

**Fixed Rate Secured
Green Bonds Offer
April 2022**



Artist Impression of Wynyard Stage 3 currently under development

ARRANGER, GREEN BOND
CO-ORDINATOR AND JOINT
LEAD MANAGER



JOINT LEAD MANAGERS



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- 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; and
- 28 May 2027 which have a fixed interest rate of 2.85% per annum and are currently quoted on the NZX Debt Market under the ticker code PCT030, (together, the 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.

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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).

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 presentation have been duly complied with. However, NZX accepts no responsibility for any statement in this document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

The Offer



An offer of \$125m senior secured Green Bonds (with ability to accept oversubscriptions of up to an additional \$50m)



6-year term
Maturing on 9 May 2028



Security of \$2.8bn of prime grade assets



\$1.7bn¹ of Green Assets. Over \$0.5b World leadership or Aspirational Performance

Note 1: Assumes establishment of Precinct Pacific Investment Limited Partnership

Precinct Portfolio

The execution of Precinct's long-term strategy has successfully transformed the quality of our business and portfolio

98%

Portfolio Occupancy

6.6 years

Weighted average lease term

77%

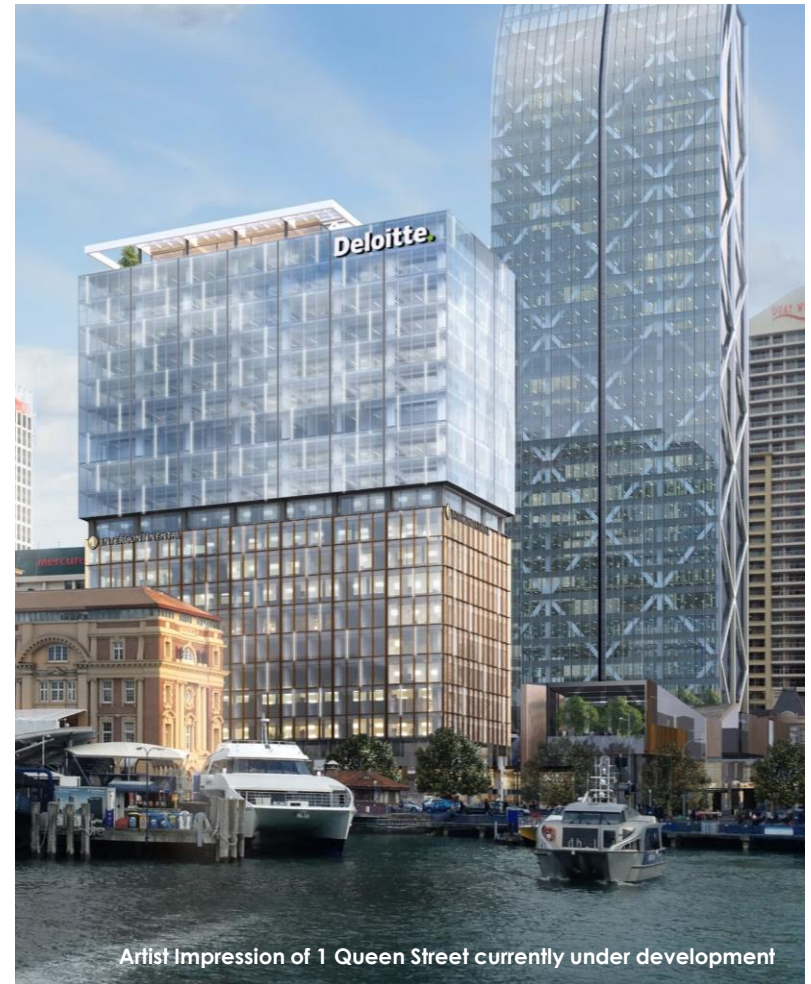
Investment portfolio weighting to Auckland

\$2.7bn

Size of investment portfolio

216,600m²

Net Lettable Area



Artist Impression of 1 Queen Street currently under development

Portfolio metrics represent Precinct's residual portfolio following establishment of the Precinct Pacific Investment Limited Partnership (PPILP) with long term strategic partner, Singapore sovereign wealth fund GIC. Includes Precinct's 24.9% minority interest in investment partnership. Portfolio Metrics are reported as at 31 December 2021

Our strategy

Incorporates the following principles of success:

- Focusing on concentrated ownership in strategic locations
- Maintain and grow great client relationships
- Investing in quality, both in assets and environments
- Maintaining a long-term view



We are focused on the next stage in Precinct's strategic evolution which will enable our business to grow:

- The internalisation of Precinct's management last year has provided the opportunity to establish a third party capital platform with the announcement of the Precinct Pacific Investment Limited Partnership (PPILP)
- The platform provides an alternative capital source with proforma gearing as at 31 December 2021 falling to 21%.
- By utilising third party capital, Precinct can further leverage its market position and capability, driving higher returns from its capital with the opportunity to extend participation in more market opportunities

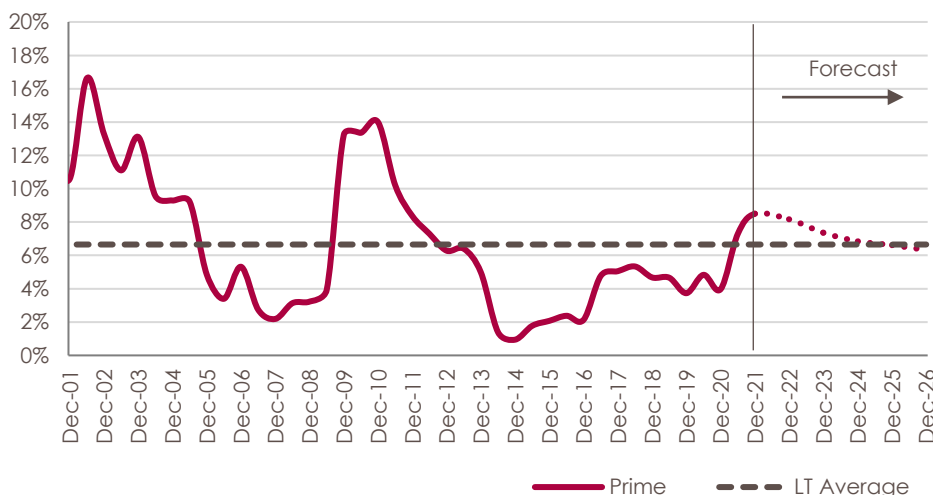
Market Overview

Auckland city centre

- Sentiment remains positive with occupiers taking a long term view and securing their future premises
 - +11,000m² prime grade net absorption in H1 FY22 (Jun-21:-4,800m²)
- Flight to quality remains a prevailing trend
 - Vacancies continue to be unevenly spread through building grades/location
 - CBD waterfront* prime vacancy estimated at 3.0% (Jun-21: 3.8%)
 - +1.0% uplift in prime rentals in the half year to Dec-21 vs. a -2.9% fall in secondary rentals

* Estimate based on Commercial Bay and Britomart precinct vacancy data

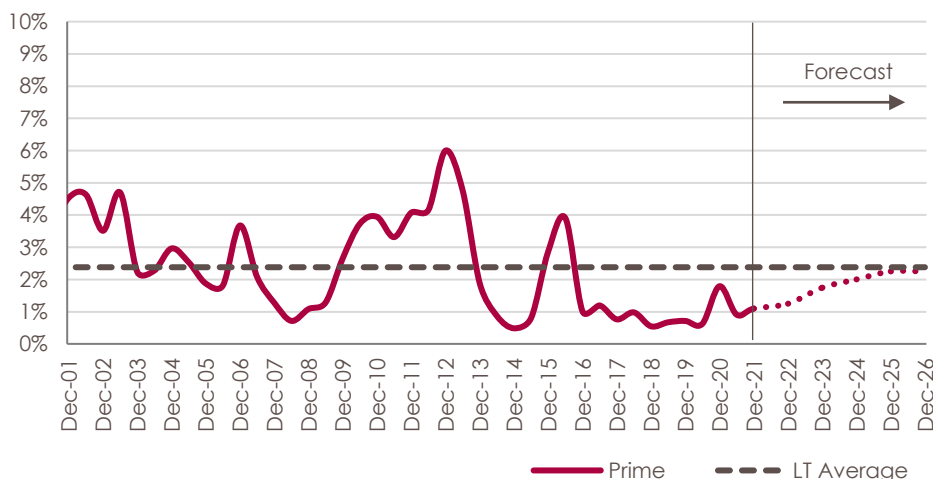
Auckland prime vacancy (Source: JLL)



Wellington city centre

- Continues to outperform, underpinned by demand/supply imbalances
 - Prime vacancy rates continue to be, and forecast to remain, below long-term average
 - Government precinct remains fully occupied with zero prime vacancy reported for Thorndon
- Upward pressure on rentals expected to continue
 - Prime rentals increased 2.1% in the half year to Dec-21 resulting in a y-o-y increase of 5.1%

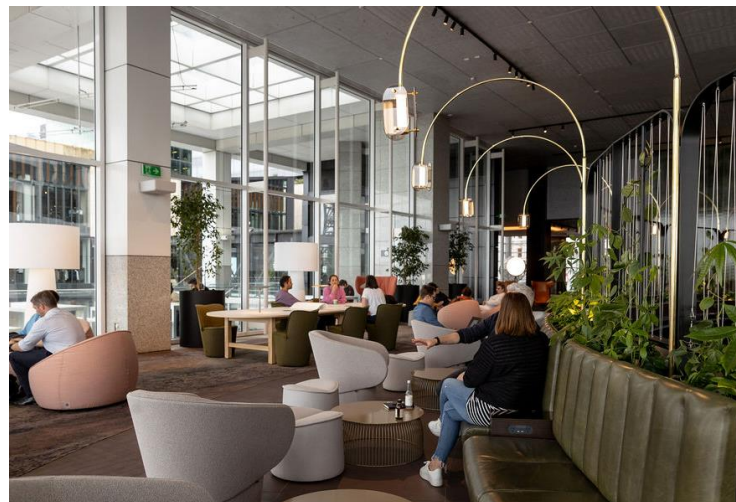
Wellington prime vacancy (Source: JLL)



Occupier trends

Work from office impacted

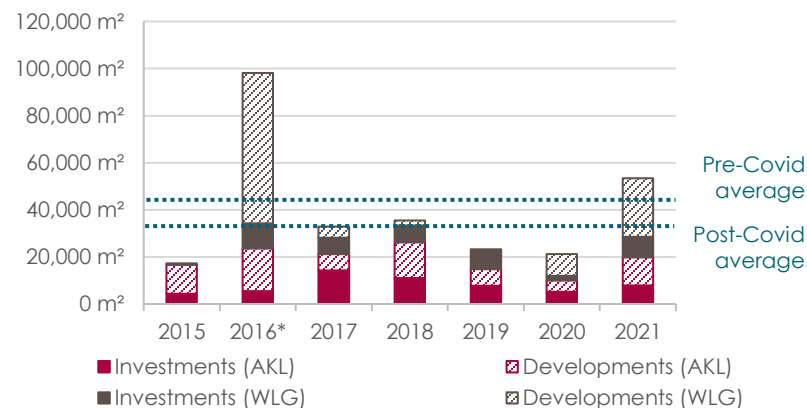
- Major corporates have directed staff to work from home during Omicron
- Impacted retail and hospitality activity during this time due to lack of footfall
- Expectation that premium office occupation will return strongly



Leasing resilience despite pandemic impacts

- Leasing activity over the past 12 months is the second highest in Precinct's history
- Uplift in leasing during 2021 with occupiers taking a long-term view and securing future accommodation
- Office demand and growth in economic rents bodes well for market rental growth once market normalises

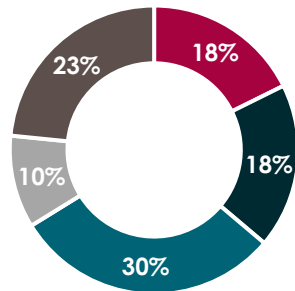
PCT portfolio office leasing (new leases only)



* Wellington Accommodation Project - 2 Government bulk leasing

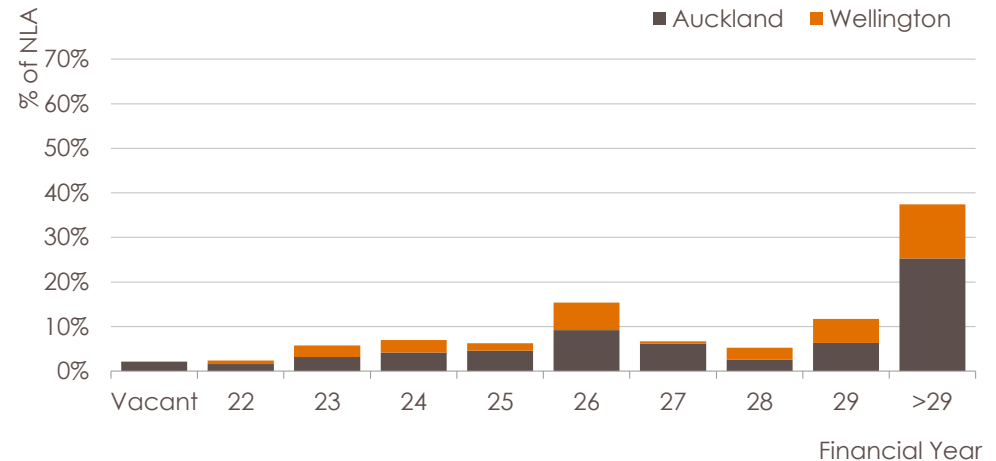
Portfolio earnings certainty

Office Revenue by Industry



- Government (Local and Central)
- Legal
- Financial Services, Banking, and Insurance
- Information Technology
- Other

Office lease expiry profile



We are focused on the next stage in Precinct's strategic evolution which will enable our business to grow:

- **Limited expiry** over next 6 years
- 24.9% interest in partnership targeting, stable, **secure low risk returns**, from Government income
- 58% of the portfolio benefits from **structured reviews**, providing **secure cashflow**

Portfolio metrics represent Precinct's residual portfolio following establishment of PPILP. Includes Precinct's 24.9% minority interest in PPILP.

Sustainability at Precinct

Precinct is **committed to enabling sustainable** and successful business, improving our operational performance and incorporating **sustainable design** across our portfolio of properties. Our sustainability strategy has been **designed in parallel with Precinct's broader business strategy**.

Governance:

- Sustainability Committee
- Dedicated Board ESG Committee

Best practice disclosure:

- GRI and TCFD reporting
- GRESB, CDP & MSCI benchmarking

Measurement and targets:

- Greenstar and NABERSNZ ratings
- Measure and verify carbon emissions
- Toitū carbonzero certification
- Offset unavoidable operational emissions
- Offset embodied emissions from developments
- Adopted measurable targets



ESG progress

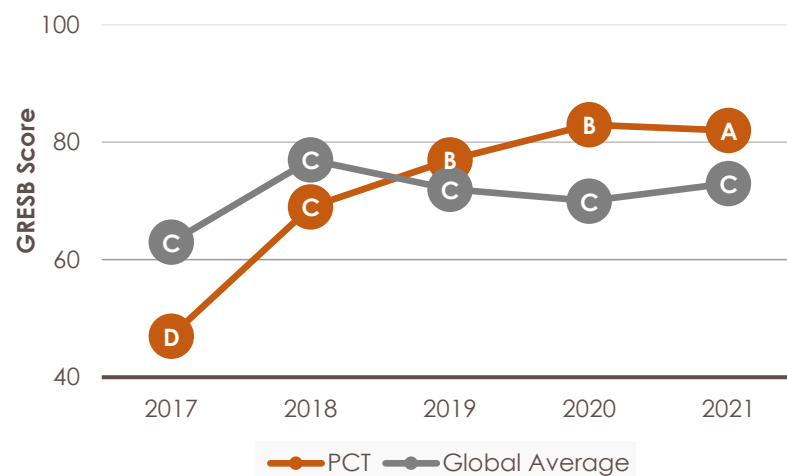
Improved our key performance measures, GRESB, to 82 (Global average: 73)

- GRESB is the most relevant ESG measure for real estate entities (1,500 entities)
- Improved **disclosure score** reflecting TCFD
- Measuring embodied carbon from developments and offsetting as a project cost
- Intention to lift **TCFD targets** in 2022

| Last reported | 2020 | 2021 | TCFD Target |
|-------------------------|---------|----------------|---------------|
| GRESB Score | 83 | 82 | - |
| Global Average | 70 | 73 | - |
| GRESB Public Disclosure | B | A | - |
| Global Average | C | C | - |
| GRESB Ranking | Top 25% | Top 33% | Top 25% |
| CDP | B- | B | A |
| NABERSNZ | 93% | 92% | 100% > 3 star |
| Green star | 52% | 53% | 50% > 4 star |



GRESB Score and Disclosure Rating



Green assets

Precinct's \$1.7bn¹ of green assets meet or exceed excellence levels for Green Star and NABERSNZ

| Star Rating | NABERSNZ | Greenstar | Green Asset Value (\$m) |
|-------------|------------------------------|----------------------|-------------------------|
| 6 | Aspirational performance | World Leadership | 525 |
| 5 | Market leading | NZ Excellence | 1,178 |
| 4 | Excellent Performance | Best Practice | - |
| 3 | Good Performance | Good | - |

Green office assets² as at Dec 2021

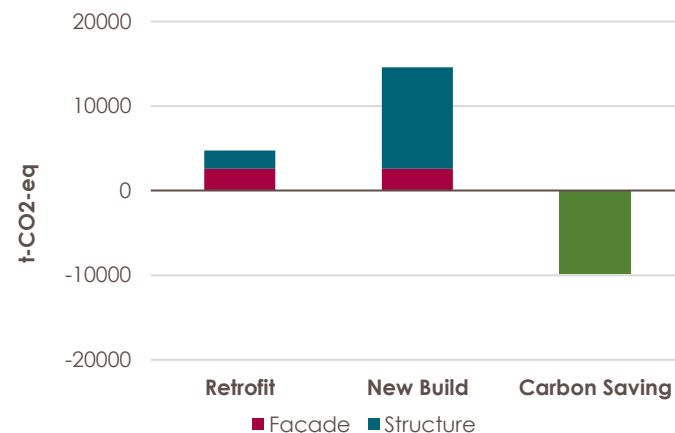


Note 1: Green assets defined as per sustainable debt framework (minimum 5 star Greenstar or 4 star NABERSNZ)

Note 2: Excludes assets held for sale to Precinct Pacific Investment Limited Partnership

Fixed rate secured green bonds – April 2022, Slide 11

One Queen Street - Embodied Carbon for Retrofit and New-Build Options



Green Portfolio Initiatives

- PV Solar Panels at 10 Madden Street
- Removing gas at Bowen House, Targeting 5 Star NABERSNZ
- Undertaking energy audits and reviewing HFC use
- Flowers building our first cross laminated timber (CLT) building

Transaction benefits

- Increases tenor and enhances debt maturity profile
- Offer proceeds used to repay the July 2022 bank debt facility
 - PPILP proceeds will further reduce bank debt
- Increases non-bank secured funding diversity from 31% to 39%

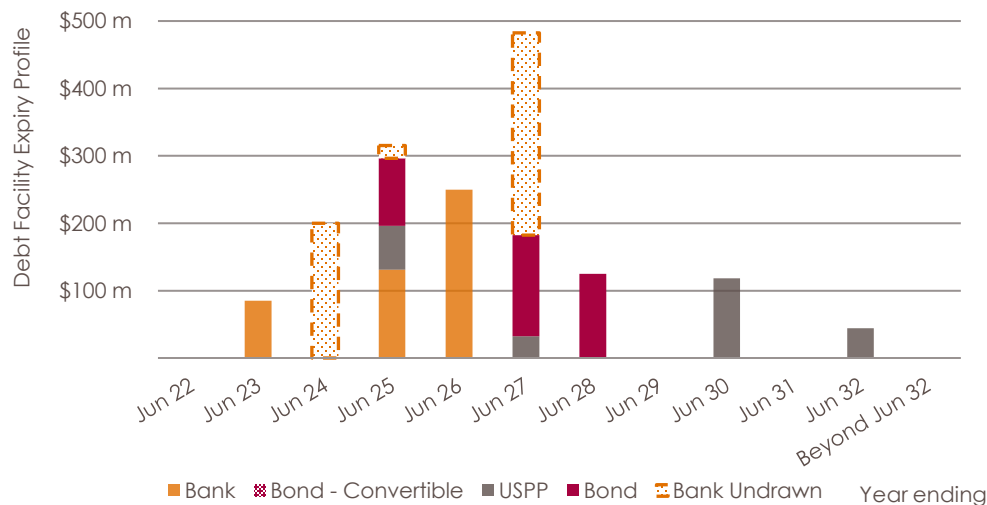
4.3 years

Weighted average term to expiry post issue

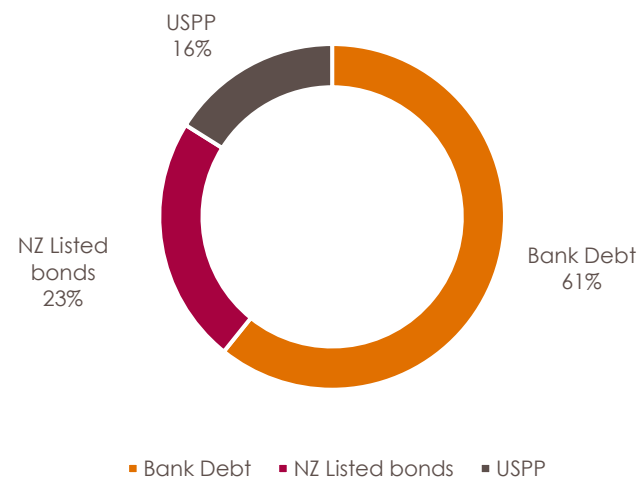
39%

Non-bank secured funding post issue

Debt facility expiry profile (post issue)



Secured borrowings funding diversity (post issue)



Security and covenants

- The Green Bonds are secured by mortgages granted by Precinct and the Guarantors over the Mortgaged Properties
- Value of the Mortgaged Properties as at 26 April 2022 totalled \$3.4bn¹
- The Bond Trustee can give enforcement directions for Major Bond Default Events
 - Non-payment of principal at maturity (for 10 business days) or interest for a period of 3 business days
 - Default by Precinct or a Guarantor for borrowed money in excess of \$15m
 - A breach of the Loan To Value Ratio which must not exceed 50%, subject to the breach not being remedied within a specified time period
- As at 31 December 2021 this Loan to Value Ratio was 32%¹
 - Breach of Loan to Value Ratio is an Event of Review
 - Precinct will have up to 13 months to remedy the breach before it will be an Event of Default
- If bonds cease to be labelled or trade as Green Bonds no Event of Default will occur
- No dividends paid if an Event of Default is occurring

Note 1 – Values based on 30 June 2021 Valuations. Following settlement of the Precinct Pacific Investment Limited Partnership the mortgage property pool will reduce to \$2.8bn. Proforma gearing as at 31 December 21 of 21%.

Key terms of the offer

| | |
|--------------------------------|---|
| Issuer | Precinct Properties New Zealand Limited |
| Instrument | Fixed rate secured green bonds (Green Bonds) |
| Guarantors | Precinct Properties Holdings Limited and Precinct Properties Wynyard Limited |
| Ranking and Security | <p>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 ("Mortgages") granted from time to time by Precinct and the Guarantors (each, a "Security Provider").</p> <p>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.</p> |
| Issue Amount | Up to \$125 million (with ability to accept oversubscriptions of up to an additional \$50 million) |
| Tenor and Maturity Date | 6 years maturing 9 May 2028 |
| Interest Rate | <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 5.00% per annum.</p> |
| Indicative Issue Margin | 1.30% – 1.40% per annum |
| Brokerage | 0.50% plus 0.25% on firm allocations paid by Precinct |
| Interest Payments | Semi-annually in arrear in equal payments on 9 May and 9 November of each year up to and including the Maturity Date. |
| Minimum Application | The minimum application is \$5,000, with multiples of \$1,000 thereafter |
| Listing | It is expected the Green Bonds will be quoted under the ticker code PCT040 on the NZX Debt Market |
| Credit Rating | Precinct and the Green Bonds are not rated |

KEY DATES

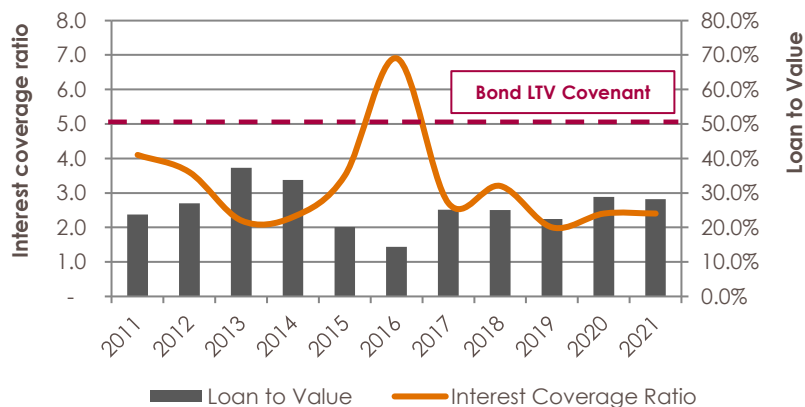
| | Date |
|---|---|
| Offer opens | Tuesday, 26 April 2022 |
| Offer closes | 12.00pm, Friday, 29 April 2022 |
| Rate Set Date | Friday, 29 April 2022 |
| Issue Date | Monday, 9 May 2022 |
| Expected date of quotation on the NZX Debt Market | Tuesday, 10 May 2022 |
| Interest payments | 9 May and 9 November of each year up to and including the Maturity Date |
| Maturity Date | Tuesday, 9 May 2028 |

An aerial photograph of a modern shopping plaza. In the upper portion, a building with large glass windows houses a store with the name 'COS' visible. The plaza floor is paved with grey tiles and features a large, intricate geometric pattern made of red and grey tiles. Numerous people are walking across the plaza. In the lower-left corner, there is a large, solid magenta circle with a white horizontal line above the word 'Appendix'.

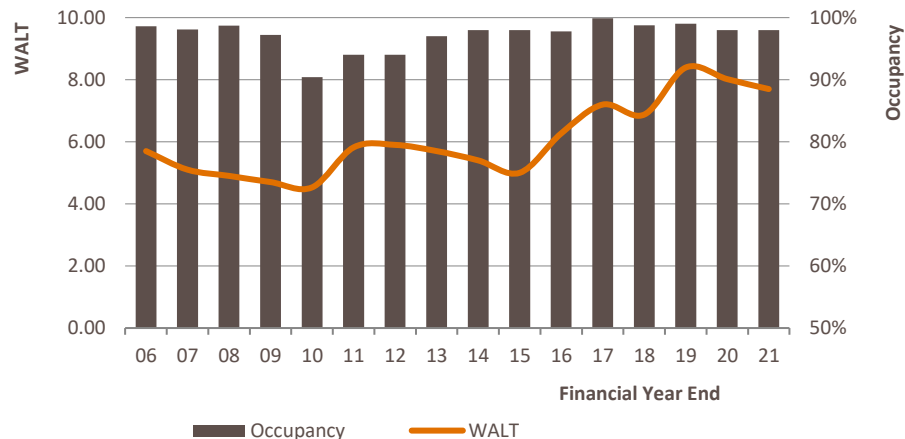
Appendix

10 Year historical performance

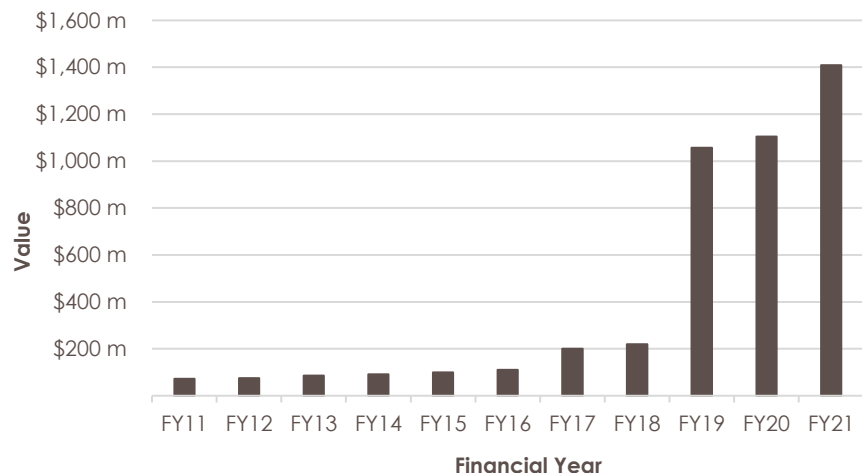
Key financial covenants



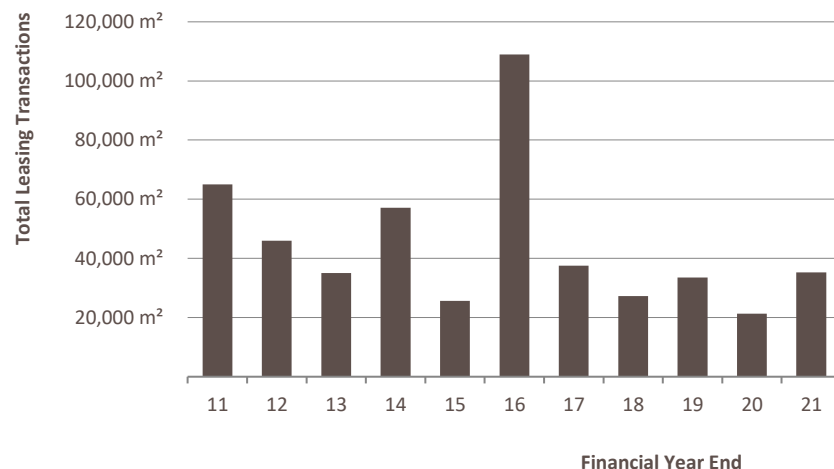
WALT and Occupancy



Value of Green Investment Assets



Total Leasing Transactions



Green bond framework

On our website you can find a copy of Precinct's sustainable debt framework [here](#)



Rating definitions

| Star Rating | NABERSNZ | Greenstar |
|-------------|------------------------------|----------------------|
| 6 | Aspirational performance | World Leadership |
| 5 | Market leading | NZ Excellence |
| 4 | Excellent Performance | Best Practice |
| 3 | Good Performance | Good |

Use of proceeds

An amount equivalent to the net proceeds from the issuance of Green Bonds will be used wholly or in part to finance or refinance existing and/or planned Eligible assets

Eligible assets

Eligible assets are defined as meeting the following criteria:

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

Process for Project Evaluation and Selection

Precinct has processes that are in place to ensure that Eligible assets are identified and evaluated appropriately to ensure compliance with this Framework

Management of Proceeds

Precinct commits to tracking the receipt and allocation of net proceeds via internal reporting systems

Precinct will maintain a register of Eligible assets, including the notional allocation of net proceeds against each Eligible asset. Precinct intends to fully allocate net proceeds immediately following issuance of any Green Bonds

Reporting and Assurance

Annual Use of Proceeds reporting

In accordance with the applicable market standards, Precinct will seek assurance from an approved verifier on an annual basis, and as deemed necessary by Precinct

Green assets

| Address | City | Building Name | Use | Last Assurance | NABERSNZ Rating | Green Star Rating | Asset Value ¹ (NZ\$m) |
|------------------------------------|------------|------------------|--------|----------------|----------------------------|--------------------------------------|----------------------------------|
| Existing Green Assets | | | | | | | |
| 21 Queen Street | Auckland | Jarden House | Office | 22 July 2021 | 4 Star Base Build Rating | 5 Star Office Built (v1) Rating (+d) | \$140.0 |
| 139 Pakenham Street | Auckland | Mason Brothers | Office | 22 July 2021 | 5.5 Star Base Build Rating | 6 Star custom built rating | \$56.4 |
| 15 Customs Street | Auckland | PwC Tower | Office | 22 July 2021 | Targeting 4 Star | 5 Star Office Design (2009) Rating | \$665.0 |
| 30 Waring Taylor Street | Wellington | 30 Waring Taylor | Office | 22 July 2021 | Targeting 5 Star | Target 5 Star | \$22.0 |
| Total existing green assets | | | | | | | \$883.4 |

| Address | City | Building Name | Use | | Current NABERSNZ Rating | Green Star Rating | Total project cost (NZ\$m) |
|---|------------|----------------------|--------|--------------|-------------------------|-------------------------------------|----------------------------|
| Committed Green Development Assets | | | | | | | |
| 40 & 44 Bowen Street | Wellington | 40 & 44 Bowen Street | Office | 22 July 2021 | Targeting 4 Star | Target 5 Star (design and as built) | \$196.0 |
| 1 Queen Street | Auckland | 1 Queen Street | Office | 22 July 2021 | Targeting 4 Star | Target 6 Star (design & as built) | \$312.0 |
| Wynyard Stage 3 | Auckland | Halsey & Flowers | Office | 22 July 2021 | Targeting 5 Star | Target 6 Star (design & as built) | \$157.0 |
| 1 Bowen Street | Wellington | Bowen House | Office | 22 July 2021 | Targeting 5 Star | Target 5 Star (as built) | \$155.0 |
| Total committed green development assets | | | | | | | \$820.0 M |

| | |
|---|------------------|
| Total value of eligible assets² | \$1,703.4 |
|---|------------------|

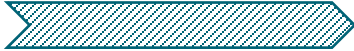
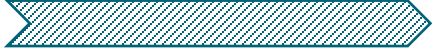
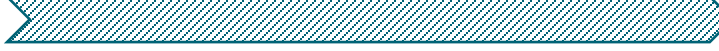
Eligible assets must have a minimum (or target) 5-star NZGBC Green Star Built rating or a minimum 4-Star NABERSNZ Energy Base Building Rating

1. Fair value as at 30 June 2021

2. As at 31 December 2021, Total value of eligible assets equals \$2,280.6 m. \$577.2 m has been excluded from the above table due to the assets being held for sale to Precinct Pacific Investment Limited Partnership.

[Click here to view Precinct Green Bond Assurance Statement](#)

Committed Green Development Assets

| Development | TPC | NLA | % Let | WALT (Let) | Jun-22 | Dec-22 | Jun-23 | Dec-23 | Jun-24 | Dec-24 |
|--------------------|----------------|---------------------------------------|------------|------------------|---|--------|--------|--------|--------|--------|
| 40 Bowen | \$90 m | 9,800 m ² | 91% | 10 years |  | | | | | |
| 44 Bowen | \$106 m | 11,500 m ² | 100% | 13 years |  | | | | | |
| Bowen House | \$155 m | 14,300 m ² | 100% | 15 years |  | | | | | |
| Deloitte Centre | \$312 m | 14,200 m ² (plus hotel) | 91% | 19 years* |  | | | | | |
| Halsey and Flowers | \$157 m | 11,400 m ² | - | - |  | | | | | |
| Total | \$820 m | 61,200 m² | 79% | 16 years* | | | | | | |

40 and 44 Bowen Street



Deloitte Centre - 1 Queen Street



Halsey and Flowers



Security

- The Green Bonds are secured by Mortgages granted by Precinct and the Guarantors over the Mortgaged Properties in favour of the Security Trustee (Public Trust), for and on behalf of the secured creditors
- Total assets as at 31 December 2021 were \$3.66bn and of that the value of the Mortgaged Properties was \$3.4bn¹. Total liabilities were \$1.24bn and of that committed senior secured obligations comprised \$1.06bn
- The Majority Beneficiaries can instruct the Security Trustee to give certain waivers and to amend certain provisions of the Security Trust Deed and also give instructions in relation to enforcement
 - The Bond Trustee can give enforcement directions for Major Bond Default Events. Bank Facility Agent, USPP Noteholders and other Beneficiaries may also be entitled to give directions
 - To the extent that the Bond Trustee is entitled to give instructions to the Security Trustee, given the limited time periods to provide instructions, the Bond Trustee is unlikely to have time to obtain instructions from the Bondholders in most instances

Note 1 – Values based on 30 June 2021 valuations. Following settlement of the PPILP the mortgage property pool will reduce to \$28bn.
Proforma gearing as at 31 December 21 of 21%