

OYSTER®

PRODUCT DISCLOSURE STATEMENT
FOR AN OFFER OF ORDINARY SHARES IN

Oyster Industrial

ISSUED BY OYSTER INDUSTRIAL LIMITED
ON 24 December 2020

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 <https://disclose-register.companiesoffice.govt.nz>.

Oyster Industrial 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 make an investment decision.

1. KEY INFORMATION SUMMARY

1.1 WHAT IS THIS?

This is an offer of ordinary shares (**Shares**) in Oyster Industrial Limited (**Oyster Industrial**). Shares give you a stake in the ownership of Oyster Industrial. You may receive a return if dividends are paid or Oyster Industrial increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Oyster Industrial runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

Oyster Industrial is a limited liability company incorporated in New Zealand. Investors in Oyster Industrial receive ordinary shares in this company. It is not a “Managed Investment Scheme” for the purposes of the Financial Markets Conduct Act 2013 and is not required to have a Financial Markets Authority (**FMA**)-licensed manager or an FMA-licensed independent supervisor to govern its investment activities.

Investor rights are set out in the Constitution of Oyster Industrial.

1.2 ABOUT OYSTER INDUSTRIAL

Oyster Industrial has been established with the purpose of investing directly, or indirectly through subsidiaries, in a portfolio of industrial property. Oyster Industrial's wholly-owned subsidiary (Oyster Industrial Properties Limited) has acquired two industrial properties – located at 12 Harbour Ridge Drive, Wiri and 101 McLaughlins Road, Wiri, Auckland (Properties) and has contracted to purchase 14-16 Makaro Street, Porirua, Wellington, 75 Wainui Road, Lower Hutt, Wellington and 71 Westney Road, Mangere, Auckland (Additional Properties).

Oyster Industrial's business is managed by Oyster Management Limited (**Manager**), which is a wholly-owned subsidiary of Oyster Property Group Limited. As detailed in section 2.7, the Manager manages a range of retail, office and industrial assets throughout New Zealand, with a combined value in excess of NZ\$1.9 billion. The Manager's team comprises specialists in transactions, asset and property management, development and finance.

1.3 PURPOSE OF THIS OFFER

The purpose of this Offer is to raise capital to enable Oyster Industrial to purchase three Additional Properties to add to its portfolio of industrial properties (**Industrial Portfolio**). The remaining funds required to complete the purchases and pay the offer costs will be obtained by borrowings from Westpac New Zealand Limited (**Westpac**).

1.4 KEY TERMS OF THE OFFER

Description of the equity securities being offered	Ordinary shares in a limited liability company, Oyster Industrial Limited, which is registered as a portfolio investment entity (PIE) for New Zealand tax purposes. The Shares will rank equally in all respects with other Shares in Oyster Industrial.
Issue price	\$1.03 per share
Total number of Shares being offered	58,850,000 Shares (being 77% of the total ordinary shares on issue immediately following the issue of the Shares). Total raise of \$60,615,500.
Minimum number of Shares that may be applied for¹	50,000 Shares and thereafter, in multiples of 50,000 Shares.
Maximum number of Shares that may be held by any Investor¹	No Investor (including associated interests) may hold more than 19.99% of the proposed post-issue total number of Shares, unless the Investor is a qualifying investor (such as another PIE) to ensure Oyster Industrial maintains its PIE status. If all the Shares are issued the maximum holding is 15,342,325 Shares.
Underwrite	The purchase of 75 Wainui Road and 14-16 Makaro Street are fully underwritten. The Manager and Wyborn (the Underwriters) have each underwritten \$17,100,000 under the Joint Underwrites, with the Manager underwriting a further \$3,500,000. The total underwrite is \$37,700,000.
Minimum and maximum amount of equity to be raised¹	The purchase of 75 Wainui Road and 14-16 Makaro Street are fully underwritten, there is no minimum amount of equity that needs to be raised for these two purchases. The purchase of 71 Westney Road will only proceed if the Offer is fully subscribed. The minimum amount that needs to be raised to purchase 71 Westney Road is \$60,615,500 (58,850,000 Shares). The maximum amount to be raised is \$60,615,500 (58,850,000 Shares). ¹
Expected return rate	5.25 cents per share per annum for FY21 and FY22. See section 7 for further information on the forecast returns.
PDS registration date	24 December 2020
Offer open date	11 January 2021
Issue of Shares	Shares will be issued at various stages during the period the Offer is open. The maximum number of Shares to be issued and anticipated issue dates are listed below. All applications for Shares, including those from Westney POS investors above their preferential right, will be issued on a first come first served basis. Shares applied for in excess of those required for each of tranches 1 to 3 below, or applications received after the relevant date, will be issued on the next issue date.

¹ Oyster Industrial and the Manager reserve the right to amend the minimum and maximum subscription amounts.

1. On Settlement of 75 Wainui Road	Anticipated Settlement Date: 29 January 2021 (see page 16 for details) Shares: up to 16,800,000 (\$17,304,000)
2. On Settlement of 14-16 Makaro Street	Anticipated Settlement Date: 31 March 2021 (see page 18 for details) Shares: up to 19,850,000 (\$20,445,500)
3. On redemption of Redeemable Preference Shares	If Redeemable Preference Shares have been issued to the Underwriters for the settlement of 75 Wainui Road or 14-16 Makaro Street, any subscription monies from further issues of Shares will be applied to the redemption of the Redeemable Preference Shares, until these are all redeemed. See page 26 for further details on the Redeemable Preference Shares.
4. Issue of Shares for settlement of 71 Westney Road	Anticipated Settlement Date: 31 March 2021 (see page 20 for details) Shares: 22,200,000 (\$22,866,000) Existing investors in the Westney POS (the vendor of 71 Westney Road) have a preferential right to apply for Shares in the period up to 29 January 2021. See page 46 for details.
Offer closing date	30 June 2021 (unless the Offer is fully subscribed earlier)
Liabilities, fees and charges	If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares if you acquired the Shares with the intention to sell. You should seek your own tax advice in relation to your Shares.
Management	The Manager has been appointed to manage Oyster Industrial in accordance with the Management Agreement. The term of the Management Agreement runs until Oyster Industrial is wound up, unless terminated earlier: <ul style="list-style-type: none"> by 12 months' notice is given to the Manager, or the Manager is in material breach and the breach is not cured within 30 days, and the termination is approved by a Special Resolution of Investors; or the Manager becomes insolvent; or the Manager gives 12 months' notice If the Management Agreement is terminated without cause and by a Special Resolution of Investors, Oyster Industrial must pay the Manager a sum equal to 30% of the aggregate of all fees paid to the Manager by Oyster Industrial in the preceding 5 years before termination. No termination fee is payable where the Management Agreement is terminated in any other scenario. The Manager is entitled to be paid fees for its services. These include: <ul style="list-style-type: none"> Fund Management Fee: currently 0.30% of the aggregate capital value of the Industrial Portfolio Property Management Fee: of 2.0% of the Gross Rental under the tenancies Performance Fee: of 20% of the excess performance over the benchmark return. There are other fees are payable in relation to specific services provided by the Manager. See page 32 for further information on the Management Agreement.
Offer to Investors	The Offer is only being made in New Zealand.

1.5 HOW YOU CAN GET YOUR MONEY OUT

Oyster Industrial does not intend to quote these Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Shares.

Oyster Industrial does not offer a buy back or redemption facility for the Shares.

1.6 KEY DRIVERS OF RETURNS

The Board of Oyster Industrial believes that the following current and future factors will have the most impact on the financial performance of the business.

Income

Oyster Industrial's primary source of income is rental income from the Industrial Portfolio. From this rental income Oyster Industrial is required to pay its operating expenses which include any unrecoverable operating costs of the Industrial Portfolio, fees, company expenses and interest on its Bank Loans. The rental income from the Properties is underpinned by fixed rental increases under the leases.

Bank interest rates

Oyster Industrial's primary expense is the payment of interest on the Bank Loans. An increase or decrease in interest rates on these loans will increase or decrease the amount of money available to distribute to Investors.

Oyster Industrial has an interest rate management strategy that considers both the length of the remaining Bank Loan term and the WALT for the Industrial Portfolio properties when hedging interest rate risk.

Capital expenditure

The replacement of building services and structural works to the buildings are not usually recoverable from tenants under their leases, these are a cost to Oyster Industrial.

The working capital of Oyster Industrial includes the forecast capital expenditure for the Properties for the period to 31 March 2022.

Value of the Industrial Portfolio

The change in value of a Share in Oyster Industrial is predominantly tied to the change in value of the Industrial Portfolio, which as at the date of this PDS is the value of the Properties. The value of the Industrial Portfolio will be influenced by the property market, changes in rental paid by the tenants and the remaining term of the leases of the Industrial Portfolio.

Future acquisitions

Oyster Industrial intends to grow the Industrial Portfolio through further property purchases. The purchase of further properties will diversify the Industrial Portfolio and affect Oyster Industrial's net income and dividends payable to Investors. Oyster Industrial's investment strategy is detailed on page 9.

More information on Oyster Industrial and the Manager's key strategies and plans for the above (and other) factors can be found in Section 2 of the PDS.

1.7 KEY RISKS AFFECTING THIS INVESTMENT

Investments in shares are risky. You should consider if the degree of uncertainty about Oyster Industrial's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares.

Oyster Industrial considers that the most significant risk factors that could affect the value of the Shares are:

Tenant and property concentration

Until further property acquisitions are made Investors are exposed to the risks and returns of three to five properties each with a single tenant.

A property may be vacant for a period of time until a new tenant is found if the tenant defaults on its lease, or does

not renew its lease on the expiry of the current term, if one of the properties in the Industrial Portfolio suffers damage, or is no longer sought after. During the period of vacancy Oyster Industrial will have reduced income to pay its expenses or pay dividends to Investors.

The tenants each make up a portion of the rental which diversifies the impact of an issue with any one of the tenants.

Oyster Industrial will enter into renewal negotiations with tenants sufficiently prior to the lease expiry dates in order to obtain advance warning should the tenants not wish to renew their respective leases.

Oyster Industrial has insurance cover for material damage to the Industrial Portfolio and insurance for loss of rents with cover for at least 24 months.

An alternate tenant or tenants should be able to be found for any of the properties in the Industrial Portfolio within a reasonable time.

This summary does not cover all of the risks of investing in the Shares. You should also read section 8 of the PDS (Risks to Oyster Industrial's Business and Plans).

WHERE YOU CAN FIND OYSTER INDUSTRIAL'S FINANCIAL INFORMATION

The financial position and performance of Oyster Industrial are essential to an assessment of this Offer. You should read section 7 of the PDS (Oyster Industrial's Financial Information).



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LETTER FROM THE CHAIR

Dear Investor,

We are pleased to present you with the second equity raise for Oyster Industrial Limited. Oyster Industrial is a limited liability company, established as an open-ended, unlisted property vehicle with the aim to grow through further acquisitions, a stable and diversified portfolio of industrial real estate. Targeted investments will provide tenant and property diversification within the industrial sector. A key objective for Oyster Industrial is delivering a stable monthly income return to investors whilst providing the potential for long-term capital gain.

The industrial property sector has been the strongest performing asset class within the wider New Zealand property market in recent years. This market has experienced rental growth, record-low vacancies, and a limited supply of new buildings. The Auckland and Wellington industrial property markets currently have vacancies below 2.5% and supply constraints will continue with a lack of vacant industrially zoned land. Rental growth is expected to increase at an average annual rate of approximately 2-3% over the next five years.

Oyster Industrial's initial offer included its existing properties; two recently built, well-located, industrial assets in the sought-after industrial suburb of Wiri within South Auckland. This offer was fully subscribed early, and these properties settled in October 2019. We are pleased to confirm Oyster Industrial has contracted to purchase three additional industrial properties to add to its portfolio, being 71 Westney Road located in Mangere, Auckland, 14-16 Makaro Street in Porirua, and 75 Wainui Road in Lower Hutt. The portfolio, including the additional properties, has been independently valued at \$139.35 million and will comprise 5 tenants including multinational brands such as Plumbing World, Downer and Alto Packaging (Pact Group). Oyster Industrial is 100% occupied and will provide a combined weighted average lease term of 9.8 years (as at March 2021) including fixed rental increase ranging from 1.4% to 3.0% per annum. Due to the strong investment

fundamentals of the industrial asset class and fixed rental growth within this multi-asset portfolio, we believe this investment opportunity will be highly sought-after by new and existing investors.

Oyster Industrial is delighted to offer this premium investment opportunity with a minimum investment of 50,000 shares (\$51,500 at \$1.03 per share), and multiples of 50,000 shares thereafter. Oyster Industrial is forecasting a pre-tax cash return of 5.25 cents per share p.a, payable monthly, equating to 5.10% on the minimum investment of \$51,500.

Oyster Industrial will be managed by Oyster Management Limited, a leading New Zealand commercial property fund manager. The Manager manages a range of retail, office and industrial assets throughout New Zealand, with a combined value in excess of \$1.9 billion.

This PDS contains important information about this offer. I encourage you to read the PDS carefully before making your investment decision.

Yours sincerely,

Joanna Perry
Chair
Oyster Industrial Limited



2. OYSTER INDUSTRIAL AND WHAT IT DOES

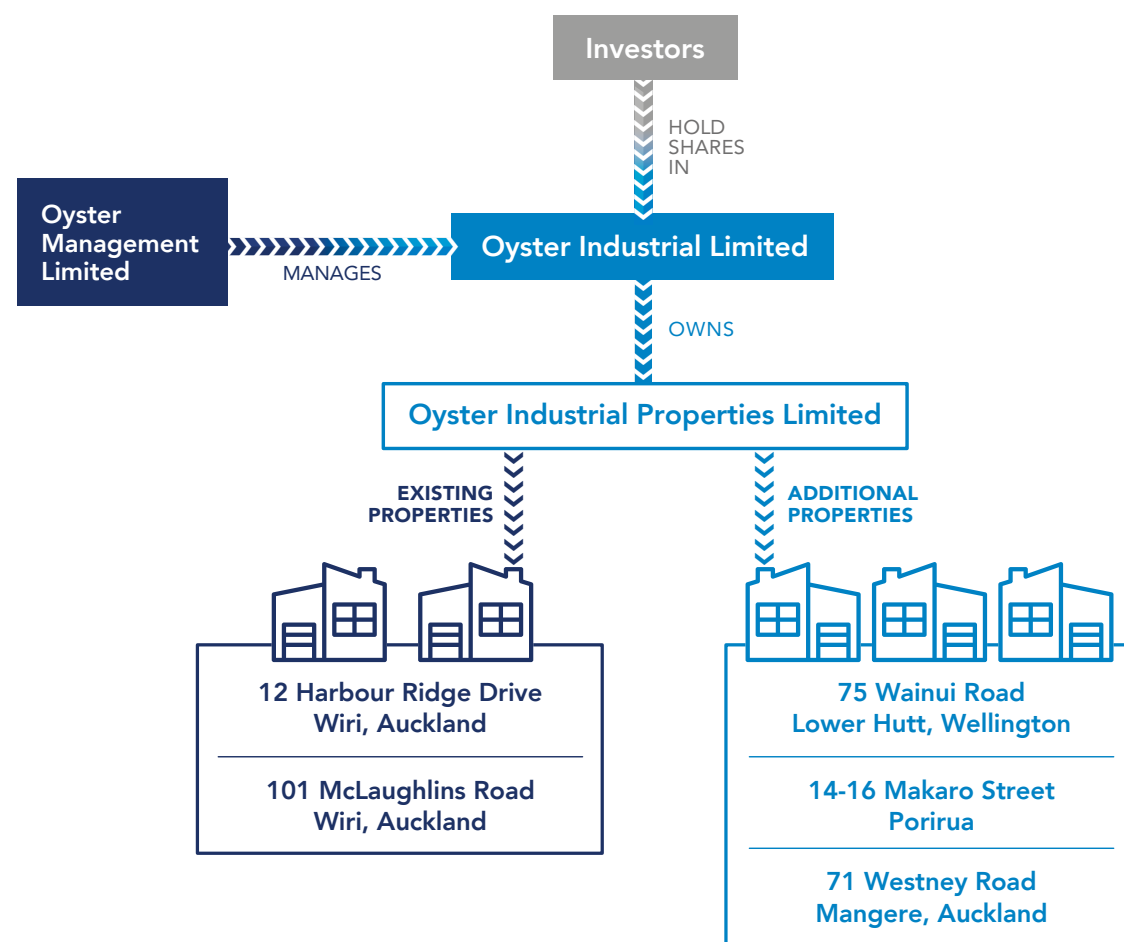
2.1 OVERVIEW OF OYSTER INDUSTRIAL

Oyster Industrial was established in 2019 to invest solely in a portfolio of industrial property. Oyster Industrial has two Existing Properties – located at 12 Harbour Ridge Drive, Wiri and 101 McLaughlins Road, Wiri, Auckland, held by its wholly-owned subsidiary Oyster Industrial Properties Limited. Oyster Industrial Properties Limited has contracted to purchase three Additional Properties, 75 Wainui Road, 14-16 Makaro Street and 71 Westney Road. Further details of the Properties are set out in section 2. Oyster Industrial will use \$60,615,500 of equity and \$53,500,000 of bank funding from Westpac to purchase the Additional Properties (see page 43 for details).

Oyster Industrial will be managed on a day to day basis by the Manager who currently manages in excess of \$1.9 billion of commercial property across New Zealand. Further details about the Manager are set out in section 2.7.

Investment Philosophy

Oyster Industrial is a limited liability company that has been established to invest in a diversified portfolio of industrial real estate. Oyster Industrial will target investments with a geographic weighting in Auckland, Hamilton, Tauranga, Wellington and Christchurch.



Investment strategy

Oyster Industrial's current strategic investment objectives are:

- A predominant focus on Auckland, Hamilton, Tauranga, Wellington and Christchurch based assets with strategic exposure to other major cities where considered necessary for return enhancement, geographic diversification and tenant diversification.
- A stable income with the potential for long-term capital growth.
- Investment in:
 - functional warehouses and showrooms;
 - logistics assets;
 - manufacturing sites;
 - properties located in close proximity to major infrastructure such as major roads, airports, ports, rail and CBDs;
- leases with strong tenant covenants;
- assets with long term leases;
- quality new builds or recently built and/or refurbished industrial assets; and
- properties where capital expenditure is expected to be low.
- Maintaining a target WALT of 6 years or greater.
- Maintaining a long-term LVR of 40-50% with the ability for borrowings to increase the LVR beyond the targeted range as required for the acquisition of new assets.
- An interest rate management strategy that considers both the length of the remaining Bank Loan term and the WALT for the Industrial Portfolio properties when hedging interest rate risk.

Oyster Industrial will continue to look for opportunities to grow the Industrial Portfolio and continue to review its strategy to reflect market conditions and opportunities.

2.2 KEY DRIVERS OF OYSTER INDUSTRIAL'S FUTURE FINANCIAL PERFORMANCE

The current and future aspects that will have, or may have, the most impact on the financial returns for Oyster Industrial, as well as the specific strategies and plans to manage those factors, are set out below.

Key factor driving return	Strategies and plans to manage this factor
Income Oyster Industrial's primary source of income is rental income from the Industrial Portfolio, which as at the date of this PDS is rental income from the tenants of the Properties. From this rental income Oyster Industrial is required to pay its operating expenses which include any unrecoverable operating costs of the Industrial Portfolio, fees, company expenses and interest on its Bank Loans.	The leases of the Properties have fixed rental increases. The fixed rental increases will assist in mitigating the impact of any increase in expenses.
Bank interest rates Oyster Industrial's primary expense is the payment of interest on the Bank Loans. An increase or decrease in interest rates on these loans will increase or decrease the amount of money available to distribute to Investors.	Oyster Industrial has entered into a fixed interest rate to 20 October 2022 for Term Loan 1. See the section headed "Oyster Industrial's Bank Loans" on page 25 for further details.
Capital expenditure The replacement of building services and structural works to the Properties and other future assets acquired for the Industrial Portfolio are not normally recoverable from the tenants under the leases. These are a cost to Oyster Industrial.	The Manager has engaged various building surveyors to provide building condition reports and provide capital expenditure plans in relation to the Properties. Recommended capital expenditure in the short term has been built into the financial forecasts for the period to 31 March 2022.
Value of the Industrial Portfolio The change in value of a Share in Oyster Industrial is predominantly tied to the change in value of the Industrial Portfolio. The value of the Industrial Portfolio will be influenced by the property market, changes in rental paid by the tenants and the remaining term of the leases of the Industrial Portfolio properties.	The Industrial Portfolio will be actively managed by the Manager in order to maintain or increase property values and achieve growth in rental income. The leases of the Properties have fixed rental increases.
Future acquisitions Oyster Industrial intends to grow the Industrial Portfolio through further property purchases. The purchase of further properties will diversify the Industrial Portfolio and provide the potential for an increase in Oyster Industrial's net income and dividends payable to Investors.	Oyster Industrial's strategic investment objectives for the Industrial Portfolio include: A predominant focus on Auckland, Hamilton, Tauranga, Wellington and Christchurch based assets with strategic exposure to other major cities where considered necessary for return enhancement, geographic diversification and tenant diversification. See the investment strategy on page 9 for more details.

2.3 THE INDUSTRIAL PORTFOLIO

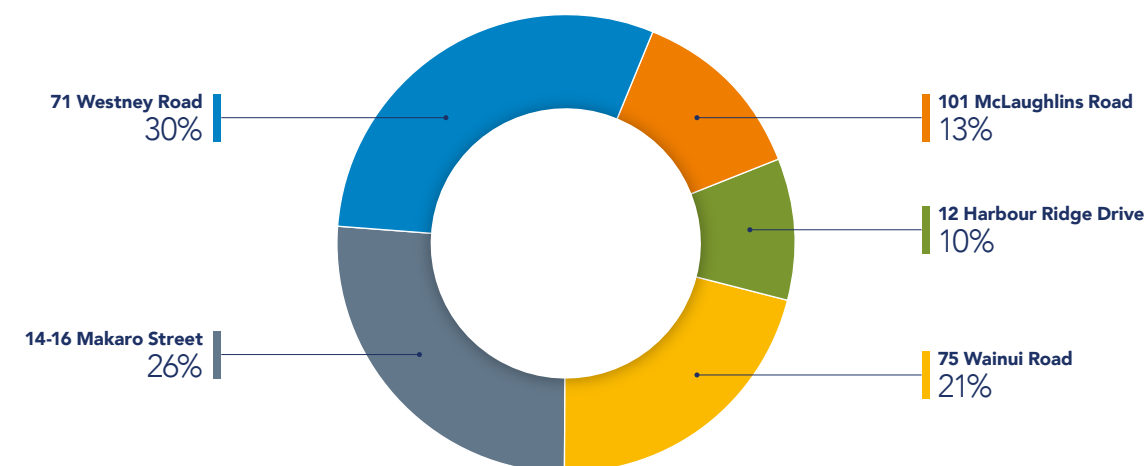
This section sets out the details of the Industrial Portfolio.

Industrial Portfolio as at 31 March 2021 (assuming that the Additional Properties have been acquired)

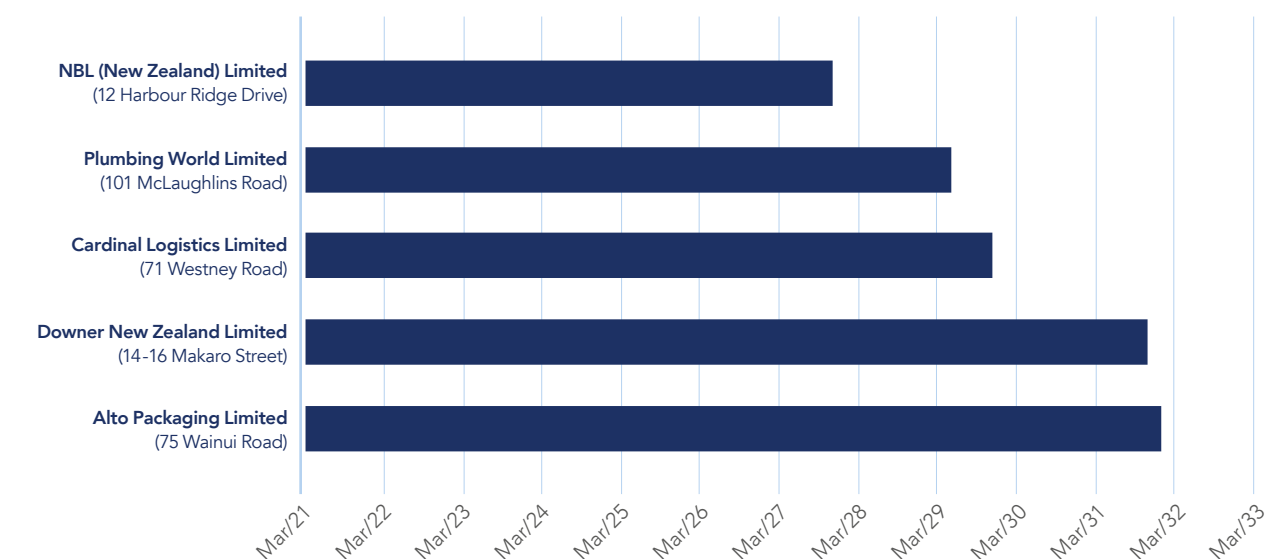
Industrial Portfolio WALT: 9.8 years

Industrial Portfolio Occupancy Rate: 100%

INDUSTRIAL PORTFOLIO BY VALUE



LEASE EXPIRY PROFILE



Impact of Covid-19 on Valuations

The COVID-19 pandemic and associated restrictions have had a significant impact on the global and local economies. The independent property valuations were based on opinion of 'Market Value', incorporating an assumption of a willing buyer and seller, and with regards to the current market outlook. Given the circumstances of COVID-19, the valuers had regard to a

range of inputs and market evidence in coming to their respective opinions of Market Value adopted for the final valuation.

The valuers have highlighted in their valuation reports that due to the outbreak of COVID-19, there continues to be heightened uncertainty and unknown impact that COVID-19 may have on the real estate market in New Zealand.

A. 101 MCLAUGHLINS ROAD, WIRI, AUCKLAND

Current independent valuation	<p>\$18,800,000 prepared by JLL as at 30 September 2020 in accordance with the current Australia and New Zealand Property Institute Valuation and Property Standards.</p> <p>You can find a copy of the independent valuation report on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>
Property and building description	<p>101 McLaughlins Road was constructed in 2018 and comprises a high stud industrial 5,500 sqm warehouse, 1,326 sqm clear span canopy and adjacent 350 sqm single level office building.</p> <p>The building comprises a steel framed structure supported by a reinforced concrete pad. The roof structure comprises a steel frame and steel purlins which support a light weight metal roof covering. External walls comprise concrete tilt slab panels.</p>
Location characteristics	<p>The property is located 8.6 km to the east of Auckland Airport, in the southern industrial suburb of Wiri.</p> <p>The property is approximately 2.1 km from State Highway 20 which has direct links via SH20B to Auckland Domestic and International Airport, the Waterview tunnel heading north into Auckland and south bound links to SH1.</p> <p>The property is zoned "Special Purpose – Quarry", with a resource management decision granting a Business 5 use (Light Industry) on the land.</p>
WALT	8.2 years (as at 31 March 2021)
Occupancy	100%
Land area	9,605m ²
Net lettable area	7,176m ²
Seismic rating	<p>Designed to a seismic loading of no less than 100% Ultimate Limit State, which equates to a rating of greater than 100% NBS.</p> <p>You can find a copy of the seismic rating letter on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>

Tenant	Current rent per annum	Expiry date of current term	Rights of renewal (remaining)	Rent review
Plumbing World Limited	\$866,296 plus GST per annum	31 May 2029	2 rights of renewal for 5 years each	Fixed 2% per annum. Market review at year 5 with a maximum movement of +/- 5%.



B. 12 HARBOUR RIDGE DRIVE, WIRI, AUCKLAND

Current independent valuation	<p>\$13,350,000 prepared by JLL as at 30 September 2020 in accordance with the current Australia and New Zealand Property Institute Valuation and Property Standards.</p> <p>You can find a copy of the independent valuation report on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>
Property and building description	<p>12 Harbour Ridge Drive was constructed in 2017 and comprises a high stud industrial 3,500 sqm warehouse, 690 sqm clear span canopy and 492 sqm two storey office building.</p> <p>The building comprises a steel framed structure supported by a reinforced concrete pad. The roof structure comprises a steel frame and steel purlins which support a light weight metal roof covering. External walls comprise concrete tilt slab panels and double glazed curtain glazing set within aluminum frames.</p>
Location characteristics	<p>The property is located 8.6 km to the east of Auckland Airport, in the southern industrial suburb of Wiri.</p> <p>The property is approximately 2.1 km from State Highway 20 which has direct links via SH20B to Auckland Domestic and International Airport, the Waterview tunnel heading north into Auckland and south bound links to SH1.</p> <p>The property is zoned "Special Purpose – Quarry", with a resource management decision granting a Business 5 use (Light Industry) on the land.</p>
WALT	6.7 years (as at 31 March 2021)
Occupancy	100%
Land area	6,140m ²
Net lettable area	4,682m ²
Seismic rating	<p>Designed to a seismic loading of no less than 100% Ultimate Limit State, which equates to a rating of greater than 100% NBS.</p> <p>You can find a copy of the seismic rating letter on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>

Tenant	Current rent per annum	Expiry date of current term	Rights of renewal (remaining)	Rent review
NBL (New Zealand) Limited	\$665,001 plus GST per annum	30 November 2027	2 rights of renewal for 5 years each	Fixed 2.5% per annum. Market review on renewal.



C. 75 WAINUI ROAD, LOWER HUTT, WELLINGTON

Current independent valuation	<p>\$29,600,000 prepared by JLL as at 3 November 2020 in accordance with the current Australia and New Zealand Property Institute Valuation and Property Standards.</p> <p>You can find a copy of the independent valuation report on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>
Vendor	Flight Limited
Purchase Price	\$29,400,000. The purchase of this property is underwritten.
Settlement Date	The anticipated settlement date is 29 January 2021. The Agreement for Sale and Purchase is conditional on the completion of the business sale transaction between Flight Plastics Limited and Alto Packaging Limited. Settlement will be the date that is 10 working days after the unconditional date, provided that the Settlement Date shall not be earlier than 29 January 2021. If this condition is not completed by 31 March 2021 either party may cancel the Agreement for Sale and Purchase. On cancellation Oyster Industrial will be paid up to \$200,000 by Flight Limited in part payment of Oyster Industrial's costs in relation to the acquisition.
Property and building description	A substantial plastics recycling factory with a total net lettable area of 18,871sqm over a large industrial complex. The largest building is the main warehouse at 9,048 sqm which was newly constructed in 2009 and accounts for 47% of the annual rent with the remaining buildings being of varied ages. The property provides full warehouse, office and yard space along with substantial areas of residual land for future development opportunities.
Location characteristics	<p>75 Wainui Road is located within Lower Hutt, Wellington on the fringe of the industrial sector of Gracefield and Waiwhetu.</p> <p>The site has frontage on the northern side of Wainui Road. The property is 2.9 km drive from central Lower Hutt and 19 km from the Wellington CBD.</p> <p>Seaview/Gracefield industrial area is characterised by developments of mixed ages and construction, including many older industrial units developed in the 1970's. In recent years a number of newer premises have been established and older buildings refurbished.</p> <p>The area is predominately occupied by storage, logistics, freight forwarding, engineering and manufacturing related companies.</p> <p>The site is zoned "General Business" under the Hutt City Council District Plan. The Property is identified as prone to flooding in an extreme rainfall event, which is identified in the Land Information Memorandum as a 1 in 100-year event.</p>
WALT	12 years from settlement (which is anticipated to be 29 January 2021).
Occupancy	100%
Land area	44,371m ²
Net lettable area	18,871m ²

Seismic rating	<p>The Vendor of the property (Flight Limited) has agreed to provide an escrow sum of \$3,500,000 for Oyster Industrial to seismically upgrade the buildings on the property. The minimum seismic requirement for all buildings on the property is 50% NBS with a desired target of 67% NBS. If the costs to undertake the seismic works to get the buildings up to the targeted NBS rating of 67% is estimated to be above the escrow sum of \$3,500,000 then Oyster Industrial and the Vendor will agree on which buildings will be upgraded to 67% NBS with the remaining buildings to only be upgraded to the minimum NBS rating of 50%.</p> <p>There are no seismic warranties in the lease to Alto Packaging Limited. Oyster Industrial does not hold a current Detailed Seismic Assessment for the property. This will be obtained on completion of the works.</p>
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Tenant	Current rent per annum	Expiry date of current term	Rights of renewal (remaining)	Rent reviews
Alto Packaging Limited	\$1,722,470 plus GST per annum	12 years from settlement of the property	3 rights of renewal for 5 years each	Fixed 3% per annum. Market review on renewal capped at 110% of current rent. Rent cannot decrease on review.



D. 14-16 MAKARO STREET, PORIRUA, WELLINGTON

Current independent valuation	<p>\$35,600,000 prepared by JLL as at 6 October 2020 in accordance with the current Australia and New Zealand Property Institute Valuation and Property Standards.</p> <p>You can find a copy of the independent valuation report on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>
Purchase Price	\$35,600,000
Vendor	Woolstore Six Limited
Settlement Date	31 March 2021. The purchase of this property is underwritten.
Property and building description	A high quality and modern industrial asset comprising a purpose built 2,600 sqm office, two single story industrial warehouses totalling 2,674 sqm and 16,510 sqm of yard on a large level 2.5ha freehold site.
Location characteristics	<p>The property is located at 14-16 Makaro Street, Porirua, Wellington.</p> <p>The site is located within an industrial subdivision next to Mt Rangituhi in the suburb of Elsdon, Porirua. Access to SH1 north is 2.6km and 2.7km to the southern onramp. Total distance to Wellington CBD is 21.3km.</p> <p>The area is occupied by a mixture of office, industrial and retail services with residential housing predominately on the other side of the motorway (to the east of the property).</p> <p>Total site area is 25,026 sqm over two titles.</p> <p>The site is zoned “Industrial Zone” under the Porirua City District Plan. The property is listed on the Selected Land Use Register (SLUR) as a category 1 site – being unverified history of hazardous activity or industry site.</p> <p>The site is fully sealed with existing buildings on site. There is currently no further development proposed. Any further development may require further site investigation pending council approval.</p>
WALT	10.7 years (as at 31 March 2021).
Occupancy	100%
Land area	25,026m ²
Net lettable area	21,894m ²

Tenant	Current rent per annum	Expiry date of current term	Rights of renewal (remaining)	Rent reviews
Downer New Zealand Limited	\$1,666,148 plus GST per annum	29 November 2031	6 rights of renewal for 5 years each	Greater of 3% or CPI per annum (compounded) every two years, next review is 30 November 2021. Market reviews on 30 November 2021 and on renewal capped at 110% of current rent, rent cannot decrease on review.



E. 71 WESTNEY ROAD, MANGERE, AUCKLAND

Current independent valuation	<p>\$42,000,000 prepared by JLL as at 15 December 2020 in accordance with the current Australia and New Zealand Property Institute Valuation and Property Standards.</p> <p>You can find a copy of the independent valuation report on the Offer Register at https://disclose-register.companiesoffice.govt.nz/disclose.</p>
Purchase Price	\$42,000,000
Vendor	Westney Trustees Limited
Settlement Date	The later of 31 March 2021 and 10 working days after the date that the Agreement for Sale and Purchase is unconditional. The agreement is conditional on the completion of the Share issue under this Offer. The purchase of this property is not underwritten.
Property and building description	This is a large scale industrial building constructed in the mid-2000s. Main improvements consist of a high stud (8.5 metres to the knee) warehouse space, some offices split over two levels and canopies.
Location characteristics	<p>The property has a prominent position with good road frontage in the established Auckland industrial area of Airport Oaks, Mangere, close to the Auckland International Airport.</p> <p>The property is zoned “Business-Light Industry” under the Auckland Unitary Plan. Part of the property is subject to overland flow paths and is in a flood prone area.</p>
WALT	8.7 years (as at 31 March 2021).
Occupancy	100%
Land area	21,397m ²
Net lettable area	17,414m ²

Tenant	Current rent per annum	Expiry date of current term	Rights of renewal (remaining)	Rent review
Cardinal Logistics Limited	\$2,039,532 plus GST per annum	12 December 2029	3 rights of renewal for 5 years each	Annual 1.4% fixed rent reviews with three yearly market rent reviews (to the greater of market and 1.4%)



Cardinal Logistics Limited is a New Zealand owned and operated logistics company providing dedicated warehousing and distribution of fast moving consumer goods (FMCG products) mostly in the grocery sector. The lease has a personal guarantee from the tenant’s sole director.



71 WESTNEY ROAD, MANGERE, AUCKLAND

The Manager has investigated the financial standing of the tenants of the Properties. The Manager considers that there are no material risks in respect of the ability of the tenants of the Properties to meet their obligations under the respective leases.

2.4 THE INDUSTRIAL PROPERTY MARKET

Oyster Industrial has been established to create an Industrial Portfolio comprising of diversified industrial real estate. Chris Dibble of Colliers International Research has provided a summary below of the performance and outlook for the Auckland and Wellington industrial property market.

AUCKLAND AND WELLINGTON INDUSTRIAL MARKET OVERVIEW

Industrial sector's resilience

Industrial occupier demand has remained robust over the course of 2020 as a number of government, reserve bank, economic and industrial sector demand drivers have combined to support activity.

Showcasing the resilience of the sector, Auckland's vacancy rate is 2.1%, while Wellington's provisional November 2020 vacancy is also around 2%.

Natural supply constraints

In Auckland and Wellington, constraints on increasing new supply exist, particularly the lack of vacant industrially zoned land with the shortage being particularly acute within established industrial precincts.

Over the 12 months to September 2020, Auckland and Wellington's consented industrial floor space was approximately 330,000 sqm and 56,250 sqm respectively. This represented a significant fall in Auckland from the approximately 505,000 sqm of space consented in 2019. While Wellington was at the highest level of development since 2008, the quantum of space remains limited for a market with such a low vacancy rate.

Rents flat, but likely to start rising again

Auckland and Wellington industrial warehouse rents have remained relatively flat over the past year, reflecting the disruption caused by COVID-19. Prior to this,

Auckland and Wellington rents had increased by 20% and 30% respectively over the past five years.

Under current market conditions, we broadly expect average net face prime rents to increase at an average annual rate of around 2%-3% over the next five years.

INVESTOR SENTIMENT STRONG FOR INDUSTRIAL ASSETS

A low interest rate environment, which looks likely to remain in place for an extended period, has heightened demand for higher yielding assets. Industrial property, given its strong defensive qualities and sound occupier fundamentals, has proved to be a popular option for purchasers.

Colliers International Research's latest investor confidence survey showed that in both Auckland and Wellington the industrial sector had the highest confidence. Confidence in the Wellington market has increased significantly over the last five years while confidence in the Auckland market has been at elevated levels for most of the last decade.

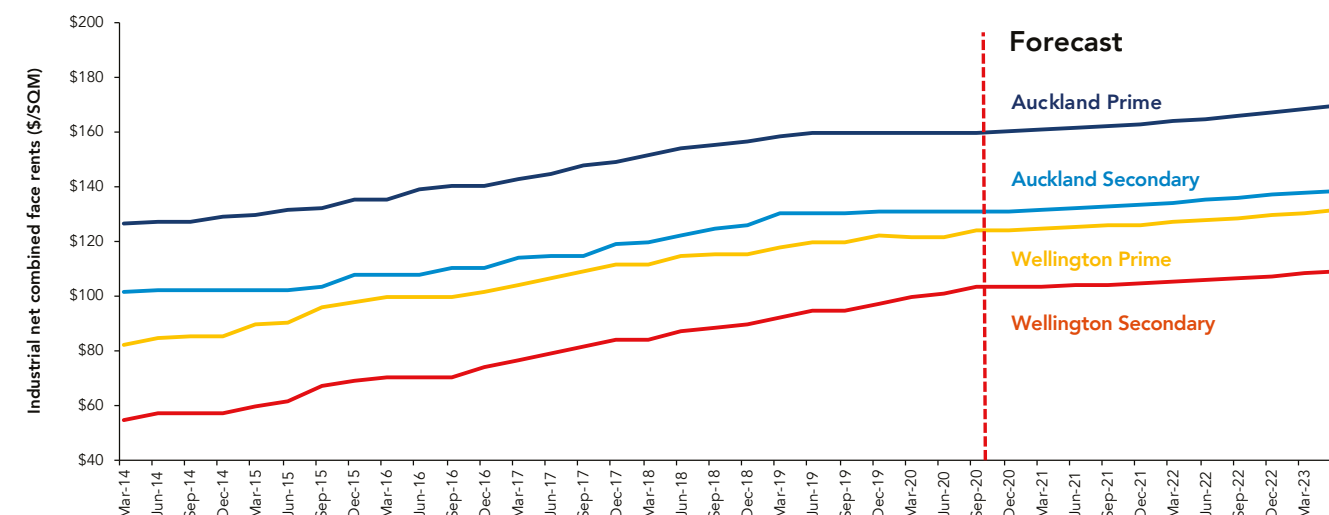
Competition for property combined with the decline in returns on risk free alternatives has resulted in strong yield compression over recent years.

As at Quarter 3 in 2020, average prime yields in Auckland range between 4.3% and 5.3%, and in Wellington, prime yields range from 4.5% to 7.25%. However, the strong appetite for quality product is likely to lead to further yield firming in 2021.

Please refer to colliers.co.nz/find-research for more information.

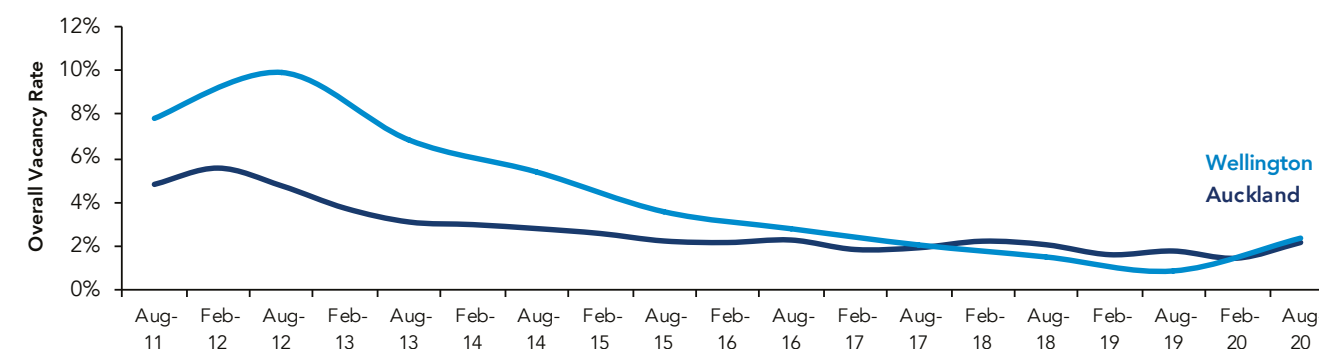
Source - Colliers International Research

AUCKLAND AND WELLINGTON INDUSTRIAL NET FACE RENTS



Source: Colliers International Research

INDUSTRIAL VACANCY RATES AUCKLAND VS. WELLINGTON



Source: Colliers International Research

Note Wellington figures relate to an annual survey in November, Auckland surveyed twice per annum in February and August.



2.5 OYSTER INDUSTRIAL'S BANK LOANS

Oyster Industrial will part fund the acquisition of the Additional Properties by drawing down Term Loans with Westpac. The Term Loans will be used as long term funding for Oyster Industrial. It is intended that these loans will be refinanced at the expiry of their terms. The key terms of the Bank Loans are:

Existing Bank Loan	
Description	Term Loan 1
Funding for	101 McLaughlins Road and 12 Harbour Ridge Drive
Facility limit	\$15,530,000
Interest rate	Fixed at 3.17% to 20 October 2022
Term	to 20 October 2022

New Bank Loans	
Description	Term Loan 2
Funding for	Acquisition of 75 Wainui Road
Facility limit	\$14,700,000
Interest rate	Westpac's 90-day bank bill rate plus a margin of 2.10%pa. ¹
Term	24 months from drawdown

Description	Term Loan 3
Funding for	Acquisition of 14-16 Makaro Street
Facility limit	\$17,800,000
Interest rate	Westpac's 90-day bank bill rate plus a margin of 2.10%pa. ¹
Term	24 months from drawdown

Description	Term Loan 4
Funding for	Acquisition of 71 Westney Road
Facility limit	\$21,000,000
Interest rate	Westpac's 90-day bank bill rate plus a margin of 2.10%pa. ¹
Term	24 months from drawdown

¹ The indicative interest rate at 18 December 2020 is 2.40%pa.



The terms of all the Bank Loans are:

Personal guarantees	No personal guarantees. There is no recourse to Investors.
Principal payments	Interest only for the initial term with full clearance of the loan balance at the end of the term.

The terms of all the Bank Loans are:

Security	<p>A registered first and exclusive mortgage over the Properties.</p> <p>A registered first and exclusive general security deed over all of the present and after acquired property of Oyster Industrial Limited and Oyster Industrial Properties Limited.</p>
Key covenants	<p>Interest cover ratio: For Term Loans 2, 3, and 4 earnings are to be at least 2 times funding costs, comprising all interest, charges and fees related to funding. For Term Loan one the ratio is 1.75 times.</p> <p>Loan to value ratio: Not to exceed 55% of the value of the properties and all other assets secured to Westpac.</p>

On liquidation of Oyster Industrial the Bank Loans and all other liabilities of Oyster Industrial (including under the leases and Oyster Industrial's business as usual activities) will rank in priority to the Shares.

2.6 UNDERWRITES AND REDEEMABLE PREFERENCE SHARES

Joint Underwrite by Wyborn and Oyster

To ensure that Oyster Industrial will be able to purchase 75 Wainui Road and 14-16 Makaro Street, Oyster Industrial's subsidiary Oyster Industrial Properties Limited (**OIPL**) has entered into the Joint Underwrites pursuant to which the Manager and Wyborn have agreed to subscribe up to \$17,100,000 each in the Offer. The Underwriters are each limited to holding less than 20% of the Shares, due to the provisions of the Takeovers Code. If the number of Shares issued to the Underwriters is not enough to settle 75 Wainui Road and 14-16 Makaro Street then the Underwriters will subscribe for Redeemable Preference Shares (**RPS**) issued by OIPL.

The Underwriters will receive a fee of 3% of the total underwritten amount with half of the underwriting fee payable on settlement of 75 Wainui Road, and the remaining half payable on settlement of 14-16 Makaro Street. If the Underwriters are required to subscribe for Shares or RPS then a fee of 1% of the drawdown amount in respect of that property is payable on settlement of that property. There is a penalty return payable on the amount of the underwrite drawn down of 9% p.a., payable by OIPL to the underwriter on any amount of the drawdown amount not repaid 5 months after the drawdown, calculated daily and paid monthly in arrears. The penalty return only applies to Wyborn's portion of the underwrite.

Oyster Underwrite

Should the monies from the Joint Underwrites not be enough to settle either 75 Wainui Road or 14-16 Makaro Street the Manager has agreed to subscribe for up to \$3,500,000 of RPS issued by OIPL. The Manager will receive a fee of 3% of the total underwritten amount. If the Manager is required to subscribe for RPS then a fee of 1% of the drawdown amount in respect of that property is payable on settlement of that property. There is no penalty return payable for these RPS. These RPS will be redeemed after all the Shares and RPS issued to the Joint Underwriters have been sold or redeemed.

Repayment of the Underwrites

If the Underwrites are required to settle 75 Wainui Road and 14-16 Makaro Street, and Redeemable Preference Shares have been issued, any monies received from Investors after settlement of these properties will first be applied to the repayment of the Redeemable Preference Shares. Once they are repaid, the Manager will offer for sale any Shares issued to it or Wyborn under the Underwrites. The Manager will offer the Shares for sale on the same terms and conditions as the issue of Shares by Oyster Industrial as set out in this PDS.

Once the Underwriters have been repaid, Oyster Industrial will issue further Shares to investors, the funds from which will be used to settle 71 Westney Road.

Terms of the Redeemable Preference Shares

The Redeemable Preference Shares (**RPS**) will only be issued to the Underwriters if required to settle 75 Wainui Road and 14-16 Makaro Street. The RPS are being issued by Oyster Industrial Properties Limited (**OIPL**), which is a subsidiary of Oyster Industrial that holds the Properties. Oyster Industrial will continue to hold all the ordinary shares issued by OIPL. Oyster Industrial will continue to control OIPL after the issue of the RPS as these shares have limited rights. Unlike the ordinary shares on OIPL held by Oyster Industrial the RPS have no right to vote on resolutions to:

- appoint or remove a director or auditor
- alter the constitution
- approve a major transaction
- approve an amalgamation of the company
- put the company into liquidation

The RPS will be issued at the same price as the Shares (\$1.03) and receive dividends at the same time and the same rate as Shares (which is forecast to be 5.25 cents per Share per annum).

The key differences between the RPS and the Shares are that they are redeemable (can be repaid by Oyster Industrial) and receive distributions and any distribution of capital in preference to the shares held by Oyster Industrial.

- The RPS are redeemable in whole or in part at the option of OIPL at any time after the date of their issue, including the payment of any amount of dividends on the RPS which are, at the time of the

redemption, payable but unpaid. Such redemption to occur in amounts not less than \$50,000.

- In the event of a liquidation of OIPL, the Underwriter as holder of the RPS will rank in preference to any holder of ordinary shares issued by OIPL in the distribution of any surplus assets.



101 MCLAUGHLINS ROAD

2.7 DIRECTORS OF
OYSTER INDUSTRIAL

Oyster Industrial is overseen by a board of directors that is led by Joanna Perry, as Chair. The members of the Board are also the directors of the Manager:

	
Joanna Perry – Chair	Mark Schiele – Director
<p>Joanna is an experienced and accomplished non-executive director. Her governance experience extends across a range of sectors. Joanna’s current roles include Chair of Oyster Property Group, Non Executive Director of Partners Life and Nyriad Limited, and Trustee of the London based IFRS Foundation.</p> <p>Joanna’s previous director roles include listed companies, Trade Me, Kiwi Property Group and Genesis Energy, CCO Regional Facilities Auckland, as well as sports bodies, Rowing New Zealand and Sports New Zealand. Before taking on director roles, Joanna was a partner with KPMG. She was also a member of the Securities Commission.</p> <p>Joanna is a Chartered Fellow of the Institute of Directors and a Member of the New Zealand Order of Merit.</p>	<p>Mark is a Director of Oyster Industrial, a Director of Oyster Property Group Limited, and a Chief Executive of Oyster Management Limited (the Manager of Oyster Industrial).</p> <p>Mark has been instrumental in setting and implementing the innovative strategic direction for Oyster Property Group, including the development of the successful Dress-Smart outlet centre chain, the amalgamation of Prime Retail Management and Oyster Property Group, and the growth of Oyster’s funds management business.</p> <p>Mark completed a Bachelor of Property Administration degree at the University of Auckland 1991. He went on to hold various management positions with Challenge Properties, St Lukes Group, Richard Ellis (now CBRE) and Westfield. In 1997, he joined Prime Retail Management as General Manager and was appointed to the Board in 2001.</p>

		
Gary Gwynne – Director	Sophie Haslem – Director	Robert Percy – Director
<p>Gary began his career in advertising and marketing. He first joined Charles Haines Advertising, then Nestlé, leaving in 1971 to establish Colenso Auckland. During his 16 year tenure with the agency, he was Managing Director of both the Wellington and Auckland operations.</p> <p>In 1987, Gary founded Outdoor Heritage (now Rodd and Gunn), selling the exclusive Rodd and Gunn and Logan labels.</p> <p>He was a founding director of Dress-Smart and is a former director of Michael Hill International Ltd and Sheppard Industries Ltd.</p>	<p>Sophie has extensive executive and consulting experience in strategy and corporate finance having held positions with a diverse range of companies in New Zealand and Australia, including New Zealand Post, Citibank NA, ANZ Investment Bank, and Cap Gemini Ernst & Young.</p> <p>Sophie is currently a Director of diversified investment firm Rangatira, MetService, Kordia, CentrePort and Livestock Improvement Corporation.</p> <p>She is a chartered member of the NZ Institute of Directors, and holds a Bachelor of Commerce and Post-Graduate Diploma in Management from The University of Melbourne.</p>	<p>Robert has more than 20 years of financial services and property experience in both the UK and Australia and is Chief Investment Officer for the ASX listed Cromwell Property Group.</p> <p>He is responsible for Cromwell’s Global Investment Committee process and Transactions Team. He also plays a central role in the development of new products for both the Group’s ASX listed business and Funds Management operations as well as their related capital raisings.</p> <p>Prior to joining Cromwell in 2012, he worked for some of the world’s leading financial services firms, including NM Rothschild & Sons, PricewaterhouseCoopers, and Investec Bank.</p>

2.8 THE MANAGER



Oyster Industrial is managed by the Manager, which is a wholly-owned subsidiary of Oyster Property Group Limited. The Manager is one of New Zealand's leading property fund managers, managing a range of retail, office and industrial assets throughout New Zealand, with a combined value in excess of \$1.9 billion.

Directors of the Manager

The directors of Oyster Industrial are also the directors of the Manager. The directors must act in the best interests of Oyster Industrial. The Manager has adopted a conflicts policy which sets out how director and employee conflicts of interest will be managed.

Key Personnel of the Manager

The following personnel of the Manager who will be responsible for the management of Oyster Industrial alongside the Board are:

 <p>Mark Schiele – Chief Executive Officer</p>	 <p>Rachel Barr – Chief Financial Officer</p>
<p>Mark is responsible for overseeing all of Oyster Management Limited's operations and implementing Oyster's agreed strategy. Mark is a Director of Oyster Management Limited.</p> <p>Prior to his time with Oyster, Mark held 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.</p> <p>Mark completed a Bachelor of Property Administration degree at the University of Auckland in 1991.</p>	<p>Rachel leads Oyster Management Limited's Finance Team and is responsible for financial management and reporting, capital and cash flow management, and taxation compliance functions.</p> <p>She has over 20 years' experience working in accounting and finance roles in both New Zealand and the UK. She worked for nine years at NZX-listed Goodman Property Trust where, during that time, Goodman grew from managing \$250M in property assets to managing over \$2 billion in property assets. In the UK, she gained fund management experience with Rockspring Property Investment Managers, working on various Pan-European property funds.</p> <p>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.</p>

 <p>James Molloy – Head of Transactions</p>	 <p>Steven Harris – General Manager Property</p>	 <p>Ian Hasell – General Counsel and Company Secretary</p>
<p>James heads Oyster Management Limited's asset sourcing team which includes the investment analysis, due diligence and negotiations for proposed property transactions. He matches capital with investment opportunities and manages Oyster Management Limited's capital raising process for funds and syndicates.</p> <p>Previous to his time with Oyster, James spent two years representing national retail brands such as Kathmandu, Warehouse Stationery, Noel Leeming Group and Bendon, where he provided strategic property advice to help optimise the performance of their businesses.</p> <p>James was recognised with the New Zealand Property Council's GreensceneNZ Sheree Cooney Memorial Award – Young Achiever of the Year in 2017. He holds a Bachelor of Property degree from the University of Auckland and is a member of the Royal Institute of Chartered Surveyors.</p>	<p>Steven joined Oyster in 2012 and is responsible for the strategic direction of Oyster's entire property portfolio. Steven provides consistent asset management processes, strategy and leadership to the entire property team.</p> <p>Prior to his time with Oyster, Steven was a commercial property valuer at CBRE for six years which, combined with his more recent Oyster experience, enables him to offer expertise in what drives the value of commercial property.</p> <p>Steven completed a Bachelor of Property at the University of Auckland in 2005, and is a member of the Property Institute of New Zealand.</p>	<p>Ian is responsible for the legal and regulatory affairs of Oyster Management Limited, ensuring legal compliance and limiting risk exposure.</p> <p>Ian has over 20 years' experience providing in-house legal advice to corporates, including five years at Mitre 10 New Zealand as Associate Legal Counsel and Privacy Officer. Prior to that, Ian spent 14 years at DNZ Property Group, with the last six years as General Manager Corporate Services where he undertook a wide range of legal and compliance work ranging from prospectus preparation and registration, to compliance and governance processes.</p> <p>Ian holds Bachelor of Laws and Bachelor of Arts degrees 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.</p>

SUMMARY OF OYSTER INDUSTRIAL’S MANAGEMENT AGREEMENT

The key terms of the Management Agreement (including fees) have been set having regard to what the Manager and Oyster Industrial consider appropriate for property investment companies. The key terms of the Management Agreement between Oyster Industrial and the Manager are:

Manager	Oyster Management Limited
Term	The term of the Management Agreement runs until Oyster Industrial is wound up in accordance with the Companies Act 1993 and the Constitution, unless terminated earlier as set out below.
Termination	<p>The Management Agreement will be able to be terminated in the following situations:</p> <ul style="list-style-type: none">■ Oyster Industrial may terminate the agreement without cause or reason provided that 12 months’ notice is given to the Manager and the termination is approved by a Special Resolution of Investors (which the Manager and its related companies cannot vote on).■ The Management Agreement may be immediately terminated by Oyster Industrial on the occurrence of certain events, for example if the Manager becomes insolvent.■ Oyster Industrial may immediately terminate the Management Agreement if the Manager is in material breach of the Management Agreement and the Manager fails to cure that breach within 30 business days, provided that the termination is approved by a Special Resolution of Investors. The Manager and its related companies cannot vote on this resolution.■ The Manager may terminate the Management Agreement if it gives Oyster Industrial not less than 12 months’ notice in writing that it wishes to terminate the Management Agreement. <p>If the Management Agreement is terminated without cause and by a Special Resolution of Investors, Oyster Industrial must pay the Manager a sum equal to 30% of the aggregate of all fees paid to the Manager by Oyster Industrial in the preceding 5 years before termination. No termination fee is payable where the Management Agreement is terminated in any other scenario.</p>

Management Duties

Investment management duties

- Maximising the value of Oyster Industrial’s investment through the active management of the Properties
- Prepare acquisition and divestment proposals for approval of the Board
- Arrange funding facilities and present to the Board for approval
- Manage financial affairs
- Development management

Property management duties

- Arranging tenancies for the Industrial Portfolio properties
- Collection of rents and payment of outgoings
- Negotiating rent reviews/assignment/sub-leases
- Legal compliance including building and health and safety laws
- Documentation of leases, renewals, variations, rent reviews etc.
- Inspection of Industrial Portfolio properties

Administrative management

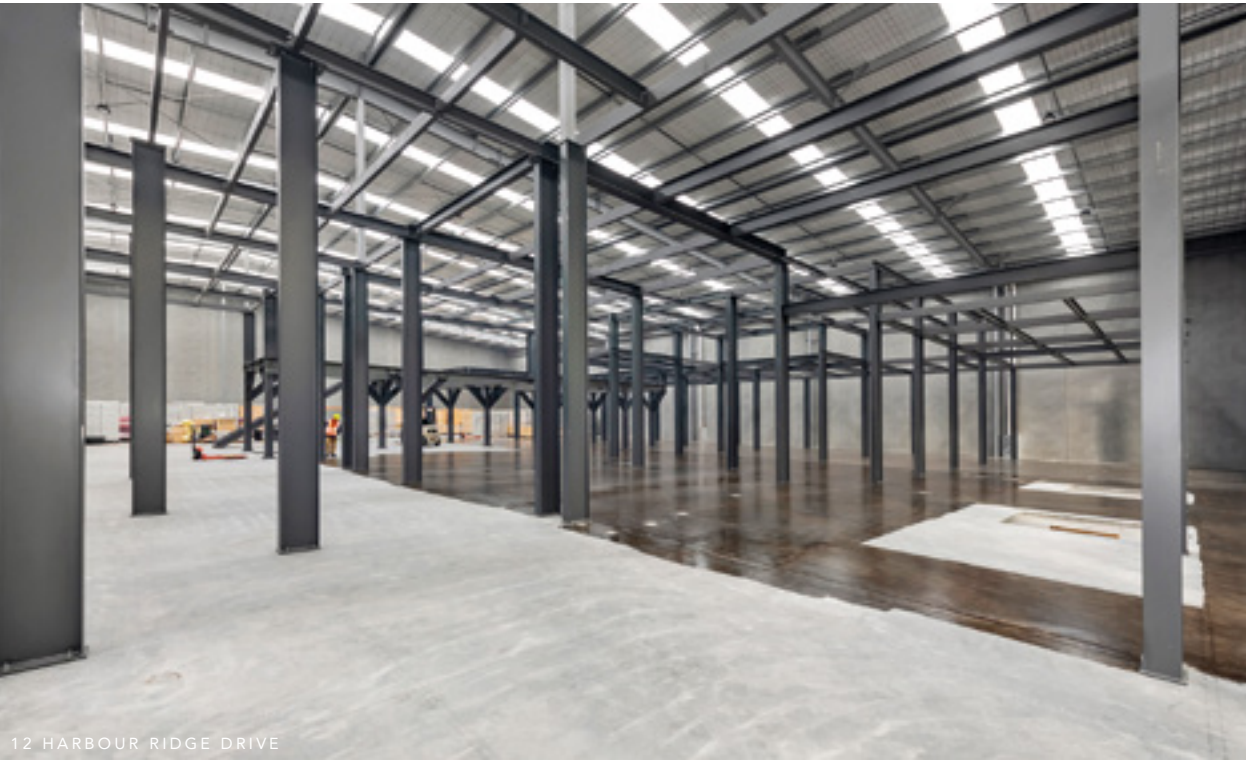
- Ensuring compliance with laws
- Maintaining statutory records, including share register and Board minutes
- Provision of company secretarial services, including keeping minutes of all proceedings
- Maintaining accounting and tax records
- Establishing and maintaining bank accounts on behalf of Oyster Industrial
- Preparation of the annual budget
- Preparation of annual financial statements and liaising with the auditor
- Preparation of the annual report to Investors
- Preparing and filing all tax returns (GST, PIE, income tax)
- Arrange annual valuations of the Industrial Portfolio properties
- Arranging annual meetings of Investors

Sub-contracting/assignment

- The Manager’s obligations may be sub-contracted but the Manager remains liable for those obligations
- Assignment of the Manager’s rights and obligations is permitted with consent of Oyster Industrial, which is not to be unreasonably withheld or delayed

Limitation of liability	<p>The Manager will not be liable for any reduction in:</p> <ul style="list-style-type: none">the amount of the dividend paid by Oyster Industrial; orthe value of Oyster Industrial or a reduction in Oyster Industrial's share price, as a result of matters outside the control of the Manager, unless such loss is a direct result of the Manager materially breaching its obligations under the Management Agreement.
Related party transactions	<p>Oyster Industrial will not enter into any transactions with related parties unless approved by an ordinary resolution of Investors, except for:</p> <ul style="list-style-type: none">any underwriting agreement entered into with the Manager or any of its related companies provided the underwriting fee is no more than 3% of the underwritten amount; orany acquisition by Oyster Industrial of any property owned by Oyster Industrial's related parties provided the purchase price payable by Oyster Industrial does not exceed the amount determined by an independent valuer; orany sale by Oyster Industrial of an Industrial Portfolio property to Oyster Industrial's related parties provided the purchase price receivable by Oyster Industrial is not less than the amount determined by an independent valuer; orany issue of Shares to Oyster Industrial's related parties on the same terms as other Shares (and the payment of any dividends or other distributions made by Oyster Industrial on such Shares).
Conflicts of interest	<p>The Manager must perform its obligations under the Management Agreement in accordance with the conflicts policy. The conflicts policy provides that conflicts of interest must be dealt with quickly and transparently, that is they must be:</p> <ul style="list-style-type: none">acknowledged;disclosed to the appropriate directors or senior managers; andput on record, where appropriate, and effectively managed and monitored or avoided.
Fees	<p>The Manager is entitled to be paid the following fees under the Management Agreement.</p>

Fund management fee	<p>For services provided by the Manager related to managing and administering Oyster Industrial, a fee being the greater of an amount equivalent to the percentage of the aggregate capital value of the Industrial Portfolio (as set out in the table below) plus GST and the minimum fund management fee (\$94,000 from 1 April 2020) calculated and payable in monthly instalments in advance.</p> <table><tr><th>Financial year commencing</th><th>Fee</th></tr><tr><td>1 April 2019</td><td>0.25%</td></tr><tr><td>1 April 2020</td><td>0.30%</td></tr><tr><td>1 April 2021</td><td>0.35%</td></tr><tr><td>1 April 2022</td><td>0.40%</td></tr><tr><td>1 April 2023 and beyond</td><td>0.45%</td></tr></table>	Financial year commencing	Fee	1 April 2019	0.25%	1 April 2020	0.30%	1 April 2021	0.35%	1 April 2022	0.40%	1 April 2023 and beyond	0.45%
Financial year commencing	Fee												
1 April 2019	0.25%												
1 April 2020	0.30%												
1 April 2021	0.35%												
1 April 2022	0.40%												
1 April 2023 and beyond	0.45%												
Property management fee	<p>In relation to services provided by the Manager related to the management of the Industrial Portfolio properties, in each Financial Year, a fee being the greater of an amount equivalent to 2.0% of the Gross Rental under the tenancies (or any replacement or additional tenancy arrangement) plus GST and the minimum property management fee (\$35,000 as at the date of this PDS) (provided that, in relation to the first Financial Year, the property management fee payable shall be adjusted so it is an amount equivalent to the proportion that the first Financial Year bears to a full Financial Year) calculated and payable in monthly instalments in advance.</p>												



Performance fee	<p>The Manager is entitled to be paid a performance fee to reflect the excess performance of the Investors' returns (total of dividends and movement in Net Asset Value per Share) over the benchmark return, of an amount equivalent to 20% of such excess performance amount. This fee is calculated and payable annually in arrears. The performance fee is calculated in respect of each Financial Year by deducting the benchmark return from Investors' returns. If the result is:</p> <p>(a) a negative amount, no performance fee is payable in respect of that period and the negative amount is carried forward to the next period; and</p> <p>(b) a positive amount, that amount is multiplied by the average monthly Net Asset Value of Oyster Industrial during the Financial Year, and 20% (Performance Fee Multiple) of that amount represents the performance fee payable in respect of that period.</p> <p>There is no maximum limit for the performance fee. The calculation of the performance fee will be reviewed by Oyster Industrial's auditor.</p> <p>Benchmark return</p> <p>No appropriate market indexes for unlisted property investment companies are currently available to be used to measure Oyster Industrial's performance. If an appropriate market index is published in the future the Manager may (with Oyster Industrial's consent) use that market index. In the absence of an appropriate market index Oyster Industrial believes that an appropriate benchmark to measure Oyster Industrial's performance is the average 10 year Government Bond Rate plus 6% (as set out in the Management Agreement). 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 October 2020 was 0.54%. Therefore, the benchmark return for October 2020 was 6.54% (the rate of 0.54% plus 6.00%).</p>
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Performance fee (continued)	<p>Performance fee example</p> <p>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.</p> <p>The performance fee is calculated using the Net Asset Value (NAV) of Oyster Industrial. The example calculation includes the following assumptions for a hypothetical annual performance fee calculation:</p> <table> <tr> <td>The performance of the benchmark for the year (Benchmark Performance) was</td><td>7.5%</td></tr> <tr> <td>The closing Net Asset Value per Share (Closing NAV) was</td><td>\$1.03</td></tr> <tr> <td>The opening Net Asset Value per Share (Opening NAV) was</td><td>\$1.00</td></tr> <tr> <td>Dividends per Share declared during the year (Dividends) were</td><td>\$0.05</td></tr> <tr> <td>The average monthly Net Asset Value of Oyster Industrial during the Financial Year (Average Monthly NAV) was</td><td>\$15,000,000</td></tr> </table> <p>Hypothetical annual performance fee calculation</p> <p>The performance of Oyster Industrial (Oyster Industrial Performance) for the Financial Year is 8%, calculated as:</p> <p>Formula: $(\text{Closing NAV} - \text{Opening NAV} + \text{Dividends}) / \text{Opening NAV}$</p> <p>Example: $\frac{(\\$1.03 - \\$1.00 + \\$0.05)}{\\$1.00} = 8\%$</p> <p>The performance fee is \$15,000, calculated as:</p> <p>Formula: $((\text{Oyster Industrial Performance} - \text{Benchmark Performance}) \times \text{Average Monthly NAV}) \times \text{Performance Fee Multiple}$</p> <p>Example: $((8\% - 7.5\%) \times \\$15,000,000) \times 20\% = \\$15,000$</p>	The performance of the benchmark for the year (Benchmark Performance) was	7.5%	The closing Net Asset Value per Share (Closing NAV) was	\$1.03	The opening Net Asset Value per Share (Opening NAV) was	\$1.00	Dividends per Share declared during the year (Dividends) were	\$0.05	The average monthly Net Asset Value of Oyster Industrial during the Financial Year (Average Monthly NAV) was	\$15,000,000
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The average monthly Net Asset Value of Oyster Industrial during the Financial Year (Average Monthly NAV) was	\$15,000,000										



Leasing fee	<p>The Manager shall be entitled to be paid a leasing fee as follows:</p> <ul style="list-style-type: none">(a) an administration fee of \$500.00 for each new tenancy or tenancy renewal;(b) for tenancy renewals (including options to extend or renew) 1.5% of the annual Gross Rental (exclusive of GST) multiplied by the number of years of the renewed term;(c) for a new tenancy of a Property or part of the Property to an existing tenant 2% of the annual Gross Rental (exclusive of GST) multiplied by the number of years of the term of the new tenancy; and(d) for a new tenancy (not being a tenancy to which sub-clause (c) above applies), 3% of the annual Gross Rental (exclusive of GST) multiplied by the number of years of the term of the new tenancy. <p>The rent on which the above charges are based shall be as if there had been no rebate, concession, rent holiday or other incentive.</p>								
Rent review fee	<p>The Manager shall be entitled to be paid a rent review fee being 10% of the increase:</p> <ul style="list-style-type: none">(a) in the annual rent (exclusive of GST); and(b) in the rent or fee payable annually in relation to car parks, naming and signage rights (exclusive of GST). <p>In the event that a rent review proceeds to arbitration the fee payable to the Manager will reduce to 5% of the amounts referred to in sub-clauses (a) and (b) above. This fee applies to all forms of rent reviews, including fixed, market and CPI.</p>								
Additional services fee	<p>The Manager shall be entitled to be paid additional services fees at a rate of \$175.00 per hour plus GST for additional services which are not contemplated under the Management Agreement as may from time to time be required in order to manage the Industrial Portfolio or Oyster Industrial. This fee will be adjusted annually at 31 March by the movement in the CPI for the previous 12 months.</p>								
Accounting fee	<p>The Manager shall be entitled to be paid an annual accounting fee (as set out in the table below) if the Manager itself prepares the end of financial year accounts for Oyster Industrial and does not arrange for a third party to do so. This fee shall be paid annually on completion of the service. This fee will be adjusted annually at 31 March by the movement in the CPI for the previous 12 months.</p> <table><tr><th>Total asset value</th><th>Fee</th></tr><tr><td>up to \$50M</td><td>\$5,000</td></tr><tr><td>\$50M to \$100M</td><td>\$10,000</td></tr><tr><td>over \$100M</td><td>\$15,000</td></tr></table>	Total asset value	Fee	up to \$50M	\$5,000	\$50M to \$100M	\$10,000	over \$100M	\$15,000
Total asset value	Fee								
up to \$50M	\$5,000								
\$50M to \$100M	\$10,000								
over \$100M	\$15,000								

Acquisition fee	<p>The Manager shall be entitled to be paid an acquisition fee of 1.75% (plus GST) of the purchase price of each new property acquired for the Industrial Portfolio payable upon settlement of the relevant property.</p>
Sale fee	<p>The Manager shall be entitled to be paid a sale fee of 1% (plus GST) of the sale price of each property sold from the Industrial Portfolio payable upon settlement of the relevant property.</p>
Legal and project management fees	<p>The Manager shall be entitled to be paid legal fees at such rate determined by the Manager acting reasonably, for legal services provided by the Manager's in-house legal team to Oyster Industrial and project management services provided by the Manager's in-house project managers. This fee will be adjusted annually at 31 March by the movement in the CPI for the previous 12 months.</p>
Refinancing fee	<p>The Manager shall be entitled to be paid a refinancing fee which is payable:</p> <ul style="list-style-type: none">(a) at the expiry of any existing loan term if the existing loan is re-documented in relation to any subsequent or further loan term;(b) if the bank loan is refinanced to another bank; or(c) if the existing bank loan amount is increased (in which case the fee is paid on the value of the increased amount), at 0.10% plus GST of the total loan facilities.
Deposit fee	<p>The Manager shall be entitled to be paid a deposit fee at a rate of 10% per annum of any deposit paid by the Manager in relation to the acquisition of a new property for the Industrial Portfolio as consideration for the Manager paying the deposit on the property on behalf of Oyster Industrial. On the settlement date of the relevant property acquisition, Oyster Industrial will pay the Manager the deposit fee and will also reimburse the Manager for the deposit funds paid.</p>
Governmental levies	<p>In the case of any governmental levies or fees payable by the Manager as a result of it establishing or managing Oyster Industrial (and other similar companies or schemes), the Manager shall be entitled to be paid a proportionate share of those levies or fees, shared with any other companies or schemes managed by the Manager (if applicable).</p>
Termination fee	<p>If the Management Agreement is terminated by Oyster Industrial without cause, the Manager shall be paid a termination fee of 30% of the aggregate of all fees paid to the Manager by Oyster Industrial in the preceding 5 years before termination.</p>

Establishment and offer fees	<p>The Manager shall be entitled to be paid for establishing Oyster Industrial and for any future offer for Shares, the following fees:</p> <p>Accountancy – internal A fee of \$10,000 reflecting the time spent by the Manager's internal accountancy team on an offer.</p> <p>Legal setup costs – internal A fee of \$15,000 reflecting the time spent by the Manager's internal legal team on an offer.</p> <p>Brokerage Fee payable to the Manager for arranging the sale of the Shares under an offer, calculated at 2% of the total equity to be raised under the offer.</p> <p>Underwrite fee If the Manager, or a related party, underwrites an offer the Manager is entitled to a fee of up to 3% of the equity underwritten.</p>
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You can find a copy of the Management Agreement on the Offer Register at <https://disclose-register.companiesoffice.govt.nz>.



12 HARBOUR RIDGE DRIVE

2.9 SUBSTANTIAL SHAREHOLDINGS AND RELEVANT INTERESTS
HELD BY DIRECTORS AND SENIOR MANAGERS

Substantial shareholdings as at 1 December 2020

The table below lists the persons with a relevant interest in 5% or more of the Shares (which is the only class of shares on issue) as at 1 December 2020.

Name	Legal ownership or other nature of the relevant interest	Number of Shares	Percentage of the total relevant securities of each class that the person has a relevant interest
Oyster DPF Trustees Limited	Registered holder	3,500,000	19.55%

Expected substantial shareholdings upon completion of the Offer

The table below lists the persons who are likely to have a relevant interest in 5% or more of the Shares (which will be the only class of shares on issue) immediately after completion of the Offer.

Name	Legal ownership or other nature of the relevant interest	Number of Shares	Percentage of the total relevant securities of each class that the person has a relevant interest
Oyster DPF Trustees Limited	Registered holder	15,300,000	19.93%

Expected shareholdings held by directors and senior managers

The table below lists the directors of Oyster Industrial who are likely to have a relevant interest in the Shares of Oyster Industrial immediately following completion of the Offer. None of the directors of Oyster Industrial currently hold a relevant interest in the Shares.

Name	Legal ownership or other nature of the relevant interest	Number of Shares	Percentage of the total relevant securities of each class that the person has a relevant interest
Mark Schiele	Trustee and beneficiary of a trust that holds the Shares	100,000	0.17%



2.10 INTERESTS OF DIRECTORS AND SENIOR MANAGERS

The directors of Oyster Industrial do not currently receive any remuneration from Oyster Industrial. In accordance with the Constitution, the Board may authorise the payment of any directors’ remuneration in the future if the Board considers that it is fair and reasonable to Oyster Industrial.

Oyster Industrial has no employees as it is fully managed by the Manager.

The particulars of any direct or indirect material interests in Oyster Industrial, or any of its subsidiaries, or in any agreement entered into on behalf of or in respect of Oyster Industrial, that any director, proposed director, senior manager or proposed senior manager of Oyster Industrial or any person associated with them has and that are material to either the person who has the interest and/or Oyster Industrial are as follows:

- **Management Agreement:** the directors of Oyster Industrial are also directors of the Manager who will manage Oyster Industrial under the Management Agreement described in section 2.7. Under the Management Agreement, the Manager will receive

various management, performance, leasing, sale, acquisition, and underwriting fees – further details are set out in section 2.7.

- **Underwriting agreement:** Oyster Industrial has entered into the Joint Underwrite for \$17,100,000 each and Oyster Underwrite for \$3,500,000 with the Manager. In consideration for the Underwrites, the Manager will receive an underwrite fee of \$618,000 (calculated as 3% of \$20,600,000). If the Manager is required to subscribe for Shares or RPS then a fee of 1% of the drawdown amount in respect of that property is payable on settlement of that property. Further details are set out in section 2.6.
- Directors may hold minor interests in the Westney POS (vendor of 71 Westney Road) and the Oyster Direct Property Fund (a shareholder of Oyster Industrial).
- The directors of OIPL, being Joanna Perry and Mark Schiele, are also directors of the Manager, being one of the underwriters, and as a result they are interested in any issue of RPS by OIPL to the Manager. That interest has been disclosed on the interests registers of the Manager and OIPL.

3. PURPOSE OF THE OFFER

The purpose of this Offer of Shares in Oyster Industrial is to provide Oyster Industrial with equity which, together with the Bank Loans, is sufficient to fund Oyster Industrial’s plan to acquire the Additional Properties.

Intended use of funds

The money raised from the subscription for Shares (including the Underwrites), together with the Bank Loans, will be allocated as follows:

	\$
Purchase Price for Additional Properties	107,000,000
Offer and acquisition costs	5,742,946
Working capital	1,372,554
Total	114,115,500

Funded by:

Subscriptions from Investors or Underwrite	60,615,500
Term Loan	53,500,000
Total	114,115,500

Given the purpose of this Offer is to purchase the Additional Properties, the use of the money raised under the Offer (together with the Bank Loans) will not change depending on the total amount of money that is raised or how many of the Additional Properties are purchased.

The purchase of 75 Wainui Road and 14-16 Makaro Street are fully underwritten, there is no minimum amount of equity that needs to be raised for these two purchases. The purchase of 71 Westney Road will only proceed if the Offer is fully subscribed. The minimum amount that needs to be raised to purchase 71 Westney Road is \$60,615,500 (58,850,000 Shares).



Offer and acquisition costs

The offer and acquisition costs are:

Offer and acquisition costs	\$
Offer and acquisition costs payable to the Manager	
Acquisition fee	1,872,500
Underwrite fee	824,000
Brokerage fee	1,212,310
Deposit fee	54,167
Legal setup costs	15,000
Accountancy	10,000
Total offer and acquisition costs payable to the Manager of the Company	3,987,977
Offer and acquisition cost payable to others:	
Underwrite fee	684,000
Legal setup costs– external	332,768
Marketing	350,000
Property due diligence reporting	42,375
Seismic due diligence	123,750
Investigating accountant	55,000
Audit fee	7,500
Directors & officers and professional indemnity insurance	60,000
Bank legal	37,400
Bank fee	5,000
Plant & machinery valuation	12,450
Asset valuation	36,410
PDS registration cost	5,690
Insurance valuation	2,625
Total offer and acquisition costs payable to others	1,754,969
Total offer and acquisition costs	5,742,946

The above fees are exclusive of GST and disbursements.

Where any of the above costs have previously been paid by the Manager, it will be reimbursed for those costs by Oyster Industrial.



4. KEY DATES AND OFFER PROCESS

Offer opening date	11 January 2021
Issue of Shares	<p>Shares will be issued at various stages during the period the Offer is open. The maximum number of Shares to be issued and anticipated issue dates are listed below.</p> <p>All applications for Shares, including those from Westney POS investors above their preferential right, will be issued on a first come first served basis.</p> <p>Share applied for in excess of those required for each of tranches 1 to 3 below, or applications received after the relevant date, will be issued on the next issue date.</p> <p>The purchase of 71 Westney Road is conditional on this Offer being fully subscribed. If the purchase does not proceed any excess subscription monies not required for the purchase of 75 Wainui Road and 14-16 Makaro Street will be returned to Investors.</p>
1. On Settlement of 75 Wainui Road	Anticipated Settlement Date: 29 January 2021 (see page 16 for details) Shares: up to 16,800,000 (\$17,304,000)
2. On Settlement of 14-16 Makaro Street	Anticipated Settlement Date: 31 March 2021 (see page 18 for details) Shares: up to 19,850,000 (\$20,445,500)
3. On redemption of Redeemable Preference Shares	If Redeemable Preference Shares have been issued to the Underwriters for the settlement of 75 Wainui Road or 14-16 Makaro Street, any subscription monies from further issues of Shares will be applied to the redemption of the Redeemable Preference Shares, until these are all redeemed. See page 26 for further details on the Redeemable Preference Shares.
4. Issue of Shares for settlement of 71 Westney Road	Anticipated Settlement Date: 31 March 2021 (see page 20 for details) Shares: 22,200,000 (\$22,866,000) Existing investors in the Westney POS (the vendor of 71 Westney Road) have a preferential right to apply for Shares in the period up to 29 January 2021. See page 46 for details.
Offer Closing Date	30 June 2021 (unless the Offer is fully subscribed earlier)

The timetable is indicative only and the dates may change. In particular, Oyster Industrial reserves the right to close the Offer at any time prior to that date or extend the Offer by up to 25 business days without prior notice. Oyster Industrial also reserves the absolute right in its sole discretion to accept or reject any application in whole or in part without assigning any reason.

WESTNEY POS INVESTORS

Existing investors in the Westney POS (the vendor of 71 Westney Road) have a preferential right to apply for Shares in the period up to 29 January 2021. The preferential right applies to 2 Shares for each 1 interest held in the Westney POS. Those investors will also receive a 2% brokerage fee rebate on these Shares which will be paid to them by the Manager following allotment. These investors will need to complete the relevant sections of the Application Form if they wish to take advantage of the preferential right. The Shares subscribed for will be issued on the settlement of 71 Westney Road. If this property is not purchased then these applications will not proceed and subscription monies will be returned to Investors.



APPLICATIONS FOR SHARES

All applications for Shares, except for Westney POS investors up to their preferential right, will be allotted on a first come first served basis. No rebate is payable on these Shares.

All Shares will be offered at the same price and confer equal rights on the Investor in all respects including in respect of entitlements to income and capital belonging to the Scheme and to voting at meetings of Investors.

Investors’ subscription monies will be held in a trust account established by Thompson Blackie Biddles and will accrue interest at bank call rates from subscription to the date on which Shares are issued, which will then be paid to Investors. Subscription monies received up to, and including, five working days prior to the Settlement Date of each of the Additional Properties will not earn interest.

5. TERMS OF THE OFFER

What is the Offer?	<p>This is an offer of ordinary Shares in Oyster Industrial.</p> <p>The Shares will rank equally in all respects with other Shares in Oyster Industrial. Each Share confers an equal right to share in dividends and other distributions authorised by the Board, and to cast a vote at meetings of Investors, in accordance with the Constitution.</p> <p>No person guarantees the Shares offered under this Offer, nor warrants or guarantees the future performance of Oyster Industrial, the Shares or any return on investment pursuant to this Offer.</p>
Key dates	See section 4: (Key dates and offer process) for information about the key dates of the Offer.
Price	\$1.03 per Share
Minimum number of Shares that may be applied for and minimum investment amount ¹	Shares are available in multiples of 50,000 Shares, with a \$51,500 minimum investment in regards to this Offer.
Maximum number of Shares that may be held by any Investor and maximum investment amount ²	No Investor (including associated interests), other than a qualifying investor (such as another PIE) may hold more than 19.99% of the proposed post-issue total number of shares (being 15,342,325 Shares), to ensure Oyster Industrial maintains its PIE status.
Minimum and maximum amount of equity to be raised	<p>The purchase of 75 Wainui Road and 14-16 Makaro Street are fully underwritten, there is no minimum amount of equity that needs to be raised for these two purchases.</p> <p>The purchase of 71 Westney Road will only proceed if the Offer is fully subscribed. The minimum amount that needs to be raised to purchase 71 Westney Road is \$60,615,500 (58,850,000 Shares).</p> <p>The maximum amount to be raised is \$60,615,500 (58,850,000 Shares).</p>
Returns	<p>Forecast pre-tax cash returns of:</p> <ul style="list-style-type: none">■ 5.25 cents per share per annum for FY21■ 5.25 cents per share per annum for FY22 <p>These returns are not guaranteed. The actual dividends paid may vary.</p>
Dividend payments	Monthly, by the 10th of each month. See page 49 for details.
How to apply	See Section 11: (How To Apply) for more information on how to apply for Shares in Oyster Industrial.

The Constitution sets out the terms of the Shares and the rights of Investors. You can find a copy of the Constitution on the Offer Register at <https://disclose-register.companiesoffice.govt.nz>.

In the event Shares are issued to the Manager or Wyborn as underwriters, those Shares will be sold to subscribers for shares in this Offer.

¹ Oyster Industrial reserves the right to amend the above minimum and maximum subscription amounts.

6. KEY FEATURES OF ORDINARY SHARES IN OYSTER INDUSTRIAL

6.1 KEY FEATURES OF THE EQUITY SECURITIES

Oyster Industrial is a limited liability company, incorporated in New Zealand under the Companies Act 1993 and subject to the laws of New Zealand.

Investors receive ordinary shares in Oyster Industrial. The key features of Shares in Oyster Industrial do not differ from those that apply to ordinary shares in a company generally. Each Share is entitled to one vote on any vote of the Shares in Oyster Industrial, a proportionate right to receive any dividends paid by Oyster Industrial and a proportionate right to share in any surplus funds upon the liquidation of Oyster Industrial, each relative to the total number of Shares in Oyster Industrial at the relevant time.

Investors do not have pre-emptive rights on any new shares to be issued by Oyster Industrial. The Board of Oyster Industrial has the right to issue further shares, on such terms and conditions, to any person, at any time, and in any number it thinks fit.



Any sale of Shares must occur in accordance with the Constitution. Oyster Industrial's Board may refuse to register or delay registration of any transfer of Shares in any of the following circumstances:

- Oyster Industrial has a lien on the Share;
- the Share is not fully paid up;
- if required to do so by law;
- where Oyster Industrial or the Manager is unable to conduct satisfactory due diligence on the proposed transferee in order to comply with its obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
- the instrument of transfer is not accompanied by such other evidence as the Board reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Share;
- the Board has notice of any agreement by the Investor to transfer only to some specified person or subject to some specified condition;
- the proposed transfer would result in an Investor holding less than the minimum shareholding set by the Board from time to time (currently 50,000 Shares); and
- the Board, in its absolute discretion, believes that registration of the transfer would not be in the best interests of Oyster Industrial, including if it decides this is necessary to obtain and/or maintain Oyster Industrial's taxation status as a portfolio investment entity under the Income Tax Act 2007.

The Manager offers a secondary market facility under which it facilitates the transfer of Shares between Investors. The fee for using this facility is 2% of the sale price plus GST. There is no guarantee that there will be a willing buyer for your Shares. You will be responsible for all costs in connection with the transfer.



The appointment of directors must occur in accordance with the Constitution, as follows:

- the number of directors shall not at any time be more than seven nor less than two;
- a person may be appointed as a director at any time by ordinary resolution of the Investors or by written notice to Oyster Industrial signed by the holders of a majority of the Shares; and
- the Board may at any time, appoint a person to be a director to fill a vacancy on the Board. At the next annual meeting of Oyster Industrial such director must resign and may put themselves up for re-election by the Investors.

The rights of Investors are set out in the Constitution, a copy of which is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> and the Companies Act 1993.

6.2 OYSTER INDUSTRIAL'S DIVIDEND POLICY

Dividends are paid at the discretion of Oyster Industrial from the Adjusted Operating Profit. Oyster Industrial has forecast that dividend payments will be made at a rate of 5.25 cents per Share (before tax and depreciation) for FY21 and FY22. This is consistent with Oyster Industrial's dividend policy to pay out up to 100% of Adjusted Operating Profit. Depreciation will be claimed for tax purposes on the fixtures and fittings and building structure of the properties. The impact of factoring in this depreciation will reduce the amount of tax payable.

The current distribution rate of 5.25 cents per Share is expected to be maintained if not all of the Additional Properties are purchased.

Adjusted Operating Profit is a non-GAAP financial measure adopted to assist Oyster Industrial in assessing the operating profit available for paying any dividends. Adjusted Operating Profit represents net profit before tax, excluding revaluations, performance fees, non-cash or non-recurring transactions and initial borrowing costs which were paid on establishment and may also include any surplus working capital. The working capital balance will be partly utilised in supporting the distribution rate in FY21. Further information is provided in the prospective financial information on the Offer Register.

Oyster Industrial's current policy is to pay monthly dividends funded from operating cash flows and working capital. Dividends are paid by the 10th of the month directly to an Investor's nominated bank account. Dividends are not paid by cheque.

Any dividend is at the discretion of the Board and is subject to meeting the solvency test requirements of the Companies Act 1993 and the Board determining that it is in the best interests of Oyster Industrial that a dividend be paid. The payment of any dividend is therefore not guaranteed. Oyster Industrial's dividend policy may change from time to time. As a result of the above, the actual gross dividend yield for a period may vary from the prospective financial information set out in section 7.

Oyster Industrial does not propose to offer a dividend reinvestment programme.

Additional information on forecast dividends on the Shares is set out in section 7.

7. OYSTER INDUSTRIAL'S PROSPECTIVE FINANCIAL INFORMATION

In this section you will find the following information:

- A summary of historical financial information for the 5 months and 11 days to 31 March 2020.
- A summary of the prospective financial information for the year ending 31 March 2021 and 31 March 2022.

The prospective financial information for the 12 months ending 31 March 2021 incorporates actual results for the 6 months ended 30 September 2020.

The tables in this section provide selected prospective financial information about Oyster Industrial and its subsidiaries. The full interim financial statements and the full prospective financial information are available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz/disclose>. If you do not understand this sort of prospective financial information, you can seek professional advice.

The prospective financial information has been subject

to a limited assurance engagement by Ernst & Young Strategy and Transactions Limited, a copy of the Independent Limited Assurance Report is also included in the Offer Register.

The summarised prospective financial information included in the tables in this section has been prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS 42) and Generally Accepted Accounting Practice in New Zealand as it relates to prospective financial statements. The prospective financial information contained in this PDS is based on the directors' assessment of events and conditions existing at the date of this PDS and the accounting policies and assumptions set out in the prospective financial information on the Offer Register. You should read the prospective financial information in light of the assumptions, and in conjunction with the other information in this PDS (including, in particular, the information in section 8 (Risks to Oyster Industrial's Business and Plans)).

Selected Prospective Financial Information

The summary information presented in the table below is derived from the more detailed information in the Audited 31 March 2020 Financial Statements, and the full prospective financial information, copies of which are on the Offer Register.

	Actual 5 months and 11 days ended 31 March 2020	Forecast 12 Months ending 31 March 2021	Forecast 12 months ending 31 March 2022
Total revenue	868,482	2,360,443	9,506,554
Expenditure	(192,798)	(642,945)	(2,413,216)
Net profit before financing costs	675,684	1,717,498	7,093,336
Net profit before and after tax	129,562	930,675	5,079,449
Adjusted operating profit ¹	419,673	1,100,013	4,029,375
Dividends on all equity securities of the issuer	(419,673)	(1,100,013)	(4,029,375)
Net cash flows from operating activities	544,201	1,145,510	4,677,641

	As at 31 March 2020	As at 31 March 2021	As at 31 March 2022
Total assets	31,952,194	141,362,381	142,960,074
Cash and cash equivalents	599,130	2,012,381	2,193,414
Total liabilities	15,767,130	69,055,677	69,603,297
Total debt	15,530,000	69,030,000	69,030,000
Net Tangible Assets²	16,185,064	72,306,703	73,356,777
Gearing ratio³	49%	49%	48%
Interest Cover⁴	2.85	3.07	3.96

	Actual 5 months and 11 days ended 31 March 2020	Forecast 12 Months ending 31 March 2021	Forecast 12 months ending 31 March 2022
Reconciliation of total comprehensive income to adjusted operating profit			
Prospective total comprehensive income	129,562	930,675	5,079,449
Adjust for:			
Initial finance costs amortised	17,284	47,277	221,537
Accrual for fixed rental growth	(71,101)	(166,627)	(771,490)
Unrealised Movement in the Fair Value of Investment Property	313,004	180,644	-
Working Capital utilised/(retained)	30,924	108,043	(500,120)
Adjusted Operating Profit	419,673	1,100,013	4,029,375

¹ Adjusted Operating Profit represents net profit before tax, excluding revaluations, non-cash or non-recurring transactions and initial borrowing costs which were paid on establishment and may include surplus working capital. This is a non-GAAP measure.

² Net Tangible Assets represents the total assets of Oyster Industrial excluding intangible assets less total liabilities.

³ The "Gearing Ratio" tells you how much Oyster Industrial owes (debt) as a portion of what it owns (total assets).

⁴ The "Interest Cover Ratio" tells you how much Oyster Industrial's net income exceeds interest on its loans (as a multiple).

Oyster Industrial is an unlisted PIE and tax is withheld from Investor distributions and not payable directly by the company.

Adjusted Operating Profit is a non-GAAP financial measure adopted by Oyster Industrial in assessing the adjusted operating profit available for distribution. Adjusted Operating Profit represents net profit before tax, excluding revaluations, performance fees, non-cash or non-recurring transactions and may include surplus working capital. Non-recurring items include (but are not limited to) due diligence costs for acquisition that don't proceed and marketing costs in relation to raising investor capital. The additional working capital balance will be established from funds raised following the offer and be partly utilised in supporting the capital expenditure in the PFI period.

A reconciliation of Non-GAAP financial information including a reconciliation of the Adjusted Operating Profit is included in the prospective financial information a copy of which is available on the Offer Register.

Net Tangible Assets represents the total assets of the company excluding intangible assets (for which the company is assumed to not carry any) less total liabilities.

The gearing ratio and interest cover ratios are also Non-GAAP information. The "Gearing Ratio" tells you how much Oyster Industrial owes (debt) as a portion of what it owns (total assets). The "Interest Cover Ratio" tells you how much Oyster Industrial's net income exceeds interest on its loans (as a multiple).

The Manager considers that the summarised prospective financial information presented in the table above is likely to be useful to prospective investors in assessing the merits of the offer.

Principal assumptions

The prospective financial information presented in the selected prospective financial information tables has been based on the key assumptions described below. These assumptions are described in more detail in the prospective financial information and further information on these assumptions may be found at <https://disclose-register.companiesoffice.govt.nz/disclose> by searching "Oyster Industrial Limited" under "search offers".

The key assumptions on which the prospective financial information has been based are set out below.

Settlement of the Additional Properties

Pursuant to the sale and purchase agreement for the Additional Properties to be acquired, settlement is to occur on 29 January 2021 for 75 Wainui Road and 31 March 2021 for 71 Westney Road and 14-16 Makaro Street. For the purposes of the prospective financial information, rental income has been recognised from the day after settlement.

It is assumed that \$60,615,500 of equity is raised in the offer and \$53,500,000 of debt is drawn to facilitate settlement and pay the offer and acquisition costs.

Investment, offer and acquisition costs:	\$
Investment, offer and acquisition costs:	
Investment property	107,000,000
Capitalised offer and acquisition costs	1,044,007
Costs of raising equity	4,333,694
Borrowing costs	365,245
Working capital	1,372,554
Total investment, offer and acquisition costs	114,115,500
Funded by:	
Debt	53,500,000
Equity	60,615,500
Total	114,115,500

Offer and acquisition costs

Total offer and acquisition costs are assumed to be \$5,742,946. This includes acquisition, underwriting, brokerage, due diligence, legal and valuation fees as well as financing and marketing costs. The bulk of these costs are deemed to be issue costs, with the exception of \$365,245 in borrowing costs and \$1,044,007 associated with the acquisition of the Additional Properties.

Return on investment

A gross return of 5.25 cents per share per annum (before depreciation and taxation) is assumed to be paid to Investors. The gross distribution is supported by the forecast operating earnings and represents a pay-out ratio of 100% of Adjusted Operating Profit.

Investment Properties

For the purposes of the prospective financial information the assumption has been made that the valuation as at 31 March 2021 will be \$139,350,000. On 30 September 2020 the existing properties were revalued based on independent valuations commissioned. Therefore no further revaluations are assumed. Any capital expenditure incurred up to 31 March 2022 is also assumed as an increase in carrying value.

On 29 January 2021 it is assumed that \$29,400,000, and on 31 March 2021 \$77,600,000, of additional investment property is acquired. At March 2021 the carrying value of the additional properties is assumed to represent the independent valuations commissioned at the time of acquisition.

The COVID-19 pandemic and associated restrictions have had a significant impact on the global and local economies. The valuers, Jones Lang Lasalle, note that valuations were based on opinion of 'Market Value', incorporating an assumption of a willing buyer and seller, and with regards to the current market outlook. Given the circumstances of COVID-19, they had regard to a range of inputs and market evidence in coming to their respective opinions of Market Value adopted for the final valuation included in the prospective financial statements. The valuers have highlighted in their valuation reports that due to the outbreak of COVID-19, there continues to be heightened uncertainty and unknown impact that COVID-19 may have on the real estate market in New Zealand.

For the year ending 31 March 2022 it is assumed there are no further revaluations aside from adjusting the value of the fixed rental income accrual. Capital expenditure incurred is reflected as an increase in the carrying value for the year ending to 31 March 2022.

Rental income

The rental income in the prospective financial information is based on the proposed rental level from the lease that has been entered into as at the date of the prospective financial information. The prospective financial information factor in the fixed rental increases as per the tenancy agreements.

Rental income was received from 1 April 2020 with respect to the Existing Properties. Rental income is assumed to commence on settlement in respect to the Additional Properties and the prospective financial information reflects all fixed rent reviews within the years ending 31 March 2021 and 31 March 2022.

For the forecast prospective periods it is assumed that there is no vacancy and no tenant default. It is also assumed that there are no delays in receipt of debtors.

The tenants are responsible for most operating costs including rates, insurance premiums, utilities and certain maintenance obligations when in occupation and in respect to net leases.

Management fees

The annual property management fee (payable to the Manager for property and facilities management services) is calculated as 2% of Gross Rental. The property management fee related to 12 Harbour Ridge Drive is not recoverable from the tenant and therefore will be a cost of Oyster Industrial.

The property management fee related to 71 Westney Road is recovered from the tenant for any cost up to \$20,000. Therefore any property management fees over \$20,000 will be a cost of Oyster Industrial.

Administration costs

Compliance costs are based on quotes received.

Audit fees and valuation fees are based on quotes received.

The annual fund management fee is calculated as a percentage of the aggregate capital value of the Industrial Portfolio (as set out below).

Financial year commencing	Fee
1 April 2019	0.25%
1 April 2020	0.30%
1 April 2021	0.35%
1 April 2022	0.40%
1 April 2023 and beyond	0.45%

Borrowings

Total bank borrowings for Oyster Industrial will be \$69,030,000. The borrowings for the existing properties is \$15,530,000. The term loan for the existing properties is interest only and has an initial term of 3 years from drawdown October 2019.

The borrowings for the Additional Properties will be \$53,500,000. The Term Loans will be interest only and will have an initial 2 year term from drawdown.

Interest expense

The interest expense on drawn debt is assumed to average 2.6% for the years ending 31 March 2021 and 31 March 2022.

Taxation

Oyster Industrial is a multi-rate Portfolio Investment Entity (PIE). Oyster Industrial attributes income and tax credits to its Investors based on their shareholding and pay tax based on their advised prescribed investor rates (PIRs).

Actual results

Actual results may differ from the prospective financial information. The resulting variance may be material.

Oyster Industrial and the Manager give no guarantee or assurance that the prospective financial information presented will be achieved.



8. RISKS TO OYSTER INDUSTRIAL’S BUSINESS AND PLANS

This section sets out a description of the circumstances that Oyster Industrial is aware of that exist or are likely to arise that significantly increase the risk to Oyster Industrial’s financial position, financial performance and plans. The table below sets out particulars of why each circumstance is of particular significance and an assessment of the likelihood of any impact arising, the nature of that impact, and the potential magnitude of that impact along with strategies to mitigate the impact.

The circumstances have been identified by Oyster Industrial on the basis of information known to it as at the date of this PDS and on an assessment of the probability of a circumstance occurring and the anticipated impact of that circumstance if it did occur. These circumstances may not encompass all of the circumstances that may present a risk to returns of Investors now or in the future, and there is no guarantee that the importance of each circumstance will not change.

These circumstances, were they to occur and if they were not appropriately managed by Oyster Industrial, could have a material adverse effect on Oyster Industrial’s financial position or future financial performance through a decrease in revenue or an increase in costs. Oyster Industrial has taken, and will, in the future, take, steps to mitigate the effects of these circumstances. However, some circumstances may not be fully capable of mitigation.

Potential Investors should carefully consider these risks (together with other information in this PDS) before deciding whether to invest in Oyster Industrial.

The description of the circumstances in this section does not take into account the personal circumstances, financial position or investment requirements of any person. It is therefore important that, before deciding to invest in Oyster Industrial, you consider the suitability of an investment in Oyster Industrial in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

Description of risk	Oyster Industrial’s assessment of nature and magnitude	Mitigating factors
Bank funding	Term Loan: Oyster Industrial is borrowing from Westpac to partly fund the purchase of the Properties. If Westpac is unwilling to extend or refinance the bank facilities on their expiry then another bank will need to refinance the loan. The terms of the refinancing may be unfavourable to Oyster Industrial or finance may be difficult to obtain.	Oyster Industrial, based on the Board’s experience, considers the potential impact of changes to Oyster Industrial’s funding arrangements will be able to be adequately minimised through active management of Oyster Industrial’s finances and banking arrangements.
<i>Oyster Industrial’s assessment of likelihood of circumstances arising</i>	Unlikely – <i>Oyster Industrial has not had any issues with obtaining bank funding to date and is not aware of any reason that the Term Loans will not be extended at the end of their current terms.</i>	
<i>Oyster Industrial’s assessment of the impact, were the circumstance to arise</i>	Moderate – <i>Oyster Industrial could be forced to sell some of its Properties which will impact its income and the diversification of the Industrial Portfolio.</i>	

Description of risk	Oyster Industrial's assessment of nature and magnitude	Mitigating factors
Tenant and property concentration	<p>Until further property acquisitions are made Investors are exposed to the risks and returns of three to five Properties each with a single tenant.</p> <p>A property may be vacant for a period of time until a new tenant is found if the tenant defaults on its lease, or does not renew its lease on the expiry of the current term, if one of the Properties suffers damage, or is no longer sought after. During the period of vacancy Oyster Industrial will have reduced income to pay its expenses or pay dividends to Investors.</p>	<p>The tenants each make up a portion of the rental which diversifies the impact of an issue with any one of the tenants.</p> <p>Oyster Industrial will enter into renewal negotiations with the tenants of the Properties sufficiently prior to the lease expiry dates in order to obtain advance warning should the tenants not wish to renew their respective leases.</p> <p>Oyster Industrial has insurance cover for material damage to the Properties and insurance for loss of rents with cover for at least 24 months.</p> <p>An alternate tenant or tenants should be able to be found for any of the Properties within a reasonable time.</p>
<i>Oyster Industrial's assessment of likelihood of circumstances arising</i>	<p>Tenant default: Unlikely – Oyster Industrial is not aware that any of the tenants is in financial difficulty.</p> <p>Tenants not renewing their leases: Unlikely – there are no indications that any tenant will not be renewing their lease on expiry of the current term.</p> <p>Properties suffering damage or no longer being desirable: Unlikely.</p>	
<i>Oyster Industrial's assessment of the impact, were the circumstance to arise</i>	<p>Major to Severe (depending on the Property) – loss of all income from one of the Properties for a period. – potential breach of Term Loan covenants and the ability to meet the ongoing obligations under the bank loans. – potential impact on the value of the property.</p>	



Description of risk	Oyster Industrial's assessment of nature and magnitude	Mitigating factors
Interest rates	<p>Oyster Industrial's primary expense is the interest payable under the Bank Loans.</p> <p>At the time each of the Bank Loans expire and refinancing is required, an increase in interest rates could affect Oyster Industrial's ability to maintain a 5.25 cents per Share per annum distribution rate.</p> <p>The impact on the rates of return of any increase in interest rates would be dependent on the extent of the movement in the rates.</p>	<p>Oyster Industrial has entered into a fixed interest rate for 22% of the total being borrowed, which expires on 20 October 2022. This reduces Oyster Industrial's exposure to any future changes in interest rates.</p> <p>The leases of the Properties have fixed rental increases. The fixed rental increases will assist in mitigating the impact of any interest rate increases.</p>
<i>Oyster Industrial's assessment of likelihood of circumstances arising</i>	<p>Unable to be accurately predicted, however unlikely to occur in the next 12 months.</p>	
<i>Oyster Industrial's assessment of the impact, were the circumstance to arise</i>	<p>Unknown – An increase in interest rates will increase expenses and reduce Oyster Industrial's profit that is available for distribution to Investors. The extent of the impact will depend on extent of interest rate movement.</p>	





12 HARBOUR RIDGE DRIVE



101 MCLAUGHLINS ROAD

9. TAX

Tax can have significant consequences for investments and can affect your returns from this investment. If you have any queries relating to tax consequences of the investment you should seek independent tax advice from a professional advisor.

Oyster Industrial is as a multi-rate portfolio investment entity (PIE). As a multi-rate PIE the amount of tax Oyster Industrial pays on your behalf is based on your prescribed investor rate (PIR). To determine your PIR, go to the Inland Revenue Department's Internet site <https://www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates>. 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 Industrial both your Inland Revenue Number (IRD Number) and correct PIR when you invest or if your PIR changes. Oyster Industrial cannot process your application without an IRD number (or if you do not have an IRD number, a foreign tax identification number) or valid PIR declaration. 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 advised PIR is higher than the correct PIR, you will not get a refund of any overpaid tax.

Prescribed Investor Rate (PIR)

Your advised PIR is the tax rate that Oyster Industrial will use to calculate the PIE tax payable on the income Oyster Industrial allocates to you. For natural persons, your PIR is based on your net taxable income in one of the two previous tax years, if you are a NZ tax resident.

If you are investing jointly, with another investor, you will need to provide each joint investor's IRD number and PIR to Oyster Industrial. There are also special PIR rules for new and transitional tax residents.

There are four PIRs available to New Zealand resident investors, being 28%, 17.5%, 10.5% or 0%. By way of brief summary, the following PIRs are available for different entities:

- Companies – 0%
- Trusts and individuals – 28%, 17.5%, 10.5% or 0%
- Charities and PIEs – 0%
- Non-New Zealand residents – 28% (subject to certain exceptions)

Distributions

As Oyster Industrial is a PIE, distributions from Oyster Industrial (including any share repurchases) would not separately be subject to tax. Further, there should be no withholding tax on distributions to non-resident investors.

If Oyster Industrial is not a PIE then any distribution will be a taxable dividend. For New Zealand resident investors, any imputation credits attached can be used to reduce or offset the Investor's tax liability on distributions if Oyster Industrial is not a PIE. For non-resident investors, distributions would be subject to the non-resident withholding tax regime (including the supplementary dividend and foreign investor tax credit and any applicable Double Tax Agreement rates), if Oyster Industrial is not a PIE.

Deduction of PIE tax

Oyster Industrial will calculate and pay tax to the Inland Revenue based on Investors' advised PIRs. Secondary market share sales are restricted to the end of each month to enable PIE income to be attributed to, and PIE tax to be calculated, based on a Investor's shareholding for the entire month. Any PIE tax calculated will generally be deducted from Investors' distributions, to discharge the Investor's tax liability.

Investors will be advised of their allocation of PIE taxable income and PIE tax paid on their behalf each year by Oyster Industrial.

Maintaining PIE Status

To ensure that Oyster Industrial maintains its PIE status, Oyster Industrial must, among other things:

- have a minimum of 20 Investors (this minimum requirement does not apply if an Investor is a PIE or is a certain other qualifying investor type);
- ensure that no Investor owns over 19.99% of Oyster Industrial (unless an Investor is a PIE or is a certain other qualifying investor type);
- not hold voting interests in a company of more than 19.99% (unless that company is a PIE or land investment company, or other qualifying investment type, and subject to certain exceptions);
- ensure that 90% of the income is derived from a lease of land (i.e. rental income from unrelated tenants), interest, dividends and / or the proceeds from the disposal of property; and
- ensure that 90% of the asset value is held in either land (i.e. industrial property assets), financial arrangements or rights or options to acquire property.



10. WHERE YOU CAN FIND MORE INFORMATION

10.1 OFFER REGISTER

The following further information relating to Oyster Industrial and the Shares is available on the Offer Register:

- the Constitution;
- the Management Agreement;
- full prospective financial statements:
- Financial Statements for the six months ended 30 September 2020;
- Financial statements for the period ended 31 March 2020
- independent valuation reports for the Properties;
- lease documentation for the tenants;
- the sale and purchase agreements for the Properties;
- the Other Material Information;
- LIM reports for the Properties;

- seismic assessment of the Properties; and
- the Underwrite Agreements.

The Offer Register can be accessed at <https://disclose-register.companiesoffice.govt.nz> and this Offer can be found by clicking on "search offers" and searching "Oyster Industrial Limited".

A copy of the information on the Offer Register is available on request to the Registrar of Financial Service Providers (email registrar@fspr.govt.nz).

The above information is also available on request free of charge from the Manager (at the address and business telephone number set out in the Contact Information).

10.2 COMPANIES OFFICE

Further information relating to Oyster Industrial is also available on the public register at the Companies Office. This can be accessed on the Companies Office website at <https://companies-register.companiesoffice.govt.nz/>.



11. 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 Industrial 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.

3. Send the form in

Applications once made cannot be revoked or withdrawn.

Application forms must be mailed or delivered to:

Oyster Management Limited

Level 18, 55 Shortland Street,
PO Box 8302
Symonds Street, Auckland 1150

Existing investors may email application forms to investor@oystergroup.co.nz. Cheques must be made out in favour of Thompson Blackie Biddles Limited Trust Account and crossed 'Non-Transferable'.

Online banking can be made to the subscription account **12-3109-0110792-02**.



12. CONTACT INFORMATION

Registered Office of Oyster Industrial Limited

Level 18, 55 Shortland Street
PO Box 8302
Symonds Street
Auckland 1150
Ph. (09) 632 1287

Manager

Oyster Management Limited
Level 18, 55 Shortland Street
PO Box 8302
Symonds Street
Auckland 1150
Ph. (09) 632 1287

Solicitors

Russell McVeagh
Level 30, Vero Centre
48 Shortland Street
PO Box 8
Auckland 1140
New Zealand
Ph. (09) 367 8000

Investigating Accountant

Ernst & Young Strategy and Transactions Limited
2 Takutai Square, Britomart
PO Box 2146
Auckland 1140
Ph: (09) 377 4790



GLOSSARY

Term	Definition
\$	means New Zealand dollars.
Additional Properties	means the properties to be acquired by Oyster Industrial, which are 75 Wainui Road, Lower Hutt, Wellington, 14-16 Makaro Street, Porirua, Wellington and 71 Westney Road, Mangere, Auckland.
Adjusted Operating Profit	means net profit before tax for the year excluding revaluations, non-cash or non-recurring transactions, performance fees and initial borrowing costs which were paid on establishment and may also include any surplus working capital. Non-recurring items include (but are not limited to) due diligence costs for acquisitions that don't proceed and marketing costs in relation to raising investor capital. This is a non-GAAP measure.
Bank Loans	means the Term Loans, see page 25 for details.
Board	means the board of directors of Oyster Industrial.
Capital Value	means the capital value of each Property which is the capital value as determined by an independent registered valuer.
Constitution	means the constitution of Oyster Industrial Limited.
CPI	means the Consumer Price Index (All Groups) published by Statistics New Zealand.
Existing Properties	means the properties at 101 McLaughlins Road, Wiri and 12 Harbour Ridge Drive, Wiri.
Financial Year	means the period from 1 April in one year to 31 March in the next year or such other period as Oyster Industrial may elect.
FY21	means the Financial Year ending 31 March 2021.
FY22	means the Financial Year ending 31 March 2022.
GAAP	means Generally Accepted Accounting Practice. Financial statements that have been prepared in accordance with GAAP have been prepared using the applicable financial reporting standards.
Gearing Ratio	means the total bank debt as a percentage of total assets. A useful measure of how much debt an entity is carrying.
Gross Rental	Means the aggregate of rent (excluding GST) payable by all tenants under all tenancies (including any fee or rent payable in respect of carpark, naming rights or signage rights or any other rights granted to any tenant) including outgoings or operating expenses payable by tenants pursuant to tenancies.
Industrial Portfolio	means the Properties and any further properties acquired by Oyster Industrial.
Interest Cover Ratio	means the ratio of an entity's income to its bank interest expense.
Investor	means a holder of Shares in Oyster Industrial.
Joint Underwrites	means the joint underwrites of up to \$17,100,000 each being provided by the Underwriters.
LVR	means the Loan to Value Ratio.
Manager	means Oyster Management Limited (Company number: 1777813).

GLOSSARY continued

Term	Definition
Management Agreement	means the agreement between Oyster Industrial and the Manager under which the Manager is exclusively appointed to manage Oyster Industrial, see page 32 for details.
NBS	means New Building Standards.
Net Asset Value or NAV	means Oyster Industrial's total assets minus its total liabilities. Net Asset Value per Share means the Net Asset Value of Oyster Industrial divided by the number of Shares on issue.
OIPL	means Oyster Industrial Properties Limited, the property holding subsidiary of Oyster Industrial.
Offer	means the offer of Shares detailed in this PDS.
Offer Register	means the offer register for Oyster Industrial, that forms part of the Disclose Register that is available at https://disclose-register.companiesoffice.govt.nz/ by searching "Oyster Industrial Limited" under "search offers".
Other Material Information	means the document titled " Other Material Information " that is available at https://disclose-register.companiesoffice.govt.nz/ by searching "Oyster Industrial Limited" under "search offers".
Oyster Underwrite	means the agreement with the Manager to subscribe for up to \$3,500,000 of Redeemable Preference Shares.
PDS	means this product disclosure statement detailing the Offer of Shares in Oyster Industrial.
PIE	means a portfolio investment entity, as defined in the Income Tax Act 2007.
PFI	means prospective financial information.
Properties	means the Existing Properties and Additional Properties.
Redeemable Preference Shares or RPS	means redeemable preference shares issued by OIPL, see page 26 for details.
Shares	means Ordinary shares in Oyster Industrial.
Special Resolution	means a resolution of Investors where a resolution will be passed if greater than 75% of the votes that are cast by Investors entitled to vote and voting on the resolution, vote in favour of the resolution.
Term Loan	means the Westpac term loans, see page 25 for details.
Underwrites	means the Joint Underwrites and the Oyster Underwrite.
Underwriters	means the Manager and Wyborn.
WALT	means the "weighted average lease term". This means the length to run on each individual lease weighted by the lease's proportion of the total rental income attributable to that property.
Westpac	means Westpac New Zealand Limited.
Wyborn	means Wyborn Capital Properties Limited.

PLEASE READ THIS BEFORE SIGNING

- I/ We agree to invest in Oyster Industrial as detailed in this PDS.
- I/ We acknowledge and agree that this application is irrevocable once received by Oyster Industrial PROVIDED HOWEVER, it is still subject to acceptance by Oyster Industrial. On acceptance of this application by Oyster Industrial we agree to the following:
 - I/ We are bound by the Constitution and the terms contained in this PDS and on this application form.
 - I/ We understand that Oyster Industrial 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 Oyster Industrial and my investment;
 - I/ We have provided 'consent' for the purposes of the UEMA and;
 - Oyster Industrial and the Manager is entitled to disclose personal information about me/us to the Financial Markets Authority (upon request being made by the Financial Markets Authority).
- PLEASE NOTE;** that Oyster Industrial is 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 Thompson Blackie Biddles Trust Account. All payments must be in New Zealand dollars. All cheques must be drawn on a registered New Zealand bank. Applications are unable to be accepted until payments are held in cleared funds.
- Direct credit payments should be made to the subscription account details:
THOMPSON BLACKIE BIDDLES LIMITED TRUST ACCOUNT
Account No. 12-3109-0110792-02
- Interest earned on subscription monies held prior to allotment of Shares (less Resident Withholding Tax) will only accrue once the Investor has complied with the customer due diligence requirements and provided a pre-printed bank deposit slip or bank statement to verify your bank account name and number. Subscription monies received up to, and including, five working days prior to the Settlement Date of each of the Additional Properties will not earn interest.
- Oyster Industrial cannot accept applications without valid IRD numbers and a valid RWT & PIR declaration.

CUSTOMER DUE DILIGENCE
REQUIREMENTS

- The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 applies to Oyster Industrial and all other New Zealand Investment Companies. The Act requires us to assess the money laundering and terrorist financing risk that we may face in our business. In order to make that assessment and to satisfy our internal policies we are required to carry out Customer Due Diligence on our Investors. We work with an external provider, First AML Limited, to carry out Customer Due Diligence on our behalf. **First AML may contact you to request information, and Customer Due Diligence cannot be completed until you provide this information.**
- Please note that Oyster Industrial cannot accept an applicant's application unless we have carried out satisfactory Customer Due Diligence on our Investors. Existing Investors should contact Oyster to understand any further Customer Due Diligence Required.

APPLICATION CHECKLIST

- Have you checked your application form and ensured it has been correctly completed? Yes
- Have all parties to the investment signed the application form? Yes

SENDING YOUR APPLICATION

Applications can be either emailed or posted to:
investor@oystergroup.co.nz

- or** Oyster Property Group
Level 18, 55 Shortland Street
Auckland 1010
(Couriers accepted)
- or** Oyster Property Group
PO Box 8302, Symonds Street
Auckland 1150
(Couriers not accepted)

PLEASE READ ALL INSTRUCTIONS BELOW
TO ENSURE PROMPT PROCESSING OF APPLICATIONS

This Application Form is issued with the Product Disclosure Statement dated 24 December 2020 issued by Oyster Industrial Limited. Please return this application form and all other required additional documents to Oyster Management Limited.

Prospective investors are recommended to seek professional advice from an Authorised Financial Adviser which takes into account their personal circumstances before making an investment decision.

INSTRUCTIONS ON HOW TO COMPLETE

- There are four investment entity options: Individual(s); Partnerships; Company; Trust. Please choose and fill in the correct option.
- Insert your full name(s), IRD number(s), address, telephone number(s) and email address(es) (optional).
- Applications must be in the name(s) of natural persons, companies or other legal entities.
- Please insert the Bank Account name and Bank Account Number into which you want interest and/or distribution payments to be made.
- AML Customer Due Diligence information must be completed if you haven't previously provided this to the Manager.

A. INVESTMENT

- Existing investors in the Westney POS (the vendor of 71 Westney Road) have a preferential right to apply for Shares in the period up to 29 January 2021. The preferential right applies for up to 2 parcels of Shares for each 1 interest held in the existing Westney POS. These investors will also receive a 2% brokerage fee rebate on these Shares which will be paid to them by the Manager following allotment.

These investors are expected to receive a \$107,569 distribution per interest from the Westney POS for the sale of 71 Westney Road. These investors may apply \$51,500 of this distribution towards their subscription in each 50,000 parcel of Shares in Oyster Industrial Limited. Any excess monies and further payments from the wind-up of the Westney POS will be paid to these investors' currently nominated bank account.

Are you an investor in the Westney POS? **Yes** (go to question 2) **No** (go to question 4)

- How many interests do you hold in the Westney POS?

		\$
Number of Westney POS interests	@ \$107,569 per Interest	Total expected sale proceeds

- Do you wish to apply any of the proceeds of \$51,500 per Westney POS to the subscription for 50,000 Shares? (at \$51,500 per 50,000 Shares)

Yes (read the authorisation below and complete the table) By checking this box you irrevocably authorise Thompson Blackie Biddles to retain your proceeds from the sale of 71 Westney Road on trust, to be applied to your subscription of Shares issued by Oyster Industrial Limited.

No (go to question 4)

	\$
Parcels of 50,000 Shares @ \$51,500 (payable from proceeds of Westney POS)	Total investment amount (deducted from proceeds of Westney POS)

- All other investors (or investors in the Westney POS who wish to purchase additional Shares), please complete the following:

	@ \$51,500 per	\$
Number of Shares being applied for	per 50,000 shares	Total investment amount

SUBSCRIPTION PAYMENT DETAILS

Payment Method (please tick)		Cheque Attached																
		Online Banking to the Subscription Account																
Account name		THOMPSON BLACKIE BIDDLES LIMITED TRUST ACCOUNT																
Bank	1	2	Branch	3	1	0	9	Account Number	0	1	1	0	7	9	2	Suffix	0	2
Payment Reference		Please insert "Oyster Industrial" and your surname into the reference field																

Payments must be made by and identified as coming from the Applicant/Investor Entity. Payments from any other person or entity on behalf of an Applicant/Investor Entity may be returned to the payer.

PAYMENTS

Please insert the Bank Account Name and Bank Account Number into which you want interest and/or dividends payments to be made.

Please nominate a New Zealand bank account, which will be used for all payments including interest on the subscription amount held pending allotment of Shares.

Provide a copy of a pre-printed bank deposit slip or bank statement to verify your bank account name and number. It is a requirement that you provide this information before you can earn interest on your subscription monies.

Account name																		
Bank			Branch					Account Number								Suffix		

Prescribed Investor Rate (PIR), for all dividends from Oyster Industrial (tick one)

0% PIR	10.5% PIR	Please refer to page 59 of the Product Disclosure Statement to determine your PIR.
17.5% PIR	28% PIR	

Resident Withholding Tax (RWT), please deduct from all interest earned on subscription monies held prior to allotment of Shares (tick one). If an RWT rate is not selected the highest default RWT will be applied to the Investment Entity.

10.5% Resident Withholding Tax	17.5% Resident Withholding Tax	28% Resident Withholding Tax
30% Resident Withholding Tax	33% Resident Withholding Tax	Exempt

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

For office use only	
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Complete in BLOCK LETTERS

Title (Mr/Mrs/ Ms/Miss)	Legal first name(s) Individuals	Family name Individuals	Date of Birth Individuals	IRD Number Individuals

Primary Contact Name	
Postal Address (Street/PO Box)	
Suburb / City / Postcode	
Country	
Daytime Contact Phone Number	
Mobile Number	
Email Address	

Signature of Individual		Date	
Signature of Individual		Date	
Signature of Individual		Date	

CUSTOMER DUE DILIGENCE INFORMATION

Has the applicant previously provided Oyster with the required customer due diligence information? Yes No

If Yes, does the applicant's investment entity and/or investment amount differ to the applicant's existing investments with Oyster? Please Provide explain below. Yes No

NATURE AND PURPOSE OF YOUR INVESTMENT

Establishing the nature and purpose of your investment is required as two separate explanations:

- the **nature** of the investment explains how regularly and for how long;
- the **purpose** explains your investment objectives and what you are trying to achieve by investing with Oyster.

This information is being requested solely for the purpose of regulatory compliance obligations and maintenance of investor records. We recommend you consider discussing your response with your financial adviser and/or tax adviser, to make sure that what you confirm to us is consistent with the treatment of your investment in your tax return.

TICK THE FOLLOWING THAT APPLIES TO YOU:

How often do you think you might want to invest with us?	What is your reason for the investment?	
Existing Oyster Investor	To receive ongoing income	For estate planning
New Investor: One-off investment	To preserve capital	Other
New Investor: Potential further investment in other Oyster Investments	To achieve capital growth	

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/your spouse) please provide their details here.

First Name		Family Name	
Email		Company (if applicable)	

Would the enquirer like to be advised of other Offers from Oyster?

Yes

No

Complete in BLOCK LETTERS

Title (Mr/Mrs/ Ms/Miss)	Legal first name(s) Individuals	Family name Individuals	Date of Birth Individuals	IRD Number Individuals

Primary Contact Name	
Postal Address (Street/PO Box)	
Suburb / City / Postcode	
Country	
Daytime Contact Phone Number	
Mobile Number	
Email Address	

Signature of Individual		Date	
Signature of Individual		Date	
Signature of Individual		Date	

CUSTOMER DUE DILIGENCE INFORMATION

Has the applicant previously provided Oyster with the required customer due diligence information?

Yes

No

If Yes, does the applicant's investment entity and/or investment amount differ to the applicant's existing investments with Oyster? Please Provide explain below.

Yes

No

NATURE AND PURPOSE OF YOUR INVESTMENT

Establishing the nature and purpose of your investment is required as two separate explanations:

- the **nature** of the investment explains how regularly and for how long;
- the **purpose** explains your investment objectives and what you are trying to achieve by investing with Oyster.

This information is being requested solely for the purpose of Oyster's regulatory compliance obligations and maintenance of our investor records. We recommend you consider discussing your response with your financial adviser and/or tax adviser, to make sure that what you confirm to us is consistent with the treatment of your investment in your tax return.

TICK THE FOLLOWING THAT APPLIES TO YOU:

How often do you think you might want to invest with us?

What is your reason for the investment?

Existing Oyster Investor

To receive ongoing income

For estate planning

New Investor: One-off investment

To preserve capital

Other

New Investor: Potential further investment in other Oyster Investments

To achieve capital growth

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/your spouse) please provide their details here.

First Name		Family Name	
Email		Company (if applicable)	

Would the enquirer like to be advised of other Offers from Oyster?

Yes

No

If you are applying in the name of a Company, the names of directors and shareholders of the company do not need to be included. Only the IRD number of the Company is required.

Complete in BLOCK LETTERS

Name of Company	
IRD Number of Company	
Postal Address (Street/PO Box)	
Suburb / City / Postcode	
Country	
Title (Mr / Mrs / Ms / Miss)	
Name of Primary Contact of Company	
Daytime Contact Phone Number	
Mobile Number	
Email Address	

Signature of Company Director		Date	
Signature of Company Director		Date	

CUSTOMER DUE DILIGENCE INFORMATION

Has the applicant previously provided Oyster with the required customer due diligence information?

Yes

No

If Yes, does the applicant's investment entity and/or investment amount differ to the applicant's existing investments with Oyster? Please Provide explain below.

Yes

No

NATURE AND PURPOSE OF YOUR INVESTMENT

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- the **nature** of the investment explains how regularly and for how long;
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TICK THE FOLLOWING THAT APPLIES TO YOU:

How often do you think you might want to invest with us?	What is your reason for the investment?	
Existing Oyster Investor	To receive ongoing income	For estate planning
New Investor: One-off investment	To preserve capital	Other
New Investor: Potential further investment in other Oyster Investments	To achieve capital growth	

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/your spouse) please provide their details here.

First Name		Family Name	
Email		Company (if applicable)	

Would the enquirer like to be advised of other Offers from Oyster?	Yes	No
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If you are applying as a Trust, all trustee names are required. Please also insert the Trust's name. Only the IRD number of the Trust is required.

Complete in BLOCK LETTERS

Name of Trust	
IRD Number of Trust	
Postal Address (Street/PO Box)	
Suburb / City / Postcode	
Country	
Title (Mr / Mrs / Ms / Miss)	
Name of Primary Contact of Trust	
Daytime Contact Phone Number	
Mobile Number	
Email Address	

Title (Mr/Mrs/ Ms/Miss)	Legal first name(s) Trustees	Family name Trustees	Date of Birth Trustees

Name of Corporate Trustee (if applicable)	
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Note: All trustees must sign the application form including director(s) of Corporate Trustee if applicable.

Signature of Trustee		Date	
Signature of Trustee		Date	
Signature of Trustee		Date	
Signature of Trustee		Date	

CUSTOMER DUE DILIGENCE INFORMATION

Has the applicant previously provided Oyster with the required customer due diligence information?	Yes	No
If Yes, does the applicant's investment entity and/or investment amount differ to the applicant's existing investments with Oyster? Please Provide explain below.	Yes	No
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NATURE AND PURPOSE OF YOUR INVESTMENT

Establishing the nature and purpose of your investment is required as two separate explanations:

- the **nature** of the investment explains how regularly and for how long;
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TICK THE FOLLOWING THAT APPLIES TO YOU:

How often do you think you might want to invest with us?	What is your reason for the investment?	
Existing Oyster Investor	To receive ongoing income	For estate planning
New Investor: One-off investment	To preserve capital	Other
New Investor: Potential further investment in other Oyster Investments	To achieve capital growth	

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/your spouse) please provide their details here.

First Name		Family Name	
Email		Company (if applicable)	

Would the enquirer like to be advised of other Offers from Oyster?	Yes	No
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Only complete this if you are applying on behalf of someone for whom you hold a Power of Attorney.

I, (Name of Attorney) _____

Of (Address of Attorney) (Attorney's Occupations) _____

Hereby certify

That I am the Attorney of:

(Donor) _____

of (address) _____

Given to me by him/her/them (a certified copy of which is attached to this application form) ("Power of Attorney").

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

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

Signed (Attorney) _____

Dated _____

NOTES

OYSTER[®]

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