



17 May 2021

## FIXED RATE SECURED GREEN BONDS

### INDICATIVE TERM SHEET

For an offer of up to \$100,000,000 fixed rate secured green bonds (plus up to \$50,000,000 of oversubscriptions) due 28 May 2027

  
Precinct

Arranger, Green Bond  
Co-ordinator and Joint  
Lead Manager

Joint Lead Managers



FORSYTH BARR



JARDEN

# INDICATIVE TERMS SHEET

## FOR AN ISSUE OF UP TO \$100,000,000 FIXED RATE SECURED GREEN BONDS (PLUS UP TO \$50,000,000 OF OVERSUBSCRIPTIONS)

This Terms Sheet sets out the key terms of the offer ("**Offer**") by Precinct Properties New Zealand Limited ("**Precinct**") of up to \$100,000,000 fixed rate secured green bonds, with the ability to accept oversubscriptions at Precinct's discretion of up to an additional \$50,000,000, maturing on 28 May 2027 ("**Green Bonds**") under its master trust deed dated 27 November 2014 (as last amended on 25 August 2017 and as amended from time to time) ("**Trust Deed**"), as modified and supplemented by the supplemental trust deed dated 17 May 2021 (together with the Trust Deed, "**Trust Documents**") entered into between Precinct and The New Zealand Guardian Trust Company Limited ("**Supervisor**"). Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Documents.

### Important Notice

The offer of debt securities by Precinct is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Precinct's bonds maturing on:

- 17 December 2021 which have a fixed interest rate of 5.54% per annum and are currently quoted on the NZX Debt Market under the ticker code PCT010; and
- 27 November 2024 which have a fixed interest rate of 4.42% per annum and are currently quoted on the NZX Debt Market under the ticker code PCT020,

(together, "**Existing Bonds**").

Accordingly, the Green Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

Precinct is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("**NZX**") for the purpose of that information being made available to participants in the market and that information can be found by visiting [www.nzx.com/companies/PCT](http://www.nzx.com/companies/PCT).

The Existing Bonds are the only debt securities of Precinct that are currently quoted in the same class as the Green Bonds.

Investors can refer to [nzx.com/markets/NZDX](http://nzx.com/markets/NZDX) to find out how the market assesses the returns and risk premium for the Existing Bonds. This website allows investors to compare the yield of the financial products listed on the NZX Debt Market. When comparing the yield of two debt securities, it is important to consider all relevant factors (including the credit rating (if any), maturity and the other terms of the relevant debt securities).

### Key Terms of the Green Bonds

<b>Issuer</b>	Precinct Properties New Zealand Limited (" <b>Precinct</b> ").
<b>Description</b>	The Green Bonds are fixed rate secured green bonds. The Green Bonds will be secured by Mortgages and will rank equally with certain other senior obligations of Precinct secured by the same Mortgages.
<b>Security</b>	The Green Bonds benefit (on an equal ranking basis with other secured creditors, including Precinct's lenders under the Bank Facility Agreement, holders of the Existing Bonds, holders of USPP notes issued by Precinct in the United States and any future secured creditors) from mortgages over real property (" <b>Mortgages</b> ") granted from time to time by Precinct and the Guarantors (each, a " <b>Security Provider</b> "). In an insolvency of any of those Security Providers, the claims of the senior secured creditors will (by virtue of that security) rank ahead of all other creditors of that Security Provider other than certain statutorily preferred creditors.

**Guarantee**

The Green Bonds are guaranteed on a joint and several basis by the Guarantors. The guarantee obligations of the Guarantors are not limited and are secured by the Mortgages.

As at the date of this Terms Sheet, the Guarantors are Precinct Properties Holdings Limited and Precinct Properties Wynyard Limited.

**Purpose**

The net proceeds of this offer are intended to be earmarked in accordance with Precinct's Sustainable Debt Framework dated 2020 (as amended from time to time) (the "**Sustainable Debt Framework**") to finance or refinance energy efficient buildings meeting the following criteria ("**Eligible assets**"):

1. Certified as obtaining, or targeting, a minimum 5-Star NZGBC Green Star Built rating; or
2. Certified as obtaining, or targeting, a minimum 4-Star NABERSNZ Energy Base Building Rating or Energy Whole Building Rating.

As at 31 March , Precinct has \$1.8bn of Eligible assets.

In particular, as at the date of this Terms Sheet, Precinct expects to apply the net proceeds of the offer to refinance existing debt, and to track an amount equal to the net proceeds within its systems, earmarked to Eligible assets. Under the Sustainable Debt Framework, Precinct intends to maintain a balance of Eligible assets, based on market value, which is larger than the sum of net proceeds from all Green Bonds and other "use of proceeds" green bonds and loans.

A copy of the Sustainable Debt Framework is available on Precinct's website at <https://www.precinct.co.nz/investors/bondholder-and-noteholder-information>.

03

**The Green Bond Principles**

Precinct has developed and adopted the Sustainable Debt Framework to ensure that, as at the date of this Terms Sheet, its processes for identifying Eligible assets and managing the use of the proceeds of the Green Bonds are consistent with the Green Bond Principles dated June 2018 (as amended from time to time, the "**Green Bond Principles**") as published by the International Capital Market Association.

Precinct intends to seek assurance from an approved verifier of compliance of green bonds under the Sustainable Debt Framework with the Green Bond Principles and the Sustainable Debt Framework, on an annual basis. Ernst & Young Limited has provided a limited assurance report to Precinct in relation to compliance of the Existing Bonds. A copy of that limited assurance report is available on Precinct's website at <https://www.precinct.co.nz/investors/bondholder-and-noteholder-information>.

**No Event of Default in relation to Sustainable Debt Framework or Green Bond Principles**

If:

- Precinct fails to earmark the proceeds of the Green Bonds as described in this Terms Sheet or the Sustainable Debt Framework;
- Precinct fails to comply with the Sustainable Debt Framework;
- the Green Bonds cease to satisfy the Green Bond Principles (or market practices, standards, principles or regulations further develop in a way that the Green Bonds are not consistent with); or
- Precinct fails to notify holders of Green Bonds ("**Holders**") that the Green Bonds cease to comply with the Sustainable Debt Framework or the Green Bond Principles,

then:

- the bonds may cease to be labelled or trade as green bonds, but no Event of Default will occur in relation to the Green Bonds; and
- neither the Holders nor Precinct have any right for the Green Bonds to be repaid early.

**No Rating**

The Green Bonds are unrated.

## INDICATIVE TERMS SHEET (CONTINUED)

<b>Issue Amount</b>	Precinct is offering up to \$100,000,000 of Green Bonds, with the ability to accept oversubscriptions at its discretion of up to an additional \$50,000,000.
<b>Opening Date</b>	Monday, 17 May 2021.
<b>Closing Date</b>	12.00pm, Friday, 21 May 2021.
<b>Rate Set Date</b>	Friday, 21 May 2021.
<b>Issue Date and Allotment Date</b>	Friday, 28 May 2021.
<b>Expected Date of initial quotation on NZX Debt Market</b>	Monday, 31 May 2021.
<b>Maturity Date</b>	Friday, 28 May 2027.
<b>Interest Rate</b>	<p>To be determined by Precinct in conjunction with the Joint Lead Managers following a bookbuild process.</p> <p>The Interest Rate will be the sum of the Issue Margin and the Base Rate, but in any case will not be less than the minimum Interest Rate of 2.85% per annum.</p> <p>The Interest Rate will be announced by Precinct via NZX on or shortly after the Rate Set Date.</p> <p>Interest will accrue from the Issue Date of the Green Bonds.</p>
<b>Indicative Issue Margin</b>	The indicative range of the Issue Margin is 1.45–1.60% per annum.
<b>Base Rate</b>	The mid-market rate for an interest rate swap of a term matching the period from the Issue Date to the Maturity Date as calculated by the Arranger in consultation with Precinct, according to market convention, with reference to Bloomberg page ICNZ4 (or any successor page) on the Rate Set Date and rounded to 2 decimal places, if necessary, with 0.005 being rounded up.
<b>Interest Payments</b>	<p>Interest will be payable semi-annually in arrear in equal amounts on 28 May and 28 November of each year up to and including the Maturity Date. If an Interest Payment Date is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and no adjustment will be made to the amount payable as a result of the delay in payment.</p> <p>The First Interest Payment Date is on 28 November 2021. As this is a Sunday, interest will be payable on Monday, 29 November 2021.</p>

**Loan to Value Ratio**

Precinct must ensure that while the Green Bonds are outstanding, the total principal amount of all outstanding borrowed money secured by the Mortgages does not exceed 50% of the Mortgaged Property Value (the "**Loan to Value Ratio**").

A breach of the Loan to Value Ratio covenant will not automatically trigger an Event of Default, but will instead trigger an Event of Review. Following that breach, Precinct may have up to 13 months to remedy the breach before it will trigger an Event of Default (up to six months to remedy the breach and, if the breach is not remedied and after Precinct has given notice of the failure to remedy the breach (such notice to be provided within 20 Business Days after the end of that six month period), six months to execute any plan provided to the Supervisor to remedy the relevant breach).

For full details of the Events of Default and Events of Review, see clauses 11.1 and 11.2 of the Trust Deed.

**Permitted Security**

As a general matter, Precinct undertakes to the Holders that it will not grant security over any of its assets. There are certain exclusions to this undertaking, being security:

- granted over debt in an amount equal up to 15% of the Group's Total Tangible Assets. However, such security is only permitted if there is no Event of Default at the time the security is granted and one will not occur as a result of granting such security; or
- which arises by statute; or
- which is in favour of the Security Trustee; or
- granted with the consent of the Bank Facility Lenders.

The consent of Holders for Precinct to grant security over any of its assets is not required in the above circumstances. Such security may rank behind the Mortgages or may be over assets which Holders do not have security over.

05

**Distribution Stopper**

Precinct is not permitted to make any Distribution to any person outside the Group if an Event of Default has occurred and is continuing or if the making of the Distribution would result in the occurrence of an Event of Default.

**Brokerage**

0.50% plus 0.25% on firm allocations paid by Precinct.

**Record Date**

The tenth calendar day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day or such other date as is advised by the Registrar to Holders from time to time.

**Principal Amount and Issue Price**

\$1.00 per Green Bond.

**Minimum Application**

The minimum application is \$5,000, with multiples of \$1,000 thereafter.

**Registrar**

Computershare Investor Services Limited.

**Further Indebtedness**

Precinct may, without the consent of the Holders of the Green Bonds, issue additional securities or other debt obligations on such other terms and conditions as Precinct may think fit.

## INDICATIVE TERMS SHEET (CONTINUED)

### How to apply

All of the Green Bonds, including oversubscriptions, are reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the bookbuild. There will be no public pool for the offer. Accordingly, retail investors should contact any Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire Green Bonds. You can find a primary market participant by visiting [www.nzx.com/investing/find\\_a\\_participant](http://www.nzx.com/investing/find_a_participant).

In respect of oversubscriptions or generally, any allotment of Green Bonds will be at Precinct's discretion, in consultation with the Joint Lead Managers. Precinct reserves the right to refuse all or any part of an application without giving any reason.

Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Green Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant, as well as the costs and timeframes for putting such arrangements in place.

---

**ISIN** NZPCTDT003C7

### Transfers

Holders are entitled to sell or transfer their Green Bonds at any time subject to the terms of the Trust Documents and applicable securities laws and regulations. Precinct may decline to register a transfer of Green Bonds for the reasons set out in the Trust Documents.

The minimum amount of Green Bonds a Holder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. No transfer of Green Bonds or any part of a Holder's interest in a Green Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold Green Bonds with an aggregate principal amount of less than the minimum holding of \$5,000 (other than zero).

### NZX Quotation

Precinct will take any necessary steps to ensure that the Green Bonds are, immediately after issue, quoted. Application has been made to NZX for permission to quote the Green Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.

---

**NZX Debt Market Ticker Code** PCT030

### Selling Restrictions

The Green Bonds may only be offered for sale or sold in conformity with all applicable laws and regulations in New Zealand and in any other jurisdiction in which the Green Bonds are offered, sold or delivered.

No action has been or will be taken by Precinct which would permit a public offer of Green Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

No person may purchase, offer, sell, distribute or deliver Green Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Green Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations.

By purchasing the Green Bonds, each Holder agrees to indemnify Precinct, the Arranger, the Green Bond Co-ordinator, the Joint Lead Managers, the Registrar and the Bond Supervisor in respect of any loss, cost, damages, liability or expense sustained or incurred by Precinct, the Arranger, the Green Bond co-ordinator, the Joint Lead Managers, the Registrar and the Bond Supervisor as a result of the breach by the Holder of these selling restrictions.

---

The dates set out in this Terms Sheet are indicative only and are subject to change. Precinct has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date (subject to the applicable NZX Listing Rules) or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly. If Precinct chooses not to proceed with the Offer, all application monies received will be refunded (without interest) as soon as practicable (within 10 Business Days).

Copies of the Trust Documents can be obtained on request to the Registrar or Precinct at the addresses set out below (or such office as may be notified to Holders).

Any internet site addresses provided in this Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Precinct, visit [www.nzx.com/companies/PCT](http://www.nzx.com/companies/PCT).

## CONTACT DETAILS

	Name	Contact details
Issuer	Precinct Properties New Zealand Limited	Level 12 188 Quay Street Auckland 1010  Email: hello@precinct.co.nz
Registrar	Computershare Investor Services Limited	Level 2, 159 Hurstmere Road Takapuna Auckland 0622 Private Bag 92119 Auckland 1142
Arranger and Green Bond Co-ordinator	ANZ Bank New Zealand Limited	Level 26, ANZ Centre 23-29 Albert Street Auckland 1010
Joint Lead Managers	ANZ Bank New Zealand Limited	Level 26, ANZ Centre 23-29 Albert Street Auckland 1010
	Bank of New Zealand	Level 6, Deloitte Centre 80 Queen Street Auckland 1010
	Forsyth Barr Limited	Level 23, Shortland & Fort 88 Shortland Street Auckland 1010
	Jarden Securities Limited	Level 32 PwC Tower 15 Customs Street West Auckland 1010
Supervisor	The New Zealand Guardian Trust Company Limited	Level 16 191 Queen Street Auckland 1010
Security Trustee	Public Trust	Level 9 34 Shortland Street Auckland 1010
Legal advisors to Precinct	Chapman Tripp	Level 34, PwC Tower 15 Customs Street West Auckland 1010



