

## PRESENTATIONS TO THE PROPERTY FOR INDUSTRY ANNUAL MEETING

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**At 1.00pm on Wednesday, 23 October 2024**

**<< Slide 1: WELCOME TO THE FP24 PFI ANNUAL MEETING >>**

**<< Dean Bracewell>>**

Good afternoon, my name is Dean Bracewell, and I am the Chair of the Board of Directors of PFI.

Welcome to the thirty first Annual Meeting of PFI and thank you for your attendance today. I record that the Notice of Meeting was sent to shareholders on Monday 16 September 2024 and we have a quorum present, so let's get underway.

Given the very short agenda and the fact that this is PFI's second Annual Meeting of the calendar year following our change of balance date earlier in 2024, we are holding this meeting as a virtual meeting. With an expected return to a single Annual Meeting and a fuller agenda next year, we plan to revert to a hybrid meeting, meaning that participants will be able to attend both in person, and virtually.

In order for this virtual meeting to run smoothly, I would like to confirm how questions and answers, and voting will work.

First, let's deal with the procedure around questions and answers. I confirm that any shareholder or appointed proxy is eligible to ask questions.

If you would like to submit a question, the Q&A facility is always open so please feel free to submit questions throughout the meeting, and these will be addressed at the relevant time.

We will try to get to as many of the questions as possible, but not all questions may be able to be answered during the meeting. In this case, questions will be followed up after the meeting.

The second key procedure is voting.

We will open the virtual poll now, to give you plenty of time to vote on today's single resolution. The resolution relates to the remuneration of the company's auditors, which I will discuss in more detail later in the meeting. If you are eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. You can change your vote, up until the time I declare voting closed.

I now declare that voting is open on the single item of business. I will give you a warning before I move to close voting.

Should you require any assistance with asking questions or voting, you can type your query into the "Q&A" tab at any time and one of the Computershare team will assist you. Alternatively, you can call Computershare on 0800-650-034 and ask to speak to one of the administrators supporting the PFI Annual Meeting.

## **<< Slide 2: AGENDA >>**

Here is the agenda.

I will start with a few remarks, before handing over to our CEO, Simon Woodhams.

You will then have the opportunity to ask questions or to make comments about the materials presented, or the financial statements and auditor's report.

Then we will move to the resolution that we would like you to approve. There will be an opportunity for discussion of the resolution at this point in the meeting.

Following the resolution, we will finish with a further opportunity for questions and answers when we get to general business.

## **<< Slide 3: BOARD PRESENTATION >>**

Before we get into the substance of today's presentations, I would like to point out that during the course of our presentations, we will be referring to results for the six months ended 30 June 2024, as the "FP24" results.

FP24 is a six-month "full year" financial period, as opposed to the usual 12-month "full year" financial period presented in an annual report, due to the change in PFI and its

subsidiaries' balance date from 31 December to 30 June.

In order to provide a useful basis for comparison, throughout this presentation, the results for FP24 have been compared to the unaudited interim six-month results from 1 January to 30 June 2023, which is referred to as the “prior comparable period”, unless otherwise noted.

**<< Slide 4: INTRODUCTIONS >>**

Let me start with some introductions. With me here in the room today are:

- **Simon Woodhams**, Chief Executive Officer,
- **Angela Bull**, Independent Director,
- **Anthony Beverley**, Independent Director,
- **Carolyn Steele**, Independent Director,
- **David Thomson**, Independent Director,
- **Jeremy Simpson**, Independent Director, and finally
- **Craig Peirce**, Chief Finance and Operating Officer.

We also have several other members of the PFI team in the room here with us, and welcome representatives from our auditors, PricewaterhouseCoopers, our legal counsel, Chapman Tripp, our bond supervisor, Public Trust, and our share registrar, Computershare, to the meeting today.

At our Annual Meeting held earlier this year, my fellow director Anthony Beverley presented several changes to the Board, in line with PFI's carefully thought-out succession planning process.

One of those changes was Anthony's retirement as Chair of PFI. I am very pleased that Anthony remains on the Board as an Independent Director, and I am privileged to take on the Chair's position, with this being my first Annual Meeting as Chair of PFI.

**<< Slide 5: CHAIR'S ADDRESS >>**

As I reflect on the six months to 30 June 2024, there are two themes that I wish to share with shareholders today.

The first theme is the Board's steadfast conviction in the industrial property sector, the assets in which we are invested and the capability of PFI's talented Management Team and experienced Board.

There is no denying that it has been a challenging economic environment, and many New Zealand businesses have been doing it tough recently. But industrial property is an asset class that has continued to perform in the face of a challenging operating environment, supported by low levels of vacancy and cumulative market rental growth of over 30% in the previous three years.

Just as importantly, PFI has a very strong portfolio of existing assets in great locations, with high quality tenants, and a clear strategy to unlock further growth well into the future.

We see this source of growth as being largely two-fold. Firstly, with significant under-renting in PFI's existing portfolio providing embedded growth in revenues, and secondly, projects like Bowden Road, Springs Road and Spedding Road representing strategic opportunities for PFI to develop high quality, 5 Green Star rated industrial estates in highly desirable industrial precincts.

While our developments continue at pace and we undertake rigorous rent review processes on dates agreed with our tenants, we are also aware that in this market, strategic opportunities can present themselves from time to time. On this note, our highly experienced Management Team closely monitor the market for opportunities that have the ability to add continued value to PFI.

The second sentiment I wish to share is that in spite of trying wider economic conditions, PFI has continued to deliver for its investors during FP24. Simon will provide a more detailed overview of our results, but at a topline level, PFI continues to manage a very significant and robust industrial portfolio comprised of 91 properties with an aggregate valuation of over \$2 billion, 126 tenants, a 98.6% occupancy rate and a weighted average lease term of 5.07 years.

In parallel, a huge amount of work has gone into executing on PFI's capital management and sustainability strategies. Simon will also touch on these areas in more detail, but the work that has been done in recent times has further strengthened our foundations, giving us confidence to front foot both the opportunities and challenges that will present in the future.

As a Board and Management Team, we are looking firmly to the future and believe that

we are in a strong position to grow PFI's portfolio in a profitable and sustainable way. With our strong balance sheet, funding lines renewed and extended, gearing comfortably within our target range and interest rates starting to trend more favourably, we are well set up to execute on our strategy and continue to deliver value for our shareholders.

As I hand over to our CEO, Simon Woodhams, I reiterate that there is a lot to be proud of, and we believe that there is a lot to look forward to for all associated with PFI.

**<< Slide 6: CEO PRESENTATION >>**

**<< Simon Woodhams >>**

Thanks Dean, and good afternoon, everyone.

Once again, it's nice to be able to join you and reflect on the period to 30 June 2024. Welcome back to those who regularly attend these meetings, and a warm welcome if you are joining us for the first time.

As a Management Team and Board, we really enjoy being able to show you what we have been doing over the last six months, so let's get into it.

We will start by delving further into the highlights of FP24, and then take a deeper look at some of our key projects such as Bowden Road, Springs Road and Spedding Road, all of which are playing pivotal roles in shaping our trajectory.

**<< Slide 7: HIGHLIGHTS >>**

When we think about the highlights of FP24, front of mind for me and the team is how our portfolio performed in a challenging economic environment.

Our resilient, well-located portfolio of scale is focused on the Auckland industrial property market where demand for high quality, well positioned industrial property remains strong.

In terms of financial performance, we reported profit after tax of \$21.2m, up \$51.7m on the prior comparable period. This result incorporated a \$4.2m fair value loss on the independent valuation of our property portfolio, as compared to a \$55.0m fair value loss in the prior comparable period. This indicates that the valuation of our \$2.1 billion portfolio has stabilised.

Our net rental income of \$48.3m for FP24 was up around 2.1% on the prior comparable period, funds from operations or FFO earnings were up around 2.2% to 5.03 cents per share, while adjusted funds from operations or AFFO earnings of 4.58 cents per share were in line with the prior comparable period.

Finally, we paid cash dividends for the period of 4.15 cents per share, consistent with FY23 dividends on an annualised basis. This equates to a FFO dividend pay-out ratio of 83% and an AFFO dividend pay-out ratio of 91%.

We reviewed around \$36 million of rent during the six months to 30 June 2024, and those reviews delivered an average annualised uplift of 5.67%.

We are also confident that there remains scope for further growth. PFI's \$2.1 billion industrial property portfolio was independently assessed as being around 16% under-rented at the end of the year, providing PFI with a platform for further rental growth as rents are reset to market over time via reviews or renewals. Pleasingly, post 30-June, PFI has continued to see re-leasing spreads in excess of the portfolio under-renting gap.

Our sustainability efforts remain a core focus, as we continue to execute on the sustainability strategy that we set in 2022. In particular, we've made significant progress in this area by advancing solar and power metering initiatives across our properties, which are benefiting both PFI and our tenants. In addition, we have a number of development projects having recently achieved or targeting 5 Green Star ratings – which I will discuss in more detail shortly. 5 Green Star ratings enable us to both deliver on our sustainability strategy and attract high quality tenants, creating value for our investors.

From a capital management perspective, we have established or refinanced \$600 million of facilities since December 2023, leaving us with almost \$300 million of available liquidity. Gearing remains well within our target range at 32.9%, and as Dean mentioned a moment ago, there are signs of improvement in the interest rate environment, which would benefit PFI.

So with those highlights in mind, for the remainder of my presentation I would like to shift our focus to our key development projects, including our expanded pipeline of projects, that are propelling us forward and positioning us for continued success.

**<< Slide 8: 30-32 BOWDEN ROAD >>**

Some of you may recall me giving updates at previous shareholder meetings on our multi-stage development of the Bowden Road site in Mt Wellington. I am pleased to report that

the last stage of this project is expected to reach practical completion within the next month, and will move to being a core and particularly high-quality component of our portfolio. Bowden Road really is an example of our commitment to delivering high-quality, sustainable properties that meet the needs of modern businesses.

**<< Slide 9: 30-32 BOWDEN ROAD – STAGE 1 >>**

Breaking down the Bowden Road development, the first stage achieved practical completion in June of this year, and the lease to our valued tenant, Tokyo Food, has now commenced for an initial term of 12 years. To add to this, we're pleased to confirm that we have been awarded a 5 Green Star design rating for this building.

**<< Slide 10: 30-32 BOWDEN ROAD – STAGE 2 >>**

We initially commenced Stage 2 of the Bowden Road project on a speculative basis as we were confident of the strong demand for premium industrial space in the market.

That confidence proved to be well-founded as we have gone on to secure a 12-year lease term with Daikin Air Conditioning for this 11,200 square metre building, with that lease expected to commence in November this year. As with Stage 1, we are targeting a 5 Green Star rating, which is in the process of being confirmed by the New Zealand Green Building Council.

The two stages combined will produce rental income in excess of \$5.1 million each year, with a weighted average lease term of 12 years.

**<< Slide 11: 78 SPRINGS ROAD >>**

The next of our major projects, being the redevelopment of our Springs Road site in East Tamaki, represents a significant investment in the future of our portfolio. As you can see on this slide, this three-stage project is intended to deliver best-in-class facilities that meet the evolving needs of our tenants.

**<< Slide 12: 78 SPRINGS ROAD >>**

Completion of Stage 1 of the project will shortly see the delivery of a 25,500 sqm 5 Green Star rated warehouse for our long-term tenant Fisher & Paykel Appliances, with an option to expand the warehouse to 30,000 sqm. Fisher & Paykel Appliances have committed to a 15-year lease

from completion of the development, which we expect to take place in November 2024.

In terms of Stage 2 of Springs Road, earlier this year, we signed a Design and Build Agreement to Lease with MiTek to develop 6,500 sqm of warehouse. MiTek will anchor Stage 2 of the redevelopment, with the remaining balance of 4,800 sqm of warehouse space to be developed on a speculative basis.

Early works for Stage 2 are expected to begin at the start of 2025, with the project targeted to complete in mid to late 2026.

Plans for the balance of the site, being Stage 3, allow for a ~17,500 sqm warehouse with 500 sqm of office, 4,200 sqm of breezeway and canopies and 2,300 sqm of yard, with the timing of any redevelopment likely to be tenant led.

Based on current plans, once complete, all three stages of the redevelopment of 78 Springs Road are expected to combine to create over 70,000 sqm of 5 Green Star rated industrial area – which will be a very substantial and high-quality addition to our portfolio.

### **<< Slide 13: SPEDDING ROAD >>**

Another pivotal development in our strategic roadmap is Spedding Road, which is located at the end of the Northwestern Motorway in Auckland.

In October 2023, we entered into a contract to purchase two lots, totalling 5.8 hectares, within the proposed 46-hectare industrial subdivision. This strategic move provides us with a scale greenfield development opportunity in an Auckland location that we perceive as under-supplied for both industrial-zoned land and industrial buildings of quality or scale.

Our Sale and Purchase Agreement for this transaction has recently become unconditional and a deposit has now been paid, and we expect settlement of the transaction to take place in the second half of 2025.

### **<< Slide 14: SPEDDING ROAD >>**

Indicative plans demonstrate that site coverage of around 70% of the lots to be purchased can be achieved, with early concepts allowing for ~40,000 sqm of covered workable area once complete.

Furthermore, as shown on the slide on the screen now, we can complete the project as



multiple buildings and in stages, enabling us to manage risk effectively while capitalising on evolving market dynamics.

Consistent with PFI's sustainability strategy, we are targeting the design and development of the Spedding Road estate to achieve 5 Green Star ratings.

The Spedding Road development represents a forward-looking investment that we consider positions us for sustained growth and value creation in the coming years. The team and I are really looking forward to taking this development forward and sharing progress with you in future meetings.

**<< Slide 15: LOOKING AHEAD >>**

In conclusion, I want to reiterate our commitment to delivering for our shareholders and other stakeholders. In particular, I hope that our presentation this afternoon has highlighted that our strategic focus on our key projects remains unwavering.

I'm pleased that PFI's Board has set dividend guidance for FY25 at a range of 8.30 to 8.50 cents per share, an increase of up to 0.20 cents per share or 2.4% on annualised FP24 dividends.

This guidance is reflective of an economic environment that remains somewhat uncertain. However, it also reflects our confidence that we are prepared for economic challenges that might arise, and our belief that we are well positioned for sustained success. In summary, we are confident that PFI has a strong platform for continued growth, bringing benefit to our shareholders.

Just before I hand back to Dean, I would like to take a moment to thank you, our shareholders and other stakeholders, who continue to support PFI. As a Management Team and Board, we look forward to including you in our growth story, well into the future.

Thank you.

**<< Slide 16: SHAREHOLDER DISCUSSION >>**

**<< Dean Bracewell >>**

Thank you, Simon.

There is now an opportunity for questions or comments on the presentations, or on the financial statements and auditor's report, which you can find from page 13 of the annual report.

If you wish to ask a question, please select the "Q&A" tab, type your question in the box and press "Send" to submit.

Thank you for your questions and comments.

**<< Slide 17: ORDINARY RESOLUTION >>**

We will now move to the sole resolution to be voted on today.

I've been advised that 353 shareholders, representing 183,641,78 shares or 36.57% of the Company's shares on issue, are represented by proxies.

Voting for the resolution will be conducted by poll. For the purpose of the poll, I appoint the Company's registrar, Computershare, to carry out the poll.

The procedure for the conduct of the poll is as outlined earlier. The poll is open for voting now. The resolution and voting choices are displayed on your screens and to vote, please select your voting choice from the options shown on the screen. You can change your vote at any time up until the poll closes. To change your vote, simply select another voting choice. Please note that the Board recommends that you vote in favour of the ordinary resolution.

**<< Slide 18: ORDINARY RESOLUTION >>**

The resolution is *"That the Directors are authorised to fix the fees and expenses of the auditors, PricewaterhouseCoopers."*

We will now provide an opportunity for you to ask questions on the resolution. If you would like to ask a question, please select the "Q&A" tab, type your question in the box and press "Send" to submit.

Please select your voting choice from the options shown under the "Vote" tab on your screen.

We will just give you all a moment to finalise your votes, and then I will close voting.

**<< Wait for 20 seconds >>**

Voting is now closed. The results of this vote will be released by PFI to NZX later today.

Thank you. We will now open up questions on General Business from shareholders and proxies.

**<< Slide 19: GENERAL BUSINESS >>**

If you wish to ask a question, please select the “Q&A” tab, type your question and press “Send” to submit your question.

[We will follow up with any shareholders who had unanswered questions after the meeting.]

**<< Slide 20: CLOSE OF MEETING >>**

In closing, I believe a strong foundation is in place for the Company’s ongoing success, with a high-quality industrial property portfolio, a pipeline of important projects, a talented Management Team, and an experienced Board.

Thank you for your continued support of PFI, and for your attendance virtually today. That ends the formal part of the meeting and I declare the meeting closed.

**<< Slide 21: DISCLAIMER >>**