



**THE
LONGEVITY
ISSUE**

Annual
Report
31
December

**20
23**

PROPERTY FOR INDUSTRY LIMITED

**2023
REVIEW**

STABILITY IS CHANGING

**LOOKING
AHEAD**

GUIDING US FORWARD

SUSTAINABILITY
SUSTAINING OUR EFFORTS

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LANDING

OUR

FUTURE



AGILE

+ FUTURE-FIT

We are New Zealand's only listed, internally managed, pure-play industrial platform. Our well diversified, high-quality industrial property portfolio is focused on strategic locations near key amenities with significant growth opportunity.

The industrial property sector continued to see strong rental growth in 2023, with above-trend leasing outcomes driven by high levels of demand for quality warehouse spaces. However, the availability and cost of capital slowed our growth, and we absorbed a range of cost increases.

In response, our focus shifted to prioritising value-creating opportunities: focusing on projects and bolt-on acquisitions that have the potential to increase shareholder returns beyond current levels. We also focused on enhancing our "engine room": upgrading internal enablers to de-risk our business, increase our capacity and capability for growth, and to build trust and credibility in our brand.

At the end of the year, core holdings continued to comprise around 80% of our portfolio allocation. The development of three significant buildings in Auckland is well underway at Bowden Road in Mount Wellington, and Springs Road in East Tamaki. We have divested a number of properties to sharpen our portfolio and recycle capital, and we have entered into a long-term agreement to acquire land at an industrial park currently under development. We have firm foundations for growth.

This report covers our last 12 months of activity, from 1 January to 31 December 2023. Because we are changing to a 1 July to 30 June financial year, our next report will cover six months of activity, from 1 January 2024 to 30 June 2024.





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STABILITY IS CHANGING

INDUSTRIAL DYNAMICS STAY STRONG / MARKET PERFORMANCE AND OUTLOOK

Auckland industrial vacancy levels remain at near record low levels.

ACCORDING TO CBRE'S December 2023 Auckland Market outlook, industrial property vacancy was very low through 2023. As a result, rental growth in 2023 remained strong, with CBRE's January 2024 Auckland Yield and Rent Update estimating that market rents grew by 9.6% during the period. This continues a trend seen for a number of years, with growth over the past five years estimated to be 38.8%. However, this upward trend is expected to moderate during 2024, as demand gradually softens and an active industrial supply pipeline releases more industrial space to meet demand.

PORTFOLIO

92



PROPERTIES

126



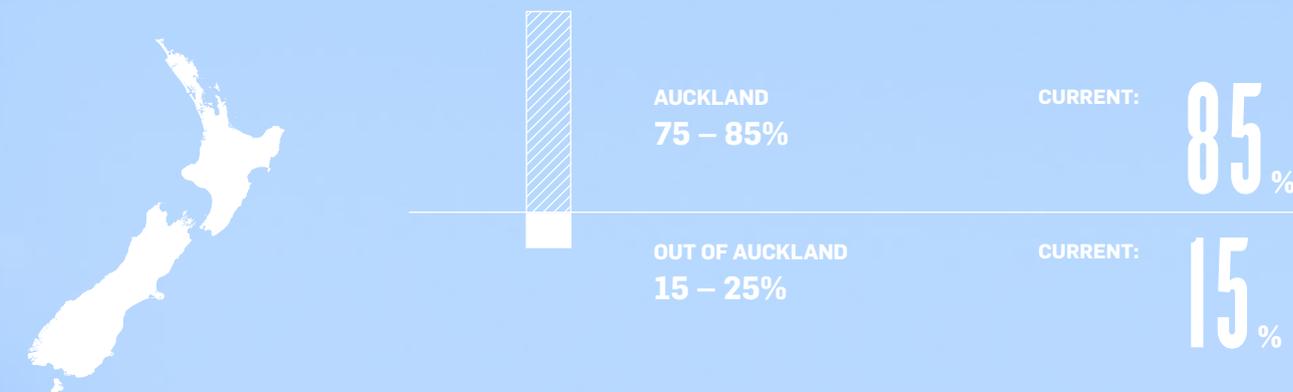
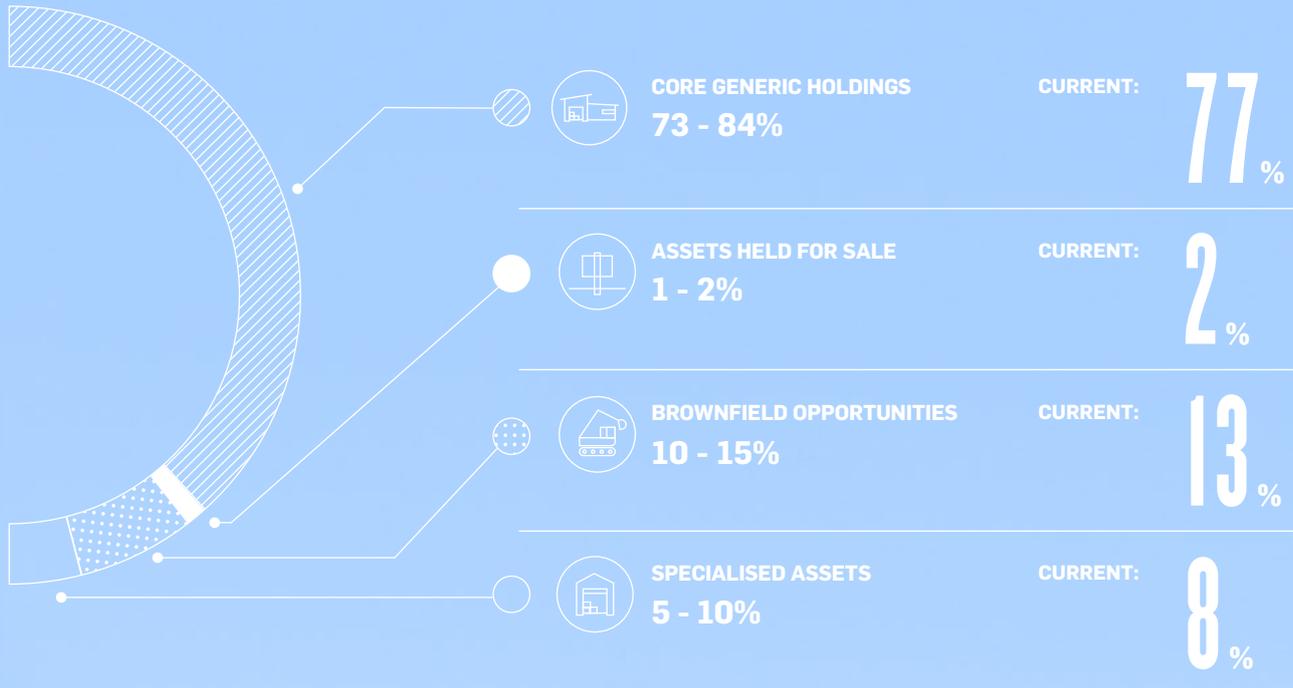
TENANTS

5.06



WALT 5.06 YEARS

ALLOCATION



PERFORMANCE

\$
96.6
M

CONTRACT RENT

10.03 CPS

FUNDS FROM OPERATIONS (FFO)

8.92 CPS

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

32.0 %

GEARING

5.01 %

PASSING YIELD

16 %

UNDER — RENTING

~
148,000 SQM

LEASING ACTIVITY

83 %

TENANT RETENTION

\$
2.028 BN

CURRENT PORTFOLIO VALUATION

SUSTAINABILITY TARGETS



SIGNIFICANT NEW BUILDINGS TO TARGET MINIMUM 5 GREEN STAR CERTIFICATION



IMPLEMENT POWER METERING AND MONITORING FOR 50% OF PROPERTIES BY END 2025



INSTALL SOLAR SYSTEMS AT 5 BUILDINGS BY END 2025



For more information on our annual results, please visit: propertyforindustry.co.nz/investor-centre/resultscentre



Wall blocks being placed Springs Road.

Robust cashflow

PFI's portfolio performed strongly during 2023 across both rent reviews and leasing outcomes.

At year end, 111 rent reviews had been completed on \$68.9 million of contract rent, resulting in an average annualised uplift of 4.2%. Nine market rent reviews delivered an annualised increase of 7.2% over an average review period of 2.7 years on \$2.9 million of contract rent.

147,711 square metres or 18.3% of the portfolio by rent was leased during 2023, with 83% of deals completed as renewals by existing tenants. A total of \$177 million of contract rent was secured during 2023. Of that amount, rents were agreed on \$14.3 million of contract rent at 26.4% above previous contract rents. For the remaining \$3.4 million of contract rent secured during 2023, all are subject to market reviews on renewal. After factoring in review caps, those renewals are currently -18% under-rented, providing an opportunity for significant growth on settlement of those rent reviews. On top of that, lower levels of incentives and leasing costs also saw a saving of ~\$2.7 million as compared with last year.



**“
Strong leasing
outcomes
have delivered
cashflow and
stability”**

SIMON WOODHAMS
Chief Executive
Officer

Solid results in a choppy environment

“Strong leasing outcomes have delivered cashflow and stability,” says PFI Chief Executive Officer, Simon Woodhams. “Despite significant increases in interest rates during the year, low gearing, low vacancies and growing rents have all worked in our favour.”

Offsetting the strong rent reviews and leasing outcomes achieved was a reduction in net rental income from divestments and the properties we are currently developing, but all told the decrease was just 0.7% or \$0.8 million.

Interest expense and bank fees, administration costs and maintenance capex all increased, but tax decreased significantly as a result of the tax implications of the redevelopment projects.

Fund From Operations or FFO dipped by 0.18 cents per share or 1.8%, and Adjusted Funds from Operations or AFFO increased by 0.09 cents per share or 1.0%; basically, a flat result, which we were pleased with considering the overall operating environment.

“Our performance this year reflects the experience of the team,” says PFI Chief Finance and Operating Officer, Craig Peirce. “We have delivered FFO and AFFO results in line with the previous year, which is a solid result in the present climate.”

SPRINGS ROAD UPDATE

78
**SPRINGS ROAD,
EAST TAMAKI**

DEVELOPMENT COST
~\$76 million

Total development area:
43,000 sqm



Stage 1 of the redevelopment of PFI's 10.4 hectare Springs Road site is well underway with the construction of a 25,500 square metre warehouse for Fisher & Paykel Appliances. On completion of this stage of the project, which is scheduled to finish in the first quarter of 2025, Fisher & Paykel Appliances will start a 15-year lease, paying in excess of \$6 million of rent for this 5 Green Star warehouse. ■

Portfolio valuation reflected market conditions

Our industrial property portfolio was written down in value by \$140.8 million to \$2,027.7 million, a 6.7% write-down for the year. This decrease was driven by ~74 basis points of market capitalisation rate expansion. As a result of these revaluations and portfolio activity, our passing yield, excluding brownfield development properties, has increased by ~0.51% to 5.01%. Our portfolio remains under-rented, with

the valuers estimating this is to the tune of ~16%.

Commenting on these changes, Simon Woodhams noted, “A rapid rise in interest rates in recent years has caused an increase in capitalisation rates for all property types, including industrial property. However, during 2023, there remained a gap between vendor and purchaser price expectations, albeit a narrowing one, with CBRE reporting no change in indicative yields for the last quarter of 2024.” ■

AN ACTIVE PARTICIPANT / PORTFOLIO MANAGEMENT

As was the case in 2022, and in comparison with long-run averages, 2023 was a muted year for transactions. Notwithstanding this, we secured a number of key divestments and acquisitions.

A number of key divestments were well priced

We continued to recycle capital with a number of key divestments. Combined, the divestment of 10c Stonedon Drive (East Tamaki, Auckland), 15 Artillery Place (Nelson) and 11 Sheffield Street (Blenheim) has or will realise gross proceeds of \$36.7 million, more than 95% of the combined latest valuations of \$38.6 million, with the proceeds being used to fund the Company’s on-going brownfield opportunities.

Two important acquisitions are underway

During the year, we entered into a contract to purchase two lots, totalling 5.8 hectares, within the proposed 46-hectare industrial subdivision at Spedding Road at the end of the Northwestern Motorway in Auckland.

The contract to purchase the lots for \$40.6 million equates to a land cost of ~\$700 per square metre, which compares favourably to market rates for Auckland industrial land. Based on the current programme of works, we expect to pay a 5% deposit once subdivision consent has been obtained in mid-2024, and an initial settlement of 45% of the purchase price when titles are received and works completed in mid-2025. Deferred settlement sums of 25% of the purchase price are then due 12 and 24 months following the initial settlement date.

Simon Woodhams said: “The acquisition of these two lots will provide PFI with a future opportunity to develop best-in-class Green Star buildings in an Auckland location that is currently severely under-supplied for both industrial-zoned land and industrial buildings of quality or scale.”

“In contrast to upgrading our older portfolio, like the redevelopments at Bowden Road and Springs Road, starting with a blank slate at Spedding Road means we have the opportunity to access further development margin and keep that for the benefit of our shareholders,” says Simon Woodhams.

“Our decision to invest at Spedding Road is PFI’s first project where we are working at scale from bare land. We plan to deliver Green Star properties in an area that currently has a shortage of quality industrial buildings. Settling the land purchase and staging the development also gives us time to gauge demand and market dynamics, and adjust as we go.”



_ Earthworks underway at Spedding Road.

In addition to the Spedding Road transaction, late in 2023, we also secured another bolt-on acquisition: a ~5,000 square metre site at 45 Cryers Road in East Tamaki, Auckland for \$6.7 million. Simultaneously with the acquisition, we negotiated a new lease to Astron Plastics Limited (Astron) for ~9.4 years over 45 Cryers Road together with the neighbouring property, 43 Cryers Road, already owned by PFI and leased to Astron.

43 Cryers Road was previously leased to Astron with a final lease expiry in May 2027. On completion of the acquisition and new lease, PFI's land holding at Cryers Road will be enlarged to ~2.0ha and the lease term will increase from ~3.4 years to ~9.4 years. Settlement is expected to take place during February 2024.

In the longer term, as the owner of both sites, this acquisition allows us the option to build a significantly larger warehouse, giving the ability to offer drive-through access. ■

CONTINUING TO DEVELOP / PRIORITISING VALUE CREATING OPPORTUNITIES

~90% of our portfolio is allocated to properties that drive the strong, stable returns investors look for from us.

THE REMAINDER of our portfolio looks ahead, anticipating future demand by securing and developing sites to ensure PFI shareholders benefit from the ongoing shift towards e-commerce and the anticipated demand for quality logistics space.

Brownfield development projects progressed

At year end, \$267 million of our portfolio is allocated to brownfield opportunities, providing a growing pipeline of near-term development opportunities. We have early-stage concepts in place for our Neilson Street and Harris Road

properties, and additional sites under consideration for medium-term redevelopment include our properties at Nesdale Avenue and some of our Rosebank Road holdings.

Our Bowden Road redevelopment is progressing well and is on time and on budget. ~40% of the development is pre-leased to Tokyo Food for a lease term of 12 years, with the balance of site being developed on a speculative basis. While we have not secured tenant commitment for the speculative element of this project, we are engaged with a number of prospective tenants on rental rates that are in



_ Bowden Road construction progress January 2024.



– Springs Road progressing well.

excess of those we estimated when we commenced the project. We estimate completion in the third quarter of 2024, and both buildings are targeting a 5 Green Star rating, creating PFI's first fully Green Star-rated industrial estate, with close to 24,000 square metres of covered workable area.

Stage 1 of the redevelopment of our Springs Road property is also well underway. Here, PFI is developing a 25,500 square metre warehouse for our long-time tenant Fisher & Paykel Appliances, with an option to expand the warehouse to 30,000 square metres. The estimated total incremental cost for this stage is ~\$76 million. The facility will target a 5 Green Star rating and we are estimating completion in early 2025. Over five hectares of available land remain for future stages, and we are continuing to work through redevelopment schemes for this land.

Ensuring best use of capital

“At the same time as we have seen industrial rents continue to grow strongly, we have seen valuations ease,” says Simon Woodhams. “As a result, our net tangible assets or NTA per share eased 27.9 cents per share over the course of the year, and our gearing lifted to 32%.”

“Our strategy ensures the best use of our capital by prioritising value-creating opportunities like our Bowden, Springs and Spedding roads projects and bolt-on acquisitions like the one at Cryers Road, as those projects have the potential to increase shareholder returns beyond current levels. We’ve also focused on financing our investments to align much more closely with our sustainability objectives, and we have a clear sustainability focus incorporated into our facilities, property and asset management teams.” ■

STRONG AND STEADY / TRACK RECORD WITH DIVIDENDS

Looking forward, there are a number of factors influencing the outlook for PFI's earnings and dividends.

FAVOURABLE OCCUPIER market conditions, coupled with a portfolio that is around 16% under-rented, provides a platform for the company to continue to grow rental income.

Following a period of rapid Official Cash Rate increases from 0.25% in August 2021 to 5.5% at the end of 2023, as the Reserve Bank of New Zealand sought to reduce inflation, financial markets both here and around the globe have begun to price in interest rate cuts. With around 40% of PFI's borrowings on floating interest rates, these cuts would provide some relief to the company's interest bill.

However, changes to depreciation rules, which are likely to impact PFI from 1 July 2024, will see the company's tax bill rise by about \$2 million a year. In addition, a range of economic indicators suggest 2024 may be a challenging year for businesses.

Balancing these factors, and noting that the 2024 financial year will be a short six month period due to a change in year-end to 30 June, dividend guidance for this six-month period has been set at 4.15 cents per share, which on an annualised basis is 8.30 cents per share, in line with dividends for 2023.

“PFI's strategic response to market conditions has been to focus on projects and bolt-on acquisitions that have the potential to increase shareholder returns beyond current levels, to divest sensibly, and to enhance our engine room,” says PFI Board Chair Anthony Beverley. “We have continued to deliver stable cash returns for investors, while positioning the company to continue to grow in the years ahead.” ■

**PICTURING OUR NEXT ERA OF GROWTH /
OUR DEVELOPMENTS**

**30-32
BOWDEN ROAD,
MOUNT WELLINGTON**



**78
SPRINGS ROAD,
EAST TAMAKI**



3



_ Earthworks underway at Spedding Road.

SPEDDING ROAD INDUSTRIAL ESTATE, WHENUAPAI



_ Architect design concept, ground level of Spedding Road.



_ Architect design concept, aerial view of Spedding Road.



_ Architect design concept, ground level of Spedding Road.

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**GUIDING
US**

FORWARD

**CURRENT MARKET /
MACRO-CHANGES**

The current market environment, typified by a rapid rise in interest rates, presents a number of challenges.

AFTER MANY YEARS of revaluation gains, revaluation losses are being recorded across the sector. Many listed property vehicle share prices are trading at a discount to net tangible assets (NTA), making it a difficult time to raise additional capital to fund growth.

We are not exempt from these macro changes. The pace of our intended growth has slowed and we acknowledge that capital constraints will limit what we can achieve within our existing funding envelope. However, our commitment to our value-creating areas of conviction remains the same, even if we have to pursue these opportunities later than originally planned, in order to buy well.



“
We have consistently invested in a sector with strong macro trends...”

CRAIG PEIRCE
Chief Finance and Operating Officer



_ Focusing on projects with value creating opportunities.

High conviction investments

“As trading activity pulls back, our strategy continues to focus on consolidating a portfolio of high conviction investments and positioning PFI for when growth returns,” says PFI Chief Finance and Operating Officer, Craig Peirce.

The regulatory environment within which PFI operates also continues to tighten and become more complex. These changes have increased compliance workloads and overheads.

Climate change now has people’s attention

There were only limited impacts to PFI’s portfolio from the January 2023 floods and Cyclone Gabriele, but these events brought the potential impacts of climate change to everyone’s attention. At the same time, competitors are placing their bets on sustainable properties and developments, with green buildings and financing becoming increasingly common.

2023 has been about leveraging our gains to respond to present market conditions, and taking the opportunity to reorient for what we believe is ahead. Our historic performance has served us well: we have a low overhead cost base, a strong returns profile, specialist knowledge and an under-rented portfolio. Those advantages have enabled us to deliver the dividend of 8.30 cents per share we guided to at the beginning of the year, and to advance the redevelopment of our portfolio.

Market changes in the last year have brought revaluation losses and a lift in gearing, albeit well within our covenants and self-imposed guidelines, but they have also encouraged us to look judiciously for the best deals in a tightening market and to focus on sustainability as an opportunity.

Our strategic response

In response, our strategic focus has shifted to prioritising value-creating opportunities: focusing on projects and bolt-on acquisitions that have the potential to increase shareholder returns beyond current levels. We also focused on enhancing our “engine room”: upgrading internal enablers to de-risk our business, increase our capacity and capability for growth, and to build trust and credibility in our brand.

This is no time for backward steps. On the contrary, we believe opportunities will begin to materialise soon, and we are readying for that shift. We are recalibrating our ambition to extending a market leading position within the industrial property sector.

Building our engine room

While we wait for the right opportunities to present themselves, we have been quietly strengthening the underlying business. Our historic capabilities and capacities suited our current operational size but were insufficient to respond to an increased scope of activities, changing regulations and further growth. You can learn more about some of these changes on the pages that follow, including the transition to an in-house facilities management model, our digital transformation, and the link between sustainability and financing. ■

CHANGES AT BOARD LEVEL / CONTINUED EVOLUTION

In February 2023, we welcomed Angela Bull to our Board as an Independent Director.



Our focus is firmly on sustainable growth that will deliver positive outcomes for our tenants, our investors and for our planet.”

ANGELA BULL
Independent Director

ANGELA HAS SIGNIFICANT experience in governance and executive roles in the property sector. She is currently a director of a number of property and related sector companies, having previously been the Chief Executive of Tramco Group and a Board member of the Property Council of New Zealand. Angela also held a number of senior positions over a 10-year period with Foodstuffs Auckland and Foodstuffs North Island.

In February 2024, we announced that Anthony Beverley will be stepping down from his role as Board Chair at the close of PFI's Annual Meeting on Wednesday, 3 April 2024, but will remain on the PFI Board as Independent Director.

Following this change, Independent Director Dean Bracewell will be stepping down from his role as People Committee Chair and will take on the role of Board Chair, and Independent Director David Thomson will take on the role of People Committee Chair, with both changes to take effect from the close of the Annual Meeting.

In other Board changes, Independent Director Gregory Reidy will retire from the PFI Board with effect from the close of the Annual Meeting on Wednesday, 3 April 2024.

“Greg has been a Director of PFI since 2012, having played a key role in many of the strategic milestones of the Company since that time. On behalf of the Board and management team, I would like to thank Greg and to wish him all the very best in his future endeavours,” said Anthony Beverley.

Finally, Jeremy Simpson will join the PFI Board, with the appointment intended to take effect from Tuesday, 27 February 2024. Jeremy has had a career of more than 30 years in financial markets in New Zealand and Australia, including 27 years as an equity analyst, culminating with a Senior Equity Analyst / Director role at Forsyth Barr from 2002 to 2021. Jeremy has a strong knowledge of the listed property sector.

Jeremy is a Chartered Financial Analyst (CFA) and for around 10 years was a Director of the Chartered Financial Analyst Society of NZ. Jeremy is also a Chartered Member of the Institute of Directors and a Trustee for the Pinc & Steel Cancer Rehabilitation Foundation NZ.

These changes are all part of the PFI Board's ongoing succession plans, which seeks to balance technical and specialist governance skills, while at the same time maintaining a Board with strong, practical, commercial capability and diversity of experience. ■



_ Angela Bull,
Independent
Director.

CLOSER TO OUR ASSETS / FACILITIES MANAGEMENT

PFI transitioned to an in-house facilities management model in the middle of the year.



The project has delivered its planned objectives on time, on budget and to the desired quality standards”

KIERAN INGALL

Lead Facilities Manager

THE CHANGE ALLOWS us to improve our service to our tenants, increase our focus on sustainability and health and safety, and bring us closer to our assets.

We now offer integrated, proactive and sustainable property solutions that add value for customers and shareholders. Repairs, maintenance and capital projects for our buildings are now coordinated by a talented internal team rather than an external provider. The change has not only enhanced our relationships with our tenants; it has strengthened our processes and systems internally, and means we have access to data that directly assists our drive for sustainability.



Facilities management team onsite with tenants.

From property investment to property solutions

The insourcing of facilities management is part of a shift in focus from a company more narrowly focused on property investment to a company which provides holistic property solutions.

“We recognised an opportunity to define our facilities management services more comprehensively by capturing the key components of each property and establishing full planned and preventative maintenance schedules,” says Lead Facilities Manager, Kieran Ingall.

“The change-over also included formalising direct relationships with key contractors, creating more systematic approaches to onboarding, health and safety management, and site inspections, and the introduction of new capabilities within our software suite.”

Continuing to see benefits

The benefits of the transition include streamlined operations, greater consistency across the property portfolio and deepened relationships with tenants.

While the benefits will continue to be realised in the coming years, the most obvious immediate outcome is that PFI now has an internal team close to our assets allowing enhanced decision-making and integrated service delivery.



_ Working closely with contractors to improve building performance.

Supporting sustainability objectives

“This critical change supports the execution of our refreshed sustainability strategy and positions us for responsible, future growth,” comments Head of Sustainability and Operations, Sarah Beale. “From a sustainability perspective, this change delivers benefits across all five of our focus areas.”

In terms of monitoring greenhouse gas emissions, the team are currently overseeing the installation of metering in our buildings to enable the company to understand the energy performance of our buildings.

From a resource management point of view, having an in-house team means PFI can also make smarter decisions about capital expenditure on our buildings, reducing the unnecessary use of materials, while providing financial benefits for our investors. We will also be able to work with contractors to use better materials and reduce waste.

Disaster and climate resilience is also an increasing area of focus. The in-house team has enhanced our preventative maintenance practices to make our portfolio more resilient to storms and floods and is progressing seismic strengthening projects.

And all of these initiatives boost economic value. “Our in-house team enables us to provide a full service to our tenants, driving value for PFI while helping us to carefully manage operational and capital spending for our buildings,” says Sarah Beale. ■

DATA DRIVEN / SYSTEMS AND DATA EXPERTISE

This year we have continued building up our in-house expertise around systems and data.

RECOGNISING the growing importance of data in our business, the company has developed a data warehouse and business analytics solution using a Microsoft SQL Server repository and PowerBI.

More data required better analysis

We had already introduced a new company-wide software solution, Yardi, which meant we were capturing and processing considerably more data than previously.

“Our range of data is now considerable,” explains Systems and Reporting Manager, Samantha Schwartz. “It includes not just financial detail but also valuable and insightful data around customers, tenants, vendors and our interactions and arrangements with them. Making better use of these data sources enables us to make decisions and take actions that improve our understanding of a range of situations and opportunities.

“Inevitably, as we’ve paid more attention to our data, we’ve needed a flexible solution that works alongside Yardi, but considerably outperforms the capabilities of that system alone.”

Accelerating our digital transformation

“SQL and data warehousing are accelerating our digital transformation,” says Craig Peirce. “By harnessing these tools, we can drive operating leverage as we grow, standardise our approaches and make decisions that are increasingly driven by data, not just feel.”

PFI worked with its managed-IT services provider to develop a data warehouse and analytics solution that receives data from Yardi.

Use of the tools is growing rapidly, with about 80 percent of the PFI team receiving reports from the analytics solution daily. “Development is ongoing as we look to roll out more reports focused on specific individual needs and business deadlines,” Samantha Schwartz says.

“Better reporting is fuelling a growing appetite for insights. The foundations for a robust data-driven future are now in place. Technical infrastructure is one aspect of this, but we’ve also been working to develop things like custom forms to maintain discipline in data capture. Casting the data net wide and capturing accurate, appropriately structured data has set us up well for nuanced and value-adding analysis.” ■

STRIKING THE RIGHT BALANCE / CAPITAL MANAGEMENT



With gearing at 32.0% and around \$250 million of undrawn bank facilities we have the gearing headroom and liquidity needed to complete the developments at Bowden Road and the first stage of Springs Road.

IN THE MIDDLE of the year, we established \$150 million of Green Loans tranches with our existing banking syndicate, and at the end of the year we made a small \$25 million draw from our Note Purchase and Private Shelf Agreement with PGIM Inc (also known as Pricoa). The weighted average term to expiry of our bonds and bank facilities at the end of 2023 stands at 2.4 years.

Green Finance Framework launched

The inaugural \$150 million of Green Loan tranches, following the launch of our Green Finance Framework, recognises PFI’s commitment to invest in long-term sustainability initiatives.

“Green financing aligns with our desire to transition to a more sustainable portfolio, as we look to achieve Green Star certification for our new buildings, and to significantly upgrade the operational performance of our existing buildings using our in-house facilities management expertise,” says Craig Peirce.

“There is now clear line of sight between our financing and our environmental strategy. We believe that transitioning our portfolio to higher sustainability standards will in turn mean our assets attract better rents, cost less to own, and have a lower cost of capital.”

Market expectations are changing

Our efforts to be a more sustainable company are also being recognised by others. Our rating with Forsyth Barr’s Carbon & ESG scores jumped up from “Explorer” to “Fast Follower”, making us the third-best in the property sector this year. Forsyth Barr acknowledged broad-based improvements across all categories in their rankings. “This was most evident in the Governance category, where strong gains across most G sub-categories resulted in a sector high 77% (A) rating.”

“Market expectations are changing, and as professional landlords, we need to leverage our skills to achieve a growing portfolio that meets stakeholder’s sustainability demands, is efficiently financed, and attracts high-quality tenants,” explains Simon Woodhams. “The successful launch of our Green Finance Framework and standing up our in-house facilities management team reflect how strongly we have incorporated sustainability into how we work, think and strategise.” ■

3

IN THIS SECTION

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SUSTAINING

OUR The purpose of this report is to transparently communicate the positive and negative impacts we have on people and the planet, to explain how we are addressing such impacts, and to provide insight into our sustainability-related risks and opportunities.

EFFORTS

PLATFORM FOR THE FUTURE / OUR SUSTAINABILITY STRATEGY

PFI PLAYS AN IMPORTANT ROLE in the hard-working industrial sector by providing workplaces for industrial tenants. PFI owns long-term assets, so making sustainable, enduring decisions is critical for delivering positive outcomes for our tenants and investors. For many years, PFI has focused on progressively embedding sustainability in everything we do, to position the business for the future.

In early 2023, we shared our refreshed sustainability strategy (on page 20). We have made great progress already in delivering toward the first stage of this strategy, and we are excited to share that progress in this report.

Of particular significance this year, PFI:

- Started construction on three new buildings targeting 5 Green Star ratings. This is a big shift for PFI and will result in 9% of our portfolio (by market value) achieving Green Star ratings on completion. See our case study on pages 23-24.
- Successfully transitioned to an in-house facilities management model. Repairs, maintenance and capital projects for our buildings are now coordinated by a talented internal team rather than an external provider. This brings us closer to our tenants, buildings and contractors, positioning us to improve our service to our tenants and increase our focus on the operational performance of our buildings. This was a critical change for PFI that supports the execution of our refreshed sustainability strategy and positions PFI for future growth. See pages 16-17 for further information.
- Installed power metering and monitoring at 20 properties in our portfolio to help us to understand the operational performance (energy and water use) of the buildings at those sites.
- Established our inaugural green funding facilities.

Our Sustainability Strategy: 2030

CORE PRINCIPLES

Create a future-proofed and resilient portfolio through sustainable refurbishments, developments, acquisitions and divestments.
 Maximise the useful lifespan of buildings to minimise waste by transforming our core portfolio.
 Become a trusted partner for tenants when it comes to sustainability and reducing greenhouse gas emissions.
 Collaborate with supply chain partners to minimise waste, use lower-impact materials and promote positive social impacts.
 Maintain strong employee engagement and health and safety performance.
 Maintain high standards of financial and governance performance.

MATERIAL FOCUS AREAS

				
GREENHOUSE GAS EMISSIONS	RESOURCES AND WASTE	DISASTER AND CLIMATE RESILIENCE	PEOPLE AND WELLBEING	ECONOMIC VALUE
Aspiration The embodied and operational greenhouse gas emissions associated with PFI's buildings are minimised.	Aspiration The impacts from the materials that PFI uses and the waste PFI produces during developments and refurbishments are minimised.	Aspiration PFI's buildings are resilient and we are well placed to respond to disasters.	Aspiration Our people are safe and engaged, and we promote positive social impacts through our operations.	Aspiration The value of PFI grows to create economic value for investors, tenants, our people and others that we work with.

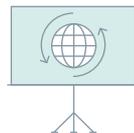
We have committed to a range of projects and targets through to 2025 to operationalise this strategy, which are described in the sections that follow. Key targets include:

IMMEDIATE TARGETS

GREEN STAR  Significant new buildings to target minimum 5 Green Star certification.	METERING  Implement power metering and monitoring for 50% of properties by the end of 2025.	SOLAR SYSTEMS  Install solar systems at five buildings by the end of 2025.
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PFI also aims to minimise and offset residual Scope 1 + 2 greenhouse gas emissions.

DYNAMIC IMPLEMENTATION



Our implementation of the strategy will be dynamic. We will continuously review and adapt our response as we learn and as our external environment changes.



Our carbon footprint

18,072.9

tonnes of CO₂e

% TOTAL FOOTPRINT

99.6%
17,996.2 TONNES

0.3%
51.2 TONNES

0.1%
25.5 TONNES



EMISSIONS SOURCE

**upstream emissions
scope 3**

Goods and services
Capital expenditure
Electricity transmission and
distribution losses
Employee commuting

**corporate emissions
scope 1 and 2**

Fugitive emissions from
HVAC systems
Electricity consumption
Diesel emissions from sprinkler
systems

**downstream emissions
scope 3**

Operational waste
Business travel

Offset

SCOPE	CATEGORY	FY19 (tCO ₂ e)	FY20 (tCO ₂ e)	FY21 (tCO ₂ e)	FY22 (tCO ₂ e)	FY23 (tCO ₂ e)
SCOPE 1						
Direct Emissions	Fugitive emissions (refrigerants)	94.5	116.8	76.8	61.3	41.2
	Fuel	Covered under Category 6	Covered under Category 6	0.2	4.5	5.6
SCOPE 2						
Indirect Emissions	Electricity consumption (location based) ¹	15.5	5.4	14.2	19.6	4.4
Total Scope 1 and Scope 2 Emissions		110.0	122.2	91.2	85.4	51.2
SCOPE 3						
Other Indirect Emissions	Category 1: Purchased goods and services ²	Not measured in FY19	111.3	117.4	284.3	1,244.2
	Category 2: Capital goods ³	Not measured in FY19	2,564.7	2,615.0	2,122.4	16,733.7
	Category 3: Energy and fuel	Not measured in FY19	0.5	1.2	1.8	0.5
	Category 5: Waste generated in operations	0.7	0.5	0.2	0.4	0.5
	Category 6: Business travel	19.8	9.4	12.7	18.4	25.0
	Category 7: Employee commuting	Not measured in FY19	15.1	13.6	12.6	17.7
	Category 13: Downstream leased assets ⁴	Not measured in FY19	Not measured in FY20	Not measured in FY21	Not measured in FY22	Not measured in FY23
Total Scope 3 Emissions		20.5	2,701.5	2,760.3	2,439.9	18,021.7
TOTAL Scope 1, 2 and 3 Emissions		130.5	2,823.7	2,851.3	2,525.4	18,072.9



– Solar installation at 3-5 Niall Burgess Road.

GREENHOUSE GAS EMISSIONS

PFI's total emissions increased significantly in FY23, primarily due to the increase in construction activity compared to previous years.

PFI's most material emissions impacts are considered to be:

- emissions relating to developments and refurbishments (known as 'embodied carbon'). These are our Scope 3, Category 2 emissions.
- emissions relating to the operational performance of our buildings (for example, electricity use). We do not currently report these emissions (Scope 3, Category 13) due to insufficient data.

Our ambition is to minimise both the embodied and operational carbon emissions of our buildings. We have therefore committed to:

- building and refurbishing in a way that reduces both embodied and operational greenhouse gas emissions where practicable; and

- measuring and over time improving the operational performance of our buildings.

Embodied carbon will be a particular challenge for PFI in the coming decades. These emissions largely arise from the use of concrete and steel when constructing our buildings. There are lower-carbon products becoming available, which PFI is using where practicable. However, zero or near-zero carbon concrete and steel are not available, and it is unknown when these will become available. PFI is continuing to closely monitor progress in this space and highlights the re-use of existing buildings as an opportunity to reduce these impacts.

Emissions associated with property maintenance are also significant (falling under Scope 3, Category 1). Bringing PFI's facilities management in-house has been an important first step in positioning the business to address these emissions in the future. However, our primary focus remains on developments, refurbishments and energy use of our buildings.

New buildings and brownfields redevelopments

When we develop significant new buildings, we will ensure they are built to a high sustainability standard by targeting a 5 Green Star rating. The Green Star tool is holistic and ensures the building performs to a range of sustainability standards including materials, water and indoor environment quality. In particular, Green Star seeks to:

- minimise the impact of building materials and practices on the environment, including greenhouse gas emissions; and
- ensure the building is designed efficiently to minimise greenhouse gas emissions arising from the operation of the building (for example, electricity usage).

PFI is targeting 5 Green Star certification⁵ for our upcoming developments at 30-32 Bowden Road and 78 Springs Road. See our case study on pages 23-24 for more information.

(1) PFI's Scope 2 emissions are comprised of electricity consumption at PFI's head office, vacant properties, and common areas. The reduction in Scope 2 emissions in FY23 reflects a combination of lower vacancy in the portfolio and a change in measurement approach.

(2) For FY23, Scope 3 Category 1 emissions per \$ spend was calculated using an input output (IO) consumption-based model. An IO model estimates emissions based on category spend using data from allocating national GHG emissions to final products based on economic flows between sectors. The IO model is accepted by the GHG protocol and is considered comprehensive, but varies in its granularity. The increase in Scope 3 Category 1 emissions in FY23 primarily reflects a change in the IO consumption-based model used by PFI, rather than a material change in underlying activity. We will continue to improve our approach to emissions assessment over time as we mature.

(3) For FY23, Scope 3 Category 2 emissions were calculated using lifecycle assessment data for major developments, with IO consumption-based models (see footnote 2) used for the balance of emissions in this category. The lifecycle assessments used are an early estimate of the emissions associated with our major development projects. As these projects span multiple financial years, the emissions have been allocated to financial years based on spend. There may be adjustments made to emissions allocated to future periods to account for any variances from these initial estimates. The increase in Scope 3 Category 2 emissions in FY23 is primarily attributable to increased development and refurbishment activity.

(4) Downstream leased assets would include emissions relating to electricity use by PFI's buildings. PFI has extremely limited visibility of the electricity consumption from its tenanted properties and has excluded this emissions source from reporting for FY23 due to insufficient data. During 2023, PFI began investing in power metering and monitoring for its properties, which is expected to help to develop emission models for downstream leased assets by the end of FY24.

(5) Green Star ratings are administered by the New Zealand Green Building Council (NZGBC), a network of property and building businesses aiming to normalise market-based green practices. PFI is a member of the NZGBC.

GREEN STAR DEVELOPMENTS



CASE STUDY

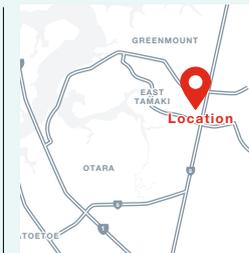
78 SPRINGS ROAD, EAST TAMAKI

ESTIMATED TOTAL PROJECT
COST (EXCLUDING LAND):

~\$76m

Total site area:

10.4ha



Greenhouse gas emissions

We have reduced the upfront embodied carbon emissions of the building by approximately 7% (when compared to a reference building*) because we have designed the warehouse floor and yard slab in a way that reduces carbon emissions from concrete and reinforcing steel compared to a traditional design.

The building is also expected to produce fewer greenhouse gas emissions when in use than a reference building, because we will install solar panels and have incorporated energy efficient design.

Resources and waste

Our contractors report that 98% of demolition waste has been diverted from landfill, and we are targeting a minimum of 70% of all demolition and construction waste from the overall project being diverted from landfill. 100% of the existing concrete on site was recycled and re-used on site. Our contractors used a concrete crusher to break down the existing concrete, and this was then used as fill, saving 3,305m³ of imported fill onto the site.

We are using sustainable materials such as FSC timber and water-efficient plumbing fixtures, and the building is designed to consume less water than a reference building.

* A reference building is a typical building that would get built today without considering any implications on carbon emissions, with the design being driven mostly by cost and programme.

78 SPRINGS ROAD, EAST TAMAKI



A deep commitment to sustainability is embedded in Fisher & Paykel's DNA, reflected not only in the appliances we create, but also across our end-to-end supply chain, in the partners we choose, the ways we work and interact, and the buildings we operate from.

We deeply value our enduring partnership with Property For Industry, as a company that shares our values, particularly in the realm of sustainability. We are excited to be part of this new targeted 5 Green Star development which incorporates Fisher & Paykel's own technologies and contributes to our carbon reduction commitments."

ELIZA HUMPHREYS

GM Operations - NZ,
Fisher & Paykel Appliances Limited

FISHER & PAYKEL

_ Concrete
laying at
Springs
Road.

Disaster and climate resilience

We have assessed the possible physical impacts of climate change (such as increased rainfall and extreme temperatures) and designed the building to make it more resilient to these impacts. For example, we have increased the building's capacity to cope with increased and extreme rainfall by increasing the number of downpipes, and installing a stormwater siphonic system that allows the roof to be drained more efficiently in a heavy rainfall event. We have also designed the building to the latest earthquake resilience standards.



_ Strengthening
our buildings
for climate
resilience.

People and wellbeing

PFI is working closely with the head contractor for the project to ensure the construction team meets best-in-class health and safety management practices.

The building is designed to provide acoustic, thermal and lighting comfort for its occupants.

Economic value

The project has a targeted project yield on cost of more than 5.3%, delivering returns for our shareholders while providing a best-in-class facility with lower operating expenses for Fisher & Paykel Appliances to run their business from. By signing up to this Green Star building, our tenants will receive the cost and resilience benefits of using power generated from the solar array on the roof. We have also future-proofed the building to allow up to 50% roof coverage by solar in the future.



Sustainable refurbishments

In some cases, we are able to extend the useful life of a dated building by undertaking a refurbishment. This avoids the generation of embodied carbon and waste by reusing materials (such as walls and foundations) that were already in place in an original building, while presenting an opportunity to upgrade or add sustainable features (such as LED lighting). PFI has created an internal sustainable refurbishment framework, providing a way for us to minimise our environmental impacts when we undertake refurbishment projects through a preference for lower-carbon materials and resource efficient design features.

As each refurbishment is unique, this framework ensures we have a range of sustainable design options to consider for each refurbishment. A sustainable refurbishment might include improving energy efficiency and water consumption, reducing waste, using lower-impact building materials, and moving to renewable energy sources.

Measuring and improving operational performance

Greenhouse gas emissions arise from the operations of a building, for example through electricity use. Due to the structure of industrial leases, we do not typically have data on the electricity use of our buildings as this is outside of our operational control (with power organised by the tenants).

Following the transition of PFI's facilities management to an in-house team during 2023, we are seeing the benefits of being able to work more closely with engaged tenants to measure the operating performance of the buildings they occupy. As a result of this change, we have installed power metering at 21.7% of properties during the year, representing great progress toward our target to implement power metering and monitoring for 50% of properties by the end of 2025.

Measuring operational performance will remain challenging as, even with in-sourced facilities management:

- industrial property leases typically put the building operations in the control of the tenant; and
- it is often difficult to differentiate between emissions from the operation of an industrial building and emissions associated with tenant operations within that building.

However, we will work with our tenants on this over time and are also progressively introducing lease clauses enabling us to request data from tenants.

While we are not yet in a position to disclose the greenhouse gas emissions associated with the use of our buildings, we anticipate being able to do so in future when further data is gathered. Based on the limited information collected to date, we expect that this will be a material part of our greenhouse gas footprint.

In time, as we build up data, we expect that we may be able to identify opportunities to improve the efficiency of lower-performing buildings. This should create value for our tenants

and help to retain the value of our buildings in the long term. The power use of buildings forms part of a tenant's 'carbon footprint' so we are in a position to help them with their own emissions reduction plans. Buildings with better operational performance also typically cost the tenant less in power and water.

Finally, the collection of data is the first step toward being able to explore options for operational performance certification for our existing properties. This represents an exciting opportunity for some buildings in PFI's core portfolio. Due to the wide range of occupancies of industrial buildings, this will be a complex journey. We will share progress in this area as it develops.

Solar

New Zealand has a higher supply of renewable electricity than many other countries. However, electrification of activities that we currently rely on fossil fuels for (such as driving) is key for decarbonising many aspects of our economy, meaning there will be higher demands for electricity in the future. Installing solar panel arrays at our properties makes renewable electricity available for our tenants to use, reducing their demands on New Zealand's electricity grid, and their energy bills. Tenants may also be able to feed any electricity they don't use from the solar panels back to the national grid, increasing the supply of renewable electricity for others to use. Solar installations can help PFI to strengthen our relationships with our tenants, and in some cases, presents an opportunity to extend lease terms.

During 2023, we completed PFI's first solar installation at 3-5 Niall Burgess Road in Mount Wellington and agreed terms with another tenant to commence a solar installation in 2024. Solar arrays will also be installed on all of our new buildings that are targeting Green Star ratings. This puts PFI on track to meet its target to install solar systems at five buildings by 2025.

Scope 1 and 2 emissions

PFI's Scope 1 and 2 emissions are very small, in particular when compared to the scale of emissions from developments and building electricity use. While our sustainability strategy focuses on managing these more material impacts, we acknowledge that we need to be mindful of our direct footprint, and we have successfully taken steps to reduce it.

During 2021 and 2022, PFI upgraded a significant number of HVAC systems across our portfolio that required R22 refrigerant gas, which contributed to a reduction in our Scope 1 fugitive emissions by 56% in 2023 (or 53tCO₂e) against a 2019 base. We note that four further systems within PFI's operational control containing R22 gas were identified during 2023, and they have either been replaced or re-gassed with a non-ozone depleting gas.

We will continue to work on initiatives to further reduce our gross Scope 1 and 2 emissions going forward, particularly

as new technologies become available that enable us to make further advances.

We have offset our 2023 Scope 1, 2 and selected Scope 3 emissions⁶ with certified carbon credits. These certified carbon credits are sourced from projects that grow and protect forests in Aotearoa and help to deliver climate resilience, waterways protection, erosion control, biodiversity conservation and community economic development⁷.

RESOURCES AND WASTE

When PFI undertakes property developments and refurbishments, building materials such as steel and concrete are procured by PFI's contractors. Extracting, producing, and shipping these materials have upstream impacts such as greenhouse gas emissions and potential impacts on local communities or biodiversity if not produced responsibly.

Waste is also generated by PFI's contractors, for example from demolition and packaging of materials that are delivered to the site. We aspire to minimise the impacts from the materials that PFI uses and the waste that PFI produces during developments and refurbishments.

Our transition to an in-house facilities management model during 2023 positions us to make smarter decisions about capital expenditure on our buildings, reducing the unnecessary use of materials while providing financial benefits for our investors.

We are also collaborating with suppliers to improve waste measurement and reduction, and use of lower-impact materials. Our commitment to 5 Green Star encourages us to use lower-impact materials and reduce the waste impacts from our developments. PFI is also working with suppliers to move toward more consistent waste measurement and reduction when undertaking refurbishments. When PFI refurbishes buildings instead of building new ones, we can reduce the impacts caused by building materials by reusing what is already in place where possible, and aiming to use lower-impact materials.

DISASTER AND CLIMATE RESILIENCE

PFI aims to ensure its buildings are resilient and we are well placed to respond to disasters. The devastating Auckland floods and Cyclone Gabrielle in early 2023 have been a reminder of the importance of having a sustainability strategy that is focussed on responding to climate change. Our thoughts remain with those affected by these disasters.

PFI faces a range of risks arising from climate change including regulatory change, increasing demand for sustainable buildings, changing investor and funder preferences, and the effects of extreme weather (including on insurance availability

(6) Including waste, business travel, employee commuting, and energy and fuel; but excluding goods and services, and capital expenditure.

(7) Carbon credits are retired on the NZETS registry.

and pricing). Preparing the business and portfolio for the physical and transition impacts from climate change has been an ongoing focus for PFI, and PFI's sustainability strategy is designed with this in mind. PFI's approach includes:

- Ensuring that climate change risks are a factor in our decision-making with regards to portfolio management, including refurbishments, acquisitions and divestments;
- Deployment of capital toward solar, metering and development projects targeting Green Star ratings;
- Increasing preventative maintenance through the establishment of an in-house facilities management team to increase the resilience of our properties to storms and floods; and
- Maturing PFI's insurance strategies to respond to the risk of insurance retreat.

PFI has previously provided three voluntary Climate-Related Disclosures reports. PFI will publish its first mandatory Climate-Related Disclosures in accordance with the Aotearoa New Zealand Climate Standards at <https://www.propertyforindustry.co.nz/sustainability/> by 30 April 2024.

PEOPLE AND WELLBEING

PFI strives to ensure our people are safe and engaged, and we aim to promote positive social impacts through our operations. PFI also interacts with a wide range of stakeholders, for whom we want to contribute to a safe and positive working environment.

Team engagement

PFI focuses on maintaining strong staff engagement, which enables us to deliver great service to our tenants, achieve our sustainability objectives, and ultimately provide stable returns



_ Looking after the health and safety of contractors.

for our shareholders. We achieved an 86% staff engagement score and a 100% participation rate in our 2023 annual staff engagement survey. We also achieved low employee turnover of 4% during 2023.

Health, safety and wellbeing

The health, safety and wellbeing of our team and others that we deal with remains a critical focus for PFI.

We provide a wide variety of offerings for our team including:

- An annual wellness week for our team including wellness education sessions
- A flexible working policy
- Staff induction and ongoing training
- Provision of ergonomically-designed workstations
- Periodic health checks, staff insurances and access to a clinical psychologist
- Safety protocols for site visits
- Governance and incident management through our health and safety committee

PFI has implemented a formal health, safety and wellbeing framework that provides a practical and enduring system to ensure our approach to health, safety and wellbeing goes beyond adherence to the Health and Safety at Work Act. The framework sets out our objectives, policies, risk management controls and responsibilities across our team.

The development, maintenance and ongoing management of our properties presents a range of risks to our tenants, contractors and other visitors to those properties, such as those arising from electrical hazards, roof access and fire risks. Risk management initiatives for our properties include:

- Prequalification requirements and induction for contractors
- Periodic and independent property risk assessments
- Asbestos management protocols
- Requirements for safety plans and site inspections for development projects
- Governance and incident review through our health and safety committee

The health and safety incidents in the following table reflect incidents that were reported to us across our operations. The increase in near misses in 2023 is attributable to increased construction activity during the year, and the diligent approach to health and safety reporting by our contractors:

HEALTH AND SAFETY INCIDENTS AND NEAR MISSES	2022	2023
Injuries	12	13
Incidents that did not result in injury/near misses	10	20
Total recorded incidents and near misses	22	33

Modern slavery

PFI is committed to respecting and supporting the wellbeing and human rights of our employees, contractors, suppliers, and all those who we engage with in our day-to-day operations.

PFI has begun working with suppliers to prepare to respond to possible incoming modern slavery regulations.

Community engagement

Engaging with our community is important to PFI and to our team. During 2023 we participated in a team volunteering day at LIFE Community's Christmas Box campaign, preparing Christmas food parcels. We also continued our sponsorship of Keystone New Zealand Property Education Trust which supports students to get a tertiary education and set themselves up for a successful property or construction career.

PFI team members also participated in a Longest Day golfing fundraiser with our close business partner Haydn & Rollett, to raise funds for Cancer Society of New Zealand. Representatives from the two companies jointly raised over \$43,000 through this event to go towards cancer research, prevention and support services.

PFI also made donations to support victims of the Auckland Floods and Cyclone Gabrielle, the Cancer Society, Gut Foundation NZ and LIFE Community's Christmas Box campaign.

ECONOMIC VALUE

PFI is proud to help our tenants to generate economic value through the provision of fit-for-purpose properties from which they can operate their businesses, while generating direct economic value for our investors and other capital providers.

We see our sustainability strategy (along with our proven business model, prudent capital management, strategy, and team) as critical to continuing to deliver strong economic performance as our context continues to evolve with regulatory change, changing market demands and increasing expectations from our business partners and investors.

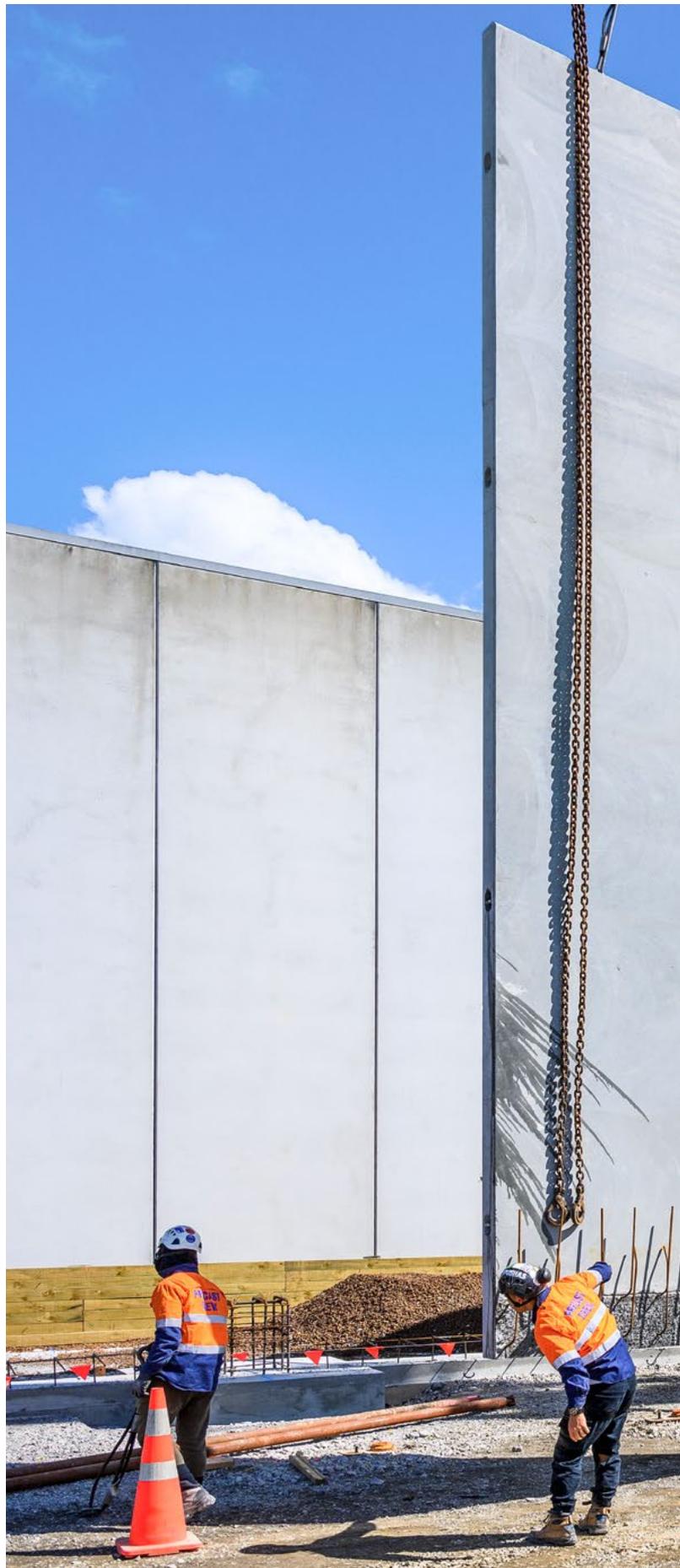
This year, PFI launched its Green Finance Framework (available at <https://www.propertyforindustry.co.nz/sustainability/>) and established its inaugural \$150 million Green Loan tranches in accordance with that Framework. The proceeds of these Green Loan tranches are being used to fund PFI's development opportunities at 30-32 Bowden Road and 78 Springs Road which are targeting 5 Green Star Design and Built ratings, demonstrating the benefits of sustainability being embedded across the business. ■

4

IN THIS SECTION

Financial statements / p30.
General information / p36.
Property / p39. Funding /
p52. Investor returns and
investment metrics / p55.
Other / p56.

_ Tilt slab
installation
at Springs
Road.



BALANCING

OUR

PRIORITIES



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

ALL VALUES IN \$000S	NOTE	2023	2022
INCOME			
Rental and management fee income	2.3	114,787	110,909
Business interruption insurance income	2.6	685	-
Property costs	2.4	(22,695)	(17,598)
Net property income		92,777	93,311
Administrative expenses	5.1	(10,336)	(8,508)
Profit before finance income/(expenses), other gains/(losses) and income tax		82,441	84,803
Finance income/(expenses)			
Interest expense and bank fees		(29,160)	(24,638)
Fair value (loss)/gain on derivative financial instruments	3.2	(10,151)	18,536
Interest income		114	12
		(39,197)	(6,090)
Other gains/(losses)			
Fair value loss on investment properties and non-current assets classified as held for sale	2.1, 2.2	(140,830)	(56,735)
(Loss)/gain on disposal of investment properties and non-current assets classified as held for sale		(789)	575
Increase in costs relating to post settlement obligation of disposed property	5.11	(1,070)	-
Material damage insurance income	2.6	689	-
Goodwill impairment	5.5	-	(29,086)
		(142,000)	(85,246)
(Loss)/profit before income tax		(98,756)	(6,533)
Income tax benefit/(expense)	5.2	964	(7,411)
(Loss) / profit and total comprehensive income after income tax attributable to the shareholders of the Company	4.1	(97,792)	(13,944)
Basic earnings per share (cents)	4.1	(19.48)	(2.76)
Diluted earnings per share (cents)	4.1	(19.48)	(2.76)

The Group has rearranged the presentation of the information disclosed in the Consolidated Statement of Comprehensive Income in the reporting period ended 31 December 2023 and to the comparative figures for the 12 months ended 31 December 2022. The rearrangements have been made to align with the reporting of other entities in the same industry as the Group and to provide more relevant and comparable information to the users of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	Cents per Share (cents)	No. of Shares (#)	Ordinary Shares (\$000s)	Share-Based Payments Reserve (\$000s)	Retained Earnings (\$000s)	Total Equity (\$000s)
Balance as at 1 January 2022		–	505,493,668	580,995	751	980,916	1,562,662
Total comprehensive (loss)/income		–	–	–	–	(13,944)	(13,944)
Dividends							
Q4 2021 final dividend - 9/3/2022		2.45	–	–	–	(12,388)	(12,388)
Q1 2022 interim dividend - 24/5/2022		1.80	–	–	–	(9,100)	(9,100)
Q2 2022 interim dividend - 7/9/2022		1.80	–	–	–	(9,087)	(9,087)
Q3 2022 interim dividend - 22/11/2022		1.85	–	–	–	(9,311)	(9,311)
Share buyback			(3,554,708)	(8,658)			(8,658)
Long-term incentive plan	5.9		111,564	300	(136)	–	164
Balance as at 31 December 2022		–	502,050,524	572,637	615	927,086	1,500,338
Total comprehensive (loss)/income		–	–	–	–	(97,792)	(97,792)
Dividends							
Q4 2022 final dividend - 8/3/2023		2.65	–	–	–	(13,306)	(13,306)
Q1 2023 interim dividend - 23/5/2023		1.95	–	–	–	(9,790)	(9,790)
Q2 2023 interim dividend - 7/9/2023		1.95	–	–	–	(9,792)	(9,792)
Q3 2023 interim dividend - 22/11/2023		1.95	–	–	–	(9,792)	(9,792)
Long-term incentive plan	5.9		78,789	264	139	–	403
Balance as at 31 December 2023		–	502,129,313	572,901	754	786,614	1,360,269

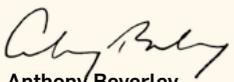
The accompanying notes form part of these financial statements.

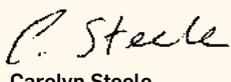
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

ALL VALUES IN \$000S	NOTE	2023	2022
CURRENT ASSETS			
Cash at bank		1,187	1,332
Accounts receivable, prepayments and other assets	5.3	9,806	4,918
Derivative financial instruments	3.2	739	287
Total current assets		11,732	6,537
NON-CURRENT ASSETS			
Investment properties	2.1	1,998,325	2,096,200
Property, plant and equipment		3,449	3,695
Derivative financial instruments	3.2	20,973	35,355
Total non-current assets		2,022,747	2,135,250
Non-current assets classified as held for sale	2.2	29,400	21,000
Total assets		2,063,879	2,162,787
CURRENT LIABILITIES			
Accounts payable, accruals and other liabilities	5.4	22,301	13,727
Taxation payable		772	3,002
Borrowings	3.1	100,000	-
Derivative financial instruments	3.2	3,509	-
Total current liabilities		126,582	16,729
NON-CURRENT LIABILITIES			
Borrowings	3.1	547,049	601,523
Derivative financial instruments	3.2	3,515	10,801
Lease liabilities	5.10	1,909	2,112
Deferred tax liabilities	5.2	24,555	31,284
Total non-current liabilities		577,028	645,720
Total liabilities		703,610	662,449
Net assets	4.2	1,360,269	1,500,338
EQUITY			
Share capital		572,901	572,637
Share-based payments reserve	5.9	754	615
Retained earnings		786,614	927,086
Total equity		1,360,269	1,500,338

These Group financial statements are signed on behalf of Property for Industry Limited and were authorised for issue on 26 February 2024.


Anthony Beverley
 Chair, Board of Directors


Carolyn Steele
 Chair, Audit and Risk Committee

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

ALL VALUES IN \$000S	NOTE	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Property and management fee income received		111,031	111,867
Business interruption insurance income received	2.6	680	-
Net goods and services tax paid		(3,990)	273
Interest received		114	12
Interest and other finance costs paid		(27,817)	(23,583)
Payments to suppliers and employees		(25,138)	(25,409)
Income tax paid		(7,831)	(11,080)
Net cash flows from operating activities		47,049	52,080
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment properties and non-current assets classified as held for sale		27,899	21,700
Acquisition of investment properties	2.1	-	(6,843)
Acquisition of property, plant and equipment		(254)	(1,348)
Expenditure on investment properties		(73,532)	(19,157)
Capitalisation of interest on development properties	2.1	(3,246)	(13)
Material damage insurance income received	2.6	689	-
Expenditure on post settlement obligation of disposed property	5.11	(1,070)	-
Net cash flows from investing activities		(49,514)	(5,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (repayment of)/proceeds from syndicated bank facility		(105,305)	2,468
Net proceeds from green loan facilities		125,501	-
Net proceeds from Pricoa facility		25,000	-
Principal elements of finance lease payments		(196)	(114)
Dividends paid to shareholders		(42,680)	(39,886)
Share buyback costs		-	(8,658)
Net cash flows from financing activities		2,320	(46,190)
Net (decrease)/increase in cash and cash equivalents		(145)	229
Cash and cash equivalents at beginning of year		1,332	1,103
Cash and cash equivalents at end of year		1,187	1,332
Cash and cash equivalents at end of year comprises:			
ALL VALUES IN \$000S		2023	2022
Cash at bank		1,187	1,332
Cash and cash equivalents at end of year		1,187	1,332

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

RECONCILIATION OF (LOSS)/PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

ALL VALUES IN \$000S	NOTE	2023	2022
Loss for the year after income tax		(97,792)	(13,944)
<i>Non-cash items:</i>			
Fair value loss on investment properties and non-current assets classified as held for sale	2.1, 2.2	140,830	56,735
Loss/(gain) on disposal of investment properties and non-current assets classified as held for sale		789	(575)
Fair value loss/(gain) on derivative financial instruments		10,151	(18,536)
Decrease in deferred taxation	5.2	(6,565)	(3,114)
Goodwill impairment	5.5	-	29,086
Depreciation	5.1	569	190
Provision for doubtful debts		28	-
Lease liability interest expense	5.10	116	12
Employee benefits expense – share-based payments		349	356
<i>Movements in working capital items:</i>			
(Increase)/decrease in accounts receivable, prepayments and other assets		(4,586)	1,326
Increase in accounts payable, accruals and other liabilities		5,009	1,099
Decrease in taxation payable		(2,230)	(555)
<i>Other: material damage insurance income (classified as cash flows from investing activities)</i>	2.6	(689)	-
<i>Other: post settlement obligation of disposed property (classified as cash flows from investing activities)</i>	5.11	1,070	-
Net cash flows from operating activities		47,049	52,080

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION*IN THIS SECTION*

This section sets out the basis upon which the Group's financial statements are prepared. Material accounting policy information is described in the note to which it relates.

1.1. Reporting entity

These audited consolidated financial statements (the financial statements) are for Property for Industry Limited (the Company) and its subsidiary P.F.I. Property No. 1 Limited (PFI No. 1) (together, the Group). The Company is a limited liability company incorporated in New Zealand and is registered under the New Zealand Companies Act 1993. The Company is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 and these financial statements have been prepared in accordance with the requirements of the NZX Listing Rules. The Company is listed on the NZX Main Board (NZX: PFI).

The Group's principal activity is property investment and management in New Zealand.

1.2. Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS Accounting Standards) and interpretations developed by the IFRS Interpretations Committee.

The financial statements have been prepared on the historical cost basis except where otherwise identified. All financial information is presented in New Zealand dollars and has been rounded to the nearest thousand.

1.3. Group companies

As at 31 December 2023 and 31 December 2022, PFI No. 1 is the only controlled entity and is wholly owned.

1.4. Basis of consolidation

The consolidated financial statements comprise the Company and the entity it controls. All intercompany transactions are eliminated on consolidation.

1.5. Critical judgements, estimates and assumptions

In applying the Group's accounting policies, the Board and Management regularly evaluate judgements, estimates and assumptions that may have an impact on the Group. The significant judgements, estimates and assumptions made in the preparation of these financial statements are as follows:

2.1. Investment properties	Page 39
3.2. Derivative financial instruments	Page 53
5.2. Taxation	Page 56
5.5. Goodwill	Page 59
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION (continued)

1.6. Accounting policies

No changes to accounting policies have been made during the year and policies have been consistently applied to all years presented.

Material accounting policies have been included throughout the notes to the financial statements.

Other relevant policies are provided as follows:

Share capital

All 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. All shares are recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values. The Board and Management have overall responsibility for overseeing all significant fair value measurements and transfers between levels of the fair value hierarchy.

The fair value hierarchy has the following levels:

- Level 1: Fair value is based on observable quoted prices in active markets.
- Level 2: Fair value is based on observable market data where Level 1 quoted prices are not available.
- Level 3: Fair value is not based on observable market data (unobservable inputs).

The carrying values of all balance sheet financial assets and liabilities approximate their estimated fair values, apart from the fixed rate bonds (refer Note 3.1 (ii) for further details).

The Board and Management review significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Board and Management assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of NZ IFRS, including the level of the fair value hierarchy in which such valuations should be classified.

Goods and services tax

These financial statements have been prepared on a goods and services tax (GST) exclusive basis except for the accounts receivable balance, accounts payable balance and other items where GST incurred is not recoverable. These balances are stated inclusive of GST.

New standards, amendments and interpretations

No new or amended standards and interpretations have been adopted in the 2023 financial year that have a material impact on the Group.

New accounting standards and interpretations that have been published, but are not mandatory for the 31 December 2023 reporting year have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting years, or on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION (continued)**1.7. Significant events and transactions**

The financial position and performance of the Group was affected by the following events and transactions that occurred during the reporting period:

Investment property acquisitions and disposals

On 31 March 2023, the Group settled the disposal of a non-current asset classified as held for sale located at 8a & 8b Canada Crescent, Christchurch for a gross sale price of \$21.00 million.

On 9 October 2023, the Group announced that it had entered into a conditional contract to purchase two lots (approximately 5.8 hectares of land) within the proposed industrial subdivision at Spedding Road, located at the end of the Northwestern motorway, for a purchase price of \$40.57 million. The Group expects to pay a 5% deposit once subdivision consent has been obtained (expected in mid-2024), and an initial settlement of 45% of the purchase price on titles being received and works being complete (expected in mid-2025). The remaining two deferred settlement sums of 25% each are due 12 and 24 months following the initial settlement date.

On 16 October 2023, the Group announced the divestment of 10c Stonedon Drive, East Tamaki for a contracted gross sales price of \$20.90 million. This property is classified as a held for sale, non-current asset in these financial statements. Settlement of the divestment is expected to take place late-June 2024.

On 18 October 2023, the Group announced the divestment of 15 Artillery Place, Nelson for a contracted gross sales price of \$8.50 million. This property is classified as a held for sale, non-current asset in these financial statements. Settlement of the divestment is expected to take place mid-March 2024.

On 4 December 2023, the Group announced the divestment of 11 Sheffield Street, Blenheim for a contracted gross sales price of \$7.45 million. Settlement of this divestment took place on 20 December 2023.

On 20 December 2023, the Group announced an agreement to purchase the property at 45 Cryers Road, East Tamaki, for a net purchase price of \$6.70 million. Settlement of this acquisition took place on 16 February 2024.

BNZ facility

On 28 March 2023, the Group announced that it had extended and increased its loan facility (also known as Syndicated Bank Facility C) with the Bank of New Zealand. The facility expiry was extended for a further 2 years to 31 March 2025 and the facility was increased from \$100 million to \$175 million. Further changes were made to the facility on the establishment of the Green loan facilities and the Pricoa facility as noted below.

Green loan facilities

On 20 July 2023, the Group announced the launch of its Green Finance Framework and the establishment of its \$150 million Green Loan facilities provided by ANZ Bank New Zealand Limited (ANZ), Bank of New Zealand (BNZ), Commonwealth Bank of Australia (CBA) and Westpac New Zealand Limited (Westpac) to fund the Group's committed brownfield developments at 30-32 Bowden Road and 78 Springs Road, both targeting a 5 Green Star Design and Built rating. Following the establishment of the Green Loan facilities, the BNZ facility (also known as Syndicated Bank Facility C) expiring on 31 March 2025, was reduced by \$50 million to \$125 million. A General Security Deed in relation to the Group's bank facilities and fixed rate bonds was also entered into on that same day.

Pricoa facility

On 15 December 2023, the Group made an initial NZ\$25 million drawdown on the Group's Note Purchase and Private Shelf Agreement with PGIM, Inc (also known as Pricoa). The drawdown is for six years and is on a float-rate basis, with the margin fixed for the duration of the drawdown. The proceeds have been used to repay and cancel \$25 million of the Group's BNZ facility (also known as Syndicated Bank Facility C), reducing the facility to \$100 million.

Balance date change

On 20 December 2023, the Group announced that, subject to customary approvals, it intends to change the balance date for the Group and its subsidiary from 31 December to 30 June. Once approvals have been granted, following the annual report for the 12-month period to 31 December 2023, the Group's next annual report will reflect a six-month period to 30 June 2024. Thereafter, the Group will report interim financial statements as at 31 December and an annual report as at 30 June.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY

IN THIS SECTION

This section shows the real estate assets used to generate the Group's trading performance which are considered to be the most relevant to the operations of the Group.

2.1. Investment properties

ALL VALUES IN \$000S	2023	2022
Opening balance	2,096,200	2,158,940
Capital movements:		
Additions	-	6,843
Disposals	(7,688)	(11,125)
Transfer to non-current assets classified as held for sale	(29,400)	(21,000)
Capital expenditure	78,831	18,014
Capitalised interest ¹	3,246	13
Movement in lease incentives, fees and fixed rental income	(2,034)	1,250
	42,955	(6,005)
Unrealised fair value loss	(140,830)	(56,735)
As at 31 December	1,998,325	2,096,200

1 The effective interest rate applied to capitalised interest was 5.56% (2022: 4.34%).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)**2.1. Investment properties** (continued)

ALL VALUES IN \$000S UNLESS NOTED	Key tenant	Occupancy (%)	
	2023	2023	2022
Avondale:			
15 Copsey Place	Canterbury	100%	100%
32 Honan Place	Solo Plastics	100%	100%
15 Jomac Place	Southern Spars	100%	100%
61-69 Patiki Road	Bidfood	100%	100%
320 Rosebank Road	Doyle Sails	100%	100%
520 Rosebank Road	Kenderdine Electrical	100%	100%
528-558 Rosebank Road	ETEL	100%	100%
670-680 Rosebank Road	New Zealand Comfort	100%	100%
686 Rosebank Road	Brand Developers	100%	100%
		100%	100%
East Tamaki:			
17 Allens Road	Contract Warehousing	100%	100%
43 Cryers Road	Astron Plastics	100%	100%
6-8 Greenmount Drive	Bridon	100%	100%
92-98 Harris Road	GrainCorp	100%	100%
36 Neales Road	Mainfreight	100%	100%
1 Ron Driver Place	Glen Dimplex	100%	100%
78 Springs Road ¹	Fisher & Paykel Appliances	100%	100%
10c Stonedon Drive	Chemical Freight Services	100%	100%
11 Turin Place	Thermakraft Industries	100%	100%
12 Zelanian Drive	Central Joinery	100%	100%
23 Zelanian Drive	Exclusive Tyre Distributors	100%	100%
		100%	100%
Manukau:			
212 Cavendish Drive	Mainfreight	100%	100%
232 Cavendish Drive ²	Fletcher Building Products	100%	100%
47 Dalgety Drive	Peter Hay Kitchens	100%	100%
47a Dalgety Drive	Shaw	100%	100%
59 Dalgety Drive	Store Rite Logistics	100%	100%
12 Hautu Drive	Kiwi Steel	100%	100%
25 Langley Road	Grayson Engineering	100%	100%
1 Mayo Road	TDX	100%	100%
61 McLaughlins Road	MOVE Logistics	100%	100%
9 Narek Place	Z Energy	100%	100%
9 Nesdale Avenue	Brambles	100%	100%
44 Noel Burnside Road	Cottonsoft	100%	100%
		100%	100%

1. Partially under development. 2. Excludes development land shown separately on page 46.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

Yield on valuation (%)		Contract rent		Lettable area (sqm)	Valuer	Carrying value	Capital movements	Fair value adjustment	Carrying value
2023	2022	2023	2022	2023	2023	2022	2023	2023	2023
5.4%	5.0%	1,018	986	7,907	CBRE	19,600	(16)	(634)	18,950
5.4%	4.6%	149	145	795	JLL	3,125	74	(449)	2,750
6.1%	5.1%	1,746	1,695	9,534	Savills	33,000	214	(4,464)	28,750
5.6%	4.5%	1,344	1,292	9,776	Savills	28,750	351	(4,901)	24,200
4.4%	4.0%	822	802	6,625	JLL	20,000	(115)	(1,135)	18,750
4.7%	4.1%	191	187	1,995	Savills	4,600	23	(523)	4,100
5.9%	5.2%	3,703	3,472	26,852	CBRE	67,000	1,238	(5,738)	62,500
5.7%	4.3%	2,297	1,764	17,295	Savills	41,500	90	(1,090)	40,500
5.6%	4.8%	3,214	3,019	23,885	Savills	63,500	48	(6,298)	57,250
5.6%	4.8%	14,484	13,362	104,664		281,075	1,907	(25,232)	257,750
4.9%	4.2%	1,443	1,328	11,904	JLL	31,750	412	(2,412)	29,750
5.1%	4.6%	880	856	6,068	Colliers	18,500	120	(1,420)	17,200
4.2%	4.0%	758	739	6,590	Colliers	18,500	475	(1,075)	17,900
5.4%	6.1%	1,458	1,423	10,687	Colliers	23,500	(27)	3,527	27,000
4.4%	4.2%	1,623	1,583	18,942	JLL	37,750	288	(1,288)	36,750
4.3%	4.6%	553	540	5,393	CBRE	11,750	(51)	1,101	12,800
3.7%	6.8%	4,070	6,672	24,510	JLL	98,000	27,163	(14,113)	111,050
4.9%	4.8%	1,033	1,005	8,711	CBRE	20,900	(20,911)	11	-
5.0%	4.1%	1,069	1,023	9,981	Savills	24,800	47	(3,347)	21,500
3.9%	4.2%	778	754	6,098	Colliers	18,100	213	1,687	20,000
4.5%	4.2%	498	488	3,811	Colliers	11,700	(57)	(543)	11,100
4.6%	5.2%	14,163	16,411	112,695		315,250	7,672	(17,872)	305,050
4.2%	4.2%	2,209	2,182	25,898	Savills	52,000	895	(395)	52,500
4.5%	3.9%	1,432	1,332	16,832	Savills	34,500	681	(3,181)	32,000
4.9%	4.3%	999	952	10,155	Savills	22,100	(40)	(1,860)	20,200
4.6%	3.9%	606	592	4,832	Savills	15,000	(46)	(1,704)	13,250
4.7%	4.2%	1,299	1,267	11,844	Savills	30,000	(163)	(2,337)	27,500
4.8%	4.5%	748	727	6,492	CBRE	16,150	164	(864)	15,450
4.5%	4.2%	2,245	2,190	21,248	Colliers	51,600	401	(2,601)	49,400
5.2%	4.6%	743	705	6,361	Colliers	15,200	67	(967)	14,300
4.7%	4.1%	1,314	1,257	13,347	Colliers	30,700	92	(2,992)	27,800
5.0%	4.7%	684	650	3,577	Savills	13,750	(3)	(197)	13,550
4.4%	4.0%	889	863	14,163	JLL	21,500	47	(1,547)	20,000
4.5%	3.9%	3,488	3,403	32,807	Bayleys	86,500	134	(9,634)	77,000
4.6%	4.1%	16,656	16,120	167,556		389,000	2,229	(28,279)	362,950

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)**2.1. Investment properties** (continued)

ALL VALUES IN \$000S UNLESS NOTED	Key tenant	Occupancy (%)	
	2023	2023	2022
Mt Wellington:			
30-32 Bowden Road	Under development	-	100%
50 Carbine Road	Fletcher Building Products	100%	100%
54 Carbine Road & 6a Donnor Place	Pharmacy Retailing	100%	100%
76 Carbine Road	Atlas Gentech	100%	100%
7 Carmont Place	CMI	100%	100%
6 Donnor Place	Coca-Cola	100%	100%
4-6 Mt Richmond Drive	Iron Mountain	100%	100%
509 Mt Wellington Highway	Fletcher Building Products	100%	100%
511 Mt Wellington Highway	Stryker	100%	100%
515 Mt Wellington Highway	Kiwi Management Services	100%	100%
523 Mt Wellington Highway	Motion New Zealand	100%	100%
1 Niall Burgess Road	Bremca Industries	100%	100%
2-6 Niall Burgess Road	McAlpine Hussmann	100%	100%
3-5 Niall Burgess Road	Electrolux	100%	100%
7-9 Niall Burgess Road	DHL Supply Chain	100%	100%
10 Niall Burgess Road	NEP Broadcast Services	100%	100%
5 Vestey Drive	PPG Industries	100%	100%
7 Vestey Drive	True North	100%	100%
9 Vestey Drive	Multispares	100%	100%
11 Vestey Drive	N & Z	100%	100%
15a Vestey Drive	Pact Group Holdings	100%	100%
36 Vestey Drive	Motion New Zealand	100%	100%
		100%	100%
North Shore:			
2-4 Argus Place	Pharmapac	100%	100%
47 Arrenway Drive	Device Technologies	100%	100%
51 Arrenway Drive	Pacific Hygiene	100%	100%
15 Omega Street	Wesfarmers	100%	100%
322 Rosedale Road	BSGi	100%	100%
41 William Pickering Drive	Innopak Global	100%	100%
		100%	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

Yield on valuation (%)		Contract rent		Lettable area (sqm)	Valuer	Carrying value	Capital movements	Fair value adjustment	Carrying value
2023	2022	2023	2022	2023	2023	2022	2023	2023	2023
0.0%	5.5%	-	1,867	19,639	Savills	34,000	37,198	(498)	70,700
4.3%	4.0%	239	239	2,592	Savills	6,000	17	(417)	5,600
4.8%	4.9%	2,299	2,270	17,065	Savills	46,750	1,203	(453)	47,500
5.4%	5.1%	646	646	5,080	CBRE	12,550	9	(509)	12,050
4.7%	4.7%	759	751	5,776	CBRE	15,950	183	(83)	16,050
5.3%	4.8%	1,640	1,593	16,686	Savills	33,500	(68)	(2,432)	31,000
3.6%	3.4%	918	918	7,946	JLL	26,750	130	(1,430)	25,450
4.8%	4.3%	1,182	1,083	8,744	Colliers	25,000	(43)	(257)	24,700
4.7%	4.3%	526	512	3,054	Colliers	11,900	(16)	(684)	11,200
4.6%	4.3%	333	326	2,324	Colliers	7,600	(7)	(393)	7,200
4.4%	3.9%	285	285	1,677	Savills	7,300	12	(812)	6,500
4.1%	3.8%	272	265	1,742	Colliers	7,000	233	(533)	6,700
5.7%	5.2%	1,263	1,081	6,874	CBRE	20,950	773	477	22,200
4.4%	4.2%	1,335	1,302	13,266	Colliers	31,200	1,044	(2,144)	30,100
4.5%	4.1%	2,655	2,573	23,565	Colliers	62,500	(77)	(3,223)	59,200
4.6%	4.4%	309	300	1,725	JLL	6,800	37	(187)	6,650
5.3%	3.9%	300	236	1,270	Savills	6,100	57	(457)	5,700
4.9%	3.7%	825	663	6,075	JLL	17,750	134	(1,134)	16,750
4.3%	3.6%	232	217	1,600	Savills	6,000	39	(639)	5,400
4.7%	4.1%	541	527	3,470	Savills	12,750	(6)	(1,344)	11,400
5.2%	4.8%	611	597	3,261	Savills	12,400	(235)	(465)	11,700
4.2%	4.1%	187	182	1,120	CBRE	4,400	(10)	35	4,425
4.0%	4.4%	17,357	18,433	154,551		415,150	40,607	(17,582)	438,175
4.5%	4.1%	486	474	3,560	Colliers	11,600	226	(1,026)	10,800
5.0%	4.3%	258	251	1,245	Colliers	5,800	248	(848)	5,200
5.2%	4.6%	469	456	2,680	CBRE	9,850	57	(857)	9,050
5.4%	4.9%	641	577	3,498	Colliers	11,800	452	(352)	11,900
5.2%	4.8%	1,231	1,199	7,936	CBRE	25,200	13	(1,713)	23,500
5.2%	4.3%	541	503	3,027	JLL	11,600	95	(1,245)	10,450
5.1%	4.6%	3,626	3,460	21,946		75,850	1,091	(6,041)	70,900

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)**2.1. Investment properties** (continued)

ALL VALUES IN \$000S UNLESS NOTED	Key tenant	Occupancy (%)	
	2023	2023	2022
Penrose:			
4 Autumn Place	Ryco Hydraulics	100%	100%
6 Autumn Place	MOTAT	100%	100%
10 Autumn Place	MOTAT	100%	100%
122 Captain Springs Road	New Zealand Crane Group	100%	100%
8 Hugo Johnston Drive	Mountcastle	100%	100%
12 Hugo Johnston Drive	W H Worrall	100%	100%
16 Hugo Johnston Drive	Newflor Industries	100%	100%
80 Hugo Johnston Drive	Boxkraft	100%	100%
102 Mays Road	2 Cheap Cars	100%	100%
304 Neilson Street	Fletcher Building Products	100%	100%
306 Neilson Street	Trade Depot	100%	100%
312 Neilson Street	Transport Trailer Services	100%	100%
314 Neilson Street	Wakefield Metals	100%	100%
318 Neilson Street	Hi-Tech Security Disposals	100%	–
12 Southpark Place	QCD	100%	100%
		100%	100%
Other Auckland:			
58 Richard Pearse Drive, Mangere	Pharmacy Retailing	100%	100%
51-61 Spartan Road, Takanini	Action Manufacturing	100%	100%
170 Swanson Road, Swanson	Transportation Auckland	100%	100%
		100%	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

Yield on valuation (%)		Contract rent		Lettable area (sqm)	Valuer	Carrying value	Capital movements	Fair value adjustment	Carrying value
2023	2022	2023	2022	2023	2023	2022	2023	2023	2023
5.4%	3.7%	242	170	1,210	Colliers	4,550	22	(72)	4,500
3.8%	3.5%	196	192	1,718	Colliers	5,500	6	(406)	5,100
3.8%	3.6%	735	721	7,646	Colliers	19,900	(31)	(269)	19,600
4.6%	4.6%	577	577	7,431	Colliers	12,500	1	99	12,600
7.2%	6.0%	851	836	4,359	CBRE	14,000	106	(2,306)	11,800
5.5%	5.1%	475	455	2,639	CBRE	8,850	37	(237)	8,650
5.1%	4.9%	434	424	2,619	CBRE	8,700	57	(207)	8,550
4.1%	4.0%	530	517	3,872	Colliers	13,000	50	(150)	12,900
4.6%	4.3%	679	659	6,596	CBRE	15,400	53	(603)	14,850
4.4%	4.1%	849	829	13,438	JLL	20,250	63	(1,113)	19,200
5.3%	4.7%	988	964	6,301	JLL	20,400	41	(1,691)	18,750
5.1%	4.3%	472	424	3,862	JLL	9,800	625	(1,175)	9,250
4.6%	3.9%	1,013	844	9,265	JLL	21,500	2,274	(1,824)	21,950
3.3%	2.8%	187	182	4,977	JLL	6,600	2	(852)	5,750
4.6%	3.6%	667	541	5,477	Colliers	15,100	288	(988)	14,400
4.7%	4.3%	8,895	8,335	81,410		196,050	3,594	(11,794)	187,850
4.1%	3.9%	1,255	1,255	12,708	JLL	32,500	51	(1,601)	30,950
4.8%	4.7%	1,025	998	13,519	CBRE	21,300	59	(9)	21,350
3.5%	3.4%	1,148	1,148	37,601	Savills	33,500	(66)	(434)	33,000
4.0%	3.9%	3,428	3,401	63,828		87,300	44	(2,044)	85,300

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)**2.1. Investment properties** (continued)

ALL VALUES IN \$000S UNLESS NOTED	Key tenant	Occupancy (%)	
	2023	2023	2022
North Island (outside Auckland):			
124 Hewletts Road, Mt Maunganui	RMD Bulk Storage	100%	100%
124a Hewletts Road, Mt Maunganui	Ballance Agri-Nutrients	100%	100%
124b Hewletts Road, Mt Maunganui	Ballance Agri-Nutrients	100%	100%
3 Hocking Street, Mt Maunganui	BR & SL Porter	100%	100%
143 Hutt Park Road, Wellington	Masterpet	100%	100%
8 McCormack Place, Wellington	Fletcher Building Products	100%	100%
28 Paraita Road, New Plymouth	MOVE Logistics	100%	100%
Shed 22, 23 Cable Street, Wellington ³	Shed 22 Hospo	100%	100%
2 Smart Road, New Plymouth	New Zealand Post	100%	100%
558 Te Rapa Road, Hamilton	DEC Manufacturing	100%	100%
22 Whakatu Road, Hastings	Enzafruit New Zealand	100%	100%
		100%	100%
South Island:			
15 Artillery Place, Nelson	MOVE Logistics	100%	100%
8a & 8b Canada Crescent, Christchurch	Lineage Logistics	100%	100%
41 & 55 Foremans Road, Christchurch	MOVE Logistics	100%	100%
44 Mandeville Street, Christchurch	Fletcher Building Products	100%	100%
11 Sheffield Street, Blenheim	MOVE Logistics	100%	100%
		100%	100%
Investment properties – subtotal		100%	100%
Development land:			
232 Cavendish Drive, Manukau			
Development land – subtotal			
Investment properties – total			

3 Included in the 2023 balance is a right-of-use asset of \$4.13 million (2022: \$4.13 million) primarily in relation to a ground lease, representing the value of the land, with an associated immaterial lease liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

Yield on valuation (%)		Contract rent		Lettable area (sqm)	Valuer	Carrying value	Capital movements	Fair value adjustment	Carrying value
2023	2022	2023	2022	2023	2023	2022	2023	2023	2023
5.6%	4.7%	3,845	3,537	34,802	JLL	76,000	175	(6,975)	69,200
4.7%	4.1%	1,157	1,107	10,497	JLL	27,100	9	(2,609)	24,500
5.3%	4.5%	1,066	999	8,867	JLL	22,050	32	(2,082)	20,000
5.4%	4.2%	186	165	1,850	JLL	3,900	35	(485)	3,450
6.2%	5.3%	1,477	1,256	11,372	Savills	23,750	40	(40)	23,750
5.9%	5.9%	805	795	6,686	JLL	13,550	4	196	13,750
7.9%	7.9%	1,366	1,306	15,636	CBRE	16,600	2,481	(1,831)	17,250
7.9%	6.8%	951	940	2,809	JLL	13,900	84	(1,984)	12,000
7.7%	6.7%	370	334	2,359	CBRE	5,000	23	(223)	4,800
6.0%	4.4%	550	480	5,026	Savills	10,800	32	(1,732)	9,100
5.5%	4.6%	3,659	3,579	52,718	Bayleys	78,500	156	(11,906)	66,750
5.6%	4.8%	15,432	14,498	152,622		291,150	3,071	(29,671)	264,550
7.3%	5.8%	617	590	18,052	CBRE	10,250	(8,467)	(1,783)	-
-	6.5%	-	1,357	9,500	-	-	-	-	-
6.2%	5.9%	838	802	14,710	CBRE	13,700	40	(240)	13,500
8.0%	7.7%	984	969	11,154	JLL	12,600	(8)	(292)	12,300
-	6.7%	-	536	10,823	-	8,000	(8,000)	-	-
9.5%	9.5%	2,439	4,254	64,239		44,550	(16,435)	(2,315)	25,800
4.8%	4.6%	96,480	98,274	923,511		2,095,375	43,780	(140,830)	1,998,325
					Savills	825	(825)	-	-
						825	(825)	-	-
						2,096,200	42,955	(140,830)	1,998,325

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)**2.1. Investment properties** (continued)**Recognition and Measurement**

Investment properties are held to earn rental income and for long-term capital appreciation. After initial recognition on the settlement date at cost, including directly attributable acquisition costs, investment properties are measured at fair value, on the basis of valuations made by independent valuers on at least an annual basis. Gains or losses arising from changes in the fair value of investment properties are included in the Consolidated Statement of Comprehensive Income in the year in which they arise. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The fair value of investment property reflects the Directors' assessment of the highest and best use of each property and amongst other things, rental income from current leases and assumptions about rental income from future leases in light of the current market conditions. The fair value also reflects the cash outflows that could be expected in respect of the property.

No depreciation or amortisation is provided for on investment properties. However, for tax purposes, depreciation is claimed on building fit-out and building structure. Deferred tax is recognised to the extent that tax depreciation recovery gain or loss on disposal is calculated on the fit-out and building structure components separately. See section 5.2 for more details.

Investment properties under construction are carried at cost until it is possible to reliably determine their fair value, from which point they are carried at fair value less costs to complete. Gains or losses on the disposal of investment properties are recognised in the Consolidated Statement of Comprehensive Income in the period in which the investment properties are derecognised when they have been disposed.

Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying property. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs will continue until the asset is substantially ready for its intended use. The rate at which borrowing costs are capitalised is determined by reference to the weighted average borrowing costs of the Group and the average level of borrowings by the Group.

Key estimates and assumptions: Investment properties and the impact of climate change

The fair value of investment properties are determined from valuations prepared by independent valuers.

All investment properties were valued as at 31 December 2023 and 31 December 2022 by Bayleys Valuation Limited (Bayleys), CBRE Limited (CBRE), CVAS (NZ) Limited (Colliers), Jones Lang LaSalle Limited (JLL) or Savills (NZ) Limited (Savills). Bayleys, CBRE, Colliers, JLL and Savills are independent valuers and members of the New Zealand Institute of Valuers.

PFI's investment property valuation policy notes that: PFI will not use the same independent valuer for a property for more than three consecutive year end valuations, however in both 2023 and 2022, the Group made an exemption to this policy for four properties. This exemption was made for two reasons: first, in order for certain properties adjacent to each other, for example, the Company's Neilson Street properties, to be valued by the same valuer, and second, to allocate the Company's portfolio more evenly across the valuers.

As part of the valuation process, the Group's management verifies all major inputs to the independent valuation reports, assesses movements in individual property values and holds discussions with the independent valuers.

The fair value was determined using Level 3 valuation techniques via a combination of the following approaches:

- **Direct Capitalisation:** The subject property rental is divided by a market derived capitalisation rate to assess the market value of the asset. Further adjustments are then made to the market value to reflect under or over renting, additional revenue and required capital expenditure.
- **Discounted Cash Flow:** Discounted cash flow projections for the subject property are based on estimates of future cash flows, supported by the terms of any existing lease and by external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Below are the significant inputs used in the valuations, together with the impact on the fair value of a change in the inputs:

	RANGE OF SIGNIFICANT UNOBSERVABLE INPUTS		MEASUREMENT SENSITIVITY	
	2023	2022	Increase in input	Decrease in input
Market capitalisation rate (%) ¹	4.25 - 8.13	3.25 - 7.75	Decrease	Increase
Market rental (\$ per sqm) ²	33 - 316	31 - 335	Increase	Decrease
Discount rate (%) ³	6.25 - 9.25	5.50 - 9.00	Decrease	Increase
Rental growth rate (%) ⁴	2.00 - 3.75	1.00 - 3.05	Increase	Decrease
Terminal capitalisation rate (%) ⁵	4.50 - 8.38	3.50 - 8.25	Decrease	Increase

1. The capitalisation rate applied to the market rental to assess a property's value, determined through analysis of similar transactions taking into account location, weighted average lease term, tenant covenant, size and quality of the property.
2. The valuers assessment of the net market income which a property is expected to achieve under a new arm's length leasing transaction. Includes both leased and vacant areas.
3. The rate applied to future cash flows reflecting transactional evidence from similar properties.
4. The rate applied to the market rental over the future cash flow projection.
5. The rate used to assess the terminal value of the property.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)

2.1. Investment properties (continued)

The estimated sensitivity of the fair value of investment property to changes in the market capitalisation rate (under the Direct Capitalisation valuation approach) and discount rate (under the Discounted Cash Flows valuation approach) is set out in the table below:

	Fair value	Market capitalisation rate		Discount rate	
ALL VALUES IN \$000S	2023	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Valuation	1,998,325				
Change		(85,000)	93,000	(64,000)	68,000
Change (%)		(4%)	5%	(3%)	3%

	Fair value	Market capitalisation rate		Discount rate	
ALL VALUES IN \$000S	2022	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Valuation	2,096,200				
Change		(99,000)	109,000	(74,000)	80,000
Change (%)		(5%)	5%	(4%)	4%

Generally, a change in the assumption made for the adopted market capitalisation rate is accompanied by a directionally similar change in the adopted terminal capitalisation rate. The adopted market capitalisation rate forms part of the direct capitalisation approach and the adopted terminal capitalisation rate forms part of the discounted cash flow approach. Both valuation methodologies are considered when determining an investment property's fair value.

When calculating the direct capitalisation approach, the market rental has a strong interrelationship with the adopted market capitalisation rate given the methodology involves assessing the total market rental income receivable from the property and capitalising this in perpetuity to derive a capital value. In theory, an increase in the market rent and an increase in the adopted market capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the market rent and a decrease in the adopted market capitalisation rate. A directionally opposite change in the market rent and the adopted market capitalisation rate could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal capitalisation rate have a strong interrelationship in deriving a fair value given the discount rate will determine the rate at which the terminal value is discounted to the present value. In theory, an increase in the adopted discount rate and a decrease in the adopted terminal capitalisation rate could potentially offset the impact to the fair value. The same can be said for a decrease in the discount rate and an increase in the adopted terminal capitalisation rate. A directionally similar change in the adopted discount rate and the adopted terminal capitalisation rate could potentially magnify the impact to the fair value.

The impact of climate change

The Group continues to assess the impact of climate change on the business and portfolio regularly and is taking steps to manage and address climate-related risks and opportunities.

During the year, the Group had committed to and invested in various sustainability initiatives which includes solar installation, power metering to help the Group to understand the energy use of its buildings, preventative maintenance measures, and the Green Star development projects. All these projects and works are included in the capital expenditure for the year ended 31 December 2023. As of 1 January 2023, the Group is a Climate Reporting Entity for the purpose of the Financial Markets Conduct Act 2013. Further information on the Group's response to climate-related risks and opportunities will be available in the Group's first mandatory Climate-Related Disclosures report to be released by 30 April 2024 at <https://www.propertyforindustry.co.nz/sustainability/>.

The valuers have considered the impact of climate change on investment property values but have made no explicit adjustments in respect of climate change matters. However, the Group and valuers anticipate that climate change could have a greater influence on valuations in the future as investment markets place a greater emphasis on this topic.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)**2.2. Non-current assets classified as held for sale****Key estimates and assumptions: Non-current assets classified as held for sale**

Non-current assets classified as held for sale comprises investment properties actively marketed for sale. The carrying value of the property is the contracted sale price or the most recent valuation if the investment property is not contracted for sale.

ALL VALUES IN \$000S	2023	2022
8a & 8b Canada Crescent, Christchurch	-	21,000
10c Stonedon Drive, East Tamaki ¹	20,900	-
15 Artillery Place, Nelson ¹	8,500	-
Total non-current assets classified as held for sale	29,400	21,000

1. A revaluation gain of \$10,546 was recorded for 10c Stonedon Drive and a revaluation loss of \$1,164,101 for 15 Artillery Place when revaluing the properties based on their actual contracted sales prices of \$20,900,000 and \$8,500,000 respectively (2022: A revaluation gain of \$1,211,767 was recorded for 8a & 8b Canada Crescent based on the revaluation to the actual contracted sales price of \$21,000,000).

2.3. Rental and management fee income

ALL VALUES IN \$000S	2023	2022
Gross rental receipts	95,911	95,208
Service charge income recovered from tenants	19,118	14,520
Fixed rental income adjustments	577	942
Capitalised lease incentive adjustments	(1,438)	(580)
Impact of rental income deferred and abated due to the COVID-19 pandemic	(168)	77
Management fee income	787	742
Total rental and management fee income	114,787	110,909

Recognition and Measurement

Rental income from investment properties is recognised in the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the lease. Fixed rental income adjustments are accounted for to achieve straight-line income recognition. Lease incentives are capitalised to investment properties in the Consolidated Statement of Financial Position and amortised on a straight line basis in the Consolidated Statement of Comprehensive Income over the length of the lease to which they relate, as a reduction to rental income.

Rental abatements are usually offered by a landlord as an incentive for tenants to sign longer lease terms. In the prior period, rental abatements were offered to assist tenants that were struggling from the impact of the COVID-19 pandemic. Rental abatements are accounted for as a lease modification under NZ IFRS 16 'Leases' and the expense is spread over the remaining life of the lease, effectively accounted for as a lease incentive.

Management fee income is recognised in the Consolidated Statement of Comprehensive Income in the period in which the services are rendered.

Income generated from service charges recovered from tenants are included in the gross rental income with the service charge expenses to tenants shown in Property costs. Such revenue is recognised in the accounting period the underlying expenses are incurred in accordance with the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. PROPERTY (continued)

2.3. Rental and management fee income (continued)

Future minimum rentals receivable under non-cancellable operating leases are as follows:

ALL VALUES IN \$000S	2023	2022
Within one year	87,012	85,961
After one year but not more than five years	247,856	229,997
More than five years	120,224	104,476
Total	455,092	420,434

2.4. Property costs

ALL VALUES IN \$000S	2023	2022
Service charge expenses	(19,598)	(14,893)
Bad and doubtful debts expense	(28)	-
Other non-recoverable property costs	(3,069)	(2,705)
Total property costs	(22,695)	(17,598)

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

2.5. Net rental income

ALL VALUES IN \$000S	2023	2022
Gross rental receipts	95,911	95,208
Service charge income recovered from tenants	19,118	14,520
Fixed rental income adjustments	577	942
Capitalised lease incentive adjustments	(1,438)	(580)
Impact of rental income deferred and abated due to the COVID-19 pandemic	(168)	77
less: Service charge expenses	(19,598)	(14,893)
Net rental income	94,402	95,274

2.6. Insurance income

A small number of the Group's properties suffered damage in the extreme weather events during the year. As a result, the Group made insurance claims for business interruption (loss of rent claims) and material damage on affected properties. The insurance income relating to business interruption and to material damage is presented in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

3. FUNDING*IN THIS SECTION**This section outlines how the Group manages its capital structure, financing costs and exposure to interest rate risk.***3.1. Borrowings****(i) Borrowings**

ALL VALUES IN \$000S	2023	2022
Current		
Fixed rate bonds ¹	100,000	-
Total current borrowings	100,000	-
Non-current		
Bilateral CBA bank facility	125,000	125,000
Syndicated bank facilities	173,400	278,704
Green loan facilities	125,501	-
Pricoa facility	25,000	-
Fixed rate bonds	100,000	200,000
Unamortised borrowings establishment costs	(1,852)	(2,181)
Total non-current borrowings	547,049	601,523
Total borrowings	647,049	601,523
Weighted average interest rate for drawn debt (inclusive of current interest rate swaps, margins and line fees)	5.70%	4.77%
Weighted average term to maturity (years)	2.40	3.01

1. The Group expects to repay the PFI010 fixed rate bond maturing in November 2024.

Recognition and Measurement

All borrowings are initially measured at fair value, plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method. Under this method, directly attributable fees and costs are capitalised and spread over the expected life of the facility. All other interest costs and bank fees are expensed in the period they are incurred.

(ii) Composition of borrowings

ALL VALUES IN \$000S	Issue Date	Maturity Date	Interest Rate	Facility drawn / amount	Undrawn facility	Fair Value
As at 31 December 2023						
PFI010	28-Nov-17	28-Nov-24	4.59%	100,000	-	98,648
Syndicated Bank Facility C	-	31-Mar-25	Floating	100,000	-	100,000
Syndicated Bank Facility A	-	2-Jul-25	Floating	73,400	76,600	73,400
PFI020	1-Oct-18	1-Oct-25	4.25%	100,000	-	97,561
Syndicated Bank Facility B	-	2-Jul-26	Floating	-	150,000	-
ANZ & CBA Green Facility D1	-	18-Jul-26	Floating	40,200	9,800	40,200
BNZ Green Facility D2	-	18-Jul-27	Floating	25,000	-	25,000
Westpac Green Facility D3	-	18-Jul-27	Floating	60,301	14,699	60,301
Bilateral CBA Bank Facility	-	16-Apr-28	Floating	125,000	-	125,000
Pricoa Facility	-	15-Dec-29	Floating	25,000	-	25,420
Total borrowings				648,901	251,099	645,530

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

3. FUNDING (continued)

3.1. Borrowings (continued)

(ii) Composition of borrowings (continued)

ALL VALUES IN \$000S AS AT 31 DECEMBER 2022	Issue Date	Maturity Date	Interest Rate	Facility drawn / amount	Undrawn facility	Fair Value
Syndicated Bank Facility C	-	2-Jul-24	Floating	100,000	-	100,000
PFI010	28-Nov-17	28-Nov-24	4.59%	100,000	-	97,354
Syndicated Bank Facility A	-	2-Jul-25	Floating	150,000	-	150,000
PFI020	1-Oct-18	1-Oct-25	4.25%	100,000	-	96,395
Syndicated Bank Facility B	-	2-Jul-26	Floating	28,705	121,295	28,705
Bilateral CBA Bank Facility	-	16-Apr-28	Floating	125,000	-	125,000
Total borrowings				603,705	121,295	597,454

The Group has long-term revolving facilities (A and B) with a banking syndicate comprising ANZ, BNZ, CBA and Westpac (each providing \$75 million), for \$300 million. BNZ provides the Group with a further \$100 million facility (C) and CBA, a long-term bilateral facility providing \$125 million.

In accordance with the Group's Green Finance Framework, the Group has also established \$150 million of Green Loan facilities during the year to fund its committed development projects. The Green Loan facilities consists of ANZ & CBA green facility (D1) providing \$50 million, BNZ green facility (D2) providing \$25 million and Westpac green facility (D3) providing \$75 million.

The carrying values of the bank facilities approximate the fair value of the facilities because the loans have floating rates of interest that reset every 30-90 days.

The fair value of the fixed rate bonds is based on their listed market prices at the balance date and is classified as Level 1 in the fair value hierarchy (2022: Level 1). Interest on the PFI010 Bonds is payable quarterly in February, May, August and November in equal instalments, while interest on the PFI020 Bonds is payable quarterly in January, April, July and October; also in equal instalments. Both bonds are listed on the NZDX.

The fair value of the Pricoa facility is classified as Level 2 and is measured using a present value calculation of the future cash flows using the relevant term swap rate as the discount factor. The discount curve will incorporate both the credit spreads and risk free rate.

(iii) Security

The bank facilities, fixed rate bonds and the Pricoa facility are 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 \$1,800,000,000 (31 December 2022: \$1,450,000,000). In addition to this, the bank facility agreements, fixed rate bond terms and Pricoa facility agreement also contain a negative pledge. The Company and PFI No. 1 are guarantors to the facility, fixed rate bonds, and Pricoa facility. As at 31 December 2023, investment properties totalling \$2,027,725,000 (31 December 2022: \$2,115,950,000) were mortgaged as security for the Group's borrowings.

3.2. Derivative financial instruments

(i) Fair values

ALL VALUES IN \$000S	2023	2022
Current assets	739	287
Non-current assets	20,973	35,355
Current liabilities	(3,509)	-
Non-current liabilities	(3,515)	(10,801)
Total	14,688	24,841

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

3. FUNDING (continued)**3.2. Derivative financial instruments** (continued)**(ii) Notional values, maturities and interest rates**

	2023	2022
Notional value of interest rate swaps - fixed rate payer - start dates commenced (\$000s)	370,000	390,000
Notional value of interest rate swaps - fixed rate receiver ¹ - start dates commenced (\$000s)	200,000	200,000
Notional value of interest rate swaps - fixed rate payer - forward starting (\$000s)	165,000	60,000
Total (\$000s)	735,000	650,000
Percentage of borrowings fixed (%)	67%	65%
Fixed rate payer swaps:		
Average period to expiry - start dates commenced (years)	2.69	3.06
Average period to expiry - forward starting (years from commencement)	3.79	4.33
Average (years)	3.03	3.40
Fixed rate payer swaps:		
Average interest rate ² - start dates commenced (%)	2.35%	2.44%
Average interest rate ² - forward starting (% during effective period)	3.89%	2.75%
Average (%)	2.82%	2.48%

1. The Group has \$200 million fixed rate receiver swaps for the duration of the two \$100 million fixed rate bonds, the effect of the fixed rate receiver swaps is to convert the two \$100 million fixed rate bonds to floating interest rates.
2. Excluding margin and fees.

(iii) Movement in fair value of derivative financial instruments

ALL VALUES IN \$000S	2023	2022
Interest rate swaps	(10,151)	18,536
Total movement in fair value of derivative financial instruments	(10,151)	18,536

Recognition and Measurement

The Group is exposed to changes in interest rates and uses derivative financial instruments, principally interest rate swaps, to mitigate this risk. The Group does not apply hedge accounting. Derivative financial instruments are entered into to economically hedge the risk exposure.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Transaction costs are expensed on initial recognition and recognised in the Consolidated Statement of Comprehensive Income. The fair value of derivative financial instruments is based on valuations prepared by independent treasury advisers and is the estimated amount that the Group would receive or pay to terminate the derivative contract at reporting date, taking into account current interest rates and creditworthiness of the derivative contract counterparties.

Key estimates and assumptions: Derivatives

The fair values of derivative financial instruments are determined from valuations prepared by independent treasury advisers using Level 2 valuation techniques (2022: Level 2). These are based on the present value of estimated future cash flows accounting for 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 values are verified against valuations prepared by the respective counterparties. The valuations were based on market rates at 31 December 2023 of between 5.64% for the 90 day BKBM (31 December 2022: 4.65%) and 4.14% for the 10 year swap rate (31 December 2022: 4.80%). There were no changes to these valuation techniques during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

4. INVESTOR RETURNS AND INVESTMENT METRICS

IN THIS SECTION

This section summarises the earnings per share and net tangible assets per share which are common investment metrics.

4.1. Earnings per share

(i) Basic earnings per share

	2023	2022
Total comprehensive (loss)/income for the year attributable to the shareholders of the Company (\$000s)	(97,792)	(13,944)
Weighted average number of ordinary shares (shares)	502,118,817	504,719,213
Basic earnings per share (cents)	(19.48)	(2.76)

(ii) Diluted earnings per share

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Weighted average number of shares for the purpose of diluted earnings per share has been adjusted for 71,070 (2022: 44,503) rights issued under the Group's LTI Plan as at 31 December 2023. This adjustment has been calculated using the treasury share method. Refer to note 5.9 "Share-based payments" for further details.

	2023	2022
Total comprehensive (loss)/income for the year attributable to the shareholders of the Company (\$000s)	(97,792)	(13,944)
Weighted average number of shares for purpose of diluted earnings per share (shares)	502,189,887	504,748,288
Diluted earnings per share (cents)¹	(19.47)	(2.76)

1. As the Group has recorded a total comprehensive loss for the current year and prior year, diluted earnings per share is deemed to be equal to basic earnings per share (2023: (19.48) cents, 2022: (2.76) cents).

4.2. Net tangible assets per share

	2023	2022
Net assets (\$000s)	1,360,269	1,500,338
Net tangible assets (\$000s)	1,360,269	1,500,338
Closing shares on issue (shares)	502,129,313	502,050,524
Net tangible assets per share (cents)	271	299

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER*IN THIS SECTION*

This section includes additional information that is considered less significant in understanding of the financial performance and position of the Group, but is disclosed to comply with New Zealand Equivalents to International Financial Reporting Standards.

5.1. Administrative expenses

ALL VALUES IN \$000S	NOTE	2023	2022
Auditors remuneration ¹			
Audit and review of financial statements		(263)	(255)
Provide market remuneration data and other services		(5)	(9)
Depreciation		(569)	(190)
Directors' fees	5.8	(665)	(596)
Employee benefits		(5,369)	(4,574)
Facilities management project		(456)	(268)
IT - licence fees and support		(474)	(189)
IT - implementation costs		(97)	(129)
Office expenses		(1,076)	(947)
Other expenses		(1,275)	(1,278)
Sustainability		(87)	(73)
Total administrative expenses		(10,336)	(8,508)

1. In December 2022, PwC were engaged to provide market remuneration data relating to executive levels for a fee of \$4,000. This engagement was delivered in the FY2023 financial year. The other services of \$1,000 relate to the purchase of PwC's 2023 Property Supplement Report.

5.2. Taxation**(i) Reconciliation of accounting (loss)/profit before income tax to income tax expense**

ALL VALUES IN \$000S	2023	2022
(Loss)/profit before income tax	(98,756)	(6,533)
Prima facie income tax calculated at 28%	27,652	1,829
<i>Adjusted for:</i>		
Non-tax deductible revenue and expenses	(18)	(30)
Fair value loss on investment properties	(39,432)	(15,886)
Gain / (loss) on disposal of investment properties	(521)	161
Goodwill impairment	-	(8,144)
Depreciation	5,560	5,834
Disposal of depreciable assets	1,153	(434)
Deductible capital expenditure	2,972	1,030
Lease incentives, fees and fixed rental income	(4)	212
Gain on derivative financial instruments	(2,835)	5,148
Impairment gain	(8)	-
Current tax prior period adjustment	151	(246)
Other	(271)	1
Current taxation expense	(5,601)	(10,525)
Depreciation	3,610	8,585
Lease incentives, fees and fixed rental income	4	(212)
Gain on derivative financial instruments	2,835	(5,148)
Impairment allowance	8	-
Other	108	(111)
Deferred taxation benefit	6,565	3,114
Total taxation reported in Consolidated Statement of Comprehensive Income	964	(7,411)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)**5.2. Taxation** (continued)**(ii) Deferred tax**

	2021	2022	2022	2023	2023
ALL VALUES IN \$000S	As at	Recognised in profit	As at	Recognised in profit	As at
Deferred tax assets					
Impairment allowance	-	-	-	(8)	(8)
Other	(263)	90	(172)	(272)	(444)
Gross deferred tax assets	(263)	90	(172)	(280)	(452)
Deferred tax liabilities					
Investment properties	32,917	(8,373)	24,543	(3,614)	20,929
Derivative financial instruments	1,765	5,148	6,913	(2,835)	4,078
Gross deferred tax liabilities	34,682	(3,225)	31,456	(6,449)	25,007
Share-based payment reserve	-	21	-	164	-
Net deferred tax liability	34,419	(3,114)	31,284	(6,565)	24,555

(iii) Imputation credit account

The amounts below represent the balance of the imputation credit account as at the end of the reporting period, adjusted for imputation credits that will arise from the payment of taxation payable represented in the Consolidated Statement of Financial Position.

ALL VALUES IN \$000S	2023	2022
Opening balance	2,299	1,264
Taxation paid / payable	5,490	10,379
Imputation credits attached to dividends paid	(7,356)	(9,344)
Closing balance available to shareholders for use in subsequent periods	433	2,299

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)**5.2. Taxation** (continued)**(iii) Imputation credit account** (continued)**Recognition and Measurement**

The Company and Group are a listed Portfolio Investment Entity (PIE) for the purposes of the Income Tax Act 2007. Tax is accounted for on a consolidated Group basis and the Group is required to pay tax to the IRD as required by the Income Tax Act 2007. Income tax expense comprises current and deferred tax and is recognised in the Consolidated Statement of Comprehensive Income for the year.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised on all temporary differences, including:

- The tax liability arising from accumulated depreciation claimed on investment properties, where applicable;
- The tax asset arising from the allowance for impairment;
- The tax liability arising from certain prepayments and other assets; and
- The tax asset / liability arising from the unrealised gains / losses on the revaluation of interest rate swaps.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax assets and liabilities on a net basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax arising from distribution of dividends is recognised at the same time as the liability to pay the dividend is recognised.

Key estimates and assumptions: Deferred tax

Investment properties are valued each year by independent valuers (as outlined in note 2.1). These values include an allocation of the valuation between the land and building components. The calculation of deferred tax on depreciation recovered places reliance on the land and building split in the valuation provided by the valuers. The building value is then split between fit-out and structure based on the proportion of the tax book values of each.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)

5.3. Accounts receivable, prepayments and other assets

ALL VALUES IN \$000S	2023	2022
Accounts receivable	4,702	1,972
Provision for doubtful debts	(28)	-
Prepayments and other assets	5,132	2,946
Total accounts receivable, prepayments and other assets	9,806	4,918

Recognition and Measurement

Accounts receivable are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Receivables are assessed on an ongoing basis for impairment. The group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9 'Financial Instruments', which permits the use of lifetime expected loss provision for all trade receivables.

5.4. Accounts payable, accruals and other liabilities

ALL VALUES IN \$000S	2023	2022
Accounts payable	10,887	3,348
Accrued interest expense and bank fees	4,365	3,468
Accruals and other liabilities in respect of investment properties	5,614	2,349
Accruals and other liabilities	1,435	4,562
Total accounts payable, accruals and other liabilities	22,301	13,727

Recognition and Measurement

Expenses are recognised on an accruals basis and, if not paid at the end of the reporting period, are reflected as a payable in the Consolidated Statement of Financial Position.

5.5. Goodwill

ALL VALUES IN \$000S	2023	2022
Opening balance	-	29,086
Impairment loss	-	(29,086)
Closing balance	-	-

On 30 June 2022, the market value of the Group, based on the quoted market price, was below the value of the net assets of the Group. PFI, with the assistance of an independent expert, assessed whether objective evidence of impairment of goodwill exists, the outcome of which was that an impairment test was performed. PFI estimated the recoverable amount by performing fair value less costs of disposal (FVLCD) and value in use valuation approaches. PFI estimated the recoverable amount of the Property for Industry Limited CGU using FVLCD (as the higher of the two valuation approaches), resulting in an impairment loss of \$29.086 million against the carrying amount of goodwill. Once goodwill is impaired, it cannot be reversed.

As at 31 December 2022, the market value of the Group had further declined with the market price reported at \$2.30 per share.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)**5.6. Financial instruments**

The following financial assets and liabilities, that potentially subject the Group to financial risk, have been recognised in the financial statements:

ALL VALUES IN \$000S	2023	2022
Financial assets		
<i>Financial assets at amortised cost:</i>		
Cash at bank	1,187	1,332
Accounts receivable and other assets	4,674	1,972
Total – Financial assets at amortised cost	5,861	3,304
<i>Financial assets at fair value through profit or loss:</i>		
Derivative financial instruments	21,712	35,642
Total – Financial assets at fair value through profit or loss	21,712	35,642
Total Financial Assets	27,573	38,946
Financial Liabilities		
<i>Financial liabilities at amortised cost:</i>		
Accounts payable, accruals and other liabilities	21,875	13,450
Lease liabilities	2,153	2,112
Borrowings	647,049	601,523
Total – Financial liabilities at amortised cost	671,077	617,085
<i>Financial liabilities at fair value through profit or loss:</i>		
Derivative financial instruments	7,024	10,801
Total – Financial liabilities at fair value through profit or loss	7,024	10,801
Total Financial Liabilities	678,101	627,886

5.7. Financial risk management

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Group's overall financial risk management strategy focuses on minimising the potential negative economic impact of unpredictable events on its financial performance.

(a) Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's borrowings with a floating interest rate. The Group has an interest rate hedging policy which has been reviewed by an external firm with expertise in this area. The policy calls for a band of the Group's borrowings to be at fixed interest rates, with a greater proportion of the near term to be fixed and a lesser percentage of the far dated to be fixed.

The Group uses derivative financial instruments, principally fixed rate payer interest rate swaps, to exchange its floating short-term interest rate exposure for fixed long-term interest rate exposure in accordance with its policy bands. As the Group holds derivative financial instruments, there is a risk that their fair value will fluctuate because of underlying changes in market interest rates. This is accepted as a by-product of the Group's interest rate hedging policy, however this risk is partially mitigated by the Group's holding of fixed rate receiver interest rate swaps. The fair value of derivative financial instruments is disclosed in the Consolidated Statement of Financial Position (refer to note 3.2).

The following sensitivity analysis shows the effect on (loss) / profit before tax and equity if interest rates at balance date had been 50 basis points (0.50%) higher or lower with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)

5.7. Financial risk management (continued)

	2023		2022	
	Gain/(loss) on increase of 0.50%	Gain/(loss) on decrease of 0.50%	Gain/(loss) on increase of 0.50%	Gain/(loss) on decrease of 0.50%
ALL VALUES IN \$000S				
Impact on profit before tax	3,478	(3,370)	1,726	(1,679)
Impact on equity	2,504	(2,426)	1,243	(1,209)

(b) Credit risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge its obligations and the Group will suffer financial loss as a result. Financial instruments which potentially subject the Group to credit risk consist of cash and cash equivalents, accounts receivable and other assets and interest rate swap agreements.

With respect to the credit risk arising from cash and cash equivalents, there is limited credit risk as cash is deposited with ANZ Bank New Zealand Limited, a registered bank in New Zealand with a credit rating of AA- (Standard & Poor's). The Group considers both historical analysis and forward-looking information in determining any expected credit loss, and infers from this strong credit rating that no loss allowance is deemed necessary.

With respect to the credit risk arising from accounts receivable, the Group only enters into lease arrangements over its investment properties with parties whom the Group assesses to be creditworthy. It is the Group's policy to subject all potential tenants to credit verification procedures and monitor accounts receivable balances. As the Group has a wide spread of tenants over many industry sectors, it is not exposed to any significant concentration of credit risk. Credit risk does not arise on property sale proceeds to be settled as title will not transfer until settlement.

With respect to the credit risk arising from interest rate swap agreements, there is limited credit risk as all counterparties are registered banks in New Zealand. The credit ratings of these banks are all AA- (Standard & Poor's).

The carrying amount of financial assets as per note 5.6 approximates the Groups maximum exposure to credit risk. For certain receivables the Group holds bank guarantees, parent company guarantees or personal guarantees.

(c) Liquidity risk

Liquidity risk is the risk that the Group will experience difficulty in either realising assets or otherwise raising sufficient funds to meet its obligations arising from its financial liabilities.

The Group manages its liquidity risk by ensuring that it has committed funding facilities at a minimum of 105% of the projected peak debt level over the next twelve months (excluding business acquisitions).

The maturities of the Group's borrowings based on the remaining period is 2.4 years (2022: 3.0 years). All borrowings are due later than one year except for the PF1010 fixed rate bond, which the Group expects to repay on maturity on 28 November 2024 (2022: later than one year). Further details of the Group's borrowings, including the maturities of the Group's borrowings, are disclosed in note 3.1.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)**5.7. Financial risk management** (continued)

The table below analyses the contractual undiscounted cash flows of the Group's financial liabilities (principal and interest) by the relevant maturity groupings based on the remaining period as at 31 December 2023 and 31 December 2022.

ALL VALUES IN \$000S	Carrying amount	Contractual cash flows				Total
		0 – 1 year	1 – 2 years	2 – 5 years	> 5 years	
Financial liabilities						
Accounts payable, accruals and other liabilities	21,875	21,875	-	-	-	21,875
Lease liabilities	2,153	244	265	1,291	353	2,153
Derivative financial instruments ¹	(14,688)	(5,538)	(4,090)	(6,658)	(241)	(16,527)
Borrowings	647,049	148,044	305,081	286,739	26,857	766,721
Total as at 31 December 2023	656,389	164,625	301,256	281,372	26,969	774,222
Accounts payable, accruals and other liabilities	13,450	13,450	-	-	-	13,450
Lease liabilities	2,112	79	236	1,158	692	2,165
Derivative financial instruments ¹	(24,841)	(5,978)	(5,045)	(14,386)	(3,833)	(29,242)
Borrowings	601,523	35,231	231,983	298,008	127,130	692,352
Total as at 31 December 2022	592,244	42,782	227,174	284,780	123,989	678,725

1. The carrying amount of derivative financial instruments shown is the net position of both derivative financial instrument assets and derivative financial instrument liabilities.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst maximising the return to shareholders through maintaining an optimal balance of debt and equity to optimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares, or sell assets to reduce debt.

The Group's capital structure includes borrowings and shareholders' equity. The Group monitors capital on the basis of the loan to value ratio and borrowing covenant compliance. The loan to value ratio is calculated as borrowings divided by investment properties. The Group's strategy is to maintain a loan to value ratio of no more than 40%. The covenants on all borrowings require a loan to value ratio of no more than 50%, and this was complied with during the year.

The Group operates a Dividend Reinvestment Scheme (DRS) which allows eligible shareholders to reinvest dividends in shares. The Board, at its sole discretion, may suspend the DRS at any time and/or apply a discount to which shares are issued under the DRS.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)

5.8. Related party transactions

(i) Key management personnel

ALL VALUES IN \$000S	2023	2022
Directors' fees – annual fees ¹	665	596
Leadership Team remuneration	2,615	2,502
Key management personnel	3,280	3,098

1. In 2023, there was a change to the composition of the Board of Directors of the Group with the appointment of Angela Bull as an independent director effective from 20 February 2023, and as a new member of the People Committee effective from 5 May 2023 following Anthony Beverley's retirement from the People Committee role. (2022: Carolyn Steele was appointed as an independent director and a member of the Audit and Risk Committee effective from 22 August 2022 and Susan Peterson retired from the Board on 15 December 2022).

(ii) Other related party transactions

The Group also has related party relationships with the following parties:

Related party	Abbreviation	Nature of relationship(s)
The Board of Directors	Directors	The Board of Directors
Bayleys Valuation Limited	Bayleys	Angela Bull, appointed as a member of the Board of Directors on 20 February 2023, is also a Non-executive Director of Bayley Corporation Limited. Bayleys Valuation Limited is a wholly owned subsidiary of Bayley Corporation Limited and an independent valuer used by the Group for investment property valuations.

The following transactions with related parties took place:

ALL VALUES IN \$000S	Related party	2023	2022
Valuation fees paid	Bayleys	18	-
Valuation fees owing ²	Bayleys	11	-

2. Amount owing as at 31 December 2023 is included in the line item 'Accounts payable, accruals and other liabilities' in the Consolidated Statement of Financial Position.

NUMBER	Related party	31 Dec 2023	31 Dec 2022
Shares held beneficially in the company	Directors	195,708	214,367
Shares held non-beneficially in the company	Directors	-	-

No related party debts have been written off or forgiven during the year (2022: NIL).

5.9. Share-based payments

Long-term incentive plan (Equity settled)

PFI operates a long-term incentive plan (LTI Plan) for all members of the Senior Leadership Team in the Group. Under the LTI plan, Performance Share Rights (PSRs) are issued to members of the Senior Leadership Team which give them the right to receive ordinary shares in the Group after a 1-3 year period, subject to achieving the performance hurdles outlined below. These are at-risk payments designed to align the reward of the Senior Leadership Team with the enhancement of shareholder value over a multi-year period. Grants of PSRs were made on 17 February 2020 (2020 Grant), on 22 February 2021 (2021 Grant), on 21 February 2022 (2022 Grant), and on 22 August 2023 (2023 Grant).

The key terms and conditions related to the PSRs under the LTI Plan are as follows:

- The PSRs are granted for nil consideration and have a nil exercise price.
- The participant must remain an employee of the Group as at the relevant vesting date for each tranche of PSRs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)**5.9. Share-based payments** (continued)

- The 2020 Grant, 2021 Grant and 2022 Grant under the LTI Plan have three tranches with two separate performance hurdles applying to each tranche. The three tranches enable a third of the PSRs to vest after one year, two years and three years from the commencement dates of 1 January 2020, 1 January 2021 and 1 January 2022. For each tranche:
 - 50% of the PSRs are subject to a performance hurdle of the Company's rolling three year Funds From Operations (FFO) growth equalling or exceeding the three year CPI growth to September immediately prior to the vesting date (Part A); and
 - 50% of the PSRs are subject to a performance hurdle of the Company's Total Shareholder Returns (TSR) outperforming the TSR of a property peer group (comprising other listed property issuers) over the period from the commencement date to the vesting date for the relevant tranche (Part B).
- For the 2023 Grant under the LTI Plan, there are three tranches with one performance hurdle applying to each tranche. The three tranches enable a third of the PSRs to vest after one year, two years and three years from the commencement date of 1 January 2023. 100% of the PSRs are subject to a performance hurdle of the Company's Total Shareholder Returns (TSR) outperforming the TSR of a property peer group (comprising other listed property issuers) over the period from the commencement date to the vesting date for the relevant tranche (Part B).
- At vesting, subject to meeting performance hurdles, each PSR is converted to one ordinary share. The LTI Plan is a dividend protected LTI Plan and the participants will receive additional shares representing the value of dividends paid over the vesting period. The participants are liable for tax on the shares received at this point but may elect to receive a net number of shares on exercise of the PSRs to account for the tax which is then paid by PFI on the participant's behalf.

The following table reconciles the opening PSR balance as at 1 January 2023 to the closing PSR balance as at 31 December 2023.

GRANT YEAR	2022 Opening (PSRs)	2022 Granted (PSRs)	2022 Vested (PSRs)	2022 Lapsed (PSRs)	2022 Closing / 2023 Opening (PSRs)		2023 Granted (PSRs)	2023 Vested (PSRs)	2023 Lapsed (PSRs)	2023 Closing (PSRs)
					2022 Closing (PSRs)	2023 Opening (PSRs)				
2023	-	-	-	-	-	-	246,840	(61,713)	(20,570)	164,557
2022	-	166,910	(41,728)	(13,909)	111,273	-	-	(20,862)	(34,773)	55,638
2021	103,449	-	(38,794)	(12,931)	51,724	-	-	(25,862)	(25,862)	-
2020	55,093	-	(41,319)	(13,774)	-	-	-	-	-	-
Total	158,542	166,910	(121,841)	(40,614)	162,997	246,840	(108,437)	(81,205)	(81,205)	220,195

The PSRs outstanding at 31 December 2023 had a weighted - average contractual life of 1.37 years (31 December 2022: 1.34 years).

The LTI Plan has resulted in a share-based payment reserve totalling \$754,000 as at 31 December 2023 (2022: \$615,000).

Fair value measurement of LTI Plan

The fair value of the PSRs have been measured using a Monte Carlo simulation model. Service and non-market performance conditions were not taken into account in measuring fair value. The TSR performance metric is a market condition and has been factored into the fair value of the PSRs at the grant date. However, the FFO performance metric is a non-market condition and is not factored into the fair value of the PSRs.

The inputs used in the measurement of the fair values at the grant date were as follows.

	Performance Share Rights				
	2023 Grant	2022 Grant		2021 Grant	
	Part B	Part A	Part B	Part A	Part B
Weighted average fair value at grant date	\$1.38	\$2.80	\$1.66	\$2.88	\$1.49
Share price at grant date	\$2.34	\$2.80	\$2.80	\$2.88	\$2.88
Expected volatility (weighted-average)	15.3%	N/A	11.8%	N/A	21.9%
Expected life (weighted-average)	16 months	22 months	22 months	22 months	22 months
Risk-free interest rate	5.67%	N/A	2.23%	N/A	0.30%

The expected volatility and correlation measures are based on the standard deviation and correlation of weekly returns of the property peer group, over a three year period. The risk-free rate was based on government bond yields over a period of 1.36 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)

5.9. Share-based payments (continued)

Recognition and Measurement

The PSRs are measured at fair value at the grant date and expensed over the period during which the participant becomes unconditionally entitled to the shares, based on an estimate of shares that will eventually vest. The corresponding entry of the expense is equity. The fair value of the PSRs which are vested - and the corresponding shares which are issued - are transferred from the share-based payment reserve to share capital on issue of the shares.

Key estimates and assumptions: Long-term incentive plan

It has been assumed that the members of the Senior Leadership Team will remain employed with the Company on each of the vesting dates and that the non-market performance conditions will be met.

5.10. Leases

(i) Amounts recognised in the Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

ALL VALUES IN \$000S	2023	2022
Right-of-use assets¹		
Properties	1,884	2,136
Total right-of-use assets	1,884	2,136

1. Included in the line item 'Property, plant and equipment' in the Consolidated Statement of Financial Position.

There were no additions to the right-of-use assets during the 2023 financial year (2022: \$2,111,619).

ALL VALUES IN \$000S	2023	2022
Lease liabilities		
Current ²	244	53
Non-current ³	1,909	2,112
Total lease liabilities	2,153	2,165

2. Included in the line item 'Accounts payable, accruals and other liabilities' in the Consolidated Statement of Financial Position.

3. Included in the line item 'Lease liabilities' in the Consolidated Statement of Financial Position.

(ii) Amounts recognised in the Consolidated Statement of Comprehensive Income

The Consolidated Statement of Comprehensive Income shows the following amounts relating to leases:

ALL VALUES IN \$000S	2023	2022
Depreciation charge of right-of-use assets⁴		
Properties	(320)	(115)
Total depreciation charge of right-of-use assets	(320)	(115)

4. Included in the line item 'Administrative expenses' in the Consolidated Statement of Comprehensive Income.

ALL VALUES IN \$000S	2023	2022
Interest cost⁵	(116)	(12)

5. Included in the line item 'Interest expense and bank fees' in the Consolidated Statement of Comprehensive Income.

The total cash outflow for leases in 2023 was \$196,000 (2022: \$114,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)**5.11. Post settlement obligation of disposed property**

The Group settled on the sale of the Carlaw Park properties in November 2021 with a post settlement obligation to carry out the seismic works on the carpark building at the site. A reassessment of the seismic works was carried out during the year which resulted in an increase of \$1,070,000 for the works, over and above the initial costings estimated at the date of sale. Following the reassessment, an agreed lump sum payment for the total seismic works was made to the purchaser in lieu of the Group undertaking the seismic works and any further obligations. The additional seismic costs of \$1,070,000 from the reassessment is presented in the Consolidated Statement of Comprehensive Income.

5.12. 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.

5.13. Capital commitments

As at 31 December 2023, the Group had capital commitments totalling \$80,358,000 (31 December 2022: \$145,581,000) as follows:

ALL VALUES IN \$000S	2023	2022
Development capital commitments	72,990	143,694
Other capital commitments	7,368	1,887
Total capital commitments	80,358	145,581

Development capital commitments

ALL VALUES IN \$000S	2023	2022
Address	Project	
30-32 Bowden Road	Design and build (Green Star development)	
Land value on commencement	32,500	32,500
Development cost ¹	64,114	69,222
Less: spend to date	(39,190)	(1,338)
Committed costs to complete	24,924	67,884

ALL VALUES IN \$000S	2023	2022
Address	Project	
78 Springs Road	Design and build (Green Star development)	
Land value on commencement	37,817	37,817
Development cost ¹	76,562	76,552
Less: spend to date	(28,496)	(742)
Committed costs to complete	48,066	75,810
Total development capital commitments	72,990	143,694

1. Excluding land value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. OTHER (continued)

5.13. Capital commitments (continued)

Other capital commitments

ALL VALUES IN \$000S		2023	2022
Address	Project		
3-5 Niall Burgess Road	Refurbishment	-	504
314 Neilson Street	Warehouse extension	-	1,383
12 Zelanian Drive	Canopy extension & installation of solar panels	1,338	
45 Cryers Road	Acquisition (net of deposit paid)	6,030	
Total other capital commitments		7,368	1,887

On 9 October 2023, the Group had entered into a conditional contract to purchase two lots (approximately 5.8 hectares of land) within the proposed industrial subdivision at Spedding Road, located at the end of the Northwestern motorway, for \$40.57 million. The Group expects to pay a 5% deposit once subdivision consent has been obtained (expected in mid-2024), and an initial settlement of 45% of the purchase price on titles being received and works being complete (expected in mid-2025). The remaining two deferred settlement sums of 25% each are due 12 and 24 months following the initial settlement date. Based on the nature of this transaction and the number of conditions and sunset dates included in the contract, no commitment value has been recorded as at 31 December 2023.

5.14. Subsequent events

Following the Group's announcement on 20 December 2023 of an agreement to purchase the property at 45 Cryers Road, East Tamaki, for a net purchase price of \$6.70 million, settlement of this acquisition took place on 16 February 2024.

On 26 February 2024, the Board of Directors of the Company approved the payment of a net dividend of 2.450000 cents per share to be paid on 13 March 2024. The gross dividend (2.789904 cents per share) carries imputation credits of 0.339904 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 Consolidated Statement of Financial Position as at 31 December 2023 in respect of this dividend.



Independent auditor's report

To the shareholders of Property for Industry Limited

Our opinion

In our opinion, the accompanying financial statements of Property for Industry Limited (the Company), including its subsidiary (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of providing market remuneration data relating to executive levels and providing a copy of the 2023 Property Supplement Report. The provision of these other services have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>The valuations were carried out by independent third-party valuers who performed their work in accordance with New Zealand International Accounting Standard 40 <i>Investment Property</i> and relevant property valuation standards. The valuers are rotated across the portfolio on a three-yearly cycle, with the exception of certain properties as disclosed in note 2.1. The Group has adopted the assessed values determined by the valuers.</p>	<p>In assessing the valuation of the investment properties, our procedures included the following:</p> <p>We held discussions with management to understand:</p> <ul style="list-style-type: none"> • movements in the Group's investment property portfolio; • significant changes in the condition of properties; and • the controls in place over the valuation process.

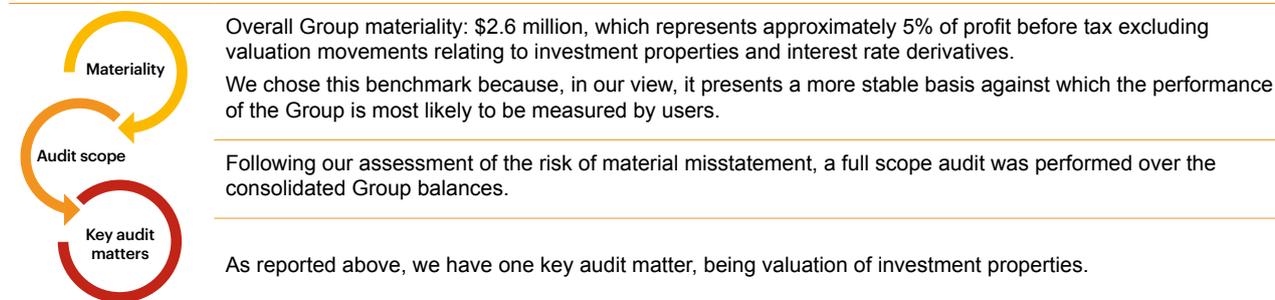
INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matters—continued

Description of the key audit matter	How our audit addressed the key audit matter
<p>In determining a property's valuation, two approaches are generally used to determine the fair value of an investment property: the direct capitalisation approach and the discounted cash flow approach, to arrive at a range of valuation outcomes from which the valuers derive a point estimate.</p> <p>The valuers take into account property specific information such as the contracted tenancy agreements and rental income earned by the asset. They apply assumptions in relation to market capitalisation rates, discount rates and market rental and the rental growth rate, based on current market assessments. The valuers have also considered but made no explicit adjustments in respect of climate change matters.</p> <p>The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement, is why we have given specific audit focus and attention to this area.</p>	<p>We held discussions with the valuers and for a selection of properties, the carrying value was agreed to the external valuation reports. The valuers confirmed that the valuation approach for the properties was in accordance with accounting and valuation standards, and that climate change matters were considered as part of their valuation process. We assessed the valuers' qualifications, expertise and their objectivity and we found no evidence to suggest that their objectivity was compromised in their performance of the valuations.</p> <p>We carried out procedures, on a sample basis, to test whether the property specific information supplied to the valuers by the Group reflected the underlying property records held by the Group.</p> <p>Assumptions</p> <p>Our work over the assumptions used in the valuations focused on a sample of properties where the assumptions used and/or year-on-year fair value movement suggested a possible outlier. We engaged our in-house valuation expert to critique and challenge the methodologies used, work performed and key assumptions used by the valuers on a sample basis.</p>

Our audit approach

Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT (continued)**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Indumin Senaratne (Indy Sena).

For and on behalf of:



FIVE-YEAR PERFORMANCE SUMMARY

YEAR ENDED 31 DECEMBER	2023	2022	2021	2020	2019
ALL VALUES IN \$M UNLESS OTHERWISE NOTED					
FINANCIAL PERFORMANCE					
Net property income	92.8	93.3	92.1	81.4	81.4
Profit before finance income/(expenses), other gains/(losses) and income tax	82.4	84.8	84.6	75.5	76.4
Fair value (loss)/gain on investment properties and non-current assets classified as held for sale	(140.8)	(56.7)	392.5	72.5	125.2
(Loss)/profit before income tax	(98.8)	(6.5)	472.8	135.7	190.4
Income tax benefit/(expense)	1.0	(7.4)	(20.0)	(22.2)	(14.1)
(Loss)/profit and total comprehensive income after income tax	(97.8)	(13.9)	452.8	113.5	176.3
Weighted average number of ordinary shares ('000 shares)	502,119	504,719	503,302	499,650	498,723
IFRS basic earnings per share (cents per share)	(19.48)	(2.76)	89.97	22.71	35.35
DISTRIBUTIONS					
Total comprehensive income after tax	(97.8)	(13.9)	452.8	113.5	176.3
Distribution adjustments	142.6	58.5	(406.1)	(73.4)	(137.5)
Adjusted Funds From Operations (AFFO)	44.8	44.6	46.7	40.1	38.8
AFFO per share (cents per share)	8.92	8.83	9.29	8.03	7.79
Gross dividends paid relating to the year reported (cents per share)	9.67	10.19	9.99	9.73	10.20
Net dividends paid relating to the year reported (cents per share)	8.30	8.10	7.90	7.70	7.60
AFFO pay-out ratio (%)	93.1%	91.7%	85.1%	95.9%	97.6%
FINANCIAL POSITION					
Investment properties	1,998.3	2,096.2	2,158.9	1,524.8	1,469.3
Goodwill	-	-	29.1	29.1	29.1
Other assets	65.6	66.6	29.0	133.5	24.3
Total assets	2,063.9	2,162.8	2,217.0	1,687.4	1,522.7
Borrowings	647.0	601.5	598.7	487.6	412.9
Other liabilities	56.6	60.9	55.6	63.2	55.8
Total liabilities	703.6	662.4	654.3	550.8	468.7
Total equity	1,360.3	1,500.3	1,562.7	1,136.6	1,054.0
Closing shares on issue ('000 shares)	502,129	502,051	505,494	501,303	498,723
Net tangible (excluding goodwill) assets (cents per share)	270.9	298.8	303.4	220.9	205.5
Gearing (%)	32.0%	28.5%	27.7%	30.0%	28.2%
PROPERTY PORTFOLIO METRICS					
Number of properties (#)	92	94	97	94	94
Number of tenants (#)	126	132	136	148	144
Contract rent	96.4	98.2	95.6	89.8	84.9
Occupancy (%)	100.0%	100.0%	100.0%	99.4%	99.0%
Net lettable area including yard (sqm)	923,511	930,453	940,204	838,403	809,183
Weighted average lease term (years)	5.06	5.08	5.40	5.28	5.38
Portfolio market capitalisation rate (% , all properties)	5.6%	5.0%	4.4%	5.5%	5.7%



PROPERTY FOR INDUSTRY LIMITED GROUP

OTHER DISCLOSURES

COMPANY STRUCTURE AND STATUTORY INFORMATION

Property for Industry Limited (the Company, PFI) is a publicly listed company established in 1994. As at 31 December 2023, the Board had six Directors, all of whom are independent.

More information on the PFI Board and Management Team is available on the PFI website at <https://www.propertyforindustry.co.nz/about-pfi/our-people/>.

PRINCIPAL ACTIVITY

PFI is a listed industrial property investment company. PFI and its subsidiary, P.F.I. Property No. 1 Limited (together, the Group), invest solely in New Zealand. There has not been any change in the nature of the Company's or Group's business in the year ended 31 December 2023, nor in the classes of business in which the Company has an interest.

GOVERNANCE

The Board of PFI is committed to the highest standards of business behaviour and accountability. The Board regularly reviews and assesses the Group's governance structures and processes to ensure they are consistent with best practice standards.

As part of the Board's ongoing monitoring and review of the Group's governance framework, the Board has developed a Corporate Governance Manual (the Manual) that forms the Group's corporate governance framework. It incorporates the NZX Listing Rules relating to corporate governance and the recommendations of the NZX Corporate Governance Code (the NZX Code), and was last updated in November 2023. The Audit and Risk Committee Charter was further updated in December 2023 to incorporate climate-related responsibilities.

A copy of the Manual is available on the PFI website at <https://www.propertyforindustry.co.nz/about-pfi/governance/> and includes:

1. Code of Ethics;
2. Board Charter;
3. Audit and Risk Committee Charter;
4. People Committee Charter, which includes the Company's Remuneration Policy;
5. Continuous Disclosure Policy;
6. Financial Product Trading Policy; and
7. Diversity and Inclusion Policy.

COMPLIANCE WITH NZX REQUIREMENTS

PFI considers that it complied with the NZX Code (17 June 2022 version) in the year ended 31 December 2023.

NZX CODE: KEY PRINCIPLES

This section sets out PFI's corporate governance policies, practices and processes by reference to the NZX Code's eight key principles and supporting recommendations.

LEADERSHIP



SIMON WOODHAMS
Chief Executive Officer



CRAIG PEIRCE
Chief Finance and
Operating Officer



EWAN CAMERON
Portfolio Manager



SARAH BEALE
Head of Sustainability
and Operations



ANTHONY BEVERLEY
Board Chair and
Independent Director



ANGELA BULL
Independent Director



CAROLYN STEELE
Independent Director



DAVID THOMSON
Independent Director



DEAN BRACEWELL
Independent Director



GREG REIDY
Independent Director



Profiles of our team members can be found on our website at [propertyforindustry.co.nz/about-pfi/our-people/](https://www.propertyforindustry.co.nz/about-pfi/our-people/)

Principle One: Code of Ethical Behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Ethics

The Board has developed a Code of Ethics that forms part of the Manual. The Code of Ethics provides a set of expectations for PFI's Directors, employees and contractors surrounding their business conduct when representing PFI. The Code of Ethics intends to facilitate behaviour that is consistent with PFI's business standards.

PFI monitors compliance with the Code of Ethics through its management processes as well as through the whistleblowing procedures set out in the Code of Ethics itself. PFI provides access to a confidential third-party agency for whistleblowing purposes. All Directors and employees are informed of the content of the Code of Ethics prior to commencing such roles and undertake training on the Code of Ethics and other related policies at least every three years or in the year after it is materially amended. Training on ethical conduct was last provided to employees in 2022, following the August 2022 review of the Code of Ethics and related internal policies. No material amendments were made to the Code of Ethics following its latest review in November 2023.

Financial Product Trading Policy

PFI is committed to transparency and fairness in financial product dealing. The rules for dealing in PFI's listed securities are contained in its Financial Product Trading Policy. The policy's main purpose is to ensure no Director, employee or internal contractor uses their position or knowledge of PFI or its business to engage in financial product dealing for personal benefit, or to provide a benefit to any third party.

The Financial Product Trading Policy applies to Directors, employees and internal contractors of PFI and its subsidiary, and trusts and companies controlled by those persons (Restricted Persons).

The key points of the policy are:

- a prohibition on "insider trading", meaning persons who hold non-publicly available price-sensitive information must not pass on that information, nor acquire or dispose of PFI's listed securities at any time;
- Restricted Persons must obtain consent to trade PFI listed securities at any time; and
- no trading is permitted by Restricted Persons during "blackout periods" from the balance date and the half-year balance date until the day following the release of the relevant results to NZX.

Principle Two: Board Composition & Performance

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board Charter

The Board has developed a charter that sets out its authority, duties and responsibilities. The Board, through a set of formal policies and procedures:

- establishes a clear framework for oversight and management of PFI's operations and for defining the respective roles and responsibilities of the Board and Management;
- structures itself to be effective in discharging its responsibilities and duties;
- sets standards of behaviour expected of the Company's employees and representatives;
- safeguards the integrity of the Company's financial reporting;
- ensures timely and balanced disclosure;
- respects and facilitates the rights of shareholders;
- recognises and manages risk;
- encourages Board and management effectiveness;
- ensures remuneration of Directors, employees and contractors is fair and reasonable;
- recognises the legitimate interests of all stakeholders including stakeholder expectations around Environmental, Social and Governance (ESG) matters; and
- promotes a corporate culture which embraces inclusion and diversity.

The Board's primary focus is on the creation of long-term shareholder wealth and ensuring PFI is run in accordance with appropriate management and corporate governance practices. The Board has an obligation to protect and enhance the value of the assets of PFI for the benefit of PFI and its shareholders. It achieves this through approval of appropriate corporate strategies, business plans and budgets, and monitoring actual results against the Company's strategic objectives. PFI's Board pays particular attention to capital structure, capital expenditure, acquisition and divestment proposals, performance against PFI's sustainability strategy (including climate-related issues), and ensuring effective audit, risk and compliance procedures are in place to protect PFI's assets and ensure integrity of reporting. The Board is also responsible for approving PFI's Corporate Governance Manual and maintaining corporate and Board values to ensure PFI acts to the highest ethical standards and integrity.

The Board delegates implementation of the adopted corporate strategies to the Management Team and reviews the performance of the Management Team on a regular basis.

Board Composition

The Company's constitution requires the Company to comply with the minimum board composition requirements under the NZX Listing Rules (being at least three directors). As at 31 December 2023, there were six Directors, all of whom are independent. The NZX Listing Rules require at least two Independent Directors, and it is the Company's policy that there should always be a majority of Independent Directors.

The Directors of the Company who held the office during the 12 months to 31 December 2023, their status, date of appointment and meeting attendances follows:

DIRECTOR	STATUS	DATE OF APPOINTMENT	LAST RE-ELECTED	DATE CEASED TO BE A DIRECTOR	MEETINGS ATTENDED (EIGHT MEETINGS HELD)
Anthony Beverley	Independent Director Board Chair	2 July 2001	29 March 2023	N/A	8
Angela Bull (1)	Independent Director	20 February 2023	29 March 2023	N/A	7
Carolyn Steele	Independent Director Audit and Risk Committee Chair	22 August 2022	29 March 2023	N/A	8
David Thomson	Independent Director	12 February 2018	19 May 2021	N/A	8
Dean Bracewell	Independent Director People Committee Chair	29 November 2019	29 March 2023	N/A	8
Gregory Reidy	Independent Director	20 January 2012	19 May 2021	N/A	8

All current Directors are also Directors of the Company's subsidiary, P.F.I. Property No. 1 Limited.

The Board reviews its performance as a whole as well as the performance of individual members and each committee.

Director Skills and Experience

A profile of each Director outlining their skills, experience and length of service can be found on the PFI website. The Board strives to ensure that PFI has the right mix of skills and experience for PFI to achieve its strategic goals. The skills and experience represented on the Board as at 31 December 2023 are summarised in the diagram below:

Skill		Key:
Property	●●●●●●	● Strong skills or experience
Capital Markets	●●●●●●	● Some skills or experience
Financial	●●●●○○	○ Limited skills or experience
Governance	●●●●●●	
Executive Leadership	●●●●●○	
Legal	●●●●●○	
Health and Safety	●●●●●●	
Sustainability, ESG and Climate Change	●●●●●○	
Technology	●●○○○○	

(1) Angela Bull joined the PFI Board effective 20 February 2023 and attended all meetings held by the Board in 2023 thereafter.

Directors are encouraged to undertake continuing education to develop and maintain their skills and knowledge. In December 2023, PFI's Directors undertook training on climate-related disclosures, which was facilitated by Chapman Tripp's climate, sustainability and ESG expert.

Carolyn Steele, who joined PFI's Board in August 2022 and is Chair of the Audit and Risk Committee, is considered to be the financial expert on the Committee. Carolyn has a background in investment management, capital markets and mergers and acquisitions, having spent six years as a portfolio manager at the Guardians of New Zealand Superannuation, and a further ten years prior to that in investment banking at Forsyth Barr and First NZ Capital / Credit Suisse. Carolyn is also Audit and Risk Committee Chair for Green Cross Health, WEL Networks and Vulcan Steel and an Investment Committee member at Oriens Capital. PFI's Board and Management consider that Carolyn has a strong financial background for the purposes of Listing Rule 2.13.2.

Director Independence

Director independence is determined in accordance with the requirements of the NZX Listing Rules. The Board has determined that, as at 31 December 2023, all Directors of the Company were independent: Anthony Beverley, Angela Bull, Carolyn Steele, David Thomson, Dean Bracewell, and Gregory Reidy. This assessment is based on the fact that these Directors all share the following characteristics:

- They are all Non-Executive Directors.
- They are not currently, or within the last three years have not been, employed in an executive role by the Company, or any of its subsidiaries, and / or there has been a period of at least three years between ceasing such employment and serving on the Board.
- They are not currently holding, or within the last 12 months they have not held, a senior role in a provider of material professional services to the Company or any of its subsidiaries.
- They do not currently have, or within the last three years they have not had, a material business relationship (e.g. as a supplier or customer) with the Company or any of its subsidiaries.
- They are not a substantial product holder of the Company, or a senior manager of, or a person otherwise associated with, a substantial product holder of the Company.
- They do not currently have, or within the last three years they have not had a material contractual relationship with the Company or any of its subsidiaries, other than as a director.
- They do not currently have close family ties with anyone in the categories listed above.
- No director has been a Director with the Company for a length of time that may compromise independence.

The Board considers Gregory Reidy to be independent as more than three years have passed since his role as Managing Director.

Anthony Beverley has served on the Board of PFI for 22 years and has been Chair of the Board for five years. When assessing independence, the Board considered the effect of Anthony Beverley's length of tenure, and has concluded that Anthony Beverley's length of tenure has not in practice impacted Anthony Beverley's ability to bring an independent view to decisions in relation to the Company, act in the best interests of the Company, and represent the interests of the Company's financial product holders generally, having regard to the factors described in both the 17 June 2022 version and the 1 April 2023 version of the NZX Code that may impact Director independence.

On 19 February 2024 the Company announced that Anthony Beverley will step down from his role as Board Chair at the close of PFI's Annual Meeting on 3 April 2024, but will remain on the PFI Board as Independent Director. Following this change, Independent Director Dean Bracewell will take on the role of Board Chair to take effect from the close of the Annual Meeting. The Company also announced that Gregory Reidy will retire from PFI's Board of Directors with effect from the close of the Annual Meeting.

On 19 February 2024, the Company also announced the appointment of Jeremy Simpson to the PFI Board, to take effect from 27 February 2024. In accordance with NZX Listing Rule 2.6.1, the PFI Board has determined that Jeremy Simpson is an Independent Director. PFI's constitution and the NZX Listing Rules require that any person appointed as a Director by the Board must retire at the next Annual Meeting but shall be eligible for election at that meeting. Accordingly, Jeremy Simpson will retire and seek election by shareholders at PFI's Annual Meeting on 3 April 2024.

These changes in Board composition form part of the PFI Board's ongoing succession plans, which seeks to balance technical and specialist governance skills, whilst at the same time maintaining a Board with strong, practical, commercial capability and diversity of experience.

Details of Directors' relevant interests in the Company's financial products as at 31 December 2023 can be found in the section entitled Principle Four: Reporting and Disclosure.

Under the Board Charter (described in further detail above) any Chief Executive Officer of PFI is not eligible to be appointed as the Chair of the Board.

Director Appointments

In compliance with Listing Rule 2.7.1, each Director must not hold office without re-election past the third annual meeting following the Director's appointment or three years, whichever is longer. Any Director appointed by the Board must not hold office (without re-election) past the next annual meeting following the Director's appointment.

Where a Board vacancy arises or the Board otherwise determines a need to appoint a new Director, it is the responsibility of the People Committee to identify and nominate external candidates to fill Board vacancies as and when they arise (see Principle Three below for further information). PFI enters into a formal written agreement with all new Directors, which establishes the terms of their appointment.

Diversity and Inclusion

The breakdown of the gender composition of PFI's Directors, Officers and Senior Leadership Team as at the end of the previous two financial years is as follows:

FINANCIAL YEAR	MALE			FEMALE			GENDER DIVERSE		
	DIRECTORS	OFFICERS	SENIOR LEADERS ⁽¹⁾	DIRECTORS	OFFICERS	SENIOR LEADERS	DIRECTORS	OFFICERS	SENIOR LEADERS
Year ending 31 December 2022	4	3	3	1	0	1	0	0	0
Year ending 31 December 2023	4	3	3	2	0	1	0	0	0

The Board believes that a diverse and inclusive work environment is critical to the sustainability of PFI. At PFI diversity means recognising and valuing the many ways that we are different. This includes differences that relate to gender, age, culture, ethnicity, disability, religion, and sexual orientation, as well as differences in background, skills, perspective, and experiences.

The Board has established a Diversity and Inclusion Policy in accordance with the NZX Code. The PFI Board believes that an inclusive work environment where everyone is treated equitably and fairly and is supported to be successful in their roles is essential for it to be able to deliver its strategic objectives and continue to meet its responsibilities to its customers, its employees, the communities in which it works, and its shareholders.

The Board has evaluated PFI's performance against the Company's Diversity and Inclusion Policy through regular employee engagement surveys to ensure that our overall work culture remains inclusive. The Board also sets Diversity and Inclusion targets annually. The Board considers that it, in conjunction with the Management Team, has fostered a work environment where diversity and inclusion, together with different skills, abilities and experiences, is recognised and valued, and employees are treated equitably and fairly in order that talented people who will contribute to the achievement of our strategic objectives are attracted to work for PFI and are able to be retained.

The Board is committed to taking steps that will see diversity in the composition of both the Board and leadership team move progressively over time. It is important to note that PFI has a small team comprising 22 permanent and dedicated team members and that 11 of these team members are female (2022: 10 out of 20).

(1) Includes officers.

Principle Three: Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Audit and Risk Committee

The Board has established an Audit and Risk Committee in accordance with the NZX Code. The Board has approved a written charter that outlines the committee's authority, duties, responsibilities, relationship with the Board and a policy on audit independence. The committee develops and monitors procedures to ensure the Board is properly and regularly informed and updated on corporate financial matters. The committee also oversees the preparation of PFI's climate-related disclosures. The Board is required to regularly review the performance of the Audit and Risk Committee.

The Audit and Risk Committee's functions include:

- recommending the appointment and removal of external auditors (see Principle Seven: Auditors for further detail), and the engagement of climate-related disclosure assurance professionals (once applicable);
- reviewing PFI's financial reporting documents with the view to ensuring PFI maintains accurate financial and accounting records;
- reviewing PFI's climate-related disclosures with the view to ensuring PFI maintains appropriate climate-related disclosure records; and
- reviewing earnings releases and financial reports.

In addition to the committee's audit and financial reporting related functions, it is also responsible for providing a view on PFI's business, financial and climate-related risk management processes, including the adequacy of the overall control environment, independence from management and controls in selected areas representing significant risk. The committee is responsible for monitoring climate-related risks and ensuring these are integrated into PFI's risk management processes.

The Audit and Risk Committee generally meets four times a year, and at least twice a year (or more frequently if required) with the Group's auditor to review the outcome of the interim review (30 June) and annual audit (31 December). Employees only attend Audit and Risk Committee meetings at the invitation of the committee.

The Audit and Risk Committee must have a minimum of three Directors as members and the majority must be Independent Directors. No executive may be a member of the Audit and Risk Committee. The Chair of the Board is not eligible to be chair of the Audit and Risk Committee.

At 31 December 2023, the members of the Audit and Risk Committee were Carolyn Steele (Chair of the Audit and Risk Committee), Anthony Beverley and David Thomson. Carolyn Steele, Anthony Beverley and David Thomson were members of the Committee at all times during 2023. All members of the Committee attended the four meetings of the Committee held during 2023.

People Committee

The Board has also established a People Committee (previously known as the Nomination and Remuneration Committee) in accordance with the NZX Code. The Board has approved a written charter to assist the committee to fulfil this purpose, which outlines the Committee's authority, duties, responsibilities and relationship with the Board. The Board is required to regularly review the performance of the People Committee and undertakes a review annually of its objectives and activities.

The People Committee's role includes identifying and recommending individuals for nomination to be members of the Board and its committees, regularly reviewing composition and successions plans and, where appropriate, recommending changes to the composition of the Board to ensure PFI maintains the right composition of Directors to effectively govern and provide guidance to the business. The Committee is also responsible for assisting the Board with performance reviews, assessing independence of PFI's Directors, and regularly reviewing the remuneration policy (for further information on remuneration, see Principle Five: Remuneration).

When nominating candidates, the Committee considers a range of factors as well as perceived needs of the Board at the time. Some of these factors include qualifications, experience, diversity, and the ability to exercise an independent perspective and informed judgment on matters that come before the Board. While the Committee has the authority to obtain legal or other independent professional advice, it may only nominate a person to be a Director of PFI with approval of the Board.

The People Committee must have at least two members, all of whom must be Independent Directors. Employees only attend People Committee meetings at the invitation of the committee.

At 31 December 2023, the members of the People Committee were Dean Bracewell (Chair of the People Committee), Angela Bull and David Thomson. Dean Bracewell and David Thomson were members of the committee at all times during 2023 and attended the five meetings of the committee held during 2023. Anthony Beverley was a member of the People Committee until stepping down from his role on the Committee on 4 May 2023. Anthony Beverley attended three meetings of the Committee held during 2023. Angela Bull was appointed as a People Committee member on 4 May 2023 and attended two meetings of the Committee thereafter.

Other Committees

The Board does not consider that any additional Board committees as standing Board committees need to be established at this stage.

Principle Four: Reporting & Disclosure

The Board should demand integrity in non-financial reporting, and in the timeliness and balance of corporate disclosures.

Continuous Disclosure Policy

PFI is committed to its obligation to inform shareholders and market participants of all material information that might affect the price of its listed securities in accordance with the NZX Listing Rules and the Financial Markets Conduct Act 2013 (FMC Act). Accordingly, the Board has adopted a Continuous Disclosure Policy which applies to the Group, and the Directors and all relevant employees of PFI. The Board has also appointed the Chief Finance and Operating Officer to act as the Group Disclosure Officer. The Group Disclosure Officer is responsible for ensuring policy compliance and for investigating any alleged breaches.

Corporate Governance Documents

PFI's Board and committee charters, annual and interim reports, company announcements, policies (as recommended in the NZX Code) and other investor-related material are available on PFI's website.

Financial Reporting

PFI is committed to appropriate financial reporting. Oversight of the Company's financial reporting is applied through the Audit and Risk Committee.

Non-Financial Disclosure

PFI is committed to non-financial disclosure, including reporting on environmental, social sustainability and governance factors and practices.

You can find more information on PFI's approach to sustainability on pages 19-27.

You can find more information about PFI's approach to risk management, including health and safety risks, in the section entitled Principle Six: Risk Management.

Climate-related Disclosures

PFI is a climate-reporting entity under the FMC Act. The Group will publish its first Climate-related Disclosures for the year ended 31 December 2023 in compliance with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board (XRB) as is required by the FMC Act. The Group's Climate-related Disclosures for the year ended 31 December 2023 will be accessible on PFI's website by 30 April 2024 via <https://www.propertyforindustry.co.nz/sustainability/>.¹

Directors' Relevant Interests

Directors had no dealings in the Company's financial products in the year ended 31 December 2023.

Details of Directors' relevant interests in the Company's financial products as at 31 December 2023 are as follows:

DIRECTOR	NATURE OF RELEVANT INTEREST	NUMBER OF SHARES
Gregory Reidy	Beneficial holder	155,708
Dean Bracewell	Beneficial holder	40,000

No Director had a relevant interest in the Company's bonds.

(1) As per clause 7 of the Financial Markets Conduct (Requirement to Include Climate Statements in Annual Report) Exemption Notice 2023.

Principle Five: Remuneration

The remuneration of Directors and executives should be transparent, fair and reasonable.

PFI is pleased to present its remuneration report for the year ended 31 December 2023 (FY23). This report addresses the remuneration of PFI's Directors and Senior Leadership Team, with a particular focus on the remuneration outcomes for PFI's Chief Executive Officer in respect of FY23.

The members of PFI's Senior Leadership Team are Simon Woodhams (Chief Executive Officer), Craig Peirce (Chief Finance and Operating Officer), Ewan Cameron (Portfolio Manager) and Sarah Beale (Head of Sustainability and Operations).

The Directors of the Company who held office during FY23 are as follows: Anthony Beverley (Independent Director, Board Chair), Angela Bull (Independent Director), Carolyn Steele (Independent Director), David Thomson (Independent Director), Dean Bracewell (Independent Director) and Gregory Reidy (Independent Director). All Directors held office for the full financial year, other than Angela Bull who was appointed to the Board on 20 February 2023.

REMUNERATION GOVERNANCE

Remuneration governance framework

PFI's remuneration governance framework is overseen by the People Committee on behalf of the Board. The purpose of the People Committee is to assist the Board to oversee Director and Senior Leadership Team appointment and remuneration policies and practices, Senior Leadership Team performance and development, and succession planning.

Notwithstanding the high levels of reported employee engagement at PFI, in 2023 the Group employed a People and Capability Manager on a part-time fixed-term basis, to mature a number of the Group's people processes, including employee remuneration. Throughout the later stages of 2023 and early 2024, a review of the Group's employee remuneration framework was undertaken to ensure it remains appropriate and supports the delivery of our strategy, whilst rewarding employees fairly and in line with investor expectations. A revised framework was put in place in early 2024, and the People Committee is of the view that the revised framework supports the strategic priorities of the business and creation of sustained long-term value for shareholders.

During FY23, PFI also reviewed its remuneration policy, a copy of which is available on the Company's website, together with the People Committee's Charter, at: <https://www.propertyforindustry.co.nz/about-pfi/governance/>.

PFI's People Committee

The People Committee's role is set out in the People Committee's Charter. With regards to PFI's remuneration governance, the People Committee is responsible for establishing remuneration policies and practices, reviewing and recommending to the Board the remuneration of PFI's Chief Executive Officer, Chief Finance and Operating Officer and Directors and providing oversight of the remuneration of PFI's wider team of employees.

The People Committee must comprise at least two members, all of whom must be Independent Directors.

At 31 December 2023, the members of the People Committee were Dean Bracewell (Chair of the People Committee), Angela Bull and David Thomson. Dean Bracewell and David Thomson were members of the People Committee at all times during FY23, having joined the People Committee in March 2020 and December 2022 respectively. Anthony Beverley was a member of the People Committee from 2013 until stepping down from his role on the People Committee on 4 May 2023. Angela Bull was appointed as a People Committee member on 4 May 2023. All members of the People Committee during FY23 were Independent Directors.

As announced on 19 February 2024, immediately following PFI's Annual Meeting on 3 April 2024, Dean Bracewell will retire from his role as People Committee Chair to take up the role of Board Chair. David Thomson, who has served on the People Committee since December 2022, will take up the role of People Committee Chair.

Further information on the People Committee, including the broader responsibilities of the People Committee and meeting attendance during FY23, can be found on pages 80-81 of the Annual Report.

EXECUTIVE REMUNERATION POLICY

Remuneration principles

The People Committee and Board support a remuneration strategy that is aligned to our investors' interests and encourages the achievement of our strategic objectives and demonstration of our purpose. The remuneration of the Senior Leadership Team is designed to attract and retain the most talented and effective individuals whilst ensuring appropriate alignment with employee and shareholder interests.

Packages include fixed remuneration, together with a short-term incentive (STI) and a long-term incentive (LTI) (together, Total Target Remuneration). Both the STI and LTI are at risk remuneration because the outcome is determined by performance against a combination of pre-determined financial and non-financial objectives.

Fixed remuneration

Fixed remuneration consists of a package of base salary and standard employment-associated benefits. This is benchmarked annually against a group of companies that are comparable to PFI in terms of activity, portfolio size, market capitalisation and other relevant entity characteristics. This enables us to track actual market remuneration levels for entities that offer a similar risk profile and investment portfolio performance opportunities.

Short Term Incentive (STI)

STI awards are set as a fixed amount which reflects between 18% and 24% of Total Target Remuneration. The STI earned may be between 0% and 100% of the amount awarded based on the People Committee's assessment of performance and subject to the Board's approval. Any STI earned is paid in cash.

For the STI, participants' performance against an agreed set of financial and non-financial metrics is monitored on an ongoing basis throughout the financial year by the People Committee.

Long Term Incentive (LTI)

LTIs are at-risk payments designed to align the reward of members of the Senior Leadership Team with changes in shareholder value over a multi-year period.

The current LTI plan commenced in the year ended 31 December 2019, and is a dividend protected Performance Share Rights (PSR) plan (LTI Plan). Under the LTI Plan, PSRs are issued to members of the Senior Leadership Team which gives them the right to receive ordinary shares in the Company after a 1-3 year period, subject to achieving certain performance hurdles. The current performance hurdles used for the LTI Plan are a relative TSR hurdle and a rolling three year Funds From Operations (FFO) hurdle. A detailed description of the performance hurdles applied under the LTI Plan can be found on page 85. The value of PSRs awarded to participants in the LTI Plan is set at a fixed amount which reflects between 14% and 21% of Total Target Remuneration. The number of PSRs issued under each grant is then determined based on the market value of PFI's shares using a volume weighted average price over the 20 trading days up to and including the commencement date of the grant.

As at the date of this report, all members of the Senior Leadership Team are participants in the LTI Plan, and these are the only individuals participating in the LTI Plan.

FY23 Remuneration Outcomes

Senior Leadership Team

The People Committee recommended, and the Board approved, the Senior Leadership Team's FY23 remuneration.

Following the preparation of the results for the 12 months to 31 December 2023, the People Committee reviewed the Senior Leadership Team's performance for the year against the STI and LTI Plans' terms and conditions. Disclosure of the STI and LTI targets set for the Chief Executive Officer, as well as the actual performance against them, is included in this remuneration report.

Payments for FY22 were made in February 2023 after the release of the FY22 annual results.

Payments for FY23 will be made in February 2024 after release of the FY23 annual results.

While the STI and LTI Plans offer the People Committee discretion with regard to outcomes, the People Committee considered that remuneration outcomes were appropriate and as such determined that no discretion would be applied.

Team members excluding the Senior Leadership Team

The Senior Leadership Team set team members' (excluding the Senior Leadership Team) FY23 remuneration, and this was approved by the People Committee and Board via the annual budgeting process.

External advice

PFI engages external consultants to provide market data and benchmarks in regard to employment packages and pay practices. In respect of FY23 remuneration, the following external consultants were engaged:

- PricewaterhouseCoopers were engaged to provide benchmarking on remuneration for the Senior Leadership Team;
- Ernst & Young were engaged to provide consulting advice on the LTI Plan; and
- Strategic Pay were engaged to provide benchmarking on remuneration for team members (excluding the Senior Leadership Team), as well as advice on an employee remuneration framework.

KEY PERFORMANCE SUMMARY

PFI's key performance indicators relevant to the Senior Leadership Team's STI and LTI Plans over the past five years are as follows:

	2023	2022	2021	2020	2019
Occupancy	100.0%	100.0%	100.0%	99.4%	99.0%
Weighted Average Lease Term	5.06 years	5.08 years	5.40 years	5.28 years	5.38 years
FFO ¹	10.03 cps	10.21 cps	11.07 cps	9.67 cps	9.07 cps
One year TSR ² (%)	-2%	-17%	4%	27%	41%
Two year TSR ² (%)	-19%	-14%	30%	78%	N/A
Three year TSR ² (%)	-15%	7%	83%	N/A	N/A

CEO REMUNERATION ARRANGEMENTS & OUTCOMES**CEO Remuneration Arrangements**

Alignment between the interests of shareholders, delivery on PFI's strategy, and performance is at the heart of the Company's remuneration framework for the Chief Executive Officer. The Chief Executive Officer's Total Target Remuneration includes 45% at risk remuneration comprising STI and LTI awards. The STI awards take account of performance against annual targets and the LTI against performance-based metrics across multiple years.

The Chief Executive Officer's remuneration is benchmarked and reviewed annually by the People Committee and approved by the Board. In summary, the components of Chief Executive Officer's remuneration are as follows:

CASH		EQUITY
Fixed remuneration	Short Term Incentive	Long Term Incentive
Reviewed annually	Set annually	Grants made annually covering 1, 2 and 3 years period

Fixed remuneration

The fixed remuneration paid to the Chief Executive Officer (including any standard employment-associated benefits) in FY23 was \$679,067.

There is no commitment to making a severance payment in the Chief Executive Officer's contract.

(1) Funds From Operations (FFO) is non-GAAP financial information and is a common property investor metric, which has been calculated in accordance with the guidelines issued by the Property Council of Australia. Please refer to the relevant period's annual results announcement, released to the NZX, for more detail as to how this measure was calculated.

(2) Total Shareholder Return (TSR) is calculated as the total return received by investors from the change in the market value of a PFI share (using a volume weighted average price over the 20 trading days prior to the beginning and end of the financial year) and the receipt of cash dividends and other distributions paid in respect of a PFI share over the financial year or the two or three financial year period as applicable. TSR is only shown for those periods where the LTI Plan was in operation, where it was not in operation, N/A has been entered.

Short Term Incentive (STI)

The Chief Executive Officer's STI award is set as a fixed amount which generally reflects approximately 24% of Total Target remuneration. The STI earned may be between 0% and 100% of the amount awarded based on the People Committee's assessment of performance and subject to the Board's approval.

For the STI, the Chief Executive Officer's performance against an agreed set of financial and non-financial metrics is monitored on an ongoing basis throughout the financial year by the People Committee. The Chief Executive Officer's STI is assessed against achievement of these annual targets which are aligned to the delivery of PFI's key strategic and operational objectives.

The STI payments are at risk payments and subject to assessment of performance. STI payments are reviewed by the People Committee and recommended for approval by the Board. In FY23 and FY22, the People Committee recommended, and the Board approved, the payment of 100% of the potential STI payable to the Chief Executive Officer. The Chief Executive Officer's FY23 STI was assessed as earned in FY23 but will be paid after release of the FY23 annual results (i.e. it will be paid in FY24).

The Chief Executive Officer's key performance indicators for the FY23 STI award are outlined below:

MEASURE	WEIGHTING	DESCRIPTION
Leadership	15%	Succession, Engagement and Health and Safety related targets.
Strategy	20%	Strategy Development, Strategy Implementation and Divestment related targets.
Portfolio	15%	Maintenance of key portfolio statistics, including Occupancy and Weighted Averaged Lease Term (WALT), and Sustainability related targets.
Operations	15%	Adherence to delivery targets for key projects.
Earnings	25%	Achievement of budgeted earnings outcome.
Financial	10%	Liquidity and Debtor Days related targets.

Long Term Incentive (LTI)

The value of the PSRs awarded to the Chief Executive Officer under each LTI Plan grant is set at a fixed amount which since inception has represented between 18% and 21% of the Chief Executive Officer's Total Target Remuneration.

Grants of PSRs under PFI's LTI Plan with vesting dates on or after 31 December 2023 were made on 22 February 2021 (2021 Grant), on 21 February 2022 (2022 Grant), and on 22 August 2023 (2023 Grant).

The key terms and conditions related to the PSRs under the LTI Plan are as follows:

- The PSRs are granted for nil consideration and have a nil exercise price.
- The participant must remain an employee of the Group as at the relevant vesting date for each tranche of PSRs.
- The 2021 Grant and the 2022 Grant have three tranches with two separate performance hurdles applying to each tranche. The three tranches enable a third of the PSRs to vest after one year, two years and three years from the respective commencement dates for those grants of 1 January 2021 and 1 January 2022. For each tranche:
 - 50% of the PSRs are subject to a performance hurdle of the Company's rolling three year FFO growth equalling or exceeding the three year CPI growth to September immediately prior to the vesting date; and
 - 50% of the PSRs are subject to a performance hurdle of the Company's TSR outperforming the TSR of a property peer group (comprising other listed property issuers) over the period from the commencement date to the vesting date for the relevant tranche.
- For the 2023 Grant, there are three tranches with one performance hurdle applying to each tranche. The three tranches enable a third of the PSRs to vest after one year, two years and three years from the commencement date of 1 January 2023 for the grant. 100% of the PSRs are subject to a performance hurdle of the Company's TSR outperforming the TSR of a property peer group (comprising other listed property issuers) over the period from the commencement date to the vesting date for the relevant tranche.
- TSR is measured as the change in the value of an ordinary share from the commencement date to the vesting date for the relevant tranche of a grant (using a volume weighted average price over the 20 trading days prior to the commencement date and the vesting date) together with dividends or other distributions paid during the relevant measurement period.
- The TSR performance hurdle requires that PFI's TSR for the vesting period must rank equal or greater to 6th place against a property peer group. The members of the property peer group are Asset Plus Limited, Argosy Property Limited, Goodman Property Trust, Investore Property Limited, Kiwi Property Group Limited, Precinct Properties New Zealand Limited & Precinct Properties Investments Limited (stapled), Property for Industry Limited, Stride Property Limited & Stride Investment Management Limited (stapled) and Vital Healthcare Property Trust.

- The LTI Plan uses a progressive vesting scale for determining the percentage of PSRs that become eligible for vesting:
 - The percentage of PSRs under the 2021 Grant and 2022 Grant that become eligible for vesting is determined as follows:

% OF PSRS UNDER THE GRANT ELIGIBLE FOR VESTING	THREE YEAR ROLLING FFO GROWTH EQUALS OR EXCEEDS THE	PFI'S TSR PLACING EQUALS OR EXCEEDS THE TSR IN THE PROPERTY PEER GROUP PLACED
12.5%	-	6th
25%	Three year rolling CPI growth	5th
37.5%	Three year rolling CPI growth by 12.5 basis points	4th
50%	Three year rolling CPI growth by 25 basis points	3rd

- The percentage of PSRs under the 2023 Grant that become eligible for vesting is determined as follows:

% OF PSRS UNDER THE GRANT ELIGIBLE FOR VESTING	PFI'S TSR PLACING EQUALS OR EXCEEDS THE TSR IN THE PROPERTY PEER GROUP PLACED
25%	6th
50%	5th
75%	4th
100%	3rd

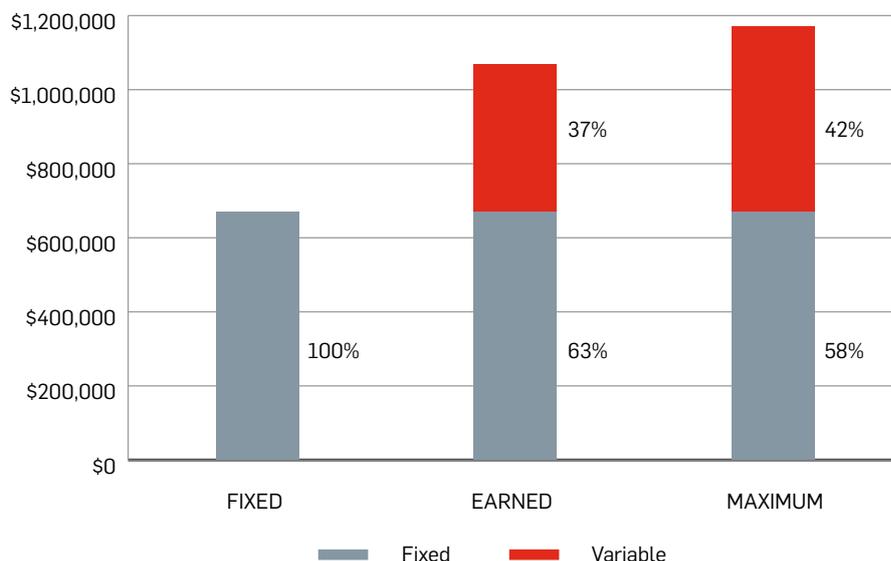
- On the vesting date, subject to achieving performance hurdles, each PSR entitles the Chief Executive Officer to one ordinary share. The LTI Plan is a dividend protected LTI Plan and the Chief Executive Officer will receive additional shares representing the value of dividends paid over the vesting period. The Chief Executive Officer is liable for tax on the shares received at this point but may elect to receive a net number of shares on exercise of the PSRs to account for the tax which is then paid by PFI on the Chief Executive Officer's behalf.

CEO REMUNERATION OUTCOMES

The following section sets out how the components of the Chief Executive Officer's remuneration applied in FY23.

Remuneration mix

The chart below illustrates the elements of the Chief Executive Officer's remuneration design for the year ended 31 December 2023:



Total FY23 CEO Remuneration

The Chief Executive Officer's total remuneration for the year ended 31 December 2023, along with the Chief Executive Officer's historical total remuneration, is as follows:

YEAR ENDING	FIXED REMUNERATION			PAY FOR PERFORMANCE				TOTAL REMUNERATION	
	SALARY	BENEFITS ¹	SUBTOTAL	STI		LTI ²			SUBTOTAL
				EARNED	AMOUNT EARNED AS A % OF MAXIMUM AWARD	EARNED	AMOUNT EARNED AS A % OF MAXIMUM AWARD		
31 December 2019	\$450,000	\$31,711	\$481,711	\$200,000	100%	\$71,810	100%	\$271,810	\$753,521
31 December 2020	\$500,000	\$30,824	\$530,824	\$225,000	100%	\$162,391	100%	\$387,391	\$918,215
31 December 2021	\$550,000	\$40,199	\$590,199	\$250,000	100%	\$238,164	100%	\$488,164	\$1,078,363
31 December 2022	\$576,640	\$44,939	\$621,579	\$263,250	100%	\$134,208	67%	\$397,458	\$1,019,037
31 December 2023	\$628,538	\$50,529	\$679,067	\$286,943	100%	\$115,137	57%	\$402,079	\$1,081,146

FY23 STI Outcomes (Earned)

A breakdown of the amount earned by the Chief Executive Officer for achievement of the FY23 STI key performance indicators is as follows:

	STI AWARDED		EARNED	% EARNED OF AWARDED
Leadership	15%	\$43,041	\$43,041	100%
Strategy	20%	\$57,389	\$57,389	100%
Portfolio	15%	\$43,041	\$43,041	100%
Operations	15%	\$43,041	\$43,041	100%
Earnings	25%	\$71,736	\$71,736	100%
Financial	10%	\$28,695	\$28,695	100%

(1) Benefits include KiwiSaver and insurance.

(2) The LTI amounts earned are based on the market value of the vested awards, being the number of PSRs vested multiplied by the closing PFI share price at the end of year.

FY23 LTI Outcomes (Vested)

The following tables track the Company's performance against the FFO and TSR performance hurdles in FY23 and show the percentage and number of shares vested. In FY23, grants made under the LTI Plan were subject to a TSR performance hurdle only (i.e. no grant of PSRs with an FFO performance hurdle).

The number of shares recorded as vested in each table are post-dividend protection but pre-tax.

Rolling three year FFO

The Company's rolling three year FFO growth against the three year CPI growth for the September immediately prior to the relevant vesting date, and the outcomes under the relevant tranches of the LTI Plan grants made to the CEO is as follows:

YEAR ENDED	GRANT	ROLLING 3 YEARS				% VESTED	TOTAL SHARES VESTED	CEO SHARES VESTED
		FFO GROWTH	CPI GROWTH	CPI GROWTH +12.5BPS	CPI GROWTH +25BPS			
31 December 2023	2021 Grant	1.6%	5.9%	6.1%	6.2%	0%	-	-
	2022 Grant	1.6%	5.9%	6.1%	6.2%	0%	-	-
	2023 Grant	N/A	N/A	N/A	N/A	N/A	N/A	N/A

TSR

The Company's TSR and the TSR of the property peer group over the relevant period and the outcomes under the relevant tranches of the LTI Plan grants made to the CEO is as follows:

YEAR ENDED	GRANT	PFI TSR	PFI RANKING	% VESTED	TOTAL SHARES VESTED	CEO SHARES VESTED
31 December 2023	2021 Grant	-15.4%	2	100%	28,427	12,318
	2022 Grant	-18.7%	4	75%	22,335	10,688
	2023 Grant	-1.5%	4	75%	64,055	28,166

Overall

Based on the achievement of the FFO and TSR performance hurdles outlined above, the outcomes at 31 December 2023 under the 2021 Grant, 2022 Grant and 2023 Grant were as follows:

PERFORMANCE HURDLES	GRANT	LTI WEIGHTING	WEIGHTED OUTCOME
Rolling three year FFO	2021	50%	0%
	2022	50%	0%
TSR	2021	50%	50%
	2022	50%	37.5%
	2023	100%	75%

PSRs granted to the CEO as at 31 December 2023

A summary of the outstanding PSRs granted to the Chief Executive Officer under the 2021 Grant, 2022 Grant and 2023 Grant as at 31 December 2023 is as follows:

PSR AWARD DATE	VESTING DATE	BALANCE OF PSRS AT 31 DECEMBER 2022 ³	AWARDED DURING THE REPORTING PERIOD		PSRS VESTED/LAPSED IN RELATION TO THE REPORTING PERIOD		SHARES ISSUED/TRANSFERRED IN RELATION TO THE REPORTING PERIOD			BALANCE OF PSRS AT 31 DECEMBER 2023 ¹
			PSRS AWARDED	MARKET PRICE AT AWARD	PSRS LAPSED	PSRS VESTED	SHARES TO BE ISSUED/TRANSFERRED BASED ON VESTING OUTCOMES ²	MARKET PRICE AT THE VESTING DATE	ISSUE / TRANSFER DATE	
22 Feb 2021	31 Dec 2023	22,414	0	N/A	11,207	11,207	12,318	\$27,716	26 Feb 2024	0
21 Feb 2022	31 Dec 2023 & 2024	53,248	0	N/A	16,640	9,984	10,688	\$24,048	26 Feb 2024	26,624
22 Aug 2023	31 Dec 2023, 2024 & 2025	0	108,537	\$255,060	9,045	27,134	28,166	\$63,373	26 Feb 2024	72,358

REMUNERATION BANDS

The following table notes the number of employees or former employees of the Company, not being directors of the Company, who, during FY23, received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum, in brackets of \$10,000:

REMUNERATION RANGE	FY23
\$100,001 - \$110,000	1
\$110,001 - \$120,000	2
\$120,001 - \$130,000	1
\$140,001 - \$150,000	1
\$150,001 - \$160,000	2
\$180,001 - \$190,000	2
\$190,001 - \$200,000	2
\$210,001 - \$220,000	1
\$270,001 - \$280,000	1
\$460,001 - \$470,000	1
\$890,001 - \$900,000	1
\$1,080,001 - \$1,090,000	1

Note: the above figures include LTI awards vested during the year based on the market value of the vested awards, being the number of PSRs vested multiplied by the closing PFI share price at the end of year.

(1) The balance of PSRs at 31 December 2022 and 31 December 2023 have been adjusted to reflect the lapse or eligibility for vesting of PSRs based on the achievement of performance hurdles as at those dates.

(2) The number of shares recorded as to be issued/transferred are post-dividend protection but pre-tax.

DIRECTOR REMUNERATION

Director remuneration arrangements

Director remuneration was approved by shareholders at the 2023 annual meeting on a role basis, and prior to that, Director fees were last adjusted by PFI at the 2021 annual meeting. Director fees are reviewed every second year by the Board in advance of the annual meeting with any adjustment put to shareholders for approval. No further increase is proposed to be sought at the 2024 annual meeting.

In setting the proposed Director remuneration put to shareholders at the 2023 annual meeting the Board considered the performance of the Company and the need to attract and retain directors of a strong calibre and commissioned an independent benchmarking review of the then current Directors' fees by Ernst & Young (EY). A summary of EY's report was made available prior to the 2023 annual meeting at which shareholders were asked to approve the current Director remuneration.

The table below sets out the Director remuneration that was approved by shareholders at the 2023 annual meeting:

ROLE	\$ PLUS GST (IF ANY)
Board Chair	175,000
Independent Director / Non-Executive Director	92,500
Audit and Risk Committee Chair	15,000
Audit and Risk Committee Member	7,500
People Committee Chair	13,500
People Committee Member	6,750
Hourly rates for abnormal and particularly time intensive projects or transactions outside the scope of typical Board work (note: use of this allowance will be capped at \$50,000 per annum.)	350 per hour

Other than as noted in this Annual Report, neither the Company nor its subsidiary have provided any other benefits to a Director for services as a Director or in any other capacity. Neither the Company nor its subsidiary have made loans to a Director or guaranteed any debts incurred by a Director. Directors do not qualify for any performance-based compensation. All Director remuneration is paid in cash and no PFI securities are issued to Directors as part of their remuneration.

Director remuneration outcomes

A breakdown of Board and Committee fees paid during FY23 are set out in the table below (exclusive of GST, if any). Please note that these do not match the table above, as the fees paid changed part way during the year at the 2023 annual meeting.

DIRECTOR	BASE FEE (\$000)	FEE FOR AUDIT & RISK COMMITTEE (\$000)	FEE FOR PEOPLE COMMITTEE (\$000)	TOTAL REMUNERATION RECEIVED (\$000)
Anthony Beverley	\$174,000	-	-	\$174,000
Angela Bull ¹	\$78,000	-	\$4,000	\$82,000
Carolyn Steele ²	\$92,000	\$15,000	-	\$107,000
David Thomson	\$92,000	\$7,000	\$6,000	\$105,000
Dean Bracewell ³	\$92,000	-	\$13,000	\$105,000
Gregory Reidy	\$92,000	-	-	\$92,000
Total	\$620,000	\$22,000	\$23,000	\$665,000

(1) Angela Bull was appointed to the Board on 20 February 2023 and was appointed as a People Committee member on 4 May 2023.

(2) Carolyn Steele served as the Chair of the Audit & Risk Committee during FY23.

(3) Dean Bracewell served as the Chair of the People Committee during FY23.

Principle Six: Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Risk Governance

PFI has established a Risk Management Framework to ensure that risks are managed within PFI's Board-approved risk appetite. The Risk Management Framework was last reviewed and approved by PFI's Board in November 2023. PFI has established the following responsibilities for risk governance:

ROLE	RESPONSIBILITY
Board	The Board is responsible for recognising and managing risk, including ensuring that effective audit, risk management and compliance systems are in place, and reviewing risk assessment policies and controls. It oversees the assessment of, management and reporting of key business risks, including climate-related risks.
Audit and Risk Committee (A&RC)	The A&RC supports the Board by providing a specific focus on risk and compliance matters, including providing risk oversight and ensuring an appropriate risk management framework is in place, appointing the external auditor and overseeing the internal control environment.
Senior Leadership Team	The Senior Leadership Team are responsible for promoting good risk practices by their teams and escalating risks to the Board when appropriate.
Staff	Every staff member is responsible for the identification, management and escalation of risks as part of their role.

Key Risks

The PFI Board considers that PFI has a robust risk assessment process. Risk assessments are carried out by the Management Team at least annually in accordance with PFI's Risk Management Framework. A risk assessment includes: identification of material risks; assessment of the consequences and likelihood of the risk; and development of controls to achieve a level of residual risk that is within PFI's Board-approved risk appetite.

The table below outlines some of PFI's key business risks following the latest refresh of its risk register, how these risks are managed, and a commentary on these risks for 2023.

RISK DESCRIPTION	HOW PFI MANAGES THE RISK	2023 COMMENTARY
<p>Economic and market risk: The risk of adverse changes in the economic environment, political environment or the broader investment market, impacting property values and income.</p>	<p>We monitor both wider economic conditions and the industrial property market through research and relationships with market participants. Quarterly reporting on market conditions is provided to the Board.</p>	<p>PFI has continued to carefully monitor the impacts of supply chain constraints, inflation, interest rates, geopolitical risk and other market challenges during 2023. PFI has responded early to address changing market conditions and has continued to deliver FFO and AFFO results that are broadly in line with the prior year.</p>
<p>Insurance risk: The risk of inability to obtain insurance cover, to failure to maintain sufficient insurance cover, leading to financial loss or a potential breach of covenants.</p>	<p>Insurance cover is monitored by the Management Team. Quarterly reporting on insurance is provided to the Board.</p>	<p>PFI has monitored difficult insurance market conditions during 2023, aggravated by inflation, heightened construction costs, and increased severity and frequency of climate-related weather events. PFI commenced work during 2023 to review the Company's approach to its insurance structure.</p>

RISK DESCRIPTION	HOW PFI MANAGES THE RISK	2023 COMMENTARY
<p>Strategic risk:</p> <p>The risk of failing to appropriately set, execute or adapt PFI's strategy (for example, failing to ensure portfolio optimisation or adapt to changing market preferences).</p>	<p>PFI's strategy is reviewed regularly by the Board and Management Team. Quarterly reporting on strategy implementation is provided to the Board.</p>	<p>Good progress was made during 2023 on the implementation of PFI's strategy as set out on pages 12-18 of this report. In particular, PFI commenced major brownfields development projects at 30-32 Bowden Road and 78 Springs Road, which are on track to achieve 5 Green Star certification.</p>
<p>Health, safety and wellbeing risk:</p> <p>The risk of failing to manage health, safety and wellbeing hazards at a PFI property.</p>	<p>Health, safety and wellbeing risks are actively managed by PFI's health and safety committees. A wide variety of risk mitigants are in place, including monitoring visits and proactive responses to the identification of potential hazards.</p>	<p>Continuous improvement of PFI's health, safety and wellbeing management has been a key focus during 2023. PFI has experienced an increase in near misses attributable to increased construction activity. However, incidents and near misses continue to be well managed. Further information on health, safety and wellbeing can be found in the Sustainability section of this Annual Report.</p>
<p>Financial performance risk:</p> <p>The risk of financial performance not being managed to expectations.</p>	<p>PFI has a wide suite of controls for this risk, including a delegations policy, analytical reviews, forecasting, budgeting, and proactive management.</p>	<p>PFI continued to carefully and successfully manage its financial performance risk as outlined on pages 3-9.</p>

PFI also completes annual climate-related risk assessments. The risks identified through this assessment are embedded in a range of risks on PFI's risk register, including economic and market risk, emerging regulation risk and physical damage risk.

Principle Seven: Auditors

The Board should ensure the quality and independence of the external audit process.

Together with the Audit and Risk Committee (see Principle Three), the Board is responsible for establishing the Company's audit framework and ensuring that communication is maintained with external auditors or accountants. Annexed to the Audit and Risk Committee Charter is a separate Policy on Audit Independence, which covers the provision of services by external auditors.

Under the policy, it is the Audit and Risk Committee's role to approve the appointment of PFI's external auditors and assess PFI's internal controls and systems that support external financial reporting.

PFI's external auditors are subject to a rotation system, which requires the external auditor or lead audit partner to change every five years. There is also a mandatory stand down period before those partners can next be engaged by PFI. Neither will a former Independent Contractor or employee of PFI be engaged in an external audit role within two years of ceasing to be employed by PFI.

The external auditor attends PFI's Annual Meeting each year to answer any questions relating to the audit.

The Audit and Risk Committee must pre-approve all audit services, as well as all non-audit services provided by the auditor. The Policy on Audit Independence sets out a number of principles to guide the committee in assessing whether the services could be perceived as conflicting with the independent role of the auditor. To illustrate, approval will not be granted to produce financial statements (such that they might be perceived as auditing their own work), implement financial systems, or perform any function of management. This ensures that there is a clear separation between internal and external audit roles. The Audit and Risk Committee monitors, and may limit, the amount of non-audit related work being undertaken by the firm holding office as auditor, if that work may, in its opinion, impair the independence of the external auditor.

PFI does not have an internal audit function. The process it employs for evaluating and continually improving the effectiveness of its risk management and internal processes can be found in the section entitled Principle Six: Risk Management.

Principle Eight: Shareholder Rights & Relations

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

PFI encourages an open dialogue with its shareholders and stakeholders. The Corporate Governance Manual, annual report, financial information, and all NZX announcements are available on the Company's website. PFI's FY23 Climate-related Disclosures report will be made available on the Company's website by 30 April 2024. PFI shareholders are encouraged to receive shareholder communications electronically.

In respect of voting rights, PFI shareholders have one vote per share they hold in PFI, and will have the right to vote on major decisions which may change the nature of PFI in accordance with the NZX Listing Rules.

In order for shareholders to fully participate in meetings, the Board endeavours to post the annual shareholders' notice of meeting on PFI's website as soon as possible and at least 20 working days prior to the meeting. In 2023, a hybrid annual meeting was held (providing for both virtual and in-person attendance), allowing wider participation by shareholders.

OTHER MATTERS

Directors' Interests Register

During the year, the Board authorised the renewal of the Directors' and Officers' insurance cover as at 30 June 2023 for a period of 12 months and has certified, in terms of section 162 of the Companies Act 1993, that this cover is fair to the Company.

As permitted by the Company's constitution and the Companies Act 1993, the Company has also executed a deed indemnifying its Directors against potential liabilities and costs they may incur for acts or omissions in their capacity as Directors of the Company and its subsidiary.

Please refer to the Directors' Relevant Interests section above for information regarding the acquisition and disposal of relevant interests in the Company's financial products by its Directors.

No Director has sought authorisation to use Company information.

Section 140(1) of the Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity. The following are details of Directors' general disclosures entered in the Interests Register for the Company during the 12 months ending 31 December 2023. Any entry added by notices given by the Directors during the year ended 31 December 2023 is denoted with a *. Any entry removed by notices given by the Directors during the year ended 31 December 2023 is denoted with a ~.

DIRECTOR	POSITION	COMPANY
Angela Bull	Director	Vital Healthcare Property Trust*
	Director	Northwest Healthcare Properties Management Limited*
	Director	Foodstuffs South Island Limited*
	Director	Foodstuffs (South Island) Properties Limited*
	Director	Foodstuffs (N.Z.) Limited*
	Director	Realestate.co.nz Limited*
	Director	Bayley Corporation Limited*
	Director	Fulton Hogan Limited*
	Director	Fulton Hogan Land Development Limited*
	Director	Stevenson Concrete Limited*
	Director	Stevenson Aggregates Limited*
	Director	Murdoch Manufacturing Limited*
	Trust Board member	St Cuthbert's College*
	Board member	Property Council of New Zealand *~
Director	Real Estate Institute of New Zealand *~	
Chief Executive	Tramco Group *~	
Anthony Beverley	Director; Chair of Board	Arvida Group Limited
	Director and Shareholder	DC One H1 Limited*
	Director and Shareholder	DC One H2 Limited*
	Director and Shareholder	Dryland Native Limited*
	Director and Shareholder	Dryland Manuka Limited*
	Director and Shareholder	Dryland Carbon Limited*
	Director and Shareholder	Carbon Systems (NZ) Limited*
Director and Shareholder	Glazebrook Capital Limited*	

DIRECTOR	POSITION	COMPANY
Carolyn Steele	Director; Chair of Audit and Risk Committee	Green Cross Health Limited
	Director; Chair of Audit and Risk Committee	WEL Networks Limited
	Director	Newpower Energy Limited (subsidiary of WEL Networks Limited)*
	Director	Newpower Energy Services Limited (subsidiary of WEL Networks Limited)*
	Director	Infratec New Zealand Limited (subsidiary of WEL Networks Limited)*
	Director; Investment Committee Member	Oriens Capital GP 2 Limited
	Director; Chair of Audit and Risk Committee	Vulcan Steel Limited
	Director; Chair of Board	Halberg Foundation
Dean Bracewell	Director	Tainui Group Holdings Limited
	Executive Board Member	Halberg Foundation
	Director and Shareholder	Ara Street Investments Limited
	Director	Air New Zealand Limited
	Director	Port of Tauranga Limited
	Director and Shareholder	Dean Bracewell Limited*
Gregory Reidy	Director and Shareholder	Reidy & Co Limited
	Director and Shareholder	Reidy & Co and Haydn & Rollett Limited*
	Director and Shareholder	Resident Properties Limited
	Director and Shareholder	Area Management Limited
	Trustee	Grammar Rugby Incorporated
	Director	MSR GP Limited (as General Partner of MSR Limited Partnership)
	Director and Shareholder	Ardea Properties Limited
	Director and Shareholder	Ronwood Capital Limited*
	Director	RWP LP Limited*
Shareholder	Ergon Properties Limited*	

Other than noted in this report, there were no other interest register entries recorded for the Company or its subsidiary for the year ended 31 December 2023.

Donations

The Company made the following donations during 2023:

- \$5,250 to Vodafone and Te Rourou, Vodafone Aotearoa Foundation fundraising campaign to assist the Auckland City Mission flood relief.
- \$10,000 to New Zealand Red Cross to help emergency management agencies to deliver vital assistance in response to Cyclone Gabrielle.
- \$1,500 to The Gut Foundation NZ to support their efforts to promote research and education of gut diseases and disorders.
- \$2,500 donation to LIFE Community's Christmas Box campaign to help feed families in need over Christmas.
- \$5,000 donation to the Cancer Society to support their cause.

The Company is a sponsor of the Keystone New Zealand Property Education Trust and paid the Trust \$10,000 by way of sponsorship during the year.

The subsidiary did not make any donations during the year.

Substantial Product Holders as at 31 December 2023

As at 31 December 2023, the total number of ordinary shares on issue was 502,129,313. The Company has only ordinary shares on issue.

The persons, who, for the purposes of section 293 of the Financial Markets Conduct Act 2013, were substantial product holders as at 31 December 2023 are:

SECURITY HOLDER	NO. OF SHARES WHEN NOTICE WAS FILED	% WHEN NOTICE WAS FILED
ANZ New Zealand Investments Limited, ANZ Bank New Zealand Limited and ANZ Custodial Services New Zealand Limited	41,932,219	8.328%
Accident Compensation Corporation (ACC)	37,489,726	7.425%

Details of Dividends Paid

The following dividends have been paid by the Company in the past two financial years:

DIVIDENDS	DATE PAID	CENTS PER SHARE	TOTAL PAID 2023 \$000	TOTAL PAID 2022 \$000
Q4 2021 final dividend	9 March 2022	2.45		12,388
Q1 2022 interim dividend	24 May 2022	1.80		9,100
Q2 2022 interim dividend	7 September 2022	1.80		9,087
Q3 2022 interim dividend	22 November 2022	1.85		9,311
Q4 2022 final dividend	8 March 2023	2.65	13,306	
Q1 2023 interim dividend	23 May 2023	1.95	9,790	
Q2 2023 interim dividend	7 September 2023	1.95	9,792	
Q3 2023 interim dividend	22 November 2023	1.95	9,792	
Total dividends per statement of changes in equity			42,680	39,886

NZX Waivers

The Company did not rely on any NZX waivers during 2023.

20 LARGEST REGISTERED SHAREHOLDERS AS AT 31 JANUARY 2024

HOLDER	HOLDING	% HOLDING
Custodial Services Limited	65,173,669	12.98%
Accident Compensation Corporation - NZCSD	39,058,529	7.78%
FNZ Custodians Limited	27,546,904	5.49%
ANZ Wholesale Trans-Tasman Property Securities Fund - NZCSD	25,586,457	5.10%
BNP Paribas Nominees (NZ) Limited - NZCSD	23,192,595	4.62%
New Zealand Depository Nominee Limited	15,919,512	3.17%
Forsyth Barr Custodians Limited	15,777,841	3.14%
Citibank Nominees (New Zealand) Limited - NZCSD	12,819,774	2.55%
Tea Custodians Limited, Client Property Trust Account - NZCSD	11,999,847	2.39%
HSBC Nominees (New Zealand) Limited - NZCSD	11,116,643	2.21%
Investment Custodial Services Limited	7,861,065	1.57%
Messrs. Wildermoth and Young, Ms. Wildermoth and MGI Trustees WF Limited	6,948,605	1.38%
PT (Booster Investments) Nominees Limited	6,427,384	1.28%
ANZ Wholesale Property Securities - NZCSD	6,164,590	1.23%
MFL Mutual Fund Limited - NZCSD	6,024,885	1.20%
Admins Custodial Nominees Limited	5,578,474	1.11%
Mr. Mckee and Ms. Mckee	5,566,373	1.11%
JBWere (NZ) Nominees Limited	5,469,921	1.09%
Simplicity Nominees Limited	4,772,114	0.95%
Masfen Securities Limited	4,767,744	0.95%
Shares held by top 20 shareholders	307,772,926	61.29%
Balance of shares	194,356,387	38.71%
Total of issued shares	502,129,313	100.00%

SHAREHOLDER STATISTICS

SHAREHOLDER SPREAD AS AT 31 JANUARY 2024

ORDINARY SHARES	NUMBER OF HOLDERS	HOLDING	% HOLDING
Up to 4,999	1,258	3,139,730	0.63%
5,000 - 9,999	1,028	7,298,845	1.45%
10,000 - 49,999	2,032	42,828,191	8.53%
50,000 - 99,999	298	19,818,327	3.95%
100,000 - 499,999	257	51,754,856	10.31%
500,000 and above	80	377,289,364	75.13%
	4,953	502,129,313	100.00%

GEOGRAPHICAL SPREAD AS AT 31 JANUARY 2024

ORDINARY SHARES	HOLDING	% HOLDING
Auckland & Northern Region	269,659,274	53.71%
Hamilton & Surrounding Districts	112,997,789	22.50%
Wellington & Central Districts	78,204,292	15.57%
Dunedin & Southland	25,782,239	5.13%
Nelson, Marlborough & Christchurch	13,091,474	2.61%
Overseas	2,394,245	0.48%
Total	502,129,313	100.00%

20 LARGEST REGISTERED BONDHOLDERS AS AT 31 JANUARY 2024

HOLDER	PFI 010 HOLDING	PFI010 % HOLDING	PFI 020 HOLDING	PFI020 % HOLDING
Custodial Services Limited	22,993,000	22.99%	34,211,000	34.21%
Forsyth Barr Custodians Limited	20,138,000	20.14%	16,310,000	16.31%
FNZ Custodians Limited	9,303,000	9.30%	11,352,000	11.35%
Citibank Nominees (New Zealand) Limited - NZCSD	-	0.00%	10,037,000	10.04%
NZPT Custodians (Grosvenor) Limited - NZCSD	8,267,000	8.27%	780,000	0.78%
Tea Custodians Limited Client Property Trust Account - NZCSD	5,598,000	5.60%	3,210,000	3.21%
HSBC Nominees (New Zealand) Limited - NZCSD	4,075,000	4.08%	3,920,000	3.92%
Investment Custodial Services Limited	2,200,000	2.20%	1,198,000	1.20%
Generate Kiwisaver Public Trust Nominees Limited	2,000,000	2.00%	5,813,000	5.81%
Hobson Wealth Custodian Limited	1,731,000	1.73%	1,499,000	1.50%
Forsyth Barr Custodians Limited	1,216,000	1.22%	826,000	0.83%
Public Trust - NZCSD	1,130,000	1.13%	-	0.00%
FNZ Custodians Limited	955,000	0.96%	567,000	0.57%
Westpac Banking Corporate NZ Financial Markets Group - NZCSD	892,000	0.89%	391,000	0.39%
Forsyth Barr Custodians Limited	842,000	0.84%	430,000	0.43%
JBWere (Nz) Nominees Limited	839,000	0.84%	-	0.00%
JML Capital Limited	-	0.00%	600,000	0.60%
Sandore Limited	500,000	0.50%	-	0.00%
Mr. Werner and Ms. Werner	418,000	0.42%	-	0.00%
NZX WT Nominees Limited	385,000	0.39%	-	0.00%
Hobson Wealth Custodian Limited	375,000	0.38%	-	0.00%
FNZ Custodians Limited	350,000	0.35%	-	0.00%
Kiwigold.co.nz Limited	-	0.00%	300,000	0.30%
Dunedin Diocesan Trust Board	-	0.00%	250,000	0.25%
Custodial Services Limited	-	0.00%	210,000	0.21%
Woolf Fisher Trust Incorporated	-	0.00%	184,000	0.18%
Custodial Services Limited	-	0.00%	178,000	0.18%
Bonds held by top 20 Bondholders	84,207,000	84.21%	92,266,000	92.27%
Total Remaining Holders Balance	15,793,000	15.79%	7,734,000	7.73%
Total of issued Bonds	100,000,000	100.00%	100,000,000	100.00%

BONDHOLDER STATISTICS**BONDHOLDER SPREAD: PFI010** AS AT 31 JANUARY 2024

BONDS	NO. OF HOLDERS	HOLDING	% HOLDING
5,000 - 9,999	66	357,000	0.36%
10,000 - 49,999	407	7,613,000	7.61%
50,000 - 99,999	46	2,758,000	2.76%
100,000 - 499,999	41	6,593,000	6.59%
500,000 - 999,999	5	4,028,000	4.03%
1,000,000 and above	11	78,651,000	78.65%
Total	576	100,000,000	100.00%

BONDHOLDER SPREAD: PFI020 AS AT 31 JANUARY 2024

BONDS	NO. OF HOLDERS	HOLDING	% HOLDING
5,000 - 9,999	39	223,000	0.22%
10,000 - 49,999	199	4,100,000	4.10%
50,000 - 99,999	28	1,511,000	1.51%
100,000 - 499,999	24	3,843,000	3.84%
500,000 - 999,999	4	2,773,000	2.77%
1,000,000 and above	9	87,550,000	87.56%
Total	303	100,000,000	100.00%

GRI INDEX

DISCLOSURE TITLE	GRI	LOCATION / INFORMATION
General Disclosures		
Organisational details	2-1	Property for Industry Limited (PFI); https://www.propertyforindustry.co.nz/about-pfi/ ; https://www.propertyforindustry.co.nz/contact-us/ ; New Zealand.
Entities included in the organisation's sustainability reporting	2-2	PFI is comprised of a single holding parent company, Property for Industry Limited (PFI) and a subsidiary company, P.F.I. Property No. 1. For the purposes of reported information, there is no difference between PFI and P.F.I. Property No. 1.
Reporting period, frequency and contact point	2-3	1 January 2023 to 31 December 2023; annual reporting frequency (both financial and sustainability reporting); Publication date is 26 February 2024. PFI intends to change its balance date from 31 December to 30 June. PFI's next annual report will reflect a six-month period to 30 June 2024. Thereafter, PFI will report interim financial statements as at 31 December and an annual report as at 30 June. PFI does not intend to release a full sustainability report for the six-month period to 30 June 2024. The next full sustainability report will be released in the annual report for the period ending 30 June 2025. Contact point: info@pfi.co.nz
Restatements of information	2-4	There have been no restatements of information made from previous reporting periods.
External assurance	2-5	PwC Audit Report, pages 68-70; PFI's sustainability reporting has not been externally assured for 2023. We did, however, receive an external quality review of our carbon footprint from Ekos.
Activities, value chain and other business relationships	2-6	PFI operates in the property sector. Sustainability Report, pages 19-27. PFI's business relationships include a number of tenants, partners and suppliers, most notably our construction partners. There were a number of changes to PFI's business relationships during 2023 due to the transition to an in-house facilities management model, whereby PFI now works with repairs and maintenance contractors directly (rather than through a third-party facilities management provider).
Employees	2-7	Company Structure and Statutory Information – Diversity and Inclusion, page 79; Sustainability Report – People and Wellbeing, pages 26-27; At 31 December 2023, we had a team of 22 permanent staff (11 male and 11 female) based in Auckland, and 2 contractors. This information is obtained in the recruitment process and maintained in personnel records.
Workers who are not employees	2-8	PFI relies on a wide range of contractors (including construction and repairs and maintenance contractors) and occasionally employs temporary staff for a number of its activities.
Governance structure and composition	2-9	Company Structure and Statutory Information – Board Composition and Performance, pages 76-79.
Nomination and selection of the highest governance body	2-10	Company Structure and Statutory Information – Board Composition and Performance, pages 76-79.

DISCLOSURE TITLE	GRI	LOCATION / INFORMATION
Chair of the highest governance body	2-11	The Chair of the Board is not a senior executive in the organisation; Company Structure and Statutory Information – Board Composition and Performance, pages 76-79.
Role of the highest governance body in overseeing the management of impacts	2-12	PFI Board and Committee Charters: https://www.propertyforindustry.co.nz/about-pfi/governance/
Delegation of responsibility for impacts	2-13	PFI's senior leadership team is responsible for executing PFI's sustainability strategy (which is designed to address PFI's impacts) and reports progress to the Board on a quarterly basis.
Role of highest governance body in sustainability reporting	2-14	PFI Board and Committee Charters: https://www.propertyforindustry.co.nz/about-pfi/governance/
Conflicts of interest	2-15	PFI Code of Ethics: https://www.propertyforindustry.co.nz/about-pfi/governance/
Communication of critical concerns	2-16	PFI Code of Ethics: https://www.propertyforindustry.co.nz/about-pfi/governance/ ; There were no critical concerns communicated to the Board during the reporting period ended 31 December 2023.
Collective knowledge of the highest governance body	2-17	Sustainability is an agenda item at quarterly Board meetings.
Evaluation of the performance of the highest governance body	2-18	Company Structure and Statutory Information - Board Composition and Performance, pages 76-79; PFI People Committee Charter: https://www.propertyforindustry.co.nz/about-pfi/governance/ .
Remuneration policies	2-19	PFI People Committee Charter: https://www.propertyforindustry.co.nz/about-pfi/governance/ ; Company Structure and Statutory Information - Remuneration, pages 82-90.
Process to determine remuneration	2-20	PFI People Committee Charter: https://www.propertyforindustry.co.nz/about-pfi/governance/ ; Company Structure and Statutory Information - Remuneration, pages 82-90.
Annual total compensation ratio	2-21	PFI has not disclosed data on compensation ratios due to privacy considerations. We will review this disclosure in FY25.
Statement on sustainable development strategy	2-22	Sustainability Report, pages 19-27.
Policy commitments	2-23	PFI Code of Ethics: https://www.propertyforindustry.co.nz/about-pfi/governance/
Embedding policy commitments	2-24	Sustainability Report – People and Wellbeing, pages 26-27.
Processes to remediate negative impacts	2-25	Sustainability Report – 2030 Strategy, page 20.
Mechanisms for seeking advice and raising concerns	2-26	PFI Code of Ethics: https://www.propertyforindustry.co.nz/about-pfi/governance/
Compliance with laws and regulations	2-27	PFI has had no significant instances of non-compliance during 2023.
Membership associations	2-28	New Zealand Green Building Council, Property Council of New Zealand.
Approach to stakeholder engagement	2-29	Sustainability Report, pages 19-27; Company Structure and Statutory Information, pages 74-98.
Collective bargaining agreements	2-30	None of PFI's employees are covered by collective bargaining agreements, and all employee working conditions and terms of employment are determined irrespective of the collective bargaining agreements from other organisations.

DISCLOSURE TITLE	GRI	LOCATION / INFORMATION
Material Topics		
Process to determine material topics	3-1	During 2022, PFI worked with a range of stakeholders including employees, suppliers, investors and funders to seek their views on our organisation's impacts and direction going forward. With the help of sustainability specialists, Proxima, we conducted an impact assessment to review PFI's actual and potential impacts on people and planet along the company's value chain. Impacts were given a numerical ranking based on their relative significance, which considers severity and likelihood. Impacts falling in the bottom 30% were deemed immaterial for reporting purposes. Material topics were determined through engagement with stakeholders and internal workshops.
List of material topics	3-2	Greenhouse gas emissions; Resources and waste; Disaster and climate resilience; People and wellbeing; Economic value.
Greenhouse Gas Emissions		
Management of material topics	3-3	Sustainability Report – Greenhouse Gas Emissions, pages 21-26.
Direct (Scope 1) GHG emissions	305-1	Sustainability Report – Greenhouse Gas Emissions, <i>Our carbon footprint</i> , page 21.
Energy indirect (Scope 2) GHG emissions	305-2	Sustainability Report – Greenhouse Gas Emissions, <i>Our carbon footprint</i> , page 21.
Other indirect (Scope 3) GHG emissions	305-3	Sustainability Report – Greenhouse Gas Emissions, <i>Our carbon footprint</i> , page 21.
Reduction of GHG emissions	305-5	Sustainability Report – Greenhouse Gas Emissions, pages 21-26.
Economic Value		
Management of material topics	3-3	Sustainability Report – Economic Value, page 27.
Direct economic value generated and distributed	201-1	Financial Statements, pages 30-67.
Financial implications and other risks and opportunities due to climate change	201-2	Sustainability Report, pages 19-27; Notes to the Financial Statements – The impact of climate change, page 49.
Significant indirect economic impacts	203-2	Sustainability Report – Economic Value, page 27.
Resources and Waste		
Management of material topics	3-3	Sustainability Report – Resources and Waste, page 26.
Waste generation and significant waste-related impacts	306-1	Sustainability Report – Resources and Waste, page 26.
Management of significant waste-related impacts	306-2	Sustainability Report – Resources and Waste, page 26.
Waste generated	306-3	Omission: PFI is collaborating with suppliers to estimate total generated waste from developments and refurbishments and its composition. We expect to have initial estimates in the next two years.
People and Wellbeing		
Management of material topics	3-3	Sustainability Report – People and Wellbeing, pages 26-27.
Occupational health and safety management system	403-1	Sustainability Report – People and Wellbeing, pages 26-27.
Promotion of worker health	403-6	Sustainability Report – People and Wellbeing, pages 26-27.

DISCLOSURE TITLE	GRI	LOCATION / INFORMATION
Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7	Sustainability Report – People and Wellbeing, pages 26-27.
Work-related injuries	403-9	Sustainability Report – People and Wellbeing, pages 26-27.
Diversity of governance bodies and employees	405-1	Company Structure and Statutory Information – Diversity and Inclusion, page 79. PFI does not collect data on age and other diversity indicators due to the small team size.
Disaster and Climate Resilience		
N/A	N/A	Sustainability Report – Disaster and Climate Resilience, page 26. Disaster and Climate Resilience is a topic of strategic importance to PFI. However, Disaster and Climate Resilience does not trigger specific topic disclosures under the GRI Standards.

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Savills (NZ) Limited

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CALENDAR

2024

FEBRUARY

- FY23 Full-year announcement
- FY23 Annual report released

MARCH

- FY23 Final dividend payment

APRIL

- Annual meeting
- FY23 Climate-related Disclosures released

MAY

- FY24 First-quarter announcement
- FY24 First-quarter dividend payment

AUGUST

- FY24 Full-year announcement
- FY24 Annual report released

SEPTEMBER

- FY24 Final dividend payment
- FY24 Climate-related Disclosures released

OCTOBER

- Annual meeting

NOVEMBER

- FY25 First-quarter announcement
- FY25 First-quarter dividend payment

2025

FEBRUARY

- FY25 Half-year announcement
- FY25 Interim financial statements released

MARCH

- FY25 Half-year dividend payment

This Annual Report is dated 26 February 2024 and signed on behalf of the Board by:

Anthony Beverley
Chair, Board of Directors

Carolyn Steele
Chair, Audit and Risk Committee



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