



# PMG Direct Childcare Fund Product Disclosure Statement

24 October 2025



## Issued by PMG Property Funds Management Limited

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 OFR14004. 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 Direct Childcare 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. This offer is only available to investors in New Zealand.

## 1.2 WHO MANAGES THE 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), which invest in, or own:

- real property and assets associated with ownership of real property in New Zealand;
- managed investment products in Managed Investment Schemes, or equity securities issued by companies, in New Zealand that invest primarily in real property in New Zealand; and
- equity securities issued by listed companies, or managed investment products issued by listed property trusts, in Australia that invest primarily in real property in Australia.

## 1.3 WHAT ARE YOU INVESTING IN?

The Fund is a Managed Investment Scheme, managed in accordance with the Master Trust Deed and the Amended and Restated 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. 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.

### Property Portfolio

The Fund is currently invested in Early Childhood Education (**ECE**) sector properties in major metropolitan and regional centres of New Zealand, directly holding an existing portfolio of thirteen ECE properties (the **Existing Properties**). The Fund expects to acquire a further property (the **Acquisition Property**) on or around 28 November 2025 (**Settlement Date**) and may acquire further properties in future with funds raised from this Offer.

### Existing Properties

The Fund currently holds the following properties:

- 58 Ormiston Road, Flat Bush, Auckland (**Flat Bush Property**);
- 6-8 Merfield Street, Glen Innes, Auckland (**Glen Innes Property**);
- 30 Tuhikaramea Road, Dinsdale, Hamilton (**Dinsdale Property**);
- 14 Learners Road, Rolleston, Christchurch (**Rolleston Property**);
- 15 Castlepoint Avenue, Takanini, Auckland (**Takanini Property**);
- 145 Hibiscus Coast Highway, Red Beach, Auckland (**Red Beach Property**);
- 70 Ward Street, Trentham, Upper Hutt (**Trentham Property**);
- 130 Pinecrest Drive, Gulf Harbour, Auckland (**Gulf Harbour Property**);
- 17A Bell Road, Beachlands, Auckland (**Beachlands Property**);
- 3 School Road, Wellsford, Auckland (**Wellsford Property**);
- 25 Spitfire Drive, Burleigh, Blenheim (**Blenheim Property**);
- 17 Catherine McLean Road, Pukekohe, Auckland (**Pukekohe Property**); and
- 167 Bill Richardson Drive, Avenal, Invercargill (**Invercargill Property**).

### Acquisition Property

The Fund intends to acquire a property at 3 Pua Street, Westgate, Auckland (**Westgate Property**, or **Acquisition Property**). Further information about the Fund's Property Portfolio can be found at Section 2.2 *The Fund's Property Portfolio*.

### 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. To achieve the Fund's investment objectives, the Fund intends to invest in directly held commercial property investments over time (the **Property Portfolio**).

The Fund's strategy includes growing a portfolio of ECE properties, diversified by region and tenant. The Fund is focused on the acquisition of, and long-term investment in, quality recently built or refurbished ECE centres that are subject to long-term leases with reputable ECE providers. Where and when considered appropriate by the Manager, the Fund may invest in land and the construction of ECE properties in conjunction with an experienced ECE development partner (see Section 5.1 *Key Features of the Fund* for more information on the approach to development properties).

### Purpose of the Offer

The primary 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 repay bank borrowings (with a view to increasing such borrowing to invest in suitable property investments in future, should such opportunities be available to the Fund). The funds raised will also pay for the issue and acquisition costs associated with the Offer. In future, given the Fund's strategy to achieve greater diversification by property, region and tenant, bank borrowings may increase to enable the acquisition of additional properties, however no such transactions are committed at the date of this PDS. Further information can be found at Section 2.4 *Purpose of the Offer*.

### Use of funds raised

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

Purchase price of the Acquisition Property	\$6,381,000
Offer Costs	\$940,000
Net debt repayment	\$7,600,000
Working capital	\$75,000
<b>Funds allocated</b>	<b>\$14,996,000</b>
Unit subscriptions	\$14,996,000
<b>Total funding</b>	<b>\$14,996,000</b>

It is assumed that 15,460,000 Units are issued at a price of \$0.97 per unit, being \$14,996,200 (**Target Equity Raise**). The Manager has discretion to decide the amount of subscriptions to be accepted between \$4,995,500 (**Minimum Equity Raise**) and \$24,996,900 (**Maximum Equity Raise**).

Further information on the Offer Costs, and the relationship between the number of Units to be issued and the amount of debt repayment, can be found at Section 2.4 *Purpose of the Offer*. Details about the Fund's borrowings, including existing loan facilities, covenants and facility headroom can be found at Section 2.7 *Borrowings*.

## 1.4 KEY TERMS OF THE OFFER

<b>Products on offer</b>	Units in the Fund.
<b>Offer Opening Date</b>	3 November 2025.
<b>Offer Closing Date</b>	24 November 2025.
<b>Offer price per unit</b>	\$0.97 <sup>1</sup> per Unit
<b>Cash distributions</b>	Target gross cash distributions of 5.85 cents per unit per annum from 1 December 2025 to 31 March 2027, to be paid monthly on the 25th 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 <i>Distributions</i> for more details.
<b>Minimum Equity Raise</b>	\$4,995,500 (5,150,000 Units). The Fund must meet this subscription amount for the Offer to proceed.
<b>Maximum Equity Raise</b>	\$24,996,900 (25,770,000 Units). The Fund will not take subscriptions over this amount.
<b>Underwriting Agreement</b>	Equity totalling \$4,995,500 is pre-committed at the date of this PDS by the Manager, so the Offer will proceed. For the commitment, the Manager will receive a fee of 3.00% of the unit subscription amount from the Fund. The Manager will not receive this fee if it does not subscribe for Units. Further details on the arrangement can be found at Section 4 <i>Terms of the Offer</i> .
<b>Scaling</b>	Scaling may apply to subscriptions, and the Manager's discretion on scaling is absolute.
<b>Subscriptions</b>	The minimum unit subscription for the Offer is 20,000 Units (\$19,400) per investor. Additional subscriptions from the Offer must be in multiples of 10,000 Units (\$9,700). For existing investors, additional investment must be in multiples of 10,000 Units.
<b>Minimum holding</b>	Transfers and redemptions (if available) will not be processed if these will result in an investor holding less than 20,000 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.

Under the Trust Deeds, the Manager has discretion to provide a redemption facility for Units in July each year, or at other dates in its sole discretion. Otherwise, Units are not redeemable. To date, a redemption facility has not been provided and the Manager currently has no planned windows for permitting redemptions as the Fund is focused on growth.

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 at the commencement of each redemption period, less a 1.5% redemption break fee.
- The funds available for redemption will be limited to the greater of 3% of the Fund's Adjusted NAV determined on the relevant redemption date (or other relevant date as selected by the Manager), and an amount as determined by the Manager from time to time.

The Manager also operates a secondary market matching service for Units from time to time, to connect those looking to acquire Units with those wishing to sell. The Manager has also established a financial hardship policy to prioritise some liquidity under the matching service where exceptional medical or compassionate grounds exist, subject to third-party Supervisor approval.

Further information about unit redemption and the secondary market matching service 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 the Property Portfolio:** The Fund's primary source of income is the rental income from each of the property investments in the Property Portfolio.

**Valuation of the Property Portfolio:** The value of Units will be influenced by the value of the Property Portfolio. The value of the Property Portfolio will be primarily influenced by the state of the property market, the level of income from each property investment, and the remaining lease terms related to the underlying properties.

**Borrowings and interest rates:** A primary cost of the Fund is interest expense. The level of interest expense over time is driven by the level of bank borrowings, interest rate movements, and the Fund's hedging strategy. Interest rates are ultimately influenced by the current and forecast economic environment over time. A summary of the Fund's borrowing arrangements is set out in Section 2.7 *Borrowings*.

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*.

<sup>1</sup>Derived from the Fund's net asset value (total assets less total liabilities), adjusted for equity issuance costs, determined in accordance with the Trust Deeds.

## 1.7 THE FUND'S FINANCIAL INFORMATION

For Units subscribed for under this Offer, the prospective gross cash distribution return on offer unit price is 6.03%<sup>2</sup> per annum to 31 March 2027.

Financial year ending 31 March	Actual			Prospective	
	2023	2024	2025	2026	2027
Net profit/(loss) per Unit <sup>3</sup>	(9.85) cents	2.73 cents	5.73 cents	5.57 cents	6.00 cents
Gross distribution per Unit <sup>4</sup>	6.00 cents	4.33 cents	5.10 cents	5.82 cents	5.85 cents
Distribution payout ratio <sup>5</sup>	98.8%	94.4%	87.2%	96.0%	97.5%
Interest cover ratio <sup>6</sup>	3.7 times	3.7 times	3.5 times	3.8 times	5.0 times
Gearing ratio <sup>7</sup>	19.3%	27.0%	26.7%	22.4%	22.7%
Loan-to-value ratio <sup>8</sup>	19.7%	27.3%	27.1%	22.6%	23.1%

The metrics include actual results from the Fund's historic financial information and forecast results based on the Fund's prospective financial information. Prospective financial information and metrics are calculated on the assumption that the Target Equity Raise is achieved, the purpose of the Offer is fulfilled, and no additional bank borrowings are drawn to fund future property investments (amongst others). Prospective financial information has not been audited by a qualified auditor and actual results may differ materially. Definitions and further details in relation to the above metrics and the Fund's financial information in general can be found in Section 6 *PMG Direct Childcare Fund's Financial Information*.

### Valuations

The Manager has obtained independent valuation reports in relation to all properties in the Property Portfolio in anticipation of the Offer. 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 the Settlement Date, is below:

Property	Valuation	Valuer	Valuation Date	Purchase Price <sup>9</sup>
Westgate Property	\$6,400,000	Jones Lang LaSalle	31 August 2025	\$6,381,000

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

## 1.8 KEY RISKS OF THE 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 heavily reliant on income from the Property Portfolio to pay expenses, bank interest, and distributions. Income from the Property Portfolio could stop or decrease for several reasons, including if:

- a tenant defaults and/or is unable to meet its rent falling due on an ongoing basis;
- a lease is terminated, surrendered, or expires without being renewed;
- the rent decreases following a rent review or change in tenant, or
- there is difficulty obtaining replacement tenants based on relative demand for the Fund's lettable areas.

A loss or reduction in rental income may have a detrimental impact on the Fund's ability to pay distributions to investors and the value of the Units. A significant drop in rental income could also result in a breach of banking covenants.

**(b) Valuation Risk:** The economic environment, property market conditions, fluctuations in supply and demand for commercial properties and lettable areas, recent property and leasing transactions relevant to the Fund, and the terms of existing lease arrangements in the Property Portfolio, will affect the value of the Property Portfolio. The value of the Property Portfolio directly impacts the value of the Units and the Fund's loan-to-value (LVR) ratio, among other key metrics.

**(c) Interest Rate Risk:** Interest rates applied to interest-bearing bank borrowings generate a material interest expense to the Fund. Interest rates on the Fund's bank borrowing are not fixed. Movements in interest rates will affect returns to investors and changes in interest rates cannot be predicted with certainty. If interest rates were to fluctuate more than projected and allowed for by the Manager, it may affect the Fund's level of distributions.

The Fund's weighted average interest rate is driven by the 30-day BKBM (**Floating Base Rate**) plus a Bank Margin adjusted for any interest rate swap arrangements in place. Changes in the Official Cash Rate (**OCR**) will impact the Floating Base Rate and therefore interest expense. Based on market forecasts of the OCR, the Manager has presumed the Floating Base Rate (excluding bank margin) reduces from 3.75% at 31 March 2025 to 2.66% at 31 March 2026, before subsequently increasing to 2.96% by 31 March 2027. The Manager monitors interest rate markets and the Fund utilises interest rate swap arrangements to mitigate some of the risk associated with changes in interest rates.

Changes in the Fund's level of bank borrowing will also change the Fund's exposure to interest rate risk. Despite the Offer intending to reduce bank borrowings in the short term (which would reduce the magnitude of interest rate risk), the Fund may increase its level of borrowings in future in the normal course of business (using either headroom in existing facilities, or through arranging new facilities) to fund further property acquisitions and capital expenditure.

The risk factors above may all be impacted by changing macroeconomic conditions (including the rate of inflation and interest rates), plus business and investor confidence. These broad areas generally impact the supply and demand for properties and lettable areas, and bank borrowing terms and availability, which in turn may impact the most significant risk factors in a variety of ways over time. Property or tenant specific circumstances may further impact property income and property valuation risks.

This summary does not cover all of the risks of investing in Units. You should also read Section 7 *Risks to Returns from PMG Direct Childcare Fund*, which also includes further information on the above risks.

<sup>2</sup>Applicable to Units subscribed for under the Offer, being the prospective gross cash distribution of 5.85 cents per unit per annum, divided by the unit price of \$0.97.

<sup>3</sup>Annualised, expressed as cents before tax per weighted average Unit on issue, and rounded to two decimal places.

<sup>4</sup>Annualised, expressed as cents before tax per weighted average Unit on issue, and rounded to two decimal places.

<sup>5</sup>Gross distributions declared, expressed as a percentage of Adjusted Funds from Operations (AFFO).

<sup>6</sup>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.

<sup>7</sup>Total interest-bearing liabilities as a proportion of the Fund's total assets.

<sup>8</sup>Total bank borrowings drawn as a proportion of the latest independent valuations of the Property Portfolio.

<sup>9</sup>The purchase price excludes any costs associated with acquisition that may be capitalised into the carrying value of the Acquisition Property. This figure is rounded to the nearest thousand dollars.

## 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.

Year ending 31 March	Actual			Prospective	
	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
<b>Fees and expenses charged by the Manager and associated persons</b>					
Non-offer related fees and expenses	\$370,000	\$313,000	\$266,000	\$430,000	\$342,000
- As a percentage of closing NAV	0.89%	0.77%	0.65%	0.78%	0.62%
Offer related fees and expenses	\$604,000	-	-	\$539,000	-
<b>Total fees and expenses charged by the Manager and associated persons</b>	<b>\$974,000</b>	<b>\$313,000</b>	<b>\$266,000</b>	<b>\$969,000</b>	<b>\$342,000</b>
- As a percentage of closing NAV	2.35%	0.77%	0.65%	1.76%	0.62%
<b>Fees and expenses charged by other persons</b>					
Non-offer related fees and expenses	\$1,623,000	\$1,825,000	\$1,889,000	\$2,359,000	\$2,207,000
- As a percentage of closing NAV	3.92%	4.48%	4.61%	4.29%	4.00%
Offer related fees and expenses	\$254,000	-	-	\$401,000	-
<b>Total fees and expenses charged by other persons</b>	<b>\$1,877,000</b>	<b>\$1,825,000</b>	<b>\$1,889,000</b>	<b>\$2,760,000</b>	<b>\$2,207,000</b>
- As a percentage of closing NAV	4.53%	4.48%	4.61%	5.01%	4.00%
<b>Total fees and expenses charged</b>	<b>\$2,851,000</b>	<b>\$2,138,000</b>	<b>\$2,155,000</b>	<b>\$3,729,000</b>	<b>\$2,549,000</b>
- As a percentage of closing NAV	6.89%	5.25%	5.26%	6.77%	4.62%

Offer related costs include fees and expenses charged by the Manager and associated persons of the Manager (including property acquisition fees, underwriting commitment fees and contribution fees), and by other persons (legal fees, marketing costs, due diligence costs, accounting fees, supervisor's fees, and other administrative and contingency costs). Previous offer costs have been included in the table as applicable.

The other costs, not related to an offer, include:

- Fund costs, for management and administration of the Fund (charged by the Manager – fund management fee, manager performance fee; charged by other persons – auditor fees, supervisor fees, valuation fees and other overhead expenditure);
- Property costs, for management and operation of the Fund's properties (charged by the Manager – property management fee, property project fee, property transaction fees; charged by other persons – property operating expenditure, property capital expenditure and property transaction fees); and
- Financing costs charged by other persons, associated with the Fund's borrowings (such as bank interest expense and fees).

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 a termination fee are only payable to the Manager in certain circumstances. Both the performance fee and termination fee have been assumed to not be payable and are 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.

### 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 secondary market matching service 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 if any.

**Redemption of Units:** 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 and charge a redemption fee to the Fund for facilitating redemptions, capped at the value of the 1.5% redemption break fee included within the redemption pricing mechanism.

## 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 <http://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 pleased to present you with the opportunity to invest in an offer of Units in PMG Direct Childcare Fund. This capital raise provides the opportunity for investors with a long-term view to join, or increase their stake in, the Fund.

Since the Fund was established, the Manager has pursued an active management strategy to hold and grow a portfolio of ECE centres, diversified by region and tenant, to achieve greater resilience of income with scale. This has been achieved by acquiring high-quality, purpose-built centres in strategic locations, with reputable tenants and long leases.

The Fund is well positioned to endure the current economic environment, invested in a sector backed by Government funding and with a strong demand for well-managed childcare services to meet continued population growth in key regions.

This capital raise will enable the Fund to acquire a new ECE centre at 3 Pua Street in Westgate, Auckland. This modern, purpose-built property will complement recent additions at 17a Bell Road, Beachlands and 3 School Road, Wellsford, strengthening the Fund's diversification. In addition, capital raised will be used to reduce the Fund's debt levels, positioning it for long-term growth by enabling further quality property acquisitions over time, to continue the Fund's diversification strategy in pursuit of greater income resilience.

Following completion of this Offer and the acquisition of the Acquisition Property, the Fund expects to have a Property Portfolio of 14 ECE centres across New Zealand, with a weighted average lease term (WALT) of 10.8<sup>10</sup> years, 100% occupancy, and a forecast gross cash distribution return of 6.03% per annum<sup>11</sup>.

Investing in the Fund also gives investors access to tax efficiencies that may improve cash returns after tax, as the Fund is a multi-rate PIE – capping the tax rate to investors at 28%.

We invite you to join us as we continue to execute our strategy of building a resilient and diversified childcare property portfolio, designed to provide regular income and the potential for growth in value over time.

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

Yours faithfully,



Wayne Beilby  
Chairman of the Board of the Manager



Scott McKenzie  
Executive Director of the Manager

<sup>10</sup>The average term of expected leases at 30 November 2025, weighted by Net Rental Income, rounded to one decimal place.  
<sup>11</sup>Forecast for the period 1 December 2025 to 31 March 2027, based on gross cash distributions per annum before tax (cents per Unit), divided by the Offer Price per Unit.



## 2. WHAT PMG DIRECT CHILDCARE FUND INVESTS IN

### Property Portfolio

The Fund was established in July 2017 with the intention of building a portfolio of commercial property investments targeting the ECE sector, diversified by property, region, and tenant. A summary of the Fund's Property Portfolio can be found in this section, including what the Fund is currently invested in, and what the Fund expects to be invested in immediately after the Offer is completed.

The Manager believes ECE centres that are built to a high standard, are well located, and managed by experienced operators, should ultimately result in high child occupancy levels. The Fund's Property Portfolio has steadily expanded in scale and diversity over time, with the intent to make the Fund's income more resilient, which in turn is expected to support the delivery of regular and sustainable returns to investors accompanied by the potential for growth in value of the Property Portfolio over the long term. The Fund currently intends to hold each of the properties in the Property Portfolio over the long term, aiming to retain centre operators through existing rights of renewal and additional lease extensions, and to grow rental income over time through embedded rent review mechanisms.

Any investments made by the Fund into the Property Portfolio must align with the Fund's investment objectives as set out under its Statement of Investment Policy and Objectives, which is summarised in Section 2.1 *Statement of Investment Policy and Objectives*. Details of the specific permitted investments of the Fund are set out in Section 2.1(e) *Permitted Investments*.

Future investment is intended to expand the scale and diversity of the Property Portfolio, which may be funded from any surplus cash held by the Fund (in excess of working capital requirements determined by the Manager), surplus funds from subscriptions to the Offer, future offers of Units in the Fund, or additional bank borrowings.

### ECE Sector – The Manager's view

The ECE sector has experienced significant growth over the last two decades, underpinned by increasing demand for childcare services from working New Zealanders. Some core drivers of increasing demand include:

- Steady growth in New Zealand's population, supported by positive net migration.
- A structural shift upwards in the labour force participation rate, increasing the proportion of families where both parents are in work; and
- The growth of subsidies and fee rebates from successive governments for families utilising ECE services, and ECE operators themselves.

In the Manager's view, the above factors, which have driven ECE service demand, are expected to persist. New Zealand's population is forecast by StatsNZ to increase to over six million by 2040<sup>12</sup>. Additionally, the Manager considers that structurally higher labour force participation is likely to persist over the long term as we expect any further societal shift in family working dynamics to be slow moving.

Government support for the sector is currently integral to its operation and viability. The Manager is cognisant of the potential for regulatory shifts, and changes to funding models or fee rebate mechanisms. However, successive governments have demonstrated a commitment to supporting the sector, including through providing regulatory support to lift the level of high-quality, affordable ECE services for working families. The current government recently lifted the level of funding to ECE providers in its 2025 budget and increased the amount and eligibility for fee rebates for working families through its FamilyBoost policy.

With respect to commercial property investments targeting the ECE sector, the Manager is focused on acquiring investments anchored by operators with proven ability to attract and retain child occupancy and run sustainable ECE businesses. We believe such operators support the sustainability of rental income associated with each ECE investment. Importantly, the Manager also focuses on investing in ECE centres in fundamentally favourable growth locations. Consideration is given to the demand and competing supply dynamics for ECE services in the locale, and the medium to long-term outlook of such demand and supply. This gives the Manager insight into the likely viability of an ECE centre over time, regardless of the performance of the specific operator occupying that centre.

The above factors, combined with the well-documented evidence confirming the benefits of ECE education for children and society, gives the Manager comfort that the overall outlook for the sector, in the context of the Fund, is positive.

### 2.1 STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

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 SCH12951. A summary of the SIPO is as follows:

- Purpose:** The Fund intends to hold and grow a portfolio of ECE properties, diversified by region and tenant, to achieve greater resilience of income with scale.
- 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.
- Investment philosophy:** The Manager believes that developing and acquiring recently developed or refurbished, high-quality ECE properties and actively managing those properties will deliver Unitholders, over the medium-to-long term, the opportunity for income and income growth, together with capital appreciation.
- Investment strategy:** Long-term investment in recently built or refurbished ECE properties that are subject to long-term leases with reputable ECE providers. Where considered appropriate, identify, and undertake, in partnership with an experienced ECE development partner, development of new ECE centres that are to be subject to long-term leases with reputable ECE providers.
- Permitted investments:**

<b>Asset classes</b>	<ul style="list-style-type: none"><li>· Direct investments in commercial property related to the ECE sector</li><li>· Interest rate swaps (for hedging purposes)</li><li>· Other assets associated with property ownership; and</li><li>· Cash.</li></ul>
<b>Sectors</b>	Early Childhood Education.
<b>Geographic location</b>	Metropolitan centres across New Zealand.

<sup>12</sup><https://www.stats.govt.nz/news/new-zealands-population-likely-to-reach-6-million-before-2040/>

- f. **Target asset allocations:** 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, or \$20 million, whichever is the greater. This target may be exceeded with the consent of the Supervisor.

Asset Class	Target Allocation
Direct investments in commercial property related to the ECE sector	70% – 100%
Interest rate swaps (for hedging purposes)	0% – 10%
Other assets associated with property ownership	0% – 10%
Cash	0% – 10%

- g. **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 pay for capital expenditure on the Property Portfolio or fund redemptions. 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, as appropriate, secured by first-ranking mortgages over the Property Portfolio.
  - **Hedging:** The Fund will enter into interest rate swap contracts to manage the risk of interest rate movements to the Fund. It must 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.
- h. **Investment performance monitoring:** Each financial quarter, the Manager will provide a report to the Board of the Manager including accounting information, transaction details, monitoring of bank covenant compliance, comments on past performance and other key metrics, and economic comments pertinent to the investment objectives and the outlook for future returns. Each year, Unitholders will receive the audited financial statements and an annual report of the Fund, with an Annual General Meeting also held annually.
- i. **Strategy and SIPO Review:** The Board of the Manager will review the key metrics for the Fund's 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 the investment (subject to the terms of the Trust Deeds and the FMCA, meaning 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. A change to the SIPO requires liaison with the Supervisor, and if required, Unitholders.

The Fund's investment strategy may be amended by the Manager if a material and sustained change in conditions has occurred, which may lead to a review of the SIPO itself. Should a breach of any SIPO benchmark occur at the time of annual monitoring, a review of the Fund and its Property Portfolio will be undertaken, and the requirement for an ad-hoc review of the SIPO will be triggered.



## 2.2 THE FUND'S PROPERTY PORTFOLIO

The Fund's Property Portfolio is summarised in this section. Information is forecast as at 30 November 2025 unless otherwise stated or indicated. Metrics represent information at a point in time, and do not reflect the impact of forecast property activity over time beyond the stated date. A breakdown of the Property Portfolio by property, after successful completion of the Offer, is included below:

Property	Valuation	WALT	NLA	Tenants	Occupancy	ECE Operator Trading Name
<b>Acquisition Property</b>						
Westgate Property	\$6,400,000	12.0	670	1	100%	EduPlay
<b>Existing Properties</b>						
Flat Bush Property	\$7,650,000	7.5	1,684	2	100%	Busy Bees
Glen Innes Property	\$6,350,000	15.9	855	1	100%	Childsteps Early Learning
Dinsdale Property	\$6,200,000	6.1	1,183	2	100%	Busy Bees
Rolleston Property	\$6,100,000	8.0	634	1	100%	Three Trees Learning Centre
Takanini Property	\$5,050,000	13.5	517	1	100%	Best Start
Red Beach Property	\$4,800,000	8.3	715	1	100%	Nurture Early Learning
Trentham Property	\$4,775,000	12.2	556	1	100%	Manawa Children's Village
Gulf Harbour Property	\$4,575,000	12.9	565	1	100%	Harbour Haven Early Learning
Beachlands Property	\$4,200,000	9.5	538	1	100%	GoBananas
Wellsford Property	\$4,150,000	14.0	547	1	100%	Welly Explorers
Blenheim Property	\$3,900,000	8.4	450	1	100%	Omaka Early Learning Centre
Pukekohe Property	\$3,700,000	15.7	444	1	100%	Wild and Love
Invercargill Property	\$3,200,000	13.2	452	1	100%	Blue Duck Waihopai
<b>Sub-total</b>	<b>\$64,650,000</b>	<b>10.7</b>	<b>9,140</b>	<b>14<sup>13</sup></b>	<b>100%</b>	
<b>Property Portfolio</b>	<b>\$71,050,000</b>	<b>10.8</b>	<b>9,810</b>	<b>15<sup>13</sup></b>	<b>100%</b>	

The Fund expects to own fourteen properties following completion of the Offer and acquisition of the Acquisition Property. Both the Beachlands Property and Wellsford Property were recently acquired by the Fund in the current financial year.

The Sale and Purchase Agreement for the Acquisition Property, the Beachlands Property and the Wellsford Property, in addition to all building and valuation reports referred to in this section, are available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004. The valuations consider a range of inputs and market evidence in forming an opinion on value. The valuation reports may also be made available free of charge by contacting the Manager as set out in Section 14 *Contact Information*.

Throughout this section, Net Rental Income represents expected rental income (before lease incentives, lease adjustments, and operating expenditure recovered).

The Manager reviews the financial standing of tenants on property acquisition, 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 in the Property Portfolio and is satisfied with its findings, noting that the Manager does not have access to all financial information related to tenants. Enquiries may 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 the Fund holds approximately \$1.4 million in bank guarantees, equivalent to approximately 25% (or approximately three months) of the Fund's projected annual Net Rental Income from Settlement Date. Amounts currently overdue from tenants total \$36,963 plus GST, equivalent to approximately 0.7% of the Fund's projected annual Net Rental Income from Settlement Date. In addition, a deferred payment arrangement is in place in relation to the Wellsford Property, whereby \$55,375 plus GST is scheduled to be received in November, prior to Settlement Date.

### At 30 November 2025

	Portfolio valuation <sup>14</sup>	\$71,050,000
	Properties owned <sup>15</sup>	14
	Net lettable area <sup>16</sup>	9810 sqm
	Unique tenants	15
	Occupancy <sup>17</sup>	100%
	WALT <sup>18</sup>	10.8 years
	LVR <sup>19</sup>	22%
	Annual distribution <sup>20</sup>	5.85 cents per unit
	Distribution return <sup>21</sup>	6.03% per annum

<sup>13</sup>Lower than the sum of individual property tenants, as Busy Bees (or associated) occupy two properties in the Property Portfolio.

<sup>14</sup>Cumulative value of the most recent independent valuation reports per property obtained in August 2025.

<sup>15</sup>Being the Existing Properties, plus the Acquisition Property.

<sup>16</sup>Approximation in square metres.

<sup>17</sup>Projected leased area, expressed as a percentage of net lettable area, rounded to the nearest percent.

<sup>18</sup>Weighted Average Lease Term, the average term of expected leases at 30 November 2025, weighted by Net Rental income rounded to one decimal place.

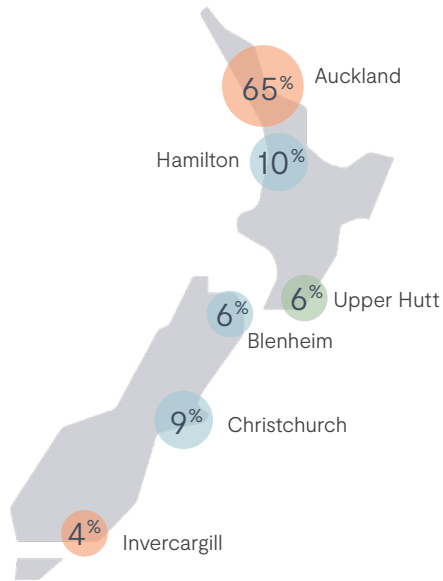
<sup>19</sup>Total bank borrowings drawn as a proportion of the Portfolio valuation.

<sup>20</sup>Applicable to Units subscribed for under the Offer, being the prospective gross cash distribution per unit per annum to 31 March 2027, to be paid monthly.

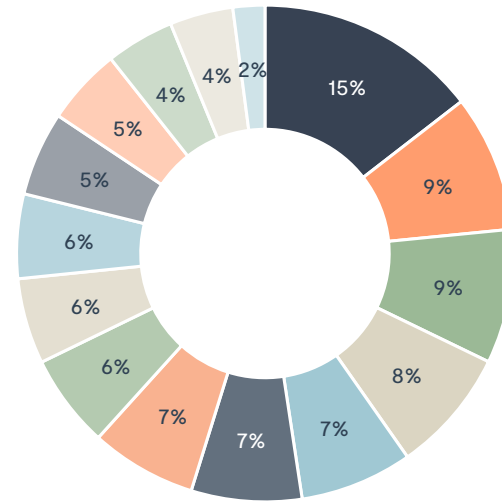
<sup>21</sup>Applicable to Units subscribed for under the Offer, being the prospective gross cash distribution per unit per annum, divided by the unit price of \$0.97.

## Net Rental Income diversification at 30 November 2025

Region

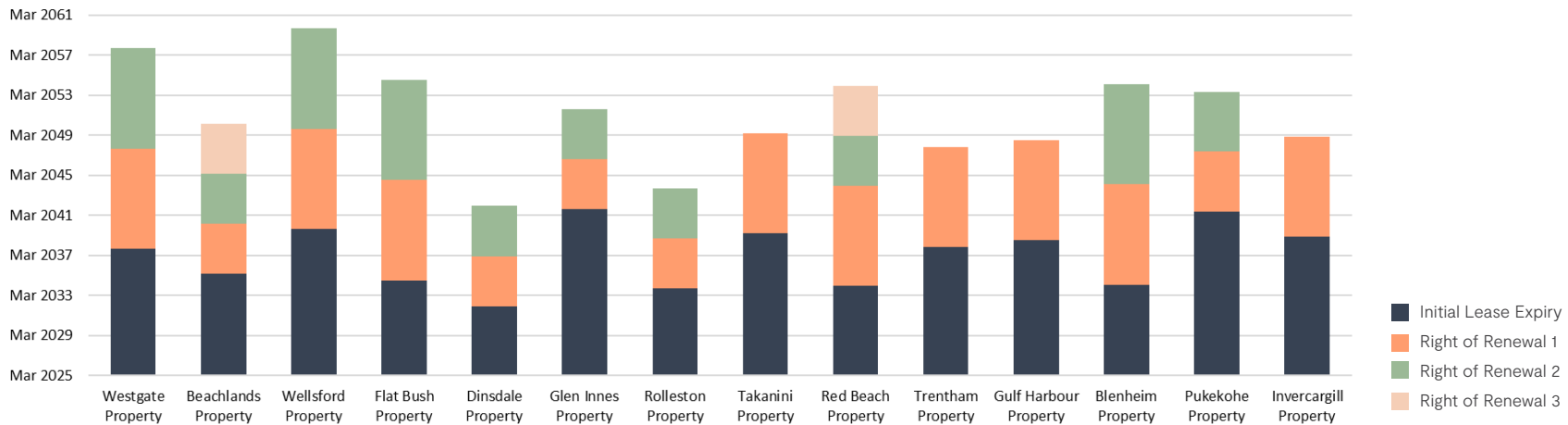


By Tenant<sup>22</sup>



- Busy Bees
- Childsteps Early Learning Centre
- Three Trees Learning Centre
- EduPlay
- Nurture Early Learning
- Best Start
- The Harbour Haven Early Learning
- Manawa Children's Village
- Omaka Early Learning Centre
- Welly Explorers
- Go Bananas
- Wild and Love Early Learning Village
- Blue Duck Waihopai
- Flex Fitness
- Te Iwi O Ngati Kahu Trust

## ECE tenant lease expiry profile



<sup>22</sup>Busy Bees exposure reflective of common parent ownership of the tenants at the Flat Bush and Dinsdale Properties at 30 November 2025.

# ACQUISITION PROPERTY – WESTGATE PROPERTY



Projected as-at 30 November 2025



**670sqm**  
Net Lettable Area



**\$6,400,000**  
Valuation



**100%**  
Occupancy



**12.0 years**  
WALT

<b>Address</b>	3 Pua Street, Westgate, Auckland
<b>Title</b>	Freehold
<b>ECE Operator</b>	EduPlay
<b>Net Rental Income</b>	\$391,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2022 to the building code, with Code of Compliance issued.
<b>Building Report</b>	A building report has been obtained and is available on the Offer Register under Offer Number OFR14004. There were no material, adverse findings from the report.

## Notes on the Property and Tenant

The property is a modern, purpose-built ECE centre constructed by Signature Developments, a reputable builder with extensive building experience across New Zealand. The building, which was constructed in 2022, spans 670sqm on a 2,402sqm site and comprises six internal learning areas, large nature-inspired outdoor playgrounds, and other modern amenities.

Located on the southern side of Pua Street in Westgate, Auckland, the centre, which is currently licensed for 40 children and consented for up to 120, is within a rapidly developing commercial and residential precinct. Westgate is part of the Auckland Council's strategic growth corridor, with ongoing infrastructure investment and zoning that supports mixed-use development, making it attractive for both commercial and educational operators.

The centre is operated by EduPlay, which was recently assigned the lease in October 2025 from a former operator. EduPlay operates another centre in Westgate on Northside Drive, which the Manager understands has been operating at capacity for some time with a waiting list for enrolments. EduPlay is looking to grow child occupancy levels at the Acquisition Property through leveraging its presence in the local area as a premium childcare operator, offering high-quality services with high staff-to-child ratios.

The Manager has obtained financial information from both the Tenant and the directors, and is satisfied with their financial standing to the extent represented.

The Fund is acquiring the property to further diversify its income by region and tenant, with EduPlay and Westgate (as an area within Auckland), representing new diversity for the Fund. This strategy is supported by the Manager's due diligence, which indicates expectations for material growth in population and increasing demand for ECE services over the next two decades. Combined with the current tight supply of competing facilities, the property is expected to deliver long-term growth in income and value for the Fund.

## Material Leases

The Manager considers the lease to the ECE operator, and the related deed of assignment, 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 OFR14004.

<b>Tenant</b>	Eduplay Childcare Pua Street Limited.
<b>Lease Term</b>	15 years from commencement, initially expiring 30 November 2037 with final expiry up to 30 November 2057.
<b>Rights of Renewal</b>	Two rights of renewal for a term of ten years each.
<b>Rent Reviews</b>	Rent increases by 2% per annum, except for market rent reviews every fifth anniversary and on renewal. Market rent reviews are capped at a 10% increase on passing rent, with a hard ratchet clause preventing rent from decreasing.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>The Tenant is responsible for operating expenses at the property.</li> <li>The lease is guaranteed personally by two directors of the Tenant, for an unlimited sum.</li> <li>The lease was assigned to the current tenant on 3 October 2025.</li> </ul>

## The Sale and Purchase Agreement

The Manager considers the Sale and Purchase Agreement (and subsequent Variation) for the property, to be material information. A summary of key terms of the Sale and Purchase Agreement and Deed of Variation 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 OFR14004.

<b>Purchaser</b>	PMG Funds Limited (to be nominated to the Fund on or before Settlement Date).
<b>Vendor</b>	Signature Developments Limited.
<b>Date of Agreement</b>	6 August 2025. Varied 3 October 2025.
<b>Acquisition Date</b>	5 working days after the agreement becomes unconditional, or such earlier date as the Purchaser may elect.  The Fund intends to acquire the Property on 28 November 2025.
<b>Purchase Price</b>	\$6,381,433 plus GST (if any).  A deposit of 10% of the purchase price will be payable after the Sale and Purchase Agreement becomes unconditional.
<b>Other Key Information</b>	The agreement is conditional on the following items: <ul style="list-style-type: none"> <li>Satisfactory due diligence of the Purchaser. This clause was satisfied on 26 September 2025.</li> <li>A satisfactory lease assignment to the current tenant. This clause was satisfied on 3 October 2025.</li> <li>Board approval of the Purchaser. This is to be satisfied on or before 28 November 2025 and requires successful completion of the Offer to satisfy.</li> </ul>

## The Valuation

The property was independently valued by Jones Lang LaSalle on 31 August 2025 at \$6,400,000. 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 Income Capitalisation Approach: the direct capitalisation of passing and market income;
- 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; and
- The Comparable Transactions Method: utilising comparable sales data to determine a value rate per licensed child (maximum allowed under the resource consent) after adjusting for differences in location, size, and building properties.

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

<b>Value per sqm of NLA</b>	\$9,548	<b>WALT remaining</b>	12.33 years
<b>Initial Yield</b>	5.98%	<b>Internal Rate of Return (10 years)</b>	8.03%

In preparing the valuation, the critical assumptions include:

- The valuation takes into account the independent valuer's assessment of the current economic environment.
- For the Income Capitalisation Approach, a capitalisation rate of 6.00% was utilised.
- For the Discounted Cash Flow Approach, a discount rate of 8.00%, a terminal capitalisation rate of 6.125%, and average applied rental growth of 2.27% was utilised.

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 OFR14004.



# RECENTLY ACQUIRED - BEACHLANDS PROPERTY



*Projected as-at 30 November 2025*

			
<b>538sqm</b> Net Lettable Area	<b>\$4,200,000</b> Valuation	<b>100%</b> Occupancy	<b>9.5 years</b> WALT

<b>Address</b>	17a Bell Road, Beachlands, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	GoBananas.
<b>Net Rental Income</b>	\$263,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2022 to the building code, with Code of Compliance issued.
<b>Building Report</b>	A building report has been obtained and is available on the Offer Register under Offer Number OFR14004. There were no material, adverse findings from the report.

### Notes on the Property and Tenant

The property was acquired recently in September 2025, with the tenant and sub-region representing new diversity for the Fund. The Fund used additional bank borrowing to fund the purchase, enabled by its conservative LVR position.

The property is a high-quality, purpose-built ECE centre, developed by Signature Homes. The property spans over 538 sqm on a 2,081 sqm freehold site. Currently licensed for 60 children, and consented for 86, the property consists of four spacious learning areas, modern amenities and finishes, large outdoor play areas, and dedicated rooms for infants, toddlers, and preschoolers.

The property is located in Beachlands, a township 45 minutes by car or 30 minutes by ferry east of Auckland CBD. The area has experienced rapid population growth in recent years, and this is expected to continue. Under Unitary Plan Change 88, the township is set to expand with the development of over 3,000 new homes, a village centre, and commercial zones. In addition, upgrades to infrastructure, utilities, and public amenities are expected to support this growth.

GoBananas recently began operating the centre in May 2025 on a 10-year lease, after an unrelated franchisee operator vacated. GoBananas is a highly experienced ECE operator, with 18 other centres in the Auckland and Waikato regions. Having selected this site strategically, GoBananas has a three-year plan to build and sustain child occupancy levels at this centre.

The Manager has obtained financial information from the Tenant (which operates multiple centres) and credit checks related to the Tenant and its director-shareholders and is satisfied with their financial standing to the extent represented. Continued net profitability of the Tenant is considered necessary to support its operating commitments. Further detail on the financial standing of the tenant as assessed as part of the Manager's due diligence process is provided in Section 7 *Risks to Returns from PMG Direct Childcare Fund*.

### Material Leases

The Manager considers the lease to the ECE operator 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 OFR14004.

<b>Tenant</b>	Pugmarks Limited.
<b>Lease Term</b>	10 years from commencement, initially expiring 27 May 2035 with final expiry up to 27 May 2050.
<b>Rights of Renewal</b>	Three rights of renewal for a term of five years each.
<b>Rent Reviews</b>	Rent increases by 2.5% per annum, except for market rent reviews on every fifth anniversary and on renewal. A hard ratchet clause applies to all rent reviews, preventing rent from decreasing. On the market rent review date on the fifth anniversary, any rental increase will be capped at 5%.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>The Tenant is responsible for operating expenses at the property, excluding any management expenses.</li> <li>The lease is guaranteed personally by two directors of the Tenant, capped at 12 months' net rental. On each anniversary of the commencement date, the Fund can request an updated statement of financial position of the guarantors showing there has been no adverse change to their financial position.</li> <li>The Tenant is entitled to a rent-free period for the first 5 months of the lease (through to 27 October 2025) which has been fully funded by the Vendor.</li> </ul>

### 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 OFR14004.

<b>Purchaser</b>	PMG Funds Limited (nominated to the Fund on 22 September 2025).
<b>Vendor</b>	Signature Developments Limited.
<b>Date of Agreement</b>	1 August 2025.
<b>Acquisition Date</b>	30 September 2025. \$4,150,016 plus GST (if any).
<b>Purchase Price</b>	A deposit of \$415,000 was payable after the sale and purchase agreement became unconditional and was paid by the Fund using cash on hand and additional bank borrowings.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>On the Acquisition Date the Vendor credited the Fund \$19,897, the equivalent rental for the remainder of the Tenant's rent-free period.</li> <li>On the Acquisition Date the Vendor credited the Fund \$43,229, to transfer the rental deposit paid by the Tenant to the Vendor when entering the lease.</li> </ul>

### The Valuation

The property was independently valued by Jones Lang LaSalle on 13 August 2025 at \$4,200,000. 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 Income Capitalisation Approach – the direct capitalisation of passing and market income;
- 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; and
- The Comparable Transactions Method – utilising comparable sales data to determine a value rate per licensed child (maximum allowed under the resource consent) after adjusting for differences in location, size, and building properties.

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

<b>Value per sqm of NLA</b>	\$8,452	<b>WALT remaining</b>	9.75 years
<b>Initial Yield</b>	6.18%	<b>Internal Rate of Return (10 years)</b>	7.58%

In preparing the valuation, the critical assumptions include:

- The valuation takes into account the independent valuer's assessment of the current economic environment.
- For the Income Capitalisation Approach, a capitalisation rate of 6.25% was utilised.
- For the Discounted Cash Flow Approach, a discount rate of 7.25%, a terminal capitalisation rate of 6.375%, and average applied rental growth of 2.27% was utilised.

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 OFR14004.



# RECENTLY ACQUIRED - WELLSFORD PROPERTY



*Projected as-at 30 November 2025*

			
<b>547sqm</b> Net Lettable Area	<b>\$4,150,000</b> Valuation	<b>100%</b> Occupancy	<b>14.0 years</b> WALT

<b>Address</b>	3 School Road, Wellsford, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Welly Explorers.
<b>Net Rental Income</b>	\$268,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2024 to the building code, with Code of Compliance issued.
<b>Building Report</b>	A building report has been obtained and is available on the Offer Register under Offer Number OFR14004. There were no material, adverse findings from the report.
<b>Other Key Information</b>	To support the Tenant with working capital requirements while they lift child attendance rates, a deferment of rental and outgoings for the two months to 31 October 2025 (\$55,375 plus GST) has been agreed with the Tenant, payable in November 2025.

**Notes on the Property and Tenant**  
 The property was acquired by the Fund in May 2025, with the tenant and sub-region representing new diversity for the Fund. The Fund used additional bank borrowing to fund the purchase, enabled by its conservative LVR position.

The property is a high-quality, purpose-built, two story ECE centre that was completed in 2024. It is currently licensed for 40 children, with a resource consent for 100 children. Spanning 547sqm on a 2,052sqm freehold site, the property is located in Wellsford, a key service town for surrounding rural communities, located approximately 80 kilometres north of Auckland's CBD. Wellsford is positioned at the junction of State Highway 1 and 16, making it a popular stopover for travellers in between Auckland and Northland. Wellsford's population is expected to grow materially over the next decade, supported by a robust residential development pipeline, planned infrastructure upgrades, its relative affordability, and commuter-friendly location.

Local competition consists of a handful of small, older centres which do not currently meet the level of demand. The Manager expects this new build, high-quality offering to pick up the current excess demand and capture the expected growth in demand in Wellsford over the next several years.

The ECE centre is made up of four age-segregated rooms in each corner of the premise, each within proximity to toilet facilities and external play areas. The owners of the operator, Simon and Sonya Page, operate four other centres in the wider northern Auckland region, and are experienced operators.

### Material Leases

The Manager considers the lease to the ECE operator 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 OFR14004.

<b>Tenant</b>	Simon Page and Sonya Page.
<b>Lease Term</b>	15 years from commencement, initially expiring 25 November 2039 with final expiry up to 24 November 2059.
<b>Rights of Renewal</b>	Two rights of renewal for a term of ten years each.
<b>Rent Reviews</b>	Rent increases by CPI plus 1% per annum, except for a market rent review on renewal. Both CPI and market rent reviews have a hard ratchet clause preventing rent from decreasing.
<b>Other Key Information</b>	The Tenant is responsible for all operating expenses at the property.

### The Sale and Purchase Agreement

The Manager considers the Sale and Purchase Agreement, and the subsequent variation of the Sale and Purchase Agreement for the property to be material information. A summary of key terms of the sale and purchase agreement and the subsequent variation 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 OFR14004.

<b>Purchaser</b>	PMG Funds Limited (nominated to the Fund on 21 February 2025).
<b>Vendor</b>	Kaipara 2021 Limited.
<b>Acquisition Date</b>	15 May 2025.
	\$4,000,000 plus GST (if any).
<b>Purchase Price</b>	A deposit equal to \$200,000 was payable after the sale and purchase agreement became unconditional and was paid by the Fund using cash on hand.
	Per the original Sale and Purchase Agreement, settlement of the property by the Fund was to be triggered by title issuing for Lot 1 on the subdivision as per the Scheme Plan contained with the Sale and Purchase Agreement (being the lot containing the ECE centre).
<b>Other Key Information</b>	The issue of title was delayed due to Watercare Services requiring changes to the water infrastructure on Lot 2 (the land to be retained by the Vendor).
	Per a subsequent deed of variation, the Fund agreed to settle in full and take the head title, with an agreement to transfer Lot 2 back to the Vendor once the subdivision is complete, holding this on trust until such time.
	The titles were issued in October 2025, and Lot 2 has been transferred to the Vendor.

### The Valuation

The property was independently valued by Jones Lang LaSalle on 19 August 2025 at \$4,150,000. 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 Income Capitalisation Approach – the direct capitalisation of passing and market income;
- 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; and
- The Comparable Transactions Method – utilising comparable sales data to determine a value rate per licensed child (maximum allowed under the resource consent) after adjusting for differences in location, size, and building properties.

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

<b>Value per sqm of NLA</b>	\$7,593	<b>WALT remaining</b>	14.25 years
<b>Initial Yield</b>	6.27%	<b>Internal Rate of Return (10 years)</b>	8.28%

In preparing the valuation, the critical assumptions include:

- The valuation takes into account the independent valuer's assessment of the current economic environment.
- For the Income Capitalisation Approach, a capitalisation rate of 6.50% was utilised.
- For the Discounted Cash Flow Approach, a discount rate of 8.25%, a terminal capitalisation rate of 6.875%, and average applied rental growth of 2.15% was utilised.

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 OFR14004.



# FLAT BUSH PROPERTY

Projected as-at 30 November 2025



**1,684sqm**  
Net Lettable Area



**\$7,650,000**  
Valuation



**100%**  
Occupancy



**7.5 years**  
WALT



<b>Address</b>	58 Ormiston Road, Flat Bush, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Busy Bees (formerly ChoiceKids).
<b>Net Rental Income (two tenancies)</b>	\$508,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2017 to the building code, with Code of Compliance issued.

## Other Key Information

The property includes an upstairs office space, occupied by Te Iwi O Ngāti Kāhu Trust on a three-year lease, expiring 31 July 2027. The Manager intends to unit title the property into an ECE centre and separate office premises, to provide flexibility in future asset allocation decisions.

## Notes on the Property and Tenant

The property is located in the Ormiston town centre, approximately 20 kilometres south-east of Auckland CBD, and comprises an ECE centre on the ground floor and an office tenancy on the upper floor. The ECE centre is operated by Busy Bees, which operates over 80 centres around the country.

The Manager considers the lease (and subsequent deed of assignment), to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	PEG 1 Limited.
<b>Lease Term</b>	15 years from commencement, initially expiring 30 September 2034 with final expiry up to 30 September 2054.
<b>Rights of Renewal</b>	Two rights of renewal for a term of ten years each.
<b>Rent Reviews</b>	Rent increases by 3% every two years, except on market rent review dates, which occur on the eighth anniversary of commencement and on renewal. Market rent reviews have a hard ratchet clause preventing rent from decreasing (with the market review on the eighth anniversary also capped at a 10% increase).

## Other Key Information

- The Tenant is responsible for all operating expenses at the property.
- The lease is guaranteed by Provincial Education Group Limited. The Tenant is an indirect wholly owned subsidiary of Provincial Education Group Limited, and both entities are part of the wider group that operates the Busy Bees brand.

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# GLEN INNES PROPERTY

Projected as-at 30 November 2025



**855sqm**  
Net Lettable Area



**\$6,350,000**  
Valuation



**100%**  
Occupancy



**15.9 years**  
WALT



<b>Address</b>	6-8 Merfield Street, Glen Innes, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Childsteps Early Learning Centre.
<b>Net Rental Income</b>	\$423,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2020 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property is a modern ECE centre with high-quality fixtures and fit-out, located in Glen Innes, Auckland. The tenant, GMG Trust, operates the centre under the name Childsteps Early Learning Centre, which is managed by Diane Major, an experienced operator.

The Manager considers the lease (and subsequent deed of variation), to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	GMG Trust.
<b>Lease Term</b>	20 years from commencement, initially expiring 26 October 2041 with final expiry up to 26 October 2051.
<b>Rights of Renewal</b>	Two rights of renewal for a term of five years each.
<b>Rent Reviews</b>	Rent increases by 4% on the second anniversary of commencement, and 2% per annum on each subsequent anniversary.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>· The Tenant is responsible for all operating expenses at the property.</li> <li>· During the year ending 31 March 2025, the Tenant agreed to extend its lease term for a further six years via a deed of variation.</li> <li>· A \$285,000 bank guarantee has been lodged as security by the Tenant.</li> </ul>

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# DINSDALE PROPERTY

Projected as-at 30 November 2025



**1,183sqm**  
Net Lettable Area



**\$6,200,000**  
Valuation



**100%**  
Occupancy



**6.1 years**  
WALT



<b>Address</b>	30 Tuhikaramea Road, Dinsdale, Hamilton.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Busy Bees (formerly Little Learners).
<b>Net Rental Income (two tenancies)</b>	\$477,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	At least 100% NBS based on an IEP by a qualified, independent engineer.

## Other Key Information

The property includes a gym leased to Flex Fitness. Flex Fitness has a 10-year lease term initially expiring 31 October 2031, with CPI + 1.5% per annum contracted rent increases implemented five yearly from 1 May 2024.

## Notes on the Property and Tenant

The property comprises an ECE centre complemented by a retail space and was acquired by the Fund in 2022. The property is situated west of Hamilton CBD, off State Highway 23, and services Hamilton's western suburbs and the growth areas to the south.

The previous tenant, Little Learners Dinsdale Limited, was acquired by PEG 3 Limited (whose ultimate parent company operates the Busy Bees brand) in October 2025. As part of this transaction, the lease was assigned.

The Manager considers the lease (and subsequent deeds of variation and assignment), to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	PEG 3 Limited
<b>Lease Term</b>	10 years from commencement, initially expiring 28 February 2032 with final expiry up to 28 February 2042.
<b>Rights of Renewal</b>	Two rights of renewal for a term of five years each.
<b>Rent Reviews</b>	Rent increases by CPI plus 1% per annum, except for a market rent review on renewal. The market rent review is capped at a 3% increase on passing rent.

## Other Key Information

- The Tenant is responsible for all operating expenses at the property.
- The lease was assigned from the former tenant, Little Learners Dinsdale Limited, on 10 October 2025.
- The lease is guaranteed by Provincial Education Group Limited. The Tenant is an indirect wholly owned subsidiary of Provincial Education Group Limited, and both entities are part of the wider group that operates the Busy Bees brand.

The Manager considers the valuation report for the property to be material information. The valuation report was issued prior to the lease assignment to PEG 3 Limited. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# ROLLESTON PROPERTY

Projected as-at 30 November 2025



**634sqm**  
Net Lettable Area



**\$6,100,000**  
Valuation



**100%**  
Occupancy



**8.0 years**  
WALT



<b>Address</b>	14 Learners Road, Rolleston, Christchurch.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Three Trees Learning Centre.
<b>Net Rental Income</b>	\$426,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2018 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property is a purpose-built childcare facility located in Rolleston, a growing township 30 minutes' drive south-west of central Christchurch. The tenant, Education Hub, which operates the centre under the trading name "Three Trees Learning Centre" has an approach to early childhood education built on a philosophy of child-centred learning through play that embraces the great outdoors.

The Manager considers the lease to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Education Hub Limited.
<b>Lease Term</b>	15 years from commencement, initially expiring 7 December 2033 with final expiry 7 December 2043.
<b>Rights of Renewal</b>	Two rights of renewal, for a term of five years each.
<b>Rent Reviews</b>	Rent increases by CPI plus 1% per annum, except for market rent reviews on the fourth and ninth anniversaries and on renewal. Market rent reviews have a hard ratchet clause preventing rent from decreasing.
<b>Other Key Information</b>	The Tenant is responsible for all operating expenses at the property.

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# TAKANINI PROPERTY

Projected as-at 30 November 2025



**517sqm**

Net Lettable Area



**\$5,050,000**

Valuation



**100%**

Occupancy



**13.5 years**

WALT



<b>Address</b>	15 Castlepoint Avenue, Takanini, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Best Start.
<b>Net Rental Income</b>	\$346,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2019 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property, a modern ECE centre acquired in October 2023, is located in the high-density residential development of Kauri Flats, Takanini.

The tenant, Best Start Educare, is New Zealand's largest ECE centre operator, with over 260 centres from Invercargill to Whangārei. The tenant offers a high-quality covenant, being highly experienced in the industry.

The Manager considers the lease to Best Start to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Best Start Educare Limited.
<b>Lease Term</b>	20 years from commencement, initially expiring 5 June 2039 with final expiry up to 5 June 2049.
<b>Rights of Renewal</b>	One right of renewal for a term of ten years.
<b>Rent Reviews</b>	Rent increases annually by the greater of 2% or CPI, except for market review dates. Market rent reviews occur every 10 years and on renewal, with a 7% cap and collar applied to passing rent.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>· The Tenant is responsible for all operating expenses at the property.</li> <li>· A \$155,480 bank guarantee has been lodged as security by the Tenant.</li> </ul>

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# RED BEACH PROPERTY

Projected as-at 30 November 2025



**715sqm**

Net Lettable Area



**\$4,800,000**

Valuation



**100%**

Occupancy



**8.3 years**

WALT



<b>Address</b>	145 Hibiscus Coast Highway, Red Beach, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Nurture Early Learning.
<b>Net Rental Income</b>	\$347,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2019 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property comprises a modern childcare facility and is located between the suburbs of Silverdale, Red Beach and Orewa, 33 kilometres north of Auckland CBD. Surrounding properties consist primarily of residential dwellings. Nurture Early Learning's two partners also own and operate successful centres in Avondale and Onehunga.

The Manager considers the lease to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Nurture Early Learning Limited Partnership.
<b>Lease Term</b>	15 years from commencement, initially expiring 27 February 2034 with final expiry 27 February 2054.
<b>Rights of Renewal</b>	One right of renewal for ten years, followed by two rights of renewal of five years each.
<b>Rent Reviews</b>	Rent increases by 1% per annum from the eighth anniversary of commencement, except on market review dates. Market rent reviews occur on the tenth anniversary and every five years thereafter, capped at 7% of passing rent, with a soft ratchet preventing rent falling below the annual rent at commencement, or the previous market rent review date.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>· The Tenant is responsible for all operating expenses at the property.</li> <li>· A \$99,619 bank guarantee has been lodged as security by the Tenant, alongside a personal guarantee from the directors of the Tenant.</li> </ul>

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# TRENTHAM PROPERTY

Projected as-at 30 November 2025



**556sqm**

Net Lettable Area



**\$4,775,000**

Valuation



**100%**

Occupancy



**12.2 years**

WALT



<b>Address</b>	70 Ward Street, Trentham, Upper Hutt.
<b>Title</b>	Freehold
<b>ECE Operator</b>	Manawa Children's Village.
<b>Net Rental Income</b>	\$296,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% or greater in the Manager's opinion – constructed in 2022 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property is a recently constructed childcare facility acquired by the Fund in 2023 following its last offer. Located in Upper Hutt, the centre is on a high-profile corner site.

The Manager considers the lease to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Conscious Education Limited.
<b>Lease Term</b>	15 years from commencement, initially expiring 31 January 2038 with final expiry up to 31 January 2048.
<b>Rights of Renewal</b>	One right of renewal, for a term of ten years.
<b>Rent Reviews</b>	Rent increases by CPI every second anniversary of commencement. Market rent reviews occur every fifth anniversary and on renewal. Each CPI and market review have a hard ratchet clause preventing rent from decreasing.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>The Tenant is responsible for all operating expenses at the property.</li> <li>A bank guarantee has been lodged as security by the Tenant, totalling \$179,200. Per the terms of the lease, provided the Tenant is not in default of its lease obligations, the bank guarantee is to be returned to the Tenant on 1 February 2027.</li> </ul>

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# GULF HARBOUR PROPERTY

Projected as-at 30 November 2025



**565sqm**  
Net Lettable Area



**\$4,575,000**  
Valuation



**100%**  
Occupancy



**12.9 years**  
WALT



<b>Address</b>	130 Pinecrest Drive, Gulf Harbour, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	The Harbour Haven Early Learning.
<b>Net Rental Income</b>	\$328,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2021 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property has been built to a high specification and is located in the suburb of Gulf Harbour in Whangaparāoa, about 30 minutes' drive north of Auckland City. The property is leased to established operator Gulf Harbour Childcare Limited which was assigned the lease from the former operator in January 2025.

The Manager considers the lease (and subsequent deed of assignment), to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Gulf Harbour Childcare Limited.
<b>Lease Term</b>	15 years from commencement, initially expiring 8 October 2038 with final expiry up to 8 October 2048.
<b>Rights of Renewal</b>	One right of renewal for a term of ten years.
<b>Rent Reviews</b>	Rent increases by 2% per annum on each anniversary of commencement, except for market rent reviews every fifth anniversary, which have a hard ratchet clause preventing rent from decreasing. <ul style="list-style-type: none"> <li>· The Tenant is responsible for all operating expenses at the property.</li> <li>· During the year ending 31 March 2025 the lease was assigned to the current tenant.</li> <li>· A \$177,484 bank guarantee has been lodged as security by the Tenant.</li> </ul>
<b>Other Key Information</b>	

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# BLENHEIM PROPERTY

Projected as-at 30 November 2025



**450sqm**  
Net Lettable Area



**\$3,900,000**  
Valuation



**100%**  
Occupancy



**8.4 years**  
WALT



<b>Address</b>	25 Spitfire Drive, Burleigh, Blenheim.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Omaka Early Learning Centre.
<b>Net Rental Income</b>	\$271,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2019 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property is a dedicated childcare facility located in the Omaka Landing subdivision on the eastern outskirts of Blenheim, the major population base for Marlborough. The tenant, Omaka ELC Limited, is owned and managed by Megan Stevens and her husband Matt. Megan is a qualified teacher and has over a decade of experience in the early childhood sector.

The Manager considers the lease (and subsequent deed of assignment), to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Omaka ELC Limited.
<b>Lease Term</b>	15 years from commencement, initially expiring 28 April 2034 with final expiry up to 28 April 2054.
<b>Rights of Renewal</b>	Two rights of renewal, for a term of ten years each.
<b>Rent Reviews</b>	Rent increases by CPI plus 1% per annum, except for market rent reviews on the fifth and tenth anniversaries and on renewal, with a hard ratchet clause preventing rent from decreasing.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>The Tenant is responsible for all operating expenses at the property.</li> <li>The Tenant currently owes the Fund \$28,707 plus GST, which was due to be paid on 1 October 2025. Currently, the Manager expects this to be paid during November 2025 in addition to any amounts to be invoiced 1 November 2025.</li> <li>A \$134,200 bank guarantee has been lodged as security by the Tenant.</li> </ul>

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# PUKEKOHE PROPERTY

Projected as-at 30 November 2025



**444sqm**  
Net Lettable Area



**\$3,700,000**  
Valuation



**100%**  
Occupancy



**15.7 years**  
WALT



<b>Address</b>	17 Catherine McLean Road, Pukekohe, Auckland.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Wild and Love Early Learning Village.
<b>Net Rental Income</b>	\$238,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2021 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property, acquired by the Fund in 2021, is located close to Puni Road, a main arterial route providing access into Pukekohe town centre two kilometres away. The tenant, Wonderseed Learning Centres, was assigned the lease in the current financial year. The new operators claim to have a strong track record of success in early childhood education, centre management, and strategic leadership, currently owning three other centres.

The Manager considers the lease (and subsequent deeds of assignment), to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Wonderseed Learning Centres Limited.
<b>Lease Term</b>	The original lease was for a term of 18 years, with initial expiry of 9 March 2039. As per the deed of variation, the initial expiry date was extended to 6 August 2041, with a final expiry date of 6 August 2053.
<b>Rights of Renewal</b>	Two rights of renewal for a period of six years each.
<b>Rent Reviews</b>	Rent increases by 5% every two years from August 2025. Market rent reviews occur in September 2026, March 2031, and every five years thereafter, with all rent reviews subject to a hard ratchet clause, preventing rent from decreasing.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>The Tenant is responsible for all operating expenses at the property.</li> <li>The Tenant was assigned the lease in May 2025, which included a deferment of the next market review date from March 2026 to September 2026.</li> <li>A \$150,246 bank guarantee has been lodged as security by the Tenant, alongside an unlimited personal guarantee from directors and shareholders of the Tenant.</li> </ul>

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

# INVERCARGILL PROPERTY

Projected as-at 30 November 2025



**452sqm**  
Net Lettable Area



**\$3,200,000**  
Valuation



**100%**  
Occupancy



**13.2 years**  
WALT



<b>Address</b>	167 Bill Richardson Drive, Avenal, Invercargill.
<b>Title</b>	Freehold.
<b>ECE Operator</b>	Blue Duck Waihopai.
<b>Net Rental Income</b>	\$211,000 per annum plus GST for the 12 months from 30 November 2025.
<b>Seismic Rating</b>	Expected to be 100% NBS or greater in the Manager's opinion – constructed in 2020 to the building code, with Code of Compliance issued.

## Notes on the Property and Tenant

The property is a recently completed modern childcare facility in Avenal, Invercargill within three kilometres of Invercargill CBD. The property is leased to Blue Duck Childcare Limited, an experienced operator in the lower South Island, which commenced a 15-year lease at the property in 2024 after a period of vacancy. Blue Duck demonstrated its quality through lifting enrolments to capacity in its first year of operation.

The Manager considers the lease to the ECE operator to be material information. The key terms of the lease are summarised below:

<b>Tenant</b>	Blue Duck Childcare Limited.
<b>Lease Term</b>	15 years from commencement, initially expiring 31 January 2039 with final expiry up to 31 January 2049.
<b>Rights of Renewal</b>	One right of renewal, for a term of ten years.
<b>Rent Reviews</b>	Rent increases by 2% per annum from the third anniversary of commencement, except for market rent reviews every fifth anniversary, which have a hard ratchet clause preventing rent from decreasing.
<b>Other Key Information</b>	<ul style="list-style-type: none"> <li>The Tenant is responsible for all operating expenses at the property.</li> <li>The annual rent for the first two years of the lease is determined based on reported child attendance numbers. Given the Tenant's reported attendance exceeded 90 children, the annual rent payable until 31 January 2027 has been set at \$210,600 per annum plus GST.</li> <li>A \$143,013 bank guarantee has been lodged as security by the Tenant, alongside a personal guarantee from directors and shareholders of the Tenant.</li> </ul>

The Manager considers the valuation report for the property to be material information. A copy of the valuation report is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.



58 Ormiston Road, Flat Bush, Auckland



14 Learners Road, Rolleston, Christchurch



6-8 Merfield Street, Glen Innes, Auckland



17a Bell Road, Beachlands, Auckland



25 Spitfire Drive, Blenheim



58 Ormiston Road, Flat Bush, Auckland



6-8 Merfield Street, Glen Innes, Auckland

## 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 and transfers, 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 (**Board**), and the Investment Committee.

### PMG Board of Directors

The Board's role is one of governance. The Board sets the Manager's strategy, oversees its management and key policies, and is ultimately responsible for managing risk and protecting the interests of its shareholders and stakeholders (including Unitholders).

The Board currently consists of a non-executive chair, two non-executive directors, and one executive director. Two members of the Board are also members of the Investment Committee described in the following section.

### PMG Investment Committee

The Investment Committee is a sub-committee of the Board 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 currently has five members, being chaired by Daniel Lem, who is also a former director of the Manager. He is supported by fellow members Matt McHardy and Steve Williams, alongside Scott McKenzie and Nigel Lowe (Directors of the Manager).

## PMG Board of Directors



### Dr Wayne Beilby Chairman of the Board

Dr Wayne Beilby joined the Board of PMG 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.

Wayne holds a Doctorate in Business Administration (DBA) from Southern Cross University in New South Wales, a Bachelor of Law from the University of Otago, and a Bachelor of Arts at Victoria University. He also has a specialised Master of Business Administration (MBA) in finance and risk from Deakin University in Melbourne.

His experience includes professional appointments such as Chairman, Company Secretary, Director and Chief Executive for several companies across New Zealand and overseas, including NZX, PNGX and ASX listed companies and local government entities.

Wayne is Managing Director of Pacific Advisory Services, a company which provides governance, and risk and asset management advice to its clients. He is also a Fellow and Mentor of the Australia New Zealand Institute of Insurance and Finance (ANZIIF) and a Fellow of the Institute of Management New Zealand (IMNZ).



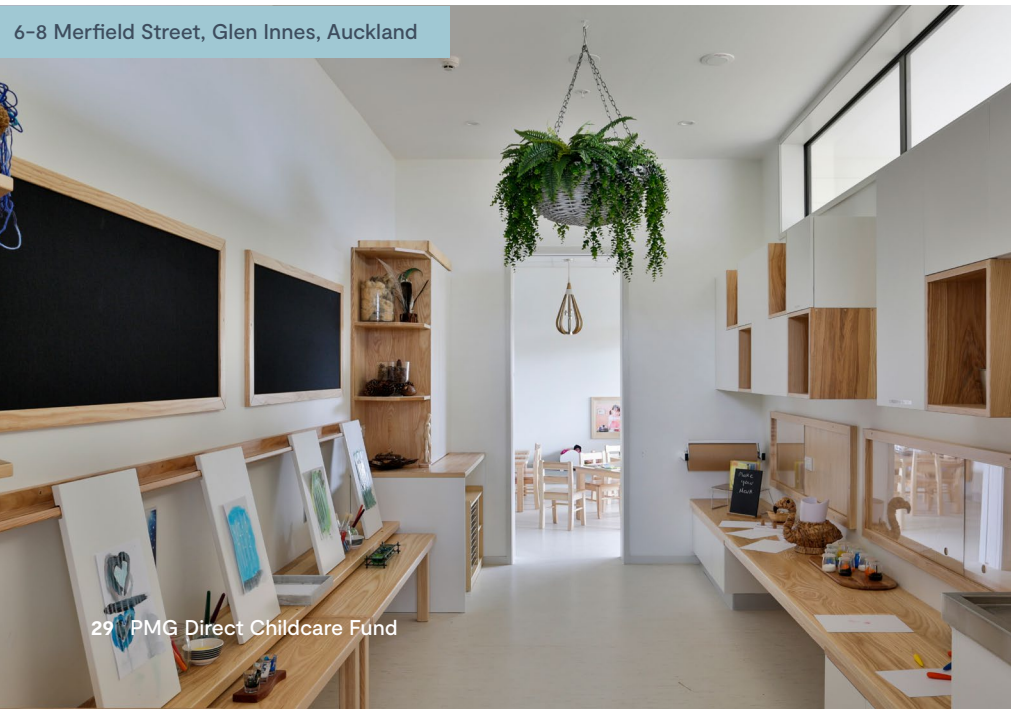
### James Beale Non-Executive Director

James Beale joined the Board of PMG as a Director in July 2022. James is a Founding Partner of Oriens Capital Limited, a private equity funds management business based in Tauranga.

He has worked in NZ financial markets businesses for over 25 years, and his experience includes investment analysis and research, capital markets advisory, including managing initial public offerings (IPOs), investment advisory and funds management.

James is a member of the Institute of Directors and currently sits on the boards of Oriens' portfolio companies Rokit Global, Retirement Income Group and IVS Group.

He Chairs the Audit and Risk Committee for Rokit Global, the Investment Advisory Committee for Acorn Foundation, the Oriens Capital Investment Committee and is also a member of the Investment Committee of New Zealand Cricket.



6-8 Merfield Street, Glen Innes, Auckland

## PMG Board of Directors and Investment Committee



**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 New Zealand and UK banking sectors, and holds a Bachelor of Commerce in Valuation and Management from Lincoln University and a Postgraduate Diploma in Management from Waikato University.

As Director and CEO of PMG, he utilises his expertise in strategy, people leadership and culture to successfully lead the team. In addition, Scott is a board member of Priority One (Tauranga's economic development agency), a founding board member of the Urban Taskforce for Tauranga, a principal founding Trustee for PMG Charitable Trust, founding Director of Forsite (technology business), and recently served as Vice-President of the BOP Property Council.



**Nigel Lowe**  
Non-Executive Director

Nigel joined PMG as its Chief Financial Officer in August 2016 after 13 years at KPMG, where he led a team in the Private Enterprise division, advising a wide range of small to medium businesses on compliance and business transactions. During his tenure, Nigel played a pivotal role in strengthening the company's financial reporting, compliance and strategic property acquisitions.

Under his leadership, PMG became one of the few unlisted property funds managers to secure a Managed Investment Scheme Licence from the Financial Markets Authority (FMA). He also led PMG's compliance efforts in relation to AML regulations and public investment oversight. In 2021, Nigel was named SME Finance Leader of the Year at the CFO Awards in recognition of his contributions to the industry.

After stepping down as CFO in 2024, Nigel transitioned to a governance role and now serves on the PMG Board of Directors, PMG Investment Committee, and the Board of the PMG Charitable Trust. His deep financial expertise and regulatory experience provides valuable oversight and strategic direction to PMG.

## PMG Investment Committee

**Daniel Lem**  
Investment Committee Chair and General Manager Developments

Daniel leads the acquisition of new investment opportunities across PMG's funds, as well as project managing the repositioning of specific assets. He has over 22 years of experience in asset and project management, commercial leasing, and structured property finance. As previous Director and Head of Tenant Representation for Jones Lang LaSalle, he represented tenants including Microsoft, IBM, Unisys, and the New Zealand Government.

Before returning to New Zealand in 2010, Daniel partnered with a London-based investment bank to form Danube Property Funds I and II, where he acquired and managed a commercial office portfolio across Eastern Europe. Upon returning to Auckland, Daniel formed his own property and project management business, which merged with PMG in 2015.

Daniel holds a Bachelor of Science and is a Member of the Royal Institute of Chartered Surveyors.

**Steve Williams**  
Head of Transactions

As Head of Transactions, Steve is currently focused on identifying commercial property acquisition opportunities for PMG and its funds throughout New Zealand. He also leads the strategic divestment of PMG's existing assets.

A property professional for 34 years since completing his UK property degree in 1989, Steve worked in central London for seven years managing property owned by the UK's two largest landowners (The Church Commissioners for England and The Crown Estate). He emigrated to New Zealand in 1998 and was quickly employed by New Zealand's largest listed property company at that time, Kiwi Income Property Trust (now Kiwi Property Group), initially as an Asset Manager and later moving into the role of National Commercial Leasing Manager.

Steve has been part of the PMG team since October 2013, firstly as an external consultant through his own commercial property consultancy business before coming on board full time in September 2017.

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

**Matt McHardy**  
General Manager Investor Relationships

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

Matt holds a Bachelor of Commerce and Administration from Victoria University, a New Zealand Certificate in Financial Services and a New Zealand Certificate in Real Estate. Matt also sits on the board of Enterprise Angels and is a member of the Institute of Directors NZ. Alongside the wider Investor Relationships Team, Matt has a passion and commitment to ensuring the team provides a best in market service to PMG's clients and professional partners, and that PMG's investment products are promoted in a compliant and ethical manner.

## 2.4 PURPOSE OF THE OFFER

The Manager is making the Offer primarily to raise capital for the Fund to acquire the Acquisition Property, and pay the costs associated with the issue of Units and the acquisition of the Acquisition Property (**Offer Costs**). Any surplus capital raised will be applied to initially reduce the Fund's bank borrowings. The Fund intends to redraw such borrowings 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 to increase the diversity of properties, regions and tenants the Fund is exposed to. At the date of this PDS the Fund is not committed to any opportunities to acquire property investments beyond the Acquisition Property. The timing of when appropriate property investments may become available, alongside borrowing rates when such property investments become available, is currently unknown.

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

Purchase price of Acquisition Property	\$6,381,000
Offer Costs	\$940,000
Net debt repayment	\$7,600,000
Working capital	\$75,000
<b>Funds allocated</b>	<b>\$14,996,000</b>
Unit subscriptions	\$14,996,000
<b>Total funding</b>	<b>\$14,996,000</b>

Unit subscriptions above assume that the Target Equity Raise is achieved. The Minimum Equity Raise is fully underwritten by the Manager, and up to 100% of this amount may be called on by the Fund.

### Borrowings

The Fund has existing bank facilities with ASB. The Fund expects to reduce its total bank facilities available if the Offer is successful and total borrowings are reduced as forecast (noting the Fund may increase its level of borrowing in future to fund further property acquisitions and capital expenditure). No increase in total bank facilities is expected in relation to the Offer, however, if equity raised from Unit subscriptions is insufficient to settle the Acquisition Property and pay for the Offer Costs an increase in bank facilities will be sought.

Should the Minimum Equity Raise be achieved only, the Fund will not be able to repay any bank borrowings. In this instance the capacity to fund future property investments will be reduced. Conversely, if the Maximum Equity Raise is achieved, the Fund will be able to repay additional bank borrowings and the ability to fund future property investments will increase. The impact of the Manager accepting subscriptions between the Minimum Equity Raise and Maximum Equity Raise is included in Section 7 *Risks to Returns From PMG Direct Childcare Fund*.

The Fund will aim to ensure debt facility headroom is available to fund capital expenditure and any working capital requirements. 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*.

## 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 Direct Childcare Fund*, and in Other Material Information disclosed on the Offer Register at <https://disclose-register.companiesoffice.govt.nz> under Offer Number OFR14004.

For further information on the Fund's strategy that may impact the factors that follow, see Section 2 *What PMG Direct Childcare Fund Invests In*.

Changing macroeconomic conditions (including the rate of inflation and interest rates), plus business and investor confidence, will generally impact the supply and demand for properties and lettable areas, and bank borrowing terms and availability. This may impact one or more of the stated key drivers of financial performance, and associated risk factors, in a variety of ways over time.

Factor	Impact, Strategy and Plan
<b>Income from the Property Portfolio</b>	<p>Rental income directly impacts the Fund's AFFO and level of distributions to investors, in addition to the value of the Property Portfolio and therefore the value of Units. Income from the Property Portfolio varies due to several reasons, including rent reviews, lease renewals, levels of occupancy, and tenant arrears.</p> <p>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 over the long term. The Manager is experienced in managing existing lease obligations to support occupancy levels, as well as achieving new leasing results to maximise rental income received by the Fund. The Manager maintains an understanding of the specific economic circumstances and lease terms of each of the Fund's tenants and further aims to protect the Fund's rental income through due diligence on new tenants and establishment of guarantee arrangements where possible.</p> <p>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 AFFO and, potentially, distributions to investors. The Fund is fully occupied, and there are no material leases that have expiries within the prospective financial information periods presented, reducing the likelihood of vacancy materially impacting returns in the foreseeable future.</p>

Factor	Impact, Strategy and Plan
<b>Valuation of the Property Portfolio</b>	<p>The value of the Property Portfolio drives the unrealised fair valuation movement and Net Profit per Unit of the Fund, in addition to the value of Units. The valuation of the Property Portfolio is primarily influenced by property market conditions, fluctuations in supply and demand for commercial properties and lettable areas, and recent property and leasing transactions relevant to the Fund. The level of rental income from each property investment, the level of capital expenditure required in relation to each property investment, and the remaining terms of the leases associated with each property investment will also influence value. Current property valuations are independent of the Fund and consider a range of inputs and market evidence in forming an opinion on value.</p> <p>The Manager utilises its specialist in-house fund, property and facilities management teams to develop and deliver strategies that aim to maximise property valuations over time. The Manager strives to grow income, occupancy levels, and weighted average lease terms across the Property Portfolio. It also reviews the composition of the Property Portfolio regularly and adjusts the composition to maximise the opportunity for capital preservation and value growth over time. This may include acquiring properties at or below their market value with rental income growth opportunities, or disposing of property investments where the Manager's expectation of long-term income and value growth no longer supports the Fund in meeting its objectives.</p>
<b>Borrowings and interest rates</b>	<p>The total amount of borrowings, and the effective interest rates charged on those borrowings, can materially impact the Fund's AFFO, level of distributions, and the value of Units over time. The OCR, market expectations for the future OCR, and market rates for bank margins are key drivers of interest rates and cannot be influenced by the Fund. However, the Manager actively manages interest rate risk through fixing interest rates on a proportion of its borrowings through interest rate swap agreements and deploying strategies to manage the level of bank borrowings over time (which would reduce exposure to interest rate risk), including capital raising and asset allocation adjustments. Refer to Section 2.7 <i>Borrowings</i> for further information on the Manager's bank borrowings strategy and hedging policy.</p>
<b>Capital and non-recovered operating expenditure</b>	<p>Material changes in operating expenses not recoverable from tenants compared to expectation will primarily impact AFFO and distributions to investors, in addition to property valuations and the value of Units. Material changes in capital expenditure compared to expectation will primarily impact property valuations, Net Profit per Unit of the Fund, and the value of Units. In addition, bank borrowings and interest will also be impacted by both capital and operating expenditure levels, having a flow-on impact on AFFO and, potentially distributions to investors.</p> <p>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. Any major capital works are planned for, with budgets for capital and operating expenditure reviewed no less than annually. Capital expenditure is typically considered over a 10-year period. Where possible, working capital or bank facility headroom will be utilised to enable future capital expenditure needs to be met.</p> <p>The Fund's strategy to acquire recently-built or refurbished centres should limit the need for material short-term capital expenditure requirements in the Property Portfolio. All property investments are proactively managed by the Manager's in-house team to, where possible, reduce or prevent material unplanned capital expenditure projects that negatively impact Fund performance.</p>

Factor	Impact, Strategy and Plan
<b>Capital raising, asset allocation and asset diversification</b>	<p>The amount of capital raised by the Fund over time, the assets invested in by the Fund over time, and the level of diversification of the Fund's Property Portfolio will impact all the above factors and therefore related areas of performance. The specific characteristics and circumstances related to each property investment held by the Fund, and the timing of acquisition and divestment of those investments, will further impact the above.</p> <p>The Manager intends to continue scaling and diversifying the Property Portfolio, to reduce the reliance of the Fund on any one property, ECE operator or region/sub-region. To support this strategy, at appropriate times the Manager has raised, and may continue to raise, additional capital, acquire additional property investments, and strategically divest of properties (and reallocate appropriate amounts of capital to alternative properties). Over time, collectively, these actions are expected to benefit investors by improving the stability of returns for the Fund and investors, and decrease the likelihood and magnitude of variations in returns (compared to a commercial property fund or syndicate with a greater concentration of risk).</p>

## 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 the Property Portfolio, the capital value of the Property Portfolio, and interest rates applicable to the Fund's borrowing facilities. Total 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 through cumulative changes in the value of the Fund's Property Portfolio and thus the value of the Units). The following summarises the key factors that determine returns:

- **Income from the Property Portfolio:** The Fund's primary source of income is rental income from each of the property investments 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. 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*).
- **Valuation of the Property Portfolio:** The value of Units is influenced by the value of the Property Portfolio. The value of the Property Portfolio will primarily be influenced by the state of the property market, the level of rental income from each property investment, and the remaining lease terms related to each property investment (among other investment-specific factors).
- **Borrowings and interest rates:** A primary cost of the Fund is interest expense. The level of interest expense is driven by the level of borrowings, interest rate movements, and the Fund's hedging strategy. Interest rates are ultimately influenced by macroeconomic factors over time. A summary of the Fund's borrowing arrangements is set out in Section 2.7 *Borrowings*.

## 2.7 BORROWINGS

**Strategy:** Over the long term, it is believed complementing investor funds with bank borrowings (gearing) will improve total returns to investors. The Manager will consider the level of borrowings held by the Fund as part of the Fund's overall strategy on an ongoing basis. In exercising its duties, the Manager will have regard to opportunities and anticipated opportunities to deploy such borrowings into property investments aligned with the Fund's strategy, with the aim of generating returns to investors at a level consistent with currently forecast returns. This approach provides the Fund flexibility for future opportunities to acquire additional property investments. The Manager currently has no confirmed properties for the Fund to acquire beyond the Acquisition Property, and the timing of when appropriate properties may become available, alongside the cost of borrowing to fund such acquisitions, is currently unknown.

The Manager actively targets borrowing levels below the level allowed by both the SIPO, and banking covenants. At times of known or expected interest rate increases, the Manager may aim to reduce relative levels of borrowing through both capital raising activity and asset allocation adjustments (such as divestments). The converse may apply in times of known or expected interest rate reductions (while still aiming to maintain a conservative level of bank borrowings relative to the SIPO and banking covenants).

**Facilities:** The Fund has existing borrowing facilities (the **Facilities**) with ASB Bank Limited (**ASB**). The amount due to ASB, and all other liabilities of the Fund, will rank ahead of Units on a winding up of the Fund. A summary of the Facilities is provided below, with amounts rounded to the nearest thousand where applicable.

### Key terms of the Facilities:

<b>Security</b>	ASB holds first ranking mortgages over all properties in the Property Portfolio, a first ranking general security deed over the Fund and Custodian's assets, and first ranking specific security deeds regarding leases, bank accounts and rental bonds.
<b>Interest Rate</b>	Structured on a Floating Base Rate plus Margin basis. The Floating Base Rate is the 30-day bank bill reference rate (bid) administered by the New Zealand Financial Markets Association (or any other person which takes over administration of that rate) on page BKBM of the Thomson Reuters screen (or any replacement page) on the first day of an interest period. The margin of ASB is commercially sensitive. A Default Interest Rate of 22.5% per annum may apply if the Fund does not meet its obligations under the Facilities.
<b>Interest Payments</b>	Interest is payable on the last day of each interest period. In practice, interest is expected to be payable monthly.
<b>Repayments</b>	Interest only – full repayment required on the expiry date unless renewed.
<b>Renewal</b>	The Facilities are extendable. 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 ASB. If acceptance is not given, borrowings will expire before the Fund is wound up, and refinancing would be necessary.
<b>Other Costs</b>	Facility establishment fees may be charged from time to time when establishing new facilities. No establishment fees are applicable in relation to the Offer or the prospective financial periods presented.

### Additional Undertakings

The following conditions apply:

1. Reporting – The Fund's annual financial statements must be provided to ASB. The Fund's tenancy schedule must be provided to ASB upon request, in addition to information on any new material lease.
2. Valuations – The Fund must provide valuations for the secured properties completed by an independent registered valuer approved by ASB.
3. Financial Covenants (as defined by ASB):
  - a. Loan-to-value ratio must not be greater than 45% of the value of secured properties at any given time.
  - b. Net Rental Income must be greater than 2.00 times interest expense.
  - c. WALT must be greater than 5.0 years.
4. Insurance – Comprehensive insurance is required for all secured assets with ASB's interest noted. This must include full replacement, loss of rental income for not less than 12 months, and adequate public risk insurance.

**Facility Limits and level of borrowings:** Facility limits in April 2025 were \$15,530,000 and have been subsequently increased to \$23,780,000 with the debt funded acquisitions of the Wellsford Property and Beachlands Property. The Fund currently has borrowings owing in relation to all five of its existing Facilities.

It is assumed that at Settlement Date, following achievement of the Target Equity Raise, the Fund will repay \$7,600,000 across facilities CM03 and CM04. If CM03 is not fully repaid, it is assumed that it will be extended by a period of at least 12 months before October 2026. Based on funding requirements over time, an additional facility (**CMNEW**) may require establishment by October 2026, with a facility limit growing to \$200,000 by 31 March 2027.

Name	Lender	Type	Expiry	Prospective Borrowing			
				1 Apr 2025	30 Nov 2025	31 Mar 2026	31 Mar 2027
CM01	ASB	Term Loan	May 2028	\$1,730,000	\$1,730,000	\$1,730,000	\$1,730,000
CM02	ASB	Term Loan	May 2028	\$8,497,000	\$8,497,000	\$8,697,000	\$8,800,000
CM03	ASB	Term Loan	Oct 2027	\$5,000,000	\$1,400,000	\$1,400,000	\$1,400,000
CM04	ASB	Term Loan	May 2028	N/A	-	-	-
CM05	ASB	Term Loan	Sep 2028	N/A	\$4,250,000	\$4,250,000	\$4,250,000
CMNEW	TBC	TBC	TBC	N/A	-	-	\$200,000
<b>Total</b>				<b>\$15,227,000</b>	<b>\$15,877,000</b>	<b>\$16,077,000</b>	<b>\$16,380,000</b>

No further facilities are being sought in relation to the Offer, however if capital raised is insufficient to settle the Acquisition Property and pay for the Offer Costs, additional facilities may be arranged in relation to the Offer.

Additional facilities may be sought subsequently to the Offer in the ordinary course of the Fund's business, if desired or required.

**Interest rate swaps and effective interest rates:** Interest rates are inherently subject to change for reasons beyond the Fund or the Manager's control, linked to the movement in the Floating Base Rate. To mitigate potential movements in the Floating Base Rate, and provide additional certainty over the level of interest expense for the Fund, the Fund enters interest rate swap agreements. The Fund utilises interest rate swaps to manage interest rate risk. 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 floating rate to a fixed rate (the swap rate) or vice versa (effectively, fixing a proportion of the Fund's interest expense over a defined period of time).

The Fund's current policy is to have between 40% and 80% of the Fund's interest-bearing borrowings hedged with interest rate swaps (**Hedging Cover**), and the weighted average period of swap arrangements to be between 0.5 years and 2.5 years (**Hedged Period**). This policy is regularly reviewed in response to current and forecast macroeconomic factors, in addition to the Fund's expected borrowing profile over time.

Hedging Cover and Hedged Period at Settlement Date are expected to be 63% and 0.8 years respectively, changing over time to 31 March 2027 where they are expected to be 61% and 1.7 years respectively. In the period between these dates, both metrics are forecast to vary within the Fund's current policy limits.

As at the date of this PDS, the Fund has the following interest rate swap facilities in place, at a weighted average rate of 3.62% (plus Bank Margin):

Lender	Expiry Date (during the year ending)	Notional Amount
ASB	31 March 2026	\$3,000,000
ASB	31 March 2027	\$5,000,000
ASB	31 March 2028	\$1,000,000
ASB	31 March 2029	\$1,000,000
		\$10,000,000

Future interest rate swap facilities are expected to be placed to maintain hedging in accordance with the hedging policy target ranges.

Based on the terms of the Facilities and existing interest rate swap arrangements, and projected changes in the Floating Base Rate, Bank Margin, amount of borrowings drawn, and interest rate swaps, the indicative effective weighted average interest rate across the Facilities during the prospective periods ending 31 March 2026 and 31 March 2027 is expected to be 5.76% and 5.36% respectively.

### 3. KEY DATES AND OFFER PROCESS

<b>PDS Registered</b>	24 October 2025
<b>Offer Opening Date</b>	3 November 2025
<b>Offer Closing Date</b>	24 November 2025
<b>Settlement Date</b>	28 November 2025
<b>Allotment Date</b>	28 November 2025
<b>Acquisition Date</b>	28 November 2025

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.

## 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 further detail.

<b>What Is the Offer?</b>	This is an offer of Units in a Managed Investment Scheme (constituted as a unit trust) called PMG Direct Childcare Fund. See Section 1.1 <i>What Is This?</i> 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.
<b>Key Dates</b>	<p>See Section 3 <i>Key Dates and Offer Process</i> for indicative dates and supporting information. Among other dates, the Offer Closing Date may be varied or extended by the Manager at its sole discretion.</p> <p>Gross cash distributions are to be paid on or around the 25th day of each month following declaration. Assuming new Units are issued on 28 November 2025 and the first distribution applicable to new investors is declared on 31 December 2025, the first distribution for new Unitholders should be paid on or around 25 January 2026.</p> <p>This information is indicative only and the dates may change.</p>
<b>Price</b>	The price of each Unit is \$0.97 with a minimum unit subscription amount per investor of \$19,400 (20,000 Units), and multiples thereafter of \$9,700 (10,000 Units). The price of each Unit was determined by forecasting what the Manager expects the fair value of the Fund's net assets will be at Settlement Date (being total assets less total liabilities), adjusting this amount by the unamortised Establishment Costs provided for in the Amended and Restated Establishment Deed, divided by the number of Units on issue at that time.
<b>Allotment</b>	Units will be allotted and issued on or around 28 November 2025 ( <b>Allotment Date</b> ). Should any investor monies be advanced to the Fund related to the Offer, but the amount of Units applied for are not allotted, any monies not allotted will be reimbursed in full, without interest.
<b>Minimum Equity Raise</b>	The Fund is seeking to raise at least \$4,995,500 (5,150,000 Units) from the Offer. The Minimum Equity Raise is fully underwritten.
<b>Maximum Equity Raise</b>	The Fund has set a limit on the maximum amount of capital that can be raised from the Offer, being \$24,996,900 (25,770,000 Units).

<b>Underwriting Agreement</b>	<p>The Manager has underwritten 5,150,000 Units (\$4,995,500), the Minimum Equity Raise, meaning the Manager has committed funding to the Offer in advance such that the Offer will proceed. For the commitment, the Manager will receive a fee of 3.00% of the committed Unit subscription amount from the Fund (equal to \$149,685 plus GST, if any).</p> <p>The Underwriting Agreement is essentially a commitment to subscribe for Units from this Offer, and those Units issued (if any) will carry the same rights as those issued to other Unitholders.</p> <p>The Manager has entered a sub-underwriting arrangement with PMG Debt Fund Limited, a related party within the PMG Group, for the value of the underwritten Units. The sub-underwriting arrangement comes at minimal cost to the Fund and investors.</p>
<b>Oversubscriptions</b>	The Fund will not accept subscriptions above the Maximum Equity Raise.
<b>Scaling</b>	<p>The Manager has the discretion to accept valid applications between the Minimum Equity Raise and the Maximum Equity Raise.</p> <p>Applications may be scaled at the discretion of the Manager, which means that investors may receive fewer Units than applied for. Scaling may be pro-rata, but is ultimately at the discretion of the Manager.</p> <p>If scaling occurs, excess monies paid by you will be refunded (without interest) within five Business Days of the Allotment Date.</p>
<b>Taxation</b>	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 11,552,000 Units if 15,460,000 Units are issued from the Offer), unless the Unitholder is itself a PIE or one of a limited class of other widely-held vehicles.

### 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 Offer Closing Date (or, if the Manager decides to extend or bring forward the Offer 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.**

See Section 13 *How to Apply* for further information.

## 4.3 HOW CAN I WITHDRAW MY INVESTMENT FROM THE FUND?

Units may be sold or transferred (subject to minimum holding requirements being met), but there is currently no established market for trading in Units, nor will Units be listed on any securities exchange.

Investing in the Fund is intended to be a long-term investment.

### Redemptions

Redemptions refer to the Fund repurchasing, and canceling, Units from investors.

Units are not currently redeemable. The Manager currently has no planned windows for permitting redemptions and considers it would not be in the best interests of Unitholders generally to permit redemptions currently, as the Fund is focused on growth.

However, the Manager may decide to commence redemptions at its discretion. Under the Fund's Amended and Restated Establishment Deed, the Manager may open an annual redemption period, and process redemptions at any other times, at its sole discretion. The Manager may also suspend or defer redemption in certain circumstances pursuant to the Trust Deeds (see Master Trust Deed, clause 8.11).

### 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 redemption break fee. 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 OFR14004.

Adjusted NAV is based on the NAV of the Fund, adjusted to spread, on a straight-line basis over three years from each offer settlement date, any Fund establishment and equity issue costs, excluding costs directly associated with the acquisition of property where those costs are incremental to the Gross Asset Value of the Fund.

#### 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 (except where 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 20,000 Units following redemption, unless the Unitholder was selling their entire holding.

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

- 3.0% of the Fund's Adjusted NAV determined on the relevant redemption 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 may 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 ASB. The Manager does not expect to establish a separate cash facility for redemptions.

### Redemption fee

Should redemptions be made available, a redemption break fee equal to 1.5% of the Fund's Adjusted NAV per Unit (before any withholding on account of taxes are subtracted) may be charged to the redeeming Unitholder and retained by the Fund. The Manager's current policy is that no redemption fee will be charged by the Manager. The Manager reserves the right to change this policy and charge a redemption fee (payable by the redeeming Unitholder) for facilitating redemptions, up to the amount of the redemption break fee.

### Secondary market matching service

The Manager understands that circumstances change over time, and that Unitholders may wish to sell their Units. To support this, the Manager from time to time operates a secondary market matching service, utilising its database of investors to connect investors looking to acquire Units with those wishing to sell. The Manager charges 1.5% of the transaction price as a fee for this service plus GST if any. 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.

The service currently operates on a queue-based system, where buyers are matched with sellers on a first-in, first-out basis (that is, the earliest registered sellers in the matching service queue will be matched first). The time it takes to find a buyer can vary, and will be impacted by both the value of Units already registered for sale in the queue, and the level of buyer demand. Market conditions and other macroeconomic factors may also influence the availability of buyers or sellers in the secondary market.

In cases of exceptional medical or compassionate grounds, the Manager has a financial hardship policy in place to prioritise (in the matching service queue) the sale of Units, up to the value of \$50,000. All applications under this policy require approval from the Supervisor.

**There is no guarantee that the matching service will be available or that sufficient demand or liquidity will exist to allow for the sale of Units at any given time, or within a specific timeframe or price range.**

Units are intended as long-term investments, and investors looking for short-term liquidity may find that their investments cannot be sold. 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 and the Fund currently intends to continue providing regular and sustainable income to investors. 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. The Fund's AFFO is calculated annually based on net profit before tax, after reversing out the following items (if applicable to the relevant period and forming part of profit before tax):

- realised gains and losses on the disposal of property investments and derivative financial instruments;
- fair value adjustments for unrealised changes in the value of the Property Portfolio and derivative financial instruments; and
- performance fees payable to the Manager.

Distributions may be reduced below 100% of AFFO 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 distributions will be 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.

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. This may be required where temporary timing differences in relation to operational cash flow occur. Over the life of the Fund, the Manager believes use of gains from disposal of property investments, or borrowings, to support distributions to Unitholders can be considered commercially sustainable, provided the value of property investments rise over the long term. 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.

The Manager considers gross cash distributions declared, divided by AFFO (**Distribution Payout Ratio**), in monitoring distribution levels. It regularly monitors historic, current, and forecast AFFO and Distribution Payout Ratio measures, to inform decision making related to distributions. Both AFFO and the Distribution Payout Ratio are non-GAAP financial measures and a reconciliation of these measures to GAAP-compliant information is available on the Offer Register under Offer Number OFR14004 in the document titled Other Material Information.

Actual results will most likely be impacted by the factors noted in Section 2.6 *Nature of Returns and the Key Factors That Determine Returns*, and risks highlighted in Section 7 *Risks to Returns from PMG Direct Childcare Fund*. In particular, the Distribution Payout Ratio may be impacted by actual outcomes differing from forecast, such as:

- raising alternative amounts of capital between the Minimum Equity Raise and the Maximum Equity Raise (impacting bank borrowings, interest expense and AFFO, among other metrics);
- future capital expenditure and property transactions (impacting borrowings, interest expense, and AFFO); and
- changes to occupancy, forecast rent reviews and interest rate assumptions (impacted by macroeconomic factors including the level of inflation over time, among other factors).

**Payment Frequency:** 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 25th of the following month.

### Historic Distributions

Since becoming a retail Managed Investment Scheme, distributions have been declared as follows:

- 6.825 cents per Unit per annum before tax (declared November 2020 to August 2021).
- 6.50 cents per Unit per annum before tax (declared September 2021 to October 2021).
- 6.00 cents per Unit per annum before tax (declared November 2021 to March 2023).
- 4.25 cents per Unit per annum before tax (declared April 2023 to November 2023).
- 4.50 cents per Unit per annum before tax (declared December 2023 to March 2024).
- 4.75 cents per Unit per annum before tax (declared April 2024 to June 2024).
- 5.00 cents per Unit per annum before tax (declared July 2024 to November 2024).
- 5.50 cents per Unit per annum before tax (declared December 2024 to April 2025).
- 5.85 cents per Unit per annum before tax (declared May 2025 to September 2025).

### Forecast Distributions

It is expected that monthly distributions of 5.85 cents per Unit per annum before tax will be declared from October 2025 to March 2027. Distributions are expected to be declared on 31 October 2025, 27 November 2025, and on the last day of each month thereafter.

For Unitholders participating in the Offer:

- The first distribution related to new Units will be declared on 31 December 2025 and paid on 25 January 2026.
- The distributions declared for the forecast period to 31 March 2027 are projected to deliver an annualised gross cash distribution return on Unit issue price of 6.03% per annum.

These returns are not guaranteed. The 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. 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 Portfolio owned by the Fund has changed over time and distributions above are based on the Property Portfolio held in the period leading up to those distributions.

## 4.5 GOVERNING DOCUMENTS

The Fund is subject to 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 SCH12951.

# 5. HOW PMG DIRECT CHILDCARE 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*.

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 Portfolio for the Fund on trust (through a custodian company wholly owned by the Supervisor called PMG Direct Childcare 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.

In the future the Fund may acquire additional property investments that satisfy the investment criteria set by the Manager, provided that suitable investment opportunities present and enough funding from the issuance of Units combined with bank borrowings is available.

## 5.2 RELATED PARTY BENEFITS

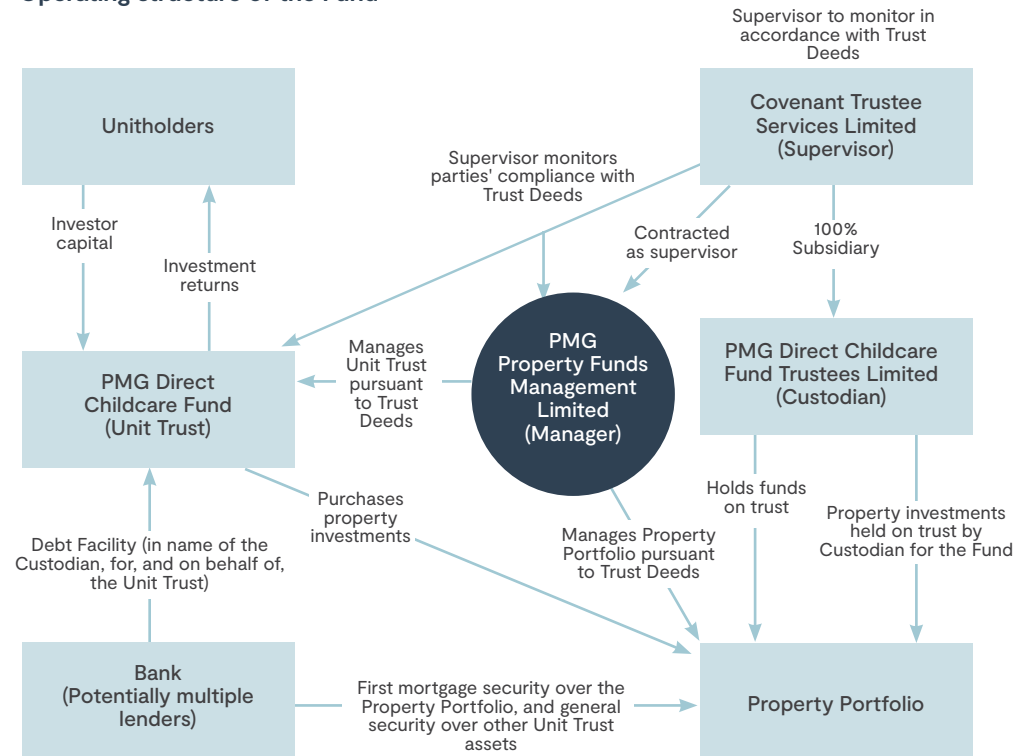
The Fund's related parties include the Manager, the parent company of the Manager (**PMG Holdings Limited**), the ultimate parent company of the Manager (**PMG Group Limited**), PMG Funds Limited (**PMG Funds** – a subsidiary of PMG Holdings Limited), PMG Debt Fund Limited (a subsidiary of PMG Holdings Limited), PMG Capital Fund Limited (**PMG Capital** – a fund managed by the Manager), Pacific Property Fund (a fund managed by the Manager), PMG Generation Fund (a fund managed by the Manager), Forsite Limited (Wayne Beilby and Scott McKenzie are directors of both Forsite Limited and the Manager), and various other funds or entities managed or controlled by the Manager or its directors, and members of key management personnel of the Manager.

Denis McMahon was previously a related party as a shareholder and director of the Manager, and director of PMG Capital. He ceased to be a director of the Manager in December 2022. Scott McKenzie remains a shareholder of the Manager and is a director of both PMG Capital and 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.

Other than the transactions referred to below, 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 related to the periods presented.

## Operating structure of the Fund



## Operating Transactions

**Legal fees:** The Fund receives legal services from PMG's in-house General Counsel, who is employed by PMG Funds Limited. These services are provided to the Fund on instruction from the Manager and include legal due diligence on property acquisitions, negotiation and execution of sale and purchase agreements, leasing and asset management support, and review and execution of financing arrangements. Legal services are charged to the Fund on a "time and attendance" basis at a rate benchmarked against market comparable rates. Based on the benchmarked rates, the rate charged is materially lower than the cost of engaging external legal providers for equivalent services. The arrangement constitutes a related party transaction under the Financial Markets Conduct Act 2013 and is subject to oversight by the Supervisor. The Supervisor has reviewed and approved the terms of this arrangement, including the fee structure. The cost for the prospective periods is forecast to be \$30,800 plus GST (of which \$27,500 plus GST is related to the acquisitions of the Acquisition Property, Beachlands Property and Wellsford Property) and \$1,000 plus GST for the years ending 31 March 2026 and 31 March 2027, respectively.

**Fund expenditure:** Forsite Limited provides software services to the Fund for safety and compliance at properties for contractors. The cost for the prospective periods is forecast to be \$1,800 plus GST and \$1,900 plus GST for the years ending 31 March 2026 and 31 March 2027 respectively.

The Manager is entitled to recover fees and expenses from the Fund in the normal course of business. These fees can be seen in Section 6 *PMG Direct Childcare Fund's Financial Information* and Section 8 *What Are the Fees?*

## Investing Transactions

**Property Portfolio transactions:** PMG Funds typically commits to contracts for the acquisition of property prior to nomination to the Fund.

## Financing Transactions

**Deposits:** PMG Capital may fund deposits related to property acquisitions from time to time. PMG Capital funded the deposit for the Trentham Property from March 2022 to July 2022. In exchange for paying the deposit, the Fund paid PMG Capital a deposit fee equating to a return of 12% per annum on the deposit amount for the period of the deposit. Fees associated with this agreement are included in Section 8 *What are the Fees?*

**Underwriting:** The Manager has entered an underwriting agreement with the Fund to underwrite the issue of 5,150,000 Units (\$4,995,500) associated with the Offer. Fees associated with this agreement are included in Section 8 *What Are the Fees?* The Manager has entered a sub-underwriting agreement with PMG Debt Fund Limited for the value of the underwritten Units.

**Investing in Units:** The Manager and related parties of the Manager may invest in the Fund on the same basis as any other investor (in addition to as an underwriter or sub-underwriter through a financial arrangement with the Manager). 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 transfer of Units, 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).

## Balances held with related parties

The numbers in the below table are rounded to the nearest hundred dollars.

Related party	Balance type	Actual			Prospective	
		31 March 2023	31 March 2024	31 March 2025	31 March 2026	31 March 2027
The Manager	Trade and other payables	\$29,200	\$27,500		\$28,300	\$28,400
PMG Funds	Trade and other payables	\$8,300	-	\$47,100	-	-
Related party Unitholders	Distributions payable	\$21,700	\$15,100	\$18,400	\$41,900	\$41,900

## Financing activity with related parties

The numbers in the below table are rounded to the nearest hundred dollars.

Investing Activity	Actual									Prospective		
	Year to 31 March 2023			Year to 31 March 2024			Year to 31 March 2025			Year to 31 March 2026		
Unitholder	Units Purchased/ (Sold)	Distributions received	Units held	Units Purchased/ (Sold)	Distributions received	Units held	Units Purchased/ (Sold)	Distributions received	Units held	Units Purchased/ (Sold)	Distributions received	Units held
PMG Debt Fund Limited	-	-	-	-	-	-	-	-	-	5,150,000	\$100,400	5,150,000
PMG Holdings Limited	-	\$6,000	100,000	-	\$4,500	100,000	-	\$4,800	100,000	-	\$5,800	100,000
PMG Capital	920,000	\$20,700	920,000	-	\$41,000	920,000	-	\$46,200	920,000	-	\$53,600	920,000
Pacific Property Fund Limited	3,240,000	\$48,600	3,240,000	(320,000)	\$135,100	2,920,000	-	\$146,600	2,920,000	(580,000)	\$142,600	2,340,000
PMG Generation Fund	20,000	\$800	20,000	-	\$900	20,000	-	\$1,000	20,000	-	\$1,200	20,000
Nigel Lowe (and associated)	-	\$3,600	60,000	-	\$2,700	60,000	-	\$3,000	60,000	-	3,500	60,000
Matt McHardy (and associated)	(20,000)	\$300	-	-	-	-	-	-	-	-	-	-

## 6. PMG DIRECT CHILDCARE 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 OFR14004. 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.

Information presented in this section:

- Historical audited financial information for the Fund for the years ending 31 March 2023, 2024 and 2025; and
- Prospective financial information for the Fund for the two years ending 31 March 2027.

Information for the year ending 31 March 2026 has been prepared using unaudited management information from 1 April 2025 to 31 August 2025 and unaudited forecast financial information for the period 1 September 2025 to 31 March 2026.

The prospective financial information included in the tables in this section are GAAP financial measures extracted from prospective financial information prepared in accordance with Financial Reporting Standard 42: Prospective Financial Statements (available on the Offer Register in the document titled Prospective Financial Information), but also includes non-GAAP financial measures (AFFO, Distribution Payout Ratio, EBITDA, Net Profit/(Loss) per unit, AFFO per unit, Gross distribution per unit, Gearing Ratio, Loan-to-Value Ratio, Interest Cover Ratio and Weighted Average Interest Rate).

Any non-GAAP measures are 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.

All references to GAAP and non-GAAP financial measures in the prospective financial periods are derived from the prospective financial information, which has 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*. A full description of accounting policies and assumptions relating to the prospective financial information can be obtained on the Offer Register in the document titled Prospective Financial Information. The prospective information was calculated assuming the Fund fulfills the purpose of the Offer, achieving the Target Equity Raise, with no additional property investments beyond the Acquisition Property.

All monetary information in this section is presented in New Zealand Dollars (**NZD**) and rounded to the nearest thousand dollars unless otherwise indicated. All other metrics are rounded to the number of significant figures shown.

145 Hibiscus Coast Highway, Red Beach, Auckland



## 6.1 PROSPECTIVE INCOME, EXPENSES AND RETURNS

Financial Year to 31 March	Actual			Prospective	
	2023	2024	2025	2026	2027
<b>Statement of Comprehensive Income</b>					
Total revenue	3,535,000	3,627,000	4,538,000	5,342,000	5,776,000
Total expenses	(923,000)	(977,000)	(1,089,000)	(1,417,000)	(1,442,000)
Fair value movement on investment property	(4,999,000)	(549,000)	170,000	(215,000)	-
Gain/(loss) on disposal of investment property	(170,000)	-	-	-	-
Fair value movement on interest rate swaps	(48,000)	(238,000)	(222,000)	(24,000)	-
<b>EBITDA</b>	<b>(2,605,000)</b>	<b>1,863,000</b>	<b>3,397,000</b>	<b>3,686,000</b>	<b>4,334,000</b>
Net interest expense	(623,000)	(709,000)	(973,000)	(1,045,000)	(868,000)
<b>Total comprehensive income</b>	<b>(3,228,000)</b>	<b>1,154,000</b>	<b>2,424,000</b>	<b>2,641,000</b>	<b>3,466,000</b>
<b>Statement of Changes in Equity</b>					
Opening equity	<b>31,856,000</b>	<b>41,392,000</b>	<b>40,713,000</b>	<b>40,978,000</b>	<b>55,041,000</b>
Units issued net of issue costs	14,730,000	-	-	14,186,000	-
Total comprehensive income	(3,228,000)	1,154,000	2,424,000	2,641,000	3,466,000
Distributions declared	(1,966,000)	(1,833,000)	(2,159,000)	(2,764,000)	(3,379,000)
Closing equity	<b>41,392,000</b>	<b>40,713,000</b>	<b>40,978,000</b>	<b>55,041,000</b>	<b>55,128,000</b>
<b>Statement of Financial Position</b>					
<b>Assets</b>					
Current assets	1,138,000	631,000	526,000	414,000	454,000
Non-current assets	50,975,000	55,750,000	56,447,000	71,266,000	71,617,000
<b>Total Assets</b>	<b>52,113,000</b>	<b>56,381,000</b>	<b>56,973,000</b>	<b>71,680,000</b>	<b>72,071,000</b>
<b>Liabilities</b>					
Current liabilities	665,000	441,000	768,000	562,000	563,000
Non-current liabilities	10,057,000	15,227,000	15,227,000	16,077,000	16,380,000
<b>Total Liabilities</b>	<b>10,722,000</b>	<b>15,668,000</b>	<b>15,995,000</b>	<b>16,639,000</b>	<b>16,943,000</b>
<b>Total Equity / Net Assets</b>	<b>41,392,000</b>	<b>40,713,000</b>	<b>40,978,000</b>	<b>55,041,000</b>	<b>55,128,000</b>
<b>Statement of Cash Flows</b>					
<b>Cash and cash equivalents at beginning of period</b>	<b>255,000</b>	<b>610,000</b>	<b>315,000</b>	<b>422,000</b>	<b>298,000</b>
Net cash inflow/(outflow) from operations	1,995,000	1,462,000	2,502,000	2,277,000	3,358,000
Net cash inflow/(outflow) from investing	(7,319,000)	(5,041,000)	(271,000)	(14,761,000)	(247,000)
Net cash inflow/(outflow) from financing	5,679,000	3,284,000	(2,124,000)	12,360,000	(3,076,000)
<b>Cash and cash equivalents at end of period</b>	<b>610,000</b>	<b>315,000</b>	<b>422,000</b>	<b>298,000</b>	<b>333,000</b>

This table should be read in conjunction with Section 6.3 *Principal Assumptions for Prospective Financial Information*. In addition, when considering the comparability of this information, it should be noted that equity was previously raised during the year ending 31 March 2023 and various assets have been purchased and disposed of in historic financial years. The prospective financial information also assumes the Target Equity Raise is achieved and the purpose of the Offer is fulfilled (Refer to Section 2.4 *Purpose of the Offer*). The accounting policies of the Fund have not changed materially over time. No forecast fair valuation movements have been recognised beyond 30 September 2025 for Existing Properties, or 30 November 2025 for the Acquisition Property given the inherent uncertainty of these movements.

## 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 and position of the Fund. Prospective information is based principally on the assumptions as outlined in this PDS in Section 6.3 *Principal Assumptions for Prospective Financial Information*.

Financial year ending 31 March	Actual			Prospective	
	2023	2024	2025	2026	2027
<b>Key Return Information</b>					
Net Profit/(Loss) per Unit	(9.85) cents	2.73 cents	5.73 cents	5.57 cents	6.00 cents
AFFO per Unit	6.07 cents	4.59 cents	5.85 cents	6.07 cents	6.00 cents
Gross distribution per Unit	6.00 cents	4.33 cents	5.10 cents	5.82 cents	5.85 cents
Distribution Payout Ratio	98.8%	94.4%	87.2%	96.0%	97.5%
<b>Financial Measures of the Fund's Borrowings</b>					
Interest-bearing liabilities (Total Debt)	\$10,057,000	\$15,227,000	\$15,227,000	\$16,077,000	\$16,380,000
Bank borrowings	\$10,057,000	\$15,227,000	\$15,227,000	\$16,077,000	\$16,380,000
Average interest rate	4.09%	5.81%	6.47%	5.76%	5.36%
Interest cover ratio	3.7 times	3.7 times	3.5 times	3.8 times	5.0 times
Gearing Ratio	19.3%	27.0%	26.7%	22.4%	22.7%
Loan-to-Value Ratio	19.7%	27.3%	27.1%	22.6%	23.1%

Net Profit/(loss) per Unit is a measure of the Fund's net profitability. It is annualised and expressed as cents before tax per weighted average Unit on issue. Unrealised valuation movements and gains/(losses) on disposal of properties have not been forecast beyond 30 September 2025 (or 30 November 2025 for the Acquisition Property) but have occurred in the financial periods prior.

Gross distribution per Unit is a measure of gross distributions declared. It is annualised and expressed as cents before tax per weighted average Unit on issue.

AFFO per Unit is a measure of the Fund's gross distributable income. It is annualised and expressed as cents before tax per weighted average Unit on issue.

Distribution Payout Ratio is a relative measure of the Fund's gross distribution per Unit compared to the Fund's AFFO per Unit. See Section 4.4 *Distributions* for further information in relation to AFFO and the Distribution Payout Ratio.

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. 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 ASB, which is based on projected net rental income divided by projected interest costs.

The Gearing Ratio equals the Fund's total interest-bearing liabilities (Total Debt) as a proportion of the Fund's total assets. Total debt may differ from the total bank borrowings drawn due to the accounting policies for bank borrowings and other items that impact total interest-bearing liabilities. At Settlement Date, the Gearing Ratio of the Fund is expected to be 22.7%.

The Loan-to-Value Ratio (LVR) equals the Fund's total bank borrowings drawn as a proportion of the latest independent valuations of the Property Portfolio. The LVR calculation is applicable for banking purposes and is measured by ASB. At Settlement Date, the LVR of the Fund is expected to be 22.3%.

The higher the Gearing Ratio and LVR, the 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 average interest rate is a measure of the Fund's effective interest cost. It is annualised and expresses interest expense, after accounting for the impact of interest rate swap arrangements, as a percentage of the Fund's weighted average borrowings.

Further information on any non-GAAP financial measures above can be found in the document titled Other Material information on the Offer Register under Offer Number OFR14004, including a reconciliation to GAAP information where relevant.

### The Fund's borrowing facilities

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 bank facilities themselves, including any maturity dates, are set out in Section 2.7 *Borrowings*.

## 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 Direct Childcare Fund*.

A prospective financial information statement (together with the assumptions underlying those statements) is available on the Offer Register under Offer Number OFR14004, providing further detail.

- Preparation Period:** The prospective financial statements of the Fund have been prepared for the years ending 31 March 2026 and 31 March 2027. For the year ending 31 March 2026, the prospective information includes actual management reporting results for the period 1 April 2025 to 31 August 2025, and prospective information for the period 1 September 2025 to 31 March 2026.
- Offer Settlement and Acquisition Property:** The Offer is expected to settle on 28 November 2025. On the same day, the Fund intends 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, plus the impact of any deposit paid for the property prior to the acquisition date. The acquisition date and purchase price for the Acquisition Property are derived from the sale and purchase agreement for the Acquisition Property.
- Offer Costs (including Acquisition Property acquisition costs):** It is assumed that 15,460,000 Units at \$0.97 each will be issued on 28 November 2025 (i.e. the Target Equity Raise is achieved). The Fund is assumed to incur \$940,000 of costs associated with the Offer. This includes \$810,000 of issue costs to be accounted for within equity, the remainder of acquisition costs accounted for within Investment Property. Issue and property acquisition costs include a property acquisition fee, underwriting commitment fee, contribution fee, legal and other due diligence costs, accounting fees, marketing costs and compliance costs – amongst other expenses.

d. **Rental Income:** Net Rental Income has been presumed as follows:

For the prospective year ended 31 March	2026	2027
Westgate Property (to be acquired at Settlement Date)	\$130,000	\$393,000
Flat Bush Property	\$500,000	\$510,000
Glen Innes Property	\$417,000	\$425,000
Dinsdale Property	\$473,000	\$472,000
Rolleston Property	\$417,000	\$430,000
Takanini Property	\$346,000	\$349,000
Red Beach Property	\$347,000	\$347,000
Trentham Property	\$296,000	\$298,000
Gulf Harbour Property	\$323,000	\$330,000
Beachlands Property (acquired September 2025)	\$130,000	\$265,000
Wellsford Property (acquired May 2025)	\$229,000	\$271,000
Blenheim Property	\$265,000	\$274,000
Pukekohe Property	\$232,000	\$242,000
Invercargill Property	\$211,000	\$211,000
<b>Net Rental Income</b>	<b>\$4,316,000</b>	<b>\$4,817,000</b>
Net impact of incentives and fixed rental growth adjustments	\$210,000	\$91,000
<b>Rental income per Statement of Comprehensive Income</b>	<b>\$4,526,000</b>	<b>\$4,908,000</b>

Rental income is presumed to be received in accordance with current signed lease agreements for each currently leased space. Several further assumptions are made in connection with rent reviews during the forecast period based on the expectations of the Manager.

In the years ending 31 March 2026 and 31 March 2027, approximately 89% and 99% (respectively) of total property operating expenses recorded in the statement of comprehensive income, plus any building management fees charged to tenants, are expected to be recoverable from tenants respectively.

During the prospective periods presented there are no existing lease agreements expiring, and it is assumed that the Fund's occupancy rate (sqm of NLA leased) remains at 100% throughout the prospective periods presented.

- e. **Fund and Property Management Fees:** The management fees payable to the Manager have been estimated at \$307,000 for the year ending 31 March 2026, and \$341,000 for the year ending 31 March 2027. For further information on fees payable to the Manager, see Section 8.2 *Aggregated Fees and Expenses*.
- f. **Performance Fees:** No performance fee has been presumed for the two years to 31 March 2027 as the Manager's benchmark for charging performance fees is not forecast to be reached, as a result of no forecast revaluation gains on the Property Portfolio in those periods. For further information, see Section 8 *What Are the Fees?*
- g. **Bank Borrowings, and Interest Expense:** The Facilities from ASB are presumed to be available and utilised as documented in Section 2.7 *Borrowings*. The Manager expects the Fund to be fully compliant with existing banking covenants at all times throughout the prospective periods, and to retain sufficient headroom between bank borrowings drawn and bank facility limits at all times.

Bank interest is presumed to be charged on a Floating Base Rate plus Bank Margin basis, with the Floating Base Rate assumed to reduce from 3.75% per annum at 31 March 2025 to 2.66% per annum by 31 March 2026, then subsequently increase to 2.96% by 31 March 2027.

The Fund is presumed to hold swaps with a notional value of \$10,000,000 at 30 November 2025 (63% of total borrowings drawn), changing over time as swaps expire and swaps are placed. At 31 March 2027 it is presumed that the Fund holds swaps with a notional value of \$10,000,000 (61% of total borrowings drawn).

Overall, it is projected that the weighted average interest rate charged on all bank borrowings, including the effect of interest rate swap arrangements, will be 5.76% per annum for the year ending 31 March 2026, and 5.36% per annum for the year ending 31 March 2027.

- h. **Gross Cash Distribution Return:** For the prospective period to 31 March 2027, regular distributions of 5.85 cents per unit annualised are forecast.

i. **Investment Properties**

**Valuations:** The valuation of investment property includes the following information derived from independent valuation reports:

Property	Valuer	Valuation as at	Valuation
Westgate Property	Jones Lang LaSalle	31 August 2025	\$6,400,000
Flat Bush Property	CBRE	31 August 2025	\$7,650,000
Glen Innes Property	CBRE	31 August 2025	\$6,350,000
Dinsdale Property	CBRE	31 August 2025	\$6,200,000
Rolleston Property	Jones Lang LaSalle	20 August 2025	\$6,100,000
Takanini Property	Jones Lang LaSalle	19 August 2025	\$5,050,000
Red Beach Property	CBRE	31 August 2025	\$4,800,000
Trentham Property	CBRE	31 August 2025	\$4,775,000
Gulf Harbour Property	CBRE	31 August 2025	\$4,575,000
Beachlands Property	Jones Lang LaSalle	13 August 2025	\$4,200,000
Wellsford Property	Jones Lang LaSalle	19 August 2025	\$4,150,000
Blenheim Property	Jones Lang LaSalle	21 August 2025	\$3,900,000
Pukekohe Property	Jones Lang LaSalle	18 August 2025	\$3,700,000
Invercargill Property	CBRE	31 August 2025	\$3,200,000
<b>Total</b>			<b>\$71,050,000</b>

For the Existing Properties, it is assumed that the fair value above applies at 30 September 2025. For the Acquisition Property, it is assumed that the fair value above applies at Settlement Date. Future values during the prospective financial periods presented are deemed to be this value, plus capital expenditure forecast for each property in the remaining period to 31 March 2027 (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, beyond those generated by the valuations and approach described above. Future gains or losses beyond this date cannot be reliably predicted.

**Transactions:** In addition to the Acquisition Property, the following transactions are included in the Prospective Financial Information.

- Wellsford Property – the Wellsford Property was acquired on 15 May 2025 for \$4,000,000 plus costs.
- Beachlands Property – the Beachlands Property was acquired on 30 September 2025 for \$4,150,016 plus costs.

It has been assumed that the Fund does not make any additional property investments during the prospective periods presented.

**Capital expenditure:** Budgeted capital expenditure (excluding any property transaction fees charged by the Manager and any costs associated with the acquisition of the Acquisition Property, Beachlands Property, and Wellsford Property) is forecast as \$168,000 and \$247,000 for the years ending 31 March 2026 and 31 March 2027 respectively.

There are no individual capital expenditure projects planned that are considered material in isolation.

**Property transaction fees:** Property Acquisition Fees payable to the Manager have been estimated at \$182,000 for the year ending 31 March 2026. No such fees are presumed to be paid in the year ending 31 March 2027.

- 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. **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.



# 7. RISKS TO RETURNS FROM PMG DIRECT CHILDCARE 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.

## 7.1 PROPERTY INCOME RISK

Manager's assessment of nature and magnitude	Mitigating factors
<p><b>Overall</b> The Fund is reliant on rental income from the Property Portfolio to pay expenses, bank interest, and distributions. Rental income impacts the Fund's AFFO, in addition to the value of the Property Portfolio and the value of Units. A loss or reduction in rental income may have a detrimental impact on all of the above. Income from the Property Portfolio could stop or reduce for several reasons, including:</p> <ul style="list-style-type: none"> <li>· if a lease is terminated or surrendered early, or expires without being renewed;</li> <li>· if a tenant defaults and/or is unable to meet its rental obligations on an ongoing basis;</li> <li>· if the rent decreases following a rent review or change in tenant;</li> <li>· if there is difficulty obtaining replacement tenants based on relative demand for the Fund's lettable areas; or</li> <li>· if access to a property is restricted.</li> </ul> <p>As at the date of this PDS, the Fund has no vacancy, and there is no expectation of vacancy in the future that may materially impact rental income. In addition, there are no lease agreements that are due to expire within the prospective financial periods ending 31 March 2027. The next lease expiry in the portfolio relates to the office space at the Flat Bush Property, due to expire in July 2027. This lease constitutes approximately 2% of the Fund's Net Rental Income at 30 November 2025.</p> <p>WALT summarises the contractual term of existing lease arrangements and is seen as one measure of relative certainty or vulnerability with respect to ongoing rental income. The Fund's WALT is expected to be 10.8 years at 30 November 2025. The lease expiry profile and rental income diversification across the Property Portfolio are summarised in Section 2 <i>What PMG Direct Childcare Fund Invests In</i>.</p> <p>A sensitivity analysis of the Fund's returns to a reduction of Total Revenue by 20% can be found in the Prospective Financial Information document on the Offer Register. In this scenario we estimate that Net Profit could reduce by 1.74 cents per Unit in the year ending 31 March 2027. An equal impact on AFFO and therefore distributable income would also be expected.</p> <p>Leasing outcomes are not guaranteed and may vary from current expectations. Default rates, total arrears, or vacancy could rise due to issues with a specific property, tenant, tenant sector, or a general deterioration in the macroeconomic environment.</p>	<p><b>Overall</b> The Manager's due diligence process prior to acquiring a property investment aims to mitigate property income risk over the long term. The Manager focuses on core property fundamentals, including location and building quality, in addition to assessing the relative levels of demand for and competing supply to the lettable areas of the property investment. Using information from external experts, this is done to provide a level of confidence in the ongoing leasability of the property investment, and therefore the long-term income generating potential of the investment, regardless of the current tenant and current lease terms in place.</p> <p>On an ongoing basis, the Manager aims to minimise property income risk through its active strategy to maintain or extend WALTs on each property, maintain occupancy rates at each property, and to continue diversifying the Fund's Property Portfolio by tenant and region, thereby reducing the Fund's reliance on any one tenant, counterparty, or property.</p> <p>The Manager considers the Fund's level of diversification when making asset allocation decisions (including potential disposals of property investments), to support improving the diversity of the Fund's Property Portfolio over time.</p> <p>The Manager proactively engages with each tenant with respect to lease renewals before lease term expiry. This assists with tenant retention, or in the event the existing tenant vacates, provides the opportunity to re-tenant the space with a minimal void period. Should a lease with existing tenants not be renewed, the Manager will actively market the upcoming vacancy to key real estate agents and ECE or alternative users nationally at the earliest opportunity.</p> <p>Many of the Fund's leases include fixed or CPI rental increases during the prospective financial periods, in addition to hard ratchet clauses that prevent rental income from falling below current levels following a rent review. Given general trends of increasing market rent rates, market reviews of rental income periodically are expected to support increased rental income over the long term. Provided access to property is not restricted, and tenants continue to meet their lease obligations, these factors reduce the risk of downwards pressure on the Fund's rental income.</p>

Manager's assessment of nature and magnitude	Mitigating factors
<p><b>ECE sector, tenant default and tenant concentration risk</b>  The Government provides significant direct subsidies to the ECE sector and fee rebates to families, supporting tenant income. However, changes to these subsidies or sector regulations could affect tenant profitability and their ability to meet lease obligations. As a result, tenant operating performance is crucial; if a tenant's financial position weakens, the risk of default or reduced rental income increases.</p> <p>Tenant performance is also highly dependent on demand for their ECE services locally, with child enrolments indicative of earnings potential. Tenants at the recently acquired Beachlands Property, Wellsford Property, and Acquisition Property all began localised operations in 2025 and are still building enrolment numbers, two of which were taken over from previous operators who struggled to perform. Since acquisition, the deferment of two months' rental and outgoings (\$55,375 plus GST) has been agreed with the tenant at the Wellsford Property to support their working capital requirements, while the tenant focuses on increasing child attendance rates. The leases at these three properties are subject to personal or corporate guarantees (not bank guarantees). While enrolments remain low, these tenants are at greater risk of underperformance or default and are more likely to require the support of tenant shareholders and/or directors to meet ongoing lease obligations (or if not, the Fund may need to call on guarantee arrangements).</p> <p>As at the date of this PDS, the Fund has \$36,963 plus GST overdue from tenants, which is expected to be received in November. The Manager does not expect tenant defaults to significantly affect rental income in future. However, in the year ending 31 March 2023, a tenant representing 16% of Net Rental Income entered liquidation, causing a loss of operating license at the relevant properties and a material loss of Net Rental Income, AFFO, and distributions temporarily, until both affected properties were re-tenanted with new operating licenses within 12 months.</p> <p>Higher income concentration from a single tenant increases the risk to Net Rental income, AFFO, and distributions if that tenant defaults or vacates. As at 30 November 2025, the Acquisition Property is expected to contribute 8% of Net Rental Income and is supported by unlimited personal guarantees from the directors of the tenant.</p> <p>The Manager aims to limit individual tenant exposure, but changes in ownership or lease assignments (which may not be unreasonably withheld by the Manager) may alter this exposure over time. In the current financial year (due to end 31 March 2026), an entity ultimately owned in New Zealand by Busy Bees NZ Bidco Limited (Busy Bees Group) was assigned the lease at the Dinsdale Property adding to its existing lease at the Flat Bush Property. This will result in Busy Bees Group accounting for 15% of the Fund's Net Rental Income at Settlement Date, being the Fund's largest operator exposure. If Busy Bees Group fails to meet its rental commitments, Net Rental Income, AFFO and distributions to investors could be materially affected. No bank guarantee is in place with respect to income from the Busy Bees Group, instead a corporate guarantee has been provided by an entity within the Busy Bees Group.</p>	<p><b>ECE sector, tenant default and tenant concentration risk</b>  To the Manager's knowledge, there are currently no proposed changes to government subsidies or regulations that would have a materially adverse effect on the Fund's rental income.</p> <p>The Manager actively monitors tenant performance by regularly engaging with ECE operators, tracking child attendance rates, and, where permitted, reviewing tenant financial information to inform risk management.</p> <p>Before acquiring properties or entering new leases or assignments, the Manager conducts due diligence on tenants, including credit checks, financial reviews, and reputation assessments, and seeks bank, corporate, or personal guarantees where possible. Based on the Manager's due diligence before acquiring the Beachlands Property, the Wellsford Property, and the Acquisition Property, after consideration of all property fundamentals including location and local demand, the Manager has factored the current low enrolment levels at these centres into each investment decision (including the decision to enter into a rental deferment arrangement with the tenant at the Wellsford Property).</p> <p>At Settlement Date, approximately \$1.4 million of the Fund's Net Rental Income (approximately three months of Net Rental Income) is secured by bank guarantees, with most other leases supported by personal or corporate guarantees.</p> <p>Bank guarantees help protect Net Rental Income in the event of tenant default, as they ensure payment up to the guaranteed amount. Corporate or personal guarantees offer less certainty, as recovery depends on the financial capacity of the guarantor at the time. While the Manager undertakes financial reviews and seeks guarantees, these measures may not fully mitigate the risk of tenant default, particularly where financial information is incomplete or mixed.</p> <p>For the Beachlands Property, although only partial financial information was available from the tenant and its guarantors, the Manager considered the tenant default risk tolerable given the presence of a 12-month Net Rental Income guarantee from two directors of the tenant, the prospective demand for ECE services in the local area, and the property's contribution to the Fund's Net Rental Income (5%).</p> <p>To reduce the impact of default risk from any one tenant, the Manager aims to limit individual tenant exposure through diversifying the Property Portfolio. This is done through actively considering the level of individual tenant exposure when making asset allocation decisions.</p> <p>When leases are assigned to new tenants, the Manager has the right to review the incoming tenant's financial standing to the extent possible. Information received in relation to the Busy Bees Group's covenant and corporate guarantee arrangement was assessed, and the overall covenant and security position was deemed to be at least as strong as the arrangement that would be in place had the original operator remained as the tenant of the centre.</p> <p>If a tenant default is not remedied, the Manager will seek to re-tenant the property as quickly as possible; however, income loss and vacancy periods may still occur, particularly in areas with low demand or a history of operator failure.</p>
<p><b>Manager's assessment of likelihood of circumstance arising</b></p>	<ul style="list-style-type: none"> <li>· Low likelihood of a material tenancy expiring without either a renewal, an alternative tenant being sourced and contracted within a short time period, or the tenant terminating a lease early.</li> <li>· Low to moderate likelihood of a tenant moving into a position of rental arrears and default.</li> <li>· Very low likelihood of a material reduction in rental income following rent reviews in the prospective periods presented.</li> </ul>
<p><b>Manager's assessment of the impact, were the circumstance to arise</b></p>	<ul style="list-style-type: none"> <li>· The majority of tenancies are considered material in isolation. If a material tenant had its lease terminated early, or does not renew its lease, and no alternative tenants are able to be contracted within a reasonable period, or if the tenant built up material rental arrears without resolution or sufficient guarantees to recover such funds, the impact on investor returns could be significant.</li> <li>· If multiple tenancies temporarily yield reduced rental income (such as, should property access be limited, or should a tenant default on rental payments), the impact on investor returns could be moderate.</li> </ul>

## 7.2 INTEREST RATE RISK

Manager's assessment of nature and magnitude	Mitigating factors
<p>The Fund is reliant on bank borrowings that attract a floating interest rate, and interest is incurred as a material expense of the Fund. The Fund uses a combination of forecasts from the Reserve Bank of New Zealand (<b>RBNZ</b>), various retail banks, and market-based pricing, to estimate the Fund's future interest rates. It is probable that actual interest rates will vary from these forecasts, as interest rates are inherently subject to change for reasons beyond the Fund's control. Interest expense may therefore vary materially from expectations.</p> <p>Interest rates charged to the Fund are tied closely to the OCR. New Zealand recently experienced a period of elevated inflation over 2022–2024, which caused the RBNZ to increase the OCR to a recent cycle high of 5.50% as recently as August 2024. Since this date, with inflation levels reduced, the RBNZ has reduced the OCR to its current rate of 2.50%, and indicated this may reduce further. Given this guidance, and in consideration of a range of other industry forecasts for the OCR, amongst other factors, the Manager has presumed the Fund's floating interest rate (excluding bank margin) reduces from 3.75% at 31 March 2025 to 2.66% at 31 March 2026, before subsequently increasing to 2.96% by 31 March 2027. It is possible that the OCR and thus the Fund's floating interest rates do not reduce any further, or may increase during the prospective periods further than anticipated due to inflation levels or other factors.</p> <p>A material increase in interest rates over and above those forecast during the prospective periods is not expected, but is possible. If this were to occur, this would increase the level of interest expense, and decrease net profit and AFFO, which may impact distribution levels to investors. Interest rates may also indirectly influence capitalisation rates and discount rates used in the valuation of property investments. Adverse movements in interest rates may therefore impact the value of the Fund's property investments and thus the value of the Units.</p> <p>The Fund's interest expense is also affected by its level of bank borrowings. Bank borrowings will change over time and may differ from those assumed in the prospective periods, including as a result of how much capital is raised, the level of capital expenditure spent on the Property Portfolio, and the extent to which borrowings are repaid, or redrawn to purchase further property investments.</p> <p>Should the Fund default on its banking obligations, a higher default interest rate may apply.</p> <p>The Fund utilises interest rate swaps to manage interest rate risk. The swap rates associated with the swap agreements are tied to future expectations of floating interest rates. It is possible that new swap arrangements will be entered into at higher rates than forecast. Furthermore, fair value losses on swap agreements will be recorded if they go '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). In practice, this means the Fund would be forecast to pay fixed interest payments in excess of those it would otherwise have to pay at the forecast floating rate, in relation to the amount of borrowings that swap agreement relates to. If any swap agreement is exited before the date existing swaps expire, penalties may be payable.</p> <p>Under the Fund's SIPO, the Manager is permitted to invest the Fund's assets in interest rate swaps, with a target asset allocation of between 0–10% of the Fund's Gross Asset Value. The fair value of the Fund's interest rate swaps at 31 August 2025 was less than 1% of the Fund's Gross Asset Value.</p>	<p>The Fund maintains a hedging policy that aims to, at least partially, mitigate the risk associated with changes in interest rates. Interest rate swap agreements are entered into with the Fund's lenders to fix the interest rate charged on a portion of the Fund's borrowings for a set period.</p> <p>The Fund has entered into a combination of short-term and long-term swap agreements historically, combined with floating rate borrowings, and will continue to do so. The Fund maintains a hedging policy to have between 40% and 80% of the Fund's interest-bearing borrowings hedged with interest rate swaps with a weighted average maturity of between 0.5 and 2.5 years.</p> <p>At Settlement Date, if the Target Equity Raise is achieved, the Fund expects 63% of its interest rate risk to be hedged with interest rate swaps. This is expected to vary over time as swaps expire, and new swaps are placed, to 61% by 31 March 2027. Further interest rate swap arrangements will be entered into as considered appropriate by the Fund as part of mitigating unexpected interest rate changes associated with existing or new borrowing.</p> <p>Should material adverse changes in interest rates occur, the Fund could dispose of one or more assets from the Property Portfolio, or raise further capital, to reduce borrowings and thus the magnitude of interest risk.</p> <p>Should interest rates reduce further from those currently forecast in the prospective financial information, the Fund's interest expense may be lower than forecast (to the extent not offset by interest rate swap arrangements that fix the interest rate).</p> <p>A breach of banking obligations triggering a default interest rate is considered unlikely based on the headroom the Manager expects the Fund to retain compared to its banking covenants.</p> <p>Should the Fund increase borrowings in future to fund the acquisition of additional property investments, the Manager intends to ensure its LVR has headroom to the SIPO limit and banking covenant, naturally mitigating the scale of interest rate risk the Fund can be exposed to.</p>
<p><b>Manager's assessment of likelihood of circumstance arising</b></p>	<ul style="list-style-type: none"> <li>• 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 to moderate.</li> <li>• Beyond the prospective financial periods, given greater uncertainty on the long-term path for interest rates compared to the short-term, there is an increased likelihood of a material adverse movement in the Fund's interest expense.</li> </ul>
<p><b>Manager's assessment of the impact, were the circumstance to arise</b></p>	<ul style="list-style-type: none"> <li>• The impact of a material adverse movement in interest rates could be significant on investor returns, and may significantly impact the value of the Units.</li> </ul>

## 7.3 VALUATION RISK

Manager's assessment of nature and magnitude	Mitigating factors
<p>The market value of each property within the Property Portfolio is influenced by numerous inputs. The economic environment, property market conditions, fluctuations in supply and demand for commercial properties and lettable areas, and recent property and leasing transactions relevant to the Fund will affect the value of the Property Portfolio. It may be further impacted by contractual lease terms, assumptions on prospective rental income, vacancy and capital expenditure, and other expert opinions and assumptions. The value of the Property Portfolio directly impacts the value of the Units and the Fund's Loan-to-Value Ratio (<b>LVR</b>), among other key metrics. Changes to the LVR may impact the Fund's compliance with banking covenants (see Section 7.5 <i>Bank Funding Risk</i>).</p> <p>All valuations consider a range of inputs and market evidence in forming an opinion on value. During times of economic uncertainty, values may change more rapidly and significantly than under normal conditions. Some valuation reports recommend caution when relying on past valuations at a later date. The Fund revalues all its property investments no less than annually.</p> <p>A material change in the valuation of the Property Portfolio may have a material impact on all of the metrics noted above. The Property Portfolio has been revalued in March of each financial year and additional valuation reports for the Property Portfolio have been obtained in August 2025. The unrealised fair valuation reduction related to the Property Portfolio totals \$5,379,000 over the three-year period to 31 March 2025, and \$215,000 in the prospective period to 30 November 2025 (for further information, see Section 6 <i>PMG Direct Childcare Fund's Financial Information</i>). Material increases and decreases in valuation have occurred between recent financial periods, and such material movements may continue to occur either up or down.</p> <p>To illustrate the potential impact of this risk, if the Target Equity Raise is achieved, a 10% reduction in property valuations by 31 March 2026 would reduce the value of the Property Portfolio by \$7,105,000, and the value of each Unit would reduce by approximately 12.7 cents (13% of Offer price).</p>	<p>The Fund has obtained independent valuation reports on the Property Portfolio dated August 2025. 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.</p> <p>As a result, the value of the Property Portfolio (before and on Settlement Date), and the offer price per Unit, is considered by the Manager to represent expected 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 inputs that drive property and Unit valuations, it is not possible to accurately predict the future valuation of the Property Portfolio or Units.</p> <p>Other factors that may have the most impact on mitigating valuation risk include some of those noted in Section 7.1 <i>Property Income Risk</i>, in addition to the general strategies and specific property strategies of the Fund summarised in Section 2.2 <i>The Fund's Property Portfolio</i>.</p>
<p><b>Manager's assessment of likelihood of circumstance arising</b></p>	<ul style="list-style-type: none"> <li>· High likelihood of an individual property valuation, the valuation of the Property Portfolio, and overall valuation of Units moving up or down over time.</li> <li>· Low likelihood of a long-term, sustained reduction in valuation of the Property Portfolio and Units.</li> </ul>
<p><b>Manager's assessment of the impact, were the circumstance to arise</b></p>	<ul style="list-style-type: none"> <li>· Property valuation fluctuations may be material over the course of property ownership, based on the property market and economic environment throughout ownership amongst other factors.</li> <li>· 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 the Units.</li> <li>· A material reduction in Property Portfolio valuation would materially reduce the value of the Units.</li> </ul>

## 7.4 EQUITY FUNDING RISK

Manager's assessment of nature and magnitude	Mitigating factors
<p>The prospective financial information, forecast returns, and key metrics in the PDS assume the Target Equity Raise is achieved, the Acquisition Property is acquired, and the balance of bank borrowings is reduced with residual funds raised after accounting for the Offer Costs and working capital requirements.</p> <p>The Fund may raise capital as low as the Minimum Equity Raise, or as high as the Maximum Equity Raise. A difference in capital raised from the Target Equity Raise will directly impact:</p> <ul style="list-style-type: none"> <li>· The amount of borrowings the Fund holds with its lenders and the LVR (lower capital raised, higher borrowings, and higher LVR);</li> <li>· Interest expense, and in turn AFFO and the bank's interest cover ratio measure (<b>Bank ICR</b>) (lower capital raised, higher interest expense, lower AFFO and lower Bank ICR);</li> <li>· The number of Units on issue and therefore total distributions (lower capital raised, lower Units on issue and distributions).</li> </ul> <p>The Fund may not raise enough capital to settle the Acquisition Property, and pay for the Offer Costs, without additional bank borrowings. In that scenario, the Fund would seek additional bank borrowings or alternate funding arrangements. It is considered likely that such funding would be available given the Fund's expected LVR at the Minimum Equity Raise.</p> <p>The acceptance of additional capital will only occur where the Fund believes a proportionate increase in AFFO from investment or repayment of existing borrowings is possible to enable maintenance of the current forecast Distribution Payout Ratio. The Distribution Payout Ratio is not expected to be materially different regardless of the total equity raised.</p> <p>The greater the amount of capital raised (and the resulting reduction in bank borrowings), the greater the capacity the Fund will have to acquire additional property investments in future using funds from additional borrowings.</p> <p>If equity is raised and borrowings are not repaid in a timely manner as planned, this may lead to surplus cash on hand. The Fund must not carry more than 10% of its Gross Asset Value in cash, in accordance with its SIPO. The greater the amount of excess cash held, and the greater the duration excess cash is held prior to AFFO accretive deployment, 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 sustainable). It is possible that excess cash held is never deployed by the Fund into income-generating assets.</p>	<p>The Fund retains the right to accept between the Minimum Equity Raise and the Maximum Equity Raise to ensure the Fund accepts the most appropriate amount of capital to fulfil the purpose of the Offer.</p> <p>Given the uncertainty of the Fund's future property investment pipeline, the Fund's strategy associated with the Offer is to initially repay borrowings with any capital raised above what is required to settle the Acquisition Property and pay for the Offer Costs. This strategy will avoid holding a material amount of surplus cash on hand for a period without certainty of being able to deploy that cash into income-generating property investments that align with the Fund's SIPO.</p> <p>The repayment of bank borrowings would also beneficially impact the Fund's LVR, hedging cover, and interest expense. In turn this would improve the Fund's AFFO and Bank ICR. The raising of additional capital to enable reduction of bank borrowings would be offset by the effective cost of any additional Units issued and distributions paid related to the surplus capital accepted and any cost of reducing existing borrowings drawn.</p> <p>Raising additional capital now to repay borrowings would provide the Fund with greater flexibility to continue its diversification strategy in future, after considering the cost of raising capital versus the cost of utilising borrowings.</p> <p>It is expected that the Distribution Payout Ratio and therefore investor returns would not be materially impacted by a change in borrowings profile, provided any change is made after considering the current interest rate on borrowings and any change in income from future property transactions.</p>
<p><b>Manager's assessment of likelihood of circumstance arising</b></p>	<ul style="list-style-type: none"> <li>· High likelihood of accepting subscriptions above the Minimum Equity Raise.</li> <li>· Very low likelihood of holding surplus cash on hand that is not used to repay borrowings, or deployed in future into other property investments in line with the SIPO, within a short (0-3 month) time frame.</li> </ul>
<p><b>Manager's assessment of the impact, were the circumstance to arise</b></p>	<ul style="list-style-type: none"> <li>· If only the Minimum Equity Raise is achieved, there would be no cash on hand to repay bank borrowings, instead additional borrowings may be required. The impact on borrowings, interest expense, AFFO, LVR and the Bank ICR would be low.</li> <li>· If the Maximum Equity Raise is achieved, and surplus cash on hand is used to repay bank borrowings, the impact on borrowings, interest expense, AFFO, LVR and the Bank ICR would be moderate.</li> <li>· If borrowings are subsequently increased in future to fund the acquisition of other ECE centres in line with the SIPO, the impact on borrowings, interest expense, AFFO, LVR and the Bank ICR could be moderate.</li> <li>· In all the above scenarios, the impact on distributions to investors, and in turn the Distribution Payout Ratio, is likely to be low (the extent of the impact dependent on prevailing interest rates, the timing of bank borrowings or repayment, the return from future property investments, and any transaction costs).</li> </ul>

## 7.5 BANK FUNDING RISK

Manager's assessment of nature and magnitude	Mitigating factors																								
<p>The Fund is reliant on bank borrowings to support property acquisitions, capital expenditure on properties, property transaction fees and other working capital requirements. The Fund's bank borrowings have a maturity date, and bank covenants must be complied with to retain the bank facilities on existing terms. Renewal or extension of facilities is not guaranteed, and adverse changes in macroeconomic conditions, income, lease terms, property valuations, and interest rates may increase the likelihood of breaching bank covenants.</p> <p>Bank borrowings at 1 April 2025 were \$15,227,000, and on the date of PDS lodgement, borrowings are \$23,477,000 following the acquisitions of the Wellsford Property and Beachlands Property. The Fund does not intend to increase its borrowings from ASB further to assist with the purchase of the Acquisition Property (unless insufficient capital is raised from the Offer). Should the Fund achieve the Target Equity Raise, total borrowings of \$15,877,000 are expected at 30 November 2025 rising to \$16,380,000 by 31 March 2027. If a higher amount of capital is raised, borrowings may be reduced further. If a lower amount of capital is raised, the intended repayment of borrowings will be scaled back. If the Fund only raises between the Minimum Equity Raise and \$7,400,000, the Fund will likely increase borrowings to acquire the Acquisition Property and pay the Offer Costs.</p> <p>Despite the intent to reduce bank borrowings in the short term, the Fund intends to increase its level of borrowings further in future in the normal course of business (using either headroom in existing facilities, or through arranging new facilities). This may include the acquisition of additional ECE centres, funding future capital expenditure to defend and potentially grow rental income and property value, and to support working capital requirements. Currently, sourcing additional properties beyond the Acquisition Property is uncertain, and therefore not forecast.</p> <p>Given the relatively low level of the forecast LVR compared to the bank covenant, it is considered highly likely that additional bank funding would be accessible for one or more of the above purposes in the normal course of business.</p> <p>Adverse market movements may cause a breach of banking covenants, in particular, the requirements to maintain LVR below the maximum allowed per bank covenants, for interest cover levels against operating profits to be above the minimum allowed per bank covenants, and for WALT levels to be above the minimum allowed per bank covenants.</p> <p>If the Facilities cannot be extended beyond their current expiry dates (October 2027 to September 2028), 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.</p> <p>If a breach of bank covenants occurs and is not remedied, or the Facilities expire without renewal, ASB may enforce security and sell some or all of the properties within the Property Portfolio. If the Fund was required to sell one or more properties in a forced sale process in order to repay borrowings, 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.</p> <p>Following an intentional reduction in facility limits, an additional facility of \$200,000 is forecast as being required in the year ending 31 March 2027, to fund forecast capital expenditure and other working capital requirements.</p>	<p>Given the Fund's existing conservative position, the Fund expects headroom in the Facilities, and headroom to banking covenants, for the foreseeable future. Increasing the amount of borrowings to enable the purchase of additional properties in future, or fund capital expenditure in addition to what has been budgeted, will only be undertaken if it is in the best interest of investors, including considering the effective cost of borrowing compared to the return expected from deployment of borrowed funds.</p> <p>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. 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.</p> <table border="1" data-bbox="1276 496 2051 738"> <thead> <tr> <th></th> <th>LVR</th> <th>Bank ICR</th> <th>Bank WALT</th> </tr> </thead> <tbody> <tr> <td><b>Limit per ASB</b></td> <td><b>&lt;45.0%</b></td> <td><b>&gt;2.0 times</b></td> <td><b>&gt;5.0 years</b></td> </tr> <tr> <td>31 March 2025</td> <td>27.1%</td> <td>3.2x</td> <td>11.3 years</td> </tr> <tr> <td>30 November 2025</td> <td>22.3%</td> <td>5.5x</td> <td>10.8 years</td> </tr> <tr> <td>31 March 2026</td> <td>22.6%</td> <td>5.5x</td> <td>10.5 years</td> </tr> <tr> <td>31 March 2027</td> <td>23.1%</td> <td>5.2x</td> <td>9.5 years</td> </tr> </tbody> </table> <p>The extendable nature of the Facilities help to mitigate any renewal risk, whereby the loans may be extended (subject to mutual agreement) after each 12-month period, 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 lead time to make alternative loan arrangements. Where required, the Fund may also be able to source funding from related parties to assist with temporary shortfalls in cash flow that may arise.</p>		LVR	Bank ICR	Bank WALT	<b>Limit per ASB</b>	<b>&lt;45.0%</b>	<b>&gt;2.0 times</b>	<b>&gt;5.0 years</b>	31 March 2025	27.1%	3.2x	11.3 years	30 November 2025	22.3%	5.5x	10.8 years	31 March 2026	22.6%	5.5x	10.5 years	31 March 2027	23.1%	5.2x	9.5 years
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<p><b>Manager's assessment of likelihood of circumstance arising</b></p>	<ul style="list-style-type: none"> <li>Low likelihood of a circumstance arising with a material adverse impact on the Fund.</li> </ul>																								
<p><b>Manager's assessment of the impact, were the circumstance to arise</b></p>	<ul style="list-style-type: none"> <li>Potentially significant impact on asset allocation, investor returns and the value of Units.</li> </ul>																								

## 7.6 UNIT LIQUIDITY RISK

Manager's assessment of nature and magnitude	Mitigating factors
<p>There is currently no established market for trading in Units, nor will Units be listed on any securities exchange.</p> <p>Under the Trust Deeds, redemptions remain at the Manager's discretion. The Manager currently has no planned windows for permitting redemptions, and considers it would not be in the best interests of Unitholders generally to permit redemptions currently. 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 Property Portfolio and ensuring the Fund has sufficient working capital to fund distributions.</p> <p>As the Fund's Property Portfolio comprises inherently long-term investments that are not considered liquid (they cannot readily be converted into cash), 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.</p> <p>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 using the secondary matching service, provided there is 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.</p>	<p>The Manager understands that circumstances change over time, and that Unitholders may wish to sell their Units. To support this, the Manager may from time to time provide a secondary market matching service, utilising its database of investors to connect investors looking to acquire Units with those wishing to sell.</p> <p>The service operates on a queue system, where sales are matched based on when investors agree to sell their Units. As such, the time it takes to find a buyer can vary, depending on the number of sellers in the queue and the level of demand. Market conditions and other macroeconomic factors may also influence the availability of buyers or sellers in the secondary market.</p> <p>In cases of exceptional medical or compassionate grounds, the Manager has a financial hardship policy in place to prioritise (in the matching service queue) the sale of Units (up to a value of \$50,000). All applications under this policy require approval from the Supervisor.</p> <p>There is, however, no guarantee that the matching service will be available or that sufficient demand or liquidity will exist to allow for the sale of Units at any given time, or within a specific timeframe or price range.</p> <p>Should redemptions be offered in future, the Fund expects to maintain a relatively low LVR that may allow for additional funds to be borrowed to support redemptions, if necessary.</p>
<p><b>Manager's assessment of likelihood of circumstance arising</b></p>	<ul style="list-style-type: none"> <li>· A sale on the secondary market matching service cannot be guaranteed, and a buyer for the Units may not be available.</li> <li>· Currently redemptions are not available, and in the short term it is highly likely that redemptions will not be available.</li> <li>· In the longer term (greater than two years), there is a moderate likelihood that redemptions will not be available. 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.</li> </ul>
<p><b>Manager's assessment of the impact, were the circumstance to arise</b></p>	<ul style="list-style-type: none"> <li>· 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 that Units cannot be disposed by a Unitholder, or that Units are disposed of below expected value.</li> </ul>

## 7.7 TAXATION RISK

Manager's assessment of nature and magnitude	Mitigating factors
<p>The Fund is a multi-rate PIE and expects to be a multi-rate PIE 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.</p> <p>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.</p>	<p>The Fund and Manager have processes in place to ensure investor and investment limits are not breached. The Fund has external advisers that have advised the Manager on its establishment, and provide ongoing advice as required to ensure active monitoring of the taxation landscape in respect of the Fund.</p> <p>Further, given the Fund's size, number of investors, and intent to continue distributing all of its taxable income to investors, the risks of breaching many of the PIE eligibility requirements have been significantly reduced.</p>
<p><b>Manager's assessment of likelihood of circumstance arising</b></p>	<ul style="list-style-type: none"> <li>· Low.</li> </ul>
<p><b>Manager's assessment of the impact, were the circumstance to arise</b></p>	<ul style="list-style-type: none"> <li>· Potentially significant impact on investor returns.</li> </ul>

## 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 the Target Equity Raise is achieved.

### 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.

<b>Manager and associated persons' fees (estimated)</b>	
Property acquisition fee	\$80,000
Underwriting commitment fee	\$150,000
Legal fees – internal	\$9,000
Contribution fee	\$300,000
<b>Offer costs payable to the Manager and associated persons</b>	<b>\$539,000</b>
<b>Other persons' fees (estimated)</b>	
Marketing costs	\$160,000
Legal fees – external	\$73,000
Due diligence fees	\$88,000
Financial, administrative and contingency costs	\$75,000
Supervisor's fees	\$5,000
<b>Offer costs payable to other persons</b>	<b>\$401,000</b>
<b>Total Offer Costs of the Fund (estimated)</b>	<b>\$940,000</b>
<b>As a percentage of Target Equity Raise (estimated)</b>	<b>6.27%</b>

- 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 1.25% 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 5,150,000 Units, for which it will charge a 3.00% fee on the value of underwritten Units. The underwriting commitment is documented 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. **Marketing costs:** The external costs payable for designing this PDS, producing advertisements in relation to the Offer, marketing the Offer, and the costs associated with preparing this PDS.

- e. **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. Holland Beckett: settlement of the purchase of the Acquisition Property, including registration of the mortgage and transfer on settlement;
  - iii. General Counsel: PMG's in-house legal counsel, on the instruction of the Manager, has provided services to the Fund relating to legal due diligence on the Acquisition Property, negotiation of the sale and purchase agreement for the Acquisition Property, and all attendances in relation to preparation of the Underwriting Agreement; and
  - iv. 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.
- f. **Due diligence fees:** The external costs for technical due diligence, valuation, and other due diligence costs and disbursements associated with the Acquisition Property and the Offer.
- g. **Financial, administrative and contingency costs:** Fees are payable to KPMG New Zealand for review of the prospective financial information of the Fund (limited assurance engagement), support with disclosure of taxation matters in the PDS, and a third-party provider for 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.
- h. **Supervisor's fees:** The fees payable to the Supervisor reflect an establishment fee related to the Offer calculated on a time and attendance basis (as notified by the Supervisor to the Manager from time to time).

17 Catherine McLean Road, Pukekohe, Auckland



## 8.2 AGGREGATED FEES AND EXPENSES

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.

Year ending 31 March	Actual			Prospective	
	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
<b>Fees and expenses charged by the Manager and associated persons</b>					
Property Management Fee	\$32,000	\$33,000	\$42,000	\$50,000	\$57,000
Fund Management Fee	\$201,000	\$212,000	\$223,000	\$257,000	\$284,000
Property Project Fee	\$4,000	\$11,000	\$1,000	-	-
Legal fee – PMG’s General Counsel	-	-	-	\$21,000	\$1,000
Other property transaction fees	\$134,000	\$57,000	-	\$102,000	-
Non-offer related costs	\$371,000	\$313,000	\$266,000	\$430,000	\$342,000
Offer-related costs	\$604,000	-	-	\$539,000	-
<b>Sub-total fees and expenses – Manager and associated persons</b>	<b>\$975,000</b>	<b>\$313,000</b>	<b>\$266,000</b>	<b>\$969,000</b>	<b>\$342,000</b>
- As a percentage of closing NAV	2.35%	0.77%	0.65%	1.76%	0.62%
<b>Fees and expenses charged by other persons</b>					
Property operating expenditure	\$541,000	\$607,000	\$661,000	\$912,000	\$881,000
Property capital expenditure	\$129,000	\$312,000	\$43,000	\$168,000	\$247,000
Auditor’s fees	\$29,000	\$25,000	\$30,000	\$32,000	\$33,000
Supervisor’s fees	\$21,000	\$21,000	\$21,000	\$23,000	\$27,000
Other overhead expenditure	\$100,000	\$79,000	\$112,000	\$129,000	\$151,000
Interest and other funding expense	\$656,000	\$709,000	\$984,000	\$1,046,000	\$868,000
Other property transaction fees	\$148,000	\$72,000	\$38,000	\$49,000	-
Non-offer related costs	\$1,624,000	\$1,825,000	\$1,889,000	\$2,359,000	\$2,207,000
Offer related costs	\$253,000	-	-	\$401,000	-
<b>Sub-total fees and expenses – Other</b>	<b>\$1,877,000</b>	<b>\$1,825,000</b>	<b>\$1,889,000</b>	<b>\$2,760,000</b>	<b>\$2,207,000</b>
- As a percentage of closing NAV	4.53%	4.48%	4.61%	5.01%	4.00%
<b>Total fees and expenses charged</b>	<b>\$2,852,000</b>	<b>\$2,138,000</b>	<b>\$2,155,000</b>	<b>\$3,729,000</b>	<b>\$2,549,000</b>
- As a percentage of closing NAV	6.89%	5.25%	5.26%	6.77%	4.62%

- 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. Currently, the Manager is entitled to the following management fees:
  - i. a fund management fee equal to 0.40% per annum of the value of the Fund’s Property Portfolio.
  - ii. a property management fee equal to 1.00% of the gross annual rental of the Fund’s Property Portfolio.
- b. **Manager performance fee:** The Manager is entitled to a performance fee equivalent to 20% 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](http://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.

In practice, 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 and has been approximately \$1.16 per Unit since March 2022. 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.

c. **Property transaction fees:** The Manager is entitled to:

- i. **Acquisition fee:** on acquisition of a new property investment by the Fund, a fee of 1.25% of the acquisition price of the property investment, or \$50,000 (whichever is the greater).
- ii. **Disposal fee:** on disposal of a property held by the Fund, a fee of 1.00% of the sale price for the property.
- iii. **Development fee:** if the Fund acquires a property where a development is being undertaken (whether under contract with the Manager or by a third party), the Manager will be entitled to charge the Fund, and retain for its own use, a fee of \$50,000. The fee will become payable on completion of the development.
- iv. **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 an 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.
- v. **Project management fee:** if refurbishment is undertaken on an existing property held by the Fund, a fee equal to 5.00% of the costs may be charged, provided that those costs exceed \$50,000; and
- vi. **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. **Termination fee:** If the Manager is removed as manager of the Fund, the Manager is entitled to a sum equivalent to the fees under Section 8.2(a)(i) and (ii) (fund and property management fees) for the last full financial year preceding the removal as a termination fee.

e. **Supervisor's fees:** The Supervisor is entitled to:

- i. an annual base fee based on the Net Asset Value (NAV) of the Fund. The fee is subject to a minimum annual fee of \$20,000 and a maximum annual fee of 0.05% of the NAV of the Fund; and
- ii. special fees, in amounts agreed with the Manager on a time and attendance basis, for any services provided by the Supervisor of an unusual or onerous nature outside of the Supervisor's regular services. Special fees may also be charged for the acquisition of additional assets by the Fund.

f. **Recovery of expenses:** The Manager and Supervisor are entitled to be reimbursed by the Fund 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 Trust Deeds.

- g. **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.
- h. **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 2 of the Amended and Restated Establishment Deed, the Manager is entitled to charge the Fund, and retain for its own use, such fees for those works calculated at a "time and attendance" market rate, as approved by Unitholders.
- i. **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.
- j. **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 including sustainability features.

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 OFR14004, and also in the Trust Deeds.

### 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 (subject to the Fund's minimum holding requirements). A fee of 1.50% plus GST if any is payable when using this service. This excludes any associated costs such as legal and professional adviser fees.

Information regarding the secondary market matching service is set out in Section 4.3 *How Can I Withdraw My Investment From The Fund*.

**There is no guarantee that this matching service will be available or that sufficient demand or liquidity will exist to allow for the sale of Units at any given time, or within a specific timeframe or price range.**

The Manager is not a financial advice provider, does not provide any recommendations in relation to buying or selling Units, and does not handle investor funds in relation to secondary transfers.

**Redemption Fee:** The Manager, in its discretion, has decided to not redeem any Units at this time. Should redemptions occur, the Manager's current policy is that no fee will be charged directly to investors (a redemption break fee payable by the redeeming Unitholder may, however, apply, as documented in Section 4.3 *How Can I Withdraw My Investment From The Fund?*).

If Units are redeemed in the future, the Manager reserves the right to change this policy and charge the redemption break fee to investors for facilitating redemptions.

## 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. 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>.

Current PIRs are listed in the table in this section. 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 Manager may be required to close your account and repay the balance of your investment. If you do not tell the Fund 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 and pay any resulting tax liability.

Where the IRD considers the wrong PIR is applied, it can 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 Manager of.

An end-of-year square-up calculation will be undertaken by the IRD for NZ tax resident 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 their correct PIR (and not the investor's personal marginal tax rate). If the rate applied by the Fund 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 square-up 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 by the IRD.

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 the IRD 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 to another investor 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
<b>NZ tax resident individuals</b>	<b>See below</b>
a. Taxable income in one of the two previous tax years is \$15,600 or less; and Taxable and PIE income (less PIE losses) is \$53,500 or less	10.5%
b. Taxable income in one of the two previous tax years is \$53,500 or less; and Taxable and PIE income (less PIE losses) is \$78,100 or less	17.5%
c. If a or b do not apply	28%
<b>NZ tax resident entities</b>	<b>See below</b>
Companies (including unit trusts and PIEs)	0%
Charitable organisations	0%
Superannuation funds and trustee (excluding charitable trusts)	0%, 17.5%, 28%
<b>Non-resident investors</b>	<b>28%</b>

For joint investments by Unitholders, including by partnerships, or unincorporated societies, the investment in the Fund will be split based on the respective holders' share of the investment, and each holder should notify the Fund of their IRD number and correct PIR using the table above.



# 10. ABOUT THE MANAGER AND OTHERS INVOLVED IN PMG DIRECT CHILDCARE FUND

## 10.1 ABOUT THE MANAGER

The Fund is managed by the Manager (PMG Property Funds Management Limited). As one of New Zealand's most established unlisted licensed property fund managers, the Manager has been shaping the commercial property landscape since 1992.

Managing over \$600 million of investor funds, the Manager also manages a property portfolio exceeding \$950 million, which includes large-scale industrial properties, Green Star and NABERSNZ-rated office buildings, large format retail assets, and early childhood education centres across New Zealand.

The Manager's purpose is to create value and security for people in property, helping New Zealanders achieve financial freedom. Renowned for stability, continuity, and performance, the Manager prioritises fostering relationships and promoting sustainability in the unlisted property sector, while targeting sustainable returns for its investors over time.

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](http://www.pmgfunds.co.nz), including the contact details for the Manager, summarised in Section 14 *Contact Information*.

## 10.2 WHO ELSE IS INVOLVED?

	Name	Role
<b>Supervisor</b>	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.
<b>Custodian</b>	PMG Direct Childcare Fund Trustees Limited	The Custodian is a wholly-owned subsidiary of the Supervisor. PMG Direct Childcare 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.
<b>Unit Registrar</b>	Appello Services Limited	The Registry holds the details of all Unitholders and manages distributions and some communications to Unitholders.



3 School Road, Wellsford, Auckland

## 11. HOW TO COMPLAIN

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A complaint about your investment may be made through our Feedback and Complaints page on our website at <https://www.pmgfunds.co.nz/complaints>, or alternatively by contacting the below parties as applicable:

### **The Manager**

#### **The Chief Executive Officer**

Refer to contact details provided in Section 14 *Contact Information*.

### **The Supervisor**

#### **Covenant Trustees Services Limited**

Refer to contact details provided in Section 14 *Contact Information*.

### **Dispute Resolution Scheme**

#### **Financial Dispute Resolution Service**

PO Box 2272  
Wellington 6140

Phone 0508 337 337  
Email: [enquires@fdrs.org.nz](mailto:enquires@fdrs.org.nz)  
Web: [www.fdrs.org.nz](http://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 SCH12951.

A copy of the information on the Disclose Register is available on request to the Registrar (email [registrar@fspr.govt.nz](mailto: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 about 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>

Investors receive annual reports and annual audited financial statements for the Fund, as well as:

- Quarterly reports on the Fund; and
- Other communications as and when required to update you on the Fund's progress, as well as a notice stating the availability of such communications and how to subscribe, unsubscribe, or obtain copies.

This information will be made available to you, free of charge, upon a written request to the Manager at the contact details provided in Section 14 *Contact Information*.

## 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. The Application Form will be made available to you on contacting the Manager's Investor Relationships Team, who will be able to provide support completing the Application Form digitally or in paper form.

Applications from new investors must be for at least 20,000 Units and in multiples of 10,000 Units thereafter. Applications from existing investors in the Fund must be for at least 10,000 Units and in multiples of 10,000 Units thereafter. Completed and signed digital Application Forms will be collated by the Manager. Any paper forms must be scanned and forwarded via email to [invest@pmgfunds.co.nz](mailto:invest@pmgfunds.co.nz), or alternatively sent via post to the Manager at the contact details provided in Section 14 *Contact Information*.

Completed application forms are to be received no later than 5:00pm on 24 November 2025 (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 to be considered for acceptance.

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.

## 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 Custodian

PMG Direct Childcare Fund Trustees Limited  
c/- Covenant Trustee Services Limited  
Level 6, 191 Queen Street  
Auckland 1010

Phone: 09 302 0638

### The Supervisor

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

KPMG  
Level 2, ANZ Centre  
247 Cameron Road  
Tauranga 3110

Phone: 07 578 5179

### Tax Adviser

KPMG  
Level 2, ANZ Centre  
247 Cameron Road  
Tauranga 3110

Phone: 07 578 5179

30 Tuhikaramea Road, Dinsdale, Hamilton



## 15. GLOSSARY

Term	Interpretation
<b>\$</b>	New Zealand Dollars, rounded to the nearest \$1,000 unless indicated otherwise.
<b>Acquisition Property</b>	The Westgate Property.
<b>Adjusted NAV</b>	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 three years from the date of each equity issuance. The relevant adjustments are set out in Schedule 4 of the Amended and Restated Establishment Deed, and provided in the Other Material Information Document found on the Disclose Register.
<b>AFFO</b>	Adjusted Funds From Operations, being net profit before tax, after subsequently reversing the following items (if applicable): <ol style="list-style-type: none"> <li>unrealised changes in the value of the Property Portfolio</li> <li>realised gains and losses on the disposal of properties from the Property Portfolio;</li> <li>unrealised changes in the value of derivative financial instruments; and</li> <li>performance fees payable to the Manager.</li> </ol>
<b>Amended and Restated Establishment Deed</b>	The establishment deed between the Manager and the Supervisor dated 18 September 2020 (which replaced the original Establishment Trust Deed dated 4 July 2017) plus any subsequent amendments.
<b>Applicant</b>	An investor submitting an application form for Units under the Offer.
<b>Application</b>	An application to subscribe for Units under the Offer.
<b>Application Form</b>	The application form associated with this PDS that must be completed to subscribe for Units under the Offer (either physical or digital).
<b>Bank</b>	ASB Bank Limited, the lender providing the Fund's bank facilities.
<b>Bank ICR</b>	Similar ratio to the Interest Cover Ratio, but applied by the Bank in assessing bank covenant compliance. The ratio differs in definition from the Interest Cover Ratio as it is based on projected net rental income divided by projected interest costs.
<b>Bank WALT</b>	Similar measure to the WALT, but applied by the Bank in assessing bank covenant compliance.
<b>Beachlands Property</b>	The property situated at 17a Bell Road, Beachlands, Auckland.
<b>BKBM</b>	Bank Bill Market, the reference rate for floating interest on bank borrowings.
<b>Blenheim Property</b>	The property situated at 25 Spitfire Drive, Burleigh, Blenheim.
<b>Companies Office</b>	The New Zealand government agency responsible for the administration of corporate body registers.
<b>CPI</b>	Consumer Price Index.

Term	Interpretation
<b>Custodian</b>	PMG Direct Childcare Fund Trustees Limited, an entity wholly owned by the Supervisor that holds the Property Portfolio for the Fund on trust, on behalf of the Unitholders of the Fund, subject to the Trust Deeds, the FMCA, and any other applicable legislation.
<b>Dinsdale Property</b>	The property situated at 30 Tuhikaramea Road, Dinsdale, Hamilton.
<b>Disclose Register</b>	Register of key documents pertaining to a scheme or an offer, accessed via <a href="https://disclose-register.companiesoffice.govt.nz">https://disclose-register.companiesoffice.govt.nz</a> .
<b>Distribution Payout Ratio</b>	Gross distributions declared divided by AFFO for a relevant period.
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation.
<b>ECE</b>	Early Childhood Education.
<b>Existing Properties</b>	Property investments currently held by the Fund prior to the acquisition of the Acquisition Property.
<b>Flat Bush Property</b>	The property situated at 58 Ormiston Road, Flat Bush, Auckland.
<b>FMA</b>	Financial Markets Authority.
<b>FMCA</b>	Financial Markets Conduct Act 2013.
<b>Fund</b>	PMG Direct Childcare Fund.
<b>Gearing Ratio</b>	The Fund's total interest-bearing liabilities as a proportion of the Fund's total assets at a point in time.
<b>Glen Innes Property</b>	The property situated at 6-8 Merfield Street, Glen Innes, Auckland.
<b>Gross Asset Value</b>	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. Full definition available in the Master Trust Deed.
<b>Gross Distribution per Unit</b>	The annualised gross amount distributed per Unit before tax.
<b>GST</b>	Goods and Services Tax.
<b>Gulf Harbour Property</b>	The property situated at 130 Pinecrest Drive, Gulf Harbour, Auckland.
<b>IEP</b>	Initial Evaluation Procedure (now superseded by an ISA).
<b>Interest Cover Ratio</b>	A multiple of the Fund's EBITDA, less unrealised gains, plus unrealised losses, compared to the Fund's interest expense.
<b>Invercargill Property</b>	The property situated at 167 Bill Richardson Drive, Avenal, Invercargill.
<b>ISA</b>	Initial Seismic Assessment.
<b>LVR</b>	Loan-to-value ratio, being the total bank borrowings as a percentage of the sum of the latest independent valuations of the properties in the Property Portfolio.
<b>Manager</b>	PMG Property Funds Management Limited.
<b>Manager Performance Benchmark</b>	Average 10-year Government bond yield (as published by the Reserve Bank of New Zealand) plus 6%.

Term	Interpretation
<b>Master Trust Deed</b>	The Master Trust Deed between the Manager and the Supervisor dated 28 October 2016.
<b>Maximum Equity Raise</b>	25,770,000 Units (\$24,996,900).
<b>Minimum Equity Raise</b>	5,150,000 Units (\$4,995,500).
<b>MIS</b>	Managed Investment Scheme.
<b>NAV</b>	Net Asset Value, being the Gross Asset Value of the Fund as at the relevant date 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 4 of the Amended and Restated Establishment Deed.
<b>NBS</b>	New Building Standard.
<b>NLA</b>	Net Lettable Area, the floor area of a property available to be leased, stated approximately in square metres.
<b>Net Rental Income</b>	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.
<b>Occupancy</b>	Approximate leased area expressed as a percentage of NLA, rounded to the number of decimal places shown.
<b>OCR</b>	Official Cash Rate.
<b>Offer</b>	An offer of Units pursuant to this PDS.
<b>Offer Closing Date</b>	24 November 2025. The Manager reserves the right to close the Offer before this date, or to extend this date.
<b>Offer Opening Date</b>	3 November 2025, or such other date that the Fund may determine that falls at least five working days after the date the PDS is registered.
<b>Offer Information</b>	The PDS and all entries on the Offer Register relating to this Offer.
<b>Offer Costs</b>	The costs associated with the Offer, including costs related to the acquisition of the Acquisition Property.
<b>Offer Price</b>	\$0.97 per Unit.
<b>Offer Register</b>	The register containing information on the Offer available at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> , Offer Number OFR14004.
<b>PDS</b>	This document – the product disclosure statement for the Offer registered on or about 24 October 2025.
<b>PIE</b>	Portfolio Investment Entity.
<b>PIR</b>	Prescribed Investor Rate.
<b>PMG</b>	The group of companies with the ultimate New Zealand holding company of PMG Group Limited.
<b>Property Portfolio</b>	The property investments owned by the Fund at a point in time, including the Existing Properties and the Acquisition Property.

Term	Interpretation
<b>Pukekohe Property</b>	The property situated at 17 Catherine McLean Road, Pukekohe, Auckland.
<b>Red Beach Property</b>	The property situated at 145 Hibiscus Coast Highway, Red Beach, Auckland.
<b>Registrar</b>	The Registrar of Financial Service Providers appointed under Section 35 of the Financial Service Providers (Registration and Dispute Resolution) Act 2008.
<b>Rolleston Property</b>	The property situated at 14 Learners Road, Rolleston, Christchurch.
<b>Settlement Date</b>	The date the Offer is due to settle, being 28 November 2025.
<b>SIPO</b>	Statement of Investment Policies and Objectives.
<b>Sqm</b>	Square metre(s), estimated on a 'more or less' basis.
<b>Supervisor</b>	Covenant Trustee Services Limited.
<b>Takanini Property</b>	The property situated at 15 Castlepoint Avenue, Takanini, Auckland.
<b>Target Equity Raise</b>	15,460,000 Units (\$14,996,200).
<b>Trentham Property</b>	The property situated at 70 Ward Street, Trentham, Upper Hutt.
<b>Trust Deeds</b>	The Master Trust Deed and the Amended and Restated Establishment Deed.
<b>Underwriting Agreement</b>	The agreement between the Manager and the Fund dated 24 October 2025 where the Manager has agreed to subscribe for up to 5,150,000 of the Units being offered under the Offer.
<b>Unitholder(s)</b>	Parties owning Units in the Fund.
<b>Unit(s)</b>	Units in the Fund.
<b>WALT</b>	Weighted Average Lease Term of lease arrangements (occupied lettable areas only), based on initial expiry date.
<b>Wellsford Property</b>	The property situated at 3 School Road, Wellsford, Auckland.
<b>Westgate Property</b>	The Acquisition Property at 3 Pua Street, Westgate, Auckland.



## PMG Direct Childcare Fund

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E: [invest@pmgfunds.co.nz](mailto:invest@pmgfunds.co.nz)  
[pmgfunds.co.nz](http://pmgfunds.co.nz)

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