

# OTHER MATERIAL INFORMATION RELATING TO AN OFFER OF UNITS IN PMG DIRECT CHILDCARE FUND

Issuer: PMG Property Funds Management Limited  
Scheme: PMG Direct Childcare Fund  
Scheme Reference: SCH12951  
Related to Offer: OFR14004

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

Except where the context provides otherwise, a capitalised term in this document has the same meaning given to that term in the PDS.

Except where presentation suggests otherwise, monetary amounts are presented in New Zealand Dollars, rounded to the nearest thousand.

This document must be read alongside the PDS.

**Dated: 24 October 2025**

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## Other Risks

Risks relevant to the PDS, but not considered the most significant risks, are summarised below. This list is not exhaustive and other risks may exist in relation to the Fund.

### Capital Expenditure Risk

*Nature and magnitude:* The Fund will incur capital expenditure on the Property Portfolio from time to time. A total capital expenditure allowance (excluding any property transaction fees charged by the Manager and any costs associated with the acquisition of the Acquisition Property, the Beachlands Property and the Wellsford Property) of \$415,000 has been allowed for in the two years to 31 March 2027, equating to approximately 0.6% of the valuation of the Property Portfolio at Settlement Date. Material individual items of capital expenditure are not expected in the prospective financial years to 31 March 2027 based on the current condition of the Existing Properties and the Acquisition Property. However, unbudgeted work may be required for several reasons, including upgrading or adjusting lettable areas on a change of lease arrangements to assist with leasing space, undertaking structural repairs and related work to meet new requirements resulting from changes to current regulations and standards, or because general capital improvements are required or desired. The Fund may not be able to recover all, or any, of this expenditure from tenants, which may have an adverse effect on the Fund's performance and funding risk.

*Mitigation strategies:* The Manager will minimise risk associated with future capital expenditure projects as they arise, using certified professional experts in assessing specific capital expenditure requirements associated with each property. The Manager has procurement processes in place to budget for and monitor capital works as they progress, holding contractors to account in their provision of services to expected standards. The Fund also acquires new or recently-built or refurbished ECE centres, which typically reduces the likelihood and magnitude of capital expenditure requirements for the foreseeable future.

*Manager's assessment of likelihood of circumstances arising:* Low likelihood of a material, unbudgeted item of capital expenditure in the forecast periods.

*Manager's assessment of impact were the circumstances to arise:* Potentially moderate impact on the valuation of the Fund's property investments, total borrowings, level of gearing, and the value of the Fund's Units. The level of impact will be dependent on the quantum of unexpected capital costs.

### Dilution Risk

*Nature and magnitude:* If the Manager of the Fund seeks to raise further capital in future, the relative unit holding of unitholders of the Fund may be diluted when a unitholder is not able or willing to subscribe for further Units in the Fund if offered.

*Mitigation strategies:* It is intended that existing unitholders of the Fund will be provided the opportunity to participate in future capital raising activity on the same terms as other potential investors, providing investors with the opportunity to mitigate dilution risk. It is also intended that any future capital raising will be undertaken at the fair market value of the Fund at the time, and such capital raising should therefore not impact the value per unit of existing Units on issue.

*Manager's assessment of likelihood of circumstances arising:* High likelihood of further capital being raised. Low likelihood of capital being raised but not offered to existing investors first, or that capital being raised adversely impacts the value of existing Units on issue.

*Manager's assessment of impact were the circumstances to arise:* Low impact anticipated on investors. Where a capital raising is made available to existing investors, the investor can mitigate dilution risk should they have available capital they are willing to commit.

## Damage or Destruction Risk

*Nature and magnitude:* There are risks of damage or destruction to the properties in the Property Portfolio, and any other properties which are added to the Fund's Property Portfolio, by fire, earthquake, or other event. Such events may result in a required outlay of capital expenditure to repair or reinstate the damaged or destroyed property, the loss of rental income while the damaged or destroyed property is being repaired or reinstated, or, if the tenant terminates the lease and the Fund is unable to find a suitable replacement tenant, vacancy of the property. These factors could impact on funds available for distribution to unitholders, the value of Units, bank funding, and overall unitholder returns.

*Mitigation strategies:* The Manager ensures that the Fund's Property Portfolio has comprehensive insurance cover, including consequential loss of rental cover. This is a further requirement of the terms of bank funding arrangements.

*Manager's assessment of likelihood of circumstances arising:* Moderate likelihood of damage to a property at some point in time, very low likelihood of material damage or destruction to an uninsured property.

*Manager's assessment of impact were the circumstances to arise:* Any damage or destruction to insured property is expected to only have a low impact on the Fund (including distributions to investors and the value of Units in the Fund). If the length of time to recommence rental income from a property significantly exceeds any insurance coverage period, the impact on investor returns could be moderate to significant (depending on the rental income generated from the relevant property in the context of the overall Property Portfolio). The impact would be elevated if insurance coverage lapsed or was not in place due to unforeseen circumstances.

## Management Related Risks

*Nature and magnitude:* The Manager has been appointed as property and fund manager for the Fund, pursuant to the Trust Deeds. The Manager may not perform effective services for the Fund, to the detriment of investor returns and the value of Units in the Fund. The Manager is also able to terminate its engagement as manager upon 12 months' notice.

The Fund does not have the resources to manage the properties and the Fund itself and would need to engage another manager to do so on their behalf. There is a risk that the Fund may not be able to find a suitable manager, and/or will need to pay higher management fees than those applicable under the Trust Deeds, which could have an adverse effect on fund performance and investor returns.

*Mitigation strategies:* The Manager can be removed as manager if a special resolution of unitholders resolves to remove the Manager from its role with the Fund, to protect investors from ongoing poor levels of fund management as perceived by investors. It is likely that if the Manager ceased to manage the Fund on this basis, a replacement manager would be identified prior to the termination of the Manager.

The Manager established the Fund, has formulated the strategy for the Fund, and the Manager (and its related parties) may also be invested in the Fund. The management of the Fund is inherently valuable to the Manager. Given this relationship, it is considered highly unlikely that the Manager will voluntarily terminate their management role with the Fund without an appropriate plan for onward transition that is in the best interest of investors.

*Manager's assessment of likelihood of circumstances arising:* Low.

*Manager's assessment of impact were the circumstances to arise:* A potentially significant impact on the Fund and investor returns if the Manager fails to perform its duties adequately and effectively. An expected low impact if the management arrangement is terminated in accordance with the Trust Deeds in a timely manner.

## Property Market Risk

*Nature and magnitude:* The Property Portfolio is concentrated in early childcare education sector properties. Property market conditions and fluctuations in supply and demand for these kinds of properties will affect the value of the Property Portfolio and will affect the Fund's rental income, costs, and other underlying property fundamentals. The Fund is reliant on the Property Portfolio to provide a return to investors. A change in the New Zealand economy may result in unitholders not receiving the forecast return, and may result in investors not being able to recoup some or all of their original investment. Any impact from this risk will not be offset by exposure to other classes of assets.

*Mitigation strategies:* The Manager's mitigation strategy is to continue to diversify by property, suburb, region and tenant, to reduce the impact of changes in the New Zealand economy and property market (charts illustrating the level of Property Portfolio diversification are set out in the PDS at Section 2 *What PMG Direct Childcare Fund Invests In*).

*Manager's assessment of likelihood of circumstances arising:* Very high likelihood of market and economic fluctuation over time. Moderate likelihood of material, adverse changes in the short term (0-2 years).

*Manager's assessment of impact were the circumstances to arise:* Potential impact of property market and general economic fluctuation on both investor returns, and the value of Units in the Fund could range from low to significant at a given point in time. Over a long time-horizon (greater than five years), the potential overall impact on investor returns and the value of Units in the Fund is expected to be low to moderate but is inherently uncertain.

## Strategic Risk

*Nature and magnitude:* The Fund intends to achieve greater scale through the addition of further property investments with complementary characteristics to the current Property Portfolio that the Manager believes will help the Fund to meet its investment objectives. Such investment will consider increasing diversification in areas such as location (suburb, region) and tenant (number and sector exposure). The only income generating assets of the Fund at Settlement Date are expected to be fourteen directly held commercial properties focussed on the early childhood education (**ECE**) sector.

There is no certainty that additional properties for the Property Portfolio will be sourced that reduce the Fund's reliance on any single property or tenant, and there is currently no ability for the Fund to invest in other property sectors beyond ECE.

*Mitigation strategies:* The Manager has experienced investment and fund management professionals with a proven track record of acquisitions that have performed for both the Fund and other funds managed by the Manager. The Manager believes that additional property can continue to be sourced without detriment to investor returns, provided sufficient capital or borrowings are available to fund such acquisitions.

*Manager's assessment of likelihood of circumstances arising:* The likelihood of the Fund not being able to obtain suitable additional property investments in the short to medium term (0-5 years) is considered low.

*Manager's assessment of impact were the circumstances to arise:* If the Fund is not able to obtain further suitable property investments, further diversification by the Fund would be limited. The smaller the level of diversity in the Fund's assets, the greater the potential variability in investor returns over time. The impact of no further diversification is expected to be low.

## Manager's 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**), as disclosed in the PDS Section 8.2 *Aggregated Fees and Expenses*. An example calculation is provided below for information purposes only, to illustrate the calculation of the Manager Performance Fee. Actual results are likely to vary significantly from those set out in this example.

### Example Manager Performance Fee calculation (rounded where appropriate, based on hypothetical information)

#### Inputs

|  |                           |
|--|---------------------------|
| Performance hurdle factor  | 6.00% (A)                 |
| Annual average 10-year government bond yield                                 | 4.00% (B)                 |
| <b>Manager Performance Benchmark</b>   | <b>10.00% (C)=(A)+(B)</b> |
| <b>Performance Fee Multiple</b>  | <b>20.0%</b>              |
| Closing Adjusted NAV per Unit (before Manager Performance Fee, hypothetical) | \$1.03                    |
| Opening Adjusted NAV per Unit (hypothetical)                                 | \$0.97                    |
| Distributions per Unit declared during the year (Distributions per unit)     | \$0.0585                  |
| Opening Adjusted NAV of the Fund   | \$56,027,000              |
| Closing Adjusted NAV of the Fund (before Manager Performance Fee)            | \$59,493,000              |
| Manager Performance Benchmark (\$) (on Closing Adjusted NAV)                 | \$5,949,000               |
| Number of Units on Issue   | 57,760,000                |
| Manager Performance Cap (above Manager Performance Benchmark)                | 5%                        |
| Brought forward surplus/(deficit) performance                                | \$Nil                     |

**Manager's Performance** for the year is calculated as:

**Formula:** 
$$\frac{(\text{Closing Adjusted NAV per Unit} - \text{Opening Adjusted NAV per Unit} + \text{Distributions per Unit})}{\text{Opening Adjusted NAV per Unit}}$$

To arrive at the dollar performance, then multiply by Closing Adjusted NAV (before Manager performance fee).

#### Example:

$$\text{Manager's Performance} = \frac{(\$1.03 - \$0.97 + \$0.0585)}{\$0.97} = 12.22\%$$

$$\text{Manager's Performance (\$)} = 12.22\% \times \$59,493,000 = \$7,268,000.$$

**The Manager Performance Fee** is calculated as:

**Formula:** 
$$((\text{Manager's Performance} - \text{Manager's Performance Benchmark}) \times \text{Closing Adjusted NAV}) \times \text{Performance Fee Multiple}$$

Or

$$(\text{Manager's Performance \$} - \text{Manager's Performance Benchmark \$}) \times \text{Performance Fee Multiple}$$

#### Example:

Manager Performance Fee =  $((12.22\% - 10.00\%) \times \$59,493,000) \times 20\% = \$264,000$  – no deficit or surplus performance to carry forward.

Or

Manager Performance Fee \$ =  $(\$7,268,000 - \$5,949,000) \times 20\% = \$264,000$  – no deficit or surplus performance to carry forward.

## Redemption pricing

Should the Fund offer redemptions, unit prices for redemptions will be determined in accordance with the Amended and Restated Establishment Deed. Redemption pricing will be derived from the Fund's NAV, adjusted for the Fund's establishment and equity issuance costs to derive Adjusted Net Asset Value (**Adjusted NAV**). Adjusted NAV is then divided by the number of Units on issue (**U**), then a redemption break fee (**BF**) and any withholding on account of taxes (**T**) are subtracted, to derive the redemption price. Put simply, for each redemption, the Manager will set a redemption price in accordance with the following formula:

$$\frac{\text{Adjusted NAV}}{U} - BF - T$$

- Adjusted NAV means the Net Asset Value\* (**NAV**), adjusted for the Fund's establishment and equity issuance costs as determined in accordance with the Amended and Restated Establishment Deed;
- U means the number of Units on issue in the Fund as at the date that NAV is calculated for the purposes of this clause;
- BF means 1.5% of the gross value of the Units subject to redemption; and
- T means any deduction or withholding on account of taxes (including without limitation on account of PIE Tax attributable to income allocated to a unitholder).

\*NAV is determined as at the end of the Fund's Financial Year nearest to the relevant redemption period or date (or another date selected by the Manager and agreed by the Supervisor). The calculation of NAV is primarily based on the most recent valuations of the properties in the Property Portfolio, less any associated liabilities of the Fund. The Fund's liabilities will include accruals for fees and expenses. This means that, given performance fees (described in greater detail in the PDS at Section 8 *What are the Fees?*) are calculated annually in arrears, if a performance fee is payable, the fee will be accrued into the calculation of NAV only at the time it is calculated.

Adjustments in calculating Adjusted NAV are included to account for the cost of the Fund's investment activity over time. Further information on the adjustments to NAV can be found in the Amended and Restated Establishment Deed.

### Example redemption pricing calculation

Below are theoretical example calculations of redemption pricing, derived from the prospective financial information associated with the PDS. It is noted that the prospective financial information does not include any prospective revaluation gains associated with property investments. The information is non-GAAP in nature, and the adjustments may not be reflected in the Fund's financial statements, prospective financial statements, or management accounts:

|  | Year ending 31 March<br>2026 | Year ending 31 March<br>2027 |
|--|------------------------------|------------------------------|
| <b>NAV per prospective statement of financial position</b> | <b>\$55,041,000</b>          | <b>\$55,128,000</b>          |
| Remaining equity raising costs to be amortised             | \$720,000                    | \$450,000                    |
| <b>Adjusted NAV</b>  | <b>\$55,761,000</b>          | <b>\$55,578,000</b>          |
| Less: Redemption spread adjustment (1.5% of adjusted NAV)  | (\$836,000)                  | (\$834,000)                  |
| <b>Sub-total</b>   | <b>\$54,925,000</b>          | <b>\$54,744,000</b>          |
| Divide: Number of Units on issue                           | 57,760,000                   | 57,760,000                   |
| <b>Redemption price per unit</b>                           | <b>\$0.95</b>                | <b>\$0.95</b>                |

The assumptions on which the example redemption price per unit is based include but are not limited to:

- It is presumed that 15,460,000 Units are issued from the Offer at a unit issue price of \$0.97.
- Other than the offer described in the PDS and the related Acquisition Property, no further capital raising, or purchases of property, have been presumed during the prospective periods.
- NAV, Adjusted NAV, and the redemption price per unit, take no account for future fair value movements beyond the dates specified in the Fund's Prospective Financial Information.
- Equity raising costs relate to the costs of the offer described in the PDS to which this document relates.

## Key Return Information

### AFFO, Distributions and the Distribution Payout Ratio

As indicated in the PDS, Section 4.4 *Distributions*, it is the Manager's current practice and future intention to declare gross distributions of approximately 100% of the Fund's adjusted funds from operations (**AFFO**) over the long term. Distributions may be below this level where cash reserves are required to pay for capital expenditure on the Property Portfolio, or to facilitate debt repayment. 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 are at the discretion of the Manager.

AFFO is calculated using the "Net profit before and after income tax, and total comprehensive income" from the historical or prospective financial statements of the Fund, after making the following adjustments to consider the Fund's investment activity. The Distribution Payout Ratio is calculated using the distributions declared divided by AFFO for the relevant period. These measures are non-GAAP measures, and the following adjustments are non-GAAP adjustments and therefore are not reflected in the Fund's historical or prospective financial statements.

| Key distribution measures<br>For the year ending                            | Actual             |                  |                  | Prospective      |                  |
|---|--------------------|------------------|------------------|------------------|------------------|
|   | 31 March 2023      | 31 March 2024    | 31 March 2025    | 31 March 2026    | 31 March 2027    |
| <b>Net profit before and after income tax (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> |
| Reversal of unrealised (gains)/losses on revaluation of investment property | 4,999,000          | 549,000          | (170,000)        | 215,000          | -                |
| Reversal of unrealised (gains)/losses on revaluation of derivatives         | 48,000             | 238,000          | 222,000          | 24,000           | -                |
| Reversal of realised (gains)/losses on disposal of investment property      | 170,000            | -                | -                | -                | -                |
| Reversal of realised (gains)/losses on disposal of derivatives              | -                  | -                | -                | -                | -                |
| Reversal of performance fees charged by the Manager                         | -                  | -                | -                | -                | -                |
| <b>AFFO</b>   | <b>1,989,000</b>   | <b>1,941,000</b> | <b>2,476,000</b> | <b>2,880,000</b> | <b>3,466,000</b> |
| Gross Distributions declared  | 1,966,000          | 1,833,000        | 2,159,000        | 2,764,000        | 3,379,000        |
| <b>Distribution Payout Ratio</b>  | <b>98.8%</b>       | <b>94.4%</b>     | <b>87.2%</b>     | <b>96.0%</b>     | <b>97.5%</b>     |

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

Earnings before interest, tax, depreciation, and amortisation (**EBITDA**) referred to in the PDS at Sections 1.7, 6.1 and 6.2 is a non-GAAP measure. The following reconciling items have been extracted from the historic and prospective financial information of the Fund and a reconciliation to GAAP information is provided below:

| For the year ending  | Actual             |                  |                  | Prospective      |                  |
|--|--------------------|------------------|------------------|------------------|------------------|
|  | 31 March 2023      | 31 March 2024    | 31 March 2025    | 31 March 2026    | 31 March 2027    |
| <b>Net profit before and after income tax (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> |
| Finance expenses   | 655,000            | 709,000          | 984,000          | 1,046,000        | 868,000          |
| Interest received  | (32,000)           | -                | (11,000)         | (1,000)          | -                |
| <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> |

Finance expenses in the case of the Fund for this calculation constitutes interest expense and any line fees on borrowings. Interest received includes income on cash deposits. This calculation specifically excludes any realised or unrealised gains on the fair value of interest rate swaps.

## Other Key Return Information

The following measures referred to in the PDS are non-GAAP measures of returns applicable to the Fund. Each measure is calculated with reference to other stated measures, divided by the weighted average Units on issue in each period. The weighted average Units on issue in each period are calculated based on the sum of the daily Units on issue in the Fund, divided by 365.

| For the year ending                        | Actual        |               |               | Prospective   |               |
|--|---------------|---------------|---------------|---------------|---------------|
|  | 31 March 2023 | 31 March 2024 | 31 March 2025 | 31 March 2026 | 31 March 2027 |
| Weighted average Units on issue            | 32,767,000    | 42,300,000    | 42,300,000    | 47,453,000    | 57,760,000    |
| <b>Net Profit/(Loss) per unit (cents)</b>  | <b>(9.85)</b> | <b>2.73</b>   | <b>5.73</b>   | <b>5.57</b>   | <b>6.00</b>   |
| <b>AFFO per unit (cents)</b>               | <b>6.07</b>   | <b>4.59</b>   | <b>5.85</b>   | <b>6.07</b>   | <b>6.00</b>   |
| <b>Gross distribution per unit (cents)</b> | <b>6.00</b>   | <b>4.33</b>   | <b>5.10</b>   | <b>5.82</b>   | <b>5.85</b>   |

All information in this section is based on, but not limited to, the following assumptions:

- All accounting policies stated in the historical financial statements and prospective financial statements of the Fund (as applicable).
- All assumptions applicable to the prospective financial information (summarised in the PDS at Section 6 *PMG Direct Childcare Fund's Financial Information*).
- No adjustments made for the Manager's consideration of required re-investment in capital expenditure programmes, redemptions, or debt repayments.
- Changes in fair value of derivative financial instruments cannot be reliably predicted, therefore no revaluations have been included in the prospective financial information beyond those known to 31 August 2025 in the actual management reporting results of the Fund.
- Property revaluations and Manager performance fees are inherently uncertain. They have not been included for the prospective financial periods ending 31 March 2027, except for revaluation of the Existing Properties at 30 September 2025, and the Acquisition Property at 30 November 2025 based on valuations received prior to the date of the PDS. Property revaluations are typically confirmed annually once the financial statements for the Fund have been audited.

## Financial Measures of the Fund's Borrowings

The Gearing Ratio, Loan-to-Value Ratio, Interest Cover Ratio and Weighted Average Interest Rate referred to in the PDS at Section 6.2 *Key Return Information for Investors and Financial Measures of the Fund's Borrowing* are non-GAAP information.

- The Gearing Ratio is the Fund's interest-bearing liabilities as a proportion of the Fund's total assets.
- The Loan-to-Value Ratio (**LVR**) is the Fund's bank borrowings as a proportion of the latest independent valuation of the Fund's properties at each reporting date.
- The Interest Cover Ratio is a multiple of the Fund's EBITDA (less unrealised gains or losses on property and derivative financial instruments) compared to the Fund's interest expense.
- The Weighted Average Interest Rate is the Fund's bank interest expense as a proportion of the Fund's weighted average bank borrowings. The Fund's weighted average bank borrowings are calculated based on the sum of the daily closing bank borrowings balance, divided by 365.

| Gearing ratio                | Actual        |               |               | Prospective   |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
|                              | 31 March 2023 | 31 March 2024 | 31 March 2025 | 31 March 2026 | 31 March 2027 |
| Interest-bearing liabilities | 10,057,000    | 15,227,000    | 15,227,000    | 16,077,000    | 16,380,000    |
| Total assets                 | 52,113,000    | 56,381,000    | 56,973,000    | 71,680,000    | 72,071,000    |
| <b>Gearing ratio</b>         | <b>19.3%</b>  | <b>27.0%</b>  | <b>26.7%</b>  | <b>22.4%</b>  | <b>22.7%</b>  |

| Loan-to-value ratio                           | Actual        |               |               | Prospective   |               |
|---|---------------|---------------|---------------|---------------|---------------|
|   | 31 March 2023 | 31 March 2024 | 31 March 2025 | 31 March 2026 | 31 March 2027 |
| Bank Borrowings                               | 10,057,000    | 15,227,000    | 15,227,000    | 16,077,000    | 16,380,000    |
| Sum of latest independent property valuations | 50,975,000    | 55,750,000    | 56,225,000    | 71,050,000    | 71,050,000    |
| <b>Loan-to-value ratio</b>                    | <b>19.7%</b>  | <b>27.3%</b>  | <b>27.1%</b>  | <b>22.6%</b>  | <b>23.1%</b>  |

| Interest Cover Ratio   | Actual             |                  |                  | Prospective      |                  |
|--|--------------------|------------------|------------------|------------------|------------------|
|  | 31 March 2023      | 31 March 2024    | 31 March 2025    | 31 March 2026    | 31 March 2027    |
| <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> |
| Unrealised (Gains)/Losses on investment property               | 4,999,000          | 549,000          | (170,000)        | 215,000          | -                |
| Unrealised (Gains)/Losses on derivatives                       | 48,000             | 238,000          | 222,000          | 24,000           | -                |
| <b>Adjusted EBITDA</b>   | <b>2,442,000</b>   | <b>2,651,000</b> | <b>3,449,000</b> | <b>3,925,000</b> | <b>4,334,000</b> |
| Interest expense   | 655,000            | 709,000          | 984,000          | 1,046,000        | 868,000          |
| <b>Interest cover ratio (Adjusted EBITDA/Interest expense)</b> | <b>3.7x</b>        | <b>3.7x</b>      | <b>3.5x</b>      | <b>3.8x</b>      | <b>5.0x</b>      |

| Weighted Average Bank Interest Rate   | Actual        |               |               | Prospective   |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                       | 31 March 2023 | 31 March 2024 | 31 March 2025 | 31 March 2026 | 31 March 2027 |
| Interest expense                      | 655,000       | 709,000       | 984,000       | 1,046,000     | 868,000       |
| Weighted average bank borrowings      | 16,015,000    | 12,204,000    | 15,227,000    | 18,174,000    | 16,178,000    |
| <b>Weighted Average Interest Rate</b> | <b>4.09%</b>  | <b>5.81%</b>  | <b>6.47%</b>  | <b>5.76%</b>  | <b>5.36%</b>  |

## Estimated Costs of the Offer

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

| Type of Cost  | Amount           | Cost paid to                      | Reason for cost and description of services  |
|---|------------------|-----------------------------------|--|
| <b>Legal Fees</b>   | \$70,000         | Simpson Grierson                  | Legal fees to Simpson Grierson for costs relating to advising on the PDS, compliance with the FMCA, offer due diligence, and attending to registration of the Offer Information.   |
|   | \$3,000          | Holland Beckett                   | Legal fees to Holland Beckett for administering the settlement of the purchase of the Acquisition Property, including registration of the mortgage, and ownership transfer on settlement.  |
| <b>Marketing Costs</b>  | \$160,000        | Various parties                   | The costs payable for designing and proofing the Offer Documents, producing and delivering advertisements, holding events in relation to the Offer, and the costs associated with preparing the PDS and associated marketing material.   |
| <b>Due Diligence Costs - Valuation Fees</b>                       | \$30,000         | Jones Lang LaSalle                | The fees payable to independent valuation experts in relation to the fair valuation of the Acquisition Property (Property Acquisition Cost) and the Existing Properties (Equity Raising Cost).   |
|   | \$25,000         | CBRE                              |  |
| <b>Due Diligence Costs - Other</b>                                | \$33,000         | Various Parties                   | Provision for other costs associated with the purchase of the Acquisition Property including technical and other due diligence.  |
| <b>Supervisor's Fees</b>  | \$5,000          | Covenant Trustee Services Limited | The fees payable to the Supervisor for their costs in relation to reviewing this PDS, other documents related to the Offer, and oversight of the due diligence on the Acquisition Property.  |
| <b>Financial, Administrative and Contingency Costs - specific</b> | \$5,000          | Financial Markets Authority       | The costs payable to the Offer Register and Financial Markets Authority on registration of the Offer Information.  |
|   | \$20,000         | KPMG New Zealand                  | Fees payable to KPMG New Zealand, in relation to performing a review engagement (limited assurance) in respect of the Fund's prospective financial information and taxation information.   |
| <b>Financial, Administrative and Contingency Costs - other</b>    | \$50,000         | Various                           | Provision for costs associated with the preparation of the Offer and associated Offer Documents, including other costs that may be incurred to complete the Offer. This also covers any potential costs of repayment of existing bank borrowings, and allowance for overage in other expense lines included above. Any costs not incurred will not be charged to the Fund. |
|   | <b>\$401,000</b> |                                   |  |

Note: The above fees are payable by the Fund. None are chargeable directly to unitholders of the Fund. Where any of these costs have previously been paid by the Manager, it will be reimbursed for those costs by the Fund.

These amounts, or a component of these amounts, are the Fund's best estimates, based on the experience and information known at the date of this PDS, but they may be subject to change based on the amounts invoiced to the Fund (and unitholders will be notified of such a change if considered material).