



NZX Retail  
Investor  
Webinar  
2021

# WELCOME

TO THE NZX RETAIL INVESTOR WEBINAR



PFI GENERATES INCOME FOR INVESTORS AS PROFESSIONAL LANDLORDS TO  
THE INDUSTRIAL ECONOMY, GENERATING PROSPERITY FOR NEW ZEALAND.



NZX LISTED  
PROPERTY VEHICLE  
FOCUSED ON THE  
**INDUSTRIAL**  
SECTOR

**\$2.03<sub>B</sub>**

portfolio with an  
**86% Auckland  
weighting**

**98.5%**

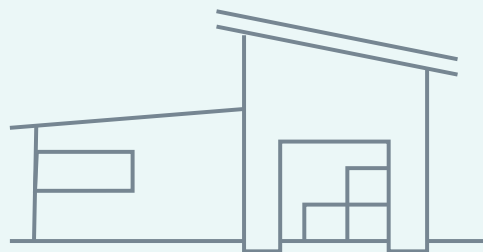
AVERAGE  
OCCUPANCY  
OVER PRIOR  
10 YEARS



EXPERIENCED  
MANAGEMENT TEAM  
SUPPORTED BY  
STRONG GOVERNANCE  
FRAMEWORK

**4.8**

YEAR WALT



Sound risk  
management and  
portfolio metrics.  
Company gearing of

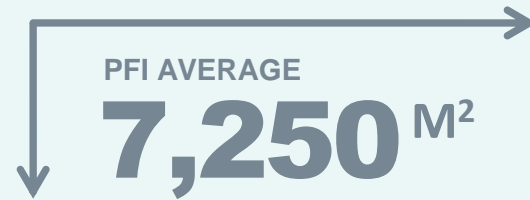
**30.0%**

Liquid assets  
average size of

**\$20**  
MILLION

Industrial property is a **unique asset class**, assets are typically:

**SMALLER**



**1.5**

PFI AVERAGE  
TENANTS PER  
PROPERTY



Generic and occupied by a small  
number of tenants, making them  
**less management intensive**

PFI owns



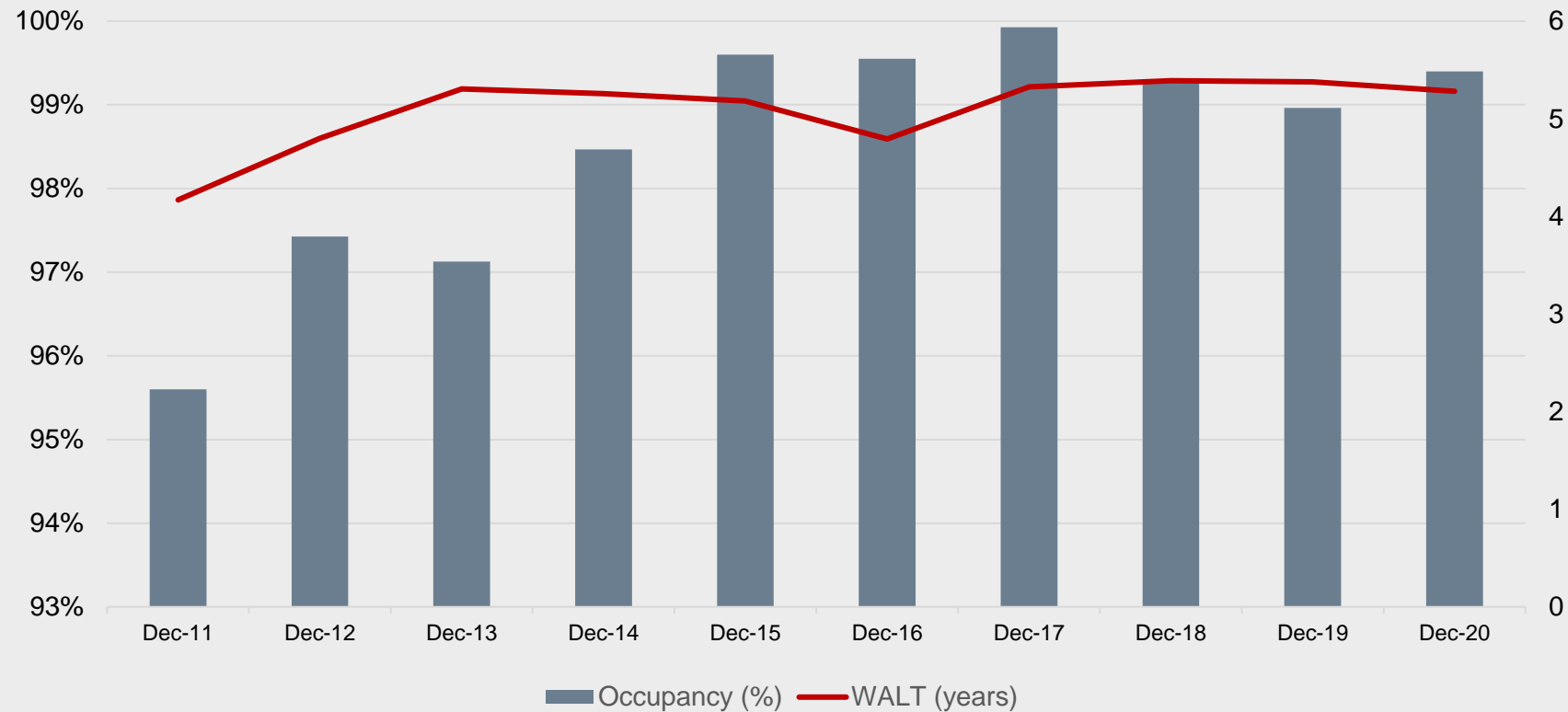
**MORE LIQUID**

**\$20**  
MILLION PFI AVG.

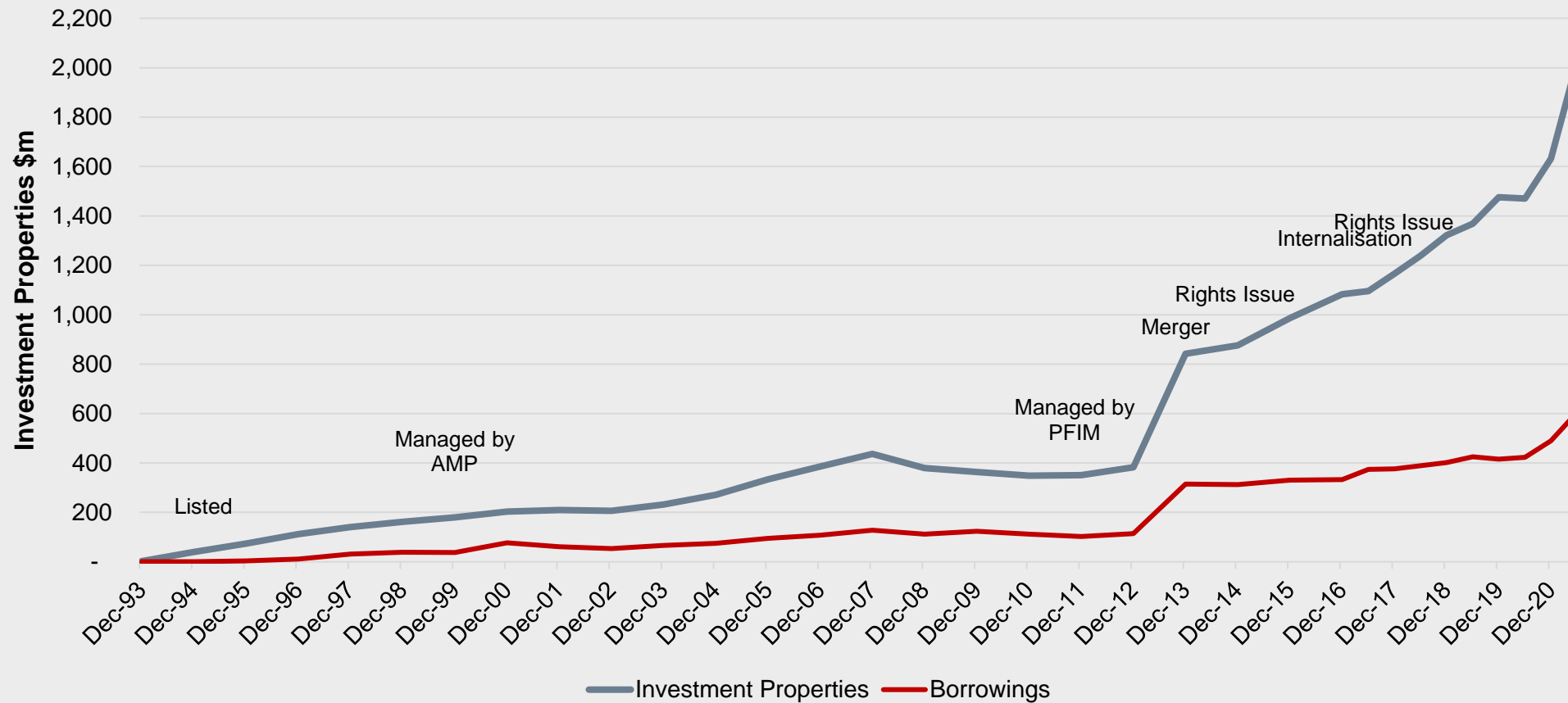


Requiring lower levels of  
capex and present a  
**reduced seismic risk**

Since 2011, PFI has achieved a year end average **occupancy of 98.5%** and a weighted average lease term or **WALT of 5.09 years**



## PFI's growth in investment properties since listing



Since inception PFI has delivered an average annual return of 11.31% and the last five years has seen strong growth in rents and values whilst keeping **gearing at low levels** and maintaining a **high ratio of interest cover**

YEAR ENDING 31 DECEMBER (\$M, UNLESS NOTED)	2016	2017	2018	2019	2020
TOTAL COMPREHENSIVE INCOME AFTER TAX	123.4	51.7	110.1	176.3	113.5
DISTRIBUTION ADJUSTMENTS	(92.1)	(17.3)	(72.9)	(137.5)	(73.4)
<b>ADJUSTED FUNDS FROM OPERATIONS</b>	<b>31.3</b>	<b>34.4</b>	<b>37.2</b>	<b>38.8</b>	<b>40.1</b>
TOTAL ASSETS	1,121.8	1,242.1	1,358.9	1,522.7	1,687.3
TOTAL LIABILITIES	365.7	399.2	443.8	468.7	550.7
<b>TOTAL EQUITY</b>	<b>756.1</b>	<b>842.9</b>	<b>915.1</b>	<b>1,054.0</b>	<b>1,136.6</b>
<b>NET TANGIBLE ASSETS (CENTS PER SHARE)</b>	<b>160.7</b>	<b>163.2</b>	<b>177.7</b>	<b>205.5</b>	<b>220.9</b>
LOAN-TO-VALUE RATIO (COVENANT: <50%)	30.1%	30.8%	30.3%	28.2%	30.0%
INTEREST COVER RATIO (COVENANT: >2.0X)	3.4x	3.7x	3.9x	4.0x	4.1x

Earnings growth:



**↑ 273.5**  
MILLION

**Interim profit  
after tax**



**↑ 12.1%**

**Now 5.36 cents  
per share**



**↑ 24.3%**

**Now 4.71cents  
per share**



Valuation gains:



↑ **\$240.3M**  
OR **14.5%**

94 properties valued at the half year



↑ **50.5CENTS**  
OR **22.9%**

Increase in net tangible assets per  
share, now 271.4 cents per share



AKL

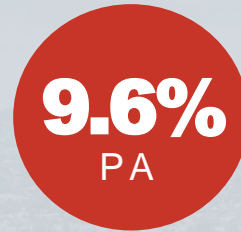


In our view yields still have some room to firm in 2021 given the weight of capital and liquidity from the equity side.

CBRE JUNE 2021  
Auckland Market Outlook



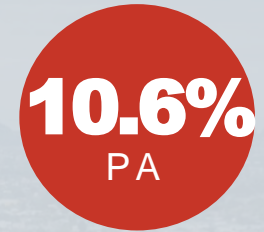
**Prime industrial's CBRE ranking** out of 12 property classes in their returns forecast



**Prime industrial forecast five-year returns**, comprising 4.2% income and 5.4% capital

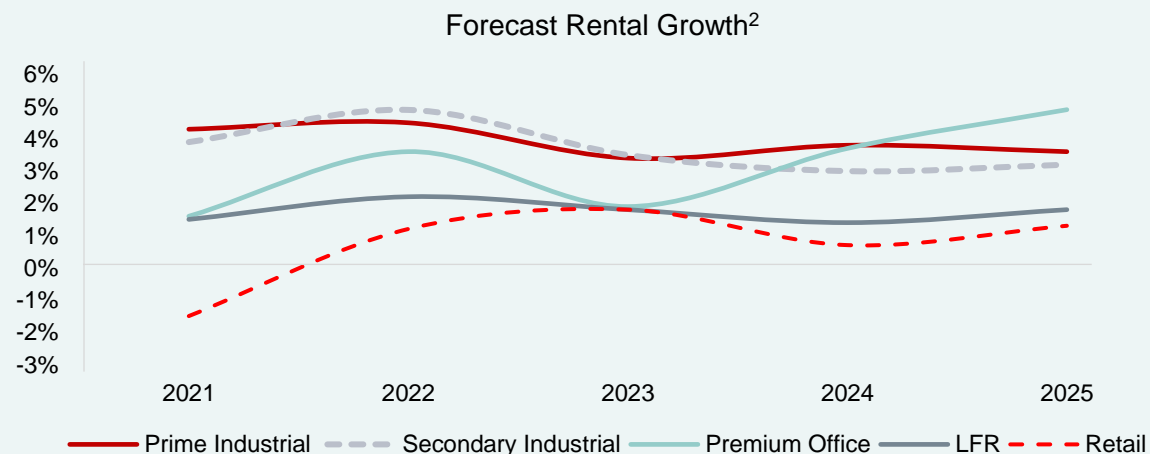
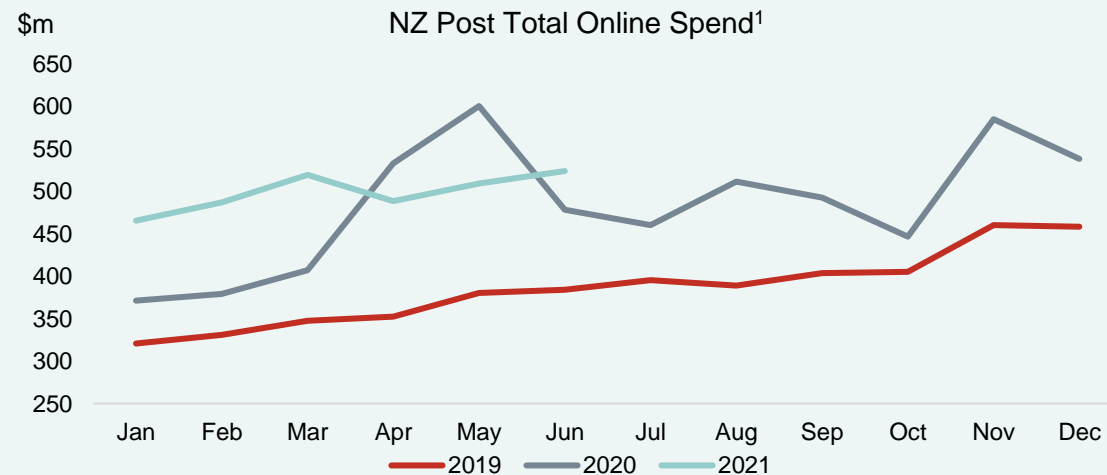


**Secondary industrial's CBRE ranking** out of 12 property classes in their returns forecasts



**Secondary industrial forecast five-year returns**, comprising 5.1% income and 5.5% capital

- E-commerce penetration has been accelerated by the COVID-19 pandemic, with growth set to continue (top graph)
- Online sales in New Zealand could grow from the current 11% to 17% (or \$9.3Bn) by 2025<sup>2</sup>, boosting tenant demand for well-located industrial property close to key transport links
  - Based on this growth in online sales alone, it is estimated an additional 230,000 sqm of warehouse space will be needed by 2025
- Also supporting investor demand for industrial property:
  - CBRE predict industrial market rental growth will average 3.8% over the next 5-years (bottom graph)
  - Continued low levels of vacancy
  - Low interest rate environment



<sup>1</sup> NZ Post Analysis; <sup>2</sup> CBRE "Auckland Property Market Outlook", June 2021



## PURPOSE

We generate income for investors as professional landlords to the industrial economy, generating prosperity for New Zealand.



## VISION

We will be one of New Zealand's foremost Listed Property Vehicles.  
Our measures will be performance, quality, scale and reputation.



## STRATEGY

We will build on what we have and we're true to who we are. But we will be more intentional; more proactive.





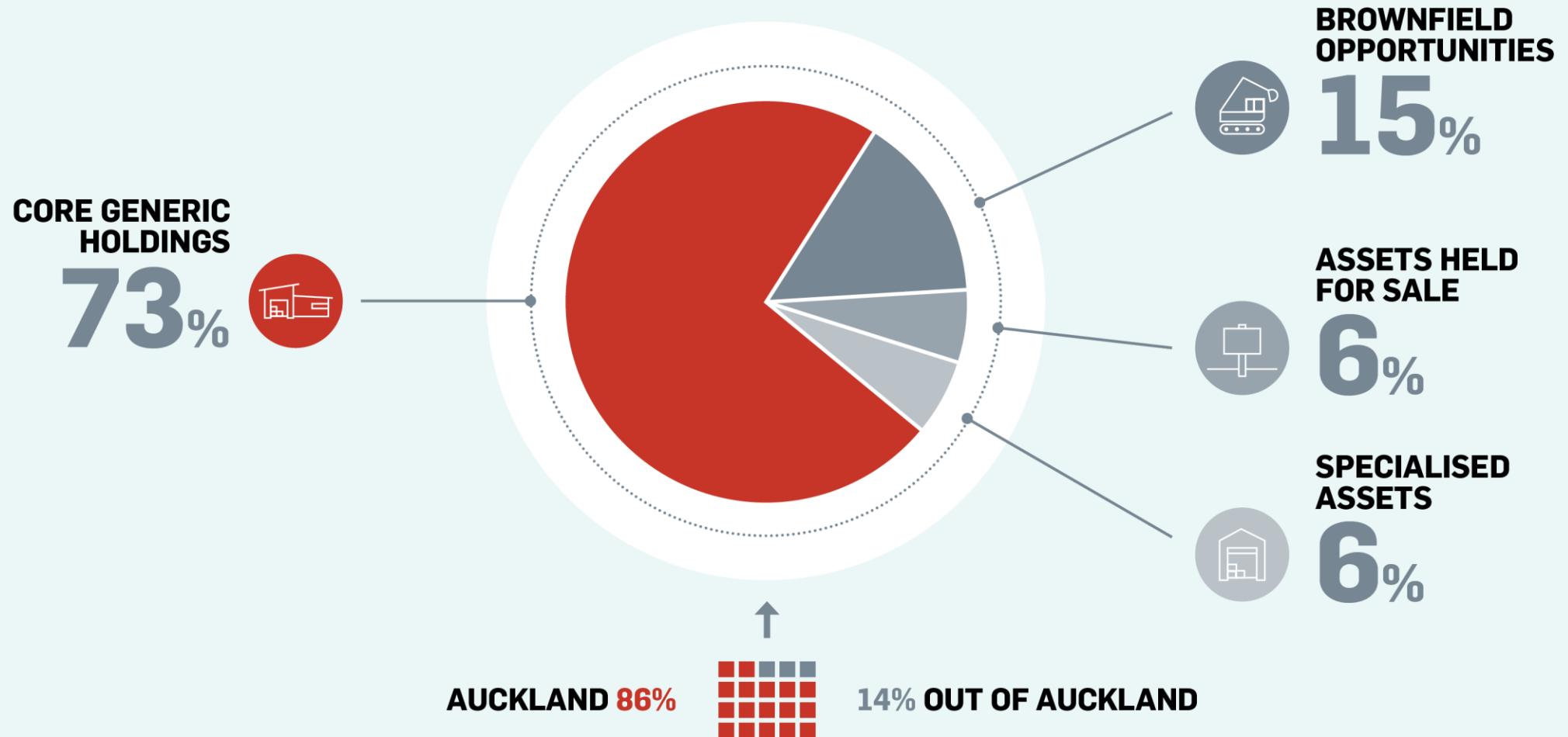
FIRST CLASS  
**MANAGEMENT**



CONTINUOUS  
**PORTFOLIO**  
IMPROVEMENT



GROWING  
**RETURNS**  
TO SHAREHOLDERS



# 670-680

ROSEBANK ROAD,  
AVONDALE

- Purchased for \$39.0 million in January 2021
- Located on a 2.8ha site, 250 metres from North Western motorway
- PFI already owned neighbouring sites on Rosebank and Patiki Roads, together these create a 8.6ha industrial estate, valued in excess of \$125 million
- Opportunity to create value by integrating with existing properties



670-680 ROSEBANK ROAD, AVONDALE

# 30-32

**BOWDEN ROAD,  
MT WELLINGTON**

- Large 3.9ha site in one of Auckland's prime industrial locations
- Good links to Southern Motorway, dual access from both Bowden Road and Gabador Place
- Versatile site that can accommodate large-scale or multiple tenant designs
- March 2023 lease expiry to provide PFI with a significant redevelopment opportunity, which could involve an investment of ~\$50 million



30-32 BOWDEN ROAD, MT WELLINGTON





### CARLAW PARK & SHED 22

- Contracted divestment of Carlaw Park expected to settle towards end of FY21
- Shed 22 seismic strengthening works underway, to be divested following the completion of works
- After planned divestments:
  - Pro forma LVR of 25.4%;
  - Portfolio will be 98.8% industrial;
  - 85.6% of portfolio will be located in Auckland

	JUNE 2021	CARLAW PARK DIVESTMENT	SHED 22 DIVESTMENT	PRO FORMA
INVESTMENT PROPERTIES & AHFS	\$2,025.3m	-\$110.0m ▼	-\$11.4m ▼	\$1,904.0m
TOTAL DRAWN BORROWINGS	\$605.4m	-\$110.0m ▼	-\$11.4m ▼	\$484.1m
CONTRACT RENT	\$96.3m	-\$6.8m ▼	-\$0.9m ▼	\$88.6m
LOAN-TO-VALUE RATIO	30.0%	-3.7% ▼	-0.8% ▼	25.4%
AUCKLAND PROPERTY	85.9%	-0.8% ▼	+0.5% ▲	85.6%
INDUSTRIAL PROPERTY	92.9%	+5.3% ▲	+0.6% ▲	98.8%



With an excellent portfolio, a strong balance sheet, and a favourable outlook for industrial property, we enter the second half of 2021 well positioned to deliver on our purpose: **Creating strong, stable income for investors and generating prosperity for New Zealand.**

Earnings  
growth

Valuation  
gains



Strategy  
refreshed and  
progressed

Increased  
dividend targeted  
and revised  
dividend policy

Questions?



**The information included in this presentation is provided as at 19 October 2021.**

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**SLIDE 3**  
**OVERVIEW OF PFI**

All Statistics as at 30 June 2021, aside from occupancy, which is an average of the last 10 years (see slide 5).



**SLIDE 4**  
**PORTFOLIO  
CHARACTERISTICS**

All Statistics as at 30 June 2021.



**SLIDE 8 & 9**  
**OUR RECENT  
RESULTS**

All figures as at 30 June 2021. Funds From Operations and Adjusted Funds From Operations are non-GAAP financial information and are common investor metrics, which have been calculated in accordance with the guidelines issued by the Property Council of Australia.