
PFi
Annual
Results
Briefing
2021
WELCOME
TO THE 2021 ANNUAL
RESULTS BRIEFING

CONTENTS

01. HIGHLIGHTS

RECORD ANNUAL RESULT:

Fair value gains on properties of $392.5 million contributing to a record profit after tax of $452.8 million, Funds From Operations (FFO) earnings up 14.4% from the prior year to 11.07 cents per share, Adjusted Funds From Operations (AFFO) earnings up 15.7% from the prior year to 9.29 cents per share, cash dividends of 7.90 cents per share, up 2.6% on 2020 dividends

STRONG BALANCE SHEET:

Net tangible assets up 37.3% to 303.4 cents per share, gearing of 27.7%, all bank facilities refinanced during the year and increased by $125 million, over $120 million of available liquidity

REFRESHED STRATEGY PROGRESSED

Refreshed strategy announced and progressed with $368 million of capital transactions

SIGNIFICANT BROWNFIELD OPPORTUNITIES

$224 million or 10% of the portfolio held in brownfield opportunities, providing a growing pipeline of medium-term development opportunities

FULLY OCCUPIED INDUSTRIAL PORTFOLIO OF SCALE

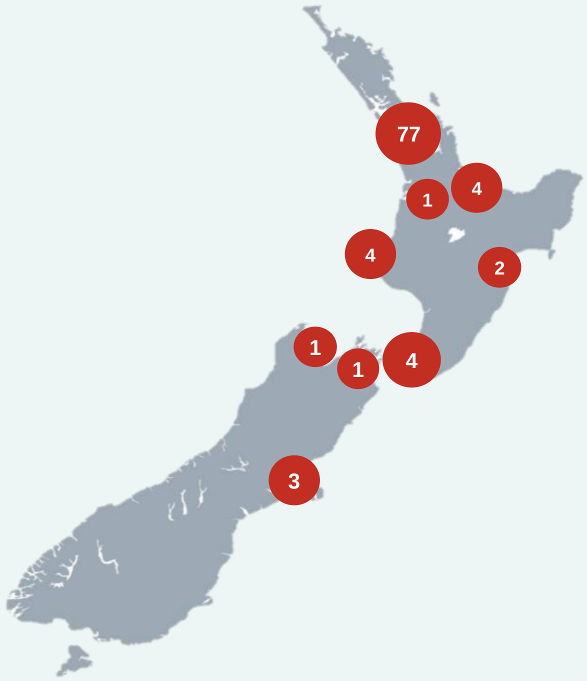
Fully occupied industrial property portfolio with a value in excess of $2.15 billion, weighted towards the buoyant Auckland industrial market

FURTHER GROWTH IN DIVIDENDS

Strategy progression, a fully occupied industrial property portfolio of scale and buoyant industrial property market conditions result in targeted 2022 dividend range of 8.05 to 8.10 cents per share, a further increase of up to 2.5% on 2021 dividends

02. PORTFOLIO

- PFI's portfolio is diversified across 97 properties and 136 tenants, with 100.0% occupancy and a weighted average lease term of 5.40 years, weighted towards Auckland industrial property



	DECEMBER 2021	DECEMBER 2020
BOOK VALUE	$2,168.9m	$1,631.5m
NUMBER OF PROPERTIES	97	94
NUMBER OF TENANTS	136	148
CONTRACT RENT	$95.6m	$89.8m
OCCUPANCY	100.0%	99.4%
WEIGHTED AVERAGE LEASE TERM	5.40 years	5.28 years
AUCKLAND PROPERTY	81.8%	84.6%
INDUSTRIAL PROPERTY	98.2%	91.7%

VALUATION UPLIFT

▲ **$392.5m** (22.2%)

TO **$2,168.9m**

PASSING YIELD

▼ 1.12%

4.41%

$3.03

NTA per share

▲ 82.5c

~3%

UNDER

RENTED

ESTIMATED BY INDEPENDENT MARKET RENTAL ASSESSMENT

CBRE ESTIMATES[1] FOR AUCKLAND:

4.11%	**5.19%**
PRIME INDUSTRIAL YIELDS	**SECONDARY** INDUSTRIAL YIELDS

DUE TO YIELD COMPRESSION

[1] CBRE "Auckland Rent & Yield Update", December 2021

FY21 - LEASED

149,227 sqm

19% of portfolio

WEIGHTED AVERAGE LEASE TERM

6.7

YEARS

POSITIVE RE-LEASING SPREAD ON STABILISED RENEWALS

▲12%

AVERAGE INCENTIVE

0.5

MONTHS

per year of term

10 NEW LEASES

19 RENEWALS SECURED

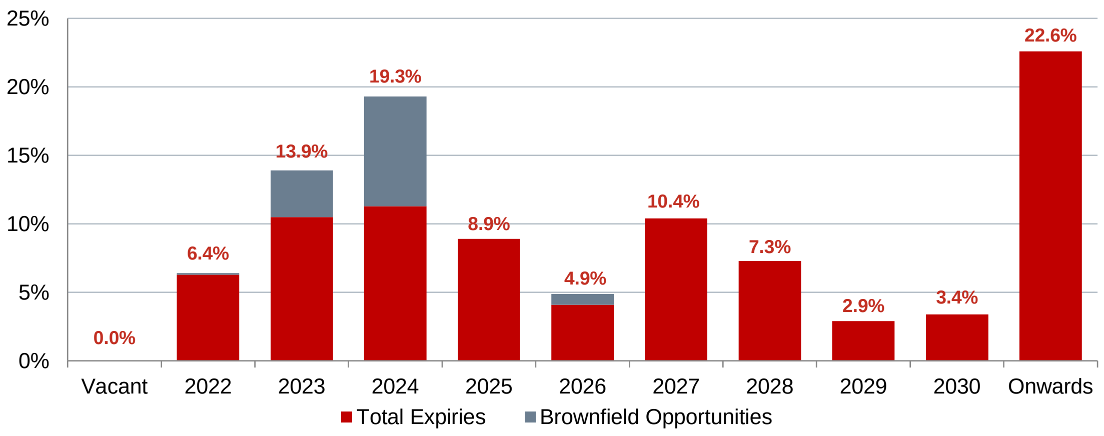
LEASED

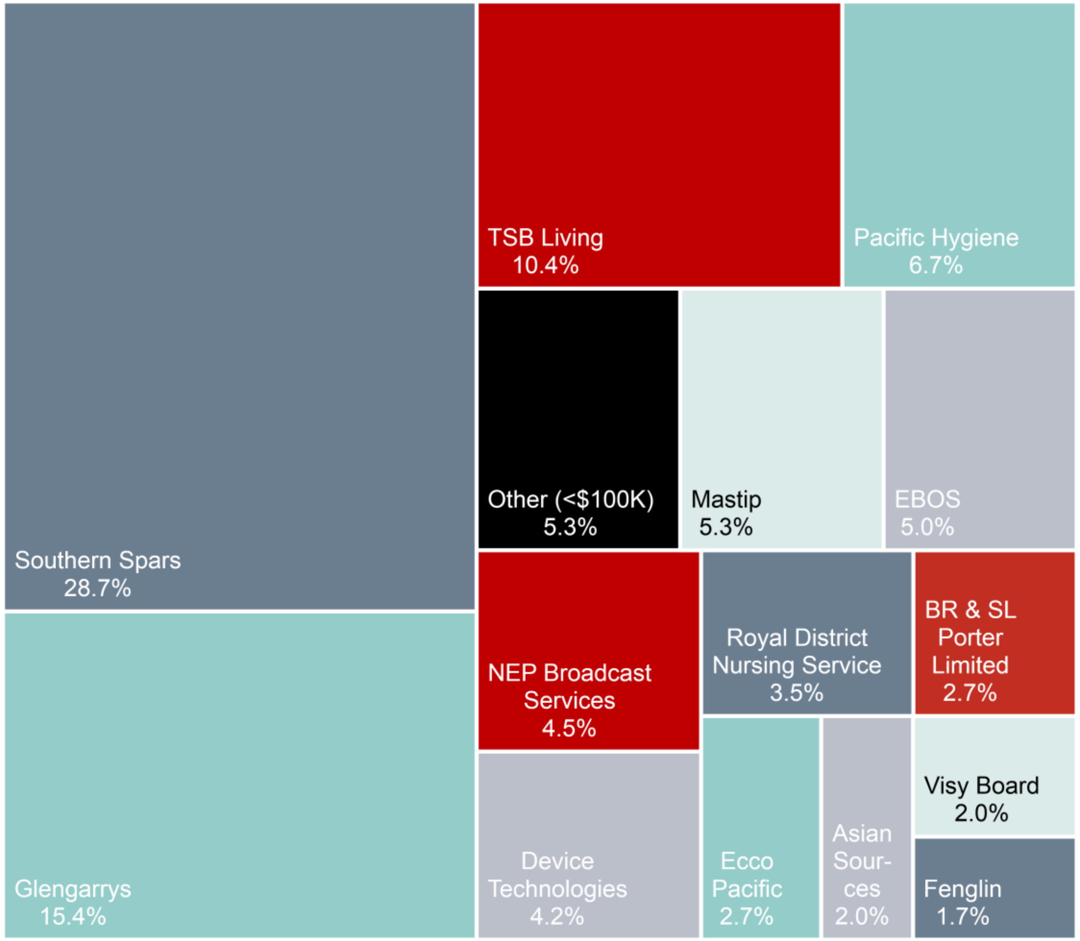
66%

of contract rent secured

LEASE RENEWALS

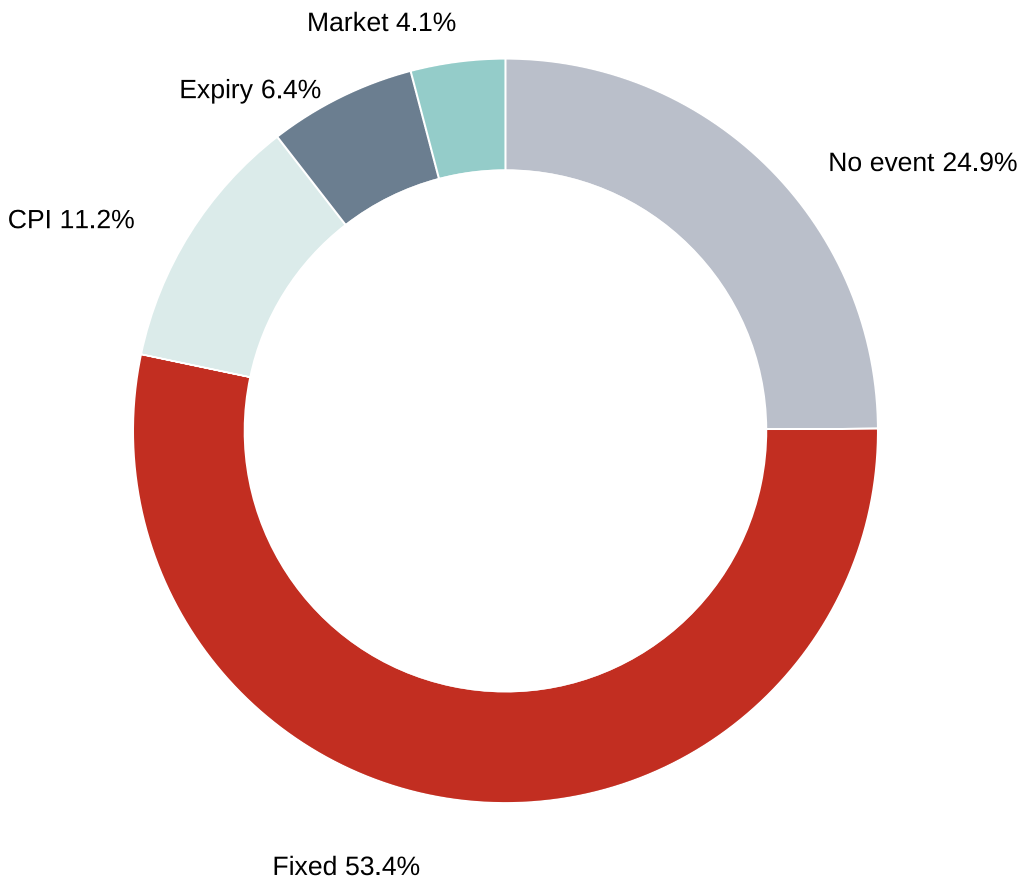
- Portfolio is 100.0% occupied and 6.4% of contract rent is due to expire in 2022 (graph below), largest single expiry 28.7% of that (1.8% of contract rent, graph on right)
  - 48 Seaview Road has been sold with settlement due to take place in March 2022 and is excluded from any expiries analysis
- Excluding brownfield opportunities, FY23 and FY24 expiries are 10.5% and 11.3%, respectively (bottom graph)
- Vacancy still at historically low levels: CBRE reports[1] Auckland Prime industrial vacancy at 0.5%, Secondary industrial vacancy at 0.7%





[1] CBRE "Auckland Industrial Space Market Trends", February 2022

- 114 rent reviews delivered an average annual uplift of ~3.5% on ~$66.5 million of contract rent
  - 10 market rent reviews delivered an annualised increase of 2.3% over an average review period of 5.0 years on $4.9 million of contract rent
- Over 84% of contract rent was reviewed, varied or leased during 2021
- CBRE predict[1] industrial rental growth over the next five years to average 3.9% per annum for prime properties and 3.7% per annum for secondary properties, both unchanged from June 2021
- Independent market rental assessment estimates portfolio is ~3% under-rented (~$2.5 million)
- PFI estimates Auckland industrial portfolio is ~4.3% under-rented
- Around 75% of PFI's portfolio is subject to some form of lease event during 2022

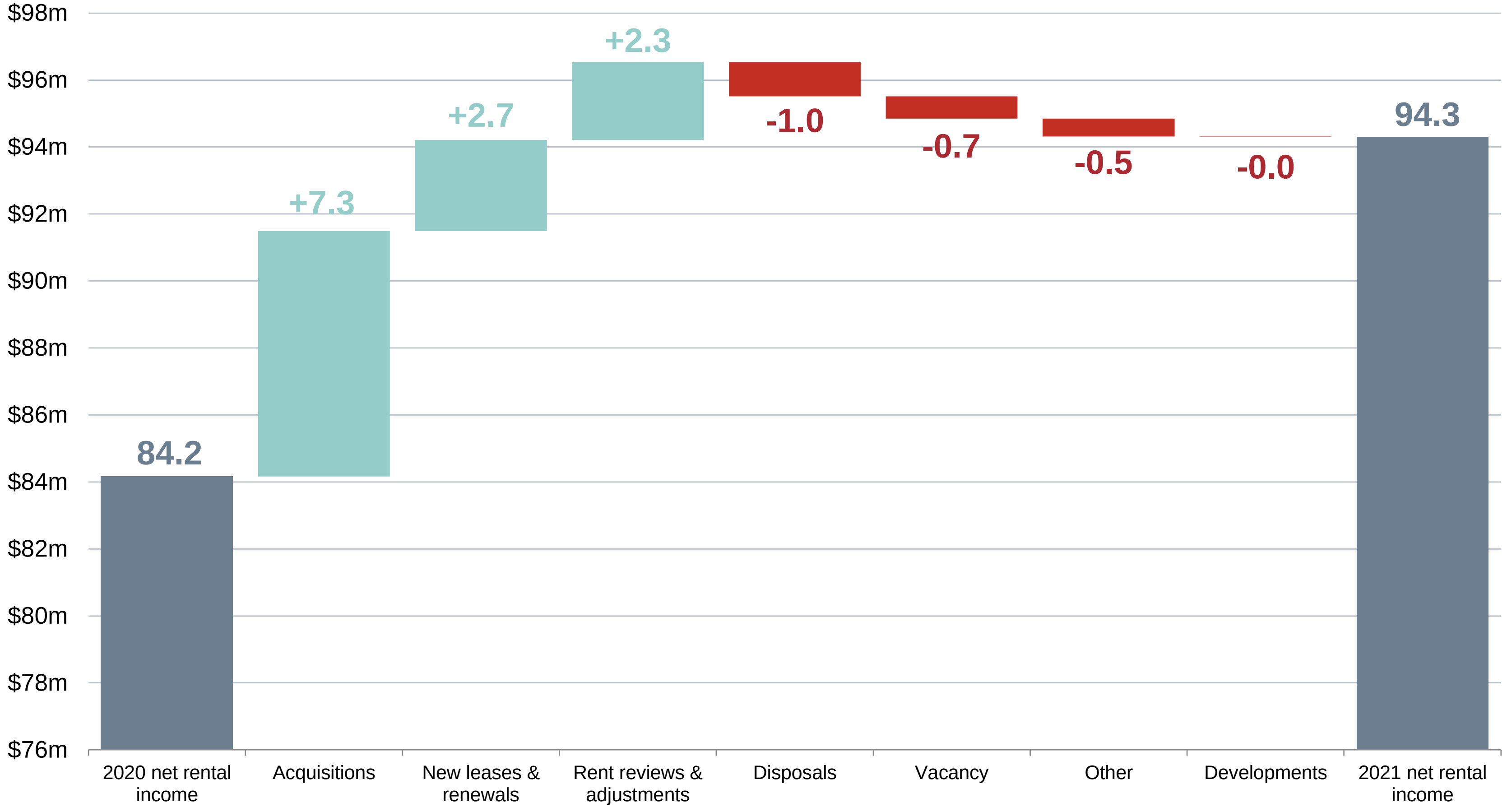


[1] CBRE "Auckland Property Market Outlook", December 2021

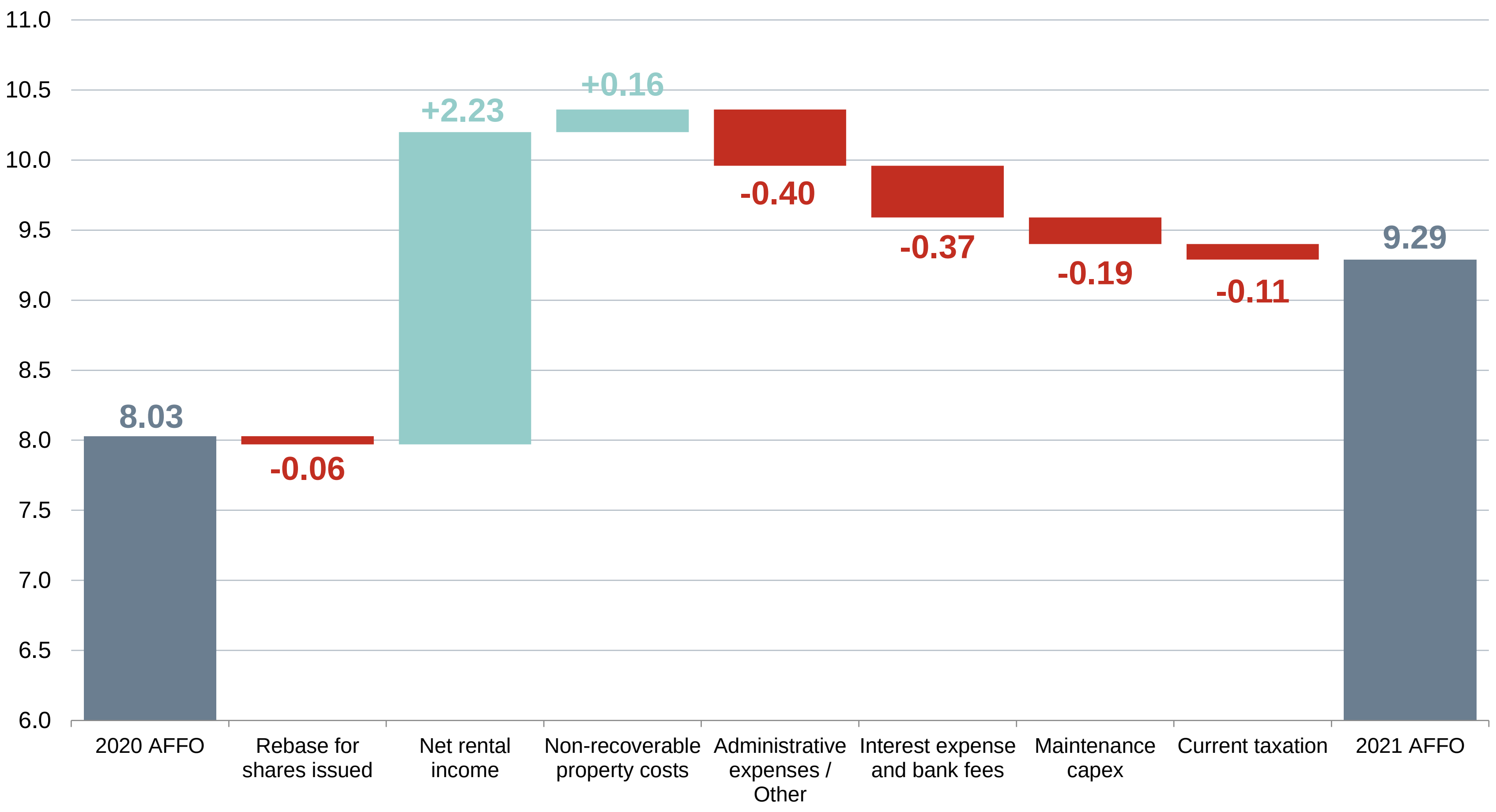
03.

2021 ANNUAL RESULTS

- Net rental income of $94.3 million up $10.1 million or 12.0% on the prior year ($84.2 million)
- Increases due to acquisition activity totalling +$7.3 million and positive leasing activity totalling +$5.0 million
- Decreases predominantly due to disposals -$1.0 million and vacancy -$0.7 million

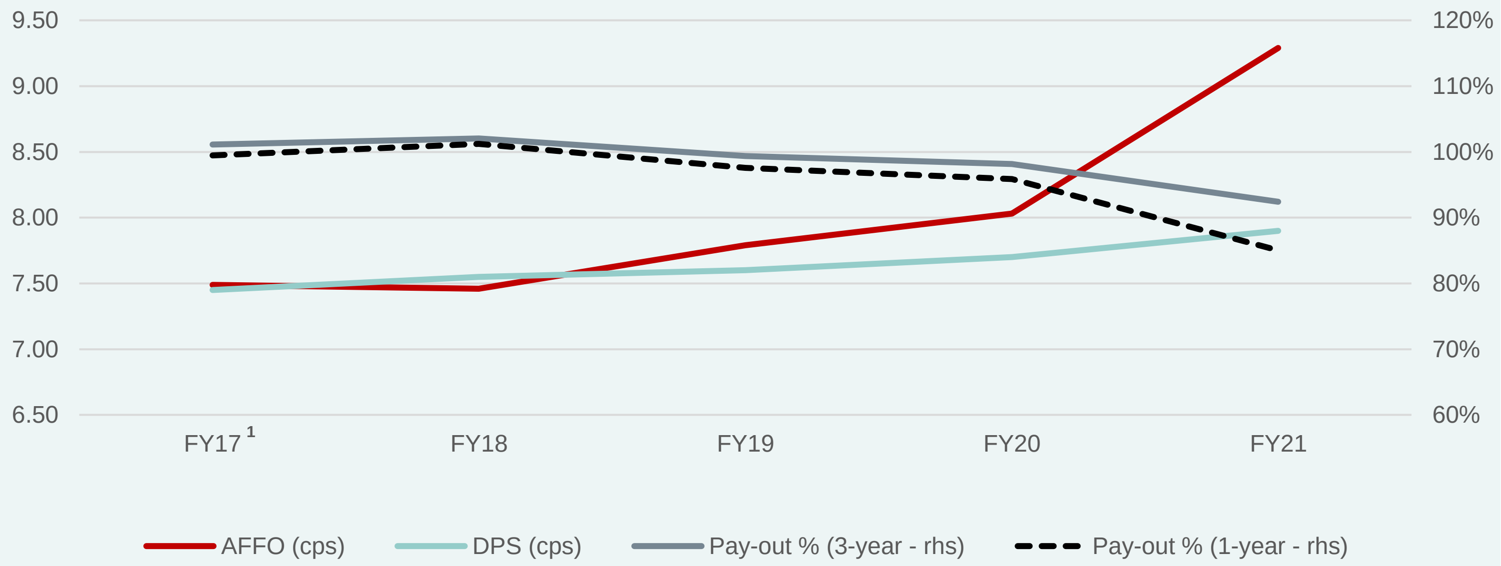


- Profit after tax of $452.8 million
- AFFO earnings of 9.29 cents per share, 1.26 cents per share or 15.7% ahead of the prior year
- Net rental income (including AFFO adjustments) up $11.2 million or 2.23 cents per share on the prior year
- Admin expenses increased due to impact of new hires and IT project but remained constant as a % of average property values
- Maintenance capex up $1.0 million on the prior year to 21 basis points



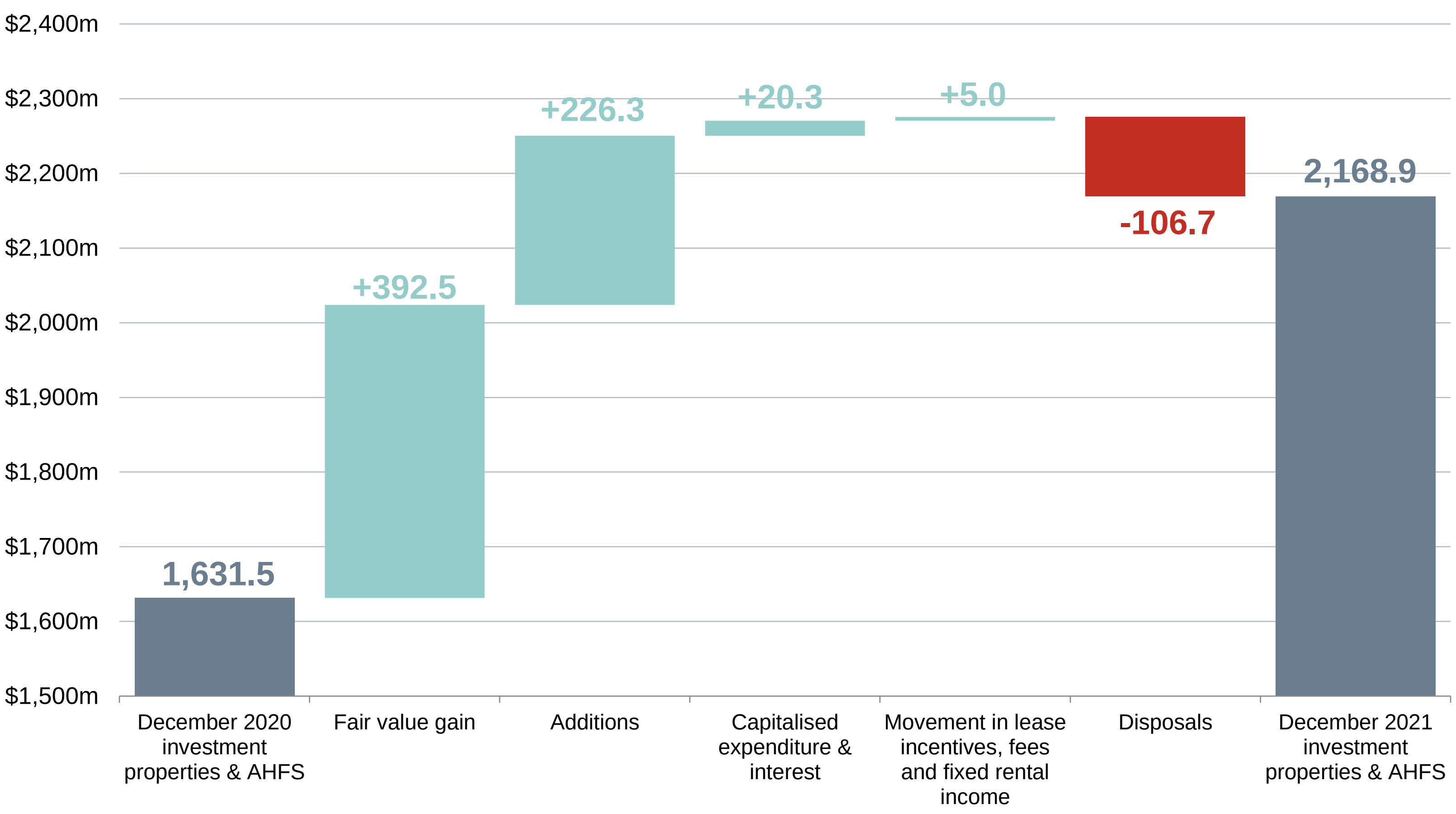
- 2021 cash dividends total 7.90 cents per share (cps), up 0.20 cps of 2.6% from 2020, dividend reinvestment scheme in place for Q1-Q3 2021 dividends, 2% discount
- 2022 dividend guidance of 8.05 to 8.10 cents per share, a lift of 0.15 to 0.20 cents per share or up to 2.5% on 2021 dividends
- Dividend policy to distribute between 90% to 100% of AFFO on a rolling three-year historic average basis, cash dividends of 8.05 to 8.10 cents per share anticipated to result in a dividend pay-out at the bottom of this dividend policy range
- Guidance subject to no material adverse changes in conditions or unforeseen events, including no material tenant failures or further material COVID-19 restrictions, other than those in place as at the date of this presentation

EARNINGS	2021 CPS	2020 CPS	CHANGE
FUNDS FROM OPERATIONS	11.07	9.67	+1.40 CPS or +14.4%
ADJUSTED FUNDS FROM OPERATIONS	9.29	8.03	+1.26 CPS or +15.7%

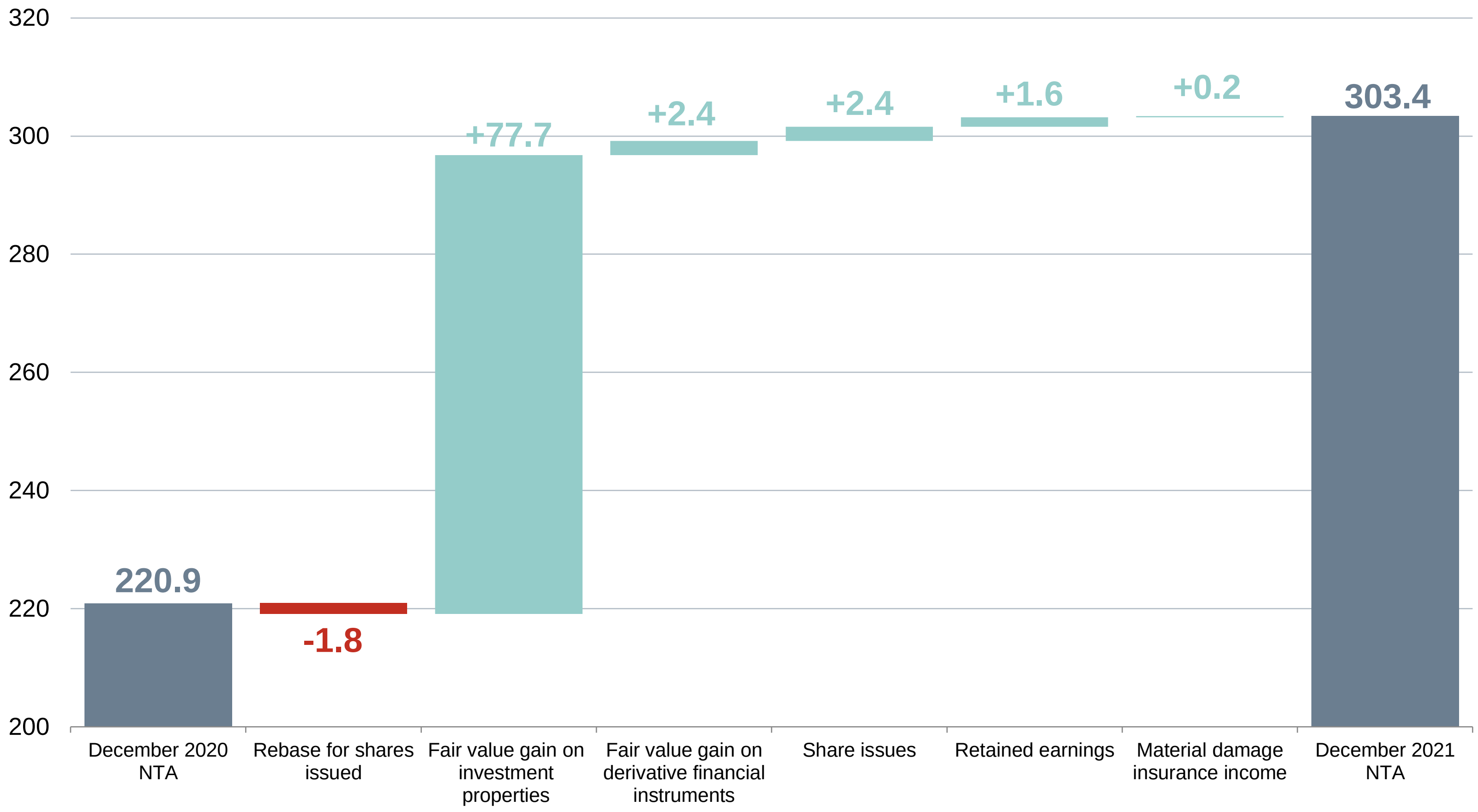


[1] PFI first began disclosing AFFO in 2016, therefore part of the rolling 3-year pay-out ratio for FY17 uses Distributable Profit.

- Portfolio value of $2.169 billion, including 48 Seaview Road (due to settle March 2022), which is classified as held for sale (AHFS)
- Increase from annual independent valuations of $392.5 million or 22.2%
- 6 properties acquired in 2021 for a combined total of $226.3 million
- Significant capex at 59 and 47A Dalgety Drive (redevelopment and development) and 124 Hewletts Road (new breezeway canopy)
- Disposals include Carlaw Park (settled December 2021, book value of $102.4) and 127 Waterloo Road (settled April 2021, book value of $4.3 million)



- Net tangible assets (NTA) per share increased by 82.5 cents per share or 37.3%
- Change in NTA per share driven by the increase in the fair value of investment properties (+77.7 cps), a decrease in the net fair value liability for derivative financial instruments (+2.4 cps), share issues (+2.4 cps), retained earnings (+1.6 cps) and material damage insurance income (+0.2 cps)

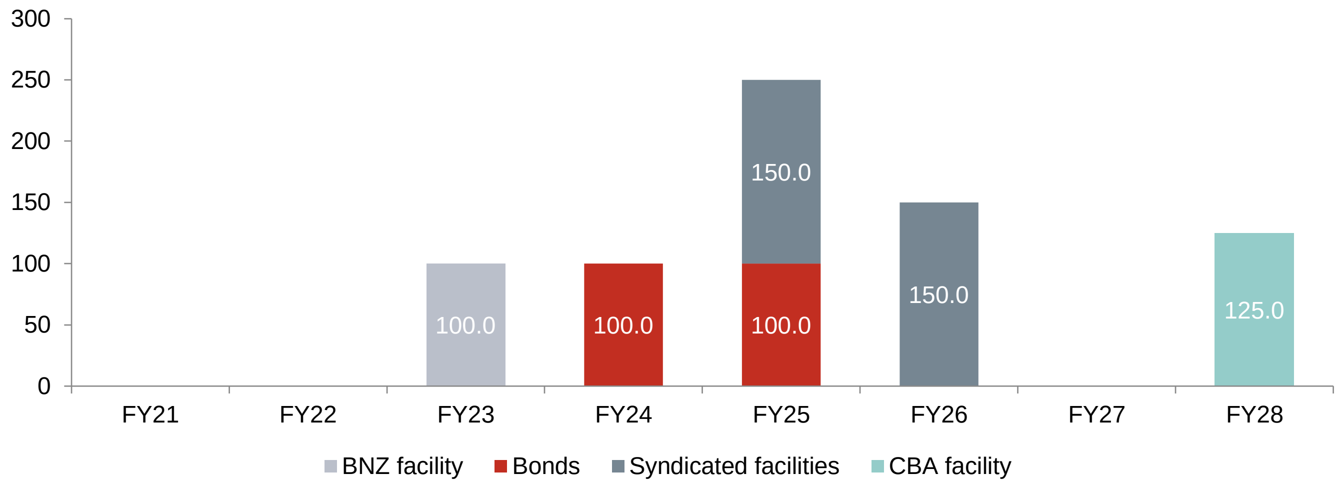


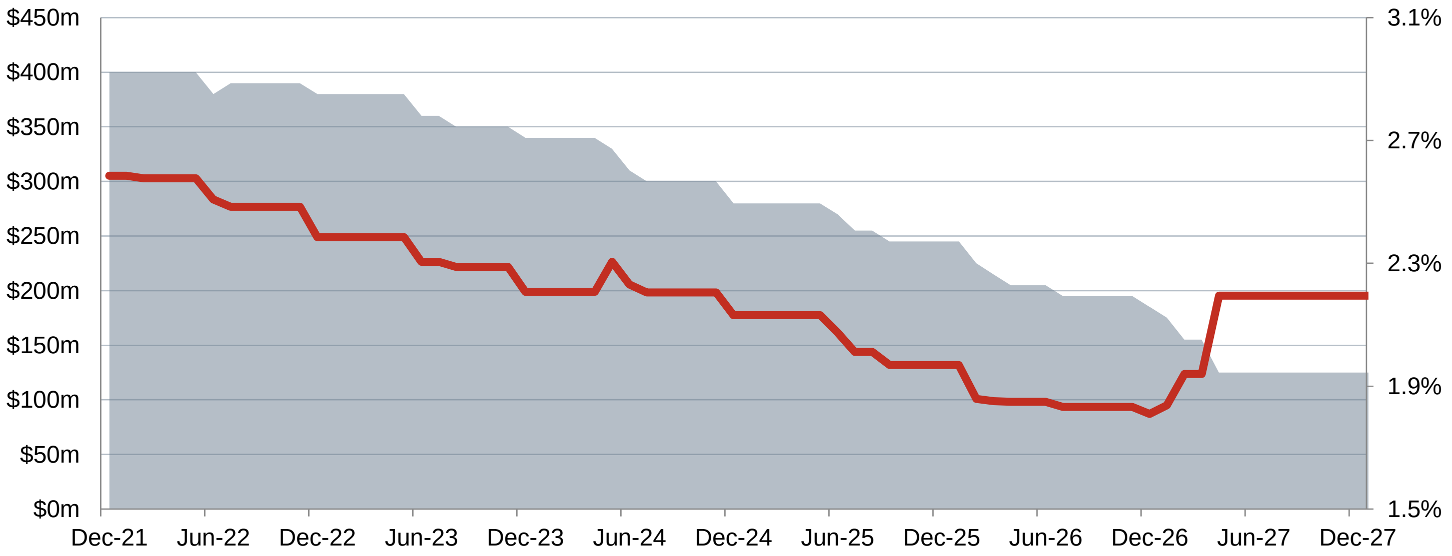
04. CAPITAL MANAGEMENT

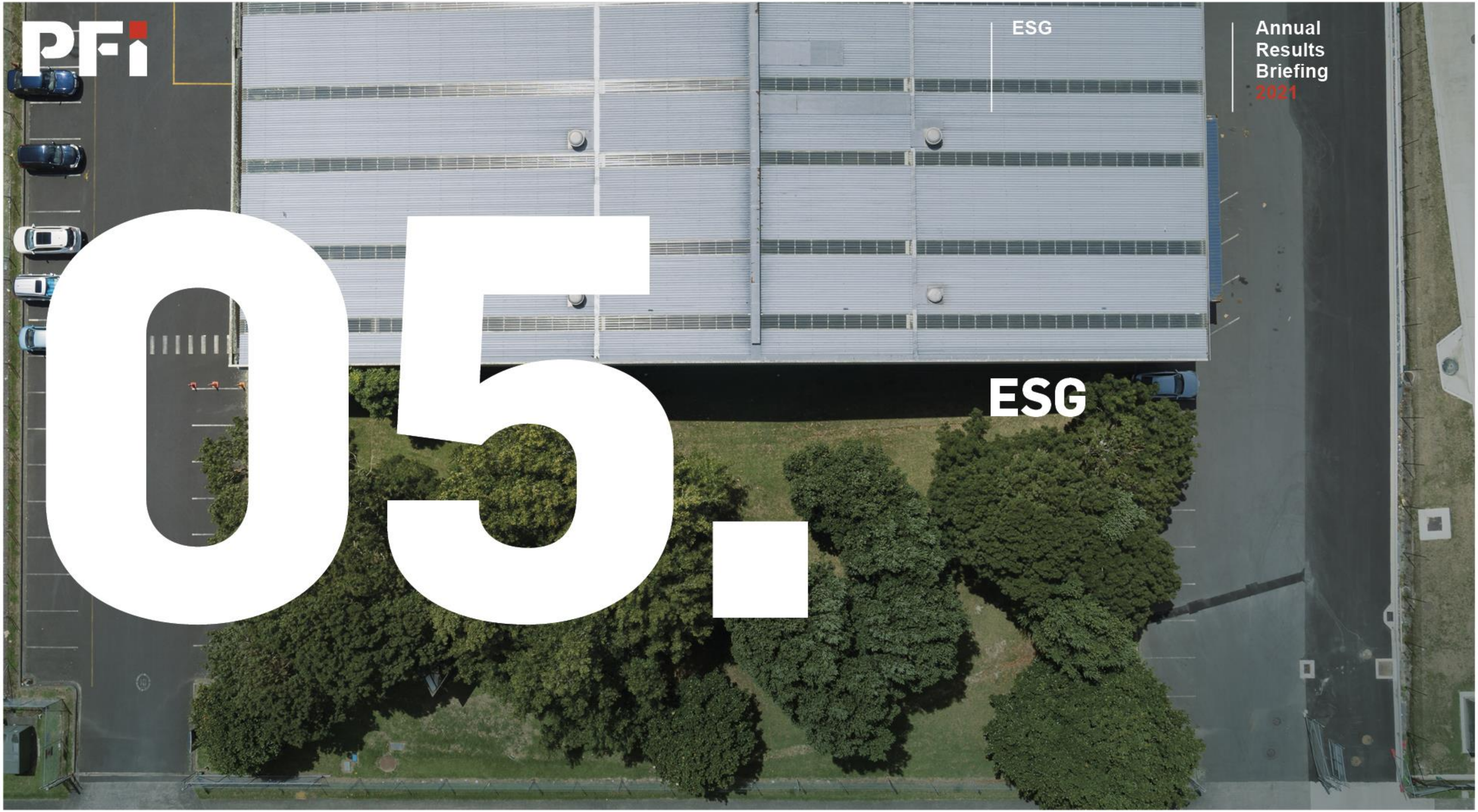
- $100 million CBA liquidity facility increased to $125 million and extended in April 2021
- $300 million syndicated facilities refinanced in July 2021, with an additional $100 million facility secured from BNZ
- Low gearing and high levels of liquidity provide PFI with sufficient balance sheet capacity to continue to execute on our strategy
- Considering options, including a third senior secured bond issue, to further extend and diversify borrowings

	DECEMBER 2021	DECEMBER 2020
FUNDING		
BANK FACILITIES DRAWN	$401.2m	$289.9m
BANK FACILITIES LIMIT	$525.0m	$400.0m
BANK FACILITIES HEADROOM	$123.8m	$110.1m
FIXED RATE BONDS	$200.0m	$200.0m
FUNDING TERM (AVERAGE)	3.9 years	2.8 years
BANKS	ANZ, BNZ, CBA, Westpac	ANZ, BNZ, CBA, Westpac
COVENANTS		
LOAN-TO-VALUE RATIO (COVENANT: <50%)	27.7%	30.0%
INTEREST COVER RATIO (COVENANT: >2.0X)	4.4 times	4.1 times
INTEREST RATES		
WEIGHTED AVERAGE COST OF DEBT	3.81%	3.75%
INTEREST RATE HEDGING (EXCL. FORWARD STARTING)	$400m / 2.58% / 3.7 years	$295m / 3.07% / 3.1 years
FORWARD STARTING INTEREST RATE	$120m / 2.69% / 4.1 years	$110m / 3.09% / 3.7 years

- Average term to expiry of bank facilities and bonds (top graph) of ~3.9 years, $123.8 million of unutilised bank facility capacity
- Fixed rate payer hedging profile (bottom graph) provides for an average of ~66% of debt to be hedged at an average fixed rate of ~2.53% during 2022, offering protection from rising interest rates







05.

ESG

2021 SUSTAINABILITY HIGHLIGHTS

Strategic themes: Taking care of our team – Looking after our tenants – Responsible property ownership – Delivering for investors

- Replaced HVAC systems containing ozone-depleting gases at 12 properties.
- Reduced Scope 1 greenhouse emissions by 34% compared to 2020.
- Investigated physical climate change risks associated with individual properties to support TCFD disclosures.

For our second annual TCFD disclosures, please see pages ***33 – 39*** *of our annual report.*

- Provided our team, tenants and community with support during COVID-19.
- Focused on ongoing health and safety continuous improvement.
- Began working toward Green Star certification for future developments.
- Created a sustainable refurbishment framework.

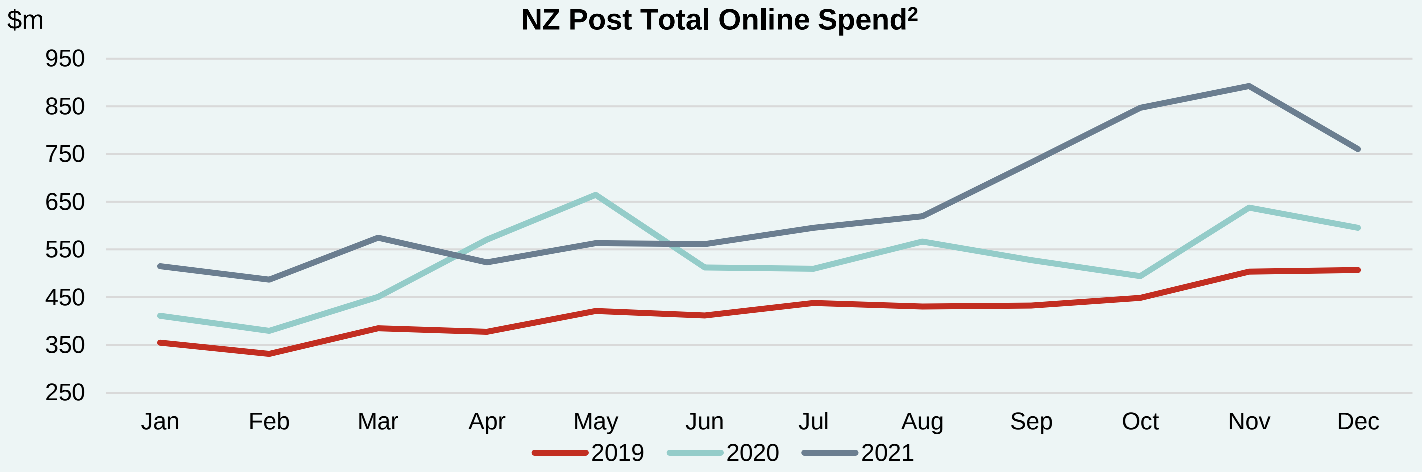
3-5 NIALL BURGESS ROAD, MT WELLINGTON

- Recycling or reuse of construction and demolition waste
- Replacement of ozone-depleting R22 air-conditioning units
- Landscaping that employs sustainable design, planting and maintenance practices
- New energy efficient LED lighting throughout the building
- Use of sustainable building materials
- Reuse of existing building materials

3-5 NIALL BURGESS ROAD, MT WELLINGTON (PRIOR TO WORKS)

06. MARKET

- E-commerce penetration accelerated by COVID-19 pandemic, with online spend set to experience further growth (top graph)
- Online sales in New Zealand expected to grow from the current 11% to 17% (or $9.3Bn) by 2025[1]
  - Based on this growth in online sales alone, it is estimated an additional 230,000 sqm of warehouse space will be needed by 2025
- PFI's portfolio set to benefit from this thematic, through strong forecast rental growth and continued low levels of vacancy
- CBRE "Auckland Property Market Outlook", December 2021:
  - Further rental growth forecast, reflecting favourable supply/demand conditions
  - Slight improvements in yield and vacancy outlooks on June 2021



CBRE AUCKLAND MARKET OUTLOOK[1]		DECEMBER 2021	5-YEAR FORECAST: DECEMBER 2021	5-YEAR FORECAST: JUNE 2021
PRIME INDUSTRIAL	– VACANCY	0.5%	1.0%▼	1.1%
	– RENTS	$155	+3.9%◄►	+3.9%
	– YIELDS	4.11%	4.06%▼	4.15%
SECONDARY INDUSTRIAL	– VACANCY	0.7%	1.3%▼	1.6%
	– RENTS	$123	+3.7%◄►	+3.7%
	– YIELDS	5.19%	5.01%▼	5.09%

[1] CBRE "Auckland Property Market Outlook", "Auckland Rent & Yield Update" December 2021 and "Auckland Industrial Space Market Trends" February 2022, [2] NZ Post eCommerce Spotlight

07.

OUR PRIORITIES

PURPOSE

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

VISION

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

STRATEGY

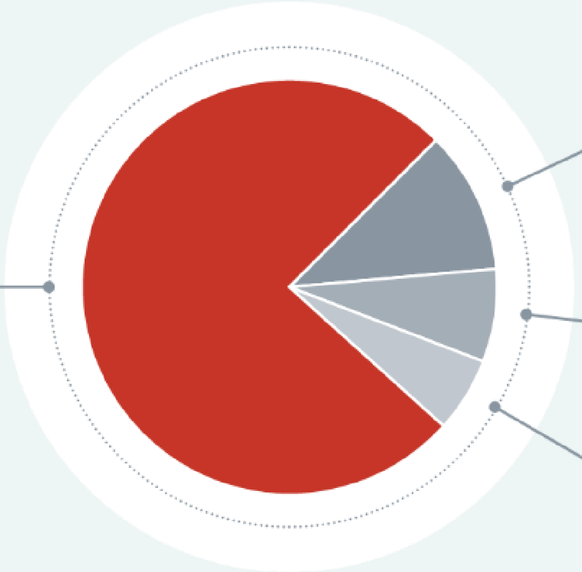
We will build on what we have and we're true to who we are. But we will be more intentional; more proactive.

FIRST CLASS **MANAGEMENT**

CONTINUOUS **PORTFOLIO** IMPROVEMENT

GROWING **RETURNS** TO SHAREHOLDERS

CORE GENERIC HOLDINGS
73–84%
CURRENT : 79%

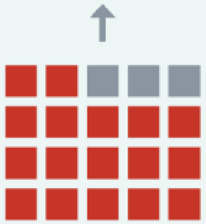


BROWNFIELD OPPORTUNITIES
10–15%
CURRENT : 10%

ASSETS HELD FOR SALE
1–2%
CURRENT : 1%

SPECIALISED ASSETS
5–10%
CURRENT : 10%

AUCKLAND
75–85%
CURRENT : 82%



OUT OF AUCKLAND
15–25%
CURRENT : 18%

44
NOEL BURNSIDE ROAD, WIRI

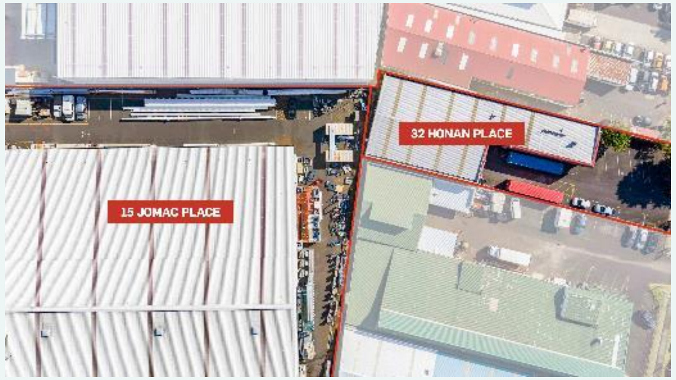
- Purchased for $91.7 million in May 2021
- Large, modern 17,500 sqm warehouse with 2,200 sqm of canopies and 12,250 sqm of yard
- Secured a 10-year lease to Cottonsoft from 1 October 2021, with a commencement rental of $3.32 million and 2.5% fixed annual increases, with a market rent review at the mid-term
- December 2021 valuation of $94.5 million


44 NOEL BURNSIDE ROAD, WIRI

22 WHAKATU ROAD, WHAKATU

- Purchased for $79.5 million in November 2021
- 15-year triple-net leaseback to NZX-listed tenant T&G Global
- The 9.56 hectare site accommodates in excess of 36,000 square metres of T&G's post-harvest operations and 3.7 hectares of storage yard
- Commencement rental of $3.5 million reflects an initial yield of 4.4%

32 HONAN PLACE, AVONDALE



- Purchased in November 2021 for $3.1 million
- 1,436 sqm site
- Provides PFI with the opportunity to create an access road to the Company's 14,740 sqm neighbouring property at 15 Jomac Place, along with additional car parking

520 ROSEBANK ROAD, AVONDALE

- Purchased in December 2021 for $5.2 million
- The ~3,100 sqm site is surrounded by an existing PFI estate, 528-558 Rosebank Road
- ~1,100 sqm of warehousing, office and amenities leased for six years on a passing rent of $182,000 per annum
- Potential for integration with PFI's neighbouring properties in the future

318 NEILSON STREET, ONEHUNGA UNDER CONTRACT

- 5,000 sqm site at 318 Neilson Street, Penrose, acquired for $6.825 million, with settlement expected to take place in March 2022
- Adjacent to existing PFI properties 304, 306, 312 and 314 Neilson Street, which have a combined value of $72.5 million
- Once settled, PFI will have a combined ~5 hectare estate zoned Heavy Industrial in one of Auckland's key industrial precincts valued at almost $80 million

30-32

BOWDEN ROAD, MT WELLINGTON

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

30-32 BOWDEN ROAD, MT WELLINGTON

- $224 million or 10% of the portfolio held in brownfield opportunities, providing a growing pipeline of medium-term development opportunities
- 47A Dalgety Drive development due to be completed in Feb-22. 5-year lease to Shaw NZ commencing 1-Apr-22
- Remaining brownfield opportunities set to unlock parcels of land in key industrial precincts, providing PFI with the opportunity to deploy balance sheet capacity on accretive projects
- As projects complete and long-term leases are secured, the properties will be moved into ‘core generic’ classification

PROPERTY	DECEMBER 2021 VALUE ($M)	LETTABLE AREA(SQM)	SITE COVERAGE	% OF CONTRACT RENT	LEASE EXPIRY
47A DALGETY DRIVE	$12.5	3,400	57%	0.6%	LEASED
30-32 BOWDEN ROAD	$32.5	17,047	44%	2.0%	31-Mar-23
92-98 HARRIS ROAD	$23.8	7,194	27%	1.5%	3-Nov-23
170 SWANSON ROAD	$33.5	5,183	12%	1.2%	31-Jan-24
78 SPRINGS ROAD	$102.5	41,536	40%	6.8%	8-Oct-24
304 NEILSON STREET	$19.5	4,538	22%	0.8%	30-Jun-26
TOTAL	**$224.3**	**78,899**		**12.7%**	

48 SEAVIEW ROAD & SHED 22

- Carlaw Park divestment settled December 2021
- 48 Seaview Road due to settle February 2022
- Shed 22 seismic strengthening works nearing completion, to be divested following the completion of works
- After planned divestments:
  - Pro forma LVR of 26.9%;
  - Portfolio will be 98.8% industrial;
  - 82.7% of portfolio will be located in Auckland

	DECEMBER 2021	48SEAVIEW DIVESTMENT	SHED 22 DIVESTMENT	PRO FORMA
INVESTMENT PROPERTIES & AHFS	$2,168.9m	-$10.0m▼	-$13.7m▼	$2,143.5m
TOTAL DRAWN BORROWINGS	$601.2m	-$10.0m▼	-$13.7m▼	$577.6m
CONTRACT RENT	$95.6m	-$0.4m▼	-$0.9m▼	$94.3m
LOAN-TO-VALUE RATIO	27.7%	-0.3%▼	-0.5%▼	26.9%
AUCKLAND PROPERTY	81.8%	+0.4%▲	+0.5%▲	82.7%
INDUSTRIAL PROPERTY	98.2%	NC◀▶	+0.6%▲	98.8%

08.

REVIEW & QUESTIONS

HIGHLIGHTS:

- Record annual result
- Strong balance sheet
- Strategy refreshed and progressed
- Significant brownfield opportunities
- Fully occupied industrial property portfolio of scale
- Further growth in dividends

CLOSING:

- *“The Company’s continued focus on industrial property has coincided with ongoing investor interest and tenant demand that has enabled us to grow significantly. We are pleased to have capitalised on these market conditions while keeping gearing low. Our refreshed strategy and the changes in our dividend policy will give us that extra degree of flexibility to enhance and expand our portfolio in order to continue growing cash returns for investors.”*

Questions?

The information included in this presentation is provided as at 21 February 2022 and should be read in conjunction with the NZX results announcement, NZX Form – Results Announcement, NZX Form – Distribution Notice, and annual report issued on that same day.

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