Precinct

Precinct Properties Group

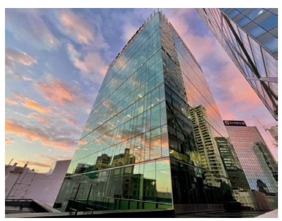
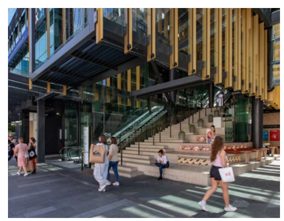
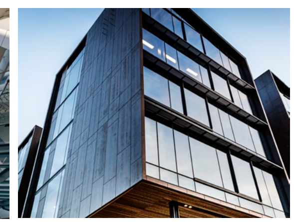
Investor Day

5 June 2024

Agenda

All figures provided in this presentation are as at 31 December 2023 unless otherwise stated. All dollar values are NZD.

Precinct's key milestones

2010	2012-2020	2020	2021	2022	2023-2024
ANZO corporatised	Investment portfolio transformed	Completion of Commercial Bay	Internalised Management	Investment partnerships formed and residential business established	Stapled group structure enabling participation in a wider set of opportunities
					
Renamed to Precinct (PCT)	Over $1b development completed reducing average age of portfolio by 10 years	PwC Tower and Commercial Bay completed	Third party capital strategy identified	Partnerships formed with GIC and PAG Established residential business	New JV formed with Ngāti Whātua Ōrākei/PAG Downtown Carpark secured

How we have evolved to Precinct today

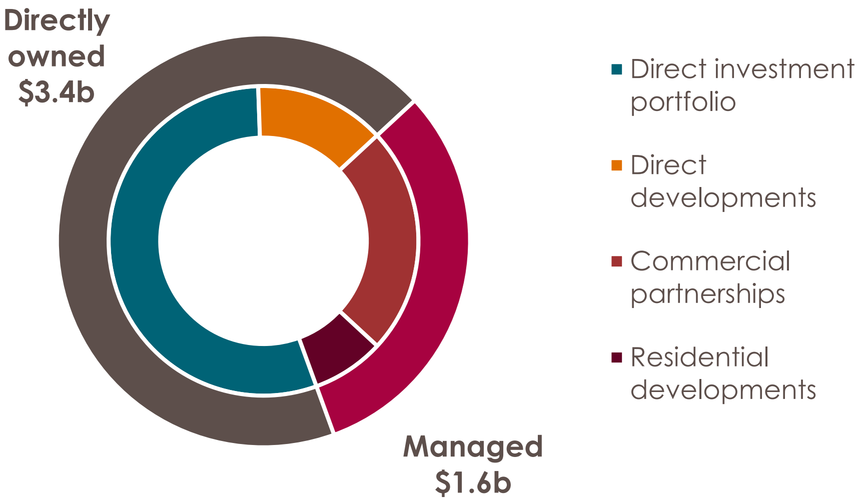
Our strategic transition continues as value-add opportunities are explored and executed

Owner | Manager | Developer
Partner

Office | Mixed Use | Living

City centre | City fringe | Urban

FUM (completion value)



Portfolio selection | Proven development track record | Capital partnering

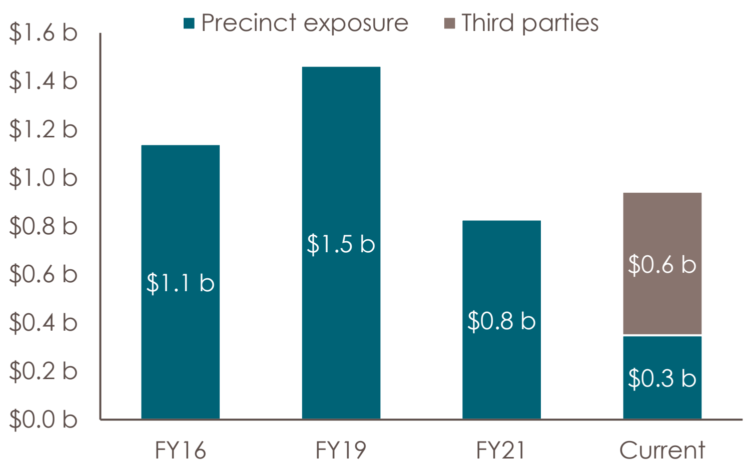
Leveraging our market position | Building our in-house capability
Trusted managers of real estate, capital partnerships and operating business

Development evolution

PCT has successfully evolved its development pipeline composition and ownership since 2021, through internalisation, stapling and expansion of its investible universe

- Since committing to Commercial Bay in 2015, PCT has maintained an average development pipeline of around $1b which peaked at circa $1.5b estimated completion value in FY19
- PCT's development risk has materially reduced in recent years through major completions, notably Commercial Bay and Bowen Campus Stages 1 & 2
- Capital requirement reduced through introduction of capital partners

Development pipeline & PCT exposure



Evolving development risk profile

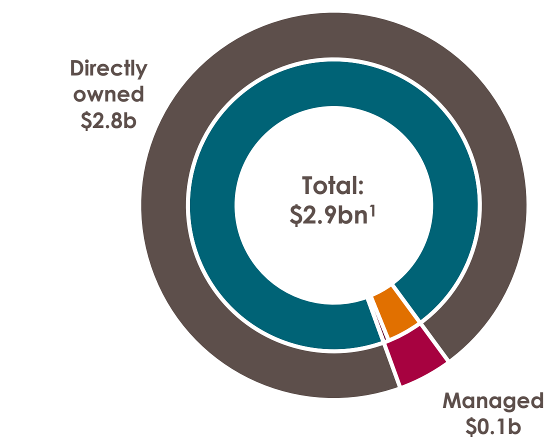
	FY16	FY19	FY21	Current
PCT ownership (weighted avg.)	**100%**	**100%**	**100%**	**37%**
Gross Development Value	$1.1 b	$1.5 b	$0.8 b	$0.9 b
PCT share of GDV	$1.1 b	$1.5 b	$0.8 b	$0.3 b
Office exposure (% of GDV)	63%	54%	86%	57%
Auckland exposure (% of GDV)	80%	100%	45%	72%

Precinct

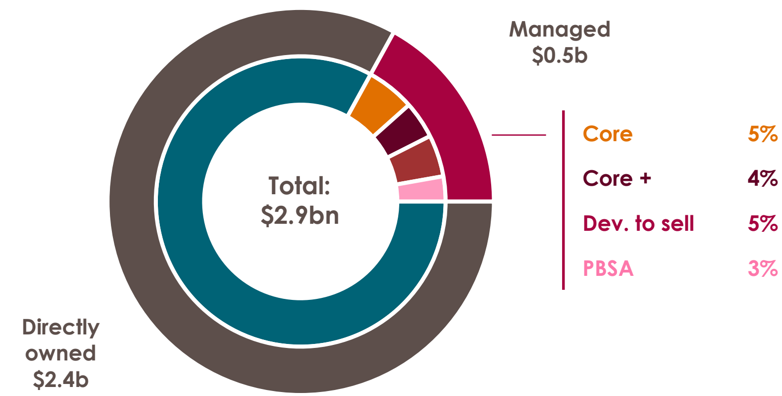
Optimal allocation of capital

■ Core directly owned ■ Core partnerships ■ Core Plus partnerships ■ Develop-to-sell partnerships ■ Develop-to-hold PBSA

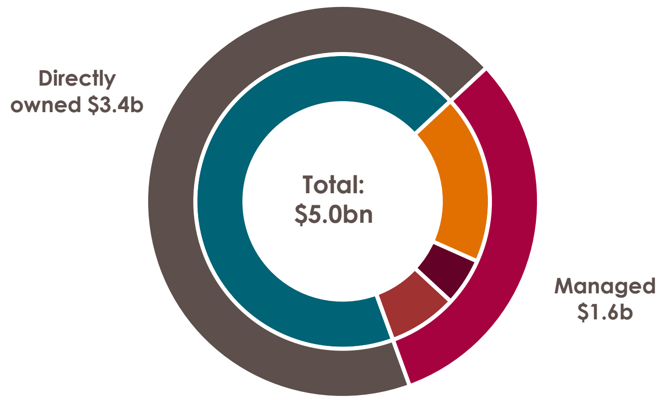
Current - Capital allocation



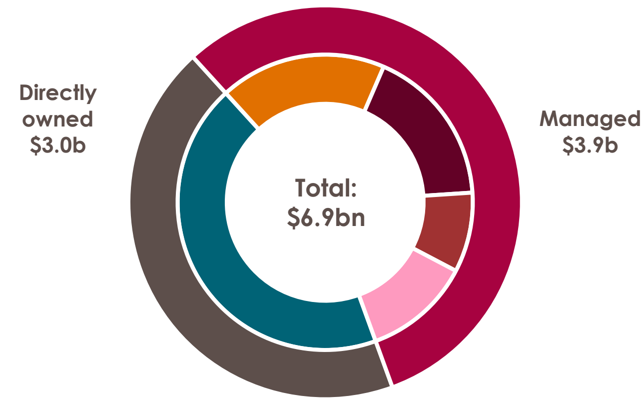
Target - Capital allocation



Current FUM



Target FUM



Note 1: Capital invested, total equity issued $1.6bn and current debt

Precinct advances living strategy

Further progress as Precinct advances its strategic growth in the living sector with the announcement today of:

Precinct's entry into the student accommodation sector	• Acquisition of 256 Queen Street, Auckland to develop a Purpose-Built Student Accommodation (PBSA) facility.
Growth in Precinct's residential Build-to-Sell pipeline	• Entry into a Development Agreement with Eke Panuku Development Auckland for a site at 198-222 Dominion Road & 113-117 Valley Road in Mount Eden, Auckland for a high-density residential apartment development.
A simplification of Precinct's living sector activities	• Acquisition of the remaining 50% of Precinct Properties Residential Limited (PPRL), the joint venture established with Tim and Andrew Lamont in 2022.

Capital Partnerships

Capital partnering

- **Precinct is an attractive local partner to global capital** with a strong track record in execution and a growing reputation as a capable, professional and aligned capital partner.
- **Expanding the investor base** provides access to a vast pool of capital and diverse perspective through global experience, enabling Precinct to explore a broader set of opportunities.
- **Partnering with capital on passive assets** enhances Precinct's return on capital by generating management fees, while retaining exposure to high-quality assets and freeing up capital for future investments.
- **Investing in value-add opportunities alongside capital partners** leverages Management's expertise in repositioning, releasing, and realising value, delivering a higher return on the invested capital through a moderate risk profile.
- **Capital partnering on development assets** enables Precinct to leverage its core development capabilities without committing excessive capital to development, while participating in enhanced returns through development management and performance fees.

Capital partnerships

Precinct has continued to execute on its capital partnership strategy, with a focus on value-add and residential sectors with $1.6 billion of partnerships established since FY22

Existing partnerships

$ billions	Strategy	Dec-23 value	End value	PCT stake
Precinct directly held		**$3.2 b**	**$3.4 b**	**100.0%**
Capital partnerships				
PPILP (GIC)	Core	$0.5 b	$0.7 b	24.9%
BILP (PAG)	Core	$0.3 b	$0.3 b	20.0%
Te Tõangaroa (PAG, NWO)	Core+	$0.2 b	$0.3 b	0-33%
Commercial partnerships		**$1.0 b**	**$1.2 b**	
Residential (various)[1]	Build to sell	-	$0.4 b	Nil
Total capital partnerships		**-**	**$1.6 b**	

Note 1: Residential completion value is presented exclusive of GST and excludes Onehunga Mall Club which recently completed

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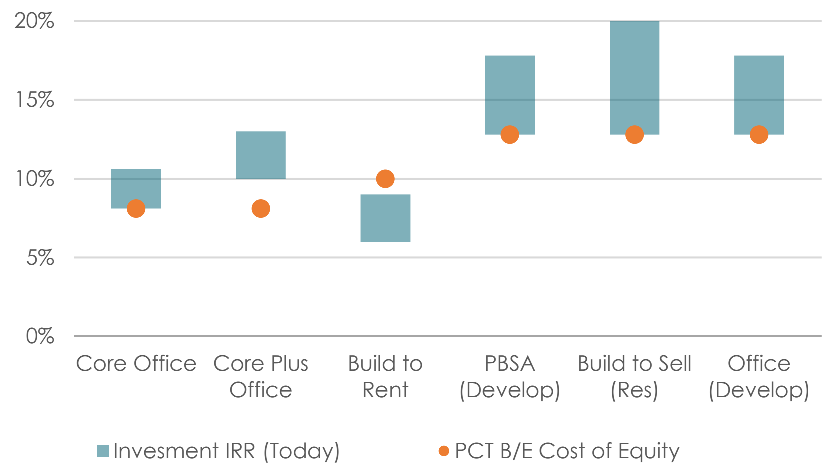
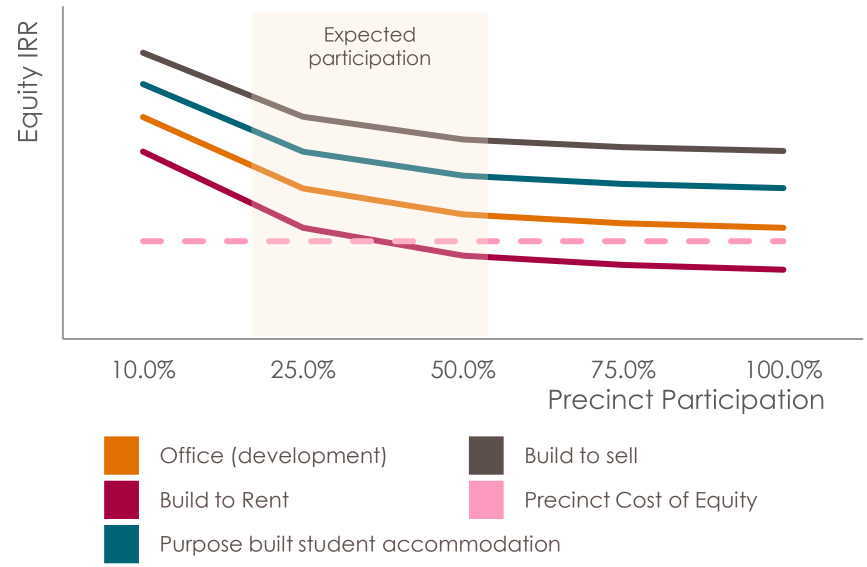
Capital partner investment preferences

Equity returns - target and breakeven



PCT COE vs opportunity set



- In a high cost of capital environment, core plus and value-add strategies preferred over core
- Office down-weight has largely worked through; appetite for office strategies has been low but is improving, particularly in strong occupier markets
- Investors up-weighting in living sector with residential rental market supporting returns.
- Low initial yields mean BTR is challenging. PBSA is a higher yield way to participate
- Build-to-sell residential can deliver required returns, but challenging to achieve presales
- For Precinct, general preference to co-invest between 20-50%, subject to required returns being met

Capital partnerships opportunities and focus

Precinct remains on track to have $4-5 billion total capital partnerships over the medium term

Opportunities and focus

- Core office investment demand is limited, however interest remains for high-quality, well-located assets. Precinct is well positioned in the medium term for core capital partnerships once interest rate cuts commence
- **Downtown Carpark development site provides an opportunity of significant scale** (c.92,000sqm net area) across office and living sectors
- Residential build-to-sell strategy targets scaling up to deliver **150-200 units per annum** in medium term. Market conditions are good to build the pipeline and secure new capital
- Advancing the PBSA strategy is key near-term focus. With first site secured and design and procurement underway, further sites are under investigation. A capital partner will be secured prior to commencement
- With an investor base including local NZ privates and some of Asia Pacific's largest investment funds, the platform provides Precinct access to a diverse range of capital sources

Bowen Campus

Precinct

Building the pipeline

The transactions announced today secure the pipeline of opportunities and simplify the platform for delivery

256 Queen Street acquisition

- Acquisition for $9 million will settle later this month
- Design, consenting and procurement underway, with construction commencement currently anticipated Q2 2025

Dominion & Valley

- Conditional acquisition for $13.25 million
- Design and consenting underway targeting mid 2025 construction

Precinct Properties Residential Limited (PPRL)

- Established in 2022, the joint venture established with Tim & Andrew Lamont provided Precinct an effective entry into the residential market with existing investor base and project pipeline
- Moving to 100% ownership strengthens Precinct's residential platform and enhances and simplifies its market position and proposition to capital partners
- Tim and Andrew Lamont have committed to Precinct for a further five years

Targeted growth and prioritised focus

Residential and PBSA will be a key growth area supported by strong market fundamentals and investor interest

- Strong relationships have been established with our partners to-date. The established platform provides a strong base to grow existing relationships and attract new capital partners.
- Precinct is underway with securing a capital partner for Student Accommodation strategy
- Growing the pipeline for Build-to-Sell Residential as well as the capital base is a priority
- Securing capital partners for Downtown Carpark is fundamental to execution on that opportunity

Growth area	Investor appetite	Ability to meet hurdle
Core Office	Limited levels	Asset specific
Core+ Office	Good levels	Challenging
Build-to-Sell Residential	Strong levels	Able to meet
Student Accommodation	Strong levels	Able to meet

Financial Illustration

Capital requirement

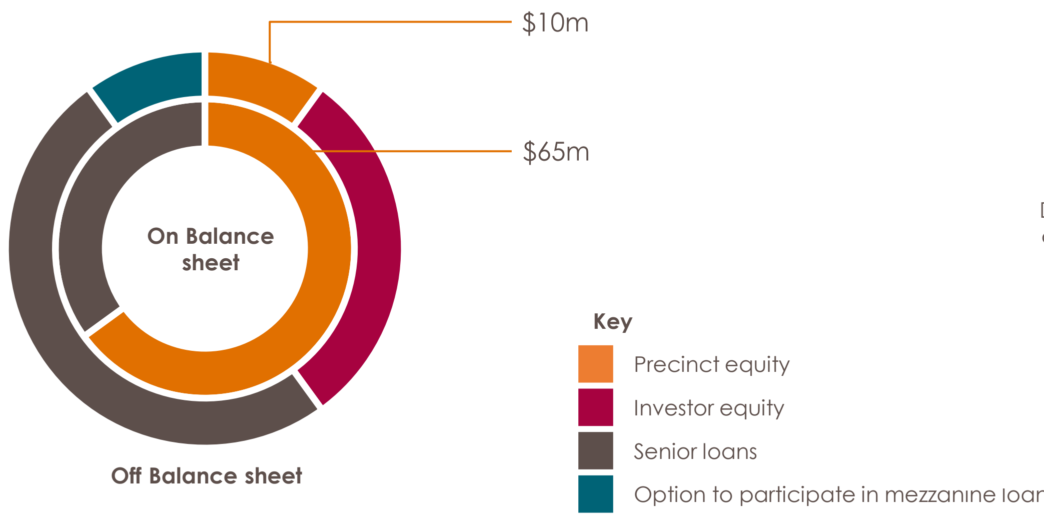
- Introduction of third-party investors reduces the capital requirement for Precinct
- Allows for scalability and the ability to access a greater set of opportunities from the same amount of capital
- Build to sell office, hotel or PBSA usually fund-through or 100% sale
- Build to sell residential will typically be off-balance sheet with cost and sales risk proportionate to ownership
- Opportunity to invest through mezzanine loans, assessed on a case-by-case basis

Partnership structures and resulting capital requirements

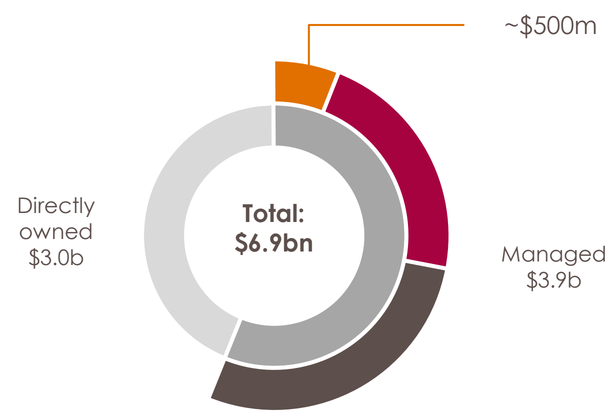
Indicative $100m project	On balance sheet	Off balance sheet		
		Participation	Participation + Mezz	Fund through structure
Development type	BTS or BTH	BTS	BTS	BTH & or BTS
PCT Ownership	🟢	🟡	🟡	🟡
Project cost exposure	🟢	🟡	🟡 +M	🟢
Value change exposure	🟢	🟡	🟡 +M	🟡
Leverage	35%	60%	~70%	60%
Mezz participation	-	-	~50%	-
Indicative Precinct capital	**$65 m**	**$10 m**	**~$13m**	**$10 m**

Key: 🟢 100% 🟡 Proportionate to ownership

Project Funding for $100m project



Target FUM and capital required



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Project timeline and recycling of capital

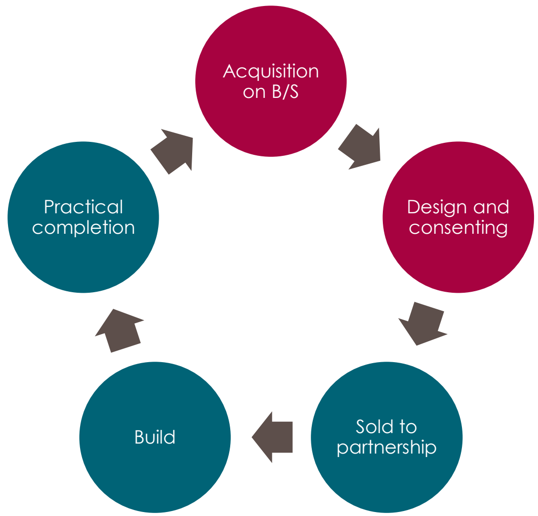
- Intention to warehouse opportunities on balance sheet while progressing planning, design and consenting; derisking the project for potential investors
  - Provides development optionality with minimal capital outlay
- Beyond initial acquisition no additional capital should be required
- Recycling of capital provides for greater return on invested capital
- Strong interest from lenders to participate in opportunities

BTS example: Project timeline and Precinct capital

Indicative only	Ownership		Precinct invested capital	
Project timeline	**PCT balance sheet**	**Partnership**	**Change in capital**	**Total**
On Balance sheet (0-12 months)				
Due diligence	$0.2 m	-	$0.2 m	$0.2 m
Acquisition	$9.8 m	-	$9.8 m	$10.0 m
Planning, design and resource consent	$5.0 m	-	$5.0 m	$15.0 m
Sold to partnership (12-30 months)				
Partnership acquires project	-	$15.0 m	($11.3 m)	$3.8 m
Sales / design / marketing	-	$5.0 m	-	$3.8 m
Construction	-	$80.0 m	$6.3 m	$10.0 m
Total at completion	-	**$100.0 m**	**-**	**$10.0 m**

Assumptions: Participation at 25% and gearing of 60%

Recycling of capital



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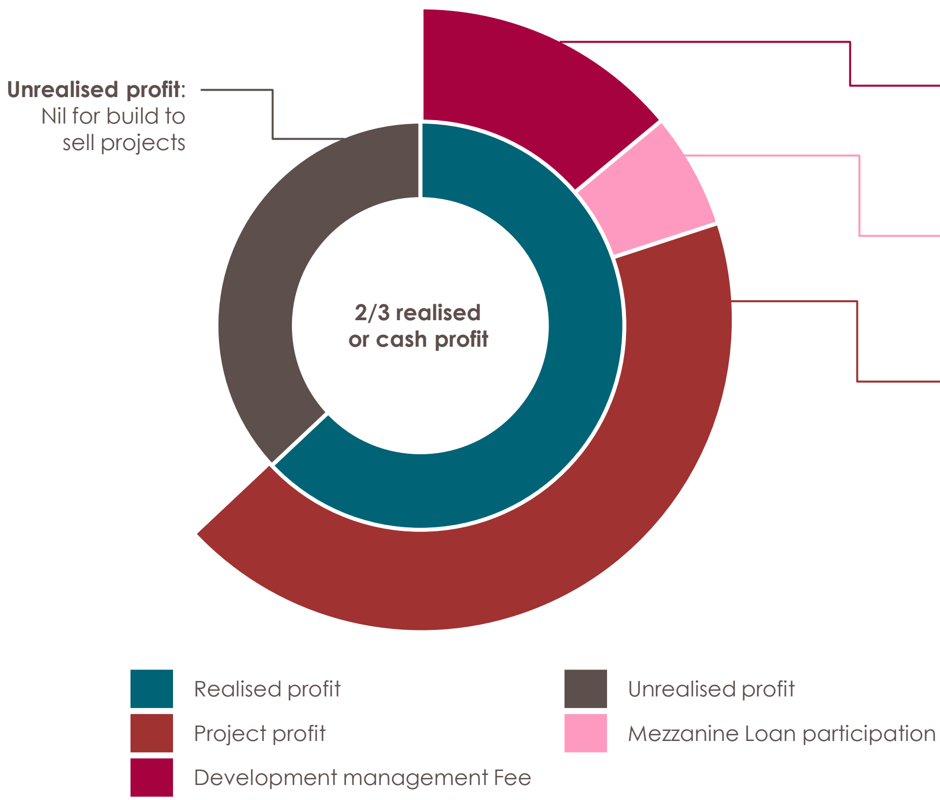
Earnings contribution

Profit breakdown

Indicative $100m fund through build to hold (@25%) development



Development management fees: Calculated as a % of total Project cost excluding land and finance. Recognised during the life of the project.

Mezzanine loan: Third party capital structure provides the opportunity for Precinct to participate in this form of investment. Provides Precinct an alternative investment opportunity and return profile.

Development profit: Generally recognised at project completion however for fund through structures expected to recognise during the life of the project.

Developments completions since 2017

- **$2.3 billion of development completions delivered aggregate return on cost of 24%**
- The NTA uplift has been ~25cps
- Lower earnings or cashflow benefit due to build to hold

Share of realised profit expected to grow through the execution of strategy

Artist impression – York House

Strong capability in living sector

Lamont & Co. have a proven track record to support PCT's living strategy

- Established in 2014 as a real estate private equity developer with a focus on multi-unit residential development and value-add commercial projects
- Company is an origination & operating partner management business
- Lamont & Co. has originated a diverse range of investment & development with a completion value of approx. $553 million

Delivered 1,100+
units in high quality residential and student accommodation

Repositioned c.16,000m^2
of commercial office space

Mixed-use urban renewal projects

SKHY | Fabric of Onehunga | The Onehunga Mall Club (O.M.C.)

Two student accommodation developments comprising 830 total beds


The Onehunga Mall Club

SKHY

F-A-B-R-I-C of Onehunga

Precinct

Key themes - Residential

1.

Provision of high-density apartment-dwellings materially below comparable global cities.

2.

Apartment development market consists of smaller scale, private capital with little institutional participation.

3.

Unitary plan has provided a permissive framework to enable high density living.

4.

Positive net migration will lead to a continued demand for different housing typologies and greater intensification in cities.

5.

Demand expected to grow for mid to upper market apartment product in good central locations and neighbourhoods, particularly for downsizers.

6.

Due to capital constraints of existing developers, pipeline of new development stock has decreased significantly since 2023 with limited new supply forecast.

7.

Softer market conditions presenting good long-term opportunities.

8.

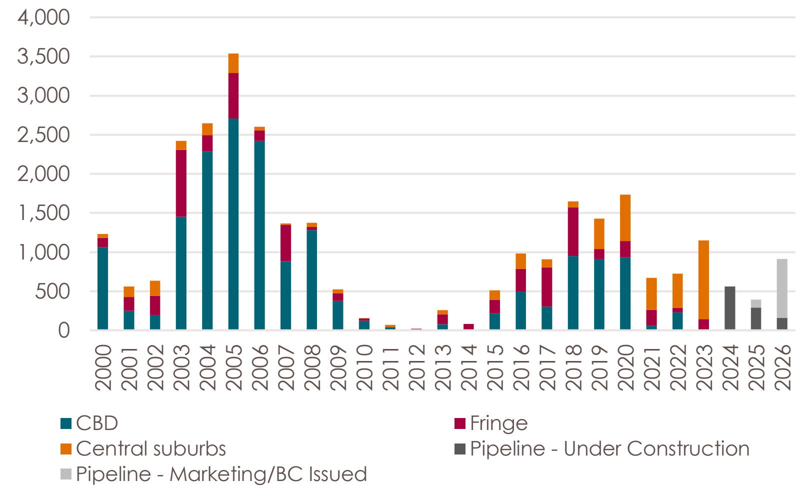
Construction cost escalation has eased with more competitive construction pricing evident in market for new builds.

Residential market themes (cont.)

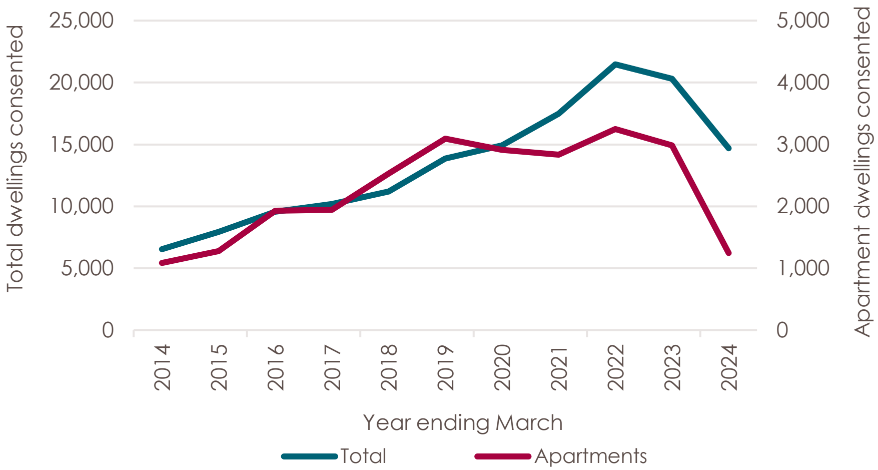
The residential sector will be a key area of growth for Precinct

- Elevated investor demand being observed, supported by strong underlying medium term market fundamentals
- Total consents down 28% y-o-y (5-yr low) and apartment consents down 58% y-o-y (10-yr low) in Auckland.
- Limited apartment pipeline beyond 2024
- Auckland's population has increased 2.8% in 2023 (June year-end), now above pre-pandemic levels
- Elevated levels of national net migration with Auckland expected to continue to grow at an above average rate in the short term
- Mortgage rates are around peak levels.

Limited supply pipeline beyond 2024 (Source: CBRE Research)



Total Auckland residential consents at 5-yr low (Source: Stats NZ)



Growing downsizer market

- Precinct anticipates increasing demand from the downsizer market seeking high quality, low-maintenance options within or near their existing (primarily fringe and suburban) locations of residence.

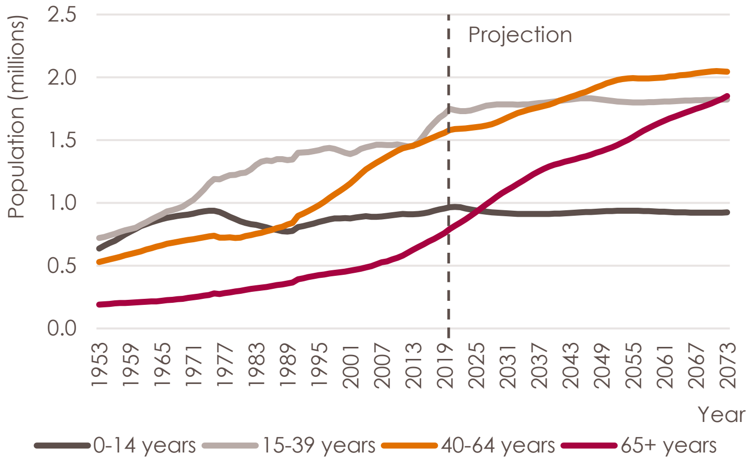
- The number of people aged 65+ doubled between 1994 and 2020 and this is projected by Stats NZ to double again by 2063.

- By 2028, it is expected that 19–20 percent of New Zealanders will be aged 65+, compared with 16 percent in 2022. By 2048, this proportion is expected to reach 21–25 percent, according to Stats NZ.

- The downsizer market is less impacted by interest rates and income-related affordability constraints.

Population by broad age group (median projection)

Source: Stats NZ



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Residential development platform

Strategy

- Platform is scaling up to create a valuable, high-quality business
- Progress being made on current projects and pipeline is continuing to be identified
- Good sites in established city and city fringe locations with existing amenity, good transport links and outlooks
- Long term target of delivering 150+ units per annum, with a preference for Auckland
- Primary focus is build-to-sell, investor led on BTR
- Residential strategy will include partnering with third party capital for BTS projects

Current WIP

Project	Status	Completion	Units	Built-out value (incl. GST)
Onehunga Mall Club	Completed & selling down	Complete	102	$92 m
Fabric Stage 2	Construction	2026	118	$125 m
Domain Collection	Construction	2026	65	$171 m
York House	Marketing & procurement	2027	41	$135 m
Total active pipeline			**326**	**$523 m**
198-222 Dominion Road & 113-117 Valley Road			140	$160 m
Total residential pipeline			**466**	**$683 m**

Residential pipeline

The Onehunga Mall Club

Completion Value (incl. GST)
$92m

Units
102

Timing
Complete

Status
Practical Completion achieved.

Titles issued February 2024.

F-A-B-R-I-C Stage 2

Completion Value (incl. GST)
$125m

Units
118

Timing
2026

Status
Construction underway.

New show suite established.

The Domain Collection

Completion Value (incl. GST)
$171m

Units
65

Timing
2026

Status
Construction underway.

New show suite established.

York House

Completion Value (incl. GST)
$135m

Units
44

Timing
In procurement

Status
Developed design complete.

Show suite established.

Precinct

Dominion & Valley

Dominion & Valley | **Completion Value (incl. GST)** $160m | **Units** 140 | **Timing** 2027 | **Status** Planning

Key themes – Student Accommodation

1.

Auckland PBSA market, characterised by an undersupply of beds, robust student demand growth, and strong market rental growth.

2.

Auckland has the highest demand for student accommodation in New Zealand, underpinned by Auckland University's position as a top 100 international university.

3.

Current PBSA demand has significantly outstripped supply, with Auckland University's accommodation nearly 2x oversubscribed.

4.

Demand driven by both the domestic and international student market. International student numbers are expected to return to pre covid levels by 2024/2025.

5.

Supply is running substantially below demand, with only 6,600 beds (committed supply) servicing an estimated demand of 11,500 to 15,000 beds.

6.

Demand pressure and competition has underpinned strong rental growth (6Y CAGR: 4.2%) while still remaining ~40% cheaper than Sydney and Melbourne.

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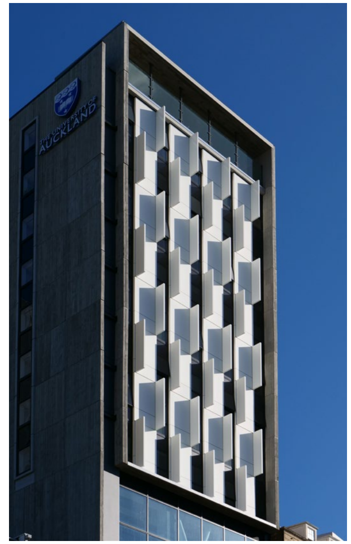
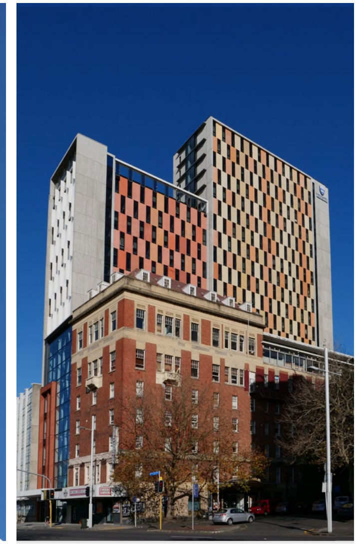
Completed PBSA

Te Tirohanga o te Tōangaroa

128 Anzac Avenue, Auckland CBD

Overview	488 rooms Managed by UniLodge
Timeframe	2016 – 2020

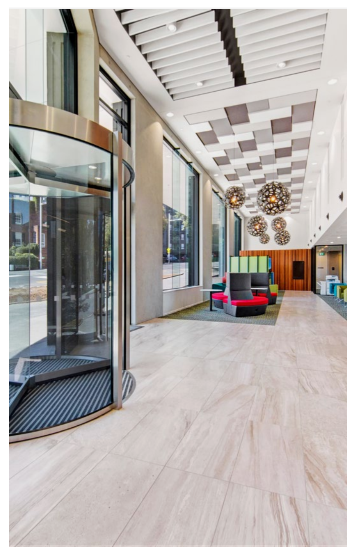


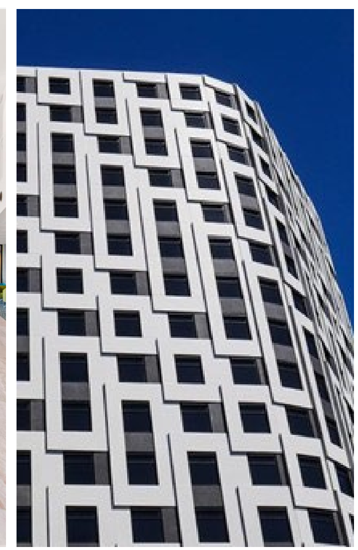


55 Symonds Street

Auckland CBD

Overview	343 rooms Managed by UniLodge
Timeframe	2015 – 2017





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Construction
Market Update

Key themes – Construction Market

1.

Declining construction pipeline over the short term with construction activity remaining weak.

2.

Building sector firms continue to reduce pricing with compressed margins being observed.

3.

Realised escalation to date with non-residential construction cost inflation continuing to ease on an annual basis over 2023, reflecting the easing capacity pressures within the sector.

4.

RLB are forecasting annual cost escalation to normalise to around 2.5% to 3.0% p.a., however recent tenders completed by PCT are tracking ~10% below QS estimates which suggest costs are now reducing.

5.

Infrastructure sector resilient for now with further infrastructure pipeline remaining dependent on Government spending appetite.

6.

Softer demand and increased labour supply are expected to contribute to further easing in costs throughout 2024.

Delivering on strategy

Evolving procurement and delivery strategy with changing development pipeline

- Multiple smaller, simpler development projects procured via Design & Build contracts providing better cost certainty and reducing design risk
- Domain Collection and Fabric procured recently under Design & Build + 2 further projects in negotiation

Living sector pipeline focus

- Transfer of internal skillset to residential and PBSA developments
- Better access to tier 2 contractor market and more competitive market pricing

Maintaining established relationships with trusted partners

- History of delivering success with over $2.9b of projects delivered
- Trusted relationships with key consultants and builders

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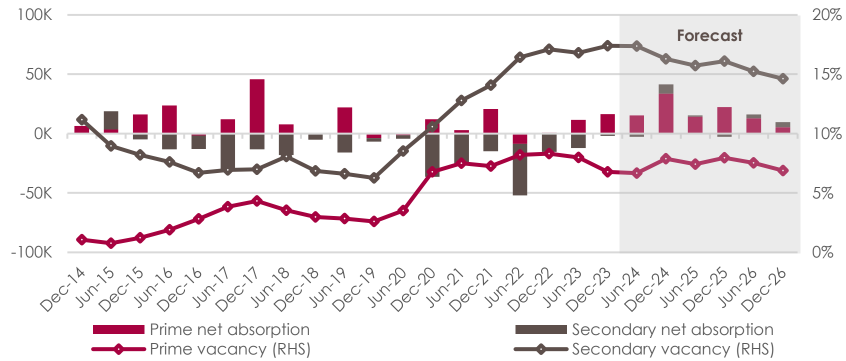
Investment Portfolio

Auckland city centre office occupier market

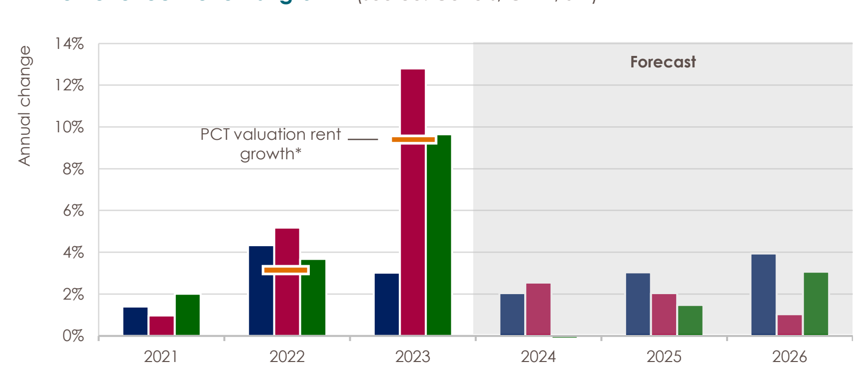
Prime vacancy & rent growth

- Flight-to-quality trend continues, with +28,000sqm of prime grade net absorption in 2023, compared to (14,100)sqm in the secondary market
- Prime vacancy rates in Auckland (Dec-23: 6.8%) continue to remain broadly in line with historic long-term average levels (5.9%)
- Well-located submarkets continue to outperform with Auckland CBD's waterfront precinct (Commercial Bay / Britomart) recording prime vacancy of ~2%
- Rising development costs, combined with easing cap rates, have led to an uplift in economic rents.
- Rental growth expected to remain positive over the medium-term albeit at more moderate levels relative to recent years.

Auckland CBD net absorption vs. vacancy rates (source: Colliers)



Prime net effective rental growth (source: Colliers, CBRE, JLL)



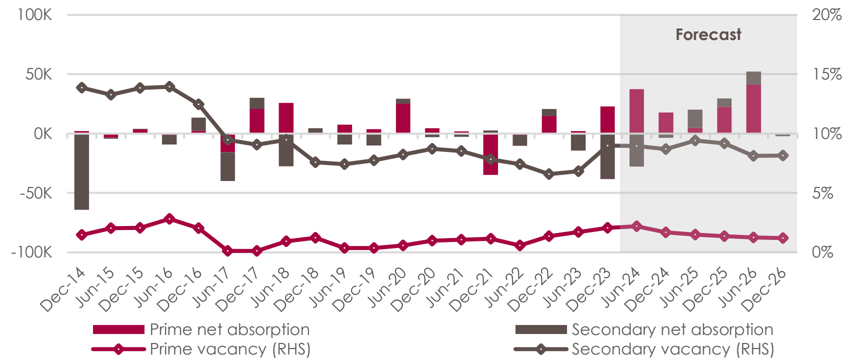
** PCT Y/Y valuation rental growth shown is for June year-end while market rates are for December year end*

Wellington city centre office occupier market

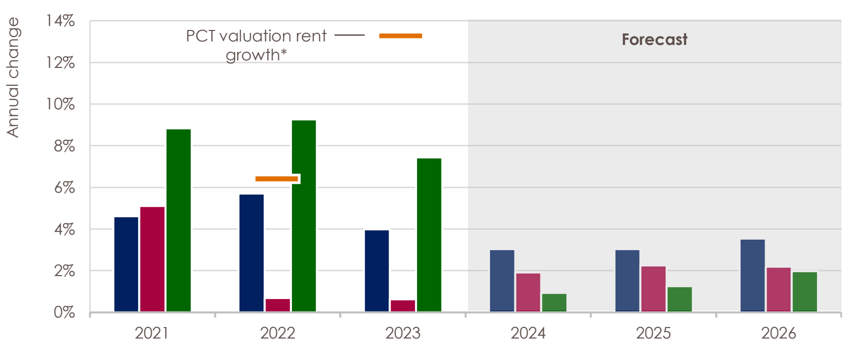
Prime vacancy & rent growth

- Prime vacancy rates in Wellington (Dec-23: 2.0%; Jun-23: 1.7%) remain firmly below historic long-term average levels (3.8%)
- Government precinct in Wellington continues to enjoy near zero prime vacancy
- Slight decrease in total stock in 2023 with secondary stock withdrawals outpacing completion of new prime grade supply
- New product is set to slow with only 61 Molesworth and the Archives Building, both fully pre-committed, forecasted for completion in the short term
- Net rental growth has been maintained despite upward pressure on operating expenses via material increases in rates and insurance premiums in particular
- Government cost cutting initiatives likely to weigh on demand in the short to medium term but overall market conditions expected to remain tight as functional and seismic obsolesce remain key features of the market

Wellington CBD net absorption vs. vacancy rates (source: Colliers)



Prime gross effective rental growth (source: Colliers, CBRE, JLL)



** PCT Y/Y valuation rental growth shown is for June year-end while market rates are for December year end*

Other city centre markets

Auckland retail

- City centre retail trading conditions continue to improve, albeit modestly, in line with return of office workers and tourist arrivals, resulting in an increase in leasing activity and vacancy rate falling to 7.3% according to JLL research
- Waterfront precinct experiencing fewer vacancies compared to midtown
- Luxury retail and premium spaces are attracting the strongest demand and have driven the upper end of prime rents to $4,000psm
- Discretionary spend continues to be impacted by economic conditions and cost of living pressures

Auckland hotel

- Room night demand in Auckland is broadly in line with pre-Covid levels, although overall occupancy is lower due to new supply
- Solid revenue and ADR growth has occurred over the last ~18 months
- Auckland RevPAR currently marginally below pre-Covid levels, due to lower occupancy from new supply
- Auckland Airport passenger numbers currently around 11% below pre-Covid levels on rolling 6-month basis, although continue to slowly trend upwards

Flex office

- Increased competition is placing pressure on occupancy but desk rate growth continues to be achieved
- Easing in meetings and events demand as customers are becoming increasingly sensitive to cost, in line with broader economic conditions
- Demand still growing for managed suite offers which appeal to capital constrained businesses

Conclusion

Summary and outlook

- While global uncertainty remains, domestic inflation continues to decline and is expected to return to targeted range over the medium-term.
- Headwinds for the sector exist due to interest rate reversion and tax depreciation changes.
- Supplementing Precinct's prime grade portfolio of assets with a well considered third-party capital strategy is considered an optimal approach to provide high quality risk adjusted returns.
- Over time Precinct anticipates allocating between 15-20% of its capital to its third-party capital initiatives.
- Precinct's directly held investment properties continue to perform well with the strength of our office markets and the demand for premium-grade space in Auckland and Wellington remaining robust.
- Capital partnering strategy now well-established providing platform for growth through ongoing participation in the residential sector and entry into the PBSA sector.
- Management fee income from existing partnerships are forecast to increase in coming years and the Downtown Carpark site provides an opportunity of significant scale.
- Precinct remains encouraged by its strategic transition and is focused on meeting the demands of its partners, targeting higher returns on capital and advancing its living strategy to support growth.

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