

OTHER MATERIAL INFORMATION

OYSTER DIRECT PROPERTY FUND

This Other Material Information Document has been prepared to meet the requirements of clause 50(e) of Schedule 5 to the Financial Markets Conduct Regulations 2014 (FMCR) in relation to an offer of Units in the Oyster Direct Property Fund, as set out in a product disclosure statement (PDS) dated 11 October 2018.

Terms capitalised but otherwise undefined in this document have the meanings given to them in the PDS. This Document must be read alongside the PDS.

Dated: 11 October 2018

1. Pricing of Units

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

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

Establishment costs

Fund establishment costs such as the Acquisition Fee on the initial offer, the 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 date the Fund was established. In the financial statements, 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 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 financial statements 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/management accounts 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.

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 these costs are recognised when an unconditional sale and purchase agreement had been entered into by the Fund.

The difference in treatment between the financial statements/management accounts 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.

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

Illustrative example of the difference between the unit value in the financial statements and the Unit Price.

Net Asset Value Calculation as at 31 August 2018	For Pricing of Units (Adjusted Net Asset Value)	In Financial Statements (Net Asset Value)
Total Equity as per Statement of Financial Position	\$59,722,284	\$59,722,284
Establishment costs to be written off over five years	\$682,356	-
Net Asset Value	\$60,404,641	\$59,722,284
Number of Units on Issue	53,056,857	53,056,857
Price per Unit	\$1.1385	\$1.1256

Refer to "Pricing of Units" on page 29 of the PDS for details

2. Fee Assumptions

The principal assumptions on which the estimates of the fees in Section 7 of the PDS “What are the Fees?” are based are detailed below.

Fees payable to Oyster

- **Accounting Fee**
This is the fixed fee for preparing the annual accounts for the Fund or the Property Schemes.
- **Acquisition Fees on further investments**
The fees are the actual Acquisition Fees charged for the acquisition of Property Investments.
- **Management Fee**
This fee is the actual fee charged to the Fund or the Property Schemes.
- **Performance Fee**
This fee is the fee charged for the Fund’s performance for the year ending 31 March 2018. The fee for the year ending 31 March 2019 cannot be calculated until the 31 March 2019 audited financial statements have been completed.
- **Establishment Costs – Millennium**
These are the actual establishment costs paid by the Millennium Centre POS to the Manager for the establishment of this scheme.
- **Leasing Fees**
These fees are the actual costs incurred by the Property Schemes for leasing services.
- **Termination Fee**
This fee is zero as the Fund was not terminated during either of the periods.

Fees and Expenses Paid to Others

These fees are the fees paid to third parties (being those fees other than those payable to the Manager and its associated persons). For the year to 31 March 2018 these fees are derived from the Fund's and each Property Scheme's audited 31 March 2018 financial statements. For the 5 month period to 31 August 2018 these fees are derived from the Fund's and each Property Scheme's unaudited management accounts to 31 August 2018.