



Property
For
Industry
Limited

PRODUCT DISCLOSURE STATEMENT

OFFER OF SENIOR SECURED FIXED RATE 7 YEAR BONDS
ISSUED BY PROPERTY FOR INDUSTRY LIMITED
DATE: 2 NOVEMBER 2017

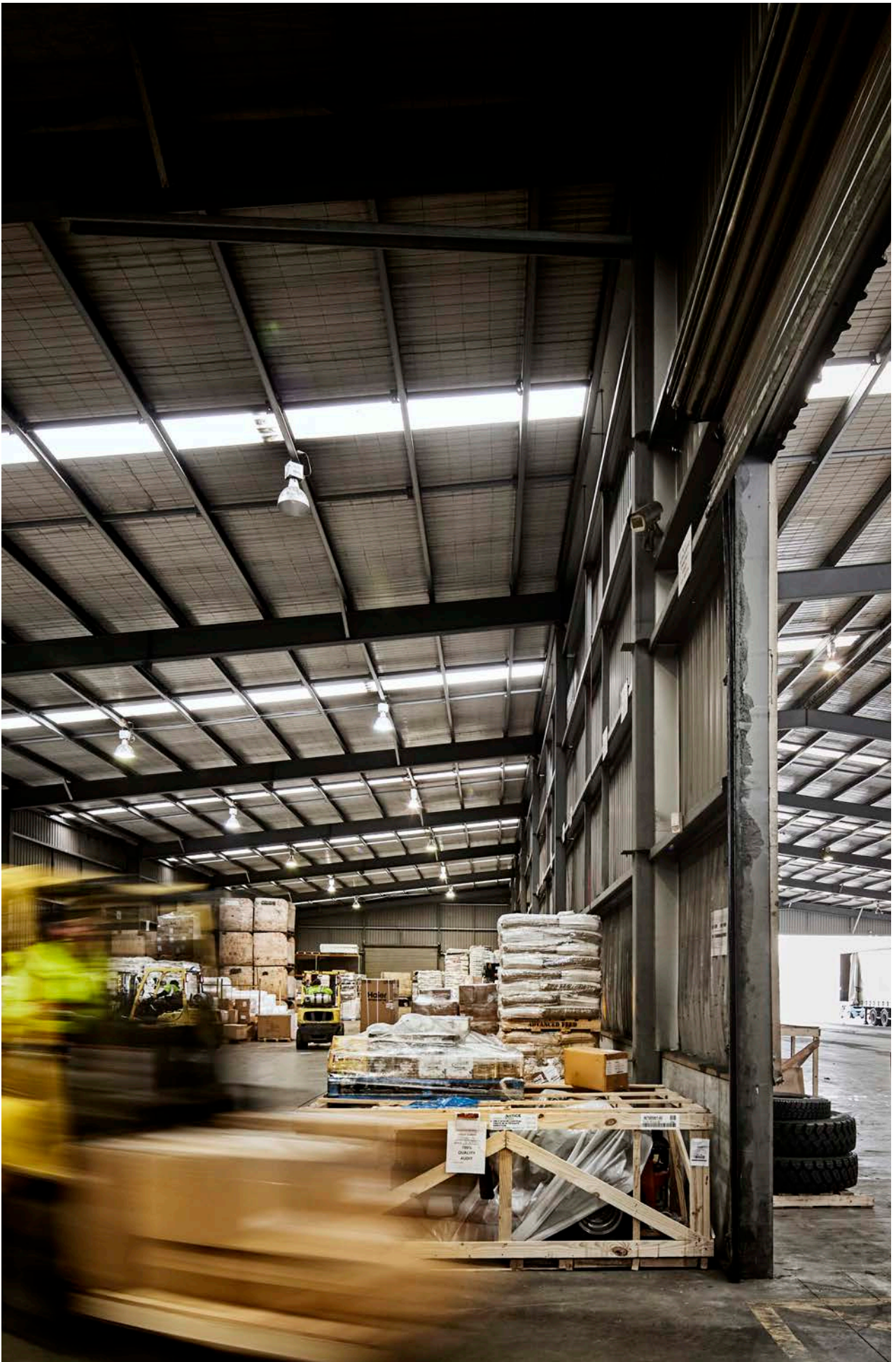
This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.companiesoffice.govt.nz/disclose.

Property for Industry Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

JOINT LEAD
MANAGERS:



DeutscheCRAIGS



01 KEY INFORMATION SUMMARY

WHAT IS THIS?

This is an offer (**Offer**) of senior secured fixed rate bonds (**Bonds**). The Bonds are debt securities issued by Property for Industry Limited (**PFI**). You give PFI money, and in return PFI promises to pay you interest and repay the money at the end of the term. If PFI runs into financial trouble, you might lose some or all of the money you invested.

ABOUT THE PFI GROUP

PFI and the companies it owns make up the PFI Group. Currently the only company owned by PFI is P.F.I. Property No. 1 Limited (**PFI Property**).

The PFI Group specialises in direct investment in industrial property. Its strategy is to deliver strong and stable returns through investing in quality industrial properties in attractive locations and developing relationships with strong tenants. As at the date of this product disclosure statement (**PDS**) the PFI Group has 92 properties, with a weighting toward the Auckland industrial sector. The PFI Group has recently completed a \$69.5 million acquisition of nine properties (the **Acquisition**) and is completing a corresponding renounceable rights issue of approximately \$70 million (the **Equity Raising**). PFI is listed on the NZX Main Board and, as at the date of this PDS, has a market capitalisation of approximately \$737 million (not including the Equity Raising, which is expected to be allotted on 7 November 2017).

PURPOSE OF THIS OFFER

The proceeds of this Offer are expected to be used to repay existing bank debt of the PFI Group.

KEY TERMS OF THE OFFER

Issuer	Property for Industry Limited.
Description of the Bonds	Senior secured fixed rate bonds.
Term	7 years maturing on 28 November 2024.
Offer amount	Up to \$75 million (with the ability to accept oversubscriptions of up to \$25 million at PFI's discretion).
Interest Rate	The Bonds will pay a fixed rate of interest until the Maturity Date. The Interest Rate will be determined by PFI in conjunction with the Joint Lead Managers following a bookbuild, and announced via NZX on or about the Rate Set Date.
Interest payments	Quarterly in arrear on 28 February, 28 May, 28 August and 28 November each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 28 February 2018. Early bird interest will also be paid on application money received in respect of accepted applications. It will be paid as soon as practicable, and, in any event, within 5 Business Days of the Issue Date. More information on how early bird interest is calculated can be found in section 3 of this PDS (<i>Terms of the Offer</i>).
Further payments, fees or charges	Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for further details. The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 5 of this PDS (<i>Key features of the Bonds</i>).
Offer Opening Date	13 November 2017.
Offer Closing Date	24 November 2017.
Minimum application amount	\$5,000 and multiples of \$1,000 thereafter.

WHO IS RESPONSIBLE FOR REPAYING YOU?

PFI as Issuer is responsible for repaying, and paying interest on, the Bonds.

PFI Property has guaranteed the payments due on the Bonds. The guarantee is contained in a cross guarantee and indemnity dated 1 May 2015 from PFI and PFI Property (**Guarantee**).

PFI Property is a company owned by PFI and a member of the PFI Group. As at the date of this PDS PFI Property holds all of the property assets of the PFI Group.

More information on the Guarantee can be found in section 5 of this PDS (*Key features of the Bonds*).

HOW YOU CAN GET YOUR MONEY OUT EARLY

Neither you nor PFI are able to redeem the Bonds before the Maturity Date. However, PFI may be required to repay the Bonds early if there is an Event of Default (see section 5 of this PDS (*Key features of the Bonds*)).

PFI intends to quote these Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of the PFI Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

HOW BONDS RANK FOR REPAYMENT

On a liquidation of PFI as Issuer the Bonds will rank as unsubordinated obligations of PFI as Issuer (and rank after liabilities which are secured over assets of PFI or preferred by law, and rank equally with all other unsubordinated liabilities of PFI).

Further important information on the ranking of the Bonds on the liquidation of the PFI Group can be found in section 5 of this PDS (*Key features of the Bonds*).

WHAT ASSETS ARE THESE BONDS SECURED AGAINST?

The Bonds are secured by first ranking mortgages (**Mortgages**) granted by PFI Property as Guarantor over various properties (**Mortgaged Properties**).

More information on the Mortgages and Mortgaged Properties can be found in section 5 of this PDS (*Key features of the Bonds*).

KEY RISKS AFFECTING THIS INVESTMENT

Investments in debt securities have risks. A key risk is that PFI does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer is fair. PFI considers that the most significant risk factors are changes in property market conditions (and most particularly in its areas of sector or geographic concentration) which have a negative impact on market rental returns from, or the market value of, properties. These risks are of particular relevance to the PFI Group because it is a specialist property investment group, with its returns highly dependent on rental income generated from its property assets. In addition its property assets are concentrated by both sector and geography. As at 31 October 2017 its property investments were concentrated:

- in the industrial sector (86% of the property assets by value); and
- in the Auckland region (82% of the property assets by value).

This summary does not cover all of the risks of investing in the Bonds. You should also read section 6 of this PDS (*Risks of investing*) and section 5 of this PDS (*Key features of the Bonds*).

NO CREDIT RATING

PFI's credit worthiness has not been assessed by an approved rating agency. This means that PFI has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

WHERE YOU CAN FIND OTHER MARKET INFORMATION ABOUT PFI

This is a short-form offer document that PFI is permitted to use because these Bonds rank in priority to existing quoted financial products of PFI. The existing quoted financial products are ordinary shares in PFI, which are traded on the NZX Main Board. PFI is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. PFI's page on the NZX website, which includes information made available under the disclosure obligation referred to above, can be found at www.nzx.com/companies/PFI.

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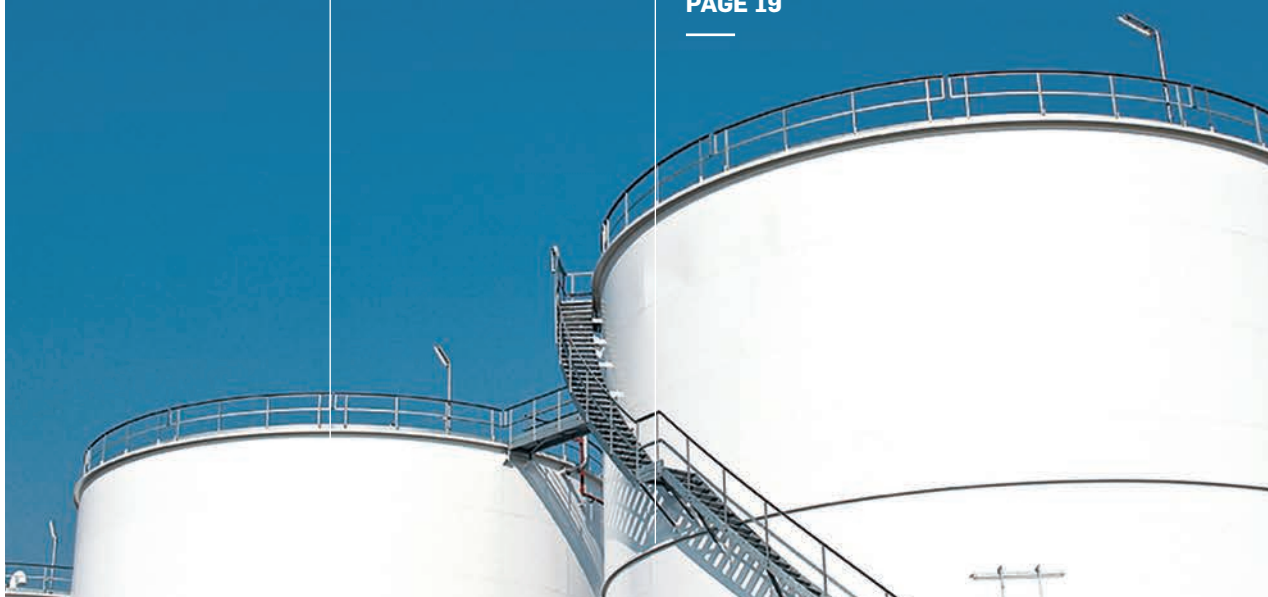
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02 KEY DATES AND OFFER PROCESS

Rate Set Date	Friday, 10 November 2017
Opening Date	Monday, 13 November 2017
Closing Date	Friday, 24 November 2017 at 5.00 pm
Issue Date and allotment date	Tuesday, 28 November 2017
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	Wednesday, 29 November 2017
Interest Payment Dates	28 February, 28 May, 28 August and 28 November in each year
First Interest Payment Date	28 February 2018
Maturity Date	28 November 2024



The timetable is indicative only and subject to change. PFI may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date).

If the Closing Date is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

PFI reserves the right to cancel the Offer and the issue of the Bonds, in which case all application monies received will be refunded (without interest) as soon as practicable and in any event within 5 Business Days of the cancellation.

Who may apply under the Offer?

The Offer will be open to institutional investors and members of the public who are resident in New Zealand.

All of the Bonds offered under the Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries, invited to participate in a bookbuild conducted by the Joint Lead Managers.

There will be no public pool for the Bonds.

If you wish to invest in the Bonds you should contact your usual authorised financial adviser or a Primary Market Participant for details as to how you may acquire the Bonds. You can find a Primary Market Participant by visiting www.nzx.com/investing/find_a_participant.

03 TERMS OF THE OFFER

Issuer Property for Industry Limited.

Description of the Bonds Senior secured fixed rate bonds.

Term 7 years, maturing on 28 November 2024.

Offer amount Up to \$75 million (with the ability to accept oversubscriptions of up to \$25 million at PFI's discretion).

Issue price \$1.00 per Bond, being the Principal Amount of each Bond.

Interest Rate The Bonds will pay a fixed rate of interest until the Maturity Date.
The Interest Rate will be determined by PFI in conjunction with the Joint Lead Managers following a bookbuild, and announced via NZX on or about the Rate Set Date.

Interest Payment Dates Quarterly in arrears on 28 February, 28 May, 28 August and 28 November each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 28 February 2018.

Interest payments and entitlement Payments of interest on Interest Payment Dates will be of equal quarterly amounts. Any interest on the Bonds payable on a date which is not an Interest Payment Date (including the early bird interest discussed below), will be calculated based on the number of days in the relevant period and a 365-day year.
On Interest Payment Dates interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date.
The record date for interest payments is 5.00pm on the date that is 10 days before the relevant Interest Payment Date. If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.

Early bird interest You will receive interest calculated on a daily basis at the Interest Rate on application money you paid, in respect of accepted applications, from (and including) the date that application money is received into the bank account for the Offer to (but excluding) the Issue Date. Early bird interest will be paid (less any withholding tax required to be deducted) to you as soon as practicable and, in any event, within 5 Business Days of the Issue Date.

Offer Opening Date 13 November 2017.

Offer Closing Date 24 November 2017.

Scaling PFI may scale applications at its discretion, but will not scale any application to below \$5,000 or to an amount that is not a multiple of \$1,000.

Refunds If PFI does not accept your application (whether because of late receipt or otherwise) or accepts it in part, all or the relevant balance of your application money received will be repaid to you as soon as practicable and, in any event, within 5 Business Days of the Issue Date.
No interest will be paid on refunds.

Minimum application amount \$5,000 and multiples of \$1,000 thereafter.

How to apply Application instructions are set out in section 11 of this PDS (*How to apply*). An application form is attached at the back of this PDS.
PFI reserves the right to refuse all or any part of any application for Bonds under the Offer without giving a reason.

No underwriting The Offer is not underwritten.

Brokerage You are not required to pay brokerage or any other fees or charges to PFI to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds.

Quotation Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this PDS have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA. NZX ticker code PFI010 has been reserved for the Bonds.

Transfer restrictions PFI may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.

NZX approval NZX has provided PFI with approval under Listing Rule 11.1.5 to enable PFI to decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.

Guarantee and Security PFI Property has guaranteed the payments due on the Bonds.
The Bonds are secured by the Mortgages granted by PFI Property as Guarantor over the Mortgaged Properties.
More information on the Guarantee and Mortgages can be found in section 5 of this PDS (*Key features of the Bonds*).

Ranking On a liquidation of PFI as Issuer the Bonds will rank as unsubordinated obligations of PFI as Issuer (and rank after liabilities which are secured over assets of PFI or preferred by law, and rank equally with all other unsubordinated liabilities of PFI).
Further important information on the ranking of the Bonds on the liquidation of the PFI Group can be found in section 5 of this PDS (*Key features of the Bonds*).

Financial covenant PFI agrees to ensure that the total principal amount of all outstanding borrowed money secured by the Mortgages is not more than 50% of the total value of all Mortgaged Properties. See section 5 of this PDS (*Key features of the Bonds*).

Early redemption Neither you nor PFI are able to redeem the Bonds before the Maturity Date. However, PFI may be required to repay the Bonds early if there is an Event of Default (as described below).

Events of Default If an Event of Default occurs and is continuing the Supervisor may in its discretion, and must upon being directed to do so by an Extraordinary Resolution of Bondholders, declare the Bonds to be immediately due and payable.
The Events of Default are set out in condition 18.1 of the Bonds (as set out in Schedule 1 of the Trust Deed, a copy of which is contained on the Disclose Register) and are summarised in section 5 of this PDS (*Key features of the Bonds*).

Further payments, fees or charges Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (*Tax*) for further details.
The Offer is subject to certain selling restrictions and you will be required to indemnify certain people if you breach these. More information on this can be found in section 5 of this PDS (*Key features of the Bonds*).

Governing law New Zealand.

Supervisor Public Trust.

Security Trustee New Zealand Permanent Trustees Limited.

Securities Registrar Computershare Investor Services Limited.

Documents

The terms of the Bonds, and other terms key to the Offer, are set out in:

- the Trust Deed, as supplemented by the Supplemental Deed;
- the Guarantee; and
- the Security Trust Deed.

You should read these documents. Copies may be obtained from the Disclose Register at www.companiesoffice.govt.nz/disclose.

04 PURPOSE OF THE OFFER

The proceeds of the Offer are expected to be used to repay existing bank debt of the PFI Group and 100% of the net proceeds of the Offer will be provided to PFI Property for this purpose. This will not change, irrespective of the total amount that is raised. The Offer is not underwritten.

05 KEY FEATURES OF THE BONDS

A number of key features of the Bonds are described in section 3 of this PDS (*Terms of the Offer*). The other key features of the Bonds are described below.

THE SUPERVISOR

A Supervisor is appointed to act as supervisor and trustee for the Bondholders on the terms contained in the Trust Deed.

You can only enforce your rights under the Bonds, or under the guarantee and security arrangements, through the Supervisor (although you can enforce your rights under the Bonds against the Issuer directly if the Supervisor is obliged to enforce, but has failed to do so within a reasonable period).

GUARANTEES

PFI as Issuer is responsible for repaying, and paying interest on, the Bonds. PFI Property has guaranteed the payments due on the Bonds. The guarantee is contained in the Guarantee.

PFI Property is a company owned by PFI and a member of the PFI Group. Other companies owned by PFI may be added as Guarantors under the Guarantee. Currently there are no other companies owned by PFI.

PFI Property guarantees (jointly and severally with any other company which is added as a Guarantor) the payment of all amounts owed by PFI to you in respect of the Bonds. The Guarantee is not subject to any limits or conditions.

The Guarantee is a cross guarantee. A cross guarantee is a document under which each guarantor guarantees each other guarantor's liabilities.

The obligations of PFI Property under the Guarantee are secured by the Mortgages (and more information on the Mortgages can be found below in the section headed *Ranking and Security* under the sub-heading *Mortgages*). There is no limit on the amount secured by these Mortgages. PFI believes that the Mortgaged Properties are sufficient and are reasonably likely to be sufficient to:

- repay the liability under the Guarantee; and
- pay all other liabilities that a security interest over any of the Mortgaged Properties secures and that rank in priority to, or equally with, the liability under the Guarantee.

RANKING AND SECURITY

Mortgages

Through the Guarantee (noted above) the Bonds are secured by the Mortgages granted by PFI Property as Guarantor over the Mortgaged Properties. The Mortgages are first ranking security in respect of the Mortgaged Properties. As noted above, there is no limit on the amount secured under the Mortgages.

The Bonds are not the only amounts secured by the Mortgages. The Mortgages also secure amounts owed to other creditors under certain other financing documents. This currently includes bank facilities, and in the future is likely to extend to other amounts. All creditors secured by the Mortgages rank equally.

PFI estimates that as at 30 June 2017:

- The amount secured by the Mortgages (which includes outstanding borrowed money and other liabilities, such as accrued interest and derivative liabilities) was approximately \$386,500,000. The issue of the Bonds will not impact this amount, as the proceeds of the issue are expected to be used to repay existing bank debt which is secured by the Mortgages. The Acquisition and Equity Raising is expected to result in approximately \$2.0 million of additional amounts secured by the Mortgages.
- The total value of the Mortgaged Properties was approximately \$1,062,700,000. The Acquisition is expected to increase the total value of the Mortgaged Properties by approximately \$72.7 million.

A Security Trustee (currently New Zealand Permanent Trustees Limited) holds the Mortgages for all creditors entitled to their benefit. The creditors entitled to the benefit of the Mortgages currently include (in addition to the Supervisor and the Bondholders) the PFI Group's banks and their facility agent. It is likely that further creditors will become entitled to the benefit of the Mortgages in the future.

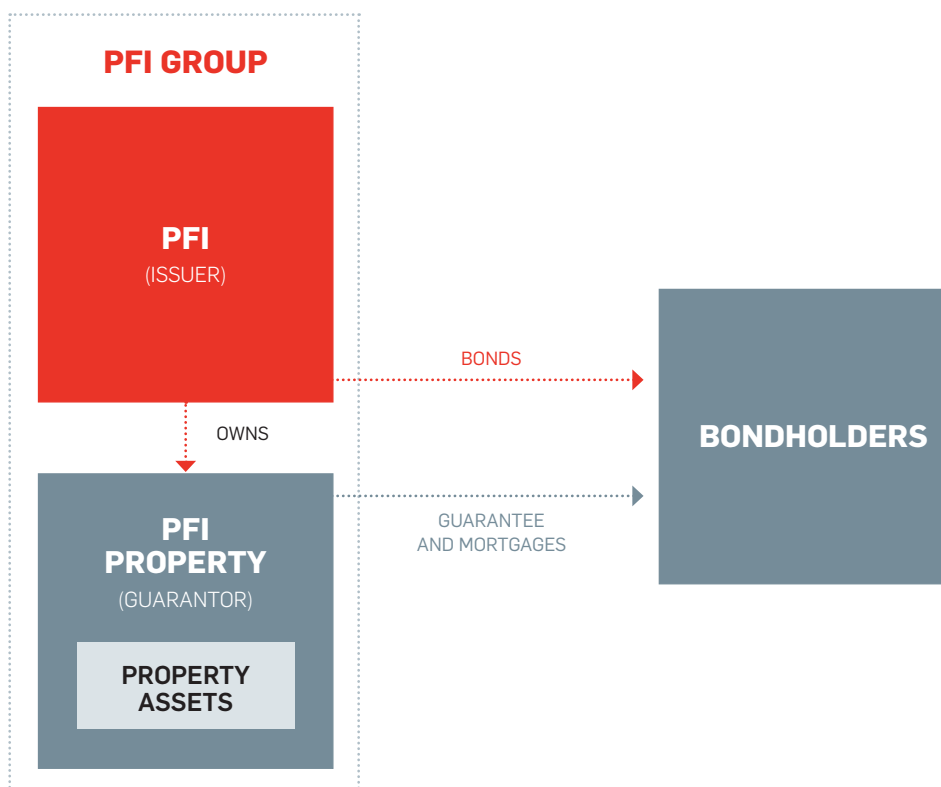
The Security Trustee may release Mortgaged Properties without the consent of Bondholders, provided that this will not cause a breach of the Loan to Value Ratio (or any other term of the Bonds or any other relevant financing documents). The Loan to Value Ratio is contained in the Trust Deed, and under it PFI agrees to ensure that the total principal amount of all

outstanding borrowed money secured by the Mortgages is not more than 50% of the total value of all Mortgaged Properties.

The basis on which the Security Trustee holds the Mortgages, and otherwise acts for the creditors entitled to the benefit of the Mortgages, is set out in the Security Trust Deed. More information on the Security Trust Deed can be found below in the section headed *Security Trust Deed*.

The diagram below summarises the effect of the guarantee and security structure described above.

Diagram outlining effect of Guarantee and security structure



Notes to diagram:

While PFI as Issuer is responsible for paying the Bonds, the Bonds rank as secured obligations of PFI Property as Guarantor by virtue of the Guarantee and Mortgages.

The Supervisor acts as trustee for the Bondholders. The Bondholders can only enforce the Bonds and the guarantee and security arrangements through the Supervisor (although a Bondholder can enforce its rights under the Bonds against the Issuer directly if the Supervisor is obliged to enforce, but has failed to do so within a reasonable period).

The Security Trustee holds the Mortgages for the Bondholders and other creditors entitled to their benefit. The Supervisor acting on behalf of the Bondholders may only enforce the Mortgages through the Security Trustee

Ranking on Liquidation

On a liquidation of the PFI Group the Bonds will rank as secured obligations of PFI Property as Guarantor, as described above. The ranking of the Bonds on a liquidation of the PFI Group is summarised in the diagram below.

Ranking of the Bonds on liquidation of PFI Group

Higher	Ranking on Liquidation	Type of Liability/Equity	Amount
	Liabilities that rank in priority to the Bonds	Liabilities preferred by law (for example, Inland Revenue).	\$nil
	Liabilities that rank equally with the Bonds	Liabilities secured over assets other than the Mortgaged Properties.	\$nil
		All liabilities secured by the Mortgages (including Bonds and bank facilities).	\$386.5 million
		Other unsubordinated liabilities not referred to above (e.g. trade and general creditors).	\$15.4 million
Liabilities that rank below the Bonds	Subordinated liabilities.	\$nil	
Lower	Equity	Shares, reserves and retained earnings.	\$733.3 million

Notes to diagram:

Amounts shown above are indicative based on the financial position of the PFI Group as at 30 June 2017. They are subject to rounding adjustments.

Liabilities preferred by law include amounts owing to Inland Revenue for unpaid taxes and goods and services tax. There are typically other liabilities which are secured or preferred by law which arise when a company is in liquidation which are not possible to foresee and cannot therefore be quantified.

The liabilities secured by the Mortgages include outstanding borrowed money and other liabilities, such as accrued interest and derivative liabilities. The Bonds rank equally with all other liabilities secured by the Mortgages.

For the purposes of these calculations an issue size of \$100 million of Bonds has been assumed. If the issue size is less this will not impact these calculations, as the proceeds of the issue are expected to be used to repay existing bank debt which ranks equally with the Bonds.

The amount of equity stated above includes an amount in relation to PFI's existing quoted financial products (i.e. PFI's shares).

Since 30 June 2017, PFI has completed the Acquisition and expects allotment for the corresponding Equity Raising to occur on 7 November 2017. This is expected to result in approximately

\$67.7 million of additional equity, and \$2.0 million of additional borrowing under the bank facilities secured by the Mortgages.

In summarising the ranking of the Bonds and other liabilities, the table (for the sake of simplicity) does not reflect the fact that the ranking of liabilities may change, depending on the source of payment. As a result the ranking of the Bonds and other liabilities secured by the Mortgages is understated, where the source of payment is sale proceeds of the Mortgaged Properties:

- Where the source of payment is sale proceeds of the Mortgaged Properties, there are no other liabilities which rank in priority to or equally with the Bonds and other liabilities secured by the Mortgages.
- Where the source of payment is sale proceeds of PFI Group assets (other than the Mortgaged Properties) which secure other liabilities, those other liabilities effectively rank in priority to the Bonds in respect of those sale proceeds.
- Other unsubordinated liabilities are shown as ranking equally with the Bonds and other secured liabilities because, although they are not secured by the Mortgages (or other assets), they are not legally subordinated to the Bonds (or other secured liabilities). For instance, to the extent sale proceeds arise from assets that are not subject to any security, liabilities secured by the Mortgages, liabilities secured over other assets and other unsubordinated liabilities rank equally in respect of those sale proceeds.

Further Borrowing and Security

After the issue of the Bonds, the PFI Group may (without the consent of Bondholders) borrow money or otherwise incur liabilities from time to time that:

- rank equally with the Bonds on a liquidation of the PFI Group. This may include, for example, further bank loans to the PFI Group or further bonds issued by PFI; or
- rank in priority to the Bonds on a liquidation of the PFI Group. This may include, for example, borrowings by the PFI Group secured over assets other than the Mortgaged Properties, other permitted instances of security as described below or liabilities preferred by law.

The financial covenants and other terms described below limit the ability of the PFI Group to:

- borrow money that ranks equally with, or in priority to, the Bonds; or
- grant security which ranks equally with, or in priority to, the Mortgages.

Restrictions on Borrowing

The Loan to Value Ratio limits the ability of the PFI Group to borrow money which is secured by the Mortgages. Under the Loan to Value Ratio PFI agrees to ensure that the total principal amount of all outstanding borrowed money secured by the Mortgages is not more than 50% of the total value of all Mortgaged Properties.

In addition to the Loan to Value Ratio, certain terms contained in the Bank Facility Agreement limit the ability of the PFI Group to borrow money (although you do not have the benefit of these, and they may be amended or waived by the PFI Group's banks). These terms are:

- An "Interest Cover Ratio". Under this, PFI agrees to ensure that (when calculated at the end of each financial year and half year) EBIT of the PFI Group is at least two times interest expense of the PFI Group for the 12 months then ending. For this purpose, "EBIT" is profit before income tax and interest expense (but adjusted to exclude certain gains or losses, including those resulting from fair value adjustments on assets and those derived from sales of assets or investments).
- A "Secured Borrowings Ratio". Under this, PFI agrees to ensure that the total principal amount of all outstanding borrowed money secured by the Mortgages is not more than 50% of the total value of all Properties owned by the Guarantors.
- A "Mortgaged Property Value Undertaking". Under this, PFI agrees that the total value of all Mortgaged Properties will be at least twice the aggregate of (x) the total facility limit under the Bank Facility Agreement; plus (y) the total limit for all other borrowings secured by the Mortgages.

Restrictions on Granting Security

Under the Trust Deed PFI agrees that it will not grant or allow security over its assets (or further security over the Mortgaged Properties), except in certain permitted instances. The permitted instances include:

- security to the Security Trustee;
- security which the PFI Group's banks otherwise agree to;
- security arising by operation of law;
- netting and set off arrangements entered into in the ordinary course of banking arrangements; and
- any other security provided that the total amount secured under this particular category (ignoring the categories above) does not exceed 10% of the PFI Group's total tangible assets.

This summary does not cover all of the permitted instances. For full details see condition 13(a) of the Bonds (as set out in Schedule 1 of the Trust Deed) and the definition of Permitted Security Interest in condition 22 of the Bonds.

The Bank Facility Agreement also contains terms that limit the ability of the PFI Group to grant security (although these are not terms of the Bonds so you do not have the benefit of these, and they may be amended or waived by the PFI Group's banks). These are undertakings from each of PFI and PFI Property that they will not grant or allow security over their assets, except in certain permitted instances. The permitted instances include:

- security to the Security Trustee;
- security which the PFI Group's banks otherwise agree to;
- security over an asset which already exists at the time the asset is acquired (and certain other tests are satisfied);
- security over any asset to its supplier, to secure any unpaid purchase price; and
- security in respect of a permitted joint venture.

SECURITY TRUST DEED

As noted above, a Security Trustee (currently New Zealand Permanent Trustees Limited) holds the Mortgages for all creditors entitled to their benefit. The creditors entitled to the benefit of the Mortgages currently include (in addition to the Supervisor and the Bondholders) the PFI Group's banks and their facility agent. It is likely that further creditors will become entitled to the benefit of the Mortgages in the future.

In most circumstances the Security Trustee must act in accordance with instructions of the majority of those creditors who have the benefit of the Mortgages. As a majority of creditors is determined by respective credit exposures (which depending on the circumstances may be based on principal amount lent, or facility limits) the PFI Group's banks currently constitute the majority creditors for the purpose of giving instructions to the Security Trustee.

The Security Trust Deed contains a number of other important terms. These include:

- The role of the Security Trustee, and the powers and duties of the Security Trustee.
- The rule that Bondholders may only enforce their rights under the Guarantee and Security Trust Deed through the Supervisor.
- The rule that the Supervisor (acting on behalf of the Bondholders) may only enforce the Mortgages through the Security Trustee.
- The rules as to distribution of proceeds received by the Security Trustee on enforcement. After paying costs (including those of the Security Trustee or any receiver) creditors secured by the Mortgages rank equally.
- The procedure by which the PFI Group may extend the benefit of the guarantee and security arrangements (including the Mortgages) to new creditors, who would then rank equally with the Bonds. The PFI Group may do so provided a material default does not exist.
- The obligation of the Security Trustee (without the consent of Bondholders) to release a Mortgage where the relevant property is being sold by the PFI Group, provided that this will not cause a breach of the Loan to Value Ratio (or any other term of the Bonds or any other relevant financing documents).
- The ability of the majority creditors to require the Security Trustee to enforce the Mortgages. In certain circumstances individual creditors or groups of creditors also have this right (even if the majority creditors disagree). An example of this is that where there is a Major Bond Default Event, the Supervisor can require the Security Trustee to enforce the security (even if the majority creditors disagree).
- The ability of the majority creditors to waive obligations under, or agree changes to, the Security Trust Deed (though if a waiver or change would have a material adverse effect on

Bondholders as compared to its effect on other creditors, then approval of the Bondholders will be required).

- The process for replacement of the Security Trustee. The majority creditors have the right to remove and replace the Security Trustee.
- The right of the Security Trustee to be indemnified.
- The payment of fees, expenses and other amounts owing to the Security Trustee.

EVENTS OF DEFAULT

The Events of Default are contained in the Trust Deed. They include:

- A failure by PFI to make a payment on the Bonds.
- A breach by PFI of a material term of the Trust Deed or the Bonds, or by a Guarantor of an undertaking in the Guarantee.
- A material misrepresentation by PFI under the Trust Deed or the Bonds, or by a Guarantor under the Guarantee.
- Indebtedness of more than \$10 million in respect of other borrowed money of PFI or a Guarantor is not paid when due (or within any applicable grace period), or is called up as a result of a default.
- A breach of the Loan to Value Ratio which is not remedied within (approximately) 13 months of that breach being disclosed to the Supervisor in a director's report.
- Insolvency events that affect PFI or a Guarantor.
- Termination of the Guarantee.

This summary does not cover all of the Events of Default. For full details of the Events of Default see condition 18.1 of the Bonds (as set out in Schedule 1 of the Trust Deed).

If an Event of Default occurs, the Supervisor may in its discretion, and must upon being directed to do so by an Extraordinary Resolution of Bondholders, declare the Principal Amount and any accrued interest on the Bonds due and payable. If this occurs, PFI will need to repay you the Principal Amount of your Bonds and any outstanding interest due on your Bonds. Outstanding interest will be calculated based on the number of days since the last Interest Payment Date and a 365-day year.

If an Event of Default occurs the Supervisor may enforce the Guarantee against PFI Property. However, any enforcement of the Mortgages must be by the Security Trustee, not the Supervisor.

DISTRIBUTION STOPPER

Under the Trust Deed PFI is not permitted to make any distribution if an Event of Default is continuing or if it would result in an Event of Default.



OTHER RELEVANT INFORMATION ABOUT THE TRUST DEED

The Trust Deed also contains a number of standard terms, including relating to:

- The role of the Supervisor, and the powers and duties of the Supervisor. The Supervisor will not be responsible for monitoring the application by PFI of the money paid by the subscribers of the Bonds.
- The process for replacement of the Supervisor.
- The right of the Supervisor to be indemnified.
- The payment of fees, expenses and other amounts owing to the Supervisor (including that amounts owing to the Supervisor are, on a default, paid from the proceeds of enforcement before payments to Bondholders).
- Holding meetings of Bondholders.
- The process for Bondholders to sell or transfer their Bonds (including that such sales and transfers are subject to the terms of the Trust Deed and applicable securities laws, in particular that transfers that would result in the transferee holding Bonds with a total Principal Amount of less than \$5,000, or in an amount that is not a multiple of \$1,000, will not be allowed).
- The process for amending the Trust Deed. To summarise, the Trust Deed can be amended:
 - with the consent of the Supervisor; or
 - by the Financial Markets Authority under section 109 of the FMCA; or

- under section 22(7) or 37(6) of the Financial Markets Supervisors Act 2011 or any other enactment.

The Supervisor must only consent to an amendment if:

- the amendment is approved by an Extraordinary Resolution of the holders of the debt securities (or each class of holders that is or may be adversely affected by the amendment); or
- the Supervisor is satisfied that the amendment does not have a material adverse effect on the Bondholders.

You should read clause 11 of the Trust Deed for further information.

SELLING RESTRICTIONS

PFI does not intend that the Bonds be offered for sale, and no action has been taken or will be taken to permit a public offering of Bonds, in any jurisdiction other than New Zealand. You may only offer for sale or sell any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. This PDS may not be published, delivered or distributed in or from any country other than New Zealand.

By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, PFI, the Supervisor and the Joint Lead Managers for any loss suffered as a result of any breach by you of the selling restrictions referred to in this section.

06 RISKS OF INVESTING

INTRODUCTION

This section 6 describes the following potential key risk factors:

- general risks associated with an investment in the Bonds; and
- specific risks relating to the PFI Group's creditworthiness.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and its potential impact (individually or in combination with other key risks) at the date of this PDS. There is no guarantee or assurance that key risks will not change, alter in their significance or that other risks will not emerge.

You should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the Bonds.

Before making any investment decision it is important that investors consider the suitability of an investment in the Bonds in light of their own individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). The risks described in this section do not take account of the personal circumstances, financial position or investment requirements of any particular person other than the PFI Group.

GENERAL RISKS

An investment in the Bonds is subject to the following general risks.

Credit Risk on PFI

The risk that PFI becomes insolvent and is unable to meet its obligations under the Bonds. If the Mortgages are insufficient to repay you in these circumstances, you might not recover the amount of your investment in the Bonds or receive the returns you expect.

Secondary Market Risk

The risk that, if you wish to sell your Bonds before maturity:

- you may be unable to find a buyer; or
- the price at which you are able to sell them is less than the amount you paid for them.

These outcomes may arise because of factors related to PFI Group's creditworthiness, or because of other factors. These other factors may include the following:

- The fact that a trading market for the Bonds never develops, or if it develops is not very liquid. Although permission is expected to be granted to quote the Bonds on the NZX Debt Market, this does not guarantee any trading market in the Bonds.

- The level, direction and volatility of market interest rates. For example, if market interest rates go up, the market value of the Bonds would typically be expected to go down and vice versa.
- The fact that Bondholders seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those available to other Bondholders.

SPECIFIC RISKS RELATING TO PFI'S CREDITWORTHINESS

PFI considers that the circumstances which could significantly affect, either individually or in combination, the PFI Group's future financial position and financial performance, and therefore significantly increase the risk that PFI may default on its obligations under the Bonds are as set out below. These circumstances, either individually or in combination, may affect the PFI Group's ability to pay interest on, or repay, the Bonds.

Specialisation and concentration risk

The PFI Group is a specialist property investment group, with its returns highly dependent on rental income generated from its property assets. In addition its property investments are concentrated by both sector and geography. As at 31 October 2017 its property investments were concentrated:

- by sector, in industrial property (86% of the property assets by value); and
- by geography, in the Auckland region (82% of the property assets by value).

This specialisation and concentration exposes the PFI Group to the risk of changes in property market conditions (and most particularly in its areas of sector or geographic concentration) which have a negative impact on market rental returns from, or the market value of, properties.

Changes in property market conditions may arise as a result of the cyclical nature of property markets, changes in economic and credit conditions, changes in regulation, and changes in business conditions leading to tenant defaults. Changes of this nature may be specific to either of its areas of sector or geographic concentration, or more general. Significant changes to property market conditions specific to Auckland (as an area of geographic concentration) could also arise from a natural disaster event in Auckland (e.g. earthquake or volcanic eruption) however remote that risk.

A reduction or interruption in rental income from PFI Group's property assets could materially negatively impact financial performance (and as an individual property's value is significantly influenced by the net rental return from that property, PFI Group's net worth). A reduction in the market value of the PFI Group's property assets (whether resulting from reduced rental returns or other market factors) could negatively impact PFI Group's net worth. In the context of a natural disaster, the PFI Group maintains insurance cover for material damage to its properties and for business interruption, which would mitigate some of the impact of any such event.

If such changes are sustained and significant, they could also put the PFI Group at risk of breaching its borrowing covenants, which could limit the availability of funding to the PFI Group or cause a default under those arrangements.

Refinancing risk

The PFI Group has a high degree of dependency on external funding sources. This exposes the PFI Group to the risk that funding may not be available (or available on commercially acceptable terms) to refinance existing debt as and when required.

The availability of sufficient external funding depends on a number of factors which may be out of the PFI Group's control, including international economic conditions, regulations that affect the availability and cost of funding for property investment companies, and lenders' perception of the PFI Group's creditworthiness. The PFI Group is seeking to further manage this risk by diversifying its sources of funding (including through the Offer), however such diversification cannot eliminate this risk.

If the PFI Group is unable to refinance existing debt as and when required, it may be forced to sell properties to repay that debt, and its financial condition may be significantly negatively affected.

07 TAX

If you are tax resident in New Zealand or otherwise receive payments of interest on the Bonds that are subject to the resident withholding tax rules, resident withholding tax will be deducted from payments of interest to you, unless you produce to the Securities Registrar a valid certificate of exemption on or before the record date for the relevant payment date.

If you receive payments of interest on the Bonds subject to the non-resident withholding tax rules, an amount equal to any approved issuer levy payable (**AIL**) will be deducted from payments of interest to you in lieu of deducting non-resident withholding tax (except where you elect otherwise and PFI agrees, or it is not possible under any law, in which case non-resident withholding tax will be deducted).

If the AIL regime applies, PFI will apply the zero rate of AIL if possible, and otherwise pay AIL at the applicable rate.

If the AIL regime changes, PFI reserves the right not to pay AIL. See the Trust Deed for further details.

INDEMNITY

If, in respect of any of your Bonds, PFI becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify PFI in respect of such liability. Any amounts paid by PFI in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Bonds. See the Trust Deed for further details.

GENERALLY

There may be other tax consequences from acquiring or disposing of the Bonds. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

The above generalised summary is based on the taxation laws in force in New Zealand as at the date of this PDS. Future changes to these or other laws may affect the tax consequences of an investment in the Bonds.

08 WHO IS INVOLVED?

	Name	Role
Issuer	Property for Industry Limited	Issuer of the Bonds.
Supervisor	Public Trust	Holds certain covenants on trust for the benefit of the Bondholders, including the right to enforce PFI's obligations under the Bonds.
Organising Participant	Forsyth Barr Limited	Is responsible to the NZX in relation to the quotation of the Bonds.
Arranger	Forsyth Barr Limited	Provides advice and assistance to PFI in arranging the Offer, and assists with quotation of the Bonds.
Joint Lead Managers	Forsyth Barr Limited, Bank of New Zealand and Deutsche Craigs Limited	Assist with the bookbuild for the Offer, and marketing and distribution of the Offer.
Securities Registrar	Computershare Investor Services Limited	Maintains the register of Bondholders.
Security Trustee	New Zealand Permanent Trustees Limited	Holds the Mortgages for all creditors entitled to their benefit (including the Supervisor and the Bondholders).
Solicitors to Issuer	Chapman Tripp	Provides legal advice to the PFI Group in respect of the Offer.
Solicitors to Supervisor	Lowndes Ltd	Provides legal advice to the Supervisor in respect of the Offer.

ROLE OF THE ARRANGER AND JOINT LEAD MANAGERS

This PDS does not constitute a recommendation by the Arranger, any Joint Lead Manager, or any of their respective directors, officers, employees, agents or advisers to purchase, any Bonds.

The role of the Arranger in relation to the Offer is solely to provide professional assistance to PFI with arranging the Offer and assisting with quotation of the Bonds. The Joint Lead Managers will assist with the bookbuild for the Offer and with the marketing and distribution of the Offer. Except as described above, the Arranger and Joint Lead Managers are not otherwise involved in the Offer.

None of the Arranger, the Joint Lead Managers and their respective directors, employees, agents and advisers have independently verified the content of this PDS.

You must make your own independent investigation and assessment of the financial condition and affairs of PFI before deciding whether or not to invest in the Bonds

09 HOW TO COMPLAIN

Complaints about the Bonds can be directed to:

Property for Industry Limited at

Shed 24, Prince's Wharf

147 Quay Street

Auckland 1010

PO Box 1147

Shortland Street

Auckland 1140

Telephone: +64 9 303 9450

Facsimile: +64 9 303 9657

Email: info@pfi.co.nz

The Supervisor at

Senior Manager Client Services

Corporate Trustee Services

Public Trust

Level 9

34 Shortland Street

Auckland 1010

Telephone: + 64 9 985 5300

Facsimile: + 64 9 302 3696

Email: cts.enquiry@publictrust.co.nz

The Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs. If the Supervisor has not been able to resolve your issue, you can refer the matter to FSCL by emailing info@fscl.org.nz, or calling FSCL on 0800 347 257, or by contacting the Complaint Investigation Officer, Financial Services Complaints Limited, Level 12, 45 Johnston Street, Wellington 6145.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website www.fma.govt.nz



10 WHERE YOU CAN FIND MORE INFORMATION

Further information relating to PFI and the Bonds is available on the online offer register maintained by the Companies Office known as 'Disclose'. The offer register can be accessed at www.companiesoffice.govt.nz/disclose.

A copy of the information on that register is also available on request to the Registrar of Financial Service Providers at registrar@fspr.govt.nz. The information contained on that register includes a copy of the Trust Deed and Supplemental Deed (including the conditions of the Bonds), a copy of the Security Trust Deed, a copy of the Guarantee and any other material information.

PFI is subject to a disclosure obligation in relation to its shares that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. PFI's page on the NZX website, which includes information made available under the disclosure obligations referred to above, can be found at www.nzx.com/companies/PFI.

11 HOW TO APPLY

There is no public pool for the Bonds. This means you can only apply for Bonds through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You must return a completed Application Form (with payment) to the office of the Primary Market Participant or financial intermediary in time to enable it to be forwarded to the Securities Registrar before 5.00pm on the Closing Date.

An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Additional instructions on how to apply for Bonds are set out with the Application Form contained at the back of this PDS.

12 CONTACT INFORMATION

Issuer

Property for Industry Limited

Shed 24, Prince's Wharf
147 Quay Street
Auckland 1010
PO Box 1147
Shortland Street
Auckland 1140

Telephone: +64 9 303 9450
Facsimile: +64 9 303 9657
Email: info@pfi.co.nz

Securities Registrar

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142
Telephone: +64 9 488 8777

GLOSSARY

\$	New Zealand dollars.
Acquisition	The nine properties acquired by the PFI Group on 31 October 2017.
Application Form	The application form contained in this PDS relating to the Offer.
Bank Facility Agreement	The committed cash advance facilities agreement dated 1 May 2015 (as subsequently amended and restated) made between (among others) PFI Property (as borrower), PFI (as parent) and ANZ Bank New Zealand Limited as facility agent.
Bondholder or you	A person whose name is entered in the Register as a holder of a Bond.
Bonds	The bonds constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS.
Business Day	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington, except that in the context of the Listing Rules it means a day on which the NZX Debt Market is open for trading.
Closing Date	24 November 2017 at 5.00pm.
Disclose Register	Means the online offer register maintained by the Companies Office known as 'Disclose'.
Equity Raising	The renounceable rights issue of approximately \$70 million that is being completed by PFI, with allotment expected to occur on 7 November 2017.
Event of Default	Each event set out in condition 18.1 of the Bonds (as set out in Schedule 1 of the Trust Deed), which are summarised in section 5 of this PDS (Key features of the Bonds).
Extraordinary Resolution	Means a resolution passed with the support of Bondholders holding not less than 75% of the aggregate Principal Amount of Bonds held by those persons voting.
First Interest Payment Date	28 February 2018.
FMCA	Financial Markets Conduct Act 2013.
Guarantee	The Cross Guarantee and Indemnity dated 1 May 2015 from PFI and PFI Property (as Guarantors). A cross guarantee is a document under which each guarantor guarantees each other guarantor's liabilities.
Guarantors	Each person who is a party to the Guarantee as a guarantor. As at the date of this PDS, PFI and PFI Property are the only Guarantors.
Inland Revenue	The New Zealand Inland Revenue Department.
Interest Payment Dates	28 February, 28 May, 28 August and 28 November, in each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being 28 February 2018.
Interest Rate	The rate of interest per annum payable on the Principal Amount of the Bonds as announced by PFI through NZX on or about 10 November 2017.
Issue Date	28 November 2017.
Joint Lead Managers	Forsyth Barr Limited, Bank of New Zealand and Deutsche Craigs Limited.
Listing Rules	The listing rules applying to the NZX Debt Market, as amended from time to time.
Loan to Value Ratio	The undertaking in condition 14.2 of the Bonds (as set out in Schedule 1 of the Trust Deed) under which PFI agrees to ensure that the total principal amount of all outstanding borrowed money secured by the Mortgages is not more than 50% of the total value of all Mortgaged Properties.
Major Bond Default Event	Means the following Events of Default: <ul style="list-style-type: none"> • A failure by PFI to make a payment on the Bonds. • Indebtedness of more than \$10 million in respect of other borrowed money of PFI or a Guarantor is not paid when due (or within any applicable grace period), or is called up as a result of a default. • A breach of the Loan to Value Ratio which is not remedied within (approximately) 13 months of that breach being disclosed to the Supervisor in a director's report.

Maturity Date	28 November 2024.
Mortgages	First ranking mortgages given by PFI Property to the Security Trustee.
Mortgaged Properties	The Properties subject to the Mortgages.
NZX	NZX Limited.
NZX Debt Market	The debt security market operated by NZX.
NZX Main Board	The main registered market for trading equity securities operated by NZX.
Offer	The offer of Bonds made by PFI under this PDS.
Opening Date	13 November 2017.
Organising Participant	Forsyth Barr Limited.
PDS	This product disclosure statement for the Offer dated 2 November 2017.
PFI Property	P.F.I. Property No. 1 Limited (a company owned by PFI and a member of the PFI Group).
PFI or Issuer	Property for Industry Limited.
PFI Group	PFI and the companies it owns.
Primary Market Participant	Has the meaning given to that term in the NZX Participant Rules as amended from time to time.
Principal Amount	\$1.00 per Bond.
Property	Freehold or leasehold real property.
Rate Set Date	10 November 2017.
Register	The register in respect of the Bonds maintained by the Securities Registrar.
Security Trust Deed	The security trust deed dated 1 May 2015 made between (among others) PFI Property (as a borrower and Guarantor), PFI (as a Guarantor), and ANZ Bank New Zealand Limited (as original Security Trustee).
Security Trustee	New Zealand Permanent Trustees Limited or such other person as may hold office as security trustee under the Security Trust Deed from time to time.
Securities Registrar	Computershare Investor Services Limited.
Supervisor	Public Trust or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.
Supplemental Deed	The Supplemental Deed dated 2 November 2017 between PFI and the Supervisor setting the terms and conditions of the Bonds (as amended or supplemented from time to time).
Trust Deed	The Master Trust Deed dated 2 November 2017 between PFI, and the Supervisor pursuant to which certain bonds may be issued (as amended or supplemented from time to time), and where the context requires includes the Supplemental Deed.



Broker Stamp
Advisor Code

APPLICATION FORM

This application form is issued with the product disclosure statement dated 2 November 2017 (PDS) for an offer of senior secured fixed rate 7 year bonds (Bonds) by Property for Industry Limited (PFI). You should read the PDS carefully before completing this application form. A copy of the PDS and other useful information about this offer may also be obtained from www.companiesoffice.govt.nz/disclose.

Terms defined in the PDS have the same meaning in this application form.

Your application form must be received by your Primary Market Participant or financial intermediary in time to be forwarded to Computershare Investor Services Limited (Securities Registrar) before 5.00pm on 24 November 2017. Please complete this application form using **BLOCK LETTERS**.

A. APPLICANT DETAILS

Applications must be made in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application.

First Name(s): Last Name:

First Name(s): Last Name:

First Name(s): Last Name:

Company or Designated Account Name (if applicable):

Postal Address and Postal Code:

Phone Number: Mobile: Home:

B. APPLICATION AMOUNT AND PAYMENT

Applications must be accompanied by payment in full, in New Zealand currency based on \$1.00 per Bond. Applications must be for a minimum of \$5,000 and, thereafter, in multiples of \$1,000. PFI may accept or reject all or part of this application without giving reason.

Principal Amount of Bonds applied for: \$

You may choose only ONE of the options below for payment of your application moneys. Please tick the box (✓) next to your selected option.

OPTION 1: Direct Debit Please direct debit my/our bank account stated below for the amount of Bonds applied for above (or any lesser amount as determined by PFI). By ticking this box and signing this application form, I/we agree that PFI or the Securities Registrar is authorised to direct debit my/our account for the full amount of Bonds applied for (or any lesser amount as determined by PFI). **Future interest payments will be direct credited to this account unless a different account is specified in section C below.**

NEW ZEALAND DOLLAR BANK ACCOUNT DETAILS FOR DIRECT DEBIT:

Name of Bank: Name of Account:

- - -
Bank Branch Account No Suffix

OPTION 2: Cheque Please find attached my/our cheque payable to "PFI Bond Offer" and crossed "Not Transferable". I/we have supplied my/our bank account details under section C below for the purpose of direct crediting any future interest paid by PFI.

OPTION 3: NZClear System Payment by DVP (Delivery versus Payment) may be made by NZClear members as arranged with the Registrar (**authorised institutional investors only**). I/we have supplied my/our account details under section 4 below for the purpose of direct crediting any future interest paid by Property for Industry Limited.

NZClear Mnemonic:

C. COMMON SHAREHOLDER NUMBER (CSN)

Please note that the application must be in the same name as the CSN below, otherwise the application will be deemed to be made without a CSN and a new CSN will be allocated.

If you currently have a CSN, please enter it here:

D. INTEREST AND REDEMPTION PAYMENTS

NEW ZEALAND DOLLAR BANK ACCOUNT DETAILS FOR FUTURE PAYMENTS:

Name of Bank: Name of Account:

- - -

Bank

Branch

Account No

Suffix

OR for the purpose of interest payments only, direct credit to my cash management account:

Name of NZX Participant where cash management account held

Cash management account client account number

If you wish to have your future interest payments direct credited to a different bank account you need to advise the Securities Registrar in writing.

E. ELECTRONIC CORRESPONDENCE AND REPORTING

To enable PFI to provide you with your investor correspondence in relation to your holding of Bonds electronically (where possible), please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the postal address provided on this application form.

Email Address:

F. IRD NUMBER, WITHHOLDING TAXES AND TAX RESIDENCY

Provide your IRD number (only one IRD number is required in respect of a joint application): - -

Please select a resident withholding tax (RWT) rate by ticking the box (✓) next to your selected option (or confirm that you are non-resident and indicate your country of tax residence below).

Please note that a New Zealand company (other than a company which is acting as a trustee or a company which is a Maori authority) does not need to tick any box unless it holds an RWT exemption certificate. Tax will automatically be deducted at 28%.

10.5% 17.5% 30% 33% Exempt (If you are exempt from RWT, attach a copy of your RWT exemption certificate for noting).

Please tick the relevant box (✓) if any of the below apply to you or your application.

I am a non-resident for New Zealand tax purposes.

I am a non-resident for New Zealand tax purposes **and** I am engaged in business in New Zealand through a fixed establishment in New Zealand and either (1) will hold the Bonds for the purpose of that business or (2) am a registered bank in New Zealand. (Please note that you should provide your IRD number and rate of RWT above.)

My country of tax residence is:

G. YOUR APPLICATION FORM MUST BE RETURNED IN SUFFICIENT TIME BEFORE THE OFFER CLOSES.

Your completed application form must be returned to the office of your Primary Market Participant or financial intermediary in time to be forwarded to the Securities Registrar before 5.00pm on 24 November 2017.

Deliver to (broker use): PFI Bond Offer
Computershare Investor Services Limited
Private Bag 92119
Auckland 1142

Physical Address: Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622

Investor phone number: (09) 488 8777

H. AGREEMENT OF TERMS

I/We hereby confirm that I/we have received and read the PDS for the Bonds, and apply for the Principal Amount of Bonds set out above and agree to accept such Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the PDS. Please read the terms and conditions below before signing as it sets out specific terms and conditions which are accepted by an applicant upon signature of this application form.

All applicants on the application form must sign.

Date:

Applications lodged by individuals must be signed personally or by their attorney or agent. If this application form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out in the application form. If this application form is signed by an agent, the agent must complete the certificate of agency set out in the application form.

I. TERMS AND CONDITIONS

By signing this application form, I/we:

- (a) apply for the Principal Amount of Bonds on, and subject to, the terms and conditions set out in the PDS, the Trust Deed, the Supplemental Deed, the information in connection with the Offer lodged on the Disclose Register and this application form and I/we agree to be bound by the provisions thereof;
- (b) declare that all details and statements made by me/us in this application form are complete and accurate;
- (c) certify that, where information is provided by me/us in this application form about another person, I/we are authorised by such person to disclose the information to you and to give authorisation;
- (d) acknowledge that this application form was distributed with the PDS;
- (e) acknowledge that an application cannot be withdrawn or revoked by the applicant once it has been submitted;
- (f) acknowledge that PFI reserves the right to decline any application, in whole or in part, without giving any reason and may decide not to accept any applications whatsoever; and
- (g) acknowledge that the offer is only made in New Zealand, and by applying for the Bonds, I/we agree to indemnify, among others, PFI and the Supervisor for any loss suffered as a result of any breach by you of the selling restrictions applicable to the Offer.

The information in the application form is provided to enable PFI and the Securities Registrar to consider and process your application, and to administer your investment, and to help and enable PFI or the Securities Registrar to comply with (or determine what it needs to do to comply with) any applicable laws, rules or regulations in New Zealand or any other country or the requirements of any governmental, judicial or regulatory entity or authority in any jurisdiction. By signing this application form you authorise PFI and the Securities Registrar to disclose information in situations where PFI or the Securities Registrar consider it is required or permitted to do so by any applicable laws, rules or regulations or by any governmental, judicial or regulatory entity or authority in New Zealand or any other jurisdiction. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of our personal information.

J. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY/AGENCY

(Complete this section if you are acting on behalf of the applicant on this application form for whom you have power of attorney or are acting as agent).

I, _____ (full name)
of _____ (place and country of residence),
_____ (occupation),

CERTIFY:

- THAT by deed/agreement dated _____ (date of instrument creating the power of attorney/agency),
_____ (name of person/body corporate which granted the power of attorney/agency)
of _____
(place and country of residence of person/body corporate which granted the power of attorney/agency*)

appointed me his/her/its attorney/agent;

- THAT I have executed the application for the Bonds printed on this application form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received notice of any event revoking the power of attorney/agency.

Signed at _____ this _____ day of _____ (month/year)

Signature of attorney/agent _____

* If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

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