



Artist's impression of 117 Pakenham Street, Auckland

PRECINCT PROPERTIES NEW ZEALAND LIMITED

INDICATIVE TERMS SHEET

4 SEPTEMBER 2023

OFFER OF TWO SERIES OF SUBORDINATED CONVERTIBLE NOTES

www.precinctnotesoffer.co.nz



Arranger and Joint Lead Manager



Joint Lead Managers



INDICATIVE TERMS SHEET

FOR AN OFFER OF TWO SERIES OF SUBORDINATED CONVERTIBLE NOTES

This terms sheet should be read together with the Product Disclosure Statement dated 1 September 2023 (**PDS**) for the offer of two series of subordinated convertible notes by Precinct Properties New Zealand Limited (**Offer**). The PDS is available at www.precinctnotesoffer.co.nz or can be obtained from the Joint Lead Managers or your usual financial advisor. Investors must obtain a copy of the PDS before they apply for Notes.

Capitalised terms used but not defined in this terms sheet have the meanings given to them in the PDS.

Issuer	Precinct Properties New Zealand Limited (Precinct NZ).
Description	<p>Subordinated convertible notes in two series (the 2026 Notes and the 2027 Notes, and together the Notes).</p> <p>Subject to a Cash Election by Precinct NZ as described below, the Notes will Convert into ordinary shares in Precinct NZ.</p> <p>If Precinct NZ issues shares on Conversion, Precinct Properties Investments Limited (Precinct Investments), must issue a corresponding number of fully paid ordinary shares for no consideration. The Precinct NZ and Precinct Investments shares will be stapled under the Stapling Deed described below (Stapled Shares).</p>
About the Precinct NZ Group and the Stapled Structure	<p>The Precinct NZ Group includes Precinct NZ and the companies that it owns.</p> <p>The Precinct NZ Group is part of the Precinct Properties Group, which includes Precinct NZ and Precinct Investments together and any companies that either of them own. The Precinct Properties Group is a stapled structure pursuant to a stapling deed dated 7 June 2023 (Stapling Deed). A stapled structure comprises two listed parent companies whose shares are held by the same shareholders in equal proportions. The shares in each parent company are "stapled" together, meaning they can only be transferred or dealt with together. Each Stapled Share comprises one ordinary share of Precinct NZ and one ordinary share of Precinct Investments.</p> <p>The Precinct NZ Group, and the Precinct Properties Group of which it is part, is New Zealand's only listed city centre real estate specialist, investing predominantly in premium and A-Grade city centre real estate.</p>
Subordinated Guarantee	<p>The Notes are guaranteed by Precinct Investments under a Subordinated Guarantee. Precinct Investments is not a member of the Precinct NZ Group but is a member of the Precinct Properties Group and is an associated person of Precinct NZ.</p> <p>The Subordinated Guarantee is not limited or subject to conditions.</p> <p>The Subordinated Guarantee does not have the benefit of any security and is subordinated. This means that Precinct Investments' obligations under the Subordinated Guarantee will be subordinated to its unsubordinated obligations (including its secured obligations as guarantor of Precinct NZ's bank borrowing, USPP Notes and Secured Bonds, and to trade creditors).</p>
Purpose	The proceeds of the Offer (net of issue costs) are expected to be used to repay existing bank debt and for general corporate purposes.
No credit ratings	The Notes will not be rated.
Offer amount	<p>Up to \$150,000,000 with the ability to accept oversubscriptions of up to an additional \$50,000,000 at Precinct NZ's discretion across the two series of Notes.</p> <p>The offer amounts above are inclusive of the Shareholder Priority Offer described below.</p>
Shareholder Priority Offer	<p>Eligible Shareholders can apply for Notes through the Shareholder Priority Offer.</p> <p>The amount of Notes of each series allocated in the Shareholder Priority Offer will be determined during the Bookbuild by Precinct NZ in consultation with the Joint Lead Managers, subject to a maximum size of \$25,000,000 in aggregate across both series of Notes (or such other amount as Precinct NZ may determine in its discretion).</p> <p>There is no guarantee that an Eligible Shareholder will receive all of the Notes for which it has applied. Precinct NZ may, in its absolute discretion, determine whether to accept or scale any application without giving any reason.</p>

How to apply

Eligible Shareholders may apply for Notes in the Shareholder Priority Offer online at www.precinctnotesoffer.co.nz before 5pm (New Zealand time) on 7 September 2023 and otherwise as set out in the PDS.

All Notes (including any oversubscriptions) in the General Offer have been reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other persons invited to participate in the bookbuild.

Precinct NZ reserves the right to refuse all or any part of any application for Notes under the Offer without giving a reason.

Issue price

\$1.00 per Note, being the Principal Amount of each Note.

Term

2026 Notes: 3 years with a Conversion Date of 21 September 2026.
2027 Notes: 4 years with a Conversion Date of 21 September 2027.

Conversion Date

For **2026 Notes**: 21 September 2026.
For **2027 Notes**: 21 September 2027.

The Notes may Convert before the relevant Conversion Date in some circumstances. See the "Early Conversion" section below for further information.

Conversion

On the relevant Conversion Date, all outstanding Notes in a series will be Converted and Stapled Shares will be issued, subject to a Cash Election.

The number of Stapled Shares to be issued following Conversion of each holding of Notes will be determined by dividing their Principal Amount (together with any Unpaid Interest (and any interest thereon)) by the Conversion Price, which is the lesser of:

1. the Conversion Price Cap of:
 - for the 2026 Notes: \$1.36; and
 - for the 2027 Notes: \$1.40; and
2. the Market Price (calculated as per the statement below).

The Market Price is determined based on the arithmetic average of the daily volume weighted average price of Stapled Shares on the NZX Main Board in the 20 Business Days prior to (but not including) each Conversion Announcement Date, as described in section 6 of the PDS (*Key features of the Notes*).

The Conversion Announcement Date is 5 Business Days before the relevant Conversion Date.

The Conversion Price Cap may be adjusted in certain circumstances as further described in the PDS. Please refer to the PDS for example scenarios of Conversion at different Market Prices.

Conversion Price Cap Adjustments

The Conversion Price Cap will be adjusted for bonus issues, rights issues, placements or Share Purchase Plans and divisions as described further in the PDS.

However, no adjustments will be made in respect of any actions pursuant to a dividend reinvestment plan, any further issuances of convertible notes, or any other transactions which may affect the price of the Stapled Shares (including, for example, any return of capital, buy back or cash dividend paid by Precinct NZ or Precinct Investments).

Cash Election

Rather than Converting a series of Notes, Precinct NZ may elect to instead pay a cash amount to Noteholders at the end of the term. In this case, Noteholders would be paid an amount equal to the Market Price (calculated as set out above) of all the Stapled Shares that would have otherwise been issued to them on Conversion of their Notes, so that they receive an equivalent value to those Stapled Shares (as determined under the terms of the Notes) and will similarly benefit from any appreciation of the Stapled Share price above the relevant Conversion Price Cap prior to the Conversion Date.

Precinct NZ may only elect to pay the cash amount if it is not insolvent and no event of default in respect of borrowed money is continuing (and Precinct NZ would not become insolvent, and no such event of default would occur, as a result of making such payment) (the **Payment Condition**).

Precinct NZ will announce whether it intends to make a Cash Election for a series of Notes via NZX on or before the Conversion Announcement Date, being the date that is 5 Business Days before the relevant Conversion Date.

INDICATIVE TERMS SHEET (CONTINUED)

Early Conversion

The Notes may be Converted prior to the relevant Conversion Date:

- after an Event of Default;
- at the Noteholders' option after a Compulsory Acquisition Event; or
- at Precinct NZ's option after a Tax Event,

as described further in the PDS.

A **Compulsory Acquisition Event** will occur if any person (or persons acting jointly or in concert) become bound, or become entitled and elect, to compulsorily acquire Stapled Shares held by minority Shareholders, whether following a takeover offer, a scheme of arrangement or otherwise (except for the interposition of a non-operating holding company or similar, as described further in the PDS).

Broadly, a **Tax Event** will occur if there has been, or there will be, a change in New Zealand law applying after the Issue Date, as a result of which:

- any interest payable on the Notes is not, or will not be, allowed as a deduction for the purposes of New Zealand income tax; or
- Precinct NZ would be, or is likely to be, exposed to any other adverse tax consequence in relation to any Notes,

provided such event is not minor and Precinct NZ did not expect such event on the Issue Date.

The Cash Election does not apply to any Conversion before the Conversion Date.

Interest Rate

Each series of Notes will pay a fixed rate of interest.

The Interest Rate for each series of Notes will be determined by Precinct NZ in conjunction with the Arranger following a bookbuild, and announced via NZX on or about the Rate Set Date.

The Interest Rate will be equal to the sum of the Swap Rate and the issue margin, subject to a minimum Interest Rate of:

- for the 2026 Notes: 7.00% per annum; and
- for the 2027 Notes: 7.00% per annum.

Indicative Issue Margin

The indicative issue margin is:

- for the 2026 Notes: 2.00% to 2.40% per annum; and
- for the 2027 Notes: 2.15% to 2.55% per annum.

The issue margin (which may be above, below or within the indicative issue margin range) for each series of Notes will be determined by Precinct NZ in consultation with the Joint Lead Managers through the Bookbuild. The issue margin for each series of Notes will be announced by Precinct NZ via NZX on or about the Rate Set Date.

The issue margin will not change.

Swap Rate

The mid-market 3-year swap rate (adjusted to a quarterly basis as necessary) in respect of the 2026 Notes and the mid-market 4-year swap rate (adjusted to a quarterly basis as necessary) in respect of the 2027 Notes, in each case for a term commencing on the Issue Date and determined on the Rate Set Date by Precinct NZ in conjunction with the Arranger in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) (rounded to 2 decimal places if necessary, with 0.005 rounded up).

Interest Payment Dates

Quarterly in arrears in equal amounts on 21 March, 21 June, 21 September and 21 December each year (or if that day is not a Business Day, the next Business Day) until and including the relevant Conversion Date, with the first Interest Payment Date being 21 December 2023.

Interest payments may be suspended in certain circumstances as described below.

Interest suspension	<p>Payments of interest on the Notes will be suspended if Precinct NZ does not meet the Payment Condition (as described above) in respect of such interest.</p> <p>Any suspended interest payment (Unpaid Interest) will accumulate and interest will accrue on it at the Interest Rate (compounding on each Interest Payment Date) until paid. No dividend or other return will be made to Shareholders while any interest on the Notes is suspended.</p> <p>Unpaid Interest is required to be paid within 5 Business Days after Precinct NZ meets the Payment Condition in respect of such interest. Any Unpaid Interest (including any interest thereon) will be added to the Principal Amount on Conversion.</p>
Record Date	The record date for interest payments is 5pm (New Zealand time) on the date that is 10 days before the relevant Interest Payment Date or, if that is not a Business Day, the immediately preceding Business Day.
Retail Brokerage	0.50% retail brokerage plus 0.50% on retail firm allocations paid by Precinct NZ. No firm fees will be paid on allocations made in the Shareholder Priority Offer but brokerage of 0.50% will be paid.
ISIN	2026 Notes: NZPCTDG002C4 2027 Notes: NZPCTDG003C2
Eligible Shareholder	Members of the public resident in New Zealand who are Shareholders (at the time of applying for Notes and on the Shareholder Priority Offer Closing Date for the Shareholder Priority Offer), excluding institutional Shareholders, as determined by Precinct NZ.
Quotation	<p>Application has been made to NZX for permission to quote the Notes on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this terms sheet have been duly complied with. However, the Notes have not yet been approved for trading and 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 Financial Markets Conduct Act 2013.</p> <p>The following NZX ticker codes have been reserved for the Notes:</p> <ul style="list-style-type: none"> • 2026 Notes: PCTHB • 2027 Notes: PCTHC
Minimum application amount	Shareholder Priority Offer: \$1,000. General Offer: \$5,000.
Governing law	New Zealand.
Arranger	Jarden Securities Limited.
Joint Lead Managers	Craigs Investment Partners Limited, Forsyth Barr Limited and Jarden Securities Limited.
Supervisor	The New Zealand Guardian Trust Company Limited.
Registrar	Computershare Investor Services Limited.
Documentation	<p>The terms of the Notes and other key terms of the Offer are set out in:</p> <ul style="list-style-type: none"> • The Product Disclosure Statement dated 1 September 2023 for the offer of the Notes. • The Master Trust Deed dated 27 November 2014 (as amended from time to time) between Precinct NZ and the Supervisor. • The Supplemental Trust Deed for each series of Notes dated 25 August 2023 (in each case as amended on 1 September 2023) between (among others) Precinct NZ and the Supervisor. <p>The Supplemental Trust Deed amends the application of the Master Trust Deed to the Notes as subordinated obligations, including disapplying certain provisions set out in the Master Trust Deed (such as the loan to value ratio, negative pledge and senior guarantees) and amending or replacing others (including those relating to ranking, redemption and events of default). The Subordinated Guarantee for each series of Notes is contained in the Supplemental Trust Deed relating to those Notes.</p> <p>You should read these documents. Copies may be obtained from the Disclose Register at www.companiesoffice.govt.nz/disclose.</p>

INDICATIVE TERMS SHEET (CONTINUED)

IMPORTANT DATES

Opening Date	4 September 2023
Closing Date for the Shareholder Priority Offer	7 September 2023 at 5pm (New Zealand time)
Closing Date for the General Offer	8 September 2023 at 12pm (New Zealand time)
Rate Set Date	8 September 2023
Issue Date and allotment date	21 September 2023
Expected date of initial quotation and trading of the Notes on the NZX Debt Market	22 September 2023
Conversion Announcement Date	5 Business Days before the relevant Conversion Date. On the relevant Conversion Announcement Date Precinct NZ will announce the final Conversion Price. On or before the relevant Conversion Announcement Date Precinct NZ will announce whether it intends to make a Cash Election.
Conversion Date	For 2026 Notes : 21 September 2026. For 2027 Notes : 21 September 2027.

The dates in this terms sheet are indicative only and are subject to change. Precinct NZ may, in its absolute discretion and without notice, vary the timetable. Any such changes will not affect the validity of any applications received. Precinct NZ reserves the right to cancel the Offer and the issue of the Notes, in which case all application monies received will be refunded (without interest) as soon as practicable.

SELLING RESTRICTIONS

You may only offer for sale or sell any Note in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered.

Precinct NZ has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Notes may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

Set out below are specific selling restrictions that apply to an offer of the Notes in the United States, Australia, Hong Kong and Singapore. These selling restrictions do not apply to an offer of the Notes in New Zealand.

By subscribing for or otherwise acquiring any Notes, you agree to indemnify, among others, Precinct NZ and the Supervisor for any loss suffered as a result of any breach by you of the selling restrictions referred to in this terms sheet and the PDS.

Australia

This terms sheet, the PDS and the offer of Notes are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (the **Corporations Act**). Neither this terms sheet nor the PDS is a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a "disclosure document" under Australian law. Neither this terms sheet nor the PDS has been, or will be, lodged or registered with the Australian Securities & Investments Commission or the Australian Securities Exchange and Precinct NZ is not subject to the continuous disclosure requirements that apply in Australia.

Prospective investors should not construe anything in this terms sheet or the PDS as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Investors in Australia should be aware that the offer of Notes and underlying shares for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the re-sale.

Hong Kong

WARNING: Neither this terms sheet nor the PDS have been, or will be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this terms sheet or the PDS or to permit the distribution of this terms sheet or the PDS or any documents issued in connection with them. Accordingly, the Notes have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Notes has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Notes may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this terms sheet and the PDS have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this terms sheet or the PDS, you should obtain independent professional advice.

INDICATIVE TERMS SHEET (CONTINUED)

Singapore

Securities and Futures Act Product Classification: Solely for the purposes of sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the **SFA**), Precinct NZ has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

This terms sheet, the PDS and any other materials relating to the Notes have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this terms sheet, the PDS and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes, may not be issued, circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This terms sheet has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this terms sheet immediately. You may not forward or circulate this terms sheet to any other person in Singapore.

Any offer is not made to you with a view to the Notes or the underlying shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Notes or the underlying shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

The Notes and the underlying shares have not been, and will not be, registered under the Securities Act of 1933 and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act.

The Notes will not be offered or sold in the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes, as determined by the Joint Lead Managers except in accordance with Rule 903 of Regulation S. Any Notes sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

"The Notes or the underlying shares have not been registered under the US Securities Act of 1933 or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States, or to or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the US Securities Act. Terms used above have the meaning given to them by Regulation S."

Until 40 days after the completion of the distribution of all Notes, an offer or sale of the Notes in the United States by any Joint Lead Manager or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

