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TO THE **2015** INTERIM RESULTS BRIEFING

COME

Pfi
YOUR INDUSTRIAL
PROPERTY EXPERTS

AGENDA



1. Highlights
2. 2015 Interim Results
3. Portfolio
4. Market & Strategy
5. Recent Acquisitions & Developments
6. Renounceable Rights Offer
7. Questions
8. Appendices

Please note: this presentation should be read in conjunction with the announcement, interim financial statements and Offer Document released by PFI on 11 August 2015.

HIGHLIGHTS.

HIGHLIGHTS – FINANCIAL & PORTFOLIO



- **Financial:**

- Profit after tax for the six months to 30 June 2015 of \$36.4m or 8.85 cents per share
- Distributable profit for the six months to 30 June 2015 of 3.64 cents per share
- Second quarter cash dividend of 1.75 cents per share, total cash dividends for the first six months of 2015 of 3.50 cents per share, in line with the previous corresponding period
- \$375m bank loan facility refinanced on competitive terms

- **Portfolio:**

- \$25.6m or 2.8% portfolio revaluation uplift contributing to a 4.0% increase in net tangible assets to 135.4 cents per share
- 38% of contract rent varied, leased or reviewed during the first six months of 2015
- Occupancy improved to 100%, weighted average lease term stable at 5.26 years, only 3.4% of contract rent due to expire during the remainder of 2015

HIGHLIGHTS – ACQUISITIONS, DEVELOPMENTS & RIGHTS OFFER

- **Recent acquisitions and developments:**

- PFI has committed to a series of value enhancing acquisitions and developments to drive growth
- \$18.4m acquisition of 232 Cavendish Drive, Manukau, completed Q2 2015
- \$28.5m acquisition of a portfolio of five properties in Penrose, to be completed Q3 2015
- \$26.5m committed to pre-leased developments at 124 Hewletts Road, Tauranga
- \$12.9m of development planned on Auckland expansion land

- **Underwritten renounceable pro rata Rights Offer:**

- PFI to raise approximately \$49.5 million through a pro rata renounceable Rights Offer
- 1-for-12 Rights Offer, at Issue Price of \$1.44 per Share, fully underwritten by Forsyth Barr Group Limited
- Proceeds of the Rights Offer to be used to repay bank debt and reduce gearing related to the acquisition and development programme

HIGHLIGHTS – RIGHTS OFFER (CONTINUED)



- **Post acquisition, development and completion of the Rights Offer, PFI is expecting:**
 - pro forma FYE 2015 gearing of ~35%
 - full year EPS of at least 7.35 cps post issue
 - full year DPS of 7.30 cps post issue
 - an enhanced earnings growth profile post FY15 driven in part by development opportunities

**2015
INTERIM
RESULTS.**

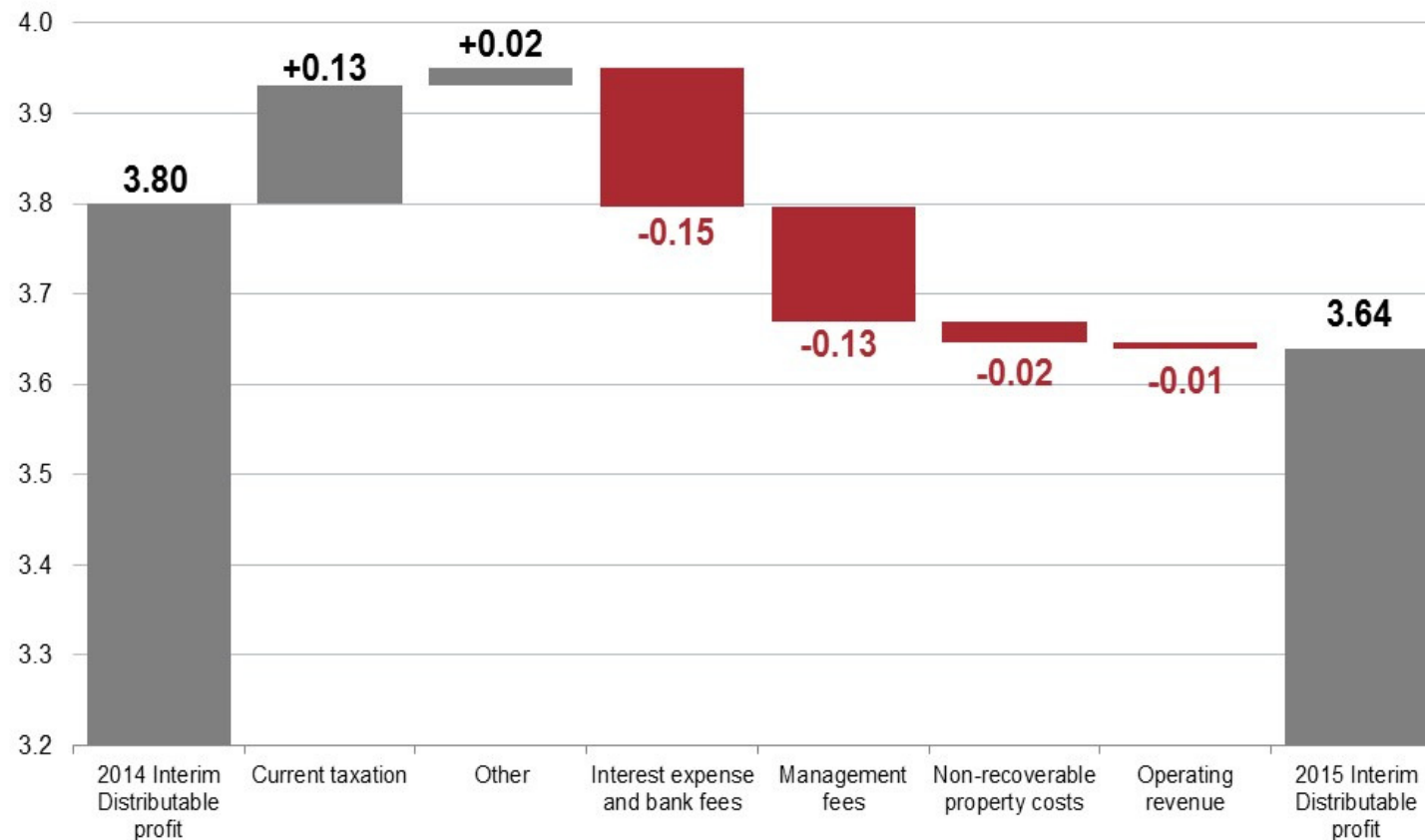
COMPREHENSIVE INCOME



For the six months ended (unaudited, \$000)	Jun 2015	Jun 2014	Change
Total operating revenue	32,122	32,070	52
Interest expense and bank fees	(9,642)	(9,003)	(639)
Management fees	(4,109)	(2,446)	(1,663)
Non-recoverable property costs	(989)	(898)	(91)
Other expenses	(578)	(656)	78
Total operating expenses	(15,318)	(13,003)	(2,315)
Total operating earnings	16,804	19,067	(2,263)
Fair value gain on investment properties	25,577	-	25,577
Material damage insurance income	17	-	17
Loss on disposals of investment properties	-	(210)	210
Fair value loss on derivative financial instruments	(3,508)	(991)	(2,517)
Total non-operating income and expenses	22,086	(1,201)	23,287
Profit before taxation	38,890	17,866	21,024
Current taxation	(3,160)	(3,921)	761
Deferred taxation	687	478	209
Total taxation	(2,473)	(3,443)	970
Profit for the period attributable to the shareholders of the Company	36,417	14,423	21,994

- Operating revenues in line with H1 2014, refer slide 16: Operating Revenue
- Operating expenses up 17.8% due to management fees incurred (up \$1.7m) and increased interest expense and bank fees (weighted average cost of funds up 18 basis points, average borrowings up 2.2%)
- Effective current tax rate decreased to 18.8% (2014: 20.6%), due to increased operating expenses
- Profit after tax for the six months of \$36.4m or 8.85 cents per share (cps)

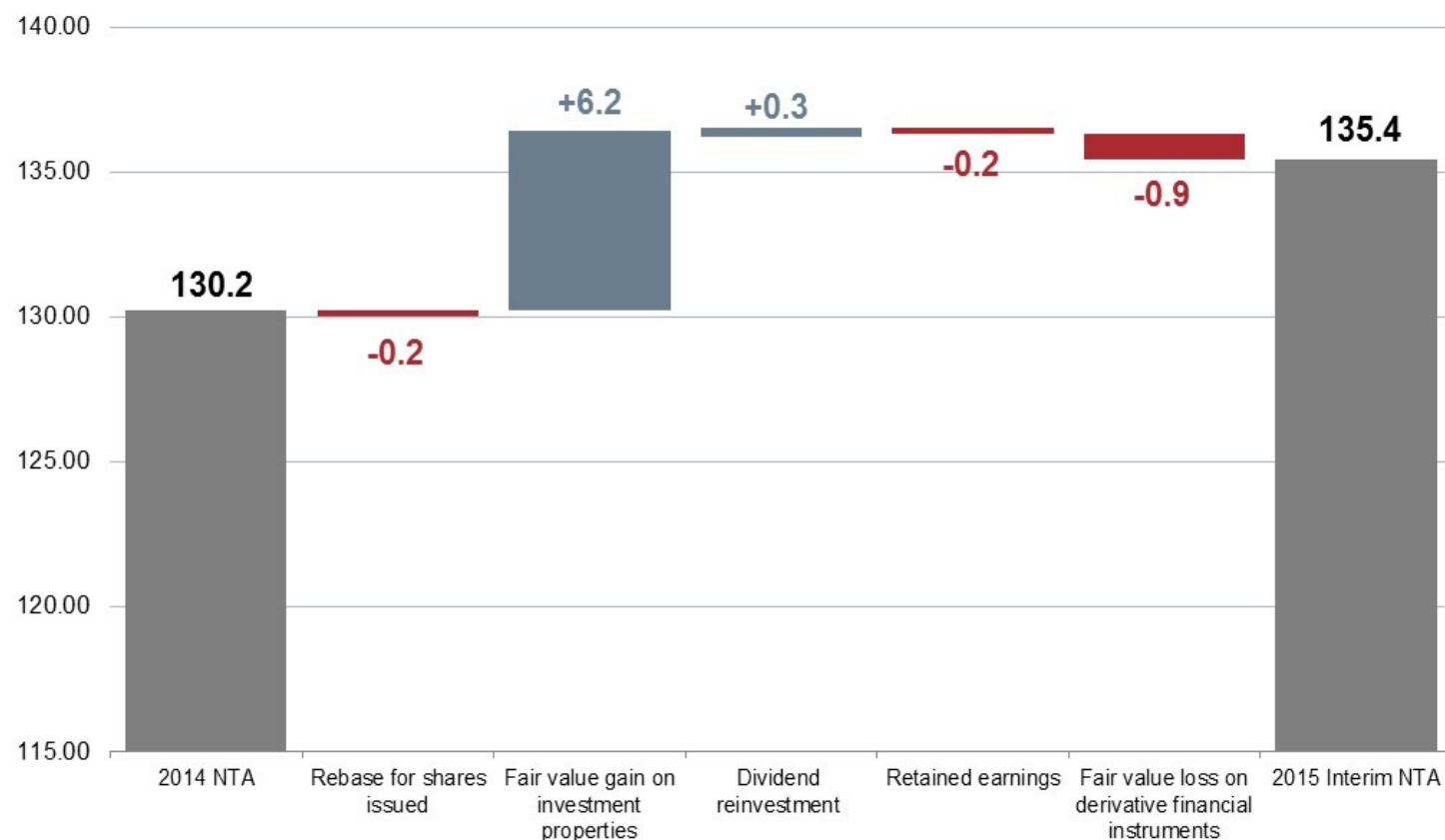
DISTRIBUTABLE PROFIT (CENTS PER SHARE)



- Distributable profit per share down 0.16 cps or 4.2%
- 2015 H1 dividends of 3.50 cps, in line with the previous corresponding period
- FY15 earnings guidance of at least 7.35 cps post issue
- FY15 dividend guidance of 7.30 cps post issue reiterated
- Proceeds from the Rights Offer will reduce interest expense and increase debt headroom in 2015 H2
- Completion of near term development opportunities expected to further enhance distributable profit beyond FY15

Refer: Appendix 1: Distributable Profit for further detail

NET TANGIBLE ASSETS (CENTS PER SHARE)



- Net tangible assets (NTA) per share up 5.2 cps or 4.0% to 135.4 cents per share
- Increase in fair value of investment properties (refer slide 17: Investment Properties) partially offset by reduction in the fair value of derivatives of \$3.5m or 0.9 cps

Refer: Appendix 2: Financial Position for further detail.

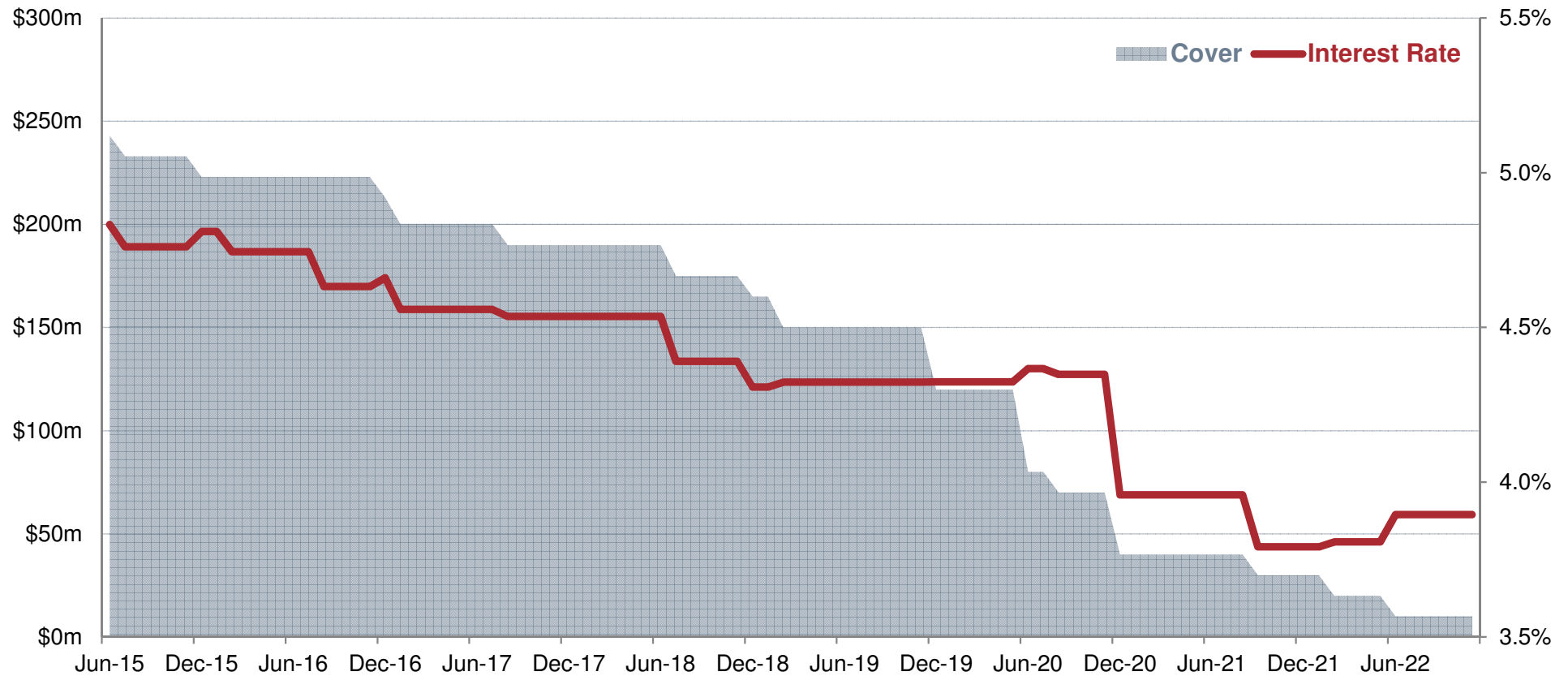
TREASURY



- Facilities refinanced Q2 2015, limit increased by \$25m, average term extended, cost reduced
- \$25m stand-by facility from ANZ obtained after half-year, to be cancelled after Rights Offer

	June 2015	December 2014
Facilities		
Drawn (excluding overdraft)	\$342.3m	\$313.5m
Facilities limit	\$375.0m	\$350.0m
Facilities headroom	\$32.7m	\$36.5m
Facilities term (average)	4.3 years	3.8 years
Facilities banks	ANZ, BNZ, CBA, Westpac	ANZ, BNZ, CBA, Westpac
Covenants		
Gearing (policy < 40%, covenant < 50%)	36.8%	35.8%
Interest cover ratio (covenant > 2 times)	2.8 times	3.0 times
Interest rates		
Weighted average cost of debt (including margin and fees)	5.92%	5.96%
Interest rate hedging (excluding forward starting hedging, \$m / rate / duration)	\$233m / 4.88% / 3.5 years	\$278m / 4.46% / 2.5 years
Interest rate hedging (forward starting hedging, \$m / rate / duration)	\$55m / 3.88% / 3.8 years	\$75m / 4.57% / 4.4 years

TREASURY



- Interest rate hedging profile extended, average duration increased to 3.6 years from 2.9 years

PORTFOLIO.

PORTFOLIO SNAPSHOT



- PFI portfolio is diversified across 80 properties and 142 tenants, with 100% occupancy and a WALT of 5.26 years

	30 June 2015	31 December 2014	30 June 2014
Number of properties	80	79	79
Number of tenants	142	134	136
Contract rent	\$69.7m	\$65.8m	\$65.6m
Occupancy	100.0%	98.5%	99.0%
Weighted average lease term	5.26 years	5.26 years	5.36 years

LEASE EXPIRY PROFILE



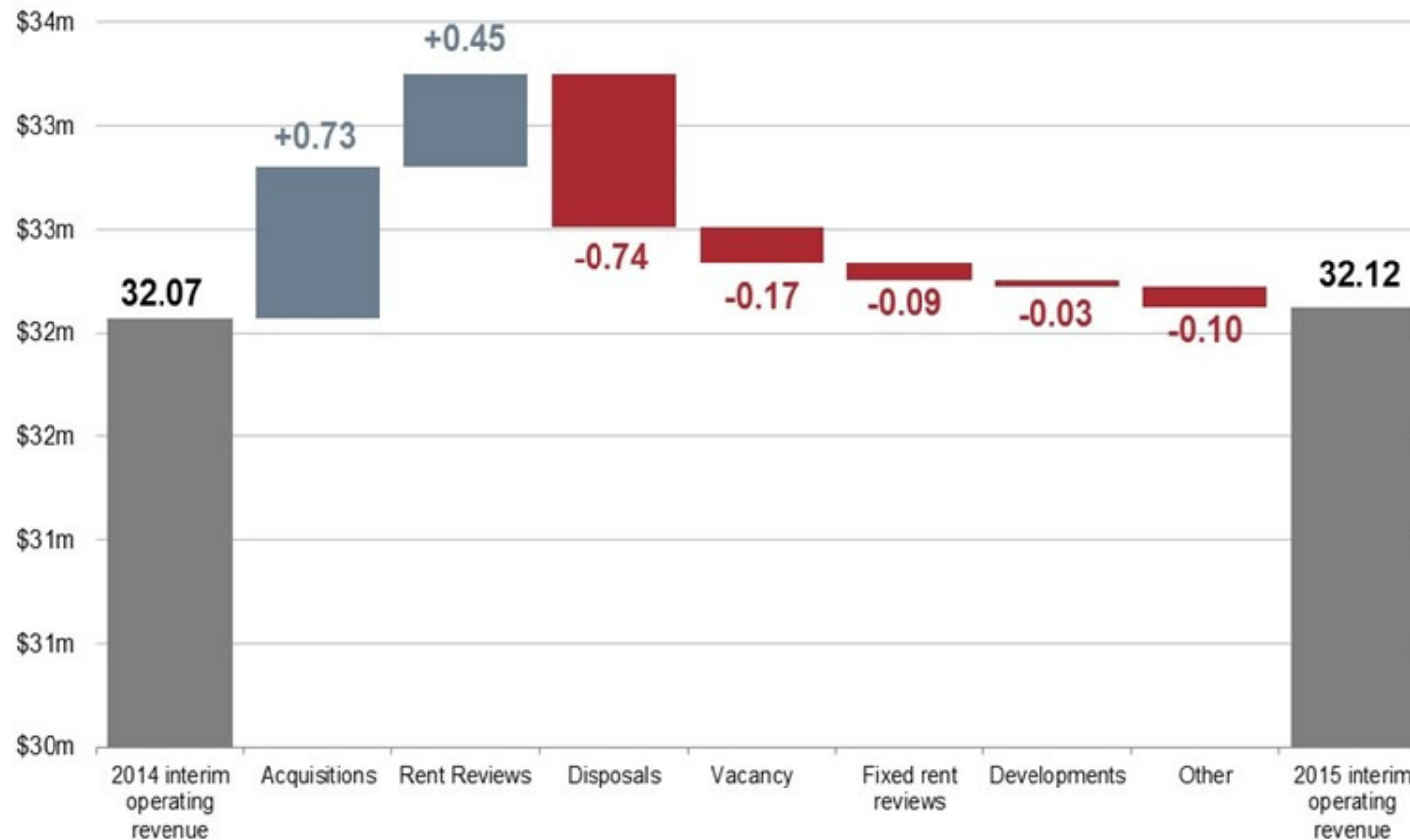
■ 30 June 2014 ■ 30 June 2015



2015 Expiries	Tenant	% Rent Roll
124 Hewletts Road	Carter Holt Harvey	0.8%
212 Cavendish Drive	NZ Wine Cellars	0.6%
2-6 Niall Burgess Road	Starz Evil Dead	0.6%
Carlaw Gateway Precinct	Various	0.6%
Other	Various	0.8%
Total		3.4%

- Portfolio 100% occupied as at 30 June 2015
- Largest single 2015 expiry less than 1% of rent roll, with the property to be demolished for development post expiry, refer slide 23: 124 Hewletts Road Developments
- Largest single 2016 expiry only 1.6% of rent roll

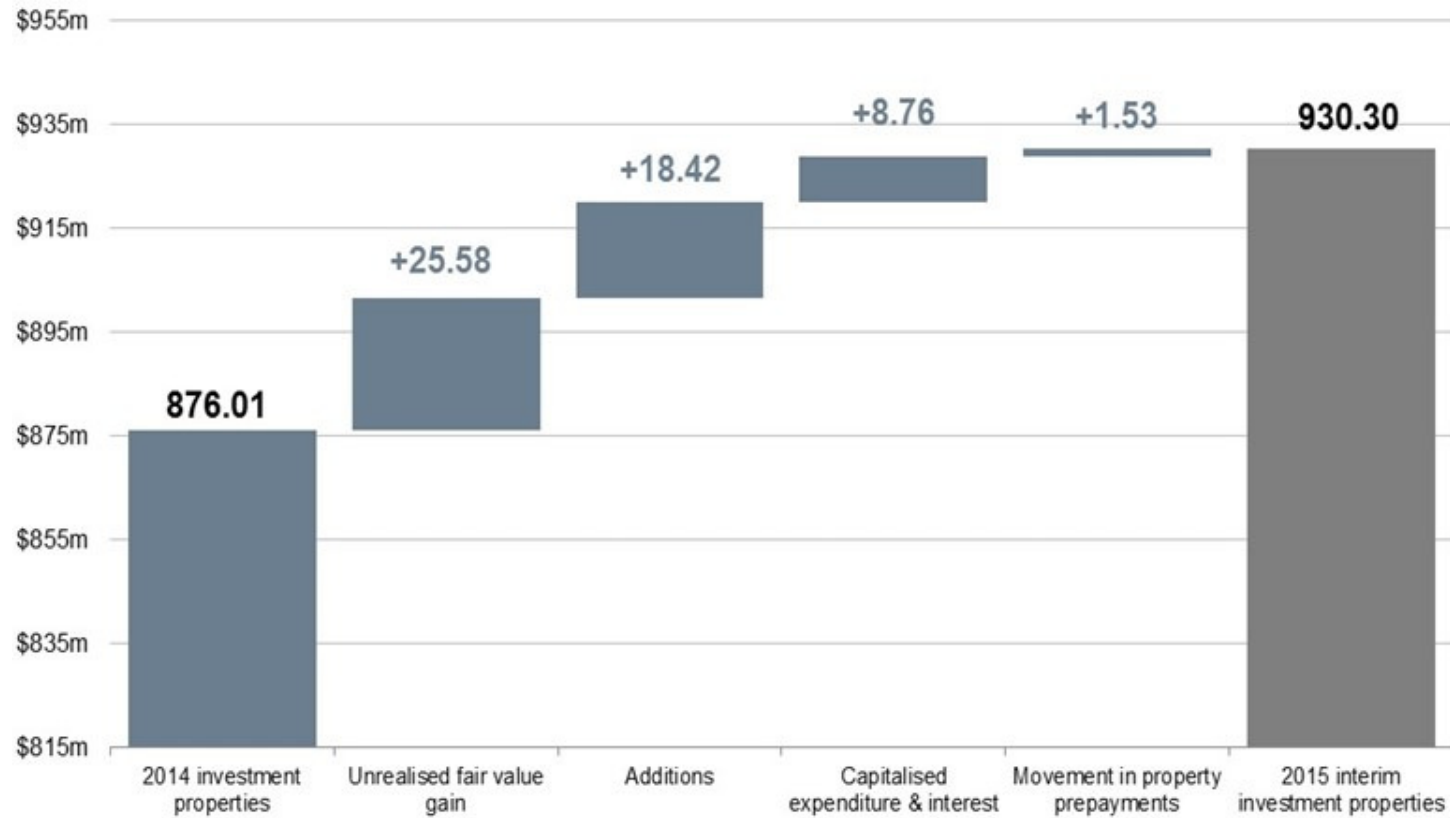
OPERATING REVENUE



- 11 leases agreed over more than 56,000 sqm of space
- 40 rent reviews conducted resulting in an average annual uplift of ~2.0%
- Operating revenues of \$32.1m in line with previous corresponding period
- PFI expects H2 2015 operating revenues to be ~5% higher than H1 2015, as recent acquisitions and developments begin to contribute or contribute further to earnings

Refer: Appendix 3: Leasing Transactions for further detail.

INVESTMENT PROPERTIES



- Unrealised fair value gain of \$25.6m or 2.8%
- Full valuations of 12 properties, desktop valuations of the remainder of the portfolio
- Revaluation uplift reflects leasing activities, favourable rent reviews and firming of yields
- Passing yield constant at 7.5%
- \$18.4m acquisition of 232 Cavendish Drive completed in May 2015, refer slide 22: Acquisitions
- \$2.0m & \$4.5m spent on developments at 9 Narek Place & 124 Hewletts Road, respectively

MARKET & STRATEGY.

MARKET UPDATE



- Continued growth in prime industrial rents in H1 2015, following a period of stability throughout the second half of last year
- 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, resulting in lower risk aversion and a compression in yield gaps
- PFI has benefited from the strong prevailing market conditions through favourable rent negotiations and an unrealised fair value gain of \$25.6m on its investment properties in H1 2015

STRATEGY



- PFI's strong and stable high quality industrial portfolio continues to perform well in buoyant industrial property market conditions
- PFI's strategy is to invest in quality industrial property in New Zealand's main urban centres
- The company aims to **drive shareholder returns** by:
 - Managing the vacancy and upcoming lease expiries
 - Considering the acquisition of quality industrial property in the main centres
 - Considering the development of existing expansion land and repositioning of properties as tenant demand dictates
- Given market conditions and PFI's strategy, the company has committed \$86.3m in capital to acquisition and development opportunities since the start of 2015
- To fund these growth initiatives, PFI is undertaking a \$49.5m underwritten pro rata renounceable Rights Offer

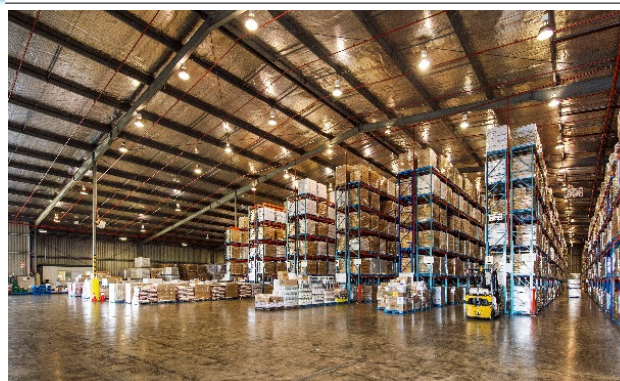
RECENT ACQUISITIONS & DEVELOPMENTS.

ACQUISITIONS



	232 Cavendish Drive, Manukau	Five properties at Hugo Johnston Drive and Autumn Place, Penrose ¹
Purchase price	\$18.4m	\$28.5m ²
Tenant	Pacific Asset Leasing	Sistema Plastics
Property description	Generic industrial	Generic industrial
Expansion land	3,000 sqm, neighbours PFI property	N/A
Yield	7.3% purchase yield	8.0% purchase yield ²
Lease term on settlement	4 years	15 months
Settlement	May 2015	August 2015

1. These assets have not been included in the property statistics in this presentation.
2. There is potential additional deferred consideration payable totalling \$1,214,113, with a total potential purchase price of \$29,710,486.



124 HEWLETTS ROAD DEVELOPMENTS



	Under construction	Pre-leased, subject to consents ¹
Development spend	\$10.0m	\$16.5m
Tenant(s)	RMD Bulk Storage	ADM Glencore Grain Regal Haulage
Property description	Industrial, bulk storage	Industrial, bulk storage
Yield ²	10% yield on incremental cost	9% yield on incremental cost
Lease term(s) on completion	12 years	12 years (all leases)
Practical completion	September 2015	September 2016

1. Development is still subject to consents at 30 June 2015, leases not included in the property statistics in this presentation.

2. On completion it is estimated that the yield of this property will be 6.6%.



AUCKLAND SURPLUS LAND DEVELOPMENTS



- PFI is projecting to spend \$12.9m on the development of surplus Auckland land¹:
 - Committed to spend \$1.8m on a new warehouse at 54 Carbine Road & 6a Donnor Place, Mount Wellington
 - Planning to spend \$11.1m at 212 and 232 Cavendish Drive, Manukau, and 9 Narek Place, Manukau, subject to commercial viability
- All projects subject to consents
- Target return on incremental cost of ~8%
- Developments in line with PFI's objective of maximising utilisation of the portfolio by converting \$4.0m of surplus Auckland land into lettable product

1. These developments have not been included in the property statistics in this presentation.

**RENOUNCEABLE
RIGHTS OFFER.**

RIGHTS OFFER OVERVIEW



PFI to raise \$49.5m through a pro rata renounceable Rights Offer

- 1-for-12 pro rata renounceable Rights Offer, fully underwritten at Issue Price of \$1.44 per Share
- Traditional Rights Offer, with Rights trading – provides all Eligible Shareholders with the opportunity to participate
- The Manager and the Board have committed to exercise and take up all Rights in respect of their beneficial shareholdings, which represents a commitment to subscribe for 1,037,048 New Shares as part of the Offer

Purpose

- PFI intends to use the net proceeds of the Rights Offer to repay bank debt and reduce gearing related to the acquisition and development programme outlined on slides 22 – 24
- PFI expects that reduced gearing should ensure recent acquisitions, plus committed and potential development opportunities are appropriately funded

Impact of the acquisition and development programme and Rights Offer

- Pro forma FYE 2015 gearing of ~35%
- Full year EPS of at least 7.35 cps post issue
- Full year DPS of 7.30 cps post issue
- An enhanced earnings growth profile post FY15, driven in part by the development programme

OFFER STRUCTURE



Rights Offer	<ul style="list-style-type: none">• Traditional Rights Offer, with Rights trading, followed by a Bookbuild for Shares not subscribed for during the Offer period• Provides all Eligible Shareholders with the opportunity to participate pro rata• Each Eligible Shareholder may choose to:<ul style="list-style-type: none">• take up all or some of their Rights; OR• sell all or some of their Rights; OR• take up some of their Rights and sell all or some of their balance; OR• do nothing with all or some of their Rights
Eligibility	<ul style="list-style-type: none">• Available to persons recorded on PFI's Share register on the Record Date, with a registered address in New Zealand or Australia (Eligible Shareholders)
Bookbuild	<ul style="list-style-type: none">• New Shares attributable to Unexercised Rights will be offered to Eligible Bookbuild Investors under a Bookbuild process• If the proceeds under the Bookbuild on a per Share basis exceed the Issue Price, the Premium will be returned to those Shareholders who do not, or cannot, take up their Rights, in proportion to their Unexercised Rights

EQUITY RAISING TERMS



Entitlement ratio	1 New Share for every 12 Existing Shares held at 5.00pm on 20 August
Offer size	(Approximate amount to be raised under the Offer) NZ\$49.5m
Maximum New Shares to be issued	34,361,996 (subject to rounding)
Issue Price	\$1.44
Offer discount	5.6% to TERP (ex-dividend) ¹
Ranking	New Shares issued on completion of the Rights Offer will rank equally with Existing Shares and will be quoted on the NZX Main Board. New Shares will not be entitled to the Q2 dividend to be paid on 3 September 2015.
Rights	The Rights Offer is renounceable – Shares relating to Rights not taken up will be sold by way of a Bookbuild
Underwriting	The Offer is fully underwritten by Forsyth Barr Group Limited

1. The Theoretical Ex-Rights Price of \$1.525 is calculated based on PFI's closing price on 10 August 2015 of \$1.55 and adjusted for the Q2 dividend of 1.75 cps.

SHAREHOLDER OPTIONS



Take up Rights in full	<ul style="list-style-type: none">• You will be able to acquire Shares at the Issue Price of \$1.44 which is at a discount to the market price immediately prior to the announcement of the Rights Offer• You will maintain your proportional ownership of PFI after the Rights Offer
Sell Rights on market	<ul style="list-style-type: none">• If you wish to sell your Rights, you should contact an NZX Primary Market Participant• You will receive value for any Rights sold on-market• You will be required to pay brokerage on the sale of your Rights
Let Rights lapse	<ul style="list-style-type: none">• New Shares attributable to Rights not taken up will be offered to Bookbuild participants• If the Clearing Price is above the Issue Price, you will receive the Premium achieved pro-rata to the number of Rights you hold• If the Clearing Price is equal to the Issue Price, you will not receive any value for your Rights

TIMETABLE¹



Announcement of the Offer	11 August 2015
Rights trading commences on the NZX Main Board	18 August 2015
Opening Date for the Offer	18 August 2015
Record Date for determining Entitlements	5.00pm, 20 August 2015
Offer Document, Entitlement and Acceptance Forms sent to Eligible Shareholders	21 August 2015
Rights trading ends on the NZX Main Board	5.00pm, 2 September 2015
Closing Date of the Offer	8 September 2015
Bookbuild	5.30pm, 9 September to 5.00pm, 10 September
Allotment of New Shares under the Offer (Issue Date)	15 September 2015
Expected date for quotation of New Shares issued under the Offer	16 September 2015
Mailing of holding statements	21 September 2015
Payment of any Premium achieved in the Bookbuild	By 22 September 2015

1. These dates are subject to change and are indicative only. PFI reserves the right to amend this timetable without prior notice, subject to applicable laws and the Listing Rules.

CONCLUSION



- Robust half year result: profit after tax of \$36.4m or 8.85 cps, distributable profit of 3.64 cps and total cash dividends of 3.50 cps
- Strong and stable high quality industrial portfolio continues to perform (occupancy 100%, WALT 5.26 years)
- On strategy acquisition and development activity totalling \$86.3m
- Underwritten pro rata renounceable Rights Offer to raise \$49.5m in order to fund continued earnings accretive acquisition and development activity
- Post acquisition, development and completion of the Rights Offer, PFI is expecting:
 - pro forma FYE 2015 gearing of ~35%
 - full year EPS of at least 7.35 cps post issue
 - full year DPS of 7.30 cps post issue
 - an enhanced earnings growth profile post FY15 driven in part by development opportunities

QUESTIONS.

APPENDICES.

APPENDIX 1: DISTRIBUTABLE PROFIT



For the six months ended (unaudited, \$000)	Jun 2015	Jun 2014	Change
Profit for the period attributable to the shareholders of the Company	36,417	14,423	21,994
<i>Adjusted for:</i>			
Fair value gain on investment properties	(25,577)	-	(25,577)
Material damage insurance income	(17)	-	(17)
Loss on disposals of investment properties	-	210	(210)
Tax on depreciation claw-back on disposals of investment properties	-	223	(223)
Fair value loss on derivative financial instruments	3,508	991	2,517
Deferred taxation	(687)	(478)	(209)
Movement in fixed rent reviews	199	268	(69)
Incentive fees net of tax	1,140	-	1,140
Other	(6)	(6)	-
Distributable profit	14,977	15,631	(654)
Distributable profit per share (cents)	3.64	3.80	(0.16)
Dividends paid relating to period reported (cents)	3.50	3.50	-
Pay-out ratio (%)	96%	92%	4%

Note: Distributable profit is non-GAAP financial information and is calculated in accordance with the methodology shown above. Distributable profit is used by the PFI Board to assist in determining dividends to shareholders.

APPENDIX 2: FINANCIAL POSITION



As at (\$000)	Jun 2015 (unaudited)	Dec 2014 (audited)	Change
Investment properties (including property prepayments)	930,300	876,005	54,295
Goodwill	29,086	29,086	-
Other assets	2,573	1,788	785
Total assets	961,959	906,879	55,080
Borrowings	341,377	312,797	28,580
Deferred tax liabilities	10,603	11,290	(687)
Other liabilities	22,535	17,822	4,713
Total liabilities	374,515	341,909	32,606
Total equity	587,444	564,970	22,474
Shares on issue (000)	412,344	411,502	842
Net tangible (excluding goodwill) assets (cents per share)	135	130	5

APPENDIX 3: LEASING TRANSACTIONS



Tenant	Address	Area	% Rent Roll
DHL Supply Chain	7-9 Niall Burgess Road, Mt. Wellington	23,565 sqm	2.9%
RMD Bulk Storage	124 Hewletts Road, Mt. Maunganui	10,780 sqm	1.4%
Massey University	229 Dairy Flat Highway, North Shore	4,429 sqm	1.3%
New Zealand Crane	122 Captain Springs Road, Penrose	7,431 sqm	0.7%
Pharmapac	2-4 Argus Place, North Shore	3,560 sqm	0.6%
Fletcher Building Products	44 Mandeville Street, Christchurch	3,265 sqm	0.6%
5 other leasing transactions, various tenants and addresses, all for contract rent of less than \$0.3m PA		3,415 sqm	0.8%
11 leasing transactions	Various	56,445 sqm	8.3%

DISCLAIMER



IMPORTANT NOTICE

The information included in this presentation is provided by Property For Industry Limited (**PFI**) as at 11 August 2015 and is provided in relation to a pro rata renounceable Rights Offer of New Shares in PFI to be made to Eligible Shareholders under clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Shares).

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

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NZX

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