

## Mainland Retail Fund 2 Trust - Other Material Information

1 November 2017

### 1. General

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- 1.1 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 Mainland Retail Fund 2 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 “Mainland Retail Fund 2 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	\$663,360	Mainland Capital Investment Management Limited	The offeror's fee is payable to the Manager for arranging and establishing the Trust. This includes negotiation of the Offer; feasibility analysis; property due diligence; establishment of the Trust; negotiation and documentation of bank finance; preparation of the PDS; equity raising; Investor due diligence; and documenting/completing settlement of the Property purchase.
Legal Fees*	\$130,000	Lane Neave	Legal fees are payable to the Trust's solicitors, Lane Neave, and the bank's solicitors for the costs of all of the legal due diligence on the Property, documentation of the sale and purchase agreement, preparing the Trust documentation, advising on legal compliance, assisting with PDS compliance settlement of the purchase, and in connection with the Trust's financing arrangements.
Accounting Fee*	\$10,000	BDO Christchurch Limited	Accounting fees are payable to BDO Christchurch Limited for the preparation of the prospective financial statements.
Valuation Fee	\$20,000	Telfer Young (Canterbury) Limited	The valuation fee is payable to Telfer Young (Canterbury) Limited for preparing the valuation report on the Property.

Supervisor Fee*	\$5,000	Covenant Trustee Services Limited	The supervisor fee is payable to the Supervisor for their costs in relation to reviewing this PDS and the Governing Document.
Marketing Fees*	\$40,000	Plato Creative Limited	Marketing fees payable to Plato Creative Limited and reflect the estimated costs of producing marketing material in relation to the Offer and preparing and printing this PDS.
Bank Facility Arrangement Fee	\$30,000	ANZ Bank New Zealand Limited	The bank fee is payable to ANZ in connection with its provision of the loan facility to the Trust.
Engineering Fees*	\$10,000	Beca Limited	Engineering fees relate to fees payable to Beca in respect of engineering and building advice required for due diligence on the Property.
<b>TOTAL</b>	<b>\$908,630</b>		

\* 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.

### 3. Valuer

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- 3.1 An independent valuation of 347 Moorhouse Avenue has been provided by Chris Stanley and Hayden Doody, B Com (VPM), SPINZ, ANZIV of Telfer Young (Canterbury) Limited (Telfer Young) on an 'As If Complete' basis (assuming the completion of the building works providing the new retail tenancies forming part of the existing Countdown premises) at \$28,250,000 plus GST (if any) as at 19 October 2017 in accordance with International Valuation Standards 2017 and Australia and New Zealand Valuation Guidance Notes and Technical Information Papers. It was prepared using both an income capitalisation approach and a discounted cash flow approach. Chris Stanley's qualifications are M Prop Stud (Distn), FNZIV, FPINZ. Hayden Doody's qualifications are B Com (VPM), SPINZ, ANZIV. Telfer Young's address is Level 1, 58 Armagh Street, PO Box 2532, Christchurch 8140. 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

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#### 4.1 Establishment Fees

- 4.1.1 The amount of the legal fees, accounting, marketing and engineering fees, or components of those amounts, are the Manager's best estimates, based on quotes received and 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), in the Manager's view, represent reasonable levels for the services of the relevant third party. The fees payable to the Manager are not estimates, and are provided for at the levels disclosed in the PDS and in the Trust Deed.

#### 4.2 Ongoing Fees and Expenses:

- 4.2.1 The amounts of ongoing fees and expenses set out at Section 8 of the PDS have been calculated assuming the management fee does not increase, and no other fees are payable to the Manager (as at the date of the PDS the Manager does not anticipate it will accrue any fees other than the management fee). The fees payable to third parties (being those fees other than those payable to the Manager) 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.