



YOUR INDUSTRIAL
PROPERTY EXPERTS

WELCOME

TO THE **2017** ANNUAL MEETING



AGENDA

1 Board and management team presentations

2 Shareholder discussion

3 Financial statements

4 Resolutions

5 General business

6 Close of meeting and refreshments

BOARD AND MANAGEMENT TEAM PRESENTATIONS.

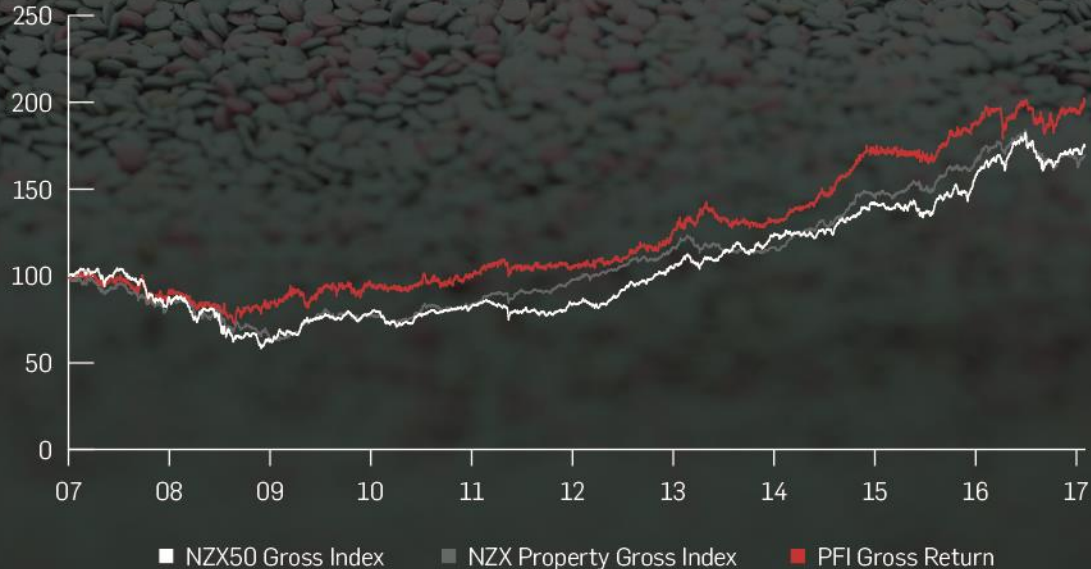
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2016 IN CONTEXT

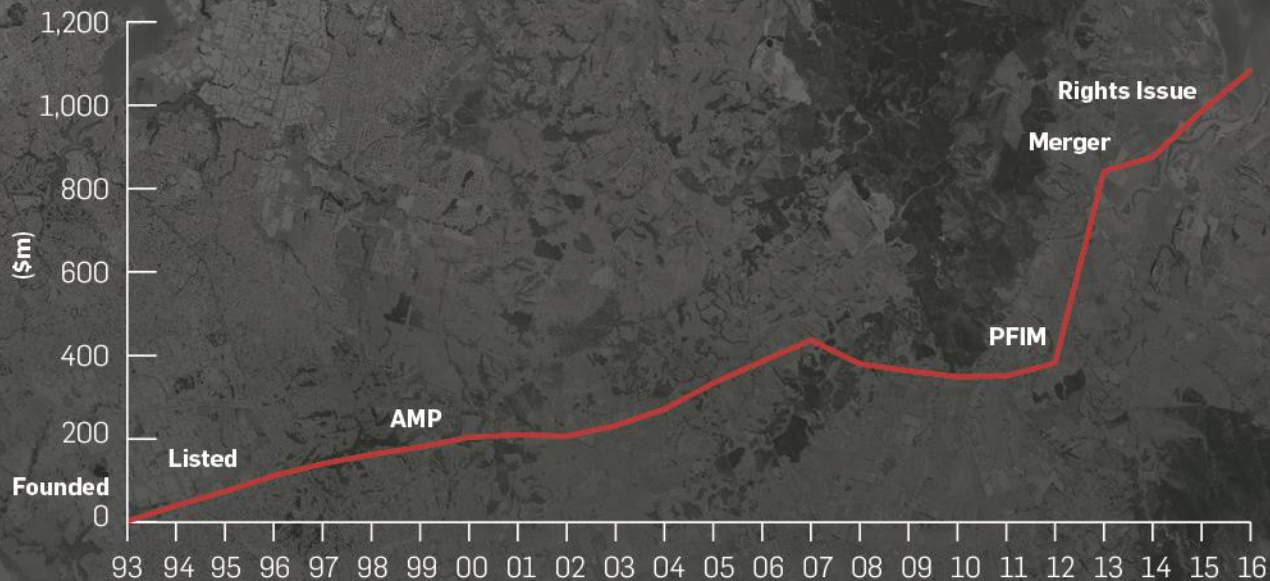
	2016	2015	2014	2013	2012
Total assets (\$m)	1,122	1,027	907	877	385
Number of properties	83	84	79	83	50
Occupancy	99.6%	99.6%	98.5%	97.1%	97.4%
WALT (years)	4.79	5.18	5.26	5.31	4.80
Gearing	30.1%	33.3%	35.8%	37.4%	29.9%
IFRS earnings (cents per share)	27.42	17.25	14.55	12.79	12.24
Distributable profit (cents per share)	7.58	7.01	7.41	7.28	6.64

10 YEAR SHAREHOLDER RETURN

PFI Total Shareholder Return Relative to NZX50 Gross Index and NZX Property Gross Index (Rebased to 100, to end of April 2017)



INVESTMENT PROPERTIES

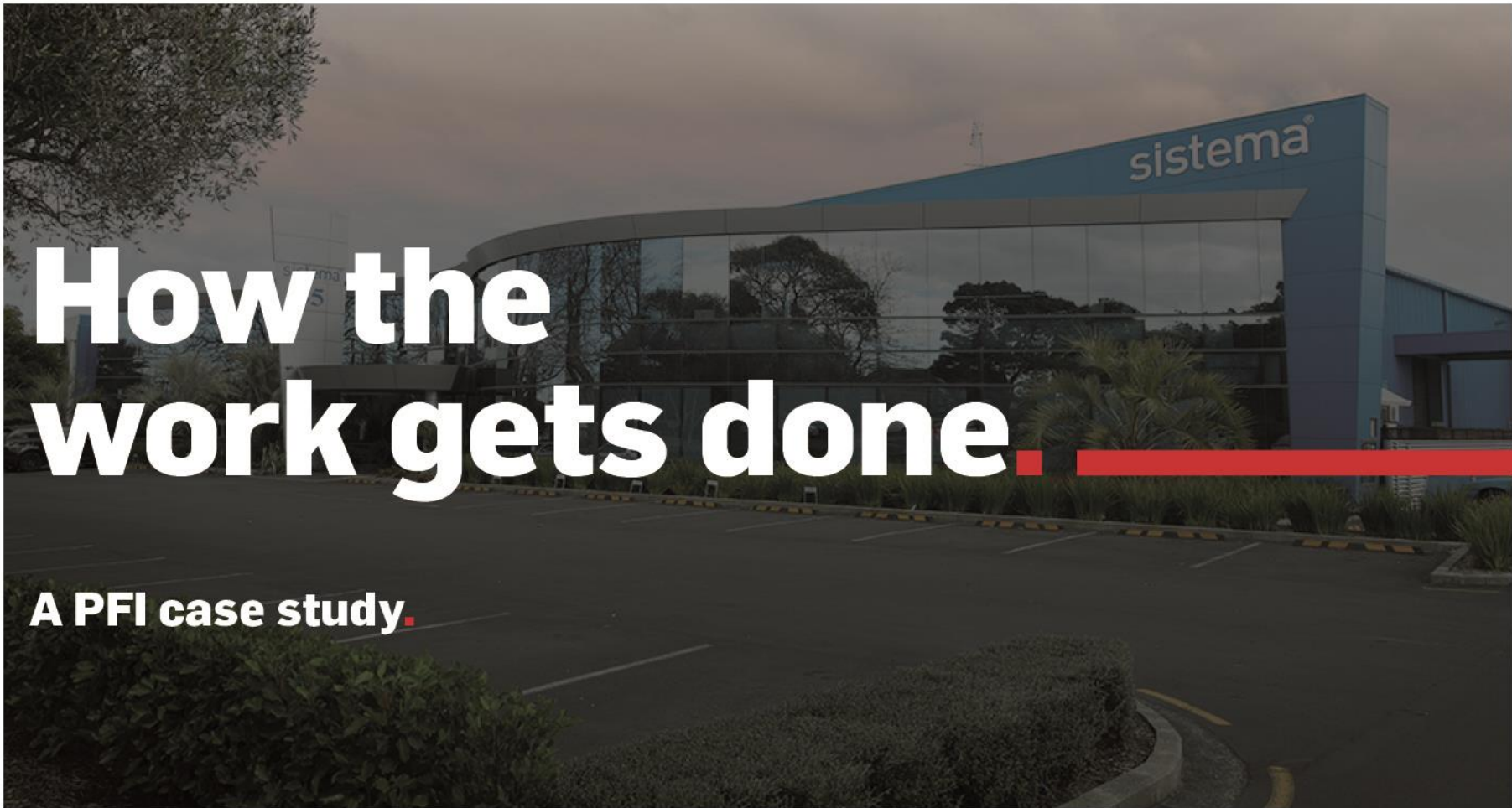




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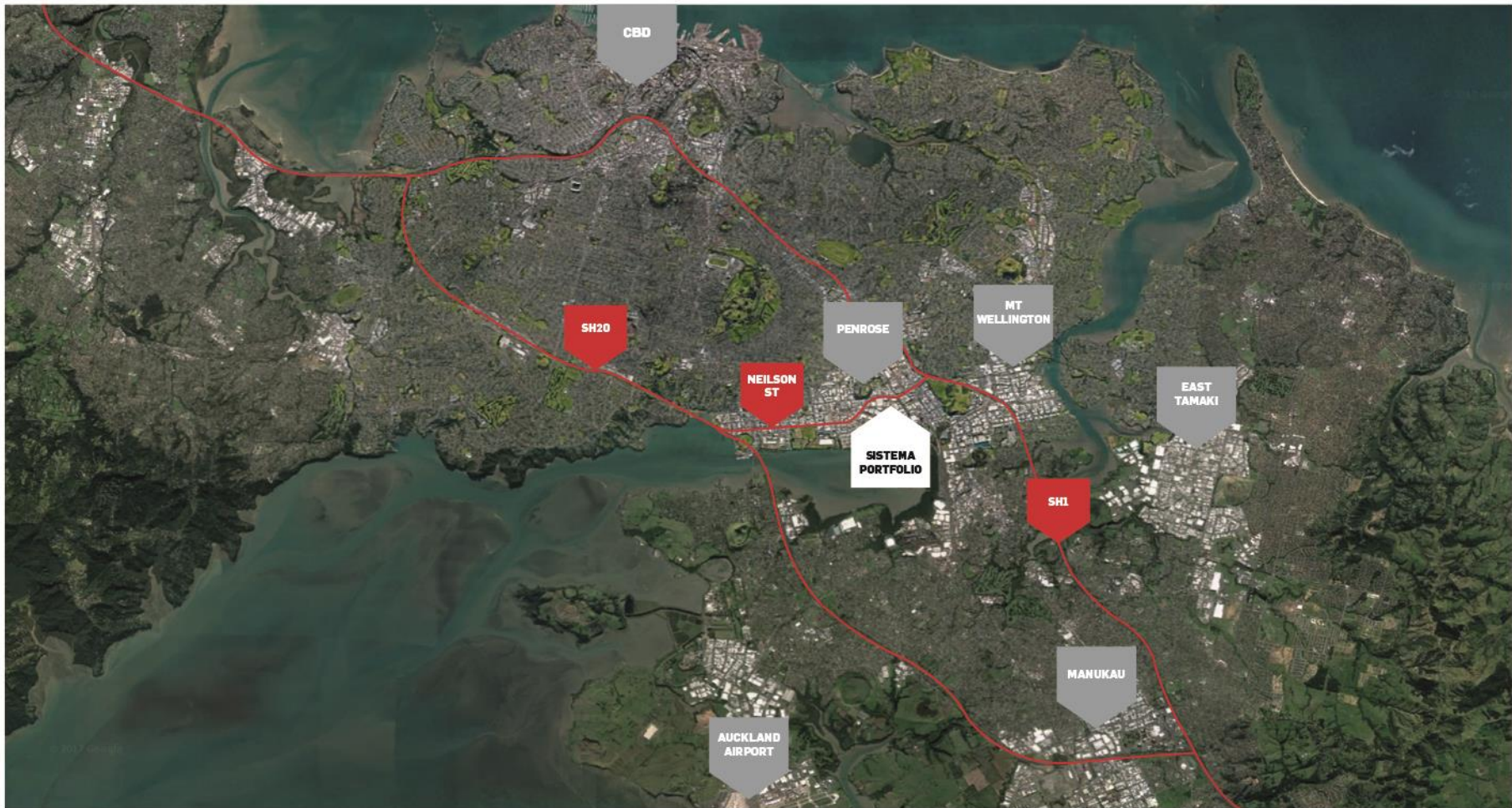
**PFI puts money
to work, generating
income for our
shareholders.**

”



How the work gets done.

A PFI case study.



CBD

SH20

NEILSON
ST

PENROSE

SISTEMA
PORTFOLIO

MT
WELLINGTON

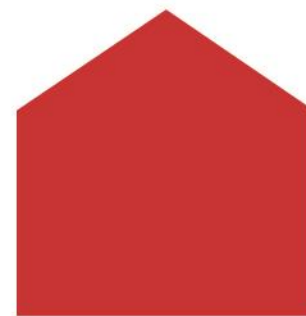
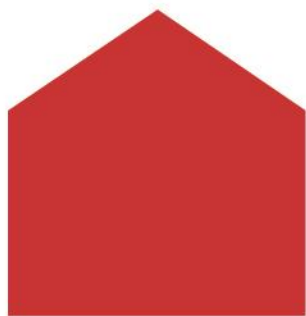
EAST
TAMAKI

SH1

MANUKAU

AUCKLAND
AIRPORT

THE SISTEMA PORTFOLIO



65 Hugo Johnston Drive

80 Hugo Johnston Drive

4 Autumn Place

6 Autumn Place

10 Autumn Place

6,975m²

3,872m²

1,364m²

1,718m²

7,646m²



THE SISTEMA PORTFOLIO

65 AND 80 HUGO JOHNSTON DRIVE AND 4, 6, 10 AUTUMN PLACE, PENROSE

- Purchased August 2015 for \$28.54m
- Total Rent \$2.28m (Market \$2.25m)
- 15 months Initial Term
- 6 month Rolling Notice Period



THE BOXKRAFT AGREEMENT (MARCH 2017)

Tenant:	Boxkraft
Term:	8 years
Commencement Date:	1 March 2017
Comm rent:	\$457K (market \$436k)
Rent reviews:	Annual fixed review 2.50%

80 Hugo Johnston Drive





THE MOTAT AGREEMENT (APRIL 2017)

Tenant:	MOTAT
Comm date:	1 April 2017
Term:	7 & 2 years
Rental:	\$642K & \$171K (market \$633K & \$172K)
Rent reviews:	Annual fixed reviews 2.0%

6 Autumn Place
10 Autumn Place





THE CROWN EQUIPMENT AGREEMENT (JUNE 2017)

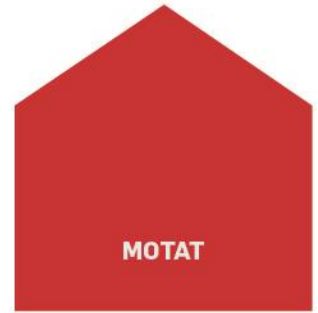
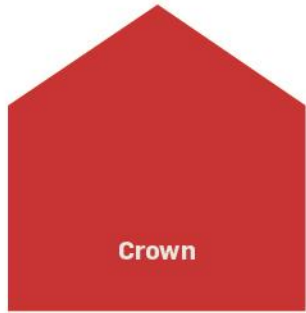
Acquisition price:	\$11.01m (at August 2015)
Valuation:	\$12.10m (at December 2016)
Sold to:	Crown Equipment
Sale price:	\$14.25 (settled June 2017)

65 Hugo Johnston Drive



THE SISTEMA PORTFOLIO

June 2017: 93% Transacted



SOLD

LEASED

AVAILABLE

LEASED

LEASED

65 Hugo Johnston Drive

80 Hugo Johnston Drive

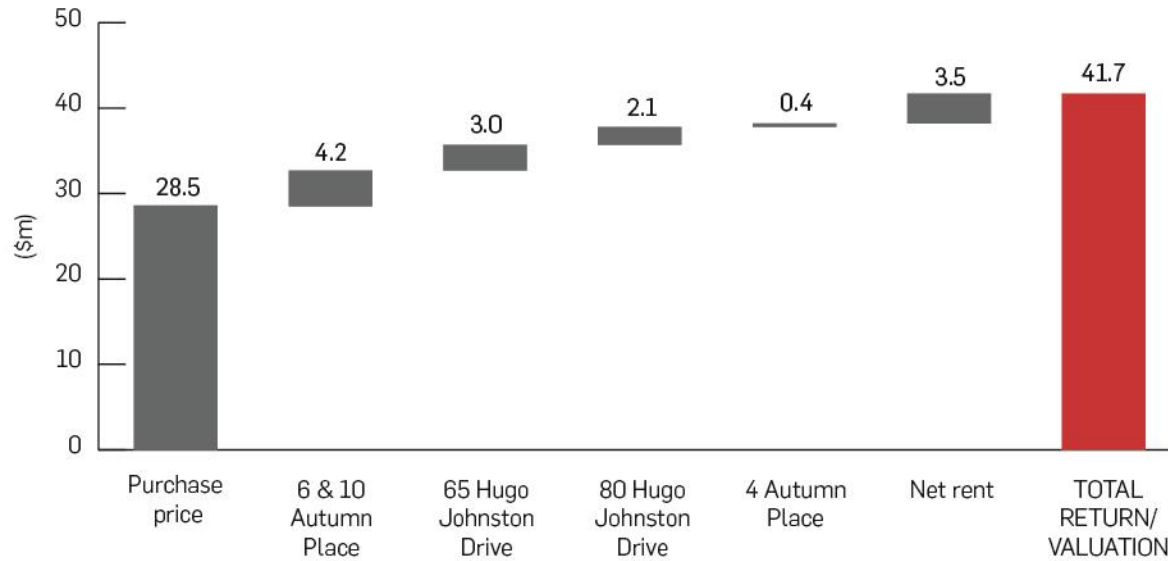
4 Autumn Place

6 Autumn Place

10 Autumn Place

THE SISTEMA PORTFOLIO

A Property IRR of ~24%





HOW THE WORK GETS DONE

- 1** PFI's profile and reputation
- 2** Understanding industrial tenants
- 3** Market knowledge
- 4** Realistic expectations
- 5** Knowing when to hold and when to sell

SHAREHOLDER DISCUSSION.

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FINANCIAL STATEMENTS



RESOLUTIONS.



ANNUAL MEETING RESOLUTIONS



The board recommends that you vote in favour of each of the resolutions.

RESOLUTION 1:

That Humphry Rolleston, who retires and is eligible for re-election, be re-elected as a director of the Company.

RESOLUTION 2:

That Anthony Beverley, who retires and is eligible for re-election, be re-elected as a director of the Company.

RESOLUTION 3:

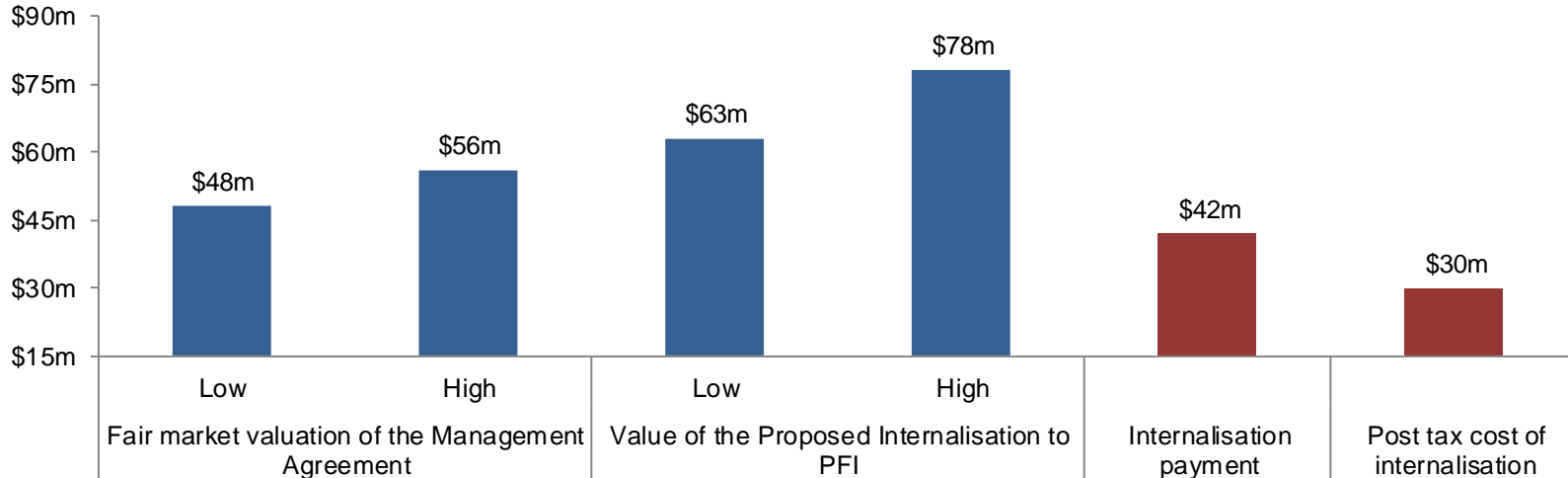
That the directors are authorised to fix the fees and expenses of the auditors, PricewaterhouseCoopers Auckland.

- On 3 April 2017, PFI announced that the Independent Directors had reached a conditional agreement with PFIM Limited (“PFIM”) to internalise the management of PFI
- Key features of the internalisation include:
 - A payment of \$42.0 million (implying a net cost for internalisation of \$30.3 million, post tax deductibility and before transaction costs) to PFIM
 - Greg Reidy, Simon Woodhams and Craig Peirce continuing to act as Managing Director, General Manager and Chief Financial Officer respectively under service contracts, employment by PFI of the other employees of McDougall Reidy & Co Limited (“MRCO”) who will continue to provide the same services currently provided to PFI
 - Purchase of the property, plant and equipment used to provide the management services to PFI and leasing of the MRCO premises in Auckland

INDEPENDENT APPRAISAL REPORT



- Northington Partners has assessed the **fair market value** of the Management Agreement to be in a range between **\$48 million and \$56 million**, and estimated the **value to PFI** of the Proposed Internalisation to be in a range between **\$63 million and \$78 million**
- This compares to the Internalisation Payment of \$42 million nominally, and \$30 million on a post tax basis



- In their Independent Appraisal Report, Northington Partners concluded that:
 - “Taking all the key elements of the Proposed Internalisation into account, we conclude that the consideration and terms and conditions are fair to the PFI shareholders not associated with PFIM.”
- This conclusion is supported by the following analysis contained in the Independent Appraisal Report:
 - The Proposed Internalisation is expected to add between \$33 million and \$48 million of value to PFI on a post-tax NPV basis
 - Post Internalisation, PFI will likely have the lowest management expense ratio in the listed property sector of approximately 0.4%
 - The Proposed Internalisation is estimated to provide earnings accretion of approximately 6% per annum on a pro forma basis, enhancing distributable profits for PFI which should allow for higher future dividends

- **The Independent Directors unanimously support the internalisation** and believe that it is in the best interests of PFI shareholders
- The Independent Directors view the internalisation as a strategic opportunity to bring management in-house while ensuring the continuity of existing personnel
- The Independent Directors also view the internalisation as an earnings accretive and positive net present value deployment of capital
- In addition, the Independent Directors note that the internalisation removes the possibility of alternative outcomes, including a sale of the management agreement to a third party

RESOLUTION 4:

That the shareholders ratify, confirm and approve, pursuant to an agreement between the Company and PFIM dated 31 March 2017, the:

- a. termination of the Management Agreement between the Company and PFIM;
and
- b. acquisition by the Company of the business of PFIM,

for consideration totalling \$42,000,000, to be satisfied by way of additional borrowings, and that the Independent Directors be authorised to take all actions, do all things and execute all necessary documents and agreements necessary or considered by them to be expedient to give effect to such transactions.

**GENERAL
BUSINESS**



CLOSE OF MEETING AND REFRESHMENTS





DISCLAIMER

The information included in this presentation is provided as at 22 June 2017.

Neither Property For Industry Limited (PFI) nor PFIM Limited (PFIM), the manager of PFI, guarantee the repayment of capital or the performance referred to in this presentation.

Past performance is not a reliable indicator of future performance.

The presentation includes a number of forward looking statements. Forward looking statements, by their nature, involve inherent risks and uncertainties. Many of those risks and uncertainties are matters which are beyond PFI's and PFIM's control and could cause actual results to differ from those predicted. Variations could either be materially positive or materially negative.

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