

20 February 2020

The Directors

PMG Property Funds Management Limited

Level 1, 143 Durham Street

Tauranga 3110

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON THE PROSPECTIVE FINANCIAL INFORMATION

INTRODUCTION

We have prepared this Independent Limited Assurance Report (the "Report") in accordance with our engagement letter dated 16 January 2020, on certain Prospective Financial Information of PMG Generation Fund (the "Fund") for inclusion in the Offer Register to be dated on or about 14 February 2020. The Report is issued in respect of the offer of units in the Fund (the "Offer").

Expressions defined in the Product Disclosure Statement ("PDS") and the Fund's Prospective Financial Information have the same meaning in this Report. This report is an Independent Limited Assurance Report and the scope is set out below.

SCOPE

Baker Tilly Staples Rodway Audit Limited has been requested to prepare this Report to cover the prospective financial information:

The prospective financial information as set out in the PFI comprises:

- Prospective statements of comprehensive income of the Company for the period ending 31 March 2020 and the years ending 31 March 2021 and 2022;
- Prospective statements of financial position of the Company as at 31 March 2020, 2021 and 2022;
- Prospective statements of changes in equity for the period ending 31 March 2020 and the years ending 31 March 2021 and 2022;
- Prospective statements of cash flows of the Company for the period ending 31 March 2020 and the years ending 31 March 2021 and 2022;
- Notes and assumptions to these prospective statements of comprehensive income, changes in equity, financial position and cash flows.

(hereafter, the "Prospective Financial Information").

The Prospective Financial Information is based on the assumptions as outlined in the PFI.

We disclaim any assumption of responsibility for any reliance on this Report or on the Prospective Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the PDS and the PFI Supplementary Information.

THE DIRECTORS RESPONSIBILITY FOR THE PROSPECTIVE FINANCIAL INFORMATION

The Directors of PMG Property Funds Management Limited (as Manager's) have prepared and are responsible for the preparation and presentation of the Prospective Financial Information. The Directors are also responsible for the determination of the assumptions that have a reasonable and supportable basis (as required in FRS-42 Prospective Financial Information issued in New Zealand) as set out in the PFI.

OUR RESPONSIBILITY

You have engaged Baker Tilly Staples Rodway Audit Limited to prepare a report which covers Prospective Financial Information for the period ending 31 March 2020 and the years ending 31 March 2021 and 2022 including notes and assumptions included in the Disclose Register for the Offer which can be found at www.business.govt.nz/disclose, SCH12827, offer name "PMG Generation Fund," referred to as "Prospective Financial Information".

Our responsibility is to express a conclusion as a result of our limited assurance engagement on the Prospective Financial Information in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board. We also complied with the requirements of Professional and Ethical Standard 1 (Revised) and Professional and Ethical Standard 3 (Amended).

We have conducted an independent review of the Prospective Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that in all material respects:

- The Directors best-estimate assumptions do not provide a reasonable and supportable basis (as defined in FRS 42) for the preparation of the Prospective Financial Information;
- The Prospective Financial Information was not prepared on the basis of the best-estimate assumptions;
- The Prospective Financial Information is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Fund disclosed in the Prospective Financial Information of PMG Generation Fund as at and for the period ending 31 March 2020 and the years ending 31 March 2021 and 31 March 2022 in the PFI; and
- The Prospective Financial Information is unreasonable.

The Prospective Financial Information has been prepared by the Directors to provide investors with a guide to the Fund's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur.

There is a considerable degree of subjective judgement involved in the preparation of the Prospective Financial Information. Actual results may vary materially from this Prospective Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the risks set out in Section 7 of the PDS.

Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to form the conclusion set out below.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Prospective Financial Information.

REVIEW CONCLUSION ON PROSPECTIVE FINANCIAL INFORMATION

Based on our review of the Prospective Financial Information, which is not an audit, and based on an investigation of the reasonableness of the Directors best-estimate assumptions giving rise to the Prospective Financial Information, nothing has come to our attention which causes us to believe that:

- The Directors best-estimate assumptions do not provide a supportable and reasonable basis (as defined in FRS 42) for the preparation of the Prospective Financial Information;
- The Prospective Financial Information was not prepared on the basis of the best-estimate assumptions;
- The Prospective Financial Information is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Fund disclosed in the Prospective Financial Information of the Fund as at and for the period ending 31 March 2020 and the years ending 31 March 2021 and 31 March 2022; and
- The Prospective Financial Information is unreasonable.

The best-estimate assumptions set out in the PFI are subject to significant uncertainties and contingencies often outside the control of the Fund and the Directors. If events do not occur as assumed, actual results achieved, and distributions provided by the Fund may vary significantly from the Prospective Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Prospective Financial Information, as future events, by their very nature, are not capable of independent substantiation.

INDEPENDENCE OR DISCLOSURE OF INTEREST

Baker Tilly Staples Rodway Audit Limited does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Baker Tilly Staples Rodway Audit Limited will receive a professional fee for the preparation of this Report.

RESTRICTIONS ON THE USE OF OUR REPORT

The report is made solely to the Directors of PMG Property Funds Management Limited, as Manager of PMG Generation Fund, for inclusion on the Disclose Register. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Directors for the conclusions we have formed.

We disclaim any assumption of responsibility for any reliance on this Report or the amounts included in the Prospective Financial Information to which this Report relates for any purpose other than the purpose for which it was prepared. In addition, we take no responsibility for, nor do we report on, any part of the PDS or information in the Offer Register not specifically mentioned in this report.

Yours faithfully

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUDIT LIMITED

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