

PFI NOTICE OF ANNUAL MEETING

Industrial property landlord, Property for Industry Limited (NZX: PFI, the Company), advises that its Annual Meeting of Shareholders will be held on 11.00am on 22 June 2017 at Eden Park in Auckland.

In addition to the ordinary business of the annual meeting, shareholders will also be asked to consider and, if thought fit, pass a resolution relating to the internalisation of the management of PFI.

Northington Partners was appointed to provide an Appraisal Report for shareholders on the merits of the internalisation and has concluded that: "Taking all the key elements of the Proposed Internalisation into account, we conclude that the consideration and terms and conditions are fair to the PFI shareholders not associated with PFIM."

This statement is supported by the following conclusions made by Northington Partners in its Appraisal Report:

- Northington Partners has assessed the market value of the Management Agreement at \$48 million to \$56 million and estimated the valuation of the Proposed Internalisation to PFI at \$63 million to \$78 million, versus the Internalisation Payment of \$42 million nominally, and \$30.3 million on a post-tax basis.
- As a result, the Proposed Internalisation is expected to add between \$33 million and \$48 million of value to PFI on a post-tax NPV basis.
- The Proposed Internalisation is estimated to provide earnings accretion of approximately 6% per annum on a pro forma basis, enhancing distributable profit for PFI which allows for higher future dividends in line with PFI's dividend policy¹.
- Post-transaction gearing remains at a reasonable level and generally in line with other listed property vehicles.

A copy of the Northington Partners report is enclosed in the Notice of Meeting and includes further details of the business arrangements of the internalisation.

Independent Chairman of PFI, Peter Masfen, commented: "The management by PFIM has been very positive for PFI and has contributed to the delivery of strong and stable returns for our shareholders. Pleasingly, internalisation would see this partnership continue, with the retention of the existing highly experienced management team and employees.

"Currently, the Management Agreement is for a perpetual term and PFI has very limited rights to terminate the agreement. PFI also has very limited control if a third party wished to negotiate to acquire the agreement from PFIM. Internalisation removes these concerns and provides PFI with complete control over the management of the company, and an ability to manage the company at a significantly lower cost."

There are a number of additional benefits also expected from internalisation:

- It will ensure the continuity of PFI's successful strategy to invest in quality industrial property in New Zealand's main urban centres and a continued focus on delivering strong and stable shareholder returns.
- Significant cost savings are expected to be achieved.

¹ PFI's dividend policy is available on the Company's website at <https://www.propertyforindustry.co.nz/investor-centre/dividend-information/>

- It is expected to result in earnings per share accretion for shareholders.
- Post-internalisation, PFI is expected to have one of the lowest management expense ratios in the New Zealand listed property sector.

The internalisation was also conditional upon receipt from the Inland Revenue Department of a binding ruling confirming that the termination payment made by PFI to PFIM is deductible for the purposes of income tax. That binding ruling was obtained on 22 May 2017.

The Independent Directors unanimously support the internalisation and recommend shareholders vote in favour of the resolution.

Key Dates:

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| • Proxy forms must be received by: | 11.00am on 20 June 2017 |
| • Record date for entitlement to vote: | 5.00pm on 20 June 2017 |
| • Annual Meeting: | 11.00am on 22 June 2017 |

ENDS

ABOUT PFI & CONTACT DETAILS

PFI is New Zealand's only listed company specialising in industrial property. PFI's portfolio of 84 properties located in Auckland, Hamilton, Mount Maunganui, Wellington and Christchurch, is leased to 145 tenants.

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