OTHER MATERIAL INFORMATION

PMG Generation Fund

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

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

Dated: 20 February 2020

Other Risks

Dilution Risk
Nature and magnitude: If the Manager of the Fund seeks to raise further capital in order to fund development at any of the properties in the Property Portfolio or for the operating costs of any properties in the Property Portfolio or for the acquisition of any further Property Investments, the Unitholding of Unitholders may be diluted if a Unitholder is not able or willing to subscribe for further Units in the Fund.

Mitigation strategies: It is intended that existing Unitholders of the Fund will be provided the opportunity to participate in future capital raisings.

Assessment of likelihood of circumstances arising: Medium
Assessment of Impact: Low

Damage or Destruction Risk
Nature and magnitude: There is a risk of damage or destruction to the Settlement Properties, and any other properties which are added to the Fund's portfolio, by fire, earthquake or other event which may result in the Fund being required to outlay capital expenditure to repair or reinstate the damaged or destroyed property, the loss of rental income while the damaged or destroyed property is being repaired or reinstated, or, if the tenant terminates the lease and the Fund is unable to find a suitable replacement tenant, vacancy of the property. These could impact on returns to Unitholders.

Mitigation strategies: The Manager will ensure that the Fund's Property Portfolio will have comprehensive insurance cover, including consequential loss of rental cover.

Assessment of likelihood of circumstances arising: Low
Assessment of impact: Low

Liquidity Risk
Nature and magnitude: Assets within the Property Portfolio are inherently long-term investments and cannot be sold easily. Accordingly, the Fund has limited working capital available to satisfy requests for redemptions of Units.

There is a residual risk that the Fund will not have enough cash resources and, as a result, redemptions may be suspended/deferred for a period. If redemptions are suspended/deferred, this may have a significant negative impact on the value of Units.

Mitigation strategies: The Fund must have total Units in excess of $100 million on issue before redemptions will be allowed. The Manager further has discretion on redemptions and intends to limit redemptions to monthly windows. By the time the Fund reaches $100 million worth of Units on issue, the Manager intends to both invest in more liquid asset classes (subject to a variation to the Manager's MIS licence) and to potentially become a continuous issuer of Units. Both factors, if realised, may increase the liquidity of the Fund for the purpose of meeting redemption requests. However, the Fund's liquidity at the Settlement Date of this Offer will not be affected by the Manager's MIS licence. Even if no MIS licence variation is granted, the Manager still expects to offer redemptions (as described in Section 4.3 *How Can I Withdraw My Investment?* of the PDS) once it reaches $100 million worth of Units on issue.

The Fund may also be able to draw additional funds from borrowings if required, up to the limits imposed by the value of security properties.

Assessment of likelihood of circumstances arising: Low
Assessment of impact: Low

Management Related Risks
Nature and magnitude: The Manager has been appointed as property manager for the Fund. The Manager is able to terminate the Management Agreements upon 12 months' notice. The Fund do not have the resources to manage the properties themselves and would need to engage another manager to do so on their behalf. There is a risk that the Fund may not be able to find a suitable manager, and/or

will need to pay higher management fees than those applicable under the Management Agreements, which could have an adverse effect on performance.

Mitigation strategies: Some of the directors of the Manager are invested in the Fund. Given this relationship, it is highly unlikely that the Manager will terminate the Management Agreements. It is likely that if this scenario eventuated, a replacement manager would be identified prior to the termination of the Manager.

Assessment of likelihood of circumstances arising: Low
Assessment of impact: Low

Property Market Risk
Nature and magnitude: The Settlement Properties are concentrated in industrial properties. Property market conditions and fluctuations in supply and demand for these kinds of properties will affect the value of the Fund's portfolio and will affect the Fund's costs and other underlying property fundamentals. The Fund is reliant on its property investments to provide it with a return. Deterioration in the New Zealand economy (and the property sectors in which it is invested, in particular) may result in Unitholders not receiving the forecast return and/or not being able to recoup their original investment. This impact will not be offset by exposure to other classes of assets. The Manager's mitigation strategy is to diversify by tenant sector and property geography (charts illustrating the portfolio's diversification are set out in section 2 of the PDS, sub-heading *The Fund's Portfolio - Portfolio Overview*), and over time to diversify into office and retail sector properties.

Assessment of likelihood of circumstances arising: Medium
Assessment of impact: Medium

Redemptions

The Manager believes the Fund in its current form will not reach $100 million worth of Units within the next financial period which means the Fund (unless the Manager determines otherwise) will not offer redemptions until a later date. Set out below is the redemption formula that the Manager will use, in accordance with the Establishment Deed, to calculate redemptions when it is available.

Redemption formula

For each redemption, the Manager will set a redemption price in accordance with the following formula:

$$\frac{\text{Adjusted NAV} - (\text{Adjusted NAV} \times 2\%)}{U} - T$$

where:

Adjusted NAV	means the Net Asset Value as determined in accordance with the Establishment Deed, being the Net Asset Value (**NAV**), adjusted as summarised below;
U	means the number of Units on issue in the Fund as at the date that NAV is calculated for the purposes of this clause; and
T	means any deduction or withholding on account of taxes (including without limitation on account of PIE Tax attributable to income allocated to a Unitholder).

The calculation of the NAV is primarily based on the most recent valuations[1] of the Property Investments[2] (which, at the establishment date for the Fund, means the Fund's Settlement Properties), less any associated liabilities of the Fund. The Fund's liabilities will include accruals for fees and expenses. This means that, given performance fees (described in greater detail in Section 8 *What are the Fees?*) are calculated annually in arrears, if a performance fee is payable, the fee will be accrued into the NAV at the time it is calculated.

Unit pricing

Unit prices are determined in accordance with the Establishment Deed of the Fund. Prices are to be established monthly, as at the last day of the month, and are to be derived from the NAV per the unaudited management accounts of the Fund, adjusted for the Fund's establishment, equity issuance and property acquisition costs to derive Adjusted Net Asset Value (**Adjusted NAV**), less a 2% redemption spread adjustment. The redemption spread adjustment is retained by the Fund.

The Adjusted NAV of the Fund is calculated using NAV from the Fund's management accounts, after making the following adjustments to take into account the Fund's investment activity. The adjustments below are provided as examples taken from the prospective financial statements, and are non-GAAP adjustments that are not reflected in the Fund's financial statements, prospective financial statements or management accounts:

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[1] Valuations to be undertaken in accordance with the Establishment Deed, Schedule 5, clause (c).

[2] As determined on the last day of a calendar month of the redemption period, or another date selected by the Manager that is no more than 30 Business Days before the relevant exit date, unless the Supervisor approves another date for the purposes of calculating the redemption or repurchase price.

Adjusted NAV for the purpose of unit pricing	Year ending 31 March 2021	Year ending 31 March 2022
NAV per prospective statement of financial position	**$30,580,081**	**$30,592,493**
Remaining establishment costs to be amortised	$1,949,156	$1,461,867
Adjusted NAV	**$32,529,237**	**$32,054,360**
Number of Units on issue	33,000,000	33,000,000
Adjusted NAV per Unit	**$0.99**	**$0.97**

The 2% redemption spread adjustment is included in the Establishment Deed as being a decrease of 2% of the Adjusted NAV per Unit. The adjustments below are provided as examples taken from the prospective financial statements, and are non-GAAP adjustments that are not reflected in the Fund's financial statements, prospective financial statements or management accounts:

Unit Pricing	Year ending 31 March 2021	Year ending 31 March 2022
Adjusted NAV per Unit	**$0.99**	**$0.97**
2% redemption spread adjustment	**($0.02)**	**$(0.02)**
Price per Unit	**$0.97**	**$0.95**

The Manager has confirmed that no redemptions will be allowed until the Fund reaches $100,000,000 of issued equity. As indicated in section 4.3 of the PDS, it is the Manager's future intention that the redemption dates will be monthly.

Redemption Fee

Unitholders will not be charged a separate fee by the Manager on redemption of units.

Payment of Redemption Price

Payments for redeemed Units will be made by the Fund no later than the 20th day of the month that follows the redemption date.

Available Funds

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

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

The Manager will fund redemptions using a combination of the Fund's operating cashflow, the issuance of new Units (if applicable), the sale of properties, and additional borrowings. The Manager will not be maintaining a separate cash facility for redemptions.

Key Assumptions for Adjusted NAV and Unit Pricing Tables

The assumptions on which the Adjusted NAV and Price per Unit above is based include:

1. NAV for 2021 and 2022 includes the fair value of the Settlement Properties determined by registered independent valuers received within 4 months of this PDS, plus the value of prospective capital expenditure. The Adjusted NAV and thus the price per unit takes no account for future capital value appreciation beyond 31 March 2020.
2. The establishment costs are based on the costs associated with this Offer. It does not include costs associated with any future offers.
3. The Fund has forecast the purchase of the Settlement Properties on 31 March 2020, with no further purchases of property during the prospective periods.
4. Number of Units on issue presume the equity raise of 33,000,000 units at $1.00 is successful, with no oversubscriptions and no further units issued from future capital raises.
5. More details on Unit Prices can be found in the Establishment Deed.

Distributions

As indicated in section 4.4 of the PDS under the heading *Distributions*, it is the Manager's intention to declare gross distributions of approximately 100% of the Fund's adjusted funds from operations (AFFO), after consideration of any required re-investment in capital expenditure programmes on existing properties, redemptions, and debt repayment, on a monthly basis.

AFFO is calculated using the "Net profit before and after income tax, and total comprehensive income" from the prospective financial statements and making the following adjustments to take into account the Fund's investment activity. The following adjustments are non-GAAP adjustments and therefore are not reflected in the Fund's financial statements.

Adjusted Fund From Operations for the purposes of distributions	Year ending 31 March 2020	Year ending 31 March 2021	Year ending 31 March 2022
Net profit before and after income tax, and total comprehensive income	**(1,071,052)**	**1,934,409**	**1,926,412**
Reversal of unrealised gains or losses on revaluation of investment property	1,067,168	-	-
Reinvestment in capital expenditure programmes	-	(220,000)	(200,000)
Debt drawn down	-	200,000	150,000
Adjusted Funds From Operations	**(3,884)**	**1,914,409**	**1,876,412**

Assumptions for Adjusted Funds From Operations Table
The assumptions on which the Adjusted Funds From Operations table above is based include:

1. Changes in fair value of Settlement Properties beyond 31 March 2020 will only be as a result of capital expenditure, as future revaluation gains and losses cannot be reliably predicted, therefore no revaluations have been included in the prospective financial information beyond 31 March 2020.
2. Changes in fair value of derivative financial instruments cannot be reliably predicted, therefore no revaluations have been included in the prospective financial information.
3. Following the acquisition of the Settlement Properties on the Settlement Date there are no forecast property disposals, therefore no realised gains or losses on disposal have been included in the prospective financial information.
4. Additional borrowing is expected in the periods ending 31 March 2021 and 31 March 2022 within the current borrowings facility to enable the Fund to meet the required reinvestment in capital expenditure programmes.
5. There is currently no forecast reduction in borrowing and therefore no debt repayments have been included in the calculation of expected AFFO.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Earnings before interest, tax, depreciation and amortisation (EBITDA) referred to in sections 1.7, 6.1 and 6.3 of the PDS is a Non-GAAP measure. The following reconciling items have been extracted from the prospective financial information of the Fund and a reconciliation to GAAP information is provided below:

Financial Period	**FY 2020**	**FY 2021**	**FY 2022**
Net Profit/(loss) after tax per Prospective Statement of Financial Performance	**(1,071,052)**	**1,934,409**	**1,926,412**
Net Financing Costs	2,400	875,875	883,575
EBITDA	**(1,068,652)**	**2,810,284**	**2,809,987**

Total Estimated Costs of Offer

The table below details the total of the amounts paid or agreed to be paid by, or on behalf of, the Manager in connection with the offer of Units in the Fund (this excludes fees and expenses payable to the Manager and associated persons).

Type of Cost	Amount	Cost paid to	Reason for cost and description of services
Legal Fees	$100,000	Simpson Grierson and Cooney Lees Morgan	Legal fees are payable to: Simpson Grierson for costs relating to the establishment of the Fund, the costs of advising on the PDS, advising on the SIPO, advising the Manager relating to compliance with the FMCA, and attending to registration of the Offer Information. Cooney Lees Morgan for the costs of legal due diligence on the Settlement Properties, negotiation of the sale and purchase agreements for the Settlement Properties and settlement of the purchase of the Settlement Properties.
Marketing Costs	$85,000	Various parties	The costs payable for designing the PDS, producing advertisements and holding events in relation to the Offer, and the costs associated with preparing and printing the PDS and associated marketing material.
Due Diligence Costs - Valuation Fees	$15,000	Jones Lang LaSalle, Aim Valuation Limited	The fees payables to registered independent valuation experts in relation to the fair valuation of the Settlement Properties.
Due Diligence Costs - Other	$35,000	Various Parties	Provision for other costs associated with the purchase of the Settlement Properties including various technical due diligence requirements. This may include geotechnical assessments and seismic surveys.
Accounting Fees	$20,000	Baker Tilly Staples Rodway Audit Limited	Compliance fees payable for review of prospective financial information
Supervisor's Fees	$10,000	Covenant Trustee Services Limited	The fees payable to the Supervisor for their costs in relation to Fund establishment, reviewing this PDS and oversight of the due diligence on the Settlement Properties.

Administrative and Contingency Costs - Registry Setup Fees	$25,000	Appello Services Limited	Fees are payable to Appello Services for establishing the Administration and Registry Service in relation to the Fund.
Administrative and Contingency Costs - PDS Registration fee and FMA levies	$5,000	Financial Markets Authority	The costs payable to the Offer Register and Financial Markets Authority on registration of the Offer Information.
Administrative and Contingency Costs - Other	$10,276	Various parties	Provision for other costs associated with the preparation of the Offer for the Fund.