INVESTMENT STATEMENT

FOR THE ISSUE OF PARTICIPATORY SECURITIES
IN A PROPORTIONATE OWNERSHIP SCHEME

PREPARED AS AT 26 NOVEMBER 2015

19 TE RAPA ROAD, TE RAPA
HAMILTON

www.oystergroup.co.nz

OYSTER®

INVESTMENT STATEMENT

THIS INVESTMENT STATEMENT IS PREPARED AS AT 26 NOVEMBER 2015

There is a registered prospectus containing an offer of Interests (securities) to which this Investment Statement relates ("Prospectus").

Offers are invited for subscription to **255 Interests of $50,000** each on the terms and conditions set out in this Investment Statement.

CONTENTS

IMPORTANT INFORMATION
FOR INVESTORS

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

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

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

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to **http://www.fma.govt.nz**

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.

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check:

- the type of adviser you are dealing with;
- the services the adviser can provide you with; and
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at **http://www.fspr.govt.nz**.

Financial advisors may also need to hold a Discretionary Investment Management Service (DIMS) licence provided by the Financial Markets Authority. Further information on DIMS licenses can be found at **www.fma.govt.nz**. You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

KEY INVESTMENT
FEATURES

KEY INVESTMENT FEATURES

Property: 19 Te Rapa Road, Hamilton

Purchase Price: $23,025,000

Valuation: $23,050,000

Net Lettable Area: 7,407 sqm

Carparks: 255

Leases: 100% leased to the Crown (Ministry of Education), RD1, CityFitness and The District Espresso and Eatery

Loan to Value Ratio: 50%[1]

Return: 8.4% p.a. pre-tax cash return[2]

Distributions: Monthly

Offer: 255 Interests at $50,000 per Interest

WHY INVEST WITH OYSTER?

This proportionate ownership scheme will be managed by Oyster Management Limited ("the Manager"). The Manager is a specialist property and funds manager with a proven track record in successful commercial property syndication and full-service asset management of retail, office and industrial property throughout New Zealand.

The Manager services an extensive property portfolio and provides services in:

Funds Management

- Property Sourcing and Acquisition
- Structuring Property Funds
- Capital-raising
- Investor relations and reporting
- Re-sales of Investor Interests

Property Management

- Asset Management
- Facilities Management
- Financial Management
- Retail Leasing
- Property Consulting

The Manager has investor clients in excess of 800 and manages investment properties with a value of over $750 million.

[1] As at the close of the Offer

[2] The projected return stated is based on holding one Interest for the period from 1 April 2016 to 31 March 2017

PROPORTIONATE OWNERSHIP SCHEME

Introduction

Oyster is offering Investors an opportunity through a Proportionate Ownership Scheme established pursuant to the Securities Act 1978 (the "Act") and the Securities Regulations 2009 (the "Regulations") to acquire a beneficial interest in the fee simple estate in the land and buildings at 19 Te Rapa Road, Hamilton ("the Property").

The certificates of title to the Property will be held by the Custodian as bare trustee for the Investors. The Proportionate Ownership Scheme will be known as the Home Straight Proportionate Ownership Scheme.

This Investment Statement and the Prospectus describe details relevant to Investors in relation to an offer of Interests in the Scheme.

255 Interests are being offered at **$50,000** each. Investors may apply to subscribe for more than one Interest.

TIMELINE OVERVIEW

Action	Date	Operation of Phases	LVR Covenant
Offer Opens	30 November 2015 (or such earlier or later date as determined by Oyster)	SELLING PERIOD FOR PHASE ONE INTERESTS	Not applicable, no funding in place until Settlement
Phase One Closing Date	14 December 2015		
Phase One Allotment Date and Phase Two Commences	15 December 2015	SELLING PERIOD FOR PHASE TWO INTERESTS	
Settlement Date	21 December 2015[1]		LVR 66%[2]
Final Closing Date and Phase Two Allotment Date	12 March 2016 (or such earlier date as the Offer is fully subscribed)		
Short Term Facility no longer in place[3]	22 April 2016 onwards	NO SELLING	LVR 55%[4]

[1] Subject to completion of the Vendor's subdivision and issue of certificates of title for the Property, for further explanation refer to paragraph 1.3 of this Investment Statement.

[2] Pursuant to the Deed of Participation, the Manager must ensure the Scheme's borrowing does not exceed 66% of the Purchase Price ($23,025,000) until after the expiry of the Short Term Facility.

[3] This will be four months after the Settlement Date, see note 1 above on assumption around the Settlement Date.

[4] From the date the Short Term Facility expires, the condition imposed by the Scheme's bank under the Term Loan Facility is that the Scheme's borrowing cannot exceed 55% of the value of the Property as evidenced by the Valuation Report ($23,050,000). The Deed of Participation also contains an obligation for the Manager to ensure this covenant is complied with from expiry of the Short Term Facility.

KEY INVESTMENT
FEATURES

PROJECTED INVESTMENT RETURN in New Zealand Dollars

	3 Months 11 days ending 31 March 2016 ($)	3 Months 11 days ending 31 March 2016 (3 Months 11 days Trading annualised for 12 Months) ($)	12 Months ending 31 March 2017 ($)
Amount invested per Interest	50,000	50,000	50,000
Prospective net profit before tax	225,984	816,675	1,029,342
Total number of Interests	255	255	255
Prospective net profit per Interest	886	3,203	4,037
Total Investor cash return per Interest	1,095	4,169	4,200
Forecast cash return per annum	2.19%	8.34%	8.40%

RETURN TO INVESTORS

The projected returns above are based on holding one Interest (at a subscription price of $50,000 per Interest) for the duration of each period stated, and calculated on the basis of distributions from available cash surpluses. These Projected Returns are based on and subject to the notes and assumptions set out on pages 52-63 of the Prospectus and on pages 48-58 of this Investment Statement. These Projected Returns do not take into account any retained profit or loss which may result from rent activities or any increase or decrease in the value of the Property. They do not take tax or depreciation into account. The notes and assumptions assume that settlement will take place on the Settlement Date. The Manager intends to make distributions to the Investors monthly in arrears with payments being made on or about the 10th day of each month.

OVERVIEW OF THE OFFER

Purchase Price	$23,025,000
Details of the purchase and costs involved in establishing the Scheme are as follows:	$
Purchase Price	23,025,000
Issue Expenses	1,275,000
Total	**24,300,000**
To be funded by:	$
Subscriptions from Investors (255 @ $50,000) [1]	12,750,000
Bank loan	11,550,000
Total	**24,300,000**

Issue Expenses	
Issue Expenses payable by the Scheme are:	$
Legal Setup costs	65,000
Prospectus registration costs	2,327
Marketing	125,000
Bank Legal	5,000
Accountancy	5,000
Audit	8,500
Statutory Supervisor	5,000
Stautory Supervisor Legal Fees	3,000
Asset Valuation	12,450
Property Due Diligence Reporting	8,500
D&O/PI Insurance	2,500
Offeror's Fee	402,938
Brokerage Fee	255,000
Deposit Fee	12,500
Underwrite Fee	80,000
Scheme Management Fee (part years 1, 2, 3 & 4) [2]	152,575
Contingency/Working Capital [3]	129,710
Total	**1,275,000**

[1] The amount of $12,750,000 will comprise subscription monies received from Phase One Interests (including, if required, all or part of the Vendor Underwrite and Oyster's Primary Underwrite) and any amount drawn down under the Short Term Facility. When Phase Two has closed it will include subscription monies received for Phase Two Interests and (if required) Oyster's Secondary Underwrite rather than the Short Term Facility. Further details can be found under the heading "Description of Interests (securities)" in paragraph 1.1 of this Investment Statement.

[2] A portion of the Scheme Management Fee that will otherwise be payable to the Manager during the first four years of operation of the Scheme will be added to the establishment costs and treated as working capital. On an ongoing basis the Manager will apply a portion of that amount towards the Scheme's liability to the Manager for the Scheme Management Fee.

[3] Any unspent amounts included within the contingency amount will be retained by the Scheme as working capital.

KEY INVESTMENT
FEATURES

OVERVIEW OF THE AGREEMENT

Oyster has entered into the Sale and Purchase Agreement with the Vendor to purchase the Property. The Sale and Purchase Agreement is unconditional. Further details regarding the Sale and Purchase Agreement are found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.

The Custodian has entered into the Deed of Nomination with Oyster and the Vendor pursuant to which the Custodian has been nominated to complete the purchase of the Property in accordance with the Sale and Purchase Agreement (but the nomination is only effective if the Offer of Phase One Interests is fully subscribed). For Phase One Interests to be fully subscribed there needs to be no less than 186 Interests subscribed for which may include the Vendor subscribing for up to 50 Interests pursuant to the Vendor Underwrite and Oyster subscribing for up to 80 Interests pursuant to its Primary Underwrite. Further details on the Vendor Underwrite can be found under the heading "Vendor Underwrite – subscription for Interests" in paragraph 1.10 of this Investment Statement.

The Custodian's sole purpose is to hold the Property as bare trustee for and on behalf of the Investors in accordance with the Deed of Participation.

The Property is to be purchased for $23,025,000 plus GST (if any). The purchase will be zero rated for GST purposes as both the Vendor and the Custodian are registered for GST and the Custodian intends at Settlement to use the Property for making taxable supplies.

Prior to Settlement, the Vendor must complete the Subdivision for separate certificates of title to issue for the Property. If the Vendor has not completed the Subdivision by 31 March 2016 the Custodian can cancel the Sale and Purchase Agreement. Further details on the issue of certificates of title and the Vendor's Subdivision can be found under the heading "Description of Property to be purchased by the Custodian" in paragraph 1.3 of this Investment Statement.

Issue Expenses will also be payable as set out under the heading "Issue Expenses" in paragraph 3.2 of this Investment Statement.

The Property will be transferred to the Custodian subject to the Leases. Further details regarding the Leases can be found under the heading "Details of the Leases" in paragraph 1.8 of this Investment Statement.

OVERVIEW OF THE RISKS

In addition to the Subscription Amount, Investors may be liable to make further contributions in relation to the Scheme. Investors should ensure they refer to and consider the matters set out in the detailed disclosure of risks which is found in section 6 of this Investment Statement.

- An Investor not being able to recover all of the Investor's original investment.
- An Investor not receiving the returns projected in the Prospectus.
- Risk associated with the subdivision.
- Risk associated with ownership of a commercial property, including unforeseen major maintenance, structural repair or other capital expenditure.
- Damage or destruction risk.
- Risk related to building improvements required by statutory authorities at the Landlord's expense, including earthquake strengthening works.
- Compliance with resource consents.
- Various works to be completed by the Vendor prior to the Settlement Date.
- The Tenants defaulting in their obligations under the Leases.
- Additional equity raise and debt required if RD1 exercises the RD1 Option.
- Risk of an Investor not being able to sell its investment in the Scheme if it wishes to exit prior to the Scheme being terminated.
- Risk related to Oyster holding Interests in the Scheme.
- Control Risk.
- Lending and interest rate risks under the Loan Facility and the Short Term Facility.
- Leverage risk resulting from a change in financial markets.
- Risks related to the bank taking enforcement action under the mortgage.
- Risks related to the bank loan covenants.
- Dependence on key personnel of the Manager.
- Conditions imposed by the bank related to the Manager of the Scheme.
- Manager's fee and additional fees and expenses payable to the Manager.
- Risks related to removal of the Manager.
- Risk related to insurance costs.

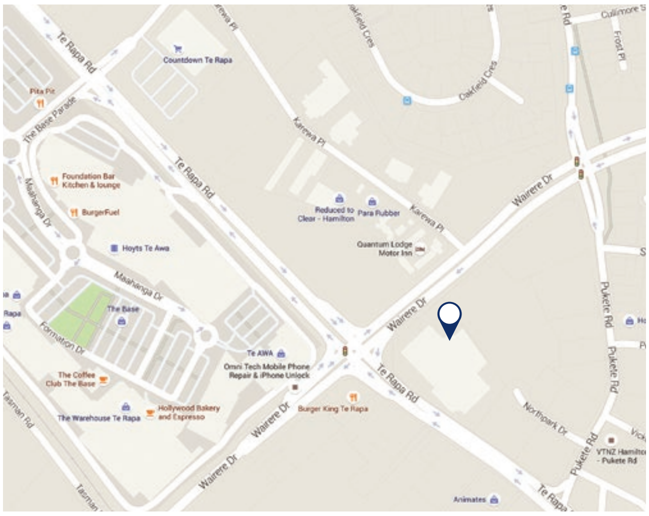
- GST risk.
- Changes in legislation.
- Risks from other external factors.

PROPERTY

Location and surrounds

The Property is located within the "Home Straight Business Park" at the end of the Home Straight cul-de-sac which extends from the eastern side of Te Rapa Road. The Hamilton central business district is located approximately 5km south of the Property.

At the southern end of Te Rapa Road surrounding the Property, land uses are of a more commercial nature, with heavier industrial uses located further north of the Property. A modern purpose built Bunnings bulk hardware store is located opposite the Property, providing a strong drawcard from a retail perspective. A high quality Mercedes and Mitsubishi automotive dealership is also situated at the corner of Home Straight and Te Rapa Road at the entrance to the Home Straight Business Park.



The Vendor is planning to develop a commercial office building on the Vendor's Balance Land adjacent to the Property. Further details on the Vendor's Future Development can be found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.

Buildings

There are two commercial buildings on the Property; both were completed in 2012.

The MOE Building is situated at the northern corner of the Property and comprises a single level, modern office building. This building is currently tenanted by Ministry of Education, accommodates a lettable area of 3,031m² and provides 100 car parks.

The RD1 Building is situated to the south-west of the MOE Building and comprises a two level, modern commercial building. RD1 currently leases the first floor for offices, with CityFitness leasing the ground floor for a gym and District Café leasing a small café tenancy to the south-east of the building. The building accommodates a lettable area of 4,376m² and provides 155 car parks.

Statutory compliance

A building owner is required to maintain a building warrant of fitness ("BWOF") if a building contains any "specified systems", which are systems that ensure a building is safe for public use (for example fire alarms, sprinkler systems and emergency lighting). Where specified systems are present, a building must have a compliance schedule detailing the systems, the performance standards for those systems, and how those systems are to be monitored and maintained.

The Buildings both have a current BWOF. The BWOF for the RD1 Building expires on 15 May 2016 and the BWOF for the MOE Building expires on 3 July 2016.

As at the date of this Investment Statement there are no outstanding code compliance certificates for building work undertaken at the Property. Further details can be found under the heading "Land Information Memorandum ("LIM Report")" in paragraph 1.6 of this Investment Statement.

Seismic rating

Gray Consulting designed the Buildings in 2011 and have confirmed by letter to the Vendor dated 9 September 2015 that the Buildings have an earthquake capacity of 100%NBS. Gray Consulting has been engaged by the Vendor and accordingly, a copy of that letter is not attached to this Investment Statement. However, Gray Consulting has also provided a letter addressed to Oyster dated 15 October 2015 confirming the Custodian (as Purchaser under the Sale and Purchase Agreement) can rely on the statements in that 9 September 2015 letter.

KEY INVESTMENT
FEATURES

Valuer's Report

The Property has been valued by Jamahl Williams and Campbell Stewart of CBRE Limited at $23,050,000 plus GST (if any) as at 11 September 2015 in accordance Property Institute of New Zealand Valuation and Property Standards (ISBN 0-9975414-0-1) and International Valuation Standards (ISBN 978-0-9569313-0-6).

The valuation has been arrived at having regard to the results of both a discounted cashflow valuation approach and a capitalisation valuation approach. CBRE has also taken into account general and economic factors, in particular recent sales and leasing transactions of comparable properties. For further details please refer to the "Valuation Rationale" section on page 50 of the Valuation Report attached to the Prospectus.

Prospective subscribers are encouraged to review the Valuation Report attached to the Prospectus carefully. The Manager may in the future engage the services of CBRE as a professional adviser to provide valuation or other services.

A copy of the Valuation Report is also available for inspection at the offices of Oyster and the Manager (at the addresses set out in the directory inside the back cover of this Investment Statement).

LEASES

On the Settlement Date, the Property will be transferred to the Custodian subject to the Leases, which are summarised in the table below.

Premises and carparks	Tenant	Premises Area	Annual Rent (excl. GST)	Initial Term / Commencement Date	Rights of Renewal / Next Renewal Date	Next Rent Review Date / Mechanism[1]	Final Expiry Date (if all renewals exercised)
MOE Building							
MOE Building 100 carparks	Her Majesty the Queen acting by and through the Secretary for Education	Offices: 2,787m² Storage Area: 94m² Deck area: 150m²	$785,043[2]	Ten (10) years / 10 April 2012	One (1) of six (6) years and two (2) of three (3) years each / 10 April 2022	10 April 2018 / Market, but rent cannot be less than the rent payable when the lease commenced	9 April 2034
RD1 Building							
Entry lobby at ground floor, offices and deck on level 1 63 carparks	RD 1 Limited	Entry lobby, level 1 offices: 2,000m² Deck: 175m²	$432,480	Eight (8) years / 10 May 2012	Three (3) of three (3) years each / 10 May 2020	10 May 2016 (office area only) / Lesser of market/CPI	9 May 2029
Part ground floor 78 carparks	Hamilton CityFitness Limited	1,936m²	$406,560	Fifteen (15) years / 11 April 2012	Two (2) of five (5) years each / 10 April 2027	11 April 2016 / CPI + 1% per annum (cap 8%)	10 April 2037
Part ground floor 14 carparks	Just Lounging Around Café Limited	265m² (187m² internal and 78m² external)	$85,703[3]	Twelve (12) years / 4 March 2013	Two (2) of six (6) years each / 4 March 2025	4 March 2017 / Greater of CPI + 1.5% per annum and rent payable in previous 12 month period.	3 March 2037

Further details on the Leases can be found under the heading "Details of the Leases" in paragraph 1.8 of this Investment Statement.

[1] The rent review mechanisms in the above table are for the next review dates only and may vary on subsequent rent review dates under the Leases. Full details on the rent review dates and mechanisms throughout the Lease terms can be found in the 'Lease Summaries' attached to the Prospectus.

[2] The rent under the Ministry of Education's lease was due to be reviewed on 1 April 2015. Up until that date, the annual rent payable was $733,327 plus GST. As at the date of this Investment Statement, the Vendor and MOE have not yet agreed the level of rent payable under the MOE lease from 10 April 2015. However, the Vendor has covenanted under the Agreement to pay any shortfall, up to the date of the next rent review on 10 April 2018, if the annual rent determined is less than $785,043 plus GST. Accordingly, Oyster has used the figure of $785,043 plus GST for the purpose of the financial statements in the Prospectus and this Investment Statement.

[3] Includes improvements rent of $457.65 plus GST per month payable by the tenant for the remainder of the lease term.

MANAGEMENT

Pursuant to the Deed of Participation, the Manager will be appointed to manage and administer the Property and will, on behalf of the Scheme, carry out the day-to-day activities that are incidental to the ownership of a commercial property. The Manager will also manage and administer the Scheme on behalf of Investors. The Manager, Oyster Management Limited, is a duly incorporated company which was established to specialise in commercial property management.

The directors, shareholders and key management team of the Manager have considerable experience in property matters, managing property syndicates and business administration. They have been involved in commercial property for many years and have extensive experience and knowledge in this area. With many years of experience within the team, combined with the outsourced services of other experienced property and financial service providers, the Manager believes it represents a strong well-organised team that ensures a broad base of knowledge and experience. This investment opportunity draws on the market knowledge and experience of these people.

Nationally Oyster Management Limited manages a portfolio of properties in Auckland, Hamilton, Tauranga, Napier, Palmerston North, Wellington, Nelson, Christchurch and Dunedin ranging from central city high-rise buildings to suburban retail shopping centres and industrial property.

Current investor clients number in excess of 800 – of which many are investors in multiple properties managed under proportionate ownership schemes.

Oyster Management Limited manages investment properties with a value of approximately $750 million.

Management and administration will involve:

- Collection of rent
- Monthly income distributions to Investors. Monthly income distributions are intended but not guaranteed.
- Management of the Property and tenancies in accordance with best industry standards.
- Overseeing accounting matters.
- Reporting to the Investors, the directors of the Custodian and the Statutory Supervisor.

STATUTORY SUPERVISOR

The Supervisor has been appointed supervisor for the Scheme. The "Statutory Supervisor" section on page 22 of the Prospectus outlines the Supervisor's governance structure. The Supervisor's role and duties in respect of the Scheme is also detailed under the heading "Deed of Participation" in paragraph 1.2 of this Investment Statement.

The Supervisor's corporate trust team has significant corporate trustee experience and its senior staff have professional qualifications in accounting or law. The Supervisor is experienced in supervising this kind of public offering and has had experience in supervising schemes that are similar to the Scheme. The Supervisor has over 200 appointments as trustee or supervisor representing over $5 billion in assets supervised.

TERM

The Scheme has no fixed term. The Scheme may only be terminated by a Special Resolution which is a resolution passed by a majority of 75% of votes cast on the resolution by Investors entitled to vote and voting at a meeting of Investors considering that resolution (one vote per Interest held).

WITHDRAWAL OF THE OFFER

Oyster reserves the right to withdraw the Offer at any time prior to the closure of Phase One of the Offer on 14 December 2015 if:

- Oyster does not receive a minimum of $2,800,000 from Investors subscribing for Phase One Interests (excluding funds from either the Vendor Underwrite or Oyster's Primary Underwrite). For further details refer to the "Key Investment Features" section at the front of this Investment Statement.
- All conditions related to the bank loan offer are not satisfied and/or final credit approval is not obtained from the bank. The bank loan offer is only an offer of indicative terms and, as at the date of this Investment Statement, is not a credit approved and binding letter of offer. Further details can be found under the heading "Bank Loan" in paragraph 1.11 of this Investment Statement)
- If the Offer is withdrawn, Oyster will return all subscription monies received for Phase One Interests together with any interest earned whilst those funds are held on deposit in the trust account of Tompkins Wake.

QUESTIONS

ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

HOW DO YOU SUBSCRIBE?

Interests in this Scheme will be offered through Oyster. Oyster holds a Real Estate Agents Licence.

Applications for Interests can only be made on the application form that is included in this Investment Statement. Applications must be for a minimum of one Interest for the subscription amount of $50,000 per Interest.

Applications must be accompanied by payment of the full subscription amount for each Interest. All cheques and payment orders must be made out to "Tompkins Wake Lawyers Trust Account". By signing the application form, each Investor will be deemed to have provided the written statement required by section 37(3) of the Act which statement also authorises Tompkins Wake to receive such written statements/application forms and each Investor's subscription monies on behalf of the Supervisor. The Supervisor has appointed Tompkins Wake and incidental to that appointment the Supervisor has authorised Tompkins Wake to receive written statements/application forms and each Investor's subscription monies on the Supervisor's behalf. All payments must be in New Zealand Dollars. Cheques must be drawn on a registered New Zealand bank.

The subscription monies for Investors' Interests and bank interest on those monies will be held in the trust account of Tompkins Wake, until the certificate of titles to the Property are transferred to the Custodian, or the subscription monies are returned to the Investors in accordance with the Prospectus.

Cheques should be payable to:
Tompkins Wake Lawyers Trust Account

Completed application forms with attached cheque should be mailed directly to:

Tompkins Wake Lawyers (Attention: J.S. RATUKI)
PO Box 258
Hamilton 3240
(or, by courier to Level 8, Westpac House, 430 Victoria Street, Hamilton 3204)

Online banking can be made to:
Tompkins Wake Lawyers Trust Account
Account No: 06-0317-0890101-02

DEFINITIONS

Where capitalised terms are used in this Investment Statement but are not defined within this Investment Statement, those capitalised terms have the meaning ascribed to them in the Prospectus.

1. WHAT SORT OF INVESTMENT IS THIS?

1.1 Description of Interests (securities)

Oyster is offering Investors an opportunity through a Proportionate Ownership Scheme established pursuant to the Act and the Regulations to acquire a beneficial interest in the fee simple estate in the land and buildings at 19 Te Rapa Road, Hamilton ("the Property").

The certificates of title to the Property will be held by the Custodian as bare trustee for the Investors. The Proportionate Ownership Scheme will be known as the Home Straight Proportionate Ownership Scheme.

This Investment Statement and the Prospectus describe details relevant to Investors in relation to an offer of Interests in the Scheme.

255 Interests are being offered at **$50,000** each. Investors may apply to subscribe for more than one Interest.

Settlement of the purchase of the Property

Oyster expects the Offer to open on or about 30 November 2015. The settlement date under the Sale and Purchase Agreement will be the *earlier* of:

- 21 December 2015; and
- 5 working days following the date the Purchaser has raised sufficient subscription proceeds to purchase the Property.

Settlement will be delayed if the certificates of title for the Property have not issued by the intended settlement date. In those circumstances Settlement will be 5 working days after the date certificates of title have issued for the Property.[1]

[1] Note settlement cannot occur during the Christmas period, from 24 December 2015 to 5 January 2016 (inclusive).

For the purpose of calculating dates and the prospective financial information in this Investment Statement and the Prospectus, Oyster has assumed that settlement will occur on 21 December 2015. This assumption is made on the basis that:

- it is unlikely that the Offer will be fully subscribed before 21 December 2015 (which would cause the Settlement Date to be brought forward to 5 working days after full subscription is achieved); and
- given the Vendor has already obtained Subdivision Consent for the Subdivision, it is likely that certificates of title for the Property will have issued at least 5 working days prior 21 December 2015.

Further details on the issue of certificates of title and the Vendor's Subdivision can be found under the heading "Description of Property to be purchased by the Custodian" at paragraph 1.3 of this Investment Statement.

Offer phases

Given there is likely to be a short period between the Offer opening and the Settlement Date, Oyster has decided to split the Offer into two separate time periods to allow further time (if required) to continue selling interests after the Settlement Date.

Phase One

The first time period or "Phase One" of the Offer is the period between the opening date of the Offer (likely 30 November 2015) and 14 December 2015. Oyster has chosen 14 December 2015 as the date to close Phase One of the Offer on the basis that:

- It is usual for Oyster to entirely close its offers 5 working days prior to settlement. It is therefore logical that the same timeframe is applied to close Phase One of the Offer.
- This date gives Oyster sufficient time before settlement to make a final assessment on whether the Offer will be withdrawn or whether it will proceed and settlement of the Property completed.
- Oyster/the Custodian is required under the Sale and Purchase Agreement to notify the Vendor of the level of Interests (if any) the Vendor is required to subscribe for pursuant to the Vendor Underwrite at 10 and 5 working days prior to settlement. Further details on the Vendor Underwrite are set out below and also under the heading "Vendor Underwrite – subscription for Interests" in paragraph 1.10 of this Investment Statement.

All interests subscribed for from the date the Offer opens (likely 30 November 2015) up to (and including) the date Phase One of the offer closes on 14 December 2015 will be categorised as "Phase One Interests".

For the Offer to proceed, Oyster must receive a minimum of $2,800,000 from Investors subscribing for Phase One Interests. Oyster will then procure that both the Vendor Underwrite (of up to $2,500,000) and the Oyster Primary Underwrite (of up to $4,000,000) are applied to subscribe for Phase One Interests to enable the Scheme to pay the Purchase Price and the Issue Expenses. Further details on Oyster's Primary Underwrite are set out below and also under the heading "Underwriter of Interests (Securities)" within the "Names, Addresses and Other Information" section of the Prospectus.

Examples of the different scenarios that may occur are:

A. Insufficient subscriptions received from Investors in Phase One for Offer to proceed:

If Oyster receives less than $2,800,000 (subscriptions for less than 56 Interests) from Investors on or before 14 December 2015, the Offer will not proceed.

B. Minimum subscriptions received from Investors for Offer to proceed with full Vendor, Oyster Primary Underwrite, Term Loan Facility and Short Term Facility:

If Oyster receives exactly $2,800,000 (subscriptions for 56 Interests) from Investors on or before 14 December 2015, the Offer will proceed and the Purchase Price and Issue Expenses will be paid using:

- $2,800,000 of subscription monies received from Investors;
- $2,500,000 of subscription monies received from the Vendor Underwrite;
- $4,000,000 of subscription monies received from Oyster's Primary Underwrite;
- $11,550,000 from the Scheme's bank advanced under the Term Loan Facility, further details on the Term Loan Facility can be found under the heading "Bank Loan" at paragraph 1.11 of this Investment Statement; and
- $3,450,000 from the Scheme's bank advanced under the Short Term Facility, further details on the Short Term Facility can be found under the heading "Bank Loan" at paragraph 1.11 of this Investment Statement.

QUESTIONS

ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

C. More than $2,800,000 (subscriptions for more than 56 Interests) received from Investors

If Oyster receives more than $2,800,000 (subscriptions for more than 56 Interests) from Investors on or before 14 December 2015, the Offer will proceed and the Purchase Price and Issue Expenses will be paid using:

- The full amount of subscription monies received from Investors;
- If required (depending on the number of subscriptions received for Phase One Interests), a combination of subscription monies received from the Vendor Underwrite (up to $2,500,000) and Oyster's Primary Underwrite (to be determined by Oyster, up to $4,000,000);
- $11,550,000 from the Scheme's bank advanced under the Term Loan Facility; and

If required (depending on the number of subscriptions received for Phase One Interests), up to $3,450,000 from the Scheme's Bank advanced under the Short Term Facility. The intention is that the funds advanced under the Short Term Facility are used as a substitute for Investor's subscription monies which will be received during Phase Two of the Offer; see below for further details.

Phase Two

If Oyster receives the minimum amount of Phase One Interests, then Oyster will continue to offer and market the remaining Interests which are available for subscription from 15 December 2015 until 12 March 2016, or such earlier date as the Offer is fully subscribed (the "Closing Date"). Due to the Christmas period, subscriptions will not be processed from 22 December 2015 to 4 January 2016. All subscriptions received during this period will be processed on 5 January 2016.

All Interests subscribed for from 15 December 2015 up to and including 12 March 2016 will be categorised as "Phase Two Interests".

Offering, marketing and allotting Interests

Subject to the changes noted below, the process for offering, marketing and allotting Phase One Interests and Phase Two Interests will be the same. The process on a simplified basis is as follows:

- Investor makes an application for subscription for Interest(s) in the Scheme and deposits to the trust account of the Scheme's solicitor the subscription amount for that/those Interests(s).
- The Scheme's solicitors receive the application and provide copies to the Manager and the Supervisor.
- The Scheme's solicitors deposit the subscription monies in its trust account on behalf of the Investor.
- On 15 December 2015 (for Phase One Interests) and again on the Closing Date (for Phase Two Interests):
  - the Scheme's Solicitors will pay to the relevant Investor any interest earned on that Investor's subscription monies while they were held in the Scheme's Solicitor's trust account;
  - the Scheme's Solicitors will pay the subscription monies to the Custodian;
  - the Manager will cause and procure that the relevant Interests are allotted to the relevant Investor; and
  - the relevant Investor(s) then become Investors for the purposes of the Scheme.

Final closing of Offer – repayment of Short Term Facility and Oyster's Phase Two Underwrite

On the Closing Date (i.e. on 12 March 2016 or such earlier date as the Offer is fully subscribed):

- the Custodian will use subscription monies received for Phase Two Interests to repay any principal amount and interest owing under the Short Term Facility (and cannot use those funds for any other purpose); and
- Oyster will subscribe for all Phase Two Interests that have not been subscribed for and allotted to Investors by the Closing Date (which is 12 March 2016 or such earlier date as the Offer is fully subscribed).

1.2 Deed of Participation

The Deed of Participation is dated 13 November 2015.

The Deed of Participation outlines, among other things, the following:

- The Custodian, holding the Property in the capacity as a bare trustee on behalf of each Investor, will become registered on the certificates of title as registered proprietor of the Property. Each Investor holding an Interest is liable to pay all outgoings, costs and expenses associated with the Property to the extent that they are not recovered from the Tenants. If there is a shortfall between income received from the Tenants and the costs, expenses and liabilities of the Scheme, then such shortfall is recoverable from the Investors on a pro-rata basis in proportion to each Investor's proportionate interest.
- The fee payable to the Supervisor.
  - The Supervisor will be paid an annual fee based on the value of the Scheme's outstanding securities (i.e. the value of the Interests held in the Scheme), to be calculated as follows:

Size of Scheme	Rate per annum (excl.GST)
If the Scheme has more than $12 million of outstanding securities	$500 per $1 million of outstanding securities
If the Scheme has more than $4 million and less than $12 million of outstanding securities	$6,000
If the Scheme has less than $4 million of outstanding securities	$4,000

  - The initial fee payable to the Supervisor will be $6,375 plus GST per annum, but this fee may change during the term of the Scheme.
  - For the purposes of the prospective financial statements included under the heading ""Prospective Information (and Principal Assumptions) in respect of Proportionate Ownership Scheme" in paragraph 5.2 of this Investment Statement", Oyster has allocated $8,875 (excluding GST) to the Supervisor's fee. The additional amount of $2,500 is a contingency to cover the Supervisor's disbursements.

    The Supervisor's disbursements are those routine expenses related to the ongoing administration of the Supervisor's appointment, including, but not limited to, travel costs, printing, photocopying and postage.
  - The Supervisor's fee is payable quarterly in arrears.
  - The Supervisor is also entitled to charge a special duties fee charged at the Supervisor's usual time and attendance rates to cover the Supervisor's ongoing reviews of any amendment to the documentation, the exercise of its power and discretions, and the Supervisor's attendance at a special meeting and any other non-routine duties.
- The Manager has the power to borrow, for the purposes of the Scheme only, up to 55% of the Purchase Price or after the second financial year 55% of the valuation of the Property from a lender selected by the Manager where those borrowings being secured by a first mortgage registered against the certificates of title to the Property. From the Settlement Date to the date the Short Term Facility expires (i.e. 21 April 2016 or four months after the Settlement Date) the reference to 55% is deemed substituted with 66% so that the Manager may not cause the Scheme's borrowings to exceed 66% of the initial valuation of the Property until after the expiry of the Short Term Facility. This power is at all times subject to any relevant covenants imposed by the Scheme's lender and the Interparty Deed.
- As agent for the Scheme and the Investors but subject always to the provisions of the Deed of Participation, the Manager will have the exclusive right to negotiate and enter into all contracts in relation to the Property and the Scheme. The Manager's other duties, liabilities and obligations are set out in clause 8 of the Deed of Participation.
- The Manager is required to keep accounts and distribute profits at monthly intervals in accordance with clause 10 of the Deed of Participation. The Manager may, however, temporarily suspend payment of all or part of those interim distributions, if it believes on reasonable grounds that it is in the best interests of the Scheme to do so. The Manager is obliged to comply with all relevant legislation.
- The Supervisor must comply with all relevant legislation and is obliged to ensure the Custodian observes and performs all the Custodian's obligations under the Deed of Participation, any loan agreement or any other document to which the Custodian is a party.

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ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

- The Custodian, which holds the Property as bare trustee for the Investors, is indemnified by the Investors in relation to all liabilities (other than mortgage borrowings which are Limited Recourse) arising by virtue of it holding the Property as a bare trustee for the Investors. Any liability between the Investors is shared proportionately according to each Investor's proportionate interest.
- The Scheme provides the ability for Investors to meet and pass resolutions. Except for the annual general meeting which must be held, meetings will not be held unless they are requisitioned by Investors holding not less than 5% of the Interests or at the direction of the Manager, the Statutory Supervisor or the Custodian.
- The procedure for meetings called to pass such resolutions and for written resolutions to be passed in lieu of meetings is set out in the Deed of Participation.
- The Deed of Participation sets out the procedures for making decisions, which may affect the interests of Investors.
- Meetings are called by giving not less than 15 Working Days' notice of the proposed time and place of the meeting to each Investor. The notice of meeting must set out the text of any resolution that is proposed to be put at the meeting and the nature of the business to be transacted at the meeting.
- A quorum for an Investors meeting is Investors or their proxies holding not less than:
  - 20% of the total Interests in the Scheme for the passing of an Ordinary Resolution;
  - 25% of the total Interests in the Scheme for the passing of an Special Resolution;
  - If any Interests are held by the Manager or any Related Company of the Manager (including Oyster) those Interests will be disregarded for the purposes of a quorum.
- An Investor may appoint a proxy to attend the meeting on his, her or its behalf.
- The Scheme has no fixed term and will continue until the Investors pass a Special Resolution that the Property should be sold and the Scheme wound up.
- If the proportionate amount of the net sale proceeds from any sale payable to each Investor will mean that the Investors will not recover their initial investment then Oyster must have the sale price for the Property approved by Ordinary Resolution.

- An Investor may sell his, her or its Interest to any person so long as that Investor ('Transferor') has paid all monies owing in relation to the Scheme and is not in breach of the terms of the Deed of Participation. The transferee of an Interest ("Transferee") must enter into a Deed of Accession – Transfer binding the Transferee to the Deed of Participation and the Transferor agrees to meet all costs in connection with such transfer.
- The Manager may require an Investor to sell that Investor's Interest(s) in the Property and the Scheme if that Investor:
  - is made bankrupt or makes an arrangement with creditors or if a receiver, liquidator or statutory manager is appointed;
  - defaults in any payment due or breaches any obligation under the Deed of Participation and fails to remedy that breach or refer the dispute for resolution within 21 days of being notified of it.
- Interests in the Scheme cannot be cancelled, redeemed or terminated.
- If an Investor is in default under the Deed of Participation that defaulting Investor grants the Manager a power of attorney enabling the Manager (as the defaulting Investor's attorney) to act on behalf of that defaulting Investor and do anything the defaulting Investor is required to do under the Deed of Participation. The Manager is entitled from time to time to appoint and remove a substitute attorney.

The Deed of Participation also deals with the appointment and responsibilities of the Manager and the rights of Investors.

The important aspects of the Deed of Participation as it relates to management are:

- The duties and liabilities imposed on managers pursuant to Schedule 17 of the Regulations and, from the date the Scheme becomes a managed investment scheme for purposes of the FMCA, the duties and liabilities imposed on managers pursuant to the FMCA and the FMC Regulations, are imposed upon the Manager under the Deed of Participation.

- The Manager will cease to hold office as Manager of the Scheme if:

  – the Manager is removed from office by the High Court pursuant to section 209 of the FMCA or pursuant to an order made by the High Court following an application of the Supervisor, any Investor, or the FMA that the Manager be removed from office; or

  – the Supervisor certifies that it is in the interests of Investors that the Manager should cease to hold office; or

  – Investors passing a Special Resolution, at a meeting held pursuant to the terms of this Deed, so direct; or

  – the Manager is removed from office by the Supervisor on any of the grounds specified in clause 8.21 of the Deed of Participation.

- The fees payable to the Manager under the Deed of Participation are:

  Property Management Fee
  An annual Property Management Fee is payable to the Manager for services related to the management of the Property. The Property Management Fee will be the greater of $40,000 (excluding GST) per annum and the amount equivalent to 2.50% of the total net annual rent payable under the Leases or any replacement or additional tenancy arrangement (plus GST) (calculated on a pro-rata basis for the period from the Settlement Date to 31 March 2016).

  Scheme Management Fee
  An annual Scheme Management Fee is payable to the Manager for services related to managing and administering the Scheme. The Scheme Management Fee will be the greater of $69,000 (excluding GST) per annum and the amount equivalent to 0.30% of the Capital Value of the Property (plus GST) (calculated on a pro-rata basis for the period from the Settlement Date to 31 March 2016).

  Fee Increases
  On the 1st day of each Financial Year commencing from 1 April 2016, the minimum Property Management Fee of $40,000 per annum and the minimum Scheme Management Fee of $69,000 per annum shall automatically increase (but not decrease) by the same percentage as the percentage increase (if any) in the Consumer Price Index ("CPI") for the preceding 12 month period ending on 31 December in the previous calendar year.

  Other Fees
  The Manager is able to charge other fees (such as a fee related to concluding a rent review, renewal of lease, or new tenancy of the Building) all of which are more particularly outlined in the Third Schedule to the Deed of Participation.

  Refinancing fee
  A refinancing fee which is payable:

  – at the expiry of any existing loan term if the existing loan is re-documented in relation to any subsequent or further loan term; or

  – if the bank loan is refinanced to another bank; or

  – if the existing bank loan amount is increased (in which case the fee is paid on the value of the increased amount),

  at the following rates:

  – 0.75% plus GST of the first $1,000,000 of the total loan facilities; plus

  – 0.30% plus GST of the total loan facilities exceeding $1,000,000.

  Termination Fee
  A termination fee of 1.75% (plus GST) of the sale price of the Property will be payable to the Manager on termination of the Scheme and sale of the Property.

- The Manager makes all decisions relating to expenditure on maintenance and/or improvement where a Tenant is reimbursing the Scheme or expenditure on any single item costs no more than $100,000 (excluding GST). In the event that any one item of maintenance and/or improvement costs more than that amount and the Tenants is not reimbursing the Scheme for such cost, the Manager requires the consent of Investors by Ordinary Resolution.

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- The Manager has a duty to report to and provide certain certifications to the Supervisor on a quarterly basis. These certifications include, among others, an obligation to advise the Supervisor of any matters which materially adversely affect the interests of Investors. All reports and information provided by the Manager to Investors must also be provided to the Supervisor.
- The Manager must notify the Supervisor immediately if it becomes aware of any default under the Deed of Participation by any party (including an Investor) or a default under any loan agreement.
- The Manager has agreed that the voting rights attaching to Interests held by it or by a Related Company are suspended while the Manager or any Related Company holds Interests meaning that the Manager or any Related Company cannot vote on any resolution required to be passed pursuant to the Deed of Participation.
- The Interparty Deed will be substantially in the form of the draft Interparty Deed which is included as a Schedule to the Deed of Participation. It is a condition of the Deed of Participation that any new bank which provides funding to the Scheme must enter into a new Interparty Deed. Further details of the Interparty Deed are contained under the heading "Bank Loan" in paragraph 1.11 of this Investment Statement.

1.3 Description of Property to be purchased by the Custodian

Legal Description

The Property is currently part of the Principal Land, which is comprised in certificate of title 548422 (South Auckland Registry).

Subdivision

The Vendor is required under the Sale and Purchase Agreement to, at the Vendor's cost, complete a subdivision of the Principal Land ("Subdivision") to create three separate lots as shown on the proposed form of subdivision plan attached to the Prospectus ("Subdivision Plan"). Following completion of the Subdivision, the Property will comprise the proposed Lots 1 and 2 on the Subdivision Plan, and the Vendor will retain the Vendor's Balance Land (i.e. Lot 3 on the Subdivision Plan).

The Vendor has obtained subdivision consent from Council for the subdivision ("Subdivision Consent"); a copy of that consent is attached to the Prospectus. In order to complete the Subdivision and have the certificates of title issue for the Property and the Vendor's Balance Land the Vendor must complete the following:

- The Vendor is required under the Sale and Purchase Agreement to amend the Subdivision Plan to provide Lot 1 of the Property with car parking easements on the Vendor's Balance Land, in order to reflect the car parking allocated to tenants RD1 and CityFitness under their respective leases. Further details can be found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.
- The Vendor must prepare the easement instruments to be registered on the certificates of title to the Property for the Custodian's approval, which approval cannot be unreasonably withheld or delayed and will be given if those easements will not materially adversely affect the value of the Property or the Purchaser's proposed use and enjoyment of the Property, or cause the Custodian to be in breach of the Leases. Note the Subdivision Plan currently identifies the type of easements that will be registered on the certificates of title to the Property but, aside from an electricity easement in gross in favour of WEL Networks Limited, as at the date of this Investment Statement the easement instruments themselves have not yet been finalised. Further details on easements and other interests to be registered on the certificates of title to the Property are set out in paragraph 1.5 below.
- The Vendor will then submit the Subdivision Plan to Council for final approval under section 223 of the Resource Management Act. Council will approve the Subdivision Plan within 10 working days of receipt if it conforms to the subdivision consent.

Certificates of Title

Following completion of the Subdivision, the Vendor will procure that two certificates of title are issued for the Property as follows:

Area (sqm more or less)	Lot	DP	Certificate of Title
4703	Lot 1	487788	698512
6021	Lot 2	487788	698513

The certificates of title to the Property will on Settlement be subject to registered interests described in paragraph 1.5 below.

Other details

Further details of the Property are contained in the Valuation Report. The Valuation Report was completed by Jamahl Williams and Campbell Stewart of CBRE Limited. CBRE Limited has valued the Property at $23,050,000 plus GST (if any) as at 11 September 2015 in accordance with the Property Institute of New Zealand Valuation and Property Standards (ISBN 0-9975414-0-1) and International Valuation Standards (ISBN 978-0-9569313-0-6).

The Property, once acquired, will be operated by the Scheme as leased commercial buildings pursuant to the Leases.

The Property owned by the Custodian as bare trustee for Investors will be subject to the Leases on the Settlement Date. The obligations of the Custodian as Landlord under the Leases therefore modify or restrict the Manager's ability to deal with the Property. Further details on the Leases can be found under the heading "Details of the Leases" in paragraph 1.8 of this Investment Statement.

1.4 Material Contracts Relating to Improvements to the Property

The Property is fully constructed and as at the date of this Investment Statement there are no proposals to make any other improvements or upgrades to the Property, except if RD1 exercises the option under its lease for the Custodian (as landlord) to construct additional office space in the RD1 Building. Further details on the RD1 Option and the agreement reached with the Vendor in respect of the RD1 Option can be found under the heading "Deed of Covenant – RD1 Option" in paragraph 1.13 of this Investment Statement.

1.5 Covenants, easements etc in respect of the Property

The certificates of title to the Property described in paragraph 1.3 above will on Settlement be subject to the following registered interests:

- **Consent Notices (pursuant to section 221 of the RMA):**
  - As a condition of the Subdivision Consent, Council will require a consent notice to be registered on both certificates of title advising that public wastewater and stormwater pipelines cross the Property, and conditions will be placed on any building consent for a structure to be erected over those pipelines. No building is to be constructed over or within five metres of a Council manhole or a connection to the public main.

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- **Encumbrance to Bunnings Limited:**
  - *Encumbrance Instrument D237671.1*: this encumbrance in favour of Bunnings Limited is currently registered on the certificate of title to the Principal Land and, unless a discharge is obtained from Bunnings Limited, will be registered on both certificates of title to the Property following completion of the Subdivision. The encumbrance prohibits the owner from selling, leasing or permitting any part of the land to be used for any timber, paint, garden supplies or general hardware retailing or wholesaling purposes. The prohibition shall not extend to any retailing or wholesaling of paint from a designated paint store that is 400m² or less and situated no closer than 100m from the frontage of the Bunnings' building; and/or retailing or wholesaling of product which would otherwise fall within the description of timber, paint, garden supplies or general hardware but is a minor ancillary use of any store situated on the property. The encumbrance will expire on the earlier of the date that Bunnings ceases to operate from the neighboring site and 31 March 2103.
- **Easements:**

  According to the Subdivision Plan, the following easements will be registered:
  - *Pedestrian right of way easement:* in favour of Lot 1, over specified areas of Lots 2 and 3.
  - *Right to convey electricity:* in favour of Lots 1, 2 and 3 over specified areas of Lots 1 and 2.
  - *Right to convey gas: in favour of Lot 1 over specified areas of* Lot 3.
  - *Right of way:* between Lots 1 and 2 in favour of Lots 1 and 2 over specified areas of Lot 3.
  - *Right to convey water:* in favour of Lots 1 and 2 over specified areas of Lots 1 and 3.
  - *Parking:* in favour of Lots 1 and 2 over specified areas of Lots 1 and 3. Note the Vendor is to amend the parking easements currently outlined in the Subdivision Plan over Lot 3 to reflect the requirements for parking in RD1 and CityFitness' respective leases. Further details can be found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.
  - *Right to convey telecommunications and computer media:* in favour of Lots 1 and 2 over Lot 3.
  - *Right to convey electricity (in gross) in favour of WEL Networks Limited:* the Vendor has entered into an easement agreement with WEL Networks Limited which confirms the Vendor will grant WEL Networks Limited an electricity easement in gross over the relevant parts of the Property and the Vendor's Balance Land. The easement instrument is attached to the easement agreement and permits WEL Networks Limited to convey electricity, telecommunications and computer media in through and below the land.
- **Mortgage:**

  The mortgage granted to the bank. The mortgage, among other documents, contains some of the terms related to the bank providing the loan funding to the Custodian. The effect of the mortgage is that the Custodian cannot transfer, sell, encumber, charge or otherwise deal with the certificates of title to the Property without first obtaining the bank's consent or discharging the mortgage. Any discharge of the mortgage would require the Custodian to first repay in full all loan borrowings owed by the Custodian for the purposes of the Scheme.

The registered interests above (aside from the Vendor's mortgage currently registered on the certificate of title to the Principal Land which will be discharged on settlement) may modify or restrict the Manager's ability to deal with the Property.

The Vendor may propose, or Council may require, further interests to be registered on the certificates of title to the Property than those listed above before the Subdivision is completed. Any additional interests must be approved by the Custodian, which approval cannot be unreasonably withheld or delayed and will be given if those easements will not materially adversely affect the value of the Property or the Purchaser's proposed use and enjoyment of the Property, or will not cause the Custodian to be in breach of the Leases.

1.6 Land Information Memorandum ("LIM Report")

A copy of the LIM Report is available for inspection at the offices of Oyster and the Manager (at the address set out in the directory inside the back cover of this Investment Statement).

1.7 Feasibility Study

Oyster undertook a feasibility study in relation to the Scheme. The purpose of the feasibility study was to establish the viability of the Scheme as an investment structure and the Property as a commercial property investment.

The feasibility study covered the following aspects:

LEGAL

The legal aspects of the feasibility study included:

- A review of the Sale and Purchase Agreement in relation to the Property. Details of this review are contained in paragraph 1.10 of this Investment Statement.
- A review of the certificate of title to the Property. Details of this review are contained in paragraph 1.3 of this Investment Statement.
- A review of the Leases. Details of this review are contained in paragraph 1.8 of this Investment Statement.
- A review of the Bank Loan offer to enable the Custodian as bare trustee for Investors to purchase the Property. Details of this review are contained in paragraph 1.11 of this Investment Statement.
- A review of the planning aspects relating to the Property (including reviewing the LIM Report). Details of this review can be found under the heading "Planning Aspects" on page 78 of the Prospectus.

FINANCIAL

The financial aspects of the feasibility study involved the preparation of the prospective financial information contained under the heading "Prospective Information (and Principal Assumptions) in respect of Proportionate Ownership Scheme" in paragraph 5.2 of this Investment Statement.

The financial aspects of the feasibility study also involved modelling related to interest rates on the Loan Facilities (and the sensitivities associated with changes in interest rates).

The financial aspects of the feasibility study also included a review of the total cost of the Scheme's initial operations (being the purchase of the Property and the payment of the Issue Expenses detailed under the heading "Issue Expenses" in paragraph 3.2 of this Investment Statement) and a review of the funding arrangements of the Scheme (being the subscription proceeds and the Loan Facilities detailed in paragraph 1.11 of this Investment Statement). Oyster arranged for 3 different banks to provide indicative offer terms for the bank loan funding of the Scheme. ASB was chosen to provide such funding as it was the bank with the most competitive and beneficial terms to the Scheme.

The notes and assumptions in relation to the prospective financial information are contained on pages 48 to 58 of this Investment Statement. The specific assumptions stated in this Feasibility Study section are based on and subject to the notes and assumptions included within the financial information.

The financial aspects of the feasibility study also involved arranging for CBRE Limited to undertake a valuation of the Property. The independent determination of the value of the Property (as detailed in the Valuation Report) is an important component in fulfilling the purpose of the feasibility study and a copy of the Valuation Report is attached to the Prospectus.

PROPERTY (TECHNICAL)

Oyster engaged KPMG SGA Property Consultancy Limited ("KPMG SGA") to prepare separate executive technical due diligence reports for the MOE Building and for the RD1 Building ("Technical Due Diligence Reports"). KPMG SGA issued the Technical Due Diligence Reports to Oyster on 27 September 2015 with various conclusions and recommendations.

QUESTIONS

ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

The reports were based on the scope of instructions KPMG SGA received from Oyster and subject to certain limitations outlined in the reports. The reports reflect the opinion of KPMG SGA regarding the condition of the buildings based on inspections performed in accordance with the agreed scope. In particular, the reports note that parts of the buildings built in, covered up or otherwise inaccessible during construction, alteration or fitting out have not been inspected. Building services have been visually inspected but not tested. KPMG SGA has not undertaken any work of an engineering nature, such as engineering calculations, structural analysis, testing or measurements. No internal inspections have been undertaken of plant, equipment and machinery.

The Technical Due Diligence Reports contain the following statements about the general condition of both the MOE Building and the RD1 Building (as at 27 September 2015):

- *Roof:* the Buildings' roofs are considered to be in good condition and generally well detailed. No evidence of moisture penetration through the roof was noted or received. The roof drainage appears to be effective with no evidence of ponding noted on the sheeting or in the gutters. All roof penetrations appear to be appropriately sealed.
- *Façade:* the Buildings' façade is considered to be in good condition and well maintained. The flashing details around windows and door openings appear to be well detailed.
- *External Areas:* the external areas in the Buildings are considered to be in good condition commensurate with their age.
- *Internal Areas:* the internal areas in the Buildings sighted were in good condition and well maintained with only minor routine wear and tear noted to the finished.
- *Mechanical Services:* the mechanical services are considered to be in good condition commensurate with their age.
- *Electrical and Communications Services:* the electrical services are considered to be in good condition commensurate with their age.
- *Fire Services:* the fire services are considered to in good condition commensurate with their age.
- *Hydraulic services:* the hydraulic services are considered to be in good condition commensurate with their age.
- *Vertical Transportation Services (RD1 Building only):* the lift services in the RD1 Building are considered to be in good condition commensurate with their age.

In addition to the statements from the KPMG SGA report set out above various defects were identified, none of which are considered material by Oyster. Issues raised in the Technical Due Diligence Reports which Oyster did consider material are:

No anchor roof safety line certification has been sighted. The Vendor is required to provide the relevant certifications prior to the Settlement Date under the Sale and Purchase Agreement; for further details refer to paragraph 1.10 of this Investment Statement.

During heavy rain events, steel grates installed on downpipes limit the inflow of water to the stormwater systems and this spills out onto the concrete footpath surface and staff parking areas. The Vendor is required to install spigots on all downpipes at both Buildings prior to the Settlement Date under the Sale and Purchase Agreement; for further details refer to paragraph 1.10 of this Investment Statement.

The main switchboard serving level 1 in the RD1 Building is wrongly located within a fire stair at level 1, the cupboard door does not permit full access to the Main Switch Board, a ceiling is not provided in the cupboard and a smoke detector is not installed within the cupboard. The Vendor is required to install a smoke detection system inside the cupboard and ensure the cupboard is sealed to prevent any smoke from exiting during a fire prior to the Settlement Date under the Sale and Purchase Agreement; for further details refer to paragraph 1.10 of this Investment Statement.

TENANT

The Tenant related aspects of the feasibility study involved reviewing:

- the terms of any options, buybacks, or similar arrangements, and any rent guarantees or other special provisions in relation to the Property;
- reviewing the terms of any rights of occupation to which the Property is subject, whether by lease, licence, or otherwise. The only relevant rights are the rights granted to the Tenants pursuant to the Leases. Details of the Leases are included in paragraph 1.8 of this Investment Statement; and
- the financial standing of tenants or occupiers.

The details of the matters recorded above are outlined below.

Terms of options, buybacks, or similar arrangements etc.

- there are no options, buybacks or similar arrangements or special provisions in relation to the Property under the Leases.

Guarantees

- CityFitness' and District Café's lease obligations are guaranteed by (respectively) the Tenant's holding company and the Tenant's sole directors/shareholders. Further details on the guarantees can be found under the heading "Details of the Leases" in paragraph 1.8 of this Investment Statement.
- The Vendor will underwrite the increase in the rent payable by Ministry of Education for the period from 10 April 2015 until the next rent review date on 10 April 2018 so that the annual gross rental is at least $785,043 plus GST,

Financial Standing of Tenants

- the key Tenants in the Buildings which together contribute to approximately 70% of the net rental receivable under the Leases are:

Ministry of Education:
The Ministry of Education is a public service department charged with overseeing the New Zealand education system. The Ministry relies on taxpayer funding provided by the New Zealand Government to perform its numerous functions including advising government, providing information to the sector, providing learning resources, administering sector regulation and funding and providing specialist services.

For further information visit www.education.govt.nz.

RD1 Limited:
RD1 (or Farm Source) is New Zealand's largest retailer in the dairy sector with 67 stores nationwide, marketed as a "one-stop shop" for dairy farmers. RD1 is a wholly owned subsidiary of Fonterra Enterprises Limited, which is a wholly owned subsidiary of Fonterra Co-Operative Group Limited, a New Zealand multinational dairy co-operative owned by New Zealand farmers. One of New Zealand's largest companies, according to its annual review (2015) Fonterra Co-Operative Group Limited recorded normalised EBIT of $974 million in the 2015 financial year, up 94% from the previous financial year.

Oyster has not obtained any financial information from RD1 and neither Fonterra Enterprises Limited nor Fonterra Co-Operative Group Limited have guaranteed RD1's lease obligations.

For further information visit fonterra.co.nz.

Oyster holds no information on the financial standing of these key tenants other than as set out above. Prospective investors must take this into account in their assessment of the financial standing of both the key Tenants listed above and all other Tenants and whether to invest in the Scheme.

OPERATIONAL

The operational feasibility of the Scheme is contingent on the Manager managing the Scheme and the Property. As noted in the "Key Investment Features" section at the front of this Investment Statement, the Manager has significant experience in managing properties similar to the Property and managing schemes similar to the Scheme. This experience and the Manager's involvement as manager of the Scheme and the Property is important to the on-going viability of the Scheme and the specific assumptions stated in this Feasibility Study section are based on and subject to the Manager being manager of the Scheme and the Property.

The operational aspects of the feasibility study involved consideration of the risks and liabilities that may or could be incurred by prospective investors investing in the Scheme. These matters are detailed in the under the heading "Types of Charges and Amount of Charges" in paragraph 4.1 of this Investment Statement.

PROFILE AND SALEABILITY OF THE PROPERTY

As noted above under the heading 'Financial', the feasibility study involved arranging for CBRE to undertake a valuation of the Property. The Valuation Report provides details on the location of the Property, the market and other matters which are relevant from a market related perspective. A copy of the Valuation Report is attached to the Prospectus.

ASSUMPTIONS

The following are all the assumptions on which the feasibility study was based:

- Based on the technical due diligence investigation related to the Property as set out in the Technical Due Diligence Report, Oyster concluded that the Property is in good order and condition, subject to the Vendor completing the Vendor's works (detailed in paragraph 1.10 of this Investment Statement) prior to Settlement.
- Based on the letter received from Gray Consulting in respect of the design and the current seismic capacity of the Buildings, Oyster concluded that the Buildings both have a seismic rating of 100%NBS.
- Based on its review of information provided by the Vendor, Oyster concluded that all Tenants are currently paying rent and outgoings due under the Leases.
- Oyster considered that the rent payable under the Leases reflects the market rent for comparable Premises where a tenant was liable for all usual outgoings and was responsible for all usual maintenance obligations. Further details on the outgoings related to the Leases are contained under the heading "Details of the Leases" in paragraph 1.8 of this Investment Statement.
- The outgoings of the Property will be at the levels stated in the prospective financial information detailed later in this section. Oyster has made this assumption based on either quotes provided or Oyster's own previous experience.
- That a 4 year fixed interest rate swap option will be entered into at an interest rate of 4.50% for the purposes of the prospective financial information contained in this Investment Statement.
- The Property will be able to be operated by the Scheme as a leased commercial building pursuant to the Leases.
- The net rent payable under the Leases for the Property will be $1,709,786 excluding GST per annum.
- The expenses being Administration, Operating and Finance Expenses as detailed in the "Prospective Information (and Principal Assumptions) in respect of Proportionate Ownership Scheme" in paragraph 5.2 of this Investment Statement to be incurred by the Scheme related to the Property will be $661,997 excluding GST per annum (based on the figures detailed in the prospective financial information for the 12 month period to 31 March 2017).
- The surplus of income of the Scheme after payment of the expenses referred to in the immediately preceding paragraph will be $1,029,342 per annum (based on the figures detailed in the prospective financial information for the 12 month period to 31 March 2017).

DISTRIBUTIONS

The surplus of income of the Scheme after expenses stated above is intended to be distributed to the Investors on a proportionate basis in the amount of $1,029,342 per annum (based on the figures detailed in the prospective financial information for the 12 month period to 31 March 2017).

1.8 Details of the Leases

Background

The Property is leased to:

- Ministry of Education, which occupies the whole of the MOE Building.
- RD 1, which occupies the entry lobby and level 1 offices in the RD1 Building.
- CityFitness, which occupies part of the ground floor of the RD1 Building.
- District Café, which occupies part of the ground floor at the front of the RD1 Building.

A summary of the commercial terms of the Leases ("Lease Summaries") together with copies of the Leases and all associated documentation is attached to the Prospectus. A high level summary of some of the material provisions in the Leases is set out below.

Where capitalised terms are used in this section that either are not defined in this section or the "Glossary" section on pages 90-93 of the Prospectus, those capitalised terms will have the meaning ascribed to them in the Leases.

Summary of material provisions

Key terms:

A summary of the key terms of each of the Leases, including details on the commencement dates, current terms, expiry dates, current rent and rent reviews is set out in the table at page 8 of this Investment Statement.

Form of Leases:

The RD1, CityFitness and District Café leases are based on the Auckland District Law Society fifth edition (2008) form of lease (with amendments) and the Ministry of Education lease is in a bespoke form.

Current terms/renewals:

The expiry dates of the current terms of the Leases are:

- Ministry of Education: 9 April 2022
- RD1: 9 May 2020
- CityFitness: 10 April 2027
- District Café: 3 March 2025

RD1 and CityFitness must give 12 months' prior notice to the Landlord to exercise a renewal right. Ministry of Education and District Café must only give 4 and 3 months' (respectively) to exercise the renewal rights in their leases.

Further details on the renewal rights and final expiry of the Leases are set out in the Lease Summaries and are also summarised in the table at page 8 of this Investment Statement.

Rent reviews:

The next rent review dates and mechanisms under the Leases are:

- *Ministry of Education:* the 10 April 2015 market rent review is currently being finalised but excludes the deck component of the annual rent of $7,500 plus GST per annum, which will be reviewed on the next market rent review on 10 April 2018. On the 10 April 2015 and the 10 April 2018 rent reviews the rent cannot be less than the commencement rent payable under the lease.
- *RD1:* 10 May 2016 to the lesser of market and CPI (but cannot fall below $208 per m² for the 2,000m² office area), except the deck and carpark components of the annual rent are not reviewed until the subsequent review on 10 May 2019.
- *CityFitness:* 11 April 2016 to CPI + 1% per annum calculated annually from 11 April 2012 with a cap of 8%.
- *District Café:* 4 March 2017 to the greater of CPI + 1.5% and the rent payable in the preceding 12 month period.

Further details on subsequent rent reviews are set out in the Lease Summaries.

Guarantees:

There are no lease guarantees provided from Ministry of Education or RD1.

CityFitness' lease is guaranteed by its parent company CityFitness Group Limited. The parent company guarantee is unlimited for the initial 5 years of the term, and thereafter will be limited to one year's rental, outgoings and the landlord's legal costs payable at the date of default.

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District Café's lease is guaranteed by the company's two (and only) directors and shareholders.

Further details on the tenants' financial standing can be found under the heading "Feasibility Study" in paragraph 1.7 of this Investment Statement.

Outgoings:

The Leases to RD1, CityFitness and District Café are net leases.

Generally, the Landlord can recover from those tenants all rates, utilities payments, rubbish collection charges, New Zealand fire service and maintenance charges, insurance premiums and related valuation fees, insurance excess, service contract charges, cleaning maintenance and repair charges (excluding structural repairs), provisions for shared facilities, ground maintenance, yard and carparking area maintenance, body corporate fees, management expenses and costs for maintaining the BWOF.

RD1 is not required to pay rubbish collection charges, body corporate fees or management expenses.

Ministry of Education's lease is a gross lease. The tenant only pays for utilities and consumables either direct to the supplier, or to the landlord as outgoings if not separately metered/assessed.

Further details on the specific outgoings recoverable under the Leases can be found in the Lease Summaries.

Carparking:

The carparking allocated to tenants under the Leases is:

- *Ministry of Education:* 70 secure unstacked carparks and 30 visitor carparks.
- *RD1:* 41 carparks secured by gate access and 22 carparks located in the common areas (all to be marked for the tenant's use).
- *CityFitness:* 78 non-exclusive carparks, 10 adjoining the building and 68 in the common areas. This is the description of the location of the carparks in CityFitness' lease, but note the Vendor is required to enter into a deed of variation of lease with CityFitness prior to the Settlement Date recording that the carpark allocation under the lease is 7 adjoining the building and 71 in the common areas. Further details can be found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.
- *District Café:* 14 carparks.

Further details on how the tenants' carparking requirements on the common areas (i.e. the Vendor's Balance Land) will be dealt with in the Subdivision Plan can be found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.

Tenant maintenance:

The Leases generally require the Tenants to keep the interior of the relevant premises and the Landlord's fixtures and fittings in the same clean order, repair and working condition as at the commencement date of the relevant lease, repair minor glass breakages, keep floor coverings clean, and make good any damage to the property which is caused by an improper, careless of abnormal use by the Tenant.

The Tenants are not liable to repair any inherent defect in the premises nor to pay any outgoings the Landlord incurs in remedying any inherent defect. The Tenants are not liable to maintain or repair the Landlord's building services, except to the extent of outgoings payments for service contract charges (payable by RD1, CityFitness and District Café).

Landlord maintenance:

In general, the Landlord is responsible under the Leases for maintaining the building, all building services provided by the landlord, and the carparks in good order repair and condition. The Landlord is to keep service maintenance contracts for lifts and air conditioning and, at its option, any other building services supplied by the Landlord.

The Landlord is not responsible for:

- any repair or maintenance that is the Tenants' responsibility;
- any want of repair or defect in respect of building services provided by the Landlord if a service maintenance contract is in place;
- except under RD1's lease, repair or maintenance which is not reasonably necessary for the Tenants' use and enjoyment of the premises; or
- any loss suffered by the Tenant arising from any want of repair or defect, unless the landlord has received prior notice from the relevant Tenant to remedy the same and the Landlord has not so remedied within a reasonable time.

The costs of the Landlord's maintenance obligations (excluding structural repairs, repairs due to inherent defects and replacement of building services) form part of outgoings and can be passed on to RD1, CityFitness and District Café.

In addition to the Landlord's maintenance obligations outlined above, the Ministry of Education lease also requires the Landlord to ensure the building services in the MOE Building meet the performance criteria specified in the lease, wash the external windows at least 4 monthly and wash down and clean the exterior of the building at least annually, and replace floor coverings which are damaged, unsafe or worn when reasonably required by the Tenant.

Insurance:

The Leases require the Landlord to maintain full replacement and reinstatement insurance under all the Leases and, at the Landlord's option, 12 months' loss of rent, public liability and the Landlord's fixtures, fittings and chattels

The Landlord can recover insurance premiums and excess charges as outgoings from RD1, CityFitness and District Café but not Ministry of Education. There is a cap on the excess recoverable from RD1 of $500, but no cap on the excess recoverable from CityFitness or District Café.

Early termination:

There are no early termination rights in the Leases.

Additions/alterations:

The Landlord's prior written approval must be obtained by a Tenant to undertake any alterations and additions to any part of the premises.

Reinstatement:

Ministry of Education and RD1 are not required to remove alterations, additions, fixtures and fittings at the end of the lease term but must reinstate the premises if alterations, alterations, fixtures and fittings are removed.

CityFitness and District Café must (if required by the Landlord at the end of the lease term) remove additions and alterations and reinstate the premises.

Damage and destruction:

The Leases contain damage and destruction clauses which provide:

- The Leases will terminate immediately if the Premises (or the Building) is destroyed or damaged as to render the premises untenantable.
- If in the reasonable opinion of the Landlord (or either party under the Ministry of Education lease) the Premises are destroyed or damaged to an extent as to require demolition or reconstruction, the Landlord (or either party under the Ministry of Education lease) may within 3 months of the date of the damage give 20 working days' notice to terminate the lease.

Under the RD1 Lease, if the lease is terminated due to damage/destruction of the building and the landlord intends to redevelop, the tenant will have a right of first refusal over tenantable space available in the redevelopment.

If the Premises suffer partial damage but are not untenantable and:

- the insurance policy has not been invalidated; and
- all permits and consents are obtainable,

the Landlord must reinstate the property to the extent possible by the insurance money (except under the RD1 lease where the Landlord must reinstate the property regardless of the insurance money received). The rent and all outgoings will be suspended until the Premises are repaired to a tenantable state. If the permits and consents are not obtainable or (except under the RD1 Lease) the insurance monies received are inadequate for the repair or reinstatement, the Lease shall terminate without prejudice to the rights of either party.

Assignment/subletting:

The Landlord's prior written consent is required for any assignment, subletting or parting with possession

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of the Premises by a Tenant, such consent not to be unreasonably withheld or delayed if a number of usual conditions are satisfied by the Tenant. These conditions relate to the financial standing of the proposed assignee or subtenant, the absence of any subsisting breaches by the Tenant, payment by the Tenant of the Landlord's costs and disbursements, and in the case of an assignment, the entering into of a deed of covenant (by the assignee) and a deed of guarantee (by its principal shareholders if the proposed assignee is a company).

No guarantees will be provided if the Ministry of Education lease is assigned to another Crown tenant (i.e. while Her Majesty the Queen remains the tenant). Also, when the Lease is being assigned by Her Majesty the Queen, the Tenant will be unconditionally released on assignment.

CityFitness may sublet up to 25% of its premises to complying health and fitness activities without obtaining the Landlord's prior consent.

Change of control:

Where the Tenant is not a listed company, any sale or new issue of shares that results in the change in the effective management or control of the Tenant will be deemed an assignment of the relevant Lease.

Landlord fixtures/fittings:

The items the Landlord has installed in the premises are listed in the Leases or in the agreements to lease and generally include standard items such as floor coverings, ceiling, lighting, air conditioning and fire and security systems.

CityFitness installed and owns the air-conditioning system in its premises, however this is not documented in its Lease. The Vendor has provided a warranty under the Sale and Purchase Agreement that the Vendor (as Landlord) did not install the air-conditioning system in the premises and will also provide the Purchaser on or prior to Settlement with a copy of the letter sent to CityFitness confirming this. Further details on the Vendor's warranty and obligation to provide the letter can be found under the heading "Sale and Purchase Agreement" in paragraph 1.10 below.

Improvements rent:

If the Landlord is obliged by legislation or other statutory or regulatory requirements to expend money on any improvement, addition or alteration to the Building then the Landlord may charge the RD1 and District Café (if their premises are affected by the relevant improvement, addition or alteration) an annual sum equal to 10% (RD1) or 12% (District Café) of the Landlord's expenditure from the date the work is completed until the next rent review date.

District Café pays improvements rent of $457.65 plus GST per month for the remainder of the lease term, for the all-weather cover the Vendor installed over the informal outdoor seating area of the café.

Compliance:

The Landlord can terminate the RD1, CityFitness and District Café Leases if it is obliged to spend an unreasonable amount to comply with legislation or other statutory or regulatory requirements. This provision is not in the Ministry of Education Lease.

Default:

The Landlord can terminate a Lease where:

- the rent is in arrears for more than 10 working days after written demand for payment in accordance with section 245 of the Property Law Act 2007;
- a Tenant is in breach of any material obligations of a Lease and has failed to remedy the same within a reasonable time of notice in accordance with section 246 of the Property Law Act 2007;
- if a Tenant is in liquidation, insolvent or bankrupt;
- if a Tenant enters into (or endeavours to enter into) any composition, assignment or arrangement for the benefit of a Tenant's creditors;
- if a Tenant suffers distress or execution to issue against the Tenant's property goods or effects under any judgment against the Court for a sum in excess of $5,000 (except for RD1, where the sum must be in excess of $20,000 and Ministry of Education, where the sum must be in excess of $100,000).

No competition:

Under the CityFitness Lease, the Landlord will not permit any other part of the Property to be used in competition with the Tenant's business use as a gymnasium and fitness centre.

RD1 Option:

At any time from 10 May 2016, the Tenant can exercise an option requiring the Landlord to develop a maximum of 500m² of office space, such office space to be located above the carpark area on the north-western side of the RD1 Building.

The terms of the option are:

- The Tenant's option notice must state the amount of additional office space required, up to a maximum of 500m².
- On receipt of the Tenant's option notice the Landlord will at the Landlord's cost:
  > prepare plans and specifications for the additional office space for the Tenant's approval;
  > complete construction of the additional office space in accordance with the requirements in the lease;
  > obtain a code compliance certificate for the work.
- The additional office space must be completed within 12 months of the Tenant's option notice or the Landlord will pay the Tenant liquidated damages of $200 plus GST per day.
- The Landlord will use reasonable endeavours to provide the Tenant replacement carparks in the common area while the works are proceeding, but the Tenant will still pay full carpark rental whether or not those carparks can be provided.

Five working days after completion or when the Tenant occupies the additional office space (whichever is the earlier) the Tenant will pay rent for the additional space will be calculated on the same basis as the rent for the current office space.

Further details on the agreement the Vendor and Oyster/the Custodian have reached on the RD1 Option are set out under the heading *"Deed of Covenant – RD1 Option"* in paragraph 1.13 of this Investment Statement.

1.9 Other Matters

Oyster has agreed to underwrite the Offer. Oyster's primary underwriting commitment is for up to $4,000,000 or 80 Interests ("Primary Underwrite"). Oyster has also agreed to underwrite the Custodian's obligation to repay any amount owing under the Short Term Facility, by subscribing for the Phase Two Interests which have not been subscribed for between 15 December 2015 and the Closing Date (i.e. on 12 March 2016) ("Secondary Underwrite").

Oyster must pay the subscription amount of $50,000 for each Interest it subscribes for pursuant to its Primary Underwrite or Secondary Underwrite.

The voting rights attaching to Interests held by Oyster are suspended while Oyster or a Related Company of Oyster are the holders of Interests, meaning that Oyster or a Related Company cannot vote on any resolution of the Scheme which is required to be passed pursuant to the Deed of Participation.

- **Primary Underwrite**

  Oyster's Primary Underwrite may be used to subscribe for Phase One and/or Phase Two Interests. However, if only $5,300,000 of subscription monies (including funds received pursuant to the Vendor Underwrite) are received by 14 December 2015 when Phase One of the Offer closes, Oyster will use its maximum Primary Underwrite commitment of $4,000,000 to subscribe for 80 Phase One Interests and the Custodian will use the maximum amount which can be advanced under the Short Term Facility of $3,450,000 to complete the purchase of the Property.

  Oyster will receive an underwriting fee of $80,000 (being 2% of the maximum Primary Underwrite amount of $4,000,000) for its Primary Underwrite.

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Oyster has agreed that it will not market for sale, on-sell or transfer any Interests it has subscribed for pursuant to its Primary Underwrite until after the Closing Date.

- **Secondary Underwrite**

  On the Settlement Date the Custodian may use all or part of the $3,450,000 which can be drawn down under the Short Term Facility to complete the purchase of the Property. All subscription monies received for Phase Two Interests (including any Phase Two Interests Oyster subscribes for pursuant to its Primary Underwrite) will be used by the Custodian to repay the amount drawn down under the Short Term Facility. If there is a shortfall between the subscription funds received for Phase Two Interests and the amount required to repay the Short Term Facility, Oyster will subscribe for any remaining Phase Two Interests and the Custodian will use those funds to repay the Short Term Facility.

  Oyster will not receive a fee for its Secondary Underwrite.

  Clause 10 of Schedule 3 of the Regulations does not apply as this Scheme is not established to acquire a business or equity securities.

1.10 Sale and Purchase Agreement

The agreement for sale and purchase is dated 2 September 2015 and the variation to the agreement for sale and purchase is dated 16 October 2015 (together the "Sale and Purchase Agreement"). The parties to the Sale and Purchase Agreement are Hamilton Homezone Limited as Vendor and Oyster Property Group Limited or nominee as Purchaser. The Sale and Purchase Agreement records the terms on which the Custodian as bare trustee for Investors (pursuant to the Deed of Nomination referred to in paragraph 1.12 below) will, if the Offer is fully subscribed, purchase the Property.

The Sale and Purchase Agreement contains, among others, the following terms:

- *Purchase Price* – $23,025,000 (plus GST (if any)).
- *GST* – the transaction will be zero rated for GST.
- *Deposit* – $500,000.00 (paid by Oyster on behalf of the Scheme on 27 October 2015).
- *Settlement* – The Settlement Date under the Sale and Purchase Agreement will be the earlier of:
  - 21 December 2015; and
  - 5 working days following the date the Purchaser has raised sufficient subscription proceeds to purchase the Property,

  but shall not occur earlier than 5 working days after the date certificates of title have issued for the Property. Further details on the issue of certificates of title and the Vendor's Subdivision can be found under the heading "Description of Property to be purchased by the Custodian" in paragraph 1.3 of this Investment Statement.
- *Conditions* – The purchaser approving its property valuation, satisfied on 23 September 2015.
  - A due diligence condition in favour of the Purchaser, satisfied on 16 October 2015.
- *Other Terms* – Among others, the Sale and Purchase Agreement is also subject to the following special terms:
- *Subdivision:*

  The agreement is subject to the Vendor (at the Vendor's cost) completing a subdivision to subdivide the Property from the Vendor's Balance Land.

  The Purchaser will grant or receive the benefit of any easements, building line restrictions and other encum-brances, rights or obligations ("Interests") which either the territorial authority or LINZ need to satisfy any condition of the Subdivision Consent or to deposit the Subdivision Plan. The form and contents of the Interests will be subject to the Purchaser's prior approval, which approval will not be unreasonably withheld or delayed and will be given if the Interests meet the following requirements:
  - they will not materially adversely affect the value of the Property or the Purchaser's proposed use and enjoyment of the Property; and/or

– they will not cause the Purchaser to be in breach of any of the Leases.

In carrying out the subdivision, the Vendor will not make any changes to the Subdivision Plan without the Purchaser's prior written consent, which consent will not be unreasonably withheld or delayed. The parties have acknowledged the Subdivision Plan will require amendment so that the Property has the benefit of:

– a carparking easement for 71 non-exclusive carparks on the Vendor's Balance Land (which carparks will be for the non-exclusive use of CityFitness in accordance with its lease); and

– a carparking easement for 22 exclusive carparks on the Vendor's Balance Land (which carparks will be for the exclusive use of RD1 in accordance with its lease).

If the Vendor has not completed the subdivision for certificates of title to issue for the Property by 31 March 2016, the Purchaser may cancel the Sale and Purchase Agreement.

Further details on the issue of certificates of title and the Vendor's Subdivision can be found under the heading "Description of Property to be purchased by the Custodian" in paragraph 1.3 of this Investment Statement.

- ***Vendor underwrite – Ministry of Education outstanding rent review***

  The Ministry of Education lease was due to be reviewed on 10 April 2015. Once finalised, if the review does not result in a minimum (net) rental increase of $51,716 plus GST per annum (so that the annual gross rental is at least $785,043 plus GST), the Vendor will underwrite the increase in the rent payable by Ministry of Education for the period from the Settlement Date until the next rent review date on 10 April 2018.

- ***Vendor underwrite – subscription for interests***

  – If the Purchaser does not receive sufficient subscriptions from Investors to meet the Purchase Price, and the insufficiency is greater than $2,500,000 but less than $5,000,000, the Vendor will subscribe for Interests to a maximum value of $2,500,000 ("Vendor's Interests").

  – In subscribing for the Vendor's Interests, the Vendor will comply with the terms of the Prospectus and this Investment Statement issued in respect of the Offer. The Vendor may transfer the Vendor's Interests provided it enters into any documentation required under the Deed of Participation or other governing document related to the Scheme.

  – Oyster will procure the Vendor's Interests are purchased or Oyster will itself purchase $1,250,000 of the vendor's interests not sold within the first 12 months after the Settlement Date; and all remaining interests not sold within 24 months of the Settlement Date.

  – The Vendor will not receive a fee for subscribing to the Vendor's Interests, but will be entitled to all the usual benefits of an Investor in the Scheme.

  – The Vendor will sell the Vendor's Interests for the same amount as the Vendor's subscription amount for those interests.

  – The Purchaser shall keep the Vendor informed in relation to its capital raising and shall notify the Vendor the level of subscriptions received at 10 and 5 working days prior to Settlement.

  – The Purchaser is entitled to set-off a portion of the Purchase Price if the Vendor fails to comply with the Vendor's underwrite obligations in the Sale and Purchase Agreement.

- ***Future development – development of adjoining land***

  The Purchaser acknowledges that the Vendor will, at some stage after the Settlement Date, undertake major building and construction works on the Vendor's Balance Land ("Vendor's Future Development Works"). The parties agree to work collaboratively in relation to the Vendor's Future Development Works.

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- ***Right of first refusal***

  If the Vendor undertakes the Vendor's Future Development and the Vendor wishes to enter into an agreement to sell the Vendor's Balance Land, the Purchaser will have a right of first refusal to purchase the Vendor's Balance Land. The terms of the right of first refusal are:

  – The Vendor will notify the Purchaser in writing the proposed terms of the agreement to sell the Vendor's Balance Land ("Vendor's Offer").

  – The Purchaser may within 20 working days of receiving the Vendor's Offer notify the Vendor in writing that it intends to purchase the Vendor's Balance Land at the price and on the terms contained in the Vendor's Offer.

  – From the date of the Vendor's Offer, the Vendor will give the Purchaser access to the Vendor's Balance Land and provide the Purchaser with all information relating to the Vendor's Balance Land (subject to any confidentiality requirements).

  – Any agreement entered into between the Vendor and Purchaser in respect of the Vendor's Balance Land will include the following terms:

    - The settlement date will be the later of 4 months after the Purchaser accepts the Vendor's Offer and the date a code compliance certificate is issued for the Vendor's Future Development Works.
    - Certain warranties in respect of any leases entered into for the Vendor's Balance Land and management of the Vendor's Balance Land.

  – If the Purchaser does not accept the Vendor's Offer, the Vendor cannot enter into an agreement for sale and purchase on more favourable terms than those contained in the Vendor's Offer without first re-offering the Vendor's Balance Land to the Purchaser on those more favourable terms ("Vendor's Second Offer"). The Purchaser must notify the Vendor in writing accepting the Vendor's Second Offer within 5 working days of receiving the Vendor's Second Offer.

  The Vendor, Oyster and the Custodian have entered into the Deed of Nomination which provides that, notwithstanding the nomination of the Sale and Purchase Agreement to the Custodian, the right of first refusal will not be transferred to the Custodian but will remain in favour of Oyster. Oyster may consider offering interests in a new proportionate ownership scheme for the purchase of that land.

- ***Carparking***

  In undertaking the subdivision the vendor will use best endeavours to ensure the property has sufficient carparking to enable the property to comply with any requirements, consents or conditions of any local or territorial authority or to comply with tenants' carparking rights under the Leases. Where the vendor is unable to do so it shall permanently licence carparks on the vendor's balance land to the purchaser, such licence to be registered on the title to the vendor's balance land if the purchaser requires.

- ***Additional settlement deliverables***

  On or prior to Settlement the Vendor will provide the Purchaser with:

  – A deed of variation of lease executed by CityFitness as tenant, CityFitness Group Limited as guarantor and the Vendor as landlord recording that 7 (not 10) carparks are adjoining the building and the remaining 71 carparks are located in the common areas.

  – A copy of the letter sent to CityFitness confirming that the Vendor (as landlord under the lease) has not installed the air-conditioning system in the premises and that system and its components are owned by CityFitness. In addition to the obligation to provide the letter, the vendor warrants to the purchaser under this agreement that it has not installed the air-conditioning system in the CityFitness premises.

  – Reasonable confirmation from the consultants engaged to review the Building Performance Specifications in the Fourth Schedule of the Ministry of Education lease ("Specifications") at lease commencement that, as at that date, the Ministry of Education building met the Specifications. In addition to the obligation to provide the confirmation required under this clause, the Vendor warrants to the Purchaser (as at 16 October 2015 and again on the Settlement Date) that it is not aware of any non-compliance with the Specifications since the commencement date of the Ministry of Education lease.

  – A copy of the annual roof anchor safety line certifications for both the Ministry of Education building and the RD1 building.

  As at the date of this Investment Statement, the above items have not been provided by the Vendor.

- ***Vendor pre-settlement works***

  Prior to Settlement the Vendor shall complete the following works to the property in a good and workmanlike manner and in accordance with all relevant requirements, statutes and legislation (as applicable):

  – ***Main Switch Board (MSB) in HS1 building*** *– the Vendor shall install a smoke detection system inside the cupboard and ensure that the cupboard is sealed so that no smoke can exit in the event of a fire.*

  – ***Down Pipes*** *– the Vendor shall arrange for a suitably qualified tradesperson to install spigots on all down pipes (at both the MOE and RD1 buildings) to significantly reduce the risk of overflow of stormwater onto the footpaths during heavy downpours.*

1.11 Bank Loan

The loan offer is by way of a finance proposal dated 4 November 2015. The parties are Oyster and/or Custodian as Borrower and ASB Bank Limited as Lender. It outlines the terms the bank is prepared to loan funds to the Scheme. It also details the conditions precedent to the bank providing that funding, the bank's security requirements and the covenants the Custodian (as bare trustee for Investors and on behalf of the Scheme) must adhere to.

The loan offer is for the Term Loan Facility and the Short Term Facility and contains the following indicative terms and conditions:

- *Amount* – $11,550,000 (Term Loan Facility) and $3,450,000 (Short Term Facility).
- *Security:*
  – Registered first mortgage over the certificate of titles for the Property.

  – Registered first General Security Agreement over all present and after acquired personal property of the Custodian.
- *Loan term* – An "extendable" facility within an initial term of 36 months (Term Loan Facility) and four months (Short Term Facility).

  With an extendable term, the Term Loan Facility can be renewed annually and subsequently extended by a further 12 months (to effectively reset the loan term to 24 months from the extension date) at both the bank's and the Custodian's discretion, to a cumulative term of 5 years. Should the "extendable" option be exercised, the bank may re-price the lending margin. The current market price for the further 12 month extension will be blended with the current rate for the remaining term of the initial facility to determine a new lending margin.

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- Personal guarantees – No personal guarantees. The Loan Facilities will be limited recourse loans with no personal guarantees given by any party including Investors.
- *Establishment Fee* – $Nil
- *Interest Rate* –
  - Term Loan Facility (floating rate): 4.35% per annum (based on the bank's 90 day BKBM bid rate and a fixed margin of 1.35% per annum).
  - Short Term Facility: 4.40% per annum (based on the bank's 90 day BKBM bid rate and a fixed margin of 1.40% per annum).

  Oyster, on behalf of the Scheme, is likely to enter into an option where the Scheme will fix the interest rate at 4.50% for a period of approximately four years from the Settlement Date. Oyster may attempt to manage the Scheme's cash-flow interest rate risk by way of entering into the fixed interest rate swap option.
- *LVR Covenant* – The borrowing from the bank cannot exceed 55% of the value of the Property from 22 April 2016 (i.e. following expiry of the Short Term Facility, assuming the drawdown date is 21 December 2015).
- *Interest cover ratio covenant* – the net rent received from the Property must be at least 2.25 times the bank's funding or interest costs from 22 April 2016 (i.e. following expiry of the Short Term Facility, assuming the funds are advanced on 21 December 2015).
- *Principal Payments* – No principal repayments are required to be made until the repayment date specified in the Loan Facilities which is the expiry of the relevant loan term (provided the Scheme is not in default of the bank loan covenants)

The bank, the Manager, the Custodian and the Supervisor will enter into an Interparty Deed which records various agreements including, variations on the exercise of powers by the bank under the mortgage and General Security Agreement granted to it.

The Interparty Deed prevents the bank from making further advances to the Custodian (except as it is expressly permitted to do under the Loan Facilities, including a short term advance contemplated by the Interparty Deed which will be an advance of no more than one month's rent payable under the Leases) without the prior written consent of the Custodian (which will not be unreasonably withheld).

Obligations are imposed on the bank in relation to:

- the bank's appointment of a receiver where the bank must give the Supervisor 10 business days prior notice of that appointment although the bank's failure to give notice or giving late notice will not invalidate the appointment of a receiver;
- preventing the appointment of a receiver by the bank unless it has first consulted with the Supervisor relating to that appointment; however failure to consult will not invalidate the appointment of a receiver;
- providing the Supervisor with information related to the receivership (to the extent that the bank is permitted to do so and to the extent the bank receives information from the receiver) and keep the Supervisor informed with respect to the steps being taken pursuant to such receivership; and
- the bank exercising its power of sale where the bank must give the Supervisor 21 days prior written notice of the proposed exercise of sale (together with a continuing obligation to keep the Supervisor informed of the steps involved in the exercise of the bank's power of sale); however failure to give notice or giving late notice will not invalidate any exercise of a power of sale.

The Interparty Deed will only be executed and take effect if, and upon, the Offer for Phase One Interests being fully subscribed.

A copy of the draft form of Interparty Deed is included as a schedule to the Deed of Participation.

1.12 Deed of Nomination

The Deed of Nomination is attached to the Prospectus.

The parties to the Deed of Nomination are Oyster, the Custodian and the Vendor. The deed records that Oyster has nominated the Custodian as the party that will be the Purchaser, and complete the purchase of the Property, under the Sale and Purchase Agreement. The deed also records that the right of first refusal in the Sale and Purchase Agreement (detailed under the heading "Sale and Purchase Agreement" in paragraph 1.10 above) will not be transferred to the Custodian but will remain in favour of Oyster following the nomination.

1.13 Deed of Covenant – RD1 Option

Oyster, the Vendor and the directors of the Vendor (Stafford Neil Houghton and Edward John Wood) have entered into a Deed of Covenant to record their agreement in respect of the RD1 Option. The Deed of Covenant is also binding on and for the benefit of the Custodian.

Further details on the RD1 Option are set out under the heading "Details of the Leases" in paragraph 1.8 above. In summary, at any time after 10 May 2016, RD1 can exercise an option for the landlord to develop (at the landlord's cost) a maximum of 500m² of office space, such office space to be located above the carpark area on the north-western side of the RD1 Building ("RD1 Development Works"). Under the Deed of Covenant, the Vendor will retain the obligation to complete the RD1 Development Works if RD1 exercises the option. On completion, the Custodian will purchase the RD1 Development Works from the Vendor at a capitalised rate of 7.17% of the annual rent payable by RD1 for the additional office space ("Development Cost").

A copy of the Deed of Covenant is attached to the Prospectus.

The material terms of the Deed of Covenant are:

- Stafford Houghton and Edward Wood are parties to the deed as personal guarantors of the Vendor's obligations.
- If RD1 exercises the RD1 Option, Oyster/the Custodian will immediately notify the Vendor.
- The Vendor will at its cost in all respects following receipt of that notice complete the landlord's obligations under clause 69.1 of the RD1 Lease and carry out and complete the RD1 Development Works in accordance with the RD1 Lease.
- The Vendor will keep Oyster/the Custodian informed on progress of the RD1 Development Works and will provide at least four months' notice of the proposed completion date.
- The Vendor will pay on demand the amount of any liquidated damages RD1 is entitled to claim if the RD1 Development Works are not completed within the requisite timeframe, or any compensation or the value of any rent abatement RD1 is entitled to under the RD1 Lease. The Vendor and the guarantors also indemnify Oyster/the Custodian against any costs, claims or liabilities incurred by Oyster/the Custodian as a result of, or incidental to, any breach by the Vendor of the deed.

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- The Vendor and its contractors will be given access to the property to complete the development works but in doing so shall not cause unreasonable disruption to RD1 or any other tenants at the Property.
- The Vendor will provide Oyster/the Custodian with an invoice for Development Works Cost when the following have occurred:
  - "practical completion" is achieved in accordance with the RD1 Lease;
  - a code compliance certificate has been issued for the RD1 Development Works (or, if RD1 so elects under the RD1 Lease, a certificate of public use has been issued);
  - Oyster/the Custodian has completed an inspection and confirmed there are no material defects in the RD1 Development Works which would prevent RD1 from using the additional office space; and
  - RD1 has commenced paying rent for the additional office space.
- The Development Works Cost will be calculated using the following formula:

  $R \div 7.17\%$

  Where, "R" means the net annual rent payable by RD1 for the additional office space calculated in accordance with the RD1 Lease.
- Following completion of the RD1 Development Works the Vendor will provide Oyster/the Custodian with as-built plans, a code compliance certificate (if not already provided), all guarantees and warranties and any other documentation reasonably required by Oyster/the Custodian in relation to the RD1 Development Works.
- The obligations in the deed will terminate if the Custodian sells the Property, RD1 agrees to remove the RD1 Option from its lease, the RD1 lease ends or once the RD1 Development Works are completed.
- Details on how the funds will be raised to pay the Development Works Cost are detailed under the heading "Additional equity raise and debt if RD1 exercises the RD1 Option" in paragraph 6.1 of this Investment Statement.

1.14 Underwrite Deed

The Custodian and the Manager have entered into the Underwrite Deed with Oyster.

A copy of the Underwrite Deed is attached to the Prospectus.

Under the Underwrite Deed, Oyster has agreed to underwrite the Offer. Oyster's primary underwriting commitment is for up to $4,000,000 or 80 Interests. Oyster has also agreed to underwrite the Custodian's obligation to repay the Short Term Facility Amount, by subscribing for the Phase Two Interests which have not been subscribed for between 15 December 2015 and the Closing Date on 12 March 2016 or such earlier date as the Offer is fully subscribed. Further details on the Primary Underwrite and Secondary Underwrite can be found under the heading "Other Matters" in paragraph 1.9 above.

Oyster must pay the subscription amount of $50,000 for each Interest it subscribes for pursuant to its Primary Underwrite or Secondary Underwrite.

The voting rights attaching to Interests held by Oyster are suspended while Oyster or a Related Company of Oyster are the holders of Interests, meaning that Oyster or a Related Company cannot vote on any resolution of the Scheme which is required to be passed pursuant to the Deed of Participation.

Oyster, on behalf of the Scheme, has paid the deposit of $500,000 which was due pursuant to the Sale and Purchase Agreement. Oyster will charge the Scheme the Deposit Fee of $12,500 for Oyster making this payment of the deposit on behalf of the Scheme. On Settlement, the Scheme will pay Oyster the Deposit Fee and will also reimburse Oyster for the amount of the deposit paid pursuant to the Sale and Purchase Agreement.

2. WHO IS INVOLVED IN PROVIDING IT FOR ME?

2.1 Names and Addresses

(a) Name of the Scheme

The name of the Scheme is Corinthian Proportionate Ownership Scheme.

(b) Manager

The Manager of the Scheme is Oyster Management Limited which has its registered office at c/- Deloitte, 24 Bridge Street, Hamilton East, Hamilton 3216, New Zealand. Its directors are:

Michael John Blake	Mark Horst Schiele	Gary John Gwynne
12 Ann Street Willoughby New South Wales, Australia	44 Entrican Avenue Remuera Auckland 1050	1R George Street Newmarket Auckland 1023

Martyn James McCarthy	Mark Grevis Winter
Flat 3, 42-43 Curzon Street London W1J7UEF United Kingdom	73 Marine Parade Mount Maunganui 3116

(c) Statutory Supervisor

The Supervisor of the Scheme is Covenant Trustee Services Limited which has its registered office at Level 9, 191 Queen Street, Auckland 1010. Its directors are:

Andrew Howard Barnes	Graham Russell Miller	James Earl Douglas
218 Delamore Drive Oneroa Waiheke Island 1081	15 Fancourt Street Meadowbank Auckland 1072	12 Dexter Avenue Mount Eden Auckland 1024

Timothy James Shaw
6/163 Victoria Avenue Remuera Auckland 1050

(d) Promoters

Oyster Property Group Limited is the promoter of the Scheme and has its registered office at Level 2, 14 Normanby Road, Mt Eden, Auckland 1024. Its directors are also Promoters of the Scheme. The directors of Oyster Property Group Limited are:

Michael John Blake	Mark Horst Schiele	Gary John Gwynne
12 Ann Street Willoughby New South Wales, Australia	44 Entrican Avenue Remuera Auckland 1050	1R George Street Newmarket Auckland 1023

Martyn James McCarthy	Mark Grevis Winter
Flat 3, 42-43 Curzon Street London W1J7UEF United Kingdom	73 Marine Parade Mount Maunganui 3116

QUESTIONS

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(e) Custodian

The Supervisor will hold the shares in the Custodian. The Statutory Supervisor will also appoint the directors of the Custodian. As at the date of this Investment Statement those directors are:

Richard Brookes Spong

10 Sea Spray Drive
Bucklands Beach
Auckland 2012

Graham Russell Miller

15 Fancourt Street
Meadowbank
Auckland 1072

Michael John Hablous

5 Rutgers Place
Abany
Auckland 0632

(f) General

The subscription monies for Investors' Interests and bank interest on those monies will be held in the trust account of Tompkins Wake Lawyers, until the certificates of title to the Property are transferred to the Custodian, or the subscription monies are returned to the Investors in accordance with the Prospectus and this Investment Statement.

Interests in this Scheme will be offered through Oyster Property Group Limited. Oyster Property Group Limited holds a Real Estate Agents Licence.

Auditor

The initial auditor of the Scheme is Staples Rodway whose address is:

Staples Rodway
Level 4, BNZ Building
354 Victoria Street, Hamilton
PO Box 9159, Hamilton 3240
Fax: (07) 838-2881

Experts

The following are the names of any experts named in this Investment Statement:

Valuer

CBRE Limited
Jamahl Williams (Principal Valuer) BBS (VPM), ANZIV, SPINZ
Campbell Stewart (Quality Assurance) SPINZ, ANZIV, MRICS
Level 14, 21 Queen Street
Auckland 1010
PO Box 2723, Shortland Street, Auckland 1140

Neither CBRE Limited, nor any of its principals or employees (including the valuer(s) specifically named above) involved in the preparation of the Valuation Report:

- have any relationship (other than that of valuer) with Oyster, the Issuer or any of the Issuer's associated persons, or any relationship that would impair the objectivity or independence of CBRE Limited in the normal performance of the valuation;
- have any interest in the Property;
- have any current relationship with any other person that has a material interest in the Property.

For the purposes of section 38A of the Act, the CBRE Limited, Jamahl Williams and Campbell Stewart have given, and have not before distribution of this Investment Statement, withdrawn their consent to the distribution of the Prospectus with the valuation included in the form and context in which it is included.

Technical Due Diligence Expert

KPMG SGA Property Consultancy Limited
Scott Marshall (formerly CPEng, IntPE, MIPENZ (Structural), MIEAust)
18 Viaduct Harbour Avenue
Auckland 1010

For the purposes of section 38A of the Act, KPMG SGA Property Consultancy Limited and Scott Marshall have given, and have not before distribution of this Investment Statement, withdrawn their consent to the distribution of this Prospectus with the statement in respect of the Technical Due Diligence Reports in paragraph 1.5 of this Investment Statement included in the form and context in which it is included in this Investment Statement.

KPMG SGA Property Consultancy Limited is not and is not intended to be a director, officer, or employee of, or professional adviser to, the Manager.

2.2 Activities

The Scheme has not commenced and will only commence on the Offer of Phase One Interests being fully subscribed. There are no previous activities of the Scheme. The Scheme will be a commercial property owner and landlord and will undertake operations and activities related to being a commercial property owner. It will lease the buildings on the Property to the Tenants.

2.3 Principal activities of the Manager (Issuer)

Pursuant to the Deed of Participation, the Manager, Oyster Management Limited, will be appointed to manage and administer the Property and will, on behalf of the Scheme, carry out the day-to-day activities that are incidental to the ownership of a commercial property. The Manager will also manage and administer the Scheme on behalf of Investors. The Manager is a duly incorporated company which was established to specialise in commercial property management.

The directors, shareholders and key management team of the Manager have considerable experience in property matters, managing property syndicates and business administration. They have been involved in commercial property for many years and have extensive experience and knowledge in this area. With many years of experience within the team, combined with the outsourced services of other experienced property and financial service providers, the Manager believes it represents a strong well-organised team that ensures a broad base of knowledge and experience. This investment opportunity draws on the market knowledge and experience of these people.

Nationally the Manager manages a portfolio of properties in Auckland, Hamilton, Tauranga, Napier, Palmerston North, Wellington, Nelson, Christchurch and Dunedin ranging from central city high-rise buildings to suburban retail shopping centres and industrial property.

Current investor clients' number in excess of 800 – of which many are investors in multiple properties managed under proportionate ownership schemes.

The Manager manages investment properties with a value of approximately $750 million.

Management and administration will involve:

- Collection of rent.
- Monthly income distributions to Investors. Monthly income distributions are intended but not guaranteed.
- Management of the Property and tenancies in accordance with best industry standards.
- Overseeing accounting matters.
- Reporting to the Investors, the directors of the Custodian and the Statutory Supervisor.

The Manager has a number of similar properties currently under management in various types of private syndications. Further information on properties currently managed by the Manager together with its personnel, can be found on its website at www.oystergroup.co.nz.

3. HOW MUCH DO I PAY?

3.1 Money Payable by Investors

Each Investor is required to pay the subscription amount of $50,000 per Interest. There are no additional amounts payable by an Investor to purchase or subscribe for an Interest. The price payable by an Investor for an Interest cannot be altered by Oyster, the Manager or Statutory Supervisor, an Investor or any other person.

Information on how to pay the subscription amount is detailed at page 10 above under the heading "How do you subscribe?" and also in the application form attached to this Investment Statement.

3.2 Purchase Price of the Property

Oyster has entered into the Sale and Purchase Agreement with the Vendor to purchase the Property. The Sale and Purchase Agreement is unconditional. Further details regarding the Sale and Purchase Agreement are found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.

The Property is to be purchased for $23,025,000 plus GST (if any). The purchase will be zero rated for GST purposes as both the Vendor and the Custodian are registered for GST and the Custodian intends at Settlement to use the Property for making taxable supplies.

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Issue Expenses will also be payable as set out below.

Purchase Price	$23,025,000
Details of the purchase and costs involved in establishing the Scheme are as follows:	$
Purchase Price	23,025,000
Issue Expenses	1,275,000
Total	**24,300,000**
To be funded by:	$
Subscriptions from Investors (255 @ $50,000) [1]	12,750,000
Bank loan	11,550,000
Total	**24,300,000**
Issue Expenses	
Issue Expenses payable by the Scheme are:	$
Legal Setup costs	65,000
Prospectus registration costs	2,327
Marketing	125,000
Bank Legal	5,000
Accountancy	5,000
Audit	8,500
Statutory Supervisor	5,000
Stautory Supervisor Legal Fees	3,000
Asset Valuation	12,450
Property Due Diligence Reporting	8,500
D&O/PI Insurance	2,500
Offeror's Fee	402,938
Brokerage Fee	255,000
Deposit Fee	12,500
Underwrite Fee	80,000
Scheme Management Fee (part years 1, 2, 3 & 4) [2]	152,575
Contingency/Working Capital [3]	129,710
Total	**1,275,000**

[1] The amount of $12,750,000 will comprise subscription monies received from Phase One Interests (including, if required, all or part of the Vendor Underwrite and Oyster's Primary Underwrite) and any amount drawn down under the Short Term Facility. When Phase Two has closed it will include subscription monies received for Phase Two Interests and (if required) Oyster's Secondary Underwrite rather than the Short Term Facility. Further details can be found under the heading "Description of Interests (securities)" in paragraph 1.1 of this Investment Statement.

[2] A portion of the Scheme Management Fee that will otherwise be payable to the Manager during the first four years of operation of the Scheme will be added to the establishment costs and treated as working capital. On an ongoing basis the Manager will apply a portion of that amount towards the Scheme's liability to the Manager for the Scheme Management Fee.

[3] Any unspent amounts included within the contingency amount will be retained by the Scheme as working capital.

3.2 Cooling-Off Period

There is no cooling-off period in respect of subscriptions by Investors. An Investor cannot cancel the Interest or its subscription once an application has been submitted to and accepted by Oyster.

4. WHAT ARE THE CHARGES?

4.1 Types of Charges and Amount of Charges

There are no entry charges other than the subscription amount of $50,000 per Interest payable by Investors to participate in the Scheme. Each Investor's initial liability is limited to the subscription amount.

In addition to the subscription amount, Investors may be liable to make further contributions in relation to the Scheme. Investors should ensure they refer to and consider the section below titled "Potential circumstances in which an Investor may be liable to make further contributions in relation to the Scheme" and also the matters set out in the detailed disclosure of risks which is found under the heading "Risks and Liabilities related to the Scheme" in paragraph 6.1 of this Investment Statement.

Potential circumstances in which an Investor may be liable to make further contributions in relation to the Scheme

Investors need to be aware that none of the charges and expenses related to the Scheme are payable by Oyster, the Manager, or the Supervisor. The charges and expenses specified in the Prospectus and this Investment Statement are all payable from the rent received from the Tenants or the sale proceeds of the Property and such charges and expenses affect the amount of returns to Investors.

If, due to any reason whatsoever, the Scheme was unable to meet any charges, expenses or other financial liability of the Scheme, that charge, expense or financial liability would need to be met by Investors on a proportionate basis.

Examples of some of the circumstances which may give rise to Investors needing to make further contributions to the Scheme are summarised below:

- **Circumstances of Tenant default**
  If any of the Tenants default in payments under the Leases or are unable to sustain payment of the rent at the level specified in the Leases, this will reduce the income return to Investors. In these circumstances, the income receivable by the Scheme will reduce which may also result in the Custodian on behalf of the Scheme being unable to meet the Custodian's obligations to the bank. This risk is mitigated under the CityFitness and District Café leases where guarantees have been obtained for the Tenants' obligations from (respectively) the Tenant's holding company and the Tenant's sole directors/shareholders. Further details on the guarantees provided under the Leases can be found under the heading "Details of the Leases" in paragraph 1.8 of this Investment Statement. As part of its feasibility study in relation to the Scheme, Oyster has also considered the financial standing of key tenants Ministry of Education and RD1, who have not provided any guarantees under their respective leases. Further details can be found under the heading "Feasibility Study" in paragraph 1.7 of this Investment Statement.

  In circumstances of Tenant default where there is either no guarantee or the corporate or personal covenants secured under lease guarantees are not sufficient to meet the Scheme's liability to the bank or its other liabilities described in the Prospectus and this Investment Statement, those payments (including any default interest charged by the bank) would need to be met by Investors on a proportionate basis. Further details can be found under the heading "Tenant and Lease Related Risks" below.

- **Risks related to the Loan Facilities**
  If loan finance is not obtainable at the expiry of any loan term this will require a refinance with another bank. In addition, a bank may in the future impose terms which oblige the Custodian on behalf of the Scheme to repay principal loan amounts which could reduce the level of distributions to Investors or which could require additional equity to be contributed by Investors.

  Further details can be found under the heading "Risks related to the Loan Facilities" below.

Investors should also ensure they refer to and consider the matters set out in the detailed disclosure of risks which is found under the heading "Risks and Liabilities related to the Scheme" in paragraph 6.1 of this Investment Statement.

Potential Liability for on-going charges and expenses

The following charges and expenses, which exclude Issue Expenses, are payable by Investors to the Scheme and such charges will be deducted from the rent received from the Tenants:

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- **Short Term Facility**
The Scheme will be liable for the interest payable to the bank in relation to the Short Term Facility. The interest rate for that facility is the bank's 90 day BKBM bid rate and a fixed margin of 1.4% per annum. As at the date of this Investment Statement the BKBM rate is 3.00% meaning that the interest rate under the Short Term Facility will be 4.40%. The margin is fixed until after the expiry of the Short Term Facility on 21 April 2016 or four months after the Settlement Date. No additional global liquidity risks will apply. This floating rate is subject to change and there is no guarantee that on the Settlement Date the bank's floating interest rate will be the same as it is at the date of this Investment Statement. The financial statements prepared for the purpose of the Prospectus and this Investment Statement do not refer to the Short Term Facility because the intention is that any amount drawn down under the Short Term Facility is used as a substitute for Investor's subscription monies which will be received during Phase Two of the Offer, and the interest payable in respect of the Short Term Facility is less than the return that would be receivable by Investors subscribing for those Phase Two Interests.

- **Bank loan interest**
Oyster has adopted a 4.50% per annum interest rate on the Term Loan Facility for the purposes of the prospective financial information detailed in the Prospectus and this Investment Statement. This is because Oyster, on behalf of the Scheme, is likely to enter into an option where the Scheme will fix the interest rate at 4.50% (being the swap rate of 3.15% plus the bank's current lending margin of 1.35%) for a period of approximately four years from the Settlement Date. Based on the interest rate adopted by Oyster for the purpose of the prospective financial information detailed in the Prospectus and this Investment Statement, the Scheme will be liable to the bank for interest on the Term Loan Facility in the amount of $144,167 during the period from the Settlement Date until 31 March 2016 and in the amount of $521,000 for the 12 month period to 31 March 2017.

  The interest expense is based on no principal repayments (interest only) during the term of the Loan Facilities.

- **Bank charges and fees**
Oyster and the Manager have been unable to ascertain the level of day-to-day transaction bank charges to be imposed by the bank but, in Oyster and the Manager's experience, these will not be significant.

- **Fees payable to the Manager**
The fees payable to the Manager are outlined below.

  – ***Property Management Fee***
A Property Management Fee is payable to the Manager for services related to the management of the Property. The annual Property Management Fee will be the greater of $40,000 (excluding GST) and the amount equivalent to 2.50% of the total net annual rent payable under the Leases or any replacement or additional tenancy arrangement (plus GST) (calculated on a pro-rata basis for the period from the Settlement Date to 31 March 2016).

    Approximately 30% of the Property Management Fee is recoverable from tenants CityFitness and District Café via outgoings charges under the Leases. RD1 and Ministry of Education do not pay outgoings for management fees under their leases. The Scheme will be liable to pay the remaining 70% of the Property Management Fee, and any amount which CityFitness or District Café disputes or does not pay. By way of example, based on an initial Property Management Fee of $41,972 (excluding GST), $12,445 plus GST is recoverable from CityFitness and District Café and the remaining $29,527 plus GST will be payable by the Scheme.

  – ***Scheme Management Fee***
A Scheme Management Fee is payable to the Manager for services related to managing and administering the Scheme. The annual Scheme Management Fee will be the greater of $69,000 (excluding GST) and the amount equivalent to 0.30% of the Capital Value of the Property (plus GST) (calculated on a pro-rata basis for the period from the Settlement Date to 31 March 2016).

    The Scheme is liable for the entire Scheme Management Fee.

    A portion of the Scheme Management Fee payable to the Manager during the first four years of operation of the Scheme will be added to the establishment costs and treated as working capital. For further details refer to the Issue Expenses in paragraph 3.2 of this Investment Statement. On an ongoing basis, the Manager will apply a portion of that amount towards the Scheme's liability to the Manager for the Scheme Management Fee.

    The Property Management Fee and the Scheme Management Fee, subject to any security given by the Custodian, will be a first charge against the funds derived from the Property.

- ***Fee Increases***
  On the 1st day of each Financial Year commencing from 1 April 2016, the minimum Property Management Fee of $40,000 per annum and the minimum Scheme Management Fee of $69,000 per annum shall automatically increase (but not decrease) by the same percentage as the percentage increase (if any) in the Consumer Price Index ("CPI") for the preceding 12 month period ending on 31 December in the previous calendar year.

- ***Other Fees***
  The Manager is able to charge other fees (such as a fee related to conducting a rent review, renewal of lease, or new tenancy of the Building) all of which are more particularly outlined in the Third Schedule to the Deed of Participation.

  The Manager is also entitled to charge a fee for its services related to any refinancing undertaken by the Scheme. This fee is detailed under the heading "Deed of Participation" in paragraph 1.2 of this Investment Statement.

The fee payable to the Supervisor

- The Supervisor will be paid an annual fee based on the value of the Scheme's outstanding securities (i.e. the value of the Interests held in the Scheme), to be calculated as follows:

Size of Scheme	Rate per annum (excl.GST)
If the Scheme has more than $12 million of outstanding securities	$500 per $1 million of outstanding securities
If the Scheme has more than $4 million and less than $12 million of outstanding securities	$6,000
If the Scheme has less than $4 million of outstanding securities	$4,000

The initial fee payable to the Supervisor will be $6,375 plus GST per annum, but this fee may change during the term of the Scheme.

- For the purposes of the prospective financial statements included in paragraph 5.2 of this Investment Statement, Oyster has allocated $8,875 (excluding GST) to the Supervisor's fee. The additional amount of $2,500 is a contingency to cover the Supervisor's disbursements. The Supervisor's disbursements are those routine expenses related to the ongoing administration of the Supervisor's appointment, including, but not limited to, travel costs, printing, photocopying and postage.
- The Supervisor's fee is payable quarterly in arrears.
- The Supervisor is also entitled to charge a special duties fee charged at the Supervisor's usual time and attendance rates to cover the Supervisor's ongoing reviews of any amendment to the documentation, the exercise of its power and discretions, and the Supervisor's attendance at a special meeting and any other non-routine duties.

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- The cost of preparation of annual accounts and audit estimated at $11,075 plus GST per annum.
- The annual valuation fee estimated at $7,500 plus GST per annum.
- Legal fees for documentation of rent reviews, leasing, renewal of leases, refinancing and other tasks incidental to management of the Property charged on a time and attendance basis at the then prevailing hourly rates of Tompkins Wake (plus GST and disbursements).
- Administration and brokerage fees for lease negotiations, finance negotiations and project management services as detailed in the Third Schedule of the Deed of Participation.
- In addition, the following charges are payable in relation to any sale of the Property:
  - Real Estate Agent's commission on the sale of the Property if and when the Scheme is terminated, estimated at 2.00% of the sale price plus GST.
  - Legal fees in relation to attendances on the sale of the Property and repayment of the Loan Facilities based on the then prevailing rates charged by Tompkins Wake Lawyers plus GST per hour (but unlikely to exceed $25,000 plus GST).
- The Manager will be paid a termination fee of 1.75% (plus GST) of the sale price of the Property.
- Any early repayment fee to the bank in the unlikely event that the Property is sold during any fixed interest period or prior to expiration of the term of the Loan Facilities.

None of the above charges and expenses are payable by Oyster, the Manager, or the Supervisor. The charges and expenses specified above are all payable from the rent received from the Tenants (or recovery of outgoings from Tenants in respect of the Property Management Fee) or from the sale proceeds of the Property. The charges and expenses will affect the amount of returns to Investors.

The Manager is obliged to account to Investors for all charges and expenses which affect returns to Investors. Particulars of these charges and expenses will be included in the annual financial statements relating to the Scheme which will be audited and copies will be sent to Investors and the Supervisor.

4.2 Remuneration of Oyster, the Manager and Others

The only specified persons (for the purposes of clause 13 of Schedule 3 of the Regulations) who are entitled to remuneration for services or to recover expenses in respect of the Scheme are the Manager, Oyster, the Supervisor and the Custodian. Details of the fees payable to those specified persons are in paragraph 4.1 above.

5. WHAT RETURNS WILL I GET

5.1 Returns

Pursuant to the Deed of Participation, the Custodian as Landlord and bare trustee for the Investors authorises the Manager to receive all income of the Scheme (being the rent payable under the Leases) from the Tenants of the Property on behalf of the Scheme. The Manager will account for that income as belonging to the Scheme.

The prospective income and expenditure for the initial period ending 31 March 2016 and for the 12 month period of the Scheme ending 31 March 2017 is set out in the prospective financial information contained in the "Prospective Information (and Principal Assumptions) in respect of Proportionate Ownership Scheme" in paragraph 5.2 of this Investment Statement. Profit is distributed at the discretion of the Manager. In determining whether to distribute some or all Profit to Investors, the Manager will also need to consider the operating and financial results of the Scheme, capital expenditure required in relation to the Property and other factors the Manager considers relevant. If the Manager decides to distribute Profit it will make payments of Profit to Investors on a monthly basis. If the Short Term Facility is drawn down this will mean that there could be a slightly higher Profit than that which is projected in the prospective financial information attributable to Investors holding Phase One Interests. The Manager will retain such higher Profit as a contingency against any future increases in the interest rate on the Term Loan Facility.

A bank account will be opened for and on behalf of the Scheme to receive all income receipts, pay all expenditure items and all income distribution to Investors. The bank account signatories will be the directors of the Custodian and two other signatories appointed by the Manager.

Period of Time Expected to Elapse Before Return is Achieved

The projected returns in the table on page 4 of this Investment Statement are based on holding one Interest (at a subscription price of $50,000 per Interest) for the duration of each period stated, and calculated on the basis of distributions from available cash surpluses. These projected returns are based on and subject to the notes and assumptions set out on pages 48-58 of this Investment Statement. These projected returns do not take into account any retained profit or loss which may result from rental activities or any increase or decrease in the value of the Property. They do not take tax or depreciation into account. The notes and assumptions assume that settlement will take place on the Settlement Date. The Manager intends to make distributions to the Investors monthly in arrears with payments being made on or about the 10th day of each month.

5.2 Prospective Information (and Principal Assumptions) in respect of Proportionate Ownership Scheme

As the Scheme and ownership of the Property has not yet commenced, no appropriate financial information exists for the Property other than as set out in the prospective financial information.

Prospective information in respect of the Scheme for the first accounting period of 3 Months and 11 Days ending 31 March 2016 and for the 12 months ending 31 March 2017 are set out below.

These statements comprise the Prospective Statement of Comprehensive Income, Prospective Statement of Financial Position, Prospective Statement of Changes in Equity and Prospective Statement of Cash Flows, which comply with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements. These financial statements have been audited by Staples Rodway, Chartered Accountant of Hamilton. Staples Rodway's report is contained on page 97 of the Prospectus.

QUESTIONS

ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME in New Zealand Dollars

	Note	3 Months 11 days ending 31 March 2016 ($)	12 Months ending 31 March 2017 ($)
Income			
Rental income		457,010	1,678,894
Property Management Recovered		3,388	12,445
		460,398	**1,691,339**
Less Expenses			
Administration Expenses			
Accounting Fees		10,000	5,075
Audit Fees	6	14,500	6,000
Statutory Supervisor	12	12,094	8,875
General Administration Costs		664	2,500
Professional Indemnity Insurance		2,500	-
Operating Expenses			
Valuation Costs		19,950	7,500
Property Management	12	11,425	41,972
Syndicate Management	12	19,114	69,075
Total Administration & Operating Expenses		**90,247**	**140,997**
Net Operating Income		**370,151**	**1,550,342**
Financial Expenses			
Interest on Bank Loan		144,167	521,000
Net Profit/(Loss)		**225,984**	**1,029,342**
Other Comprehensive Income for the period/year		-	-
Total Comprehensive Income for the period/year		**225,984**	**1,029,342**

PROSPECTIVE STATEMENT OF FINANCIAL POSITION in New Zealand Dollars

	Note	As at 31 March 2016 ($)	As at 31 March 2017 ($)
Equity			
Capital	8	11,745,592	11,703,992
Retained earnings	8	-	-
		11,745,592	**11,703,992**
Represented by:			
Current assets			
Cash and cash equivalents	9	446,780	412,187
Prepayments	10	4,654	3,404
Non-current assets			
Investment property	3	23,025,000	23,025,000
Total Assets		**23,476,434**	**23,440,591**
Current liabilities			
GST payable	13	16,921	17,326
Accounts payable	13	79,862	80,029
Distribution payable	13	84,059	89,244
Non-Current liabilities			
Bank loan	14	11,550,000	11,550,000
Total Liabilities		**11,730,842**	**11,736,599**
Net Assets		**11,745,592**	**11,703,992**

QUESTIONS

ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY in New Zealand Dollars

	Note	Capital ($)	Retained Earnings ($)	Total ($)
Opening Balance 21 December 2015		-	-	-
Profit or (loss)/Total Comprehensive Income		-	225,984	225,984
Investors' Capital Contribution	8	11,798,735	-	11,798,735
Less Distribution to Investors	8	(53,143)	(225,984)	(279,127)
Balance as at 31 March 2016		**11,745,592**	**-**	**11,745,592**
Opening Balance 1 April 2016		**11,745,592**	**-**	**11,745,592**
Profit or (loss)/Total Comprehensive Income		-	1,029,342	1,029,342
Less Distribution to Investors	8	(41,600)	(1,029,342)	(1,070,942)
Balance as at 31 March 2017		**11,703,992**	**-**	**11,703,992**

RECONCILIATION OF PROFIT TO CASH FROM OPERATING ACTIVITIES

in New Zealand Dollars

	3 Months 11 days ending 31 March 2016 ($)	12 Months ending 31 March 2017 ($)
Reported Profit/(Loss)	225,984	1,029,342
Non-operating Items:		
Finance costs	346	1,250
Add/(Less) Movements in Working Capital Items:		
Increase/(Decrease) in GST Payable	16,921	405
Increase/(Decrease) in Creditors	79,862	167
Net Cash Inflow (Outflow) from Operating Activities	**323,113**	**1,031,164**

PROSPECTIVE STATEMENT OF CASHFLOWS in New Zealand Dollars

	Note	3 Months 11 days ending 31 March 2016 ($)	12 Months ending 31 March 2017 ($)
Cash flows from operating activities			
Cash provided from:			
Rental receipts		457,010	1,678,894
Property Management Recovered		3,388	12,445
GST received/(paid)		16,921	405
		477,319	**1,691,744**
Cash disbursed to:			
Operating Expenses		(53,697)	(140,830)
Interest Paid		(100,509)	(519,750)
		(154,206)	**(660,580)**
Net cash inflow from operating activities		323,113	1,031,164
Cash flows from investing activities			
Cash disbursed to:			
Purchase of investment property	3	(23,025,000)	-
Net cash inflow from investing activities		**(23,025,000)**	-
Cash flows from financing activities			
Cash provided from:			
Investors contribution	8	12,750,000	-
Bank loan	14	11,550,000	-
		24,300,000	**-**
Cash disbursed to:			
Finance legal costs		(5,000)	-
Issue costs	8	(951,265)	-
Distributions to Investors		(195,068)	(1,065,757)
		(1,151,333)	**(1,065,757)**
Net cash inflow from financing activities		23,148,667	(1,065,757)
Net increase in cash held		446,780	(34,593)
Cash and cash equivalents at start of period		-	446,780
Cash and cash equivalents at end of period		**446,780**	**412,187**
Comprising of:			
Current Account	9	446,780	412,187
		446,780	**412,187**

QUESTIONS
ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

HOME STRAIGHT PROPORTIONATE OWNERSHIP SCHEME

NOTES AND ASSUMPTIONS TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Periods Ending 31 March 2016 and 31 March 2017

1. General Information

The Home Straight Proportionate Ownership Scheme will be a scheme established, domiciled and registered in New Zealand.

The Scheme will be a commercial property investor that owns a property at 19 Te Rapa Road, Te Rapa, Hamilton.

The prospective financial statements were authorised for issue on 16 November 2015 by Oyster in its capacity as offeror of the Interests in the Scheme ("Offeror"). The Offeror is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Assumptions

The Offer has been split into two separate time periods. The first time period or "Phase One" of the Offer is the period between the opening date of the Offer (likely 30 November 2015) and 14 December 2015. Provided Oyster receives and accepts applications for not less than $2,800,000 (56 Interests) from Investors subscribing for Phase One Interests the Offer will proceed and settlement of the Property will be completed and the Issue Expenses paid using a combination of the Phase One subscription monies received from Investors, the Vendor Underwrite, Oyster's Primary Underwrite and funds advanced under the Term Loan Facility and/or the Short Term Facility. Further details can be found in the "Key Investment Features" section at the front of the Prospectus.

If Oyster receives the minimum amount of Phase One Interests, then Oyster will continue to offer and market the remaining Interests which are available for subscription (up to a maximum of 255 Interests) from 15 December 2015 until 12 March 2016, or such earlier date as the Offer is fully subscribed.

Depending on the amount of subscription monies received by 14 December 2015 when Phase One of the Offer closes, a Short Term Facility of no more than $3,450,000 will be advanced by the Scheme's bank to enable the Scheme to pay the Purchase Price and the Issue Expenses. The intention is that the funds advanced under the Short Term Facility are used as a substitute for Investor's subscription monies which will be received during Phase Two of the Offer. See below for further details.

These prospective financial statements assume all 255 Interests will be fully subscribed by the date that Phase One of the Offer closes on 14 December 2015, and that the Scheme will not draw down the Short Term Facility of $3,450,000.

The rentals used in the prospective financial statements are based on the current rental level from the Leases (as detailed in the table below). The prospective financial statements do not factor in any rental increases that may occur on each rental review, with the exception of RD 1 Limited, which based on the 10 May 2016 rent review to the lesser of market/CPI has been estimated at a 4% rental increase from that date; and Hamilton City Fitness, which based on the CPI +1% rent review on 11 April 2016 has also been estimated at a 4% rental increase from that date.

Premises and carparks	Tenant	Premises Area	Annual Rent (excl. GST)	Initial Term / Commence-ment Date	Rights of Renewal / Next Renewal Date	Next Rent Review Date / Mechanism[1]	Final Expiry Date (if all renewals exercised)
MOE Building							
MOE Building 100 carparks	Her Majesty the Queen acting by and through the Secretary for Education	Offices: 2,787m² Storage Area: 94m² Deck area: 150m²	$785,043[2]	Ten (10) years / 10 April 2012	One (1) of six (6) years and two (2) of three (3) years each / 10 April 2022	10 April 2018 / Market, but rent cannot be less than the rent payable when the lease commenced	9 April 2034
RD1 Building							
Entry lobby at ground floor, offices and deck on level 1 63 carparks	RD 1 Limited	Entry lobby, level 1 offices: 2,000m² Deck: 175m²	$432,480	Eight (8) years / 10 May 2012	Three (3) of three (3) years each / 10 May 2020	10 May 2016 (office area only) / Lesser of market/CPI	9 May 2029
Part ground floor 78 carparks	Hamilton CityFitness Limited	1,936m²	$406,560	Fifteen (15) years / 11 April 2012	Two (2) of five (5) years each / 10 April 2027	11 April 2016 / CPI + 1% per annum (cap 8%)	10 April 2037
Part ground floor 14 carparks	Just Lounging Around Café Limited	265m² (187m² internal and 78m² external)	$85,703[3]	Twelve (12) years / 4 March 2013	Two (2) of six (6) years each / 4 March 2025	4 March 2017 / Greater of CPI + 1.5% per annum and rent payable in previous 12 month period.	3 March 2037
	Total Rent		**$1,709,786**				

[1] The rent review mechanisms in the above table are for the next review dates only and may vary on subsequent rent review dates under the Leases. Full details on the rent review dates and mechanisms throughout the Lease terms can be found in the 'Lease Summaries' attached to the Prospectus.

[2] The rent under the Ministry of Education's lease was due to be reviewed on 1 April 2015. Up until that date, the annual rent payable was $733,327 plus GST. As at the date of this Investment Statement, the Vendor and MOE have not yet agreed the level of rent payable under the MOE lease from 10 April 2015. However, the Vendor has covenanted under the Agreement to pay any shortfall, up to the date of the next rent review on 10 April 2018, if the annual rent determined is less than $785,043 plus GST. Accordingly, Oyster has used the figure of $785,043 plus GST for the purpose of the financial statements in the Prospectus and this Investment Statement.

[3] Includes improvements rent of $457.65 plus GST per month payable by the tenant for the remainder of the lease term.

Bank loan interest

Oyster has adopted a 4.50% per annum interest rate on the Term Loan Facility for the purposes of the prospective financial information detailed in the Prospectus and this Investment Statement. This is because Oyster, on behalf of the Scheme, is likely to enter into a fixed interest rate swap option on settlement of the Property which will effectively fix the interest rate at 4.50% (being the swap rate of 3.15% plus the bank's current lending margin of 1.35%) for a period of four years from Settlement Date. Based on the interest rate adopted by Oyster for the purposes of the prospective financial information detailed in the Prospectus and this Investment Statement, the Scheme will be liable to the bank for interest on the Term Loan Facility in the amount of $144,167 during the period from Settlement until 31 March 2016 and in the amount of $521,000 for the 12 month period to 31 March 2017.

As mentioned above, Oyster is likely to enter into a fixed interest rate swap option on behalf of the Scheme. If it does not, the bank's floating interest rate will apply to the Term Loan Facility which is the bank's 90 day BKBM bid rate (rounded upwards to the nearest 0.10%) plus a margin of 1.35% per annum (the margin being fixed for the 48 month term of the Term Loan Facility). As at the date of this Investment Statement the rate is 4.35% per annum. No additional global liquidity costs will apply. This floating rate is subject to change and there is no certainty that, on the Settlement Date, that bank's floating interest rate will be the same as it is at the date of this Investment Statement.

The interest rates applicable to the Short Term Facility differ from those outlined above and are detailed under the heading "Bank Loan" in paragraph 1.11 of this Investment Statement.

If all or part of the Short Term Facility is drawn down on the Settlement Date, then from the Settlement Date to 21 April 2016 or four months after the Settlement Date (when the Short Term Facility must be repaid) the Scheme's bank has agreed to waive the loan to value ratio ("LVR") under the Term Loan Facility. This means the Short Term Facility will not cause the Scheme to breach the LVR covenant. On 21 April 2016, the Short Term Facility must be repaid and the LVR covenant under the Term Loan Facility of 55% will apply. The subscription amounts received for Phase Two Interests will be used to repay any amount drawn down under the Short Term Facility (and cannot be used for any other purpose).

The interest expense is based on no principal repayments (interest only) during the term of the Loan Facilities.

The administration and operating expenses have been based on quotes received and previous experience. The establishment costs have been based both on quotes and previous experience.

The prospective financial statements have been based on the assumption that there will be no material change in the economic environment, legal requirements or the current tax regulations.

As noted in the accounting policies, the Property will initially be recorded at its original cost under the Sale and Purchase Agreement and thereafter, annually reviewed to its fair value based on an independent valuation from a registered valuer. For the purposes of this prospective financial information, an assumption has been made that there will be no change in the fair value from the Settlement Date to 31 March 2017.

Actual results may differ from prospective financial statements depending on rent increases, change in interest rates, change in tenancies, rates and other expenses. The resulting variance may be material. Oyster, the Manager, the Supervisor and the Custodian give no guarantee or assurance that the prospective financial information presented will be achieved.

2. Statement Of Accounting Policies

The prospective financial statements presented here are for the reporting entity Home Straight Proportionate Ownership Scheme. Home Straight Proportionate Ownership Scheme is designated as a for-profit entity for financial reporting purposes. Home Straight Proportionate Ownership Scheme will be an FMC Reporting Entity under the Financial Reporting Act 2013.

The prospective financial statements comply with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements.

Accounting Period

The first period of these prospective financial statements for the period ending 31 March 2016 has been determined as 3 months and 11 days which is based on the Settlement Date of 21 December 2015.

The second period of these prospective financial statements for the period ending 31 March 2017 is for a 1 year period.

Measurement Base

The prospective financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below:

Specific Accounting Policies

The principle accounting policies applied in the preparation of these prospective financial statements are set out below. These policies have been consistently applied to both periods presented.

(a) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Scheme's activities. Revenue is shown net of Goods and Services Tax, returns, rebates and discounts.

The Scheme recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Scheme and when specific criteria have been met for each of the Scheme's activities, as described below:

- **Rental Income**
  Rental income (net of any incentives given to tenant(s)) is recognised on a straight-line over the lease term.

- **Property Management Recovered**
  Property management recovered is recognised as income when invoiced.

(b) Leases

The Scheme is a landlord with operating leases (which are leases in which the Scheme retains substantially all the risks and benefits of ownership of the leased asset).

(c) Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at each reporting date. Fair value was determined based on the sale and purchase agreement. In future the fair value will be determined annually by external valuers through the use of the discounted cash flow (DCF) analysis which focuses on the operating cash flows expected from the property and the anticipated proceeds of a hypothetical sale at the end of an assumed holding period. These amounts are then discounted to present values of the income stream and the hypothetical sale (the reversion) is added to obtain a value indication. Movements in fair value are recognised in the profit or loss.

(d) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Scheme will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss.

Subsequent recoveries of amounts written off are recognised in profit or loss.

(e) Payables

These amounts represent unsecured liabilities for goods and services provided to the Scheme prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

(f) Goods and Services Tax (GST)

The prospective financial statements have been prepared using GST exclusive figures with the exception of receivables and payables which are stated GST inclusive.

(g) Income Tax

As a Proportionate Ownership Scheme, the Scheme itself is not liable for income tax.

(h) Financial Assets

The Scheme classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. For the periods covered by the prospective financial information, the Scheme will only have financial assets that are classified as loans and receivables.

- **Loans and receivables**
  Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. They arise when the Scheme provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

  The Scheme's loans and receivables comprise cash and cash equivalents.

  Purchases and sales of loans and receivables are recognised on trade date – the date on which the Scheme commits to purchase or sell the asset.

  Loans and receivables are initially recognised at fair value plus transaction costs and are thereafter carried at amortised cost using the effective interest method.

QUESTIONS
ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

Loans and receivables are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Scheme has transferred substantially all the risks and rewards of ownership.

The Scheme assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Cash and Cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Borrowings
Borrowings are recognised initially at fair value less transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as non-current liabilities as the Scheme has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(k) Finance Expenses
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that takes six months or longer to prepare for its intended use or sale. Other borrowing costs are expensed when incurred. As the Scheme does not have any qualifying assets, all borrowing costs are expensed as incurred.

(l) Depreciation
Each investor will be entitled to a depreciation deduction based on their proportionate share of the depreciation of the property chattels and dependant on their individual circumstances.
The fair value of the Property can be reliably determined and consequently the property is carried at fair value and is not depreciated. The intention is to revalue the Property annually, per NZ IAS 40 requirements, but the assumption that has been made is that fair value at the end of each of the two periods for which prospective financial information is provided will be unchanged from current fair value. Accordingly, no allowance has been made for depreciation of the Property in the Prospective Statement of Comprehensive Income for the 3 months 11 days ending 31 March 2016 or 12 months ending 31 March 2017.

3. Investment Property

The fair value of the Scheme's investment property as at 31 March 2016 and 31 March 2017 has been arrived at on the basis of the fair value paid in the Sale and Purchase Agreement. On 31 March 2016 and 31 March 2017 a valuation will be carried out by an independent registered valuer not related to the Scheme.

	2016 NZ$	2017 NZ$
Balance at beginning of financial year	-	23,025,000
Purchase of investment property	23,025,000	-
Balance at end of financial year	**23,025,000**	**23,025,000**

4. Capital And Operating Lease Commitments

The Scheme does not anticipate having any capital commitments as at 31 March 2016 or 31 March 2017.

5. Contingent Liabilities

The Scheme does not anticipate having any contingent liabilities as at 31 March 2016 or 31 March 2017.

6. Fees Paid To Auditors

Audit fees of $14,500 plus GST are anticipated to be paid to the auditors during the period ended 31 March 2016 consisting of $8,500 plus GST for the audit of the Prospectus and $6,000 plus GST accrued for the audit of the 2016 financial statements. Audit fees of $6,000 plus GST have been accrued for the audit of the 2017 financial statements.

7. Financial Instruments

Credit Risk

To the extent the Scheme has a receivable from another party there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the Scheme to credit risk principally consist of cash and cash equivalents.

The Scheme will hold no collateral or any other security over the Scheme's financial assets subject to credit risk. However, the Scheme's funds will be held by a well-established bank within New Zealand therefore reducing possible credit risk. The Scheme's tenants will pay rental monthly in advance and as such there is no anticipated credit risk exposure at 31 March 2016 or 31 March 2017. As a result the Scheme does not anticipate non-performance by the counterparties.

Maximum exposures to credit risk at balance date are:

	2016 NZ$	2017 NZ$
Cash and cash equivalents	446,780	412,187

Liquidity Risk

Liquidity risk represents the Scheme's ability to meet its financial obligations on time. The Scheme projects to generate sufficient cash flows from its operating activities to make timely payment to meet these obligations. The table below represents all contractual and fixed pay-offs for settlement and repayments resulting from expected financial liabilities.

As at 31 March 2016

Financial Liabilities	Carry Amount	Contractual Cash Flows	0-6 Months	6-12 Months	1 to 2 Years	2 to 5 Years	Over 5 Years
Payables	36,550	(36,550)	(36,550)	-	-	-	-
Interest payable	43,312	(1,978,491)	(259,875)	(259,875)	(519,750)	(938,991)	-
Bank loan	11,550,000	(11,550,000)	-	-	-	(11,550,000)	-
Distributions Payable	84,059	(84,059)	(84,059)	-	-	-	-

As at 31 March 2017

Financial Liabilities	Carry Amount	Contractual Cash Flows	0-6 Months	6-12 Months	1 to 2 Years	2 to 5 Years	Over 5 Years
Payables	36,717	(36,717)	(36,717)	-	-	-	-
Interest payable	43,312	(1,458,741)	(259,875)	(259,875)	(519,750)	(419,241)	-
Bank loan	11,550,000	(11,550,000)	-	-	-	(11,550,000)	-
Distributions Payable	89,244	(89,244)	(89,244)	-	-	-	-

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk is in the normal course of the Scheme's business. The interest rate used in the prospective financial statements is 4.50%. At 31 March 2016 and 31 March 2017 the principal or contract amounts outstanding are estimated to be $11,550,000. The Manager monitors market interest rates on a daily basis to determine whether interest rates should be fixed or whether the Scheme should enter into derivative financial instruments to moderate the impact of short-term fluctuations in interest rates.

Oyster, on behalf of the Scheme, is likely to enter into an option where the Scheme will fix the interest rate at 4.50% for a period of four years from the Settlement Date. Oyster has attempted to manage the Scheme's cash-flow interest rate risk by way of the fixed interest rate swap option.

Capital Risk

The Scheme's capital consists of investor capital contributions and retained earnings.

The Scheme's objectives when managing capital are to safeguard the Scheme's ability to continue as a going concern in order to provide returns for Investors and maintain sufficient cash reserves to meet obligations as they fall due. In order to meet these objectives the Manager may change the level of distributions to investors.

The Scheme is not subject to externally imposed capital requirements.

Fair Values

The carrying value is expected to approximate the fair value for all financial instruments and accordingly they are not scheduled out in this note to the accounts.

8. Issued Interests, Equity and Reserves

	2016	2017
Number of Interests issued	255	255

The holders of Interests will be entitled to receive distributions and are entitled to one vote per Interest at meetings of the Scheme, and rank equally with regard to the Scheme's residual assets. The voting rights attaching to Interests held by Oyster are suspended while Oyster or a Related Company of it are the holders of Interests meaning that Oyster or a Related Company cannot vote on any resolution of the Scheme which is required to be passed pursuant to the Deed of Participation. The Vendor will have full voting rights while it is the holder of any Interests pursuant to the Vendor Underwrite.

	Capital NZ$	Retained Earnings NZ$	Total Equity NZ$
Balance at 21 December 2015	-	-	-
Investors' Capital Contribution	11,798,735	-	11,798,735
Total Comprehensive Income	-	225,984	225,984
Distributions to Investors	(53,143)	(225,984)	(279,127)
Balance at 31 March 2016	**11,745,592**	**-**	**11,745,592**

	Capital NZ$	Retained Earnings NZ$	Total Equity NZ$
Balance at 1 April 2016	11,745,592	-	11,745,592
Total Comprehensive Income	-	1,029,342	1,029,342
Distributions to Investors	(53,143)	(1,029,342)	(1,070,942)
Balance at 31 March 2017	**11,703,992**	**-**	**11,703,992**

As at 31 March 2016 and 31 March 2017, 255 Interests are anticipated to be on issue.

Investor's Capital Contribution is calculated as follows:

	NZ$
Gross capital contribution from Investors (255 Interests @ $50,000 each)	12,750,000
Less Issue Costs:	
Legal Costs	(65,000)
Marketing Costs	(125,000)
Oyster's Offeror's Fee	(402,938)
Oyster's Brokerage Fee	(255,000)
Prospectus Registration Fee	(2,327)
Property Due Diligence Reporting	(8,500)
Oyster's Deposit Fee	(12,500)
Oyster's Underwrite Fee	(80,000)
Total Issue costs	(951,265)
Net Investors' Capital Contribution	**11,798,735**

Distributions

The following distributions are forecasted during the financial year.

	2016 NZ$	2017 NZ$
Per Interest	1,095	4,200

Investor distribution is calculated as follows:

	2016 NZ$	2017 NZ$
Profit per Income Statement	225,984	1,029,342
Plus Loan Fees included in interest paid (paid by Investors' Capital Contribution)	346	1,250
Plus Prospectus and Investment Statement Valuation (paid by Investors' Capital Contribution)	12,450	-
Plus Prospectus and Investment Statement Accounting fee (paid by Investors' Capital Contribution)	5,000	-
Plus Prospectus and Investment Statement Audit fee (paid by Investors' Capital Contribution)	8,500	-
Plus Prospectus and Investment Statutory Supervisor fees (paid by Investors' Capital Contribution)	8,000	-
Plus Prospectus and Investment Statement Indemnity Insurance (paid by Investors' Capital Contribution)	2,500	-
Plus Syndicate Management Fees (paid by Investors' Capital Contribution)	16,347	40,350
Total Cash Distributions	**279,127**	**1,070,942**
Number of Interests	255	255
Per Interest	1,095	4,200

9. Cash and Cash Equivalents

	2016 NZ$	2017 NZ$
Current Account	446,780	412,187

10. Prepayments

	2016 NZ$	2017 NZ$
Finance Fees	4,654	3,404

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11. Rental Income

The Scheme's investment property has operating leases attached to it. The following projected rentals take into account the minimal rental increases allowed under the existing lease agreements.

	2016 NZ$	2017 NZ$
Less than one year	1,678,942	1,682,357
Between one and five years	6,363,945	5,933,694
More than five years	3,799,115	1,405,117
Total	**11,842,002**	**10,163,059**

12. Related Parties

Oyster Property Group Limited is the Promoter of the Scheme and Offeror of Interests in the Scheme. Oyster Management Limited is the Manager of the Scheme. Gary Gwynne, Mark Winter, Mark Schiele, Michael Blake and Martyn McCarthy are directors of both Oyster Property Group Limited and Oyster Management Limited.

Covenant Trustee Services Limited is the statutory supervisor for the Scheme. Its directors are Andrew Barnes, Graham Miller, James Douglas and Timothy Shaw. Home Straight Trustees Limited is the Custodian for the Scheme. Michael Hablous, Graham Miller and Richard Spong are the directors of Home Straight Trustees Limited. Covenant Trustee Services Limited is the sole shareholder of Home Straight Trustees Limited.

Oyster will be paid by the Scheme the Offeror's Fee $402,938 plus GST which is calculated as 1.75% of the total asset carrying value being a fee for locating the Property and negotiating the contract to purchase the Property, and for developing this investment opportunity and establishing the Scheme. From that fee, Oyster is responsible for paying any commissions payable to third party agents, financial advisers and brokers responsible for arranging the sale of Interests. The Scheme has no liability for any such commissions. The Scheme's sole liability is for the fee payable to Oyster.

Oyster will also be entitled to be paid a brokerage fee of $255,000 plus GST which is calculated as 2.00% of the total equity raised. From that fee Oyster is responsible for paying any commissions payable to third party agents, financial advisers and brokers responsible for arranging the sale of Interests as Oyster may be required to pay commissions to those third parties. The Scheme has no liability for any such commissions. The Scheme's sole liability is for the fee payable to Oyster.

Oyster has agreed to underwrite the Offer. Oyster's primary underwriting commitment is for up to $4,000,000 or 80 Interests and Oyster will receive a base underwriting fee of $80,000 (being 2.00% of the maximum Primary Underwrite amount of $4,000,000).

Oyster, on behalf of the Scheme, has paid the deposit of $500,000 payable under the Sale and Purchase Agreement. Oyster will charge the Scheme a fee of $12,500 for Oyster paying the deposit on behalf of the Scheme. On the Settlement Date, the Scheme will reimburse Oyster the deposit amount and pay the deposit fee.

Oyster Management Limited, as Manager, will be responsible for the management and administration of the Property and the Scheme.

Oyster will be paid the Property Management Fee which is the greater of $40,000 (excluding GST) per annum and the amount equivalent to 2.50% of the total net annual rent payable under the Leases or any replacement or additional tenancy arrangement (plus GST) (calculated on a pro-rata basis for the period from the Settlement Date to 31 March 2016). Therefore, the Property Management Fee from the Settlement Date to 31 March 2016 is $11,425 plus GST and for the 12 months ending 31 March 2017 the Property Management Fee is $41,972 plus GST.

Part of the Property Management Fee is recoverable from tenants CityFitness and District Cafe via outgoings charges under the Leases; the remainder will be paid out of the Scheme's gross income monthly in advance.

Oyster will be paid a Scheme Management Fee which is the greater of $69,000 (excluding GST) per annum and the amount equivalent to 0.30% of the Capital Value of the Property (plus GST) (calculated on a pro-rata basis for the period from the Settlement Date to 31 March 2016). As at the date of this Investment Statement, the Capital Value is $23,025,000 (in accordance with the fair value paid under the Sale and Purchase Agreement); therefore the Scheme Management Fee is $19,114 plus GST from Settlement Date to 31 March 2016 and $69,075 plus GST for the 12 months ending 31 March 2017.

The amount of $16,347 plus GST of the Scheme Management Fee from the Settlement Date to 31 March 2016 will be paid by investors' capital contribution and the remaining $2,667 for this period will be paid by the Scheme. The amount of $40,350 plus GST paid by Investors' capital contribution will be utilised in the 12 months ended 31 March 2017 and the remaining $28,725 for this period will be paid by the Scheme. The Scheme Management Fee of $138,150 for the 12 months ending 31

March 2018 and the 12 months ending 31 March 2019 will be paid partly from the remaining capital contribution of $95,878 and the balance of $42,272 will be paid by the Scheme.

Home Straight Trustees Limited will hold the certificate of titles to the Property as bare trustee for the Investors.

Covenant Trustee Services Limited will be paid an annual fee based on the value of the Scheme's outstanding securities (i.e. the value of the Interests held in the Scheme), to be calculated as follows:

Size of Scheme	Rate per annum (excl.GST)
If the Scheme has more than $12 million of outstanding securities	$500 per $1 million of outstanding securities
If the Scheme has more than $4 million and less than $12 million of outstanding securities	$6,000
If the Scheme has less than $4 million of outstanding securities	$4,000

The initial fee payable to the Supervisor will be $6,375 plus GST per annum, but this fee may change during the term of the Scheme.

The following is a schedule of the fees to be paid to related parties during the periods ending 31 March 2016 and 31 March 2017.

Oyster Property Group Limited

	2016 NZ$	2017 NZ$
Offeror's Fee	402,938	-
Brokerage Fee	255,000	-
Underwrite Fee	80,000	-
Deposit Fee	12,500	-

Oyster Management Limited

	2016 NZ$	2017 NZ$
Property Management	11,425	41,972
Syndicate Management	19,114	69,075

Covenant Trustee Services Limited

	2016 NZ$	2017 NZ$
Statutory Supervisor	12,094	8,875

Home Straight Trustees Limited

	2016 NZ$	2017 NZ$
	-	-

The following is a schedule of the fees anticipated to be outstanding to related parties as at 31 March 2016 and 31 March 2017.

Oyster Property Group Limited

	2016 NZ$	2017 NZ$
Offeror's Fee	-	-
Brokerage Fee	-	-
Underwrite Fee	-	-
Deposit Fee	-	-

Oyster Management Limited

	2016 NZ$	2017 NZ$
Property Management	3,432	3,502
Scheme Management	5,756	5,756

Covenant Trustee Services Limited

	2016 NZ$	2017 NZ$
Statutory Supervisor	4,094	4,094

Home Straight Trustees Limited

	2016 NZ$	2017 NZ$
	-	-

Outstanding balances at reporting date are unsecured and are to be settled in cash within one month of the reporting date.

13. Trade Payables

	2016 NZ$	2017 NZ$
GST payable	16,921	17,326
Accounts payable	79,862	80,029
Distribution payable	84,059	89,244

14. Loans

	2016 NZ$	2017 NZ$
Bank Loan	11,550,000	11,550,000

Loan Security

The loan is secured by way of a registered first mortgage over the certificates of title for the Property. The bank will be granted a first registered General Security Agreement over all present and after acquired personal property of Home Straight Trustees Limited.

The term of the Term Loan Facility is an 'extendable' facility with an initial term of 36 months (three years) from date of drawdown. The Manager, on behalf of the Scheme, will arrange for the Custodian to enter into a facility for a 48 month (four year) term. The 'extendable' facility means that that the facility is available for up to 5 years. With an 'extendable' term, the facility is reviewed annually and subsequently extended by a further 12 months at both the bank's and the Custodian's discretion (up to the maximum period of five years). Where the loan term is extended, the Term Loan Facility then never has an expired term of less than 36 months except where the relevant unexpired 36 month period would take the cumulative loan term beyond 5 years.

The Loan Facilities will be on a limited recourse basis with no personal guarantees given by any party including Investors. The Loan Facilities will be interest only where no principal repayments are required to be made until the repayment date specified in the loan agreement which is the expiry of the loan term (provided the Scheme is not in default of the bank's covenants).

The interest rate payable by the Scheme is the bank's 90 day BKBM bid rate plus a margin of 1.35% per annum (the margin being fixed for the initial 48 month term). As at the date of this Investment Statement the rate is 4.35% per annum. No additional global liquidity cost will apply. This floating rate is subject to change. The interest rates applicable to the Short Term Facility differ from those outlined above and are detailed under the heading "Bank Loan" in paragraph 1.11 of this Investment Statement.

In the event that the loan term is extended under the 'extendable' term option, the bank may re-price the margin. The current price for the further 12 month extension will be blended with the current rate for the remaining 12 months or two years of the facility (as the case may be) to determine a new margin.

Oyster has adopted a 4.50% per annum interest rate on the bank loan for the purposes of the prospective financial information detailed under the heading "Prospective Information (and Principal Assumptions) in respect of Proportionate Ownership Scheme" in paragraph 5.2 of this Investment Statement. This is because Oyster, on behalf of the Scheme, is likely to enter into a fixed interest rate swap option on Settlement of the property which will effectively fix the interest rate at 4.50% for a period of four years from the Settlement Date.

These prospective financial statements assume all 255 Interests will be fully subscribed by the date Phase One of the Offer closes on 14 December 2015, and that the Scheme will not draw down on the Short Term Facility of $3,450,000.

From the Settlement Date to 21 April 2016 (when the Short Term Facility Amount must be repaid) the Scheme's bank has agreed to waive the loan to value ratio ("LVR") under the Term Loan Facility. This means the Short Term Facility will not cause the Scheme to breach the LVR covenant. On 21 April 2016, the Short Term Facility must be repaid and the LVR covenant under the Term Loan Facility of 55% will apply. The subscription amounts for Phase Two Interests will be used to repay the Short Term Facility Amount (and cannot be used for any other purpose).

5.3. Guarantee of Securities

There is no guarantor of the Securities.

6. WHAT ARE MY RISKS?

6.1 Risks and Liabilities related to the Scheme

The following are the other potential and contingent liabilities and risks associated with investment in the Scheme.

BACKGROUND

The primary intention of the Scheme is to operate a commercial property with a view to generating profits which can be distributed to Investors. Notwithstanding that an Investor may be required to make further contributions to the Scheme, the Scheme will endeavour to, as much as possible, protect Investors from any liability as a holder of an Interest over and above the amount subscribed for that Interest. To achieve this, the following matters apply to the Scheme:

- The relationship between the Investors expressed in the Deed of Participation is to be that of an independent co-joint venture and not a partnership.
- The Loan Facilities will be on a "limited recourse" basis. This means that no Investor is required to personally guarantee the obligation the Custodian has to the bank. If the Custodian defaults in its obligations to the bank, the bank cannot recover the amount lent to the Custodian from the Investors personally. The bank can only recover the amount lent to the Custodian from recourse to the assets of the Custodian and the Scheme. If the Property was sold by the bank, the proceeds from the sale of the Property would first be applied to repaying the borrowing from the bank. If the proceeds from the sale of the Property were insufficient to repay the bank in full the bank would not have recourse to Investors personally for any shortfall. This would, however, mean that Investors would not recover some or all of their original investment.

Oyster strongly recommends that all prospective Investors consider the following risk factors thoroughly, in conjunction with the other information in the Prospectus and this Investment Statement, before resolving to participate in this Offer:

SUMMARY OF PRINCIPAL RISKS

- An Investor not being able to recover all of the Investor's original investment.
- An Investor not receiving the returns projected in the Prospectus.
- Risk associated with the subdivision.
- Risk associated with ownership of a commercial property, including unforeseen major maintenance, structural repair or other capital expenditure.
- Damage or destruction risk.
- Risk related to building improvements required by statutory authorities at the Landlord's expense, including earthquake strengthening works.

- Compliance with resource consents.
- Various works to be completed by the Vendor prior to the Settlement Date.
- The Tenants defaulting in their obligations under the Leases.
- Additional equity raise and debt required if RD1 exercises the RD1 Option.
- Risk of an Investor not being able to sell its investment in the Scheme if it wishes to exit prior to the Scheme being terminated.
- Risk related to Oyster holding Interests in the Scheme.
- Control Risk.
- Lending and interest rate risks under the Loan Facility and the Short Term Facility.
- Leverage risk resulting from a change in financial markets.
- Risks related to the bank taking enforcement action under the mortgage.
- Risks related to the bank's covenants.
- Dependence on key personnel of the Manager.
- Conditions imposed by the bank related to the Manager of the Scheme.
- Manager's fee and additional fees and expenses payable to the Manager.
- Risks related to removal of the Manager.
- Risk related to insurance costs.
- GST risk.
- Changes in legislation.
- Risks from other external factors.

RISK OF FALL IN INVESTMENT VALUE OR RATE OF RETURN

- *Risks related to an Investor not being able to recover all of the Investor's original investment:*
  The Investors may not recover some or all of their original investment if:
  - The Scheme is terminated and on termination the net proceeds of asset realisation from the sale of the Property are less than the initial total subscriptions plus the Issue Expenses.
  - The Scheme is terminated before the value of the Property increases sufficiently to recover the Issue Expenses.
  - An Investor sells his or her Interest to a third party for less than the original subscription amount that Investor paid for his or her Interest. This could be due to the performance of the Scheme, market volatility or for other reasons. The sale of Interests in the Scheme presumes a market for the Interests. There is no established market for the sale of Interests and no certainty that there will always be willing buyers for this type of investment. Accordingly the sale of an Interest may not be easily achieved.
  - The Property is unable to be sold.
- *Risks related to an Investor not receiving the returns projected in the Prospectus*
  There is no certainty that the Scheme will achieve the returns projected or that any forward looking statements or projections will eventuate. The prospective distributions under the Scheme and the value of the Property will be influenced by a number of risks outside the control of the Manager, the Scheme, the Custodian, the Supervisor and Oyster. In relation to property investments, property values and market rents in general can be affected both positively and negatively by economic factors such as interest rate movements, general price movements and the level of economic activity.

PROPERTY RELATED RISKS

- *Risk associated with the Vendor's subdivision*
  The Vendor must complete the Subdivision to subdivide the Property from the Vendor's Balance Land in order for the certificates of title for the Property to be issued and settlement completed. The Vendor is solely responsible to complete the Subdivision at its cost in all respects. The Vendor has obtained Subdivision Consent for the Subdivision but must still amend the Subdivision Plan to reflect the carparking which needs to be allocated to CityFitness and RD1 under their respective leases on the Vendor's Balance Land, prepare and finalise the easement and other instruments to be registered on the certificates of title to the Property and the Vendor's Balance Land and submit the final Subdivision Plan to Council for certification under the Resource Management Act 1991. There is a risk that the Vendor will not complete the requisite steps and settlement will be delayed. To mitigate this risk under the

Sale and Purchase Agreement the Vendor must complete the subdivision before 31 March 2016 or the Custodian (as purchaser) can cancel. In those circumstances it is unlikely Oyster (on behalf of the Custodian) would cancel the Sale and Purchase Agreement, but the sunset date does give the Vendor an impetus to complete the subdivision prior to that date or risk cancellation. To further mitigate the risk involved with the Subdivision Oyster has obtained advice from a resource consent specialist during due diligence confirming there are no planning issues which would prevent the Subdivision being completed in accordance with the Subdivision Consent. Further details on the issue of certificates of title and the Vendor's subdivision can be found under the heading "Description of Property to be purchased by the Custodian" in paragraph 1.3 of this Investment Statement.

- *Major maintenance/structural repairs/capital expenditure*
  A risk usually associated with ownership of a leased commercial investment property is unforeseen maintenance, structural repairs or works of a capital nature to the Property for which the Custodian (as owner of the Property and as Landlord under the Leases) will be responsible. No material level of maintenance, structural or capital works are currently envisaged, however please see further details below on the further development required if RD1 exercises the option right under its lease for additional office space to be developed in the RD1 Building. The Custodian as Landlord can recover general maintenance and repair expenditure (excluding structural repairs and 'non minor' roof repairs) from RD1, CityFitness and District Café as outgoings under their respective leases. Ministry of Education does not pay outgoings under its lease. Where the unforeseen works described in this paragraph exceed the amount recoverable from Tenants as outgoings, the Scheme will be liable to pay any shortfall and Investors will be liable on a proportionate basis if the Scheme does not have sufficient funds to meet that shortfall.

- *Damage or destruction risk*
  There is also a risk of damage or destruction of the Property by fire, earthquake or other event which may result in loss of rent income from the Property. Any one of these events would affect the distributions to Investors. However, the Manager will ensure that the Property has comprehensive insurance cover, including consequential loss of rent cover. The Landlord's insurance premiums and excess are recoverable from RD1, CityFitness and District Café as outgoings under their respective leases. Ministry of Education does not pay outgoings under its lease. There is a cap on the excess recoverable from RD1 of $500, but no cap on the excess recoverable from CityFitness or District Café. Note that the terms of the bank loan offer require the Custodian to maintain loss of rent insurance cover for a minimum period of 24 months, however RD1, CityFitness and District Café are only required to contribute to premiums for a 12 month loss of rent policy. Accordingly any shortfall in the amount payable by the Custodian for its 24 month loss of rent policy and the amount recoverable from those tenants as outgoings under their respective leases would need to be met by the Scheme or by Investors on a proportionate basis if the Scheme did not have sufficient funds to meet the shortfall.

- *Risks related to building improvements required by statutory authorities at the Landlord's expense, including earthquake strengthening works*
  If the Custodian as Landlord is required by legislation or statutory requirement to undertake improvements, additions or alterations to the Buildings or earthquake strengthening works the initial cost of such improvements, additions or alterations may need to be met by Investors on a proportionate basis if the Scheme did not have sufficient funds to meet such costs. The Custodian as Landlord may then be able to recover its expenditure from RD1 and District Café (if their premises are affected by the relevant improvement, addition or alteration) an annual sum equal to 10% (RD1) or 12% (District Café) from the date the work is completed until the next rent review date under the relevant lease. In respect of earthquake strengthening works, Gray Consulting designed the Buildings in 2011 and have

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confirmed by letter to the Vendor dated 9 September 2015 that the Buildings have an earthquake capacity of 100%NBS. Gray Consulting has also provided a letter to Oyster dated 16 October 2015 confirming the Custodian can rely on the statements in that 9 September 2015 letter. In summary, it is unlikely given the age of the Buildings and confirmation received from Gray Consulting that the Buildings will require seismic upgrade under the current legislative framework.

- *Compliance with resource consents*
  There have been a number of resource consents issued for activities on the Property and there is a risk that the existing activities on the Property do not comply with the terms and conditions of those resource consents and any district plan requirements. The Tenants will be responsible for the resource consents relating to their activities on the Property. Further details on the resource consents can be found in the "Planning Aspects" section on page 78 of the Prospectus.

- *Various works to be completed by the Vendor prior to the Settlement Date*
  Under the Sale and Purchase Agreement, the Vendor is required to complete various works prior to the Settlement Date. Further details on those works can be found in paragraph 1.10 of this Investment Statement. There is a risk those works will not be completed prior to the Settlement Date and in those circumstances Oyster would attempt to negotiate a reduction in the Purchase Price to cover the Custodian's cost of completing the works after Settlement, or reach an agreement with the Vendor for the Vendor to complete the works after settlement. If no agreement was achieved the Scheme will be liable to meet the costs of those works or any shortfall if some of the cost is recoverable from Tenants under the Leases.

TENANT AND LEASE RELATED RISKS

- *Tenant Default*
  The principal risk of a leased commercial investment property is that a tenant (or tenants) will be unable to, or may choose not to, pay the rent and outgoings payable under the Leases. If a Tenant defaults in payments under the Leases or is unable to sustain payment of the rent at market levels this will reduce the income return to Investors. It may also result in the Custodian on behalf of the Scheme, being unable to meet the Custodian's obligations to the bank. A breach of the banking covenants could result in the bank taking enforcement action under the mortgage, with the ultimate sanction being the sale of the Property by the bank. The bank is also entitled to charge default interest if there is a default by the Custodian under the Loan Facilities. The Scheme would be liable for both the non-payment of interest and any default interest charged by the bank. If the Scheme was unable to meet that liability it would need to be met by Investors on a proportionate basis. Investors are reliant on the Tenants' ability to withstand difficult market conditions. Costs (including recovery or litigation costs) associated with obtaining replacement tenants will reduce the funds available for distribution to Investors. It may also not be possible to re-let vacant Premises (or vacant Premises may only be re-let on less favourable terms and/or after delay and/or with incentives to a new tenant) which would also result in a reduction in the income return to Investors. This risk is mitigated under the CityFitness and District Café leases where guarantees have been obtained for the Tenants' obligations from (respectively) the Tenant's holding company and the Tenant's sole directors/shareholders. Further details on the guarantees provided under the Leases can be found under the heading "Details of the Leases" in paragraph 1.8 of this Investment Statement. As part of its feasibility study in relation to the Scheme, Oyster has also considered the financial standing of key tenants Ministry of Education and RD1, who have not provided any guarantees under their respective leases. Further details can be found under the heading "Prospective Information (and Principal Assumptions) in respect of Proportionate Ownership Scheme" in paragraph 5.2 of this Investment Statement.

In circumstances of Tenant default where there is either no guarantee or the corporate or personal covenants secured under lease guarantees are not sufficient to meet the Scheme's liability to the bank or its other liabilities described in the Prospectus and this Investment Statement, those payments (including any default interest charged by the bank) would need to be met by Investors on a proportionate basis.

- *Additional equity raise and debt if RD1 exercises the RD1 Option*
  In summary, at any time after 10 May 2016 RD1 can exercise an option for the Custodian (as Landlord) to develop (at the Landlord's cost) a maximum of 500m² of additional office space, such office space to be located above the carpark area on the north-western side of the RD1 Building ("RD1 Development Works"). Oyster has entered into a Deed of Covenant with the Vendor pursuant to which the Vendor will retain the obligation to complete the RD1 Development Works if RD1 exercises the option. The Vendor's obligations in the Deed of Covenant are personally guaranteed by its current directors Stafford Neil Houghton and Edward John Wood. The Deed of Covenant is also binding on and for the benefit of the Custodian. On completion of the RD1 Development Works, the Custodian will purchase the RD1 Development Works from the Vendor at a capitalised rate of 7.17% of the annual rent payable by RD1 for the additional office space ("Development Cost"). Further details on the RD1 Option can be found under the heading "Sale and Purchase Agreement" in paragraph 1.10 of this Investment Statement.

  The intention is for the Development Cost to be funded using a combination of additional equity raised from existing or new investors in the Scheme and bank debt based on the current equity/debt ratio outlined in the Prospectus and in this Investment Statement, i.e. maintaining a maximum loan to value ratio of 55%.

  Based on the current square metre rate of $180 per m² under the RD1 Lease and the maximum space of 500m² which RD1 can require the Custodian (as landlord) to develop under the RD1 Option, the Development Cost would be approximately $1,255,230 (excluding GST) or $4,922 per Interest in the Scheme.

  The risks involved (if RD1 exercises the RD1 Option) are:

  Funding Risk

  – There is a risk that the Scheme will not be able to obtain the additional equity and debt required to fund the payment of the Development Cost.

  – The Scheme's bank is aware of the terms of the RD1 Development Works and has indicated that it will consider providing debt funding for part of the Development Cost if a request is made to it. There is no certainty that the Scheme's bank or an alternative bank will provide this funding when required or that, if the funding is available, the Scheme will be able to meet the requirements or covenants imposed by the bank in relation to that funding.

  – If the Scheme is unable to raise the additional equity required and further debt funding was not available, Investors would be required to fund the Development Cost on a proportionate basis. Based on market conditions as at the date of this Investment Statement, this is unlikely, but conditions can change.

  Risk of Reduction in Investor Return

  – The Development Cost is calculated at a market capitalisation rate based on the market rental that will be paid by RD1 for the additional office space when the RD1 Development Works are complete. Accordingly, it is unlikely that any changes in the structure of the Scheme as a result of the additional equity raise and/or the additional debt incurred will adversely affect the rate of return to Investors. All Investors, including those who hold Interests allotted pursuant to the Prospectus and this Investment Statement and future investors holding Interests that are allotted pursuant to an additional equity raise, should receive a return similar to that achieved by Investors immediately prior to the RD1 Development Works.

  Exposure to risk involved in construction and completion of the RD1 Development by the Vendor

  – RD1 is not a party to the Deed of Covenant where Oyster, the Custodian and the Vendor have agreed that the Vendor will complete the Custodian's obligations (as Landlord) in respect of the RD1 Option. Accordingly, the Custodian will still be directly responsible to RD1 under its lease to complete the RD1 Development Works. Oyster has attempted to mitigate the risk of the Custodian incurring liability in respect of the RD1 Development Works by ensuring the Deed of Covenant includes:

    > personal guarantees from the directors of the Vendor;

    > an obligation for the Vendor to pay on demand the amount of any liquidated damages RD1 is entitled to claim if the RD1 Development Works are not

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completed within the requisite timeframe, or any compensation or the value of any rent abatement RD1 is entitled to under the RD1 Lease; and

> an indemnity in favour of Oyster/the Custodian against any costs, claims or liabilities incurred by Oyster/the Custodian as a result of, or incidental to, any breach by the Vendor of the deed.

INVESTMENT LIQUIDITY RISK

- There is a risk that an Investor will not be able to sell its investment in the Scheme if it wishes to exit prior to the Scheme being terminated. The Scheme does not have a fixed term and there is no certainty that the Scheme will be terminated. The Manager has successfully assisted investors in similar schemes to realise interests when required, but there is no formal market for interests and no certainty that an Investor will be able to dispose of its Interest if and when it desires. Oyster must also procure the Vendor's Interests are sold to third party Investors within the first 24 months after the Settlement Date; and will purchase itself any Vendor's Interests that are not sold within those time periods itself. Further details on the Vendor Underwrite can be found under the heading "Vendor Underwrite – subscription for Interests" in paragraph 1.10 of this Investment Statement.

OYSTER HOLDING INTERESTS IN SCHEME

- If Oyster becomes an Investor and holds Interests (as a result of Oyster's Primary or Secondary Underwrite or as a result of Vendor's Interests Oyster is required to purchase pursuant to the terms of the Vendor Underwrite), there is a risk there will be an over-supply of Interests available for sale in the Scheme. This in turn could cause the market price for Interests to decrease or could mean an Investor cannot dispose of its Interests if and when it desires. Further details on Oyster's Primary and Secondary Underwrite and the Vendor Underwrite can be found in paragraph 1.9 of this Investment Statement.

  Oyster has agreed that it will not market for sale, on-sell or transfer any Interests it has subscribed for pursuant to its Primary Underwrite until after the Closing Date (i.e. on 12 March 2016 or such earlier date as the Offer is fully subscribed).

CONTROL RISK

- The Deed of Participation does not limit the number of Interests that an Investor may hold. Accordingly, Investors are subject to the risk that one Investor or a group of Investors may obtain control of the Scheme or have sufficient votes to block any proposed resolutions.

RISKS RELATED TO THE LOAN FACILITIES

- *Lending and Interest Rate risk*
  Bank loan finance may not be obtainable at the expiry of any loan term and this will require a refinance with another bank. Due to the cyclical nature of the commercial property finance market there is a possibility that bank loan finance will not be available on the same terms throughout the life of the investment. In addition, a bank may in the future impose terms which place pressure on the Custodian on behalf of the Scheme to repay principal loan amounts which in turn could reduce the level of distributions to Investors or which could require additional equity to be contributed by Investors. The proposed Loan Facilities do not impose any condition related to repayment of the principal loan amounts during the respective terms, but the Loan Facilities will need to be paid at the end of their respective terms (unless alternative arrangements were agreed between the Manager and the Custodian (on behalf of the Scheme) and the bank).

  Oyster has adopted a 4.50% per annum interest rate on the Term Loan Facility for the purposes of the prospective financial information detailed the Prospectus and this Investment Statement. This is because Oyster, on behalf of the Scheme, is likely to enter into an option where the Scheme will fix the interest rate at 4.50% (being the swap rate of 3.15% plus the bank's current lending margin of 1.35%) for a period of approximately four years from the Settlement Date. Based on the interest rate adopted by Oyster for the purposes of the prospective financial information detailed in the Prospectus and this Investment Statement, the Scheme will be liable to the bank for interest on the Term Loan

Facility in the amount of $144,167 during the period from the Settlement Date until 31 March 2016 and in the amount of $521,000 for the 12 month period to 31 March 2017.

The interest expense is based on no principal repayments (interest only) during the term of the Loan Facilities.

The interest rates applicable to the Short Term Facility differ from those outlined above and are detailed under the heading "Bank Loan" in paragraph 1.11 of this Investment Statement.

There is a possibility that the interest rates available at the expiry of any fixed interest period will differ from interest rates detailed in and, used for the purposes of, the prospective financial information in the Prospectus and this Investment Statement. That difference in interest rates may be material. As outlined above, future interest rate movements are unable to be accurately predicted. The bank's prevailing interest rates as at the date of drawdown, being the Settlement Date, or (as applicable) the date of expiry of any fixed interest period will apply.

Commercial and industrial property markets are sensitive to fluctuations in interest rates. The level of investment activity can fall if the general level of interest rates rise. Interest rates affect the Custodian's cost of borrowing funds and also may have an impact on the value of the Property and distributions to Investors. If the Property is not sold before the expiration of the Term Loan Facility, renewed financial facilities may involve principal repayment, which will affect distributions to Investors.

- *Leverage Risk*
  There is a risk that adverse market movements may cause a breach of banking covenants, in particular, the bank's requirement to maintain a maximum loan to value ratio of 55% and earnings of 2.25 times the interest cost (following 21 April 2016 or four months after the Settlement Date when the Short Term Facility expires). A breach of the loan to value ratio covenant would result in the Scheme being required to make principal repayments on the Loan Facilities or to provide further security, satisfactory to the bank, to ensure the loan to value ratio covenant was no longer breached. A breach of the banking covenants could result in the bank taking enforcement action under the mortgage, with the ultimate sanction being the sale of the Property by the bank. The bank is also entitled to charge default interest if there is a default by the Custodian under the Loan Facilities. The Scheme would be liable for the default interest (if charged by the bank).

- *Risks related to the bank taking enforcement action under the mortgage*
  If the Custodian defaults in its obligations to the bank, the bank cannot recover the amount lent to the Custodian from the Investors personally. The bank can only recover the amount lent to the Custodian from recourse to the assets of the Custodian and the Scheme. If the Property was sold by the bank the proceeds from a sale of the Property would first be applied to repaying the borrowing from the bank. If the proceeds from the sale of the Property were insufficient to repay the bank in full the bank would not have recourse to Investors personally for any shortfall. This would, however, mean that Investors would not recover some or all of their original investment.

- *Risks related to the bank loan covenants*
  If Ministry of Education vacates the Property or defaults in its lease obligations the Bank may review the Term Loan Facility. That review could result in the bank imposing more onerous terms on the Term Loan Facility, which in turn could reduce the level of distributions to Investors or which could require additional equity to be contributed by Investors.

RISKS RELATED TO THE MANAGER OF THE SCHEME

- *Dependence on key personnel of the Manager*
  The Manager has a small number of management staff who are important to the ongoing success of the Manager. While every effort is made to retain key staff, plan for succession and recruit new staff as the need arises, the loss of one or more key staff of the Manager may adversely affect the Scheme's financial position and performance.

- *Conditions imposed by the bank related to the Manager of the Scheme*
  It is a condition of the Term Loan Facility that the Manager remains manager of the Scheme and the Property. The Scheme will be in default of its obligations to the bank if the Manager is removed as manager or if the Manager resigns as manager. A breach of the banking covenants could result in the bank taking enforcement action under the mortgage with the ultimate sanction being the sale of the Property by the bank. The bank is also entitled to charge default interest if there is a default by the Custodian under the Loan Facilities. The Scheme would be liable for the default interest (if charged by the bank). If the Scheme was unable to meet that liability it would need to be met by Investors on a proportionate basis.

QUESTIONS

ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

- *Property Management Fee*
  The Property Management Fee is not directly linked to the performance of the Scheme. Notwithstanding the performance of the Scheme, the Manager will be paid the Property Management Fee which will be the greater of $40,000 (excluding GST) per annum and the amount equivalent to 2.50% of the total net annual rent payable under the Leases or any replacement or additional tenancy arrangement (plus GST). The minimum Property Management Fee of $40,000 will increase annually on 1 April in each year by the same percentage as any percentage increase in CPI during the previous calendar year.

  Approximately 30% of the Property Management Fee is recoverable from tenants CityFitness and District Café via outgoings charges under the Leases. RD1 and Ministry of Education do not pay outgoings for management fees under their leases. The Scheme will be liable to pay the remaining 70% of the Property Management Fee, and any amount which CityFitness or District Café disputes or does not pay.

- *Scheme Management Fee*
  The Scheme Management Fee is not directly linked to the performance of the Scheme. Notwithstanding the performance of the Scheme, the Manager will be paid the Scheme Management Fee which will be the greater of $69,000 (excluding GST) per annum and the amount equivalent to 0.30% of the Capital Value of the Property (plus GST). The minimum Scheme Management Fee of $69,000 will increase annually on 1 April in each year by the same percentage as any percentage increase in CPI during the previous calendar year.

  No part of the Scheme Management Fee is recoverable from the Tenants under the Leases as Management Expenses. The Scheme is liable for the entire Scheme Management Fee.

  A portion of the Scheme Management Fee payable to the Manager during the first four years of operation of the Scheme will be added to the establishment costs and treated as working capital. For further details refer to the Issue Expenses under the heading "Issue Expenses" in paragraph 3.2 of this Investment Statement. On an ongoing basis, the Manager will apply a portion of that amount towards the Scheme's liability to the Manager for the Scheme Management Fee.

- *Removal of the Manager*
  The Manager can be removed at a meeting, if Investors holding not less than 25% of the total Interests in the Scheme are in attendance (either personally or by proxy) and, if the quorum requirements are met, 75% of attendees vote in favour of the Manager's removal. This is a higher threshold than is required to pass an ordinary resolution and accordingly there is a risk that it will be difficult to remove the Manager.

- *Manager's additional fees and expenses*
  The Deed of Participation contains additional fees chargeable by the Manager to the Scheme for negotiating leases, arranging finance (including a specific fee for refinancing), on the sale of the Property/termination of the Scheme and carrying out project management services and other like services. These fees and charges are detailed in the Third Schedule of the Deed of Participation and some of those fees are subject to adjustment by the Manager from time to time to reflect changes in inflation.

GENERAL RISKS AND LIABILITIES

- *Insurance Costs*
  Since the Christchurch earthquake the cost of obtaining insurance for commercial property has increased significantly. The Landlord's insurance premiums and excess are recoverable from RD1, CityFitness and District Café as outgoings under their respective leases. Ministry of Education does not pay outgoings under its lease. If for any reason any Tenant is unable to pay the insurance premiums or disputes the payments due under the Leases, any shortfall in the premiums payable under the Landlord's insurance policy, will be borne by the Scheme and will affect the level of returns to Investors.

- *GST Risk*
  The Tenants pay GST to the Scheme and under the Deed of Participation the Manager is responsible for filing GST returns and making the required payments to Inland Revenue Department on behalf the Scheme. Investors will be jointly and severally liable for any unpaid GST, but to the extent that an Investor's liability exceeds their proportionate interest, that Investor will have a right of contribution from other Investors whose liability is less than their proportionate interest (as a proportion of the total liability).

- *Changes in legislation*
  The Financial Markets Conduct Act 2013 ("FMC Act") was passed into law in September 2013 to replace the Act and the Securities Markets Act 1988. The Financial Market Conduct Regulations 2014 (together with consequential amendments to other regulations) came into force on 1 December 2014 as part of phase two of the implementation of the FMC Act. There are transitional provisions for the introduction of many provisions and market participants will have up to 24 months from 1 December 2014 (or the implementation of Stage 2) to comply with the new disclosure and governance requirements. Accordingly, the Prospectus has been issued under the existing regime in the Act and the Regulations but by 1 December 2016 the Scheme will need to be transitioned to meet the requirements under the FMC Act and the regulations.

  The main purpose of the FMC Act is to promote confident and informed participation in financial markets and to increase fairness, efficiency and transparency in those markets. As a result there are increased or additional compliance obligations for the Scheme, the Manager and/or the Supervisor under the FMC Act. Those obligations relate primarily to the transitioning of the Scheme referred to above, financial reporting and governance (i.e. the requirement for the Manager to be granted a licence under the FMC Act) and the costs may be significant. Any increase in costs will have the effect of reducing the Scheme's cash available for distribution and will result in a reduction to the return payable to Investors. There is also a possibility that in future there may be other changes in the legislation which covers the Prospectus and this Investment Statement which may also affect distributions to Investors.

  The Manager has applied to the Financial Markets Authority to be a licensed manager of Managed Investment Schemes pursuant to the Financial Markets Conduct Act 2013 and Financial Markets Conduct Regulations 2014. The Manager is currently awaiting approval of that application.

- *External factors*
  The distributions to Investors may be influenced by the following external factors:
  - A downturn in the commercial property market which would affect the value of the Property and could mean Investors may not be able to recover their original investment.
  - A downturn in the New Zealand and/or world economy. This would affect the Tenants and could affect the Tenants' ability to continue to pay rent or to sustain payment of rent at the current rent levels.
  - Legislative or other regulatory changes affecting the value of the Property, the zoning of the Property, requiring improvements, additions or alterations to the Property or the tax treatment of gains on sale of the Property or distributions to Investors.

In certain circumstances, Investors may have a liability to the Scheme which results in each Investor being required to make further payments. Investors will be required to make a payment to the Manager on behalf of the Scheme on a pro-rata basis in proportion to each Investor's proportionate interest if there is a shortfall between the income received from the Tenants and the costs, expenses fees and liabilities of the Scheme.

QUESTIONS

ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

6.2 Consequences of Insolvency

- In the event that the Scheme becomes insolvent, the Investors (on a proportionate basis) may be liable to pay money to the Scheme to cover the Scheme's liabilities, other than the Scheme's liability under the bank loan referred to in paragraph 1.11 of this Investment Statement.
- In the event that the Scheme is put into liquidation or wound up, all liabilities of the Scheme (including the bank loan referred to in paragraph 1.11 of this Investment Statement) will rank ahead of claims of Investors for the return of their respective investment in the Scheme.
- In the event that the Scheme is put into liquidation or wound up, there are no claims on the assets of the Scheme that will rank equally with the claims of Investors in respect of their respective investment in the Scheme.
- Pursuant to clause 4.3 of the Deed of Participation the Investors (on a proportionate basis) indemnify the Custodian for any liability for any losses, damages or liabilities incurred by the Custodian relating to the Scheme (however Investors will not have any personal liability in respect of the bank loan referred to in paragraph 1.11 of this Investment Statement).

7. CAN THE INVESTMENT BE ALTERED?

7.1 Alteration of Securities

Each Investor is required to pay the subscription amount of $50,000 per Interest. There is no additional amount payable by an Investor to purchase or subscribe for an Interest. The price payable by an Investor for an Interest cannot be altered by Oyster, the Manager or Statutory Supervisor, an Investor or any other person.

The terms of an Investor's Interest in the Scheme are set out in the Deed of Participation. This deed governs the relationship between the Manager, the Custodian and the Investors and any alteration must be in accordance with the terms set out in the Deed of Participation. Any variation or amendment to the Deed of Participation must be approved by Special Resolution, which is a resolution passed by a majority of 75% of votes cast on the resolution by Investors entitled to vote and voting at a meeting of Investors considering that resolution (one vote per Interest held).

8. HOW DO I CASH IN MY INVESTMENT?

8.1 Early Termination

The Scheme has no fixed term. The Scheme may only be terminated by Special Resolution, which is a resolution passed by a majority of 75% of votes cast on the resolution by Investors entitled to vote and voting at a meeting of Investors considering that resolution (one vote per Interest held).

The Manager may terminate the ownership of an Investor's Interest in the Property and the Scheme if that Investor:

(a) is made bankrupt or makes an arrangement with creditors or if a receiver, liquidator or statutory manager is appointed;

(b) defaults in any payment due or breaches any obligation under the Deed of Participation and fails to remedy that breach or refer the dispute for resolution within 15 working days of being notified of it.

An Investor can terminate his or her Interest in the Scheme by selling to a third party the Interest held by that Investor.

8.2 Right to sell Interests

Every Investor is entitled to sell its Interest(s) in the Scheme to another person provided that such a sale complies with the requirements of the Deed of Participation, including the Transferor paying all monies outstanding in relation to the Scheme at the time of transfer and the Transferee of the Interest(s) entering into a Deed of Accession under which the Transferee agrees to be bound by the Deed of Participation.

The Manager has successfully assisted investors in similar schemes to realise interests when required, but there is no formal market for interests and no certainty that an Investor will be able to dispose of its Interest if and when it desires.

Reasonable legal costs in connection with the sale may be payable by the Transferor. The Transferor may also be required to pay a selling commission to any real estate agent involved in such sale.

9. WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

9.1 Enquiries about the Scheme

Enquiries about the Scheme can be made to Mark Schiele at Oyster Property Group Limited, Level 2, 14 Normanby Road, Mt Eden, Auckland 1024, Phone (09) 632-1287, Fax (09) 623-5014.

10. IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THIS INVESTMENT?

10.1 Complaints

A complaint about your investment may be made to:

- a director of the Manager (at the addresses set out in the directory on the back page of this Investment Statement);
- a director of the Custodian (at the addresses set out in the directory on the back page of this Investment Statement); and/or
- a director of the Supervisor (at the address set out in the directory on the back page of this Investment Statement).

A complaint in relation to the sales organisations through which the offer is made may also be made to:

Real Estate Agents Authority
PO Box 25371, Wellington 6146
Phone: (0800) 367 7322

A complaint in respect of any legal matter may be made to:

New Zealand Law Society
PO Box 5041
Lambton Quay
Wellington 6145
Phone: (04) 472 7837

A complaint can also be made to Financial Dispute Resolution, Level 9, 109 Featherston Street, Wellington 6011, being the dispute resolution scheme Oyster Property Group Limited has joined for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.

A complaint about this Scheme can be made to:

Financial Markets Authority
PO Box 1179, Wellington 6140
Phone (04) 472-9830

There is no other known statutory trustee, industry body or ombudsman where complaints can be made about your investment.

QUESTIONS
ABOUT YOUR INVESTMENT/ANSWERS TO IMPORTANT QUESTIONS

11. WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

11.1 Prospectus and Financial Statements

Other information about the Interests (securities) and the Scheme is contained in or referred to in the Prospectus (and in the prospective financial statements contained within the Prospectus). A copy of the Prospectus is available free of charge from Oyster and the Manager at the address set out in the directory in the back page of this Investment Statement. The Prospectus, the prospective financial statements and other documents (including the Deed of Participation) relating to the Scheme are filed on a public register at the Companies Office of the Ministry of Economic Development and available for public inspection (www.companies.govt.nz).

11.2 Annual Information

Investors will be sent, annually, audited financial statements in respect of the performance and financial position and cash flows of the Scheme for the previous financial year. These will be provided within three months of each financial year ending 31 March.

11.3 On Request Information

Investors will be able to obtain the following information on request and free of charge:

(a) The latest registered valuation report on the Property at the time of request.

(b) The latest audited financial statements of the Scheme at the time of the request.

(c) A copy of the Leases for the Property.

(d) A copy of the LIM report for the Property.

(e) Further copies of this Investment Statement and the Deed of Participation.

Requests for information should be made to Oyster (at the address set out in the directory on the back page of this Investment Statement).

12. OTHER INFORMATION

12.1 Other Material Information

Oyster is not aware of any other information that would be material to a prospective Investor's decision to invest in this Proportionate Ownership Scheme.

12.2 Disclaimer

No director, officer, employee, agent or adviser to Oyster and Manager, the Custodian, or any other person guarantees the performance of this Scheme or guarantees any return on investment in this Proportionate Ownership Scheme.

For and on behalf of Oyster

OYSTER PROPERTY GROUP LIMITED AND BY ITS DIRECTORS PERSONALLY (ALL OF WHOM ARE PROMOTERS)

M G Winter – in his personal capacity and as a Director of Oyster Property Group Limited

M H Schiele – in his personal capacity and as a Director of Oyster Property Group Limited

G J Gwynne – In his personal capacity and as a Director of Oyster Property Group Limited

M J Blake – in his personal capacity and as a Director of Oyster Property Group Limited

M J McCarthy – in his personal capacity and as a Director of Oyster Property Group Limited

Signed for and on behalf of the Manager

OYSTER MANAGEMENT LIMITED AS ISSUER

M G Winter

M J Blake

M H Schiele

G J Gwynne

Dated at Auckland this 26 November 2015.

VALUATION & ADVISORY SERVICES

CBRE

CBRE Ltd

Level 14, Zurich House
21 Queen Street
Auckland 1010
(PO Box 2723, Shortland Street,
Auckland 1140)
T 64 9 355 3333
F 64 9 355 3330
www.cbre.co.nz

17 November 2015

James Molloy
Oyster Management
PO Box 8302
Symonds Street
Auckland 1150

Dear James,

Section 38A of the Securities Act 1978 Consent: 19 Te Rapa Road, Hamilton

1 I refer to the Investment Statement related to 19 Te Rapa Road, Te Rapa, Hamilton ("Property") that Oyster Management Limited ("Issuer") intends to issue on or about 3 December 2015. The Investment Statement will refer to a Valuation Report dated 11 September 2015 that we have prepared and provided to the Issuer and names us (CBRE Limited and I) each as experts.

2 As is required by section 38A of the Securities Act 1978, we certify as at the date of this letter:

a) We have given and have not, before distribution of the Investment Statement, withdrawn our written consent to the distribution of the Investment Statement with reference to our Valuation Report in the form and context in which it is included;

b) We have given and have not withdrawn our consent as the aforesaid appears in the Investment Statement; and

c) We confirm the following statement that appears in the Investment Statement is correct:

"Neither CBRE Limited, nor any of its principals or employees (including the valuer(s) specifically named above) involved in the preparation of the Valuation Report:

- *have any relationship (other than that of valuer) with Oyster, the Issuer or any of the Issuer's associated persons, or any relationship that would impair the objectivity or independence of CBRE Limited in the normal performance of the valuation;*
- *have any interest in the Property;*
- *as at the date of this letter, have any current relationship with any other person that has a material interest in the Property."*

Yours sincerely
CBRE Ltd

Jamahl Williams ANZIV, MPINZ
Registered Valuer
Director – CBRE Valuation & Advisory

KPMG SGA Property Consultancy Ltd
18 Viaduct Harbour Avenue
Auckland 1010
New Zealand

Telephone: +64 9 367 5800
Fax: +64 9 367 5875

Oyster Management Limited
PO Box 8302
Symonds Road
Auckland 1150

19 November 2015

Section 38A of the Securities Act 1978 Consent

1. I refer to the Investment Statement related to 19 Te Rapa Road, Te Rapa, Hamilton ("Property") that Oyster Management Limited intends to issue on or about 3 December 2015. The Investment Statement names us (KPMG SGA Property Consultancy Limited and I) each as experts and contains the following statements which relate to the technical due diligence reports we prepared for the buildings on the Property at your request:

   "Oyster engaged KPMG SGA Property Consultancy Limited ("KPMG SGA") to prepare separate executive technical due diligence reports for the MOE Building and for the RD1 Building ("Technical Due Diligence Reports"). KPMG SGA issued the Technical Due Diligence Reports to Oyster on 27 September 2015 with various conclusions and recommendations.

   The reports were based on the scope of instructions KPMG SGA received from Oyster and subject to certain limitations outlined in the reports. The reports reflect the opinion of KPMG SGA regarding the condition of the buildings based on inspections performed in accordance with the agreed scope. In particular, the reports note that parts of the buildings built in, covered up or otherwise inaccessible during construction, alteration or fitting out have not been inspected. Building services have been visually inspected but not tested. KPMG SGA has not undertaken any work of an engineering nature, such as engineering calculations, structural analysis, testing or measurements. No internal inspections have been undertaken of plant, equipment and machinery.

   The Technical Due Diligence Reports contain the following statements about the general condition of both the MOE Building and the RD1 Building (as at 27 September 2015):

   - *Roof: the Buildings' roofs are considered to be in good condition and generally well detailed. No evidence of moisture penetration through the roof was noted or received. The roof drainage appears to be effective with no evidence of ponding noted on the sheeting or in the gutters. All roof penetrations appear to be appropriately sealed.*

   - *Façade: the Buildings' façade is considered to be in good condition and well maintained. The flashing details around windows and door openings appear to be well detailed.*

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- *External Areas: the external areas in the Buildings are considered to be in good condition commensurate with their age.*

- *Internal Areas: the internal areas in the Buildings sighted were in good condition and well maintained with only minor routine wear and tear noted to the finished.*

- *Mechanical Services: the mechanical services are considered to be in good condition commensurate with their age.*

- *Electrical and Communications Services: the electrical services are considered to be in good condition commensurate with their age.*

- *Fire Services: the fire services are considered to in good condition commensurate with their age.*

- *Hydraulic services: the hydraulic services are considered to be in good condition commensurate with their age.*

- *Vertical Transportation Services (RD1 Building only): the lift services in the RD1 Building are considered to be in good condition commensurate with their age.*

In addition to the statements from the KPMG SGA report set out above various defects were identified, none of which are considered material by Oyster. Issues raised in the Technical Due Diligence Reports which Oyster did consider material are:

- *No anchor roof safety line certification has been sighted.*

- *During heavy rain events, steel grates installed on downpipes limit the inflow of water to the stormwater systems and this spills out onto the concrete footpath surface and staff parking areas.*

- *The main switchboard serving level 1 in the RD1 Building is wrongly located within a fire stair at level 1, the cupboard door does not permit full access to the MSB, a ceiling is not provided in the cupboard and a smoke detector is not installed within the cupboard."*

2. As is required by section 38A of the Securities Act 1978, I/we certify as at the date of this letter:

   a) I/we have given and have not, before the distribution of the Investment Statement, withdrawn our written consent to the distribution of the Investment Statement with the above statements in the form and context in which they are included; and

   b) I/we have given and have not withdrawn our consent as the aforesaid appears in the Investment Statement.

Yours faithfully,

3

S Marshall

Scott Marshall

Associate Director
KPMG SGA Property Consultancy Ltd

3

APPLICATION FORM 19 TE RAPA ROAD, TE RAPA

AND POWER OF ATTORNEY

PLEASE READ THIS BEFORE SIGNING

I/We agree to invest in the Proportionate Ownership Scheme as detailed in the Prospectus to which this Investment Statement relates.

I/We acknowledge receipt of a copy of this Investment Statement and the full valuation report. I/We acknowledge that by signing this application form, we are deemed to have provided the written statement required by section 37(3) of the Securities Act 1978, which written statement authorises Tompkins Wake Lawyers to receive such written statements and subscription monies on behalf of the Statutory Supervisor.

I/We acknowledge and agree that this application is irrevocable once received by Oyster **PROVIDED HOWEVER**, it is still subject to acceptance by Oyster. On acceptance of this application by Oyster we agree to the following:

I/We are bound by the Deed of Participation, the Prospectus and the terms contained in this Investment Statement and on this application form.

I/We acknowledge that the Scheme does not constitute a partnership.

I/We confirm that I/We am/are not a builder, land developer or land dealer and I/We am/are not therefore an associated person as defined in the Income Tax Act 2007 or any amendment or re-enactment thereof.

I/We understand that Oyster reserves the right to accept or decline any application at its sole discretion. Under the terms of the Privacy Act 1993 and the Unsolicited Electronic Messages Act 2007 ('UEMA'), by signing this application form, I/We acknowledge that:

- my/our personal details provided in this application form will be retained for the purposes of mailing any further information;
- I/We have provided 'consent' for the purposes of the UEMA;
- Oyster is entitled to disclose personal information about me/us to the Financial Markets Authority (upon request being made by the Financial Markets Authority).

Subscription monies will be held until the unique identifiers/certificates of title to the Property are transferred to the Nominee (on behalf of the Investors). If the investment does not proceed all Investors' subscription monies will be refunded in full. **PLEASE NOTE**, however, that Oyster is also not able to repay an Investor's subscription amount to an Investor unless the Investor has complied with the customer due diligence requirements.

I/We have enclosed my/our cheque for payment of the subscription amount.

Cheques are to be made payable to Tompkins Wake Lawyers Trust Account. All payments must be in New Zealand dollars. All cheques must be drawn on a registered New Zealand bank. Direct credit payments should be made to Tompkins Wake Lawyers Trust Account details: 06-0317-0890101-02.

Applications will be accepted until the Closing Date or such earlier date as the offer is fully subscribed. Oyster reserves the right to close the offer or extend the offer at any time prior to that date.

Applicants who have **NOT** previously invested in an Oyster established proportionate ownership scheme or those applicants who have **NOT** previously provided **CERTIFIED** customer due diligence information, are required to complete the Appendix to this Application Form. Please note that Oyster cannot accept an applicant's application unless the applicant has completed the Appendix and provided the relevant customer due diligence information detailed in the Appendix (certified where required), and Oyster is satisfied with both the information provided and the ceritification of that information.

I/We irrevocably appoint the Nominee as my/our attorney to execute a deed of accession which will cause me/us to become bound as a party to the Deed of Participation, and to execute any Deed of Accession in accordance with the Deed of Participation.

APPLICANT(S) TO COMPLETE, BLOCK LETTERS

Please provide full names of the Investor, including names of all trustees if Investor is a Trust. Individuals must provide full names.

Legal First Name(s)	Family Name	Date of Birth	IRD Number of Applicant

Name of Trust/Partnership/ Company/Other		**IRD Number of Applicant Entity**	

TRUSTS: IS ONE OF THE APPLICANTS AN INDEPENDENT TRUSTEE (if so, please complete below) Yes ☐ No ☐

Resident Withholding Tax, please deduct from all interest earned on subscription monies held prior to settlement (tick one)

☐ 10.5% Resident Withholding Tax ☐ 17.5% Resident Withholding Tax ☐ 28% Resident Withholding Tax

☐ 30% Resident Withholding Tax ☐ 33% Resident Withholding Tax ☐ Exempt

If exempt from Resident Withholding Tax please attach a copy of Certificate of Exemption

Postal Address in New Zealand including postcode

Email

Mobile Ph

Daytime Contact Ph

HAS THE APPLICANT PREVIOUSLY PROVIDED OYSTER WITH THE REQUIRED CUSOTMER DUE DILIGENCE INFORMATION? Yes ☐ No ☐

IF NO, PLEASE REFER TO THE APPENDIX AND COMPLETE THE RELEVANT SECTIONS WHICH RELATE TO THE APPLICANT

Application

Number of Subscriptions		@ $50,000	Cheque/online banking for	
Account Name				
Bank	Branch	Account Number	Suffix	
The nominated account must be a New Zealand bank account and will be used for all payments including interest on funds held pending settlement.				

Signature of Applicant ______________________ Date __________

Signature of Applicant ______________________ Date __________

Signature of Applicant ______________________ Date __________

IF INVESTOR IS A TRUST ALL TRUSTEES MUST SIGN THE APPLICATION FORM

APPENDIX

ANTI-MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM ACT 2009 – CUSTOMER DUE DILIGENCE

ALL CUSTOMER DUE DILIGENCE INFORMATION MUST BE CERTIFIED

** Please refer below for details on how to get your documents certified*

To be completed by the Applicant

What type of customer are you (choose one):

- ☐ New Zealand resident individual — **Go to Section 1**
- ☐ New Zealand company — **Go to Section 2**
- ☐ Trust — **Go to Section 3**
  trust / company, company with nominee shareholders or shares in bearer form
- ☐ Politically exposed person — **Go to Section 4**
- ☐ Non-resident individual — **Go to Section 5**

*CERTIFICATION OF DOCUMENTS

All identification and residential address documents need to be certified as true copies by someone approved to do so. A person who is authorised to certify documents must sight the original and the copy, and make sure both documents are identical. They must then make sure all pages have been certified as true copies by writing "I certify this is a true copy of the original document" or stamping "certified true copy" followed by their signature, printed name, occupation and date.

The following persons can certify copies of the originals as true and correct copies:
(Tick the appropriate capacity of trusted referee)

- ☐ commonwealth representative (as defined in the Oaths and Declarations);
- ☐ registered medical doctor
- ☐ Justice of the Peace;
- ☐ registered teacher;
- ☐ lawyer (as defined in the Lawyers and Conveyancers Act 2006);
- ☐ New Zealand honorary consul;
- ☐ chartered accountant (within the meaning of section 19 of the New Zealand Institute of Chartered Accountants Act 1996);
- ☐ Oyster staff member
- ☐ member of the police;
- ☐ kaumatua (as verified through a reputable source)
- ☐ minister of religion;
- ☐ notary public;
- ☐ Member of Parliament;
- ☐ a person who has legal authority to take statutory declarations or the equivalent in New Zealand;

Please note that the certifier must be at least 16 years of age and cannot:

- be a spouse or partner of the Applicant; and
- live at the same address as the Applicant; and
- be involved in the transaction or business requiring certification; and
- be related to the Applicant.

Any certified identification and residential address documents you send us must be dated and signed by the certifier within the last three months.

If you act on behalf of another party you must provide full details of the relationship between you and the other party and documentary evidence of your authority to act (e.g. power of attorney with appropriate certificate of non-revocation).

APPENDIX

SECTION 1: NEW ZEALAND RESIDENT INDIVIDUAL CUSTOMER DUE DILIGENCE INFORMATION REQUIREMENTS

PLEASE NOTE: IF THE APPLICANT IS A COMPANY OR TRUST THE PERSONS PROVIDING THEIR DETAILS IN RELATION TO THAT COMPANY OR TRUST WILL ALSO HAVE TO PROVIDE THE INFORMATION REQUIRED BY THIS SECTION.

Please refer to the table below for the certified* (A) proof of identity and (B) residential address you are required to provide:

A. PROOF OF IDENTITY

Option 1 *Certified* photocopy of one of (which must be current):*

- ☐ Appropriate pages of New Zealand or overseas passport, containing your name, date of birth, photograph and signature
- ☐ New Zealand firearms licence
- ☐ New Zealand certificate of identity (as issued under the Passports Act 1992)
- ☐ Overseas government-issued national identity card, containing your name, date of birth, photograph and signature

or **Option 2** *Certified* photocopy of:*

- ☐ New Zealand driver licence

and *Certified* photocopy of one of:*

- ☐ ATM (eftpos) card, credit card or debit card issued by a New Zealand registered bank, provided your name and signature are on the card
- ☐ Bank account statement issued by a New Zealand registered bank in the 12 months immediately preceding the date of application
- ☐ Statement issued by the Inland Revenue Department in the 12 months immediately preceding the date of application
- ☐ SuperGold card
- ☐ Community Services card
- ☐ New Zealand Police Identification card
- ☐ New Zealand Defence Forces card
- ☐ New Zealand or overseas full birth certificate
- ☐ New Zealand or overseas citizenship certificate

B. PROOF OF RESIDENTIAL ADDRESS

Certified photocopy of one of the following documents issued within the last three months (online statements, PDFs and documents addressed to PO Boxes are not accepted)*

- ☐ Utility bill
- ☐ Bank account statement
- ☐ Statement issued by the Inland Revenue Department
- ☐ Rates bill
- ☐ Car registration document
- ☐ Insurance policy document
- ☐ Hire purchase statement
- ☐ Rental agency agreement

PLEASE NOTE: WITHOUT YOUR CUSTOMER DUE DILIGENCE INFORMATION, OYSTER CANNOT ACCEPT YOUR APPLICATION.
PLEASE ENSURE ALL PROOF OF IDENTITY AND PROOF OF RESIDENTIAL ADDRESS DOCUMENTATION IS CERTIFIED BY AN APPROVED CERTIFIER.

APPENDIX

SECTION 2: NEW ZEALAND COMPANY CUSTOMER DUE DILIGENCE INFORMATION REQUIREMENTS

Oyster and the Manager will undertake customer due diligence on each New Zealand Company.

However, please arrange for any Shareholder that holds more than 25% of the shares in the Company, any person who has effective control of the Company or any person acting on behalf of the Company provides the information referred to in Section One. Oyster may, at its discrection, also require other people involved in the Company to provide the informaion in Section One.

SHAREHOLDER HOLDING MORE THAN 25% OF THE SHARES IN THE COMPANY OR HAS EFFECTIVE CONTROL OF THE COMPANY OR WHO IS A PERSON ACTING ON BEHALF OF A COMPANY

NAME	ACTING ON BEHALF OF COMPANY	SHAREHOLDING %	SHAREHOLDER HAS PROVIDED INFORMATION IN SECTION ONE (Please Tick)
	Y / N		☐
	Y / N		☐
	Y / N		☐

SECTION 3: TRUST

TRUST / COMPANY, NEW ZEALAND COMPANY WITH NOMINEE SHAREHOLDERS OR SHARES IN BEARER FORM

CUSTOMER DUE DILIGENCE INFORMATION REQUIREMENTS

☐ TRUSTS: Pursuant to section 6 of the Anti-Money Laundering and Countering Financing of Terrorism (Requirements and Compliance) Regulations 2011, please provide a copy of the Trust Deed *(tick if provided)*

TRUST NAME ____________________

TRUSTEES' NAMES ____________________

____

Please note that **ALL TRUSTEES** must provide the information required below *(tick if provided)*

Proof of Identity: please provide the information requested in relation to New Zealand Resident Individuals in Section One ☐

Proof of residential address: please provide the information requested in relation to New Zealand Resident Individuals in Section One ☐

Is this a Charitable Trust? *If "yes" please state the objects of the Trust below* Y / N

OBJECTS OF CHARITABLE TRUST

____

____

PLEASE NOTE: WITHOUT YOUR CUSTOMER DUE DILIGENCE INFORMATION, OYSTER CANNOT ACCEPT YOUR APPLICATION.
PLEASE ENSURE ALL PROOF OF IDENTITY AND PROOF OF RESIDENTIAL ADDRESS DOCUMENTATION IS CERTIFIED BY AN APPROVED CERTIFIER.

APPENDIX

SECTION 3: TRUST contd

Is this a Discretionary Trust or a Trust with more than 10 beneficiaries? Y / N
(If "yes" please provide description of each class or type of Beneficiary below)

DESCRIPTION OF CLASS OR TYPE OF BENEFICIARIES

If the Trust is **NOT** a Discretionary Trust or is a Trust with **LESS THAN 10** beneficiaries, please provide name and date of birth of all beneficiaries of the Trust below

BENEFICIARIES OF TRUST THAT IS **NOT** A DISCRETIONARY TRUST OR TRUST WITH LESS THAN 10 BENEFICIARIES

NAME	ADDRESS	D.O.B.	BENEFICIARY HAS PROVIDED INFORMATION IN SECTION ONE (Please Tick)

Source of funds or wealth of the customer (section 23) *(tick if provided)*

To identify the source of funds or the wealth of a trust;

- Identify the individuals who are the settlor(s), and the origin of the settlor's wealth (for example, the settlor may have inherited family wealth, accumulated business earnings, or funds from the sale of property); and/or
- Identify the source of any income that the trust is receiving (for example, it may be income from an underlying company or simply a monthly deposit from a family bank account); and
- Please provide all relevant information relating to the source of funds or the wealth of the customer. This may include supporting documents that verify the source of funds or wealth such as bank statements, sale and purchase agreements, payslips and any other documentation that shows the source of funds or wealth of the customer. Oyster needs to have sufficient evidence and understanding of how the funds or wealth was procured.

PLEASE NOTE: WITHOUT YOUR CUSTOMER DUE DILIGENCE INFORMATION, OYSTER CANNOT ACCEPT YOUR APPLICATION.
PLEASE ENSURE ALL PROOF OF IDENTITY AND PROOF OF RESIDENTIAL ADDRESS DOCUMENTATION IS CERTIFIED BY AN APPROVED CERTIFIER.

APPENDIX

SECTION 4: POLITICALLY EXPOSED PERSON

Politically Exposed Person ("PEP"):

Are you or any Authorised Person(s) listed above either:

- ☐ "Prominent Public Function" e.g. head of a country, government minister, senior politician, senior judge, governor of a central bank, ambassador, high commissioner, high-ranking member of armed forces or senior position of state enterprise.
- ☐ An individual who holds, or has held at any time in the preceding 12 months, a "prominent public function" in any country (other than New Zealand);
- ☐ An immediate family member of a person referred to above (including spouse, partner, child, child's spouse/partner or parent)

If you have ticked any of the options above, please provide details of the public function held and the country:

SECTION 5: NON-RESIDENT INDIVIDUAL

Contact Oyster for individual requirements

PLEASE NOTE: WITHOUT YOUR CUSTOMER DUE DILIGENCE INFORMATION, OYSTER CANNOT ACCEPT YOUR APPLICATION.
PLEASE ENSURE ALL PROOF OF IDENTITY AND PROOF OF RESIDENTIAL ADDRESS DOCUMENTATION IS CERTIFIED BY AN APPROVED CERTIFIER.

POWER OF ATTORNEY

APPLICATION INSTRUCTIONS

1. Complete Details

- Insert your full name(s), IRD number(s), address(es), telephone number(s) and email address.
- Applications must be in the name(s) of natural person, companies or other legal entities.
- Application by a minor, trust, fund, estate, partnership, club or other unincorporated body cannot be accepted unless they are made in the individual name(s) of the person(s) who is (are) the legal guardian(s), trustee(s) proprietor(s), partner(s) or officer bearer(s) as appropriate.
- Tick the relevant box for Resident Withholding Tax.
- Application for Interests must be for a minimum amount of $50,000 and in multiples of $50,000 thereafter.
- Insert bank account details into which you wish payments and interest earned to be deposited.

2. Signing

- Read the application form carefully and sign and date the form.
- The form must be signed by the applicant(s) personally, or by two directors of the company (or one director if there is only one director) or under company seal, or (in either case) by an attorney.
- If the application form is signed by an attorney, an original or certified copy of the relevant Power of Attorney must be lodged with the application form. The attorney must complete the certificate of non-revocation on this page.
- Joint applicants must each sign the form.

3. Payment

- Payment of the full subscription amount must accompany the application form.
- Cheques must be made out in favour of 'Tompkins Wake Lawyers Trust Account' and crossed 'Non-Transferable'.
- Online banking can be made to
Tompkins Wake Lawyers Trust Account
Account No: 06-0317-0890101-02

4. Closing Date

- 5pm on the Closing Date (being 12 March 2016), or such earlier date as Oyster may determine.

5. Delivery

- Applications cannot be revoked or withdrawn.
- Application forms must be mailed or delivered to Tompkins Wake Lawyers (Attention: J.S. Ratuki), Level 8, Westpac House, 430 Victoria Street; PO Box 258, Hamilton 3240.

POWER OF ATTORNEY

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

Only complete this if you are applying on behalf of someone for whom you hold a Power of Attorney.

I, (Name of Attorney) ____________________

of (Address of Attorney) (Attorney's Occupations) ____________________

____

____

Hereby certify

That I am the Attorney of (Donor) ____________________

____

of ____________________

Given to me by him/her/them (address) ____________________

____

____

(a copy of which is attached to this application form) **(Power of Attorney)**

THAT I have executed the application for subscription on the face of this form as Attorney under that Power of Attorney and pursuant to the powers thereby conferred upon me.

THAT at the date of this certificate I have not received any notice or information of the revocation of that Power of Attorney by the death or winding up of the Donor or otherwise.

Signed (Attorney) ____________________

Dated ____________________

NOTES

OYSTER®

Oyster

Oyster Property Group Limited
Level 2, 14 Normanby Road
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Auckland 1150
Ph: (09) 632 1287

Custodian

Home Straight Trustees Limited
C/- Covenant Trustee
Services Limited
Level 9
191 Queen Street
Auckland 1010

Valuers

CBRE Limited
Level 16, PwC Tower
188 Quay Street
PO Box 165
Auckland 1140
Ph: (09) 366 1666

Solicitors to Oyster and the Manager

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Manager

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Statutory Supervisor

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