

OTHER MATERIAL INFORMATION

OYSTER DIRECT PROPERTY FUND

This Other Material Information Document has been prepared to meet the requirements of clauses 48(1)(b) and 50(e) of Schedule 5 to the Financial Markets Conduct Regulations 2014 (FMCR) in relation to an offer of Units in the Oyster Direct Property Fund, as set out in a product disclosure statement (PDS) dated on or around the date of this document.

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

Dated: 18 May 2016

1. Pricing of Units

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

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

Acquisition costs

Acquisition costs such as Acquisition Fee, Brokerage Fee, due diligence costs and legal costs for the purposes of pricing will be written off on a straight line basis over five years from the time the asset is acquired. In the financial statements, the acquisition costs when incurred will be deducted from equity as per NZ IAS 32 paragraph 35. The difference in treatment between the prospective financials statements and the pricing of Units is to spread the impact on the net asset value and the corresponding impact on the price over five years. On sale of all or part of the asset, any remaining amount will be reduced to zero.

Premium to Net Asset Value

Where the Fund purchases an asset (such as a Property Investment) for a cost above the proportionate share of the underlying net asset value (as recorded in the Property Scheme's financial accounts) the Fund's financial statements will record the underlying net asset value on acquisition.

For the purposes of pricing of Units the difference between the acquisition cost and the underlying net asset value will gradually be written off on a straight line basis over five years from the time the asset is acquired.

The difference in treatment between the financial statements of the Fund and the pricing of units is to spread the impact on the Fund's Net Asset Value and the corresponding impact on the Unit price over five years. There is no such adjustment in the period covered by the prospective financial information as the net asset value of the underlying Property Schemes have been reflected at cost.

Disposal cost provision

Where the Fund purchases a property directly the Fund will make a provision against the value of the asset for the anticipated costs of selling the asset. This provision will be gradually recognised over five years from the time the asset is acquired.

This provision will not be reflected in the financial statements of the Fund as the provision is only able to be made at the point an unconditional sale and purchase agreement had been entered into by the Fund.

The difference in treatment between the financial statements of the Fund and the pricing of Units is to spread the impact on the Fund's net asset value and the corresponding impact on the price over five years. There is no such adjustment in the period covered by the prospective financial information as there is no assumption to buy property directly in the period.

If the Fund was to be wound up at any point during the next five years any remaining amount to be amortised will be reduced to zero. The impact of this would mean the net asset value of the Fund would equal the total equity of the Fund.

Net Asset Value for the purposes of unit pricing	10 Months ending 31 March 2017	12 months ending 31 March 2018
Total equity as per prospective statement of financial position	15,990,880	15,915,018
Acquisition costs to be written off over five years ¹	1,236,467	1,030,389
Amortisation of acquisition costs	(206,078)	(247,293)
Remaining acquisition costs to be amortised	1,030,389	783,096
Net Asset Value	17,021,269	16,698,114
Number of Units on issue	17,250,000	17,250,000
Price per Unit	0.99	0.97

¹ Refer to note 7 on page 15 of the Prospective Financial Statements for details

Assumptions for Net Asset Value Table

The assumptions on which the Net Asset Value table above is based include:

1. The acquisition costs are based only on the costs of this Offer.
2. There is no purchase or disposal of properties by the Schemes or Property Investments by the Fund during this period.
3. The total equity, for 2017 and 2018, is based on the acquisition price of assets without any adjustment. More information can be found in the Prospective Financial Information in notes 6 and 7.
4. More details on Unit Prices can be found in the Trust Deed.

Underlying Asset Value of Units	10 Months ending 31 March 2017	12 months ending 31 March 2018
Total equity as per prospective statement of financial position	\$15,990,880	\$15,915,018
Number of Units on issue	17,250,000	17,250,000
Price per Unit	0.93	0.92

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

2. Total Estimated Costs of Offer and Issue

The table below details the total of the amounts paid or agreed to be paid by, or on behalf of, 1 or more relevant persons in connection with the offer of Units in the Fund.

Type of Cost	Amount	Cost paid to	Reason for cost and description of services
Brokerage Fee	\$396,750	Oyster	<ul style="list-style-type: none"> Oyster will be paid a brokerage fee which is calculated as 2% (plus GST) of the total equity raised. From that fee Oyster is responsible for paying any commissions payable to third party agents responsible for arranging the sale of Units as Oyster may be required to pay commissions to those third parties. The Fund has no liability for any such commissions. The Fund's sole liability is for the fee payable to Oyster.
Acquisition Fee	\$358,426	Oyster	<ul style="list-style-type: none"> Oyster is entitled to an Acquisition Fee of 2% (plus GST) of the purchase price of any Property Investments acquired for the Fund.
Legal Setup Costs	\$115,000	Tompkins Wake	<ul style="list-style-type: none"> Legal fees include the fee for preparing this Offer and establishing the Fund.
PDS Registration	\$2,891	Financial Markets Authority	<ul style="list-style-type: none"> Fee payable to the Financial Markets Authority for registration of the PDS.
Marketing Costs	\$230,000	Various parties	<ul style="list-style-type: none"> These are the estimated costs of printing marketing material (including the PDS) and advertising of this Offer.
Financial Modelling	\$57,500	KPMG	<ul style="list-style-type: none"> This is the estimated cost of creating a financial model for the Fund.

Supervisor's Fees	\$47,150	Supervisor	<ul style="list-style-type: none"> • The Supervisor will be paid a fee of \$10,350 (inc GST) on appointment as Supervisor of the Fund; and • The Supervisor is also entitled to charge a special duties fee charged at the Supervisor's usual time and attendance rates to cover the Supervisor's time spent on the establishment of the Fund and the review of this Offer. This fee is estimated to be \$11,500 (inc GST) based on Oyster's estimate of time to be spent on this Offer by the Supervisor; and • The Supervisor will pass onto the Fund the legal fees charged by their solicitors for reviewing this Offer, the Trust Deed and other attendances in relation to the establishment of this Fund. This fee is estimated to be \$25,300 (inc GST);
Registry Fee	\$28,7509	Apello Services Limited	<ul style="list-style-type: none"> • These are the fees from the Registry for establishing a registry service for the Fund.

3. Fee Assumptions

The principal assumptions on which the estimates of the fees in Section 8 of the PDS “What are the Fees?” are based are detailed below.

Fees payable to Oyster and its Associated Companies

- **Performance and Termination fees**
These fees are estimated to be zero as it is not expected that the either fee will be paid during the forecast period.
- **Brokerage and Acquisition Fees**
These fees are calculated based on the Offer being fully subscribed and all the Property Investments are purchased as forecast.
- **Accounting Fee**
It has been assumed that there will not be an increase in this fee on 1 April 2017 as any change in the CPI index cannot be forecast with any certainty.
- **Fees payable in the Property Schemes**
These fees are estimates based on the management fees historically paid by the Property Schemes and the fees forecast to be payable for the initial offer of interests in the Cider Proportionate Ownership Scheme.
- **Management Fee**
This fee has been estimated to be at the minimum level of \$103,500 (inc GST) as no growth in the assets of the Fund are forecast in the period to 31 March 2018.

Other Fees

The fees payable to third parties (being those fees other than those payable to the Manager and its associated persons) have been estimated by the Manager (following consultation with the relevant third party), based on:

- If the fee has not been fixed - historical experience and the information known to it at the date of the PDS.
- If the fee has been fixed -the fee agreed with the third party has been used.