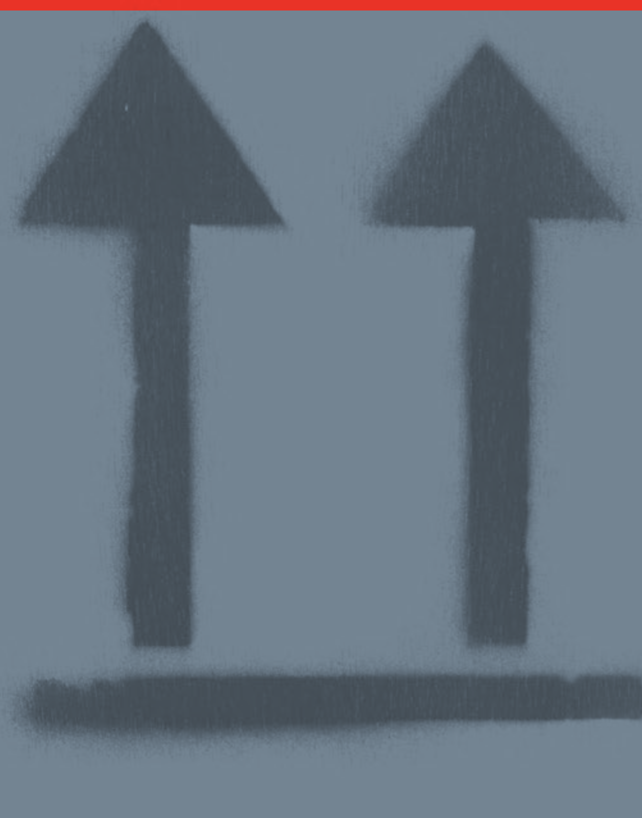
THIS WAY UP

PROPERTY FOR INDUSTRY LIMITED **INTERIM REPORT** 30 JUNE 2015



PFI
YOUR INDUSTRIAL
PROPERTY EXPERTS

Sistema property in Penrose, acquired August 2015.

ANOTHER STEP.

We are one of New Zealand's largest industrial property landlords. We are your industrial property experts.

We are out the back, where the work gets done. Supporting the businesses that make and move the stuff New Zealand needs.

We deliver strong, stable, shareholder returns. And we are taking another step.

$86.3M

ACQUISITION AND DEVELOPMENT ACTIVITY SECURED

$49.5M

UNDERWRITTEN PRO RATA RENOUNCEABLE RIGHTS OFFER COMPLETED SEPTEMBER 2015

3.50

CENTS PER SHARE

TOTAL CASH DIVIDENDS FOR THE FIRST SIX MONTHS OF 2015

100%

OCCUPANCY, ONLY 3.4% OF CONTRACT RENT DUE TO EXPIRE DURING THE REMAINDER OF 2015

CASE STUDY **DELIVERING**

DELIVERING.

DHL moves stuff. With a presence in 220 countries, they claim to be the logistics company for the world, ensuring that what needs to be delivered, gets delivered.

Not surprising then, that – in New Zealand – DHL is a PFI tenant. Our fifth largest, in fact: at 7-9 Niall Burgess Road, Mt Wellington, Auckland. They've been there since 1996 and their lease was due to expire in October 2016…

We can tell you that we are the experts in industrial property and that we understand industrial tenants, but that rhetoric is put to the test in the give-and-take of tough negotiations like this one. Global companies like DHL know what they want and they expect to get it. What they wanted was to stay at Niall Burgess Road, but what they expected was that the numbers would stack up.

They're staying. After months of intricate, amicable, multi-faceted deliberations, we have reached an agreement with DHL that extends the lease until March 2020, with a right of renewal beyond that. They're happy; we're happy. They continue to deliver. And so do we.

WITHIN BOUNDS.

When we launched this company, 21 years ago, we said to investors that there was an opportunity in industrial property. With a clear strategy, we said, and with responsible governance, we could deliver strong, stable returns.

Two years ago, we proposed a merger with Direct Property Fund. It was consistent, we said, with our strategy. A broader base would ensure we could continue to deliver what we had promised.

Today, with a consistent record of strong returns, with 100% occupancy, and favourable market conditions, we are ready for another step. PFI is now established as a leader in industrial property and with that status comes opportunity. As you will read in this report, we are pursuing acquisitions and developments involving a total capital commitment of $86.3 million and we are funding this with a $49.5 million pro rata renounceable rights offer, existing debt facilities and minor, selective, asset sales.

It is a step up, and inevitably, not without risk. But our approach, as you have come to expect, is cautious. Before proceeding, we put in place a credit facility to help us manage cash flow and we renegotiated our loans. In particular, we planned a rights offer that will enable us to pay down that debt and so keep gearing within our self-imposed guidelines.

This is PFI's strategy in action. 21 years on, we continue responding to opportunities in the industrial property sector, continue to build a company capable of delivering strong returns to a growing shareholder base and we continue our conservative approach.

It is a step up, and – as ever – a step up within bounds.

Peter Masfen
Chairman

MOVING UP.

Brendan Lindsay is an inspirational New Zealander. 30 years ago, in his garage, he developed a range of stackable, clip-shut, plastic storage boxes. Today, those boxes are keeping things tidy in millions of homes in 82 countries around the world. Brendan's company, Sistema Plastics, still makes them right here in New Zealand.

We know Brendan. When you are closely involved in New Zealand's industrial property sector, as PFI is, you know who's who and they know you. Which is why Brendan called us. "Would we be interested," he asked, "in 29,101m^2 of prime industrial real estate, in Penrose?" If so, that would assist his relocation to a new building twice as big – somewhere else.

We were interested and it is indeed quality industrial real estate. There are five titles and – as you'd expect from Brendan – they all fit neatly together. Here was an off-market opportunity to secure a concentrated portfolio of well-presented industrial properties in a key industrial precinct.

We've done the deal. Brendan can go ahead with his plans and we can prepare for re-leasing the properties once Sistema moves. We can see a number of leasing options that will add value to the portfolio and further diversify our income.

Sistema Plastics is moving up and so is PFI. It's not just what we know, it's who we know.


13
12

MANAGERS REPORT.

PFI has produced a robust first half result from its fully occupied high quality industrial property portfolio, whilst at the same time securing acquisition and development activity totalling $86.3 million, which will be funded by a combination of existing bank loan facilities and the proceeds of an underwritten $49.5 million pro rata renounceable rights offer.

TOP TEN TENANTS BY RENTAL INCOME

	TENANT	NO. OF PROPERTIES	ANNUAL RENT ($000'S)	% OF TOTAL
1	Fisher & Paykel Appliances	1	5,386	7.7%
2	Fletcher Building Products	4	3,079	4.4%
3	Ebos	3	2,850	4.1%
4	Goodman Fielder	2	2,478	3.6%
5	DHL Supply Chain	2	2,341	3.4%
6	Jacobs	1	2,341	3.4%
7	Wickliffe	2	1,810	2.6%
8	Southern Spars	1	1,481	2.1%
9	Nestle	1	1,438	2.0%
10	Brambles	2	1,410	2.0%
	Subtotal	**19**	**24,614**	**35.3%**
	Total	**80**	**69,698**	**100%**

PORTFOLIO SNAPSHOT AS AT	30 JUNE 2015	31 DECEMBER 2014	30 JUNE 2014
Number of properties	80	79	79
Number of tenants	142	134	136
Contract rent	$69.7 million	$65.8 million	$65.6 million
Occupancy	100.0%	98.5%	99.0%
Weighted average lease term	5.26 years	5.26 years	5.36 years

FINANCIAL PERFORMANCE

Operating revenues for the six months of $32.1 million were in line with the previous corresponding period, as increases due to acquisitions and rent reviews were offset by decreases due to disposals and vacancy. PFI expects operating revenues in second half of 2015 to be ~5% higher than in the first half of the year, as recent acquisitions and developments begin to contribute or contribute further.

Operating expenses for the six months of $15.3 million were up $2.3 million or 17.8%, due to increases in management fees incurred (increase of $1.7 million) and interest expense and bank fees (increase of $0.6 million).

The effective current tax rate decreased to 18.8% (2014: 20.6%) due to increased operating expenses reducing taxable income.

After allowing for non-operating income and expenses and deferred tax, PFI recorded profit after tax of $36.4 million or 8.85 cents per share (2014: $14.4 million or 3.50 cents per share).

DISTRIBUTABLE PROFIT & DIVIDENDS

PFI recorded distributable profit of 3.64 cents per share, a decrease of 0.16 cents per share or 4.2% over the previous corresponding period (2014: 3.80 cents per share). Cash dividends for the first six months of 2015 were 3.50 cents per share, in line with the previous corresponding period.

The dividend reinvestment scheme (DRS) operated for the first quarter dividend but was suspended for the second quarter dividend due to the timing of the scheme coinciding with the rights offer. The board of PFI will continue to assess whether to operate or suspend the DRS on a quarter-by-quarter basis, as PFI's capital needs dictate. Notwithstanding this, the board expects to recommence the DRS in the third quarter of 2015.

Following the rights offer, PFI continues to expect to meet the earnings guidance announced at the time of the 2014 annual results, but with materially lower gearing and enhanced growth prospects, driven in part by a number of the new development opportunities. For the 2015 financial period, PFI expects distributable profit to be at least 7.35 cents per share and cash dividends to be 7.30 cents per share, subject to economic and market conditions.

BALANCE SHEET & CAPITAL MANAGEMENT

PFI's independent valuers, CB Richard Ellis, Colliers International and Jones Lang LaSalle completed a desktop review of the company's property portfolio as at 30 June 2015. 12 properties were also subject to full independent valuations due to significant capital expenditure or changes in contract rental during the six month period. As a result of the desktop review and full independent valuations, PFI recorded a portfolio revaluation uplift of $25.6 million or 2.8% to $930.3 million.

PFI's net tangible assets increased during the interim period by 5.2 cents per share or 4.0% from 130.2 to 135.4 cents per share. This increase was driven by the uplift in the fair value of investment properties described earlier in this report (+6.2 cents per share), but was partially offset by the fair value change in PFI's derivatives (-0.9 cents per share). Other changes accounted for the remaining -0.1 cps.

In May 2015, the company's syndicated bank loan facility was refinanced on competitive terms and increased from $350 million to $375 million. The facility, provided by existing lenders ANZ, BNZ, CBA and Westpac, comprises two $187.5 million tranches committed for four and five year terms respectively. The refinance extended the average term to expiry to 4.3 years as at 30 June 2015 and at the same time the cost of the facilities was reduced.

PFI carries current interest rate hedging of $233 million at an average rate of 4.88% for an average duration of 3.5 years. PFI also carries forward starting hedging of $55 million at an average rate of 3.88% for an average duration of 3.8 years, resulting in total hedging of $288 million at an average rate of 4.69% for an average duration of 3.6 years. Based on current hedging and debt levels, an average of ~70% of the company's debt will be hedged during the remainder of 2015.

When combined with PFI's syndicated bank loan facility this hedging provides the company with a weighted average cost of debt of 5.92%, in line with the rate as at 31 December 2014 of 5.96%.

Gearing at the end of the interim period was 36.8%, up slightly from 35.8% as at 31 December 2014 but well within PFI's self-imposed gearing limit of 40% and bank covenants of 50%. The interest cover ratio reduced slightly to 2.8 times but also remains well within bank covenants of 2.0 times. Post acquisitions, developments and completion of the rights offer, PFI is expecting pro forma year end gearing of around 35%.

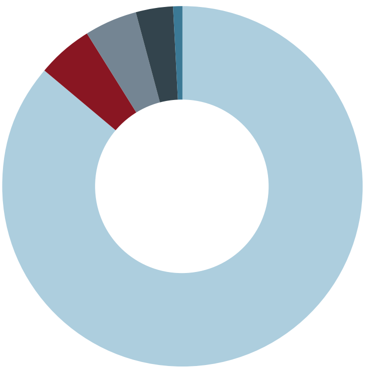
In order to manage the timing of cash-flows associated with the acquisitions, developments and rights offer, PFI entered into a $25 million Institutional Credit Agreement with ANZ at the beginning of August 2015. The facility has an initial expiry date of six months, with an option to extend the expiry to 12 months. The facility ranks alongside PFI's existing syndicated bank loan facility, and PFI does not expect to retain this facility upon the completion of the rights offer.

PORTFOLIO PERFORMANCE

More than 56,000m^2 of PFI's existing portfolio was leased during the first six months of 2015 to 11 new and existing tenants for an average term of 6.7 years. PFI also completed its development at 9 Narek Place, Manukau, during the interim period, with a new 10 year lease to Z Energy commencing at this purpose-built facility.

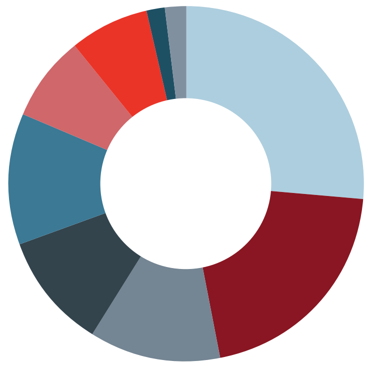
40 rent reviews were also completed during the interim period, representing almost $20.4 million of contract rent. These reviews

INVESTMENT PORTFOLIO BY VALUE – NEW ZEALAND



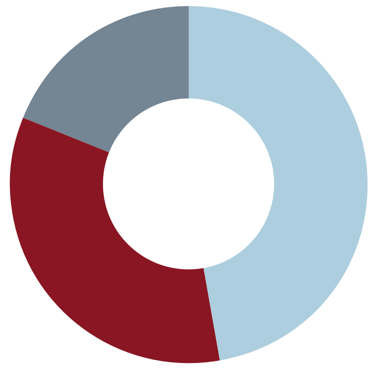
Auckland	86.3%
Wellington	5.0%
Mt Maunganui	4.6%
Christchurch	3.4%
Hamilton	0.7%

INVESTMENT PORTFOLIO BY VALUE – AUCKLAND



Mt Wellington	26.4%
East Tamaki	20.6%
Parnell	11.9%
Avondale	10.6%
Manukau	12.0%
North Shore	7.9%
Penrose	7.1%
Swanson	1.8%
Mangere	1.7%

RENT REVIEW TYPE BY RENTAL INCOME



CPI	47.3%
Market	33.9%
Fixed	18.8%

resulted in an average annual uplift of 2.0%, with fixed or index-linked review mechanisms, present in around two thirds of PFI's leases, contributing almost 90% of the growth.

PFI's near term leasing outlook remains positive: at 30 June 2015 the company's portfolio is 100% occupied and only 3.4% of contract rent is due to expire during the remainder of 2015. The largest single 2015 expiry represents just 0.8% of rent.

MARKET UPDATE

The industrial property sector experienced continued growth in prime industrial rents in first half 2015, following a period of stability throughout the second half of last year, while transactional activity continues to remain high following a strong 2014.

Attractive yields are being paid for secondary properties offering redevelopment potential, while relatively low prime yields persist, reflecting the weight of capital seeking investment opportunities relative to the availability of those opportunities, lower interest rates, good occupancy conditions, and income growth.

STRATEGY AND OUTLOOK

PFI's portfolio is well positioned to benefit from continued favourable market conditions. Momentum in leasing activity following a strong 2014 has allowed PFI to achieve an occupancy rate of 100% as at 30 June 2015 and provides the opportunity for rental growth in the medium term.

Investor sentiment towards investment grade industrial property is strong and this has led to the firming of capitalisation rates for these assets. PFI has benefited from this trend through the aforementioned 2.8% portfolio revaluation uplift and expects buoyant market conditions to persist in the near term.

In the current market, securing prime industrial property accretive to shareholder returns continues to be a challenge given the dearth of high quality assets available and the intensity of competition to acquire, particularly from private investors and owner occupiers. Despite this, PFI has successfully completed a number of acquisitions since the start of 2015 which have enhanced earnings and provided PFI with "core" industrial property in key locations. In addition, PFI has committed to a number of existing development opportunities within the portfolio that will contribute meaningfully to earnings once completed.

RECENT ACQUISITIONS AND DEVELOPMENT

PFI has had a busy start to 2015, acquiring 232 Cavendish Drive in Manukau and a portfolio of five industrial properties in Penrose, located on Hugo Johnston Drive and Autumn Place. These acquisitions cost a total of $46.9 million.

PFI has also committed to various pre-leased development opportunities, estimated to cost $26.5 million in total. This comprises construction of four new bulk store facilities at 124 Hewletts Road in Mount Maunganui, leased to RMD Bulk Storage, ADM, Glencore Grain and Regal Haulage.

In line with its objective of maximising utilisation of the portfolio, PFI is also projecting to spend $12.9 million on the development of surplus Auckland land it holds at 212 and 232 Cavendish Drive, Manukau and 9 Narek Place, Manukau. A new warehouse is also underway at 54 Carbine Road & 6a Donnor Place, Mount Wellington.

These acquisitions and developments, expected to represent a total capital commitment of $86.3 million, are in line with PFI's strategy of delivering incremental value enhancing growth opportunities for shareholders. PFI will fund this capital commitment via the rights offer, existing debt facilities and by recycling capital through minor, selective asset sales.

RIGHTS OFFER

In early August 2015, PFI announced that it will raise approximately $49.5 million through a renounceable pro rata rights offer, fully underwritten by Forsyth Barr Group Limited at an issue price of $1.44 per share.

It is intended that the net proceeds of the rights offer will be used to pay down bank debt relating to the recent acquisitions and committed developments, increasing available headroom in banking facilities, with gearing of ~35% expected at the end of the 2015 financial year.

The rights offer was successfully completed in September 2015.

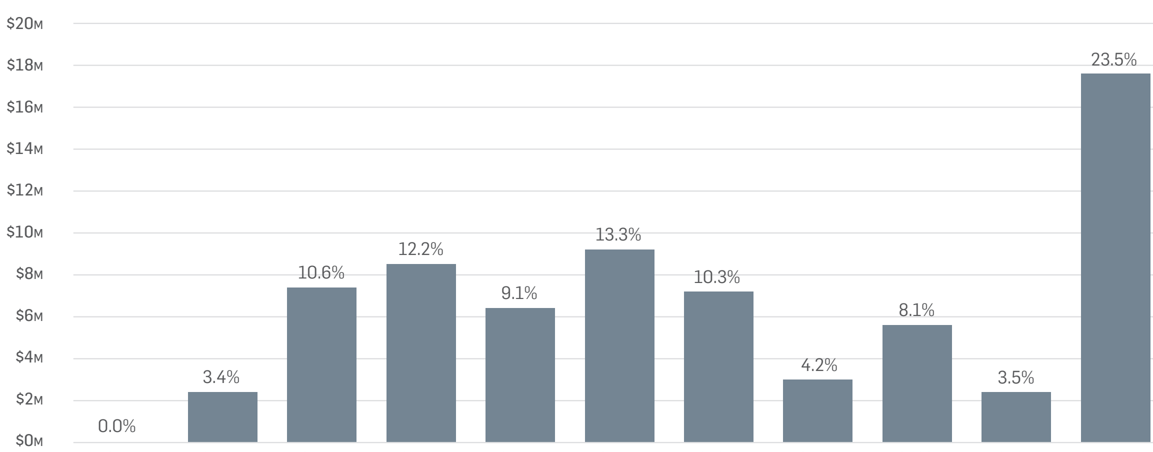
CLOSING

We thank shareholders for their continued support, including their participation in the rights offer.

Nick Cobham
General Manager (Joint)

Simon Woodhams
General Manager (Joint)

LEASE EXPIRY BY RENTAL INCOME



Roofers work to complete four new bulk store facilities at 124 Hewletts Road, Mount Maunganui.

INTERIM FINANCIAL STATEMENTS.

PROPERTY FOR INDUSTRY LIMITED **INTERIM FINANCIAL STATEMENTS** 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

ALL VALUES IN $000'S	NOTE	UNAUDITED 6 MONTHS ENDED 30 JUNE 2015	UNAUDITED 6 MONTHS ENDED 30 JUNE 2014	AUDITED 12 MONTHS ENDED 31 DECEMBER 2014
OPERATING REVENUE				
Rental and management fee income		32,117	32,030	63,678
Business interruption insurance income		–	34	81
Interest income		5	6	13
Total operating revenue		32,122	32,070	63,772
OPERATING EXPENSES				
Audit fees and other fees paid to auditors		(78)	(67)	(131)
Directors' fees		(140)	(138)	(278)
Interest expense and bank fees		(9,642)	(9,003)	(18,230)
Management fees	11	(4,109)	(2,446)	(5,604)
Non-recoverable property costs	2	(989)	(898)	(1,888)
Other expenses		(360)	(451)	(763)
Total operating expenses		(15,318)	(13,003)	(26,894)
Total operating earnings		16,804	19,067	36,878
NON-OPERATING INCOME AND EXPENSES				
Fair value gain on investment properties	6	25,577	–	36,286
Material damage insurance income		17	–	1,204
Loss on disposals of investment properties		–	(210)	(2,061)
Fair value loss on derivative financial instruments		(3,508)	(991)	(6,431)
Total non-operating income and expenses		22,086	(1,201)	28,998
Profit before taxation		38,890	17,866	65,876
INCOME TAX (EXPENSE) / BENEFIT				
Current taxation	4	(3,160)	(3,921)	(7,113)
Deferred taxation	4	687	478	1,114
Total taxation		(2,473)	(3,443)	(5,999)
Profit for the period attributable to the shareholders of the Company		36,417	14,423	59,877
Other comprehensive income after income tax		–	–	–
Total comprehensive income for the period attributable to the shareholders of the Company		36,417	14,423	59,877
Basic and diluted earnings per share (cents)	5	8.85	3.50	14.55

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

ALL VALUES IN $000'S	NOTE	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
BALANCE AT 1 January 2014		434,986	100,187	535,173
Total comprehensive income		–	59,877	59,877
Dividends to shareholders	3	–	(30,080)	(30,080)
Balance at 31 December 2014 (audited)		434,986	129,984	564,970
BALANCE AT 1 January 2014		434,986	100,187	535,173
Total comprehensive income		–	14,423	14,423
Dividends to shareholders	3	–	(15,472)	(15,472)
Balance at 30 June 2014 (unaudited)		434,986	99,138	534,124
BALANCE AT 1 January 2015		434,986	129,984	564,970
Total comprehensive income		–	36,417	36,417
Dividend reinvestment	9	1,282	–	1,282
Dividends to shareholders	3	–	(15,225)	(15,225)
Balance at 30 June 2015 (unaudited)		436,268	151,176	587,444

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S	Note	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
CURRENT ASSETS				
Cash and cash equivalents		206	109	596
Accounts receivable, prepayments and other assets		4,194	2,757	3,215
Investment properties held for sale	6	–	931	–
Derivative financial instruments	7	–	64	2
Total current assets		4,400	3,861	3,813
NON-CURRENT ASSETS				
Derivative financial instruments	7	193	1,862	54
Prepayments and other assets		9,150	7,524	7,563
Investment properties	6	919,130	822,707	866,363
Goodwill		29,086	29,086	29,086
Total non-current assets		957,559	861,179	903,066
Total assets		961,959	865,040	906,879
CURRENT LIABILITIES				
Accounts payable, accruals and other liabilities		11,758	4,729	9,487
Taxation payable		629	1,024	1,832
Derivative financial instruments	7	234	–	164
Total current liabilities		12,621	5,753	11,483
NON-CURRENT LIABILITIES				
Borrowings	8	341,377	310,304	312,797
Derivative financial instruments	7	9,914	2,933	6,339
Deferred tax liabilities	4	10,603	11,926	11,290
Total non-current liabilities		361,894	325,163	330,426
Total liabilities		374,515	330,916	341,909
Net assets		587,444	534,124	564,970
EQUITY				
Share capital	9	436,268	434,986	434,986
Retained earnings		151,176	99,138	129,984
Total equity		587,444	534,124	564,970

The Board of Property For Industry Limited authorised these financial statements for issue on 10 August 2015.

Peter Masfen
Chairman

Anthony Beverley
Chairman, Audit and Risk Committee

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

ALL VALUES IN $000'S	UNAUDITED 6 MONTHS ENDED 30 JUNE 2015	UNAUDITED 6 MONTHS ENDED 30 JUNE 2014	AUDITED 12 MONTHS ENDED 31 DECEMBER 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Property income received	30,518	31,783	63,696
Business interruption and material damage insurance income	17	–	1,285
Interest income received	5	6	13
Net GST (paid) / received	(868)	(416)	231
Payments to suppliers	(3,850)	(4,160)	(8,376)
Income tax paid	(4,363)	(4,629)	(7,013)
Interest and other finance costs paid	(10,675)	(10,772)	(19,521)
Net cash flows from operating activities	10,784	11,812	30,315
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investment properties	–	10,849	26,589
Capitalisation of interest on development properties	(69)	(21)	(37)
Purchases and development of investment properties	(25,922)	(4,317)	(25,849)
Net cash flows from investing activities	(25,991)	6,511	703
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds / (repayments) of borrowings	28,760	(4,090)	(1,690)
Dividends paid to shareholders	(13,943)	(15,472)	(30,080)
Net cash flows from financing activities	14,817	(19,562)	(31,770)
Net decrease in cash and cash equivalents	(390)	(1,239)	(752)
Cash and cash equivalents at beginning of period	596	1,348	1,348
Cash and cash equivalents at end of period	206	109	596

The accompanying notes form part of these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. ACCOUNTING POLICIES

(i) General information

These unaudited consolidated interim financial statements as at and for the six months ended 30 June 2015 are those of Property For Industry Limited (the Company) and its subsidiary P.F.I. Property No. 1 Limited (PFI No1) (together, the Group). The Company is a limited liability company incorporated in New Zealand and is registered under the Companies Act 1993. The Company is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013 and these unaudited consolidated interim financial statements have been prepared in accordance with the requirements of the NZX Main Board Listing Rules. The Company is registered on the New Zealand Stock Exchange (NZSX: PFI).

The Company and Group are profit oriented businesses. The Company's and Group's principal activity is property investment and management. These unaudited consolidated interim financial statements were approved by the Board of Directors on 10 August 2015.

(ii) Basis of preparation

These unaudited consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting. The unaudited consolidated interim financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments which are measured at fair value. All financial information is presented in New Zealand dollars and has been rounded to the nearest thousand.

These unaudited consolidated interim financial statements should be read in conjunction with the Annual Report for the year ended 31 December 2014 which may be downloaded from the Company's website (www.propertyforindustry.co.nz).

(iii) Changes to accounting policies

The accounting policies adopted are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

(iv) Critical judgements, estimates and assumptions

In applying the Group's accounting policies, the Board and Management continually evaluates judgements, estimates and assumptions that may have an impact on the Group. All judgements, estimates and assumptions are believed to be reasonable based on the current set of circumstances available to the Board and Management. Actual results may differ from the judgements, estimates and assumptions made by the Board and Management. The significant judgements, estimates and assumptions made by the Board and Management in applying the Group's accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2014.

2. NON-RECOVERABLE PROPERTY COSTS

Other non-recoverable property costs represents property maintenance and operating expenses not recoverable from tenants, property valuation fees and property leasing costs.

	UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
Service charge expenses	(4,257)	(4,431)	(7,425)
Service charge income recovered from tenants	4,257	4,431	7,425
Other non-recoverable property costs	(989)	(898)	(1,888)
Total non-recoverable property costs	(989)	(898)	(1,888)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

3. RELATIONSHIP OF TOTAL COMPREHENSIVE INCOME TO DIVIDENDS PAID

The Group's dividend policy is to distribute between 95% to 100% of its annual distributable profit, subject to the approval of the Board of Directors. Distributable profit is determined as total comprehensive income for the period (as determined in accordance with NZ IFRS for the period) adjusted for fair value gains or losses on investment properties, material damage insurance income, gains or losses on disposal of investment properties (net of tax on depreciation claw-back), fair value gains or losses on derivative financial instruments, deferred tax, additional revenue booked as a result of fixed rental review accounting entries, incentive fees net of tax, business combination transaction costs, and other one off items.

	UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S UNLESS NOTED OTHERWISE	6 MONTHS ENDED 30 JUNE 2015	6 MONTHS ENDED 30 JUNE 2014	12 MONTHS ENDED 31 DECEMBER 2014
Total comprehensive income for the period attributable to the shareholders of the Company	36,417	14,423	59,877
Adjusted for:			
Fair value gain on investment properties	(25,577)	–	(36,286)
Material damage insurance income	(17)	–	(1,204)
Loss on disposals of investment properties	–	210	2,061
Tax on depreciation claw-back on disposals of investment properties	–	223	281
Fair value loss on derivative financial instruments	3,508	991	6,431
Deferred taxation	(687)	(478)	(1,114)
Movement in fixed rent reviews	199	268	455
Incentive fees net of tax	1,140	–	511
Other[1]	(6)	(6)	(12)
Distributable profit	14,977	15,631	31,000
Analysed as:			
6 months ended 30 June			
Distributable profit	14,977	15,631	15,631
Weighted average number of ordinary shares (shares)	411,665,124	411,502,391	411,502,391
Distributable profit per share (cents)	3.64	3.80	3.80
6 months ended 31 December			
Distributable profit	–	–	15,369
Weighted average number of ordinary shares (shares)	–	–	411,502,391
Distributable profit per share (cents)	–	–	3.73
Distributable profit per share (cents)	3.64	3.80	7.53

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

ALL VALUES IN $000'S UNLESS NOTED OTHERWISE		UNAUDITED 6 MONTHS ENDED 30 JUNE 2015	UNAUDITED 6 MONTHS ENDED 30 JUNE 2014	AUDITED 12 MONTHS ENDED 31 DECEMBER 2014
1st quarter FYE 31/12/14 net dividend (1.750 cents)[3,4]	28/5/2014	–	7,201	7,201
2nd quarter FYE 31/12/14 net dividend (1.750 cents)[3,4]	5/9/2014	–	7,201	7,201
3rd quarter FYE 31/12/14 net dividend (1.800 cents)[4]	26/11/2014	–	–	7,407
4th quarter FYE 31/12/14 net dividend (1.950 cents)[2]	12/3/2015	–	–	8,024
1st quarter FYE 31/12/15 net dividend (1.750 cents)[2]	27/5/2015	7,201	–	–
2nd quarter FYE 31/12/15 net dividend (1.750 cents)[5]		7,216	–	–
Dividends paid relating to the period reported		14,417	14,402	29,833
Pay-out ratio		96%	92%	96%

1. Other comprises the current tax impact of an adjustment to one of the Company's derivative financial instruments.
2. Dividends paid in the six months ended 30 June 2015 totalled $15,225,000 as per the Statement of Changes in Equity and consisted of the 1st quarter period ended 30/6/15 dividend (above) plus the 4th quarter FYE 31/12/14 dividend (above).
3. Dividends paid in the six months ended 30 June 2014 totalled $15,472,000 as per the Statement of Changes in Equity and consisted of the 1st quarter period ended 30/6/14 dividends (above) plus the 4th quarter FYE 31/12/13 dividend paid 12/3/14 of $8,271,000.
4. Dividends paid in the year ended 31 December 2014 totalled $30,080,000 as per the Statement of Changes in Equity and consisted of the 1st through 3rd quarter FYE 31/12/14 dividends (above) plus the 4th quarter FYE 31/12/13 dividend paid 12/3/14 of $8,271,000.
5. The 2nd quarter FYE 31/12/15 dividend is due to be paid on 3 September 2015, refer note 16.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

4. TAXATION

(i) Reconciliation of profit before taxation to income tax (expense)/benefit

	UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S	6 MONTHS ENDED 30 JUNE 2015	6 MONTHS ENDED 30 JUNE 2014	12 MONTHS ENDED 31 DECEMBER 2014
Profit before taxation	38,890	17,866	65,876
Prima facie income tax calculated at 28%	(10,889)	(5,002)	(18,445)
Adjusted for:			
Non-tax deductible revenue and expenses	4	(3)	6
Fair value gain on investment properties	7,162	–	10,160
Loss on disposals of investment properties	–	(59)	(577)
Depreciation	1,203	1,265	2,535
Disposal of depreciable assets	–	(195)	(123)
Deductible capital expenditure	346	446	1,145
Property prepayments	(92)	(118)	(70)
Derivative financial instruments	(976)	(272)	(1,788)
Impairment allowance	(7)	18	20
Other	–	(1)	–
Current tax prior period adjustment	89	–	24
Current taxation expense	(3,160)	(3,921)	(7,113)
Depreciation	(353)	76	(724)
Property prepayments	92	148	70
Derivative financial instruments	976	272	1,788
Impairment allowance	(28)	(18)	(20)
Deferred taxation benefit	687	478	1,114
Total taxation reported in the Statement of Comprehensive Income	(2,473)	(3,443)	(5,999)

(ii) Deferred tax

	AUDITED	UNAUDITED	UNAUDITED	UNAUDITED
ALL VALUES IN $000'S	AS AT 31 DECEMBER 2014	RECOGNISED IN PROFIT 6 MONTHS ENDED 30 JUNE 2015	AS AT 30 JUNE 2015	AS AT 30 JUNE 2014
DEFERRED TAX ASSETS				
Derivative financial instruments	(1,847)	(976)	(2,823)	(331)
Impairment allowance	(289)	28	(261)	(291)
Gross deferred tax assets	(2,136)	(948)	(3,084)	(622)
DEFERRED TAX LIABILITIES				
Investment properties	13,426	261	13,687	12,548
Gross deferred tax liabilities	13,426	261	13,687	12,548
Net deferred tax liability	11,290	(687)	10,603	11,926

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

5. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	UNAUDITED	UNAUDITED	AUDITED
	6 MONTHS ENDED 30 JUNE 2015	6 MONTHS ENDED 30 JUNE 2014	12 MONTHS ENDED 31 DECEMBER 2014
Total comprehensive income for the period attributable to the shareholders of the Company ($000)	36,417	14,423	59,877
Weighted average number of ordinary shares (shares)	411,665,124	411,502,391	411,502,391
Basic and diluted earnings per share (cents)	8.85	3.50	14.55

6. INVESTMENT PROPERTIES

	UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
Opening balance	876,005	841,841	841,841
Additions (i)	18,425	–	15,408
Disposals (ii)	–	(11,059)	(28,650)
Capital expenditure	8,696	2,495	11,101
Capitalised interest	69	21	37
Movement in property prepayments	1,528	(425)	(18)
Unrealised fair value gain (iii)	25,577	–	36,286
Closing balance	930,300	832,873	876,005
Represented in the Statement of Financial Position by:			
Property prepayments[a]	11,170	9,235	9,642
Investment properties held for sale (iv)	–	931	–
Investment properties	919,130	822,707	866,363
Closing balance	930,300	832,873	876,005

a. Amount shown only represents a portion of the total balance in the Statement of Financial Position.

(i) Additions

During the six months to 30 June 2015 the Group acquired 232 Cavendish Drive, Manukau for a net purchase price of $18,400,000, with transaction costs of $25,000. There were no investment property additions during the six months ended 30 June 2014. During the year ended 31 December 2014, the Group acquired 143 Hutt Park Road, Wellington for a net purchase price of $15,384,000, with transaction costs of $24,000.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(ii) Disposals

There were no investment property disposals during the six months ended 30 June 2015. During the six months ended 30 June 2014 and the year ended 31 December 2014 the following properties were disposed:

	31 DECEMBER 2013	AUDITED 31 DECEMBER 2014			
ALL VALUES IN $000'S	CARRYING VALUE	CAPITAL EXPENDITURE	TOTAL	NET SALES PROCEEDS	GAIN / (LOSS) ON DISPOSAL
174b Marua Road, Mt Wellington (31/1/2014)	2,141	–	2,141	2,144	3
326 Rosebank Road, Avondale (16/4/2014)	1,040	(50)	990	966	(24)
19A Omega Street, North Shore (5/6/2014)	1,100	(44)	1,056	1,018	(38)
5 Cable Street, Wellington (10/6/2014)	6,800	72	6,872	6,721	(151)
Total to 30 June 2014	11,081	(22)	11,059	10,849	(210)
19B Omega Street, North Shore (1/7/2014)	930	31	961	921	(40)
18 Ron Driver Place, East Tamaki (11/9/2014)	16,600	30	16,630	14,819	(1,811)
Total to 31 December 2014	28,611	39	28,650	26,589	(2,061)

(iii) Valuation

The Board determined that a desktop review of the property portfolio should be undertaken by CB Richard Ellis (CBRE), Colliers International (Colliers) or Jones Lang LaSalle (JLL) as at 30 June 2015 to determine the current valuation of each property in the portfolio. In addition to this the following 12 investment properties were subject to independent valuations due to significant capital expenditure works undertaken or contractual rental variance in the current period:

ALL VALUES IN $000'S	VALUER	VALUATION
2-4 Argus Place, North Shore	JLL	6,000
122 Captain Springs Road, Penrose	JLL	7,000
85 Cavendish Drive, Manukau	JLL	9,250
124 Hewletts Road, Mt Maunganui	JLL	15,975
12 Hugo Johnston Drive, Penrose	JLL	4,425
44 Mandeville Street, Christchurch	CBRE	13,700
102 Mays Road, Penrose	CBRE	5,740
511 Mount Wellington Highway, Mt Wellington	CBRE	6,090
36 Neales Road, East Tamaki	CBRE	14,350
9 Nesdale Avenue, Manukau	CBRE	8,920
7-9 Niall Burgess Road, Mt Wellington	Colliers	28,800
58 Richard Pearse Drive, Mangere	CBRE	14,050

As a result of the desktop review and the independent valuations, the combined unrealised net increase in the value of investment properties for the six months ended 30 June 2015 was $25,577,000. The carrying value of investment properties as at 30 June 2015 represents the Directors best estimate of fair value based on market conditions and the Directors and Management experience in this area. This fair value reflects Director's assessment of highest and best use for each property. Other than as noted above, all properties were last revalued by independent valuers as at 31 December 2014. The combined unrealised net increase in the value of investment properties for the year to 31 December 2014 was $36,286,000. The full portfolio will next be revalued by independent valuers as at 31 December 2015. During the six months ended 30 June 2014 no properties were revalued.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(iv) Investment properties held for sale

There were no investment properties held for sale as at 30 June 2015 (31 December 2014: nil.) The Group entered into an unconditional sale and purchase agreement for 19 Omega Street (lot 3), North Shore on 12 May 2014 for $910,000 before disposal costs. The carrying value as at 31 December 2013 was $930,000. Settlement of this disposal occurred on 1 July 2014.

7. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Fair values

	UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
Current assets	–	64	2
Non-current assets	193	1,862	54
Current liabilities	(234)	–	(164)
Non-current liabilities	(9,914)	(2,933)	(6,339)
Total	(9,955)	(1,007)	(6,447)

(ii) Notional values, maturities and interest rates:

	UNAUDITED	UNAUDITED	AUDITED
	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
Notional value of interest rate swaps – start dates commenced ($000'S)	233,000	288,000	278,000
Notional value of interest rate swaps – forward starting ($000'S)	55,000	75,000	75,000
Total ($000'S)	288,000	363,000	353,000
Average period to expiry – start dates commenced (years)	3.51	2.31	2.47
Average period to expiry – forward starting (years)	3.82	4.40	4.40
Average (years)	3.57	2.74	2.88
Average interest rate[1] – start dates commenced (%)	4.88%	4.22%	4.46%
Average interest rate[1] – forward starting (%)	3.88%	4.57%	4.57%
Average (%)	4.69%	4.29%	4.48%

1. Excluding margin and fees

(iii) Valuation approach

The fair value of derivative financial instruments are determined from valuations prepared by independent treasury advisers using level 2 valuation techniques. These are based on the present value of estimated future cash flows based on the terms and maturity of each contract and the current market interest rates at reporting date. Fair values also reflect the current creditworthiness of the derivative counterparty. These valuers are verified against valuations prepared by the respective counterparties.

Derivative financial instruments are subject to recurring fair value measurements and are categorised as level 2 in the fair value hierarchy. During the periods reported, there were no transfers of derivatives between levels of the fair value hierarchy.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

8. BORROWINGS

(i) Facility

On 1 May 2015, the Group entered into new facilities (A and B) with a banking syndicate comprising ANZ Bank New Zealand Limited (ANZ), Bank of New Zealand (BNZ), Commonwealth Bank of Australia, New Zealand Branch (CBA) and Westpac New Zealand Limited (Westpac) for $375,000,000.

Facility A for $187,500,000 is provided by ANZ, BNZ, CBA and Westpac who provide 27.1%, 24.3%, 24.3% and 24.3% respectively of Facility A's limit and drawings. Facility A is a revolving facility of a long term nature and expires 4 May 2019.

Facility B for $187,500,000 is provided by ANZ, BNZ, CBA and Westpac who provide 27.1%, 24.3%, 24.3% and 24.3% respectively of Facility B's limit and drawings. Facility B is a revolving facility of a long term nature and expires 4 May 2020.

	UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
ANZ	101,625	95,000	95,000
BNZ	91,125	85,000	85,000
CBA	91,125	85,000	85,000
Westpac	91,125	85,000	85,000
Total facilities available	375,000	350,000	350,000
Facility drawn down – non-current	342,260	311,100	313,500
Undrawn facility available	32,740	38,900	36,500
Total facilities available	375,000	350,000	350,000
Weighted average term to maturity (years)	4.35	4.34	3.83

(ii) Net borrowings

	UNAUDITED	UNAUDITED	AUDITED
ALL VALUES IN $000'S	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
Facility drawn down - non-current	342,260	311,100	313,500
Prepaid loan fees	(883)	(796)	(703)
Net borrowings	341,377	310,304	312,797

After taking into account the impact of current interest rate swaps, the blended interest rate as at 30 June 2015 for the drawn down borrowings was 5.92% (30 June 2014: 5.74%, 31 December 2014: 5.96%).

(iii) Security and covenants

The facility is secured by way of a security trust deed and registered mortgage security which is required to be provided over Group properties with current valuations of at least $750,000,000. In addition to this, the facility agreement contains a negative pledge. Property For Industry Limited and P.F.I. Property No. 1 Limited are guarantors to the facility.

The facility contains covenants that require the Group to maintain a loan to value ratio of not more than 50% and an interest cover ratio (that is, the ratio of earnings before interest to interest) of not less then 2:1. These covenants are unchanged from the prior year. The Group has complied with all covenants during the current and prior periods.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

9. SHARE CAPITAL

All ordinary shares on issue are fully paid, carry equal voting rights, share equally in dividends and any surplus on wind up and have no par value. During the six months to 30 June 2015, the Group issued 841,562 shares ($1,282,000) via the Group's dividend reinvestment scheme (six months to 30 June 2014: nil, year to 31 December 2014: nil).

10. NET TANGIBLE ASSETS PER SHARE

	UNAUDITED	UNAUDITED	AUDITED
	30 JUNE 2015	30 JUNE 2014	31 DECEMBER 2014
Net assets ($000)	587,444	534,124	564,970
Less: Goodwill ($000)	(29,086)	(29,086)	(29,086)
Net tangible assets ($000)	558,358	505,038	535,884
Shares on issue at the end of the period (shares)	412,343,953	411,502,391	411,502,391
Net tangible assets per share (cents)	135	123	130

11. RELATED PARTIES

(i) Management fees

The Manager, PFIM Limited (PFIM) is entitled to be paid base management and incentive fees for the provision of management and administrative services, pursuant to a management and administrative services contract. During the periods reported, Gregory Reidy was a Director of both PFIM and the Company.

(a) Base management fees

The annual base management fee payable is calculated as follows:

- 0.725% of total tangible assets under management up to $425 million;
- 0.450% of total tangible assets under management above $425 million and below $775 million;
- 0.350% of total tangible assets under management above $775 million.

During the six months to 30 June 2015 the Group incurred base management fees totalling $2,525,000 (six months to 30 June 2014: $2,446,000, year to 31 December 2014: $4,894,000) from PFIM, for the provision of management and administrative services. As at 30 June 2015 $425,000 (30 June 2014: $408,000, 31 December 2014: $418,000) was owing and included in accounts payable, accruals and other liabilities.

(b) Incentive fees

An incentive fee is calculated and payable on quarterly basis. The incentive fee is calculated as 10% of the change in shareholder wealth above 10% per annum (2.5% per quarter) and under 15% per annum (3.75% per quarter), calculated and payable on quarterly basis. The fee is calculated as 10% of the actual increase in shareholder returns which is above 2.5% in a quarter. Where shareholder returns exceed 3.75% in a quarter, no payment is due for the actual amount of the increase above 3.75% but the amount of the increase above 3.75% can be carried forward and added to the calculation of shareholder returns in later quarters. However, if shareholder returns are less than 2.5% in a quarter, the deficit can also be carried forward and subtracted from the calculation of shareholder returns in later quarters.

During the six months to 30 June 2015, the Group incurred $1,584,000 incentive fees from PFIM (six months to 30 June 2014: nil, year to 31 December 2014: $710,000). As at 30 June 2015, a surplus amount of $1,825,000 (30 June 2014: deficit $2,592,000, 31 December 2014: surplus $3,213,000) has been carried forward to be included in the calculation to determine whether an incentive fee is payable in subsequent periods. As at 30 June 2015 $808,000 (30 June 2014: nil, 31 December 2014: $710,000) was owing and included in accounts payable, accruals and other liabilities.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

(ii) Other related party transactions

During the six months to 30 June 2015, the Group incurred $8,424,000 (six months to 30 June 2014: $952,000, year to 31 December 2014: $4,455,000) for construction and maintenance works from Haydn & Rollett Limited. During the periods reported, John Waller was a Director of both Haydn & Rollett Limited and the Company. As at 30 June 2015 $2,230,000 (30 June 2014: $211,000, 31 December 2014: $666,000) was owing and included in accounts payable, accruals and other liabilities.

During the six months ended 30 June 2015, the Group incurred $2,006,000 (six months to 30 June 2014: $1,964,000, year to 31 December 2014: $4,834,000) for interest expense and bank fees from the Bank of New Zealand. During the periods reported, John Waller was a Director of both Bank of New Zealand and the Company. As at 30 June 2015 $545,000 (30 June 2014: $642,000, 31 December 2014: $740,000) was owing and included in accounts payable, accruals and other liabilities.

No related party debts have been written off or forgiven during the six months to 30 June 2015 (six months to 30 June 2014: nil, year to 31 December 2014: nil).

During the six months to 30 June 2015, fees paid to Directors of the Group were $140,000 (six months to 30 June 2014: $138,000, year to 31 December 2014: $278,000).

As at 30 June 2015, Directors of the Company held 8,434,351 (30 June 2014: 7,495,766, 31 December 2014: 8,541,394) shares beneficially in the Company and 343,000 (30 June 2014: 1,295,628, 31 December 2014: 250,000) shares non beneficially in the Company. Included in the shares benefially owned are 3,375,804 (30 June 2014: 3,375,804, 31 December 2014: 3,375,804) shares held in the name of PFIM.

12. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The Group is internally reported as a single operating segment to the chief operating decision-maker.

13. OFFSETTING

The Group does not have material financial assets or financial liabilities which are subject to offsetting enforceable master netting arrangements and similar agreements.

14. CAPITAL COMMITMENTS

As at 30 June 2015 the Group had capital commitments totalling $6,053,000 (30 June 2014: $6,321,000, 31 December 2014: $1,819,000) relating to work on investment properties.

15. CONTINGENT LIABILITIES

As at 30 June 2015 the Group had no material contingent liabilities (30 June 2014: none, 31 December 2014: none).

16. SUBSEQUENT EVENTS

On 10 August 2015:

- The Directors of the Company approved the payment of a net dividend of $7,216,000 (1.7500 cents per share) to be paid on 3 September 2015. The gross dividend (2.2090 cents per share) carries imputation credits of 0.4590 cents per share. The payment of this dividend will not have any tax consequences for the Group and no liability has been recognised in the Statement of Financial Position as at 30 June 2015 in respect of this dividend.
- The Directors of the Company approved a $25,000,000 12 month standby borrowings facility provided by ANZ.
- The Directors of the Company approved the acquisition of a portfolio of five properties for up to $29,710,000.
- The Directors of the Company approved the intention to raise approximately $49,500,000 through an underwritten 1 for 12 rights offer. The offer will involve the issue of around 34,361,996 ordinary shares.

INDEPENDENT REVIEW REPORT
to the shareholders of Property For Industry Limited

Report on the Interim Financial Statements

We have reviewed the accompanying group interim financial statements of Property For Industry Limited (the "Company") on pages 12 to 25, which comprise the consolidated statement of financial position as at 30 June 2015 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended on that date, and a summary of significant accounting policies and selected explanatory notes.

Directors' responsibility for the Interim Financial Statements

The Directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* ("NZ IAS 34") and for such internal controls as the Directors determine are necessary to enable the preparation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410"). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these financial statements.

We are independent of the Group. Other than in our capacity as auditors and providers of other related assurance services we have no relationship with, or interests in, the Group.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the group interim financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

PricewaterhouseCoopers

PricewaterhouseCoopers Auckland

10 August 2015

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This Interim Report is dated 16 September 2015 and is signed on behalf of the board by:

Peter Masfen
Chairman

Anthony Beverley
Chairman, Audit and Risk Committee


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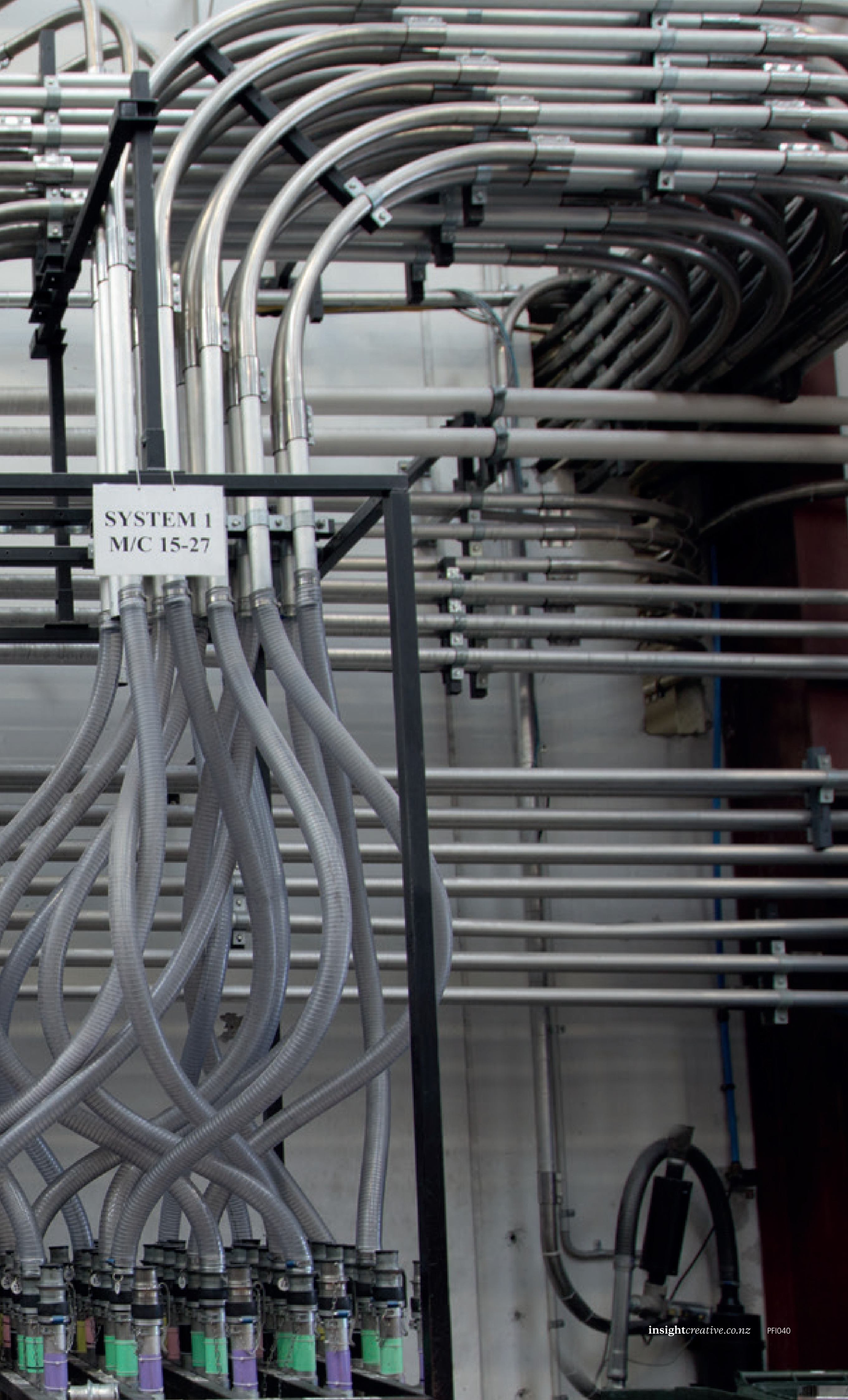
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