



LETTER FROM THE CHAIRMAN

Dear Shareholder,

This document outlines the terms of the current Dividend Reinvestment Scheme being offered to all shareholders in the Company with effect from 15 August 2006. It replaces the offer document dated 1 October 2003 which set out the terms of the original scheme.

A Dividend Reinvestment Scheme is an arrangement whereby a shareholder elects to receive shares instead of a cash payment for dividends.

Our research indicates that Dividend Reinvestment Schemes are popular in both Australia and New Zealand.

A Dividend Reinvestment Scheme benefits shareholders who do not require cash dividends because it allows them to reinvest in the Company without incurring transaction costs.

A Dividend Reinvestment Scheme may also be viewed as a form of compulsory saving. However, if you join the scheme and find you need cash in the future you can always sell some shares or withdraw from the scheme.

Shareholders who wish to participate in the Dividend Reinvestment Scheme must complete the Election Notice attached at the end of this offer document. Participation in the Scheme is open to all shareholders with a holding of more than 1,000 shares.

If you want to enter the Scheme, you can elect to have either:

- All of your shares; or
- A fixed number of your shares; or
- A fixed proportion of your shares

eligible for the Scheme.

If you do not want to enter the Scheme simply do nothing.

Shares issued in lieu of dividends will be issued at the weighted average market price of the shares in the five business days after the shares go "ex" the relevant dividend. All dividend reinvestment shares will rank equally with existing shares and can be sold at any time.

As an incentive to shareholders wishing to take advantage of this Scheme, the Board will offer a discount of up to 5% of the purchase price of the re-investment shares. The purchase price will be calculated on the weighted average market price of the shares in the five business days after the "ex" dividend date. If there are no share sales over that period, the purchase price will be calculated on the Net Asset Value per share on the next business day after the "ex" dividend date.

The discount is currently 2.5% of the weighted average market price of the shares in the five business days after the "ex" dividend date.

The Board may at its discretion review this discount if it is no longer considered to be in the best interests of Property For Industry Limited ("PFI" or the "Company").

The following example illustrates how the Scheme will operate:

Shareholder A owns 10,000 shares.

A dividend of 1.5 cents per share is announced by the Company.

Shareholder A's dividend entitlement is therefore $10,000 \times 1.5 \text{ cents} = \150.00

If the weighted average share price on the five days after the "ex" date was \$1.30 then, after the 2.5% discount, shareholder A will receive $\$150/\$1.2675 = 118$ new shares instead of the \$150 cash payment.

This offer is entirely optional and I recommend you seek the advice of your financial adviser or broker before committing to a course of action.

Applications must be made on the Election Notice attached to the offer document and must be received by the Share Registrar no later than 20 October 2006 to qualify for the next dividend payment.

If you have already completed an election notice to participate in the Scheme, you do not need to do anything further to benefit from the terms of the Scheme (as amended).

Yours sincerely



Peter Masfen
Chairman

DIVIDEND REINVESTMENT SCHEME

This offer document is dated 15 August 2006 and sets out the terms for the current Property For Industry Limited Dividend Reinvestment Scheme (the "Scheme"). These terms take effect from 15 August 2006 and participation in the Scheme will be governed by these terms.

These terms are issued in compliance with the Securities Act (Dividend Reinvestment) Exemption Notice 1998 (S.R. 1998/293) or any exemption notice amending or replacing it (the Dividend Reinvestment Exemption Notice). As a result of the application of the Dividend Reinvestment Exemption Notice, no prospectus or investment statement is required in respect of the Property For Industry Dividend Reinvestment Scheme.

These terms comply with the applicable provisions of the Listing Rules of the New Zealand Exchange.

TERMS AND CONDITIONS

The Scheme

The Scheme is a means by which shareholders in the Company may elect to apply all or a specified part of any dividends payable to them towards subscribing for new fully paid shares in PFI.

Participation in the Scheme

Subject to the terms of this offer document, participation in the Scheme is optional and is open to all shareholders in the Company holding more than 1,000 fully paid shares.

Normal dividend payments will be made in respect of shares not participating in the Scheme. Subject to the terms of this offer document, participation in the Scheme may be varied or terminated by a shareholder at any time.

Election to Participate

Election to participate in the Scheme may be at any time but must be made on the Election Notice which is enclosed with the offer document that is current from time to time. Following receipt by the Share Registrar of the correctly completed Election Notice, participation in the Scheme will commence from the next date on which the share register closes to determine entitlement to a dividend.

Election Notice

The Election Notice remains effective for all dividends to which the Scheme applies and which are made after it has been received by the Share Registrar. However, if the Election Notice is received when the share register is closed, the Election Notice will not take effect until and from the date upon which the share register is re-opened.

Degree of Participation

Participation in the Scheme may be either in full or partial. Full participation applies to all the Participant's holding of fully paid shares from time to time, including:

- **shares currently held;**
- **shares issued under the Scheme;**
- **additional fully paid shares purchased, issued or subscribed for; and**
- **fully paid shares issued pursuant to a subsequent rights issue;**

less all shares sold from time to time.

In choosing this option, the Participant elects (subject to the Participant's right to vary or terminate the election) to include in the Scheme all fully paid shares held now or in the future, provided that the minimum holding of shares to which the Scheme may apply is 1,000.

Partial Participation

Partial participation applies to either the number of fully paid shares nominated by the Participant in the Election Notice; or

if the Participant wishes to nominate in the Election Notice a proportion of his, her or its shareholding which is to participate in the Scheme, then partial participation applies to such proportion of shares held by the Participant at the date of the Election Notice and from time to time thereafter (being all new shares subsequently issued under the Scheme, additional fully paid shares purchased, issued or subscribed for and fully paid shares issued pursuant to a subsequent rights issue, less all shares sold from time to time) provided that the minimum holding of shares to which the Scheme may apply is 1,000.

If an Election Notice does not indicate the degree of participation it will be deemed to be an application for full participation provided it is otherwise correctly completed and signed.

An Election Notice will not attach to the shares in respect of which it has been given but will be personal to the shareholder giving it. This means that participating shares will cease to participate upon transfer and a transferee of those shares will need to make a fresh election in respect of those shares if they wish those shares to participate in the Scheme.

If a Participant in the Scheme is an individual and that Participant dies, participation by the Participant will be terminated upon receipt by the Share Registrar of notice of the Participant's death in a form acceptable to the Company. Receipt by the Share Registrar of notice of the death of one of two or more joint shareholders will not automatically terminate participation of the Scheme. Any shares over which the Company has a lien or charge in accordance with the constitution or other requirements of law shall not participate in the Scheme.

Statements to Participants

The Company will send to each Participant, as soon as practicable after each dividend payment date, a statement detailing in respect of that Participant:

- the number of participating shares as at the relevant date;
- the amount of cash dividend in respect of those participating shares that has been applied towards subscribing for new fully paid shares;
- the amount of cash dividend paid in respect of non-participating shares (if applicable);
- the amount of any taxation deductions;
- advice as to the amount of any imputation credits;
- the number and issue price of new shares to the Participant in respect of the relevant dividend under the Scheme; and
- the amount of any supplementary dividend paid.

Overseas Shareholders

Shareholders who are "US Persons" (as defined in the Securities Act of 1933 (US)) are not eligible to participate in the Scheme. Shareholders in other overseas jurisdictions may not be eligible to participate in the Scheme because of taxation or legal constraints that apply in their country of residence. Overseas shareholders should seek professional advice before electing to participate in the Scheme. It is the responsibility of each shareholder to obtain any such advice. Neither the Company, the Manager, the Directors nor any of its/their respective officers, employees or advisers accepts any responsibility to determine whether a shareholder is able to participate in the Scheme.

Operation of the Scheme

By electing to participate in the Scheme a Participant elects to forgo cash dividends and instead receive fully paid shares. The Directors will, on the day that a Participant would have otherwise been paid a dividend on shares participating in the Scheme, issue the number of new fully paid shares to which the Participant is entitled under the Scheme. The Directors will determine the source of payment for the shares and for this purpose may capitalise any amount available for payment of the dividend in accordance with the constitution.

Dividend Reinvestment Share Entitlement

The number of new shares credited as fully paid to be issued to a Participant will be calculated in accordance with the following formula:

$$\frac{S \times D}{P}$$

- S** = the number of shares held by the Participant that are participating in the Scheme.
- D** = the net amount of the dividend (expressed in cents and fractions of cents) per share (after deduction of any New Zealand withholding tax or other taxes and excluding the amount of any imputation credits attached to that dividend and any supplementary dividends paid) which would have otherwise been payable to the Participant on the participating shares held by that Participant if an Election Notice had not been given or deemed to have been given by the Participant.
- P** = the price determined by the Directors and advised to the New Zealand Exchange immediately following determination, being the price equal to the weighted average of the prices at which shares in the Company were sold through the New Zealand Exchange during the period of five business days immediately succeeding the record date for the relevant dividend, or, if no sale occurred on such days the Net Asset Value per share on the business day immediately succeeding the record date of the relevant dividend, less such discount of up to 5% of the weighted average price or Net Asset Value per share (as the case may be), as the Board in its sole discretion may determine. The Directors will have the discretion to offer a discount of the share price, and if such discretion is exercised they will inform all participants of the discount to apply, on or before the date the relevant dividend is announced.

Net Asset Value per share is defined as the weighted average net asset value per share calculated by reference to the most recently reported quarterly financial results of the Company less the value of the dividend just announced.

Without prejudice to the Company's right to suspend the Scheme at any other time (explained under "Company's Discretion" below), if the weighted average sale price determined as explained above is less than 90% of the Net Asset Value per share, the Company may suspend the operation of the Scheme. Where the number of new shares calculated in accordance with the preceding formula includes a fraction which is exactly one half or greater, the number will be rounded up to the next whole number.

In accordance with the Dividend Reinvestment Exemption Notice, at the time the price of the new shares is set, the Directors must not have information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of shares in the Company if the information were publicly available.

Issue of Shares Under the Scheme

Shares will be issued on the same date as the relevant dividend is paid in cash, and will rank equally in all respects with, and will be subject to the same rights as, all other fully paid shares in the Company.

Costs to Participants

No brokerage, commissions or other transaction costs will be payable by Participants under the Scheme.

Variation or Termination of Participation

A Participant may at any time, by completing and sending to the Share Registrar the "Notice of Change or Withdrawal" form which is attached to this offer document:

- increase or decrease the number of shares which the Participant has nominated to participate in the Scheme or alter the proportion of the Participant's shareholding which the Participant has nominated to participate in the Scheme except that the minimum number of shares participating in the Scheme must be 1,000.
- terminate participation in the Scheme.

Any such variation or termination will take effect from the next date on which the share register closes to determine entitlement to a dividend.

Reduction or Termination of Participation Where No Notice is Given

Where a Participant who has elected full participation disposes of part of their shareholding without giving the Share Registrar notice of termination of participation, the Participant will be deemed to have terminated their participation in the Scheme in respect of those shares disposed of on the date the disposal is registered by the Share Registrar.

Where a Participant who has elected partial participation (by nominating a specific number of shares to participate in the Scheme) disposes of part of their shareholding without giving the Share Registrar notice of intention to vary or terminate their partial participation in the Scheme, the shares disposed of will be deemed to be shares not participating in the Scheme. If the number of shares disposed of is more than the number of non-participating shares held by the Participant, the disposal will be deemed to include all such non-participating shares and the balance shall be attributed to participating shares.

When a Participant who has elected partial participation (by nominating a proportion of their shareholding which is to participate in the Scheme) disposes of part of their shareholding without giving the Share Registrar notice of intention to vary or terminate their partial participation in the Scheme, the number of participating shares held by that Participant will be reduced proportionately.

If a Participant disposes of all of their shares or ceases to hold at least 1,000 shares the Participant will be deemed to have terminated their participation in the Scheme, on the date the transfer of the Participant's shareholding is registered by the Share Registrar.

Directors' Discretion

The Directors may at any time and from time to time at their sole discretion determine:

- that a discount of up to 5% be offered on the price of shares to be offered under the Scheme,
- that participation in the Scheme shall not apply to the whole or a part of any dividend and that Participants may not apply any dividend or the balance of any dividend (as the case may be) towards subscribing for fully paid shares;
- that an Election Notice shall cease to be of any effect; and
- that the Scheme be modified, suspended or terminated.

Written notice of any modification shall be given to all shareholders. Modification may not be made during that period of seven days prior to the date on which the share register is closed for the purposes of determining entitlement to a dividend.

If the Scheme is modified, then an Election Notice shall be deemed to be an Election Notice under the Scheme as modified unless such Election Notice is subsequently changed or withdrawn by the shareholder. If the Scheme is suspended or terminated then elections made under the Scheme will cease to have effect and the shares will revert to their previous character in relation to dividends (in the case of a suspension, until the Directors lift the suspension).

Notices

An Election or Notice of Change or Withdrawal under the Scheme will be effective upon receipt by the Share Registrar, subject to:

- this offer document; and
- receipt of the notice before the date on which the share register closes to determine entitlement to a dividend.

Taxation

Neither the Company, the Manager, the Directors nor any of its/their officers, employees or advisers takes responsibility for the taxation liability of Participants or the tax consequences of any election made by any shareholder. Specific taxation advice should be sought by shareholders. Neither the Company, the Manager, the Directors nor any of its/their respective officers, employees or advisers accepts responsibility for the accuracy or correctness of any information as to tax liability.

New Zealand Exchange Quotation

The shares to be issued under the Scheme have been accepted for listing by the New Zealand Exchange Limited and will be quoted upon completion of allotment procedures. However, New Zealand Exchange Limited accepts no responsibility for any statement in this offer document.

Particulars of the Issuer

Property For Industry Limited is the issuer of the shares to be issued pursuant to the Scheme.

Terms of the Scheme

All the terms and conditions of the Scheme and of the shares to be issued pursuant to the Scheme are set out in this offer document, other than those implied by law and those contained in the constitution of the Company. The constitution of the Company is available for inspection upon payment of a fee on the Companies Office website at www.companies.govt.nz.

Annual Report and Financial Statements

Copies of the most recent annual report and financial statements of the Company may be obtained free of charge upon request from the registered office of the Company.

Approval of New Zealand Exchange Limited

New Zealand Exchange Limited has approved these terms for circulation to shareholders pursuant to Listing Rule 6.1.1.

Definitions

In this offer document, unless the context otherwise requires the following terms have following meanings;

Company – Property For Industry Limited.

Election Notice – the Election Notice accompanying this offer document.

Manager – The Manager of Property For Industry Limited, AMP Capital Investors (New Zealand) Limited, Level 26, PricewaterhouseCoopers Tower, 188 Quay Street, PO Box 3984, Auckland.

Notice of Change or Withdrawal – The Notice of Change or Withdrawal accompanying this offer document.

Participant – An eligible shareholder who completes (and has not withdrawn) an Election Notice.

Supplementary Dividend – A dividend paid under section LE 2 of the Income Tax Act 2004.

Share Registrar – Computershare Investor Services Limited, Private Bag 92119, Auckland 1020.

Directory

Directors	Peter Masfen, Gareth Morgan, Humphry Rolleston, Anthony Beverley
Registered office	Level 14, HP Tower, 171 Featherston Street, PO Box 3764, Wellington
Manager	AMP Capital Investors (New Zealand) Limited Level 26, PricewaterhouseCoopers Tower, 188 Quay Street, Auckland PO Box 3984, Auckland
Share Registrar	Computershare Investor Services Limited, Private Bag 92119, Auckland 1020 Level 2, Takapuna Finance Centre 159 Hurstmere Road, Takapuna, Auckland Investor enquiries phone 09 488 8777 Investor enquiries fax 09 488 8787 Email: enquiry@computershare.co.nz
Bankers	Bank of New Zealand, PO Box 2392, Wellington
Legal Advisers	Morrison Kent, 105 The Terrace, PO Box 10035, Wellington
Auditor	BDO Spicers, PO Box 2219, Auckland

Registered Office

Level 14, HP Tower, 171 Featherston Street, PO Box 3764, Wellington, New Zealand

Enquiries

Enquiries about the Scheme should be directed to The Manager, Property for Industry Limited, phone (09) 302 0217, or to the Share Registrar, Computershare Investor Services Limited, Private Bag 92119, Auckland 1020, phone (09) 488 8777, e-mail enquiry@computershare.co.nz

