

\$51m
Total portfolio value



100%*
Portfolio occupancy



38%
Gearing ratio (debt/total assets)



9
Properties



8
Unique operators



12.2 yrs
Weighted Average Lease Term (WALT)

[^]Actual gross cash return for the quarter ending 30/06/2022 (annualised gross distribution in cents per unit expressed as a percentage of the board approved unit value at that date). The unit value has subsequently been updated in July 2022 to \$1.15 per unit. Other metrics are stated as at 30/06/2022.

* See overleaf.

OVERVIEW

PMG Direct Childcare Fund (the Fund) continued to deliver regular and reliable income to investors this quarter, with gross distributions of 6.00 cents per unit (cpu) per annum – a 5.56% yield on the approved unit value at 30 June 2022.

Following completion of the audited financial statements the Fund's unit price also increased to \$1.15 per unit in July 2022 – a 6.48% increase in the unit price compared to July 2021. The increase was primarily driven by the continued growth in value of the Fund's property portfolio. Based on this, and the Fund's forecast gross cash distributions, the annualised gross cash return to investors is expected to remain competitive at 5.22%.

NOTABLE ACTIVITY

Property portfolio: Child occupancy rates across the portfolio have been steadily increasing since Covid-19 lockdowns last year. Following the sale of the ECE business at the Flat Bush Property in Auckland, rent for the office space at the property has effectively been received in advance to October 2022. Alternative options for this space and the property are now being considered.

Transactions: Following the disposal of the Enderley Property in Hamilton during the quarter, the Fund was able to acquire a larger centre with higher child occupancy levels in a more desirable location in the Dinsdale suburb.

Interest rates: The Official Cash Rate (OCR) increased to 2.50% on 13 July 2022, with further increases expected in August, October and November. These increases directly impact the Fund's borrowing cost. The Fund's established hedging position continues to provide a strong buffer against rising interest rates on existing borrowings, improving the reliability of returns for investors.

OUTLOOK

The Fund continues to actively consider acquisition opportunities that support the Fund's goals including sustainable cash distribution returns, protection of investor value, and providing the potential for growth in value over the long term.

Approaching two years since the last capital raise, the Fund is considering the acquisition of multiple high quality ECE centres alongside a capital raise later this year aligned with the proposed acquisition of a property in Wellington already under contract.

With the continued rise in the rate of inflation and the related increase in the Fund's interest rate, any offer may also consider a reduction in the Fund's level of gearing to enable future growth without the requirement for a capital raise.



FUND STRATEGY

To hold and grow a portfolio of Early Childhood Education (ECE) properties, diversified by region and tenant, to achieve greater resilience of income with scale.



GOAL

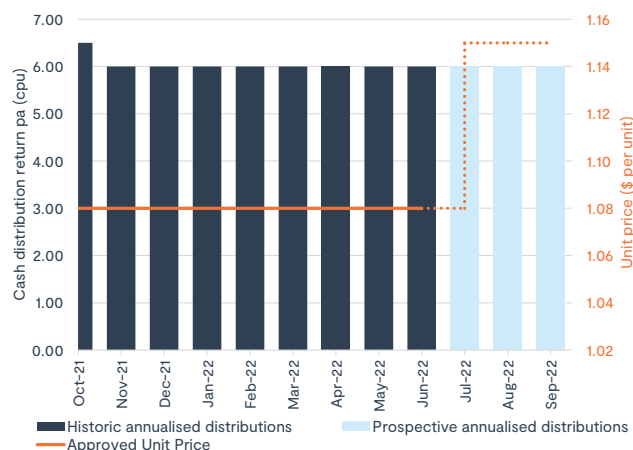
To create long-term sustainable value for our investors and the best start for the children in our communities, through the provision of quality, fit-for-purpose ECE centres across New Zealand.

FINANCIAL SNAPSHOT

Fund unit value*	\$1.08
Cash distribution Apr – Jun 2022 (annualised)	6.00 cpu
Forecast cash distribution Jul – Sep 2022 (annualised)	6.00 cpu
Forecast monthly cash distribution per 100,000 units	\$500.00

*Board approved unit price at 30 June 2022. The Fund's unit price has been updated in July 2022 to \$1.15 per unit.

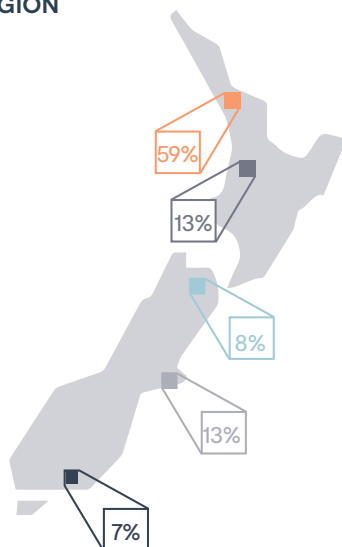
GROSS CASH RETURN AND UNIT PRICE



PORTFOLIO RENTAL INCOME DIVERSIFICATION

BY PROPERTY REGION

Auckland	59%
Hamilton	13%
Blenheim	8%
Christchurch	13%
Invercargill	7%



PORTFOLIO OVERVIEW AS AT 30 JUNE 2022

Property	Latest Valuation	Occupancy	Operator	Lease Expiry
Flat Bush Property, Auckland	\$8,250,000	100%*	Provincial Education Group	Sep 2034
Glen Innes Property, Auckland	\$6,625,000	100%	Childsteps Early Learning Centre	Oct 2035
Gulf Harbour Property, Auckland	\$5,600,000	100%	The Rainbow Corner Early Learning Centre	Mar 2036
Rolleston Property, Christchurch	\$6,425,000	100%	Education Hub	Dec 2033
Red Beach Property, Auckland	\$5,350,000	100%	Nurture Early Learning	Feb 2034
Dinsdale Property, Hamilton	\$6,700,000	100%	Little Learners	Oct 2031
Pukekohe Property, Auckland	\$4,275,000	100%	Conscious Collective	Mar 2039
Blenheim Property, Blenheim	\$3,875,000	100%	Omaka Early Learning Centre	Apr 2034
Invercargill Property, Invercargill	\$3,475,000	100%	The Rainbow Corner Early Learning Centre	Jun 2035
TOTAL	\$50,575,000	100%		

* Includes first floor office space that is physically vacant following a lease surrender, but for which rent has been received in advance to October 2022.

Investor Relationships Team and Secondary Market

If you are interested in buying, exchanging or selling shares or units in any of our funds, please get in touch with our Investor Relationships Team today. Thanks to our extensive database, we have an active secondary trade market where we match interested buyers and sellers of shares and units in our funds.



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