

Statement of Investment Policy and Objectives

Scheme: Pastoral House Proportionate Ownership Scheme
Effective From: 31 March 2025

1. Description of the Scheme

- 1.1 The Pastoral House Proportionate Ownership Scheme ("Scheme") is a managed investment scheme registered under the Financial Markets Conduct Act 2013. The Scheme was established under a Deed of Participation dated 23 January 2020 ("Deed").
- 1.2 Oyster Management Limited is the manager of the Scheme ("Oyster"). Interests in the Scheme ("Interests") are held by investors in the Scheme ("Investors").
- 1.3 The Scheme has been established to hold the property at 25 The Terrace, Wellington ("Property"). It is a single purpose scheme and there is no intention to purchase any further properties or make any other investments.
- 1.4 Each Interest is of equal value and confers an equal interest in the Scheme.
- 1.5 Pastoral House Trustees Limited is the custodian of the Scheme (the "Custodian"). The title to the Property and all other assets of the Scheme are held by the Custodian as bare trustee on behalf of each Investor in proportion to that Investor's Interests in the Scheme.
- 1.6 Covenant Trustee Services Limited is the statutory supervisor of the Scheme (the "Supervisor"). The Supervisor holds the shares in the Custodian and has appointed the directors of the Custodian.
- 1.7 The Scheme has no fixed term. The Scheme may be terminated by a Special Resolution of Investors.
- 1.8 The Scheme does not offer a buy back facility for the Interests. Investors may exit the Scheme by selling their Interests to a third-party.

2. Investment Objectives

- 2.1 Commercial property such as the Property is a long term investment. The primary objectives of the Scheme are to:
 - (a) sustain the targeted pre-tax cash return to investors of 6.0% per annum; and
 - (b) increase the net asset value of the Scheme and as a consequence provide the potential for capital growth in the value of Investors' Interests.

3. Investment Strategy

- 3.1 The Scheme's strategy is to acquire the Property, continue to lease the Property to quality tenants, maintain the buildings to a high standard and grow Investors' equity (to the extent possible).
- 3.2 The only authorised investments for the Scheme are:
 - (a) the Property and any leases/licences of the Property;
 - (b) cash deposits with registered New Zealand banks; and
 - (c) any other assets arising in connection with holding the Property including prepayments, accounts receivables, interest rate swap agreements and insurance receivables.
- 3.3 There are no limits on the amount or value of the above assets that the Scheme may hold.

4. Investment Philosophy

- 4.1 The Scheme has been established to provide Investors with an opportunity to invest in a commercial property asset. Returns to Investors will be by the way of monthly cash distributions and the potential for capital growth. Capital gains or losses may occur when the Property is sold. The philosophy of Oyster is to obtain stable income for Investors. This is to be achieved through careful management of the leases at the Property and effective management of facilities and capital expenditure.
- 4.2 Property by its nature favours a long term hold approach to investment.

5. Investment Policies

- 5.1 The objectives and strategy will be implemented by Oyster through proactive management of the Scheme and the Property. Some of the key policies that will be used are:
- (a) **Distributions:** It is the Scheme's policy to distribute up to 100% of the Scheme's Adjusted Operating Profit, targeting a 6.0% return to Investors. The Scheme may retain monies required for contingencies against increases in the interest rates on any bank borrowing, or for any budgeted expenses of the Scheme. Where cash reserves exceed the amount required for budgeted expenditure of the Scheme, the surplus cash may be distributed to Investors.
 - (b) **Cash flow management:** Oyster will prepare and regularly review the annual budget for the Scheme. Oyster will review all expenditure against the budget and only incur costs that are deemed appropriate and reasonable and permitted under the Deed. Liquidity and cashflow will be assessed before making distributions to investors or committing the Scheme to major capital expenditure.
 - (c) **Capital expenditure:** Oyster undertakes regular monitoring of the condition of the Property and building services to ensure ongoing routine repairs and maintenance are undertaken to a high standard. Service contracts will be put in place with reputable contractors to provide regular servicing and maintenance of the building.
 - (d) **Borrowing:** Oyster has been authorised by the Deed to borrow on behalf of and strictly for the purposes of the Scheme up to 55% of the current registered valuation of the Property.
 - (e) **Hedging/interest rate policy:** Fixing interest rates on any bank borrowing reduces the risk profile of the Scheme by providing certainty as to interest rate cost. The trade-off is that long term interest rates may be higher than floating or short term rates. Oyster will actively monitor interest rates and assess on a case by case basis whether it is in the interests of the Scheme to fix interest rates and the appropriate term.
 - (f) **Valuation Policy:** The Property will be valued at least annually by a registered valuer. If there has been a significant event such as a major new leasing, or other material event, Oyster may commission a valuation of the Property.
 - (g) **Conflicts of Interests/Related Party Transactions:** Oyster has adopted policies in relation to conflicts of interest and related party transactions. Each director and employee will act in the best interests of Investors in relation to any transaction between an Oyster Group company and the Scheme.

6. Investment Performance Monitoring

- 6.1 Oyster will prepare an annual budget for the Scheme. At least quarterly Oyster monitors the performance of the Scheme. This monitoring includes income, expenses, and capital expenses incurred against budget.
- 6.2 The Deed requires that key compliance items and fund metrics are reported quarterly to the Supervisor, including compliance with bank covenants, such as interest times cover and loan to value ratio.
- 6.3 Oyster provides Quarterly Reports to Investors which provide a summary of the performance of the Scheme as at the end of the quarter.
- 6.4 Oyster provides every Investor with the Scheme's audited financial statements and Annual Report within four months following the end of the Scheme's financial year.

7. SIPO Review

- 7.1 This Statement of Investment Policies and Objectives ("SIPO") and the investment strategy for the Scheme will be reviewed annually, or as otherwise required, by Oyster's Board in relation to market conditions and regulatory requirements.
- 7.2 If necessary the SIPO may be updated, with any proposed amendments to be made in consultation with the Supervisor. Investors will be advised of any change to the SIPO.

8. Availability of this SIPO

The most current version of this SIPO is available on the register entry for the Scheme on the Disclose website at <https://disclose-register.companiesoffice.govt.nz>.

Glossary of Defined Terms

Custodian	means Pastoral House Trustees Limited
Deed	means the Deed of Participation
Oyster	means Oyster Management Limited
Oyster Group	means Oyster Property Group Limited and its subsidiaries
Property	means the property at 25 The Terrace, Wellington
Scheme	means the Pastoral House Proportionate Ownership Scheme
SIPO	means this Statement of Investment Policies and Objectives
Supervisor	means Covenant Trustee Services Limited