

# Collett's Corner

**Investment  
Memorandum  
February 2019**

**With 8 people in the world owning 50% of the wealth, it's time for everyday people to take action.**



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**Source: Oxfam Report:  
An Economy For The 99%. 2017.**  
Oxfam calculations using wealth of the richest individuals from Forbes Billionaires listing and wealth of the bottom 50% from Credit Suisse Global Wealth Databook 2016.

Let's own  
things  
differently.

## Introduction

**Collett's Corner will be New Zealand's first community minded, equity crowdfunded commercial development.**

Collett's Corner is a new commercial property for Lyttelton that has been designed in collaboration with the community. Based on a collective ownership model, it is not a vehicle for growing individual wealth. Instead, it is an opportunity for many people to come together to own a shared asset – one which aims to distribute financial returns and help to strengthen the community fabric.

### **Investing, not donating**

Buying one or more shares in Collett's Corner means you are purchasing part of a commercial development. The money you put in is not a donation. It is something that belongs to you and could generate returns for you, as long as you own the shares.

## Letter from the founder

Kia ora koutou.

People often ask me why I do what I do. We urgently need change. The environmental collapse, social inequality and climate change all point in the same direction. Our systems are not working. But people created the systems – so people can change them. I am committed to doing everything I can to help create a more compassionate, balanced world. For me, that's rethinking what, how and why we build.

I've trained for this endeavour my whole life. I have three degrees in architecture, and continue to study how societies evolve and cities mature. I have an unrelenting mind that chews on contemporary problems and looks for compassionate solutions. As a young architect I worked for two visionary architecture practices in Europe: Herzog & de Meuron in Basel, Switzerland and Office for Metropolitan Architecture in Rotterdam, Holland. From my education and experience, I developed the skills to be a visionary.

I moved to Ōtautahi to be part of building a 21st Century city. Here I have co-designed the Gap Filler Pallet Pavilion and co-founded XCHC. Both of these were early

prototypes where I began to see and later cultivate the potential to build community by building buildings.

To this end, I founded a property development company called Ohu. Ohu has three purposes: to build communities by building buildings, to create places of belonging and connection, and to distribute wealth in equitable ways.

Collett's Corner is Ohu's first permanent building. It embodies the ideals of Ohu in a way that is unique to the community where it will be situated – Lyttelton. Collett's Corner is a building for the next age, an age where we work together to create places of belonging, looking after one another and the planet as we do so.

While I remain an architect in my soul, in this case my role hasn't been to design the building itself but the structures that underpin its creation. I believe that when we understand the complex systems behind our built realm – namely the legal, financial and social structures – we can redesign them.

In 2014, New Zealand legislation changed to allow an entire community to own a company without going through expensive legal processes for the first time.

By setting up Collett's Corner as a company with directors and shareholders we have found a way to enable a wide group of everyday people to own a commercial development in their community.

It's time to turn the tables on how our economic systems work – or don't work – for us. By taking advantage of new opportunities in ownership and development, we can start to move from an extractive economic system to a regenerative one. Instead of pillaging our precious resources, we can replenish the resources we rely on. We can do this by generating profits through sustainable means and sharing the rewards fairly amongst us all.

I am truly excited about Collett's Corner, not just the building (although I love that too!) but the fundamental shift it represents in our society. We are showing that by working together we can create flourishing companies that benefit us all, and the kind of positive spaces of connection and belonging we want to see in our towns and cities.

Camia Young

“

*I'm interested in defining the next era of architecture, creating places of connection and belonging. I truly believe it is possible to create a more equitable society if we work together.*





**Collett's Corner is a multi-use commercial building, to be constructed on Lyttelton's main street. Designed in collaboration with the community, the building is a lively mix of wellness centre, hospitality, retail, co-working space and apartments.**

## Key purposes

### To cultivate wellness

Collett's Corner is a place where people are supported to flourish, through the practice of caring for ourselves and the people around us. At the heart of Collett's Corner is a wellness centre with hot baths, cold dunking pool, treatment facilities, yoga studio and gym.

### To work together

Collett's Corner has been co-conceived and co-designed, and will be co-owned by many. Working together is a way to create relationships, build trust, grow compassion and ultimately create a place where we can all belong. Collett's Corner will support each person as an individual while connecting them to a greater whole.

### To distribute wealth fairly

Collett's Corner provides a way to distribute wealth more fairly and begin to close the inequality gap that divides our society. We call this 'Compassionate Capitalism' – enabling many people to make a little, instead of a few people making a lot.

# 974m<sup>2</sup>

Total site area across two plots

# 2,710m<sup>2</sup>

Total gross floor area excluding exterior spaces

# 22%

Public space at the ground floor including courtyard and laneways

# 2020

Expected opening December 2020

## The opportunity

**Like any commercial property development, Collett's Corner needs to deliver a return. In this case those returns will aim to be both social and financial.**

### Why do we believe this is a solid investment?

Collett's Corner is a 2,710m<sup>2</sup> mixed-use building in the heart of Lyttelton. Located at the corner of London and Oxford Streets, it acts as a bookend to a vibrant commercial core. The building's prominent site and scale gives it high visibility and will make it an iconic building in the township.

The demand for Lyttelton properties is strong and likely to increase with the re-establishment of roading, infrastructure and cruise ship links. New Zealand enjoys a healthy tourism industry, and Lyttelton's visitor numbers and property values are expected to grow as the town reasserts its destination status.

### How will income be generated?

The building will generate income for investors through renting the ground floor and basement. The upper two floors of apartments will be sold to finance the construction.

### How will profits be distributed?

Collett's Corner is structured as a stand alone company with directors and shareholders. The company aims to pay a dividend to each shareholder based on the profits generated from rental income, as well as the potential to achieve capital gain upon the sale of their shares.

### What does the future look like?

Prior to the earthquakes Lyttelton had a lively town centre. Once the apartments are inhabited and the businesses established, Collett's Corner will contribute to the vibrancy that Lyttelton is famous for.

Initially Collett's Corner Ltd will support its new tenants to establish their businesses. Strong businesses mean greater return for investors and stronger community connections.

### Key Dates

|                 |             |
|-----------------|-------------|
| Private Launch  | 7 February  |
| Public Launch   | 14 February |
| Campaign Closes | 21 March    |

Collett's Corner is located amidst Lyttelton's many popular shops, cafés, bars, restaurants and community amenities.



**Collett's Corner will be a bustling addition to Lyttelton's creative chaos. The building has been designed as a vibrant place to connect with friends and whānau, in a space that is centred around wellbeing.**

The design respects, connects and responds to the London Street shop fronts, activating the street corner with a vibrant presence. Reflections of the port, the timber docks, modular shipping containers, alley ways, and the artistic atmosphere of Lyttelton can all be found within the design aesthetic – making it a natural fit for its surroundings.

The overall project is composed of two buildings, joined on the upper floors. At ground level, a laneway and courtyard encourage pedestrian flow through the building and allow for the possibility of extending the market on site. Inside, a mix of functions are distributed floor-by-floor, with public initiatives at ground and basement level, and co-living apartments situated above.

Flexibility is integral to the project's design and construction. An underlying grid format means spaces, uses and programs within the building can evolve over time as the needs of the community grows and changes. The overall form is composed of stacked modular components. This approach enables the use of leading technologies in prefabrication, leading to construction efficiencies and cost savings.

Sustainability is another objective of the project. The overall scheme achieves a balance of passive systems, tested technology and social and economic priorities. Solar, water, a low carbon footprint, natural ventilation, urban farm and shared spaces are all desired attributes. Timber is chosen as the main material due to its sustainable nature, and complementary materials are kept raw, simple and honest.

The building is broken into modular sections, to relate to its urban surroundings and provide visual interest on a human scale.

The upper two floors are apartments based on co-living principles, and will have shared amenities, such as the rooftop deck and shared laundry.

At the heart of the building is a wellness centre which occupies the ground floor and basement.

The ground floor will feature headquarters for the local Timebanking, a restaurant and co-working space.

The inclusion of laneways and a central courtyard create welcoming public spaces and encourage flow into and through the building.



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## Ground Floor

The ground floor offers a shared courtyard, spacious open-plan community areas, a co-working space, a community restaurant for locals to meet and eat around long communal tables, boutique shops and a wellness centre with gym and yoga studio. A neighbourhood service desk is also located at ground level.



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## Roof

A pergola is imagined on the rooftop to provide an opportunity for residents to relax and enjoy stunning views of Lyttleton and Banks Peninsula.

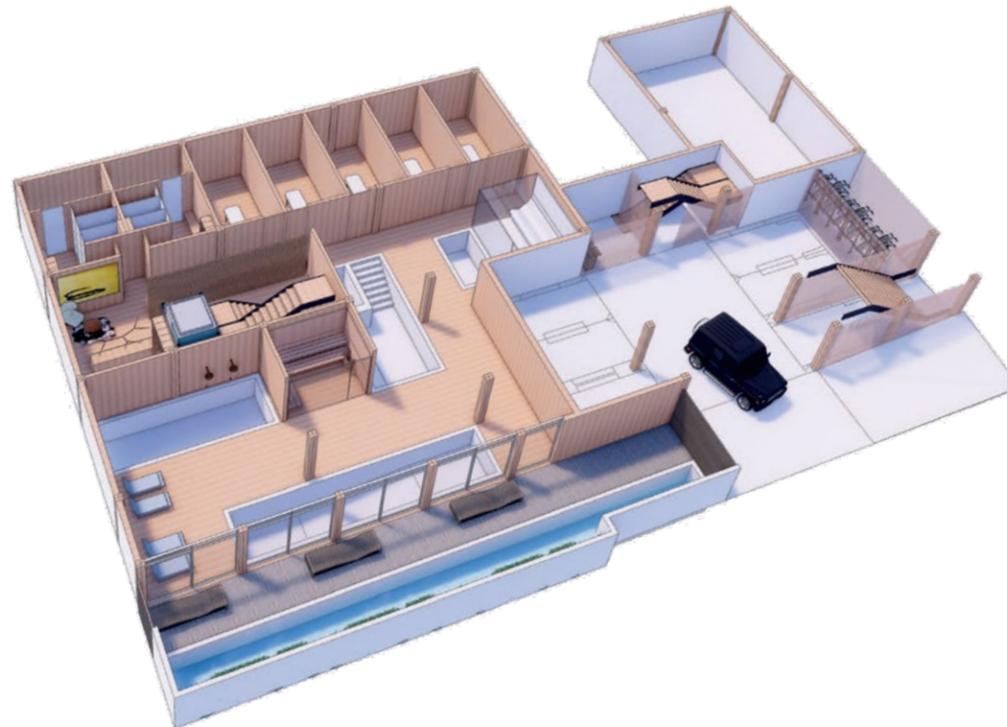


# Spaces of connection and belonging

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## Basement

The basement hosts thermal baths with the potential for indoor and outdoor bathing, and a selection of treatment and massage rooms.



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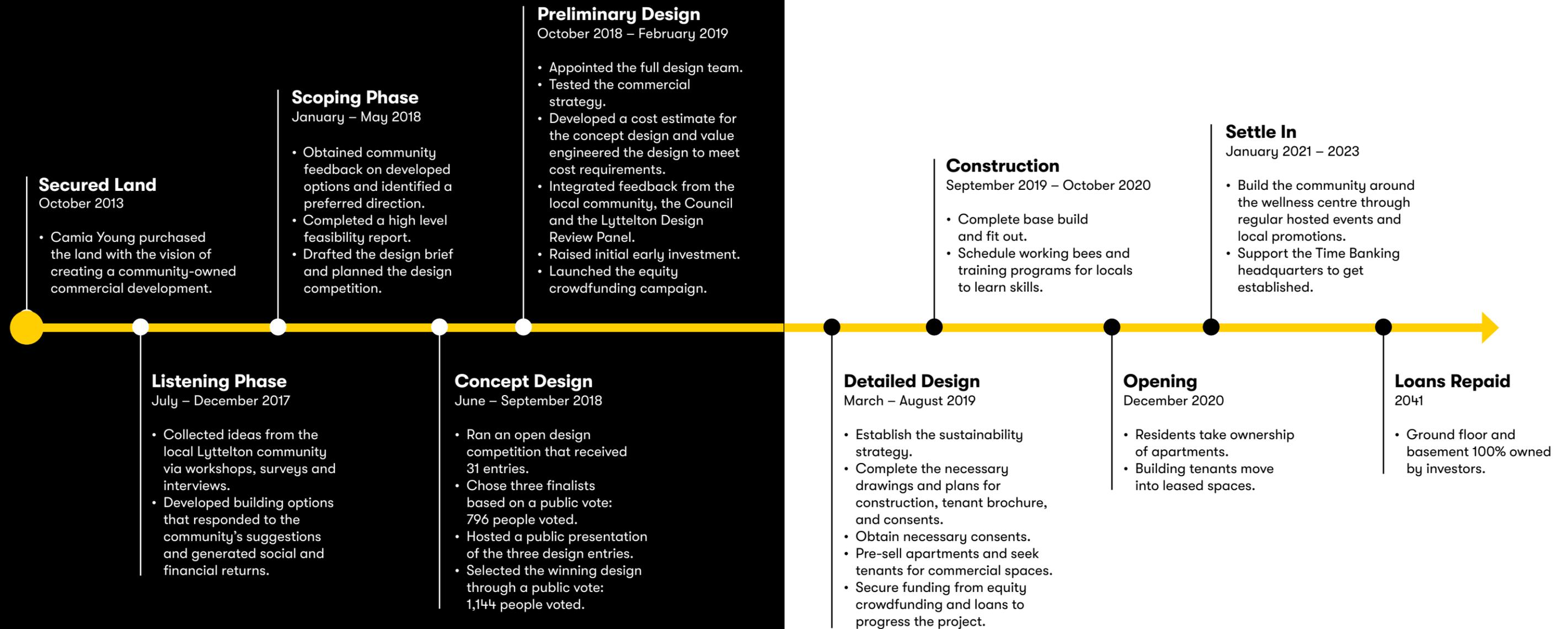
## First and second floors

The first and second floors are comprised of twenty six apartments designed based on co-living principles, which means they have shared amenities such as laundry and rooftop deck access for residents. The apartments will be privately owned.



## What we've achieved

## Where we're headed



## Why crowdfund?

In 2014, New Zealand legislation changed to allow an entire community to own a company without going through expensive legal processes for the first time. This change represents a huge shift away from profiteering and extraction towards a regenerative economic model where wealth can be distributed fairly. We are crowdfunding for Collett's Corner so that the wealth this building

generates can make its way back into the hands of many.

In order to build Collett's Corner we need investors who believe in the idea and want to back it. We don't want just any investor, we want to bring together a community of people who believe in creating buildings that bring people together in meaningful ways as well as generate financial returns.

## Collaborative design at work

Collett's Corner has been designed in close consultation with the local community.

The project began with a listening phase in 2017 where the local community suggested options for the building. From this, about 50 different ideas for the site were generated. Two options were tested and shared with the community. The preferred choice was the 'attraction model', which

was focussed on creating a mixed-use building that would attract both locals and visitors.

A brief was developed and released as a professional design competition. 31 entries were submitted and the public was invited to vote for their favourite. 1,144 people voted for the winning design, which is the basis for the current design you see today.



# Contributors

**Frederic Gapinski**  
Warren & Mahoney  
in:flux  
Architect (France)

**Annabel Fraser**  
Warren & Mahoney  
Designer

**Linda Lodetti**  
Joseph & Associates  
Quantity Surveyor

**Steven Moe**  
Parry Field Lawyers  
Legal Advisor

**John Sellwood**  
Telling Lives  
Story Teller

**Sebastien Gapinski**  
Warren & Mahoney  
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Architect (France)

**Bill Gregory**  
Warren & Mahoney  
Architect

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Joseph & Associates  
Project Manager

**Brian Davidson**  
Powell Fenwick  
Electrical Engineer

**John Craig**  
Joseph & Associates  
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**Kris Morrison**  
Parry Field Lawyers  
Legal Advisor

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Powell Fenwick  
Pool and Water Engineer

**Barry Grehan**  
PledgeMe  
Project Support

**Maria Chen**  
in:flux  
Architect

**Simon Brown**  
Warren & Mahoney  
Architect

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Joseph & Associates  
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Project Steward

**Greg Martin**  
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**James Stewart**  
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**Rhys Chesterman**  
Novo Group  
Transport Engineer

**Leon White**  
Leon White Design  
Graphic Designer

**Adam Walker**  
Structex  
Structural Engineer

**James Stewart**  
Ohu  
Managing Partner

**Jules Lee**  
Ohu  
Community Listening

**Karen Sanderson**  
Catalyst  
Feasibility Report

**Persephone Singfield**  
Ohu  
Project Shadow

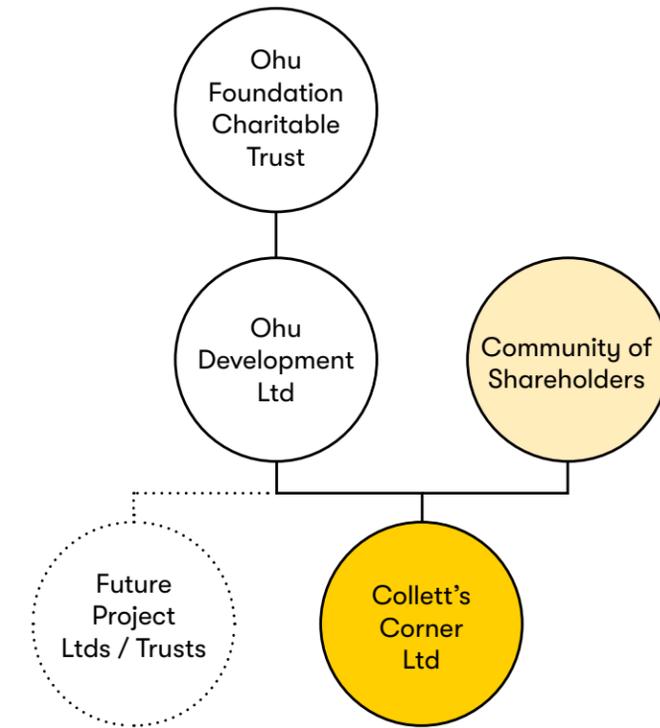
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Novo Group  
Senior Planner

**Laura Griffiths**  
The Copy Room  
Copywriter

**Will Lomax**  
Structex  
Structural Engineer

**Saskia Tranter**  
Ohu  
Communications

# Initiated by Ohu



**Collett's Corner has been initiated by and is currently governed by Ohu – Office for Holistic Urbanism.**

## Governance

Camia Young established Ohu Development Ltd in 2016 to facilitate community minded property developments. Ohu Development is currently owned by Camia Young. As soon as Ohu Foundation obtains charitable status the company will become 100% owned by Ohu Foundation. Ohu Foundation has applied for charitable status.

We are currently seeking directors for Collett's Corner Ltd. Until directors are appointed, the directors of Collett's Corner are the same as the directors of Ohu Development Ltd, which is currently Camia Young.

Ohu Foundation is the governance board for Ohu Development.

## Ohu Foundation's Responsibility

- Upon achieving charitable status, will become 100% shareholder of Ohu Development
- Appoints Ohu Development's directors
- Disperses profits from Ohu Development

## Ohu Development's Responsibility

- Appoints subsidiary directors
- Distributes and holds shares in subsidiary companies
- Leads, partners, supports community minded property developments

## Project Ltds and Trust's Responsibilities

- Appoints project teams
- Delivers projects in alignment with their purpose

## Share offer summary

**We are seeking to raise between \$300,000 and \$2,000,000 of equity to progress Collett's Corner through design, consenting and construction.**

### Equity raise

We are seeking to raise a minimum of \$300,000 and a maximum of \$2,000,000 of crowdfunded equity to progress the Collett's Corner project through the stages of design, consenting and construction.

The minimum investment is \$100, which is equivalent to 1 share. The maximum investment is up to 10% of the value of the company, which is \$251,500 if we reach the \$2,000,000 target. In the event that we raise less than the \$2,000,000 the 10% cap will be lower.

### Revenue

Collett's Corner Ltd will own the ground floor and basement and rent space to a mix of wellness centre, restaurant, retail and co-working space.

Shareholders could receive dividends (investment returns) from the generation of net rents on the bottom two floors. Alongside these dividends, shareholders will also have the ability for their share value (capital return) to increase as the value of the land and building appreciates over time.

The top two floors will be apartments designed around co-living principles and sold as separate unit titles. This raises capital to complete the build.

**1 share  
=  
\$100**

**Maximum  
Investment  
\$251,500**

**Minimum  
Goal  
\$300,000**

**Maximum  
Goal  
\$2,000,000**

**Projected  
Return  
Up to 7.5%**

**Offering  
79.5% of the  
company**

## Use of capital

| Capital raised and to be raised                        |                       |            |              |            |
|--|-----------------------|------------|--------------|------------|
|  | Phase                 | Offer      | Status       | Value (\$) |
| Early investor shareholders                            | Pre-construction      | Equity     | Raised       | 90,000     |
| Early investor options for shares                      | Pre-construction      | Equity     | Raised       | 216,000    |
| Ohu Development secondary equity                       | Pre-construction      | Equity     | Raised       | 29,300     |
| PledgeMe equity crowdfunding (assuming maximum raised) | Construction          | Equity     | To be raised | 2,000,000  |
| Pre-sale of apartments                                 | Construction          | Asset sale | To be raised | 10,254,300 |
| Concessionary loans                                    | Construction          | Debt       | To be raised | 1,000,000  |
| Construction loan                                      | Construction          | Debt       | To be raised | 10,254,300 |
| Bank lending   | Construction          | Debt       | To be raised | 1,157,100  |
| Bank loan to cover capital gain tax                    | Operational 2021/2022 | Debt       | To be raised | 357,700    |

### Use of capital

Capital is to be applied in three phases: pre-construction, construction and operational. The above table outlines the timeline from a cashflow perspective.

Pre-sold apartment deposits and progress payments are held in trust until the building is completed.

The projected sales of these apartments will be advanced by way of a construction loan during the construction period.

The \$10,254,300 figure shown above from apartment sales will be immediately offset against the construction loan. All additional holding costs during this period would be applied to the loan balance which is paid off over time during operations.

A provision has been made for potential liability for capital gains tax to be shown as a cost in 2021/2022 year.

## Costs

| Capital costs             |                   | Application of capital from the equity crowdfunding campaign |                        |
|---------------------------|-------------------|--|------------------------|
| Purpose                   | Total Costs (\$)  | If minimum raised (\$)                                       | If maximum raised (\$) |
| Base build                | 10,053,200        |  | 385,100                |
| Professional fees         | 1,306,900         | 45,500   | 1,045,500              |
| Contingency               | 1,005,300         |  |                        |
| Land costs                | 720,000           |  |                        |
| Ohu Development fee       | 452,700           | 100,000  | 233,200                |
| Build cost escalation     | 322,300           |  |                        |
| Sales and marketing       | 301,600           | 90,000   | 150,800                |
| Development contributions | 200,000           |  |                        |
| PledgeMe fees             | 110,000           | 19,500 (6.5%)  | 110,000 (5.5%)         |
| Pre-opening expenses      | 100,000           |  |                        |
| Consent fees              | 75,400            | 45,000   | 75,400                 |
| Line fees (banks)         | 70,400            |  |                        |
| <b>Total</b>              | <b>14,717,800</b> | <b>300,000</b>   | <b>2,000,000</b>       |

### Cost summary

If we raise the minimum we can apply for the resource consent, as well as prepare the building tenant brochure which will enable us to seek tenants for commercial space and residents for the apartments.

If we raise less than our target of \$2,000,000 we will have to delay the project which will increase the overall costs due to increased escalation rates.

# Capitalisation

| Pre-raise                      |               |             | Post-raise (if maximum achieved)                |               |             |
|--------------------------------|---------------|-------------|---|---------------|-------------|
| Shareholder                    | No. of shares | Ownership % | Shareholder                                     | No. of shares | Ownership % |
| Camia Young Founder Shares     | 654           | 45.9%       | Camia Young Founder shares                      | 654           | 3.1%        |
| Ohu Development Founder Shares | 100           | 7.0%        | Ohu Development Founder shares                  | 100           | 0.5%        |
| Anake Goodall Investor Shares  | 409           | 28.7%       | Anake Goodall Investor shares                   | 409           | 1.9%        |
| Geoff Butcher Investor Shares  | 263           | 18.4%       | Geoff Butcher Investor shares                   | 263           | 1.2%        |
|                                |               |             | New shareholders Assuming \$2,000,000 is raised | 20,000        | 93.3%       |
| <b>Total</b>                   | <b>1,426</b>  | <b>100%</b> | <b>Total</b>                                    | <b>21,426</b> | <b>100%</b> |

| Loans and liabilities      |             |   |
|----------------------------|-------------|---|
| Pre-raise                  |             |   |
| Loan                       | Amount (\$) | Condition   |
| Raf Manji                  | 100,000     | 5% interest due May 1 <sup>st</sup> 2019<br>Option to convert to equity subject to available equity     |
| Post-raise (to be sourced) |             |   |
| Loan                       | Amount (\$) | Condition   |
| Concessionary loan         | 180,000     | 5% interest   |
| Camia Young                | 720,000     | 5% interest due January 1 <sup>st</sup> 2021<br>Option to convert to equity subject to available equity |
| Bank loan                  | 1,157,100   | 5% interest rate  |
| Construction loan          | 10,254,300  | 7% interest rate due upon completion of the apartments  |
| Capital gains loan         | 357,700     | Potential cost 2021-2022  |

| Share options (in lieu of work) |              |
|---------------------------------|--------------|
| Ohu Development                 | 2,417        |
| Joseph & Associates             | 768          |
| Engeo                           | 376          |
| Structex                        | 163          |
| <b>Total</b>                    | <b>3,724</b> |

## Land purchase

Camia Young has a sale and purchase agreement with Collett's Corner Ltd to sell the land on 1 July 2019. A valuation of the land was completed on 11 June 2018 valuing the land at \$720,000. The condition is a 5% loan to be repaid on 1 January 2021, at which time a further long term loan would need to be sourced. Camia has the option to convert this loan subject to available equity.

## Company ownership

The total percentage of the company being offered is calculated based on the assumption that all options for shares will be converted, except for those contingent on available equity. Thus the total number of shares will be 25,150, of which the crowdfunding would be 20,000 shares. This is equivalent to 79.5% of the company.

## Share options

A total of 3,724 shares will be issued to Ohu Development, Joseph & Associates, Engeo and Structex in lieu of payment for services.

# Share classes

| Type                 | Director appointment  | Ownership   | Voting rights   |
|----------------------|---|---|---|
| Founder Shareholder  | <p>A majority of Founder Shareholders may appoint or remove up to 4 of the 5 directors.</p> <p>In the event that there are no Founder Shareholders, all directors are appointed by the Investor Shareholders.</p> | <p>In the event that the Founding Shareholders own more than 10% of the company, they will offer the Founder Shares that they hold (over and above that 10% at the fair market value calculated under clause 7.1 of the Constitution) to the other existing shareholders at an AGM of their choice on a prorata basis, with the detailed mechanism of the sale and purchase to be decided by the Board, acting reasonably including requiring the conversion of such Founder Shares into Investor Shares.</p> <p>The intention is to enable the directors to issue Founder Shares in the event that capital is needed. Founder Shareholders are encouraged to divest once there is a demand for their shares, however Founder Shareholders can divest at an AGM of their choice so as to recover the cost of the associated risk.</p> | <p>Shareholders are entitled on any vote to one vote per share held either by being present in person or by proxy.</p> <p>A Special Resolution is required to be passed in the following circumstances:</p> <ul style="list-style-type: none"> <li>• Sale or transfer of control of the business or the Company in whole or in part;</li> <li>• Amendment of the Constitution;</li> <li>• The winding up or dissolving of the Company;</li> <li>• Disposing of any subsidiary or of any shares in any subsidiary; and</li> <li>• Entry into any major transaction.</li> </ul> |
| Investor Shareholder | <p>A majority of the Investor Shareholders may appoint or remove 1 of the 5 directors at any time by their giving written notice to the Company.</p>  | <p>No Investor Shareholder may hold more than 10% of the Company at any time ("Maximum Permitted Shareholding"). The 10% cap on ownership is triggered once we issue 10,000 shares.</p> <p>The intention of this clause is to ensure that no one Investor Shareholder controls the company. This enables all shareholders to benefit from owning Investor Shares in the Company. This equitable approach is intended to embed distributed wealth systems within the constitutional structure of this Company.</p>   |   |

## Shareholder rights and communication

There are two types of shares, Investor Shares and Founding Shares. Camia Young and Ohu Development Ltd hold Founding Shares. Collett's Corner's Directors will host an annual meeting for all shareholders.

Full details of the shareholder rights is set out in the Collett's Corner Constitution, on our website at [www.collettscorner.nz](http://www.collettscorner.nz).

# Prospective financial statements

| Forecasted profit and loss   | 2020              | 2021          | 2022          | 2025           | 2031           | 2041           |
|------------------------------|-------------------|---------------|---------------|----------------|----------------|----------------|
|                              | <b>Value (\$)</b> |               |               |                |                |                |
| Rental income                | 0                 | 315,780       | 328,410       | 369,410        | 467,430        | 691,900        |
| Operating expenses           | 0                 | 101,730       | 103,770       | 46,370         | 52,220         | 63,670         |
| Debt servicing costs         | 0                 | 135,750       | 138,790       | 130,430        | 93,020         | 980            |
| <b>Forecasted net profit</b> | <b>0</b>          | <b>78,300</b> | <b>85,850</b> | <b>192,610</b> | <b>322,190</b> | <b>627,250</b> |

| Forecasted investment return (pre-tax)                  | 2021                  | 2022         | 2025         | 2031          | 2041          |
|---|-----------------------|--------------|--------------|---------------|---------------|
| Total amount invested                                   | \$2,515,000           | \$2,515,000  | \$2,515,000  | \$2,515,000   | \$2,515,000   |
| <b>Return on Investment</b>                             | <b>3.11%</b>          | <b>3.41%</b> | <b>7.66%</b> | <b>12.81%</b> | <b>24.94%</b> |
| <b>Average 10 year return on investment (2021-2030)</b> | <b>7.5% per annum</b> |              |              |               |               |

| Current rent estimates (if property was rented in year 2019) |                |
|--|----------------|
|  | Value (\$)     |
| Wellness centre  | 185,400        |
| Car park   | 7,280          |
| Retail   | 52,500         |
| Restaurant   | 42,600         |
| Courtyard service lease                                      | 4,060          |
| <b>Total rents</b>   | <b>291,840</b> |

## Tenants

The development is focused initially on getting long-term tenants who share Collett's Corner's vision. Reduced earnings are expected as incentives for long-term tenancies are applied over an initial 3 year term.

## Dividends

The forecast assumes dividends will be paid from year 4 (2024). Net proceeds from the first three trading years (2021-2023) will be held as cash reserves in Collett's Corner. If not required they will be paid out alongside year 4 retained earnings. Dividends will be paid at the discretion of the directors dependent on sufficient cashflows.

## Returns

The forecasted projections assume the goal of \$2,000,000 is raised. The current projections forecast an average of 3.1-5% returns annually over the initial 3 years (2021-2024). The return rises to 7.7% annually in 2025 and to 10% annually in year 2028. In 2031 the return is estimated at 12.8%. An average return of 7.5% has been projected over the first 10 year period (2021-2030). This return is the pre-tax, net profit of the company across the equity value of the company.

The 10 year 7.5% average return value is a combination of both the value of dividends being paid out to investors, as well as the increase in share value from paying down company debt. The final values for the dividend payments will depend upon agreements with debtholders around repayment obligations.

## Revenues

Projected revenues are based on outline operational models for each business. Rental rates have been set relative to the surrounding buildings. Conservative rental rates for the businesses range between \$300-\$350 per m<sup>2</sup>. Rental rates are scaling at 4% per annum, which is forecasted to be 1.5% higher than inflation. This accounts for notion that the increase in interest and foot traffic brought to the area would allow for a growth in rental rates above inflation.

## Debt

The long term bank debt and concessionary loans are assumed to be paid off over 20 years. The residual income is paid out as dividends to shareholders. The bank debt and concessionary loans terminate in 2041 and the capital gain cashflow loan terminates in 2042.

## Valuation pre-raise

The pre-raise valuation of Collett's Corner Ltd is calculated to be \$142,600. This is the initial equity raised to take the project through preliminary design phase and to prepare the company for the equity crowdfunding.

# Balance sheet

| <b>Balance sheet</b>                            |                   |
|---|-------------------|
| As of January 19 <sup>th</sup> 2019 (pre-raise) |                   |
| <b>Current assets</b>                           | <b>Value (\$)</b> |
| Cash at bank                                    | 100,025           |
|   |                   |
| <b>Non-current assets</b>                       |                   |
| Fixed assets                                    | 75,588            |
| Goodwill  | 66,987            |
| <b>Total assets</b>                             | <b>242,600</b>    |
|   |                   |
| <b>Current liabilities</b>                      |                   |
| Loans   | 100,000           |
| <b>Total liabilities</b>                        | <b>100,000</b>    |
| <b>Net assets</b>                               | <b>142,600</b>    |
|   |                   |
| <b>Equity</b>                                   |                   |
| Share capital                                   | 142,600           |
| <b>Total equity</b>                             | <b>142,600</b>    |

## Opening balance sheet

The balance sheet has been recorded showing the opening position as of 19 January 2019. The opening balance sheet has been prepared from the company bank statement which recorded the initial loan and equity deposits. Design and planning costs have been spent, leaving \$100,025 as the recorded company bank balance as of 19 January 2019.

# Trading shares

Shares can be traded following the crowdfunding campaign and to aid that the following process has been adopted by the Board:

- Where any shareholder wishes to sell its shares in Collett's Corner Ltd, the seller will be provided with a list of potential investors on a waitlist for shares ("potential investor").
- The seller is encouraged to engage with the next listed potential investor on the waitlist to see if they are interested in purchasing the seller's shares.
- It will be the responsibility of the seller and the potential investor to agree a value for the shares and to attend to the required documentation and transfer of the shares.
- The directors may provide accounting information to assist the seller and potential investor with determining a value for the shares. The directors will not be held responsible in any respects for the determination of the deemed value of the shares to be transferred.
- The seller and potential investor will seek their own legal and/or accounting advice, if so required.
- It is possible that Collett's Corner Ltd could be a potential purchaser of the shares which a shareholder wishes to sell.
- Where there is no wait list of potential investors, the seller wanting to sell its shares will be responsible for finding a buyer of the seller's shares.
- The directors of Collett's Corner Ltd will keep track of the potential investors list.
- Collett's Corner will maintain the Company's office share register or delegate to an appointed chartered accountant.

# Risk and mitigation

In order to examine the key risks to the project, it is important to define the success factors for the project. Success for Collett’s Corner entails meeting the following objectives:

- A community is built by building a building and the community feels an integral part of the project.
- The project reaches financial close with sufficient capital raised and

is set up for sustainable ongoing operational and financial success.

- The building is constructed on time and on budget.
- The design performs to build community and a series of spaces are created that connect people in meaningful ways.
- The project is a demonstration of collective ownership based on its legal and financial structures.

The following tables highlight the key risk items that could impact these success factors, along with proposed mitigation strategies.

| Financial and legal risk  | Mitigation  |
|---|---|
| We do not raise enough capital. For example, we raise either the minimum capital sought (\$300,000) or the full amount sought (\$2,000,000) but are not able to raise additional funds (debt) needed in future to finalise the project. | Planned investment rounds through a variety of methods including approaching known aligned potential investors and equity crowdfunding. Building early relationships with potential investment partners. If required, we will stage the equity raise; this could have an impact on the timeline and possibly result in increased costs. |
| Cost estimates for site development and construction are too low.   | Conservative estimates have been made for the construction budget. A contingency has been set to allow for unforeseen circumstances during the construction phase. Regular checkpoints are in place to sense check that the project costs are not exceeding the available funding.  |
| We have overestimated the returns.  | We have engaged appropriate experience in relation to preliminary feasibility and financial modeling and will ensure regular review and input of costs and estimates as the design progresses. We will continually test design development against market realities.  |
| Insufficient demand for leases – businesses are unable to commit.   | Engage appropriate property market expertise to advise on likely market rates and tenants. Consistently gauge market interest and offer agreements for tenancy.   |
| Insufficient demand for apartments.   | Test market demand and ensure the apartments meet residents’ needs. Engage appropriate property market expertise to advise on likely market prices and requirements.  |
| Future tenant’s fluctuate, resulting in a reduced rental income.  | Aim to achieve ‘anchor tenants’ who are prepared to commit to a long term tenancy. Keep a watching brief on changes in the local market. Create a flexible building that can be adapted to different uses as demands change.  |

| Technical risks  | Mitigation  |
|--|---|
| Site risks due to unknown ground conditions and heritage factors.  | Undertake geotech investigations and engage with Heritage New Zealand, Council and an archaeologist.  |
| Milestones are not met and consequential financial losses are incurred.  | There is a strong requirement to coordinate the programme with all those involved to ensure we maintain a focus on the milestones. There is the potential to stage the project to undertake early site and foundation works to capture additional time on site.   |
| Delays in obtaining resource consent and building consent.   | Early engagement with Council regarding project plans and seeking advice on how to meet Council requirements. Plan development within district plan requirements as much as possible without compromising purpose. Seek advice of a qualified planner and engage a traffic engineer.  |
| Team lacks capacity to deliver the project.  | Fulsome project plans documented to allow other team members to step into gaps. Establish strong relationships with key stakeholders and project partners.  |
| Lack of availability of suitable contractor results in delays and possible quality issues.   | Select contractors aligned with project purpose and seek evidence of competence level. Engage contractors for early contractor involvement to advise on construction methodology and potential efficiencies. Clearly articulate and document the standard of workmanship that is required, within the design documents. Ensure the design team are appropriately monitoring works as they progress. |
| Delays to project caused by unrealistic timeframes.  | Timelines are considered and set with input from members across the project team in consideration of resources available and realistic market conditions.   |
| Environmental / Health & Safety – risk of seismic, weather or other environmental events/contamination and potential for Health & Safety issues. | Seek input from appropriate specialists to ensure building design mitigates risk of damage to life and property. Ensure ‘Safety in Design’ criteria are incorporated into the building design.  |

| Social risks  | Mitigation  |
|---|---|
| We don’t know who ‘the community’ is. What ‘community’ does this project serve?                 | Implement communications strategy identifying possible tenants and business owners, build the community around their success.   |
| We do not foster a community.   | Create opportunities for real participation. Ensure project values are regularly reviewed in relation to development of the design.   |
| Input/objections by the community delay the project.  | Implement a communications strategy that gives the community appropriate levels of information and opportunities to be heard. Integrate input from the community to strengthen the project. |
| Political risks – gaining support from local government and future changes in local government. | Engage with local community board on an ongoing basis and include them in the communications strategy.  |

# Disclaimer and important information

## A note from PledgeMe

PledgeMe is licensed and regulated by the Financial Markets Authority, and the share offer made by Collett's Corner Ltd will only be available for acceptance through the PledgeMe website.

Equity crowdfunding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of business is very speculative and carries high risks. You may lose your entire investment, and must be in a position to bear this risk without undue hardship. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to offers by issuers using this facility. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself.



## A note from Collett's Corner Ltd

This document has been prepared and is being issued by Collett's Corner Ltd. The purpose of this document is for information in relation to the Collett's Corner Ltd share offer on PledgeMe. All efforts have been made to ensure the accuracy and reliability of the content as of the date of this document. PledgeMe is licensed and regulated by the Financial Markets Authority, and the share offer made by Collett's Corner Ltd will only be available for acceptance through the PledgeMe website.

This document includes forward-looking statements which reflect various judgements and assumptions which may or may not prove to be correct, reasonable or reliable; are subject to the emergence of new risk factors and to unexpected impacts of known risks; and may be affected by subsequent events.

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# Where to find us

For questions about this offer or the project please get in touch with Camia Young: [camia@ohu.nz](mailto:camia@ohu.nz) or 021 1125 087.

To stay up to date with Collett's Corner, please register your interest on our website: [www.collettscorner.nz](http://www.collettscorner.nz).

To register an interest to purchase an apartment, please send us an email to [info@collettscorner.nz](mailto:info@collettscorner.nz). The apartment prices start at \$435,000. We anticipate pre-selling apartments mid-2019.

To find out about other Ohu projects, please sign up to our newsletter at: [www.ohu.nz](http://www.ohu.nz).



**“Collett’s Corner is the first opportunity for a more participatory form of investment in property development, spreading both ownership and wealth creation to the wider community. It’s great to see crowdfunding for property development coming to Lyttelton.”**

**Raf Manji - Christchurch City Councillor**



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