

Collett's Corner

**Investment
Memorandum
September 2020**

People powered property development

Introduction	7
Letter from the founder	8
Community of contributors	9
Our building	10
Four key purposes	12
The design	14
Ūkaipō Wellbeing Sanctuary	16
Timeline	22
What progress has been made?	24
What has changed?	25
Why equity crowdfund?	26
Your opportunity	27
Share offer summary	28
Capitalisation	30
Share classes	31
Capital strategy	32
Financial summary	34
Financial commentary	36
Trading and gifting shares	37
Risk and mitigation	38
Disclaimer and important Information	40
Where to find us	41

Over 340 everyday people came together last year to make Collett's Corner New Zealand's first community minded, equity crowd funded commercial property development.

This is your opportunity to join us...





Introduction

Collett's Corner is a building with a difference. Its purpose is rooted in the Lyttelton community it serves and is supported by the hundreds of people across Aotearoa who collectively own it. Since inception, the project has been shaped together with the community.

Resource consent has been granted and the path to completion is clear. We are raising up to \$1.4 million to take us through to the start of construction. This encompasses completing the design drawings, obtaining the necessary building consents, completing pre-sales of apartments and preparing to start construction.

Buy shares in Collett's Corner and join everyday people taking ownership.

**Minimum investment
\$120**

**Maximum investment
\$212,172**

**Up to
38% of the
company
on offer**
(if minimum raised)

**Minimum
raise
\$800,040**

**Maximum
raise
\$1,400,040**

Letter from the founder

Kia ora koutou.

It’s been 18 months since our last equity crowdfunding campaign. Since then a lot has changed, but the heart and key fundamentals remain the same.

First, the way our cities are built is based on a model left over from our predecessors: a select few developers build buildings, mostly for profit, and almost always disconnected from the people who ultimately use them. Local people don’t generally get a say in what gets built around them, or how it gets built. They certainly don’t get to share in any profits made.

Second. The need for positive connections between human beings is stronger than ever. We need places that bring people together and foster meaningful relationships; places that are vibrant, living ecosystems with a strong sense of belonging. We need to build buildings that build communities.

Third, wealth inequality remains a huge and growing problem in the world. With 1% of the world’s population controlling over 50% of the world’s wealth¹, the situation is clear: our systems are broken and we need to close the gap.

These are three fundamental issues that we aspire to solve with Collett’s Corner, a building that was designed in conversation with its community and is owned by many everyday people who will share in the wealth it generates, both social and economic.

What’s changed? We have made a number of updates to the building itself in order to meet council requirements. Our timelines have also changed, because we only achieved the minimum raise in our last crowd ownership campaign and needed to pace our process accordingly. We are also thrilled to have a identified a wellness operator, Ūkaipō, a collective of Māori based health practitioners with a focus on holistic healing. The building is steadily coming to life.

More recently, there’s been another change—a global health crisis now faces us all. We recognise that we are running this campaign amidst challenging times. One of the great lessons of history is that in moments of crisis, our communities sustain us. We get to choose the future we want on the other side of this crisis, and it comes about through working together. Living simply and being part of a community has never felt more relevant. We need buildings like Collett’s Corner to strengthen our neighbourhoods, to nurture our wellbeing, to build wealth across society and to be an example of new ways of doing things.

We are excited to present this share offer to you and even more excited to get the first foundations in the ground. Foundations that we can literally and figuratively stand on together, as we create the future together.

Camia Young
September 2020

Community of contributors

Collett’s Corner - Project Team



Camia Young
Founding Director and Design & Relationships Steward



Raf Manji
Director appointed by Shareholders




Grant MacKinnon
Development Steward




Mark Wells
Contractor Steward


Ohu Development - Project Lead



Barry Grehan
Crowdfunding Steward



Vineet Chauhan
Financial Analyst



Persephone Singfield
Project Consultant

Project Team

Design & Build	Engineers & Planners	Legal & Accounting	Marketing
Foley Group - Architect Rob Campbell Rob d’Auvergne	Novo Group - Planning Jeremy Phillips Lisa Williams Emily McDonald Rhys Chesterman	Parry Field - Property Advice Kris Morrison Steven Moe	Leon White Design Leon White
Armitage Williams Construction Ben Harrow Nic Todd Jimmy Percival	Engeo - Geotech Greg Martin	Fairground - Accounting Anthony Rohan Renee Pinnell	The Copy Room Laura Griffiths
Construction Workshop Keeley Pomeroy	Structex - Structural Engineers Will Lomax Adam Walker	JLL - Valuation David Hargreaves Mike O’Connor	Shea Creates - Videographer Shea McKenzie
	Fire Engineers to be appointed	Pitcaithly Body Corporate John Pitcaithly	Narrative - Public Relations Erin Jackson Sophie Smith Robert Henderson
	Service & Acoustic Engineers to be appointed		EA Curation - Experience Curator Erica Austin
	Surveyor to be appointed		Eoin Hudson - Visualisations

Our building

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 spaces including a centre for wellbeing, hospitality, retail, co-working space, laneways and co-living apartments.

973m²

Total site area across two plots

26%

Public space at ground level including courtyard and laneways (accessible during business hours)

57%

Owned by Collett’s Corner Limited – Ground floor and basement (GFA)

2,590m²

Total gross floor area excluding exterior spaces

2023

Expected opening

43%

Owned privately by apartment residents – First and second floor co-living apartments (GFA)



Collett’s Corner
has four key
purposes



1.

Cultivate wellbeing

The community has spoken: Collett’s Corner will be a home of wellbeing. At the corner of Oxford and London Street will be a place where one can retreat to look after their mind, body and soul. A place where one can meet and share meaningful moments with others, while tending their own wellbeing. A balance of contemplation and camaraderie to help us grow from good to flourishing.

2.

Work together

What sets the project apart from other developments is that Collett’s Corner has been co-conceived, co-designed, and is co-owned by many. Working together is a way to create relationships, build trust, grow compassion and ultimately create a place where we see ourselves reflected and where we feel we belong. Collett’s Corner will support each person as an individual while connecting them to a greater whole.

3.

Own things together

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.

4.

Inspire others

Collett’s Corner unmask the challenges of property development. Shining a light on how a community can purchase, design, gain consent, own, share the returns of and inhabit a place. We want to inspire others to conceive of and invest in what gets built in their towns and cities across Aotearoa.

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 was concept on which the current design was developed.

Our values

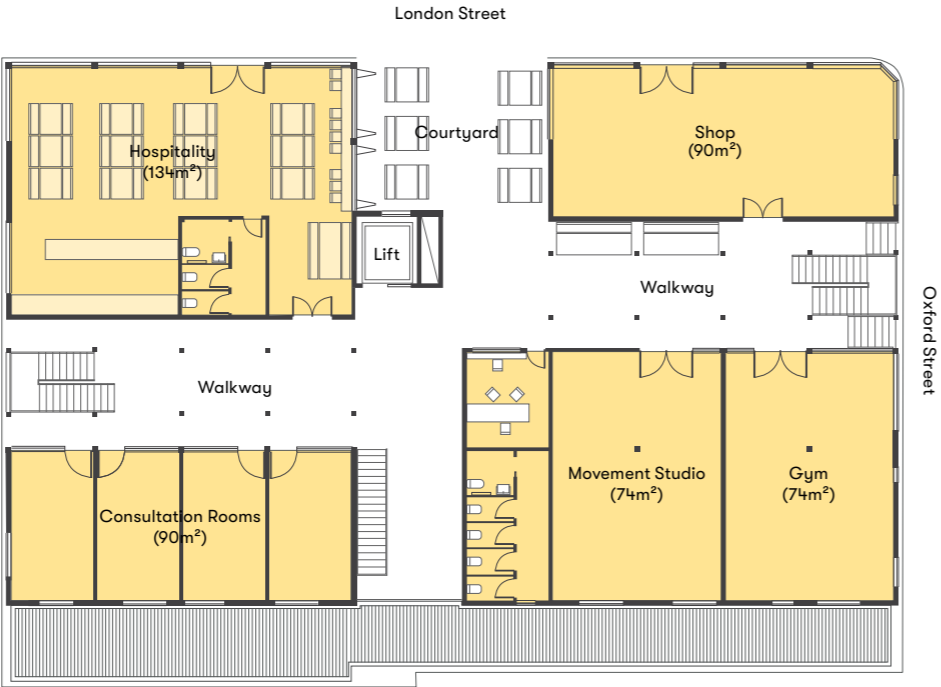
Community. Integrity. Wellbeing.

These three core values were agreed on by our shareholders at the 2019 AGM. They sit at the heart of what we do and guide the decisions we make, together.

Ground floor and courtyard

- Features**
 - Ūkaipō Wellbeing Sanctuary with a gym, movement studio, retail and hospitality spaces, plus a concierge desk
 - Spacious laneways and courtyard invite people into the building
 - Public access to both street frontages
- Who will enliven this level?**

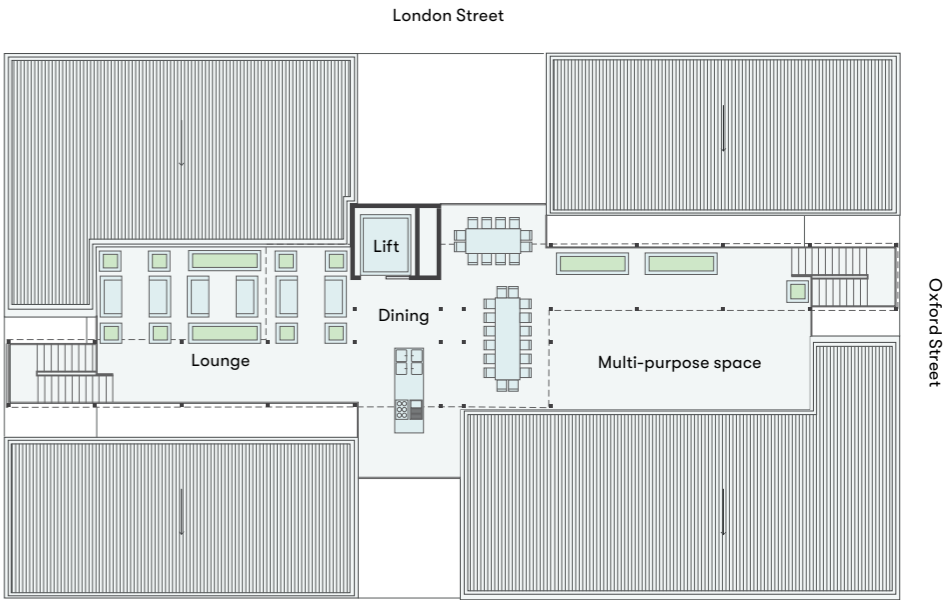
Locals, visitors to Lyttelton, hospitality patrons, apartment residents and visitors to Ūkaipō.



Rooftop

- Features**
 - Kitchenette, pergola, planters, dining tables and lounge area
 - Space for movement practices
 - 360 views of township and harbour
- Who will enliven the rooftop?**

Apartment residents and their guests.

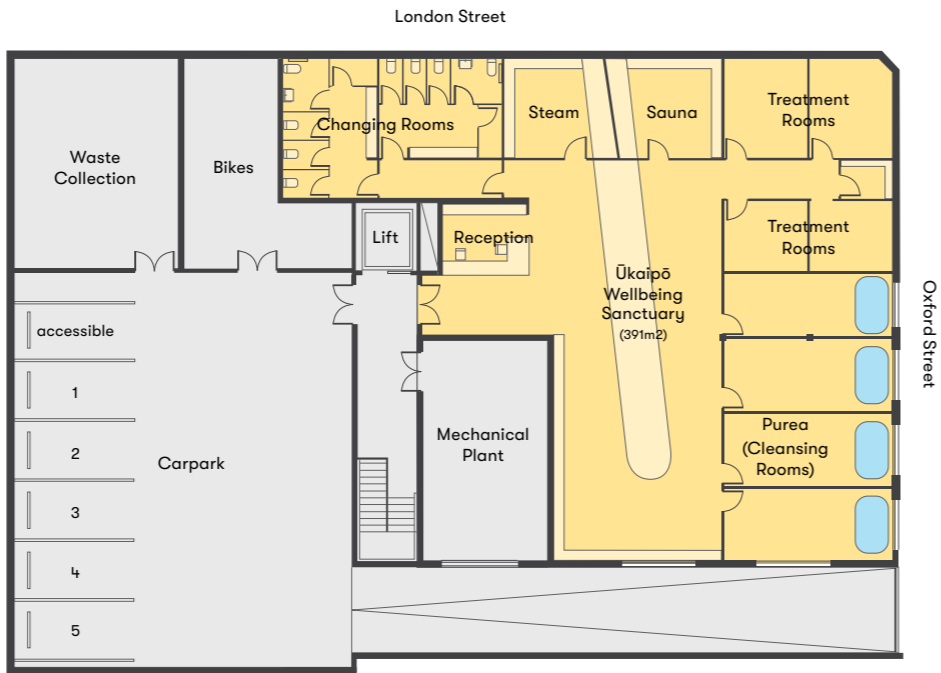


Spaces of connection and belonging

Basement

- Features**
 - Ūkaipō Wellbeing Sanctuary with hot baths, cold dunking pool, treatment facilities, massage rooms, steam room and sauna
 - Car and bicycle parking
 - Waste and recycling station
 - Plant
- Who will inhabit the basement?**

A kaupapa Māori healing practice focused on a holistic practice of wellbeing, integrating mind, body, spirit and whānau.



First and second floors

- Features**
 - 6 two bedroom apartments (73m² each)
 - 8 one bedroom apartments (46m² each)
 - 6 studio apartments (35m² each)
 - Shared laundry
 - Walkway with seating and planters
 - Lift and stair access
- Who will inhabit these levels?**

Apartment residents and their guests.





Ūkaipō Wellbeing Sanctuary

Occupying the basement and part of the ground floor, Ūkaipō will offer a carefully curated range of traditional and contemporary healing modalities. Ūkaipō means Mother, origin, source of sustenance; to return to one's real home. The vision for this atea (space) is to return people to their truest sense of self. Its offerings and accompanying surrounds will give the community a place where the best in mental, physical, spiritual, emotional and family wellbeing can be found.

Ūkaipō Project Team

Chelita Kahutianui-o-te-Rangi Zainey - Kaiwhakahaere (Ūkaipō Director/Project Manager)
Waitaha; Ngāpuhi; Ngāti Kahu; Waikato

Kara-Leigh Soloman-Rehe - Kaihautu (Ūkaipō Lead Navigator)
Ngāi Tahu; Tuhoe; Ngāti Kahangungu; Waitaha; Tchakat Moriori

Julia Ester Fenn - Kaihoahoa Aroā (Ūkaipō Spatial Designer)
Waitaha; Scottish; English





First and second floors and rooftop

The first and second floors are comprised of twenty apartments designed based on co-living principles. They have shared amenities such as laundry, and a rooftop deck where residents and their guests can socialise and enjoy stunning views of the township and harbour.

The apartments will be privately owned. If you're interested in living simply in the heart of Lyttelton contact Angela at Angela.Webb@bayleyscanterbury.co.nz.



The ground floor and courtyard

The ground floor offers a lively mix of spaces designed to attract and connect a wide variety of people.

In addition to wellness tenancies, it features open-plan seating areas, a restaurant for locals to meet and eat around long communal tables, a boutique shop with a focus on wellbeing and a neighbourhood service desk. A shared courtyard and public laneways act as bumpspaces where people can meet and mix.



Collett's Corner is made up of four connected buildings which are linked at each level. A cohesive sum of parts, plentiful communal design elements including courtyard, laneways, walkways and rooftop deck bring both spaces and people together.

The building height has been kept to three storeys to fit with the low built form of the township. Blue/green colours echo the sea, while red hues relate to the volcanic rock in the surrounding hills.

The main cladding continues Lyttelton's tradition of eclecticism and vibrancy. Non-uniform patterns, colours and textures create an ever-changing canvas that responds to the play of light outside.

Large windows let in sunlight, views and enable passive solar gain on the north.

The main entrances are wide and welcoming, drawing pedestrians into the building. Secondary entrances in shopfronts provide additional access.

Sustainable processes underpin construction and design

- Materials and systems have been carefully selected to support the development's objectives to support wellness and interaction balanced with privacy.
- Low targets for overall construction waste will be set, and a main contractor with experience in sustainable construction has been chosen.
- The primary cladding is zero-waste, being made to measure with no offcuts going to landfill. It is exceptionally durable and appropriate to a coastal environment, with a lifespan of up to 50 years and low maintenance requirements.
- Wide openings between buildings and an open central core admit natural light and allow passive ventilation into the buildings.
- Incorporation of high-performance glazing, insulation and fixtures will reduce energy consumption.
- A large space in the basement is dedicated to recycling facilities, and both residential and commercial tenants will be encouraged to reduce/reuse/recycle.

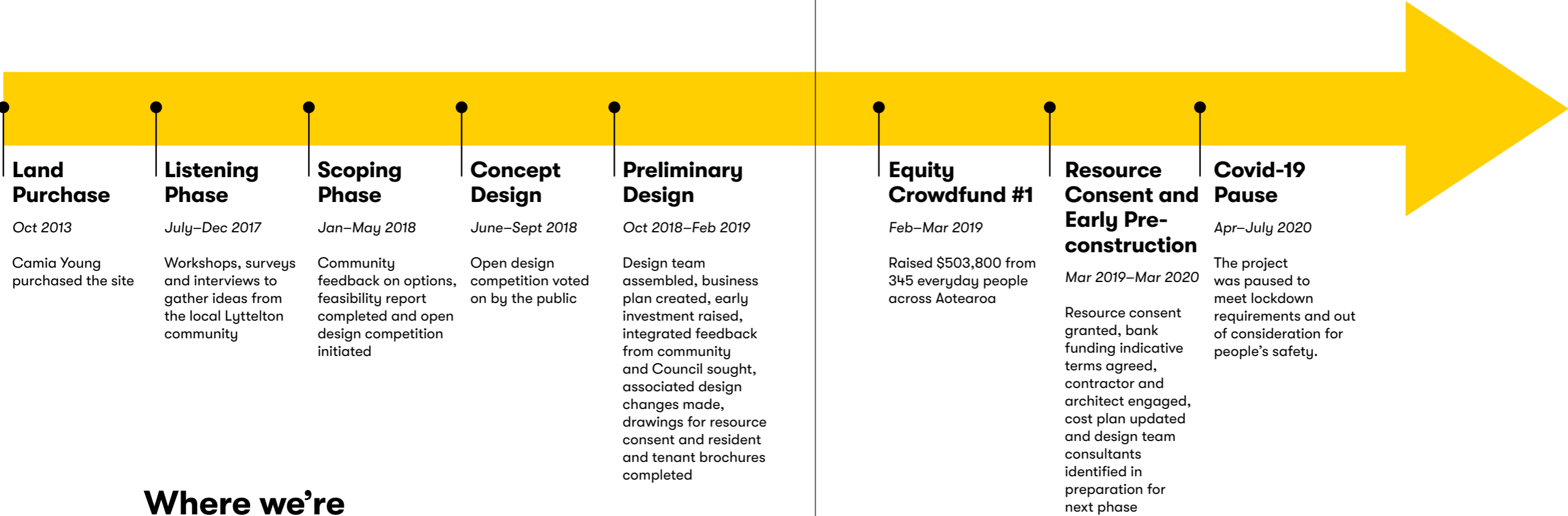
Each of the four buildings features an individual cladding pattern to create visual distinction, while working together as a whole.

Juliet balconies bring the outside inside, opening apartments up to the surrounding views and vibrancy.

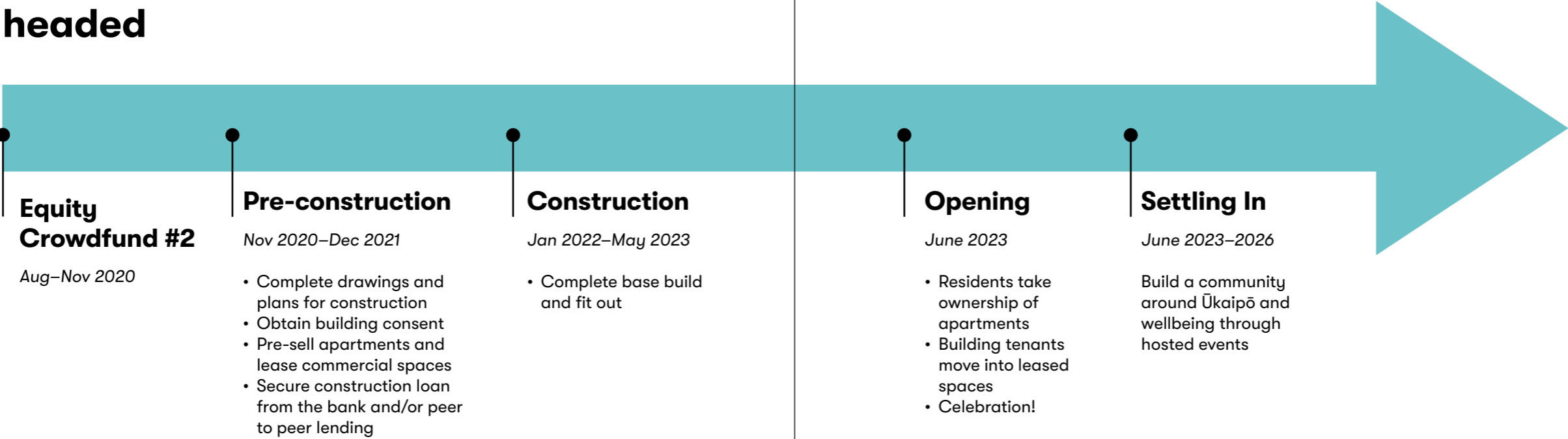
A spacious central courtyard at ground level offers a place to gather and meet with friends and whānau.

Verandahs at street level provide shelter and a sense of cohesion with the surrounding buildings.

What we've achieved



Where we're headed



What progress has been made since our last raise?

Resource consent has been granted

Council approval received March 2020.

Our team has grown

Recognising the need for specialised skills we brought in Grant MacKinnon as a development steward and Mark Wells as a contractor steward. Mark has 20 years experience in construction and supply chain management and Grant has a long history in apartment development.

A governance board has been assembled

With deep expertise and experience in property development, sustainable design and community development.

We have identified our preferred anchor tenant for the centre for wellbeing

Ūkaipō will occupy the wellbeing centre tenancies.

Prospective tenants have been shortlisted

Preferred tenant for the shop and restaurant have been identified and conversations are in progress.

Apartment presales commenced

Engaged Bayleys, New Zealand’s largest full-service real estate company. Through their ethos of ‘Altogether Better’ they attract more potential buyers, in the local, national and global market.

Foley Architects have been engaged

They have managed the design revision required by Council and worked along side Armitage Williams to ensure the design meets the budget.

Armitage Williams has been selected as contractor

They have completed a full assessment of the build cost and this is coordinated against the project’s budgets.

Geotech investigations have been undertaken

Engeo have completed the geotech report for the site.

Updated the cost plan

Armitage Williams, the contractors, have developed a cost plan to help guide design and ensure we stay within the construction budget.

Progressed bank funding

In discussion with lending agencies to secure construction finance for the project.



What’s changed since our last raise and why?

Having raised a quarter of our \$2 million maximum goal last year, we revised our timelines to match the pace at which we could progress the project. The building is now set for completion in 2023.

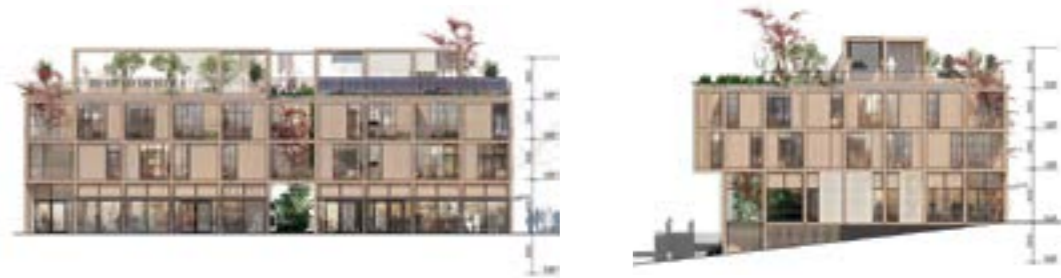
A number of design changes were made to suit the resource consent requirements:

- Instead of a single building, Collett’s Corner is now four separate buildings connected by an open air walkway. This change was made to create a building more in proportion with the buildings on London Street. The advantage is that it increases the permeability of the site and enables more visual connection throughout the building.
- The original timber structure and facade has been changed to steel. This change was made to offset the increased cost of creating four separate buildings.
- The courtyard has been switched from harbour-facing to street-facing, to break up the facade and bring sunlight to the courtyard.

Other additional changes were made:

- Twenty-six apartments were reduced to twenty, in response to demand for 2-bedroom apartment options.
- We extended the presale/prelease period due to feedback from potential buyers and lessors that they were not willing to purchase or lease until a resource consent was granted.
- Internal arrangements have been refined to suit the respective uses of each space. In the basement, the centre for wellbeing and parking have been swapped around, to expose the brick barrel vault drain and make it a feature in the basement.
- Four interested apartment buyers dropped off due to COVID.
- Bayleys were engaged to broaden the market of potential buyers.

Previous design



Current design



Why equity crowdfund?

Last year, it brought great pride to see the power of the crowd in action. We believed that collectively owned buildings is a powerful way for us to take ownership of our towns and cities. Our 345 shareholders have proven us right.

One of the key purposes of Collett's Corner is to own things together. It's essential to know that we are not crowdfunding because we want the general public to pay for a private enterprise. Quite the opposite. We are offering shares – sourcing crowd ownership – so that many people from all walks of life can own this building and benefit from its investment returns.

We are working together to build the buildings we want in our towns and cities, and then sharing the return they generate widely.

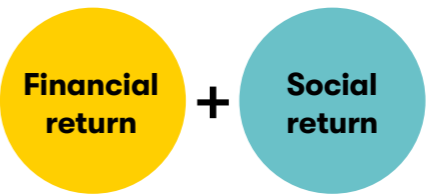
When you participate, you are not giving your money away. You're buying shares in a building that will contribute both economically and socially to the community it sits within. Your share ownership remains with you until you choose to sell or gift them to someone else.

Collett's Corner is more than a building. It's a way to distribute wealth more fairly and begin to close the inequality gap that divides our society. So instead of a few people making a lot, many people can make a little. We are crowdfunding so that people like you can be part of the change.

Sharing ownership. Sharing the journey. Sharing the return.

Your opportunity

Collett's Corner aims to deliver two forms of return:



How is income generated?
The building will generate income for investors through renting the ground floor and basement. The upper two floors of apartments are being sold to finance the construction. You can read about expected rental rates and revenue over the coming 20 years on pages 34 and 35.

How do shareholders benefit financially?
In two ways. Firstly, the company aims to pay an annual dividend to each shareholder based on the profits generated from rental income. Secondly, the value of the shares is based on the equity value of the building, which is the valuation of the building less the amount of debt held by the company.

The average annual investment return over the next 10 years is forecasted to be 7.2%. This includes the next three years where no profit is generated. The average annual return over the first 10 years of operations (FY2024 to FY2033) is 11.2%.

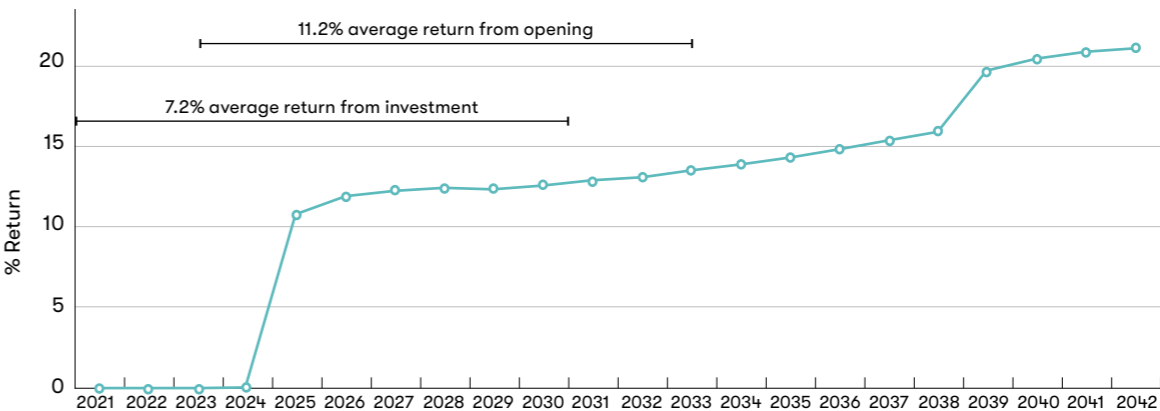
When will profits be distributed?
The Directors, acting on behalf of the shareholders, will determine when dividends are paid. This will be communicated at the AGM with all shareholders.

Our financial projections envision a dividend being distributed for the first time the year the building opens. This is subject to the bank's lending terms.

Why do we believe this is a valuable investment for you?
Collett's Corner combines financial return, tangible ownership in a prominent and sought-after Lyttelton property and social impact.

Located at the corner of London and Oxford Streets, Collett's Corner acts as a bookend to Lyttelton's vibrant commercial core. The building's prominent site and scale gives it high visibility and will make it an iconic building in the township.

Graph 1: Forecasted annual investment returns (if minimum raised)



Share offer
summary

We are raising between \$800,040 and \$1,400,040 through equity crowdfunding to complete the final designs, grow the team, engage contractors, secure bank funding and progress Collett’s Corner through construction.



Company valuation

The pre-raise valuation of Collett’s Corner Ltd is \$1,222,560.

We have taken two approaches to come to that valuation.

Firstly - looking to the past - the 20% increase in share price from last year’s crowdfunding raise reflects the reduced risk of the project due to the resource consent being granted. This increase is also comparable to the 14% annualised return on the publicly traded NZ Smartshares Property ETF (NPF) over the past three years.

Secondly - looking forward to the future - JLL have valued the portion of the building that is owned by Collett’s Corner Limited on completion at \$3,950,000.

	Minimum raise scenario	Maximum raise scenario
Raise	\$800,040	\$1,400,040
Maximum investment ¹	\$212,172	\$279,168
Ownership on offer	38%	50%
Projected annual return ²	7.2%	6.9%

Applying their chosen discount rate of 8% would indicate a current valuation of Collett’s Corner of \$3,217,000.

The board of Collett’s Corner believes that this figure doesn’t reflect the true profile of the project and that higher risks warrant a higher discount rate, and as a result a lower valuation.

Our valuation of \$1,220,880 balances the progress made from our last equity crowdfunding raise with the risks of the project.

What will you own?

You will own Investor Shares of Collett’s Corner Limited, the company which will own the ground floor and basement. Following a successful raise the crowd will collectively own between 66% and 74% of the company

The first and second floor apartments are being sold as separate unit titles to private buyers, in order to help fund the construction of the building.

¹ No Investor shareholder can hold more than 10% of the company. See our constitution for more details.
² See page 34 & 35 for further detail on how returns are calculated.
³ Valuation completed by JLL in August 2019. Their report is included as an additional document on the Details tab of the crowdfunding campaign page.
⁴ As at 13th August 2020.

Capitalisation

Pre-raise				Post-raise (if minimum is raised)			
Shareholder	Type	No. of shares	Owner-ship %	Shareholder	Type	No. of shares	Owner-ship %
Camia Young	Founder Shares	917	9%	Camia Young	Founder Shares	1,771	10%
Ohu Development	Founder Shares	100	1.0%	Ohu Development	Founder Shares	100	0.6%
Investor shareholders	Investor shares	5,447	53.4%	Investor shareholders	Investor shares	5,433	30.8%
Share options	Investor shares	3,724	36.6%	Share options	Investor shares	3,724	21.0%
				New shareholders from this raise	Investor Shares	6,667	37.6%
Total		10,188	100.0%	Total		17,681	100.0%

Fully diluted, meaning that all issued share options are counted as shares.

Shareholders

We have a total of 345 shareholders. The average investment in our first equity crowdfunding raise was \$1,400, with investment amounts ranging from \$100 to \$50,000.

Our shareholders are widely spread across the country: 25% are from Lyttelton, 50% from Canterbury and the rest from across Aotearoa.

You can find the full shareholder register on our Companies Office profile.



Loan converting to equity

On completion of the successful equity crowdfunding raise, a portion of Camia’s \$720,000 loan to the company will convert to shares. The amount will be determined based on Camia owning up to 10% of the company.

Share options

A total of 3,724 shares have been issued as share options in lieu of payment for services in the early stages of the project.

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

Share classes

Type	Director appointment	Ownership	Voting rights
Founder Shareholder	A majority of Founder Shareholders may appoint or remove up to 4 of the 5 directors. In the event that there are no Founder Shareholders, all directors are appointed by the Investor Shareholders.	When Founder Shareholders own more than 10% of the company, they will offer their excess of shares above 10% to existing shareholders at an AGM of their choosing. Those shares will convert to Investor Shares upon sale. See clause 7.1 of the Constitution for further details.	Shareholders are entitled on any vote to one vote per share held either by being present in person or by proxy. A Special Resolution is required to be passed in the following circumstances: <ul style="list-style-type: none">• Sale or transfer of control of the business or the Company in whole or in part;• Amendment of the Constitution;• The winding up or dissolving of the Company;• Disposing of any subsidiary or of any shares in any subsidiary; and• Entry into any major transaction.
Investor Shareholder	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.	No Investor Shareholder may hold more than 10% of the Company at any time. This 10% cap on ownership is triggered once we issue 10,000 shares. 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.	

Capital strategy

Capital raised and to be raised				
Source	Phase	Offer	Status	Value (\$)
Early investor shareholders	Pre-construction	Equity	Raised	90,000
Early investor options for shares	Pre-construction	Equity	Raised	227,800
Equity crowdfunding (first round)	Pre-construction	Equity	Raised	503,800
Loan to purchase land	Pre-construction	Debt	Raised	720,000
Equity crowdfunding (second round)	Pre-construction	Equity	To be raised	800,040
Pre-sale of apartments	Construction	Asset sale	To be raised	9,834,681
Senior construction loan ¹	Construction	Debt	To be raised	9,500,000
Subordinate construction loan ²	Construction	Debt	To be raised	1,073,445
Senior operating loan ³	Operational	Debt	To be raised	2,473,747

Notes
¹ Interest rate of 5%. ² Interest rate of 20%. ³ Remaining debt post-build, interest rate of 4.5%

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 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 \$9,834,681 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.

How the capital raised is being spent			
Purpose	Total costs (\$)	If minimum raised (\$)	If maximum raised (\$)
Construction costs	9,000,000		
Professional, consenting, sales and marketing fees	2,431,529	594,040	1,155,040
Insurance	77,654		
Land costs	720,000		
Project contingency	500,000		
Cost of debt	1,013,603	54,000	54,000
Repay bridging loan	100,000	100,000	100,000
Total crowdfunding expenses and fees	172,671	52,000	91,000
Total	14,015,457	800,040	1,400,040

How the capital raised is being spent

Professional, consenting, sales and marketing fees

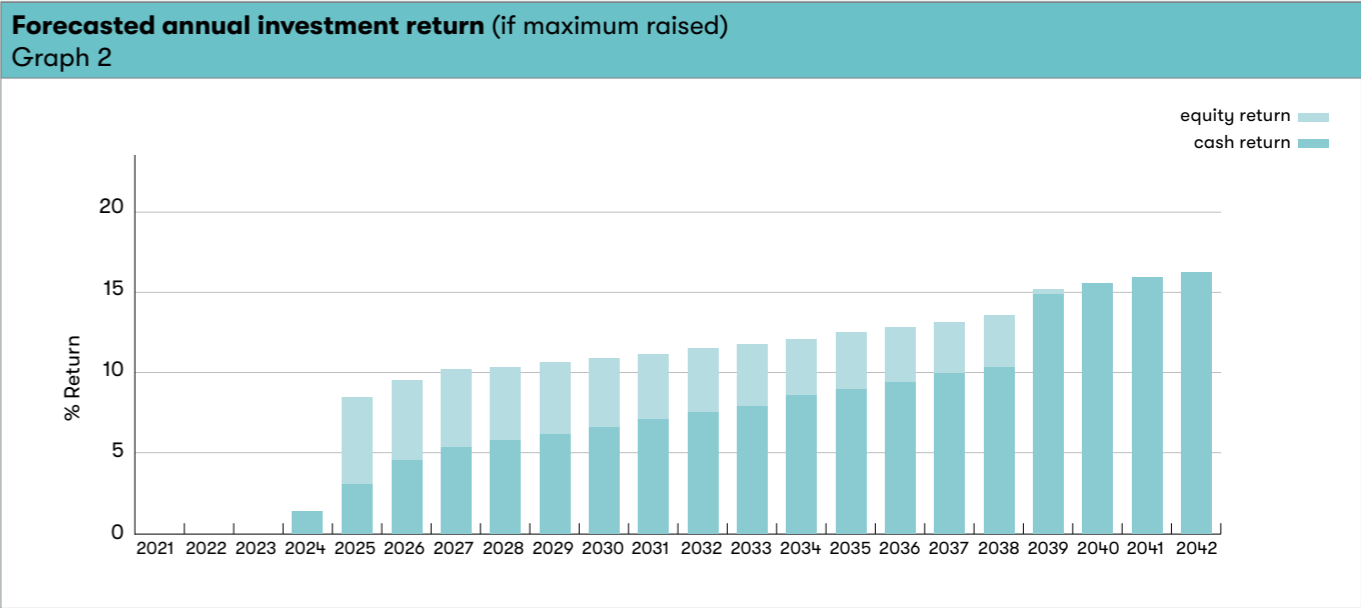
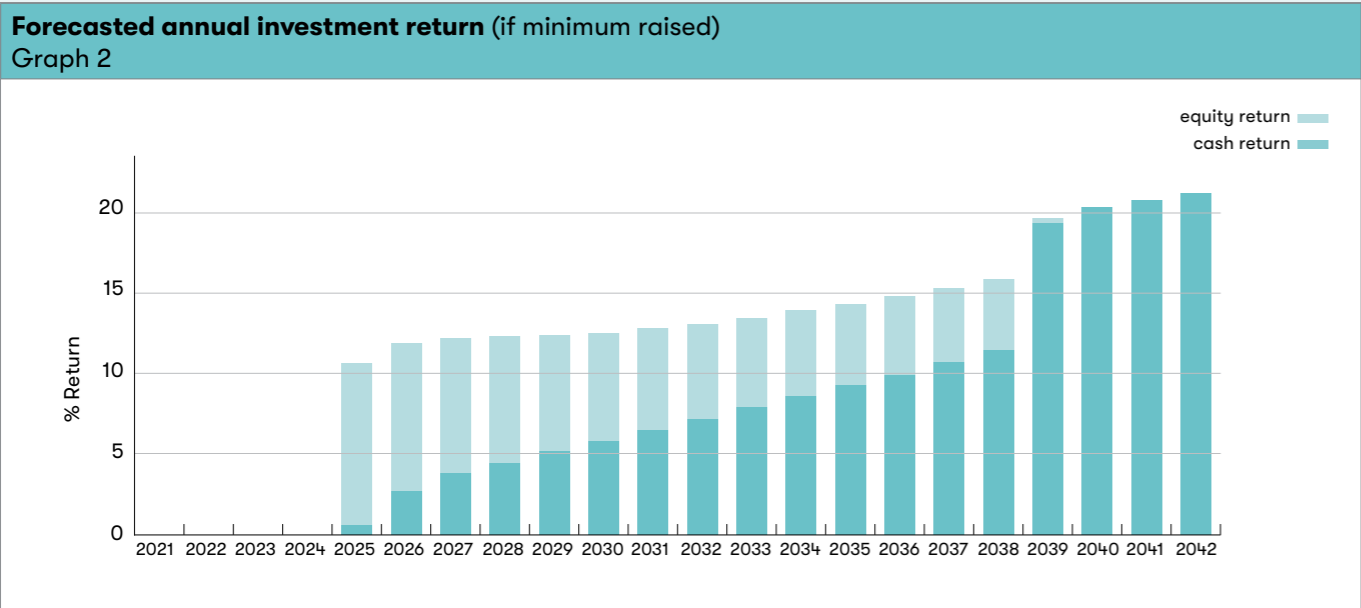
If we raise our minimum, \$594,040 of that will fund our final designs, our building consent, pay for our team’s and our partners’ expertise and support the apartment sales and marketing process. This will take us through to the construction phase in January 2022.

Raising our maximum enables us to pay our design and build partners throughout the twenty months of the construction phase. Otherwise, these costs will be funded by additional debt.

Cost of debt

This is the interest to be paid on Camia Young’s current loan to Collett’s Corner for the past 9 months and the coming year.

Financial summary



Profit and loss		
	FYE March 19	FYE March 20
Revenue	41	5,015
Cost of sales	-	(25,171)
Gross profit	41	30,186
Other income	15	457
Operating expenses	46,902	79,377
Net profit before tax	(46,847)	(48,734)

Current rent estimates (if property was rented in year 2020)	
	Value (\$)
Wellness centre	192,633
Car park	9,100
Retail	36,052
Restaurant	50,389
Courtyard service lease	4,610
Total	292,784

Profit and loss (Forecast)										
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2033	FY2043
Rental income	-	-	-	269,826	323,257	329,722	336,317	343,043	378,747	461,691
Development expenses	148,083	111,625	174,429	349,216	-	-	-	-	-	-
Operating expenses	-	-	-	180,860	163,827	136,304	128,830	131,406	145,083	176,855
Operating recovered ¹	-	-	-	130,860	123,827	126,304	128,830	131,406	145,083	176,855
Debt servicings	35,410	185,337	647,056	225,772	104,516	97,095	89,673	82,252	45,146	-
Net profit before tax	(183,493)	(296,962)	(821,485)	(355,162)	178,741	222,628	246,643	260,791	333,601	461,691

Notes
¹ Operating expenses recovered through body corporate fees paid by the tenants.

Balance Sheet
After construction is complete, our projected total assets will include a completed building worth \$3.95m (after the sale of apartments valued at \$9.8m).

Our current loan of \$720,000 from Camia Young was provided in July 2019 in order for the company to purchase the land from her. The loan is paying 5% annual interest and will be repaid on 1st April 2023, at which point a longer term loan will be sourced.

A bridging loan of \$100,000 was provided by Frank Kueppers and Anke Richter in September 2020 to cover the professional and marketing expenses incurred while we paused the project over lockdown. It will be repaid in December 2020.

Raf Manji’s bridging loan of \$100,000 was received in December 2018 and repaid on 16th April 2019, in order to reduce the cost of paying interest on the loan.

During the construction phase, we project total construction borrowing amounts to \$10.4m. This will be repaid by apartment sales in the amount of \$9.8m. The remainder will be carried over into the operational phase to be paid down from earnings. It is projected that the start of operations will require debt funding of \$2.5m, including the remaining construction financing.

Balance sheet	31 Mar 20 Value (\$)
Cash	86,932
Building - in progress	591,192
Land	720,000
Other assets	5,888
Total assets	1,404,011
Current liabilities	6,422
Non-current liabilities	720,000
Total liabilities	726,422
Net Assets	677,590
Current year earnings	(48,734)
Retained earnings	(46,847)
Share capital	545,903
Share options	227,267
Total equity	677,590

Financial commentary

Revenue

Current rent estimates were provided by JLL in August 2019.

Revenue has been based on the following assumptions:

- We raise our minimum goal of \$800,040.
- Current commercial lease rates will lift by 2%.
- We will pre-lease 100% of the leasable space during construction and tenants will complete their fitout during this phase.
- FY2024 is the first year of operations and includes 10 months of operations.
- The lease agreements are long-term as we are seeking bespoke operators that align with our mission and expect a long-term collaborative effort for the space. For our first three years of operations, we also intend to secure long-term tenants by offering an incentive in the way of reduced rent.
- There will be no material incoming revenue until the tenants begin formal operations in the middle of 2023.

Operating expenses

To date, \$297,500 has been spent on various operating expenses, including but not limited to marketing, legal and professional fees, interest expense and crowdfunding fees. \$325,500 has been spent on building expenses, including but not limited to designing fees, planning fees, consenting fees and other subcontractor fees.

Operating expenses are based on the following assumptions:

- The vast majority of operating expenses in FY2024, FY2025 and FY2026 are recovered through body corporate fees paid by residents and tenants. From FY2027 onwards, all operating expenses are recovered through body corporate fees.
- Expenses in FY2021, FY2022 and FY2023 consist of marketing, apartment sales, construction insurance, rates and other non-capital expenses related to developing the building before operations.
- Expenses in our first year of operations (FY2024) includes two months of development costs (including, but not limited to marketing, construction insurance and apartment sales fees) and ten months of operating expenses.
- Expenses in our three years of operation include \$100,000 of lease incentives which are not recovered by tenants.

Forecast dividends and returns

- If we raise the minimum, we estimate the 10 year return on this project to be 7.2%, which is made up of a cash return of 2.3% and an equity return of 4.9% (Graph 2).
- If we raise the maximum, the estimated 10 year return is 6.9%, reflecting profits being distributed amongst a larger base of shares partly offset by a lower operating loan amount (Graph 3).
- Cash return is dividends paid to shareholders and are calculated as free cash available for dividends across the minimum capital being raised in this raise. The company aims to pay dividends to shareholders beginning in FY2025.
- Equity return is the value of your shares. This increases over time as we repay our operating loan.
- We have not assumed any capital gains in the value of the property which would further increase the equity return.
- Graph 2 and 3 is for incoming investors only and relates to the projected return for those investing at the current share price.
- Following three years of reduced rents due to rental incentives, in FY2027 we intend to earn market rent, and begin realizing full returns for our investors. Dividends will be paid at the discretion of the directors dependent on sufficient cashflows.
- We do not forecast any material changes in the business or the building after FY2025.
- The operating loan will be repaid over 15 years.
- The Directors may need to adjust this assumption based on the banks' willingness to lend in FY2024.

Trading and gifting shares

Shares can be traded following the crowdfunding campaign. To aid the trading of shares, the following process has been adopted by the Board:

- The company maintains a waitlist of potential investors ("potential investor").
- In the event that a shareholder wishes to sell their share(s) in Collett's Corner, they can notify the company. The seller will be introduced to the group of potential investors via email.
- Potential investors have the opportunity to reply to buy the shares on offer on a first come, first serve basis.
- 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 to transfer 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 or qualified agency.

Shares can be gifted to family members and friends. The company will provide a share transfer form, approved by the Board, to be signed by both the gifter and the receiver.

Can I sell my shares?

Yes you can.

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.
– We are achieving this.
- The project reaches financial close with sufficient capital raised and is set up for sustainable ongoing operational and financial success.
– We believe we will achieve this.
- The project is a demonstration of collective ownership based on its legal and financial structures.
– We are achieving this.

- The design performs to build community and a series of spaces are created that connect people in meaningful ways.
– The design is achieving this.
- The building is constructed on time and on budget.
– We believe we will achieve this. Our timeline has been adjusted to reflect our capital raise being below \$2m in March 2019 and to reflect our holding period of seven months during the global pandemic. The budget has been updated to account for the changes required by the council to obtain the resource consent.

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

Risks	Mitigation
We do not raise enough capital.	<ul style="list-style-type: none">• Collett’s Corner is a high profile project with a unique collective ownership model that appeals to investors.• We keep over 800 people informed about the project, 346 of whom are shareholders. Many of these people will be investors as well as ambassadors to support the equity raise.• If necessary we can explore other options to raise capital if the equity crowdfunding is not successful such as: a limited offer, sweat equity options or increase the amount of debt depending on bank’s willingness.
We don’t meet the banks requirements.	<ul style="list-style-type: none">• We are in conversation with banks and managing the project to satisfy their lending conditions. We are building up a healthy amount of equity in the project and reducing risks to levels favourable for banks.• Other potential commercial development lenders have been identified.
The COVID-19 virus causes an economic slowdown making it hard to raise necessary capital to continue the project.	<ul style="list-style-type: none">• We paused the project, pushing our milestones out by the necessary amount of time for life to adjust to this health crisis.• We are at the end of a phase and have not yet engaged contracts for the next phase, which will now commence in November.
The banks won’t lend due to economic backlash of COVID-19.	<ul style="list-style-type: none">• We delay until economic outlook improves.
Insufficient demand for apartments.	<ul style="list-style-type: none">• Experienced real estate agents are engaged to pre-sell apartments. Market demand has been tested and typologies developed to meet residents’ needs.

Risks	Mitigation
The market price of the housing falls.	<ul style="list-style-type: none">• The Christchurch property market is relatively affordable comparatively to other cities in the country. People are looking to move from other cities where housing affordability has reached peak levels. This will bolster market demand in Christchurch.
Insufficient demand for leases. Leasing the space to bank-approved tenants.	<ul style="list-style-type: none">• An anchor tenant has been identified for the wellbeing tenancies. They are currently working on developing a business plan to meet bank requirements.• The London St tenancies will be prime commercial space in a new building up to modern standards, making them highly desirable spaces.
Build costs are more than expected.	<ul style="list-style-type: none">• Armitage Wiliams, the contractors, have develop a cost plan to guide design decisions and to ensure we stay within the construction budget.• The budget includes a contingency.• Regular checkpoints are in place to ensure that the project costs are not exceeding the available funding.
Time delays, milestones not reached.	<ul style="list-style-type: none">• Timelines are considered and set with input from members across the project team in consideration of resources available and realistic foreseeable market conditions.
We lose a key member of the team.	<ul style="list-style-type: none">• The past year has seen Camia distribute many of her responsibilities to new team members. A system is now in place to ensure coverage of key tasks amongst the wider team. A board is now in place to assist and plan for any significant losses in the team.
We do not foster a community.	<ul style="list-style-type: none">• We’re creating opportunities for real participation and ownership.• Regular, consistent and proactive communication is our key strength when it comes to continually fostering community.• We ensure that project values are regularly reviewed in relation to the development and sense checked with our crowd and the local community.
Delays in obtaining building consent.	<ul style="list-style-type: none">• 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.
Team selected doesn’t have the capacity to deliver the project	<ul style="list-style-type: none">• The team has grown to ensure we have the expertise as well as the support for each project area.• Detailed project plans are documented to allow other team members to step into gaps.• Strong relationships have been established with key stakeholders and project partners.
We have overestimated the returns.	<ul style="list-style-type: none">• We have engaged appropriate outside experience to supplement our team’s capability in relation to feasibility and financial modeling. We are conducting regular reviews of costs and estimates as the design progresses.• We will continually test design development against market realities.• Anchor tenants will be a unique offering and strong commercial performers, whilst at the same time enhancing the kaupapa of the building.
Future tenants fluctuate, resulting in a reduced rental income.	<ul style="list-style-type: none">• Establishing anchor tenants who are prepared to commit to a long term tenancy.• Creating a flexible building that can be adapted to different uses as demands change.
Site risks due to unknown ground conditions and heritage factors.	<ul style="list-style-type: none">• We will engage with Heritage New Zealand, council and an archaeologist.• We will adapt the timelines to allow for any unlikely delays.
Environmental / Health & Safety – risk of seismic, weather or other environmental events/contamination and potential for Health & Safety issues.	<ul style="list-style-type: none">• 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.

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

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This document is governed by, and is to be construed in accordance with the laws of New Zealand.

Where to find us

We welcome your enquires.

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

To register your interest in purchasing an apartment, please, please send an email to Angela.Webb@bayleyscanterbury.co.nz.

The apartment prices start at \$415,000.

“This is a
community
initiative,
for and by the
community.”

T Mitcalfe



**“Thank you for
making community
investment and
development
accessible to all!”**

J Haliday

