

OYSTER DIRECT PROPERTY FUND

PRODUCT DISCLOSURE STATEMENT

THIS IS A REPLACEMENT PRODUCT DISCLOSURE STATEMENT THAT REPLACES
THE PRODUCT DISCLOSURE STATEMENT DATED 18 MAY 2016



OFFER OF UNITS IN THE OYSTER DIRECT PROPERTY FUND ISSUED BY OYSTER MANAGEMENT LIMITED

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. Oyster Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

DATED: 18 MAY 2016

OYSTER®



1. KEY INFORMATION SUMMARY

WHAT IS THIS?

This is an offer of Oyster Direct Property Fund Units. Your money will be pooled with other investors' money and invested. Oyster Management Limited ("Oyster") invests the money in assets, such as commercial, retail or industrial property or investments in schemes that own property, and takes fees. The assets and fees are described in this document. By investing in this Fund, you are relying on the investment decisions of Oyster and returns from the assets that the Fund invests in. There is a risk that you may lose some or all of the money you invest.

WHO MANAGES THIS SCHEME?

Oyster Management Limited manages this Fund. Section 10 of this PDS includes further details of Oyster and others involved in the Fund.

WHAT ARE YOU INVESTING IN?

This is a managed investment scheme established to hold a diversified commercial property portfolio. Initially the Fund will be investing in Property Schemes managed by Oyster. In the future it may purchase its own commercial properties or invest in property schemes managed by other managers. The Fund will not initially have any bank funding; it may use bank funding in the future to assist with the purchase of its own commercial property portfolio. The Property Schemes being invested in have bank funding.

The Fund intends to purchase further Property Investments once this initial Offer is closed. A new PDS will need to be issued in relation to the continuous offer. The continuous offer will allow the Fund to accept subscriptions from investors throughout the year. The monies raised will be used to acquire further Property Investments for the Fund.

KEY TERMS OF THE OFFER

Managed Investment Product	Units in a managed investment scheme which invests in commercial property
Opening Date	18 May 2016
Closing Date	27 May 2016 (Oyster reserves the right to close the Offer or extend the Closing Date by up to 60 days at any time prior to that date.)
Total Units on Offer	17,250,000
Subscriptions	\$1 per Unit – Minimum subscription is \$10,000, then in increments of \$1,000. Investors will not receive interest on their subscription monies pending issue of Units
Minimum Holding	Investors must hold at least 10,000 Units in the Fund. Transfers and Redemptions will not be processed if these will result in an Investor holding less than 10,000 Units.
Cash Distributions	Monthly, by the 20th of each month
Minimum Amount	For the Fund to commence this Offer needs to raise the minimum amount of \$17,250,000 to acquire Property Investments. If the minimum amount is not reached by the Closing Date, Investors will have their subscription monies returned as soon as practicable.

HOW YOU CAN GET YOUR MONEY OUT

From 1 June 2017 the Fund may offer redemptions, but the investment is not otherwise redeemable. Redemptions will be limited to the Monthly Available Funds. Oyster may suspend redemptions. An Exit Fee (currently \$2 per transaction) is payable for redemptions. The Repayment Price is the Unit Price at the end of the relevant month less any tax owing by the Investor and Exit Fee. Details of how redemptions operate can be found on page 18 under the heading "Right to Sell Units".

Unit prices are determined monthly on the last day of the month using the Net Asset Value of the Fund. The Net Asset Value of the Fund is calculated using 'Total equity' from the financial statements and making certain adjustments to take into account the Fund's investment activity. The adjustments are non GAAP adjustments and therefore are not reflected in the Fund's financial statements. For more details on the calculation of the Unit Price refer to Section 6 under the heading "B. Pricing of Units".

Your investment in these Units can be sold (outside of being redeemed) but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment. Oyster does not provide a sale facility for the Units. You may sell your Units to any person so long as you have paid all monies owing in relation to the Fund and you are not in breach of the terms of the Deed. You will be responsible for all costs in connection with the transfer.

KEY DRIVERS OF RETURNS

The return on your investment is made up of two elements, the profit of the Fund and capital growth.

a. Profit

The Fund's primary sources of income are distributions received from the Property Schemes and rental income from any Property purchased. Where a Property has been purchased by the Fund the rental income from the tenants and the operating costs for running the Property will determine the income from this investment. From the Fund's income the Fund

will pay its expenses. These include the fees paid to Oyster, the Supervisor, Auditor and Registry. A full list of the fees paid by the Fund can be found in Section 8 of this PDS. You will pay tax on your share of the profit of the Fund at your nominated PIE tax rate, and that tax will be deducted from your monthly cash distribution.

b. Capital Growth

The change in value of a Unit in the Fund is tied to the change in value of its Property Investments. The value of the underlying properties in the Property Schemes will be influenced by the property market, changes in rental paid by tenants and the remaining term of the leases of the properties. The same factors apply to any Property owned by the Fund.

The key strategies and plans in relation to the return from the Fund are detailed in Section 2 under the heading "4. Future Performance of the Fund".

OYSTER DIRECT PROPERTY FUND'S FINANCIAL INFORMATION

	10 Months ending 31 March 2017 ¹	12 Months ending 31 March 2018 ¹
Revenue	\$1,076,970	\$1,346,481
Less Administrative Expenses	(\$213,325)	(\$227,125)
Plus Finance Income (interest on cash held by the Fund)	\$13,825	\$12,546
Profit for the Year	\$877,470	\$1,131,902
Total Assets	\$16,112,074	\$16,044,075
Total Liabilities	\$121,194	\$129,057
Total Equity	\$15,990,880	\$15,915,018

¹ Projected financial performance of the Fund

VALUATION

The initial value of the Property Investments are the prices paid for the Interests. The Property Investments have not been independently valued.

Property Schemes	Price to be Paid for Interests
100 HARRIS PROPORTIONATE OWNERSHIP SCHEME VIP Packaging, East Tamaki, Auckland	\$420,000
JACKSON PETONE PROPORTIONATE OWNERSHIP SCHEME 106-110 Jackson Street, Petone, Wellington	\$525,000
51 CORINTHIAN PROPORTIONATE OWNERSHIP SCHEME 51 Corinthian Drive, Albany, Auckland	\$750,000
UNIVERSAL DRIVE PROPORTIONATE OWNERSHIP SCHEME Countdown, Universal Drive, Henderson, Auckland	\$2,250,000
HOME STRAIGHT PROPORTIONATE OWNERSHIP SCHEME 19 Home Straight, Te Rapa, Hamilton	\$2,500,000
C & C PROPORTIONATE OWNERSHIP SCHEME Countdown Tauranga & Countdown Napier	\$1,440,000
MITRE 10 HENDERSON PROPORTIONATE OWNERSHIP SCHEME Mitre 10 MEGA Henderson, Auckland	\$1,698,750
CIDER PROPORTIONATE OWNERSHIP SCHEME (to be formed) 4 Williamson Avenue, Ponsonby, Auckland	\$6,000,000
Total	\$15,583,750

It should be noted that the properties owned by each Property Scheme will be independently valued annually. As Interests in the Property Schemes are infrequently sold there is not a reliable market price for the Interests. Oyster has determined that the net asset value of the Property Schemes is the most reliable measure of their value. However, there is insufficient information available to confirm what the fair value will be at 31 March 2017 and 31 March 2018. Therefore, the Property Scheme Interests are initially recognised at cost and remain at cost for the purposes of the Fund's prospective financial statements. For these reasons a separate independent valuation has not been obtained for the Fund.

KEY RISKS OF THIS INVESTMENT

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the Oyster Direct Property Fund's future performance and returns is suitable for you. The price of these Units should reflect the potential returns and the particular risks of these Units. Oyster considers that the most significant risk factors that could affect the value of the Units are:

RISKS IN RELATION TO THE FUND

- **Liquidity Risk – Inability to realise Capital Return**
The Fund will have limited cash available to pay for



redemptions. The Fund is not investing in assets that can be easily sold, there is no established market for the Property Investments and any Properties purchased by the Fund could take some time to sell. If the Fund has low working capital due to redemptions exceeding subscriptions for Units, reduced cash distributions from the Property Schemes or capital works requirements for a Property owned by the Fund, the Fund will be unable to provide the cash needed to make redemptions and Oyster would most likely suspend redemptions. Investors would be unable to redeem their Units until the suspension was lifted.

- *Property Valuation Risk – Change in Unit Price*
 Properties owned by the Property Schemes will be independently valued annually. This means that the value of a Property may decrease or increase markedly once the annual financial statements for the Property Schemes are released. Accordingly, there is a risk that the price for which a Unit can be redeemed may change markedly after the financial statements for each Property Scheme are released. Investors

should be aware of the property valuation cycle when assessing whether to redeem their Units as an increase or decrease in property values will have a direct impact on the Repayment Price.

- *Reduction in Cash Distributions*

Cash distributions are made from the surplus cash of the Fund after payment of all operating expenses and any amounts required to fund redemptions and future Property Investments. Distributions are made at the discretion of Oyster. In determining whether to distribute some or all profit to Investors, Oyster will also need to consider factors such as the operating and financial results of the Fund, monies needed to fund future redemptions and capital works required on any Properties owned by the Fund. There is a risk that cash distributions may be lower than forecast and they can be suspended if the Fund has insufficient cash to make the distributions.

PROPERTY RELATED RISKS

- Property investment is different to other forms of investment such as shares or bonds. The Property Investments are investments in a physical asset which can require substantial repairs and maintenance, can be destroyed by fire or earthquake and tenants can cease to pay their rental. Any of these events can have a significant impact on the income the Fund will receive from the Property Investments which in turn reduces the money available to make cash distributions to Investors. The monies required to undertake major capital works on the Properties will need to be funded from the Property Scheme's working capital, further bank borrowings or a reduction in distributions. This can have an impact on the cash the Fund has available for cash distributions and redemptions. These risks will also apply to the Fund when it acquires its own properties.

This summary does not cover all of the risks. You should also read Section 7 of the PDS (Risks to Returns from Oyster Direct Property Fund) on page 30.

WHAT FEES WILL YOU PAY?

The table below summarises the fees and expenses that you will be charged to invest in this Fund. The method of calculation of fees is detailed in Section 8 of this PDS. Investors should note the different methods for calculating the fees, such as a percentage of Net Asset Value or total assets.

Further information about the fees is set out in Section 8 of this PDS.

All costs referred to in the tables below payable by The Fund are inclusive of GST. All costs referred to below payable by the Property Schemes are exclusive of GST.

Fees Payable to Oyster and its associated companies	10 Months ending 31 March 2017	12 Months ending 31 March 2018
Fees payable by this Fund	\$849,476	\$111,550
Fees payable by the Property Schemes (estimated)	\$502,586	\$142,064
Total Fees Payable to Oyster	\$1,352,062	\$253,614
Other Fees		
Other Fees payable by this Fund	\$600,316	\$115,575
Other Fees payable by the Property Schemes (estimated)	\$20,610	\$18,950
Total Other Fees	\$620,926	\$134,525
Total Fees Payable	\$1,972,988	\$388,139
Total Fees Payable as a % of Net Assets	12.34%	2.44%
Transaction Fees (Payable by an Investor)		
Exit fee		\$2 per redemption request



HOW WILL YOUR INVESTMENT BE TAXED?

The Fund will be a Portfolio Investment Entity (PIE). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR). To determine your PIR, go to the Inland Revenue Department's website www.ird.govt.nz/toii/pir/workout. See Section 9 of this PDS (tax) on page 37 for more information.



CIDER, 4 Williamson Avenue, Auckland (artist's impression, indicative only)

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2. WHAT OYSTER DIRECT PROPERTY FUND INVESTS IN

KEY FEATURES OF THE FUND

1. SIPO SUMMARY

The Fund has a Summary of Investment Policies and Objectives (SIPO); a summary of the SIPO follows.

The Fund has been established to hold a diversified commercial property investment portfolio. Initially the Fund will be investing in Property Schemes managed by Oyster. In the future it may purchase commercial property itself or invest in property schemes managed by other managers. The investment objective of the Fund is to provide investors with a stable monthly income stream combined with the potential for capital growth.

The Fund intends to grow its portfolio of commercial property investments to establish greater economies of scale and diversification for Investors. It will buy and sell Property Investments in accordance with the investment strategy detailed below.

a. Investment Strategy

Authorised Investments

The only authorised investments are:

Asset Class	Commercial property, interests in unlisted schemes whose sole assets are commercial property, interest rate swap agreements and cash
Sectors	Industrial, Retail and Office
Geographical Location	New Zealand major metropolitan and regional centres
Sector	Target Asset Allocation
Commercial Property and interests in unlisted schemes	80% - 100%
Interest Rate Swap Agreements	0% - 10%
Cash	0% - 20%

Investment Criteria

When considering whether to buy or sell a Property Investment Oyster will consider a number of investment criteria. The key metrics to be considered include:

- Forecast major capital expenditure on the Property**
When are the works due? How will this be funded?
Impact on cash distributions?
- Lease expiry profile**
Are all the leases expiring in the same year? Is it likely that the tenants will renew their leases?
- Weighted average lease term (WALT)**
How long do the leases have to run?
- The Property Scheme's Internal Rate of Return**
A measure of how the Property Scheme is expected to perform over time based on certain assumptions.
- Property market conditions**
What are the future prospects for the property's location and type of property?
- Property valuations**
Is the valuer signalling that the Property's value has reached its peak?
- Forecast net income**
Are the current cash distributions sustainable?
- Forecast compliance with banking covenants**
Will either the Fund or relevant Property Scheme be at risk of breaching its banking covenants in the future? Standard bank covenants include Loan to Value Ratio (level of debt versus value of property) and Interest Times Cover (how much the income from the Property exceeds the bank interest payable).

Investment Review

Each quarter Oyster will review the key metrics for the Fund's Property Investments and assess if the Property Investments should be sold. This includes both the Fund's investments in the Property Schemes and any properties owned by the Fund in the future.



If Oyster believes that a Property Investment should be sold it will prepare a report to Oyster's Investment Committee for its consideration. If the Investment Committee approves the recommendation Oyster will endeavour to sell the Property Investment.

Where possible Oyster intends to replace any Property Investment that is sold with a new Property Investment that meets the investment criteria. Where a suitable Property investment is not available and the Fund has surplus funds from the sale it may distribute some or the entire surplus to Investors.

A similar process will be undertaken by Oyster as manager of each of the Property Schemes that the Fund has invested in. Where Oyster as manager of the Property Scheme believes that the property owned by a Property Scheme should be sold it will make a proposal to the investors in that Property Scheme for their approval. The approval may take the form of an investor meeting or a written resolution of all investors in that

Property Scheme. On receipt of a sale proposal from the Property Scheme Oyster (as Manager of this Fund) will then need to make a separate determination on whether it is in the best interests of the Investors in the Fund for the Property Scheme to sell the property and vote for or against the proposal accordingly.

b. SIPO and Investment Strategy Review

The SIPO and investment strategy for the Fund will be reviewed at least annually by Oyster's Investment Committee in relation to market conditions and regulatory requirements. The Investment Committee currently has the directors of Oyster as its members.

If the SIPO or investment strategy is to be amended or updated the Investment Committee will liaise with the Investors and Supervisor as required.

The most current version of the SIPO can be found in the scheme register at www.business.govt.nz/disclose.

2. FUNDS MANAGEMENT

a. The Manager

Oyster has been appointed in the Trust Deed to manage and administer the Fund on behalf of Investors. Oyster will, on behalf of the Fund, carry out the day-to-day activities that are required for the Fund to operate.

These duties include managing monthly distributions, redemptions, investor communications, administering creditors and debtors, review and purchase of Property Investments and compliance with relevant legislation and regulations.

Oyster is licensed to manage Other Managed Investment Schemes; which are invested in Property Syndicates/ Real Property Proportionate Ownership Schemes, and Managed Investment Schemes – Managed Funds; where the Managed Funds are invested solely in real property (listed and unlisted). Oyster manages a number of other schemes for investors as well as the Fund. Its duties as manager of other properties and schemes are separate to its duties as Manager of this Fund. When it is acting as a manager of a scheme it has a duty to act in the best interests of the investors in that scheme. For details on how Oyster will deal with conflicts of interest refer to Section 5 “**Related Party Benefits**” on page 20.

Key personnel involved in management of the Fund are:

Mark Schiele – Chief Executive Officer

Mark completed a Bachelor of Property Administration degree at the University of Auckland in 1991. He went on to hold various management positions with Challenge Properties, St Lukes Group, Richard Ellis and Westfield. In 1997, he joined Prime Retail Management Limited as General Manager and was appointed to the Board in 2001. Mark is responsible for overseeing all of Oyster’s operations and implementing the group’s agreed strategy. Mark is a director of Oyster.

Rachel Barr – Chief Financial Officer

Rachel is CA qualified and holds a Bachelor of Commerce degree from the University of Auckland, with a double major in Financial Accounting and Commercial Law. She has nearly 20 years’ experience working in accounting and finance roles in both New Zealand and the UK. Rachel leads Oyster’s Finance Team and is responsible for financial management and reporting, capital and cash flow management, and taxation compliance functions.

Ian Hasell – Senior Legal Counsel

Ian holds a Bachelor of Law and Bachelor of Arts degree from the University of Canterbury, and is a Member of the New Zealand Law Society and a past president of the In-house Lawyers Association of New Zealand. Ian is responsible for the legal and regulatory affairs of Oyster, ensuring legal compliance and limiting risk exposure.

James Molloy – Transactions and Syndicate Sales Manager

James holds a Bachelor of Property from the University of Auckland, and is a member of the Royal Institute of Chartered Surveyors. James is a key member of Oyster’s asset sourcing team and leads the investment analysis, due diligence and negotiations for proposed property transactions. He manages Oyster’s capital raising process and presents new syndicate opportunities to investors.

Steven Harris – Asset Manager

Steven holds a Bachelor of Property degree, is a member of the Property Institute of New Zealand and is a non-practising registered valuer. Steven is responsible for overseeing Oyster’s commercial portfolio, liaising with investors, tenants, contractors and external consultants. Steven leads a team of property managers and facilities managers.

Refer to Section 10 of this PDS for more information on Oyster and others involved in the Fund.

3. PURPOSE OF THE OFFER

The Purpose of this Offer is to raise the funds required to purchase the Interests in the Property Schemes and pay the expenses of establishing the Fund.

The funding being sought and how it will be applied is as follows:

Purchase Price of the Property Investments	\$15,583,750
Issue Expenses	\$1,236,467
Future Payment of fees payable to Oyster ¹	\$114,602
Future Payment of fees payable to others ¹	\$106,325
Working Capital	\$208,856
Total	\$17,250,000
To be funded by:	
Subscriptions from Investors	\$17,250,000

¹ For detail of the fees and expenses being funded from the proceeds of this Offer see "Future Payment of Fees" on page 29

The minimum amount that needs to be raised from investors is \$17,250,000

4. FUTURE PERFORMANCE OF THE FUND

The financial performance of the Fund is closely tied to the performance of its Property Investments. Whether these Property Investments are Properties owned by the Fund or investment in Property Schemes the key factors that determine their performance are the same:

1. Rent reviews

Rent reviews are a key driver of both rental growth and capital growth for a Property. Oyster meets proactively with tenants prior to rent reviews with the intention of achieving the best outcome on a rent review.

2. Occupancy rates

Vacancy in a property will decrease the income that the property produces. Careful management of tenants and lease expiries is needed to minimise levels of vacancy in a property. Oyster will endeavour to retain tenants at lease expiries and to minimise any vacancy when a tenant leaves by engaging with prospective tenants and leasing agents as early as possible.

3. Capital expenditure and operating expenses

Expenses for repairs and maintenance to the Property and any operating expenses which are not recoverable from tenants will have an impact on cashflow. These expenses can be managed through negotiating service contracts for regular maintenance and proactive preventative maintenance to extend the life of building services. Planned major capital works will be included in long term budgets and where possible working capital will be accumulated over time to pay for these works.

4. Bank Loan Interest

This is usually the largest expense for a property owner. Changes in interest rates can have a material impact on the distributions from a Property Scheme. If the Fund acquires a Property and uses bank funding this will be a key factor for the Fund as well. Interest rate risk can be managed by fixing the interest rate for a period on all or part of a loan. Oyster will regularly review the bank loans in the Property Schemes and assess whether fixing interest rates are of benefit.

5. Property Value

The net asset value of a Property Scheme is primarily influenced by the market value of the properties held by the Property Scheme. The market value will be influenced by factors such as the remaining lease term, changes in the rental and market conditions. This applies to any Property owned by the Fund as well. Keeping vacancy low, ensuring leases are renewed and driving rental growth are all strategies that Oyster will undertake to support the value of the Properties.

5. NATURE OF RETURNS

The return on your investment is made up of two elements: the profit of the fund and capital growth.

a. Profit

The Fund's primary sources of income are distributions received from the Property Schemes and rental income from any Property purchased. Where a Property has been purchased by the Fund the rental income from the tenants and the operating costs for running the Property will determine the income from this investment. From the Fund's income the Fund will pay its expenses. These include the fees paid to Oyster, the Supervisor, auditor and registry. A full list of the fees paid by the Fund can be found in Section 8 of this PDS. You will pay tax on your share of the profit of the Fund at your nominated PIE tax rate, and that tax will be deducted from your monthly cash distribution.

b. Capital Growth

The change in value of a Unit in the Fund is tied to the change in value of its Property Investments. The value of the underlying properties in the Property Schemes will be influenced by the property market, changes in rental paid by tenants and the remaining term of the leases of the property. The same factors apply to any Property owned by the Fund.



ACQUISITION OF KEY PROPERTY

The Fund intends to purchase interests in the Property Schemes. The details of the Property Schemes are below.

1. INITIAL INVESTMENT PORTFOLIO

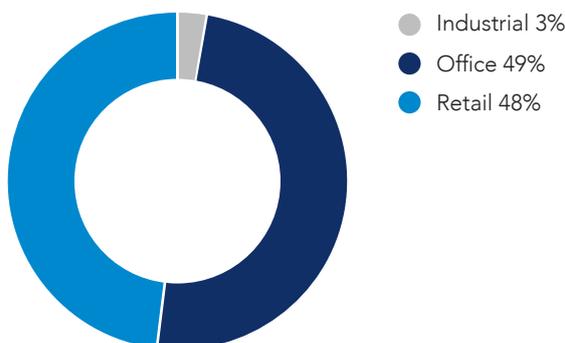
Weighted Average Portfolio Occupancy: 100%
(as at 29 February 2016)

Weighted Average Lease Term: 9.98 years
(as at 29 February 2016)

The figures above exclude the Cider Proportionate Ownership Scheme as this property is still being developed.

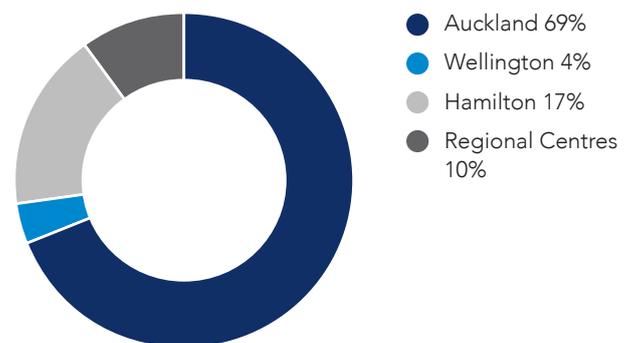
SECTOR DIVERSIFICATION

by proportion of assets



GEOGRAPHICAL DIVERSIFICATION

by proportion of assets



1. VIP PACKAGING – 100 HARRIS POS

The property comprises a large industrial complex in the established Auckland industrial suburb of East Tamaki.

PROPERTY DETAILS	
Property Value* (Book value)	\$21,600,000
Address	100 Harris Road, East Tamaki, Auckland
Sector	Industrial
Land Area	22,374 sqm
Lettable Area	16,533 sqm
Major Tenant	VIP Plastic Packaging (NZ) Limited
Occupancy	100%
WALT*	9.62 years
Loan to Value Ratio	48% (limit 53%)



*as at 29 February 2016

2. JACKSON PETONE PROPORTIONATE OWNERSHIP SCHEME – JACKSON STREET, PETONE

This six-storey office building was purpose built for the tenant (the New Zealand Racing Board) as its head office.

PROPERTY DETAILS	
Property Value* (Book value)	\$10,680,000
Address	106-110 Jackson Street, Petone, Wellington
Sector	Office
Land Area	3,524 sqm
Lettable Area	6,290 sqm
Major Tenant	New Zealand Racing Board
Occupancy	100%
WALT*	7.44 years
Loan to Value Ratio	44% (limit 50%)



*as at 29 February 2016

3. 51 CORINTHIAN PROPORTIONATE OWNERSHIP SCHEME – 51 CORINTHIAN DRIVE, ALBANY

This substantial office building is located in Auckland’s rapidly expanding suburb of Albany.

PROPERTY DETAILS	
Property Value* (Book value)	\$15,150,000
Address	51 Corinthian Drive, Albany, Auckland
Sector	Office
Land Area	2,907 sqm
Lettable Area	3,424 sqm
Major Tenant	Westpac (NZ) Investments Limited
Occupancy	100%
WALT*	4.75 years
Loan to Value Ratio	51% (limit 55%)



*as at 29 February 2016

4. UNIVERSAL DRIVE PROPORTIONATE OWNERSHIP SCHEME – COUNTDOWN, UNIVERSAL DRIVE, HENDERSON

This supermarket was built in 2014 on the high profile corner of one of west Auckland’s major arterial roads – Lincoln Road.

PROPERTY DETAILS	
Property Value* (Book value)	\$20,200,000
Address	185-187 Universal Drive, Henderson, Auckland
Sector	Retail
Land Area	13,412 sqm
Lettable Area	4,082 sqm
Major Tenant	General Distributors Limited (Countdown)
Occupancy	100%
WALT*	19.67 years
Loan to Value Ratio	50% (limit 55%)



*as at 29 February 2016

5. HOME STRAIGHT PROPORTIONATE OWNERSHIP SCHEME – 19 HOME STRAIGHT, TE RAPA

This property is a combination of two office buildings constructed in 2012 which are located within Hamilton’s Home Straight Business Park.

PROPERTY DETAILS	
Property Value* (Book value)	\$23,025,000
Address	19 Home Straight, Te Rapa, Hamilton
Sector	Office
Land Area	10,724 sqm
Lettable Area	7,390 sqm
Major Tenants	Ministry of Education, RD1 Limited, Hamilton City Fitness Limited
Occupancy	100%
WALT*	6.98 years
Loan to Value Ratio	50% (limit 50%)



*as at 29 February 2016

6. C & C PROPORTIONATE OWNERSHIP SCHEME – COUNTDOWN TAURANGA & COUNTDOWN NAPIER

These properties are Countdown supermarkets located in the regional centres of Tauranga and Napier.

PROPERTY DETAILS	
Property Value* (Book value)	\$21,100,000
Address	20-36 Carlyle Street, Napier and 618 Cameron Road, Tauranga
Sector	Retail
Land Area	Tauranga 8,749 sqm Napier 10,724 sqm
Lettable Area	Tauranga 4,867 sqm Napier 3,743 sqm
Major Tenant	General Distributors Limited (Countdown)
Occupancy	100%
WALT*	5.78 years
Loan to Value Ratio	40% (limit 50%)



*as at 29 February 2016

7. MITRE 10 HENDERSON PROPORTIONATE OWNERSHIP SCHEME – MITRE 10 MEGA HENDERSON, AUCKLAND

This property is a Mitre 10 MEGA store located in the Auckland suburb of Henderson.

PROPERTY DETAILS	
Property Value* (Book value)	\$30,500,000
Address	186-198 Lincoln Road, Henderson, Auckland
Sector	Retail
Land Area	27,677 sqm
Lettable Area	15,083 sqm
Major Tenant	Mitre 10 (New Zealand) Limited
Occupancy	100%
WALT*	13.08 years
Loan to Value Ratio	42% (limit 51%)



*as at 29 February 2016

8. CIDER PROPORTIONATE OWNERSHIP SCHEME – CIDER BUILDING, PONSONBY, AUCKLAND

This property is under construction and is due to be completed mid-2016. It is a mixed use development comprising of a Countdown supermarket, strip retail and a three storey office building.

PROPERTY DETAILS	
Property Value*	\$92,965,356 ¹
Address	4 Williamson Avenue, Ponsonby, Auckland
Sector	Retail (40%) and Office (60%)
Land Area	5,990 sqm ¹
Lettable Area	13,165 sqm ¹
Major Tenants	General Distributors Limited (Countdown), Fairfax NZ Limited
Occupancy	100% (including vendor's underwrite of vacant space)
WALT	TBC on completion
Loan to Value Ratio	49% (limit 55%)



Artist's impression

*as at settlement scheduled for 21 June 2016

¹ subject to final measurement on completion



Note on Valuation of Properties

The values used in the tables above are the book values of the properties owned by in the Property Schemes taken from their unaudited financial statements as at 29 February 2016. The value for the Cider building has been assumed at the purchase price as no financial statements are available for this Property Scheme as it is not yet established. The purchase price for the Cider building is based on the rental achieved from the property at settlement; this may vary depending on the final measurement of the leased space.

The properties owned by each Property Scheme will be independently valued annually. As Interests in the Property Schemes are infrequently sold there is not

a reliable market price for the Interests. Oyster has determined that the net asset value of the Property Schemes is the most reliable measure of their value. The net asset value is likely to differ from the price that Oyster will receive if it sells the Interests as this price will be determined by the amount that a purchaser of the Interests is willing to pay at that time.

2. BORROWINGS

The Fund may enter into a bank loan facility of up to 50% of the value of any Properties owned by the Fund. The Fund does not intend to borrow to finance the purchase of interests in Property Schemes.

3. KEY DATES AND OFFER PROCESS

TIMETABLE

Opening Date	18 May 2016
Closing Date	27 May 2016*
Issue of Units	1 June 2016

**Oyster reserves the right to close the Offer or extend the Closing Date by up to 60 days at any time prior to that date*

4. TERMS OF OFFER

Managed Investment Product	Units in a managed investment scheme which invests in commercial property
Opening Date	18 May 2016
Closing Date	27 May 2016 (Oyster reserves the right to close the Offer or extend the Closing Date by up to 60 days at any time prior to that date.)
Total Units on Offer	17,250,000
Subscriptions	\$1 per Unit – Minimum subscription is \$10,000, then in increments of \$1,000. Investors will not receive interest on their subscription monies.
Minimum Holding	Investors must hold at least 10,000 Units in the Fund. Transfers and Redemptions will not be processed if these will result in an Investor holding less than 10,000 Units.
Cash Distributions	Monthly, by the 20th of each month
Minimum Amount	For the Fund to commence this Offer needs to raise the minimum amount of \$17,250,000 to acquire Property Investments. If the minimum amount is not reached by the Closing Date, Investors will have their subscription monies returned as soon as practicable.

Applications for Units can only be made on the application form that is included in this PDS. Applications must be for a minimum of 10,000 Units at \$1.00 each for the minimum subscription amount of \$10,000. Further Units can be purchased in parcels of 1,000 for \$1,000 each. Note that applications once made cannot be withdrawn.

Applications must be accompanied by payment of the full subscription amount for each parcel of Units. Payment may be made by direct credit or cheque. Cheques must be drawn on a registered New Zealand bank.

The subscription monies for Investors' Units and bank interest on those monies will be held in the trust account of the Fund's solicitors Tompkins Wake, until the Offer is closed, or the subscription monies are returned to the Investors in accordance with this Offer.

If the subscription total of \$17,250,000 is not reached by the Closing Date for this Offer the Fund will not purchase the Property Scheme Interests and your subscription monies will be refunded. Note that subscription monies can only be refunded once Customer Due Diligence Information has been provided. See Section 13 "How to Apply" for more details.

Once this initial Offer is closed the Fund intends to issue another PDS and make a continuous offer of Units. It is intended that there will be an offer of Units continuously open for new investors. The monies raised will be used to purchase interests in new property schemes established by Oyster, fund redemptions and once the Fund reaches sufficient size it may purchase properties itself. There will not be a continuous offer if the minimum subscription of \$17,250,000 is not achieved under this Offer.

RIGHT TO SELL UNITS

From 1 June 2017 the Fund may offer redemptions of Units, but the investment is not otherwise redeemable. Oyster may suspend redemptions at any time.

1. **Processed Monthly** – If you wish to redeem your Units you will need to contact Oyster and complete a redemption request. All redemption requests received by Oyster by 3pm three business days prior to the last calendar day of a month will be processed that month. Any redemption requests received after that time will be processed at the end of the following month.
2. **Payments** – Payments for redeemed Units will be paid by the 20th of month following redemption.
3. **The Repayment Price** – is the Unit Price at the end of the relevant month less any tax owing by the Investor and the Exit Fee. The Exit Fee is currently \$2 per redemption request.
4. **Minimum Holding** – If an Investor wants to redeem less than their full holding of Units they will need to hold at least the Minimum Holding of Units after the redemption is processed. The Minimum Holding is currently 10,000 Units. For example, an Investor with 15,000 Units could redeem up to 5,000 Units and still hold at least 10,000 Units after the redemption.
5. **Limitation** – The amount of redemptions that will be processed in a month are limited to the Monthly Available Funds. This is the amount of cash that the Fund will have available to pay for redemptions. If Redemption Requests exceed the Monthly Available Funds redemptions will be processed on a pro-rata basis up to the Monthly Available Funds limit. Any remaining redemptions will be processed in the following month.

MONTHLY AVAILABLE FUNDS

Redemptions will be limited to the Monthly Available Funds, which are the greater of:

- A. 0.5% of the Fund's Net Asset Value before the date of payment of the Redemption Notices; and
- B. having regard to the future requirements of the Scheme, an amount determined by the Manager from time to time.

Your investment in the Fund can be sold or transferred to a third party but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment. Oyster does not provide a sale facility for the Units. You may sell your Interest to any person so long as you have paid all monies owing in relation to the Fund and you are not in breach of the terms of the Trust Deed. You will be responsible for all costs in connection with the transfer.

PRICING OF UNITS

Unit Prices are determined monthly on the last day of the month using the Net Asset Value of the Fund.

The Net Asset Value of the Fund is calculated using the "Total equity" from the Fund's financial statements and making the following adjustments to take into account the Fund's investment activity. These adjustments are not reflected in the Fund's financial statements.

- Where the Fund purchases an asset (such as a Property Investment) for a cost above the proportionate share of the asset's underlying net asset value (as recorded in the Property Scheme's financial accounts) and it records the value of the asset at the underlying net asset value rather than its acquisition cost, the Net Asset Value will be increased by the amount equal to the difference between the acquisition cost and the underlying net asset value. This amount will be gradually written off on a 'straight line' basis over five years from the time the asset is acquired. On the sale of all or part of the asset, any remaining amount will be reduced to zero;
- Acquisition costs such as the Acquisition Fee, Brokerage Fee, due diligence costs and legal costs. These amounts will be gradually written off on a 'straight line' basis over five years from the time the

asset is acquired. On the sale of all or part of the asset, any remaining amount will be reduced to zero; and

- Where a Property has been purchased by the Fund a provision against the value of the asset for the anticipated proportionate costs of selling the asset. This provision will be gradually recognised over five years from the time the asset is first acquired. The provision for any particular asset will be amended to reflect the actual costs of selling the asset once known and reduced to zero once the asset is sold.

In doing this, Oyster aims to spread the cost of buying and selling assets to investors in the Fund over time.

The Fund has invested in Property Schemes that do not publish prices for the Interests. As there are no published prices available, Oyster calculates the value of these Interests by dividing the value of the Property Scheme's net assets from the latest available management accounts by the number of interests issued by the Property Scheme at that time. The Property Schemes provide management accounts each quarter.

Property assets owned by the Property Schemes will be independently valued annually. Where a property is under construction and construction has not been completed, Oyster will value the property by dividing the Property Scheme's expected net asset value at completion by the expected number of interests to be issued by the Property Scheme at completion. The Fund's assets will also include accrued income from its investments such as interest and distributions from the Property Schemes.

If, in the future, the Fund invests in Property Schemes that publish interest prices, then those interests will be valued at the latest published withdrawal/sale price.

The Fund's liabilities will include accruals for fees and expenses. Performance fees are calculated annually in arrears and, if a performance fee is payable, the fee will be accrued in the Unit Price at the time it is calculated.

More information on Unit Prices can be found in the Trust Deed and in Section 6 under the heading "B. Pricing of Units".

DISTRIBUTIONS

Cash distributions from the Fund are scheduled to be paid monthly, by the 20th of the month to your nominated bank account. Distributions are not paid by cheque. These distributions are made up of the profit of the Fund after payment of all operating expenses and may also include the capital of the Fund. Initially some of the monies raised by this Offer will be used to pay some of the Fund's operating expenses (refer to "Cash Distributions" on page 22 for details). It is Oyster's plan to grow the Fund to sufficient scale that it will be able to pay these operating expenses from its income and maintain the cash distributions at their current rate. Should the Fund not increase in size as planned, Oyster's Management Fee may decrease with the removal of the minimum Management Fee from 1 June 2018 (refer to Section 8 "What are the fees?").

Cash distributions are made at the discretion of Oyster. In determining whether to make cash distributions to Investors, Oyster will also need to consider the operating and financial results of the Fund, monies needed to fund redemptions and other factors Oyster considers relevant.

The Fund may offer a distribution reinvestment plan which will allow you to have your cash distribution reinvested as Units each month. Details of the distribution reinvestment plan will be provided to Investors when the Fund is established.

TRUST DEED

Further details on the key terms of the Fund and the Units can be found in the Trust Deed which can be found in the scheme register at www.business.govt.nz/disclose.

5. HOW OYSTER DIRECT PROPERTY FUND WORKS

This is a managed investment scheme. The Fund has been established to hold a diversified commercial property portfolio. Initially the Fund will be investing in Property Schemes managed by Oyster. In the future it may purchase commercial property directly. The Fund will not initially have any bank funding; it may use bank funding in the future to finance the purchase of property.

The Fund is designed to provide you with access to a diversified portfolio of quality commercial property. You invest in the Fund by acquiring Units in the Fund. It will take advantage of Oyster's experience and expertise in identifying and managing property investments by investing in Property Schemes managed by Oyster.

The investment objective of the Fund is to provide investors with a stable monthly income stream combined with the potential for capital growth.

The Fund is established under a Trust Deed. The Supervisor is appointed Supervisor of the Fund and agrees to act in respect of the Fund as trustee for the Investors, and to hold the Property Investments as the exclusive property of the Fund in trust solely for the Investors, upon and subject to the terms and conditions expressed or implied in the Trust Deed and any legislation governing the Fund. The Supervisor has nominated Oyster DPF Trustees Limited to be the Custodian and to hold the assets of the Fund.

The Trust Deed covers matters such as the removal of the Manager and the procedure for holding meetings of Investors. 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 Units or at the direction of Oyster, the Supervisor or the Custodian. A copy of the Trust Deed can be found on the scheme register at www.business.govt.nz/disclose.

RELATED PARTY BENEFITS

Purchase of Interests

The Property Scheme Interests (excluding the Interests in the Cider Proportionate Ownership Scheme) are

currently held by Oyster Property Group Limited and will be purchased by the Fund from Oyster Property Group Limited on the close of this Offer. All the Interests are being purchased by the Fund at the same price that was paid by Oyster Property Group Limited for the Interests. The Interests were acquired through either subscribing for an offer of securities to be issued in a Property Scheme or purchased from interest holders in the Property Scheme. Oyster Property Group Limited has the same ultimate holding company as Oyster.

Cider Proportionate Ownership Scheme

The Cider Proportionate Ownership Scheme will be charged fees by Oyster Property Group Limited in relation to its initial offer of Interests:

- **Brokerage Fee:** a fee of \$800,000 plus GST ("Brokerage Fee"), which is calculated as 2% of the total equity raised (excluding any equity subscribed for by the Fund). From the Brokerage Fee Oyster Property Group Limited will pay any commissions payable to third party agents, financial advisers and brokers responsible for arranging the sale of Interests. The Property Scheme has no liability for any such commissions.
- **Underwrite Fee:** a fee of \$528,000 plus GST ("Underwrite Fee"), which is calculated as 3% of the total underwrite amount of \$17,600,000, as consideration for Oyster Property Group Limited underwriting the Offer.
- **Deposit Fee:** a fee of \$166,667 ("Deposit Fee") as consideration for Oyster Property Group Limited paying the deposit of \$5,000,000 on behalf of the Scheme. On the settlement date, the Property Scheme will pay Oyster Property Group Limited the Deposit Fee and will also reimburse Oyster Property Group Limited for the deposit funds paid.
- **Offeror's Fee:** a fee of \$1,706,250 plus GST ("Offeror's Fee"), which is calculated as 1.75% of the total asset value, for locating the property and negotiating the

contract to purchase the property; and developing the investment opportunity and establishing the Scheme.

- **Development Management and Building Commissioning:** a fee of \$20,000 plus GST for providing development management and building commissioning services.
- **Legal Setup Costs:** \$17,500 plus GST will be paid for its internal legal services used in the establishment of the Scheme.

Oyster has a Code of Conduct which sets out the rules and procedures that staff and directors must comply with in relation to related party transactions and conflicts of interests. All contracts and leases that the Fund enters into will be reviewed for compliance with the rules on related party transactions before they are submitted by

Oyster for signing by the Supervisor. The Code of Conduct is available on the scheme register at www.business.govt.nz/disclose.

Oyster has been appointed as the manager of the Property Schemes under Deeds of Participation or Property Ownership Deeds for each Property Scheme. Oyster receives management fees from the Property Schemes for acting as manager. These management fees are set out in the Deeds of Participation or Property Ownership Deeds for each Property Scheme. Copies of the Deeds of Participation or Property Ownership Deeds can be requested from Oyster.

Further information in relation to related party benefits can be found in “note 12 Related Parties” in the Prospective Financial Statements.

6. OYSTER DIRECT PROPERTY FUND'S FINANCIAL INFORMATION

This section provides selected financial information about the Fund. Full financial statements are available on the offer register at www.business.govt.nz/disclose. If you do not understand this sort of financial information, you can seek professional advice.

As the Fund has not commenced trading there is no historical financial information available for the Fund.

Prospective information in respect of the Fund for the first accounting period of 10 months ending 31 March 2017 and 12 months 31 March 2018 is set out below.

	10 Months ending 31 March 2017 ¹	12 Months ending 31 March 2018 ¹
Revenue	\$1,076,970	\$1,346,481
Less Administrative Expenses	(\$213,325)	(\$227,125)
Plus Finance Income	\$13,825	\$12,546
Total Income	\$877,470	\$1,131,902
Total Assets	\$16,112,074	\$16,044,075
Total Liabilities	(\$121,194)	(\$129,057)
Total Equity	\$15,990,880	\$15,915,018

¹ Projected financial performance of the Fund

A. CASH DISTRIBUTIONS

The cash return per Unit is higher than the net profit being generated by the Fund. For the first two financial years some of the Fund's costs are being funded from the monies raised in this Offer. These costs therefore are not included in the Fund's net profit. This is detailed in the table below.

Cash Distributions for a Minimum Investment Parcel of 10,000 Units	10 Months ending 31 March 2017	12 Months ending 31 March 2018
Total income per prospective Statement of Comprehensive Income	\$877,470 ¹	\$1,131,902 ¹
Total number of Units	17,250,000	17,250,000
Amount invested*	\$10,000	\$10,000
Net profit (before tax) per minimum investment parcel of 10,000 Units	\$508.68 ¹	\$656.18 ¹
Total Investor cash distribution per minimum parcel of 10,000 Units (see note 1)	\$521.81	\$700.15
Forecast cash distribution per minimum investment parcel of 10,000 units	5.22%	7.00%

¹Projected financial performance of the Fund

*Applications must be for a minimum of 10,000 interests at \$1.00 each for the minimum subscription amount of \$10,000. Further interests can be purchased in parcels of 1,000 for \$1,000 each

Note 1: Calculation of the Cash Distribution	10 Months ending 31 March 2017 ¹	12 Months ending 31 March 2018 ¹
Total income per prospective Statement of Comprehensive Income	\$877,470	\$1,131,902
Add expenses paid by Investors' capital contribution		
Accounting fee	\$17,250	\$8,050
Administration costs	-	\$13,800
Audit fee	\$11,500	\$9,775
Supervisor's fee	-	\$23,000
Management fee	\$53,197	\$53,355
Registry fee	-	\$31,000
Less non-cash accounting adjustment for fixed rental income	(\$59,294)	(\$63,118)
Total cash distribution	\$900,123	\$1,207,764

¹Projected financial performance of the Fund

Net Distribution per Minimum Investment Parcel of 10,000 Units	PIR	10 Months ending 31 March 2017 ¹	12 Months ending 31 March 2018 ¹
Total income per prospective Statement of Comprehensive Income		\$877,470	\$1,131,902
Less tax adjustments			
Depreciation		(\$24,724)	(\$28,343)
Fixed rental adjustment		(\$59,294)	(\$63,118)
Taxable income		\$793,452	\$1,040,441
Taxable income per minimum investment parcel of 10,000 Units		\$459.97	\$603.15
Tax deducted from distribution	0%	\$0 ²	\$0 ²
	10.5%	\$48.30	\$63.33
	17.5%	\$80.50	\$105.55
	28%	\$128.79	\$168.88
Net distribution	0%	\$521.81	\$700.15
	10.5%	\$473.51	\$636.82
	17.5%	\$441.31	\$594.60
	28%	\$393.02	\$531.27

¹Projected financial performance of the Fund

²If you have a PIR rate of 0% you will need to declare your proportionate share of the Fund's taxable income in your tax return

B. PRICING OF UNITS

Unit prices are determined monthly on the last day of the month using the Net Asset Value of the Fund.

The Net Asset Value of the Fund is calculated using 'Total equity' from the financial statements and making the following adjustments to take into account the Fund's investment activity. The following adjustments are non GAAP adjustments and therefore are not reflected in the Fund's financial statements.

Acquisition costs

Acquisition costs such as Acquisition Fee, Brokerage Fee, due diligence costs and legal costs for the purposes of pricing will be written off on a straight line basis over five years from the time the asset is acquired. In the

financial statements of the Fund the acquisition costs when incurred will be deducted from equity as per NZ IAS 32 paragraph 35. The difference in treatment between the financial statements of the Fund and the pricing of Units is to spread the impact on the Net Asset Value and the corresponding impact on the price over five years. On sale of all or part of the asset, any remaining amount will be reduced to zero.

Premium to Net Asset Value

Where the Fund purchases an asset (such as a Property Investment) for a cost above the proportionate share of the underlying net asset value (as recorded in the Property Scheme's financial accounts) the Fund's financials will record the underlying net asset value on acquisition.

For the purposes of pricing of Units the difference between the acquisition cost and the underlying net asset value will gradually be written off on a straight line basis over five years from the time the asset is acquired.

The difference in treatment between the financial statements of the Fund and the pricing of units is to

spread the impact on the Fund's Net Asset Value and the corresponding impact on the Unit price over five years. There is no such adjustment in the period covered by the prospective financial information as the net asset value of the underlying Property Schemes have been reflected at cost.

Net Asset Value for the purposes of pricing the units	10 Months ending 31 March 2017	12 Months ending 31 March 2018
Total equity as per Prospective Statement of Financial position	\$15,990,880	\$15,915,018
Acquisition costs to be written off over five years ¹	\$1,236,467	\$1,030,389
Amortisation of acquisition costs	(\$206,078)	(\$247,293)
Remaining acquisition costs to be amortised	\$1,030,389	\$783,096
Net Asset Value	\$17,021,269	\$16,698,114
Number of Units on issue	17,250,000	17,250,000
Price per Unit	\$0.99	\$0.97

¹Refer to note 7 on page 15 of the Prospective Financial Statements for details

Assumptions for Net Asset Value table

The assumptions on which the Net Asset Value table above is based include:

1. The acquisition costs are based only on the costs of this Offer.
2. There is no purchase or disposal of properties by the Schemes or Property Investments by the Fund during this period.
3. The total equity, for 2017 and 2018, is based on the acquisition price of assets without any adjustment. More information can be found in the Prospective Financial Information in notes 6 and 7.
4. More details on Unit Prices can be found in the Trust Deed.

Underlying Asset Value of Units	10 Months ending 31 March 2017	12 Months ending 31 March 2018
Total equity as per prospective statement of financial position	\$15,990,880	\$15,915,018
Number of Units on issue	17,250,000	17,250,000
Price per Unit	\$0.93	\$0.92

If the fund was to be wound up the amounts detailed in the table above reflect the assets of the Fund that would be available to be paid to Investors. This is lower than the Unit Price as the acquisition costs are written down to zero.



Disposal cost provision

Where the Fund purchases a property directly the Fund will make a provision against the value of the asset for the anticipated costs of selling the asset. This provision will be gradually recognised over five years from the time the asset is acquired.

This provision will not be reflected in the financial statements of the Fund as the provision is only able to be made at the point an unconditional sale and purchase agreement had been entered into by the Fund.

The difference in treatment between the financial statements of the Fund and the pricing of Units is to spread the impact on the Fund's net asset value and the corresponding impact on the price over five years. There is no such adjustment in the period covered by the prospective financial information as there is no assumption to buy property directly in the period.

If the Fund was to be wound up at any point during the next five years any remaining amount to be amortised will be reduced to zero. The impact of this would mean the Net Asset Value of the Fund would equal the total equity of the Fund.

C. GEARING AND INTEREST COVER RATIOS

Gearing ratios and interest cover ratios have not been included within this PDS as the investment is intended to be fully funded by subscriptions; bank funding will only be used by the Fund in the future to assist in purchasing a Property asset.

D. SUMMARY OF PRINCIPAL ASSUMPTIONS TO THE PROSPECTIVE FINANCIAL INFORMATION

Initially the Fund will be investing in Property Schemes managed by Oyster. In the future it may purchase commercial property directly. The Fund will not initially have any bank funding; it may use bank funding in the future to finance the purchase of a Property asset.

Subscribed capital

The prospective financial information assumes all 17,250,000 Units will be fully subscribed by 31 May 2016.

Investor distributions

The return from the Fund is dependent on the income from its Property Investments. The Fund will make initial investments in the Property Schemes listed below.

Property Scheme	Interests held by Fund	10 months ended 31 March 2017		12 months ended 31 March 2018	
		Projected Distribution per Interest	Projected Distribution to Fund	Projected Distribution per Interest	Projected Distribution to Fund
100 Harris Proportionate Ownership Scheme	4	\$9,494	\$37,974	\$11,523	\$46,093
Jackson Petone Proportionate Ownership Scheme	5	\$8,518	\$42,589	\$9,959	\$49,797
51 Corinthian Proportionate Ownership Scheme	1	\$55,470	\$55,470	\$66,554	\$66,554
Universal Drive Proportionate Ownership Scheme	3	\$53,169	\$159,508	\$63,789	\$191,366
Home Straight Proportionate Ownership Scheme	50	\$3,595	\$179,761	\$4,314	\$215,726
C & C Proportionate Ownership Scheme	12	\$8,834	\$106,013	\$10,866	\$130,389
Mitre 10 Henderson Proportionate Ownership Scheme	15	\$7,297	\$109,459	\$8,797	\$131,959
Cider Proportionate Ownership Scheme	6	\$64,366	\$386,196	\$85,766	\$514,597
Total		\$210,743	\$1,076,970	\$261,569	\$1,346,481

The annualised distribution per Interest is anticipated to be the cash distribution paid out by the Property Schemes to its Interest holders based on the number of Interests held. This is inherently linked to the rental income and expenses of the individual Property Schemes which is discussed further below.

For the purpose of the prospective financial statements, the anticipated cash distributions have been determined based on the Fund's share of the forecasted profits for each of the Property Schemes for each of the periods. The forecast profits do not include any forecasted fair value gain or loss on investment property held by the Property Schemes. It is possible that actual cash distributions paid out by the Property Schemes will differ from the actual profits achieved by the Property Schemes as profits are distributed at the discretion of

Oyster, as manager for each of the Property Schemes. In determining whether to distribute some or all profit to investors in the Property Schemes, Oyster will consider the operating and financial results of the Property Scheme, capital expenditure required in relation to the Property, working capital requirements and other factors that Oyster considers relevant.

Fair Value of Property Investments

The fair value of property investment schemes will be measured at the Fund's share of the net asset value of schemes at balance date. However, there is insufficient information available to confirm what the fair value will be at 31 March 2017 and 31 March 2018. Therefore, the property scheme interests are initially recognised at cost and remain at cost for the purposes of these prospective financial statements.

Rental income and expenses

The rental income for the Property Schemes has been forecast based on the current leases in place, details of which are listed below:

Property Scheme	Lease start date	Current expiry date	Current Gross Rental Income PA \$	Future renewable terms (yrs)	Next review date	Review type
100 Harris POS						
VIP Plastic Packaging (NZ) Limited	11-Oct-13	10-Oct-25	1,636,828	5	11-Oct-16	Fixed %
Jackson Petone POS						
New Zealand Racing Board	08-Aug-14	07-Aug-23	578,314	3+3	08-Aug-17	CPI
New Zealand Racing Board	08-Aug-14	07-Aug-23*	431,391	3+3	08-Aug-17	CPI
51 Corinthian POS						
Westpac (NZ) Investments Ltd	01-Sep-12	31-Aug-21	431,228	6+6	01-Sep-18	Market ¹
Windsor Medical Centre Limited	01-Apr-11	31-Mar-17	89,430	6+6+6	01-Apr-17	Market ²
Hands On Rehabilitation Limited	01-Nov-11	31-Oct-17	82,641	3+3	01-Nov-17	Market
Westpac (NZ) Investments Ltd	01-Sep-12	31-Aug-21	393,914	6+6	01-Sep-18	Market ¹
Bachmann Orthodontics Ltd	16-Aug-10	30-June-20	94,920	5	01-Jul-17	Market ²
Universal Drive POS						
General Distributors Ltd	27-Oct-15	26-Oct-35	1,487,000	10+10+5+5	27-Oct-16	Fixed %
Home Straight POS						
Ministry of Education	10-Apr-12	09-Apr-22	785,043	6+3+3	10-Apr-18	Market
RD1 Ltd	10-May-12	09-May-20	432,480	3+3+3	10-May-16	Market ²
Hamilton City Fitness Ltd	11-Apr-12	10-Apr-27	406,560	5+5	11-Apr-16	CPI+fixed %
Just Lounging Around Café	04-Mar-13	03-Mar-25	85,703	6+6	04-Mar-17	CPI+fixed %
C & C POS						
General Distributors Ltd	01-Sep-10	31-Aug-22	930,000	10+10+10	01-Sep-16	Market
General Distributors Ltd	15-Jul-99	14-Dec-20	681,000	6+6	15-Dec-17	Market
Mitre 10 Henderson POS						
Mitre 10 (New Zealand) Limited	01-Apr-16	31-Mar-29	1,986,000	6	01-Apr-19	Market
Cider POS						
<i>Refer below for details</i>						

*The tenant has the right to break at the end of year six of the lease term

¹ Limited to 2.5% per annum

² Limited to CPI movement

As reflected in the table below, one supermarket lease, one office lease, seven retail leases and one carpark lease have been entered into in respect of the Cider building as at the date of this Product Disclosure Statement.

A four year underwrite has been arranged for the vacant spaces, whereby the Vendor has agreed to pay to the Cider Proportionate Ownership Scheme the rent, operating expenses and naming/signage fees for all the vacant spaces within the premises for a period of up to four years.

Cider Proportionate Ownership Scheme	Lease start date	Current expiry date	Rental/underwrite income per annum ²	Future renewable terms (yrs)	Next review date	Review type
General Distributors Limited	22-Jun-16	21-Jun-36	\$1,386,000	5+5+5	22-Jun-21	Turnover rent review (Fixed % component)
Fairfax New Zealand Limited	22-Jun-16	21-Jun-28 ¹	\$2,080,059	3 + 3	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$2,545,855	Nil	22-Jun-17	Fixed %
Sushi Express Limited	22-Jun-16	21-Jun-26	\$77,575	Nil	22-Jun-17	CPI
Stationery Corner Limited	22-Jun-16	21-Jun-22	\$11,600	6	22-Jun-17	CPI
Domino's Pizza New Zealand Limited	22-Jun-16	21-Jun-24	\$75,400	5	22-Jun-17	CPI
Biscocho Limited	22-Jun-16	21-Jun-26	\$55,990	5+5	22-Jun-17	CPI
Stylish Man Limited	22-Jun-16	21-Jun-22	\$45,485	6	22-Jun-17	CPI
SNK Beauty Limited	22-Jun-16	21-Sep-26	\$38,170	Nil	22-Jun-17	CPI
Mambo Limited	22-Jun-16	21-Jun-26	\$16,745	5+5	22-Jun-17	CPI
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$41,220	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$45,980	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$58,523	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$58,380	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$13,000	Nil	22-Jun-17	Fixed %
Soho 13 Limited	22-Jun-16	21-Jun-36	\$58,500	Nil	22-Jun-17	CPI

¹ Fairfax has a break right at year 8 for part of the premises

² The final rental and underwrite income are subject to final measurements

For the rental income tables the following assumptions have been made regarding the types of rent reviews:

- **CPI** – inflation has been assumed to be nil due to the high uncertainty of inflation rate. Therefore the prospective financial statements do not factor in any increase in rent for leases with CPI reviews.
- **Market** – it is not possible to accurately predict what the future market rental will be for any tenancy, therefore the prospective financial statements do not assume rental increases for leases with market reviews. A third party will be contracted to forecast market rent for the properties at the date of rent review of the respective properties.
- **Fixed percentage** – for leases whereby the review mechanism is a fixed percentage increase, as the certainty of the rent increases is high and we are able to accurately measure it, the prospective financial statement spreads the rent increases over the term of the lease.

Property level expenses are calculated for each investment property on the basis of Operating (OPEX) Budgets. Budgets are compiled by each property's specific property manager based on prior performance and contractual arrangements with service providers. Forecasted expenses for each property are not adjusted for inflation due to the high uncertainty with inflation rates.

Cash

Following receipt of monies from subscription, \$208,856 will be held for working capital purposes.

Cash distributions from the Fund are scheduled to be paid monthly. These distributions are made up of the profit of the Fund after payment of all operating expenses (see the summary under the heading "Cash Distributions" above for more details). Profit is distributed at the discretion of Oyster and is subject to the Fund having cash available to make cash distributions.

E. FUTURE PAYMENT OF FEES

A portion of the investors' capital contribution (\$220,927) will be applied to the payment of some of the fees and expenses of the Fund. These are detailed in the table below:

Use of Working Capital	Amount Allocated	10 months ended 31 March 2017	12 months ended 31 March 2018
Future Payment of fees payable to Oyster	\$114,602	\$53,197	\$61,405
Future Payment of fees payable to others	\$106,325	\$28,750	\$77,575
Total	\$220,927	\$81,947	\$138,980



7. RISKS TO RETURNS FROM OYSTER DIRECT PROPERTY FUND

Additional information on the assumptions above is included in the Prospective Financial Statements which are available on the offer register at www.business.govt.nz/disclose.

Oyster strongly recommends that all prospective Investors consider the following risk factors thoroughly, in conjunction with the other information in the PDS, before investing in this Fund:

RISKS IN RELATION TO THE FUND

- **Liquidity Risk – Inability to realise Capital Return**
From 1 June 2017 there is an intention to provide redemptions for Investors. The Fund will have limited cash available to pay for redemptions. The Fund is not investing in assets that can be easily sold, there is no established market for the Property Scheme Interests and any Property purchased by the Fund could take some time to sell. Therefore, if the Fund experienced a large number of redemption requests, Oyster would most likely suspend redemptions. Investors would be unable to redeem their Units until the suspension was lifted.
- **Property Valuation Risk – Change in Unit Price**
Properties owned by the Property Schemes will be independently valued annually. This means that the value of a Property may decrease or increase markedly once the annual financial statements for the Property Schemes are released. Accordingly, there is a risk that the Repayment Price for a Unit may change markedly after the financial statements for each Property Scheme are released. Investors should be aware of the property valuation cycle when assessing whether to redeem their Units as an increase or decrease in property values will have a direct impact on the Repayment Price.

PROPERTY RELATED RISKS

Property investment is different to other forms of investment such as shares or bonds. The Property Investments are investments in a physical asset which can require substantial repairs and maintenance, can be destroyed by fire or earthquake and the income from the properties are often reliant on a few major tenants paying rent.

a. Major maintenance/structural repairs/capital expenditure

A risk associated with ownership of a commercial investment property is unforeseen maintenance, structural repairs or works of a capital nature to the property for which the landlord is responsible. If the cost of the works cannot be funded from the Property Scheme's working capital it will need to either increase its bank borrowings or reduce distributions to the Fund (or both). This risk will also apply to the Fund if in the future it purchases a Property. Due to the Fund investing in a diversified portfolio of properties the likelihood of this risk having a significant impact on the Fund is minor.

Oyster as manager of the Property Schemes minimises these risks by:

- i. Preparing detailed budgets for capital expenditure and retaining working capital to meet planned capital expenditure.
- ii. Maintaining third party service contracts on plant and services. Regular maintenance reduces the risk of plant and equipment failing and assists with the early identification of issues.
- iii. Obtaining technical due diligence reports on the Properties before they are purchased. These reports identify the state of repair of building plant and services and assist in budgeting for future capital works.

To date only one of the Property Schemes has experienced unforeseen maintenance, structural repairs or works of a capital nature which may have a material cost to the Property Scheme. It has been identified that the Countdown Napier property in the C & C Proportionate Ownership Scheme may require earthquake strengthening works. Further investigation is required to determine the strengthening works required and the likely cost of these works. At this point Oyster does not believe that the cost of the strengthening works will have a material impact on the Fund.

b. Damage or destruction risk

There is a risk of damage or destruction of a Property by fire, earthquake or other event which may result in loss of rent income from the Property. The Properties will have insurance in place to cover reasonably insurable risks but it can take a considerable amount of time to settle insurance claims and then repair the Property. Until the Property is repaired and fully tenanted the rental income from the Property may be greatly reduced and costs such as rates and bank interest will continue to be payable. This risk is not likely but if it occurs it can have a significant impact on the income received from a Property Investment.

c. 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 its lease or is unable to sustain payment of the rent at market levels, this will reduce the income return on the Property Investment. The insolvency or receivership of a major tenant would also have a major impact on the income received from a Property Investment. A reduction in rental can be very significant for the Fund as this will reduce the cash distribution received from the Property Scheme and reduce cash distributions to Investors. It may also reduce the value of the Property Investment which would reduce the value of a Unit in the Fund.



Oyster as manager of the Property Schemes minimises these risks by:

- i. undertaking credit checks on new tenants
- ii. obtaining personal guarantees or bank guarantees from tenants (where possible)

The Property Schemes that the Fund is investing in have substantial tenants providing the majority of the rental income such as: General Distributors Limited, Mitre 10 (New Zealand) Limited, Fairfax NZ Limited, New Zealand Racing Board, Westpac (NZ) Investments Limited, Ministry of Education, and RD1 Limited. Without a full analysis of the financial records of these tenants Oyster is unable to predict with any certainty the likelihood of any of these tenants defaulting under their leases. Due to the Fund investing in a diversified portfolio of properties the likelihood of this risk having a significant impact on the Fund is reduced as the rent paid by each tenant only makes up a proportion of the total cash distributions paid by the Property Schemes to the Fund.

To date Oyster has not had any material issues with tenant default in the Property Schemes.

8. WHAT ARE THE FEES?

Fees payable to Oyster and its associated companies

Fees payable to Oyster and its associated companies	10 months ended 31 March 2017	12 months ended 31 March 2018
Issue Expenses		
Brokerage Fee	\$396,750	\$0
Acquisition Fee	\$358,426	\$0
Total Issue Expenses	\$755,176	\$0
Other Expenses		
Management Fee	\$86,250	\$103,500
Performance Fee	\$0	\$0
Termination Fee	\$0	\$0
Accounting Fee	\$8,050	\$8,050
Fees payable in the Property Schemes (estimated)	\$502,586	\$142,064
Total Other Expenses	\$596,886	\$253,614
Total Fees Payable to Oyster	\$1,352,062	\$253,614
As a % of Net Assets	8.45%	1.59%

All fees are inclusive of GST except for fees payable in the Property Schemes.

■ Management Fee

Oyster will be paid a Management Fee of 0.6% (plus GST) of the total assets of the Fund. For this calculation the figure used is the total assets of the Fund as stated in the Fund's financial statements. See the table headed "Underlying Asset Value of Units" on page 24 for details. The Management Fee is calculated and payable on the last day of each calendar month or at such other time as Oyster and the Supervisor shall agree. The Management Fee will be a minimum of \$103,500 (incl GST) per annum.

From 1 June 2018 the Management Fee will be calculated according to the following scale and the minimum Management Fee will no longer apply.

Fund Assets	Management Fee from 1 June 2018
Less than \$50 million	0.30%
Between \$50 million and \$100 million	0.45%
More than \$100 million	0.60%



■ Brokerage Fee

Oyster will be paid a brokerage fee which is calculated as 2% (plus GST) of the total equity raised. From that fee Oyster is responsible for paying any commissions payable to third party agents responsible for arranging the sale of Units as Oyster may be required to pay commissions to those third parties. The Fund has no liability for any such commissions. The Fund's sole liability is for the fee payable to Oyster.

■ Performance Fee

Oyster is entitled to be paid a Performance Fee to reflect the excess performance of Investors' Returns (total of distributions and movement in net asset value per Unit) over the Benchmark return, of an amount equivalent to 20% (plus GST) of such excess performance amount. This fee is calculated and payable annually in arrears. The performance is calculated in respect of each financial year by calculating Investors' Returns and the Benchmark return and comparing the two. There is no maximum limit for the Performance Fee. This fee is calculated for each year ending 31 March and paid annually in arrears in July.

The Fund does not apply a high water mark, which may be applied by other funds. A 'high water mark' is the value the Fund must reach before Oyster can charge a performance fee.

Managers who apply a high water mark must ensure the fund's value is at least equal to the high water mark the last time they charged performance fees. If a fund loses value, the manager must ensure the value of the fund increases above the high water mark before being able to charge further performance fees.

The impact of this fund not applying a high water mark is that if this fund drops in value and then recovers, you may be paying a performance fee twice for the same return, once for the recovered growth, as well as the original growth.

No market indexes for unlisted property schemes are currently available to be used to measure the Fund's performance. If an appropriate market index is published in the future Oyster may (with the Supervisor's consent) use that market index. In the absence of a market index Oyster believes that an appropriate benchmark to measure the Fund's performance is the average 10 year Government Bond Rate plus 6%. This is calculated using the average of the published rates at the end of each month. The rates at each monthly close are listed on the Reserve Bank website at <http://www.rbnz.govt.nz/statistics/b2> As an example, the rate at the monthly close for March 2016 was 3.02%. Therefore the Benchmark at that date was 9.02% (the rate of 3.02% plus 6.00%).

PERFORMANCE FEE EXAMPLE

This example is provided for information purposes only, to illustrate the calculation of the Performance Fee. Actual results are likely to vary significantly from those set out in this example.

The Performance Fee is calculated using the Net Asset Value. See Section 6 under the heading “B. Pricing of Units” for further details.

The example calculation includes the following assumptions for a hypothetical annual performance fee calculation:

The performance of the Benchmark for the year (Benchmark Performance) was	9.0%
The closing Net Asset Value per Unit (Closing NAV) was	\$1.03
The opening Net Asset Value per Unit (Opening NAV) was	\$1.00
Distributions per Unit declared during the year (Distributions) were	\$0.07
The average monthly Net Asset Value of the Fund during the year (average monthly NAV) was	\$30,000,000

The performance of the Fund for the year is 10%, calculated as:

Formula:

$$\frac{(\text{Closing NAV} - \text{Opening NAV} + \text{Distributions})}{\text{Opening NAV}}$$

Example:

$$\frac{(\$1.03 - \$1.00 + \$0.07)}{\$1.00} = 10\%$$

The performance fee is \$60,000, calculated as:

Formula: ((Fund performance - Benchmark Performance) x Average monthly NAV) x Performance Fee Multiple

Example: ((10% - 9%) x \$30,000,000) x 20% = \$60,000

■ Acquisition Fee

Oyster is entitled to an Acquisition Fee of 2% (plus GST) of the purchase price of any Property Investments acquired for the Fund. The Acquisition Fee is payable either:

- on the date of issue of any new Units in the Fund (where the subscription amounts for such Units are being applied to acquire the relevant Property Investment); or
- where (a) above does not apply, the date of acquisition of the Property Investment.

■ Termination Fee

On termination of the Fund, Oyster is entitled to a fee of 1.75% (plus GST) of the gross value of all Relevant Assets as at the date of termination. “Relevant Assets” means all assets of the Fund, other than cash and trade debtors. This fee is only paid when the Fund is wound-up.

■ Accounting Fee

Oyster is paid a fee of \$8,050 (incl GST per annum) for preparing the annual accounts for the Fund. This fee will be increased on 1 April each year by the percentage increase in the Consumer Price Index for the preceding 12 months.

The fees detailed above are all payable under the Trust Deed. These fees can only be changed by amending the Trust Deed which will require the approval of the Investors.

■ Fees payable in the Property Schemes

The Management Fees payable in the Property Schemes to Oyster are the Fund’s share of the fees payable under the Property Ownership Deeds for each Property Scheme. These are Fees payable by the Property Schemes; they are not payable by the Fund. These fees are estimates based on the management fees historically paid by the Property Schemes and the fees forecast to be payable for the initial offer of interests in the Cider Proportionate Ownership Scheme. These fees can only be changed by amending the Property Ownership Deeds which requires the approval of the investors in each Property Scheme.

Other fees	10 months ended 31 March 2017	12 months ended 31 March 2018
Issue Expenses		
Legal Setup Costs	\$115,000	\$0
PDS Registration	\$2,891	\$0
Marketing Costs	\$230,000	\$0
Financial Modelling	\$57,500	\$0
Supervisor's Fees	\$47,150	\$0
Registry Fee	\$28,750	\$0
Total Issue Expenses	\$481,291	\$0
Ongoing Expenses		
Accounting Fees	\$17,250	\$0
Registry Costs	\$57,500	\$69,000
Auditor's Fees	\$21,275	\$9,775
Supervisor's Fees	\$11,500	\$23,000
Administration Costs (estimated)	\$11,500	\$13,800
Administration Fees payable in the Property Schemes (estimated)	\$20,610	\$18,950
Acquisition and Sale Costs for Property Investments	\$0	\$0
Property Operating Expenses	\$0	\$0
Bank Fees and Interest	\$0	\$0
Total Ongoing Expenses	\$139,635	\$134,525
Total Other Fees	\$620,926	\$134,525
As a % of Net Assets	3.88%	0.85%

All fees are inclusive of GST except for fees payable in the Property Schemes

- **Legal Setup Costs**

Legal fees include the fee for preparing this Offer and establishing the Fund. This fee is estimated based on quotes received from the legal providers. Future legal fees will be incurred on a case by case basis.
- **PDS Registration**

Set fee payable to the Financial Markets Authority for registration of the PDS. This is a fixed fee.
- **Marketing Costs**

These are the estimated costs of printing marketing material (including this PDS) and advertising of this Offer. The estimate is based on Oyster's experience.
- **Financial Modelling**

This is the estimated cost of creating a financial model for the Fund.
- **Auditor's Fees**

This fee is for the audit of the financial statements for the Offer. This fee may be altered in the future by agreement between the Auditor and Oyster.
- **Accounting Fees**

This fee is for the cost of preparation of the financial statements for this Offer and the creation of a fund model for forecasting and financial management of the Fund. This fee is fixed.

■ Supervisor's Fees

- The Supervisor will be paid a fee of \$10,350 (inc GST) on appointment as Supervisor of the Fund; and
- 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 time spent on the establishment of the Fund and the review of this Offer. This fee is estimated to be \$11,500 (inc GST) based on Oyster's estimate of time to be spent on this Offer by the Supervisor; and
- The Supervisor will pass onto the Fund the legal fees charged by their solicitors for reviewing this Offer, the Trust Deed and other attendances in relation to the establishment of this Fund. This fee is estimated to be \$25,300 (inc GST); and
- The Supervisor will be paid an annual fee which is the greater of:
 - a. \$11,500 for the period of one year commencing on the date the first offer of Units in the Fund is fully subscribed and \$23,000 for each annual period subsequent to that first period; or
 - b. an annual fee equivalent to 0.06% of the value of the Units on issue in the Trust (at the end of each quarter where the value of Units is less than or equal to \$150 million); or
 - c. 0.05% of the value of Units on issue in the Fund (at the end of each quarter where the Units on issue exceed \$150 million).

The Supervisor's fees may be altered in the future by agreement between the Auditor and Oyster

■ Registry Costs

These are the fees from the Registry for establishing a registry service for the Fund and providing ongoing registry services. This fee may be amended in the future by agreement between the Registry and Oyster.

■ Administration Costs

This is an estimate of other costs that the Fund may incur that have not been covered under the other headings above and is an estimate based on Oyster's experience.

■ Administration Fees payable in the Property Schemes

The Administration Fees payable in the Property Schemes relate to legal fees, valuation fees, accountancy fees, audit, and the Supervisor's fees. These fees are estimates based on the fees historically paid by the Property Schemes. These fees are not fixed and can vary from year to year. These are Fees payable by the Property Schemes; they are not payable by the Fund.

■ Acquisition and Sale Costs for Property Investments

When a Property Investment is bought or sold the Fund may incur costs in relation to the transaction. These may include valuation fees, legal fees, real estate agent brokerage, technical reports and consultants. These are unlikely to apply to the investments in the Property Schemes but will apply if the Fund purchases a Property asset directly.

■ Property Operating Expenses

If the Fund owns a Property asset directly it will incur costs in relation to the operation of the Property. Depending on the terms of the leases these may include council rates, maintenance and service contracts, insurance, cleaning, valuations and repairs. These costs will apply if the Fund purchases a Property asset directly.

■ Bank Fees and Interest

If the Fund purchases a Property asset directly it may enter into a loan from a bank to help fund the purchase. The Bank may charge fees to enter into the loan and the Fund will be required to pay interest on the loan. These costs will only apply once the Fund enters into a bank loan.

■ Exit Fee

The exit fee is payable to the Fund by an Investor when a redemption request is processed. This fee may be varied by Oyster by notice to Investors.

Transaction Fees (Payable by an Investor)

Exit Fee	\$2 per redemption request
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9. TAX



This Fund will be a portfolio investment entity (PIE). The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to the Inland Revenue Department's Internet site www.ird.govt.nz/toii/pir/workout. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell Oyster your PIR when you invest or if your PIR changes. If you do not tell Oyster, a default rate may be applied. If the advised PIR is lower than the correct PIR, you will need to complete a personal tax return and pay any tax shortfall, interest, and penalties. If the default rate or the advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax.

10. ABOUT OYSTER MANAGEMENT LIMITED AND OTHERS INVOLVED IN THE OYSTER DIRECT PROPERTY FUND

ABOUT OYSTER MANAGEMENT LIMITED

This Fund will be managed by Oyster Management Limited. Oyster is a specialist property and funds manager with a proven track record in commercial property syndication, fund management and asset management of retail, office and industrial property throughout New Zealand.

Nationally Oyster manages a portfolio of properties in Auckland, Hamilton, 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 manages investment properties with a value of approximately \$800 million.

Further information on properties currently managed by Oyster together with its personnel, can be found on its website at www.oystergroup.co.nz.

The address for Oyster is:

Oyster Management Limited
Level 2, 14 Normanby Road
Mt Eden
PO Box 8302, Symonds Street
Auckland 1150
Ph. (09) 632 1287

WHO ELSE IS INVOLVED?

	Name	Role
Supervisor	Covenant Trustee Services Limited	Supervisor of the Fund under the Financial Markets Conduct Act 2013 and responsible for supervising Oyster as manager of the Fund.
Custodian	Oyster DPF Trustees Limited	The Custodian is a company set up by the Supervisor to hold the assets of the Fund on behalf of the Investors. The Custodian is owned by the Supervisor and they also appoint the directors of the Custodian. The only activity that the Custodian will be involved in is the holding of the Fund's assets.
Registry	Apello Services Limited	The Registry holds the details of all Investors and manages distributions and processing of communications to Investors.

11. HOW TO COMPLAIN

COMPLAINTS

A complaint about your investment may be made to:

- Oyster, Level 2, 14 Normanby Road, Mt Eden, or PO Box 8302, Symonds Street, Auckland 1150, Ph. (09) 632 1287.
- The Supervisor, Covenant Trustee Services Limited, Level 6, 191 Queen Street or PO Box 4243, Auckland 1010, Ph. (09) 302 0638.
- Financial Dispute Resolution, Level 9, 109 Featherston Street, Wellington 6011. Ph. 0508 337 337. This is the dispute resolution scheme Oyster has joined for the purposes of the Financial Service Providers (Registration and Dispute Resolution) Act 2008. The Fund will not charge you a fee to investigate or resolve a complaint.
- The Financial Markets Authority, PO Box 106 672, Auckland 1143, Ph. 0800 434 566



12. WHERE YOU CAN FIND MORE INFORMATION



FURTHER INFORMATION AND FINANCIAL STATEMENTS

Further information about the Units and the Fund is available on the offer register and the scheme register. This information includes items such as the financial statements for the Fund. The offer register and scheme register can be viewed at www.business.govt.nz/disclose. A copy of information on the offer register or scheme register is available on request to the Registrar at:

Companies Office, Private Bag 92061, Victoria Street West, Auckland 1142 Ph. 0508 377 746

ANNUAL INFORMATION

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

ON REQUEST INFORMATION

You are able to obtain the following information on request and free of charge:

- a. The latest audited financial statements of the Fund at the time of the request.
- b. Further copies of this PDS.

Requests for information should be made to Oyster (at the address set out in the directory on the back page of this PDS). No charge will be made for the provision of this information.

INFORMATION ON YOUR INVESTMENT DETAILS

These can be obtained online from the investor portal www.oysterdirect.unitregistry.co.nz or by email: investor@oystergroup.co.nz or by contacting Oyster at the address set out on the back page of this PDS.

13. HOW TO APPLY

1. COMPLETE THE APPLICATION FORM

- Applications can only be made by completing the following application form.
- Please ensure that all Customer Due Diligence information is enclosed with the application. Without the Customer Due Diligence Information Oyster is unable to accept your application.

2. PAYMENT

- Payment of the full subscription amount must accompany the application form by either Cheque or Online Bank Transfer.
- 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

3. SEND THE FORM IN

- Applications once made 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.

14. GLOSSARY

“Annualised”	means taking an amount for part of a year and recalculating it as an annual amount. This is necessary when figures are not available for the full year.
“Closing Date”	means 27 May 2016, however Oyster reserves the right to close the Offer or extend the Closing Date at any time prior to that date.
“Customer Due Diligence Information”	means the information required to be supplied by an Investor under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.
“Exit Date”	means the last day of each calendar month.
“Fund”	means this managed investment scheme, the Oyster Direct Property Fund.
“Gearing Ratio”	means the total bank debt as a percentage of net assets. A useful measure of how much debt an entity is carrying.
“Interest”	means the managed investment product issued by a Property Scheme.
“Investors”	means the people or entities that hold Units in the Fund.
“Minimum Holding”	means 10,000 Units.
“Monthly Available Funds”	means the amount available to fund redemptions of Units, see Section 4 “Monthly Available Funds on page 18 for details.
“Net Asset Value” or “NAV”	means net asset value. This is a method of measuring the total assets held by the entity after deducting total liabilities, see Section 4 “Pricing of Units” on page 18 for further details.
“Offer”	Means the offer of Units detailed in this PDS.
“Oyster”	means the manager of this Fund, Oyster Management Limited.
“Property”	means a property owned by the Fund or a Property Scheme.
“Property Scheme” or “POS”	means a proportionate ownership scheme. This is a type of investment structure where a group of investors jointly purchase a property investment.
“Property Investment”	means an investment in a Property, Property Scheme or other authorised investment.
“Repayment Price”	means the price an investor will receive if they redeem their Units as detailed under “Right to Sell Units” on page 18.
“SIPO”	means a Summary of Investment Policies and Objectives. This document summarises the type of investments the Fund is authorised to make.
“Supervisor”	means the statutory supervisor of the Fund, Covenant Trustee Services Limited.
“Trust Deed”	means the document that established the Fund and sets out the rules under which the Fund is operated.
“Unit Price”	means the price at which an Investor can redeem their Units.
“Units”	means a security to be issued in the Fund.
“WALT”	means the weighted average lease term. This is used to provide detail on how long leases for a property have to run.

APPLICATION FORM

OYSTER DIRECT PROPERTY FUND

OYSTER®

INVESTMENT ENTITY – APPLICANT(S) TO COMPLETE, BLOCK LETTERS

Name of Investment Entity (i.e. Individual / Partnership / Trust / Company)	IRD Number of Investment Entity

Postal Address	
Suburb / City / Postcode	
Country	
Name of Primary Investment Contact	
Daytime Contact Phone Number	
Mobile Number	
Email Address	

PARTIES TO THE INVESTMENT

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

All parties to the investment must supply Proof of Identity and Residential Address as detailed in Section 1 of the Appendix

Legal first name(s)	Family name	Date of Birth	Email address

INVESTMENT

Number of Subscriptions	@ \$1.00 each (minimum \$10,000)	Total of \$
Payment Method (please tick)	Cheque Attached	
	Online Banking To Tompkins Wake Lawyers Trust Account Number <small>(Please insert your name in the reference field)</small>	
Bank 0 6	Branch 0 3 1 7	Account Number 0 8 9 0 1 0 1
		Suffix 0 2

PAYMENTS

Please nominate a New Zealand bank account, which will be used for all payments including interest on funds held pending settlement.

Account name	
Bank	Branch
Account Number	Suffix

PIR Tax Rate, for all distributions from the Fund (tick one)

0% PIR
 10.5% PIR
 17.5% PIR
 28% PIR



CUSTOMER DUE DILIGENCE INFORMATION

HAS THE APPLICANT PREVIOUSLY PROVIDED OYSTER WITH THE REQUIRED CUSTOMER DUE DILIGENCE INFORMATION?

Yes No

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

COMMUNICATION PREFERENCES

Would you like your investor communications to be sent to the email address you have provided on the front page of this application form? Yes No

Would you like to be advised of other offers from Oyster? Yes No

ADDITIONAL INVESTMENT ENQUIRER

If you would like someone else to be able to enquire about this investment on your behalf (e.g. your accountant) please provide their details here.

First Name	
Family Name	
Company (if applicable)	

PLEASE READ THIS BEFORE SIGNING

- I/We agree to invest in the Fund as detailed in this PDS.
- 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 Trust Deed and the terms contained in this PDS and on this application form.
 - 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 in relation to the Fund and my investment;
 - 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 Offer in this PDS is closed. 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.
- 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 managed investment 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 certification of that information.

NOTE: IF APPLICANT IS A TRUST, ALL TRUSTEES MUST SIGN THE APPLICATION FORM

Signature of Applicant _____ Date _____

APPLICATION CHECKLIST

- Have all parties to the investment signed the application form? Yes
- Have all parties to the investment supplied certified copies of the Proof of Identity & Proof of Residential Address Documents? Yes

If the Applicant is a trust

- Is a copy of the Trust Deed attached? Yes
- Are documents proving source of funds or wealth of the trust attached? Yes

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):

- | | |
|--|------------------------|
| <input type="checkbox"/> New Zealand resident individual | Go to Section 1 |
| <input type="checkbox"/> New Zealand company | Go to Section 2 |
| <input type="checkbox"/> Trust
<i>trust / company, company with nominee shareholders or shares in bearer form</i> | Go to Section 3 |
| <input type="checkbox"/> Politically exposed person | Go to Section 4 |
| <input type="checkbox"/> 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)

- | | |
|--|--|
| <input type="checkbox"/> Commonwealth representative (as defined in the Oaths and Declarations); | <input type="checkbox"/> Member of the Police; |
| <input type="checkbox"/> Justice of the Peace; | <input type="checkbox"/> Kaumatua (as verified through a reputable source) |
| <input type="checkbox"/> Registered teacher; | <input type="checkbox"/> Minister of religion; |
| <input type="checkbox"/> Lawyer (as defined in the Lawyers and Conveyancers Act 2006); | <input type="checkbox"/> Notary Public; |
| <input type="checkbox"/> New Zealand honorary consul; | <input type="checkbox"/> Member of Parliament; |
| <input type="checkbox"/> Chartered Accountant (within the meaning of Section 19 of the New Zealand Institute of Chartered Accountants Act 1996); | <input type="checkbox"/> Registered Medical Doctor; |
| <input type="checkbox"/> Oyster staff member; | <input type="checkbox"/> 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).



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)

- | | |
|--|--|
| <input type="checkbox"/> Utility bill | <input type="checkbox"/> Car registration document |
| <input type="checkbox"/> Bank account statement | <input type="checkbox"/> Insurance policy document |
| <input type="checkbox"/> Statement issued by the IRD | <input type="checkbox"/> Hire purchase statement |
| <input type="checkbox"/> Rates bill | <input type="checkbox"/> 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.

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 to complete the table below and to provide the information referred to in Section One. Oyster may, at its discretion, also require other people involved in the Company to provide the information in Section One.

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

SECTION 3: TRUST CUSTOMER DUE DILIGENCE INFORMATION REQUIREMENTS

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

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.

SECTION 3: TRUST continued

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

BENEFICIARY HAS PROVIDED INFORMATION IN SECTION ONE			SHAREHOLDER HAS PROVIDED INFORMATION IN SECTION ONE (Tick if provided)
NAME	ADDRESS	D.O.B.	
			<input type="checkbox"/>

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.

SECTION 4: POLITICALLY EXPOSED PERSON

Politically Exposed Person ("PEP"):

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

- | | |
|---|--|
| <input type="checkbox"/> "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. | <input type="checkbox"/> 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); |
| | <input type="checkbox"/> 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.



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Oyster

Oyster Management Limited

Level 2, 14 Normanby Road
Mt Eden
PO Box 8302
Symonds Street
Auckland 1150
Ph. (09) 632 1287

Custodian

Oyster DPF Trustees Limited

C/- Covenant Trustee Services Limited
Level 6, 191 Queen Street
PO Box 4243
Auckland 1010
Ph. (09) 302 0638

Solicitors to Oyster

Tompkins Wake Lawyers

Level 8, Westpac House
430 Victoria Street
PO Box 258
Hamilton 3240
Ph. (07) 839 4771

Registry

Apello Services Limited

PO Box 106-435
Auckland

Supervisor

Covenant Trustee Services Limited

Level 6, 191 Queen Street
PO Box 4243
Auckland 1010
Ph. (09) 302 0638

Accountants

KPMG

KPMG Centre
18 Viaduct Harbour Avenue
PO Box 1584, Shortland Street
Auckland 1140
Ph. (09) 367 5800

Auditors

Staples Rodway

Level 4, BNZ Building
354 Victoria Street
PO Box 9159
Hamilton 3240
Ph. (07) 838 2881

Contact

Oyster Management Limited
Level 2, 14 Normanby Road, Mt Eden
PO Box 8302, Symonds Street
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