. Arthur Harris’s qualifications are BSc, BPA, Dip Man, Dip Bus (Fin). Jones Lang LaSalle’s address is Level 16, 188 Quay Street, PO Box 165, Auckland 1140.

The valuation was made by the valuers as independent valuers. The valuers made the valuation for the purposes of the Trust and for use by prospective investors in the Trust. The valuers have consented to the distribution of the valuation report to prospective investors in the Trust and, as at the date of the PDS, have not withdrawn that consent.

## 4 FEE ASSUMPTIONS

### **Establishment fees**

The amount of the bank fees, marketing, health and safety review fees and valuation fee, or components of those amounts, are the Manager's best estimates, based on its experience and the information known to it at the date of the PDS, but may be subject to change. All other establishment fees set out at Section 8 of the PDS are maximum levels and cannot be increased. The fees payable to third parties (being those fees other than those payable to the Manager and its associated persons), in the Manager's view, represent reasonable levels for the services of the relevant third party. The fees payable to the Manager and its associated persons are not estimates, and are provided for at the levels disclosed in the PDS in the Governing Document.

### **Ongoing fees and expenses**

The amounts of ongoing fees and expenses set out at Section 8 of the PDS have been calculated assuming the management fee increases at 3% per year, and no other fees other than the development fee are payable to the Manager or its associated persons (as at the date of the PDS the Manager does not anticipate it, nor any of its associated persons, will accrue any fees other than the management fee and the development fee). The fees payable to third parties (being those fees other than those payable to the Manager and its associated persons) have been estimated by the relevant third party, and, in the Manager's view, represent reasonable levels for the services of the relevant third party.