

Metrics stated as at 31 December 2023.

*Targeted gross cash return of the fund (annualised gross distribution in cents per share expressed as a percentage of the latest approved price).

†Excluding cash and cash equivalents.

‡May be extended with shareholder approval.

OVERVIEW

The third quarter of the financial year saw the Fund generate \$382,000 of net income before tax and unrealised fair valuation movements (AFFO). Primary drivers of AFFO for the quarter were:

- Underwriting fees from the Fund's underwriting interest in PMG Direct Office Fund's capital raise;
- Regular distribution income from the 126 Lambton Quay Partnership, and from the Fund's interests in Pacific Property Fund Limited, PMG Direct Office Fund, and PMG Direct Childcare Fund; and
- Interest income from the Fund's Term Deposits, and other funds on-call.

During the quarter, the Fund deployed approximately half of its strategically accumulated funds, with an investment into a high yielding office opportunity with value growth potential (Mahuhu Crescent LP), as well as underwriting an equity raise by PMG Direct Office Fund. These investments are expected to deliver gross returns 10% per annum or greater for the Fund.

A distribution has been declared for the quarter of 1.40 cents per share (approximately 90% of the Fund's AFFO).

INVESTMENT SPOTLIGHT

During December, the Fund deployed \$4.0m of its accumulated capital into **Mahuhu Crescent LP (LP)**, taking a 29% interest in the LP. The LP successfully settled 32-34 Mahuhu Crescent, a leasehold office building in a waterfront Auckland office precinct, from a motivated vendor. The investment is expecting to deliver quarterly distributions at the Fund's target return of 10% per annum. Following a ground lease review due in 2025, the LP is targeting a total gross return of 15% over the LP's lifetime, in excess of the Fund's target return.

The **126 Lambton Quay Partnership** (the Fund has a 26% partnership interest and total capital commitment of \$5.25m) owns an office property on sought after CBD land at 126 Lambton Quay, Wellington. This investment continues to deliver regular gross cash distribution returns of 10% per annum in accordance with strategy. The focus remains on facilitating the release of capital back to the Fund, on or around 31 March 2024 through a pre-agreed option, requiring the Developer to purchase the property back at the initial purchase price.

The Fund's \$3.0m long-term commitment in **96a Trig Road LP** (of which \$1.2m has been called to date), a greenfield land opportunity with an intent to change the use of land to light industrial over the next three to five years, continues to move forward. A private plan change application has been submitted in conjunction with a developer who owns land adjacent to the site. In addition, resource consent for yard usage is expected in the next quarter, paving the way for income generation from the LP. Issuance of the consent will trigger the remaining \$1.8m capital call for property settlement.

FUND STRATEGY

To facilitate the acquisition of quality real estate by PMG investment funds after adding value, or through providing financing arrangements on a short-term basis.

GOAL

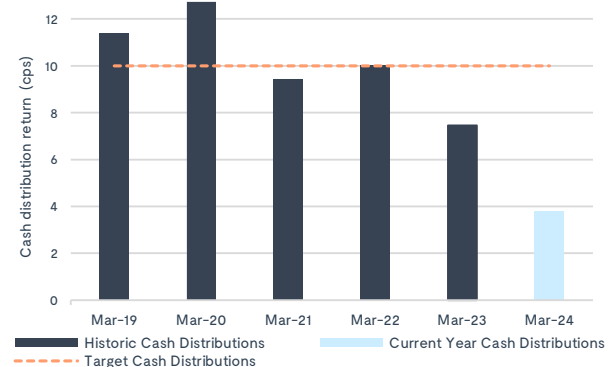
To deliver investors an internal rate of return of 10% per annum on capital contributions while enabling other PMG investment funds to raise capital and acquire real estate.

FINANCIAL SNAPSHOT

Fund share price	\$1.00
Gross cash distribution Oct-Dec 2023	1.40 cps
Gross cash distribution per 250,000 shares	\$3,500
Target annual gross cash return*	10.0%
5-year trailing gross cash return*	9.0%

*on board approved share value.

GROSS CASH RETURN



ACTUAL RETURNS

A summary of recent gross cash distributions is as follows:

Quarter	Payment Date	Distribution Amount
Ended 31 March 2023	N/A	0.00 cents per share
Ended 30 June 2023	25 July 2023	1.00 cents per share
Ended 30 September 2023	25 October 2023	1.40 cents per share
Ended 31 December 2023	25 January 2024	1.40 cents per share

CURRENT ASSET ALLOCATION

Asset Category	Target Weighting	Current Weighting 31 Dec 2023	Projected Weighting 31 Mar 2024	Comments
Direct property and joint ventures	40 – 70%	46%	54%	Investment in 126 Lambton Quay Partnership, 96a Trig Road LP & Mahuhu Crescent LP. Further call for 96a Trig Road LP expected.
Indirect property and underwriting	30 – 50%	31%	30%	Existing commitments (Pacific Property Fund Limited, PMG Direct Office Fund & PMG Direct Childcare Fund).
Short-term financing arrangements	10 – 20%	3%	11%	Funding to enable others to invest in 96a Trig Road LP. New deposit arrangement projected.
Cash and cash equivalents	0% – 10%	19%	5%	Expecting further cash to deploy on exit of the investment in 126 Lambton Quay Partnership.

OUTLOOK

The Fund continues to prudently distribute less than 100% of the Fund's net profit before tax and fair valuation movements (AFFO), given the previous reduction in value of some of the Fund's investments due to the current stage of the property cycle.

While the gross cash return is temporarily below the 10% per annum target, we remain confident that over the long-term the Fund will generate targeted levels of returns through strategic allocation of the Fund's assets over time.

The Fund has deployed more than \$5m of capital during the quarter into investments expected to generate returns in excess of 10% per annum. Alongside the above, the Fund has a reasonable amount of expected capital recycling due in the next 3 to 6 months from short-term financing arrangements and its investment in 126 Lambton Quay Partnership. As a result, the Fund is actively considering a further investment opportunity in Wellington with return expectations above the Fund's target return.

Save the date
Outlook 2024

Christchurch
6 March 2024

Wellington
7 March 2024

Auckland
12 March 2024

Tauranga
13 March 2024

Investor Relationships Team



Matt McHardy
GM Investor Relationships
matt.mchardy@pmgfunds.co.nz
021 193 4550



Rory Diver
Investor Relationships Manager
rory.diver@pmgfunds.co.nz
027 700 6979



Ben Cant
Investor Relationships Manager
ben.cant@pmgfunds.co.nz
027 700 9970



Kay Karl
Investor Relationships Support
kay.karl@pmgfunds.co.nz
07 260 0517