

NZX announcement – 15 November 2024

Precinct Properties Annual Shareholder Meeting (ASM)

11:30am (New Zealand time), Friday 15 November 2024

Toroa Meeting Suite, Generator Commercial Bay, Level 2, PwC Tower 15 Customs St West, Auckland. Or online attendance at <https://meetnow.global/nz>

Chair's opening address

Morena, Tena Koutou Katoa

Good morning and welcome to the Precinct Properties 2024 Annual Meeting of Shareholders. I'm Anne Urlwin, Independent Director and Chair.

This is the first Annual Meeting addressing you, our shareholders, as Chair of Precinct since my appointment took effect and it's a pleasure to see so many of you in attendance today.

Similar to previous years, today's meeting has a hybrid format. So, in addition to the in-person meeting being held, shareholders, proxies and guests can attend the meeting online via the Computershare Online Meeting platform. Shareholders and proxies attending virtually also have the ability to ask questions and submit votes online.

For online participants, if you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen anytime. Type your question into the field and press send. Your question will be immediately submitted. Should you require any assistance, one of the Computershare team will be able to assist you via the chat function and reply to your query. Alternatively, you can call Computershare on 0800-650-034.

Please note that while you can submit questions from now on, I will not address them until the relevant time in the meeting at the end of the presentations. Please also note that your questions may be moderated or if we receive multiple questions on one topic, amalgamated together.

While we will try to get through as many questions as possible, we do apologise in advance for any questions submitted online that we are unable to answer due to time constraints. In this case, questions will be followed up by email after the meeting.

Voting today will be conducted by way of a poll on all items of business. In order to provide you with enough time to vote, I will shortly open the voting for all resolutions.

For those attending virtually, if you are eligible to vote at this meeting, you will be able to cast your vote online under the Vote tab. Once the voting has opened, the resolutions will allow votes to be submitted. To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution. Your vote has been cast when the tick appears. To change your vote, simply select 'Change Your Vote'. You have the ability to change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business.

For those physically attending today, the Board and Executive team look forward to engaging with you directly and we hope you will all stay and join us for some light refreshments after the meeting is concluded.

I would now like to introduce the members of the Board and executive team joining us today. We have, Alison Barrass, Nicola Greer, Chris Judd, Chris Meads, Mark Tume, Graeme Wong, Scott Pritchard, George Crawford and Richard Hilder.

We also have Taurua Grant who joins Precinct through the Future Director Programme in an observer capacity.

Also present with us are representatives from our auditors, Ernst & Young, tax advisors, KPMG, legal advisors, Chapman Tripp and our registrar, Computershare.

Now moving to the agenda of today's meeting.

We will begin with reviewing the performance and activity of Precinct over the last financial year. Following the conclusion of the presentation, there will be an opportunity for shareholders attending either in person or using the virtual meeting platform to ask questions.

We will start with any in-person questions before moving to any online questions received. To encourage shareholder participation, we have also invited those unable to attend today to submit questions ahead of the meeting via email or post. We welcome any feedback and will consider any other matters that may properly be brought before the meeting today.

The meeting will then proceed to the formal business where we have seven resolutions to consider and are being put forward for shareholder approval today. There are six resolutions for Precinct Properties New Zealand Limited including one special resolution, and one ordinary resolution for Precinct Properties Investments Limited.

As detailed in the Notice of Meeting sent to shareholders last month, resolutions today will consider the election of Alison Barrass as an Independent Director, the re-election of Nicola Greer, Chris Judd and Mark Tume, an alteration to the constitution of Precinct Properties, and fixing the remuneration of Ernst & Young as auditor for the ensuing year for both Precinct Properties and Precinct Investments.

Prior to voting, you will hear from each of the four Directors and you will also have another opportunity to ask questions on each of the resolutions before voting.

Before we move to the performance and activity of Precinct over the last financial year, I would like to provide an update on our recent Board changes.

Ensuring balanced representation on the Boards of Precinct, including a diverse mix of skills, experiences, and backgrounds, is crucial for effective governance and decision-making. The People and Performance Committee plays a vital role in this process and assists the Boards in planning their composition and is responsible for managing the Boards' succession planning.

We are delighted to have appointed Alison Barrass as an Independent Director on 1 October 2024 and welcome her to the Precinct Board. Alison is a professional director and former CEO with a broad range of skills and experience having held executive roles in sales, marketing and operations in New Zealand and abroad.

As previously announced, I would also like to acknowledge the retirement, today, of Graeme Wong from the Boards at Precinct.

Since joining in 2010, Graeme has made a substantial contribution to Precinct. During this tenure, there has been great change for the business. He has been part of the governance which has overseen a corporatisation, internalisation of our management function and more recently, moving to a stapled group structure.

These have all been key milestones which have been part of Precinct's strategic evolution and execution over the past years.

Graeme has also contributed significantly through his leadership as the Chair of Precinct's People & Performance Committee, ensuring appropriate policies, procedures and practices have been in place to align interests of Precinct and its shareholders while also supporting Precinct's strategic objectives.

On behalf of my fellow Directors, I would like to thank Graeme for his service and wish him all the best in the future.

As I mentioned in the introductions, Taurua Grant joins Precinct through the Future Directors Programme. We are pleased to have Taurua in an observer capacity for a period of one-year effective 13 November 2024. Taurua has over 15 years' experience

working in commercial banking, financial markets, treasury advisory and management consultancy.

On behalf of the Board, I would also like to thank Alana Barron, who was Precinct's Future Director over the last year. We thank her for her contribution to Board discussions and wish her the best.

As you know, Precinct has evolved over recent years in order to grow shareholder returns over the long term. We are the largest owner, developer, and manager of premium real estate in New Zealand's largest city centres, Auckland and Wellington.

In the last 10 years, we have transformed our investment portfolio and established a strong development capability which has enabled us to develop new world-class real estate and attract the best quality clients to our portfolio. Since 2012, Precinct has completed \$2.4 billion of development projects in Auckland and Wellington.

Precinct's strategic transition continues as value-add opportunities are explored and executed. Refining our strategy to include the ability to partner with direct investors offering the opportunity for joint investment into our assets and into development opportunities has been successfully advanced over the last two years.

As the business evolves, we continue to leverage our market position and build our in-house capability. This is setting Precinct apart as trusted managers of real estate, capital partnerships and operating business.

More recently, Precinct has become more experienced in mixed use through our city centre retail, hospitality and hotel offerings. Moreover, we are further extending our real estate offering by advancing Precinct's living strategy.

Scott will provide more commentary on the recent strategic transactions across our living activities later in the presentation.

Before handing over to Scott and declaring the first quarter dividends for FY25, I would like to highlight the progress Precinct has made across its sustainability efforts. This is an increasingly important area, especially as increased regulations come into effect.

Precinct's commitment to sustainability not only ensures compliance but also positions our business as a leader in this space.

Across our sustainability initiatives, the Precinct team continues to identify and mitigate our material impacts across operations. This includes measuring and reducing upfront carbon emissions in our development projects and offsetting any residual emissions upon completion. By prioritising adaptive reuse projects, we've significantly reduced our overall impact.

We continue to certify the energy performance of our office buildings through NABERSNZ and utilise this benchmark to guide our capital expenditure plans. We are also enrolling and certifying all eligible assets within our Portfolio to Green Star Performance, which is supporting our Net Zero 2030 commitments.

Today, we are pleased to share with you our most recent 2024 Global Real Estate Sustainability Benchmark (GRESB) score. Precinct has again improved on its score, from 86 to 89. Notably, we are in the top 20% of over 2,000 funds and entities participating globally, and our score is now materially above the global average of 76 and inline with our peer average. This score reflects the strong ESG performance we are achieving across our organisation.

Like many other reporting entities, Precinct has published its first climate statement in accordance with the External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards. This workstream has helped us build internal capabilities, enabling a better understanding of how resilient our business model and strategy are to the physical and transitional risks posed by climate change. Additionally, we proudly achieved voluntary assurance for our Scope 1, 2, and 3 carbon emissions inventory ahead of mandatory reporting in FY25.

I encourage everyone to read our latest Annual Report, which goes into greater detail on our sustainability initiatives. This is available on Precinct's website, along with our Climate Statement.

I will now declare the first quarter dividends for FY25.

The Board expects total combined cash dividends for Precinct Properties New Zealand Limited and Precinct Properties Investment Limited for the 2025 financial year to be 6.75 cents per stapled security to be paid to shareholders.

The record date for both Precinct Properties New Zealand Limited and Precinct Properties Investment Limited is 29 November 2024 and payments will be made on 13 December 2024.

On behalf of my Board colleagues, thank you all again for joining us today.

Nga Mihi Nui. I will now hand over to Scott.

Scott Pritchard, Chief Executive Officer – opening speech

E ngā mana

E ngā waka

E nga reo

E rau Rangatira mā

Tēnā koutou

Tēnā koutou

Tēnā Tātoua Katoa

Thank you, Anne, and good morning everyone, welcome to the 2024 Annual Meeting of Shareholders. I am Scott Pritchard, Precinct's Chief Executive Officer.

It is a pleasure to be here today. The Annual Meeting is always a great forum for both the Directors and executive team to engage directly with you, our shareholders.

As Anne briefly touched on, Precinct has successfully advanced a number of strategic transactions for our business which have extended Precinct's real estate offering.

This includes progress on our living sector activities following the move to 100% ownership of Precinct Properties Residential Limited, the Joint Venture formed with Tim and Andrew Lamont in 2022.

Moving to 100% ownership strengthens Precinct's residential platform and enhances our market position. We are extremely pleased to retain Tim and Andrew's skills within the business for the next five years. They have a strong track record in the living sector and positions Precinct to deliver on this strategy.

As part of our living strategy, we have made significant progress in student accommodation with the acquisition of 256 Queen Street in Auckland to develop a 600 bed Purpose-Built Student Accommodation facility. With limited new supply in this sector in New Zealand and strong demand growth anticipated, we believe this sector is well positioned to deliver strong investment returns. We remain in exclusive negotiations with the preferred capital partner for this strategy.

We are also pleased to have advanced our residential pipeline. We have conditionally acquired a well-located site in Mount Eden at the junction of Dominion Road and Valley Road in Auckland, for a high-density residential apartment development. In addition, we have recently partnered with Orams Group to jointly develop their waterfront site on the western edge of Wynyard Quarter, a site which we believe is one of the best residential development sites in Auckland. Precinct will have a 50% interest in the residential site and has been appointed as development manager to progress this exciting development through design, consenting, pre-sales, financing, and construction. We will also take a 25% interest in the existing Marine Village asset and will commence a small-scale commercial development.

We are also pleased to announce, today, we have recently acquired a 2,300 square metre site at 99 College Hill Road in Auckland. This acquisition grows our residential development pipeline, is highly consistent with Precinct's living strategy, and positions us to deliver premium quality build-to-sell apartments in a desirable location.

Moving to our 2024 results highlights.

Precinct's operational performance over the last twelve months has delivered another pleasing result.

Funds from Operations from directly owned assets increased 2.9%. However, after adjusting for transactions and development, investment property Funds from Operations grew by 5.2%, with the Auckland office portfolio underpinning the uplift with strong rental growth.

Net property income of \$139.3 million achieved for FY24. This has contributed to net operating income before tax of \$103.6 million, a year-on-year increase of 1.5%.

Acknowledging the economic environment that we're operating in, demand has continued to positively surprise us. Our core portfolio continues to perform well with occupancy remaining at 98% and a weighted average lease term of 6.6 years at 30 June 2024.

Our portfolio is well-positioned with under-renting of 11% and expected annual rent review growth in FY25 of 3.7% for 80% of the portfolio which gives us confidence over the medium term.

Before I provide a development project overview across our current commitments, I want to briefly touch on our capital partnering strategy.

Precinct's capital partnering strategy continues to leverage our platform, market position, and people to create investment performance for our partners and, as a result, generate higher returns on Precinct's equity.

By investing alongside capital partners we create alignment, and by being local with deep market knowledge, we aim to provide our partners with superior investment performance.

Engagement with direct investors is ongoing. We continue to see strong demand, particularly for residential and living sectors and expect these to be a key growth area supported by strong market fundamentals and investor interest.

A key objective for Precinct is to use our balance sheet more effectively, participating in a greater range of value-add activities alongside partners' capital.

We believe Precinct is well positioned to further build its capital partnering assets under management. Precinct's capital partnerships currently total \$1.6 billion of which Precinct has a minority interest in the investment of \$1.1 billion, with the balance being managed on behalf of third party capital partners. We expect this to grow to be in the range of \$4 to \$5 billion over the medium term.

I'll now take you through our development progress before I conclude the presentation with some final comments and hand back to Anne for the formalities of the Meeting.

During the period we have completed the Deloitte Centre in Auckland, pictured to the right, and Bowen House in Wellington, pictured in the top left. Through the establishment of our residential joint venture we have now concluded works at Onehunga Mall Club, pictured in the bottom left.

Across our committed commercial office projects, the slide above shows the artists impressions of Wynyard Quarter Stage 3 in Auckland, pictured to the left and 61 Molesworth Street in Wellington, pictured to the right. Construction is advancing well at both developments and are on track to complete in Q1 2025 and Q3 2025, respectively.

Moving to our living sector projects which are currently underway. The Domain Collection, pictured to the top left, is an office conversion to residential in Newmarket in Auckland. Construction commenced last November and is being undertaken by GN Construction. It has an expected completion of Q2 2026.

Pictured to the bottom left, we have Fabric Stage 2 in Onehunga in Auckland which commenced construction in October 2023 and is being undertaken by Kalmar construction. This project is also well underway on site and ground works are largely complete with expected completion also in Q2 2026.

Finally, we are pleased to have appointed Kalmar construction for York House in Parnell in Auckland. York House will comprise 44 luxury apartments in a six-level building with incredible views of Auckland's Harbour. This project is expected to complete in 2027.

Lastly, I want to provide an update on the Downtown development opportunity. We are thrilled to have concluded negotiations in the period and for the agreement to have become fully unconditional.

Progress during the period includes the approval by Eke Panuku for our reference design, lodging resource consent, and entering into exclusive negotiations with a major occupier for approximately 40% of the available office space. This demonstrates the demand from businesses wanting to be located in high quality office space located on the waterfront and Precinct's strong track record to deliver world-class transformational outcomes.

It is our expectation that construction works will commence for the first stage of this project in 2026. Following strong demand from office occupiers and lodgement of the resource consent, we expect to commence discussions with potential capital partners shortly.

We are very excited to be working in partnership with Ngāti Whātua Ōrākei and growing this relationship to deliver a true mixed-use precinct encompassing office, residential, and hospitality as well as new urban spaces for residents and the public.

Before Anne takes us through the formalities of the Meeting, I would like finish with some concluding remarks.

Over the past 12 months, Precinct's core portfolio has delivered strong performance, underscoring the quality of our real estate assets. With an exciting growth pipeline totaling around \$3 billion, encompassing commercial office, residential and purpose-built student accommodation, we are well-positioned to take advantage of these long-term strategic opportunities.

Demand from capital partners remains high, particularly those looking for exposure to the living sector, which further solidifies our confidence in the future. Looking ahead, we believe that economic conditions will be supportive over the next four to five years, allowing us to further advance our growth strategy.

I would also like extend a warm welcome to Alison and Taurua as they join the Board of Directors and thank Alana for her service over the last year.

Graeme, I'd like to echo Anne's sentiments and personally thank you for your exceptional governance during your time on the Board. Your leadership has been invaluable, and we wish you all the best in the future.

Finally, I would like to take this opportunity to thank our Precinct staff for their outstanding contributions throughout the year. Your hard work is integral to the delivery of our strategy, and your efforts are greatly appreciated.

To the Precinct Board of Directors, thank you also for your ongoing governance and continual support of Precinct's business transformation.

And of course, to our investors, I want to express our deep gratitude, particularly to those who have supported us for the long term, your continued investment in Precinct is truly appreciated.

Thank you everyone for joining us today.

Huri noa i te whare

Tēnā Koutou

Tēnā Koutou

Ends

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About Precinct

Listed on the NZX Main Board under the ticker code PCT and ranked in the NZX top 30, Precinct is the largest owner, manager and developer of premium city centre real estate in Auckland and Wellington. Precinct is predominantly invested in office buildings and also includes investment in Generator, Commercial Bay retail and a multi-unit residential development business. As at 30 June 2024, Precinct's directly-held portfolio (on-completion value) totalled \$3.3 billion and Precinct had a further \$1.6 billion of capital partnering assets under management: \$1.1 billion of these were assets in which Precinct holds a minority interest; with the balance being managed on behalf of third party partners. For information visit: www.precinct.co.nz

On 1 July 2023, Precinct effected a restructuring to create a stapled group structure. A stapled group comprises two listed parent companies whose shares are held by the same shareholders in equal proportions. The shares in each parent company can only be transferred or dealt with together.

Shareholders in Precinct Properties Group ("Precinct") hold an equal number of shares in Precinct NZ and Precinct Investments Limited and these shares can only be dealt with together. The stapled issuers are described as "Precinct Properties NZ Ltd & Precinct Properties Investments Ltd (NS)" on NZX systems and the ticker code for the stapled shares remains PCT.