

Investment Opportunity

Anaro Group Limited proposes to set up and manage an investment company to capitalize on an investment opportunity in the New Zealand commercial real estate market.

Anaro Group Limited has noted a number of interesting investment opportunities at attractive prices that have the potential for significant value increase over time.

We are convinced that the time is right to take advantage of the current market conditions. While there is no guarantee of achieving any particular return, we believe that our experience in the market, combined with the increasingly realistic pricing of real estate assets and opportunities, can result in superior returns for investors.

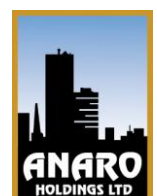
Anaro Group Limited has developed an investment structure specifically designed to cater to the astute investor who requires control over their investment. Investors must invest a minimum \$500,000 in the investment company in a combination of ordinary shares and convertible notes. The investor will be entitled to nominate a director to represent that shareholder on the board of the investment company.

Attached is a brief investment memorandum setting out the key terms of the proposed investment, along with an application form for interested investors.

Yours sincerely



Natalie Evans
Anaro Group Limited



Corniche Holdings Limited

Investment Memorandum

Dated 20th April 2012

Non-public offer

This offer of securities is not intended to, and does not, constitute an “offer to the public” and no prospectus or investment statement will be prepared. The only persons who will be able to invest are persons who are required to pay a minimum subscription price of at least \$500,000 for the securities before allotment of those securities.

This Investment Memorandum is not a registered prospectus or an investment statement the content of which is prescribed by the Securities Act 1978 and does not comply with other requirements of the Securities Act 1978 and Securities Regulations 1983. This document does not contain the information that those documents would contain.

This Investment Memorandum has been prepared for general information purposes and a prospective investor should conduct its own independent review, investigations, analysis and assessment of the information in this document.

No audit or independent verification of this Investment Memorandum has been conducted and this Investment Memorandum does not have regard to the investment objectives, financial situation or particular needs of each person who may read or use the Information Memorandum.

No representation or warranty, expressed or implied, is made as to the accuracy, content, legality, reliability, completeness or correctness of the information in this Investment Memorandum or subsequently provided to the prospective investor or its advisors by or on behalf of Anaro Group Limited, Anaro Investments Limited or Corniche Holdings Limited nor as to the reasonableness of any assumption, estimates, projections, targets, forecasts or forward looking statement contained in the Investment Memorandum or otherwise made available.

Key investment terms

Investment objective	To deliver superior returns to investors through investment in commercial real estate assets
Target investment size	Up to \$15,000,000, with a minimum acceptances of \$4,000,000 required
Initial offer	1,500,000 shares at an issue price of \$1.00 per share and 13,500,000 convertible notes at an issue price of \$1.00 per convertible note. Investors must subscribe for shares and notes at a ratio of 1 share to 9 convertible notes
Minimum investment	\$500,000, comprising 50,000 shares and 450,000 convertible notes payable in full before allotment of securities
Distributions	Interest on convertible notes paid monthly at a rate set by the board in addition to periodic cash distributions as dividends as resolved by the Board of Directors
Term	Open-ended. However, the board of the Company may, in consultation with the Manager, and with the approval of shareholders by special resolution, approve the divestment of the Company's assets and return of capital to investors
Company	Corniche Holdings Limited (CN 3771043) Registered Office – 343 Thames Highway, Oamaru
Governance	Each shareholder will be entitled to appoint one director to the board of the Company
Manager	Anaro Investments Limited
Management fee	Anaro Investments Limited will receive an annual Management Fee of 0.4% of the cost price of the Company's real estate assets in accordance with the Company & Property Management Agreement
Facilitation fee	Anaro Group Limited will be paid a facilitation fee to cover negotiation of the contract to purchase the commercial investment property, negotiation of finance and appointment of independent experts to assess the property. This fee is assumed to be 2% of the cost price of the Company's real estate assets
Other fees	Anaro Investments Limited will prepare the Company's Annual Financial Statements, Income Tax Return, Cashflow Forecasts and accompanying annual company resolutions and will be entitled to charge its usual fees for those services in accordance with the Company & Property Management Agreement
Entry/Exit fee	No entry or exit fees are payable, but the Company will pay brokerage of up to 3% of funds raised from investors introduced by persons such as Real Estate Agents and Financial Planners. Anaro Group Limited will be eligible to receive broker payments

Liquidity	Shares will be subject to pre-emptive rights under the company's constitution, and the board may refuse to register a transfer of shares if it is not in the company's best interest to do so. Shares must be sold with convertible notes attached
Conversion	Convertible notes may be converted to ordinary shares at an appropriate rate at the company's option, as approved the board. Convertible notes may be redeemed at the issue price at the company's option as approved by the board. Convertible note redemptions must be made to all Convertible note holders in proportion
No guarantee	No person or entity referred to in this offer document guarantees the offer, any capital invested or the performance of the investment
Set up costs	Investment scenarios pertaining to the opportunity to purchase a commercial investment property will be submitted to the Board of Directors & Shareholders from time to time. These investment scenarios will fully detail the set up costs including brokerage & preliminary & issue expenses.

Investment objective

- (1) The purpose of the offer is to raise capital for the purchase of a suitable commercial investment property.
- (2) The commercial investment property sought will fulfil specific criteria, including by way of example:
 - (a) Structural soundness,
 - (b) Occupied by a reputable tenant of good standing,
 - (c) Favourable lease terms incorporating regular rent reviews,
 - (d) Advantaged location
- (3) Anaro Group Limited will source a commercial investment property that fulfils these specific criteria.

The Company

- (1) Corniche Holdings Limited (the “Company”) will issue the 1,500,000 ordinary shares and 13,500,000 convertible notes being offered. The Registered Office of the Company is 343 Thames Highway, Oamaru.
- (2) The Company was incorporated on 4 April 2012 for the specific purpose of raising capital to purchase a commercial investment property (yet to be identified) in New Zealand and has not yet commenced business.

Target investment size

- (1) The Company offers to issue up to 1,500,000 fully paid ordinary shares for an issue price of \$1.00 per share and 13,500,000 fully paid convertible notes for an issue price of \$1.00 each, seeking to raise up to \$15,000,000.
- (2) It is possible that not all of the funds raised will be required by the Company to purchase a suitable property. For example, if a suitable property is identified with a purchase price of \$14,000,000, the Company would contribute approximately \$8,000,000, with the balance funded by way of third party bank funding.
- (3) Excess investor funds held by the Company, along with any interest earned on those funds, would be returned to shareholders on a proportional basis. The Target investment size of \$15,000,000 will allow the new Directors flexibility and adaptability when searching for a suitable commercial investment property.
- (4) \$4,000,000 is the minimum investment size that will allow sufficient scope and flexibility to purchase a suitable commercial property. If the minimum amount is not raised by the closing date, any monies received will be repaid.

- (5) If Anaro Group Limited is unable to find a suitable acquisition for the Company, the funds raised under this offer will be returned to investors and Anaro Group Limited will meet the preliminary and issue expenses. It is expected that a suitable commercial investment property will be sourced within a period of six - eight months.

Initial offer

- (1) The securities being offered are 1,500,000 fully-paid ordinary shares and 13,500,000 fully paid convertible notes in the Company. The securities will be issued at a ratio of 1 share for 9 convertible notes.
- (2) Each shareholder will be issued with a separate class of shares. Each class of shares will confer on the holder the right to appoint and remove one Director of the Company, but will otherwise rank equally for voting rights and distributions.
- (3) The offer opens on 20 April 2012 and closes on 1 December 2012.

Minimum investment

- (1) This offer is open only to investors who pay a minimum subscription price of at least \$50,000 for the shares before allotment of those shares and \$450,000 for the convertible notes before allotment of those convertible notes. The allotments of the shares & convertible notes will transpire on the same day.
- (2) Applications must be for no less than the minimum holding of 50,000 shares and 450,000 convertible notes and must be accompanied by full payment for the shares at \$1.00 per share and the convertible notes at \$1.00 per convertible note.
- (3) Should this offer be oversubscribed, the Company may elect which applications to accept or to scale down applications as it sees fit but in any event not below the minimum investment of 500,000.
- (4) Any interest accrued on the applications rejected will be returned to the applicant.

Governance

- (1) Each shareholder will have the right to appoint and remove one Director of the Company. Under the terms of issue, the Company's shares will comprise different classes, one class for each investor. Each class of shares confers on the holder the right to appoint one Director
- (2) The shares will otherwise rank equally with all other shares for voting and distribution rights.
- (3) Natalie Evans, the current sole director of the Company, will resign as a Director upon the appointment of the new Directors.

- (4) No Director shall be entitled to remuneration from the Company and it is not intended that the Company pay Directors' fees.

Investment Approval Process

- (1) Once Anaro Group Limited has identified a suitable commercial investment property, Anaro Group Limited will enter into a conditional contract on behalf of the Company to purchase the property. A copy of the Agreement for Sale and Purchase will be circulated to all the new Directors.
- (2) A formal due diligence evaluation will then be performed. This will include the appointment of independent experts including solicitors, accountants and valuers to assess the property. Upon the basis of information provided by the independent experts, the new Directors will make a final decision whether to proceed with the proposed purchase or not.
- (3) The new Directors will determine whether the Company is to adopt the Agreement and proceed with the purchase. This decision will need to be a unanimous decision of the new Directors. The shareholders will then need to pass a Special Resolution to approve the Agreement as the proposed purchase will be a 'major transaction' under the Companies Act 1993.
- (4) The new Directors and Shareholders will also need to unanimously approve the initial funding arrangements. The new Directors will unanimously approve the payment of the preliminary expenses, issue expenses & acquisition costs to be met from the company funds.

Distributions

- (1) Interest will be paid by Corniche Holdings Limited on the principal amount of the convertible notes. This interest will be paid monthly at a rate deemed appropriate by the company and approved by the board. However in addition, any profits earned after allowing for income tax due may produce dividend income for investors.
- (2) Shareholders are entitled to all distributions paid on the shares. It is intended distributions will be paid periodically upon a resolution of Directors. No level of dividend or return to investors is guaranteed or promised, but it is intended that all surplus cash after accruals and capital expenditure (if any) will be distributed as dividends to shareholders.
- (3) It is intended that over the long term, the Company will distribute all net profit after tax (excluding gains on revaluations) so long as it is prudent to do so, having regard to the company's operating requirements, gearing level and other relevant commercial considerations. The property purchased will be depreciated on a diminishing value basis, in accordance with the prevailing legislation. The effect of this will be the deduction for income tax payable will be reduced over time and the tax liability of the company correspondingly increased. This is likely to have an effect

on the relative mix of imputation credits and cash available for distribution to the shareholders.

- (4) In determining the amount of distributions (whether of capital or income), the Company and Property Manager will have regard to the foregoing factors, and make recommendations to the Board of Directors for their consideration. The Board of Directors will only make distributions if, and to the extent that immediately following the distribution, the company, can satisfy the solvency test set out in section 4 of the Companies Act 1993. Any question as to whether any money or property is available for distribution by the company will be determined by the Directors.
- (5) The key factors that will affect investor returns are the company's future earnings and cash flow. These in turn are largely dependent on tenant solvency, occupancy rates, lease renewal, the outcome of rent review under each lease arrangement, property operating expenses and office, industrial and retail property market conditions in general and in particular the supply and demand for office, industrial and retail property.
- (6) The Company and Property Manager arranges distributions from the company bank account. However, it is the company, Corniche Holdings Limited which is legally liable to pay the distributions to shareholders.

Investment Term

- (1) The term of the investment is open-ended. The Board of the Company may, in consultation with the Manager, at any time recommend to shareholders that the Company divest its assets and that the Company be wound-up, with assets distributed to shareholders.
- (2) Divestment and liquidation of the Company must be approved by the shareholders by special resolution.

Manager

- (1) Anaro Investments Limited is a property management company owned by the IFL Trust and the NKS Trust. The trustee of both the IFL Trust and the NKS Trust is Natalie Kaye Evans. The Directors of Anaro Investments Limited are Natalie Kaye Evans and Jason Daniel Little.
- (2) It is intended that the Company will contract the services of Anaro Investments Limited to manage the Company and its assets on behalf of the shareholders.
- (3) The new Directors will approve the terms of the Company & Property Management Agreement between Anaro Investments Limited and the Company.

Management fee

- (4) It is intended that the Manager will be initially paid an annual fee amounting to 0.4% of the cost price of the property (before preliminary and issue expenses) plus GST (reviewable bi-annually) or any such amount as the Manager and the new Directors agree.
- (5) The management fee will be paid by the Company to Anaro Investments Limited on a monthly basis in advance, over a ten year contract.

Other fees and expenses

- (6) It is intended that the Manager will be initially paid an annual accountancy fee. The new Directors will approve the level of the annual accountancy fee.
- (7) The annual accountancy fee will be paid by the Company to Anaro Investments Limited on a monthly basis in advance, over a ten year contract.

Facilitation fee

- (1) A facilitation fee is payable to Anaro Group Limited once an Agreement for Sale and Purchase of a suitable property becomes unconditional. This fee covers negotiation of the purchase of the commercial investment property, negotiation of finance on behalf of the Company and appointment and management of independent experts including solicitors, accountants, valuers and engineers to assess the property. This fee is assumed to be 2% of the cost of the property purchased. However, this is dependent upon the commercial investment property and may be adjusted by Anaro Group Limited.
- (2) It is difficult to accurately predict the annual expenses to be met by the Company. It is intended the following will be payable by the Company but this list should not be considered all inclusive as the due diligence performed on a specific property may highlight additional charges to be borne by the Company. These additional charges will be paid only with the approval of the new Directors.
 - (a) **Interest on Company Loan:** It is intended that the commercial investment property purchase will be partly funded by a bank loan. The new Directors will approve the terms of the Company loan to be drawn down. Assuming interest only terms are arranged then there will be monthly interest payments payable to the bank from the Company. This interest will be met from the proceeds of the projected monthly rental income.
 - (b) **Audit:** The Company will appoint an auditor to audit the Company's Annual Financial Statements unless the shareholders unanimously resolve not to appoint an auditor. If an auditor is appointed, the Company will be charged an annual audit fee.

- (c) **Accountancy:** It is intended that the Company will contract the services of Anaro Investments Limited to prepare the Company's Annual Financial Statements, the Tax Return, Cashflow Forecasts and accompanying annual company resolutions. The fee set is an annual fee, therefore any part accounting period will be subject to the full fee. These fees will be paid in advance to Anaro Investments Limited on a monthly basis.
- (d) **Capital Expenditure:** It is assumed that the property will not require any capital expenditure during the first year of ownership. Anaro Investments Limited endeavours to ensure that Directors are reasonably informed of any upcoming capital expenditure. This expenditure is allowed for during the forecasting process and the annual forecast is submitted to the Board of Directors for their approval.
- (e) **Property Operating Costs:** It is common for leases of commercial investment properties to provide that property operating costs including rates, insurance and maintenance are to be fully reimbursed by the tenant. However, if the commercial investment property is let under a 'gross' lease the investment scenarios put forward to the Directors and Shareholders will include details of the projected annual property operating costs.

Entry/Exit fee

- (1) There are no fees for the sale or transfer of shares in the Company.
- (2) Shares are subject to pre-emptive rights under the Company's constitution. Under the pre-emptive rights process, the seller may be required to fix the fair value of the shares by an independent valuation. If so, the seller would meet the cost of the independent valuer's fees.
- (3) Shares and convertible notes may not be transferred or assigned separately. Shares may be transferred or assigned only if the convertible notes attached to those shares are transferred and assigned at the same time (and vice versa).
- (4) Reasonable legal, accounting costs and sales commission (if any) in connection with the sale will be payable by the seller.

Liquidity

- (1) There is no formal market to dispose of shares or convertible notes in an unlisted company and this could affect the ability of shareholders to dispose of securities.

Conversion

- (1) At any time the board of the Company may elect to convert all or some of the convertible notes into ordinary shares in the Company. The value of the shares for the purposes of conversion shall be calculated by the board on a basis that is fair and reasonable to the Company and to all existing shareholders.

- (2) If less than all of the convertible notes then outstanding are converted to shares, the notes shall convert proportionally as between shareholders.

No guarantee

- (1) No guarantees are given by the Company or the Manager or any other person in respect of the securities or the return which investors may receive in relation to them. No particular return is promised.
- (2) The principal risk to returns from leased commercial investment property is that the tenant (or some of the tenants if more than one) will be unable to, or may choose not to, pay the lease rental and/or vacate the leased premises. This would result in a decline in the income return to investors. It may not be possible to re-let vacated premises (or vacated premises may only be re-let on less favourable terms and/or after a delay), which would result in a significant decline in both income and capital returns to investors and may result in a capital loss to investors.
- (3) Other risks usually associated with the ownership of leased commercial investment property include unforeseen major maintenance, repair or capital expenditure to the properties or damage or destruction of the property by fire, earthquake or other event. Any one of these events would affect the income and capital returns for investors.
- (4) It is anticipated the new Directors will ensure that any property purchased will have comprehensive insurance cover, including consequential loss of rent cover.

Set up costs

- (1) The successful applicants will be provided with a schedule of the preliminary and issue charges to be incurred by the Company. The Company will not proceed with the purchase of the commercial investment property unless the new Directors appointed by each successful applicant have unanimously passed a resolution approving the payment of the preliminary and issue expenses.
- (2) It is difficult to accurately predict the preliminary and issue expenses to be met by the Company. It is intended that the Company will pay brokerage, legal and accountancy expenses, issue expenses, bank facility fees, valuation fees, and a facilitation fee.
- (3) This list should not be considered all inclusive. Any additional charges will be paid by the Company with the approval of the new Directors.
- (4) Brokerage is payable to persons, including Real Estate Agents and Financial Planners in respect of the subscription by applicants introduced by them. The rate of brokerage is generally 3% of each dollar subscribed. Anaro Group Limited will also share in the brokerage if they introduce an applicant.

- (5) Brokerage is only payable once the securities have been issued and allotted, and along with the facilitation, bank and valuation fees, are only payable by the Company if the Directors unanimously approve the purchase of a commercial investment property.

Enquiries should be directed to:

Anaro Group Limited
343 Thames Highway
PO Box 262
OAMARU 9444
NEW ZEALAND

Tel: 0800 522 333
Fax: 03 437 2685
Email: admin@anaro.co.nz

Application Form for Corniche Holdings Limited

To: Corniche Holdings Limited
c/- Anaro Group Limited
PO Box 262, 343 Thames Highway
Oamaru 9444
New Zealand

Phone: 0800 522 333 (nz only)
Fax: 03 437 2685
Email: admin@anaro.co.nz

A. The Applicant – Insert Full Names of all Applicants, including all Trustees and/or Company Name

Applicant (1):

Address For Notices

Number And Street:

City And Postcode:

Telephone: Mobile: Fax:

Email:

IRD Number:

Applicant (2):.....

Address For Notices

Number And Street:

City And Postcode:

Telephone: Mobile: Fax:

Email:

IRD Number:

Applicant (3):

Address For Notices

Number And Street:

City And Postcode:

Telephone: Mobile: Fax:

Email:

IRD Number:

Initials ____

Company Applicant (4):

Address For Notices

Number And Street:

City And Postcode:

Telephone: Mobile: Fax:

Email:

IRD Number:

B. Application Amount

Full Payment must accompany this application form.

Total Initial Investment Application (minimum \$500,000): \$

(To be apportioned on a ratio of 1 to 9 Share subscription and Convertible Note subscription)

- The Applicant irrevocably offers to subscribe for the new shares and convertible notes as set out above at a ratio of 1 share for 9 notes at an issue price of \$1.00 per share/convertible note.
- The minimum number of shares is 50,000 shares at \$1.00 per share and 450,000 convertible notes at \$1.00 per convertible note. Applications in excess of \$500,000 will be apportioned by the Company.
- Payment can be made by sending a cheque made payable to "Hope & Associates Legal" and crossed "n/t" or by sending confirmation from the applicant's bank that payment has been made by direct credit to **Hope & Associates Legal Trust Account**, (National Bank), **06-0941-0009779-02**.
- Subscriptions are held in an interest bearing Trust Account for the benefit of the Investor until such time as shares and convertible notes are allotted.
- Payment must be received by 4pm on [date to be advised].
- Payment must be made in New Zealand dollars and drawn on a registered New Zealand bank.

Applicant Information

(1) Do you hold a RWT Exemption Certificate? ☐ Yes ☐ No

(If yes please attach copy)

(2) Are you eligible for Approved Issuer Levy (A.I.L.) ☐ Yes ☐ No

Are you a Non-Resident Taxpayer? ☐ Yes ☐ No

(If yes please state which country) _____

Initials _____

(3) Preferred Withholding Tax Rate:

2% AIL ☐ 10% ☐ 17.5% ☐ 30% ☐ 33% ☐

Companies: 28% ☐

Non-Residents: Rate to be Advised

(4) Distributions to direct credited to the following bank account:

Bank

Branch

Account Name:

Account Number:

(Please enclose Deposit Slip)

Signed By Each Applicant:

..... **Date:**

..... **Date:**

..... **Date:**

..... **Date:**

(1) Upon acceptance, in whole or in part, of an Applicant's offer to subscribe for securities, the company will issue the securities to the Applicant and will procure registration of the Applicant as the holder of those securities subject to all applicable laws

(2) None of Corniche Holdings Limited or its directors make any other representations or warranties in relation to the securities or the business of Corniche Holdings Limited. The Applicant has not relied on any statement, representation, warranty, promise, undertaking or agreement whether made expressly or by implication by any relevant person. The Applicant is responsible for making all investment, tax and other enquiries as may be prudent.

Initials ____