

PORTFOLIO ACQUISITION AND EQUITY RAISING

The PFI management team will present this portfolio acquisition and equity raising via live webcast from 10.30 am NZT today. To view and listen to the webcast, please visit <https://edge.media-server.com/m6/p/vs6kxkra>. We recommend you log on a few minutes before the start time, and if you cannot attend the live webcast, a recording will be available on PFI's website shortly after the conclusion of the live event.

Highlights

- Acquisition of a portfolio of nine quality properties for \$69.5 million
- The portfolio has a weighted average lease term ("WALT") of 13.9 years, 100% occupancy, attractive lease terms and a passing yield of 7.22%
- The acquisition is to be funded by approximately \$70 million of new equity via a fully underwritten pro rata renounceable rights issue
- The acquisition and equity raising is expected to increase PFI's WALT by 0.6 years¹ and reduce pro forma gearing to 32.3%²
- Low site coverage of ~25% across the sites provides for significant medium to long-term development potential
- Post acquisition and equity raise, guidance for distributable profit³ of between 7.70 and 7.90 cents per share and a cash dividend of 7.45 cents per share for FY17 is unchanged

Portfolio acquisition

NZX listed industrial property landlord Property for Industry Limited ("PFI") has secured a portfolio of eight industrial properties and one head office for an acquisition price of \$69.5 million. The portfolio comprises seven properties which are currently leased to the Transport Investments Limited Group ("TIL"), one of New Zealand's largest private domestic freight and logistics businesses. The two additional properties are leased to NZ Post, Aviagen and Rockgas.

"This acquisition offers PFI an excellent opportunity to partner with a new high quality tenant, TIL, while expanding our portfolio of industrial properties" said Simon Woodhams, General Manager of PFI.

The portfolio has occupancy of 100% and a passing yield of 7.22%, and will increase PFI's overall WALT from 4.8 years to 5.4 years¹. The lease agreements with TIL are on attractive terms, with initial 15 year terms and fixed rent reviews of 4.55% every two years.

Note: all capitalised terms used in this announcement have the meaning have the meanings given in the Glossary of PFI's Offer Document dated 4 October 2017.

¹ Pro forma as at 30 June 2017, under the assumption that the portfolio was acquired on 30 June 2017.

² Based on PFI's Consolidated Statement of Financial Position as at 30 June 2017. Calculated as the value of borrowings (adjusted for the value of the Acquisition, the proceeds of the Offer and transaction costs) divided by the value of investment properties (adjusted for the value of the Acquisition).

³ Distributable profit is a non-GAAP performance measure used by the PFI Board in determining dividends to shareholders. Please refer to note 4.1 of the 30 June 2017 financial statements for more detail as to how this measure is calculated.

Mr. Woodhams notes: "In addition to the immediate benefits of this transaction, the acquisition provides PFI with significant medium to long-term development potential as a result of low site coverage of approximately 25% across the nine sites."

Settlement of the acquisition is scheduled to occur on 31 October 2017.

Equity raising

To support the acquisition and ongoing activity across its portfolio, PFI is seeking to raise approximately \$70 million of new equity from PFI's shareholders through a fully underwritten pro rata renounceable rights issue.

PFI will initially fund the acquisition via an extension of its banking facilities, with the proceeds of the offer being used to repay debt and provide balance sheet capacity to fund further portfolio activity. To this end, a \$70 million Institutional Credit Facility has been established with ANZ Bank New Zealand Limited. The facility expires on 31 January 2019 and ranks alongside PFI's existing facilities. The acquisition and equity raise will decrease PFI's gearing from 34.2% to 32.3%².

"PFI has a long track record of delivering strong and stable returns to our shareholders, and this acquisition represents a continuation of this strategy" said PFI Chairman, Peter Masfen. "The corresponding equity raise allows us to complete this transaction, while providing flexibility to invest further across our existing portfolio."

"In addition, we are pleased that we are able to execute on this opportunity while maintaining FY17 guidance for distributable profit of between 7.70 and 7.90 cents per share and a cash dividend of 7.45 cents per share."

Under the offer, all eligible shareholders are entitled (but not obliged) to acquire 1 new share for every 10 existing shares held as at 5.00 pm on the record date of 12 October 2017, at an issue price of \$1.54 per new share. The issue price represents a 7.1% discount to the theoretical ex-rights price (TERP⁴) of \$1.658. Eligible shareholders have until 1 November 2017 to subscribe for new shares under the offer.

PFI's Board and senior executives have committed to take up all rights in respect of their beneficial shareholdings, which represent a commitment to subscribe for 534,273 new shares under the offer. The PFI Board encourages shareholders to either take up their rights or sell them on market to receive value.

The offer is fully underwritten by Forsyth Barr Group Limited.

The full terms of the offer are included in the offer document which is available at <http://www.pfirightsoffer.co.nz> and on the NZX website under the ticker code "PFI", and will be sent to eligible PFI shareholders. Applications will be accepted online or through completion of an entitlement and acceptance form.

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⁴ TERP is the theoretical ex-rights price of \$1.658 which is equal to the average price of 1 new share at the issue price of \$1.54 and 10 existing shares at \$1.67 being the closing price as at 3 October 2017.

ABOUT PFI & CONTACT

PFI is New Zealand's only listed company specialising in industrial property. PFI's portfolio of 92 properties located in Auckland, Hamilton, Mount Maunganui, New Plymouth, Napier, Wellington, Nelson, Blenheim and Christchurch is leased to 148 tenants.

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Attachments

Portfolio Acquisition and Equity Raising – Presentation

Portfolio Acquisition – Property Images