

PROPERTY FOR INDUSTRY LIMITED
CORPORATE GOVERNANCE MANUAL

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INTRODUCTION

Property For Industry Limited's (referred to in this document as "PFI" and "the Company") board of directors ("the Board") and management are committed to ensuring that the Company maintains best practice governance structures and the highest ethical standards and integrity. The Board has therefore developed this corporate governance manual which is intended to guide the directors, management and representatives of PFI so that their business conduct is consistent with PFI's business standards. It incorporates the New Zealand Exchange ("NZX") listing rules relating to corporate governance, the NZX Corporate Governance Best Practice Code Recommendations and the Securities Commission Governance Principles and Guidelines.

This manual is intended to be read in conjunction with the Company's constitution and also applies to PFI's subsidiaries.

PART 1

CODE OF ETHICS

Purpose and Intent

The purpose and intent of this code of ethics is to guide directors, managers, representatives and subsidiaries of PFI so that their business conduct is consistent with PFI's business standards.

The code is not intended to be an exhaustive list of acceptable and non-acceptable behaviour, rather it is intended to facilitate decisions that are consistent with PFI's business standards, objectives and legal and policy obligations.

Ethical Behaviour Generally

PFI directors, managers and representatives will:

- Undertake their duties with care and diligence;
- Not enter into transactions or make promises on behalf of PFI that PFI does not intend to honour;
- Conduct themselves in a way that demonstrates their honesty and integrity when dealing with others within the Company, the managers and in engaging with external stakeholders;
- Not seek to gain an advantage through accepting or offering bribes or other improper inducements;
- To the best of their ability, use reasonable endeavours to ensure that PFI's records and documents, including financial reports are true, correct and conform to PFI's reporting standards and internal controls;

Conflicts of Interest

PFI expects all of its directors, managers and representatives to act with integrity and to avoid situations where there is a real or potential conflict of interest between their personal interests and the interests of the Company as a whole. PFI expects its directors, managers and representatives to avoid conflicts of interest in their decisions and to avoid any direct or indirect interest, investment, association, or relationship which is likely to or appears to interfere with the exercise of their independent judgement. Further, directors, managers or representatives should not engage in any other business or commercial activities which would conflict with their ability to perform their duties to PFI.

Duty to Protect PFI's Assets

PFI's directors, managers and representatives are expected to act with integrity and take personal responsibility to ensure the protection and efficient use of the Company's assets for legitimate business purposes. PFI's assets are to be used for lawful business purposes as authorised by the Board of PFI only.

Regulatory and Legal Compliance

PFI directors, managers and representatives will

- Familiarise themselves with and comply with all PFI's policies, frameworks and processes at all times;
- Abide by the laws, rules and regulations of the country in which they are operating;
- Undertake training on legal obligations and policies, when required by the Board or in order to properly fulfil their duties;
- Comply with all statutory and internal disclosure requirements on a timely basis; and
- Co-operate with regulatory bodies and government agencies in all matters, including their investigations of PFI's compliance with legal obligations.

Reporting unlawful or unethical behaviour

PFI's directors, managers and representatives are actively encouraged to challenge any behaviour which they believe is inconsistent with any of PFI's values or with this policy. In particular anyone who suspects that any director, manager or representative of the Company has or may have:

- acted corruptly, fraudulently or unethically;
- acted unlawfully; or
- breached this policy

should report this to their immediate supervisor, to the Board or to the Chairman of the Board of PFI.

Individuals may report this information personally or anonymously. The identity of the person making the report will be kept confidential where possible. However there may be situations where the proper investigation of the matter inadvertently identifies the reporter or requires their identification.

Any person who knowingly makes a false report of a legal or policy breach may be subject to disciplinary action.

Responsibilities to Shareholders and Financial Community

The Board's ultimate accountability to its shareholders is to achieve a target minimum annual increase in shareholder wealth of 10% via a combination of income and capital growth through acquisition and management of industrial property assets.

The Board of PFI believes that constructive and ethical behaviour, acting in a way which is consistent with PFI's values is the key to achieving the target minimum annual increase. This includes building high levels of confidence among the investors and the financial community generally, by being open and transparent in accounting policies and practices and in disclosure and general interaction with investors in the financial community.

Corporate Opportunities

PFI's directors, managers and representatives are expected to act with integrity and not take advantage of opportunities arising from their engagement, employment or connection with PFI for personal gain or to compete with the Company. In particular, no representative of the Company who has non-public information which could affect the price of the Company's securities may buy or sell PFI's securities. Similarly, no director, manager or representative with such non-public price sensitive information may recommend or suggest other persons buy or sell PFI security.

Confidentiality

PFI's directors, managers and representatives will maintain and protect the confidentiality of information entrusted to them about PFI's financial affairs, except where disclosure is allowed or required by law or where the Board has approved disclosure.

Compliance

All of the Company's directors, the managers, representatives and subsidiaries are expected to adhere to the policies and behaviours described in this code. PFI expects its directors, managers and representatives to comply with the spirit as well as the letter of this code.

Review

This code is subject to annual review by the Board of PFI.

PART 2

BOARD CHARTER

1. Governance at PFI

The Company's directors and all of the management are fully committed to high standards of corporate governance. Corporate governance at PFI encompasses the Company's decision-making structures and the mechanisms used to manage the organisation.

The Board has statutory responsibility for the affairs and activities of the Company which in practice is achieved through delegation to the managers who are charged with the day-to-day management of the Company.

The Board, through a set of formal policies and procedures:

- establishes a clear framework for oversight and management of the Company's operations and for defining the respective roles and responsibilities of the Board and management;
- structures itself to be effective in discharging its responsibilities and duties;
- sets standards of behaviour expected of the Company's managers and representatives;
- safeguards the integrity of the Company's financial reporting;
- ensures timely and balanced disclosure;
- respects and facilitates the rights of shareholders;
- recognises and manages risk;
- encourages board and management effectiveness;
- remunerates fairly and responsibly;
- recognises the legitimate interests of all stakeholders.

The Role of the Board

The Board is responsible for appointing managers and supervising and monitoring their activities and performance. The Company is currently managed under a contract with AMP Capital Investors (New Zealand) Limited.

The Board has the responsibility to work to protect and enhance the value of the assets of the Company in the interests of the Company and its shareholders.

The Board establishes the Company's objectives, the major strategies of achieving these objectives, the overall policy framework within which the business of the Company is conducted and monitors management's performance with respect to these matters.

In delegating responsibility for the day to day operation and management of the Company the Board has processes and systems in place to ensure that significant issues, risks and major strategic decisions are monitored and considered at Board level. This allows the Company to operate on a day to day basis in a manner which maximises shareholder value and manages risk while seeking to ensure that the interests of shareholders are protected.

The Board's focus is on the creation of long term shareholder wealth and ensuring the Company is run in accordance with best international management and corporate governance practices. The legitimate interests of all stakeholders are taken into account in the decision making of the Board.

Specific responsibilities of the Board also include the following:

- oversight of the Company including its control and accountability procedures and systems;
- oversight of the development and approval of corporate strategies and objectives, guiding the implementation of those strategies and assessing the adequacy of the Company's resources required to achieve the strategic objectives;
- approval of operating plans including annual business plans and budgets;
- monitoring actual results against the annual business plan, budget and strategic objectives;
- appointment, performance and removal of the chairman and confirmation of the appointment and removal of management;
- negotiating and entering into a contract for management services;
- setting the remuneration of the directors;
- approval and monitoring of the progress of capital expenditure, capital management initiatives and acquisitions and divestments
- approval of capital structure and dividend policies;
- approving half yearly accounts, full year accounts and annual report and related reports to the NZX and other regulatory authorities;
- maintaining corporate and Board values to ensure that the Company acts at the highest ethical standards and integrity in accordance with all legal and regulatory requirements and otherwise in accordance with those management and governance best practices.

Composition of the Board

The constitution of the Company requires that the Board comprise between three and eight directors. The Board is also required by the constitution to have a minimum number of independent directors and the independence requirements are outlined in the independence section of this charter. In addition at least two directors must be ordinarily resident in New Zealand.

Board membership will comprise a range of skills and experience in order that it has a proper understanding of and competence to deal with the current and emerging issues of the business, can effectively review and challenge the performance of management and can exercise independent judgement.

All directors appointed by way of casual vacancy are required by the Company's constitution to be elected by the shareholders at the first annual meeting after their appointment. The requirements and procedures governing the retirement, rotation and resignation of directors are prescribed in the Company's Constitution.

Selection of Board Members

The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. In considering potential directors to recommend to shareholders, the Board seeks to identify candidates with appropriate skills, knowledge and experience to contribute to effective direction of the Company, who can exercise an independent and informed judgement on matters which come to the Board and who are free of any business or other relationship that may interfere with the exercise of that individual judgement.

The Chairman is to be selected by the full Board.

Independence

The Company's constitution sets out that at least two directors or a third of the Board members (whichever is the greater) must be independent as assessed by the Board.

The Board considers a director to be independent if they are independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could otherwise affect their ability to act in the best interests of the Company.

The directors are required to keep the Board advised of any interests they have that could potentially conflict with the interests of PFI.

The Board determines the independence of each director in terms of any matter arising at any time and on a formal basis at the time of appointment and annually thereafter. The Board will review any determination it makes as to a director's independence on becoming aware of any information that indicates that the director may have a material relationship that could potentially conflict with the interests of PFI.

The board has adopted the NZX independence rules, as set out in the NZX "Corporate Governance Best Practice Code" (August 2003), as its definition of independence.

The NZX defines an independent director as being a director who is not an executive of the company and does not have a "disqualifying relationship" defined by the NZX as being any direct or indirect interest or relationship that could reasonably influence, in a material way, the director's decisions in relation to the issuer.

The NZX further defines a Disqualifying Relationship as being where:

- (a) *“where the director is a substantial security holder of the issuer, or is an associated person of the substantial security holder (other than solely as a consequence of being a director of the issuer)*
- (b) *where:*
- (i) *the director has a relationship (other than in his/her capacity as a director of the issuer) with the issuer or a substantial security holder of the issuer; or*
 - (ii) *an associated person of the director has a relationship with the issuer or a substantial security holder of the issuer; and*
 - (iii) *by virtue of the relationship in (b)(i) or (b)(ii) that director or any associated person of that director has derived or is likely to derive, in the current financial year of the issuer, a substantial portion of their annual revenue during such financial year.”*

Note 1. In considering whether a director has a Disqualifying Relationship the issuer shall consider all the circumstances including the history of the relationship between the issuer and the director and/or any plans the issuer may have concerning its relationship with the director on an ongoing basis.”

NZX considers that generally 10% of a director’s or an associated person’s annual revenue will be a “substantial portion” of their revenue for the purposes of this definition.

The Board must identify which directors it has determined to be independent and advise the NZX of such determination at certain prescribed times.

Conduct and Responsibilities of Directors

The primary responsibility of the directors is to exercise their business judgement to act in what they believe to be the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's managers and its outside advisors and auditors.

It is the Board's responsibility to:

- Take appropriate steps to protect and enhance the value of the assets of the Company in the best interests of its shareholders and ensure that the Company and its assets are being properly managed;
- Use reasonable endeavours to ensure that PFI’s records and documents including financial reports are true, correct and conform to PFI’s reporting standards and internal controls
- Ensure that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
- Be actively engaged in directing and approving the strategic planning of the Company and monitoring management's implementation of the strategies;

- Analyse and review material acquisitions, divestments and capital expenditure;
- Review and approve the corporate plan, financial and dividend policies and the operating budget, and monitor financial performance and integrity of reporting; and
- Ensure effective and timely reporting to shareholders;

In discharging their duties, the directors have an overriding duty to conduct themselves in an honest, ethical and responsible manner. Further the directors:

- Must carry out their duties in a lawful manner and use reasonable endeavours to ensure that the company conducts its business in accordance with the law and of a high standard of commercial morality;
- Should be diligent, attend board meetings and devote sufficient time and give proper attention to the matters before them. It is important that the directors keep themselves familiar with the nature of the company's activities and the environments including legal, political and social in which it operates;
- Act in such a way that Board meetings and discussion promote focused debate within a supportive team atmosphere;
- May, where necessary, retain and consult with external advisers (including legal) at the Company's expense where the director (or committee) deems it necessary to properly carry out their duties and functions, provided they have previously notified the Chairman of the Board;
- Must fully disclose all relationships they have with PFI and relevant private or other business interests to the Board in order that the Board may assess the directors' independence. This is an ongoing responsibility of each director;
- Must report any illegal or unethical behaviour of which they become aware to the chairman.

Committees of the Board

The Board has established an Audit Committee to handle particular analysis and work delegated by the Board. The Audit Committee shall be guided by the Audit Committee Charter contained in Part 3 of this manual.

The Board may also from time to time establish ad hoc committees to review and analyse policies and strategies which are within their terms of reference. Such committees are to examine proposals and where appropriate make recommendations to the full Board. Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so. The committees are comprised of directors appointed by the Board and the chairpersons of such committees are appointed by the Board.

The Board has considered that size constraints prevent them from establishing other committees such as a nomination committee and a remuneration committee. In these situations all members of the Board comprise the committees. The Board is however to be guided by the

Nomination Policy and the Remuneration Policy as set out in this manual notwithstanding that no formal committee has been established to deal with these matters.

Nomination

The Board has developed a Nomination Policy which is designed to guide the Board when recommending the appointment of directors. The Nomination Policy is contained in Part 4 of this manual.

Remuneration

Director's remuneration is paid in the form of directors fees. The Directors have developed a Remuneration Policy which is designed to guide the Board when approving remuneration of the directors. The Remuneration Policy is contained in Part 5 of this manual.

Share Trading

Directors of the Company are encouraged to own shares in their own name (or through associated interests). Directors are subject to limitations on their ability to buy and sell PFI shares by PFI's Share Trading Policy contained in Part 6 of this manual, the NZX Listing Rules and the Securities Markets Act 1988. All changes in the shareholdings of Directors are reported to the Board and the NZX. The directors' shareholdings and changes to those shareholdings are also noted in the annual report to shareholders.

Disclosure

The Board must provide timely and balanced disclosure of all material matters concerning the Company to its shareholders and other stakeholders.

The Board must ensure that all directors, managers and representatives are aware of and comply with the Company's reporting responsibilities and disclosure requirements under NZX Listing Rules and in accordance with the Company's internal policies and this manual. Copies of these policies and documents are held at the registered office of the Company and are published on the Company's website.

The Company maintains internal policies and procedures and monitors compliance with those policies and procedures to protect the confidentiality of its commercially sensitive information.

Accountability

The Chairman meets regularly with directors of the Company to discuss individual performance of directors. The Board reviews its performance as a whole on an annual basis.

PART 3

AUDIT COMMITTEE CHARTER

1. Purpose

The Board has established an audit committee in accordance with the Company's constitution to assist the Board in discharging its responsibilities with respect to financial reporting, compliance and risk management practices of PFI. The constitution allows the Board to impose other regulations upon the audit committee as it sees fit. This audit committee charter is intended to guide the audit committee members in fulfilling their responsibilities to the Board.

Composition

The composition of the audit committee is prescribed by the Company's constitution. The audit committee must have a minimum of three directors and a majority of those directors must be independent directors.

Duties, Responsibilities and Scope

The Company's constitution sets out that the responsibilities of the audit committee include:

- regularly informing and updating all directors of the Company on corporate financial matters;
- recommending the appointment and removal of the independent auditor;
- meeting regularly to monitor and review the independent and internal auditing practices;
- ensuring that the Company maintains accurate financial and accounting records;
- having direct communication with and unrestricted access to the independent and any internal auditors or accountants;
- reviewing the financial reports and advising all directors whether they comply with the appropriate laws and regulations;
- ensuring that the external auditor or lead audit partner is changed every five years.

In addition to the responsibilities outlined in the constitution the committee shall examine any other matters the Board may refer to it from time to time.

Authority

The Committee is authorised by the Board to investigate any activity covered by its functions and responsibilities. It is authorised to seek any information it requires from any employee and all employees shall be directed to cooperate with any request made by the Committee.

The Committee shall have the authority of the Board to obtain legal or other independent professional advice, and to secure the attendance at meetings of third parties with the relevant experience and expertise if it considers this necessary.

The Committee shall have no executive powers with regard to findings and recommendations.

Procedural Requirements

The audit committee is required to meet once a year or more frequently if required in order to carry out its duties.

The chairperson will call a meeting of the audit committee if requested to do so by any committee member, the Company's managers or by the Company's internal or external auditors.

Minutes of the meetings are to be recorded and circulated to all directors.

The chairperson of each meeting of the committee is required to report back to the Board on key points of discussion and present the recommendations of the committee at the next scheduled meeting of the Board.

All directors have a standing invitation to attend any meetings of the committee.

Reporting

The committee is required to prepare an annual report to the Board. The report is to contain all matters relevant to the committee's role and responsibility, including:

Review of the Audit Committee

The Board shall undertake an annual review of its objectives and activities in terms of its responsibilities as set out in this Charter.

PART 4

NOMINATION POLICY

The policy is intended to guide the directors of the Company when nominating persons to be appointed as directors of the Company.

The following matters should guide the directors in making their decision to appoint a director:

- To be eligible for selection candidates must demonstrate appropriate qualities and experience to contribute to the effective direction of the Company and who can exercise an independent and informed judgment on matters which come before the Board;
- All directors must meet the certification requirements established by the NZX on which the Company is listed;
- The nomination of new directors to be appointed by way of casual vacancy is to be considered by all directors;
- Directors are to have the opportunity to meet with potential new directors prior to their appointment; and
- New directors are to be selected based on a range of factors including the perceived needs of the Board at the time. These factors include the independence, qualifications and experience of candidates.

PART 5

REMUNERATION POLICY

In setting the remuneration of the directors of the Company the Board should aim to ensure that the Company is able to attract and retain highly skilled directors.

The director's remuneration is paid in the form of director's fees. The fees to be paid to each director is subject to shareholder approval. Additional fees are paid in respect of the Chairman to reflect the additional responsibilities of this position.

The Board may determine that additional allowances be paid as appropriate, for example if a director is undertaking work additional to that expected of other directors.

The constitution also allows for reimbursement of travel, accommodation and other expenses incurred in relation to the management of the Company.

A payment may be made upon the retirement of a director, as set out in the NZX listing rules. However the constitution sets out that the total amount of the payment is not to exceed the total remuneration of the director in their capacity as director in any three years chosen by the Company unless the payment is authorised by the shareholders.

The current Board policy is that no retirement remuneration will be paid to directors who are appointed after 1 May 2004.

PART 6

SHARE TRADING POLICY

2. Policy Statement

PFI is committed to transparency and fairness in dealing with all of its stakeholders and to ensuring adherence to all applicable laws and regulations.

No director, manager or representative may use their position of knowledge of the Company or its business to engage in securities trading for personal benefit or to provide benefit to any third party.

3. Application

This policy applies to all directors, managers and employees of PFI and its subsidiaries who intend to trade in PFI listed securities. In this policy, “**trade**” includes buying or selling listed securities, or agreeing to do so, whether as principal or agent, but it does not include subscription for, or the issue of, new securities.

The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand.

4. Purpose

The Board has developed this policy to meet the Company’s legal obligation to prevent insider trading and to help directors, managers and employees avoid the serious consequences associated with violations of insider trading laws.

This policy details rules for dealing PFI ordinary shares and any other listed securities of PFI or its subsidiaries, and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of listed securities from time to time (“Restricted Securities”):

If any person does not understand any part of this policy, or how it applies, the matter should be raised with the Company Secretary before dealing with any securities covered by this policy.

5. Fundamental rule - insider trading is prohibited at all times

If a person possesses “material information” (refer to definition below), then that person must not:

- (a) trade Restricted Securities;
- (b) advise or encourage others to trade, or hold any Restricted Securities; or
- (c) pass on the material information to others.

The prohibitions apply regardless of how the person learns of the information, and regardless of why the person is trading.

6. Insider trading laws

If a person has **material information** relating to PFI, it is illegal for that person to:

- (a) trade PFI's listed securities;
- (b) advise or encourage another person to trade or hold PFI's listed securities;
- (c) advise or encourage a person to advise or encourage another person to trade or hold PFI's listed securities; or
- (d) pass on the **material information** to anyone else - including colleagues, family or friends - knowing (or where that person ought to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, listed securities.

This offence, called "insider trading", can subject a person to criminal liability, including large fines and/or imprisonment, and civil liability, which may include being sued by another party or PFI, for any loss suffered as a result of illegal trading. In addition, PFI will take disciplinary action against any person who breaches this policy.

7. Definitions

"Material information" is information that:

- (a) is not generally available to the market; and
- (b) if it were generally available to the market, would have a material effect on PFI's listed securities.

Information is generally available to the market if it has been released as an NZX announcement, or investors that commonly invest in PFI securities can readily obtain the information (whether by observation, use of expertise, purchase or other means).

It does not matter how a person comes to know the material information (including for example in the course of carrying out responsibilities, or in passing in the corridor, or in a lift, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including PFI), and information which is insufficiently definite to warrant disclosure to the public.

8. Exceptions

This policy does not apply to:

- (a) acquisitions and disposals by gift or inheritance;
- (b) acquisitions through an issue of new listed securities, such as an issue of new shares on the exercise of options, under a rights issue, or a dividend reinvestment plan.

9. Short term trading discouraged

PFI discourages directors, managers and employees in engaging in short term trading (the buying or selling of listed securities within a three month period), unless there are exceptional circumstances discussed with and approved by the Company Secretary.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade listed securities on a short term basis.

10. If in doubt, don't

The rules contained in this policy do not replace legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviour considered to be ethical actually may be insider trading. If in doubt, don't!

11. Application

The Board of PFI has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by posting on PFI's website.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails

12. Disclosure and consent

The additional disclosure and consent restrictions set out below apply to:

- (a) all directors of PFI and its subsidiary companies; and
- (b) senior employees of the manager identified by the board; and
- (c) trusts and companies controlled by such persons.

Persons covered by these additional restrictions are called "**Restricted Persons**". Restricted Persons will be considered responsible for the actions of trusts and companies controlled by them. In this respect, "control" is not to be construed in a technical way but by looking at how decisions are made in practice.

13. Requirements before trading

Before trading in Restricted Securities at any time, Restricted Persons must, in writing:

- (a) notify PFI's Company Secretary of their intention to trade in securities, and seek consent to do so (using the Request for Consent to Trade in Listed Securities form attached);
- (b) confirm that they do not hold material information; and
- (c) confirm that there is no known reason to prohibit trading in any Restricted Securities.

A consent is valid for a period of 10 trading days after notification. A consent is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.

14. Requirements after trading

A Restricted Person must advise PFI's Company Secretary promptly following completion of any trade, and the Restricted Person must comply with any disclosure obligations it has under the Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Regulations.

In addition to the requirements of the insider trading laws and PFI's Insider Trading Policy, directors and officers (being senior employees of the manager identified by the board) are legally obliged to make certain disclosures in respect of an acquisition or a disposition of a Relevant Interest in PFI securities.

Disclosure must be made in accordance with the Companies Act 1993, the Securities Markets Act 1988 and the Listing Rules of New Zealand Exchange Limited. Under the Securities Markets Act 1988 all directors and officers must send a disclosure notice to the Company and to the NZX within 5 day of acquiring or disposing of a relevant interest in PFI securities.

The information required to be disclosed in the disclosure notice includes:

- (a) The number and class of securities acquired or disposed of;
- (b) The nature of the relevant interest in the securities;
- (c) The consideration paid or received; and
- (d) The date of the acquisition or disposition.

Directors and officers must ensure that the particulars of any share trading disclosed to the Board are entered in the Company's Interests Register.

The obligation to disclose acquisitions and dispositions is a continuous obligation on directors and officers of PFI.

The definition of "relevant interest" is wide and is set out in the Securities Markets Act 1988. Essentially, a person will have a relevant interest in PFI shares or options where they:

- (e) beneficially own the shares or options either directly or indirectly;
- (f) are able to control, either alone or jointly with others, the acquisition or disposal of the shares or options by another person;
- (g) have the power to control, either alone or jointly with others, the voting rights on the shares;
- (h) are able to influence the board of a company which controls the voting rights on the shares or the sale or purchase of the shares or options;
- (i) have a shareholding of 20% or more in a company that owns shares or options;

(j) will have any of the above rights at any time in the future under any arrangement.

However, it will also include shares or options held under a number of other types of arrangement (for example, shares held in a family trust). It is unlikely to include shares held by a person's spouse or partner (unless that person has some control over those shares) or in a unit trust or superannuation fund.

Property For Industry Limited

Request for Consent to Trade in Listed Securities

To: Company Secretary, PFI

In accordance with PFI's Share Trading Policy, I request PFI's consent be given to the following proposed transaction to be undertaken, either by me or persons associated with me, within 10 days of approval being given. I acknowledge PFI is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

Name:

Name of registered holder transacting (if different):

Address:

Position:

Description and number of securities:

Type of proposed transaction: Purchase / sale / other (specify)

To be transacted: On NZX/off-market trade/other (specify)

Likely date of transaction (on or about):

I declare that I do not hold information which:

- is not generally available to the market; and
- would have a material effect on the price of PFI's listed securities if it were generally available to the market.

I know of no reason to prohibit me from trading in PFI's listed securities and certify that the details given above are complete, true and correct.

Signature

Date

PFI hereby consents to the proposed transaction described above. Consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent, and in compliance with PFI's Share Trading Policy.

Name:

Date

on behalf of Property For Industry Limited

PART 7

POLICY ON AUDIT INDEPENDENCE

1. Policy Statement

PFI will maintain Auditor Independence consistent with regulatory and NZX requirements and current best practice.

2. Background

Oversight of PFI's external audit arrangements is the responsibility of PFI's audit committee. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. This formal policy on audit independence has been adopted by the committee to meet this requirement.

This policy covers the following areas:

- Provision of related assurance services by PFI's external auditors.
- Auditor rotation.
- Relationships between the auditor and PFI.

3. Approval of Auditor

The audit committee shall only approve a firm to be auditor if that firm would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement.

4. Responsibilities of the External Auditor

The external auditors shall annually confirm their compliance with professional standards and ethical guidelines of the Institute of Chartered Accountants of New Zealand to evidence their competence.

5. Auditor Rotation

The continued appointment of PFI's external auditors is to be confirmed annually by the audit committee. A policy of regular rotation of audit firm is not mandated.

Rotation of PFI's client service partner and the lead and concurring audit partners of PFI and its subsidiaries will be required every five years with suitable succession planning to ensure consistency.

6. **Provision of Non-audit Services by PFI's External Auditors**

The guidelines that follow are designed to ensure that related assurance services provided by PFI's auditors are not perceived as conflicting with the independent role of the auditor.

The general principles to be applied in assessing related assurance services are as follows:

- The external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work.
- The external auditor should not perform any function of management or be responsible for making management decisions.
- The external auditor should not be responsible for the design or implementation of financial information systems.
- The separation between internal and external audit should be maintained.

Services permitted to be performed

The audit committee must pre-approve all audit and related assurance services provided by the auditor.

Aside from core audit services PFI's auditors may provide the following services with prior approval from the audit committee:

- Accounting policy advice.
- Advice on interpretation and application of Inland Revenue taxation policies.
- Listing advice.
- Accounting/technical training.
- Other assurance services including audit of existing company systems and processes.

Services not permitted

It is not considered appropriate for PFI's auditors to provide:

- Design and implementation of key financial information systems and processes.

- Valuation of assets and liabilities other than as required to complete regulatory audit requirements.
- Liquidations and receiverships.
- Services related to accounting records or financial statements.
- Tax planning, strategy and compliance services.

Services which may be performed subject to the prior approval of the audit committee

- Strategic business planning
- Advice on structuring or pricing of any deal, asset or company acquisition.
- Due diligence activities.
- Advice that has a significant impact on the value of material asset or liability.
- Legal services.

7. Information to be provided by external auditors

The external auditor is to provide the following assurances annually:

- The total fees received by the external auditor from PFI do not have a material impact on its operations or financial condition.
- PFI has not withheld fees from the external auditor;
- There is no litigation between PFI and the external auditor; and
- The external auditor's partners and staff do not have any financial interest in PFI.
- There are no business relationships between PFI and their external auditor beyond the provision of external audit services or approved services provided pursuant to this policy.

8. Billing arrangements

The billing arrangements for services provided by PFI's external auditors should not include any contingencies.

9. Other procedural requirements

Regardless of PFI's policies it is expected that PFI's external auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance (including independence rules and guidance issues by the Institute of Chartered Accountants of New Zealand, the NZX, the Securities Commission and other relevant overseas accounting bodies.

Development of local and overseas practices with regard to related assurance services shall be monitored on an ongoing basis to ensure that PFI's policies remain compliant with best practice.