**Other Material Information**

# Simplicity

## Wholesale Property Fund

### Investment in Simplicity Living Limited

(not offered to retail investors)

31 July 2026

Simplicity NZ Limited

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# 1. General

This Other Material Information Document ("Document") has been prepared to provide investors in the Simplicity KiwiSaver and Investment Funds schemes ("Schemes") with information on investments by the Schemes in the Simplicity Wholesale Scheme Property Fund ("Property Fund")

This Document replaces the version dated 30 June 2025. It has been updated to reflect changes to the Manager's methodology for valuing Simplicity Living Limited shares, which took effect on 31 July 2026, and to recognise the establishment of the Simplicity Living Wholesale Fund, which also invests in Simplicity Living Limited shares and is available only to eligible wholesale investors.

In this Document, "you" or "your" means an investor in the Schemes. "We", "us", "our", "the Manager", or "Simplicity" refers to Simplicity NZ Limited as the manager of Schemes. The Supervisor of the Schemes is Public Trust.

This document supplements information provided to investors in the Schemes' Product Disclosure Statements (PDS) and Statements of Investment Policy and Objectives (SIPO).

# 2. Simplicity Wholesale Funds scheme

Simplicity Investment Management Limited ("SIML"), a wholly owned subsidiary of Simplicity, is the manager of the Simplicity Wholesale Funds scheme ("Wholesale Scheme"). Public Trust is the trustee of the Wholesale Scheme. SIML is an associated person of Simplicity.

The Wholesale Scheme includes the First Home Mortgage Fund, Cash Fund, Simplicity Property Fund, and Simplicity Living Wholesale Fund. Each fund was established through an establishment deed which sets out the fund's investment purpose, authorised investments, and investment restrictions.

The Simplicity Living Wholesale Fund invests in unlisted ordinary shares of Simplicity Living Limited and is offered exclusively to eligible wholesale investors. The Simplicity Property Fund also invests in unlisted ordinary shares of Simplicity Living Limited and provides exposure to Simplicity Living for certain funds within the Schemes.

Simplicity performs all management functions on behalf of SIML. In accordance with their respective Statements of Investment Policies and Objectives (SIPOs), the Schemes may invest in the Simplicity Property Fund to gain exposure to residential build-to-rent property assets through Simplicity Living.

# 3. Property Fund

Under the Schemes' SIPOs the Property Fund is a portfolio which holds unlisted shares in a related entity, Simplicity Living Limited ("Simplicity Living"), that develops and owns New Zealand residential property that is designed to be long-term rental housing. This portfolio falls under the unlisted New Zealand property asset class and is implemented through the Property Fund.

To gain exposure to the property portfolio the funds within the Schemes purchase units in the Property Fund at the prevailing unit price. The Property Fund only accepts investment from the Schemes – it is not offered directly to retail or wholesale investors.

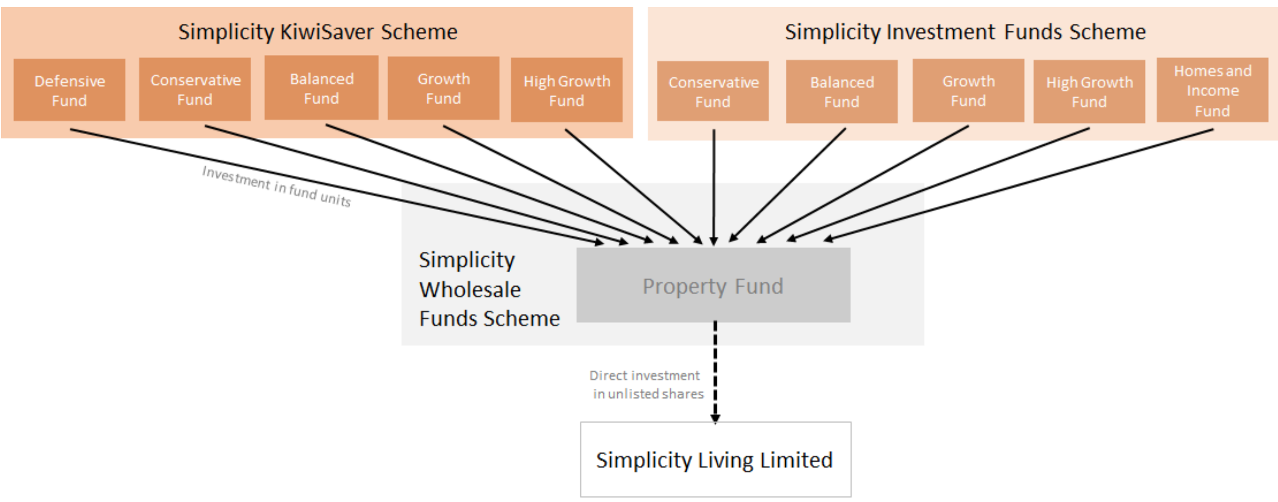
Scheme asset allocations to the Property Fund* as at 30 June 2026 are as follows:

| Scheme | Fund | Benchmark^ (%) | Range (%) |
|---|---|---|---|
| Simplicity KiwiSaver Scheme | High Growth Fund | 10 | 0 - 15 |
| | Growth Fund | 8.6 | 0 - 20 |
| | Balanced Fund | 6.25 | 0 – 15 |
| | Conservative Fund | 2.5 | 0 - 5 |
| | Defensive Fund | 5 | 0 -10 |
| Simplicity Investment Funds Scheme | High Growth Investment Fund | 10 | 0 - 15 |
| | Growth Investment Fund | 8.6 | 0 - 20 |
| | Balanced Investment Fund | 6.25 | 0 – 15 |
| | Conservative Investment Fund | 2.5 | 0 - 5 |
| | Homes and Income Investment Fund | 25 | 0-50 |

* Investments in the Property Fund are classified as Unlisted New Zealand Property assets, which are a growth asset.
^ Benchmark allocations are the Fund's long term target asset allocation, actual asset allocation can differ within the stated range.

## Investment structure

The following diagram illustrates the Property Fund investment structure:




Note: Simplicity Living ordinary shares are also held by the Simplicity Living Wholesale Fund, which is offered only to eligible wholesale investors.

# Investment strategy

The Property Fund invests exclusively in unlisted ordinary shares of Simplicity Living, which is an associated person of Simplicity which, through SIML, controls 100% of the voting shares in Simplicity Living.

The Property Fund's investment objective is to provide investors with exposure to the value created through Simplicity Living's acquisition, development, ownership and operation of residential build-to-rent property in New Zealand.

The Manager's investment objectives for Simplicity Living combine:

- a pre-tax return objective of 12.5% on land and construction costs during the development phase; and
- a long-term pre-tax return objective of five-year rolling NZ CPI + 3% from completed properties.

Investment performance is recognised through the monthly valuation of the Property Fund's shareholding in Simplicity Living. The Manager has adopted a valuation methodology that determines the value of Simplicity Living shares by reference to the value of its underlying assets, liabilities and business activities, including land held for future development, development projects under construction, completed properties, corporate operations, cash and debt.

These investment objectives are targets only and are not guarantees of future performance. As with any investment, there are risks, including development, valuation, market and liquidity risks.

# Investment guidelines

The Property Fund's Investment Guidelines are set by SIML and are subject to the agreement of Public Trust. The Investment Guidelines look through the Property Fund's investment in Simplicity Living shares to the rental property development projects that Simplicity Living undertakes.

A summary of the Property Fund's Investment Guidelines is as follows:

- The criteria for the Property Fund to invest in shares of Simplicity Living to provide capital funding for the purchase of land to be used for future development are as follows:
    - Residential property development will be a permitted or discretionary activity on the land to be purchased. Where the activity is discretionary, Simplicity Living must reasonably expect the activity to be permitted based on documented evidence provided by an independent planning expert.
    - The land to be purchased is in one of the major urban areas of Auckland, Hamilton, Tauranga (including Mount Maunganui), Wellington, Lower Hutt, Queenstown and Christchurch, and is located close to amenities including transport hubs, schools, and shopping.
    - The negotiated purchase price of the land is not more than 5% over a valuation by an independent registered valuer which is provided on an 'as-is' undeveloped basis.
- The criteria for the Property Fund to invest in shares of Simplicity Living to provide capital funding for the commencement of a development project are as follows:
    - At least 5 business days prior to commencement of the development project, Simplicity Living must obtain certification from an independent quantity surveyor that the proposed development and construction can be undertaken and completed within the budgeted cost allowances and timeframes as set out in the project construction programme.
    - The expected gross development margin of the project at completion must be at least 15%, which is calculated as follows:

Expected development margin (%) = (a - b - c - d) / a

a. completed project valuation (per independent registered valuer)

b. Acquisition cost of land

c. Total budgeted project costs

d. 5% project cost contingency (n.b. excludes debt facility interest)

- The projected internal rate of return (IRR) of the project must be at least 12.5% based on the project budget (b + c + d), the development timeline / schedule, and valuation on completion (a).

Prior to approving funding for a new land purchase / development project, Simplicity obtains certification from two Simplicity Living directors that the proposal meets all of the investment criteria.

## Investment valuation

The Property Fund's investment in Simplicity Living shares is valued as an unlisted private asset investment.

As Simplicity Living shares are unlisted and do not have an observable market price, the Manager has adopted a valuation methodology designed to determine a fair and reasonable estimate of the value of Simplicity Living ordinary shares.

The valuation is based on a sum-of-the-parts methodology that separately values the material components of Simplicity Living's business and combines those values to determine the net asset value of the company. The principal valuation components are:

A. **Land held for future development**, valued at cost or the most recent independent market valuation.

B. **Development projects under construction**, valued using a residual valuation methodology that reflects the projected value of the completed development, less remaining development costs, holding and financing costs, selling costs, taxation adjustments and an appropriate allowance for profit and risk.

C. **Completed properties**, valued using a sale-in-one-line valuation methodology that reflects the value of the completed property, or relevant buildings, blocks or components, as a single transaction, after appropriate adjustments for selling, holding and financing costs, taxation and profit and risk.

D. **Corporate operations**, valued using a discounted cash flow methodology having regard to projected future cash flows, long-term growth assumptions and an appropriate discount rate.

E. **Cash, debt, taxation balances and other material assets and liabilities.**

Independent property valuations and development project reviews are obtained from external valuation specialists. The monthly valuation of Simplicity Living shares is prepared by an independent share valuation agent using valuation inputs, management information and financial information obtained in accordance with the Manager's valuation policy.

The valuation date is the last business day of each calendar month. The valuation generally uses information relating to Simplicity Living's assets, liabilities and operations as at the last business day of the preceding calendar month.

The monthly valuation is reviewed and approved by the Manager. Following approval, the value of Simplicity Living shares is provided to the fund administrator and applied in calculating the net asset value and unit price of the Property Fund.

# Valuation Events

Certain events may affect the value of Simplicity Living shares and, correspondingly, the value of units in the Property Fund. These include:

- Changes in the valuation of completed properties resulting from changes in market conditions, rental market conditions, yields, interest rates, or other valuation assumptions.
- Changes in the valuation of development projects arising from development progress, construction costs, projected completion values, development timeframes, market conditions, or other project assumptions.
- Changes in the valuation of land held for future development resulting from updated independent valuations, planning outcomes, development potential, or market conditions.
- Changes in Simplicity Living's corporate operations, cash position, debt position, or other assets and liabilities.
- Other material events that may reasonably be expected to affect the value of Simplicity Living shares.

Where a material event, market development or change in circumstances is not appropriately reflected in the most recent scheduled valuation, the Manager may adjust relevant valuation inputs or undertake an out-of-cycle valuation.

The Manager seeks to recognise changes in valuation in a manner that is fair, reasonable and consistently applied, having regard to the interests of investors in the Property Fund.

# Investment risks

Information on Scheme risks is available in the respective Product Disclosure Statements, SIPOs, and Other Material Information documents on the Disclose Register. Risks that are particularly relevant to funds with investment exposure to the Property Fund include:

- **Property development risk:** There are risks that increases in construction costs or construction delays or changes in property valuations and residential rental markets could have a negative impact on the value of Simplicity Living shares held by the Property Fund, and in turn the value of units of the Property Fund.

- **Consenting and approvals risk:** There are risks that the consenting of proposed and future development opportunities are amended or declined during the consenting process. This could delay or terminate any proposed or future development plans which may require disposal of land purchased for the affected development.

- **Liquidity risk:** Liquidity risk is the inability to effectively satisfy redemption requests (turn an investment into cash) from investors in a timely, orderly, and cost-effective manner. The Schemes' investment in units in the Property Fund are an illiquid investment, as these units may not be able to be converted to cash because of a lack of a market in which to sell the Property Fund's only asset, which is unlisted shares in Simplicity Living Limited.

- **Valuation risk:** The Property Fund's unit price depends on the valuation of Simplicity Living shares. As these shares are unlisted and do not have an observable market price, their valuation relies on independent property valuations, development project reviews, financial information, assumptions and judgments applied under the Manager's valuation policy. Any delay, omission, inaccuracy or change in these inputs may affect the value of Simplicity Living shares and therefore the Property Fund's unit price.

Scheme funds with a higher asset allocation to the unlisted property portfolio (Property Fund) have higher exposure to the above risks.

Simplicity manages these risks by maintaining limited diversified fund asset allocations to the Property Fund, monitoring compliance with the Property Fund's investment guidelines and valuation policy, and maintaining oversight of Simplicity Living's business performance (including development project tracking) to satisfy itself that the level of risk is appropriate to the Property Fund's objectives.

## Investment Monitoring

Simplicity monitors the Property Fund's investment in Simplicity Living through its Investment Committee ("IC") and associated governance processes. The IC oversees compliance with the Property Fund's Investment Guidelines and the Manager's SLL Share Valuation Policy. This includes oversight of investment approvals, valuation methodologies, valuation outcomes, and material matters that may affect the value of Simplicity Living shares.

Simplicity receives regular reporting from Simplicity Living regarding development projects, completed properties, financial performance, cash and debt positions, and other matters relevant to the value of Simplicity Living shares.

Independent valuation specialists are engaged to provide valuation advice and reports relating to land held for future development, development projects, and completed properties. An independent share valuation agent prepares the monthly valuation of Simplicity Living shares using valuation inputs, financial information, and other relevant information obtained in accordance with the Manager's valuation policy.

Monthly valuations of Simplicity Living shares are reviewed and approved by the Chief Investment Officer under authority delegated by the IC. Material valuation matters, methodology changes, or valuation disputes may be escalated to the IC for consideration.

Any investment by the Property Fund into Simplicity Living is subject to approval by Simplicity and must comply with the Property Fund's Investment Guidelines. Simplicity certifies that each investment transaction is conducted on arm's-length terms, is consistent with the relevant investment objectives and policies, and is in the interests of investors in the Schemes and the Property Fund.

# 4. About Simplicity Living

Simplicity Living Limited (company number 8254440) is an unlisted private build-to-rent company whose ordinary shares are held by one or more funds within the Simplicity Wholesale Funds scheme through its nominee, Simplicity Investment Nominees Limited.

The company develops and operates high quality long-term residential rental properties in main centres. The company's strategic goal is to meaningfully increase the supply of quality rental housing in New Zealand by developing approximately 10,000 long-term residential properties over a 10-year time horizon.

Simplicity Living's competitive advantage arises from its experienced management, innovative and scalable construction system, careful selection of development sites, sustainable building standards, and long-term rental management approach.

Simplicity Living's website is simplicityliving.kiwi

# Financing

Simplicity Living is financed through a combination of operating income from completed rental properties and equity capital provided by funds within the Simplicity Wholesale Funds scheme.

At the Manager's discretion, Simplicity Living may also be permitted to establish committed bank credit facilities to support liquidity management, working capital requirements, development activities and contingency cash flow requirements. Any such facilities may be secured against Simplicity Living assets, including completed rental properties, and any drawdown would be subject to the approval requirements established by Simplicity's Investment Committee.

Development projects that meet the Property Fund's investment criteria are approved following a feasibility study. The initial investment funds the purchase of land and early development costs (such as planning applications and site preparation), with subsequent approved project costs funded through periodic investment requests.

# 5. Frequently Asked Questions

The following is a selection of frequently asked questions relating to the Property Fund and its investment in unlisted shares of Simplicity Living.

**Q. Can I invest directly into the Property Fund?**

**A.** No, the Property Fund is not offered to retail or wholesale investors. The Property Fund only accepts investment from funds in the Schemes in accordance with their respective investment mandates.

**Q. Can I invest directly into Simplicity Living?**

A. No. Simplicity Living is an unlisted company, and its ordinary shares are not offered directly to investors. Retail investors may obtain indirect exposure through certain diversified funds in the Simplicity KiwiSaver Scheme and Simplicity Investment Funds Scheme that invest in the Property Fund. Eligible wholesale investors may obtain indirect exposure through the Simplicity Living Wholesale Fund.

**Q. How can I get indirect investment exposure to the Property Fund / Simplicity Living?**

**A.** Most diversified funds in the Schemes and the Homes and Income Investment Fund have an asset allocation to the unlisted property portfolio, which is implemented through the Property Fund – see section 3. for information on target asset allocations for each fund. The fund with the highest target asset allocation to the property portfolio is from the Homes and Income Investment Fund, which is targeting a 25% allocation to the Property Fund in the long term. Current allocations are available in the Quarterly Fund Updates available on Simplicity's website. Product Disclosure Statements are also available at www.simplicity.kiwi.

**Q. Is Simplicity Living's financial information publicly available?**

**A.** No, as a private company Simplicity Living Limited does not publicly disclose financial information.

**Q. How do I know that the investment in Simplicity Living is appropriately governed?**

**A.** A Simplicity director acts as a shareholder observer and attends Simplicity Living board meetings to represent the interests of the Wholesale Scheme and investors in the Schemes. Both Simplicity Living and the Simplicity Wholesale Funds scheme (which includes the Property Fund) are independently audited on an annual basis. Simplicity's Investment Committee monitors the Property Fund's investment in Simplicity Living and receives monthly reporting from Simplicity Living to satisfy itself that developments are progressing to plan and completed properties are being appropriately valued and managed.

**Q. Can my investment in the Schemes be opted out of exposure to the Property Fund / Simplicity Living?**

**A.** No. If you have chosen a fund with an allocation to the property portfolio, this allocation is part of Simplicity's overall investment strategy for the scheme and fund. The KiwiSaver Default Fund and the single sector Investment Funds do not have an allocation to the property portfolio.

**Q. What is the relationship between Simplicity Living and Simplicity?**

A. Simplicity Investment Management Limited ("SIML"), a wholly owned subsidiary of Simplicity, is the manager of the Simplicity Wholesale Funds scheme ("Wholesale Scheme"). The Wholesale Scheme includes funds that invest in unlisted ordinary shares of Simplicity Living. A Simplicity director acts as a shareholder observer and attends Simplicity Living board meetings to represent the interests of the Wholesale Scheme and investors in the Schemes.

**Q. How are potential conflicts of interest managed?**

A. Simplicity has a Conflicts of Interest Policy which sets out, among other things, how it manages related party transactions between the Schemes and the Wholesale Scheme. All such transactions are made under a certificate issued by Simplicity that confirms that the transaction is conducted on an arm's-length basis (i.e. on terms that would be no less favourable than those that might be offered to an unrelated third-party investor), are in accordance with the Schemes' SIPOs and the Property Fund's approved investment guidelines and are in the interests of investors in the Schemes.

**Q. Can Simplicity investors apply to rent a Simplicity Living home?**

A. Anyone can register interest in renting in one of Simplicity Living's properties at its website: www.simplicityliving.kiwi

**Q. How does the Property Fund's investment in Simplicity Living shares generate returns for investors?**

A. Performance is recognised through changes in the value of Simplicity Living shares. These changes may arise from development progress, changes in property values, leasing and operating performance, changes in cash and debt positions, the completion of development projects, and other valuation events affecting Simplicity Living. The value of Simplicity Living shares is determined monthly in accordance with the Manager's valuation policy.

**Q. How are Simplicity Living's developments and properties valued for the purpose of establishing the value of its shares held by the Property Fund?**

A. Land held for future development is valued at cost or the most recent independent market valuation. Development projects under construction are independently reviewed at least quarterly and valued using a residual valuation methodology that reflects the projected value of the completed development, less the remaining development costs, holding and financing costs, selling costs, taxation adjustments, and an appropriate allowance for profit and risk.

Completed properties are independently valued by registered valuers following practical completion and at least annually thereafter, with independent valuation reviews or confirmations obtained at least quarterly between annual valuations. Completed properties are valued using a sale-in-one-line valuation methodology that estimates the value of the completed property, or relevant buildings, blocks or components, as a single transaction.

The value of Simplicity Living shares is determined monthly using a sum-of-the-parts valuation methodology that combines the value of land held for future development, development projects, completed properties, corporate operations, cash, debt and other material assets and liabilities. The monthly share valuation is prepared by an independent share valuation agent and reviewed and approved by the Manager in accordance with its valuation policy.

**Q. What is the current occupancy rate, turnover rate, and net rental yield of Simplicity Living's completed properties?**

A. As a private company, Simplicity Living does not publish occupancy or turnover rates or rental yields for its rental property portfolio. Simplicity Living sets rents at prevailing competitive market rates. The Property Fund's long-term target yield for the completed property portfolio, which is a combination of net rental yields and underlying property valuation changes, is 5-year rolling NZ CPI + 3%. Due to the quality, amenity, and location of its rental properties, the availability of longer-term lease options, and extremely strong demand experienced to date, Simplicity Living expects occupancy rates to be high and tenancy turnover rates to be low in comparison to the broader market.

**Q . How can I find out my fund's exposure to the Property Fund / Simplicity Living shares?**

A. Simplicity provides tools on its website which enables investors to "look through" to the underlying assets of each KiwiSaver and Investment Fund – links are provided below. To use the tool, input the amount invested and fund type you are in, and look for "Simplicity Living Ltd Ordinary Shares" in the Top 10 or New Zealand asset listings – the approximate dollar value of investment exposure to Simplicity Living (held via the Property Fund) is shown.

Simplicity KiwiSaver Scheme - where in the world is my money? tool
Simplicity Investment Funds Scheme - where in the world is my money? tool

**Q. Why does Simplicity allocate a significant part of my fund's investments to the Property Fund / Simplicity Living?**

A. Simplicity believes that Simplicity Living Limited has an enduring competitive advantage, due to its strategy and funding structure, expert management, and innovative and scalable construction system, and commitment to the long-term rental market which is likely to provide favourable risk-adjusted returns to Simplicity's investors. Long term returns from operating a quality rental property portfolio in a cost-efficient manner are considered more likely to be stable through market and business cycles. The investment's value has the added benefit of being local and tangible. Please note that the KiwiSaver Default Fund and the single sector Investment Funds do not have an allocation to the property portfolio.