

PRESENTATIONS TO THE PROPERTY FOR INDUSTRY ANNUAL MEETING

At 11.00am on Friday, 13 May 2022

<< Slide 1: WELCOME TO THE 2022 PFI ANNUAL MEETING >>

<< Anthony Beverley >>

Good morning, my name is Anthony Beverley, and I am the Chair of the Board of Directors of PFI.

Welcome to the twenty-eighth Annual Meeting of PFI. We have a quorum present, so let's get underway.

This year we are once again holding this meeting as a hybrid meeting, meaning that we have participants both here in person, and attending virtually.

Before we start, can I just remind those here in person to put your phone on silent? And, in case of an emergency, please follow the instructions of the Eden Park staff. The nearest exit is back down the entry stairs for Gate G that you would have entered from, and the assembly point is on Reimers Ave.

In order for this hybrid meeting to run smoothly, I would like to confirm how questions and answers, and voting will work.

First, let's deal with the procedure around questions and answers: any shareholder or appointed proxy is eligible to ask questions.

If an eligible online attendee would like to ask a question, you can select the "Q&A" tab on the right-hand side of your screen at any time, type your question into the box at the bottom of the screen and press "Send".

There will be time allocated for in-person attendees to ask questions during the course of the meeting. We will try to get to as many of the questions as possible, but not all

questions may be able to be answered during the meeting. In this case, questions will be followed up after the meeting.

The second key procedure is voting.

We will open the poll for virtual attendees now, to give you plenty of time to vote. The “Vote” tab is located on the right-hand side of your screen, and from here, the resolution and voting choices will be displayed. To vote, simply select your voting choice from the options shown on screen. You may vote for all resolutions at once or by each resolution. Once your vote has been cast, a green tick will appear. You can change your vote at any time up until when the poll is closed. Prior to the poll closing, simply select “Change Your Vote” and choose another voting choice.

I will explain procedures for voting in person later in the meeting.

Should you require any assistance with asking questions or voting, you can type your query into the “Q&A” tab at any time and one of the Computershare team will assist you. Alternatively, you can call Computershare on 0800-650-034 and ask to speak to one of the administrators supporting the PFI Annual Meeting.

<< Slide 2: AGENDA >>

Here is the agenda.

I will start with a short presentation, and then our CEO, Simon Woodhams, will do likewise.

You will then have the opportunity to ask questions or to make comments about those presentations, or the financial statements and auditor’s report.

Then, as you have seen in the notice of meeting, we have two resolutions we would like you to approve.

Following those resolutions, we will finish with a further opportunity for questions and answers when we get to general business.

Those who are here in person are welcome to join us for light refreshments and a more informal chat with the Board and Management Team after the meeting.

<< Slide 3: BOARD PRESENTATION >>

<< Slide 4: INTRODUCTIONS >>

Let me start by re-introducing the Management Team and Board:

- **Craig Peirce**, Chief Finance and Operating Officer;
- **Simon Woodhams**, Chief Executive Officer;
- **Susan Peterson**, Independent Director;
- **David Thomson**, Independent Director;
- **Dean Bracewell**, Independent Director; and finally;
- **Greg Reidy**, Non-Executive Director.

We also have representatives from our auditors, PricewaterhouseCoopers, and our legal counsel, Chapman Tripp, here with us today.

<< Slide 5: 2021 REVIEW >>

This year, ladies and gentlemen, PFI reached a significant milestone: we achieved in excess of two billion dollars in assets for the first time. That may just seem like a number – albeit a very big one – but the significance of that number is that it represents a big change in perception as well. PFI is now a key player in the industrial sector by scale. As a professional landlord to the industrial sector, breaking through the two-billion-dollar boundary matters because that lift in our market presence has generated new relationships and investment opportunities.

The other part of this achievement is that it occurred in a year of record earnings and dividends. This is important, as if you have followed PFI for a while, you will no doubt be aware that Company has always had a primary focus on capturing earnings and delivering dividend growth.

So, we have seen an uplift in both assets and earnings together as the industrial property sector has continued to build momentum as a place for investment.

We're not the only ones to have recognised the potential of industrial property as an attractive sector to achieve competitive and consistent returns. But what we have done this year, perhaps better than others, is to balance portfolio weight and strength with portfolio

earnings. And that's a sure sign to us that our refreshed three to five-year strategy is achieving the three goals we have set ourselves: growing returns for shareholders, continuous improvement to our portfolio and first-class management.

The industrial property sector continues to draw in more participants, eager to make the most of the environment as the heat comes out of other property sectors. But as an experienced and successful industrial sector investor and participant, we are staying true to our commitment, and, indeed, drawing on our long history and deep working knowledge to make the most of current market conditions and take a more intentional and proactive approach to opportunities.

In keeping with that commitment, in 2021 we made a range of acquisitions that, together, have added to our presence and capability, and our Chief Executive Officer Simon Woodhams will speak to some of those in more detail in a few minutes.

Overall, though, we ended the year with a fully occupied industrial property portfolio of 97 properties, valued in excess of \$2.15 billion dollars. While we are weighted towards the buoyant Auckland industrial market, our tenant base includes 136 different businesses. Our weighted average leasing term and our average property value have both continued to increase, continuing a pattern of long-term upward trajectory.

So, as I said earlier, I'm pleased to report a year of record results, with profit after tax of \$452.8 million dollars. Adjusted funds from operations increased 15.7% to 9.29 cents per share, a solid increase, and, within the results themselves, there are some very positive highlights.

<< Slides 6: 2021 REVIEW >>

Our contract rent increased to \$95.6 million dollars and we negotiated leases on 150,000 square metres of space. We saw important growth this year through our acquisitions and a significant growth in our valuations, including fair value gains on our properties of \$392.5 million dollars, which speaks to the strength of our portfolio. And we concluded the sale of Carlaw Park, which not only rebalanced our portfolio, but also added a full year of income before settlement, contributing to funds from operations increasing 14.4% from the previous year to 11.07 cents per share.

<< Slides 7: 2021 REVIEW >>

At year end, our balance sheet was strong. Our Net tangible assets increased 37.3% to 303.4 cents per share. At the same time, our gearing reduced to 27.7%. We also refinanced all our bank facilities during the year. These arrangements included refinancing our short-term Commonwealth Bank of Australia facility to a \$125 million dollar seven-year facility, refinancing our \$300 million dollar syndicate and establishing a \$100 million dollar shorter-term facility with the Bank of New Zealand.

These new facilities, alongside our significant portfolio revaluation and the proceeds from the Carlaw settlement, provided us with over \$120 million dollars of available liquidity at the end of the year.

Our success is delivered to shareholders through further growth in dividends. The Board declared cash dividends of 7.9 cents per share, which is exactly what we signalled to you at our last meeting. As you know, we are committed to consistently delivering higher returns to shareholders. In line with that commitment, the Board decided to move to a three-yearly framework that will enable the Company to steadily increase dividends, whilst at the same time engaging in activities with potentially less immediate earnings accretion. This shift has two benefits: it protects our assurance to you, and it gives the Company the movement it needs to pursue opportunities in a market where growth in earnings can sometimes take longer to materialise, like the brownfield developments that Simon will talk to soon.

I would note that, going into 2021, the Company was very conscious that the COVID-19 pandemic remained very much at-large, and it was not clear what impact that environment would have on the operations, performance and in some cases, the liquidity of our tenants. We consciously took an approach that acknowledged that some of our tenants might struggle and engaged with and supported them where they needed help. As a Company we believe that it is important to work together to get through circumstances like these, and its very pleasing to be able to report that that approach worked well and, in some cases, created a stronger alliance with our tenants going forward.

<< Slide 8: ENVIRONMENTAL, SOCIAL AND GOVERNANCE >>

We also put a lot of focus on and effort into continuing to strengthen our strategic Environmental, Social and Governance or ESG framework, once again making important advances on this front. We released our second Task Force on Climate-Related Financial

Disclosures, or TCFD, report, including undertaking a climate risk analysis to identify which properties are most vulnerable to the physical risks of climate change. We replaced HVAC systems containing ozone-depleting R22 gas at 12 of our properties, and we began planning our first Green Star development at Bowden Road.

As I've said previously, an ESG lens yields new insights and helps the Board and Management Team to approach and consider longer terms factors in a more sophisticated way. That in turn influences our decisions and how we value opportunities. There is also increasing expectation from shareholders, analysts and tenants that everyone needs to play their part in addressing climate related issues. Rightly so, we say, and we are focused on understanding what that means to us in practice, both in terms of meeting our obligations, and capturing any broader opportunities to contribute to climate change mitigation.

<< Slide 9: LOOKING FORWARD >>

We ended 2021 in good spirits: our strategy is progressing well, we have a fully occupied high quality industrial property portfolio of significant scale, and we are better placed than we have ever been to make the most of the market opportunities available to us.

While things went well for our Company over the last year, there's no ignoring what has occurred in recent months. All of us are painfully aware of significant challenges both locally and abroad. The war in Ukraine, with its many fallouts, is a tragedy that, alongside what has turned out to be a rapid surge in inflation, has the market concerned. There is no dodging these circumstances, and as I stand here today there are no signs of quick resolution.

Shareholders will no doubt be aware that PFI's share price has not been immune to these factors. The Company had an incredibly strong run over the past three years, with the share price rising from around \$1.80 at the beginning of 2018 to in excess of \$3 at the end of 2021, generating a total shareholder return over that period of around 80%, making PFI a top performer over that period. Since the end of the year, the Company's shares have traded down, this decrease being in line with the rest of the listed property sector, and the wider NZX.

Nevertheless, the Board is confident that we are well placed to deliver on our strategy. So, I would like to conclude with guidance that I know you will welcome. As signalled in our annual results, which were released in February, we anticipate delivering a 2022 dividend range of 8.05 to 8.10 cents per share, a further increase of up to 2.5% on 2021 dividends.

I will now hand over to CEO Simon Woodhams to comment on the year and outline where he sees PFI heading.

<< Slide 10: MANAGEMENT TEAM PRESENTATION >>

<< Simon Woodhams >>

<< Slide 11: STRATEGY EXECUTION >>

Thanks Ant, and good morning, everyone.

It's always great to be able to come together in person and reflect on what has been an important and very significant year for us. Welcome back to those we know, and a warm welcome if you are joining us for the first time. Also welcome too to those who have opted to attend our meeting online.

As a Management Team and Board, we really enjoy being able to discuss and show you what we have been doing over the last 12 months, so let's get into it.

I want to start today by focusing on our overall approach to maximising our portfolio and then I would like to pick up some specific examples of transactions and talk through how they are working for the Company.

As Ant pointed out, 2021 was a big year for PFI. Just looking at the volume and value of transactions, we completed \$368 million dollars of capital transactions, made up of \$115 million dollars of divestments, \$27 million dollars of value-add opportunities and \$226 million dollars of acquisitions.

<< Slide 12: PORTFOLIO OPTIMISATION: THE WHAT >>

Our ongoing goal is to actively manage the portfolio to ensure that our investors are receiving the maximum benefit from our decisions as a Management Team. We absolutely see portfolio optimisation as the key to securing stable, consistently rising returns.

There are three aspects to that. The first is focus. Every asset we acquire, develop or choose to divest is about building a purer and higher quality industrial property portfolio. That's our goal.

The second is balance. We want the right mix of assets, and we want them in the right mix of places.

The third is results. In order to drive shareholder returns, we must strike the right balance between what's good for the business long term and our desire to deliver you, as our investors, year-on-year dividend growth.

Our new dividend policy reflects this, by coupling dividends at 90–100% AFFO on a rolling three-year basis, while targeting ongoing annual dividend increases.

<< Slide 13: PORTFOLIO OPTIMISATION: THE HOW >>

Portfolio optimisation is how we achieve the best mix that we can of focus, balance and results. There's no one thing that achieves all three of those aspects. The secret sauce is in how we combine different elements together to deliver the focus, balance and results we're looking for. Right now, we are intent on optimising the portfolio in four ways.

The first is future demand. To use a sporting analogy, we plan to be where the ball is going, not where it is right now. Being there when demand happens is about looking through the current environment and planning to cater for the medium to longer-term needs of industry in demand areas.

The second way we achieve focus, balance and results is by looking out. Auckland has been a great market for us, and it's a market where we naturally feel most at home. But industrial activity is not confined to North of the Bombay Hills. Businesses across New Zealand need high quality industrial assets to manufacture, to process, to store and fulfil. Collectively, they represent significant and dynamic parts of the economy, and we can embrace that by identifying opportunities in regional New Zealand, where the leases, terms and clients can be attractive, and where our presence and expertise will be welcomed.

The third aspect is accumulation. Instead of thinking of our portfolio as a collection of individual pieces of land or properties, we can generate significant value by joining the dots to take a bigger picture. By connecting parcels of land, where it makes sense to do so, we can transform individual holdings, with a singular value, into estates with a stronger collective value.

And finally, we can anticipate. We can see buildings not just for what they are today, but what they could be tomorrow. Seeing the potential in under-utilised industrial property requires vision and patience. But the pay-off is in the potential to redefine what that property can mean to the right tenant in the years ahead.

So, focus, balance and results. Achieved through reading future demand, looking out, creating estates and anticipating need through brownfield acquisitions. That's our strategy in action. And if you look at a lot of our activity over the past year, you'll see it aligns directly with these things. To help clearly illustrate how we're doing this, I'm going to share with you some recent examples of the decisions we've taken and how they correlate with what I've just been talking about.

<< Slide 14: NOEL BURNSIDE ROAD >>

I want to start with a property that I mentioned last year. 44 Noel Burnside Road, in Wiri, consists of a large, modern 17,500 square metre warehouse, with associated canopies, yards, and a small office and amenities.

Located on a 3.64-hectare site on the corner of Noel Burnside Road and Cavendish Drive, the property sits within the prime Wiri industrial area, and benefits from exceptional transport links via State Highway 20.

The property was acquired in May 2021 for \$91.7 million dollars through a sale and leaseback transaction with ABC Tissue for an initial two-year period. That's a very short lease, and at the time we considered this as something of a risk, but one that was worth taking given the quality of the property. Our plan, as I talked about last year, was to allow the lease to run its course and then to secure a longer-term arrangement.

Six months into the initial term, ABC Tissue made the decision to exit the New Zealand market. By working together with ABC Tissue, we were able to secure a new 10-year lease deal with New Zealand's largest toilet paper manufacturer, Cottonsoft, for the site. The quality of the site made that possible. It's a good example of looking through the perceived risk of the environment at the time – in this case a two-year agreement – and seeing that what we have here is a property that would continue to cater for the medium to longer-term needs for a wide range of users in an area of such high demand. The Cottonsoft deal endorsed that.

<< Slide 15: WHAKATU ROAD >>

This year we acquired a specialised asset at 22 Whakatu Road, in Hastings, for \$79.5 million dollars. The property houses a fresh produce processing facility for ENZIL, a wholly owned subsidiary of Turners and Growers, or T&G. It's right in the heart of pip fruit country, and a substantial site: around 9.56 hectares, with more than 36,000 square metres of post-harvest operations including a packhouse, two cool stores, warehousing and 3.7 hectares of storage yard.

This property came to market because T&G was looking to unlock funds that they could then reinvest back into the core business. Specifically, they wanted to continue building out their key global markets and to invest in innovative technology. Through the transaction, they not only got the funds they needed, they were also able to continue operating onsite in a building that met their operational needs perfectly. For us, it meant a 15-year triple-net leaseback arrangement with rights of renewal for a further 20 years.

This transaction made sense on so many fronts. It delivered us a competitive return that exceeded the yield we could have achieved in the Auckland market. It aligned directly with our portfolio target of 5–10% specialised assets by taking the volume of those assets to 10%. And it fell within our portfolio target of 15–25% assets located outside of Auckland.

Whakatu Road shows how we are identifying opportunities outside of Auckland, where the leases, terms and clients can be attractive and, through acquisition, fortifying our portfolio and progressing our strategy.

<< Slide 16: MARRIAGE VALUE >>

So far, the examples I've given have been significant. But not every deal has to be sizeable in order to be valuable.

Take our recent \$3.1 million dollar acquisition at Honan Place, in Avondale, for example. This property only has only two small buildings, but this 1,436 square metre site enables us to integrate the property with our much larger 1.5 hectare neighbouring property at 15 Jomac Place, providing future opportunities to create an additional access road and carparking.

Late in 2021, we also spent \$5.2 million dollars acquiring 520 Rosebank Road, also in Avondale. This a 3,100 square metre site, with 1,100 square metres of warehousing, office

and amenities, leased for six years. Whilst not a significant property in and of itself, the distinctive element for us though is that we have a significant industrial estate next door to this property. 528-550 Rosebank Road comprises nine other buildings occupied by five tenants and generates an annual rent of more than \$3.4 million dollars with a weighted average lease term of around six years. Like Honan and Jomac Place, combining these properties also offers opportunities for integration into the future.

Finally, we recently completed the \$6.8 million purchase of 318 Neilson Street, a 5,000 square metre site in Penrose, adjacent to a number of our properties in the area. Combined, they add up to almost five hectares of heavy industrial zoned land in one of Auckland's key industrial precincts, and this latest acquisition provides greater redevelopment opportunities when the current leases come to an end.

In each case, a relatively small property adds to our cumulative strength, adding new capabilities and creating and enlarging estates that wouldn't have been possible otherwise. Ant spoke earlier about the importance of scale. These smaller transactions are all examples of getting to scale in different ways. They are all examples of thinking like a portfolio owner and finding creative ways to unlock sites and procure significant value.

<< Slide 17: BOWDEN ROAD >>

The final example I want to talk about today is Bowden Road, because it's a great example of the brownfield opportunities where we are becoming more active. Currently, the tenant at this prime Mount Wellington location utilises this four-hectare site as a manufacturing base. Their lease ends at the end of March next year, and at that point we have an opportunity to demolish the existing facilities, which were constructed in the 1970's, and create a significant warehouse development.

The development itself will be in two parts: firstly, we have agreed commercial terms for the design and build of a 9,500 square metre industrial warehouse and canopies. The second part is the speculative building of around 12,000 square metres on the other part of the site. Combined, this represents an investment in the site of around \$50 million dollars, increasing the value of the property from around \$32 million dollars to an end value of around \$99 million dollars.

One of the great attractions of this site is its versatility. The property has everything needed for a modern, best in class development with drive-around access, canopies for covered

loading and unloading and multiple roller shutter doors. We are targeting a Five Star Green Star rated development here, one that enhances our ESG credentials with 51% less potable water than minimum industry standards, 66% less energy than average buildings and 66% less green-house-gasses than standard buildings.

Brownfield opportunities like Bowden Road are currently worth about \$224 million or 10% of our portfolio. In time, as projects complete and long-term leases are secured, we will move these “brownfield opportunities” into “core generic” holdings and free up more allocation for further “brownfield opportunities” in our portfolio, to repeat the process. Brownfield opportunities form an ongoing growth engine for the Company, which in turn help secure strong, stable returns.

We’ve all heard the phrase “change is constant”. But equally for us, constant performance requires change. In order for us to keep delivering stable returns in a dynamic market, we need to keep adjusting and adapting. We can afford to take some risks to make that happen because we have a significant, fully occupied portfolio. But we’re not taking risks for risk’s sake. Success is all about including risks in our portfolio optimisation that are proportional, considered and managed so that we don’t stagnate.

The smaller projects work with the larger projects to build our capability and generate returns. Our remaining brownfield opportunities, like the three smaller properties I spoke about earlier, will enable us to unlock parcels of land in key industrial precincts. When we do that, we also create opportunities to deploy our balance sheet capacity on accretive projects. That’s why our lower gearing and our bank and bond facilities are also so important.

<< Slide 19: 2022 UPDATE >>

Potential is exciting, but cash is still king for every business today. The new year has started strongly in terms of leasing, with existing tenants signing eight renewals. A key feature across those transactions has been an acceleration of rental growth, with rents on average agreed at 12.2% above the previous contract rent, this representing a 4.7% increase on the market rents assessed as part of the December 2021 valuation process. This rental growth is also evidenced in an average increase of 5.1% per annum from the 36 rent reviews that have been completed since the beginning of the year on \$17.4 million dollars of contract rent.

Sustained demand for our properties proves that we have made good decisions in the properties we have selected and that companies value being our tenants. Those are very important validations.

Looking forward, as always there may be some challenges, but we believe PFI is very well placed to respond to these and, just as importantly, we are ready to take advantage of the opportunities that will no doubt present themselves as well.

Just before I hand back to Ant, I would like to take a moment to thank you, our shareholders and other stakeholders, who continue to support PFI. As a Management Team and Board, we look forward to including you in our growth story, well into the future.

Thank you.

<< Slide 19: SHAREHOLDER DISCUSSION >>

<< Anthony Beverley >>

Thank you, Simon.

There is now an opportunity for questions or comments on the presentations, or on the financial statements and auditor's report, which you can find from page 78 of the annual report.

For those here in person, if you raise your hand, we'll get a microphone to you, so that everyone can hear. Can you start by introducing yourself: your name and whether you're a shareholder or a proxy holder and, if you are a proxy holder, the name of the shareholder you are representing?

For virtual attendees, select the "Q&A" tab, type your question in the box and press "Send" to submit.

Thank you for your questions and comments.

<< Slide 20: ORDINARY RESOLUTIONS >>

We will now move to the resolutions.

I've been advised that 345 shareholders, representing 174,927,991 shares or 34.6% of the Company's shares on issue, are represented by proxies.

Voting for the resolutions will be conducted by poll. For the purpose of the poll, I appoint the Company's registrar, Computershare, to carry out the poll.

The procedure for the conduct of the poll for in person attendees will be as follows:

- Voting papers have been provided with the notice of meeting, pens, where required, will be distributed now;
- If you do not have a voting paper, please see a Computershare representative at the registration desk who will provide you with a voting paper;
- Indicate your vote for, against or abstain, by placing a tick in the appropriate box;
- If you are here as a proxy for a shareholder who has not marked 'proxy discretion' on their proxy form, your vote will be automatically counted in accordance with the voting directions given by your appointer, but please sign the voting paper provided when you arrived at the meeting;
- Where you are a proxy holder and you have been granted a discretion on how to vote the resolution, please use the voting paper provided when you arrived at the meeting;
- After recording your vote, please remember to sign your voting paper, then place the voting paper in the boxes provided at the back of the room where they will be collected by Computershare staff.

For virtual attendees, the poll is open to vote now. The resolutions and voting choices are found under the "Vote" tab, and to vote, simply select your voting choice from the options shown on screen. You can change your vote at any time up until when the poll is closed. To change your vote, simply select "Change Your Vote".

Having collected the votes, they will be taken to a separate room for counting. The results of the poll will be announced via NZX as soon as they are available.

Please note that the Board recommends that you vote in favour of each of the two ordinary resolutions.

<< Slide 21: RESOLUTION 01. >>

Turning to the resolutions.

The first resolution is: *“That Susan Peterson, who retires and is eligible for election, be elected as a Director of the Company.”*

The Board considers Susan will be an Independent Director, if re-elected, and supports her re-election.

Susan has been a director of PFI since 2016. She is an experienced business leader with a particular interest in helping companies to drive growth through technology, innovation and organisational culture. There is a profile of Susan in the notice of meeting.

Susan, would you like to say a few words?

<< Susan to speak >>

<< Anthony Beverley >>

Thank you, Susan.

The resolution is: *“That Susan Peterson, who retires and is eligible for election, be elected as a Director of the Company.”*

Is there any discussion?

Please mark your voting papers for resolution one, or for virtual attendees, select your voting choice from the options shown under the “Vote” tab on your screen.

<< Slide 22: RESOLUTION 02. >>

The second resolution is *“That the Directors are authorised to fix the fees and expenses of the auditors, PricewaterhouseCoopers Auckland.”*

Is there any discussion?

Please mark your voting papers for resolution two, or for virtual attendees, select your voting choice from the options shown under the “Vote” tab on your screen.

We will just give you all a moment to finalise voting, and then I will close the poll.

The poll is now closed, thank you.

<< Slide 23: GENERAL BUSINESS >>

We now come to general business.

If there is something you wish to put to the meeting, could you raise your hand and we'll get one of the microphones to you? A reminder to please state your name and whether you are a shareholder or proxy holder. If you are attending virtually, press the "Q&A" tab on your computer, tablet or mobile, and then type and press "Send" to submit your question.

As mentioned earlier, we will try to get to as many of the questions as possible, but not all questions may be able to be answered. In this case, questions will be followed up after the meeting.

<< Slide 24: CLOSE OF MEETING >>

Thank you for your continued support of PFI, and for your attendance today.

That ends the formal part of the meeting and I declare the voting and the meeting closed.

For those here in person, please join us for light refreshments and further conversation.

<< Slide 25: DISCLAIMER >>