pmg
We're Invested

PRODUCT DISCLOSURE STATEMENT

For an Offer of Units in pmg Generation Fund

ISSUED BY PMG PROPERTY FUNDS MANAGEMENT LIMITED
DATED: 22 February 2022

This document gives you important information about this investment to help you decide whether you want to invest.
There is other useful information about this offer at **https://disclose-register.companiesoffice.govt.nz** Offer Number OFR13276.
PMG Property Funds Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision.

1 Key Information Summary

1.1 WHAT IS THIS?

This is an offer of units in PMG Generation Fund (the **Fund**). Your money will be pooled with other investors' money and invested. PMG Property Funds Management Limited (the **Manager**) invests the money in assets, such as commercial real estate, and takes fees. The assets and fees are described in this document. By investing in this scheme, you are relying on the investment decisions of the Manager and returns from the assets that the scheme invests in. There is a risk that you may lose some or all of the money you invest.

1.2 WHO MANAGES THIS SCHEME?

The Manager manages this scheme. Section 10 of this Product Disclosure Statement (**PDS**) contains further details about the Manager and others involved in this scheme. The Manager is licensed under the Financial Markets Conduct Act 2013 (**FMCA**) as a manager of Managed Investment Schemes (excluding managed funds) (**schemes**), which invest in, or own, real property in New Zealand.

1.3 WHAT ARE YOU INVESTING IN?

The Fund is a managed investment scheme, established on 20 February 2020 in accordance with the Master Trust Deed and the Establishment Deed (together, the **Trust Deeds**). The Fund is in the form of a Unit Trust, structured as a long-term investment vehicle with the purpose of investing in commercial property and property related investments. As the Fund is a Unit Trust, investors will receive units as interests in the Fund. The Fund is managed by the Manager in accordance with the Trust Deeds.

INVESTMENT OBJECTIVES AND STRATEGY

The investment objectives of the Fund are to provide Unitholders with a stable, sustainable monthly income stream combined with the potential for capital growth in the value of units in the Fund (**Units**). To achieve the Fund's investment objectives, the Fund intends to invest over time in directly held property investments (the **Property Portfolio**) and indirectly held property investments (the **Investment Portfolio**). Indirectly held property investments relate to taking an ownership interest in another property ownership vehicle, which itself ultimately invests in commercial property and property related investments. The combination of al investments in the Property Portfolio and the Investment Portfolio are referred to as **Property Investments**.

The Fund intends to strategically blend Property Investments over time, achieving greater diversification by underlying property, sector, region (of New Zealand and Australia), and tenant to deliver greater resilience of income with scale. Where appropriate, the Fund targets Property Investments underpinned by national or international tenants operating at scale.

The investment strategy includes a focus on growth of the Property Portfolio by acquiring further properties, and increasing the value of properties (through targeted capital improvements and finding and retaining quality tenants at market rental). The Fund intends to establish its Investment Portfolio in the future, but no investments into indirectly held property investments are committed to at the date of this PDS.

PROPERTY PORTFOLIO

The Fund is currently invested in commercial buildings in major metropolitan and regional centres of New Zealand, directly holding an existing portfolio of five commercial properties (the **Existing Properties**). The Fund expects to acquire a further property (the **Acquisition Property**) on or around 31 March 2022. Further information about the Fund's Property Portfolio can be found at Section 2.2 *The Fund's Property Portfolio*.

Existing Properties

The Fund currently holds the following properties:

- 19 Bethlehem Road, Bethlehem, Tauranga (**Bethlehem Town Centre**);
- 26 Sharpe Road, Rukuhia, Hamilton (**Sharpe Road Property**);
- 32, 32a, and 32b Jamaica Drive, Grenada North, Wellington (**Jamaica Drive Property**);
- 11-13 Gough Street, Seaview, Lower Hutt, Wellington (**Gough Street Property**); and
- 67 Vickerys Road, Wigram, Christchurch (**Vickerys Road Property**).

Acquisition Property

The Fund intends to purchase a property at 244 Heretaunga Street West, Hastings (**Heretaunga Street West Property**). The costs of acquiring the Acquisition Property and the funding required, rounded to the nearest thousand dollars, are expected to be:

Purchase price of Acquisition Property	$26,950,000
Offer costs	$2,606,000
Capital expenditure and working capital	$654,000
Cash (funding for future Property Investments)	$9,918,000
Total Cost	**$40,128,000**
Unit subscriptions	$40,128,000
Total Funding	**$40,128,000**

The Fund does not plan to increase the total bank facility limits to acquire the Acquisition Property as the existing borrowing facilities, plus capital raised from the Offer, are sufficient to acquire the property, fund capital expenditure and working capital for the foreseeable future. Details about the Fund's borrowings are set out in Section 2.7 *Borrowings*.

The Manager has discretion to decide the amount of subscriptions to be accepted between $30,210,000 and $50,046,000. In exercising its discretion, the Manager will have regard to opportunities and anticipated opportunities to deploy such subscriptions into Property Investments aligned with the Fund's strategy, with the aim of generating returns at a level consistent with currently forecast returns. The Manager will hold any surplus funds received from subscriptions in cash and short-term deposit until it is ready to make such Property Investments, or reduce bank borrowings, to provide the Fund flexibility for future opportunities to acquire additional Property Investments efficiently. The Manager considers such Property Investments are most likely to be investments into other schemes managed by the Manager (such as PMG Direct Office Fund, PMG Direct Childcare Fund and Pacific Property Fund Limited), assuming they are considered by the Manager to be in the best interests of investors, but such investments are currently not available. Further information relating to these other schemes, including most recent performance metrics, can be found at www.pmgfunds.co.nz/our-funds.

The risk of the Manager accepting subscriptions between $30,210,000 and $50,046,000 and being unable to deploy surplus funds into further Property Investments, is included in Section 7 *Risks to Returns From PMG Generation Fund*.

1.4 KEY TERMS OF THE OFFER

Products on Offer	Units in the Fund.
Offer Opening Date	2 March 2022.
Offer Closing Date	30 March 2022.
Offer Price Per Unit	$1.14 per Unit.
Cash Distributions	Target gross cash distributions of 6.00 cents per unit per annum from 1 April 2022 to 31 March 2023, to be paid monthly on the 20th day of the month following declaration. Distributions are not guaranteed, may vary, and may be partially funded from capital or debt. See Section 4.4 *Distributions* for more details.
Minimum Equity Raise	$30,210,000 (26,500,000 Units). The Fund must meet this subscription amount for the Offer to proceed. The Manager expects the Offer to proceed, based on the Underwrite.
Maximum Equity Raise	$50,046,000 (43,900,000 Units). The Fund will not take subscriptions over this amount.
Underwrite	The Minimum Equity Raise is underwritten in full by the Manager. The Manager is expected, but not required, to arrange sub-underwriting commitments for some or all of the underwritten amount. Sub-underwriting does not impact the total underwriting fees charged to the Fund as a result of the Offer, and is at no additional cost to the Fund or its investors. The underwrite is first and foremost a risk management tool for the Fund to ensure the success of the Offer. Before the close of the Offer the Manager will determine the extent to which the underwrite is called (ranging from calling the underwrite solely to meet a shortfall between investor capital received and the Minimum Equity Raise, and calling the underwrite in full in addition to any investor capital received. Any additional capital raised above the Minimum Equity Raise would be intended for deployment into other Property Investments for the Fund in the future (holding it as cash in the meantime). For further information see the Underwriting section at Section 4.1 *Terms of the Offer.*
Scaling	Scaling may apply to subscriptions, and the Manager's discretion on scaling is absolute.
Subscriptions	The minimum unit subscription for the Offer is 1,000 Units per investor. Additional subscriptions from the Offer must be in multiples of 1,000 Units.
Minimum Holding	Transfers and redemptions (if available) will not be processed if these will result in an investor holding less than 1,000 Units, unless the investor is selling or transferring its entire holding.

The full terms of the Offer are set out in Section 4 *Terms of the Offer.*

1.5 HOW YOU CAN GET YOUR MONEY OUT

Your investment in these Units can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment. The Manager may operate a sales facility for Units from time-to-time.

Under the Trust Deeds redemptions are not permitted until the Fund reaches at least $100 million worth of Units on issue and ultimately remain at the Manager's discretion (factoring in relevant considerations such as the Fund's growth focus and cash available for redemptions). While the Fund has exceeded $100 million worth of Units on issue, the Manager has determined not to permit redemptions immediately, and there is no time frame established for permitting redemptions.

If the Manager provides a redemption facility for Units in the future:

- Redemption pricing will be based on the Adjusted Net Asset Value (**Adjusted NAV**) of the Fund per Unit, less a 2% redemption spread adjustment.
- The funds available for redemption will be limited to the greater of 0.5% of the Fund's Adjusted NAV determined on the relevant Exit Date (or other relevant date as selected by the Manager), and an amount as determined by the Manager from time to time.
- The Manager's current policy is that no redemption fee will be charged to investors. However, if Units are redeemable in future, the Manager reserves the right to change this policy.

Further information about unit redemption and the sales facility are set out in Section 4.3 *How Can I Withdraw My Investment From the Fund?*

1.6 KEY DRIVERS OF RETURNS

The aspects of the Fund that have, or may have, the most impact on its financial performance are:

Income from Property Investments – The Fund's primary source of income is the rental income from each of the properties in the Fund's Property Portfolio, with a future expectation of income from the Fund's Investment Portfolio.

Capital value of Property Investments – The value of Units will be influenced by the value of the Property Investments. The value of the Property Investments, in turn, will be primarily influenced by the state of the property market, the level of income from each property or investment, and the remaining terms of leases on the underlying properties.

Interest rates – A primary cost of the Fund is interest expense, driven by both the level of borrowings and interest rates. Given the total borrowing held by the Fund, interest rates are a key factor in determining the overall return of the Fund. A summary of the Fund's borrowing arrangements is set out in Section 2.7 *Borrowings* and Section 7.2 *Interest Rate Risk.*

The Manager's key strategies and plans in relation to these aspects of the Fund are set out in Section 2.5 *Aspects of the Fund With the Most Impact on Future Performance and the Key Strategies and Plans to Address Them.*

1.7 THE FUND'S FINANCIAL INFORMATION

KEY FINANCIAL METRICS

	Actual		Prospective		Actual (Interim)	
Period length	**1 day**	**Year**	**Year**	**Year**	**6 months**	**6 months**
Financial year	**31 March 2020**	**31 March 2021**	**31 March 2022**	**31 March 2023**	**to 30 September 2020**	**to 30 September 2021**
Gross distribution per Unit[1]	N/A	5.80 cents	5.97 cents	6.00 cents	5.80 cents	5.92 cents
Gross cash distribution return on offer unit price[2]	N/A	N/A	N/A	5.26%	N/A	N/A
Distribution payout ratio	N/A	95%	101%	109%	95%	102%
Gearing ratio[3]	40.2%	36.8%	30.0%	30.6%	N/A	38.1%
Interest cover ratio[4]	N/A	3.1 times	3.1 times	3.7 times	3.8 times	3.5 times

The metrics include actual results from the Fund's historic financial information, plus forecast results based on the Fund's prospective financial information. The key financial metrics are calculated on the assumption that $40,128,000 of equity is raised. The distribution payout ratio is calculated as distributions declared as a percentage of the Fund's Adjusted Funds from Operations (**AFFO**). Further details about distributions and AFFO may be found in Section 4.4 *Distributions*, and further details about the Fund's financial information in general may be found in Section 6 *PMG Generation Fund's Financial Information.*

VALUATIONS

The Manager has obtained recent independent valuation reports in relation to all properties in the Property Portfolio in anticipation of this offer. All property valuations referred to in this PDS are stated as at dates within four months of the date of this PDS, and the Manager has no reason to believe a material change in the combined value of the properties has occurred since the date of the valuation reports. The valuation of the Acquisition Property, to be purchased on or around 31 March 2022, is summarised below:

Property	Valuation	Valuer	Valuation Date	Purchase Price[5]
Heretaunga Street West Property	$27,800,000	TelferYoung (Hawke's Bay)	9 November 2021	$26,950,000

The basis for the valuation of the Acquisition Property, and the relevant assumptions underlying those valuations, is set out in Section 2.2 *The Fund's Property Portfolio* under the sub-headings *The Valuation* in respect of the Acquisition Property.

1.8 KEY RISKS OF THIS INVESTMENT

Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the Fund's future performance and returns is suitable for you. The price of these Units should reflect the potential returns and the particular risks of these Units. The Manager considers that the most significant risk factors that could affect the value of the Units are as follows:

(a) **Property Income Risk** – The Fund is reliant on income from the Property Investments. Income from the Property Investments could stop or decrease for several reasons, including if: a tenant defaults, a lease is terminated or expires without being renewed creating increased vacancy, the rent under a lease decreases, or new tenant rental rates are lower than those previously received. A loss or reduction in rental income may have a detrimental impact on the Fund's ability to maintain distributions to investors, or on the value of Units. A significant drop in rental income, or increase in tenant defaults, could also result in a breach of banking covenants. Economic and other conditions surrounding COVID-19 increase the potential likelihood and potential impact of this risk. Rental abatement (tenant credits) related to COVID-19 totalling $114,000 plus GST was provided to tenants in the year to 31 March 2021, and a total allowance for rental abatement of $200,000 plus GST has been forecast by the Fund for the year ending 31 March 2022. To mitigate the impact of potential further rental abatement being required from the date of the PDS to 31 March 2023, the Manager has entered into a $300,000 rental underwrite arrangement with the Fund. As a result, the Manager has projected no net impact of rental abatement on the Fund for the year ending 31 March 2023. In addition to this, no material vacancy has been assumed to emerge after the date of this PDS. Despite this, rental income may yet be impacted further as a result of COVID-19 (further outbreaks, lockdowns and Government imposed changes that are as yet unknown) or general economic uncertainty.

[1] Gross distribution per Unit is annualised, expressed as cents before tax per weighted average Units on issue, and rounded to two decimal places.
[2] Gross cash distribution return for the prospective year to 31 March 2023 is annualised and applicable only to Units issued under this offer, expressed as a percentage of the offer unit price of $1.14 per Unit.
[3] The Gearing Ratio equals the Fund's total interest-bearing liabilities as a proportion of the Fund's total assets at a point in time. Prospective information assumes the Fund raises $40,128,000 of capital, holds additional cash from subscriptions above the Minimum Equity Raise, does not repay bank borrowings, and does not draw additional bank borrowings to fund future Property Investments.
[4] The Interest Cover Ratio is a multiple of the Fund's Earnings Before Interest, Tax, Depreciation, and Amortisation (**EBITDA**), less unrealised gains, plus unrealised losses, compared to the Fund's interest expense. The higher the ratio, the greater the ability of the Fund to pay interest on bank loans. Information for the 1-day period to 31 March 2020 is not presented as it could be misleading over only a 1-day period.
[5] The purchase price excludes any costs associated with acquisition that may be capitalised into the carrying value of the Acquisition Property. Figures are rounded to the nearest thousand dollars.

(b) **Interest Rate Risk** – The Fund is reliant on interest-bearing bank borrowings that generate a material expense to the Fund. Interest rates on the Fund's borrowings are not fixed. Movements in interest rates will affect returns to investors and changes in interest rates are unable to be predicted with certainty, however the Manager regularly monitors interest rate markets. The Manager also utilises interest rate swap arrangements to mitigate against unexpected changes in interest rates and regularly reviews the portion of borrowings subject to a fixed interest rate. Interest expense at a floating rate is driven by the BKBM (floating base rate) plus a bank margin. The floating base rate is assumed to increase over the prospective periods from 0.31% per annum at 1 April 2021 to 2.87% per annum by 31 March 2023. If interest rates were to increase more than projected and allowed for by the Manager it may affect the Fund's ability to maintain distributions.

(c) **Valuation Risk** – Property market conditions, the economic environment, and fluctuations in supply and demand for commercial properties relevant to the Fund will affect the value of the Property Portfolio. The value of the Property Portfolio directly impacts the value of the Units, and the gearing of the Fund, among other metrics.

This summary does not cover all of the risks of investing in Units. You should also read Section 7 *Risks to Returns From PMG Generation Fund.*

1.9 WHAT FEES WILL YOU PAY?

The table below summarises the fees and expenses that you will be charged to invest in this scheme. Further information about fees is set out in Section 8 *What Are the Fees?* Unless otherwise indicated, all fees and expenses are stated exclusive of GST, are rounded to the nearest thousand dollars, and will be charged to the Fund.

If the Fund invests into other schemes managed by the Manager in future, the Manager will not charge the Fund property management, acquisition or disposal fees associated with such investment. However, the Manager (in its capacity as the manager of the other schemes) will charge fees to investors in that scheme in the ordinary course of business.

AGGREGATED FEES AND EXPENSES

	Actual		Prospective (estimated)	
Period length	1 day	Year	Year	Year
Financial year	31 March 2020	31 March 2021	31 March 2022	31 March 2023
Charged by the Manager and associated persons	$2,360,000	$915,000	$8,889,000	$1,502,000
Charged by the Manager and associated persons as a percentage of NAV	**7.57%**	**2.55%**	**5.99%**	**1.02%**
Charged by other persons	$495,000	$1,495,000	$7,192,000	$6,971,000
Charged by other persons as a percentage of NAV	**1.59%**	**4.17%**	**4.85%**	**4.72%**
Total	**$2,855,000**	**$2,410,000**	**$16,081,000**	**$8,473,000**
– as a percentage of NAV	**9.16%**	**6.72%**	**10.83%**	**5.73%**

OFFER COSTS

Manager and associated persons' offer costs charged to the Fund (estimated):	$2,230,000
Other offer costs charged by others to the Fund (estimated):	$375,000
Total offer costs charged to the Fund (estimated):	**$2,605,000**

Offer costs include fees and expenses charged by the Manager (property acquisition fees, underwriting commitment fees and contribution fees), by associated persons of the Manager (deposit fees), and by other persons (legal fees, marketing costs, due diligence fees, accounting fees, supervisor's fees, and other administrative and contingency costs). The offer costs charged to the Fund for this offer are also included in the aggregated fees and expenses table, in the year ending 31 March 2022. Previous offer costs have been included in the Aggregated Fees and Expenses table as applicable. For further detail, see Section 8.1 *Offer Costs.*

The other aggregated fees and expenses include ongoing fees and expenses charged by the Manager (property management fees, fund management fees, property transaction fees, leasing fees, performance fees and fund administration fees) and by other persons (property operating expenditure, property capital expenditure, supervisor fees, auditor fees, interest expense, and other overhead expenditure).

The estimated Manager and associated persons' fees are based on assumptions (set out in Section 6.3 *Principal Assumptions for Prospective Financial Information*). Specifically, the performance fee and termination fee are only payable to the Manager in certain circumstances. The termination fee has been assumed to not be payable and is therefore nil in each period presented. The estimated fees and expenses charged by other persons specifically exclude distributions to investors and the purchase price of properties. The fees are disclosed in further detail in Section 8.2 *Aggregated Fees and Expenses.*

FEES THAT MAY BE CHARGED DIRECTLY TO INDIVIDUAL INVESTORS

Sale of Units: Units are transferable by an investor to a third party. However, if Units are transferred to a third party, including through the sales facility operated by the Manager (as described in Section 4.3 *How Can I Withdraw My Investment From the Fund?*), the Manager may charge a service fee of 1.5% plus GST.

Redemption of Units: The Manager's current policy is that no redemption fee will be charged to investors, should they be able to redeem their Units. The Manager, in its discretion, has decided to not redeem any units at this time. However, if Units are redeemed in future, the Manager reserves the right to change this policy.

1.10 HOW WILL YOUR INVESTMENT BE TAXED?

The Fund is a multi-rate portfolio investment entity (**PIE**). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate (**PIR**). To determine your PIR please see the application form associated with this PDS, or go to https://www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates. See Section 9 *Tax* for more information about taxation.

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Letter From the Board

Dear Investor,

We are excited to invite you to participate in the latest capital raising offer by PMG – an offer of units in PMG Generation Fund. The Fund is part of the Manager's investment diversification strategy, providing an alternative investment choice for our existing and new investors.

The Fund, managed by PMG (an experienced and trusted property funds manager with a 30-year track record of stability, continuity, and performance through various economic environments), is one of PMG's five unlisted commercial property funds and has provided regular and reliable returns to investors since its establishment in 2020. To date, the Fund has created a portfolio of properties valued at over $175 million across New Zealand, with four industrial properties and one large format retail property.

Despite the negative effects of the COVID-19 pandemic on New Zealand's economy, the Fund remains strong with performance meeting our expectations. Gross cash distributions have been paid regularly and reliably to investors since inception, with the rate increasing to 6.00 cpu per annum, before tax, on 1 August 2021. The Fund continues to grow as planned, with portfolio diversification increasing by region, sector, and tenant over time.

In line with the Fund's strategy, funds raised from this offer will see the Fund purchase a large format retail property in central Hastings on or around 31 March 2022. Located in the heart of Hastings, the Acquisition Property is tenanted on a long-term lease by Farmers Trading Company Limited (**Farmers**), who have been trading in New Zealand for over 100 years. Farmers are a very familiar tenant to our team, with PMG already managing another large format retail property with Farmers as the anchor tenant.

This offer will enhance the scale and robustness of the Fund, which has already shown good resilience since establishment in 2020. Following a successful offer and the acquisition of this property, the Property Portfolio will consist of six properties across five regions valued at over $200 million, with an estimated total of 66 tenants.

Given the low level of gearing expected on completion of this offer, and the potential for the Fund to temporarily hold surplus cash, the Fund will be able to make additional property investments in future that align with the Fund's strategy. This offer also enables the Fund to realise a key aspect of its strategy since establishment - being able to invest into other entities primarily invested in commercial property - increasing the breadth and depth of commercial property investment opportunities available to the Fund that can efficiently enhance the Fund's diversification by sector, region (in New Zealand and Australia), and tenant over time.

For new Unitholders participating in this offer at a unit issue price of $1.14, the projected gross cash distribution return is 5.26% per annum from 1 April 2022 to 31 March 2023. The Minimum Equity Raise is fully underwritten, so investors can have comfort that the funds required to acquire the Acquisition Property will be raised during the offer period.

We invite you to join us as we aim to continue providing regular and reliable returns, and the potential for growth in capital value over time, to investors in PMG Generation Fund.

This PDS contains important information about the Fund and the Offer. We encourage you to read this PDS carefully and particularly consider Section 7 *Risks to Returns From PMG Generation Fund* before making your investment decision.

Yours faithfully,

Denis McMahon
Chairman of the Board

Scott McKenzie
Executive Director

244 Heretaunga Street West, Hastings

2 What PMG Generation Fund Invests In

The Fund was established in February 2020 and commenced trading in March 2020 with the intention of building a portfolio of commercial property investments diversified by region, sector, and tenant. The Fund is currently invested in directly-held property in the Property Portfolio and intends to continue growing the size of the Property Portfolio.

Following the successful variation of the Manager's managed investment scheme licence in October 2021 the Fund is now also able to invest in a range of indirectly-held interests in commercial property in New Zealand and Australia (ownership interests in another property ownership vehicle, which itself ultimately invests in commercial property and property related investments). Any investments made by the Fund into the Investment Portfolio must align with the Fund's investment objectives as set out under its Statement of Investment Policy and Objectives (**SIPO**), which is summarised in Section 2.1 *Statement of Investment Policy and Objectives Summary*. Details of the specific permitted investments of the Fund are set out in Section 2.1(f) *Permitted Investments*.

Where possible the Fund targets Property Investments underpinned by national or international tenants operating at scale. Property Investments are currently focused on directly-held property in the industrial and large format retail sectors. Additional investment in future is likely to expand the scale and diversity of the Property Investments, and includes the intended establishment of the Investment Portfolio. Any surplus cash held by the Fund in excess of the working capital requirements determined by the Manager (such as those generated from subscriptions to the Offer, future offers of Units in the Fund, or bank borrowings) may be invested into the Property Portfolio and/or the Investment Portfolio.

PROPERTY PORTFOLIO

A summary of the Fund's Property Portfolio can be found in this section, including what the Fund is invested in (the Existing Properties), and what the Fund expects to be invested in immediately after the Offer is completed (the Existing Properties and the Acquisition Property).

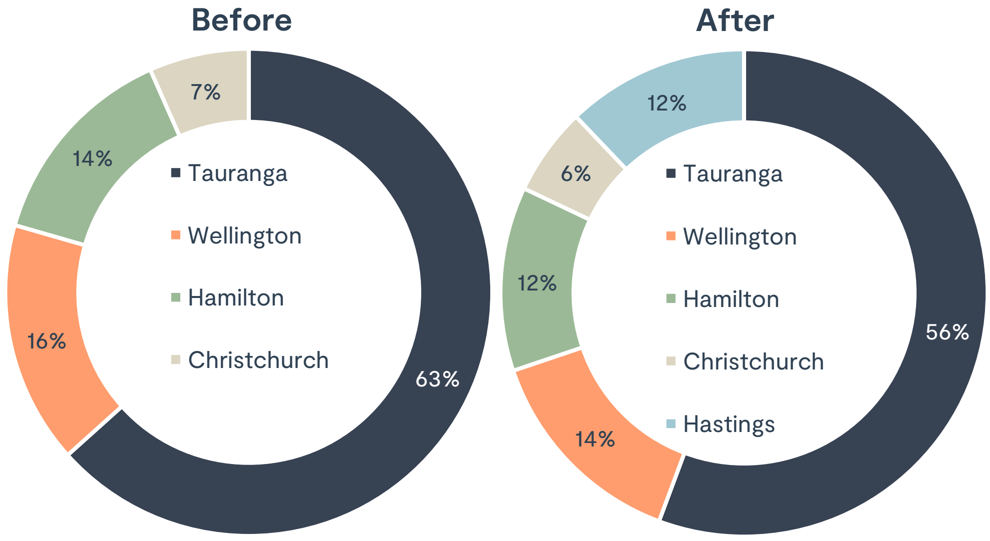
INVESTMENT PORTFOLIO

Subject to availability, in the near future the Fund may invest into other schemes managed by the Manager, such as PMG Direct Office Fund, PMG Direct Childcare Fund and Pacific Property Fund Limited. Further information regarding some of these schemes may be found on the Manager's website, www.pmgfunds.co.nz/our-funds, which is updated from time-to-time. The Manager believes investments in both PMG and third party schemes are capable of providing the Fund with efficient and effective access to a broader range of property interests in different regions, sectors and tenants.

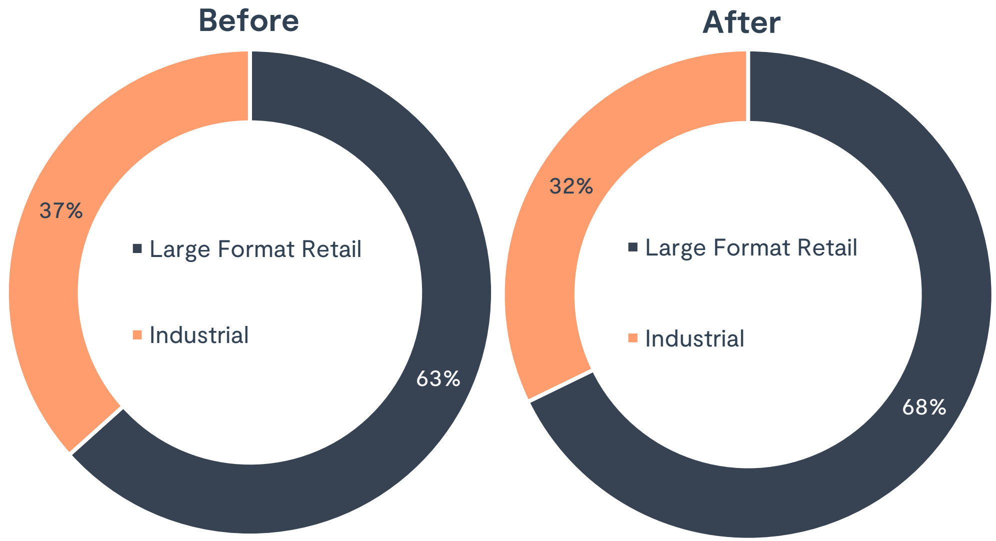
	Before Offer 31 March 2022[6]	After Offer 31 March 2022[7]
Portfolio Valuation[8]	$175.8 million	$203.6 million
Properties Owned	5	6
Net Lettable Area[9]	56,072 sqm	62,761 sqm
Unique Tenants[10]	64	66
Occupancy[11]	99%	99%
WALT[12]	3.8	4.5
Gearing Ratio[13]	36%	30%
Annual Distribution per Unit[14]	6.00 cents per Unit	6.00 cents per Unit

[6] All items in this column are based on prospective information, inclusive of the Existing Properties only.
[7] All items in this column are based on prospective information, stated after completion of the Offer with 35,200,000 Units issued ($40,128,000), and after acquisition of the Acquisition Property.
[8] Property valuations stated as per the value of the most recent independent valuation report held by the Fund per property as at the date of this PDS.
[9] Net Lettable Area (NLA) expressed approximately in square metres, excluding yard area and surplus land.
[10] Less than the ultimate number of leases, as some tenants are party to more than one lease.
[11] Approximate leased area (excluding yard area and surplus land), expressed as a percentage of NLA, rounded.
[12] Weighted Average Lease Term of current or expected leases expressed in years.
[13] Valuation of the Property Portfolio expressed as a percentage of the actual or expected carrying value of the total assets of the Fund.
[14] For further information, see Section 4.4 *Distributions*.

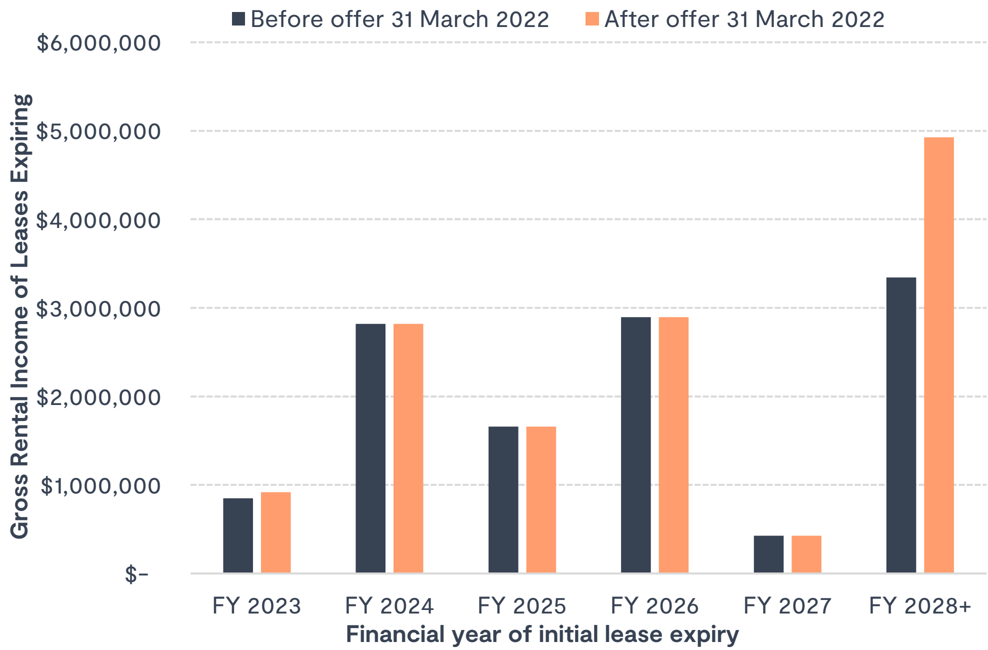
Gross Rental Income by Region at 31 March 2022



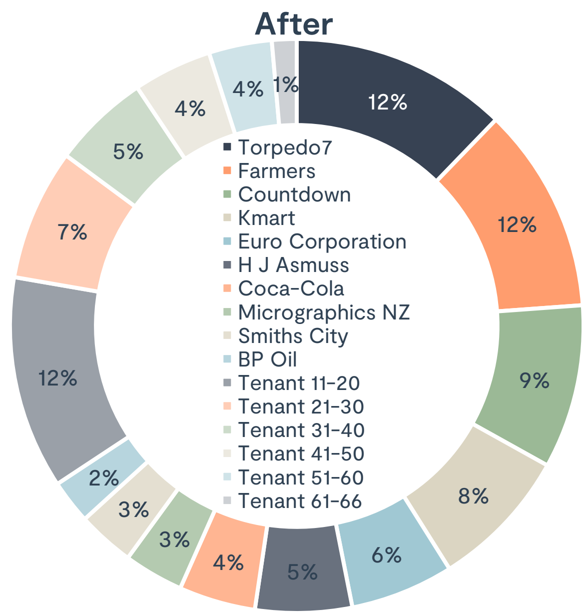
Gross Rental Income by Sector at 31 March 2022



Lease Expiry Profile at 31 March 2022



Gross Rental Income by Lessee at 31 March 2022



The ten lessees with the largest Gross Rental Income are specifically noted. Contribution to the Gross Rental Income of the Property Portfolio for smaller lessees is shown grouped in descending order of Gross Rental Income.

2.1 STATEMENT OF INVESTMENT POLICY AND OBJECTIVES SUMMARY

The Fund has a Statement of Investment Policy and Objectives (**SIPO**). The SIPO can be found on the scheme register at https://disclose-register.companiesoffice.govt.nz under Scheme Number SCH12827. A summary of the SIPO is as follows:

(a) **Purpose:** The Fund intends to grow a portfolio of commercial property investments, diversified by sector, region, and tenant, to achieve greater resilience of income with scale. The portfolio of commercial property investments may include Direct Property Investments (being directly held real property in New Zealand - the Property Portfolio) and Indirect Property Investments (being interests in New Zealand property funds and companies, listed New Zealand and Australian companies that invest primarily in real property, and listed Australian property trusts - the Investment Portfolio).

(b) **Investment Objectives:** The investment objective of the Fund is to provide Unitholders with a stable, sustainable monthly income stream combined with the potential for capital growth in the value of Units. The Fund strives for regular and reliable income for investors.

(c) **Investment Philosophy:** The Manager believes that acquiring and actively managing Direct Property Investments and Indirect Property Investments focused on commercial property will deliver Unitholders, over the medium-to-long term, the opportunity for income and income growth, together with capital appreciation.

(d) **Investment Strategy:** The investment strategy of the Fund is to invest in a blend of Direct Property Investments and Indirect Property Investments over time, with underlying commercial property exposure diversified by region, sector, and tenant. Where appropriate, the Fund targets investments underpinned by national or international tenants operating at scale.

The Fund focuses on growing the value of directly held properties through finding and retaining quality tenants, and finding opportunities to add value to the properties. In the future, the Fund intends to invest into other New Zealand entities that invest primarily in commercial property across New Zealand, and may invest in listed Australian entities that invest in commercial property in Australia. Such investments will be actively managed, with the ultimate aim of achieving greater diversification of exposure by property sector, region, and tenant.

Where believed to be in the best interests of investors, the Fund has a preference to obtain interests in other property schemes managed by the Manager including, but not limited to, PMG Direct Office Fund, PMG Direct Childcare Fund, and Pacific Property Fund Limited). There will be no preferential treatment as a result of investing with other property schemes managed by the Manager.

(e) **Investment Policies:** Some of the key investment policies include:

- Distributions – It is the Manager's policy to distribute 100% of the Fund's AFFO to investors. Distributions may be reduced below this policy where cash reserves are required to fund redemptions, or to pay for capital expenditure on the Property Portfolio. Due to fluctuations in the Fund's income and expenses, it is possible that the Fund may pay distributions in excess of 100% of AFFO in a particular period, but this will only occur where commercially sustainable over the life of the Fund. Further information on AFFO can be found in Section 4.4 *Distributions*.
- Leverage – The Fund may borrow up to 50% of the Gross Asset Value of the Fund with first-ranking mortgages over the Property Portfolio.
- Hedging – The Fund will enter into interest rate swap contracts to hedge the risk of interest rate movements to the Fund. It does not speculate on interest rates.
- Valuations – Annual valuations of each property in the Property Portfolio will be undertaken by an independent valuer. The Manager may commission a valuation more often as and when deemed appropriate.

(f) **Permitted Investments:**

Asset classes	• Direct Property Investments (Property Portfolio) • Indirect Property Investments (Investment Portfolio) • Interest rate swaps (for hedging purposes) • Other assets associated with ownership of direct and indirect investments in commercial property; and • Cash.
Sectors	• Commercial property (and assets underpinned primarily by investments in commercial property).
Geographic location	• New Zealand metropolitan and regional centres; and • Australian metropolitan and regional centres (for investments in listed Australian entities only).

The permitted investments specifically include Indirect Property Investments in:

- entities that invest primarily in real property in New Zealand (Managed investment products in managed investment schemes in New Zealand (including other schemes managed by the Manager) and equity securities issued by companies in New Zealand that invest primarily in real property in New Zealand (including companies managed by the Manager)); and
- entities that invest primarily in real property in Australia (Managed investment products issued by listed property trusts in Australia and equity securities issued by listed companies in Australia).

(g) **Target Asset Allocations:**

Asset Class	Target Allocation	Forecast allocation at 31 March 2022
Direct Property Investments (Property Portfolio)	40% – 100%	93%
Indirect Property Investments (Investment Portfolio)	0% – 40%	0%
Interest rate swaps (for hedging purposes)	0% – 10%	Below 1%
Other assets associated with ownership of direct and indirect investments in commercial property	0% – 10%	Below 1%
Cash	0% – 10%	6%

The Fund has a target to have no property in the Property Portfolio reflecting more than 35% of the Gross Asset Value of the Fund, and no investment in the Investment Portfolio reflecting more than 20% of the Gross Asset Value of the Fund. This target may be exceeded with the consent of the Supervisor. Consent was provided in relation to the Bethlehem Town Centre, and the Manager expects this property to fall below 35% of the Gross Asset Value of the Fund when the Fund's Gross Asset Value exceeds approximately $300,000,000.

(h) **Investment Performance Monitoring:** Each financial quarter, the Manager will provide a report to the Board of the Manager summarising a review of past performance, key metrics, bank covenant compliance, and comments pertinent to the investment objectives and the outlook for future returns.

(i) **Strategy and SIPO Review:** The Board of the Manager will review the key metrics for the Property Investments no less than annually and assess if any of the investments should be sold. If the Manager determines that an investment should be sold, it will endeavour to sell (or redeem) the investment. Any decision by the Manager to sell an investment is subject to the terms of the Trust Deeds and the FMCA. This means that the Manager must notify the Supervisor about the proposed sale, and the Supervisor is entitled to refuse to sell the investment if, in the Supervisor's opinion, the transaction is manifestly not in the interest of Unitholders or is in breach of the Trust Deeds or any law.

The Board of the Manager will formally review the SIPO on an annual basis, or more often as required in relation to market conditions and regulatory requirements (such as if the Manager identifies a material and/or sustained change in conditions). The Manager may amend the Fund's strategy, and any such amendment may involve an amendment to the SIPO. A change to the SIPO or investment strategy requires the Board of the Manager to follow the procedure in its relevant charter.

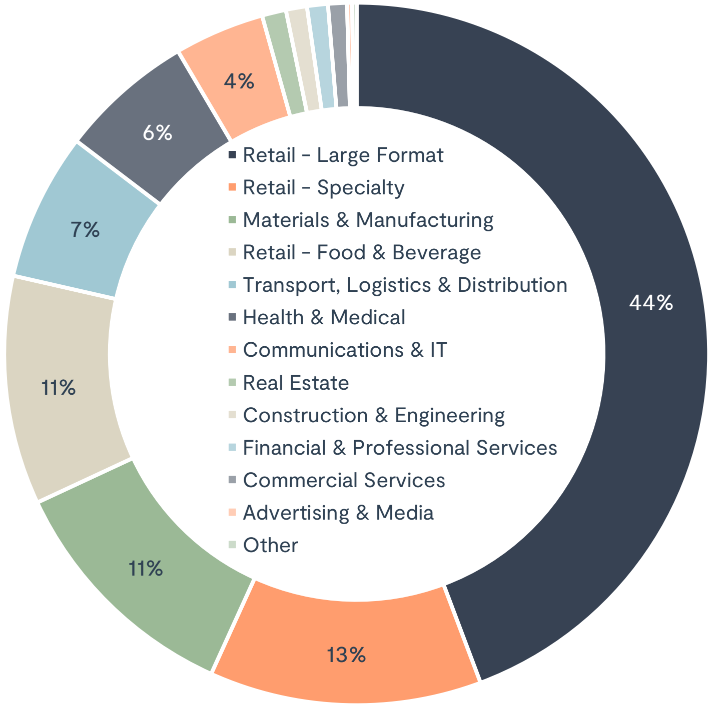
Should a breach of any SIPO benchmark or limit occur at the time of annual monitoring, a review of the Fund and its Property Investments will be undertaken, and the requirement for an ad-hoc review of the SIPO will be triggered.

32, 32a and 32b Jamaica Drive, Grenada North, Wellington

2.2 THE FUND'S PROPERTY PORTFOLIO

Expected as at 31 March 2022	Valuation ($)	WALT (years)	NLA (sqm)	Occupancy (%)	Tenants (#)	Key tenants
Acquisition Property						
Heretaunga Street West Property	$27,800,000	9.9	6,689	100%	2	Farmers
Existing Properties						
Bethlehem Town Centre	$99,000,000	3.8	21,494	96%	58	Countdown, Kmart
Sharpe Road Property	$34,750,000	3.9	16,010	100%	1	Torpedo7
Vickerys Road Property	$11,300,000	2.4	6,421	100%	1	Euro Corporation
Jamaica Drive Property	$17,600,000	1.9	6,771	100%	3	Coca-Cola
Gough Street Property	$13,100,000	7.7	5,376	100%	1	HJ Asmuss & Co
Sub-total	**$175,750,000**	**3.8**	**56,072**	**100%**	**64**	
Property Portfolio / Property Investments	**$203,550,000**	**4.5**	**62,761**	**99%**	**66**	

TENANT SECTOR



The Fund expects to own six properties following completion of the Offer and acquisition of the Acquisition Property, with a diverse array of tenants operating in various sectors.

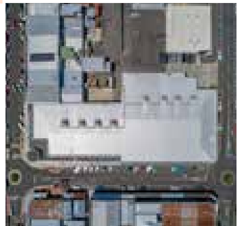
The Sale and Purchase Agreement for the Acquisition Property and all valuation reports referred to in this section are available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276. The valuations consider a range of inputs and market evidence in forming an opinion on value. Notwithstanding this, there may be a greater range around the assumption of market value than would normally be the case.

The above information may also be made available free of charge by contacting the Manager as set out in Section 14 *Contact Information*.

The Manager reviews the financial standing of tenants on acquisition of a property, on becoming aware of new facts and circumstances related to a tenant, and on agreeing to leases with tenants. The Manager has carried out due diligence on the financial standing of tenants and is satisfied with its findings, noting that the Manager does not have access to all financial information related to tenants. Enquiries include understanding deposit and guarantee arrangements, searching the Insolvency Register, and reviewing publicly and privately available financial information related to tenants. As at the date of this PDS, no tenant has material rental arrears, nor is the Manager aware of any failure to meet any material obligations under their agreements in relation to the relevant property. A review of the financial standing of tenants expected to provide more than 5% of the Fund's Gross Rental Income from Settlement Date have been stated within this section at the appropriate location. Throughout this section, Gross Rental Income represents the expected annualised rental income as at 31 March 2022 (as defined in the section titled *Glossary*).

ACQUISITION PROPERTY

244 Heretaunga Street West, Hastings



HERETAUNGA STREET WEST PROPERTY

PROPERTY TYPE	NET LETTABLE AREA	VALUATION	OCCUPANCY	WALT
Large Format Retail	6,689 sqm	$27,800,000	100%	9.9 years

Address	244 Heretaunga Street West, Hastings.
Title	Freehold.
Key Tenant(s)	Farmers.
Gross Rental Income	$1,653,000 per annum plus GST from Acquisition Date.
Seismic Rating	At least 100% NBS based on an ISA by a qualified, independent engineer.
Building Report	A building report has been obtained and is available on the Offer Register.

THE PROPERTY AND STRATEGY

Built in 2012 with part of the former façade of the Roach's Building retained, the property comprises a modern, two-storey department store situated on a large freehold site with three street frontages. The original corner turret of the Roach's Building is a Grade II Heritage Listed structure. The property provides high profile to the corner of Heretaunga Street East and King Street, with TSB Bank occupying the corner site and the balance of the 6,689sqm property being occupied by national retailer The Farmers Trading Company (**Farmers**).

The property commands a strong street presence with near full height glazing to the main road frontages. Internally the property presents well with the two retail levels linked by escalators along with two lifts. In addition to this, the retail premises are serviced by amenities, offices, lunch-room facilities and storage areas. Farmers lease nine car parks on the site, with further car parking available on the street at the front and rear of the property.

The major tenant in this building is Farmers on a long-term lease that has been renewed early. The long-term strategy for the property is to retain Farmers at the site by seeking renewal of the lease at each right of renewal, extending the lease ultimately to 2042. The other lease to TSB expires in September 2022. The Manager will consider a new lease arrangement with the current tenant or alternatively offer this space to Farmers or a third party to enhance the existing offering.

THE SECTOR AND LOCATION[15]

Prime retail assets, underpinned by large format retailers in areas of relatively high foot traffic are believed by the Manager to be of importance in a property portfolio diversified by region, sector and tenant. With positive New Zealand retail sector growth signals continuing, the Manager is excited to provide the Fund with the opportunity to acquire another large format retail property with a reputable national tenant in a new region for the Fund. The Manager believes well-supported retail stores in well-serviced catchments continue to receive the strongest levels of spending, supporting wider demand and supply fundamentals for the sector.

The Hawke's Bay economy has followed, and in some cases exceeded, national trends. The region has seen retail sales value growth over the three years ending 30 September 2021 above the national average, with Statistics New Zealand data showing that actual quarterly retail sales values in the Hawke's Bay were $846 million in the quarter to 30 September 2021. The sustained growth in retail sales in the region is best demonstrated by the regular increase of retail sales in the region compared to the same quarter the previous year across the three years ending 30 September 2021 (with the exception of the June 2020 quarter compared to June 2019, due to Government imposed lockdowns in April 2020).

There are a number of underlying economic benefits the Hawke's Bay enjoys including a strongly performing rural sector, a growing population and employment opportunities which support retail and commercial activity. Hastings provides a large amount of post-primary industrial infrastructure to service the pastoral, horticultural and viticultural sectors prevalent throughout the Hawke's Bay region (including major brands such as Heinz Wattie, McCain Foods, Turners & Growers, Silver Fern Farms, and Lowe Corporation). Together with the post-primary infrastructure, Hastings contains a number of major warehousing, manufacturing, service and transport businesses. As a result of this major economic activity, the Hawke's Bay region is expected to maintain demand for quality retail offerings.

The Acquisition Property is located in the heart of the Hastings retail precinct, with a high-profile corner location. The area in the vicinity of the property is known traditionally for its high foot traffic count and attracts national brands, including the tenants of the property.

[15] Statistics quoted on this page are derived from raw data available from Statistics New Zealand.

THE TENANTS

The property has two tenants, Farmers and TSB Bank. Farmers, a material tenant to the Fund, is a New Zealand department store chain operating for over 100 years. Headquartered in Flat Bush, Auckland, per their website, Farmers operates 59 stores locations across New Zealand, specialising in family fashion, beauty, homewares, furniture, large appliances and whiteware. The company has grown from one store in the 1910s to 56 by 1990. Farmers has traditionally been a middle-market retailer, however with the recent development of The Warehouse, Farmers has made a decision to become a far more fashionable shopping destination, with an increasing range of branded products. There are no bank guarantees in place with tenants.

MATERIAL LEASES

The Manager considers the Farmers lease to be material information. A summary of this lease is set out here, and a copy of the lease is available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

Tenant	Farmers (The Farmers Trading Company Limited).
Rental Income	$1,585,000 per annum plus GST from acquisition date.
Term of the Lease	15-year lease commencing 26 July 2012, renewed before expiry for an additional term of five years, now expiring 25 July 2032.
Rights of Renewal	Two further rights of renewal remaining of five years' duration each, potentially extending the lease term to 25 July 2042.
Rent Reviews	For the remaining lease term, rental income is subject to CPI adjustments every three years (next review being 26 July 2023).
Other Key Information	· A primarily gross lease, where most outgoing expenditure is not recoverable from the tenant (with the exception of certain items, such as electricity, water, gas, telephone and waste). · The net lettable area leased by Farmers totals approximately 6,502 sqm plus nine car parks.

HERETAUNGA STREET WEST PROPERTY

THE SALE AND PURCHASE AGREEMENT

The Manager considers the Sale and Purchase Agreement for the property to be material information. A summary of key terms of the sale and purchase agreement are set out here, and a copy of the Sale and Purchase Agreement is available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

Purchaser	PMG Funds Limited (to be nominated to the Fund).
Vendors	King Street Nominees Limited.
Date of Agreement	26 October 2021.
Acquisition Date	31 March 2022.
Purchase Price	$26,950,000 plus GST (if any). A deposit equal to $1,500,000 was payable one working day after the sale and purchase agreement became unconditional, and was funded by PMG Capital Fund Limited.
Full Address	114 King Street, 211 Eastbourne Street West, and 244 Heretaunga Street West, Hastings.
Other Key Information	Farmers, the primary tenant, has a right of first refusal to purchase the property. Farmers has not taken up its right to purchase the property at this time, but retain the right to purchase the property should the Fund decide to sell the property in the future. The interest rate for late settlement on the property is 10% per annum until settlement.

THE VALUATION

The property was independently valued by TelferYoung (Hawkes Bay) Limited on 9 November 2021 at $27,800,000. The valuation was carried out in accordance with current Australia and New Zealand Valuation and Property Standards, and was undertaken using a combination of the following approaches:

- The Capitalisation of Income Approach – the direct capitalisation of passing and market income; and
- The Discounted Cash Flow Approach – utilising cash flow projections, combined with discount rates, growth rates, sustainable rental levels, vacancy allowances, capital expenditure, outgoings, and terminal yields.

Key summary metrics from the valuation report at the date of the report include:

Value per sqm of NLA	$4,150	WALT remaining	10.3 years
Initial Yield	5.27%	Yield on Net Market Income	5.07%

In preparing the valuation, the critical assumptions include:

- The valuation takes into account the independent valuer's best estimate of the impact of the current economic environment.
- For the Capitalisation of Net Income Approach, a capitalisation rate of 5.25% was utilised with a present value of rental reversions of $153,760 and an allowance for vacancy of the TSB space of $29,551.
- For the Discounted Cash Flow Approach, a vacancy rate of three months for the TSB tenancy from September 2022 was allowed with leasing commissions of 17%, a discount rate of 6.25%, a terminal capitalisation rate of 6.00%, and a CPI rate of 3.10% in year one (reducing over time to 2.00% from year seven).

For further detail and assumptions, see a copy of the valuation report, which is available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

EXISTING PROPERTIES

19 Bethlehem Road, Bethlehem, Tauranga

11-13 Gough Street, Seaview, Wellington

26 Sharpe Road, Rukuhia, Hamilton

32, 32a, and 32b Jamaica Drive, Grenada North, Wellington

67 Vickerys Road, Wigram, Christchurch

BETHLEHEM TOWN CENTRE

PROPERTY TYPE	NET LETTABLE AREA	VALUATION	OCCUPANCY	WALT
Large Format Retail	21,494 sqm	$99,000,000	96%	3.8 years

Address	19 Bethlehem Road, Bethlehem, Tauranga.
Title	Freehold.
Key Tenant(s)	Countdown and Kmart.
Gross Rental Income	$7,596,000 per annum plus GST from Settlement Date.
Lease Terms	Material leases summarised overleaf.
Seismic Rating	At least 100% NBS based on ISAs by a qualified, independent engineer. A DSA has been completed on the building occupied by Countdown confirming a seismic rating of at least 100% NBS.
Building Report	A building report was previously obtained with nothing material to note.
Valuation Report	$99,000,000 (by CBRE at 31 December 2021).
Other Key Information	DSAs on the remaining buildings at the property are underway. An allowance for potential capital expenditure associated with the seismic rating of the property has been made in the valuation report, totalling $2,284,000 (with a present value of $2,141,000). The Manager has not made a provision for such capital expenditure in the prospective financial information.

NOTES ON PROPERTY AND STRATEGY

Bethlehem Town Centre is a community retail hub in the centre of Bethlehem, Tauranga, comprising 58 tenants across a mix of tenant sectors – with anchor tenants being Countdown and Kmart. The total site area is 7.8 hectares and includes over 1,000 car parks. Designed as an outdoor shopping centre, the initial phase of construction was completed in 2009. The buildings have been broken up into precincts that create an environment with a sense of place and connection to the local community. A new BP Connect site was also opened in July 2020, leased for 15 years – reflecting the growth and demand seen for the centre, as well as locally and throughout the Bay of Plenty region.

With the current lease to Countdown expiring in December 2023, the Manager has commenced a process to agree a new long-term lease arrangement to retain a major supermarket at the property. A strategic review of the centre has identified a number of initiatives to improve the attractiveness of the property to customers, and also to improve long-term property value and rental income beyond the forecast period. This includes improving the connectivity of the centre, attracting new brands to key locations within the centre and to develop the surplus land on the site. Future capital expenditure to further develop the site (creating additional lettable area and yielding additional income streams) has not been assumed in the prospective financial information.

THE SECTOR AND LOCATION

Exposure to the retail sector is considered appropriate for the Fund in its pursuit of an increased level of diversification within the commercial property investment sphere (by region, sector and tenant). Prime retail assets, underpinned by large format retailers that drive both car and foot traffic to a site, are believed by the Manager to be of critical importance. With positive New Zealand retail sector growth signals continuing, the Manager is excited to provide the Fund with the opportunity to acquire this premium quality retail hub in one of Tauranga's most affluent suburbs.

Located within New Zealand's economic golden triangle, the property sits on State Highway 2 in Bethlehem – approximately seven kilometres west of Tauranga's central business district and easily accessible to those entering and leaving the city.

With over 50 tenants, income from the property is spread across different tenant sectors and consumer types – these include essential services, healthcare, lifestyle, real estate and banking service providers, food and beverage, and more.

The most notable tenants include Countdown, Kmart, and BP Oil. The Manager has previously completed its due diligence on key tenants and is satisfied with its findings.

Bank guarantees or deposit arrangements are in place with tenants totalling approximately $991,000 (approximately 13% of the Gross Rental Income per annum from the property projected at 31 March 2022).

MATERIAL LEASES

A summary of material leases related to Countdown and Kmart are provided below. A copy of the material leases are available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

Tenant	Countdown (General Distributors Limited).
Gross Rental Income	$1,260,000 per annum plus GST.
Term of the Lease	15-year lease commencing 8 December 2003, renewed before initial expiry for a term of five years, expiring 6 December 2023.
Rights of Renewal	No rights of renewal remaining.
Rent Reviews	For the remaining lease term, rental income is subject to annual CPI adjustments with a hard ratchet (the higher of the existing rent and the CPI-adjusted rent will be payable).
Other Key Information	· A primarily net lease, where most outgoing expenditure is recoverable from the tenant (with the exception of certain items, such as specific types of repairs and maintenance). · The lease provides for access to no less than 234 car parks. · The net lettable area leased by Countdown totals approximately 3,709 sqm.

Tenant	Kmart NZ Holdings Limited (renamed from Coles Group New Zealand Holdings Limited).
Gross Rental Income	$1,089,000 per annum plus GST and percentage rent. An additional percentage rent amount is payable if the tenant exceeds certain revenue thresholds. If, following any rent review, there is an increase in the initial base rent ($1,050,000), this is deducted from any percentage rent payable (provided percentage rent cannot be a negative number).
Term of the Lease	12-year lease commencing 24 March 2016, initially expiring 23 March 2028, with final expiry up to 23 March 2050.
Rights of Renewal	One right of renewal for a period of 12 years, and one further right of renewal for a period of 10 years.
Rent Reviews	Base rent will be reviewed every three years provided that the tenant meets a certain revenue threshold, with the first review due on 24 March 2025. At each such review, the base rent will be increased to the amount that is the greater of 3% above the then applicable base rent and the amount which is the average of aggregate base and percentage rent over the preceding three-year period.
Other Key Information	· A semi-gross lease, where the only expenditure recoverable from the tenant is insurance and rates expenditure. · The net lettable area leased by Kmart totals approximately 5,548 sqm.

SHARPE ROAD PROPERTY

PROPERTY TYPE	NET LETTABLE AREA	VALUATION	OCCUPANCY	WALT
Industrial	16,010 sqm	$34,750,000	100%	3.9 years

Address	26 Sharpe Road, Rukuhia, Hamilton.
Title	Freehold.
Key Tenant(s)	Torpedo7 Limited.
Gross Rental Income	$1,668,000 per annum plus GST from 31 March 2022.
Lease Term	A 10-year term commenced 3 March 2016, due to initially expire 2 March 2026. Final expiry up to 2 March 2062.
Rights of Renewal	Four rights of renewal, of nine years each.
Rent Reviews	Fixed rental increases of 2.5% per annum other than on renewal dates. Market rent review on renewal dates, with a cap and a collar of between 90-110% of the annual rental prior to the review.
Seismic Rating	100% NBS based on letter from a qualified, independent engineer. Constructed in 2013 to the building code, with Code of Compliance issued.
Building Report	A building report was previously obtained with nothing material to note.
Valuation Report	$34,750,000 (by Jones Lang LaSalle, as at 16 December 2021).
Other Key Information	A net lease, where reasonably incurred operating expenditure is recoverable from the tenant, excluding management fees and any property management responsibilities undertaken by the tenant per the terms of the lease.

NOTES ON PROPERTY AND STRATEGY

The property comprises a freehold site with a total land area of 40,710 sqm situated within Titanium Park, an industrial sub-division adjoining Hamilton Airport, zoned as Airport Business Zone. The site consists of three separate titles. The existing building was constructed in 2013 and comprises a warehouse with ground-floor and first-floor offices and 106 car parks. It is built across two of the three titles – occupying 23,035 sqm of underlying land.

The property, excluding the excess undeveloped bare land, is 100% leased to Torpedo7 (a wholly-owned subsidiary of The Warehouse Group). As a large established business with a relatively long remaining term on the existing lease, and extensive future rights of renewal that could extend the lease term to a total of approximately 40 years from 31 March 2022, the primary strategy is to maintain a strong relationship with the tenant during the remainder of its initial term.

Whilst there are no immediate capital expenditure requirements, the current improvements on site are highly utilised. Given the surplus land available on the site, there is a potential opportunity to extend the warehouse towards the existing car park in excess of 1,500 sqm, and relocate the car park to the surplus land on site. This could create another entry/exit point and allow better drive through for trucks. Any extension would also provide the opportunity to negotiate a lease extension, potentially increasing the property's WALT and value. Neither the cost of any such extension, nor the potential for additional rental income as a result, has been allowed for in the prospective financial information.

A copy of the lease is available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

VICKERYS ROAD PROPERTY

PROPERTY TYPE	NET LETTABLE AREA	VALUATION	OCCUPANCY	WALT
Industrial	6,421 sqm	$11,300,000	100%	2.4 years

Address	67 Vickerys Road, Wigram, Christchurch.
Title	Freehold.
Key Tenant(s)	Euro Corporation Limited.
Gross Rental Income	$795,000 per annum plus GST from 31 March 2022.
Lease Term	A six-year term commenced 1 September 2018, initially expiring 31 August 2024. Final expiry up to 31 August 2032.
Rights of Renewal	Two rights of renewal, of four years each.
Rent Reviews	Market rent review every two years.
Seismic Rating	90% NBS based on a DSA and letter from a qualified, independent engineer.
Building Report	A building report was previously obtained, with nothing material to note.
Valuation Report	$11,300,000 (by CBRE, as at 9 December 2021).
Other Key Information	A fully net lease, where all reasonably incurred operating expenditure is recoverable from the tenant.

NOTES ON PROPERTY AND STRATEGY

The property comprises a freehold site with a total land area of 14,870 sqm, located in the Sockburn industrial sector on the border of the Wigram suburb of Christchurch, approximately nine kilometres from Christchurch CBD.

The improvements are of industrial design – with initial construction in the 1970s, and further development taking place between 2002 and 2006. The improvements consist of three warehouses (the original warehouse, an additional adjacent warehouse, and a third standalone warehouse), associated offices and amenities, 92 car park spaces and a substantial sealed yard. The site can be driven through, with a turning circle positioned under the warehouse area to enable all-weather, 24-hour operations.

The strategy for the property is to retain the existing tenant by seeking renewal of the lease at each right of renewal, extending the lease ultimately to 2032, at which point a new lease agreement will be considered. The Manager may offer incentives to the tenant as part of extending the term of the existing lease.

A copy of the lease is available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

JAMAICA DRIVE PROPERTY

PROPERTY TYPE	NET LETTABLE AREA	VALUATION	OCCUPANCY	WALT
Industrial	6,771 sqm	$17,600,000	100%	1.9 years

Address	32, 32a and 32b Jamaica Drive, Grenada North, Wellington.
Title	Freehold.
Key Tenant(s)	Coca-Cola, Rentokil Initial, Desktop Imaging & Micrographic Services.
Gross Rental Income	$1,167,000 per annum plus GST from 31 March 2022 (net of incentives).
Lease Terms	The highest value lease to Coca-Cola was renewed from 14 December 2020, and is due to expire 13 December 2023. Final expiry is up to 13 December 2026.
Rights of Renewal	The highest value lease to Coca-Cola has one remaining right of renewal, of three years.
Rent Reviews	The highest value lease to Coca-Cola, on renewal, has a rent review based on CPI plus 2% – capped at a 13% increase from the rental rate at prior renewal.
Seismic Rating	80% NBS based on an ISA from a qualified, independent engineer.
Building Report	A building report was previously obtained, with nothing material to note.
Valuation Report	$17,600,000 (by Bayleys Valuations, as at 21 December 2021).
Other Key Information	The Coca-Cola lease is a gross lease, meaning rental income includes a fixed amount for outgoings recoverable. The other two leases are net leases, where all reasonably incurred operating expenditure is recoverable from the tenant with the exception of management fees.

NOTES ON PROPERTY AND STRATEGY

The property is situated on three freehold titles covering a land area totalling approximately 1.09 hectares, and considered as a single property in this PDS. Situated in Grenada North, Wellington, the property is in close proximity to both State Highway 1, and the Wellington CBD (approximately a 10-minute drive).

The improvements on all titles were originally warehousing with office space. One of the warehouses has been fully converted to commercial office space. The buildings are modern and well maintained. In total, the property has in excess of 20 car parking spaces.

The Manager has executed its initial strategy of retaining all of the existing tenants on longer lease terms – extending all three leases since purchasing the property and also achieving rental income growth. The intent is to continue extending lease terms, or entering into new lease arrangements with existing tenants at the appropriate time to increase the committed lease terms of all tenants at an appropriate market rental.

No leases at the property are considered material by the Manager (supported by the fact that no tenant is expected to contribute 5% of the Gross Rental Income of the Fund at Settlement Date).

GOUGH STREET PROPERTY

PROPERTY TYPE	NET LETTABLE AREA	VALUATION	OCCUPANCY	WALT
Industrial	5,376 sqm	$13,100,000	100%	7.7 years

Address	11-13 Gough Street, Seaview, Lower Hutt, Wellington.
Title	Freehold.
Key Tenant(s)	HJ Asmuss & Co Limited.
Gross Rental Income	$744,000 per annum plus GST from 31 March 2022.
Lease Term	10-year lease commencing 11 December 2019, with initial expiry on 10 December 2029. Final expiry up to 10 December 2049.
Rights of Renewal	Four rights of renewal, each for a period of five years.
Rent Reviews	Market rent review on every renewal date, and fixed rent reviews on all other anniversaries of 2.75% per annum.
Seismic Rating	At least 67% NBS based on a DSA by a qualified, independent engineer.
Building Report	A building report was previously obtained, with nothing material to note.
Valuation Report	$13,100,000 (by Bayleys Valuations, as at 21 December 2021).
Other Key Information	Clause 48 of the lease requires the tenant to put in place a bank guarantee equivalent to 12 months' net rental income (excluding outgoings recoverable), and updated for current rental under the lease every five years. Any tenant works undertaken on site will pass into the ownership of the landlord, without a requirement for recompense, or reinstatement of the property to its original condition.

NOTES ON PROPERTY AND STRATEGY

Occupying a level site on 9,091 sqm of land area, the property comprises four industrial warehouse buildings and an ancillary office structure. The original construction dates to the 1960s with subsequent extensions in more recent years. The improvements provide generic industrial accommodation in terms of functionality and useful drive-through capability for loading and unloading. The balance of the site consists of sealed and secured concrete yard space situated to either side of the improvements. Seismic strengthening work was undertaken in April 2016 on two of the warehouses, including replacement of roof cross bracings, replacement of bolts, new steel fly braces and new mid-height compression struts.

The property is situated at the western end of Gough Street in Seaview, Lower Hutt in the Wellington region. The property is well located within Seaview, having good connections to major arterial road and rail network linkages, such as State Highway 2. Gough Street is linked to the main industrial road in the area, Seaview Road, and comprises mostly small-to-medium-sized workshop structures erected during the 1960s.

HJ Asmuss & Co (also known as Asmuss Steel and Flow Control) tenant the property, a privately-owned supplier and distributor of steel in New Zealand with over 100 years in operation. The strategy for the property is to retain the existing tenant by seeking renewal of the lease at each right of renewal, extending the lease ultimately to December 2049, at which point a new lease agreement will be considered.

A copy of the lease is available on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

2.3 MANAGEMENT OF THE FUND

The Manager has been appointed under the Trust Deeds to manage and administer the Fund on behalf of Unitholders. The Manager's responsibilities include managing the investments of the Fund in accordance with the SIPO (including identifying future acquisition opportunities for the Fund), administering distributions and unit redemptions, communication with Unitholders, and ensuring compliance with the Trust Deeds and other legal requirements. The key personnel of the Manager responsible for governance and management of the Fund are split between the Manager's Board of Directors, and the Investment Committee.

DENIS McMAHON

Chairman of the Board

Denis established PMG in 1992 to offer a specialised, professional service for managing industrial, office, and retail property. Two years later he syndicated his first property in Tauranga and since then has overseen over 40 investment offerings.

He transitioned to the role of Non-Executive Director and Chair following the appointment of Scott McKenzie as CEO in 2012. Denis has successfully overseen the growth of PMG's portfolio since then, with PMG now managing portfolios valued at over $850 million.

Denis is a member of the Property Institute and was Chairperson of the Property Council Bay of Plenty from 1996-2000.

DR WAYNE BEILBY

Non-Executive Independent Director

Dr Wayne Beilby joined the PMG Board as a Non-Executive Independent Director in September 2017. With over 15 years' experience in the financial services industry, he brings extensive management and governance experience across many NZX, PNGX and ASX-listed companies and local government entities.

Wayne holds a Doctorate in Business Administration, Bachelor's degrees in Law and Arts, and has a specialised Master of Business Administration in Finance and Risk from Deakin University in Melbourne.

Wayne is Managing Director of Pacific Advisory Group (NZ) Limited which provides governance, risk and asset management advice, and is a Fellow of both the Australia New Zealand Institute of Insurance and Finance, and the Institute of Management New Zealand.

JONATHAN CAMERON

Non-Executive Independent Director

Jonathan is an innovative, entrepreneurial, and commercially astute executive and professional director who provides intelligent, robust and insightful advice around strategic and financial matters.

His skills enable PMG's long-term corporate and strategic development and increase shareholder and economic value by following a strategic agenda focused on growth. His extensive experience in corporate development, mergers and acquisitions, valuation, and financial advisory comes from his prior roles in Corporate Development and Planning for Air New Zealand, Merger and Acquisitions for Ernst & Young, and Corporate Finance for PricewaterhouseCoopers.

Jonathan is the Managing Principal and Director for Elevate Capital Partners, Chair of Dunedin Airport, and Director for VetEnt, Tupu Angitu and Waipa Networks. He holds a Master of Commerce in Economics with first-class honours.

PMG BOARD OF DIRECTORS

The Board of Directors of PMG currently consists of two independent directors, four non-executive directors, and two executive directors (who are also members of the Investment Committee documented in the following section).

Related party benefits derived by the Manager are included in Section 5.2 *Related Party Benefits*. The Manager is currently responsible for the day-to-day property management of the buildings in the Fund. This role includes finding tenants, dealing with tenancy issues, and ensuring the properties are properly maintained and meet all legal requirements.

TONY PITT

Non-Executive Director

Tony joined PMG's Board in February 2021. He is the Founder of the 360 Capital Group, an ASX listed, alternative assets funds management and investment group. He has a wealth of management and leadership experience along with valuable funds management and investment expertise.

Originally from Taupō, he has overseen the initial public offering on the ASX of three Australian real estate investment trusts, the creation of various unlisted funds, facilitated several company acquisitions, and the ASX listing of 360 Capital Group.

He holds a Bachelor of Commerce in Property and has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.

JAMES STOREY

Non-Executive Director

As the Head of Real Estate at 360 Capital Group, James has in-depth knowledge and passion for real estate and investment, bringing further property and funds management expertise to PMG's Board when he joined in February 2021.

James has 15 years' experience investing across debt, equity and corporate transactions. He is Fund Manager of 360 Capital REIT (ASX:TOT) – the real estate arm of 360 Capital Group and James is also a Non-Executive Director of Velocity Property Group (ASX: VP7).

He holds a Bachelor of Business in Property Economics and a Graduate Certificate in Applied Finance and Investment. James is also a licensed real estate agent and qualified valuer.

GLENN BUTTERWORTH

Non-Executive Director

Following 360 Capital Group's investment in PMG in February 2021, Glenn joined the PMG Board as a Director.

With over 25 years of transactional and financial management experience, Glenn is the Chief Financial Officer of Australian-based listed company 360 Capital and provides governance and support to the PMG Board around the financial strategy and future growth.

Glenn joined the company after 11 years at Mirvac, where he was Financial Controller of the Investment Division that handled listed and wholesale managed funds and partnership structures.

Glenn is a Chartered Accountant and holds a Bachelor of Commerce.

2.3 MANAGEMENT OF THE FUND (CONTINUED)

THE INVESTMENT COMMITTEE

The Investment Committee is a sub-committee of the Board of Directors responsible for overseeing the day-to-day operations of the Manager's activities impacting on the management of the Fund and its investments. The Investment Committee is chaired by the Head of Investment (Daniel Lem), who is also a former director of PMG. The members of the Investment Committee are as follows, with those holding directorships on the Board of Directors of the Manager included first:

SCOTT McKENZIE

Chief Executive Officer and Director

With over two decades in business and 10 years specialising in funds management and commercial real estate, Scott is the driving force behind PMG's innovative strategy.

He honed his leadership skills in the banking sector, both in New Zealand and the UK, and holds a Bachelor of Commerce in Valuation and Management and a Post Graduate Diploma in Management.

Scott is a board member of Priority One (Tauranga's economic development agency), founding board member for Urban Taskforce for Tauranga, principal founding Trustee for PMG Charitable Trust, founding Director of Forsite (health and safety app), and recently served as Vice-President of the BOP Property Council.

NIGEL LOWE

Chief Financial Officer and Director

Nigel joined PMG in August 2016 after spending 13 years at accounting firm KPMG. His role is to strengthen and provide additional capability to PMG's senior management team across financial reporting, compliance and assistance with future property acquisitions.

With Nigel's direct oversight as Compliance Director of PMG, the Manager became one of only a handful of unlisted property funds managers to attain a Managed Investment Scheme licence from the Financial Markets Authority (FMA). His leadership of PMG's compliance function is crucial to compliance with the Anti Money Laundering Act (AML) and regulations regarding accepting retail investments.

Nigel is a Chartered Accountant and holds a Bachelor of Commerce.

DANIEL LEM

Investment Committee Chair and
General Manager Investment

Daniel has 20 years' experience in asset and project management, commercial leasing, and structured property finance. As a previous Director and Head of Tenant Representation for Jones Lang LaSalle, Daniel represented tenants including Microsoft, IBM, Unisys, and the New Zealand Government. Between 2006 and 2010, Daniel was the joint Fund Manager of Danube Property Funds I and II, where he acquired and managed €100 million worth of commercial office assets across Eastern Europe.

Daniel's property management company merged with PMG Property Funds Management in 2015. He now chairs our Investment Committee, sources new investment opportunities, and project manages the repositioning/redevelopment of specific assets. Daniel holds a Bachelor of Science and is a Member of the Royal Institute of Chartered Surveyors.

STEVE WILLIAMS

Head of Transactions

Steve has over 26 years of property expertise, joining PMG in 2016 in the role of Head of Asset Management – and transitioning to the Head of Transactions role in May 2020. Steve's key responsibilities are to drive the acquisition and disposal of properties managed by PMG.

Steve previously worked for New Zealand's largest listed property company, Kiwi Income Property Trust, for eight years as an asset manager and later as National Commercial Leasing Manager. Steve established his own commercial property consultancy in 2006 prior to joining PMG.

Steve holds a property degree (BA Honours), is a Licensed Agent under the Real Estate Agents Act 2008 (REAA) and is a Member of the Royal Institution of Chartered Surveyors (MRICS).

MATT McHARDY

General Manager Investor Relationships

Matt joined PMG in 2015 to develop our sales and investor relationship team. He has extensive experience in business development and relationship management, finance, and compliance after a banking career with BNZ.

Alongside the wider Investor Relationships team, Matt focuses on building and maintaining strong personal relationships with all PMG investors and is the key point of contact for those across the central and lower North Island. The team is responsible for promoting new investment opportunities to investors and improving PMG's secondary market across all of PMG's existing funds.

Matt holds a Bachelor of Commerce and Administration, is licensed under the Real Estate Agents Act 2008 and certified as an Authorised Financial Adviser under the Financial Advisers Act 2008.

2.4 PURPOSE OF THE OFFER

The purpose of the Offer is to raise the funds necessary to assist with the purchase of the Acquisition Property, and to enable the Fund to invest in suitable Property Investments in future, should such opportunities be available to the Fund. The purchase of the Acquisition Property is part of the Manager's investment strategy for the Fund.

The broader investment strategy for the Fund includes growing the Property Portfolio and establishing the Investment Portfolio. At the date of this PDS the Fund is not committed to any opportunities to acquire Property Investments beyond the Acquisition Property, and the Fund will hold any surplus funds raised as cash until appropriate Property Investment opportunities are available to the Fund.

The funds raised by the Offer will be allocated initially as follows (rounded to the nearest thousand dollars):

Purchase price of Acquisition Property	$26,950,000
Offer costs	$2,606,000
Capital expenditure and working capital	$654,000
Cash (funding for future Property Investments)	$9,918,000
Total Cost	**$40,128,000**
Unit subscriptions	$40,128,000
Total Funding	**$40,128,000**

Unit subscriptions above assumes that 35,200,000 Units are issued under the Offer at an issue price of $1.14 per Unit. Should the Minimum Equity Raise be achieved only, the surplus cash available to fund future Property Investments will be reduced. Conversely, if the Maximum Equity Raise is achieved, the cash available to fund future Property Investments will increase. The Minimum Equity Raise is 100% underwritten by the Manager, and up to 100% of this amount may be called on by the Fund.

Capital expenditure and working capital above represents the additional funds available from the Offer after purchasing the Acquisition Property and allocating surplus funds to cash for funding future Property Investments. No increase in total bank facilities with the Fund's lenders are being sought in relation to the Offer. Sufficient debt facility headroom is available in the Facilities in addition to the amount of $654,000 above to fund capital expenditure and working capital. For further details on the Fund's borrowings, see Section 2.7 *Borrowings* and Section 6.2 *Key Return Information for Investors and Financial Measures of the Fund's Borrowing.*

The Manager will consider the amount of subscriptions to be accepted in its discretion between $30,210,000 and $50,046,000. In exercising its discretion, the Manager will have regard to opportunities and anticipated opportunities to deploy such subscriptions into Property Investments aligned with the Fund's strategy, with the aim of generating returns at a level consistent with currently forecast returns. The Manager will hold any surplus funds received from subscriptions in cash and short-term deposit until it is ready to make such Property Investments, or reduce bank borrowings, to provide the Fund flexibility for future opportunities to acquire additional Property Investments efficiently. The Manager considers such Property Investments are most likely to be investments into other schemes managed by the Manager (such as PMG Direct Office Fund, PMG Direct Childcare Fund and Pacific Property Fund Limited), but such investments are currently not available. Further information relating to these other schemes, including most recent performance metrics, can be found at www.pmgfunds.co.nz/our-funds.

If subscriptions above $40,128,000 are accepted by the Manager, the Fund will hold a higher level of cash than set out in this PDS for a period of time. The Fund's SIPO determines that the Fund must not hold any more than 10% of the Fund's Gross Asset Value in cash, limiting the amount of cash that the Manager may hold following completion of the Offer. Based on the Gross Asset Value of the Fund expected on completion of the Offer if $40,128,000 of capital is raised, the Fund would be able to hold up to approximately $21.9 million in cash. This value would vary based on the amount of capital raised above or below $40,128,000. The Manager intends to hold funds raised above the Minimum Equity Raise as cash, with a view to deploying these into other Property Investments. In the event subscriptions above the Minimum Equity Raise are accepted, and additional Property Investments were not made, the Fund may consider reducing its level of bank borrowings. The risk of the Manager accepting subscriptions between the Minimum Equity Raise and Maximum Equity Raise, and being unable to deploy the funds from such subscriptions into further Property Investments, is included in Section 7 *Risks to Returns From PMG Generation Fund*.

19 Bethlehem Road, Bethlehem, Tauranga

2.5 ASPECTS OF THE FUND WITH THE MOST IMPACT ON FUTURE PERFORMANCE AND THE KEY STRATEGIES AND PLANS TO ADDRESS THEM

The current and future aspects of the Fund that have, or may have, the most impact on the Fund's financial performance, and the key strategies and plans to mitigate those impacts, are summarised below. Further information about the potential risks to investors of investing in units of the Fund are set out in Section 7 *Risks to Returns From PMG Generation Fund*, and in Other Material Information disclosed on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

Factor	Strategy or Plan
Economic conditions including those linked to COVID-19	Current economic conditions including those linked to COVID-19 could change, and have an impact on one or more of the other stated key drivers of financial performance. The Fund's overarching strategy of income diversification at scale is the primary strategy to manage the potential impact on performance, with growing exposure to an increased diversity of investments and underlying property regions, property sectors, and tenant sectors. This strategy is expected in the long term to benefit investors by improving the stability of returns for the Fund and investors, and decrease the likelihood of sustained reductions in returns compared to a non-diversified commercial property fund or syndicate. Should restrictions be placed on tenant access to property, related to COVID-19 or otherwise, the Manager would aim to reduce impacts on long-term performance where possible and appropriate by: • strategically supporting tenants, and the Fund, through any rental abatement, deferral, or lease incentive discussions • maintaining or growing WALT, with lease term extensions or built-in rights of renewal to extend the term further; and • including CPI-linked rental increases, or fixed rental increases, in addition to ratchet clauses, into lease arrangements where possible.
Rental income and ability of tenants to meet their obligations to pay contracted rental amount	The Manager utilises its specialist property management experience to find leasing, maintenance and value-add opportunities, to increase rental income across the Fund's Property Investments. The Manager maintains a close understanding of the specific economic circumstances and lease terms of each of the Fund's tenants, and further aims to minimise any detrimental impact on the Fund's rental income through due diligence on new tenants and establishment of guarantee arrangements. The Manager has specifically provided a rental underwrite of $300,000 related to the Offer, expiring 31 March 2023 at minimal cost to the Fund (legal and administration costs). At the date of this PDS, no tenant has material rental arrears, nor is the Manager aware of any material breach of lease terms.
Renewal of leases, leasing of vacant space and unexpected vacancy	It is possible that existing tenants vacate a premises on or before lease expiry, which may create vacant space that requires leasing. If the leasing of space takes time, creating void periods, this will have an impact on the Fund's returns and potentially impact investor returns. The Manager is experienced in both managing existing lease obligations to support occupancy levels, and ensuring rental growth opportunities are optimised to achieve positive leasing results. No material leases have expiries within the prospective financial information periods presented, reducing the likelihood of vacancy materially impacting returns in the foreseeable future. The Countdown lease at Bethlehem Town Centre due to expire in December 2023 is the first material lease expiry, and the Manager expects this space to remain fully leased on similar or better commercial terms for the Fund by the expiry date.
Property values	The value of the Property Investments is influenced by multiple factors including the state of the property market, the level of rental income from each underlying property, and the remaining terms of the leases associated with each underlying property and economic conditions at that time. Current property valuations consider a range of inputs and market evidence in forming an opinion on value. The Manager utilises its in-house investment, property and facilities management teams to deliver strategies that aim to maintain or improve fund performance and property valuations. They strive to find opportunities for growth in annual income, occupancy levels, and lease terms for each property.
Change in interest rates	Variability in interest rates can materially impact the performance achieved by the Fund if not managed appropriately. The Manager manages interest rate risk with a combination of interest rate swap agreements and floating rate borrowings. The Manager's hedging policy is summarised in Section 7 *Risks to Returns From PMG Generation Fund*.
Future capital and operating expenditure requirements	Expenses for repairs and maintenance, and operating expenditure not recoverable from tenants, will impact performance. These expenses are managed through regular maintenance plans and service contracts. Any planned major capital works are included in long-term budgets, and where possible, working capital or bank facility headroom will be utilised to enable future capital expenditure needs to be met. Prior to a property being purchased, a review of likely capital, repairs, and maintenance expenditure requirements is undertaken and factored into the price paid for a property. The Bethlehem Town Centre has the Fund's largest capital expenditure budget. The site will be pro-actively managed with on-site resource, supported by PMG's wider asset and facilities management teams to, where possible, reduce or prevent material, unplanned capital expenditure projects that negatively impact Fund performance.

2.6 NATURE OF RETURNS AND THE KEY FACTORS THAT DETERMINE RETURNS

The return on an investment in the Fund will be driven by the profits from Property Investments of the Fund, and by the capital value of the Property Investments. Returns to investors may be realised at a point in time (such as through the payment of regular distributions from the Fund) or remain unrealised (such as cumulative increases in the value of the Fund's Property Investments and thus the value of the Units. The key factors determining returns are as follows:

Property Investment Income – The Fund's primary source of income for the foreseeable future is expected to be rental income from each of the properties in the Property Portfolio. The amount of income available for distribution to Unitholders will be primarily drawn from the net income of the Property Portfolio, which in turn depends on the rental income and operating expenses of the properties. In future, if the Investment Portfolio is established, additional income may be received as distributions and other income by the Fund from the Investment Portfolio. The amount of income available for distribution from this source will typically depend on the net income of the underlying properties within each investee in the Investment Portfolio. Income from Property Investments is also offset by the amount of ongoing fees and expenses paid by the Fund to the Manager, the Supervisor, the auditor, banks, and other parties (further information about the fees paid by the Fund is set out in Section 8 *What Are the Fees?*). The Fund will also pay tax on behalf of Unitholders based on the Unitholders' share of the taxable profit of the Fund at their respective prescribed investor rates as notified by the investor to the Fund (further information about tax that Unitholders will pay is set out in Section 9 *Tax*).

Interest rates – A primary cost of the Fund is interest expense, driven by both the level of borrowings and interest rates. Given the total debt held by the Fund, interest rates are a key factor in determining the overall return of the Fund. A summary of the Fund's borrowing arrangements are set out in Section 2.7 *Borrowings*, and Section 7.2 *Interest Rate Risk*.

Capital value – The value of Units is influenced by the value of the Property Investments. The value of the Property Investments will, in turn, be influenced by the state of the property market, the level of rental income from each underlying property, and the remaining weighted average lease term of underlying properties (among other property-specific factors).

67 Vickerys Road, Wigram, Christchurch

2.7 BORROWINGS

The Fund has syndicated funding arrangements (the **Banking Syndicate**), arranged by the ASB Bank Limited (**ASB**) – which is also the facility agent and security trustee. The current syndicated lenders are ASB and the HPS Australian Loan Platform (**HPS**), with whom the Fund has secured borrowing facilities of up to $70,600,000. Further lending counterparties (together with ASB and HPS, the **Lenders**) are expected to join the syndicate in future to spread the facility limits amongst additional lenders. The funding facilities available from the Lenders are referred to as the **Facilities**, and the Facilities replaced a previous $23,100,000 facility the Fund held directly with ASB in July 2021. No additional facilities are being sought in relation to the Offer but may be sought subsequently.

Facility Name	Lender	Facility Type	Facility Expiry	Facility Limit	Prospective Borrowing 31 March 2022
Revolving	ASB	Revolving credit	July 2024	$5,000,000	$Nil
Tranche A	ASB	Term Loan	July 2024	$11,550,000	$11,550,000
Tranche B	HPS	Term Loan	July 2025	$11,550,000	$11,550,000
Tranche C	ASB	Term Loan	July 2024	$21,250,000	$21,250,000
Tranche D	ASB	Term Loan	July 2025	$21,250,000	$21,250,000
Total				**$70,600,000**	**$65,600,000**

At Settlement Date, the Fund is expected to have $5,000,000 of headroom in the Facilities, being a revolving credit facility. The level of borrowing may change over time depending on the amount of capital raised, and the level of capital expenditure is incurred. Key terms of the Facilities are summarised in the following table:

Security	ASB, as the security trustee, holds first ranking mortgages over all properties in the Property Portfolio, a first ranking general security deed over the Fund and Custodian's assets, first ranking specific security deed regarding leases, bank accounts and rental bonds.
Renewal	The Facilities are extendible. Prior to each facility anniversary, each facility within the Facilities can be extended by a further 12 months (to effectively reset the original lending term), subject to request by the Fund and acceptance by the relevant lender. If acceptance is not given, borrowings will expire before the Fund is wound up and refinancing would be necessary.
Revolving credit	The revolving credit facility is provided by ASB, and may be used for general commercial purposes. Where the revolving credit facility, or any new facilities, are being used to fund the acquisition of Property Investments, additional conditions may be imposed on the facility by the relevant lending counter party.

Repayments	Interest only – full repayment required on the expiry date unless renewed.
Interest Payment	Interest is payable on the last day of each interest period. Where an interest period is no longer than 90 days, interest is payable after 90 days. In practice, interest is expected to be payable monthly.
Interest Rate	The interest rates for the Facilities are structured on a base rate plus margin basis. The base rate is the bid settlement rate quoted on the Reuters Monitor System Page BKBM (or any replacement page) on the first day of an interest period. The margin per lender is commercially sensitive. The BKBM and indicative effective weighted average interest rate across the Facilities is summarised below, after accounting for interest rate swap arrangements in place at the date of this PDS. Interest rates are inherently subject to change. The Default Interest Rate is 2% above the Interest Rate.

Per annum rates	Actual 1 April 2021	Prospective 31 March 2022	Prospective 31 March 2023
BKBM (as-at)	0.31%	1.37%	2.87%
Interest (hedged, as-at)	3.35%	3.80%	4.25%
Interest (hedged, 12-month average)	N/A	3.57%	4.02%

Other Costs	Establishment fees for each new facility are payable to each lender as a percentage of the facility granted, and the amounts are commercially sensitive. Other costs (other than interest noted above) are expected to be: • Line fee – the revolving credit facility attracts a margin, and also incurs a 1.44% line fee chargeable on the facility limit, payable quarterly in arrears. This is treated as akin to interest by the Fund. • Annual facility agent and security trustee fees.

Conditions After Advance	The following conditions apply:
	• Reporting – The Fund's annual financial statements must be provided to ASB within 180 days of the Fund's balance date. The Fund's tenancy schedule must be provided to ASB within 45 days of the end of each financial half-year, in addition to any new material lease.
	• Valuations – The Fund must provide valuations for the secured properties every two years from 31 March 2022, dated within 30 days of delivery and completed by an independent registered valuer. Valuations must also be provided as requested by the Lenders if an event of default subsists.
	• Covenants – Tested twice yearly:
	  • Loan-to-value ratio must not be greater than 46.25% of the value of secured properties at any given time.
	  • Gross Rental Income must be greater than 2.25 times interest expense.
	  • WALT must be greater than 3.0 years.

3 Key Dates and Offer Process

KEY DATES FOR THIS OFFER

PDS Registered	22 February 2022
Offer Opening Date	2 March 2022
Offer Closing Date	30 March 2022
Settlement Date	31 March 2022
Allotment Date	31 March 2022
Acquisition Date	31 March 2022

This timetable is indicative only and the dates are subject to change. The Manager reserves the right to vary or extend these dates. The Manager may also withdraw the Offer at any time before the allotment of the Units associated with the Offer, accept late applications (either generally, or in individual cases), or close the Offer early, at the Manager's sole discretion.

The Manager reserves the absolute right in its sole discretion to accept or reject any application in whole or in part without assigning any reason.

Subscriptions received will be held in a trust account until units are allotted. No interest will accrue on subscriptions within the trust account. Cash distributions will only accrue to investors from the day following allotment of units.

4 Terms of the Offer

4.1 TERMS OF THE OFFER

A summary of the key terms of the Offer can be found in the Key Information Summary in Section 1.4 *Key Terms of the Offer*. The Offer is made on the terms, and is subject to the conditions, that are set out in this PDS, the application form related to this PDS, and on the Offer Register. The information below sets out the key terms of the Offer in detail.

What Is the Offer?

This is an offer of units in a managed investment scheme (constituted as a unit trust) called PMG Generation Fund. See Section 1.1 *What Is This?* for an overview of the Offer. Each unit confers an equal interest in the Fund and ranks equally in all respects with any other units issued in the Fund. Each unit confers an equal right to distributions authorised by the Manager, and to cast votes at meetings of Unitholders, in accordance with the Trust Deeds.

Key Dates

Cash Distributions: Paid on the 20th day of each month following declaration (if not a business day, the following business day). The first distribution for new Unitholders should be paid on 20 May 2022, assuming new Units are issued on 31 March 2022 and the first distribution applicable to new investors is declared on 30 April 2022.

Redemption Period: Currently the Fund has no set date from which redemptions will commence. The Trust Deeds allow for monthly redemptions to occur on the first day of each month, which the Manager intends to commence in future when the Fund has established sufficient scale, and when the Fund holds sufficient liquidity.

This information is indicative only and the dates may change. See Section 3 *Key Dates and Offer Process* for more information.

Price

The price of each Unit is $1.14 with a minimum unit subscription amount per investor of $1,140 (1,000 Units), and multiples thereafter of $1,140 (1,000 Units). To ensure compliance with the Fund's multi-rate PIE status, an investor's total unit holding in the Fund (combined with unit holdings of any "associated persons" for tax purposes in the Fund) cannot exceed 20% of the total units in the Fund (equating to 25,300,000 Units if the Minimum Equity Raise is achieved), unless the Unitholder is itself a PIE or one of a limited class of other widely-held vehicles.

Allotment

Units will be allotted and issued on the Settlement Date (one business day following the Offer Closing Date, or, if the Manager decides to extend the Closing Date, that later date).

Oversubscriptions

The Fund will not accept oversubscriptions above the Maximum Equity Raise.

Minimum Equity Raise

The Fund is seeking to raise at least $30,210,000 (26,500,000 Units) from the Offer to provide it with the funds to purchase the Acquisition Property. Should the Offer not proceed for unforeseen reasons, any investor monies advanced to the Fund related to the Offer will be reimbursed in full, without interest. The Minimum Equity Raise is fully underwritten.

Maximum Equity Raise

The Fund has set a limit on the maximum amount of capital that can be raised from the Offer, being $50,046,000 (43,900,000 Units). The Manager will hold any surplus funds received from subscriptions above the Minimum Equity Raise in cash and short-term deposit until it is ready to make appropriate Property Investments, or reduce bank borrowings, to provide the Fund flexibility for future opportunities to acquire additional Property Investments efficiently. The risk of the Manager accepting subscriptions and being unable to deploy any surplus funds from such subscriptions into further Property Investments, is included in Section 7 *Risks to Returns From PMG Generation Fund*. The Manager reserves the right to close the Offer before the Closing Date.

Underwrite

The Manager has underwritten 26,500,000 Units ($30,210,000), for which the Manager charges a fee. Sub-underwriting arrangements with third parties ensure that the Manager does not hold more than 20% of the total units in the Fund. Sub-underwriting arrangements come at minimal cost to the Fund and investors (legal and administration costs).

The underwrite is first and foremost a risk management tool for the Fund to ensure the success of the Offer. The Fund may call the full value of the underwrite, in addition to any applications accepted from investors, leading to the total units issued from the Offer exceeding the Minimum Equity Raise. The Manager will, at its discretion and pursuant to the underwriting agreement, determine an appropriate level of underwrite to call. In doing so the outcomes may range from:

- utilising the subscriptions received to offset the underwrite amount (only raising the Minimum Equity Raise amount to purchase the Acquisition Property, and reducing the amount of underwrite called from the Manager); or
- the Fund calling the full underwrite amount, in addition to accepting additional subscriptions, with the expectation of deployment of additional capital raised above the Minimum Equity Raise into additional Property Investments in future (subject to meeting the Fund's distribution policy, managing debt levels and/or its balance sheet requirements). This would require the Fund to hold cash in the meantime within the limits of the Fund's SIPO. Subject to availability, additional Property Investments could include additional property for the Property Portfolio and establishing the Investment Portfolio through investments into PMG Direct Office Fund, PMG Direct Childcare Fund or Pacific Property Fund Limited.

At the date of this PDS, the Manager has no certainty over either the valid applications that will be received for Units from the Offer, nor the investment opportunities that will be available and committed to by the Fund. As such, a decision has not been made in respect of how much of the Manager's underwriting position will be called upon by the Fund. The default position will be to ensure that the Offer is successful and that the Acquisition Property is acquired for the Fund as a result of the Offer.

Scaling

Scaling may apply to subscriptions, and the Manager's discretion on scaling is absolute. If the Fund receives and accepts valid applications for more than 26,500,000 Units (being the Minimum Equity Raise) then your application may be scaled, which means that you may receive fewer Units than you applied to subscribe for. Scaling may be pro-rata, but is ultimately at the Manager's discretion. As a result, you may receive no Units at all. If scaling occurs, you will be refunded the difference between the Units applied for and the Units allotted (without interest) within five business days of Settlement Date.

4.2 HOW CAN I MAKE AN INVESTMENT IN THE FUND?

Investors are required to complete the application form related to this PDS, provided by the Manager in either paper or electronic form. Subscriptions must be made before the Closing Date (or, if the Manager decides to extend or bring forward the Closing Date, that amended date). This is not a continuous offer of Units.

Investors must complete the Application Form correctly. Please read the instructions in the Application Form carefully before sending it to the Manager.

4.3 HOW CAN I WITHDRAW MY INVESTMENT FROM THE FUND?

Units may be sold or transferred, but there is currently no established market for trading in Units, nor will Units be listed on any securities exchange.

REDEMPTIONS

Redemptions refer to the Fund repurchasing, and cancelling, Units from investors. Units are not currently redeemable, and investing in the Fund is intended to be a long-term investment. However, the Manager may decide to commence redemptions at its discretion. Under the Fund's Establishment Deed, the Manager may open a monthly redemption period, and process redemptions at any other times, at its sole discretion. The Manager may also suspend or defer redemptions in certain circumstances pursuant to the Trust Deeds (see Master Trust Deed, clause 8.11). Further details can also be found in Schedule 5 of the Establishment Deed.

Should Redemptions Be Made Available to Unitholders in the Future

Pricing of redemptions

The redemption price will be based on the Adjusted NAV of the Fund per Unit, less a 2% redemption spread adjustment. The redemption price formula and an example calculation can be found in the document titled *Other Material Information* disclosed on the Offer Register, under Offer Number OFR13276.

Adjusted NAV is based on the NAV of the Fund, and includes:

- independent valuation of the properties in the Property Portfolio as at a date not more than 12 months preceding the date NAV is calculated
- spreading, on a straight-line basis over five years from acquisition date, the amount by which the aggregate of the acquisition cost of a property exceeds the fair value of property; and
- spreading, on a straight-line basis over five years from each offer settlement date, any Fund establishment and equity issue costs.

Payment for redeemed units

Payments to Unitholders for redeemed Units will be made by the Fund no later than the 20th day of the month that follows the redemption date (unless unlikely circumstances occur as set out in the Trust Deeds).

Limitations on redemptions

Distributions to investors will be prioritised over redemption requests. A redemption would not be permitted if the Unitholder would hold less than 1,000 Units following redemption, unless the Unitholder was selling their entire holding.

The funds available for redemption will be limited to the greater of:

- 0.5% of the Fund's Adjusted NAV determined on the relevant Exit Date (or other relevant date as selected by the Manager); and
- an amount determined by the Manager from time to time (having regard to the future working capital requirements of the Fund).

If applicable, priority will be given to unmet redemption requests from previous redemption periods.

Funding redemptions

Redemptions would be funded using a combination of the Fund's operating cash flow, the issuance of new units (if applicable), proceeds from the sale of Property Investments, and additional borrowings. Use of borrowings for this purpose may require bank approval, which may not be given by the Lenders. The Manager does not expect to establish a separate cash facility for redemptions.

Redemption fee

The Manager's current policy is that no redemption fee will be charged to investors. The Manager, in its discretion, has decided to not redeem any units at this time. However, if Units are redeemed in future, the Manager reserves the right to change this policy.

SALE FACILITATION SERVICE

Units are intended to be a long-term investment. Should an investor wish to sell some or all of their investment, the Manager has a database of investors and, from time-to-time, the Manager will assist in facilitating secondary transfers of Units from one investor to another. The Manager charges 1.5% of the transaction price as a fee for this service, excluding GST. This fee excludes any associated costs such as legal and professional advisory fees. See Section 8.3 *Fees Charged to Individual Investors* for further information.

There is no guarantee that this service will be available or that there will be any buyers for Units in the future. The Manager does not represent that there will be sufficient demand or liquidity to enable a Unitholder to sell Units at any given time. The Manager is not a financial advice provider and does not provide any recommendations in relation to buying or selling Units. For more information, please contact the Manager using the details in Section 14 *Contact Information.*

4.4 DISTRIBUTIONS

Distributions with respect to the Fund are made at the discretion of the Manager. These are dependent on several factors, must meet the requirements of the Trust Deeds, and will only be declared after meeting applicable solvency requirements. Distributions are therefore not guaranteed.

Distributions have been paid monthly to investors since inception of the Fund, at or above forecast rates, and the Fund currently intends to continue providing regular and reliable income to investors in line with forecast distributions. However, the actual gross distribution per Unit for a period may vary from the prospective financial information.

It is the Manager's policy to distribute 100% of the Fund's AFFO to investors over the long-term. Distributions may be reduced below this policy where cash reserves are required to fund redemptions, to pay for capital expenditure on the Property Portfolio, or to facilitate repayment of debt. Due to fluctuations in the Fund's income and expenses, it is possible that the Fund may pay distributions in excess of 100% of AFFO in a particular period, provided the Manager believes it is commercially sustainable over the life of the Fund. Decisions to pay distributions above or below 100% of the Fund's AFFO is at the discretion of the Manager.

The Fund's AFFO is calculated annually based on net profit before tax, after subsequently reversing out the following items (if applicable to the relevant period and forming part of profit before tax):

- unrealised changes in the value of Property Investments
- realised gains and losses on the disposal of Property Investments
- unrealised changes in the value of derivative financial instruments; and
- performance fees payable to the Manager.

A reconciliation from AFFO to GAAP-compliant information is available on the Offer Register in the document titled Other Material Information.

It is intended that distributions are primarily funded by money derived from operations. However, in periods where money from operations is insufficient to meet distribution payments, distributions may also be funded by money from investing and financing activities – specifically from the gain on disposal of Property Investments, or from borrowings secured against the value of the Property Portfolio. Distributions made from borrowings may be required where temporary timing differences in relation to operational cash flow occur. Over the life of the Fund, use of gains from disposal of Property Investments, or borrowings, to support distributions to Unitholders is commercially sustainable, provided the value of Property Investments continues to rise. Should the value of Property Investments decrease, in periods where operating cash flow is below that of an intended distribution, the distribution may need to be reduced.

The actual gross distribution per Unit may therefore be above or below 100% of the Fund's net profit before tax, and above or below 100% of the Fund's AFFO.

Distributions are paid monthly (or more frequently at the discretion of the Manager). Only those Unitholders registered as holding Units on the relevant record date are entitled to receive the distribution payment. The intention is to declare a distribution on the last day of the month and pay the distribution on the 20th of the following month. If these dates fall on a non-business day, then the distribution will be made on the following business day. The Fund will prioritise distributions to its Unitholders over redemption requests.

HISTORIC DISTRIBUTIONS

Since establishment, distributions have been declared by the Fund and paid on the 20th day of the following month (or the next business day if applicable) as follows:

- 5.80 cents per Unit per annum before tax (paid May 2020 to August 2021); and
- 6.00 cents per Unit per annum before tax (paid September 2021 to February 2022).

FORECAST DISTRIBUTIONS

It is expected that monthly distributions will be declared from 28 February 2022 to 31 March 2023 at 6.00 cents per Unit per annum before tax, paid the month following.

For Unitholders participating in the Offer:

- The first distribution related to new units will be declared on 30 April 2022 and paid on 20 May 2022; and
- The distributions declared for the year to 31 March 2023 are projected to deliver an annualised gross cash distribution return on unit issue price of 5.26% per annum.

These returns are not guaranteed. The actual distribution amounts may vary if actual results vary to the prospective financial information. The stated returns throughout the forecast period are prospective, and do not guarantee that the same or better returns will be achieved in the future under Offer Number OFR13276. The composition of the Fund has changed over time, as has the Fund's financial performance, position, and ability to make distributions. Specifically, the Property Investments owned by the Fund have changed over time and distributions above are based on the Property Investments held in the period leading up to those distributions.

4.5 GOVERNING DOCUMENTS

The Fund is subject to the Master Trust Deed (dated 28 October 2016) and Establishment Deed (dated 19 February 2020) entered into by the Manager and the Supervisor (the **Trust Deeds**). The Master Trust Deed provides for several separate funds to be established and managed by the Manager pursuant to individual establishment deeds. Copies of the Trust Deeds may be found on the Scheme Register (on the Disclose Register) at https://disclose-register.companiesoffice.govt.nz under Scheme Number SCH12827.

5 How PMG Generation Fund Works

5.1 KEY FEATURES OF THE FUND

The Fund is a managed investment scheme for the purposes of the FMCA. The Fund's strategy and objectives are outlined in Section 2.1 *Statement of Investment Policy and Objectives Summary.*

The interests that investors receive in the Fund are unitised interests in the Fund's Property Investments. The Supervisor has been appointed to act as the supervisor of the Fund. The Supervisor holds the Property Investments for the Fund on trust (through a custodian company wholly-owned by the Supervisor called PMG Generation Fund Trustees Limited), on behalf of the Unitholders of the Fund, subject to the Trust Deeds, the FMCA, and any other applicable legislation.

Each Unit confers an equal interest in the Fund and ranks equally in all respects with any other Units. Each Unit confers an equal right to distributions authorised by the Manager, and to cast votes at meetings of Unitholders, in accordance with the Trust Deeds.

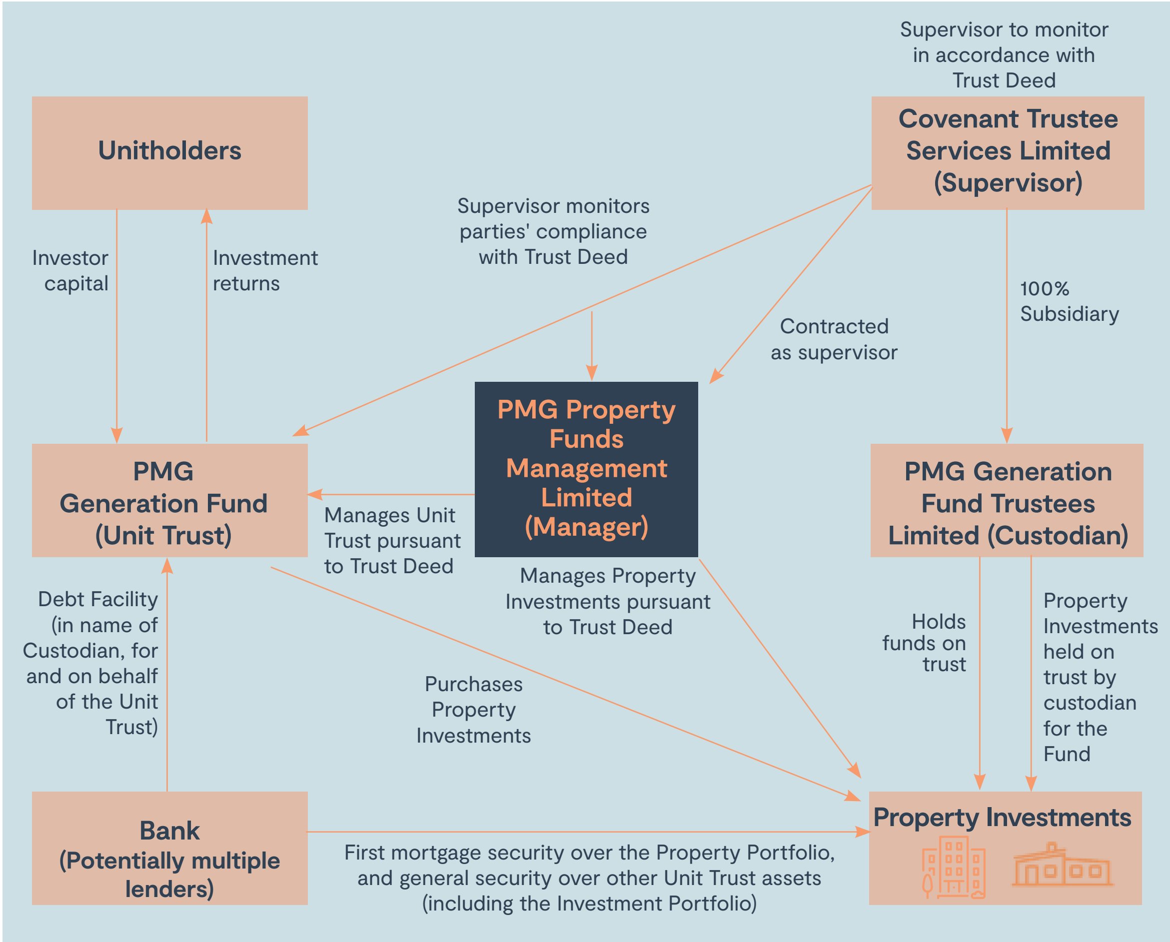
The Trust Deeds relate to the creation and issue of Units, redemption mechanics, the Manager's powers and duties, the Supervisor's powers and duties, authorised investments, fees and expenses payable from Fund assets, the Fund's borrowing powers, changes to the Manager or Supervisor, and indemnities. The Trust Deeds must meet certain minimum requirements set out in the FMCA.

The Manager provides a reinvestment plan to existing investors, whereby investors may elect to reinvest some or all of their distributions into Units on the secondary market (to the extent that there are Units available in the secondary market). Investors may invest in the reinvestment plan in multiples of a single Unit. To elect to participate in the reinvestment plan, investors must complete an appropriate application after contacting the Manager. Investors may be able to reinvest by acquiring new units issued by the Fund in future if the Fund becomes a continuous issuer of units.

In the future the Fund may acquire additional Property Investments that satisfy the investment criteria set by the Manager, provided that enough funding from the issuance of Units combined with bank borrowings is available.

HOW PMG GENERATION FUND WORKS

A simplified version of the Fund's structure is set out below:



5.2 RELATED PARTY BENEFITS

The Fund's related parties include the Manager, the parent company of the Manager (PMG Holdings Limited), various other funds or entities managed or controlled by the Manager or its directors, and members of key management personnel of the Manager. The Manager endeavours to ensure all transactions are on normal commercial terms, under normal conditions, at market rates and on an arm's-length basis. Related party certificates are provided to the Supervisor where appropriate. PMG Funds Limited (**PMG Funds**) and PMG Investments 2021 Limited (**PMG Investments**) are subsidiaries of PMG Holdings Limited. PMG Capital Fund Limited (**PMG Capital**) is a related party as Denis McMahon and Scott McKenzie are directors of both PMG Capital and the Manager. Denis is also a shareholder of PMG Capital. PMG Charitable Trust is a related party as several members of PMG's key management personnel are trustees of that trust. 360 Capital FM Limited, as responsible entity (manager) for 360 Capital Active REIT (**360 Capital**), purchased 50% of the shares of PMG Holdings Limited in February 2021. 360 Capital is a related party as Tony Pitt, Glenn Butterworth and James Storey are directors of both 360 Capital and the Manager, Tony Pitt and James Storey are shareholders in 360 Capital, and 360 Capital is a 50% shareholder of PMG Holdings Limited.

OPERATING TRANSACTIONS

Fund expenditure - The Manager is entitled to recover fees and expenses from the Fund in the normal course of business, including a fixed amount for certain types of overhead expenditure. These fees can be seen in Section 6 *PMG Generation Fund's Financial Information* and Section 8 *What Are the Fees?* Forsite Limited, a related party with two directors in common with the Manager, provides a software service to the Fund. The cost for the year to 31 March 2021 was $3,600, and for the prospective periods ending 31 March 2023 are forecast to be $7,600 and $9,600 respectively.

INVESTING TRANSACTIONS

Property Portfolio transactions – PMG Funds typically commits to contracts for the acquisition of property prior to nomination to the Fund. The Fund purchased a directly owned property from PMG Capital (the Jamaica Drive Property) on establishment of the Fund for $14,750,000, based on an independent valuation report. PMG Capital provided a rental income underwrite and top-up arrangement as part of that transaction, which ensured an established level of rental income was received from the property after acquisition. The Manager entered into a rental underwrite arrangement with the Fund associated with the Offer, totalling $300,000 to 31 March 2023, at minimal cost to the Fund (legal and administration costs only).

Investment Portfolio transactions – In the future, the Fund may purchase and dispose of investments in related parties of the Fund or the Manager, receive dividends or distributions from these related parties, and pay fees to the Manager associated with this activity.

FINANCING TRANSACTIONS

Deposits – PMG Capital funded the deposit for the Sharpe Road Property, the Vickerys Road Property, the Gough Street Property and the Bethlehem Town Centre. PMG Capital earned a fee from the Fund for each deposit (6% for the Vickerys Road Property, 5% for the others). PMG Capital is also funding the deposit for the purchase of the Acquisition Property, and will earn a fee of 10% per annum of the deposit amount for the period from deposit to settlement of the property. Fees associated with this agreement are included in Section 8 *What are the Fees?*

Underwriting – The Manager has entered an underwriting agreement to underwrite the issue of 26,500,000 Units ($30,210,000). Fees associated with this agreement are included in Section 8 *What Are the Fees?*

Investing in Units – The Manager and related parties of the Manager may invest in the Fund on the same basis as any other investor. PMG Investments purchased Units on the secondary market during the year to 31 March 2021 from PMG Capital. PMG Capital, 360 Capital and key management personnel of the Manager may enter into sub-underwriting arrangements with the Manager related to an offer of units on comparable terms and conditions as other sub-underwriters. Unit pricing and distributions payable at any point in time will be on the same basis as for all other investors. The Fund has previously had investing activity, including secondary transfers, with related parties as noted on the following page (including those related by virtue of their relationship to a member of the Manager's key management personnel).

There are no other transactions or proposed transactions under which the Manager, or any "associated person" (as that term is defined in the FMCA) of the Manager, may be entitled to receive a future benefit that either is given out of the Fund's property or creates an exposure to loss for the Fund. The Manager is entitled to recover further fees and expenses from the Fund. Further information about the fees and expenses is set out in Section 8 *What Are the Fees?*

BALANCES HELD WITH RELATED PARTIES

Related party	Balance type	Actual	Actual	Projected
		31 March 2020	31 March 2021	31 March 2022
The Manager	Trade and other receivables	$105,000	$31,000	–
	Trade and other payables	$80,000	$567,000	$3,147,000
PMG Capital	Trade and other payables	$311,000	$12,000	$50,000
Unitholders	Distributions payable	–	$18,000	$16,000

FINANCING ACTIVITY WITH RELATED PARTIES

Investing Activity	Actual			Actual			Projected		
	1 day to 31 March 2020			Year to 31 March 2021			Year to 31 March 2022		
Unitholder	Units purchased	Distributions	Units held	Units Purchased/(Sold)	Distributions	Units held	Units Purchased/(Sold)	Distributions	Units held
The Manager	1,458,000	–	1,458,000	1,213,000 / (1,564,319)	$81,382	1,106,681	2,532,962/(1,394,868)	$87,772	2,244,775
360 Capital	–	–	–	–	–	–	9,495,000/(4,495,000)	$69,227	5,000,000
PMG Investments	–	–	–	1,500,000	$14,500	1,500,000	(797,450)	$57,102	702,550
PMG Capital	12,500,000	–	12,500,000	(11,624,458)	$443,883	875,542	10,697,406/(5,355,717)	$195,835	6,217,231
PMG Charitable Trust	–	–	–	–	–	–	91,377	$3,640	91,377
Denis McMahon (and associated)	500,000	–	500,000	16,350/(500,000)	$9,978	16,350	939,677/(514,000)	$11,812	442,027
Scott McKenzie (and associated)	–	–	–	79,339	$2,709	79,339	735,169/(200,000)	$27,771	614,508
Nigel Lowe (and associated)	11,000	–	11,000	87,916	$2,905	98,916	1,271,365/(367,000)	$32,259	1,003,281
Daniel Lem (and associated)	–	–	–	9,010	$294	9,010	545,710/(321,000)	$14,296	233,720
Matt McHardy (and associated)	5,000	–	5,000	35,282	$1,313	40,282	60,240	$4,682	100,522
Steve Williams (and associated)	–	–	–	–	–	–	853,996/(321,000)	$11,051	532,996
Jamie Reid (and associated)	5,000	–	5,000	62,861	$1,601	67,861	63,684	$6,105	131,545

244 Heretaunga Street West, Hastings

6 PMG Generation Fund's Financial Information

The tables provided in this section present selected financial information about the Fund. Full financial statements are available on the Offer Register https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276. If you do not understand this sort of financial information, you can seek professional advice.

The purpose of the prospective financial statements is to assist investors in assessing the viability of, and return on, funds invested. The PDS and the prospective financial information may not be appropriate for any other purpose.

The prospective financial information included in the tables below has been extracted from prospective financial statements prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (FRS42), which are available on the Offer Register. All references to GAAP and non-GAAP financial measures in the prospective financial periods are derived from the prospective financial statements, which have not been audited by a qualified auditor.

The principal assumptions on which the prospective financial information is based are set out in Section 6.3 *Principal Assumptions for Prospective Financial Information*. Full description of accounting policies and assumptions relating to the prospective financial information can be obtained on the Offer Register.

All monetary information in this section is presented in New Zealand Dollars (**NZD**) and rounded to the nearest thousand dollars unless otherwise indicated.

EBITDA is a non-GAAP measure and therefore not reflected in the Fund's financial statements. A reconciliation of the adjustment to GAAP-compliant information is available on the Offer Register under the document Other Material Information.

6.1 PROSPECTIVE INCOME, EXPENSES AND RETURNS

	Actual		Prospective		Actual	
Period	Year	Year	Year	Year	6 months	6 months
Financial Year	2020	2021	2022	2023	1HY2021[16]	1HY2022[16]
STATEMENT OF COMPREHENSIVE INCOME						
Total revenue	–	3,809,000	9,456,000	14,354,000	1,855,000	3,165,000
Total expenses	(10,000)	(1,527,000)	(3,588,000)	(4,212,000)	(448,000)	(892,000)
Fair value movement on investment property[17]	(982,000)	5,049,000	5,405,000	–	–	–
Fair value movement on interest rate swaps[18]	(350,000)	84,000	1,110,000	–	(159,000)	680,000
EBITDA	**(1,342,000)**	**7,415,000**	**12,383,000**	**10,142,000**	**1,247,000**	**2,952,000**
Net financing income/(costs)	4,000	(732,000)	(1,886,000)	(2,684,000)	(367,000)	(653,000)
Total comprehensive income	**(1,338,000)**	**6,684,000**	**10,497,000**	**7,458,000**	**880,000**	**2,299,000**
STATEMENT OF CHANGES IN EQUITY						
Opening equity	**–**	**31,178,000**	**35,889,000**	**148,420,000**	**31,178,000**	**35,889,000**
Units issued net of issue costs	32,516,000	–	106,691,000	–	–	68,643,000
Total comprehensive income	(1,338,000)	6,684,000	10,497,000	7,458,000	880,000	2,299,000
Distributions declared	–	(1,972,000)	(4,657,000)	(8,112,000)	(986,000)	(1,657,000)
Closing equity	**31,178,000**	**35,889,000**	**148,420,000**	**147,766,000**	**31,072,000**	**105,174,000**
STATEMENT OF FINANCIAL POSITION						
Assets						
Current assets	805,000	608,000	15,346,000	9,915,000	N/A	3,009,000
Non-current assets	52,950,000	58,104,000	203,210,000	204,753,000	N/A	169,379,000
TOTAL ASSETS	**53,755,000**	**58,712,000**	**218,556,000**	**214,668,000**	**N/A**	**172,388,000**
Liabilities						
Current liabilities	978,000	1,223,000	4,670,000	1,388,000	N/A	1,772,000
Non-current liabilities	21,600,000	21,600,000	65,466,000	65,514,000	N/A	65,442,000
TOTAL LIABILITIES	**22,578,000**	**22,823,000**	**70,136,000**	**66,902,000**	**N/A**	**67,214,000**
TOTAL EQUITY / NET ASSETS	**31,178,000**	**35,889,000**	**148,420,000**	**147,766,000**	**31,072,000**	**105,174,000**
STATEMENT OF CASH FLOWS						
Cash and cash equivalents at beginning of period	**–**	**9,000**	**459,000**	**13,602,000**	**9,000**	**459,000**
Net cash inflow/(outflow) from operations	(330,000)	2,363,000	3,748,000	6,853,000	1,837,000	1,692,000
Net cash inflow/(outflow) from investing	(53,885,000)	(105,000)	(138,998,000)	(2,175,000)	(18,000)	(111,276,000)
Net cash inflow/(outflow) from financing	54,224,000	(1,808,000)	148,393,000	(9,960,000)	(1,449,000)	111,321,000
Cash and cash equivalents at end of period	**9,000**	**459,000**	**13,602,000**	**8,321,000**	**380,000**	**2,197,000**

[16] The interim periods presented are for the 6 months ending 30 September 2020 and 30 September 2021 respectively. Only information available from the interim financial statements of the Fund is presented.
[17] Fair value movement on investment property is the difference between book value and fair valuation of investment properties, after accounting for capital expenditure. No fair value movements are forecast beyond Settlement Date based on the inherent uncertainty of such estimations further into the future.
[18] Fair value movement on interest rate swaps is the movement in fair valuation of interest rate swap derivatives. No fair value movements are forecast beyond 31 January 2022 based on the inherent uncertainty of such estimations further into the future.

6.2 KEY RETURN INFORMATION FOR INVESTORS AND FINANCIAL MEASURES OF THE FUND'S BORROWING

The measures in this section are based on the actual and prospective performance of the Fund. The prospective information is based on the assumptions as outlined within this section of the PDS. The return per subscribed unit for the years ending 31 March 2021 and 31 March 2022 include unrealised property revaluation gains. No future revaluation gains beyond Settlement Date have been forecast. The key return information assumes the Fund raises $40,128,000 from the issue of 35,200,000 Units. Metrics may be marked 'N/A' in this section where either the relevant information may be misleading (e.g. over only a 1-day), not relevant, or the information is not available in the interim financial statements of the Fund.

The **Gearing Ratio** equals the Fund's total interest-bearing liabilities as a proportion of the Fund's total assets. A higher gearing ratio represents a greater risk to the Fund if the investment properties were to decrease in value because a greater proportion of the assets would be required to repay bank debt. The LVR calculation applicable for banking purposes, as measured by the Banking Syndicate, differs from the Gearing Ratio as it is based on the total interest-bearing liabilities as a proportion of the Fund's Property Portfolio valuation.

The **Interest Cover Ratio** is a multiple of the Fund's EBITDA (less unrealised gains, plus unrealised losses) compared to the Fund's interest expense. These projections are based on assumptions, which are set out in this PDS in Section 6.3 *Principal Assumptions for Prospective Financial Information.* The higher the ratio, the greater the ability of the Fund to pay interest on bank loans. The ratio differs in definition from the interest cover ratio defined by the Banking Syndicate, which is based on projected net rental income (excluding tenants in arrears for more than two months) divided by Projected Interest Costs (including financing costs with the exception of upfront fees). The measures are expected to be materially the same during the prospective financial periods presented.

The assumptions in relation to the Facilities are set out in Section 6.3 *Principal Assumptions for Prospective Financial Information*, under the subheading *Bank Borrowings and Interest Expense.*

THE FUND'S BORROWING FACILITY MATURITY PROFILE

The bank facility limit of $70,600,000, referred to above and set out in detail in Section 2.7 *Borrowings,* expires and is due for renewal or extension between July 2024 and July 2025.

	Actual		Prospective		Actual	
Period	1 day	Year	Year	Year	6 months	6 months
Financial Year	2020	2021	2022	2023	1HY2021[16]	1HY2022[16]
Key return information						
Return per subscribed Unit (weighted and annualised)[19]	**N/A**	**19.66 cpu**	**13.46 cpu**	**5.52 cpu**	**5.18 cpu**	**8.21 cpu**
AFFO per subscribed Unit (weighted and annualised)	N/A	6.14 cpu	5.89 cpu	5.52 cpu	6.11 cpu	5.78 cpu
Gross distribution per subscribed Unit (weighted and annualised)	**-**	**5.80 cpu**	**5.97 cpu**	**6.00 cpu**	**5.80 cpu**	**5.92 cpu**
Gross Cash Distribution return on Offer unit price[20]	N/A	N/A	N/A	5.26%	N/A	N/A
Distribution payout ratio	**N/A**	**95%**	**101%**	**109%**	**95%**	**102%**
Financial measures of the Fund's borrowings						
Total borrowings	21,600,000	21,600,000	65,600,000	65,600,000	21,600,000	65,600,000
Gearing ratio[21]	40.2%	36.8%	30.0%	30.6%	N/A	38.1%
Interest cover ratio	N/A	3.1 times	3.1 times	3.7 times	3.8 times	3.5 times
Average Interest Rate (weighted and annualised)	N/A	3.39%	3.57%	4.02%	N/A	N/A

[19] The return per subscribed Unit (weighted and annualised) is the total comprehensive income of the Fund divided by the weighted average number of Units on issue for the relevant period, rounded to two decimal places. This therefore includes all fair value gains and losses on properties and interest rate swaps for the relevant periods. No revaluation gains or losses are forecast for the year ending 31 March 2023.
[20] The gross cash distribution return on offer unit price is shown for the year ending 31 March 2023, as applicable to investors purchasing Units at $1.14 per Unit under this offer, rounded to two decimal places.
[21] The ratios assume no property value movements forecast beyond Settlement Date, other than related to capital expenditure incurred on the Property Portfolio.

6.3 PRINCIPAL ASSUMPTIONS FOR PROSPECTIVE FINANCIAL INFORMATION

The principal assumptions on which the prospective financial information has been prepared are set out below. These assumptions should be read in conjunction with the risks set out further in Section 7 *Risks to Returns From PMG Generation Fund*. A prospective financial information statement (together with the assumptions underlying those statements) is available on the Offer Register. This may provide further detail.

(a) **Preparation Period:** The prospective financial statements of the Fund have been prepared for the years ending 31 March 2022 and 31 March 2023. For the year ending 31 March 2022, the prospective information includes actual interim results for the period 1 April 2021 to 30 September 2021, actual management reporting results for the period 1 October 2021 to 31 December 2021, and prospective information for the period 1 January 2022 to 31 March 2022.

(b) **Offer Settlement and Acquisition Property:** The Offer is expected to settle on 31 March 2022. On the same day, the Fund expects to settle the acquisition of the Acquisition Property. The Prospective Financial Statements only include information related to the Acquisition Property from the estimated acquisition date. The acquisition date and purchase price of the Acquisition Property is derived from the sale and purchase agreement. A previous offer, and two properties, settled 31 July 2021. Further information can be found in the PDS dated on or around 10 June 2021.

(c) **Offer and Property Acquisition Costs:** It is assumed that 35,200,000 Units at $1.14 each are issued on 31 March 2022. The Fund has estimated $2,605,000 of costs associated with the Offer ($2,024,000 of issue costs to be accounted for within equity, and the remainder accounted for within Investment Property). For further information on specific offer costs, see Section 8.1 *Offer Costs*.

(d) **Rental Income:** Net Rental Income has been presumed as follows:

For the prospective year ended 31 March	2022	2023
Bethlehem Town Centre	$4,240,000	$6,878,000
Sharpe Road Property	$1,521,000	$1,645,000
Heretaunga Street West Property	$-	$1,619,000
Jamaica Drive Property	$1,164,000	$1,150,000
Gough Street Property	$462,000	$682,000
Vickerys Road Property	$671,000	$683,000
Total	$8,058,000	$12,657,000

Rental income is presumed to be received in accordance with current signed lease agreements for each leased space. A number of detailed assumptions are made in connection with the timing of vacancy, leasing up allowances, and rent reviews during the forecast period based on the expectations of the Manager. Approximately 78% and 66% of total property operating expenses recorded in the statement of comprehensive income are expected to be recoverable from tenants in the years ending 31 March 2022 and 31 March 2023 respectively.

Occupancy rates forecast for the Fund overall are as follows:

As at date	1 April 2021	31 March 2022	31 March 2023
Occupancy Rate (sqm NLA occupied)	100.0%	98.7%	99.5%

Existing lease agreements expiring in the prospective periods ending 31 March 2023 represent Gross Rental Income totalling $917,000 (6.7% of Gross Rental Income per annum forecast as at 31 March 2022). These leases are generally expected to renew, or new leases signed in relation to the occupied space, near their respective expiry dates. Whilst the Manager aims to lease up space before it falls vacant, the prospective periods do allow for some temporary, immaterial levels of vacancy prior to leasing up.

Rental abatement totalling $200,000 related to COVID-19 lockdowns has been provided for in the year to 31 March 2022. No further allowance has been made, based on the Manager's best estimations in respect of the economic environment, rental abatement, and the rental underwriting agreement between the Manager and the Fund totalling $300,000. The rental underwrite is expected to cover any rental abatement that may be provided to tenants from the date of the PDS to 31 March 2023.

(e) **Fund and Property Management Fees:** The management fees payable to the Manager have been estimated at $763,000 for the year ending 31 March 2022, and $1,210,000 for the year ending 31 March 2022. For further information on fees payable to the Manager, see Section 8.2 *Aggregated Fees and Expenses*.

(f) **Performance Fees:** A performance fee has been presumed for the year to 31 March 2022, primarily driven by the unrealised valuation gains expected on Investment Property. For the year to 31 March 2023, no fee has been forecast as the Manager's benchmark for charging performance fees is not forecast to be reached, as a result of no forecast revaluation gains on Investment Property in that period. For further information, see Section 8 *What Are the Fees?*

(g) **Bank Borrowings and Interest Expense:** It is presumed that total funding facilities from the Banking Syndicate are available, as documented in Section 2.7 *Borrowings*, with a total facility limit of $70,600,000 (32.3% of the Total Assets of the Fund at Settlement Date). The Manager expects the Fund to be fully compliant with existing banking covenants at all times throughout the prospective periods.

The interest rate on bank borrowings, excluding the revolving credit facility, has been assumed to be a weighted average of 3.57% for the year ending 31 March 2022 and 4.02% for year ending 31 March 2023. Considering interest rate hedging in accordance with the Manager's hedging policy and current interest rates, it is projected for the purposes of the prospective financial information that the average interest rates charged should be in line with this forecast weighted average. The interest expense and interest paid cash flow is dependent on both the balance of the funding facilities, and the prevailing interest rate at the time.

Further information is included on the total facilities actually forecast as drawn, the Gearing Ratio, the Interest Cover Ratio, bank covenants and other metrics related to bank borrowing in Section 2.7 *Borrowings* and Section 6.2 *Key Return Information for Investors and Financial Measures of the Fund's Borrowing.*

(h) **Gross Cash Distribution Return**: The gross distributions before tax per Unit are assumed to be 5.80 cents per Unit per annum for the period 1 April 2021 to 31 July 2021, and 6.00 cents per Unit per annum from 1 August 2021 to 31 March 2023. Units issued under the Offer are expected to accrue distributions from 1 April 2022.

(i) **Capital Expenditure, Investment Property and Fair Valuation:** Budgeted capital expenditure (excluding general property acquisition costs, and fees payable to the Manager for property acquisition and project management) is forecast as $885,000 and $1,494,000 for the years ending 31 March 2022 and 31 March 2023 respectively. The valuation of investment property includes the following information derived from independent valuation reports:

Property	Valuer	Valuation as at	Valuation
Bethlehem Town Centre	CBRE	31 December 2021	$99,000,000
Sharpe Road	Jones Lang LaSalle	16 December 2021	$34,750,000
Heretaunga Street West	TelferYoung (Hawkes Bay)	9 November 2021	$27,800,000
Jamaica Drive	Bayleys Valuations	21 December 2021	$17,600,000
Gough Street	Bayleys Valuations	21 December 2021	$13,100,000
Vickerys Road	CBRE	9 December 2021	$11,300,000
Total			**$203,550,000**

It has been assumed that the properties in the Property Portfolio are valued on Settlement Date (31 March 2022) at their respective independent valuations (each dated within four months of the date of the PDS), and valued at 31 March 2023 based on that valuation plus capital expenditure forecast for the year to 31 March 2023 (including any capitalised Property Project Fees). It has been assumed there will be no revaluation gains or losses in the fair value of the Property Portfolio during the year ending 31 March 2023, as future gains or losses cannot be reliably predicted.

(j) **Taxation:** The Fund is a PIE for tax purposes. As a result, in substance the Fund will pay tax based on the notified investor rate of Unitholders and it will not be required to calculate deferred tax.

(k) **Additional Property Investments, Surplus Cash and Interest Income:** It has been assumed that the Fund does not make any additional direct or indirect property investments during the prospective periods presented other than acquiring the Acquisition Property. Surplus cash of $9,000,000, based on the presumed equity raise, is expected to be held on 30-day term deposit earning interest at a rate of 0.35% per annum, with residual cash earning no interest. It is possible that the Manager will acquire further investments for the Property Portfolio, or may establish the Investment Portfolio, with these surplus funds if appropriate opportunities are available.

(l) **Other Assumptions:** Other assumptions can be found disclosed throughout this PDS, including in Section 8 *What Are the Fees?*, and additional information can also be obtained in the prospective financial information statement included on the Offer Register.

26 Sharpe Road, Rukuhia, Hamilton

7 Risks to Returns From PMG Generation Fund

This section sets out a description of the circumstances that the Manager is aware of, that exist, or are likely to arise that significantly increase the risk to returns for Unitholders. The table in this section sets out particulars of why each circumstance is of particular significance, and an assessment of the likelihood of any impact arising, the nature of that impact, and the potential magnitude of that impact.

The risks have been identified by the Manager on the basis of information known to it, as at the date of the PDS, and on an assessment of the probability of a risk occurring and the anticipated impact of the risk if it did occur. These risks may not be all of the risks that the Fund currently faces, or may face in the future, and there is no guarantee that the importance of each risk will not change.

These risks, were they to occur and if they were not appropriately mitigated by the Manager, could have a material adverse effect on the Fund's financial position or future financial performance. The Manager has taken steps, and will in the future take steps, to mitigate the effects of these circumstances. However, some risks may not be fully capable of mitigation. Unitholders should carefully consider these risk factors (together with other information in this PDS) before deciding whether to invest in Units.

The description of risks in this section does not consider the personal circumstances, financial position, or investment requirements of any person. It is therefore important that, before deciding to invest in Units, you consider the suitability of an investment in Units in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

If you do not understand the information in this section, you should consult a financial or legal adviser.

244 Heretaunga Street West, Hastings

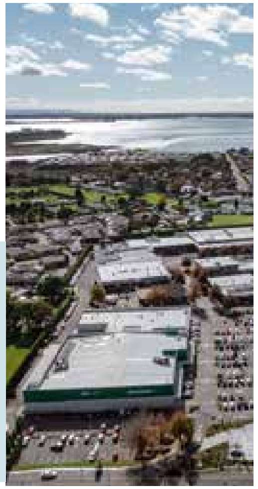
7.1 PROPERTY INCOME RISK

Manager's assessment of nature and magnitude	Mitigating factors
The Fund is reliant on rental income and exposed to income fluctuations. Rent from any property may stop or decrease, such as if a lease is terminated early, expires without being renewed, rent under a lease decreases following a review, access to property is restricted, or a tenant defaults. It may be difficult obtaining a replacement tenant, and the Fund's rental income may reduce, which in turn may reduce distributions to Unitholders, the value of the Property Portfolio, and the value of Units. From Settlement Date the Acquisition Property is expected to constitute 12% of the Fund's Gross Rental Income with a WALT of 9.9 years across two tenants in the Large Format Retail and Financial Services sectors. WALT summarises the contractual term of existing lease arrangements and is seen as a measure of relative certainty or vulnerability with respect to ongoing rental income. In relation to COVID-19, the Fund provided rental abatement to tenants of three properties during the financial year ending 31 March 2021 (3% of Total Revenue before rental abatement, fully reimbursed by arrangements in place with property vendors and the Manager). The Fund has allowed for rental abatement of approximately 2% of Total Revenue before rental abatement to tenants of the Existing Properties during the financial year ending 31 March 2022. Had the Fund owned all properties in the Property Portfolio for the whole year ending 31 March 2022, including the Acquisition Property, the Manager estimates the average rental abatement provided to tenants would be less than 2% of Total Revenue before rental abatement to tenants. The lease expiry profile and rental income by tenant across the Property Portfolio are summarised in Section 2 *What PMG Generation Fund Invests In*. Torpedo7, Countdown, Kmart, Euro Corporation, HJ Asmuss & Co and Farmers are expected to be the Property Portfolio's largest tenants by rental income, considered material individually and together expected to constitute over 50% of the forecast Gross Rental Income of the Fund[22]. The largest tenant, Torpedo7, is expected to account for Gross Rental Income of $1,668,000 per annum at Settlement Date – 12% of the Fund's Gross Rental Income. The earliest expiring lease of a material tenant is held the Countdown lease, due to expire 5 December 2023. The WALT of the Property Portfolio overall is 4.5 years. There are seven lease agreements that are either casual or due to expire by 31 March 2023, representing Gross Rental Income of $917,000 at Settlement Date, 6.7% of the forecast Gross Rental Income at that date. In the ordinary course of business of the Fund, any potential vacancy from such lease expiries is not expected to have a material impact on rental income over time as vacancy periods are typically short term. An increase in tenant defaults could occur due to issues with a tenant, or general deterioration in the macroeconomic environment. Should a material tenant default for a period of time, or a material default rate exist across the Property Portfolio, distributions to Unitholders could reduce significantly. A sensitivity analysis of the Fund's returns to a reduction of Total Revenue by 5% can be found in the Prospective Financial Information document on the Offer Register.	The Manager continues to execute on its strategy to continue growing a commercial property investment portfolio diversified by sector, region, and tenant, reducing reliance on any single commercial property, characteristic, or tenant. The Offer furthers the Manager's execution of this strategy. The six largest tenants are considered to be large, well-established businesses with a diversified blend of tenant sector exposures. Their ability to meet ongoing rental commitments is considered strong based on information available to the Manager. The Manager is focused on retaining these six tenants and identifying opportunities for rental income growth. Any specific leasing strategies for these tenants, where not commercially sensitive, are set out in Section 2.2 *The Fund's Property Portfolio*. Several of the Fund's leases also include fixed or CPI rental increases during the prospective financial period. Provided access to property is not restricted, and tenants continue to meet their lease obligations, this directly reduces the risk of downwards pressure on the Fund's rental income. The Manager undertakes due diligence on tenants and acquisition properties, and (where possible) obtains guarantees from tenants or vendors to mitigate rental income risk. Notable arrangements are summarised in Section 2.2 *The Fund's Property Portfolio*. An allowance for $200,000 of rental abatement in the year to 31 March 2022 has been made by the Manager, to cover actual and potential claims for rental abatement related to the period from 17 August 2021 to the date of this PDS. The Fund has further entered into a rental underwriting arrangement with the Manager to offset potential rental abatement in the period from the date of this PDS to 31 March 2023 up to a total of $300,000. The Manager anticipates no material rental abatement will be required for tenants during that period above the amount of the rental underwriting arrangement, and thus has forecast no direct impact on the Fund as a result of rental abatement in the year to 31 March 2023. The Manager further anticipates no material vacancy will emerge after the date of this PDS. Despite this, rental income may yet be impacted further as a result of COVID-19 or general economic uncertainty.

[22] Gross Rental Income represents the expected annualised income from all tenants, including operating expenditure recovered at 31 March 2022, based on contractual arrangements in place at the date of the PDS. The amount excludes any lease adjustments for the purpose of financial reporting in accordance with New Zealand equivalents to International Financial Reports Standards (**NZ IFRS**).

7.1 PROPERTY INCOME RISK (CONTINUED)

Manager's assessment of likelihood of circumstance arising	• Moderate likelihood of one or more leases expiring without renewal, low likelihood of a material tenancy (or multiple immaterial tenancies considered material in aggregate) expiring without renewal or being terminated with no alternative tenant contracted within six months. • Moderate likelihood of one or more tenants defaulting, low likelihood of a default for a period that materially impacts the Fund.
Manager's assessment of the impact, were the circumstance to arise	• If rental income reduces related to a single immaterial tenancy, or multiple tenants backed by a guarantee, bond, or rental underwrite arrangement, the impact on investor returns and the value of Units would be low. • If a material tenant, or multiple immaterial tenants (considered material in aggregate) have their leases terminated early or do not renew their leases, and no alternative tenants are able to be contracted within a reasonable period of time, or if tenants default or are unable to access a property for a long period of time, the impact on investor returns and the value of Units could be significant (offset by any rental underwriting arrangements).



7.2 INTEREST RATE RISK

Manager's assessment of nature and magnitude	Mitigating factors
The current economic environment is inflationary and as a result it is considered likely that interest rates will rise over time. Interest incurred as an expense as a result of borrowings is a material expense of the Fund. The interest rate on borrowings is expected to increase over the prospective periods ending 31 March 2023. At Settlement Date, 30.0% of the Fund's total assets ($65,600,000) are expected to be funded by interest-bearing borrowings at a floating interest rate, increasing to 30.6% by 31 March 2023. Further details on borrowings can be found in Section 2.7 *Borrowings*. A change in the ratio of the Fund's total assets funded by borrowings may occur during or after the prospective periods, depending on both the extent to which capital is raised and whether additional Property Investments are sourced. Under the Fund's current SIPO, the Manager is permitted to invest the Fund's assets in interest rate swaps (the target asset allocation is an aggregate swap valuation between 0-10% of the Fund's total assets). An interest rate swap is a class of financial derivative, in which two parties agree to exchange interest rate cash flows based on a specified notional amount, from a fixed rate to a floating rate (or vice versa), or from one floating rate to another. Interest rate swaps are used by the Manager to hedge interest rate risks for the Fund. The Manager has entered into a combination of short-term and long-term swap agreements, combined with floating rate borrowings, and will continue to do so to mitigate risk associated with interest rates. If any swap agreements are exited before the date existing swaps expire, penalties may be payable. Furthermore, fair value losses on swap agreements will be recorded if they are 'out of the money' (if the agreed swap rate was higher than the prevailing wholesale market rate that reflects the remaining term through to maturity).	The Fund maintains a hedging policy that aims, at least partially, to mitigate the actual effect of an increase in interest rates in the short to medium (0-5 year) term. The Manager actively manages, on behalf of the Fund, the risk of interest rate movements by entering into interest rate swap agreements with the Fund's lenders. The current policy is to have between 60% and 85% of the Fund's debt hedged, with a weighted average hedge expiry of 1.5 years or more. At Settlement Date, the Fund expects to have 70% of its interest rate risk hedged with interest rate swaps having expiry dates with a weighted average expiry of over 1.7 years from Settlement Date. Further swap arrangements will be entered into as considered appropriate by the Manager as part of mitigating unexpected interest rate changes associated with existing or new borrowing. Should material adverse changes in interest rates occur, the Fund could dispose of one or more assets from the Property Portfolio to reduce borrowings and thus interest payable. In the current economic environment, from the date of this PDS to 31 March 2023, a moderated increase in interest rates (after allowing for the impact of existing interest rate swaps) has been allowed for in the prospective financial information within the range of industry forecasts. A material increase in interest rates in this period above this moderated increase (after allowing for existing interest rate swaps) is not expected, but possible. Should interest rates not increase as high as the forecast assumptions in the prospective financial information, upside risk for the Fund may exist (to the extent not offset by interest rate swaps arrangements).

Manager's assessment of likelihood of circumstance arising	• The likelihood of a material adverse movement in the Fund's interest expense in the prospective financial periods presented in this PDS due to movement in interest rates, combined with the impact of interest rate swaps, is low. • Beyond 31 March 2023, there is an increased likelihood of an increase in the Fund's interest expense through movement in interest rates, combined with the impact of interest rate swaps, as further swaps are likely to be entered into over time at higher weighted average rates.
Manager's assessment of the impact, were the circumstance to arise	• The impact of movements in interest rates could be significant on investor returns and may significantly impact the value of Units.

7.3 VALUATION RISK

Manager's assessment of nature and magnitude	Mitigating factors
The market value of each property within the Property Portfolio is influenced by numerous inputs. This may include, but is not limited to, recent property market sales data, contractual lease terms, assumptions on prospective rental income and vacancy, and other expert opinions and assumptions. Various factors including, but not limited to, the overall property market and the general economic environment drive these inputs. The market value of the Property Portfolio directly impacts the Gross Asset Value, NAV, Redemption Price, and the gearing of the Fund, amongst other metrics. It may also impact compliance with banking covenants. See Section 7.5 *Bank Funding Risk* for more information in this respect. All valuations consider a range of inputs and market evidence in forming an opinion on value. Notwithstanding this, there may be a greater range around the assumption of market value than would normally be the case. During times of economic uncertainty, values may change more rapidly and significantly than under normal conditions. A material change in the valuation of the Property Portfolio may have a material impact on all of the metrics noted above. A 5% reduction in property valuations from those held at the date of this PDS for the six properties to be owned by 31 March 2022 (amounting to $10,178,000) would reduce the Gross Asset Value and NAV of the Fund by a similar amount – approximately 7.5 cents per Unit if 35,200,000 Units are issued from the Offer.	The Manager has obtained independent valuation reports on the Existing Properties and the Acquisition Property dated within four months of the date of this PDS. The current economic environment has been factored into the valuations as at the date of the valuation reports. Since the date of the valuation reports, no material adverse changes have been observed by the Manager that would cast material doubt on these valuations to warrant a revaluation. As a result, the value of the Property Portfolio (before and on Settlement Date), and offer price per Unit, is considered by the Manager to represent fair value as at Settlement Date, based on the facts and circumstances known to the Manager at the date of this PDS. Beyond Settlement Date, given the types of input that derive property and Unit valuations, mitigating factors include those noted in Section 7.1 *Property Income Risk*, in addition to the property specific strategies of the Fund summarised in Section 2.2 *The Fund's Property Portfolio*.

Manager's assessment of likelihood of circumstance arising	• High likelihood of an individual property valuation, the valuation of the Property Portfolio, and overall valuation of Units moving up or down over time. • Low likelihood of a long-term, sustained reduction in valuation of the Property Portfolio and Units.
Manager's assessment of the impact, were the circumstance to arise	• Property valuation fluctuations may be material over the course of property ownership, based on the property market and economic environment throughout ownership. • Typically, the larger the rental income from a property, and the shorter the lease term associated with a property, the larger the potential risk for fluctuation in the value of both the property and Units. • A material reduction in Property Portfolio valuation would materially reduce the Fund's Gross Asset Value, NAV, and Redemption Price per Unit.

32, 32a and 32b Jamaica Drive, Grenada North, Wellington

7.4 EXCESS FUNDING RISK

Manager's assessment of nature and magnitude	Mitigating factors
At the Manager's discretion, the Fund may accept between $30,210,000 and $50,046,000 of capital from the Offer, and may secure additional borrowing facilities in future. Additional funds from either of these sources could enable the Fund to make additional Property Investments in future. The acceptance of additional capital above forecast, or committing to additional borrowings would likely require a proportionate generation of earnings from investment to enable maintenance of the current forecast distribution payout ratio (gross distributions as a percentage of AFFO). Accepting subscriptions above $30,210,000 combined with the inability to secure additional Property Investments would lead to the Fund holding surplus cash on hand, without certainty of being able to deploy that cash into income-generating Property Investments that align with the Fund's SIPO. The Fund may also not be able to reduce its borrowings without incurring penalties. Holding higher levels of cash may lead to the Fund generating a higher distribution payout ratio if current distribution levels are maintained, or alternatively may lead to a reduction in the amount of distributions paid to investors if the level of distributions is no longer considered commercially sustainable. The greater the amount of excess cash held, and the greater the duration excess cash is held prior to deployment into income-generating assets, the greater the distribution payout ratio is likely to become (or alternatively, the greater the risk that distribution levels may need to be reduced to remain commercially sustainable). It is possible that excess cash held is never deployed by the Fund into income-generating assets. Forecast returns and key metrics in the PDS assume 35,200,000 Units are issued from the Offer ($40,128,000). If the Fund accepted subscriptions up to the Maximum Equity Raise ($9,918,000 of additional capital above this level, being 8,700,000 Units), and held the additional funds made available from the Offer (after costs) are held on deposit earning a nominal rate of return for the year ending 31 March 2023, the Fund's distribution payout ratio may increase from 109% to 116%. This change would be primarily driven by paying an additional $522,000 of distributions at 6.00 cpu (a 6.4% increase in total distributions declared).	The SIPO restricts the Fund's maximum amount of cash on hand to 10% of the Fund's Gross Asset Value. The Fund typically only holds cash on a short-term basis for working capital purposes, or in anticipation of investment into Property Investments. It is expected, assuming $40,128,000 of capital is raised from the Offer and the Acquisition Property is acquired on 31 March 2022, that the Fund will be able to hold up to approximately $21,856,000 in cash, being 10% of the Fund's Gross Asset Value. If the Fund's Gross Asset Value changes, the limit on the level of cash the Fund is able to hold will change by 10% of the value of the change in Gross Asset Value. Whilst the Manager is actively working on opportunities to acquire further Property Investments for the Fund in future, the Fund is currently not contracted to the acquisition of any further Property Investments at the date of this PDS. The Manager will only accept subscriptions intended for future deployment in line with the SIPO if the Manager holds the expectation of capital deployment into one or more opportunities in the foreseeable future that align with the SIPO and purpose of the Offer. No additional bank borrowings will be drawn when the Fund has surplus cash on hand above the working capital requirements of the Fund. Any additional drawings made in relation to securing additional Property Investments will only be made once an acquisition is certain, within the maximum amounts allowed in both the SIPO and per bank covenants. Should surplus cash be held due to the level of subscriptions accepted from the Offer and the Manager is not able to deploy excess cash into additional Property Investments in a timely manner, the Manager may determine it appropriate to utilise some of the excess cash to either repay existing bank borrowings (reducing the gearing level and interest expense incurred by the Fund), or to offer limited levels of redemptions to investors. Doing so may come at an additional cost to the Fund.

Manager's assessment of likelihood of circumstance arising	• Moderate to high likelihood of accepting subscriptions above the Minimum Equity Raise. • Low likelihood of accepting subscriptions at the Maximum Equity Raise and being unable to deploy any surplus funds into Property Investments in line with the SIPO within 12 months.
Manager's assessment of the impact, were the circumstance to arise	• If capital is raised above the Minimum Equity Raise, and the capital is deployed into additional Property Investments within 12 months, the impact on the distribution payout ratio would be low, and the impact on distributions to investors would be minimal to none. • If capital is raised above the Minimum Equity Raise, and the capital is never deployed into additional Property investments after taking into account residual mitigations such as repayment of bank borrowings and redemptions, the impact on the distribution payout ratio and, in turn, distributions to investors would be low to moderate, depending on prevailing interest rates.

7.5 BANK FUNDING RISK

Manager's assessment of nature and magnitude

Should the Fund raise $40,128,000 of capital (issuing 43,900,000 Units), total borrowings at Settlement Date are expected to be $65,600,000 with surplus cash on hand.

The Fund does not intend to borrow further funds to assist with the purchase of the Acquisition Property. In the future, the Fund may however draw on existing headroom in the Facilities to help fund future capital expenditure, to the extent surplus cash on hand has not been utilised.

Adverse market movements may cause a breach of banking covenants – in particular, the requirements to maintain a loan-to-value ratio below the maximum allowed per bank covenants, and for interest cover levels against operating profits to be above the minimum allowed per bank covenants. Adverse operating circumstances, including those related to tenants, may also cause a breach of banking covenants, particularly with respect to minimum WALT levels. If a breach of these, or any other banking covenants, is not remedied, the Fund's lenders may enforce their security and sell some or all of the Fund's Property Investments.

If the Facilities cannot be extended beyond their current expiry dates (which range from July 2024 to July 2025), there is a risk that the Fund could be forced to find alternative funding arrangements. There is no certainty that alternative funding arrangements could be secured, or that the alternative arrangements, if secured, would be as favourable as the Fund's current financing arrangements.

If the Fund was required to sell one or more of its Property Investments in a forced sale process to repay borrowings as a result of the risks mentioned aboved, a lower value is likely to be obtained than the prevailing market valuation at the time, which would impact investor returns and the value of Units.

The Fund may use surplus headroom in the Facilities, or seek additional borrowing facilities in future, to fund the acquisition of additional Property Investments. Given the relatively low level of the forecast Gearing Ratio and Bank LVR compared to the bank covenant, it is considered likely that additional bank funding could be sourced for such a purpose at an effective cost at or below the return expected from the additional Property Investments. Currently the sourcing of such Property Investments is uncertain and therefore not forecast.

Mitigating factors

The Fund has established access to syndicated banking facilities, with the intention of having multiple lenders in future to enable greater flexibility of funding arrangements and access to a larger pool of potential debt.

The extendible nature of the Facilities may assist to mitigate any renewal risk, whereby the loans may be extended (subject to mutual agreement) after the first 12 months, by a further 12 months, thereby resetting the term of the facility to its original length. Should agreement not be reached, the Manager would have multiple years to arrange alternative loan arrangements. Where required, the Manager may also be able to source funding from related parties to assist with temporary shortfalls in cash flow to fund capital expenditure.

The Manager expects headroom in the Facilities and key banking covenants for the foreseeable future. Minor to moderate impacts of adverse market movements or operating circumstances should not lead to a breach of the key measurable banking covenants during the prospective periods presented.

The difference between the forecast ratios below, and the amounts permitted by the Fund's lenders, give the Manager confidence that the Fund will continue to comply with its key banking covenants.

	Bank LVR	Bank ICR	Bank WALT
Limit per Bank	<46.25%	>2.25 times	>3.0 years
31 March 2021 (actual)	37.1%	3.1 times	3.5 years
31 March 2022 (forecast)	32.2%	3.1 times	4.5 years
31 March 2023 (forecast)	33.0%	3.7 times	3.5 years^

^Forecast WALT above, beyond Settlement Date, conservatively presumes all leases are not renewed or extended, reducing WALT by one year. In reality, the Manager expects leases to renew over time (as no material change in vacancy rates is forecast) such that at future covenant measurement dates, the WALT will likely be higher. The Manager has not included speculative assessments of future lease renewals for this purpose.

Increasing the amount of borrowing within the Facilities to enable the purchase of additional Property Investments in the future will only be undertaken if commercially viable, and both the Gearing and Bank LVR ratios remain within the Fund's strategic tolerance and bank covenants.

Manager's assessment of likelihood of circumstance arising	• Low likelihood of a circumstance arising with a material impact on the Fund.
Manager's assessment of the impact, were the circumstance to arise	• Potentially significant impact on investor returns and Unit value.

7.6 UNIT LIQUIDITY RISK

Manager's assessment of nature and magnitude	Mitigating factors
Under the Trust Deeds, redemptions remain at the Manager's discretion (factoring in relevant considerations such as the Fund's growth focus and cash available for redemptions). The Manager has determined it is currently not redeeming Units. A time frame to commence redemptions has not been established as the Fund is focused on growing the total value of Property Investments and ensuring the Fund has sufficient working capital to fund distributions. Unitholders are not expected to be able to redeem Units for the foreseeable future (up to 31 March 2023). The Fund's Property Investments comprise inherently long-term investments that are not considered liquid (they cannot readily be converted into cash). As the Fund's underlying assets are relatively illiquid, it may not have enough cash resources or working capital to commence redemptions and satisfy redemption requests, and may suspend redemptions for a period of time or indefinitely. The principles and other limitations that apply to redemptions are set out in Section 4.3 *How Can I Withdraw My Investment From the Fund?* If redemptions do not commence, or are suspended after commencement, this may restrict the ability of Unitholders to dispose of their Units and realise any growth in value of Units that may have occurred. Investors may only be able to realise the value of Units on the secondary market with a willing buyer, and the price achieved from such a sale may be below the price that would have been achieved had redemptions been available from the Fund.	The Manager has sole discretion on redemptions, and has currently not established a timetable for the Fund to offer redemptions as the Fund continues to focus on strategic growth. Investors can sell their Units on the secondary market, should they be able to find a willing buyer. Should redemptions be offered in future, the Fund expects to maintain a relatively low loan-to-value ratio that may allow for additional funds to be borrowed to support redemptions, if necessary. In future, the Fund may also have an Investment Portfolio that may provide a pool of assets with increased liquidity that can more readily fund redemptions compared to the Property Portfolio.

Manager's assessment of likelihood of circumstance arising	• Currently redemptions are not available, and in the short term (0-12 months) it is virtually certain that redemptions will not be available. • In the medium-to-long term (greater than 12 months), there is a moderate likelihood that redemptions will not be available on a monthly basis. The Manager will continue to assess the growth of the Fund after the Offer and notify investors in accordance with the Trust Deeds if it determines that a redemption period will occur.
Manager's assessment of the impact, were the circumstance to arise	• Potentially significant impact on investors who want to realise their investment on a shorter-term time horizon than an investment in the Fund is intended for. The impact could be either that Units cannot be disposed by a Unitholder, or that Units are disposed of at below expected value on the secondary market.

7.7 TAXATION RISK

Manager's assessment of nature and magnitude	Mitigating factors
The Fund is a multi-rate PIE and expects to be a multi-rate throughout its lifespan. Generally, where an entity is a multi-rate PIE, tax is payable on each investor's share of an entity's income at a tax rate broadly approximating their marginal tax rate (with this rate capped at 28%). Further, as distributions from a multi-rate PIE are not taxable, this allows capital gains of the entity to be distributed tax-free prior to wind-up. Several criteria must be met for the Fund to be a multi-rate PIE. If these criteria are not met, the Fund may lose its PIE status. If the Fund is not a PIE, investors may face a higher tax cost due to the loss of the 28% PIE tax-rate cap and distributions of the Fund become taxable.	The Manager has processes in place to ensure investor and investment limits are not breached. The Manager has external advisers that have advised the Manager on the Fund's establishment, and provide ongoing advice as required to ensure active monitoring of the taxation landscape in respect of the Fund. Further, given the Fund's size, number of investors, and intent to continue distributing all of its taxable income to investors, the risk of breaching many of the PIE eligibility requirements have been significantly reduced.

Manager's assessment of likelihood of circumstance arising	• Low.
Manager's assessment of the impact, were the circumstance to arise	• Potentially significant impact on investor returns.

8 What Are the Fees?

All fees in this Section are exclusive of GST and rounded to the nearest thousand unless otherwise indicated. It has been assumed in this section that 35,200,000 Units are issued under the Offer. If the Fund invests into other schemes managed by the Manager in future, the Manager will not charge the Fund property management, acquisition or disposal fees associated with such investment. However, the Manager (in its capacity as the manager of the other schemes) will charge fees to investors in that scheme in the ordinary course of business.

8.1 OFFER COSTS

The following table contains the estimated fees and expenses that will be charged to the Fund for the Offer. Fees and expenses associated with previous offers are not included below, however they are included in the tables in Section 8.2 *Aggregated Fees and Expenses* and Section 1.9 *What Fees Will You Pay?* in the relevant periods.

Manager and associated persons' fees (estimated)	
Manager's property acquisition fees	$472,000
Manager's underwriting commitment fee	$906,000
Contribution fee	$803,000
Deposit fee	$50,000
Offer costs payable to the Manager and associated persons	**$2,230,000**
Other persons' fees (estimated)	
Marketing costs	$175,000
Legal fees	$110,000
Due diligence fees	$45,000
Financial, administrative and contingency costs	$35,000
Supervisor's fees	$10,000
Offer costs payable to other persons	**$375,000**
Total Offer Costs of the Fund (estimated)	**$2,605,000**

(a) **Manager's property acquisition fee:** A property acquisition fee is to be charged by the Manager as a result of the purchase of the Acquisition Property under the terms of the Offer. This is charged at 1.75% of the property purchase price stipulated in the sale and purchase agreement.

(b) **Manager's underwriting commitment fee:** The Manager has agreed to underwrite subscriptions for up to 26,500,000 Units, for which it will charge a 3.00% fee on the value of underwritten Units. The underwriting commitment is enshrined in an unconditional agreement. The fee is not payable by the Fund if the Offer does not proceed. A copy of the agreement between the Manager and the Supervisor relating to the Manager's underwriting commitment is available on the Offer Register.

(c) **Contribution fee:** The contribution fee is payable to the Manager by the Fund as commission for subscriptions of Units under the Offer. The contribution fee is charged at 2.00% of the value of Units issued under the Offer.

(d) **Deposit fee:** A deposit fee will be paid to PMG Capital Fund Limited for advancing funding to cover the deposit required to secure the Acquisition Property. The fee payable by the Fund equates to a 10% annualised return on the deposit amount advanced, calculated over the time between deposit payment and property settlement.

(e) **Marketing costs:** The costs payable for designing this PDS, producing advertisements in relation to the Offer, marketing the offer, and the costs associated with preparing and printing this PDS. Marketing costs include reimbursement made to the Manager for use of internal marketing team resources and incurring external marketing costs.

(f) **Legal fees:** Legal fees are payable on a time and attendance basis for:

(i) Simpson Grierson – the costs of advising on the PDS, compliance with the FMCA, and attending to registration of the Offer Information

(ii) Dentons Kensington Swan – legal due diligence on the Acquisition Property, negotiation of the sale and purchase agreement for the Acquisition Property, and settlement of the purchase of the Acquisition Property; and

(iii) Other advice related to the Offer, including any subsequent amendments or changes to this PDS, advice to the Manager relating to ongoing compliance with the FMCA or in relation to the Fund generally, and attending to registration of ongoing offer-related information.

(g) **Due diligence fees:** This includes property valuation fees incurred in relation to the Acquisition Property, and other disbursements and due diligence costs associated with the Acquisition Property and the Offer.

(h) **Financial, administrative and contingency costs:** Fees are payable to Baker Tilly Staples Rodway Audit Limited for review of the prospective financial information of the Fund (limited assurance engagement) and a third-party provider for internal review of the offer documentation for the Fund. Other administrative and contingency costs include PDS registration fee and FMA levies, bank fees and charges, compliance fees, and any other costs associated with preparing the offer documentation that may occur and are not included elsewhere in this section.

(i) **Supervisor's fees:** The fees payable to the Supervisor reflect an establishment fee related to the Offer, including due diligence on the real estate asset to be acquired by the Custodian, calculated on a time and attendance basis (as notified by the Supervisor to the Manager from time to time).

8.2 AGGREGATED FEES AND EXPENSES

The aggregated fees and expenses for the prospective periods are estimates, based on assumptions set out in Section 6.3 *Principal Assumptions for Prospective Financial Information.*

	Actual		Prospective	
Period Length	**1 day**	**Year**	**Year**	**Year**
Financial Year	**2020**	**2021**	**2022**	**2023**
Fees and expenses charged by the Manager and associated persons				
Offer costs - this Offer	–	–	$2,230,000	–
Offer costs - previous offers	$2,360,000	–	$5,105,000	–
Property management fee	–	$44,000	$109,000	$172,000
Fund management fee	–	$221,000	$654,000	$1,038,000
Fund administration fee	–	$51,000	$120,000	$222,000
Manager performance fee	–	$536,000	$612,000	–
Project management fee	–	–	$39,000	$49,000
Leasing fees	–	$63,000	$20,000	$21,000
Sub-total fees and expenses – Manager and associated persons	**$2,360,000**	**$915,000**	**$8,889,000**	**$1,502,000**
As a percentage of closing NAV	**7.57%**	**2.55%**	**5.99%**	**1.02%**
Fees and expenses charged by other persons				
Offer costs - this Offer	–	–	$375,000	–
Offer costs - previous offers	$485,000	–	$1,876,000	–
Property operating expenditure	–	$604,000	$1,874,000	$2,565,000
Property capital expenditure	–	$105,000	$885,000	$1,494,000
Supervisor's fees	–	$20,000	$40,000	$74,000
Auditor's fees	$10,000	$26,000	$35,000	$35,000
Other overhead expenditure	–	$9,000	$221,000	$93,000
Interest and other funding expense	–	$732,000	$1,886,000	$2,710,000
Sub-total fees and expenses – Other	**$495,000**	**$1,496,000**	**$7,192,000**	**$6,971,000**
As a percentage of closing NAV	**1.59%**	**4.17%**	**4.85%**	**4.72%**
Total fees and expenses charged	**$2,855,000**	**$2,410,000**	**$16,081,000**	**$8,473,000**
As a percentage of closing NAV	**9.16%**	**6.72%**	**10.83%**	**5.73%**

(a) **Management fees:** Fees are paid to the Manager monthly in respect of the property and funds management services provided by the Manager during the prior month. Under the Master Trust Deed, the Manager may increase the management fees by giving two months' notice to Unitholders (no prior notice is required in respect of a decrease in management fees). Currently, the Manager is entitled to the following management fees:

(i) a fund management fee equal to 0.50% per annum of the Fund's Gross Asset Value. This amount will reduce to 0.45% per annum of the same, once the Fund's Gross Asset Value exceeds $500,000,000.

(ii) a property management fee equal to 1.50% of the gross annual rental of the Property Portfolio of the Fund, payable only to the extent management fees are recovered from tenants by the Fund.

(b) **Manager performance fee:** The Manager is entitled to a performance fee equivalent to 15% of the excess performance above the Manager Performance Benchmark (**Manager Performance Fee**). The **Manager Performance Benchmark** is the average 10-year Government bond yield plus 6%. The 10-year average government bond yield is the rate published each month by the Reserve Bank of New Zealand.

The current rates may be viewed at www.rbnz.govt.nz/statistics/b2.

The Manager's performance is measured by the annual capital and income returns to Unitholders at the end of each financial year against the Manager Performance Benchmark. If the measure of the Manager's performance is negative, no performance fee is payable to the Manager in respect of that year.

The Manager applies a 'high-water mark' to the Manager Performance Fee. The term high-water mark means the highest value that a fund has achieved on previous performance fee calculation dates. A high-water mark ensures that if the Fund loses value over a period, the Manager must achieve investment returns above the high-water mark before receiving a further performance-based fee.

In the context of the Fund, the Manager's Performance Fee is only payable if the Fund's performance exceeds both the Manager's Performance Benchmark Return, and the high-water mark. The high-water mark is the Adjusted NAV of the Fund when it last charged a performance fee. The Fund's high-water mark does not reset.

Any surplus or deficit will be carried forward for up to two years for the purpose of calculating the Manager Performance Fee, in which each surplus or deficit will be used to adjust the Manager Performance Fee Payable. The excess performance amount in calculating the Manager Performance Fee is capped at 5% of Closing Adjusted NAV (before the Manager Performance Fee for that year is charged). Any excess performance over and above 5%, multiplied by the Closing Adjusted NAV (before the Manager Performance Fee for that year is charged), is to be included in the carried forward surplus.

8.2 AGGREGATED FEES AND EXPENSES (CONTINUED)

(c) **Property transaction fees:** The Manager is entitled to:

(i) **Acquisition fee:** on acquisition of a new Property Investment by the Fund, a fee equal to 1.75% of the acquisition price of any investment (with the exception of investment in interests in property schemes managed by the Manager, for which no fee would be chargeable)

(ii) **Disposal fee:** on disposal of a Property Investment by the Fund, a fee equal to 1.00% of the sale price for the investment (with the exception of investment in interests in property schemes managed by the Manager, for which no fee would be chargeable)

(iii) **Property investigation fee:** on undertaking an investigation into a potential transaction, a fee on a time and attendance basis, as agreed between the Manager and Supervisor may be charged (up to $100,000 unless otherwise approved by Unitholders). If the Manager is paid a Property Investigation Fee and the relevant transaction subsequently proceeds, an amount equal to the Property Investigation Fee will be deducted from the Acquisition Fee or Disposal Fee respectively

(iv) **Project management fee:** if construction or refurbishment is undertaken on an existing property held by the Fund, a fee equal to 4.00% of the development costs may be charged, provided that those development costs exceed $50,000; and

(v) **Consultant costs:** recover any costs incurred by the Manager from any consultants or advisers engaged in relation to property acquisition, disposal, investigation, construction, or refurbishment, subject to those costs being approved by the Supervisor.

Where Property Transaction Fees are incurred in relation to an offer of Units, these fees are included as offer-related costs.

(d) **Leasing fees:** The Manager is entitled to charge a leasing fee for new lease arrangements entered into, related to property directly held by the Fund. The fee will be based on the gross annual rental for the first year of the relevant lease agreement (disregarding any lease incentives), calculated as:

(i) 6% of the gross annual rental for a lease; plus

(ii) where a lease term exceeds three years, an additional 1% of the gross annual rent for a lease for each subsequent 12 months contracted or part thereof.

A minimum fee of $500 will apply per lease agreement.

(e) **Fund administration fee:** The Manager is entitled to charge the Fund an annual fee equal to 0.15% annually of the NAV to compensate the Manager for day-to-day administrative costs that are incurred by the Manager in the management of the Fund. This fee covers the Fund's administration expenses including accounting fees, AGM expenses, marketing fees, postage fees, bank fees, registry provider fees, consultants and legal fees, printing and stationery costs and routine valuation fees (when not associated with undertaking a property acquisition or capital raise).

(f) **Termination fee:** If the Manager is removed as manager of the Fund, the Manager is entitled to 1.75% of the Gross Asset Value of the Fund on termination.

(g) **Supervisor's fees:** The Supervisor is entitled to:

(i) a fee for each additional real estate asset acquired by the Fund, with this fee to be calculated on a time and attendance basis

(ii) an annual base fee, as agreed between the Manager and Supervisor, based on the NAV of the Fund, subject to a minimum annual fee of $20,000. The fee per annum must not exceed 0.05% of the Net Tangible Assets of the Fund; and

(iii) special fees, in amounts agreed with the Manager, for any services provided by the Supervisor of an unusual or onerous nature outside of the Supervisor's regular services.

(h) **Recovery of expenses:** The Manager and Supervisor are entitled to be reimbursed out of the Fund (whether from income or capital or both) for certain fees and expenses. These include:

(i) costs incurred in connection with the Offer, the acquisition of the Acquisition Property, and the investigation and negotiation of additional Property Investments for the Fund

(ii) the fees and expenses of the Fund's auditor

(iii) any fees or expenses incurred for any engagement by the Supervisor or as required by law, any taxes, duties, imposts or levies charged to the Manager or Supervisor in connection with the Fund; and

(iv) any other expenses properly and reasonably incurred by the Manager or Supervisor in connection with carrying out their duties under the Master Trust Deed, not specifically covered by the Fund administration fee or elsewhere.

(i) **Sub-contracted investment and administration services:** If the Manager sub-contracts investment management or administration services to other members of PMG (or its related parties), the providers of those services will be paid a reasonable fee and will be entitled to be reimbursed for any costs, charges or disbursements, out of the Fund.

(j) **Other fees:** If the Manager, with the approval of the Supervisor, undertakes any works related to the Property Portfolio that do not fit within any of the obligations contemplated by Schedule 4 of the Establishment Deed, the Manager is entitled to charge the Fund, and retain for its own use, such fees for those works on normal commercial terms, or terms as favourable to the Fund as normal commercial terms.

(k) **Interest expense:** Included in fees charged by other persons is predominantly the interest charged on bank borrowings. Refer to Section 6.3 *Principal Assumptions for Prospective Financial Information,* assumption (g) for further information.

(l) **Property capital expenses:** These relate to capital expenditure incurred on investment property after initial acquisition, excluding fees and expenses charged by the Manager that are capitalised (such as project management fees). The expenditure includes payments for remediation, change to fit-outs, and upgrades.

Further information on fees and expenses can be found in the document titled Other Material Information disclosed on the Offer Register at https://disclose-register.companiesoffice.govt.nz under Offer Number OFR13276.

8.3 FEES CHARGED TO INDIVIDUAL INVESTORS

Transfer of Units: Units are intended to be a long-term investment. Should an investor wish to sell some or all of their investment, the Manager has a database of investors and, from time-to-time, the Manager will assist in facilitating secondary transfers of Units. A fee of 1.50% plus GST is payable when using this service. This excludes any associated costs such as legal and professional adviser fees. Neither the Fund nor the Manager represents that there will be sufficient demand or liquidity to enable a Unitholder to sell Units at any given time. The Manager is not a financial advice provider and does not provide any recommendations in relation to buying or selling Units.

11-13 Gough Street, Seaview, Lower Hutt, Wellington

9 Tax

Tax can have significant consequences for investments and can affect your return from units in the Fund. If you have queries relating to the tax consequences of investing in units in the Fund, you should obtain professional advice on those consequences.

The Fund is a multi-rate Portfolio Investment Entity (**PIE**) for income tax purposes. This means that all tax will be calculated and paid at the Fund level under the PIE rules. Under these tax rules, the amount of tax paid by the Fund in relation to any income that is attributed to you (based on your units in the Fund at the time the income is attributed) will depend on your Prescribed Investor Rate (**PIR**) as advised to the Fund.

To determine your PIR, go to:

https://www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates.

The current PIRs are listed in the table below. If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department (**IRD**).

It is your responsibility to tell the Manager your correct PIR (and provide your IRD number) when you invest or if your PIR changes. If you do not provide your IRD number within six weeks of investing, the Fund may be required to close your account and pay the balance of your investment. If you do not tell the Manager your PIR, a default rate of 28% may be applied.

As the Fund is a multi-rate PIE, where you elect a PIR of more than 0% the Fund will pay tax on your share of the Fund's income based on your PIR. If you have a PIR of 0%, you must include the Fund's income that is attributed to you as a Unitholder in your income tax return.

Other points to note include:

- Where the Commissioner of the IRD believes the wrong PIE tax is applied, the Commissioner has the ability to instruct the Fund directly to change the rate of tax applied. However, this in turn can be overridden by any subsequent PIR that the investor informs the Fund of.
- An end of year square-up calculation will be required for all individual investors in the Fund. The tax paid by the multi-rate PIE based on the investor's notified PIR will be compared to the tax that should have been paid based on the correct PIR (and not the investor's personal marginal tax rate). If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. Interest and penalties may also apply to any shortfall (a tax credit will be allowed for the tax already paid by the Fund based on your PIR). If the rate applied to your PIE income is higher than your PIR, any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

Distributions received by Unitholders from the Fund do not need to be returned as taxable income. However, where a Unitholder has elected a PIR of more than 0%, an adjustment may be made to their gross distribution amount for PIE tax remitted to Inland Revenue on behalf of the Unitholder.

If the Fund ceases to be a multi-rate PIE, any distributions paid will be taxable to Unitholders. Further, if the Fund ceases to be a multi-rate PIE, overall tax payable on the Fund's income is likely to be higher than it would be if the Fund retains its status as a multi-rate PIE. Additional tax rules will apply if a Unitholder is not a New Zealand tax resident.

A Unitholder may be taxed on the sale of Units if they acquired them with the dominant purpose or intention of resale or as part of a share trading business (or profit-making undertaking or scheme). If you are unsure whether you would be taxed on the sale of your units, we recommend you seek professional advice.

Unitholder type	**PIR**
NZ tax resident individuals	**see below**
a. Taxable income in one of the two previous tax years is $14,000 or less; and Taxable and PIE income (less PIE losses) is $48,000 or less	10.5%
b. Taxable income in one of the two previous tax years is $48,000 or less; and Taxable and PIE income (less PIE losses) is $70,000 or less	17.5%
c. If a or b do not apply	28%
NZ tax resident entities	**see below**
Companies (including unit trusts and PIEs)	0%
Charitable organisations	0%
Testamentary trusts (excluding charitable trusts)	10.5%
Superannuation funds	0, 17.5, 28%
Other trusts (excluding charitable trusts)	0, 17.5, 28%
Non-resident	**28%**

The New Zealand Government has reinstated tax depreciation on commercial buildings. This has reduced income tax payable by the Fund on behalf of investors. For investors with a PIR of more than 0%, this is expected to increase their net income after tax as compared to the case prior to the new legislation being introduced.

10 About the Manager and Others Involved in PMG Generation Fund

10.1 ABOUT THE MANAGER

The Fund is managed by the Manager, PMG Property Funds Management Limited. The Manager is one of the most established unlisted property funds managers in New Zealand. For over 30 years, the Manager has been invested in delivering long-term sustainability and value for investors through proactive management and portfolio diversification. The Manager was formed in 1992 and has established more than 40 commercial property investment schemes throughout New Zealand, giving it a well-established record in property and funds management. The Manager has a highly experienced team of property investment and management professionals and currently manages, or has under contract, assets with a value of over $850 million.

The Manager is licensed under the Financial Markets Conduct Act 2013 to manage Managed Investment Schemes (excluding managed funds) which invest in, or own, real property in New Zealand and/or invest in New Zealand property funds, listed New Zealand and Australian companies that invest primarily in real property, and Australian listed property trusts.

Further information about the Manager may be found at www.pmgfunds.co.nz.

The Manager also regularly obtains reports from independent researchers related to its funds under management. The most recent reports received from Research IP provided a 4-star rating for Pacific Property Fund Limited, PMG Direct Office Fund and PMG Generation Fund.

The contact details for the Manager are:

PMG Property Funds Management Limited
Level 1, 143 Durham Street
Tauranga 3110

PO Box 2034
Tauranga 3144

Phone: 07 578 3494

10.2 WHO ELSE IS INVOLVED?

	Name	Role
Supervisor	Covenant Trustee Services Limited	The Supervisor monitors compliance of the Fund with the Trust Deeds and fulfils the role of supervisor under the Financial Markets Conduct Act 2013.
Custodian	PMG Generation Fund Trustees Limited	The Custodian is a wholly-owned subsidiary of the Supervisor. PMG Generation Fund Trustees Limited is the Custodian for the Fund and holds all assets belonging to the Fund on bare trust on behalf of the Fund in accordance with the Trust Deeds.
Unit Registry	Appello Services Limited	The Registry holds the details of all Unitholders and manages distributions and some communications to Unitholders.

19 Bethlehem Road, Bethlehem, Tauranga

11 How To Complain

A complaint about your investment may be made to:

The Manager
The Chief Executive Officer
PMG Property Funds Management Limited
Level 1, 143 Durham Street
Tauranga 3110

PO Box 2034
Tauranga 3144
Phone 07 578 3494
Fax 07 578 6455

The Supervisor
Covenant Trustee Services Limited
Level 6, 191 Queen Street
Auckland 1010
Phone 09 302 0638

Dispute Resolution Scheme
Financial Dispute Resolution Scheme
PO Box 2272
Wellington 6140
Phone 04 0833 7337
Email: enquires@fdrs.org.nz
Web: www.fdrs.org.nz

The Dispute Resolution Scheme will not charge a fee to any complainant to investigate or resolve a complaint.

12 Where You Can Find More Information

Further information relating to the Fund or Units (for example, the Trust Deeds and financial statements) is available on the Disclose Register under Scheme Number SCH12827. A copy of the information on the Disclose Register is available on request to the Registrar (email registrar@fspr.govt.nz). The website for the Disclose Register is https://disclose-register.companiesoffice.govt.nz. Further information relating to the Fund is available from this website, including on the Offer Register.

Further information relating to the Manager is also available on the public register at the Companies Office of the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office website at https://companies-register.companiesoffice.govt.nz.

Further information about the Manager is also available free of charge on its website, http://www.pmgfunds.co.nz.

You will receive annual reports and annual audited financial statements for the Fund. It is expected that you will also receive a report on the fund once per quarter, and any other communications as and when required to update you on the Fund's progress. You will also receive a notice stating the availability of such communications and how to obtain copies.

This information will be made available to you, free of charge, upon a written request to the Manager at PO Box 2034, Tauranga 3144.

26 Sharpe Road, Rukuhia, Hamilton

13 How To Apply

If you want to apply for Units under this offer you must fill in the Application Form associated with this PDS. For all investors, applications must be for at least 1,000 Units and in multiples of 1,000 thereafter.

Completed and signed Application Forms must be forwarded to:

PMG Property Funds Management Limited
Level 1, 143 Durham Street
Tauranga 3110

PO Box 2034
Tauranga 3144

An alternative digital application form may be available for investors. Please contact the Manager if you would like support completing a digital application form.

Completed application forms are to be received no later than 5:00pm on 29 March 2022 (or such later date if the Offer is extended) and must be accompanied by payment of the full subscription amount and any required supporting documentation.

Further information on how to apply for Units and pay for them is set out in the Application Form associated with this PDS.

The Manager reserves the right, in its sole discretion, to accept or reject any application in whole or in part without giving any reason.

You should read this PDS carefully before completing the Application Form.

19 Bethlehem Road, Bethlehem, Tauranga

14 Contact Information

The Manager
PMG Property Funds Management Limited
Level 1, 143 Durham Street
Tauranga 3110

PO Box 2034
Tauranga 3144

Phone: 07 578 3494

The Supervisor
Covenant Trustee Services Limited
Level 6, 191 Queen Street
Auckland 1010

Phone: 09 302 0638

The Custodian
PMG Generation Fund Trustees Limited
c/- Covenant Trustee Services Limited
Level 6, 191 Queen Street
Auckland 1010

Phone: 09 302 0638

Legal Adviser
Simpson Grierson
Level 27, 88 Shortland Street
Auckland 1010

Private Bag 92518
Auckland 1141

Phone: 09 358 2222

Auditor
Baker Tilly Staples Rodway Audit Limited
Level 1, 247 Cameron Road
Tauranga 3110

Phone: 07 578 2989

Tax Adviser
KPMG
Level 2, ANZ Centre
247 Cameron Road
Tauranga 3110

Phone: 07 578 5179

15 Glossary

Term	Interpretation
$	New Zealand dollars, rounded to the nearest $1,000 unless indicated otherwise.
Acquisition Property	The Heretaunga Street West Property.
Adjusted NAV	Where applicable, adjustments are made to the NAV to reflect the Fund's costs of establishment, equity issuance and property acquisition that are written off on a straight-line basis over five years from the date of each equity issuance. The relevant adjustments are set out in Schedule 5 of the Establishment Deed, and provided in the Other Material Information Document found on the Disclose Register.
AFFO	Adjusted Funds From Operations, being net profit before tax, after subsequently reversing the following items (if applicable): (a) unrealised changes in the value of the Property Portfolio (b) realised gains and losses on the disposal of properties from the Property Portfolio (c) unrealised changes in the value of derivative financial instruments; and (d) performance fees payable to the Manager.
Applicant	An investor whose Application Form has been received by the Manager prior to the Closing Date.
Application	An application to subscribe for Units under the Offer.
Application Form	The application form associated with this PDS that must be completed to subscribe for Units under the Offer (either physical or digital).
Banking Syndicate	The parties that advance the Fund's borrowings, led by ASB Bank Limited.
Bank ICR	Similar ratio to the Interest Cover Ratio, but applied by the Banking Syndicate in assessing bank covenant compliance. The ratio differs in definition from the Interest Cover Ratio as it is based on projected net rental income (excluding tenants in arrears for more than two months) divided by Projected Interest Costs (including financing costs with the exception of upfront fees).
Bethlehem Town Centre	The property at 19 Bethlehem Road, Bethlehem, Tauranga.
BKBM	Bank Bill Market.
Business Day	Any day (other than Saturday or Sunday) on which banks in Auckland, New Zealand, are open for business.
CEO	Chief Executive Officer.
Companies Office	The New Zealand government agency responsible for the administration of corporate body registers.
CPI	Consumer Price Index.

Term	Interpretation
Closing Date	30 March 2022. The Manager reserves the right to close the Offer before the Closing Date or to extend the Closing Date.
Custodian	The Supervisor holds the properties of the Fund through a nominee company, called PMG Generation Fund Trustees Limited (the Custodian), on trust on behalf of Unitholders, subject to the Trust Deeds, the FMCA, and any other applicable legislation.
Disclose Register	Register of key documents pertaining to a scheme or an offer, accessed via https://disclose-register.companiesoffice.govt.nz.
DSA	Detailed Seismic Assessment.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.
Establishment Trust Deed	The establishment deed between the Manager and the Supervisor dated 19 February 2020, pursuant to which the Fund was established, plus any subsequent amendments.
Existing Properties	Consists of the Bethlehem Town Centre, the Sharpe Road Property, the Jamaica Drive Property, the Gough Street Property, and the Vickerys Road Property.
FMA	Financial Markets Authority.
FMCA	Financial Markets Conduct Act 2013.
Fund	PMG Generation Fund.
Gearing Ratio	The Fund's total interest-bearing liabilities as a proportion of the Fund's total assets at a point in time.
Gough Street Property	The property at 11-13 Gough Street, Seaview, Lower Hutt, Wellington.
Gross Asset Value	Gross Asset Value has the same meaning as defined in the Master Trust Deed. In summary, this means the aggregate market value of the Fund's investments, any other assets, and any other income accrued or payable in respect of the Fund, as determined for a particular valuation by the Manager.
Gross Rental Income	The aggregate of Net Rental Income and operating expenditure recovered from tenants.
GST	Goods and Services Tax.
Heretaunga Street West Property	The property at 244 Heretaunga Street West, Hastings.
IEP	Initial Evaluation Procedure.
Interest Cover Ratio	The Interest Cover Ratio is a multiple of the Fund's Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA), less unrealised gains, plus unrealised losses, compared to the Fund's interest expense. The higher the ratio, the greater the ability of the Fund to pay interest on bank loans.

Term	Interpretation
Investment Portfolio	The aggregation of all instruments held by the Fund in other entities that primarily invest in commercial real estate.
ISA	Initial Seismic Assessment.
Jamaica Drive Property	The property at 32, 32a, and 32b Jamaica Drive, Grenada North, Wellington.
LVR	Loan-to-value ratio (total bank borrowings as a percentage of latest independent property valuation).
Manager	PMG Property Funds Management Limited.
Manager Performance Benchmark	Average 10-year Government bond yield (as published by the Reserve Bank of New Zealand), Benchmark plus 6%.
Master Trust Deed	The Master Trust Deed between the Manager and the Supervisor dated 28 October 2016.
MIS	Managed Investment Scheme.
Minimum Equity Raise	26,500,000 Units ($30,210,000).
Maximum Equity Raise	43,900,000 Units ($50,046,000).
NAV	The Gross Asset Value of the Fund as at the relevant date of the valuation less any liabilities, costs, outgoings or other expenses of the Fund and such other provisions as the Manager or the Supervisor considers necessary for accrued or contingent liabilities or losses. Where applicable, the NAV is adjusted (and defined as the Adjusted NAV) with the relevant adjustments set out in Schedule 5 of the Establishment Deed.
NBS	New Building Standard.
Net Rental Income	Rental income from property, stated before lease incentives and any lease adjustments for the purposes of New Zealand equivalents to International Financial Reporting Standards. This measure excludes property operating expenditure recovered.
NLA	Net Lettable Area (exclusive of yard area and surplus land, where applicable), stated approximately in square metres.
Occupancy	Approximate leased area expressed as a percentage of NLA, rounded to the number of decimal places shown.
Offer	An offer of Units pursuant to this PDS.
Offer Information	The PDS and all entries on the Offer Register relating to this offer.
Offer Price	$1.14 per Unit.

Term	Interpretation
Offer Register	The register containing information on the Offer available at www.business.govt.nz/disclose, Offer Number OFR13276. All documents referred to in the PDS as being available of the Offer Register may also be made available free of charge during normal business hours of the Manager. The Manager's contact details are set out in the Directory.
Opening Date	2 March 2022, or such other date that the Fund may determine that falls at least 5 working days after the date the PDS is registered.
PDS	This document – the product disclosure statement for the Offer registered on or about 22 February 2022.
PIE	Portfolio Investment Entity.
PIR	Prescribed Investor Rate.
PMG	Property Managers Group, the ultimate New Zealand holding company of which is PMG Holdings Limited.
Property Investments	The aggregation of the assets of the Property Portfolio and the Investment Portfolio.
Property Portfolio	The aggregation of the Existing Properties and the Acquisition Property.
Real Property	Land and things growing in or attached to land, such as buildings.
Registrar	The Registrar of Financial Service Providers appointed under Section 35 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.
Settlement Date	The date on which the Offer is due to settle, being 31 March 2022 (also the date the Acquisition Property is to be purchased).
Sharpe Road Property	The property at 26 Sharpe Road, Rukuhia, Hamilton.
SIPO	Statement of Investment Policy and Objectives.
Sqm	Square metre(s), estimated on a 'more or less' basis.
Supervisor	Covenant Trustee Services Limited.
Trust Deeds	The Master Trust Deed and the Establishment Deed.
Underwriting Agreement	The agreement dated 21 February 2022 between the Manager and the Fund where the Manager has agreed to subscribe for up to 26,500,000 Units being offered under the Offer.
Unitholder	A holder of Units.
Units	Units in the Fund.
Vickerys Road Property	The property at 67 Vickerys Road, Wigram, Christchurch.
WALT	Weighted Average Lease Term of lease arrangements (occupied lettable areas only).

pmg Generation Fund

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