



Lead, Inspire and Succeed



PMG Sustainability Report

For the financial year ended 30 June 2024

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At PMG, we are committed to the principles of environmental and social responsibility. We recognise these elements as essential to building trust and strong relationships with our investors, tenants, and the communities we serve. Our proactive management initiatives and sustainability practices aim to reduce our environmental footprint while creating positive change.

By prioritising eco-friendly operations at the building level, we ensure healthier, more sustainable workplaces for future use. Our commitment provides tangible benefits, such as improved working conditions and greater energy efficiency in our buildings, enhancing the well-being and productivity of our tenants while resulting in lower operating costs in the long term. These benefits also directly support the performance of our funds and returns for our investors by driving value through increased property values over time, as well as tenant satisfaction and retention.

Scott McKenzie
CEO and Director, PMG Funds

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We work incredibly closely with all our tenants to foresee their needs and understand how we can create workspaces that attract great tenants. Our property management approach ensures that we provide not only aesthetically pleasing buildings but also healthy, sustainable ones. These spaces are designed to elevate our tenants' daily experiences, making them more attractive in today's competitive market.

Simi Mukherjee
Head of Sustainability and Facilities Management,
PMG Funds

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Our key ESG highlights¹



Won the FMANZ 2023 Sustainability & Environmental Impact Award.



First three solar installations completed – Silverdale Childcare Centre, Main Highway and Druces Road industrial property in Auckland.



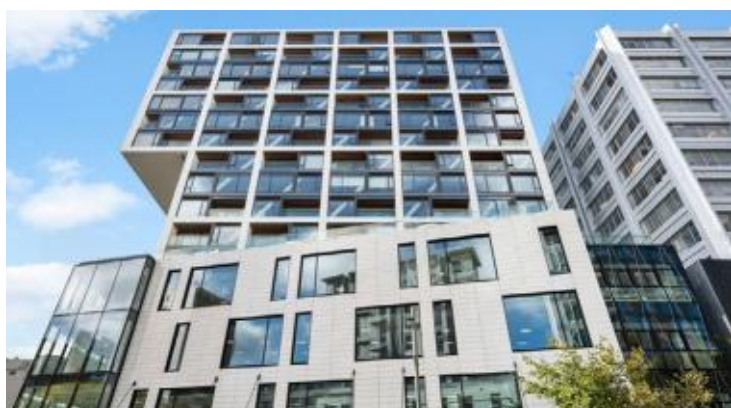
PMG Funds recertified Toitū Net Carbon Zero.

271²

tonnes (636³) of waste diverted to recycling across PMG Fund's portfolio.

37.84%

37.84% waste diverted from landfill to recycling. 3.07% increase from last financial year.



152 Fanshawe Street (Auckland) and 123 Victoria Street (Christchurch) achieve a NABERSNZ energy efficiency rating of 5.5 stars.

213 Tuam Street (Christchurch) has been awarded a 5 Green Star NZ Design Rating and 161 Victoria Street (Wellington) has been awarded a 5 Green Star NZ Office Built v3 Certified Rating.

PMG Charitable Trust

\$245,659.12

Funds raised in FY24⁴

84%

saying they will now:

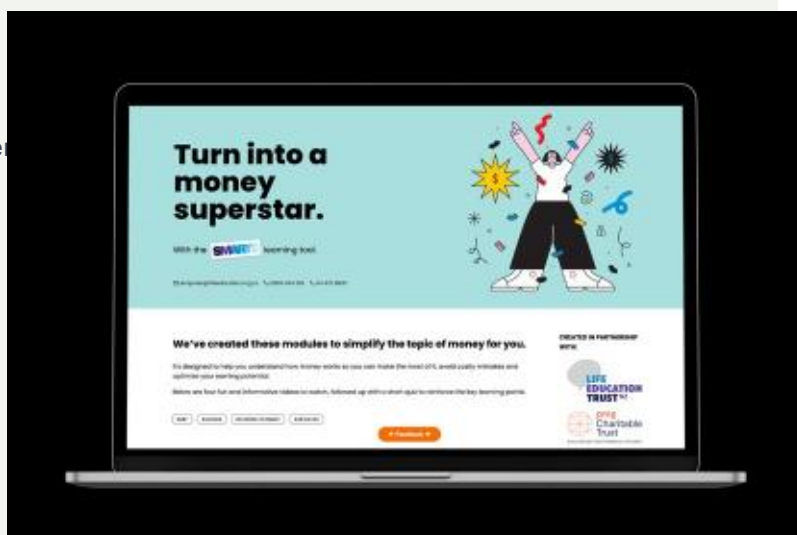
1. Be more careful about getting into debt
2. Save more
3. Research more before using Buy Now Pay Later products
4. Enter KiwiSaver as soon as possible

16,500

Year 10 students attended Life Education Trust's SMART\$ financial literacy programme in person.

3,000

students used PMG Charitable Trust's online financial literacy tool (Smart\$online).



⁴ For the period of the PMG Charitable Trust's financial year 1 April 2023 to 31 March 2024.

Fund Manager of Choice

Investing in sustainability: The long-term advantage

PMG is driving sustainable change in the unlisted commercial property funds sector. We emphasise longevity and sustainability in our relationship-based, collaborative approach to fund and property management. Our sustainability strategy enables us to manage our buildings efficiently and reduce operating costs for our tenants. This makes the buildings more attractive to tenants, enhances retention and investor value by increasing asset values over time.

The value case for sustainability

The value case for sustainability extends beyond reducing emissions to the benefits that flow from sustainability initiatives. A recent example is the acquisition of 161 Victoria Street in Wellington – a 5 Green Star-rated building.

“PMG’s sustainability strategy directly enhances the financial performance of our funds. Recently, we secured a 0.25% interest rate reduction for the debt used to acquire 161 Victoria Street in Wellington, thanks to the building’s sustainability features and rating. This reduction in debt translates to lower costs, further strengthening the financial resilience of our funds,” said Nigel Lowe, Chief Financial Officer at PMG.

161 Victoria Street is fully let and part of Phase 3 of Willis Bond’s master-planned, mixed-use ‘Cuba Precinct’ development. With a 3-metre ceiling height and abundant natural sunlight, the property fosters productivity and creativity while demonstrating our commitment to environmental responsibility and reducing our carbon footprint. Built using base isolation technology, it ensures increased safety during seismic activity, provides peace of mind for our tenants, and provides greater protection to the property’s value for our investors in the event of a major earthquake.

Retaining and attracting tenants

Sustainable and efficient buildings attract tenants, especially in a market where talent is a critical asset. Businesses prioritising sustainability and operational efficiency seek spaces that reflect these values. Our commitment to proactive property management enables us to reduce operating costs such as energy and waste and create more sustainable and cost-effective spaces.

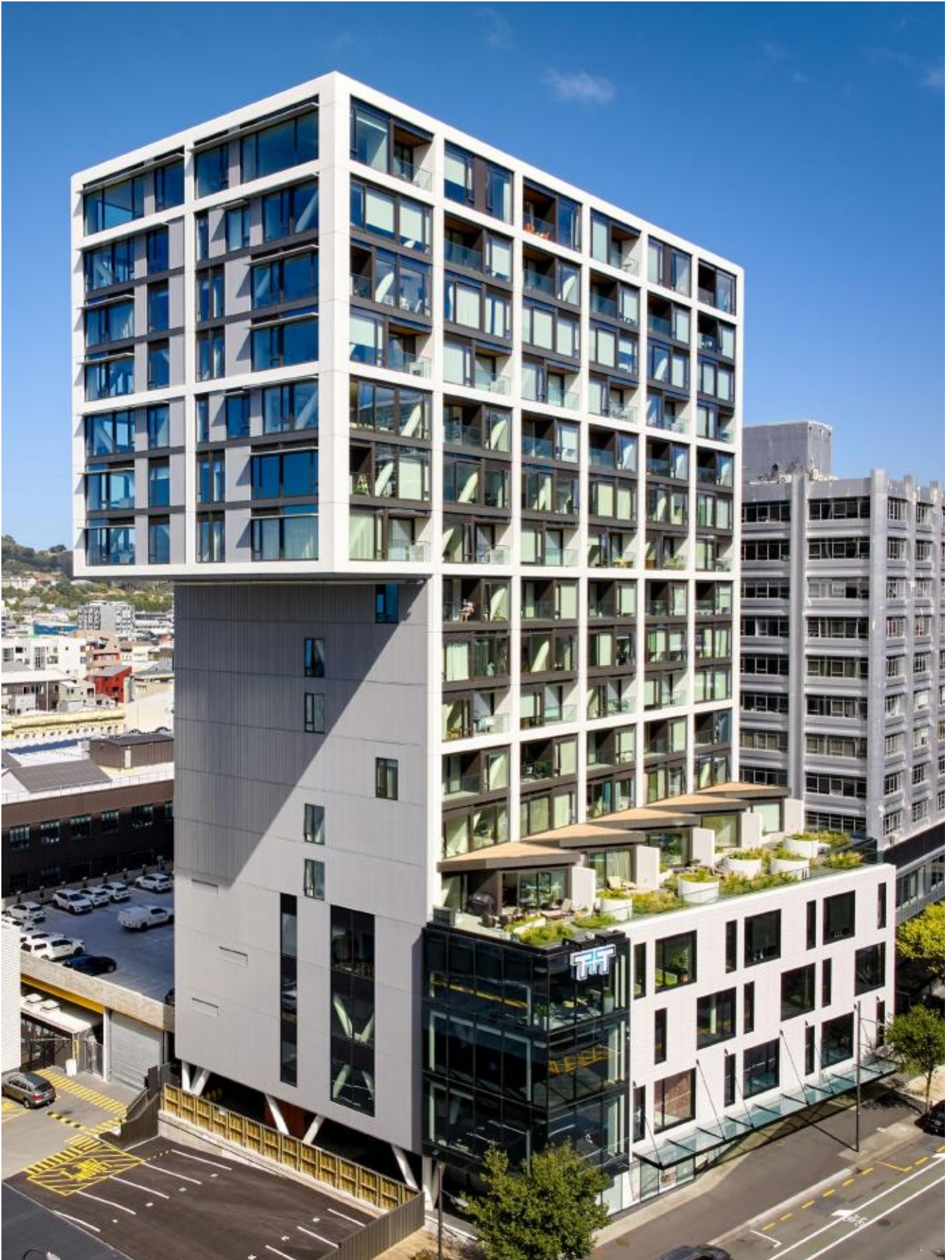
Environmentally friendly and efficiently managed buildings attract quality tenants, increasing retention rates. This increased retention supports higher occupancy levels, directly influencing the strong long-term performance of our funds. By continuously enhancing our properties and adapting to market trends, we position our portfolio for long-term growth and success. This commitment to robust financial performance ultimately translates into regular, sustainable returns for our investors.

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Recently, we secured a 0.25% interest rate reduction for the debt used to acquire 161 Victoria Street in Wellington, thanks to the building’s sustainability features and rating.

– Nigel Lowe, Chief Financial Officer at PMG





Property Partner of Choice

Award-winning fitout at 152 Fanshawe Street

Maintaining our focus on sustainability and longevity, we recently partnered with innovative interior architecture firm Spaceworks to design a carbon-reduced fitout for a vacant 345sqm first floor section of 152 Fanshawe Street in Auckland. The fitout design, created using Spaceworks' Toitū-audited carbon calculator, includes a welcome kitchen, a large boardroom, two smaller meeting rooms and an efficient open plan workspace for up to 40 desks. Compared to traditional New Zealand construction methods, the fitout has a 40% reduction of embodied carbon – the equivalent saving of driving 23,713 km.

The design won the Environmental category in the 2023 Construction Sector Accord Awards.

“We work incredibly closely with all our tenants to foresee their needs and understand how we can create workspaces that attract great tenants,” says Simi Mukherjee, PMG Head of Sustainability and Facilities Management.

“Our property management approach ensures that we provide not only aesthetically pleasing buildings but also healthy, sustainable ones. These spaces are designed to elevate our tenants' daily experiences, making them more attractive in today's competitive market.”

Our strategy

152 Fanshawe Street's journey from initial acquisition by the PMG Direct Office Fund to achieving a 5.5-star NABERS rating highlights the effectiveness of sustainability-focused enhancements and active management in delivering significant value to both our tenants and investors.

PMG implemented several key enhancements to improve the building's operational efficiency and value-add, including:

- New building management system to help accurately record tenant and landlord loads
- New fresh air ventilation system, providing tempered fresh air and reducing the load on the air conditioning plant, thus improving tenant comfort
- Common area lighting upgraded to LEDs, significantly reducing the lighting load, and motion sensors were introduced in basement car parks and common areas to prevent uncontrolled power usage

Results

As a result of the energy efficiency measures implemented in 2022, we have achieved substantial operational and cost benefits, including an 11.8% reduction (45,664 kWh) in energy usage in the 2023 calendar year compared to 2022.





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PMG is a front runner for sustainable workspaces, and they are always keen to do more. They support Capgemini's sustainability goals and targets. They are constantly improving on the sustainability front, with new plants in the lift lobbies on each floor, an e-waste bin in the building waste area and a newly acquired 5.5-star NABERS rating for 152 Fanshawe Street.

Lizarn Swanepoel
Capgemini, tenant at 152 Fanshawe Street

Sustainability Scorecard

Since implementing our sustainability strategy in 2017, PMG has been a key player in the commercial property sector's drive for sustainable change, prioritising sustainability in our approach to property and fund management.



Lead

ENVIRONMENTAL STRATEGY

Lead the unlisted property funds sector in the reduction of waste, energy and water consumption, and carbon emissions.

Environmental wellbeing



Succeed

GOVERNANCE STRATEGY

By maintaining robust governance structures and ensuring clear accountability, we are executing on our goals by measuring our performance and that of our stakeholders.

This way, we hold ourselves to account and ensure we are creating real value for our clients, people, and the environment – so we all succeed.
Stakeholder wellbeing



Inspire

SOCIAL STRATEGY

Inspire the minds of young New Zealanders and help them build better financial futures for themselves and their country.

Financial wellbeing

Our sustainability scorecard covers all elements of ESG (Environmental, Social and Governance) and has an overarching strategy to Lead, Inspire and Succeed.

We are excited to share our success in applying these strategies across PMG Funds' business and operations.

Despite a challenging macro environment, we have remained focused on implementing sustainability features and systems that do not require high capital upfront costs across our 48 commercial properties. A prime example is our partnership with pioneering solar company Sunergise, who has helped us deliver reduced operating costs across three properties in the PMG portfolio.

We continue to make significant progress towards our ESG goals, focusing on improvements we can make to our portfolios and the work we do with PMG Charitable Trust, where we more than doubled our fundraising goal, reaching \$245,659.

ENVIRONMENT	As at 31 March 2023	Goal 30 June 2024	Status 30 June 2024
Number of tenant recycling seminars conducted.	1	6	6
Three buildings in our portfolio have solar systems installed.	Nil	3	3 Installed (1 in progress)
Number of PMG properties with 4-star or better NABERSNZ energy ratings.	4	6	5 ⁵
Toitū carbonzero certification for PMG Funds (the Manager).	Certification achieved	Certification retained	Achieved
Extend measurement of carbon emissions from properties within PMG's portfolio where PMG Funds manages the energy, waste and water services.	PMG Funds measured	Measured operational carbon	5 ⁶
Develop Science Based Targets for emission reduction, across PMG Funds' portfolio in line with NZ's 2030 and 2050 Paris Agreement commitments.		SBT's identified	Achieved ⁷ (3% reduction identified as measure)
Assess the gaps and measurements required for PMG to meet reporting requirements under the CRFD's legislation.		Gaps understood	Not prioritised in FY24 ⁸
SOCIAL	As at 31 March 2023	Goal 30 June 2024	Status 30 June 2024
Support Year 10 students nationwide to attend Life Education Trust's SMART\$ financial literacy programme.	16,500	15,000	16,500
Young people who used the PMG Charitable Trust financial literacy online tool.	5,000	5,000	3,000 ⁹
Young people who participate in PMG Charitable Trust programmes feel they understand more about managing money and the fundamentals of good financial literacy.	75%	75%	84% ¹⁰
Funds raised through PMG Charitable Trust.	\$392,416 (since Trust's inception)	\$100,000	\$245,659
GOVERNANCE	As at 31 March 2023	Goal 30 June 2024	Status 30 June 2024
PMG investors would recommend PMG as a funds manager.	+25 NPS	+25 NPS	+23 NPS
PMG tenants would recommend PMG as a landlord.	+25 NPS	+25 NPS	+39 NPS
Number of notifiable incidents or accidents to employees or contractors across portfolio (48 properties as at 30 June 2024).	Nil	Nil	Nil
Percentage of average contractor daily check-ins on sites.	95%	>95%	82% ¹¹
PEOPLE	As at 31 March 2023	Goal 30 June 2024	Status 30 June 2024
Employee satisfaction score vs commercial benchmark.	10% (above benchmark)	10% (above commercial benchmark)	10% (above commercial benchmark)
PMG team retention rate.	>90%	>90%	97% ¹²
Employee wellbeing initiatives.	10	12	13

⁵ Sixth property in progress as at 30 June 2024.⁶ Five properties are part of pilot in which we are measuring their operational carbon emissions.⁷ 3% reduction identified.⁸ PMG Funds is not yet required to report under this legislation and is unlikely to for another 12 to 24 months. As a result, our resources were spent on other sustainability initiatives.⁹ Capacity for schools to insert into timetabling restricted in term 4 2023. Consultation and promotion of tool to schools underway in 2024.¹⁰ As shown in smartsonline.org.nz pilot results and Graeme Dingle Foundation programme participant respondents in 2023.¹¹ PMG acquired new properties in FY24 and as a result is training with new contractors.¹² Voluntary turnover is 3% as at 30 June 2024.

FY25 Sustainability Strategy

In December 2023, we achieved an outstanding 39 Net Promoter Score (NPS) rating from tenants during our annual tenant survey, which was well above our 25 NPS target rating. This score, coupled with our strong 98% occupancy rate held across PMG Fund's portfolio, indicates we are delivering on our goal to be a property partner of choice.

When we looked more closely at our survey scores, tenants rated PMG Funds higher on all measures compared to the previous financial year, including our efforts in creating sustainable spaces. It is clear that to attract and retain quality tenants, we must continue to provide sustainable spaces that not only help them attract and retain talent but also reduce their operating costs.

In the 2024 financial year, we were successful in doing this. Therefore, looking to the financial year ahead, our sustainability strategy for our funds and PMG Funds as the manager will remain focused on reducing our collective environment footprint and enhancing the lives of the communities in which we operate, all while remaining financially robust for the benefit of all PMG Fund's stakeholders.

We will do this through the following programmes:

- Continue to utilise renewable energy wherever possible throughout the portfolio
- Continue to support and educate tenants through waste training sessions to maintain correct waste and recycling processes
- Continue to maintain energy efficiencies through monitoring and measuring consumption using rating tools such as NABERSNZ for office buildings
- Maintain Carbon Zero Certification for PMG Funds as the Manager
- Measure carbon emissions from properties within PMG's portfolio where PMG Funds manages the energy, waste and water services
- Continue to use innovative sustainability products, services, and initiatives to support tenant needs and collaboration and to greenify our properties. For example, we will introduce end-of-trip facilities such as EV vehicle and bike chargers, bike stands, shower and locker facilities to support sustainable modes of transport for tenants to utilise
- Continue to build better financial futures for young New Zealanders through the PMG Charitable Trust
- Protect, develop and inspire our people and all those who work with us directly

PMG Funds FY25 Scorecard

Our sustainability strategy for the coming financial year remains the same: to lead, inspire and succeed by achieving the following goals:

ENVIRONMENT	As at 30 June 2024	Goal 30 June 2025
Total number of tenant recycling seminars planned in FY25	6	8
Total number of buildings in our portfolio with solar systems installed in FY25	3	4
Total number of office buildings with 4-star or better NABERSNZ energy ratings in FY25	5	6
Toitū Net Carbonzero certification for PMG Funds (the Manager)	Certification achieved for FY24	Certification retained for FY25
Extend carbon footprint to include five pilot buildings where PMG manages the operational emissions.	PMG Funds measured	Achieve 3% reduction of carbon emissions
Develop Science Based Targets for emission reduction, across PMG Fund's portfolio in line with NZ's 2030 and 2050 Paris Agreement commitments.	SBT's identified	Achieve 3% reduction of carbon emissions
Assess the gaps and measurements required for PMG to meet reporting requirements under the Climate-Related Financial Disclosures CRFD's legislation.	Not prioritised in FY24	Understand our requirements to report under CRFD's legislation
SOCIAL	As at 30 June 2024	Goal 30 June 2025
Target number of Year 10 students nationwide to attend Life Education Trust's SMART\$ financial literacy programme in FY25	16,500	15,000
Target number of young people completing the PMG Charitable Trust financial literacy online tool in FY25.	3,000	7,000
Young people who participate in PMG Charitable Trust programmes feel they understand more about how to manage money and the fundamentals of good financial literacy in FY25.	86%	75%
Total number of funds raised through PMG Charitable Trust in FY25.	\$245,659	\$250,000

GOVERNANCE	As at 30 June 2024	Goal 30 June 2025
PMG investors would recommend PMG as a funds manager.	+23 NPS	+35 NPS
PMG tenants would recommend PMG as a landlord.	+39 NPS	+35 NPS
Number of notifiable incidents or accidents to employees or contractors across portfolio (48 properties as at 30 June 2024).	Nil	Nil
Percentage of average contractor daily check-ins on sites.	81.71%	>90%

PEOPLE	As at 30 June 2024	Goal 31 June 2025
Employees engagement vs commercial benchmark	10% above benchmark	15% above commercial benchmark
PMG team retention rate.	97%	90%
Employee wellbeing initiatives.	13	12
Employee with 5 years continuous service.	12	15





Our Partners

Hikotron



RINE
SOLUTIONS





pmgfunds.co.nz