

<sup>^</sup>Actual gross cash return for the month ending 31 December 2023 (annualised gross distribution in cents per unit expressed as a percentage of the board approved unit price at the end of the quarter). Other metrics are stated as at 31 December 2023.  
<sup>\*</sup>A partial lease surrender at the Tuam Street Property has been committed to in October 2023, which may impact occupancy. See below.

## OVERVIEW

For the quarter ending 31 December 2023, the Fund delivered an average monthly gross distribution return of 5.78 cents per unit (cpu) per annum, with an increase to 5.85 cpu per annum, effective 1 December 2023. At this new distribution level the Fund is forecasting a yield of 6.16% per annum on the current approved unit price.

The Fund successfully launched and closed a capital raise during the quarter, with the proceeds used to reduce the Fund's level of bank borrowings, supporting distributable income and improving the Fund's balance sheet capacity. The Fund saw valuation reductions on its commercial property portfolio as part of its capital raise process, and a reduction in unit price to \$0.95.

## NOTABLE ACTIVITY

**Tuam Street Property** – With the surrender agreement for two floors successfully executed with One New Zealand during the quarter, the focus is on leasing the soon-to-be surrendered floors and preparing the property to be multi-tenanted through projects such as building services upgrades, lift access works, and a lobby upgrade.

**Portfolio improvement** – Tenancy split works are underway at the Fanshawe Street Property. These works have partially been completed in January, triggering a new lease with existing tenant Capgemini on a reduced footprint. The remainder of the space is currently undergoing a carbon-reduced turnkey fitout, to attract an additional tenant.

## OUTLOOK

Whilst property valuations remain under pressure in the current economic environment, we expect that the majority of valuation downside in the Fund's property portfolio is now reflected in the unit price. With economic commentators indicating that we'll see interest rates dropping in late 2024/early 2025, we expect that we are at or around the bottom of the economic cycle.

Our primary focus is the execution of the longer-term repositioning of the Tuam Street Property through diversifying its tenant mix. With a \$3.1m partial surrender payment from One New Zealand, the Fund has a significant buffer for a period of vacancy that may materialise from 1 April 2024.

When the Fund achieves a positive leasing outcome at the Tuam Street Property, and if interest rate declines materialise, the scope for growing distributions and property values over time will improve.

The Fund continues to explore opportunities to improve the overall quality of its property portfolio. We are focussed on strategic options for the Victoria Street Property (including alternative uses and/or sale), and utilisation of current balance sheet capacity to acquire additional assets at attractive price points.

## FUND STRATEGY

To target sound, well-located office properties in main metropolitan areas in New Zealand, which provide the opportunity to add value through leasing vacant space and proactive asset management.

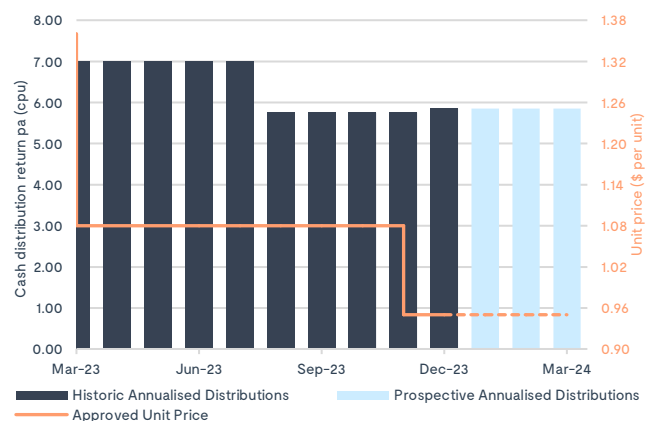
## GOAL

To grow a portfolio of quality office properties delivering sustainable cash distribution returns and growth in value over time.

## FINANCIAL SNAPSHOT

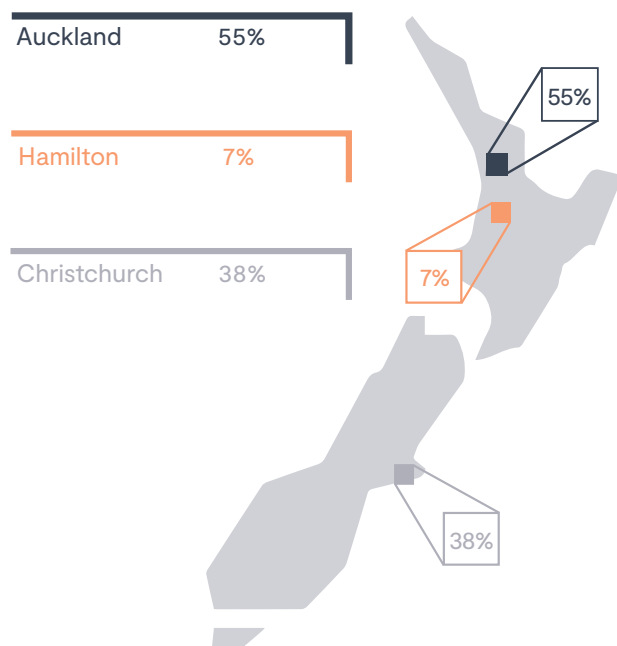
Fund unit value (effective November 2023)	<b>\$0.95</b>
Cash distribution Oct-Nov 2023 (annualised)	<b>5.75 cpu</b>
Cash distribution Dec 2023 (annualised)	<b>5.85 cpu</b>
Forecast cash distribution Jan-Mar 2024 (annualised)	<b>5.85 cpu</b>
Forecast monthly cash distribution per 100,000 units	<b>\$487.50</b>

## GROSS CASH RETURN AND UNIT PRICE

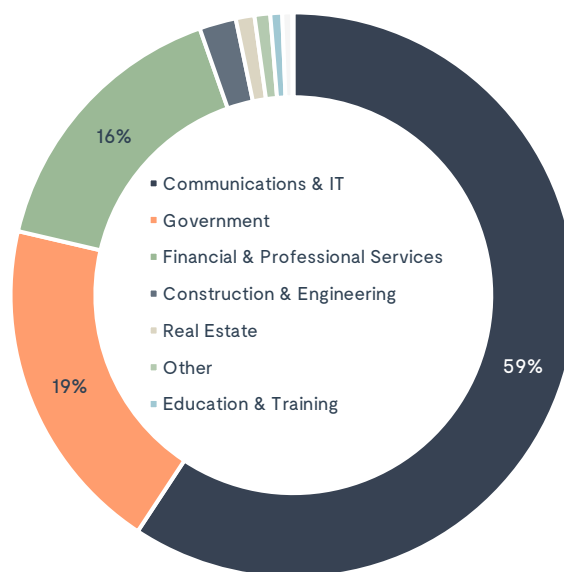


## PORTFOLIO RENTAL INCOME DIVERSIFICATION

### BY PROPERTY REGION



### BY TENANT SECTOR



## PORTFOLIO OVERVIEW AS AT 31 DECEMBER 2023

Property	Valuation	Occupancy	Tenants	Anchor Tenant	Lease Expiry
Tuam Street Property, Christchurch	\$52,000,000	100% <sup>^</sup>	1	One New Zealand	Aug-2028
Fanshawe Street Property, Auckland	\$31,000,000	100%	7	Workday NZ	Dec-2028
Main Highway Property, Auckland	\$24,300,000	100% <sup>^</sup>	2	Ministry of Justice	Jan-2033
Victoria Street Property, Hamilton	\$6,700,000	93% <sup>&gt;</sup>	7	Kiwibank	Apr-2025
<b>TOTAL</b>	<b>\$114,000,000</b>	<b>99%<sup>&gt;</sup></b>	<b>17</b>		

<sup>^</sup> During October 2023, the Fund entered a partial lease surrender agreement with One New Zealand, which may impact the occupancy of the property from 1 April 2024.

<sup>></sup> Rounded to nearest whole number, based on contractual leasing arrangements signed at 31 December 2023.

\* Includes the contractual leasing arrangement with the Ministry of Justice for the ground floor, formally commencing January 2024.

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