

## Securities Act (Augusta Funds Management Limited – Sherbrooke Rd Partnership) Exemption Notice 2015

Pursuant to section 70B of the Securities Act 1978, the Financial Markets Authority, being satisfied of the matters set out in section 70B(2) of that Act gives the following notice.

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### Notice

#### 1 Title

This notice is the Securities Act (Augusta Funds Management Limited – Sherbrooke Rd Partnership) Exemption Notice 2015.

#### 2 Commencement

This notice comes into force on 4 September 2015.

#### 3 Revocation

This notice is revoked on the close of 31 December 2015.

#### 4 Interpretation

(1) In this notice, unless the context otherwise requires,—

**Act** means the Securities Act 1978

**certified practising valuer** means a person accredited as a certified practising valuer by the Australian Property Institute

**manager** means Augusta Funds Management Limited

**offer** means the offer to the public of specified securities in accordance with the prospectus

**property** means the Akzo Nobel building and property at 373 Sherbrooke Road, Willawong, in the State of Queensland, Australia being Lot 1 on Survey Plan 271362 in the County of Stanley, Parish of Oxley bearing title Reference number 50976141

**prospectus** means the prospectus for the offer of specified securities to be registered on or about 7 September 2015

**Regulations** means the Securities Regulations 2009

**scheme** means the contributory scheme offered by the manager in accordance with the prospectus where each subscriber for specified securities will acquire an interest in the property

**specified securities** means participatory securities issued by the manager in respect of the scheme.

- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

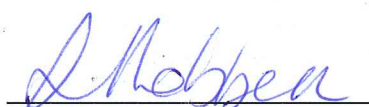
## 5 Exemption

The manager and every person acting on its behalf are exempted, in respect of the offer, from clause 10(3)(d) of Schedule 3 of the Regulations.

## 6 Conditions of exemption

- (1) The exemption in clause 5 is subject to the condition that the prospectus contains the following information and statements under a heading 'Financial information regarding the Property'—
- (a) a clear and concise statement to the effect that the prospectus does not contain the usually required latest full audited financial statements for the rental business on the property prepared in accordance with generally accepted accounting practice:
  - (b) a clear and concise statement as to why the financial information referred to in subclause (a) above is not available to the manager, and is not able to be completely recreated by the manager:
  - (c) a clear and concise statement setting out the reasons why the directors of the manager consider the information contained in the valuation report referred to in clause 6(2)(a) to be more useful in assessing the merits of the offer than the financial information referred to in subclause (a) above:
  - (d) a statement by the manager that no other financial information relating to the past financial performance or position of the property and its rental is available, nor provided in the prospectus.
- (2) The exemption in clause 5 is subject to the further condition that the prospectus contains the following information and statement, under a heading 'Valuation of Property'—
- (a) a copy of the valuation report in respect of the property dated 24 June 2015 from a certified practising valuer, or a reference to copy of that report contained elsewhere in the prospectus or attached as a schedule to the prospectus:
  - (b) a statement by the directors of the manager that the valuation report was provided for the purposes of the scheme and for use by prospective investors for specified securities.

Dated at Auckland this 28<sup>th</sup> day of August 2015.



Simone Robbers  
Director of Primary Markets and Investor Resources  
Financial Markets Authority



### Statement of reasons

This notice, which comes into force on 4 September 2015 and is revoked on 31 December 2015, provides an exemption to Augusta Funds Management Limited (**AFM**) from clause 10(3)(d) of Schedule 3 of the Securities Regulations 2009 (the **Regulations**), in relation to its offer of participatory securities in a contributory scheme which will own and lease a commercial building.

The Financial Markets Authority, after satisfying itself as to the matters set out in section 70B(2) of the Securities Act 1978, considers it appropriate to grant the exemption set out in this notice for the following reasons—

- the business being acquired is a commercial property and the lease for the commercial building on the property only commenced on 16 June 2015. AFM is unable to comply with the requirements of clause 10(3)(d) of Schedule 3 of the Regulations because it does not hold, and is unable to obtain, sufficient historical financial information to enable full audited financial statements for the latest accounting period for the rental business (which based on the commencement date of the lease, will be a period of approximately 4 months) to be provided:
- the conditions of the exemption require the prospectus for the offer to contain a valuation report for the property containing all information on the property that is relevant to investors, to enable investors to make informed decisions about their investments:
- the conditions of the exemption also require AFM to make various statements in the prospectus, including a statement of why they are unable to provide the historical financial information ordinarily required, why the directors of AFM consider the information contained in the valuation report for the property is more useful in assessing the merits of the offer than the historical financial information ordinarily required, and that no other financial information relating to the past financial performance or position of the property and its rental business is available, nor provided in the prospectus:
- The requirement to warn prospective investors the historical financial information relating to the rental business usually required is not available, and a requirement to instead provide the valuation report for the property in the prospectus, means that there will be no significant detriment to investors. Further, in the circumstances that the exemptions only provide relief from the requirement to provide historical financial information that is not available, and imposes conditions which require the provision of relevant information on the property, the exemption is not broader than reasonably necessary to address the matters that gave rise to the exemption.

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