

# Oyster Direct Property Fund

Prospective financial statements  
for the periods ended 31 March 2017 and 31 March 2018

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These are prospective financial statements and comply with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements.

# Prospective statement of comprehensive income

for the periods ended 31 March 2017 and 31 March 2018

*in New Zealand Dollars*

	Note	10 months ended 31-Mar-17 \$	12 months ended 31-Mar-18 \$
<b>Revenue</b>	4	1,076,970	1,346,481
<b>Gross profit</b>		<u>1,076,970</u>	<u>1,346,481</u>
<b>Administrative expenses</b>			
Accounting fees		25,300	8,050
Administration costs		11,500	13,800
Audit fees	8	21,275	9,775
Supervisor fees		11,500	23,000
Management fees		86,250	103,500
Registry fees		57,500	69,000
		<u>213,325</u>	<u>227,125</u>
Finance income	5	13,825	12,546
<b>Profit for the year</b>		<u>877,470</u>	<u>1,131,902</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the period available to unit holders</b>		<u><u>877,470</u></u>	<u><u>1,131,902</u></u>

This statement is to be read in conjunction with the notes to the prospective financial statements.

# Prospective statement of changes in equity

for the periods ended 31 March 2017 and 31 March 2018

in New Zealand Dollars

	Note	Subscribed capital \$	Retained earnings \$	Total equity \$
Balance at 1 June 2016		-	-	-
<b>Comprehensive income for the period</b>				
Profit for the period		-	877,470	877,470
<b>Total comprehensive income for the period</b>		-	877,470	877,470
Investors' net capital contribution	7	16,013,533	-	16,013,533
Less distribution to investors	7	(22,653)	(655,303)	(677,956)
Less withdrawals for PIE tax paid	7,16	-	(222,167)	(222,167)
		15,990,880	(877,470)	15,113,410
<b>Balance at 31 March 2017</b>		<b>15,990,880</b>	<b>-</b>	<b>15,990,880</b>
Balance at 1 April 2017		15,990,880	-	15,990,880
<b>Comprehensive income for the period</b>				
Profit for the period		-	1,131,902	1,131,902
<b>Total comprehensive income for the period</b>		-	1,131,902	1,131,902
Investors' net capital contribution	7	-	-	-
Less distribution to investors	7	(75,862)	(840,579)	(916,441)
Less withdrawals for PIE tax paid	7,16	-	(291,323)	(291,323)
		(75,862)	(1,131,902)	(1,207,764)
<b>Balance at 31 March 2018</b>		<b>15,915,018</b>	<b>-</b>	<b>15,915,018</b>

This statement is to be read in conjunction with the notes to the prospective financial statements.

# Prospective statement of financial position

as at 31 March 2017 and 31 March 2018

*in New Zealand Dollars*

	Note	31-Mar-17 \$	31-Mar-18 \$
<b>Assets</b>			
Cash and cash equivalents		416,652	348,505
Trade and other receivables	10	111,672	111,820
<b>Total current assets</b>		<b>528,324</b>	<b>460,325</b>
Property scheme interests	6	15,583,750	15,583,750
<b>Total non-current assets</b>		<b>15,583,750</b>	<b>15,583,750</b>
<b>Total assets</b>		<b>16,112,074</b>	<b>16,044,075</b>
<b>Current Liabilities</b>			
Trade and other payables	9	101,820	109,400
Other liabilities		19,374	19,657
<b>Total current liabilities</b>		<b>121,194</b>	<b>129,057</b>
<b>Total liabilities</b>		<b>121,194</b>	<b>129,057</b>
<b>Equity</b>			
Investors' subscribed capital	7	15,990,880	15,915,018
Retained earnings		-	-
<b>Total equity</b>		<b>15,990,880</b>	<b>15,915,018</b>
<b>Total equity and liabilities</b>		<b>16,112,074</b>	<b>16,044,075</b>

This statement is to be read in conjunction with the notes to the prospective financial statements.

# Prospective statement of cash flows

for the periods ended 31 March 2017 and 31 March 2018

in New Zealand Dollars

	Note	10 months ended 31-Mar-17 \$	12 months ended 31-Mar-18 \$
<b>Cash flows from operating activities</b>			
Cash provided from:			
Distributions received		965,298	1,346,333
Interest received		13,825	12,546
		<u>979,123</u>	<u>1,358,879</u>
<i>Cash applied to:</i>			
Other operating expenses		(182,143)	(229,897)
<b>Net cash from operating activities</b>	13	<u><b>796,980</b></u>	<u><b>1,128,982</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property scheme interests	6	<u>(15,583,750)</u>	-
<b>Net cash used in investing activities</b>		<u><b>(15,583,750)</b></u>	-
<b>Cash flows from financing activities</b>			
Gross proceeds from unit issue	7	17,250,000	-
Issue costs paid	7	(1,236,467)	-
Gross distributions paid including PIE tax paid		(810,111)	(1,197,129)
<b>Net cash from /(used) in financing activities</b>		<u><b>15,203,422</b></u>	<u><b>(1,197,129)</b></u>
<b>Net increase in cash and cash equivalents</b>		416,652	(68,147)
Cash and cash equivalents at 1 April		-	416,652
<b>Cash and cash equivalents at 31 March</b>		<u><b>416,652</b></u>	<u><b>348,505</b></u>

This statement is to be read in conjunction with the notes to the prospective financial statements.

# Notes to the financial statements

## 1 Reporting entity

Oyster Direct Property Fund ("Fund") will be a fund established under the Financial Markets Conduct Act 2013 and domiciled and registered in New Zealand.

The Fund is a new venture and has not previously traded.

This is a managed investment scheme. The Fund has been established to hold interests in a diversified property portfolio. Initially the Fund will be investing in property schemes managed by Oyster Management Limited. In the future it may purchase commercial property directly or invest in property schemes managed by other managers.

The prospective financial statements were authorised for issue on 9<sup>th</sup> May 2016 by Oyster Management Limited ("Oyster"). Oyster is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Oyster is not intending to update these prospective financial statements in subsequent periods.

## 2 Basis of preparation

The prospective 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 will be an FMC Reporting Entity under the Financial Reporting Act 2013.

The purpose of the prospective financial statements is to provide potential investors with information of what their investment could entail and the return the Fund expects to deliver. The information in these statements may not be appropriate for any other purpose. The prospective financial statements comply with Financial Reporting Standard 42 (FRS-42: Prospective Financial Statements) and Generally Accepted Accounting Practice in New Zealand (NZ GAAP) as it relates to prospective financial statements.

The prospective financial statements have been prepared under the historical cost convention, apart from investment property interests which is valued at fair value as specified in note 6.

### Accounting period

The first period of these prospective financial statements for the period ending 31 March 2017 has been determined as 10 months which is based on the settlement date of the property scheme interests, 1 June 2016.

The second period of these prospective financial statements for the year ending 31 March 2018 is for a 12 month period.

### Specific accounting policies

The principle accounting policies applied in the preparation of these prospective financial statements are set out below. These policies have been consistently applied to both periods presented.

#### (a) Goods and services tax (GST)

The prospective financial statements have been prepared using GST inclusive figures, as the Fund will not be registered for GST.

#### (b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Notes to the financial statements (continued)

## 3 Significant assumptions

(a) *Subscribed capital*

The Offer of units will be in the period between the opening date of the offer and 31 May 2016. Provided Oyster receives and accepts applications for not less than \$17,250,000 (17,250,000 units) from Investors, the Offer will proceed and settlement of the property scheme interests will be completed.

These prospective financial statements assume all 17,250,000 units will be fully subscribed by 31 May 2016 at \$1 per unit. These prospective financial statements also assume that no additional units are offered and subscribed to and that no further purchases of property scheme interests are made by the Fund prior to 31 March 2018.

(b) *Investor distributions*

The return from the Fund is dependent on the distributions made from the property investment schemes. The Fund will make initial investments in the property investment schemes listed below.

Property investment schemes	Units held by the Fund	Percentage of units held by the Fund	Distribution anticipated - 10 months ending 31 March 2017	Distribution anticipated - 12 months ending 31 March 2018
100 Harris Proportionate Ownership Scheme	4	3.51%	\$37,974	\$46,093
Jackson Petone Proportionate Ownership Scheme	5	7.46%	\$42,589	\$49,797
51 Corinthian Proportionate Ownership Scheme	1	9.09%	\$55,470	\$66,554
Universal Drive Proportionate Ownership Scheme	3	20.00%	\$159,508	\$191,366
Home Straight Proportionate Ownership Scheme	50	19.61%	\$179,761	\$215,726
C & C Proportionate Ownership Scheme	12	12.00%	\$106,013	\$130,389
Mitre 10 Henderson Proportionate Ownership Scheme	15	10.71%	\$109,459	\$131,959
Cider Proportionate Ownership Scheme (anticipated settlement 21 June 2016)	6	12.00%	\$386,196	\$514,597

The distribution received is anticipated to be the cash distribution paid out by the property schemes to its interest holders based on the number of interests held. This is inherently linked to the rental income and expenses of the individual schemes which is discussed in note 3 (d). For the purpose of these prospective financial statements, the anticipated cash distributions have been determined based on the Fund's share of the forecasted profits for each of the property schemes for each of the periods. The forecast profits do not include any forecasted fair value gain or loss on investment property held by the property schemes. It is possible that actual cash distributions paid out by the property schemes will differ from the actual profits achieved by the schemes as profits are distributed at the discretion of Oyster Management Limited, as manager for each of the schemes. In determining whether to distribute some or all profit to investors in the property schemes, the manager will consider the operating and financial results of the scheme, capital expenditure required in relation to the property, working capital requirements and other factors the manager considers relevant.

The key factors that determine the returns from the property investments are:

*Rent reviews*

Rent reviews are a key driver to both rental growth and capital growth for the property owned by the property scheme. Rental revenue is discussed further at note 3 (d).

*Capital expenditure and operating expenses*

Expenses for repairs and maintenance to the property and any operating expenses which are not recoverable from tenants will have an impact on the property scheme's cash flow. Repairs and maintenance costs are discussed further at note 3 (d).

*Bank Loan Interest*

This is typically the largest expense for a property scheme. Increases in interest rates can have a material impact on the distributions from the property scheme. Initially the Fund will not have any bank debt, however it may use bank debt in the future to finance the purchase of property directly.

## Notes to the financial statements (continued)

**(c) Purchase of property scheme interests and fair value gains and losses**

Receipts from the Subscription (\$15,583,750) will be used for the purchase of interests in investment property schemes. Further detail is specified in note 6.

The carrying value of the property scheme interests will be measured at its fair value at each reporting date. Fair value for the prospective financials statements was determined on the sale and purchase agreement for each of the interests acquired. The material item within the assets and liabilities of the property schemes is the investment property.

Investment property in the schemes, which is property held to earn rentals and/or for capital appreciation is measured at its fair value at each reporting date. In future the fair value will be determined annually by external valuers through the use of the discounted cash flow (DCF) analysis which focuses on the operating cash flow from the property and the anticipated proceeds of a hypothetical sale at the end of an assumed holding period. These amounts are then discounted to present values of the income stream and the hypothetical sale (the revision) is added to a value indication. Movements in fair value are recognised in the profit or loss.

The fair value of property investment schemes will be measured at the Fund's share of the net asset value of schemes at balance date. However, there is insufficient information available to confirm what the fair value will be at 31 March 2017 and 31 March 2018. Therefore, the property scheme interests are initially recognised at cost and remain at cost for the purposes of these prospective financial statements.

The table below represents some further sensitivity in respect of applied capitalisation rates in the valuation of investment property held by the property schemes and the impact that movement will have on the carrying value of the property scheme interests.

Property Investment Schemes	Funds share of Investment property held by property investment Scheme <sup>1</sup>	Impact of movement in capitalisation rates on carrying value of property scheme interests					
		Less 45 bps	Less 30 bps	Less 15 bps	Plus 15 bps	Plus 30 bps	Plus 45 bps
100 Harris Proportionate Ownership Scheme	\$757,895	\$58,141	\$40,529	\$23,660	(\$8,024)	(\$22,922)	(\$37,240)
Jackson Petone Proportionate Ownership Scheme	\$797,015	\$31,626	\$18,051	\$4,912	(\$20,142)	(\$32,094)	(\$43,685)
51 Corinthian Proportionate Ownership Scheme	\$1,381,818	\$80,745	\$48,064	\$16,789	(\$41,892)	(\$69,454)	(\$95,924)
Universal Drive Proportionate Ownership Scheme	\$4,040,000	\$275,953	\$169,497	\$68,277	(\$119,930)	(\$207,569)	(\$291,283)
Home Straight Proportionate Ownership Scheme	\$4,519,608	\$269,597	\$170,967	\$76,428	(\$101,356)	(\$185,042)	(\$265,524)
C&C Proportionate Ownership Scheme	\$2,532,000	\$181,891	\$125,632	\$71,692	(\$29,782)	(\$77,564)	(\$123,527)
Mitre 10 Henderson Proportionate Ownership Scheme	\$2,753,571	\$209,954	\$148,214	\$88,994	(\$22,479)	(\$75,000)	(\$125,539)
Cider Proportionate Ownership Scheme	\$11,700,000	\$884,308	\$573,765	\$278,177	(\$272,262)	(\$528,941)	(\$774,345)
<b>Total impact of movement in capitalisation rates on carrying value of property scheme interests</b>		\$1,992,216	\$1,294,720	\$628,929	(\$615,867)	(\$1,198,586)	(\$1,757,067)

<sup>1</sup> (Valuation at 31 March 2015 or on Scheme establishment)

## Notes to the financial statements (continued)

**(d) Rental income and expenses**

The rental income for the property schemes has been forecast based on the current leases in place, details of which are listed below:

Investment Property Scheme	Lease start date	Current expiry date	Current rental income per annum	Future renewable terms (years)	Next review date	Review type
<b>100 Harris Proportionate Ownership Scheme</b>						
VIP Plastic Packaging (NZ) Limited	11-Oct-13	10-Oct-25	\$1,636,828	5	11-Oct-16	Fixed %
<b>Jackson Petone Proportionate Ownership Scheme</b>						
New Zealand Racing Board	08-Aug-14	07-Aug-23	\$578,314	3+3	08-Aug-17	CPI
New Zealand Racing Board	08-Aug-14	07-Aug-23 *	\$431,391	3+3	08-Aug-17	CPI
<b>51 Corinthian Proportionate Ownership Scheme</b>						
Westpac (NZ) Investments Ltd	01-Sep-12	31-Aug-21	\$431,228	6+6	01-Sep-18	Market (limited to 2.5 % per annum)
Windsor Medical Centre Limited	01-Apr-11	31-Mar-17	\$89,430	6+6+6	01-Apr-17	Market (limited to CPI movement)
Hands On Rehabilitation Limited	01-Nov-11	31-Oct-17	\$82,641	3+3	01-Nov-17	Market
Westpac (NZ) Investments Ltd	01-Sep-12	31-Aug-21	\$393,914	6+6	01-Sep-18	Market (limited to 2.5 % per annum)
Bachmann Orthodontics Limited	16-Aug-10	30-Jun-20	\$94,020	5	01-Jul-17	Market (limited to CPI movement)
<b>Universal Drive Proportionate Ownership Scheme</b>						
General Distributors Limited	27-Oct-15	26-Oct-35	\$1,487,000	10+10+5+5	27-Oct-16	Fixed %
<b>Home Straight Proportionate Ownership Scheme</b>						
Ministry of Education	10-Apr-12	09-Apr-22	\$785,043	6+3+3	10-Apr-18	Market
RD1 Ltd	10-May-12	09-May-20	\$432,480	3+3+3	10-May-16	Market (limited to CPI movement)
Hamilton City Fitness Ltd	11-Apr-12	10-Apr-27	\$406,560	5+5	11-Apr-16	CPI + fixed %
Just Lounging Around Café Ltd	04-Mar-13	03-Mar-25	\$85,703	6+6	04-Mar-17	CPI + fixed %
<b>C &amp; C Proportionate Ownership Scheme</b>						
General Distributors Limited	01-Sep-10	31-Aug-22	\$930,000	10+10+10	01-Sep-16	Market
General Distributors Limited	15-Jul-99	14-Dec-20	\$681,000	6+6	15-Dec-17	Market
<b>Mitre 10 Henderson Proportionate Ownership Scheme</b>						
Mitre 10 (New Zealand) Limited	01-Apr-16	31-Mar-29	\$1,986,000	6	01-Apr-19	Market
<b>Cider Proportionate Ownership Scheme (anticipated settlement 21 June 2016)</b>						
Refer below for details						

\* Under the existing lease agreement, the tenant has a right to break at the end of year six of the lease term.

## Notes to the financial statements (continued)

**(d) Rental income and expenses (continued)**

Given the Cider building is still under construction (due to be completed 21 June 2016), the rental income for Cider Proportionate Ownership Scheme is based on the proposed rental level from the leases below and the income from the vendor's underwrite for any vacant spaces as follows:

Cider Proportionate Ownership Scheme	Lease start date	Current expiry date	Rental/underwrite income per annum <sup>2</sup>	Future renewable terms (years)	Next review date	Review type
General Distributors Limited	22-Jun-16	21-Jun-36	\$1,386,000	5+5+5	22-Jun-21	Turnover rent review (fixed % component)
Fairfax New Zealand Limited	22-Jun-16	21-Jun-28 <sup>1</sup>	\$2,080,059	3 + 3	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$2,545,855	Nil	22-Jun-17	Fixed %
Sushi Express Limited	22-Jun-16	21-Jun-26	\$77,575	Nil	22-Jun-17	CPI
Stationary Corner Limited	22-Jun-16	21-Jun-22	\$11,600	6	22-Jun-17	CPI
Domino's Pizza New Zealand Limited	22-Jun-16	21-Jun-24	\$75,400	5	22-Jun-17	CPI
Biscocho Limited	22-Jun-16	21-Jun-26	\$55,990	5+5	22-Jun-17	CPI
Stylish Man Limited	22-Jun-16	21-Jun-22	\$45,485	6	22-Jun-17	CPI
SNK Beauty Limited	22-Jun-16	21-Sep-26	\$38,170	Nil	22-Jun-17	CPI
Mambo Limited	22-Jun-16	21-Jun-26	\$16,745	5+5	22-Jun-17	CPI
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$41,220	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$45,980	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$58,523	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$58,380	Nil	22-Jun-17	Fixed %
Vacant: Underwrite from General Distributors Limited	22-Jun-16	21-Jun-20	\$13,000	Nil	22-Jun-17	Fixed %
Soho 13 Limited	22-Jun-16	21-Jun-36	\$58,500	Nil	22-Jun-17	CPI

<sup>1</sup> Fairfax has a break right at year 8 for part of the premises.

<sup>2</sup> The final rental and underwrite income are subject to final measurements.

As reflected in the table above, one supermarket lease, one office lease, seven retail leases and one car park lease have been entered into in respect of the Cider building as at the date of these prospective financial statements. A four year underwrite has been arranged for the vacant spaces, whereby the vendor has agreed to pay to the Cider Proportionate Ownership Scheme the rent, operating expenses and naming/signage fees for all the vacant spaces within the premises for a period of up to four years.

The following assumptions have been made regarding the types of rent reviews:

- CPI - inflation has been assumed to be nil due to the high uncertainty of inflation rate. Therefore the prospective financial statements do not factor in any increase in rent for leases with CPI reviews.
- Market - it is not possible to accurately predict what the future market rental will be for any tenancy, therefore the prospective financial statements do not assume rental increases for leases with market reviews. A third party will be contracted to forecast market rent for the properties at the date of rent review of the respective properties.
- Fixed percentage - for leases whereby the review mechanism is a fixed percentage increase, as the certainty of the rent increases is high and we are able to accurately measure it, the prospective financial statement spreads the rent increases over the term of the lease.

Property level expenses are calculated for each investment property on the basis of Operating (OPEX) Budgets. Budgets are compiled by each property's specific property manager based on prior performance and known or anticipated future costs. Forecasted expenses for each property are not adjusted for inflation due to the high uncertainty with inflation rates.

The administration costs and operating expenses have been based on quotes received and previous experience.

## Notes to the financial statements (continued)

### (e) *Distributions*

Distributions received from the property schemes are inherently linked to the rental income and expenses of the individual schemes. The key risks to the schemes being able to pay the monthly distributions are:

#### **Tenant defaults**

The income received from a Property Investment is impacted significantly if a tenant (or tenants) is unable to, or chooses not to, pay the rent and outgoings payable under the leases. If a tenant defaults in payments under its lease or is unable to sustain payment of the rent at market levels, this will reduce the income return on the Property Investment. The insolvency or receivership of a major tenant would also have a major impact on the income received from a Property Investment.

#### **Capital expenditure**

A risk associated with ownership of a commercial investment property is unforeseen maintenance, structural repairs or works of a capital nature to the property for which the landlord is responsible. If the cost of the works cannot be funded from the Property Scheme's working capital it will need to either increase its bank borrowings or reduce distributions to the Fund (or both). This risk will also apply to the Fund if in the future it purchases a Property directly.

### (f) *Cash*

Following receipt of monies from subscription, \$208,856 will be withheld for working capital purposes.

Cash distributions from the Fund are scheduled to be paid monthly. These distributions are made up of the profit of the Fund after payment of all operating expenses. Profit is distributed at the discretion of Oyster. In determining whether to distribute some or all profit to Investors, the Manager will also need to consider the operating and financial results of the Fund, monies needed to fund redemptions and other factors the Manager considers relevant.

### (g) *Management fees and other operating costs*

The prospective financial statements calculate management fees being the greater of \$103,500 or 0.60% of the aggregate value of assets of the Fund.

Other expenses such as accounting, audit, supervisor fees and fund administration costs will be partially settled by funds withheld from the initial capital contribution by investors.

Supervisor fees are calculated to be the maximum of \$11,500 in the first period and the greater of \$23,000 or 0.06% of the aggregate value of assets of the Fund thereafter. As the Fund grows, management and supervisor fees may be subject to further guidelines set out within the Fund's Deed. This can be found on the Scheme register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

The Fund will not initially have any bank debt, but it may use bank debt in the future to finance the purchase of property directly.

### (h) *Finance income*

Upon receipt it is anticipated that the net investors' capital contribution amount will accrue interest income until the funds are utilised for the purchase of the investment property portfolio, after which interest will be generated on the balance of cash and cash equivalents. An annual interest rate of 3% has been used to calculate interest income.

## Notes to the financial statements (continued)

### Cautionary note

Many possible events or factors could affect the future financial results and performance and could cause actual results to differ materially from the expectations of future results expressed or implied in these prospective financial statements.

These prospective financial statements are based on assumptions and involve a number of risks and uncertainties, many of which are beyond the control of the Fund. The Manager, Supervisor and Custodian give no guarantee or assurance that prospective financial information will be achieved.

Assumptions or bases almost always vary from actual results, and the differences between assumptions or bases and actual results can be material.

Differences between assumptions and actual results can also differ due to general business or economic conditions, either nationally or regionally; and legislative or regulatory developments.

These prospective financial statements have been based on the assumption that there will be no material change in the economic environment, legal requirements or current tax regulations applicable to the Fund.

## Notes to the financial statements (continued)

## 4 Revenue

	10 months ended 31-Mar-17	12 months ended 31-Mar-18
	\$	\$
Distributions received	690,774	831,884
Distributions received from new acquisitions	386,196	514,597
	1,076,970	1,346,481

**Revenue policy***Distributions received*

Distributions received are based on earnings before tax, depreciation and amortisation (EBTDA) of each individual property scheme interest; and according to the percentage interest the Fund holds in each property scheme. Further details of the Fund's interests held in the investment property portfolio can be found in note 6.

## 5 Finance income

	10 months ended 31-Mar-17	12 months ended 31-Mar-18
	\$	\$
Interest income	13,825	12,546
<b>Finance income</b>	<b>13,825</b>	<b>12,546</b>

**Finance income policy***Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

## 6 Property scheme interests

	Note	31-Mar-17 \$	31-Mar-18 \$
Opening balance		-	15,583,750
<i>Planned acquisitions</i>			
100 Harris Proportionate Ownership Scheme		420,000	-
Jackson Petone Proportionate Ownership Scheme		525,000	-
51 Corinthian Proportionate Ownership Scheme		750,000	-
Universal Drive Proportionate Ownership Scheme		2,250,000	-
Home Straight Proportionate Ownership Scheme		2,500,000	-
C & C Proportionate Ownership Scheme		1,440,000	-
Mitre 10 Henderson Proportionate Ownership Scheme		1,698,750	-
Cider Building Proportionate Ownership Scheme		6,000,000	-
		15,583,750	-
<i>Add (less) change in fair value</i>	3(c)	-	-
Carrying fair value at 31 March		15,583,750	15,583,750

## Notes to the financial statements (continued)

## 6 Property scheme interests (continued)

Property scheme interests comprises interests held in a diversified portfolio of commercial property schemes.

Individual property Scheme and addresses	Value of initial acquisition \$	Total interests issued by property scheme	Interest held by the Fund	Percentage held by the Fund
100 Harris Proportionate Ownership Scheme <i>VIP Packaging, East Tamaki, Auckland</i>	420,000	114	4	3.51%
Jackson Petone Proportionate Ownership Scheme <i>106-110 Jackson Street, Petone, Wellington</i>	525,000	67	5	7.46%
51 Corinthian Proportionate Ownership Scheme <i>51 Corinthian Drive, Albany, Auckland</i>	750,000	11	1	9.09%
Universal Drive Proportionate Ownership Scheme <i>Countdown, Universal Drive, Henderson, Auckland</i>	2,250,000	15	3	20.00%
Home Straight Proportionate Ownership Scheme <i>19 Home Straight, Te Rapa, Hamilton</i>	2,500,000	255	50	19.61%
C & C Proportionate Ownership Scheme <i>Countdown Tauranga &amp; Napier</i>	1,440,000	100	12	12.00%
Mitre 10 Henderson Proportionate Ownership Scheme <i>Mitre 10 Mega Henderson, Auckland</i>	1,698,750	140	15	10.71%
Cider Proportionate Ownership Scheme <i>4 Williamson Avenue, Ponsonby, Auckland</i>	6,000,000	50	6	12.00%
	15,583,750			

**Property scheme interests policy**

Property scheme interests are investments in schemes which have acquired property, whereby the property is held either to earn rental income or for capital appreciation or for both, rather than for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Each individual property scheme interest is measured at cost on initial recognition by the Fund when the Fund acquires its interest in each property scheme. The Fund subsequently values its interests in each property scheme at fair value annually with any change therein recognised in profit or loss.

As noted in 3(c), there is insufficient information for the fair value to be calculated as at 31 March 2017 and 31 March 2018 so the carrying value of each property scheme interest held by the Fund has remained at cost for the purposes of these prospective financial statements.

Any gain or loss on disposal of an property scheme interest (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

## Notes to the financial statements (continued)

7 Issued units and equity	31-Mar-17	31-Mar-18
Opening balance	-	17,250,000
<b>Number of units issued</b>	17,250,000	-
	17,250,000	17,250,000

Applications must be for a minimum of 10,000 units at \$1.00 each for the minimum subscription amount of \$10,000.

Further units can be purchased in parcels of 1,000 for \$1,000 each.

<b>Equity</b>	31-Mar-17	31-Mar-18
	\$	\$
Opening balance	-	15,990,880
Investors' net capital contribution	16,013,533	-
Total comprehensive income	877,470	1,131,902
Distributions to investors	(677,956)	(916,441)
Withdrawals for PIE tax paid	(222,167)	(291,323)
<b>Balance at 31 March</b>	15,990,880	15,915,018

<b>Investors' net capital contribution</b>	31-Mar-17	31-Mar-18
	\$	\$
Opening balance	-	16,013,533
Investors' gross capital contribution	17,250,000	-
<i>Less: Issue costs</i>		
Legal Setup Costs	(115,000)	-
Product Disclosure Statement Registration Fee	(2,891)	-
Marketing	(230,000)	-
Financial Modelling	(57,500)	-
Supervisor Fees	(47,150)	-
Acquisition Fee	(358,426)	-
Brokerage Fee	(396,750)	-
Registry Fee	(28,750)	-
	(1,236,467)	-
<b>Net investors' capital contribution</b>	16,013,533	16,013,533

## Notes to the financial statements (continued)

**7 Issued units and equity (continued)**

The following distributions are forecasted during the financial year.

	10 months ended 31-Mar-17	12 months ended 31-Mar-18
	\$	\$
Profit per Income Statement	877,470	1,131,902
<i>Plus: Product Disclosure Statement and other costs paid by investor's capital contribution</i>		
Accounting fee	17,250	8,050
Audit fee	11,500	9,775
Management fees	53,197	53,355
Supervisor's fees	-	23,000
Registry fees	-	31,000
Administration costs	-	13,800
<i>Less: non-cash adjustments</i>		
Straight lining of fixed rental increases	(59,294)	(63,118)
Total cash distribution	900,123	1,207,764
Number of investment parcels (10,000 units per parcel)	1,725	1,725
Per investment parcel	\$521.81	\$700.15

***Subscribed capital policy***

The holders of units will be 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.

**8 Fees paid to Auditor**

Audit fees of \$21,275 are anticipated to be paid to the auditors during the period ended 31 March 2017 consisting of \$11,500 for the review of the prospective financial statements and \$9,775 accrued for the audit of the 2017 statements. Audit fees of \$9,775 have been accrued for the audit of the 2018 financial statements.

**9 Trade and other payables**

	31-Mar-17	31-Mar-18
	\$	\$
Trade payables	31,182	28,410
Distribution payable	70,638	80,990
	101,820	109,400

***Trade payables policy***

These amounts represent unsecured liabilities for goods and services provided to the Fund prior to the end of the financial year which are unpaid. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade payables are usually paid within 30 days, they are carried at face value.

**10 Trade and other receivables**

	31-Mar-17	31-Mar-18
	\$	\$
Distributions receivable	111,672	111,820
	111,672	111,820

## Notes to the financial statements (continued)

### Trade and other receivables (continued)

#### *Trade and other receivables policy*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of trade and other receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss.

## 11 Risk Management

#### *Financial assets policy*

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. For the periods covered by the prospective financial information, the Fund will only have financial assets that are classified as financial assets at fair value through profit or loss and loans and receivables.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. They arise when the Fund provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The Funds loans and receivables comprise cash and cash equivalents and trade and other receivables.

Purchases and sales of loans and receivables are recognised on trade date – the date on which the Fund commits to purchase or sell the asset.

Loans and receivables are initially recognised at fair value plus transaction costs and are thereafter carried at amortised cost using the effective interest method

Loans and receivables are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

## Notes to the financial statements (continued)

### *Financial assets policy (continued)*

#### • Financial assets at fair value through profit & loss

Financial assets in this category are either held for trading or are managed with other assets and liabilities and are accounted for and evaluated on a fair value basis. Fair value reporting of these assets and liabilities reflects the Fund's risk management process, which includes utilising natural offsets where possible and managing overall risks of the portfolio on a trading basis.

Upon initial recognition, financial assets are recognised at fair value and attributable transaction costs are included in profit or loss when incurred. Assets in this category are subsequently measured at fair value, with any changes recognised in Statement of Comprehensive Income.

Assets included this category are property scheme interests.

The Fund assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

#### **Credit Risk**

To the extent the Fund has a receivable from another party there is a credit risk in the event of non-performance by that counterparty. Financial instruments which potentially subject the Fund to credit risk principally consist of cash and cash equivalents and trade and other receivables.

The Fund will hold no collateral or any other security over the Fund's financial assets subject to credit risk.

However, the Fund's funds will be held by a well-established bank within New Zealand therefore reducing possible credit risk in relation to cash and cash equivalents.

In respect of trade and other receivables, this balance includes the distributions receivable from the property schemes. Oyster, as manager of each of the property schemes, uses its discretion to determine the level of profits to be distributed for each property scheme and is responsible for then making monthly distributions to investors of these schemes (including the Fund). The Fund does not anticipate non-performance by Oyster and as such there is no anticipated credit risk exposure as at 31 March 2017 and 31 March 2018 in relation to this balance.

Maximum exposures to credit risk at balance date are:	31-Mar-17	31-Mar-18
	\$	\$
Cash and cash equivalents	416,652	348,505
Trade and other receivables	111,672	111,820

#### **Liquidity Risk**

Liquidity risk represents the Fund's ability to meet its financial obligations on time. The Fund projects to generate sufficient cash flows from its operating activities to make timely payment to meet these obligations. The table below represents all contractual and fixed pay-offs for settlement and repayments resulting from expected financial liabilities.

#### **As at 31 March 2017**

Financial Liabilities	Carry Amount	Contractual Cash Flows	0-6 Months	6-12 Months	1 to 2 Years	2 to 5 Years
Trade and other payables	101,820	(101,820)	(101,820)	-	-	-

#### **As at 31 March 2018**

Financial Liabilities	Carry Amount	Contractual Cash Flows	0-6 Months	6-12 Months	1 to 2 Years	2 to 5 Years
Trade and other payables	109,400	(109,400)	(109,400)	-	-	-

## Notes to the financial statements (continued)

### *Financial assets policy (continued)*

#### **Interest Rate Risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Fund has no bank borrowings so there is no exposure to interest rate risk on liabilities.

The schemes the Fund invests in are, however, exposed to interest rate risk in relation to bank borrowings. The manager of each scheme monitors market interest rates on a daily basis to determine whether interest rates should be fixed or whether the scheme should enter into a derivative financial instrument to moderate the impact of short-term fluctuations in interest rates.

The Fund has cash and cash equivalents deposits that are exposed to interest rate risk. Upon receipt it is anticipated that the net investors' capital contribution amount (see note 7) will accrue interest income until the funds are utilised for the purchase of the investment property portfolio. Once the purchase is completed there is minimal exposure to interest rate risk on cash deposits held due to the minimal size of cash on hand thereafter.

The impact of interest rate change is minimised for the Fund as all Schemes the Fund holds interests in have derivative instruments (interest rate swaps) in place except for Cider Proportionate Ownership Scheme. This results in the interest rates and interest expenses being fixed for the term of the interest rate swaps. The derivative instruments that are in place in the other Schemes cover the period extending beyond the period the prospective financial statements cover.

Changes in interest rates will have an impact on future distributions from Cider Proportionate Ownership Scheme for 31 March 2017, 31 March 2018 and beyond. The impact on future distributions from Cider Proportionate Ownership Scheme will impact on the return from the Fund. The impact of changes in interest rates on the projected returns to the Fund are outlined below:

#### **Impact of an Interest Rate Change for a Full Year**

These variances in interest rate and the corresponding change in forecast cash return of the Fund are calculated on the basis the variation is apparent for a full financial year ended 31 March 2018 and that all other assumed variables are held. The table below simply outlines the investor return should the actual aggregate interest rate be different from the assumed interest rate of 4.25% in Cider Proportionate Ownership Scheme.

Annual Interest Rate	Annual Forecast Investor return per minimum parcel	Investor Yield	Variance in Forecast Investor Return per minimum parcel
3.25%	733.01	7.33%	33.01
3.50%	724.76	7.25%	24.76
3.75%	716.50	7.17%	16.50
4.00%	708.25	7.08%	8.25
4.25%	700.15	7.00%	-
4.50%	691.75	6.92%	(8.25)
4.75%	683.50	6.83%	(16.50)
5.00%	675.24	6.75%	(24.76)
5.25%	666.99	6.67%	(33.01)

#### **Derivative Interest Rate Sensitivity**

As derivative instruments (interest rate swaps) may be entered into, then the fair values of these instruments is to be recorded, and any movement in the fair values will be recorded in the Statement of Comprehensive Income for the Schemes in future financial statements. Any variation in interest rates will also impact the fair values of the instruments. The movement in the fair value is a non-cash transaction. The fair value will also be subject to change on a daily basis and Oyster is not able to accurately predict the future variation in interest rates.

## Notes to the financial statements (continued)

### *Financial assets policy (continued)*

#### **Capital Risk**

The Fund's capital consists of investor capital contributions and retained earnings.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for investors and maintain sufficient cash reserves to meet obligations as they fall due. In order to meet these objectives the Fund may change the level of distributions to investors.

The Fund is not subject to externally imposed capital requirements.

#### **Fair value measurement**

The carrying value is expected to approximate the fair value for all financial instruments.

## **12 Related parties**

Oyster Management Limited ("Oyster") will be appointed to manage and administer the Fund on behalf of Unitholders. Its directors are Jodie Clarke, Gary Gwynne, Mark Schiele, Paul Weightman, Mark Winter, Nigel Powell and Michelle McKellar. Oyster is also the Manager for all of the individual property schemes that the Fund intends to invest in.

Covenant Trustee Services Limited is the Supervisor for the Fund. The Supervisor owns the share in the Custodian and appoints its directors. The directors for Covenant Trustee Services Limited are James Douglas, Graham Miller and Timothy Shaw.

Oyster DPF Trustees Limited is the Custodian for the Fund and holds the property scheme interests as nominee of the Supervisor. Its directors are Byran Connor, Michael Hablous, Mark Perrow and Richard Spong.

#### **Transactions with related parties**

Oyster will be entitled to be paid an acquisition fee of \$358,426 which is calculated as 2% (plus GST) of the purchase price of any property scheme interest acquired by the Fund, being a fee for locating the property and negotiating the contract to purchase the property, and for developing this investment opportunity and establishing the Fund. Oyster will also be entitled to be paid a brokerage fee of \$396,750 which is calculated as 2% (plus GST) of the total equity raised. From both the acquisition fee and the brokerage fee Oyster is responsible for paying any commissions payable to third party agents, financial advisers and brokers 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.

Oyster is entitled to be paid a performance fee to reflect the excess performance of investors' returns (total of distributions and movement in net asset value per unit) over the benchmark return, of an amount equivalent to 20% (plus GST) of such excess performance amount. This fee is calculated and payable annually in arrears. It has been assumed that the Fund will not exceed the benchmark return for a performance fee to be paid in the first two years of the Fund.

Oyster will be entitled to be paid a management fee which is calculated as the greater of \$103,500 per annum and 0.60% (plus GST) of the total assets of the Fund. The management fee will be calculated on a pro-rata basis for the period from the settlement date to 31 March 2017. Therefore, the management fee from the settlement date to 31 March 2017 is \$86,250 and for the 12 months ended 31 March 2018, the management fee is \$103,500. The management fee is calculated and payable on the last day of each calendar month or at such other time as Oyster and the Supervisor shall agree. The amount of \$53,197 of the management fee from the settlement date to 31 March 2017 will be paid by investors' capital contribution and the remaining \$33,053 will be paid by the Fund. The amount of \$53,355 paid by the investors' capital contribution will be utilised in the 12 months ended 31 March 2018 and the remaining \$50,145 will be paid by the Fund.

## Notes to the financial statements (continued)

**Transactions with related parties (continued)**

Oyster Management will be paid an accounting fee of \$8,050 annually for providing accounting services to the Fund.

Covenant Trustee Services Limited will be paid an annual fee being the maximum of \$11,500 in the first period and the greater of \$23,000 or 0.06% (plus GST) of the book value of assets thereafter. The Supervisor's fee is payable quarterly in arrears.

The following is a schedule of the fees anticipated to be paid to related parties during the periods ending 31 March 2017 and 31 March 2018.

<b>Oyster Management Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Acquisition fee	358,426	-
Brokerage fee	396,750	-
Performance fee	-	-
Fund Management fee	86,250	103,500
Accounting fee	8,050	8,050
<b>Covenant Trustee Services Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Supervisor fee	11,500	23,000
Supervisor establishment fee	47,150	-
<b>Oyster DPF Trustees Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Custodian fee	-	-

The following is a schedule of fees anticipated to be outstanding as at 31 March 2017 and 31 March 2018.

<b>Oyster Management Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Acquisition fee	-	-
Brokerage fee	-	-
Performance fee	-	-
Fund Management fee	-	-
Accounting fee	8,050	8,050
<b>Covenant Trustee Services Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Statutory supervisor fee	3,450	5,750
<b>Oyster DPF Trustees Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Custodian fee	-	-

Outstanding balances at reporting date are unsecured and are to be settled in cash within one month of the reporting date.

## Notes to the financial statements (continued)

**Related parties (continued)****Transactions with related parties in the property scheme interests**

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.

Oyster is entitled to be paid fees for the establishment of Schemes. These fees typically include brokerage fee, offeror's fee, underwrite fee and legal set up costs. The fees are payable on the establishment of the Scheme.

Amounts outlined below are the Funds share of the Fees payable to Oyster from the property schemes.

<b>Oyster Management Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Property and Scheme management fee	113,976	142,064
<b>Oyster Property Group Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Establishment costs (establishment of Cider Proportionate Ownership Scheme)	388,610	-

The following is a schedule of fees anticipated to be outstanding as at 31 March 2017 and 31 March 2018 in the property schemes.

<b>Oyster Management Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Property and Scheme management fee	11,838	11,838
<b>Oyster Property Group Limited</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
Establishment costs (establishment of Cider Proportionate Ownership Scheme)	-	-

**13 Reconciliation of the profit for the period with the net cash from operating activities**

	<b>31-Mar-17</b>	<b>31-Mar-18</b>
	\$	\$
<b>Profit for the year</b>	877,470	1,131,902
<b>Movements in working capital</b>		
(Increase)/decrease in trade and other receivables	(111,672)	(148)
Increase/(decrease) in trade payables	31,182	(2,772)
	(80,490)	(2,920)
<b>Net cash from operating activities</b>	<b>796,980</b>	<b>1,128,982</b>

**14 Capital commitments**

There are no capital commitments anticipated at 31 March 2017 or 31 March 2018.

**15 Contingencies**

There are no capital contingent liabilities anticipated at 31 March 2017 or 31 March 2018.

## Notes to the financial statements (continued)

## 16 Tax payable to IRD on PIE distributions

	31-Mar-17	31-Mar-18
	\$	\$
Total comprehensive income for the period	877,470	1,131,902
Less depreciation	(24,724)	(28,343)
Less non assessable income	(59,294)	(63,118)
Total taxable income for the period	793,452	1,040,441
Tax expense (assumed PIR of 28%)	222,167	291,323

*Income tax policy*

For tax purposes, the Fund is a multi-rate Portfolio Investment Entity ("PIE"). The Fund itself is not liable to pay income tax. However, the Fund does pay tax deducted from distributions at unit holders' Prescribed Investor Rate (PIR) to the IRD on behalf of unit holders, as part of the PIE regime.

## 17 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.

## Notes to the financial statements (continued)

**Pricing of Units (continued)***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.

<b>Net Asset Value for the purposes of unit pricing</b>	<b>10 Months ending 31/03/2017</b>	<b>12 months ending 31/03/2018</b>
Total equity as per prospective statement of financial position	15,990,880	15,915,018
Acquisition costs to be written off over five years	1,236,467	1,030,389
Amortisation of acquisition costs	(206,078)	(247,293)
	<u>1,030,389</u>	<u>783,096</u>
Net Asset Value	<u>17,021,269</u>	<u>16,698,114</u>
Number of units on issue	17,250,000	17,250,000
Price per unit	\$0.99	\$0.97