



Disclosure Statement

You have the right to certain information about your financial adviser before they assist you with your investment decisions. This Disclosure Statement sets out the information required by the Securities Markets Act 1988.

This Disclosure Statement has been prepared as at [17 September] 2009. This disclosure statement is a corporate disclosure statement in respect of MMG Advisory Partners Limited.

Business Name: MMG Advisory Partners Limited ("MMG")

Business Address: 222 Bush Road, Albany, Auckland

Business Telephone: (09) 415 2929

1. EXPERIENCE AND QUALIFICATIONS

MMG was established in 1986. Since that time, it has provided investment solutions to clients through a franchise system under which its franchisees give investment advice to clients. For the purposes of the Act, MMG occasionally provides "investment advice", usually in the form of client newsletters and other publications.

2. PROFESSIONAL INDEMNITY INSURANCE

MMG and its Advisers are covered under a Professional Indemnity Insurance policy arranged through the insurance broker of MMG. Insurance is provided by insurers who the broker contracts, on MMG's behalf, to provide insurance on an annual basis. The insurer may change from year to year. The current indemnity limits are \$20,000,000.00 for MMG and \$10,000,000.00 for Advisers for the aggregate amount of all claims. The excess (being the amount payable by the insured under the policy) for a claim against MMG is \$50,000.00 and for a claim against an Adviser is \$5,000.00. The policy provides insurance for a range of potential liabilities and losses that MMG may be exposed to. There are a number of exclusions for which insurance is not provided. These include losses arising from investments, tax advice, accounting services, stock broking and certain other activities.

3. PREVIOUS CONVICTIONS

During the five years before the date any investment advice is given to you, neither MMG nor any of its principal officers have been:

- (a) convicted of an offence under the Securities Markets Act 1988, the Securities Act 1978 or any crime involving dishonesty;
- (b) a principal officer of a body corporate at a time when that body corporate committed one of those offences;
- (c) adjudicated bankrupt or placed in statutory management or receivership;
- (d) prohibited by law or any court from taking part in the management of a company or a business;
- (e) the subject of an adverse finding in any civil or criminal court action that has been taken against any of us in our professional capacity;
- (f) expelled from, or been prohibited from being a member of, a professional body.

4. RELEVANT INTERESTS AND RELATIONSHIPS

Interests associated with various franchisees, senior executives and New Zealand Funds Management Limited ("**NZ Funds**") have ownership stakes in MMG.

Many of the investment products offered to investors through MMG are issued, managed and promoted by NZ Funds. Other products offered through MMG are issued, managed and promoted by independent third parties.

NZ Funds provides certain information technology, including financial planning technology, and administration support services to MMG and its franchisees. A fee is paid to NZ Funds by MMG for the provision of these services.

If you are buying or selling any securities on a Secondary Market (i.e. a private sale or purchase between two or more investors where the issuer of the securities is not directly involved), a MMG Adviser, MMG, or any person associated with MMG, may be a party to that transaction. MMG may receive brokerage on transactions in which you buy or sell securities, which is payable by you. Further information on brokerage is set out in the Fees Schedule.

A MMG Adviser, MMG, or any person associated with MMG may also hold securities in any investment products which they recommend to you for investment.

Client Asset Holdings Limited, a wholly owned subsidiary of MMG, provides custodial services to clients of MMG. Should you wish, you may elect to have custodial services provided to you by Client Asset Holdings Limited in respect of any DNZ Property Fund Limited shares or Commercial Property Fund Limited shares you hold.

5. DISPUTE RESOLUTION

Dispute resolution facilities are available if you have a complaint. In the first instance you should direct any complaint directly to your Adviser. Additionally you may lodge a complaint with MMG's Head Office at:

MMG House, 222 Bush Road, PO Box 302-209, Albany, Auckland, Attention: Communications Manager

We have a policy that every complaint will be acknowledged within 14 days of receipt.

6. INVESTMENT PRODUCTS AND PROVIDERS

Money Managers can provide advice on, and discuss with you, all types of securities including but not limited to:

- Unit Trusts
- Managed Funds
- Portfolio Investment Entities
- Group Investment Funds
- Insurance Bonds
- Superannuation/Kiwisaver Products
- Property Investments
- On call and Fixed Interest Securities
- Home Equity Release Products

MMG recommends and advises on investment in securities and investment products that are approved for distribution through the MMG network. Where agreed with you, MMG may also monitor certain other investments that you are currently invested in.

Please refer to the relevant current Investment Statement for more information about particular securities MMG may recommend to you.

7. FEES AND REMUNERATION

Details of fees and remuneration, and the services to which the fees and remuneration apply, are disclosed in the Fees Schedule attached to this Disclosure Statement.

These fees are paid to MMG in a manner agreed between MMG and the relevant investment product provider.

8. PROCEDURE FOR DEALING WITH INVESTMENT MONEY / PROPERTY

Except for Secondary Market transactions, MMG does not handle or take custody of client funds. All cheques for investment should be made payable according to the application instructions set out in the relevant Investment Statement. All cheques will be sent to the relevant investment product provider (or its administrator) together with the relevant completed Application Form for processing.

Secondary Market Transactions

If you are purchasing securities on MMG's Secondary Market, MMG will act as an intermediary to the sale and purchase transaction. Sale and purchase documentation must be completed, and if purchasing, cheques must be made payable to "Property Secondary Market". No foreign currency cheques will be accepted.

The Adviser will forward the sale and purchase documentation, together with your cheque (if purchasing) to MMG for processing. If all the documentation is correct, the cheque will be banked. The cheque will not be presented unless the documentation is correct.

After the minimum clearance period, MMG will release the purchase price by cheque made out to the seller.

You should note that the Secondary Market Account is not a trust account – it is only used to receive and distribute funds. Any interest accrued on the Account will be used to pay bank fees first with any balance paid to MMG. The funds held in the Account cannot otherwise be used for the benefit or purpose of any other person. The receipt, holding and disbursement of money or investment property by MMG are not audited.

If you have signed a custodial agreement, Client Asset Holdings Limited will hold all DNZ Property Fund Limited shares and Commercial Property Fund Limited shares as custodian in accordance with the terms and conditions provided to you.

9. RECORDS AND PRIVACY

MMG and your Adviser will hold the following records on your investments:

- Electronic records of all investments placed through MMG, which are held on a computer database; and
- An office file containing copies of application forms and other forms, certificates, receipts, distribution notices, tax statements and correspondence.

You have the right under the Privacy Act 1993 to gain access to, and to request correction of, any personal information held about you in any records of MMG or of any investment product provider or its administrator. You generally have access to records on request at all reasonable times during normal business hours.

Access can be arranged through MMG or your Adviser. Access can also be arranged directly with the relevant product provider or its administrator.

Contact details for investment product providers or their administrators can be found in the relevant Investment Statement.

10. EXTENT OF USE

MMG will not access or use your investment monies except as agreed in a Client Services Agreement and/or Power of Attorney. As noted in paragraph (8) any money for any investment products are passed directly on to the relevant investment product provider or to its administrator, together with your completed Application Form. MMG is not liable for the loss of any investment monies due to the processing of investment funds.

Other than as set out in this Disclosure Statement, MMG does not have any direct or indirect interest, financial or otherwise, in any investment it recommends to you that is reasonably likely to influence the advice it gives.

The information set out in this Disclosure Statement is correct as at the date of preparation.

Fees Schedule

All fees referred to in this Schedule are exclusive of GST. Any GST payable will be charged in addition to these fees. Where specific amounts of fees are not set out in this Disclosure Statement, those amounts will be agreed with you in advance of your signing a client agreement and will be set out in that agreement.

PART A

Assyst Portfolio Service and Adviser Fees

Advice Fee (standard)

We charge an ongoing Advice Fee on the aggregate amount that you have invested in the products or funds (“**APS Portfolio**” or “**APS Portfolios**”) offered as part of the Assyst Portfolio Service (“**APS**”).

The Advice Fee is charged in accordance with the tiered rates set out below. It is calculated daily on the gross amount that you have invested in APS Portfolios and is paid fortnightly in arrears by deducting it proportionately from those APS Portfolios that you are invested in.

Tiered Rate

First \$500,000	1.0% p.a.
Next \$500,000	0.75% p.a.
Over \$1,000,000	0.50% p.a.

An Adviser can agree with you that alternative tiered percentage rates or a flat rate shall apply instead of the tiered rates shown above. These alternative fees will only apply where pre-approved by MMG Head Office and will be set out in your client agreement and disclosed to you before you subscribe to the relevant APS Portfolio.

Platform Fee (standard)

We charge a Platform Fee of \$400 or such other amount agreed with you (and approved by MMG Head Office) to you annually. The Platform Fee is calculated daily and is paid fortnightly in arrears by deducting it proportionately from the APS Portfolios that you are invested in.

Heritage Service Fee (if applicable)

We charge a Heritage Service Fee if you have trusts established under a Heritage trust deed. The Heritage Service Fee is an amount agreed with you and is calculated daily and paid fortnightly in arrears by deducting it proportionately from the APS Portfolios that you are invested in.

Tax Return Fee (if applicable)

We charge a Tax Return Fee to you for the preparation of annual tax returns on your behalf. The Tax Return Fee is an amount agreed with you and is calculated daily and paid fortnightly in arrears by deducting it proportionately from the APS Portfolios that you are invested in.

Other Investments Monitored Fee (if applicable)

We charge an Other Investments Monitored Fee to you where we monitor certain other agreed investments (“**Other Investments**”) that you may have and that do not form part of APS. The Other Investments Monitored Fee is agreed with you and is calculated daily and paid fortnightly in arrears by deducting it proportionately from those APS Portfolios that you are invested in:

Other Services Fee (if applicable)

We charge an Other Services Fee for other services that we may provide to you. The Other Services Fee is agreed between you and the Adviser and is paid fortnightly in arrears by deducting it proportionately from the APS Portfolios that you are invested in.

Platform Distribution Margin

We receive payment of a Platform Distribution Margin on certain APS Products.

The Platform Distribution Margin is paid by NZ Funds, as Manager of those products, from its management fee. The commission is equal to 0.35% per annum of the amount of funds that you have invested through any APS Portfolio except for those that fall within the Short Term Needs category*. The Platform Distribution Margin is calculated daily using the daily balance of your funds invested in all APS Portfolios except for those that fall within the Short Term Needs category and paid on a quarterly basis.

*Portfolios that fall within the Short Term Needs Category are identified in the relevant Assyst Portfolio investment statement.

PART B

Sharebroking Services (if applicable)

If you require sharebroking services, we may refer you to a sharebroker. We may be paid a fee for making the referral. The fee will be at a rate agreed between us and the broker.

Secondary Market (if applicable)

We charge brokerage of up to 4% of the transaction amount if you purchase or sell securities on MMG’s secondary market.

Other Services (if applicable)

We charge an hourly rate of up to \$200 per hour for additional services not outlined in this Disclosure Statement.

Other Product Fees (If applicable)

Entity	Upfront Fees *	Ongoing Fees *	Frequency
DNZ Property Group Limited (option 1)	4%	up to 1% (p/a)	N/A
DNZ Property Group Limited (option 2)	2%	0.5% (p/a)	6 monthly
New Zealand Funds Management Limited	None	up to 1.6% (p/a)	Fortnightly
ING	None	up to 0.25% (p/a)	Monthly
Tower	None	up to 0.25% (p/a)	Monthly
Asteron	\$50	0.4% (p/a)	Monthly
UDC	None	0.25% (p/a)	Monthly
South Canterbury Finance	Up to 0.5% (p/a)	None	N/A
Macquarie	None	Up to 0.3% (p/a)	Monthly

*The fee is represented as a percentage of the amount invested. Ongoing fees are paid proportionately at the frequency detailed from the time the investment is made. Upfront fees are paid at the time the investment is made.

We also receive fees for a number of investment products which are no longer offered (in most cases, these products have closed and/or are being wound down). As these products are no longer available for investment, strictly speaking, we no longer offer advice on them. The fees that we receive in respect of these products do not exceed 1% p/a of the amounts that were invested in them as a result of the advice provided.