

Oyster Direct Property Fund

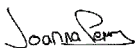
Financial statements for the six months ended 30 September 2024

Directors' declaration

The Directors of the Fund Manager, Oyster Management Limited are pleased to present the financial statements of the Oyster Direct Property Fund for the six months ended 30 September 2024, for and on behalf of the Fund Manager.



Director
Date: 27 November 2024



Director
Date: 27 November 2024

Directory

Nature of Business	Commercial property investment
Registered Office	Level 6 191 Queen Street Auckland
Fund Manager	Oyster Management Limited Level 18 55 Shortland Street Auckland
Lawyers	Russell McVeagh Level 30, Vero Centre 48 Shortland Street Auckland
Auditors	Ernst & Young EY Building 2 Takutai Square Britomart Auckland
Supervisor	Covenant Trustee Services Limited Level 6 191 Queen Street Auckland
Registry	Appello Services Limited Level 3 12 Kent Street Auckland

Statement of Comprehensive Income

For the six months ended 30 September 2024
in New Zealand dollars

	Note	Unaudited 30 Sep 2024 Six months \$	Unaudited 30 Sep 2023 Six months \$
Revenue			
Distributions Received		2,010,135	2,535,660
Rental Income from Investment Property		2,626,901	2,892,835
Tenant Contributions to Operating Expenditure		844,207	778,499
Fixed Rental Increases	7	(5,395)	35,993
Sundry Income		-	364
Total Revenue		5,475,848	6,243,351
Expenditure		(1,938,905)	(2,078,892)
Operating Profit		3,536,943	4,164,459
Interest Income		42,229	44,705
Interest Expenses		(1,554,239)	(1,998,014)
Net Financing Costs		(1,512,010)	(1,953,309)
Operating Profit Before Fair Value Movements		2,024,933	2,211,150
Unrealised Movement in Fair Value of Property Scheme Investments	6	957,852	(10,396,002)
Unrealised Movement in Fair Value of Direct Property Investments	7	-	(4,810,395)
Unrealised Movement in Fair Value of Interest Rate Swap	9	(106,575)	-
Profit / (Loss) after tax and total comprehensive income		2,876,210	(12,995,247)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 September 2024
in New Zealand dollars

	Note	Unaudited 30 Sep 2024 \$	Audited 31 Mar 2024 \$
Current Assets			
Cash		1,446,207	2,542,820
Receivables	4	760,784	407,020
Deposits Paid		-	26,555
Total Current Assets		2,206,991	2,976,395
Non-Current Assets			
Loan to Property Scheme Investment	6	109,715	52,500
Property Scheme Investments	6	111,673,320	110,715,470
Direct Property Investments	7	77,990,679	77,900,000
Total Non-Current Assets		189,773,714	188,667,970
Total Assets		191,980,705	191,644,365
Current Liabilities			
Payables	5	862,740	371,014
Distributions Payable to Investors		322,567	321,971
Total Current Liabilities		1,185,307	692,985
Non-Current Liabilities			
Bank Loan	8	39,750,000	41,229,975
Interest Rate Swap	9	106,575	-
Total Non-Current Liabilities		39,856,575	41,229,975
Total Liabilities		41,041,882	41,922,960
Net Assets		150,938,823	149,721,405
Equity			
Investors' Subscribed Capital	11	154,075,681	153,800,539
Accumulated Losses		(3,136,858)	(4,079,134)
Total Equity		150,938,823	149,721,405

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the six months ended 30 September 2024
in New Zealand dollars

		Unaudited Subscribed Capital \$	Unaudited Retained Earnings \$	Unaudited Total \$
	Note			
Equity as at 1 April 2023		152,989,291	14,153,379	167,142,670
Loss before and after tax and total comprehensive income		-	(12,995,247)	(12,995,247)
Transactions with Investors of the Fund				
Issue of Units to Investors	11	483,736	-	483,736
Distributions to Investors	11	-	(2,342,617)	(2,342,617)
Total Transactions with Investors		483,736	(2,342,617)	(1,858,881)
Equity as at 30 September 2023		153,473,027	(1,184,485)	152,288,542
Equity as at 1 April 2024		153,800,539	(4,079,134)	149,721,405
Profit before and after tax and total comprehensive income		-	2,876,210	2,876,210
Transactions with Investors of the Fund				
Issue of Units to Investors	11	275,142	-	275,142
Distributions to Investors	11	-	(1,933,934)	(1,933,934)
Total Transactions with Investors		275,142	(1,933,934)	(1,658,792)
Equity as at 30 September 2024		154,075,681	(3,136,858)	150,938,823

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the six months ended 30 September 2024
in New Zealand dollars

	Note	Unaudited 30 Sep 2024 Six months \$	Unaudited 30 Sep 2023 Six months \$
Cash Flows from Operating Activities			
Cash was provided from / (applied to)			
Distributions received		2,055,384	2,677,530
Receipts from tenants (rental income and tenant contributions)		3,673,645	3,567,141
Interest received		42,229	44,705
Interest paid		(1,581,938)	(1,986,111)
GST received		43,750	11,231
Payments to suppliers		(2,017,119)	(2,032,252)
Net cash inflow from operating activities	3	2,215,951	2,282,244
Cash Flows from Investing Activities			
Cash was provided from / (applied to)			
Capital expenditure on Direct Property Investments	7	(117,181)	(166,503)
Net cash outflow from investing activities		(117,181)	(166,503)
Cash Flows from Financing Activities			
Cash was provided from / (applied to)			
Proceeds received in relation to unit issue		275,142	480,736
Gross distributions paid including PIE tax paid		(1,933,335)	(2,418,331)
Bank loan repayment	8	(1,479,975)	-
Loan to Property Scheme Investment		(57,215)	(41,500)
Net cash outflow from financing activities		(3,195,383)	(1,979,095)
Net (decrease) / increase in cash & cash equivalents held		(1,096,613)	136,646
Opening cash & cash equivalents 1 April		2,542,820	2,714,311
Closing cash & cash equivalents 30 September		1,446,207	2,850,957

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 Reporting Entity

Oyster Direct Property Fund (the "Fund") is a fund domiciled and registered in New Zealand under the Financial Markets Conduct Act 2013. The Fund commenced trading on 6 July 2016.

The Fund is a managed investment scheme. It has been established to hold interests in a diversified property portfolio. The Fund has invested in commercial property directly, as well as property schemes managed by Oyster Management Limited ("Oyster").

The Fund's registered office is situated at Level 6, 191 Queen Street, Auckland.

2 Basis of Preparation

The interim financial statements presented here are for the reporting entity Oyster Direct Property Fund. The Fund is designated as a for-profit entity for financial reporting purposes. The Fund is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with International Accounting Standard 34 'Interim Financial Reporting' and New Zealand equivalent to International Accounting Standard 34 'Interim Financial Reporting'.

The interim financial statements do not include all notes included in the annual financial statements. Accordingly, these financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2024, prepared in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Reporting Standards ("IFRS").

There have been no changes to the accounting policies and methods of computation used in the preparation of these interim financial statements and are consistent with those used in the financial statements for the year ended 31 March 2024.

The interim financial statements are presented in New Zealand dollars, which is the functional currency of the Fund. All values are rounded to the nearest dollar, unless otherwise stated.

The interim financial statements for the six months ended 30 September 2024 are unaudited. An independent review has been carried out by Ernst and Young (2023: Ernst and Young). Comparative balances for 30 September 2023 are unaudited, while comparative balances as at 31 March 2024 are audited.

The interim financial statements were authorised for issue on 27 November 2024 by the Directors.

Notes to the Financial Statements (Continued)

3 Net Cash Flow from Operating Activities

	Unaudited 30 Sep 2024 Six months \$	Unaudited 30 Sep 2023 Six months \$
Profit/(Loss) before and after tax and total comprehensive Income	2,876,210	(12,995,247)
Add non-cash items		
Fixed rental increases, lease incentives and lease costs	26,502	6,108
Unrealised movement in fair value of property scheme investments	(957,852)	10,396,002
Unrealised movement in fair value of direct property investments	-	4,810,395
Unrealised movement in fair value of interest rate swap	106,575	-
Add movements in working capital		
Receivables	(327,209)	(108,034)
Payables	491,725	173,020
Net Cash Flow from Operating Activities	2,215,951	2,282,244

4 Receivables

	Unaudited 30 Sep 2024 \$	Audited 31 Mar 2024 \$
Distributions receivable	341,894	387,143
Trade receivables	27,267	15,776
Less: provision for doubtful debts	(2,847)	-
Prepayments	394,470	4,101
	760,784	407,020

5 Payables

	Unaudited 30 Sep 2024 \$	Audited 31 Mar 2024 \$
Trade payables	27,724	11,386
Accruals	512,588	250,711
Income received in advance	169,075	-
GST payable	113,923	70,173
Other creditors	39,430	38,744
	862,740	371,014

Notes to the Financial Statements (Continued)

6 Property Scheme Investments

The Fund has invested in the following property schemes:

As at 30 September 2024 (Unaudited)	Total Interests Issued	Interests Held by the Fund	Share of Ownership	Opening Value 1 Apr 2024	Movement in Net Asset Value of Scheme	Fair Value 30 Sep 2024
				\$	\$	\$
100 Harris POS	114	41	36.0%	10,753,181	(76,895)	10,676,286
Jackson Petone POS	67	6	9.0%	566,714	51,949	618,663
51 Corinthian POS	11	1	9.1%	906,295	(15,482)	890,813
Universal Drive POS	15	4	26.7%	3,654,553	(53,703)	3,600,850
C & C POS	100	23	23.0%	2,829,537	(10,578)	2,818,959
Henderson Mega POS	140	43	30.7%	7,809,437	(104,712)	7,704,725
Cider POS	50	9	18.0%	11,538,553	(118,552)	11,420,001
Millenium Centre POS	448	58	12.9%	19,663,692	211,902	19,875,594
Pukekohe Mega POS	56	2	3.6%	618,470	787	619,257
33 Corinthian POS	585	137	23.4%	7,120,213	1,526,248	8,646,461
Oyster Industrial Limited	107,100,000	18,500,000	17.3%	16,125,121	(302,455)	15,822,666
Pastoral House POS	883	182	20.6%	7,761,314	(37,111)	7,724,203
Home Straight Park POS	789	157	19.9%	5,896,061	25,856	5,921,917
9 Corinthian POS	312	33	10.6%	1,962,329	(4,546)	1,957,783
181 Grafton POS	115	17	14.8%	1,819,438	1,873	1,821,311
Oyster Large Format Retail Fund	52,250,000	15,000,000	28.7%	11,690,562	(136,731)	11,553,831
				<u>110,715,470</u>	<u>957,850</u>	<u>111,673,320</u>

Fair Value of underlying investment property

The Fair Value of Property Scheme Investments is primarily derived from the fair value of the underlying investment property held by the Schemes. Investment property held by the Schemes is revalued at least annually. Based on management's internal assessment undertaken in relation to fair value of Property Scheme Investments at 30 September 2024, it was concluded that no triggers were identified to update fair values from 31 March 2024, except for 33 Corinthian Proportionate Ownership Scheme. Any changes in fair value of each Property Scheme Investment is recognised through profit and loss.

Loan to Property Scheme Investment

As an interest holder in the 51 Corinthian Proportionate Ownership Scheme, the Fund, along with other interest holders, agreed to provide a loan of \$149,000 (per interest holder) to the Scheme. The loan shall incur interest at between 10-17.5% per annum, payable on maturity. Interest income has been accrued to reporting date. This loan is to be drawn over five set instalments with a remaining portion drawn as required to fund leasing incentives within the Scheme. The loan is to be repaid on or before 30 August 2025. As at 30 of September 2024, \$109,715 (September 2023: \$41,500) of this loan has been issued.

Notes to the Financial Statements (Continued)

6 Property Scheme Investments (continued)

As at 31 March 2024 (Audited)	Total Interests Issued	Interests Held by the Fund	Share of Ownership	Opening Value 1 Apr 2023	Movement in Net Asset Value of Scheme	Fair Value 31 March 2024
				\$	\$	\$
100 Harris POS	114	41	36.0%	11,505,441	(752,260)	10,753,181
Jackson Petone POS	67	6	9.0%	617,764	(51,050)	566,714
51 Corinthian POS	11	1	9.1%	1,058,251	(151,956)	906,295
Universal Drive POS	15	4	26.7%	4,412,697	(758,144)	3,654,553
C & C POS	100	23	23.0%	3,139,103	(309,566)	2,829,537
Henderson Mega POS	140	43	30.7%	8,463,668	(654,231)	7,809,437
Cider POS	50	9	18.0%	12,657,181	(1,118,628)	11,538,553
Millennium Centre POS	448	58	12.9%	22,536,610	(2,872,918)	19,663,692
Pukekohe Mega POS	56	2	3.6%	662,955	(44,485)	618,470
33 Corinthian POS	585	137	23.4%	7,247,145	(126,932)	7,120,213
Oyster Industrial Limited	107,100,000	18,500,000	17.3%	17,262,592	(1,137,471)	16,125,121
Pastoral House POS	883	182	20.6%	8,538,962	(777,648)	7,761,314
Home Straight Park POS	789	157	19.9%	7,422,505	(1,526,444)	5,896,061
9 Corinthian POS	312	33	10.6%	2,077,316	(114,987)	1,962,329
181 Grafton POS	115	17	14.8%	2,163,916	(344,478)	1,819,438
Oyster Large Format Retail Fund	52,250,000	15,000,000	28.7%	12,184,029	(493,467)	11,690,562
				<u>121,950,135</u>	<u>(11,234,665)</u>	<u>110,715,470</u>

Notes to the Financial Statements (Continued)

7 Direct Property Investments

	1 April 2024	Acquisitions	Net expenditure	30 Sep 2024 (Unaudited) Fair value movement	Transfers	Closing balance
	\$	\$	\$	\$	\$	\$
Investment property	15,854,905	-	-	-	-	15,854,905
Lease incentives, lease costs, and fixed rental increases	345,095	-	(24,263)	-	-	320,832
6 Hurring Place, Wellington	16,200,000	-	(24,263)	-	-	16,175,737
Investment property	14,119,198	-	-	-	-	14,119,198
Lease incentives, lease costs, and fixed rental increases	380,802	-	15,983	-	-	396,785
12 Newlands Road, Wellington	14,500,000	-	15,983	-	-	14,515,983
Investment property	30,019,873	-	25,066	-	-	30,044,939
Lease incentives, lease costs, and fixed rental increases	180,127	-	(18,222)	-	-	161,905
223 Tuam Street, Christchurch	30,200,000	-	6,844	-	-	30,206,844
Investment property	17,000,000	-	92,115	-	-	17,092,115
Lease incentives, lease costs, and fixed rental increases	-	-	-	-	-	-
35 Hickory Place, Christchurch	17,000,000	-	92,115	-	-	17,092,115
	77,900,000	-	90,679	--	-	77,990,679

Notes to the Financial Statements (Continued)

7 Direct Property Investments (continued)

	31 Mar 2024 (Audited)					
	Opening balance	Acquisitions	Net expenditure	Fair value movement	Transfers	Closing balance
	\$	\$	\$	\$	\$	\$
Investment property	17,113,868	-	-	(1,258,963)	-	15,854,905
Lease incentives, lease costs, and fixed rental increases	386,132	-	(41,037)	-	-	345,095
6 Hurring Place, Wellington	17,500,000	-	(41,037)	(1,258,963)	-	16,200,000
Investment property	15,656,918	-	-	(1,537,720)	-	14,119,198
Lease incentives, lease costs, and fixed rental increases	343,082	-	37,720	-	-	380,802
12 Newlands Road, Wellington	16,000,000	-	37,720	(1,537,720)	-	14,500,000
Investment property	30,487,187	-	6,100	(473,414)	-	30,019,873
Lease incentives, lease costs, and fixed rental increases	162,813	-	17,314	-	-	180,127
223 Tuam Street, Christchurch	30,650,000	-	23,414	(473,414)	-	30,200,000
Investment property	18,250,000	-	184,066	(1,434,066)	-	17,000,000
Lease incentives, lease costs, and fixed rental increases	-	-	-	-	-	-
35 Hickory Place, Christchurch	18,250,000	-	184,066	(1,434,066)	-	17,000,000
	82,400,000	-	204,163	(4,704,163)	-	77,900,000

	31 Mar 2024 (Audited)					
Direct Property Investment - held for sale	Opening balance	Acquisitions	Net expenditure	Fair value movement	Transfers	Closing balance
	\$	\$	\$	\$	\$	\$
Direct Property Investment - held for sale	12,600,000	-	222,585	(735,793)	12,086,792	-
107 Harris Road, Auckland	12,600,000	-	222,585	(735,793)	12,086,792	-

Acquisitions reflects the purchase price and any associated transaction costs.

Net expenditure comprises capital expenditure, straight line rental adjustments, leasing incentives and leasing costs paid, less any amortisation of leasing incentives and leasing costs.

Fair value movement reflects the difference between independent valuation and the net book value immediately prior to the valuation.

Transfers Reflects the reclassification of direct property investment to direct property investment - held for sale.

The fair value of investment property land and buildings was unchanged at 30 September 2024 from external valuations performed on 31 March 2024 (performed by Jones Lang LaSalle (223 Tuam Street, Christchurch and 35 Hickory Place, Christchurch) and Colliers Limited (6 Hurring Place, Wellington and 12 Newlands Road, Wellington). Management's internal assessment as at 30 September 2024 concluded there were no triggers identified to update fair values from 31 March 2024 and hence valuations of Direct Property Investments have remained consistent over the reporting period.

Notes to the Financial Statements (Continued)

8 Bank Loans

	Unaudited 30 Sep 2024	Audited 31 Mar 2024
Loan details	\$	\$
Bank loan	39,750,000	41,229,975
	<u>39,750,000</u>	<u>41,229,975</u>

As at 30 September 2024 there is one loan facility in place. The facility of \$39,750,000 has a maturity date of 31 March 2026 . At reporting date, the floating interest rate on the loan was 5.15% (March 2024: 5.64%) plus a margin of 2.15% (March 2024: 2.15%).

The interest expense recognised in the Statement of Comprehensive Income is made up of both interest from the bank loan and interest rate swap (Note 9). The interest expense relating to the bank loan is \$1,580,310 (September 2023: \$1,998,014). The interest income relating to the interest rate swap is \$26,071 (September 2023: Nil).

The loan is secured by a first registered mortgage over the Direct Property Investments as well as a general security deed over all other assets of the Fund. (March 2024: The loans were secured by a first registered mortgage over the Direct Property Investments as well as a general security deed over all other assets of the Fund.).

Bank loan covenants	30 Sep 2024	31 Mar 2024
<i>Loan to value ratio - not to be greater than</i>	55%	55%
Loan to value ratio	51%	52.9%
<i>Interest cover ratio - not to be less than</i>	1.50:1	1.50:1
Interest cover ratio	2.54:1	2.11:1

9 Interest Rate Swap

	Unaudited 30 Sep 2024	Audited 31 March 2024
	\$	\$
Balance at 1 April	-	-
Change in fair value	(106,575)	-
Closing Balance	<u>(106,575)</u>	<u>-</u>

The Fund has taken out an interest rate swap on 30 August 2024 to fix the interest rate at 3.915% for a notional amount of \$20,000,000 (March 2024: nil). The interest rate swap has a maturity of 31 August 2026.

Interest rate swap policy

At each reporting date the swap is revalued to reflect the difference in value between the fixed rate and the current floating rate. The resulting gain or loss is recognised in the Statement of Comprehensive Income. The Fund applies Level 2 of the fair value hierarchy in determining the fair value of its interest rate swap. The bank provides the Fund with the valuation.

Notes to the Financial Statements (Continued)

10 Financial Risk Management

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (such as interest rate risk) and capital risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from operations.

Management reviews and agrees policies for managing each of these risks.

Further information on the identified risks can be found within note 10 of the Fund's financial statements for the year ended 31 March 2024.

11 Issued Units and Equity

	Unaudited 30 Sep 2024 No. of Units	Unaudited 30 Sep 2023 No. of Units
Opening balance	128,788,775	128,138,900
Units issued	237,920	370,774
	<hr/>	<hr/>
Closing balance	129,026,695	128,509,674
	<hr/>	<hr/>

Subscribed capital policy

The holders of units are entitled to receive distributions and are entitled to one vote per unit at meetings of the Fund, and rank equally with regard to the Fund's residual assets. All units are fully paid.

Investors' Net Capital Contribution

	Unaudited 30 Sep 2024 \$	Unaudited 30 Sep 2023 \$
Opening balance	153,800,539	152,989,291
Units issued	275,142	483,736
	<hr/>	<hr/>
Closing balance	154,075,681	153,473,027
	<hr/>	<hr/>

Notes to the Financial Statements (Continued)

11 Issued Units and Equity (continued)

The following distributions were paid by the Fund during the six months:

	Unaudited 30 Sep 2024 Six months \$	Unaudited 30 Sep 2023 Six months \$
Profit / (Loss) for the period	2,876,210	(12,995,247)
<i>Add non-cash items</i>		
Unrealised movement in fair value of property scheme investments	(957,852)	10,396,002
Unrealised movement in fair value of direct property investments	-	4,810,395
Unrealised movement in fair value of interest rate swap	106,575	-
Fixed rental increases	5,395	(35,993)
	<u>2,030,328</u>	<u>2,175,157</u>
<i>Adjustments for non-recurring expenditure</i>		
Marketing and other costs associated with equity raising	20,906	46,808
Adjusted operating profit	2,051,234	2,221,965
(Retained) / funded by working capital	(117,300)	120,652
Total cash distribution	<u>1,933,934</u>	<u>2,342,617</u>
Distribution payable as a % of adjusted operating profit	94.3%	105.4%
Average number of units	128,928,681	128,362,543
Per unit	\$0.0150	\$0.0182

12 Leases as Lessor

The Fund's direct property investments (September 2023: including direct property investments- held for sale) have operating leases attached to them.

	Six months 30 Sep 2024 \$	Six months 30 Sep 2023 \$
<i>Minimum payments due are receivable as follows:</i>		
Less than one year	5,257,848	5,713,119
Between one and two years	5,111,922	5,854,921
Between two and three years	4,866,441	5,609,237
Between three and four years	4,269,460	5,291,365
Between four and five years	3,939,702	4,498,282
More than five years	11,954,850	16,503,419
	<u>35,400,223</u>	<u>43,470,343</u>

The Fund's direct property investments have lease agreements with five tenants (September 2023: nine tenants). As at 30 September 2024 the direct property investments were 100% occupied (September 2023: 95.3%). Lease agreements with tenants vary in nature and are set with fixed terms allowing for rent reviews and rights of renewal.

No contingent rents have been recognised as income during the period (September 2023: Nil).

Notes to the Financial Statements (Continued)

13 Related parties

Oyster DPF Trustees Limited is the custodian of the Fund and holds title to assets and liabilities as bare trustee on behalf of the investors in the Fund. The Directors of Oyster DPF Trustees Limited are Craig Manley, Hrvoje Koprivic and Richard Spong.

Oyster Management Limited is the Manager and administers the Fund on behalf of Unitholders. Oyster Management Limited is also the Manager for all the individual property schemes in which the Fund has invested. The Directors of Oyster Management Limited are Joanna Perry, Mark Schiele, Gary Gwynne, Rachael Newsome and Robert Percy.

Interests held in Oyster Direct Property Fund by related parties of the Manager of the Fund are as follows:

Entity owning interests	Related To	Nature of Relationship	Percentage Held
St Kilda Trust (Gary Gwynne)	Oyster Management Limited	Director of Manager	0.15%
GJ Gwynne Trust (Gary Gwynne)	Oyster Management Limited	Director of Manager	0.33%
Gernrode Trust (Mark Schiele)	Oyster Management Limited	Director of Manager	0.18%
Joanna Perry	Oyster Management Limited	Director of Manager	0.03%
Fabio Pagano	Oyster Management Limited	Senior Manager of OML	0.01%
Rachel Barr	Oyster Management Limited	Senior Manager of OML	0.01%
Steven Harris	Oyster Management Limited	Senior Manager of OML	0.01%
Vaughan Ludlam	Oyster Management Limited	Senior Manager of OML	0.01%

The Fund provided a loan to 51 Corinthian Proportionate Ownership Scheme during the six months to reporting date detailed within note 6. The Fund and the Scheme are both managed by Oyster Management Limited. All loan terms are equal to other interest holders within the scheme.

The following fees were paid to the Manager in accordance with the Fund's governing document during the six months:

	Unaudited 30 Sep 2024 Six months	Unaudited 30 Sep 2023 Six months
	\$	\$
Fund management fee	617,560	704,213
Property management fee	79,438	82,067
Accounting fee	11,859	4,380
Leasing fees	5,398	1,852
	<u>714,255</u>	<u>792,512</u>

The Schemes that the Fund has invested in are all related parties by virtue of having Oyster Management Limited as the Manager of those schemes.

Total fees charged by the Manager outstanding at reporting date are \$102,140 (March 2024: \$110,190).

At reporting date, no guarantees have been given to the Fund by any related parties. No provision for doubtful debts has been raised in respect to outstanding balances (March 2024: \$Nil). No related party debts have been written off during the period (March 2024: \$Nil).

Transactions with related parties in the property scheme investments

Oyster is entitled to be paid a property and scheme management fee from the Schemes. These fees are calculated in accordance with the property management agreements of the individual property schemes. The property and scheme management fee is paid monthly in arrears by the Schemes.

14 Capital Commitments

The Fund has capital commitments of \$39,285 as at 30 September 2024 in relation to the remaining balance to be drawn on the loan held with 51C Corinthian Proportionate Ownership Scheme. Refer to Note 6 for detail. (March 2024: \$96,500).

Notes to the Financial Statements (Continued)

15 **Contingent Liabilities**

The Fund had no contingent liabilities as at 30 September 2024 (March 2024: Nil).

16 **Subsequent Events**

There are no subsequent events requiring disclosure in the financial statements

Independent auditor's review report to the subscribers of Oyster Direct Property Fund

Conclusion

We have reviewed the interim financial statements of Oyster Direct Property Fund ("the Fund") which comprise the statement of financial position as at 30 September 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date, and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Fund do not present fairly, in all material respects the financial position of the Fund as at 30 September 2024, and its financial performance and its cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34: *Interim Financial Reporting* (IAS 34).

This report is made solely to the Fund's subscribers, as a body. Our review has been undertaken so that we might state to the Fund's subscribers those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's shareholders as a body, for our review procedures, for this report, or for the conclusion we have formed.

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial statements* section of our report. We are independent of the Fund in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides other assurance services to the Fund. Partners and employees of our firm may deal with the Fund on normal terms within the ordinary course of trading activities of the business of the Fund. We have no other relationship with, or interest in, the Fund.

Directors' responsibility for the interim financial statements

The directors of the Fund Manager are responsible, on behalf of the Fund, for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 and IAS 34 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.



A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Lloyd Bunyan.

A stylized, handwritten-style signature of 'Ernst & Young' in black ink.

Chartered Accountants
Auckland
27 November 2024

Additional Information

(unaudited)

For the six months ended 30 September 2024

Pricing of Units

The Unit Price is determined monthly as at the last day of the month using the Adjusted Net Asset Value of the Fund.

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

Establishment costs

For the purposes of calculating the Adjusted Net Asset Value, and subsequent Unit Price of the Fund, initial Fund establishment costs such as acquisition fees, brokerage fees, marketing, due diligence costs and legal costs have been capitalised and have been amortised on a straight-line basis over the first five years of the Fund's life.

Disposal costs

The Fund has directly acquired properties at 6 Hurring Place, Wellington, 12 Newlands Road, Wellington, 223 Tuam Street, Christchurch and 35 Hickory Place, Christchurch and the Trust Deed requires that the costs to dispose of direct property investments be accrued over the first five years that the property is held.

Disposal costs have been estimated at \$162,000, \$169,000, \$394,000 and \$253,000 respectively, and these are being accrued at \$10,783 per month.

The difference in treatment between the Net Asset Value from the financial statements and the above non-GAAP adjustments is to calculate the Adjusted Net Asset Value is to spread the impact of establishment costs and direct property investment disposal costs over five years for the purposes of calculating the unit price that Investors enter and exit the Fund.

Net asset value for the purposes of unit pricing

	Unaudited 30 Sep 2024 Six months \$	Unaudited 30 Sep 2023 Six months \$
Net Asset Value per the Statement of Financial Position	150,938,823	152,288,542
Adjustment for property disposal costs:		
Balance of unamortised costs carried forward	(629,670)	(570,870)
Provision for direct property investments disposal costs	(73,150)	(112,200)
	<u>(702,820)</u>	<u>(683,070)</u>
Adjusted Net Asset Value	<u>150,236,003</u>	<u>151,605,472</u>
Number of Units on Issue	129,026,695	128,509,674
Unit Price at reporting date	1.1644	1.1797