

MARKET UPDATE

Property for Industry Limited (PFI, the Company) is pleased to provide the following market update.

45 Cryers Road, East Tamaki Acquisition

PFI is pleased to announce the acquisition of a ~5,000sqm site on 45 Cryers Road in East Tamaki, Auckland (the Property) for \$6.7 million. Simultaneously with the acquisition, PFI is also pleased to announce 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, a ~1.4ha corner site adjoining the Property, 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 will be enlarged to ~2.0ha and the lease term will increase from ~3.4 years to ~9.4 years.

PFI is acquiring the Property on a vacant possession basis after the vendor completes works to return the site to a metalled yard. Settlement is expected to take place February 2024, and the combined acquisition and new lease are expected to be accretive to net tangible assets and, in the short term, neutral to earnings.

In the longer term, the acquisition allows PFI the option to build a significantly larger warehouse on the Property, given the ability to offer drive-through access to the neighbouring PFI-owned property.

11 Sheffield Street, Blenheim Divestment

Further to the announcement on 4 December 2023, PFI has now settled the divestment of the Company's 11 Sheffield Street property in Riverlands, Blenheim.

Year-End Investment Property Valuations

PFI also announces an expected decrease from independent valuations in the value of its property portfolio for the six months ended 31 December 2023 of approximately \$83 million or 4%. When combined with the \$55 million or 5% decrease recognised in the six months to 30 June 2023, an annual decrease of approximately \$138 million or 6% is expected to result in PFI's portfolio of 92 properties¹ being valued at approximately \$2.005 billion at the end of 2023.

As a result of portfolio activity and the valuation process, excluding brownfield development properties², PFI's passing yield has softened by around 0.20% to 4.93% (was 4.73% as at 30 June 2023, 4.50% as at 31 December 2022) and PFI's portfolio market capitalisation rate has softened by around 0.24% to 5.75% (was 5.51% as at 30 June 2023, 5.00% as at 31 December 2022). An independent market rental assessment of the entire portfolio was completed as part of the valuation process, this assessment estimates that PFI's portfolio is around 18% under-rented (was 16% as at 30 June 2023, 11% as at 31 December 2022).

The Company's Net Tangible Assets per share is expected to decrease by around 16 cents (was 288 cents per share as at 30 June 2023, 299 cents per share as at 31 December 2022).

Independent valuers Bayleys, CBRE, Colliers International, Jones Lang LaSalle and Savills carried out the valuations, which remain subject to finalisation, including Board approval and audit.

¹ After the divestment of 11 Sheffield Street, Blenheim.

² Being 30-32 Bowden Road, Mount Wellington and 78 Springs Road, East Tamaki.

The final independent valuation outcome will be confirmed in the results for the financial year ended 31 December 2023, which will be announced on Monday, 26 February 2024.

NZ\$25 million Drawdown on PGIM, Inc Facility

PFI also announces that it has made an initial NZ\$25 million drawdown on the Company'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 Company's syndicated bank facility C, which is provided solely by BNZ and expires on 31 March 2025, reducing that facility to \$100 million.

Balance Date Change

Finally, subject to customary approvals, PFI intends to change the balance date for the group of companies from 31 December to 30 June. Once approvals have been granted, following the annual report for the 12-month period to 31 December 2023, 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.

ENDS

ABOUT PFI & CONTACT

PFI is an NZX listed property vehicle specialising in industrial property. PFI's nationwide portfolio of 92 properties is leased to 127 tenants.

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