



UNIVERSITY OF  
CANTERBURY

*Te Whare Wānanga o Waitaha*  
CHRISTCHURCH NEW ZEALAND



# Investment Statement

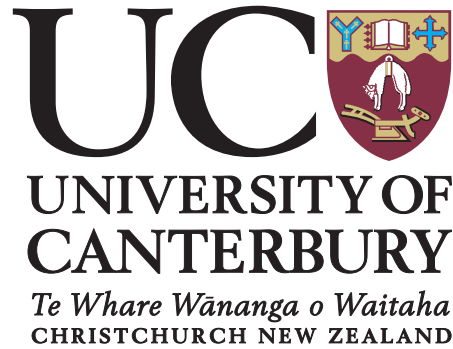
*Investing to make a difference*

Public Offer of 50,000,000 Fixed Rate Bonds with Philanthropic Options

5 October, 2009



M U R R A Y + C O M P A N Y



## **Investment Statement**

**Public Offer of 50,000,000  
10 Year Fixed Rate Unsubordinated  
Unsecured Bonds – 7.25% pa  
(with Philanthropic Options)**

**(with the option to accept a further  
50,000,000 in oversubscriptions)**

**5 October, 2009**

JOINT LEAD MANAGERS

M U R R A Y  C O M P A N Y



**FIRST NZ CAPITAL**

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# Important Information

## Securities Act 1978

### the Act

The information in this section is required under the Securities Act 1978.

## Investment Decisions

### decisions

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

## Choosing an Investment

### questions to consider

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

- What sort of investment is this? page 23
- Who is involved in providing it for me? page 27
- How much do I pay? page 28
- What are the charges? page 28
- What returns will I get? page 28
- What are my risks? page 30
- Can an investment be altered? page 35
- How do I cash in my investment? page 36
- Who do I contact with enquiries about my investment? page 37
- Is there anyone to whom I can complain if I have problems with my investment? page 37
- What other information can I obtain about this investment? page 37

### prospectus available

In addition to the information in this document, important information can be found in the current registered Prospectus for the investment. You are entitled to a copy of that Prospectus on request.

## Engaging an Investment Adviser

### written information

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including:

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investments the adviser gives advice about; and
- whether the advice is limited to investments offered by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include:

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

# Preliminary

## What is this Document?

### this investment statement

This document is an Investment Statement issued in accordance with the Securities Act 1978. Its purpose is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for the Bonds.

## Where to find other Information

### the registered prospectus and the trust deed

Applicants can find other important information about the Bonds and the Offer in the Prospectus and in the Trust Deed. The registered Prospectus may be viewed at [www.bonds.canterbury.ac.nz](http://www.bonds.canterbury.ac.nz) or copies obtained free of charge from:

<b>University of Canterbury</b>	or	<b>Link Market Services Limited</b>
The Registry		Level 16, Brookfields House
University Drive		19 Victoria Street West
Ilam		PO Box 91976
Private Bag 4800		Auckland 1142
Christchurch 8140		

### annual report

In addition, the University of Canterbury (the Issuer) publishes an annual report each year containing its independently audited financial statements and other performance and management information.

The latest annual report and other information about the University is available at the University's website at <http://www.canterbury.ac.nz/piru/annualreport.shtml>.

The annual report including its independently audited financial statements will be provided to the Bondholders after publication each year.

## New Zealand Only

### no offer outside NZ

This Investment Statement must not be distributed or provided to any person outside New Zealand in circumstances which the distribution or use of this Investment Statement would be unlawful.

## Offer not Conditional

### no conditions

The Offer is not conditional on the receipt of applications for a minimum number of Bonds.

### consent of Secretary for Education required

Section 192(4) of the Education Act 1989 provides that (among other things) the University cannot without the consent of the Secretary for Education, exercise the power to borrow or otherwise raise money.

### regulatory consent obtained

The Secretary for Education has provided the required consent to the Bond issue. The consent is subject to certain financial covenants and reporting requirements as part of the on-going monitoring of the management and risk strategies of the University by the Tertiary Education Commission.





## NZX Listing

<b>bonds will be listed</b>	Application has been made to NZX for permission to list the Bonds and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Investment Statement have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement.
<b>waivers from listing rules</b>	Certain waivers from the Listing Rules have been requested by the University. These are described on page 40.

## Definitions

<b>capitalised terms are defined in the glossary</b>	Capitalised terms used in this Investment Statement have defined meanings which appear in the Glossary from page 45.
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## Disclaimers

<b>trustee not liable except to bondholders in limited circumstances</b>	Subject to section 62 of the Securities Act, clause 1 of the Fifth Schedule of the Securities Regulations and any other applicable law, the Trustee does not assume any duty of care to the University, any creditors of the University or any other person other than the Bondholders (subject to and in accordance with the Trust Deed) in exercising its powers under the Trust Deed, and shall not be liable to any person (including the University and the Bondholders) in any way except for wilful default, negligence or wilful breach of trust where the Trustee has failed to show the degree of care and diligence required of it having regard to the provisions of the Trust Deed.
<b>general disclaimer</b>	Subject to applicable law and the terms of the Trust Deed, none of the Council members, the Foundation, the trustees of the Foundation, the Trustee, the Secretary of Education nor the Joint Lead Managers or their respective directors, officers, employees or agents:
<b>no guarantees</b>	<ul style="list-style-type: none"><li>• guarantees the payment of any principal or interest under the Bonds.</li></ul>
<b>no recommendations given</b>	<ul style="list-style-type: none"><li>• has given specific advice or a recommendation to any particular Applicant or other person to subscribe for or purchase any of the Bonds.</li></ul>
<b>no independent verification</b>	<ul style="list-style-type: none"><li>• has independently verified the information contained in this Investment Statement and any Applicant (by accepting delivery of this document) acknowledges that none of them gives any warranty or representation of accuracy or reliability and they take no responsibility for it.</li></ul>
<b>no liability for errors or omissions</b>	<ul style="list-style-type: none"><li>• has any liability for any errors or omissions (including for negligence) in this Investment Statement and each Applicant waives all claims in that regard.</li></ul> and such persons do not accept any liability whatsoever for any loss arising from this document or its contents or otherwise arising in connection with the Bonds.
<b>applicants must decide for themselves</b>	Each Applicant must decide whether the investment in the Bonds is appropriate, having regard to their own investment objectives, financial situation and particular needs.

# Letter from the Vice-Chancellor



## Our vision

The University of Canterbury has a vision of people prepared to make a difference. People who are willing and able to change, and who can influence the world around them.

Our vision is based on a proud tradition of higher education in Canterbury. More than a century ago our founders understood the importance of education in underwriting peace and prosperity. They also understood the need to invest and be patient.

While their foresight has served the University well, we have reached a point where further investment is needed. If we are to achieve our vision for the University of Canterbury in the 21<sup>st</sup> century, we need to progress from being a high-quality institution to one that can truly call itself world-class. We need to promote a learning environment that attracts more people who have the desire and potential to make a difference. We owe it to our children and grandchildren to do all we can to stop what I fear could become the great brain robbery.

Increasing numbers of universities in Australia, India and China are not only better equipped than us, they are also investing substantially more in support of their teaching and research. If we, as a nation, do nothing we may as well tell young New Zealanders to go elsewhere if they want an education that will help them to excel in the modern world and the brain robbery will continue.

To attract the best, we need to be the best. To be the best, we need to offer the finest and most stimulating learning environment. First and foremost the learning environment is about people – students and staff, and the programmes that allow them to create, disseminate and protect knowledge.

The quality of our learning environment is also influenced by our facilities. Places where students and staff can engage with each other effectively, laboratories where they can experiment, and modern technologies that allow them to access and share knowledge.

## Acceleration of the delivery of world-class facilities

Fifty years ago the University of Canterbury began relocating to new purpose-built facilities in the Christchurch suburb of Ilam. The world has moved on and, in 2009, the University has begun a major upgrade of these facilities to make them fit for purpose in the 21<sup>st</sup> century. To date, the University has used its own resources to fund this upgrade, but we want to improve our timelines for further development, particularly if we are to have any hope of advancing with the urgency required to stem the flow of our best and brightest.

Our present investment plan is constrained by the funds we retain from grants and fees for teaching and research, one-off grants from government and our generous supporters who donate funds to advance education. Over the next 10 years, we plan to invest around \$500 million funded from our cash flow from operations, in infrastructure developments such as building refurbishments, new buildings, ICT infrastructure and alternative technologies.

In order to enable the University to bring forward its proposed capital works programme, we are establishing an issue of 50,000,000 Fixed Rate Unsubordinated Unsecured Bonds with philanthropic options.

The funds raised from this Bond issue will allow us to accelerate our investment plan and



develop a world-class learning environment for scholars across the spectrum of academic disciplines.

The University, with its colleges of Arts, Business and Economics, Education, Engineering, and Science, and School of Law, is a broad-based institution. We are proud of our capabilities and the talented students they attract, but it is vital that we provide better facilities and services that allow them to make the most of their talents.

For example, we are committed to advancing our reputation in Biological Sciences with a significant new building development that, with additional funding, could be accelerated. This project includes a new research block and the reconfiguration and refurbishment of existing buildings, including academic accommodation, postgraduate space and undergraduate teaching laboratories.

The University also has plans for a total refurbishment of the science lecture theatre block, creating new learning spaces for interactive learning.

### **Your invitation to give**

This offer is a unique opportunity to direct your savings to an investment in teaching and research, and accelerate the University's creation of a world-class learning environment.

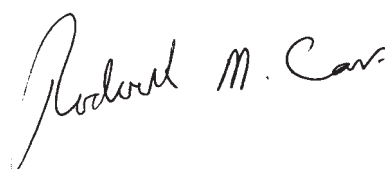
The philanthropic nature of this investment starts with your decision to direct your savings to the University of Canterbury where we can put them to work for the benefit of thousands of students over many years. We will pay you a market rate of interest and offer repayment on maturity. We thank you for that show of support.

Some investors may be able to go further, reducing the interest to zero for some or all of your Bonds. That reduced burden on the University will enable it to fulfil its mission sooner than would otherwise be the case. We are hoping that the ability to adjust the interest you claim and reinstate it to market should your circumstances change, will enable you to benefit the University without loss of control.

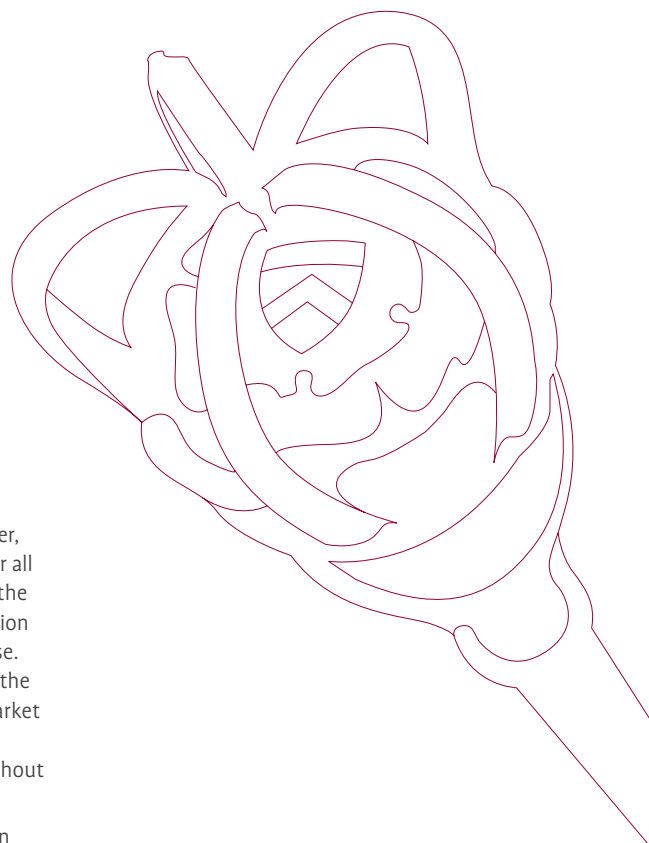
We also invite you to consider the option of donating part or all of the sum owed on maturity during the term of the Bond. That gift would be directed to the University of Canterbury Foundation. Such gifts of principal are irrevocable once made but may attract a tax credit or deduction as a charitable donation. Further, the University undertakes to continue to pay interest on the full face value of the Bond for the life of the Bond, unless you separately wish to adjust the interest paid. In this way you can maintain your income, manage your estate planning, retain control of the principal until gifted in whole or in part at your discretion.

All these options are designed to allow you to invest in the future of the University of Canterbury, its vision of people prepared to make a difference and its mission to create a world-class learning environment whilst you retain control and flexibility over as much of your savings for as long as you wish.

I commend this offer to you and, in anticipation, welcome the contribution it will make to the next phase of the development of the University of Canterbury.



Dr Rod Carr  
Vice-Chancellor  
University of Canterbury



# Key Dates

<b>prospectus registered</b>	6 October 2009
<b>offer opens</b>	9 October 2009
<b>closing date</b>	30 November 2009
<b>issue date</b>	7 December 2009
<b>statements despatched</b>	7 December 2009
<b>trading begins</b>	7 December 2009
<b>first interest payment</b>	15 June 2010
<b>interest payment dates</b>	15 June and 15 December
<b>maturity date</b>	15 December 2019

The Issuer has the right in its absolute discretion to close any part of the Offer early, to accept late Applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly. Interest will accrue from the date Application moneys are banked.

# Investment Summary

## The Issuer

### the issuer

The Issuer of this Investment Statement is the University of Canterbury.  
The University is a university and body corporate constituted under the University of Canterbury Act 1961 and the Education Act 1989.

## What Securities are being Offered?

### the offer

This Investment Statement relates to the offer of 50,000,000 Fixed Rate, Unsubordinated, Unsecured Bonds with philanthropic options (with the option to accept a further 50,000,000 in oversubscriptions).

## Purpose of Issue

### two parts to offering

There are two parts to the Offer:

- *commercial debt offering* the raising of money by the issue of Bonds for the purposes of the University.
- *philanthropic options* a request by the University to donate Bond Principal to the University of Canterbury Foundation and/or adjust the Bond Interest to zero for the benefit of the University.

### commercial debt offering

The Bond issue is a commercial debt offering to enable the University to fund its capital works programme. The funds raised will be used to accelerate building projects which are currently planned including refurbishment of the science and engineering precincts.

It is the University's intention to create a world-class learning environment for all students with investments in campus-wide infrastructure and technologies, learning spaces and access to information.

Details of the Bond commercial offering are set out below in the section headed Term Sheet .

### philanthropic options

The Bond issue also has a philanthropic purpose by providing Alumni and supporters of the University a vehicle by which they can donate to the Foundation or the University itself. The Foundation has established a Philanthropic Bond Trust and Bondholders are invited to donate the right to Bond Principal to that Philanthropic Bond Trust. Bondholders are also invited to adjust their Bond Interest to zero in favour of the University.

Details of the philanthropic options are set out on page 18.

## Term Sheet

### issuer

University of Canterbury.

### type of bond

Fixed Rate, Unsubordinated, Unsecured Bonds.

### amount of issue

NZ\$50 million (with the option to accept a further NZ\$50m in oversubscriptions).

### issue price

\$1.00 per Bond.

### interest rate

7.25 percent per annum fixed for 5 years; reset for a further 5 years at a 1.75 percent per annum margin over the then prevailing 5 year swap rate.

### maturity date

30 November 2019.

<b>joint lead managers</b>	First NZ Capital Securities Limited, and Murray & Company Limited.
<b>bond trustee</b>	Trustees Executors Limited.
<b>status and security</b>	<p>The Bonds will be unsecured and unsubordinated obligations of the University, will rank equally with each other and will also rank equally with all other unsecured and unsubordinated indebtedness of the Issuer, except indebtedness preferred by law.</p> <p>As at the date of the latest statement of financial position contained or referred to in the Prospectus (30 June 2009) and as at the date of the Prospectus (5 October 2009), there were no secured creditors holding a general security interest over all the University's assets and undertaking. However, there were and are creditors holding reservation of title interests in respect of specific assets of the University e.g. certain trade creditors, who may satisfy claims by enforcing repayment against those specific assets.</p>
<b>further issues may rank equally or in priority</b>	The University may from time to time, without the consent of existing Bondholders (but subject to the minimum financial ratios below), issue further bonds, notes or other debt instruments or borrow money on the giving of securities that may rank equally with or ahead of the Bonds.
<b>minimum financial ratios must be met</b>	<p>While any Bond Principal remains outstanding, the following financial ratios must be maintained:</p> <ul style="list-style-type: none"> <li>• Secured Debt will not exceed 5% of the aggregate of Debt plus Equity;</li> <li>• Debt will not exceed 25% of the aggregate of Debt plus Equity.</li> </ul>
<b>minimum parcel size</b>	Minimum 5,000 and multiples of 1,000 thereafter.
<b>minimum transfer parcel</b>	Minimum 1,000 and leaving the transferor and the transferee with more than the minimum parcel size.
<b>not rated</b>	Neither the University nor the Bond Issue are rated by a rating agency.
<b>not underwritten</b>	The Bond issue is not underwritten by anyone.
<b>interest payments</b>	<p>The Bonds bear interest at a fixed rate. Interest is scheduled to be paid six monthly in arrears on each Interest Payment Date (being 15 June and 15 December of each year until and including the Maturity Date). The first Interest Payment Date is 15 June 2010.</p> <p>The first Bond Interest payment will be calculated on a daily basis for the period from the date the Application moneys for the Bonds are banked to (but excluding) 15 June 2010, and will be paid to the original successful Applicant irrespective of any transfer of the Bonds by that original successful Applicant prior to the first Interest Payment Date.</p> <p>Interest payments for subsequent Interest Periods will be paid to the Bondholders on the Register as at the Record Date, being 10 Business Days prior to the relevant Interest Payment Date or Maturity Date or if that day is not a Business Day, the Business Day immediately preceding such day.</p>
<b>issue and allotment</b>	The Bonds will be progressively allotted during the Offer Period and issued within 5 Business Days after Acceptance.
<b>rejected application moneys will be refunded</b>	Any money received with an Application which is not accepted by the Issuer, whether because of late receipt or otherwise, will be returned (without interest) to the Applicant within 25 Business Days of receipt or 5 Business Days of rejection of the Application (whichever is sooner). Interest will not be paid on amounts so refunded.
<b>allocation policy</b>	Subject to the reservations mentioned below, if the value of Applications received is greater than the value of Bonds available, Bonds will be allotted to Applicants in agreement between the Joint Lead Managers. The Issuer reserves the right to refuse all or any part of an Application without giving any reason.

<b>NZX participant reservations</b>	Some of the Bonds being offered may be reserved for clients of NZX Participants. The aggregate Principal Amounts of the Bonds to be so reserved may be up to \$40 million. Those Bonds will be offered throughout the Offer Period and subject to Alumni reservations, any remaining Bonds will offered to Applicants on a first come first served basis.
<b>alumni and committed donors reservations</b>	The University intends (but may waive this intention) to reserve the last 25,000,000 Bonds available for issue (out of the total 100,000,000 which may be issued) for Applicants who are Alumni or who have committed in writing or by their Application to making a Bond Principal Donation in respect of those Bonds.
<b>initial lack of liquidity</b>	The Bonds will be initially subscribed for by clients of the Joint Lead Managers, other Primary Market Participants and invited financial intermediaries, and as such may not be subscribed for initially by more than 500 members of the public. Any initial lack of liquidity is likely to be of a short term nature as the Joint Lead Managers, other Primary Market Participants, and invited financial intermediaries sell down to smaller investors.
<b>no certificates of title will be issued</b>	The Bonds will be entered onto the Register maintained by the Bond Registrar. No certificates of title in respect of the Bonds will be issued to Bondholders. Title to the Bonds passes by transfer and registration on the Register.  The University and the Bond Registrar will rely on the Register for the purpose of determining entitlements to interest payments on each Interest Payment Date, and for the repayment of the Principal Amount of the Bonds when they are redeemed.
<b>expected date of quotation</b>	It is intended that quotation of the Bonds on the NZDX Market will commence within 5 Business Days after the Closing Date. This is expected to occur on 7 December 2009.

### **Issue Expenses**

<b>no fees for applicant</b>	Applicants pay no fees or charges to invest in the Bonds.
<b>brokerage fees</b>	The Issuer will pay brokerage on new Applications of up to 1% to NZX Participants for Applications carrying that NZX Participant s stamp.
<b>estimate of all expenses (including brokerage)</b>	Issue expenses, including brokerage, legal, accounting, audit, registry, printing, distribution and promotion expenses, joint lead manager and other fees to be incurred on the basis that the issue is fully subscribed at \$50 million, are estimated to be \$1 million.

### **New Zealand Taxation**

Taxation information is set out on page 38 of this Investment Statement.

### **Applications**

<b>application attached to investment statement</b>	Bond Applications must be made on the form attached to this Investment Statement.
<b>instructions</b>	Instructions on how to apply for the Bonds are contained on page 28 of this Investment Statement under the heading 'How much do I pay?' Please also refer to 'Your Guide to the Application Form' on page 48.

### **Settlement**

<b>Austraclear and FASTER</b>	Bond Applications may be settled through the Austraclear New Zealand System or using the FASTER system operated by NZX.  FASTER provides for the electronic transfer and settlement of securities by interconnected computers operated by NZX FASTER users and securities registries. Institutional settlement is handled via the Austraclear New Zealand System which provides a delivery versus payment service to banks, brokers and institutions in New Zealand.
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# About the University

## Profile and Activities



### colleges, schools and faculties

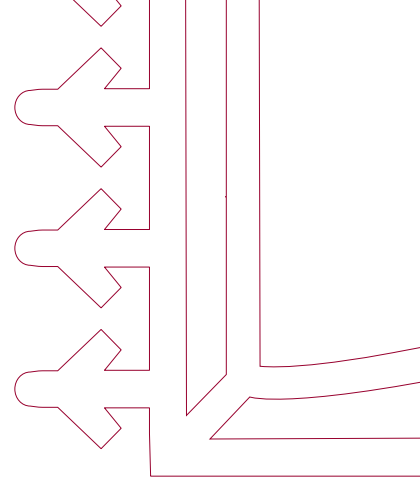
Located on 87-hectares in the Christchurch suburb of Ilam, the University of Canterbury is a diverse, multicultural community of more than 15,500 equivalent full time students and 2000 staff. More than 700 academic staff teach courses in more than 80 disciplines spread across five Colleges – Arts, Business and Economics, Education, Engineering, and Science – and a School of Law. At the teaching and research hub of the University is its 1.8 million-volume Central Library whose services are supplemented by several other faculty-based libraries on campus including the Macmillan Brown Library, the Engineering Library, the Education Library and the Law Library.

### beginnings

As the second oldest of New Zealand's universities, the University of Canterbury has a distinguished heritage. By 1890, barely 17 years after its founding, Canterbury College boasted staff, course offerings and degrees in science, engineering, law, the humanities and fine arts. The University has one of the oldest engineering departments in the world and the oldest fine arts department in the British Commonwealth. In 1906, the University introduced the Bachelor of Commerce degree, then one of the first business degrees in the Commonwealth. Books for the original library which dates from 1879 were donated by the University of Oxford and significant connections with Oxford and Cambridge still remain. The merger of the Christchurch College of Education in 2007 with the University has further enhanced the University's historical legacy insofar as the College's history dates back to the founding of the Christchurch Normal School in 1877.

### academic excellence together with learning, scholarship and research

The University has an impressive national and international profile in research, learning and advanced scholarship as is evidenced by its strong performances in recent Performance-Based Research Fund exercises and world-university ranking exercises. The University enjoys a reputation as a university that embraces and extols values of academic excellence and takes singular pride in its strong research culture. This fuels the University's resolve to continue with strong contributions to fundamental and applied research, with well-regarded postgraduate and research programmes and with strong research and collaborative links with other leading tertiary institutions and research organisations, nationally and internationally. Besides advancing knowledge in traditional fields of engineering, forestry, science and technology, humanities, social sciences, education, visual and performing arts, commerce, and law, the University is at the vanguard of emerging research areas such as biotechnology, nanotechnology, human interface technology, information and communications technology, and high-performance computing.



### **visiting scholars and international reputation**

The University's flourishing research culture is evident from its ability to attract high-calibre researchers from around the world. Thanks to the University's Erskine Programme some 75 scholars from around the world are invited to the University each year as Visiting Erskine Fellows to teach and research. In addition, 25 University of Canterbury academic staff head overseas annually on Erskine Grants to increase their knowledge in their subject areas. The quality of the University's research is also reflected in the international reputation of many of its staff and graduates. The University is home to 19 interdisciplinary research centres devoted to a host of specialised topics.



### **stewardship of knowledge**

The University's teaching programmes comprise solidly-grounded basic disciplines. The University also takes on itself community responsibility for the stewardship of knowledge in these disciplines. That knowledge is given back to the community through a broad range of specialist teaching and research programmes in interdisciplinary fields and postgraduate study. Teaching is based on current research by academics who are leaders in their fields. As well as the core subjects, interdisciplinary programmes such as Antarctic Studies and European Studies are a special feature of the University. People in the surrounding community can also obtain advanced professional training or take courses for interest through the University's Continuing and Bridging Education programmes.



### **research stations**

The University is not limited to its Christchurch campus. It has the most extensive network of field stations of any New Zealand university, ensuring that field-work opportunities for staff and students are maximised. These field stations are located at Cass, Westport, Harihari and Kaikoura. The University also operates laboratories in the field at Birdlings Flat, Scott Base (Antarctica) and the Mount John University Observatory at Tekapo.



### **located in a region known for technical innovation**

Key aspects of the University's distinctiveness also derive from its location. Christchurch is one of New Zealand's oldest cities. It is New Zealand's second largest urban area and the South Island's largest. The Canterbury region contains half of the population of the South Island and will be a major growth area for the foreseeable future both in population and economic terms. Christchurch is thus large enough to be a significant player regionally and nationally in business, commerce, politics and the arts and yet not so large that staff and students of the University cannot feature prominently in these. Canterbury is unique in this regard among New Zealand universities. Christchurch is also the hi-tech centre of New Zealand's emerging, knowledge-based society insofar as it is home to a major concentration of electronics, computing, software and precision engineering industries. This is mirrored in the University's particular strengths in engineering, sciences and information technology, including high-performance computing.

### **the future**

The University has a vision of People prepared to make a difference (tangata tika, tangata ora). Its stated mission is to contribute to society through knowledge in chosen areas of endeavour by promoting a world-class learning environment known for attracting people with the greatest potential to make a difference. It seeks to be known as a university where knowledge is created, critiqued, disseminated and protected and where research, teaching and learning take place in ways that are inspirational and innovative. Looking towards 2023, the 150<sup>th</sup> anniversary of its founding, the primary components of the University's strategy are to challenge ourselves through the standards we set and exceed; to concentrate our focus on areas where we can make a difference; and to connect with our domestic and international stakeholders in mutually beneficial ways. Proud of its past, the University looks to the future with a commitment to blend the best of Canterbury tradition with the innovation and creativity necessary for success in a changing world.

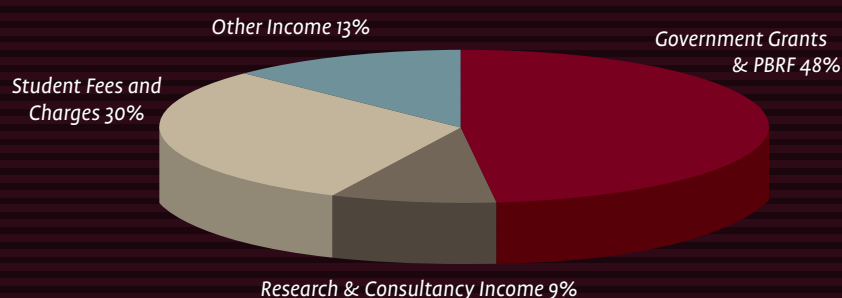


# Financial Overview

## income sources

The University receives its income from a number of sources. The key source of income is from Government funding which accounted for 48% of its funding in 2008. The other key component of income is student fees and charges that contributed 30% of income in 2008. Both these sources of funding have appreciated over the past five years, however, caps on any future increases will limit the University's ability to increase revenue through fees and charges. The University is responding by formulating an international student strategy to attract greater numbers of students from overseas (8% of 2008 revenue). The rest of the University's income comes from a range of sources including research and consultancy income (9%), interest income, donations, grants and earnings from endowments.

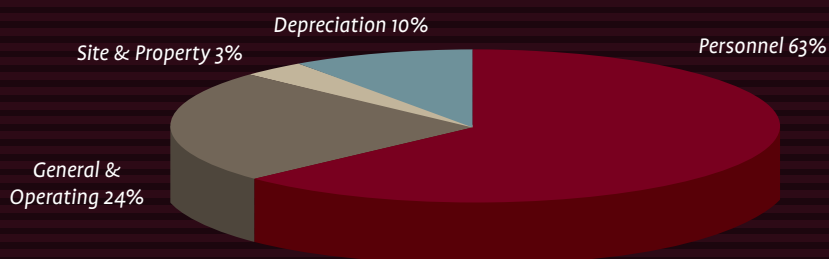
## Sources of Revenue



## expenses

The University's expenses relate chiefly to personnel which accounted for 63% of operating expenditure in 2008. This included both academic staff (teaching and research) as well as general administrative staff. General and operating expenditure accounted for a further 24% of costs. Depreciation, which at \$26m accounted for 10% of operating expenditure, reflected the University's substantial tangible asset base of \$791m (as at 31 December 2008).

## Operating Expenditure



## expenditure control

Given the current cap in Government funding, the University has a number of different ways to control expenditure. Personnel costs are controlled by adjusting contract, temporary and continuing staff numbers relative to revenue. General and operating costs are adjusted by reducing discretionary expenditure.

## cash surplus

The result of the large depreciation charge and the annual surplus generated is a healthy operating cash surplus (\$39m in 2008). This is currently used to fund the capital works programme and investment plan. All capital requirements are put through a rigorous prioritisation and business case process prior to Council approval.

# Statement of Financial Performance

For the period ended 30 June 2009

	<b>UNAUDITED</b>		
	<b>JUN-09</b> 6 Months (\$000 s)	<b>DEC-08</b> 12 Months (\$000 s)	<b>DEC-07</b> 12 Months (\$000 s)
<b>OPERATING INCOME</b>			
Government Grant	52,923	111,405	105,730
Performance-Based Research Funding (PBRF)	12,398	21,979	22,005
Student Tuition Fees Domestic Fee Paying	28,267	51,539	48,338
Student Tuition Fees Full Fee Paying	11,000	22,867	24,949
Student Tuition Fees Other	2,241	3,348	2,714
Other Student Related Fees	2,250	3,375	2,890
Research Income	10,895	22,691	20,310
Interest Income	2,056	7,164	6,299
Other Income	15,363	28,094	24,929
<b>TOTAL OPERATING INCOME</b>	<b>137,393</b>	<b>272,462</b>	<b>258,164</b>
<b>OPERATING EXPENDITURE</b>			
Personnel Expenses	82,326	162,525	153,992
Site & Property Costs	4,020	8,347	7,927
General / Operating Expenditure	28,285	59,749	57,606
Finance Charges	257	696	602
Depreciation and Amortisation	13,969	25,580	24,108
<b>TOTAL OPERATING EXPENDITURE</b>	<b>128,857</b>	<b>256,897</b>	<b>244,235</b>
<b>NET SURPLUS</b>	<b>8,536</b>	<b>15,565</b>	<b>13,929</b>

## Notes to Statement of Financial Performance

### source of information

The amounts appearing in the above statement of financial performance have been taken from the University's audited financial statements for the annual periods to 31 December 2008 and from the University's unaudited financial statements for the six month period to 30 June 2009.

### university's website and the prospectus has full financial information

Full financial statements and commentary are set out in the University's annual report at <http://www.canterbury.ac.nz/piru/annualreport.shtml>. Financial information is also presented in full in the Prospectus in accordance with the requirements of the Securities Act.

# Summary of Financial Statements

University of Canterbury

	6 months to 30 Jun 2009 (000s)	Year ended 31 Dec 2008 (000s)	Year ended 31 Dec 2007 (000s)	Year ended 31 Dec 2006 (000s)	Year ended 31 Dec 2006 (000s)	Year ended 31 Dec 2005 (000s)	Year ended 31 Dec 2004 (000s)
	<b>UNAUDITED</b> (NZ IFRS)	(NZ IFRS)	(NZ IFRS)	(NZ IFRS)	(Previous GAAP)	(Previous GAAP)	(Previous GAAP)
Total Operating Revenue	137,393	272,462	258,164	207,011	207,011	197,163	183,294
Total Interest Expense	257	696	602	734	734	935	934
Net surplus/deficit before tax and extraordinary items	8,536	15,565	13,929	8,102	8,172	9,209	6,086
Taxation	-	-	-	-	-	-	-
Surplus before extraordinary items	8,536	15,565	13,929	8,102	8,568	9,209	6,086
Extraordinary items (net of taxation)	-	-	-	-	-	-	-
Net surplus or deficit after extraordinary items	8,536	15,565	13,929	8,102	8,568	9,209	6,086
Surplus or deficit retained in the group	8,536	15,565	13,929	8,102	8,568	9,209	6,086
Total assets	833,649	796,571	765,295	609,278	613,742	593,521	447,136
Total tangible assets	828,440	791,718	760,810	604,683	613,742	593,521	447,136
Total liabilities	124,810	97,968	93,753	87,538	96,194	85,101	79,237
Total equity	708,839	698,603	671,542	521,740	517,548	508,420	367,899

## Notes to Summary of Financial Statements

### source of information

The amounts appearing in the above summary have been taken from the University's audited financial statements for the annual periods to 31 December 2008 and from the University's unaudited financial statements for the six month period to 30 June 2009.

### all statements comply with generally accepted accounting practice in New Zealand

For the years since and including 2006, the financial statements have been prepared in accordance with Section 154 of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand, and Section 220 of the Education Act 1989. For the prior years the financial statements were prepared in accordance with Section 41 of the Public Finance Act 1989 and Section 203 of the Education Act 1989.

### statements compliant with ifrs since 2007

The University considers it has taken appropriate steps to transition to New Zealand equivalents to International Financial Reporting Standards. The first set of fully compliant financial statements was prepared as at 31 December 2007. Prior financial statements were compliant with previous NZ GAAP.

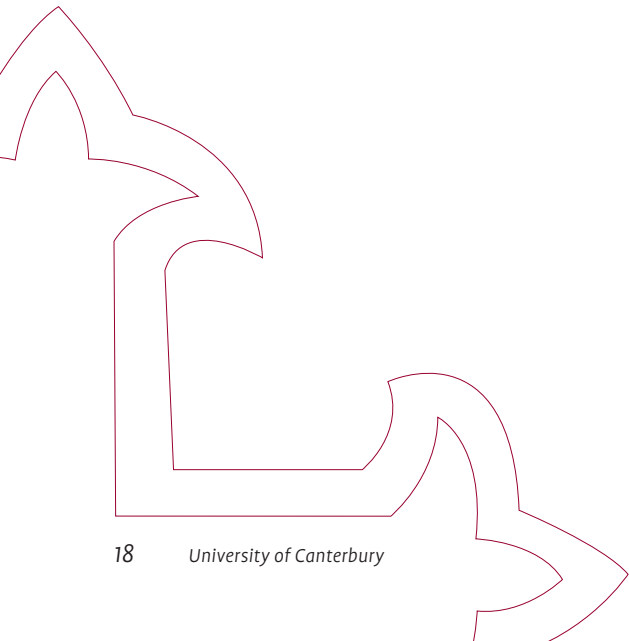
### explanation for increases in total equity

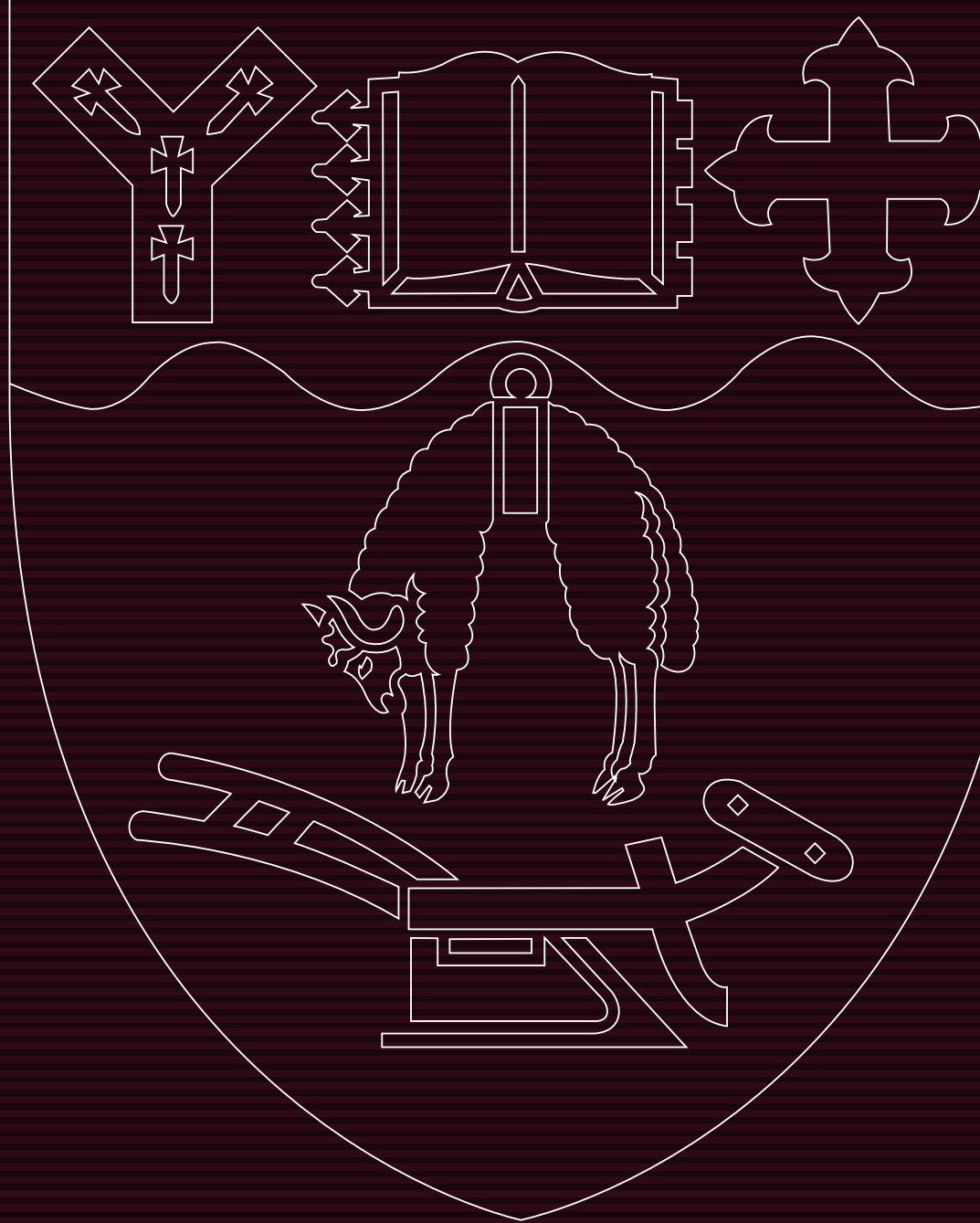
Between 2004 and 2005 and between 2006 and 2007, there were significant increases in total equity. These changes related to both the revaluation of land in both cases and, in 2007, the merger of the Christchurch College of Education.

# Philanthropic Options

## The University of Canterbury Foundation

<b>the foundation is a registered charitable trust</b>	The University of Canterbury Foundation is a New Zealand registered charitable trust (registration number 1164384).
<b>foundation is a promoter</b>	The Foundation is a Promoter of the Bond Issue as that term is defined in the Securities Act 1978.
<b>foundation provides opportunities to donate to the university</b>	The objects of the Foundation include: <ul style="list-style-type: none"><li>• To establish a fund for the advancement of education at the University and through the University to advance and promote education, research and learning in their widest sense for the public benefit, both generally and in relation to particular subjects; and</li><li>• To raise funds and to receive grants and donations from any source, whether in New Zealand or overseas, to further the objects of the Trust.</li></ul>
<b>mission statement</b>	The Foundation has developed a mission statement to guide its activities: <i>To support the University in its quest for excellence and international reputation in education and research by creating mutual benefit partnerships and opportunities for giving.</i>
<b>independent operation to grow capital base</b>	The Foundation was incorporated in 2001 and operates with a view to raising capital for the benefit of the University, free from day-to-day operational demands which are funded primarily by student fees and Government grants. The Foundation is managed by an Executive Officer and a Board of Trustees which includes the Chancellor and Vice-Chancellor of the University of Canterbury.
<b>foundation seeks to capture enthusiasm and goodwill from alumni and supporters</b>	The Foundation also aspires to act as a touchstone for connection between Alumni and the University. The success of the University both in reputation and in the quality of its resources is dependent on the enthusiasm and goodwill of Alumni and supporters of the University with business connections and community interests.
<b>foundation is not a guarantor of the bonds</b>	The Foundation is not part of the Borrowing Group and is not an issuer of the Bonds. Neither the Foundation nor its trustees guarantee the repayment of the Bonds.





**“To support the University in its quest for excellence and international reputation in education and research by creating mutual benefit partnerships and opportunities for giving.”**

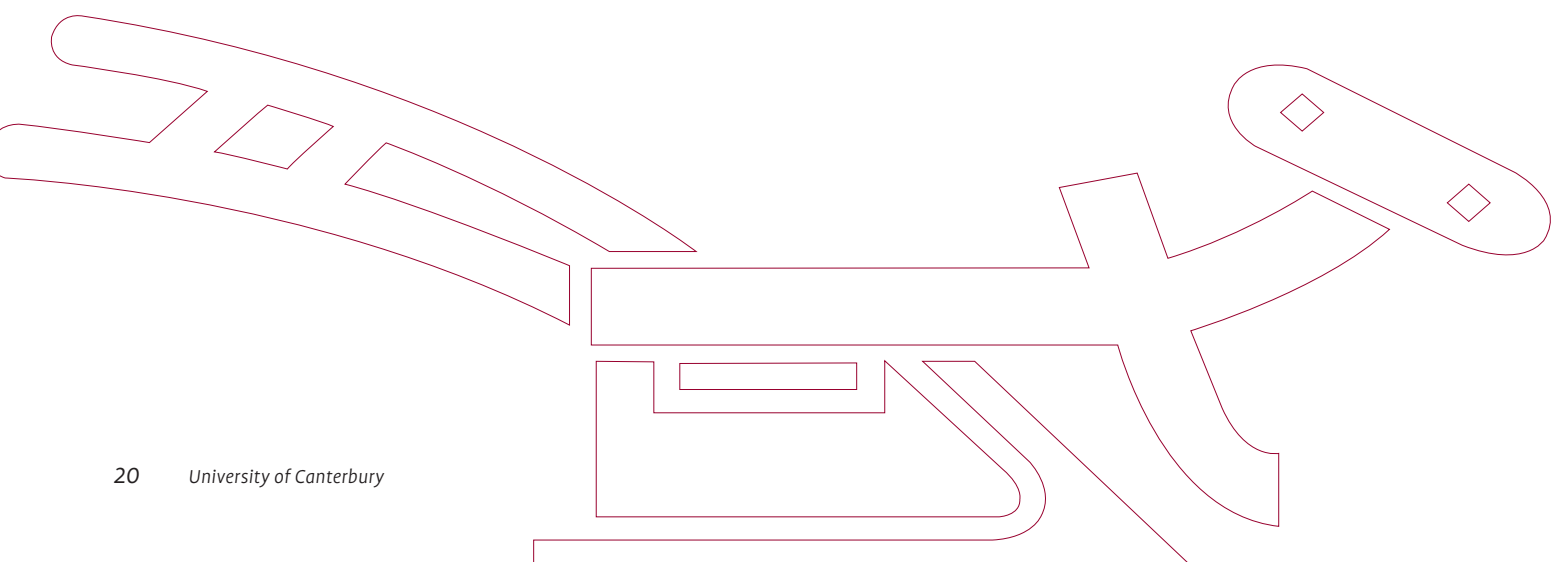
**UC Foundation  
Mission Statement**

## Philanthropic Bond Trust

<b>philanthropic initiative</b>	The Bond issue facilitates a philanthropic initiative to benefit the Foundation and the University. Bondholders will, during the term of the Bond issue, be invited to donate the right to repayment of Bond Principal or to adjust the rate of Bond Interest to zero. The manner in which this will be achieved is described below under the section entitled <i>What Philanthropic Options are Available?</i> .
<b>establishment of philanthropic bond trust</b>	The University wishes to direct Bond Principal Donations through the Foundation. It has entered into a Memorandum of Understanding with the Foundation for the establishment by the Foundation of a special purpose sub-trust known as the Philanthropic Bond Trust . The Philanthropic Bond Trust has been established with separate trustees in accordance with powers under the trust deed which constitutes the Foundation. Although it is a separately identified trust fund, the Philanthropic Bond Trust is and remains part of the Foundation.
<b>philanthropic bond trust to receive donations facilitated by the bond issue</b>	The Philanthropic Bond Trust will be the recipient of Bond Principal Donations. The establishment of the Philanthropic Bond Trust ensures that the benefits resulting from Bond Principal Donations can be separately identified (from the other funds of the Foundation) and used for certain special purposes stated in the Memorandum of Understanding. These special purposes are the advancing and promoting of the University's capital works programme including the funding, construction, acquisition, holding and provision of buildings, equipment, libraries, research tools and similar facilities.
<b>material contract</b>	The Memorandum of Understanding is a material contract and is a document lodged with the Registrar of Companies.

## What Philanthropic Options are Available

<b>bond principal donation</b>	A Bond Principal Donation is an irrevocable election by a Bondholder in respect of a Bond, to donate the Bond Principal due on the Maturity Date to the Philanthropic Bond Trust.
<b>bond interest adjustment</b>	A Bond Interest Adjustment is a revocable election by a Bondholder to reduce the rate of interest payable by the University on a Bond to zero for one or more Interest Periods.
<b>university has sole right to apply and expend funds raised by the bond issue</b>	While a Bond remains outstanding and unredeemed (and notwithstanding the exercise by a Bondholder of a Philanthropic Option), the University has the sole right to determine how funds raised by the Bond issue are to be applied and expended and the University will not be obliged at any time to seek the consent or approval of the Philanthropic Bond Trust to any such application or expenditure.



## Bond Principal Donation

<b>benefit of bond principal donation</b>	If a Bondholder makes a Bond Principal Donation, the Philanthropic Bond Trust will be entitled to repayment of the Bond Principal instead of the donating Bondholder.
<b>donation doesn't affect entitlement to interest</b>	A Bond Principal Donation will not affect the right of the donating Bondholder to receive Bond Interest on the full Face Value of the original Bond until its original Maturity Date.
<b>change of bond terms</b>	The terms of a Bond will be varied automatically and contemporaneously on the making of a Bond Principal Donation as follows:
<b>bond principal will be repayable on demand or may be repaid early</b>	<ul style="list-style-type: none"> <li>the Maturity Date for repayment of the Principal Amount of the Bond may be brought forward to an earlier date at the option of either the Foundation or the University. Such earlier date shall be a date specified upon demand by either the Foundation or the University to the other by notice in writing. Only the first demand notice made under this clause for early repayment of a Bond shall be effective.</li> </ul>
<b>repayment may be effected in cash or kind</b>	<ul style="list-style-type: none"> <li>the Principal Amount of the Bond may be repaid by the University on the Maturity Date in cash or kind (being assets of equivalent market value), provided any necessary statutory consents are obtained to the disposal of assets offered in kind.</li> </ul>
<b>bondholder still entitled to interest even if bond principal is repaid early</b>	<ul style="list-style-type: none"> <li>the Interest payable on the Bond shall continue to be payable to the Bondholder up until but excluding the original Maturity Date of the Bond whether or not the Principal Amount thereof has been repaid before such Maturity Date.</li> </ul>
<b>repayment proceeds to be used for university's capital works and achievement of special purposes</b>	If the Principal Amount on a Donated Bond is repaid to the Philanthropic Bond Trust, then from that time the proceeds must be used by the Philanthropic Bond Trust for advancing and promoting the University's capital works programme including the funding, construction, acquisition, holding and provision of buildings, equipment, libraries, research tools and similar facilities. These special purposes are provided for in the Memorandum of Understanding and may be achieved by the making and giving of loans, guarantees, payments and grants to or in support of the University. The Philanthropic Bond Trust also has the right to extend the term of a Donated Bond or to write off and forgive repayment of the Bond Principal in favour of the University.
<b>if special purposes impracticable</b>	The Memorandum of Understanding provides that if the special purposes cannot be met or if it becomes apparent that the special purposes have become no longer necessary, practical, or possible to perform and subject to the agreement of both the University and the Foundation, the Philanthropic Bond Trust may also be applied for other of the general charitable purposes of the Foundation.
<b>to make a bond principal donation</b>	To make a Bond Principal Donation a Bondholder must give notice to the Bond Registrar by selecting one of the available options on the Application form or on a form provided by the University or the Foundation for the purpose.
<b>effective from</b>	A Bond Principal Donation will be effective immediately on receipt of notice by the Bond Registrar.
<b>donation is irrevocable</b>	Bond Principal Donations are irrevocable from the time they are made.
<b>donation of bond on death</b>	Bondholders may also contract with the University to bequeath (in their Will) their Bond(s) to the Foundation in the event of their death. Exercising such an option provided on the Application Form or on a form provided by the University or the Foundation for the purpose will form a contract made for valuable consideration between the Bondholder and the University (enforceable by the Foundation) whereby the Bondholder agrees to bequeath their Bonds to the Foundation in the Bondholder's Will. Such contract option may be revoked by the Bondholder giving the University notice of revocation at any time prior to the death of the Bondholder.

## Bond Interest Adjustment

<b>university gets benefit of bond interest adjustment</b>	If a Bondholder makes a Bond Interest Adjustment, the University will benefit directly by paying a zero rate of interest on the Bond during the term of the adjustment.
<b>to make a bond interest adjustment</b>	To make a Bond Interest Adjustment a Bondholder must give notice to the Bond Registrar by selecting one of the available options on the Application form or on a form provided by the University for the purpose.
<b>effective from beginning of current interest period</b>	A Bond Interest Adjustment notice which is received by the Bond Registrar on or before a particular Record Date will be effective from the first day of the Interest Period in which that Record Date falls.
<b>bond interest adjustment continues indefinitely until revoked by notice or sale</b>	A Bond Interest Adjustment will continue indefinitely until revoked by notice given by the Bondholder or automatically if the Bond Registrar receives a transfer instrument or is otherwise requested to transfer the relevant Bond to a different Bondholder. On the revocation of a Bond Interest Adjustment, the University will resume payment of Bond Interest on the relevant Bond.
<b>effective date of revocation</b>	The revocation of a Bond Interest Adjustment (whether by notice or sale) on or before a particular Record Date will be effective from the first day of the Interest Period in which that Record Date falls.
<b>adjustment is irrevocable after record date</b>	A Bond Interest Adjustment for a particular Interest Period is irrevocable after the passing of the Record Date for that Interest period.
<b>adjustment does not affect entitlement to bond principal</b>	The making of a Bond Interest Adjustment does not affect the right of the Bondholder entitled to repayment of the Bond Principal. Philanthropic Options with respect to interest and principal are separate and independent of one another.

## General Terms Applying to Philanthropic Options

<b>minimum parcels and multiples</b>	Bond Principal Donations and Bond Interest Adjustments must be made in minimum parcels of 1,000 Bonds and thereafter in multiples of 1,000.
<b>donations and adjustments must affect whole bonds</b>	A Bondholder cannot donate principal or adjust the interest on part of a Bond. A donation or adjustment must be made in respect of a whole Bond in the multiples mentioned in the previous paragraph.
<b>bond registrar to record philanthropic options</b>	The Bond Registrar will always identify particular Bonds as being the subject of a Philanthropic Option and the type of election made.
<b>voting rights</b>	Voting rights carried by the Bonds after a Philanthropic Option has been exercised remain unchanged (i.e. one vote per Bond exercisable by the Bondholder) except that the Foundation will be able to exercise that vote in the case of a resolution affecting the rights of the Foundation to its detriment. These rights are set out in the Trust Deed and are described on page 23 in the section entitled 'What sort of investment is this? .
<b>donated bonds (principal only) may not be traded on nzdx</b>	Donated Bonds may not be traded on the NZDX. This means that over time as Bondholders make Bond Principal Donations, there will be less Bonds available for trading through the NZDX creating a shrinking pool of liquidity to which investors will have access.
<b>bond principal donations leaving less than minimum marketable parcel</b>	If a Bondholder makes Bond Principal Donations, leaving the Bondholder with less than the marketable parcel of 5,000 Bonds (not being Donated Bonds), those remaining Bonds will not be able to be traded on the NZDX unless further Bonds are acquired which make up the minimum marketable parcel.
<b>tax impact of choosing a philanthropic option</b>	The tax impacts of exercising a Philanthropic Option are discussed on page 38 of this Investment Statement under the heading 'Tax Information .



# Answers to important questions

## What sort of Investment is this?

<b>debt raising</b>	The University of Canterbury intends to issue Bonds to raise up to NZ\$50 million (with the ability to accept oversubscriptions of a further NZ\$50 million).
<b>the bonds</b>	The Bonds offered are unsubordinated, unsecured 10 year fixed rate (with one rate re-set after 5 years) debt obligations of the University.
<b>ranking</b>	<p>The Bonds will rank equally with each other and will also rank equally with all other unsubordinated and unsecured indebtedness of the University, except indebtedness preferred by law.</p> <p>As at the date of the latest statement of financial position contained or referred to in the Prospectus (30 June 2009) and as at the date of the Prospectus (5 October 2009), there were no secured creditors holding a general security interest over all the University's assets and undertaking. However, there were and are creditors holding reservation of title interests in respect of specific assets of the University e.g. certain trade creditors, who may satisfy claims by enforcing repayment against those specific assets.</p>
<b>university may issue further bonds</b>	<p>The University may from time to time, without the consent of existing Bondholders, issue further bonds, notes or other debt instruments which may rank equally with or ahead of the Bonds. However, the Trust Deed contains the following financial covenants given to the Trustee relating to mortgages, charges and ratios:</p> <ul style="list-style-type: none"> <li>• Secured Debt will not exceed 5% of the aggregate of Debt plus Equity;</li> <li>• Debt will not exceed 25% of the aggregate of Debt plus Equity.</li> </ul>
<b>terms in trust deed</b>	The terms and conditions of the Bonds are contained in the Trust Deed.
<b>the trustee</b>	The Trustee is appointed under the Trust Deed to act as trustee for the Bondholders. The Trustee holds the right to enforce the University's obligations under the Bonds on trust for the benefit of Bondholders.
<b>trustee has discretion</b>	Subject to its duties contained in clause 1 of the Fifth Schedule of the Securities Regulations, the Trustee has absolute discretion as to the exercise of its powers in relation to the Bonds.
<b>no guarantees</b>	There are no Guarantors; and in particular none of the Council members, the Foundation, the trustees of the Foundation, the Trustee, the Secretary for Education nor the Joint Lead Managers or their respective directors, officers, employees or agents guarantees the payment of any principal or interest under the Bonds.
<b>interest</b>	The Bonds bear interest at the fixed rate (with one rate re-set after 5 years) as described in the Term Sheet on page 9. Interest is scheduled to be paid six monthly in arrears on each Interest Payment Date (being 15 June and 15 December of each year until and including the Maturity Date). The first Interest Payment Date is 15 June 2010.
<b>first interest payment</b>	The first Bond Interest payment will be calculated on a daily basis for the period from the date the Application moneys for the Bonds are banked to (but excluding) 15 June 2010, and will be paid to the original successful Applicant irrespective of any transfer of the Bonds by that original successful Applicant prior to the first Interest Payment Date. Application moneys received by or on behalf of the University will be banked promptly.
<b>subsequent interest payments</b>	Interest Payments for subsequent Interest Periods will be paid to the Bondholders on the Register as at the Record Date, being 10 Business Days prior to the relevant Interest Payment Date or Maturity Date or if that day is not a Business Day, the Business Day immediately preceding such day.

# Q&A

<b>maturity date</b>	The Principal Amount of the Bonds will be repaid by the University on the Maturity Date (15 December 2019).
<b>redemption</b>	Bondholders have no right to require redemption of the Bonds, except in the case of an Event of Default. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except following an Event of Default or by selling their Bonds in the secondary market (if one develops).
<b>NZDX listing</b>	<p>Application has been made to NZX for permission to list the securities and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Investment Statement, have been duly complied with. However, NZX accepts no responsibility for any statement in this Investment Statement.</p> <p>The Issuer intends that quotation of the Bonds on the NZDX Market will occur within 5 Business Days, after the Closing Date.</p>
<b>university is obliged to provide financial information for review by trustee</b>	The University covenants to supply to the Trustee a range of regular reports, certificates, annual and six-monthly financial statements and other information as to the financial condition of the University and as to compliance with the Trust Deed.
<b>events of default</b>	<p>Upon the occurrence of any of the Events of Default set out in the Trust Deed, the Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders must, declare the Bond Moneys to be immediately due and payable.</p> <p>The Events of Default are listed in the Trust Deed. In summary, the Events of Default include the following:</p> <ul style="list-style-type: none"><li>• the University fails to make payment of any Bond Moneys in the manner specified in the Trust Deed within ten (10) Business Days after the relevant due date for payment.</li><li>• the University fails to make payment of any other amount payable under the Trust Deed in the manner specified in the Trust Deed within thirty (30) Business Days after the relevant due date for payment.</li><li>• an Insolvency Event (as that term is defined in the Trust Deed) occurs with respect to the University.</li><li>• the University fails to perform or comply with any material covenant, condition or agreement binding upon it under the Trust Deed and the failure to comply, if capable of remedy, is not remedied or waived to the Trustee's reasonable satisfaction within thirty (30) Business Days after receipt of written notice from any Bondholder or the Trustee specifying and requiring the University to remedy that default.</li><li>• if the University ceases or threatens to cease to carry on all or substantially all of its business or operations without the prior written consent of the Trustee.</li><li>• any representation or warranty made by the University under the Trust Deed was untrue or incorrect in a material respect when made and this has a material adverse affect on the University and, where such misrepresentation is capable of being remedied, is not remedied within thirty (30) Business Days of the University becoming aware of the misrepresentation.</li></ul>
<b>applicant should review trust deed</b>	Applicants should refer to the Trust Deed for a complete list and a full description of the acts and omissions that constitute an Event of Default.



**NZ3**

New Zealand  
ICT Innovation Institute

# Q&A

<b>bondholders cannot enforce documents directly</b>	Bondholders have no direct enforcement rights and they may not bring proceedings directly against the University for the enforcement of any of their rights or remedies under the Trust Deed, unless the Trustee has failed to enforce such rights or remedies within a reasonable period after having become bound to do so under the provisions of the Trust Deed.
<b>notice of meetings</b>	Bondholders have the right to receive notice of, attend and vote at meetings of Bondholders.
<b>some resolutions require extraordinary resolutions</b>	Bondholders have the power exercisable by Extraordinary Resolution (as provided in the Trust Deed) to agree, approve, authorise, ratify and sanction various acts, matters or things in relation to, or in connection with, the Trust Deed, the Bonds and the exercise or performance by the Trustee of its powers, duties and discretions.
<b>bonds carrying full voting rights</b>	A Bondholder shall have one vote for every Bond registered in his or her name in the Register.
<b>philanthropic bond trust to have protective voting rights</b>	<p>Notwithstanding the previous paragraph, the Philanthropic Bond Trust will be entitled to exercise the vote attaching to a Donated Bond on a resolution to protect its interest in the Bond in circumstances:</p> <ul style="list-style-type: none"><li>• where the Philanthropic Bond Trust's position may be altered by that resolution to the Philanthropic Bond Trust's detriment; or</li><li>• where an Event of Default has occurred; and in either case,</li></ul> <p>where voting on such resolution will assist the Philanthropic Bond Trust to prevent the alteration or to remedy the default.</p>
<b>terms of deed may be altered by extraordinary resolution of bondholders</b>	The terms and conditions of the Trust Deed may be altered with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution at a meeting of Bondholders (whether convened by the University or Bondholders).
<b>trust deed may be amended without bondholder consent for minor changes</b>	In limited circumstances, the terms and conditions of the Trust Deed may be altered with only the approval of the Trustee and the University without the need to seek Bondholder consent. These amendments will be amendments of a formal, minor or technical nature, to correct a manifest error and such like.
<b>trust deed general provisions</b>	The Trust Deed also contains detailed provisions relating to procedures for holding meetings of Bondholders, transfer and registration of Bonds and various other matters.
<b>register is conclusive as to ownership of bonds</b>	Because the Bonds are to be registered bonds, the Trustee and the University are entitled to rely on the Register as the sole and conclusive record of the Bonds held by a Bondholder, notwithstanding any discrepancy between the Register and any certificate issued in respect of any Bond. A certificate will not constitute a document of title and transfers must be effected using a registrable transfer form or by means of the FASTER system operated by NZX. A transfer will not take effect until the transferee is registered as the holder of the Bond.
<b>trustee and university may rely on the register</b>	Neither the Trustee nor the University is liable to the other or to any Bondholder for relying on the Register or for accepting in good faith as valid the details recorded on the Register if they are subsequently found to be forged, irregular or not authentic.
<b>refer to all documents</b>	<p>The above is a simplified and general description of some of the rights of Bondholders. All terms of the offer and the Bonds, except those rights and obligations implied by law, are set out in this Investment Statement, the Prospectus and the Trust Deed (which are available for public inspection at the University's office at The Registry, University Drive, Ilam, Christchurch 8140 during normal business hours). The University is constituted under the University of Canterbury Act 1961 and the Education Act 1989. These statutes may be searched and viewed at <a href="http://www.legislation.govt.nz">http://www.legislation.govt.nz</a>.</p> <p>Where relevant documents are not available on the Companies Office website <a href="http://www.companies.govt.nz">www.companies.govt.nz</a>, copies may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.</p>

## Who is involved in providing it for me?

<b>the issuer</b>	<p>The University of Canterbury is the Issuer of the Bonds offered in this Investment Statement. The Issuer's address is:</p> <p><b>The Registry</b>          University Drive          Ilam          Christchurch 8140</p> <p>The University is a body corporate constituted under the University of Canterbury Act 1961 and the Education Act 1989. The University is governed by the Council.</p> <p>The University was established on 16 June 1873 as Canterbury College (a college of the University of New Zealand) under the Canterbury College Ordinance 1873. Canterbury College became Canterbury University College in 1933 and the University of Canterbury in October 1957. Full autonomy was granted under the University of Canterbury Act 1961.</p>		
<b>council members (directors)</b>	<p>The Council members are:</p> <table border="0"> <tr> <td data-bbox="416 808 791 1066">           Dr Julie Paddy Marie Austin            Dr Roderick Marshall Carr            Anna Louisa de Launey Crighton            His Honour Judge Colin Doherty            Catherine Margaret Drayton            Steve John Jukes            Teariki Maoate            Associate Professor Euan Gordon Mason            Susan Mary Anna McCormack         </td> <td data-bbox="820 808 1158 1066">           Nicholas James McDonnell            Trevor John McIntyre            Sacha Margaret McMeeking            Wendy Lynne Ritchie            Michael Ralph Shurety            Associate Professor James Tully            Professor Steven Donald Weaver            Robert Rex Williams            Dr Lionel John Wood         </td> </tr> </table> <p>The Council members' addresses and qualifications are set out in the Directory on page 42.</p>	Dr Julie Paddy Marie Austin Dr Roderick Marshall Carr Anna Louisa de Launey Crighton His Honour Judge Colin Doherty Catherine Margaret Drayton Steve John Jukes Teariki Maoate Associate Professor Euan Gordon Mason Susan Mary Anna McCormack	Nicholas James McDonnell Trevor John McIntyre Sacha Margaret McMeeking Wendy Lynne Ritchie Michael Ralph Shurety Associate Professor James Tully Professor Steven Donald Weaver Robert Rex Williams Dr Lionel John Wood
Dr Julie Paddy Marie Austin Dr Roderick Marshall Carr Anna Louisa de Launey Crighton His Honour Judge Colin Doherty Catherine Margaret Drayton Steve John Jukes Teariki Maoate Associate Professor Euan Gordon Mason Susan Mary Anna McCormack	Nicholas James McDonnell Trevor John McIntyre Sacha Margaret McMeeking Wendy Lynne Ritchie Michael Ralph Shurety Associate Professor James Tully Professor Steven Donald Weaver Robert Rex Williams Dr Lionel John Wood		
<b>the promoters</b>	<p>The University of Canterbury Foundation is a New Zealand registered charitable trust (registration number 1164384). The Foundation is a Promoter of the Bond Issue as that term is defined in the Securities Act 1978.</p> <p>The Foundation was incorporated in 2001 and operates with a view to raising capital for the benefit of the University, free from day-to-day operational demands which are funded primarily by student fees and Government grants. The Foundation is managed by an Executive Officer and a Board of Trustees which includes the Chancellor and Vice-Chancellor of the University of Canterbury.</p> <p>The Foundation Trustees (who are also promoters) are:</p> <table border="0"> <tr> <td data-bbox="416 1447 791 1648">           Roger Anthony Barker            Dr Roderick Marshall Carr            Stephen John Collins            Murray Roderic Compton            John Allen Dobson            Gillian Heald            Professor Andrew Reed Hornblow         </td> <td data-bbox="820 1447 1158 1615">           Dr Bartholomew Robin Mann            Richard Barry Ramsay            Sir Frederick Miles Warren            Robert Rex Williams            Dr Lionel John Wood            Siong Sah John Wong         </td> </tr> </table> <p>The Foundation Trustees' addresses are set out in the Directory on page 42.</p>	Roger Anthony Barker Dr Roderick Marshall Carr Stephen John Collins Murray Roderic Compton John Allen Dobson Gillian Heald Professor Andrew Reed Hornblow	Dr Bartholomew Robin Mann Richard Barry Ramsay Sir Frederick Miles Warren Robert Rex Williams Dr Lionel John Wood Siong Sah John Wong
Roger Anthony Barker Dr Roderick Marshall Carr Stephen John Collins Murray Roderic Compton John Allen Dobson Gillian Heald Professor Andrew Reed Hornblow	Dr Bartholomew Robin Mann Richard Barry Ramsay Sir Frederick Miles Warren Robert Rex Williams Dr Lionel John Wood Siong Sah John Wong		
<b>the trustee</b>	<p>Trustees Executors Limited is the Trustee of the Bonds. The Trustee's address is set out in the Directory on page 42.</p>		
<b>the bond registrar</b>	<p>Link Market Services Limited is the Bond Registrar. The Bond Registrar's address is set out in the Directory on page 42.</p>		
<b>joint lead managers</b>	<p>First NZ Capital Securities Limited and Murray &amp; Company Limited are the Joint Lead Managers of the Bond issue. The Joint Lead Managers' addresses are set out in the Directory on page 42.</p>		
<b>organising participant</b>	<p>First NZ Capital Securities Limited is the Organising Participant of the Bond issue. The Organising Participant's address is set out in the Directory on page 42.</p>		

# Q&A

## How much do I pay?

<b>issue price</b>	Bonds are to be subscribed for \$1.00 each which must be paid in full on Application.
<b>minimum parcel</b>	Applications must be for a minimum of 5,000 Bonds (\$5,000) and thereafter in multiples of 1,000 Bonds (\$1,000).
<b>applications</b>	Applicants must lodge their Application with the University, any Primary Market Participant, the Organising Participant, approved financial intermediary or any other channel approved by NZX, but must deliver it in time to enable the Application Form to be forwarded to and received by the Bond Registrar no later than 5.00pm on the Closing Date.
<b>application payments</b>	Cheques for Bonds must be made payable to University of Canterbury Bond Offer and be crossed Not Transferable for payment in New Zealand dollars and for immediate value.
<b>acceptance process</b>	The University reserves the right to refuse all or any part of any Application without giving a reason including where an Applicant has not provided account details for payments by direct credit.
<b>reservations</b>	<p>Some of the Bonds being offered may be reserved for clients of NZX Participants. The aggregate Principal Amounts of the Bonds to be so reserved may be up to \$40 million. Those Bonds will be offered throughout the Offer Period, and subject to Alumni reservations any remaining Bonds will offered to Applicants on a first come first served basis.</p> <p>The University intends to reserve the last 25,000,000 Bonds available for issue (out of the 100,000,000 which may be issued) for Alumni or Applicants who have committed to choosing an Philanthropic Option.</p>
<b>rejected applications</b>	Any Application money received in respect of an Application which is not accepted by the University, whether because of late receipt or otherwise, will be returned (without interest) to the Applicant as soon as reasonably practicable after the University decides not to accept the Application and, in any event, within 25 Business Days of the receipt of the Application.
<b>part acceptances</b>	If the University accepts an Application in part, the balance of the Application money (without interest) will be refunded as soon as reasonably practicable and, in any event, within 10 Business Days of the receipt of the Application.
<b>dishonoured payments</b>	Where an Applicant's payment for Bonds is dishonoured, the University may cancel any Bonds issued to that Applicant, and may pursue the defaulting Applicant for damages suffered by the University.
<b>no withdrawals</b>	Applications cannot be withdrawn or revoked.
<b>no cooling-off period</b>	There is no cooling-off period during which an Applicant can change his or her investment in the Bonds.

## What are the charges?

Applicants pay no fees or charges to invest in the Bonds. The University will pay brokerage on new Applications of up to 1% to NZX Participants for Applications carrying that NZX Participant's stamp.

## What returns will I get?

### return subject to risks

The information set out in this section should be read in conjunction with the information set out under the heading 'What are my risks?' on page 30. Certain events could reduce or eliminate the returns intended to be derived from holding the Bonds.

It is not possible to quantify as at the date of this Information Statement the exact amount of returns Bondholders will receive, and therefore no such amount can be promised by the University.

<b>fixed rate for 5 years with one interest rate re-set</b>	The University will pay Interest on each Bond at the fixed interest rate of 7.25 percent per annum fixed for 5 years. The rate will be re-set on 15 December 2014 to a 1.75 percent per annum margin over the then prevailing 5 year swap rate.
<b>withholding tax deducted</b>	Interest on will be paid on the Bonds in cash less any applicable withholding tax.
<b>first interest payment</b>	The first Interest payment in respect of the Bonds will be calculated on a daily basis for the period from the date the Application moneys for Bonds are banked to (but excluding) the first Interest Payment Date (15 June 2010). The first Interest payment will be paid to the first Bondholder, irrespective of any transfer of Bonds by that first Bondholder prior to the first Interest Payment Date.
<b>subsequent interest payments</b>	Subsequent Interest payments will be calculated on a half yearly basis and paid on 15 December and 15 June each year (or, if that day is not a Business Day, the next Business Day). The last Interest payment will be paid on the Maturity Date.
<b>maturity date</b>	The Principal Amount of the Bonds will be repaid by the University on the Maturity Date (15 December 2019).
<b>redemption</b>	Bondholders have no right to require redemption of the Bonds prior to the Maturity Date, except through the Trustee in the case of an Event of Default (a summary is set out on page 24) and in the case where a Bond Principal Donation has been made (refer below). This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except following an Event of Default or by selling their Bonds in the secondary market.
<b>no market secondary market</b>	There is currently no established market for the sale of Bonds at the time of the issue of this Investment Statement.
<b>if a bond principal donation is made</b>	If a Bond Principal Donation is made to the Philanthropic Bond Trust, the donating Bondholder will not be entitled to the repayment of Bond Principal thereafter. A Bond Principal Donation is irrevocable.
<b>principal amount on donated bond is repayable on demand</b>	The terms of a Donated Bond enable its Maturity Date for the repayment of the Principal Amount to be brought forward at the option of the Philanthropic Bond Trust or the University, to a date specified by either of them upon demand. This means that the Philanthropic Bond Trust would receive payment of the Principal Amount on a Donated Bond earlier than the original Maturity Date. This will not affect the Bondholder right to Interest under the Bond through until the original Maturity Date.
<b>if a bond interest adjustment is made</b>	If a Bond Interest Adjustment to zero is made in favour of the University, the adjusting Bondholder will receive a zero rate of Bond Interest thereafter. A Bond Interest Adjustment may be reversed by the Bondholder giving notice to the University and thereafter Interest will resume on the Bond.
<b>key factors that determine returns</b>	The key factors that determine the returns on a Bondholder s investment are: <ul style="list-style-type: none"> <li>• the Interest Rate;</li> <li>• the University s financial condition and credit rating (if any);</li> <li>• any applicable taxes (see page 38);</li> <li>• fluctuations in the price of the Bonds if sold on the secondary market, as described below;</li> <li>• a Bondholder s decision to choose a Philanthropic Option;</li> <li>• the other risk factors described under the heading 'What are my risks?' on page 30.</li> </ul>
<b>transfer of bonds</b>	If Bondholders transfer any Bonds, the price obtained for them may differ from the amount paid to purchase them. This is because changes in market interest rates can affect the market value of the Bonds (see 'What are my risks?' on page 30).
<b>minimum transfer parcels</b>	Bonds may only be transferred in multiples of 1,000 and no transfer may be made if it results in the transferor or the transferee holding less than 5,000 Bonds (unless the lesser amount is zero). You should contact your broker or financial adviser if you wish to sell or transfer Bonds.  The University will not compensate Bondholders for any loss incurred if Bondholders choose to sell their Bonds.

# Q&A

<b>applicant shouldn't sell bonds before allotment</b>	Applicants should not attempt to sell Bonds until they know whether, and how many, Bonds have been allotted to them.
<b>taxation</b>	<p>Taxes may affect the return to Bondholders. Interest on Bonds paid to Bondholders who are resident in New Zealand for New Zealand tax purposes will be subject to New Zealand income tax but a Bondholder's liability in respect of such taxes may be reduced or satisfied to the extent resident withholding tax has been deducted.</p> <p>In addition, gains on the sale of Bonds are likely to be taxable to investors.</p>
<b>necessary for investors to take own tax advice</b>	Taxation information is set out for investors on page 38 of this Investment Statement. Applicants should obtain their own tax and legal advice regarding all aspects of the Bonds and the Offer.
<b>persons liable</b>	The University is the person legally liable to pay Bond Interest and Bond Principal on the Bonds. If a Bondholder sells a Bond, the purchaser of those Bonds will be legally liable to pay the purchase price for those Bonds.

## What are my risks?

There are a number of factors, specific to the University and of a general nature, which may affect the future operating and financial performance of the University, the ability of the University to make interest payments on the Bonds and to redeem the Bonds and the market value of the Bonds.

Applicants should note that the risk factors set out below may not be exhaustive, and they should consider these risk factors in conjunction with other information disclosed in this Investment Statement. Each of the risks set out below could, if they eventuate, adversely affect the University's revenues, net surplus or financial results and, as a result, the ability of the University to meet its obligations under the Bonds. Changes in variables affecting risk factors may offset each other to some extent or may be cumulative.

Applicants should carefully consider the factors in this section in order to appreciate the risks associated with an investment in the Bonds. Applicants should carefully consider these factors in light of their personal circumstances and seek professional advice from their NZX Firm adviser, accountant, lawyer or other professional adviser before deciding whether to invest.

## Risks Specific to the Bonds or Offer

The principal risks for Bondholders are that:

- they may be unable to recover from the Issuer all or any of the Principal Amount of the Bonds; or
- they may not receive timely, or any, interest payments on the Bonds.

<b>insolvency</b>	These circumstances could arise if the University becomes insolvent for any reason or is placed into any form of insolvency or forced administration under the Education Act or is otherwise not able to meet its obligations as they fall due.
<b>bonds are unsecured ranking equally with other unsecured creditors subject to preferential and secured creditors</b>	<p>Because the Bonds are unsubordinated, unsecured, debt obligations, Bondholders rights to repayment of Bond Moneys will rank after the claims of:</p> <ul style="list-style-type: none"><li>• persons to whom preferential payments must be made (including creditors of the University preferred by law); and</li><li>• secured creditors (if any).</li></ul> <p>Claims of the Bondholders will thereafter rank equally with each other and with the claims of all other unsecured, unsubordinated creditors of the University.</p> <p>Bondholders will not, in any circumstances, be liable to pay money to any person as a result of the insolvency of the University.</p>



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**currently no prior creditors, but university may issue prior secured debt and other securities**

As at the date of the latest statement of financial position contained or referred to in the Prospectus (30 June 2009) and as at the date of the Prospectus (5 October 2009), there were no secured creditors holding a general security interest over all the University's assets and undertaking. However, there were and are creditors holding reservation of title interests in respect of specific assets of the University e.g. certain trade creditors, who may satisfy claims by enforcing repayment against those specific assets. The University may from time to time, without the consent of existing Bondholders (but subject to minimum financial ratios), issue further bonds, notes or other debt instruments or borrow money on the giving of securities which may rank equally with or ahead of the Bonds.

The factors that may contribute to an insolvency of the University are set out under the heading 'Risks related to the industry and the business of the University' on page 33.

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**transfer risk**

If a Bondholder transfers his or her Bonds before they are redeemed (as described under the heading 'How do I cash in my investment?' on page 36), the price at which they are able to sell their Bonds may be less than the price paid for them. This is because changes in market interest rates and other factors can affect the market value of the Bonds. For example, if market interest rates go up, the market value of the Bonds may go down, and vice versa.

The price at which Bondholders are able to sell their Bonds may also be affected by a deterioration, whether real or perceived, in the creditworthiness of the University, a lack of persons wishing to buy Bonds, or the lack of an established market or demand for the Bonds.

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**market, liquidity and yield considerations**

Application has been made to list the Bonds on the NZDX; however, although the University is of the view that a secondary trading market for the Bonds will develop over time, there can be no assurance of the liquidity of such a market. Consequently, Bondholders may not be able to sell their Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

Depending on market conditions and other factors, Bondholders seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those that may be available to other Bondholders. Any secondary market for the Bonds will also be affected by a number of other factors independent of the creditworthiness of the University. These factors may include the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds, the amount of such Bonds being sold in the secondary market from time to time, the number of Bonds which have been the subject of Bond Principal Donations, any legal restrictions limiting demand for the Bonds, the availability of comparable securities and the level, direction and volatility of market interest rates generally. Such factors will also affect the market value of the Bonds.

In particular, an Applicant should be aware that whilst any transfer of the Bonds will occur with no philanthropic options exercised (i.e. only Bonds on which no Bond Principal Donation has been made can be transferred and the Bond Interest Adjustment is automatically reversed on sale), the incorporation of Philanthropic Options is a new concept in New Zealand which could impact demand in the secondary market.

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**global market issues**

In addition, since the second half of 2007, global financial markets have experienced difficult and unique conditions, the full effects of which are unknown. These challenging market conditions and associated increased volatility could impact the market conditions in which a Bondholder may wish to transfer his or her investment and therefore impact the market value of the Bonds. It is also possible new risks might emerge as a result of markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable.

No Applicant should purchase Bonds unless the Applicant understands and is able to bear the risk that the Bonds may not be readily saleable, that the value of Bonds will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to the Applicant. This is particularly the case for Applicants whose circumstances may not permit them to hold the Bonds until maturity.



<b>interest rate reset risk</b>	<p>The Bonds' interest rate will be reset after five years at a specified margin over the then prevailing 5 year swap rate. Depending on market conditions at the time and the interest rate yield curve, it may be that the maturity of the 5 year swap rate is less attractive than interest rates set at different maturities. In addition, there is a risk that the specified margin has become less attractive versus other new issuance given changes in the liquidity or risk premium of comparative issuers.</p>
<b>no limitation on issuing debt</b>	<p>Under the Trust Deed, the University has the power to create and issue additional debt obligations ranking equally with, or which are secured to rank ahead of, the Bonds without the consent of the Bondholders. Such further debt obligations may be issued on such terms as the University thinks fit.</p> <p>However, the Trust Deed contains the following financial covenants given to the Trustee relating to mortgages, charges and ratios:</p> <ul style="list-style-type: none"> <li>• Secured Debt will not exceed 5% of the aggregate of Debt plus Equity;</li> <li>• Debt will not exceed 25% of the aggregate of Debt plus Equity.</li> </ul>
<b>limited rights of bondholders to enforce directly</b>	<p>Bondholders are not able to enforce their rights under the Trust Deed directly against the University unless the Trustee fails to do so having become bound to enforce those rights in accordance with the Trust Deed. The terms of the Trust Deed are summarised in more detail in the Prospectus and a copy of the Trust Deed is available on request. Applicants are referred to the section titled 'What other information can I obtain about this investment?' on page 37.</p>
<b>no credit rating</b>	<p>The Bonds have no credit rating. This may affect the price and the marketability of the Bonds on the secondary market.</p>
<b>taxation considerations</b>	<p>Taxation information is set out for Applicants on page 38 of this Investment Statement. The information contained in that section is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular Applicant.</p> <p>Applicants should seek independent advice in relation to their personal circumstances.</p> <p>Bondholders should be aware that future changes in New Zealand taxation law including changes in interpretation or application of the law by the courts or taxation authorities in New Zealand, may affect the taxation treatment of an investment in Bonds or in the holding and disposal of Bonds.</p>
<b>Risks related to the industry and the business of the Issuer</b>	
<b>competition</b>	<p>The higher education sector in which the University operates is highly competitive and is expected to remain so. Any increase in competition could result in loss of market share and/or reduced operating margins. Any of these occurrences could adversely affect the operating and financial performance of the University. Although the University has a sound track record competing effectively in the sector in which it operates, there can be no assurance that any or all of its colleges, schools and faculties will continue to perform in the future.</p>
<b>dependence on New Zealand economy</b>	<p>The University's results may be influenced by the level and cyclical nature of business activity in New Zealand. New Zealand business activity is impacted by both domestic and international economic and political events. A weakening in the New Zealand economy may have an adverse effect on the Issuer's operations and future results.</p>
<b>dependence on the global economy</b>	<p>The operating and financial performance of the University may be significantly affected by changes in economic conditions both globally and in the particular countries from which it draws students. In particular, the impact of the current difficult and unique conditions of the world financial markets may impact the University. This may manifest itself through decreased volumes of international students as more students choose to study at home where domestic fees may be cheaper than international full fees in New Zealand or by a reduction in the Government's ability to fund the tertiary sector.</p>

# Q&A

<b>political factors and regulatory risk</b>	The University, as a Crown funded entity, is potentially susceptible to legislative and regulatory changes, particularly to reflect the government policy of the day (including in relation to tertiary education funding). These changes have the potential to impact on the University's operations, and therefore the Bondholders' investment. It is not possible to predict what form (if any) such future changes might take.
<b>oversight by Tertiary Education Commission</b>	With respect to tertiary education funding, the University is subject to the prudential oversight of the Tertiary Education Commission, including financial performance and the on-going monitoring of the management and risk strategies of the University. If the University does not achieve the financial, management and operating criteria stipulated by the Tertiary Education Commission then intervention becomes a possibility under the provisions of the Education Act 1989. Such intervention may affect the University's operations and impact the Bondholder's investment.
<b>health and safety and other laws</b>	<p>Health and safety and environmental laws and regulations affect the University's operations. Changes to these laws and regulations may have a material detrimental effect on the University's performance. Regulatory developments that may impact the University include, but are not limited to, changes in environmental laws, modifications to labour laws and amendments to the standard of proof required in civil liability laws. Failure to comply with applicable laws and regulations may result in penalties against the University and loss of income or reputation.</p> <p>The New Zealand Government has proposed new law requiring the reduction of greenhouse gas emissions to 10 percent to 20 percent below 1990 levels, by 2020. Full details of the scheme are yet to be finalised and, accordingly, the impact of the changing environmental climate on the University's financial performance and position is uncertain. Any costs for emitting greenhouse gas emissions imposed on the University by the scheme may or may not be recoverable.</p>
<b>competitive environment</b>	The University operates in a competitive environment. There can be no assurance that the current competitive environment will not change, whether through the action of competitors, by regulatory intervention or otherwise and as a result have a material adverse effect on performance.
<b>funding from the government</b>	The University receives a large portion of its revenue from Government funding. The Government's current policy has placed a cap on the number of students that it will fund, and it has also defined a maximum fee level for domestic students. Should the Government continue its capped funding policy over the next ten years, or should it reduce the amount of funding available to tertiary institutions, including the University, this would have an impact on the University's revenues and net surplus.
<b>international student strategy</b>	The University is embarking on a new international student strategy where it is targeting a significant increase in the number of full fee paying students. It plans to achieve this by targeting recruitment in overseas countries and by the improvement of current facilities to make the University increasingly attractive. <i>Times Higher Education</i> currently ranks the University at 186 out of the top 200 universities in the world. Should the University lose its top 200 ranking this may impact on enrolments from overseas students. Overall, should the University not achieve its full target of international students, this will impact revenue and the net surplus may decrease.
<b>performance-based research fund</b>	The University is subject to the Tertiary Education Commission's Performance-Based Research Funding (PBRF) process. The primary goal of the PBRF is to ensure excellent research in the tertiary education system is encouraged and rewarded. This entails assessing the research performance of tertiary education organisations and then funding them on the basis of their performance. This PBRF ranking is a significant factor that academics consider when deciding upon a university at which to work. Should the University's ranking fall (the University's next scheduled ranking is in 2012), this and other factors would impact its ability to attract talented staff and students. A reduction in the PBRF ranking could also impact Government funding.

<b>proposed restructuring</b>	The University is reviewing its service functions that provide support to its teaching and research staff. Referred to as Project STAR (Supporting Teaching and Research), the review was launched in August 2009. Any proposals will involve consultation with staff, union representatives and other stakeholders. The impacts of any restructuring are unknown and may impact the University's financial performance.
<b>competition to attract new staff</b>	The University relies on its ability to attract talented and motivated staff to both teach and research. This requirement may also increase due to the aging profile of its staff base (particularly academic staff) or increased staff attrition rates. Increased staff turnover may also result in the loss of institutional knowledge. The ability to attract and retain high quality new staff in turn attracts students, both domestic and international, who contribute fees which are a key component of the University's income. Should the University be unable to attract high quality staff, this may reduce the attractiveness of the University to students and may impact on revenue and net surplus.
<b>capital works programme costs</b>	The University has significant experience in the management and implementation of capital works and in facilities management. However, there is a risk that costs could increase due to unforeseen changes in the price of key products and services. In addition, there may be unforeseen delays in the implementation and building of new works that may have a knock-on impact on the operations of the Issuer and its financial performance.
<b>operational costs and risks</b>	Any increase in the University's operational costs (in particular unforeseen operational cost increases) may have a material adverse effect on net surplus. For example, if fuel, energy or labour costs were to increase, expenditure would rise and net surplus may decrease. While the University has established risk management practices to identify, monitor, control and manage risk at the operational level, the financial stability of the University will continue to be subject to a range of operational risks. These risks include, but are not limited to, loss or damage to operating assets and equipment, equipment failures or breakdowns, human error, accidents, weather, natural disasters, terrorism, cost overruns, delays, litigation or damage by third parties.
<b>information technology</b>	The University is reliant on the efficient and uninterrupted operation of its information technology systems and those of third parties. Any failure of these systems could adversely affect the University's financial performance and operations. In addition, as the University seeks to maintain and increase its position as a world-class university, this will require that the University maintains and improves its information technology systems in order that it can successfully compete with other tertiary institutions both within New Zealand and overseas.
<b>exchange rate risks</b>	In the ordinary course of business the University enters into transactions denominated in foreign currency, including expenditure relating to learning materials and equipment, and therefore is exposed to exchange rate risk. The University takes out foreign exchange cover for foreign currency transactions in accordance with its treasury policy. Further, if the New Zealand dollar appreciates versus other foreign currencies, it will make it more expensive for international students to pay for their fees if their funding is sourced overseas. This may have a negative impact on demand from international students and therefore on full fee revenue and overall net surplus.

### **Can the investment be altered?**

<b>terms of this offer</b>	The terms of this Offer and the terms and conditions on which investors may apply for Bonds may be altered by an amendment to the Trust Deed.
<b>early repayment of the bonds</b>	<p>Upon the occurrence of an Event of Default under the Trust Deed, the Trustee may at its discretion, and must immediately upon being directed to do so by an Extraordinary Resolution of Bondholders, declare the Bond Moneys to be immediately due and payable.</p> <p>The returns the Bondholders will receive if the Bonds are repaid prior to their Maturity Date will be different from the returns they will receive if the Bonds are repaid on their Maturity Date. If the Bonds are repaid prior to their Maturity Date, interest on each Bond that has accrued will be paid to the relevant Bondholder.</p>

# Q&A

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## **alteration of trust documents**

The terms and conditions of the Trust Deed may be altered with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution at a meeting of Bondholders (whether convened by the University or Bondholders) and, in limited circumstances, with the approval of the Trustee and the University as more particularly described below.

In addition, the Trustee and the University may, without the consent of Bondholders, agree to alter the Trust Deed in the limited circumstances specified in the Trust Deed. These circumstances include:

- amendments of a minor, administrative, formal or technical nature;
- amendments that are to correct a manifest error;
- amendments necessary or appropriate to enable the Bonds to be offered for subscription or sale under the laws for the time being in force in any place;
- amendments necessary for the purposes of obtaining or maintaining a quotation of Bonds on any stock exchange in New Zealand or elsewhere; or
- amendments necessary or expedient to comply with any law.

The above circumstances are also subject to the general requirement that the University and the Trustee must each be of the opinion that the amendment will not be materially prejudicial to the interests of Bondholders generally.

Any amendment to the Trust Deed will be binding on all Bondholders and will only be effective if it is in writing and signed by the University and the Trustee.

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## **How do I cash in my investment?**

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### **maturity date**

The Principal Amount of the Bonds will be repaid by the University on the Maturity Date (15 December 2019).

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### **redemption by bondholders**

Bondholders have no right to require redemption of the Bonds, except in the case of an Event of Default. This means that Bondholders have no ability to cash in their investment, except following an Event of Default or by selling their Bonds in the secondary market (if one develops).

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### **early redemption for philanthropic**

If a Bond Principal Donation is made, the Philanthropic Bond Trust (but no other Bondholder) and the University have the right to redeem the Bond Principal upon demand at any time after the date of donation.

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### **transfer of bonds**

Bondholders are entitled to sell or transfer their Bonds at any time subject to the terms of the Trust Deed and applicable securities laws and regulations.

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### **method of transfer**

Bonds may be transferred using a transfer instrument in any commonly used form or by means of the FASTER system operated by NZX.

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### **contact primary market participant**

Transactions in respect of any listed Bonds on the NZDX Market can be made by contacting a Primary Market Participant and supplying the appropriate FASTER identification number, along with the Bondholder number for the Bonds in the case of a sale of Bonds.

---

### **no part sales and no sales if transferor or transferee would hold less than marketable parcel**

A Bondholder may not transfer part of its interest in a Bond. No transfer of Bonds or any part of a Bondholder's interest in a Bond will be registered if the transfer is for less than the minimum transferable parcel of 1,000 Bonds or would result in the transferor or the transferee holding less than 5,000 Bonds (unless the lesser amount is zero) after the transaction has been completed.

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### **secondary market**

It is expected that there will be a secondary market for the Bonds. However, the University gives no assurances as to the existence or characteristics of such secondary market.

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### **brokerage may apply**

Brokerage at applicable rates is likely to be payable by a Bondholder on any transfer of the Bondholder's Bonds effected through an NZX Primary Market Participant.

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## Who do I contact with enquiries about my investment?

### The Bond Registrar at:

Link Market Services Limited  
Level 16, Brookfields House  
19 Victoria Street West  
PO Box 91976  
Auckland 1142

### The University (as Issuer) at:

The Registry  
University Drive  
Ilam  
Private Bag 4800  
Christchurch 8140

### The Trustee at:

Trustees Executors Limited  
Level 12, 45 Queen Street  
PO Box 4197  
Shortland Street  
Auckland 1140

## Is there anyone to whom I can complain if I have problems with the investment?

Complaints about the Bonds can be made to:

### The Trustee at:

Trustees Executors Limited  
Level 12, 45 Queen Street  
PO Box 4197  
Shortland Street  
Auckland 1140

### The Bond Registrar at:

Link Market Services Limited  
Level 16, Brookfields House,  
19 Victoria Street West  
PO Box 91976  
Auckland, 1142

There is no ombudsman to whom complaints about the Bonds can be made.

## What other information can I obtain about this investment?

### financial statements, trust deed and annual reports

Additional information about the University or the Bonds, or both, is contained or referred to in the Prospectus, the University's financial statements, the Trust Deed and the University's annual reports.

Applicants can find other important information about the Bonds and the Offer in the registered Prospectus and in the Trust Deed. The registered Prospectus may be viewed at [www.bonds.canterbury.ac.nz](http://www.bonds.canterbury.ac.nz) or copies obtained free of charge from:

### The University (as Issuer) at:

University of Canterbury  
The Registry  
University Drive  
Ilam  
Private Bag 4800  
Christchurch 8140

or

### The Bond Registrar at:

Link Market Services Limited  
Level 16, Brookfields House  
19 Victoria Street West  
PO Box 91976  
Auckland 1142

In addition, the University of Canterbury (the Issuer) publishes an annual report each year containing its independently audited financial statements and other performance and management information.

The latest annual report and other information about the University is available from the University's website at <http://www.canterbury.ac.nz/piru/annualreport.shtml>.

# Tax Information

## **New Zealand Taxation of Bonds Generally**

<b>bondholders subject to resident withholding tax</b>	Resident withholding tax will be deducted at the applicable rate from Bond Interest paid to New Zealand resident Bondholders or to non-resident Bondholders who are engaged in business through a fixed establishment in New Zealand. Resident withholding tax will not be deducted if a resident Bondholder holds a valid resident withholding tax exemption certificate and has provided a copy to the Bond Registrar.
<b>bond interest is income to resident bondholders</b>	Bond Interest paid to New Zealand resident Bondholders or to non-resident Bondholders who are engaged in business through a fixed establishment in New Zealand, will be income that is taxable in New Zealand at the Bondholders relevant tax rate, and may be required to be spread under the financial arrangements rules.
<b>non-resident bondholders subject to approved issuer levy</b>	Approved issuer levy will be deducted from Bond Interest paid to non-resident Bondholders who are not engaged in business through a fixed establishment in New Zealand, unless the Bondholder requests that non-resident withholding tax be deducted at the applicable rate instead.
<b>no obligation to gross up</b>	Neither the Issuer nor any other person is obliged to gross-up or otherwise pay any additional amounts to Bondholders as a consequence of the deduction of any withholding tax or approved issuer levy.
<b>issuer accepts no responsibility for tax advice</b>	The above statements are based on applicable taxation legislation current at the date of the Prospectus. None of the University, the Trustee nor the Joint Lead Managers accept responsibility for taxation advice. Applicants must obtain their own independent taxation advice in relation to the Bonds.



## **New Zealand Tax Status of Donations and Adjustments**

<b>persons and companies receive tax credits and deductions</b>	New Zealand tax legislation allows a person (who is not a company, trust, estate, non-resident, unincorporated body or a public or Māori authority) to obtain a tax credit equal to one third of any charitable or other public benefit gifts. A company is allowed a tax deduction for the amount of a charitable or other public benefit gift.
<b>foundation and university are charities</b>	The Foundation and the University are qualifying charities and donations to them by persons or companies will be a public benefit gift qualifying for the requisite tax credit or deduction.
<b>effect of making a bond principal donation</b>	Making a Bond Principal Donation to the Philanthropic Bond Trust will result in a tax credit or deduction for the value of the donation to the person or company making the donation. The amount of the tax credit or deduction may not be equal to the face value of the bond due to time differences to maturity. The Bondholder may also be entitled to further deductions under the financial arrangement rules which will result in the Bondholder obtaining a tax credit or deduction for the balance of the face value of the Bond over the lifetime of the Bond.
<b>effect of bond interest adjustment</b>	The taxation of Bond Interest is discussed above. Agreeing to an adjustment of Bond Interest to zero, means the Bondholder will not derive and not be taxed on any Bond Interest.
<b>limits to claims</b>	The amount of public benefit gifts which a person can claim a tax credit or deduction for is limited to an amount equal to the taxable income of the person in the tax year that the gift is made. It is also important to note that some income, in particular income from Portfolio Investment Entities (PIE investments), is excluded income and cannot be included in calculating the person's taxable income.
<b>on trusts and estates</b>	Trusts and estates are not allowed a deduction or tax credit for donations made to charities. This means they will not be able to get the same benefits as companies or individuals from a donation made to the Foundation. A trust or estate may make a Bond Interest Adjustment with the tax effect described above, namely that they will not derive and not be taxed on any Bond Interest.
<b>donors must take their own taxation advice</b>	The above statements are based on applicable taxation legislation current at the date of the Prospectus. None of the University, the Trustee nor the Joint Lead Managers accept responsibility for taxation advice. Applicants must obtain their own independent taxation advice in relation to the Bonds.

# NZX Waivers

## NZX Waivers

<b>waivers from certain listing rules</b>	The University has applied to NZX for waivers from Listing Rules 5.1.2(b), 5.1.2(j), 5.2.2, 6.3.2, 10.4.1(b), 10.5.1, 10.5.2 and 11.1.1 in connection with the Offer. If granted, and there is no guarantee or obligation on the part of NZX to issue such waivers, notice of the granting of such waivers will be announced on the NZX website <a href="http://www.nzx.com/markets/announcements">http://www.nzx.com/markets/announcements</a> .
<b>listing rule 5.1.2(b)</b>	Listing Rule 5.1.2(b) requires the Issuer to provide NZX with a copy of its constitution when making application for a listing. A waiver has been applied for to NZX to allow the University to provide details of its legislative basis rather than a copy of a constitution.
<b>listing rule 5.1.2(j)</b>	Listing Rule 5.1.2(j) requires the directors of an issuer to provide NZX with an acknowledgement that they will use their best endeavours to ensure compliance by the Issuer with the Listing Rules. A waiver has been applied for to NZX to allow the Chancellor and the Vice-Chancellor, or the Vice-Chancellor and the chief financial officer of the University, to provide the required acknowledgement rather than all of the Council members of the Issuer.
<b>listing rule 5.2.3</b>	Listing Rule 5.2.3 requires a class of quoted securities to have at least 25% of the securities on issue to be held by at least 500 members of the public or NZX to be otherwise satisfied that the Issuer will maintain a spread of security holders that is sufficient to ensure that there is a sufficiently liquid market in the class of securities. A waiver of this Rule has been applied for to NZX for a period of 6 months commencing from the listing date of the Bonds on the condition that the lack of liquidity that may result as a consequence of this waiver is fully disclosed in this Investment Statement.
<b>listing rule 6.3.2</b>	Listing Rule 6.3.2 deems notices sent to a Bondholder (who is overseas and who has no address for service in New Zealand) to have been received 24 hours after posting. A waiver has been applied for to NZX to increase the period of deemed receipt to 4 business days after the time of posting.
<b>listing rules 10.4.1(b) and 10.5.2</b>	Listing Rules 10.4.1(b) and 10.5.2 require an issuer to prepare half-yearly reports and to provide a preliminary announcement in relation to those reports. A waiver has been applied for to NZX to exempt the University from those requirements.
<b>listing rule 10.5.1</b>	Listing Rule 10.5.1 requires an Issuer to release its annual report within three months of the Issuer's financial year end. A waiver has been applied for to NZX to enable this to be deferred until after the University's annual report has been laid before Parliament in accordance with the requirements of the Education Act.
<b>listing rule 11.1.1</b>	Listing Rule 11.1.1 prohibits an Issuer from imposing any restriction on the right of a Bondholder to transfer a Bond or any restriction upon registration of a properly completed transfer of a Bond. A waiver has been applied for to NZX to provide for the issue of minimum parcels of 5,000 Bonds with multiples of 1,000 thereafter; and to decline to accept or register a transfer of Bonds if such transfer is for less than 1,000 Bonds or would result in the transferor or the transferee holding less than the minimum required parcel of 5,000 Bonds.



# Directory

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**issuer****University of Canterbury**

The Registry  
University Drive  
Ilam  
Private Bag 4800  
Christchurch 8140

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**council members  
(directors)****Dr Julie Paddy Marie Austin** *MA, PhD*

97 Fendalton Road  
Fendalton  
Christchurch 8014

**Dr Roderick Marshall Carr**

*BCom(Hons and LLB(Hons)(Otago),  
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University of Pennsylvania)*

**Vice-Chancellor**

58 Puriri Street  
Christchurch 8041

**Anna Louisa de Launey Crighton**

*QSO, JP, BA, MA(Hons)*

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Christchurch 8011

**His Honour Judge Colin Doherty**

*BA(Hons), LLB*

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Ilam  
Christchurch 8053

**Catherine Margaret Drayton**

*BCom, LLB, CA*

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Christchurch 8146

**Steve John Jukes**

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Ilam  
Christchurch 8041

**Teariki Maoate** *MB ChB(Otago) FRACS*

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**Gordon Mason** *BSc(For), PhD*

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Christchurch 8041

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Christchurch 8052

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Ilam  
Christchurch 8052

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Christchurch 8053

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*LLM(Hons)*

C/o Te Runanga o Ngai Tahu  
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Christchurch 8141

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**Michael Ralph Shurety**

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Christchurch 8061

**Associate Professor James Tully**

*BA, MA(Hons), GradDipJ*

10/21 Carlton Mill Road  
Merivale  
Christchurch 8005

**Professor Steven Donald Weaver**

*BSc(Hons)(Birm), PhD(Lond), DSc(Birm), FNZIC,  
FGS, FRSNZ*

10 Eversleigh Street  
St Albans  
Christchurch 8014

**Robert Rex Williams** *BE(Hons)*

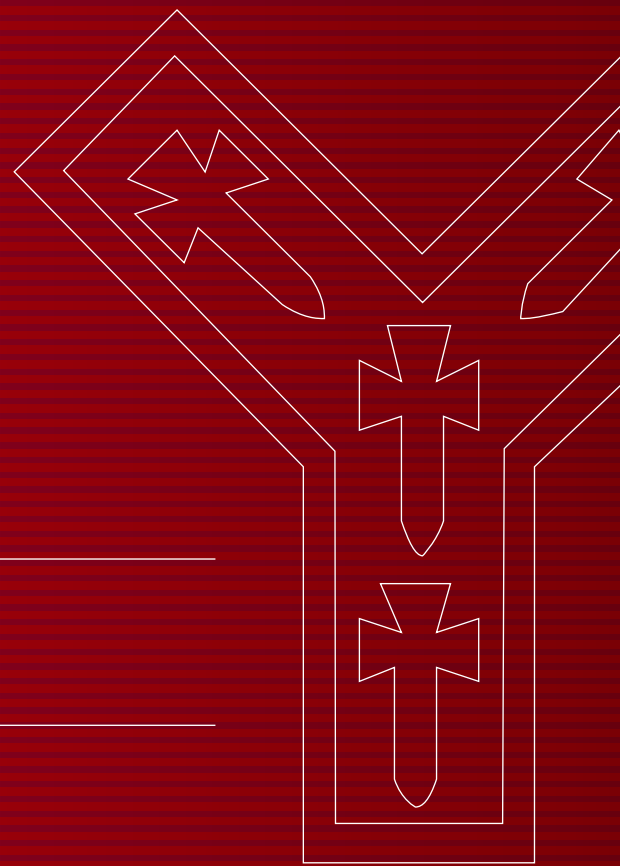
*Chancellor*

19 Ranfurly St  
St Albans  
Christchurch 8014

**Dr Lionel John Wood** *Amb(Rtd), QSO,*

*MA(Oxon), LLD(honoris causa)*

215 Bay Paddock Road  
RD1 Hapuku  
Kaikoura 7371



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**secretary**

**Jeff Field** JP, MA, GradDipJ, DipTColl(ChCh COE),  
DipTchg(DeptEd), APR, MFINZ  
51 Aotea Terrace  
Huntsbury  
Christchurch 8022

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**auditors**

**Audit New Zealand on behalf of the Auditor General**  
Level 2, Charles Luney House  
250 Oxford Terrace  
PO Box 2  
Christchurch 8140

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**bond registrar**

**Link Market Services Limited**  
Level 16, Brookfields House  
19 Victoria Street West  
PO Box 91976  
Auckland 1142

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**bankers****Bank of New Zealand**

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**joint lead managers****First NZ Capital Securities Limited**

10<sup>th</sup> Floor  
Fujitsu Tower  
282-292 Lambton Quay  
PO Box 3394  
Wellington 6140  
Tel 0800 162 222

39<sup>th</sup> Floor  
ANZ Centre  
23-29 Albert Street  
PO Box 5333  
Auckland 1141

164 Hardy Street  
PO Box 114  
Nelson 7040

52 Te Mata Road  
PO Box 28-153  
Havelock North 4157

**Murray & Company Limited**

5<sup>th</sup> Floor, Murray & Company House  
133 Victoria Street  
PO Box 25359  
Christchurch 8013  
Tel 03 377 8838

---

**solicitors****Duncan Cotterill**

Level 9, Clarendon Tower  
Corner Worcester Street & Oxford Terrace  
PO Box 5  
Christchurch 8140

1<sup>st</sup> Floor  
CPO Building  
12 Queen Street  
PO Box 5326  
Auckland 1141

<b>trustee</b>	<b>Trustees Executors Limited</b> Level 5 PWC Centre 119 Armagh Street PO Box 566 Christchurch 8140
<b>trustees solicitors</b>	<b>Chapman Tripp</b> 119 Armagh Street PO Box 2510 Christchurch 8140
<b>promoter</b>	<b>The University of Canterbury Foundation</b> The Registry University Drive Ilam Private Bag 4800 Christchurch 8140

**promoters (continued)  
foundation trustees**

**Roger Anthony Barker**  
38 Glandovey Rd  
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**Dr Roderick Marshall Carr**  
58 Puriri Street  
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**Stephen John Collins**  
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**Murray Roderic Compton**  
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**John Allen Dobson**  
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Christchurch 8014

**Gillian Heald**  
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Fendalton  
Christchurch 8041

**Professor Andrew Reed Hornblow**  
32 Puriri Street  
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**Dr Bartholomew Robin Mann**  
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Huntsbury  
Christchurch 8022

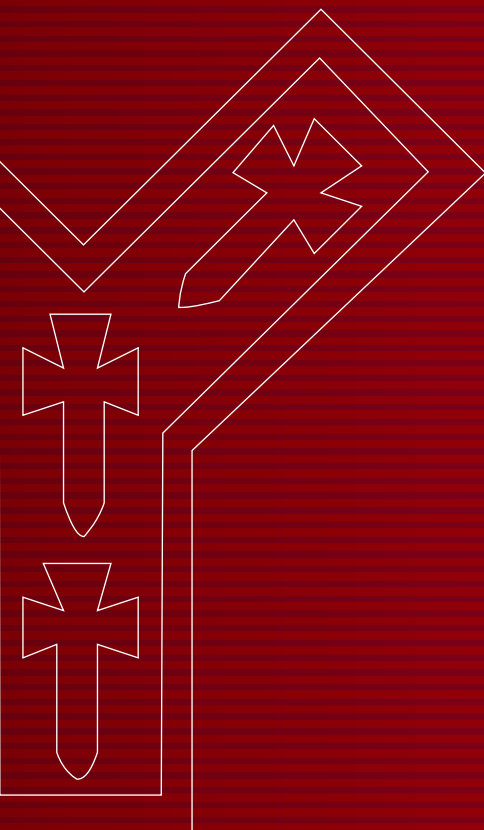
**Richard Barry Ramsay**  
95 River Road  
Richmond  
Christchurch 8013

**Sir Frederick Miles Warren**  
Ohinetahi  
Governors Bay  
RD1 Lyttelton 8033

**Robert Rex Williams**  
19 Ranfurly Street  
St Albans  
Christchurch 8014

**Siong Sah John Wong**  
39 Berkshire Drive  
Avonhead  
Christchurch 8042

**Dr Lionel John Wood**  
215 Bay Paddock Road  
RD1 Kaikoura 7371



# Glossary

## Capitalised words and expressions appearing in this Investment Statement are defined in this Glossary.

<b>Acceptance</b>	means the acceptance by the University of an Application for the issue of Bonds.
<b>Alumni</b>	means people who have studied at the University or the former Christchurch College of Education.
<b>Applicant</b>	means a person who completes an Application for the allotment of Bonds.
<b>Application</b>	means the application form attached to this Investment Statement.
<b>Auditor</b>	means Audit New Zealand <i>Mana Arotake Aotearoa</i> on behalf of the Auditor-General.
<b>Bond</b>	means a Philanthropic Bond.
<b>Bond Face Value</b>	means in relation to a Bond, the Bond Principal.
<b>Bond Interest</b>	means in relation to a Bond, the amount (other than Bond Principal) which is payable from time to time on that Bond.
<b>Bond Interest Adjustment</b>	means in relation to a Bond, the adjustment of the Interest Rate on a Bond or Bonds to zero, in favour of the University.
<b>Bond Moneys</b>	means all amounts due and payable from time to time by the University in respect of the Bonds (including the Bond Principal and the Bond Interest due and payable under the terms of The Trust Deed) and includes any liabilities of the University to the Trustee for its costs, fees and expenses.
<b>Bond Principal</b>	means in relation to a Bond, the amount (other than interest) payable on redemption or repayment of that Bond, being the amount recorded as such in the Register in respect of that Bond.
<b>Bond Principal Donation</b>	means in relation to a Bond, an irrevocable donation of the right to be repaid the Bond Principal, by the Bondholder to the Foundation.
<b>Bond Registrar</b>	means Link Market Services Limited or any successor securities registrar and paying agent.
<b>Bondholder</b>	means a person whose name is recorded in the Register as the holder of a Bond.
<b>Borrowing Group</b>	means the University of Canterbury a university and body corporate constituted under the University of Canterbury Act 1961 and the Education Act 1989.
<b>Business Day</b>	means any day (other than a Saturday or a Sunday) on which banks are generally open for business in Christchurch or in the context of the NZX Listing Rules, means a day on which the NZDX Market is open for trading.
<b>Closing Date</b>	means 30 November 2009 (or such other date determined by the Issuer).
<b>Companies Act</b>	means the Companies Act 1993.
<b>Council</b>	means the members of the University of Canterbury Council who have signed this Investment Statement or on whose behalf this Investment Statement has been signed.

<b>Debt</b>	means at any date, the aggregate outstanding amount of money borrowed or debt incurred which would be disclosed in financial statements of the University prepared as at that date and including the Bond Moneys, the deferred purchase price of assets and services (except for assets and services obtained in the ordinary course of business on normal trade terms) and the value of assets subject to a lease, conditional sale, hire purchase or other similar arrangement constituting a finance lease for the purposes of GAAP (Generally Accepted Accounting Principles).
<b>Dollars, NZ\$ and \$</b>	means the lawful currency of New Zealand.
<b>Donated Bond</b>	means a Bond which has been the subject of a Bond Principal Donation.
<b>Equity</b>	means, at any date, the aggregate amount of equity which would be disclosed in Financial Statements of the University prepared as at that date.
<b>Event of Default</b>	has the meaning given to that term in the Trust Deed, as summarised on page 24 of this Investment Statement.
<b>Extraordinary Resolution</b>	means a resolution passed at a meeting of Bondholders (or a class of Bondholders, if applicable) at which, on a show of hands, at least 75% of such Bondholders (or that class of Bondholders) voting at the meeting, vote in favour of the resolution and, if a poll is demanded, at least 75% of the votes cast on the poll are in favour of the resolution.
<b>Foundation</b>	means the University of Canterbury Foundation.
<b>Guaranteeing Subsidiary</b>	has the meaning given to that term in the Securities Regulations 1983.
<b>Interest Amount and Interest</b>	means Bond Interest.
<b>Interest Commencement Date</b>	means in relation to a Bond, the date from which Interest will commence.
<b>Interest Payment Date</b>	means in relation to a Bond, each date for payment of Bond Interest on that Bond as specified in the Trust Deed.
<b>Interest Period</b>	means in relation to a Bond, the Bond Interest period(s) as specified in the Trust Deed.
<b>Interest Rate</b>	means in relation to a Bond, the rate of interest per annum payable on the Bond Face Value as specified in the Trust Deed.
<b>Investment Statement</b>	means this investment statement, distributed in relation to the Bonds.
<b>Issue Date</b>	means in relation to a Bond, the date on which it is issued in terms of the Trust Deed and allotted in terms of the Securities Act, by the Issuer.
<b>Issue Price</b>	means in relation to a Bond, the amount payable to the University in respect of that Bond as specified in the Trust Deed.
<b>Issuer</b>	means the University of Canterbury.
<b>Joint Lead Managers</b>	means First NZ Capital Securities Limited and Murray & Company Limited.
<b>Maturity Date</b>	means in relation to a Bond, the maturity date specified in the Trust Deed.
<b>Memorandum of Understanding</b>	means the Memorandum of Understanding In Relation to Issue of Bonds and Supplemental Deed to Foundation Trust Deed dated 5 October 2009 and made between the University and the Foundation.
<b>NZDX Market</b>	means the New Zealand debt market operated by NZX.
<b>NZX</b>	means NZX Limited.
<b>NZX Firms</b>	has the meaning ascribed to that term in the NZX Participant Rules.
<b>NZX Listing Rules</b>	means the Listing Rules of NZX and Listing Rule means a rule contained in the Listing Rules of NZX.
<b>NZX Participant Rules</b>	means the Participant Rules of NZX.
<b>Offer</b>	means the offer of Bonds by the Issuer which is the subject of this Investment Statement.
<b>Offer Period</b>	means the period falling between the Opening Date and the Closing Date.



<b>Opening Date</b>	means 8 October 2009.
<b>Ordinary Resolution</b>	means a resolution passed at a meeting of Bondholders (or a class of Bondholders, if applicable) at which, on a show of hands, at least 50% of such Bondholders (or that class of Bondholders) voting at the meeting, vote in favour of the resolution and, if a poll is demanded, at least 50% of the votes cast on the poll are in favour of the resolution.
<b>Organising Participant</b>	means First NZ Capital Securities Limited.
<b>Philanthropic Bond</b>	means a debt instrument which is the subject of this Investment Statement, issued on the terms described in the Trust Deed and allotted by the Issuer in compliance with the Securities Act.
<b>Philanthropic Bond Trust</b>	means the sub-trust established by the Foundation to receive Bond Principal Donations for the special purposes described in the Memorandum of Understanding.
<b>Philanthropic Option</b>	means an option available to a Bondholder to make a Bond Principal Donation or a Bond Interest Adjustment.
<b>Primary Market Participant</b>	means any company, firm, organisation or corporation designated as such from time to time by NZX pursuant to rule 3.18 of the NZX Participant Rules.
<b>Principal Amount and Principal</b>	mean Bond Principal.
<b>Prospectus</b>	means the Prospectus relating to the Offer and delivered to the Registrar of Companies at Auckland for registration under section 42 of the Securities Act 1978.
<b>Record Date</b>	means in relation to an Interest payment due on a Bond, ten (10) Business Days before the relevant Interest Payment Date or Maturity Date or if that date is not a Business Day, the Business Day immediately preceding such day or such other time fixed by the University for the determination of the Bondholders entitled to an Interest payment due on the Bonds.
<b>Register</b>	means the register of Bonds maintained by the Bond Registrar in accordance with the Trust Deed and the Registry Services Agreement.
<b>Registry Services Agreement</b>	means the Registry Services Agreement dated 1 October 2009 made between the Issuer and the Bond Registrar.
<b>Secured Debt</b>	means at a date, that part of the Debt, payment of which is secured by (or otherwise has the benefit of) a Security Interest.
<b>Securities Act</b>	means the Securities Act 1978 (and where appropriate includes the Securities Regulations).
<b>Securities Regulations</b>	means the Securities Regulations 1983.
<b>Security Interest</b>	means an interest in assets created or provided for by a transaction that in substance secures payment or performance of an obligation and includes a fixed charge, floating charge, chattel mortgage, conditional sale agreement (including an agreement to sell subject to retention of title), hire purchase agreement, pledge, security trust deed, trust receipt, consignment, lease, an assignment, or a flawed asset arrangement, that secures payment or performance of an obligation, and includes any agreement to grant any of the above.
<b>Specified Date</b>	means the date the Prospectus was delivered in registrable form to the Registrar of Companies for registration under section 42 of the Securities Act.
<b>Trust Deed</b>	means the trust deed dated 5 October 2009 entered into by the Issuer and the Trustee pursuant to which the Bonds may be issued.
<b>Trustee</b>	means Trustees Executors Limited.
<b>University</b>	means the University of Canterbury.
<b>University of Canterbury</b>	means the University of Canterbury a university and body corporate constituted under the University of Canterbury Act 1961 and the Education Act 1989.
<b>University of Canterbury Foundation</b>	means the University of Canterbury Foundation a New Zealand registered charitable trust (registration number 1164384).



## A history of UC looking back

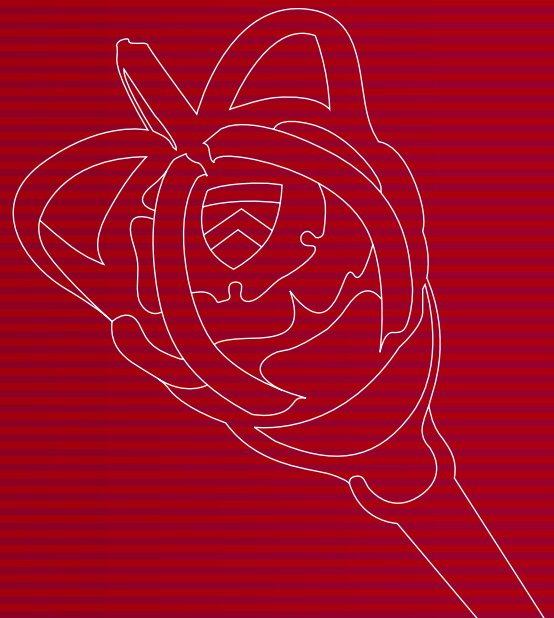
- 1873** June 16: Canterbury College (University of New Zealand) foundation day.  
Alexander Bickerton appointed first professor (in chemistry).
- 1874** Teaching begins, with five part-time lecturers until founding professors arrive from England.  
John Macmillan Brown appointed first professor of classics, history and English literature; Charles Cook first professor of mathematics and natural philosophy.
- 1875** First annual examinations.
- 1876** Julius Von Haast appointed professor of geology and palaeontology.
- 1877** LLB course introduced.
- 1878** James Hay and Frederick Fitchett become first graduates.
- 1879** The College Library established.
- 1880** Helen Connon becomes first Canterbury College woman to graduate and goes on to become first female honours graduate in the British Empire.
- 1882** School of Art opened.
- 1886** BSc and MSc courses first introduced.
- 1888** First courses in engineering offered, making Canterbury one of the oldest engineering departments in the world.
- 1894** Apirana Ngata becomes first Māori scholar to complete a University degree.
- 1906** Bachelor of Commerce degree is introduced, one of the first business degrees in the Commonwealth.
- 1908** Canterbury alumnus Ernest Rutherford awarded Nobel Prize (for chemistry).
- 1914** Henry Stokes Richards becomes Canterbury's first Rhodes Scholar.
- 1924** Music faculty established.
- 1929** Students' Union opened.
- 1937** Arrival of philosopher Karl Popper, who lectured at Canterbury until 1945.
- 1941** First internal examinations, papers having previously been sent to Britain.
- 1957** Canterbury University College becomes the University of Canterbury.  
The move to Ilam begins, with the School of Fine Arts transferring to Okeover.
- 1966** Canterbury alumna Ngaio Marsh becomes a dame.
- 1973** The University's centennial, at which it is announced that buildings at the old town site will be given to the Arts Centre Trust Board for use as a centre for arts and education.
- 1974** Opening of the James Hight Library, New Zealand's largest university building at the time.
- 1979** Jean Herbison is appointed Chancellor, becoming the first woman chancellor of a New Zealand university.
- 1991** Women graduates outnumber men for the first time in the University's 118 years.  
Two famous alumni faces appear on the new New Zealand bank notes; Sir Apirana Ngata on the \$50 note and Ernest Rutherford on the \$100 note.
- 1992** Seven-year-old Michael Tan becomes youngest New Zealander to attend university.
- 1994** Alumni Association officially launched.  
Canterbury's oldest known student Roland Denton signs on as a member, aged 100.
- 2004** New structure introduced – four colleges (Arts; Business and Economics; Engineering; and Science) and a School of Law.
- 2007** On 1 January the Christchurch College of Education merges with the University of Canterbury becoming the fifth college.
- 2009** The University of Canterbury launches New Zealand's first listed philanthropic bond.

## Research Centres: A focus on the future

**The University of Canterbury is home to 21 interdisciplinary research centres devoted to a host of specialised topics. They are:**

- Biomathematics Research Centre
- Centre for Atmospheric Research (UCAR)
- Centre for Bioengineering
- Centre for Integrated Research in Biosafety (INBI)
- Centre of Excellence in Aquaculture and Marine Ecology (CEAME)
- Electric Power Engineering Centre (EPECentre)
- Gateway Antarctica
- Geospatial Research Centre
- Health Sciences Centre
- Human Interface Technology Laboratory New Zealand (HITLabNZ)
- Macmillan Brown Centre for Pacific Studies
- National Centre for Research on Europe (NCRE)
- Natural Hazards Research Centre (NHRC)
- New Zealand Australia Research Centre (NZARC)
- New Zealand Centre for Human-Animal Studies (NZCHAS)
- New Zealand South Asia Centre (NZSAC)
- Product Innovation Centre (PIC)
- Social Science Research Centre (SSRC)
- Te Awatea Violence Research Centre
- Te Puna Puoru National Centre for Research in Music Education and Sound Arts (MERC)
- Wood Technology Research Centre

[www.research.canterbury.ac.nz/rescentres.shtml](http://www.research.canterbury.ac.nz/rescentres.shtml)



**We have a vision of  
People prepared to make a difference  
– tangata tū, tangata ora.**

Our mission is to  
contribute to society through knowledge  
in chosen areas of endeavour  
by promoting a world-class learning environment  
known for attracting people  
with the greatest potential to make a difference.

We seek to be known as a University where  
knowledge is created, critiqued, disseminated and protected and  
where research, teaching and learning take place  
in ways that are  
inspirational and innovative.

Looking towards 2023,  
the 150<sup>th</sup> anniversary of our founding,  
the primary components of our strategy are to  
Challenge, Concentrate and Connect.

**University of Canterbury Statement of Strategic Intent**

**[www.bonds.canterbury.ac.nz](http://www.bonds.canterbury.ac.nz)  
0800 162 222**