

SUPPLEMENTARY DOCUMENT

OYSTER DIRECT PROPERTY FUND

Date: 15 May 2020

This is a Supplementary Document for the Product Disclosure Statement dated 31 March 2020 ("PDS") for the issue of interests by the Oyster Direct Property Fund.

This document is to be read together with the PDS, which it supplements.

Supplementary Information

The PDS is amended as follows:

1. The fee table on page 5 of the PDS is replaced with the table in the Key Information Summary section of the PDS which is attached to this document.
2. The financial position table on page 39 is replaced with the text and table below:

Detailed below is the financial position of the Fund as at 31 March 2019, 30 September 2019, 29 February 2020 and 30 April 2020.

	Audited financial statements as at 31 March 2019	Unaudited financial statements as at 30 September 2019	Unaudited management accounts as at 29 February 2020 ¹	As at 30 April 2020 ²
Property Investments	\$63,476,906	\$98,021,182	\$101,662,456	\$115,499,841
Cash	\$1,384,324	\$4,187,938	\$7,282,412	\$6,348,412
Other Current Assets	\$6,556,673	\$3,986,990	\$726,580	\$726,580
Total Assets	\$71,417,903	\$106,196,110	\$109,671,448	\$122,574,833
Current Liabilities	\$853,883	\$3,717,784	\$3,743,414	\$3,743,414
Term Loan	\$3,280,500	\$17,550,500	\$7,684,000	\$20,084,000
Total Liabilities	\$4,134,383	\$21,268,284	\$11,427,414	\$23,827,414
Total Equity	\$67,283,520	\$84,927,826	\$98,244,034	\$98,747,419

Notes:

¹ The value of the Property Investments are taken from each Property Scheme's unaudited 29 February 2020 management accounts and reflect valuations as at 31 March 2019. The value of directly owned Properties reflect valuations as at 30 September 2019.

² These figures are the 29 February 2020 management accounts with the following adjustments: the sale of the Home Straight POS properties, the purchase of the Additional Investments, drawdown of Loan 2 and assuming no other changes to the Fund.

3. The Reconciliation of Profit to Adjusted Operating Profit table on page 43 is replaced with the table below:

Reconciliation of Profit to Adjusted Operating Profit	Audited financial statements for the year ending 31 March 2019	Unaudited financial statements for the 6 months ending 30 September 2019	Unaudited management accounts for the 11 months ending 29 February 2020
Profit for the period	\$7,109,504	\$3,785,809	\$6,036,471
Less: Unrealised Movement in Fair Value of Investments	(\$5,047,148)	(\$1,897,883)	(\$1,958,976)
Less: Fixed Rental Increases	(\$9,136)	(\$38,945)	(\$94,412)
	\$2,053,220	\$1,848,981	\$3,983,083
Adjustment for non-recurring expenditure			
Acquisition fees	\$183,655	\$132,356	\$132,356
Due Diligence costs	\$112,339	\$8,014	\$8,014
Marketing costs associated with equity raising	\$38,624	\$11,727	\$40,843
Performance fees	\$734,986	-	-
Adjusted Operating Profit	\$3,122,824	\$2,001,078	\$4,164,297
Investor capital employed	\$197,928	(\$96,005)	(\$233,918)
Total cash distribution	\$3,320,752	\$1,905,073	\$3,930,378
Distribution paid as a % of Adjusted Operating Profit	106.3%	95.2%	94.4%
Average number of investment parcels (10,000 units per parcel)	5,298	6,246	6,919
Per investment parcel	For 12 months \$626.75	For 12 months \$610.00	For 12 months \$619.71

4. The Fees Payable to Oyster and its Associated Persons table on page 50 is replaced with the table below:

Fees Payable to Oyster and its Associated Persons	Audited financial statements for the year ending 31 March 2019	Unaudited financial statements for the 6 months ending 30 September 2019	Unaudited management accounts for the 11 months ending 29 February 2020
Accounting fee	\$8,280	\$3,686	\$7,071
Acquisition fee on Property Investments	\$183,655	\$132,356	\$132,356
Management fee	\$344,056	\$281,229	\$581,085
Performance fee	\$734,986	-	-
Total Fees Payable to Oyster and its Associated Persons by this Fund	\$1,270,977	\$417,271	\$720,512
Accounting fee	\$5,838	\$5,770	\$11,374
Management fee	\$374,459	\$225,550	\$420,995
Leasing fees	\$6,960	\$23,977	\$31,226
The Fund's share of Fees Paid to Oyster and its Associated Persons by the Property Schemes	\$387,257	\$255,297	\$463,595
The Fund's share of Fees Paid to Oyster	\$1,658,234	\$672,568	\$1,184,108
As a % of Net Assets	2.46%	0.79%	1.21%
Additional fees payable to Oyster (which are not included in the table above)			
Acquisition Fee	Where new Property Investments are acquired there is a fee of 2% (plus GST) of the purchase price of the Property Investments. Oyster has not charged an Acquisition Fee for the purchase of shares in Oyster Industrial Limited. For future Property Investments this fee is not included in the table above, as the size and number of Property Investments to be made by the Fund are not known at this time.		
Termination Fee	If the Fund is terminated a fee of 1.75% (plus GST) of the gross value of all Relevant Assets is payable. This fee is only paid when the Fund is wound-up and therefore this fee is not included in the table above.		

5. The Fees and Expenses Paid to Others table on page 53 is replaced with the table below:

Fees and Expenses Paid to Others	Audited financial statements for the year ending 31 March 2019	Unaudited financial statements for the 6 months ending 30 September 2019	Unaudited management accounts for the 11 months ending 29 February 2020
Administration Costs	\$10,256	\$13,710	\$26,332
Auditor's Fees	\$15,204	\$22,066	\$28,895
Due Diligence Costs	\$112,339	\$8,014	\$8,014
Interest Expense	\$111,778	\$297,196	\$438,900
Legal Fees	\$8,097	\$103,396	\$129,894
Marketing	\$45,857	\$19,728	\$50,611
Non-recoverable property expenses	\$93,054	\$56,840	\$47,155
Registry Costs	\$70,692	\$40,939	\$83,641
Supervisor's Fees	\$38,650	\$23,247	\$47,635
Valuation Fees	\$10,640	\$16,585	\$13,910
Total Fees and Expenses Paid to Others by this Fund	\$516,568	\$601,722	\$874,987
Accounting fees	\$3,992	-	-
Auditor's fee	\$10,516	\$6,154	\$12,340
Interest expense	\$1,605,084	\$895,197	\$1,598,183
Leasing fees	\$212,458	\$17,576	\$18,471
Legal fees	\$21,693	\$14,369	\$23,633
Non-recoverable property expenses	\$822,754	\$101,606	\$319,634
Other administration fees	\$31,309	\$25,488	\$35,792
Supervisor's fee	\$9,005	\$6,359	\$11,664
Valuation fees	\$11,670	\$7,819	\$15,191
The Fund's share of Fees and Expenses Paid to Others by the Property Schemes	\$2,728,482	\$1,074,568	\$2,034,909
Total Fees and Expenses Paid to Others	\$3,245,050	\$1,676,290	\$2,909,896
As a % of Net Assets	4.82%	1.97%	2.96%

6. The Properties owned by the Fund and the Property Schemes have now been valued as at 31 March 2020. The Property Investment information on pages 16 to 24 is supplemented by the following table:

This table provides information on the Fund's Property Investments including the following: the sale of the Home Straight POS properties on 1 May 2020, the purchase of interests in the Home Straight Park POS on 1 May 2020 and Pastoral House POS on 30 April 2020, and the adoption of 31 March 2020 valuations.

Property Investments (Property Schemes)	Property Value as at 29 February 2020 (Book Value)	Property Value as at 31 March 2020 (Book Value)	Fund's Current Holding in this Property Scheme
PUKEKOHE MEGA POS Mitre 10 MEGA Pukekohe, Auckland	\$15,700,000	\$15,000,000	4%
JACKSON PETONE POS 106-110 Jackson Street, Petone, Wellington	\$12,800,000	\$12,800,000	9%
51 CORINTHIAN POS 51 Corinthian Drive, Albany, Auckland	\$20,300,000	\$19,800,000	9%
C & C POS Countdown Tauranga	\$14,400,000	\$14,900,000	14%
HOME STRAIGHT POS 17 & 19 Home Straight, Te Rapa, Hamilton	\$25,500,000	-	0%
HOME STRAIGHT PARK POS 17, 19 & 21 Home Straight, Te Rapa, Hamilton	-	\$69,500,000	20%
WESTNEY POS 71 Westney Road, Mangere, Auckland	\$33,000,000	\$33,750,000	14%
OYSTER INDUSTRIAL LIMITED 101 McLaughlins Road, Wiri, Auckland and 12 Harbour Ridge Drive, Wiri, Auckland	\$31,600,000	\$31,250,000	19.5%
UNIVERSAL DRIVE POS Countdown, Universal Drive, Henderson, Auckland	\$23,345,000	\$24,200,000	27%
33 CORINTHIAN POS 33 Corinthian Drive, Albany, Auckland	\$54,000,000	\$57,500,000	19.5%
100 HARRIS POS VIP Packaging, East Tamaki, Auckland	\$30,500,000	\$32,500,000	34%
HENDERSON MEGA POS Mitre 10 MEGA Henderson, Auckland	\$37,500,000	\$38,000,000	29%
MILLENNIUM CENTRE POS 600-604 Great South Road, Greenlane, Auckland	\$237,700,000	\$249,300,000	9%
CIDER POS 4 Williamson Avenue, Ponsonby, Auckland	\$110,000,000	\$117,000,000	22%
PASTORAL HOUSE POS 25 The Terrace, Wellington	-	\$77,000,000	20%
Total Property Schemes	\$646,345,000	\$792,500,000	

Property Investments (Direct Property)	Property Value as at 29 February 2020 (Book Value)	Property Value as at 31 March 2020 (Book Value)	Fund's Current Holding in this Property
107 HARRIS ROAD 107 Harris Road, East Tamaki, Auckland	\$11,600,000	\$11,250,000	100%
12 NEWLANDS ROAD 12 Newlands Road, Newlands, Wellington	\$13,500,000	\$13,450,000	100%
6 HURRING PLACE 6 Hurring Place, Newlands, Wellington	\$15,000,000	\$15,100,000	100%
Total Direct Property	\$40,100,000	\$39,800,000	
Total	\$686,445,000	\$832,300,000	

1. KEY INFORMATION SUMMARY

WHAT IS THIS?

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

WHO MANAGES THIS SCHEME?

Oyster Management Limited manages this Fund. Section 9 of this PDS includes further details of Oyster and others involved in the Fund.

WHAT ARE YOU INVESTING IN?

This is a managed investment scheme established to hold a diversified commercial property portfolio. The Fund invests in Property Schemes managed by Oyster as well as purchasing its own commercial properties. It uses bank funding to assist with the purchase of its own directly owned commercial property portfolio. The Property Schemes that the Fund has invested in have their own bank funding.

This is a continuous offer PDS under which the Fund will accept subscriptions from investors throughout the year. The monies raised will be used to acquire further Property Investments for the Fund, pay costs incurred in relation to those investments and go towards the Fund's working capital. Working capital is used to fund capital expenditure and redemptions, repay bank borrowings, pay the expenses of the Fund, and in some circumstances, pay distributions and Oyster's performance fee.

INVESTMENT OBJECTIVES

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

INVESTMENT STRATEGY

To invest in direct property assets, or through unlisted Property Schemes (principally managed by Oyster), in New Zealand commercial property.

KEY TERMS OF THE OFFER

Managed Investment Product	Units in a managed investment scheme which invests in commercial property
Opening Date	5 October 2016
Closing Date	There is no closing date as this is a continuous issue PDS, however Oyster may close or suspend this Offer at any time. If the Offer is closed or suspended Oyster will provide a notice on its website and update the offer register. The most common reason for suspending the Offer will be where the Fund has surplus cash awaiting investment.
Total Units on Offer	Not limited.
Subscriptions	Minimum subscription for new Investors is \$10,000. Minimum subscription for existing Investors in the Fund is \$1,000. Subscriptions received by 3pm three business days prior to the last calendar day of a month will be processed that month with Units issued on the first day of the following month.
Unit Price	The price to be paid for Units will be the Unit Price at the end of the month that the subscription is processed. See Section 5 for more details.
Minimum Holding	Transfers and redemptions will not be processed if these will result in an Investor holding a total number of Units that have a value of less than \$10,000.
Cash Distributions	Monthly, by the 20th of each month. See page 36 for more details.
Minimum Amount	No minimum amount is required to be raised under this Offer.

HOW YOU CAN GET YOUR MONEY OUT

The Fund offers monthly redemptions of Units. Redemptions are limited to the Monthly Available Funds. Oyster may suspend redemptions. The Repayment Price reflects the Unit Price at the end of the relevant month less any tax owing by the Investor and Details on redemptions are found on page 34 under the heading "Right to Sell Units".

For details on the calculation of the Unit Price refer to Section 5 under the heading "Pricing of Units" on page 41.

Your investment in these Units can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment. Oyster does not provide a sale facility for the Units.

KEY DRIVERS OF RETURNS

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

Income

The Fund's primary sources of income are distributions received from the Property Schemes and rental income from the tenants of directly owned Properties. From this income the Fund is required to pay its operating expenses which include the operating costs of the directly owned Properties and interest on its Bank Loans.

Capital Growth

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

owned by the Fund. A change in value of a Unit will be realised when it is redeemed.

The key strategies and plans in relation to the returns

from the Fund are detailed in Section 2 under the heading "4. Future Performance of the Fund" on page 12.

OYSTER DIRECT PROPERTY FUND'S FINANCIAL INFORMATION

The key ratios and other measures that Oyster considers provide the most useful indication of the ongoing financial position and performance of the Fund are:

Weighted Average Lease Term (WALT) at 29 February 2020¹	This is the average length of term to run on leases across the Fund's Property Investments.	7.67 years
Weighted Average Portfolio Occupancy at 29 February 2020¹	This is the average amount of space that is leased across the Fund's Property Investments.	99.11%
Distributions paid for the quarter ended 31 December 2019	This is the annualised cash distribution to Investors for the quarter. (0.5250 cents per Unit per month)	6.3 cents per Unit per annum

¹ These figures are as if the Additional Investments had been made at 29 February 2020 with no other changes to the Fund.

Note that past performance is not indicative of future performance.

GEARING AND INTEREST COVER RATIOS

	Audited financial statements for the year ending 31 March 2019		Unaudited management accounts for the 11 months ending 29 February 2020		As at 30 April 2020 assuming the purchase of the Additional Investments ¹	
	Fund	Look Through	Fund	Look Through	Fund	Look Through
Gearing Ratio	5.2%	39.8%	7.6%	35.8%	17.4%	37.9%
Interest Cover Ratio	19.99	4.09	10.63 ²	5.29 ²	10.10 ²	4.65 ²

¹ This is included to demonstrate the impact of the purchase of the Additional Investments and assuming no other changes to the Fund.

² Annualised estimated interest cover ratio.

The "Gearing Ratio" is how much the Fund owes (the Bank Loans) as a portion of its Property Investments. The higher the Gearing Ratio, the greater the Fund's exposure to risk from movements in interest rates or the requirement to repay the Bank Loans should they not be able to be renewed or refinanced on expiry.

The "Interest Cover Ratio" tells you how much of the Fund's income is used to pay the interest on the Bank

Loans. The higher the ratio, the more comfortably the Fund's income can cover any interest owing.

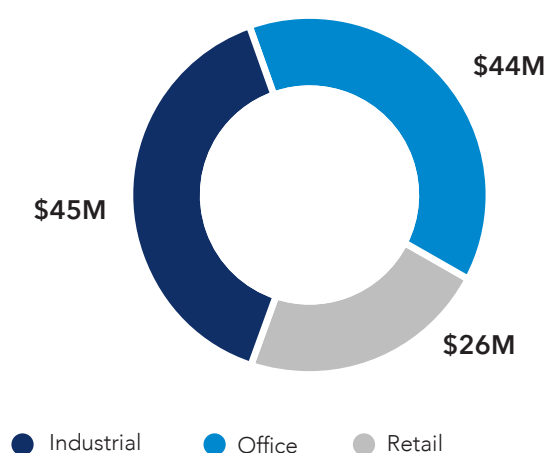
The "Look Through" ratios include the bank debt in each of the Property Schemes where the Fund has invested. This is a useful indicator of the total debt exposure for the Fund.

For the details of the Fund's policy on look through bank debt see "SIPO Summary" on page 7.

PROPERTY INVESTMENTS

The Fund will have Property Investments which total \$115,499,841 (as at 30 April 2020); see page 14 for further information.

PROPERTY INVESTMENTS BY SECTOR (millions) as at 30 April 2020



KEY RISKS OF THIS INVESTMENT

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

LIQUIDITY

Investors may redeem their Units. Redemptions of Units are processed monthly. The redemptions processed monthly are limited to the Monthly Available Funds. This is the amount that the Fund will have available to pay for redemptions. If redemption requests exceed the Monthly Available Funds redemptions will be processed on a pro-rata basis up to the Monthly Available Funds limit.

Your Units can be sold or transferred to a third party but there is no established market for trading the Units. This means that you may not be able to find a buyer for your investment. Oyster does not provide a sale facility for the Units.

RETURNS

Reduction in Cash Distributions

Cash distributions are made from the Fund's Adjusted Operating Profit. There is a risk that cash distributions may decrease or be suspended if the Fund has insufficient cash to make the distributions. This may, for example, be due to an increase in the Fund's expenses, or a reduction in the income from the Property Investments or a tenant defaulting under their lease due to the financial impact of the current Covid-19 pandemic.

Reduction in Unit Price

Properties, whether owned by the Property Schemes or owned directly, are independently valued annually. Valuations are subject to cyclical changes in the property market. This change in value can increase or decrease the Unit Price. The Covid-19 pandemic may have an impact on property values, at this time the extent of the impact is unknown.

This summary does not cover all of the risks. You should also read Section 6 of the PDS (Risks to Returns from Oyster Direct Property Fund) on page 45.

WHAT FEES WILL YOU PAY?

The table below summarises the fees and expenses that the Fund has been charged. Further information about fees is set out in Section 7 of this PDS. **Investors should note the different methods for calculating the fees, such as a percentage of Adjusted Net Asset Value or total assets.** These historical fees are not necessarily indicative of future fees.

Fees & Expenses Paid to Oyster and its Associated Persons	Audited financial statements for the year ending 31 March 2019	Unaudited financial statements for the 6 months ending 30 September 2019	Unaudited management accounts for the 11 months ending 29 February 2020
Fees paid by this Fund	1,270,977	417,271	720,512
Fund's share of Fees paid by the Property Schemes	387,257	255,297	463,595
Fund's share of Total Fees & Expenses Paid to Oyster and its Associated Persons	1,658,234	672,568	1,184,108
Fees & Expenses Paid to Others	Audited financial statements for the year ending 31 March 2019	Unaudited financial statements for the 6 months ending 30 September 2019	Unaudited management accounts for the 11 months ending 29 February 2020
Other Fees paid by this Fund	516,568	601,722	874,987
Fund's share of Other Fees paid by the Property Schemes	2,728,482	1,074,568	2,034,909
Fund's share of Total Other Fees & Expenses Paid to Others	3,245,050	1,676,290	2,909,896
Fund's share of Total Other Fees & Expenses Paid	4,903,284	2,348,858	4,094,003
As a % of Net Assets	7.29%	2.76%	4.17%

Fees payable to Oyster (which are not included in the table above)

Termination Fee	If the Fund is terminated a fee of 1.75% (plus GST) of the gross value of all Relevant Assets is payable. This fee is only paid when the Fund is wound-up and therefore is not included in the table above.
Acquisition Fee	Where new Property Investments are acquired there is a fee of 2% (plus GST) of the purchase price. This fee is payable when these transactions are completed. See page 50 for more details.

HOW WILL YOUR INVESTMENT BE TAXED?

The Fund is a Portfolio Investment Entity (PIE). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (PIR).

To determine your PIR, go to the Inland Revenue Department's website

www.ird.govt.nz/roles/portfolio-investment-entities/find-my-prescribed-investor-rate.

See Section 8 of this PDS (Tax) on page 57 for more information.