



**Fixed Rate
Green Bond Offer
May 2021**

ARRANGER, GREEN BOND CO-
ORDINATOR AND JOINT LEAD MANAGER

JOINT LEAD MANAGERS



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

(together, 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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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



Up to \$100m senior secured green bonds (with ability to accept oversubscriptions of up to an additional \$50m)



6-year term
Maturing on 28 May 2027



Precinct's first green bond issue since establishing sustainable debt framework in 2020



Security of \$3.1bn of prime grade assets including \$1.8bn of green assets

Precinct Portfolio

- Portfolio significantly enhanced over the past 10 years through completion of developments
- Premium portfolio remains resilient through the COVID pandemic despite concerns around office market
- Since 31 March 2020 Precinct has had significant leasing success and 87% client retention
- Precinct assets continue to experience strong occupier demand
- Commitment to One Queen Street expected pre 30 June 2021

72%

Investment portfolio weighting to Auckland

\$3.1 bn

Size of portfolio

12 years

Average portfolio asset age

+37,000sqm

Leasing since the start of COVID
(31 March 2020)

87%

Pre-leased on committed developments

Auckland market

- Despite addition of new supply prime vacancy rate (6.8%) is only slightly higher than the 20-year average (5.4%, Colliers)
- Well located prime assets outperforming
 - Waterfront prime vacancy of 2.9%
 - Sublease and vacancy in 'traditional' submarkets
 - Demand for Waterfront location, quality, amenity and public transport links
 - Workplace trends improving affordability
 - Importance of working from office recognised for collaboration, creativity and culture
- In February ~85% of Precinct client employees were back in the office
- Return to the city occurring quicker after lockdowns



2.9%

Waterfront prime vacancy (Colliers)



2,200sqm

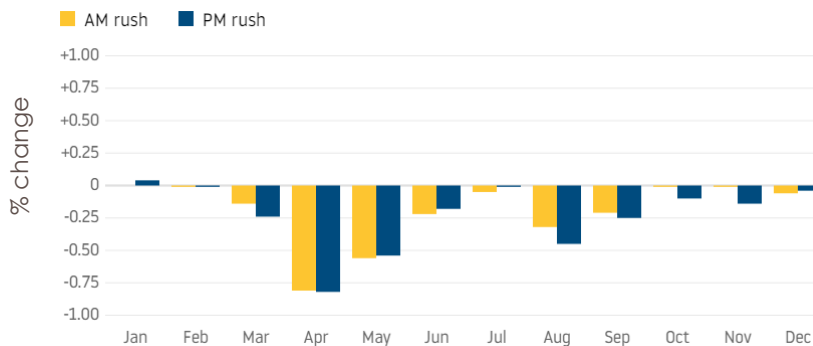
Largest single expiry in Precinct Waterfront portfolio over the next 3 years



7.2 years

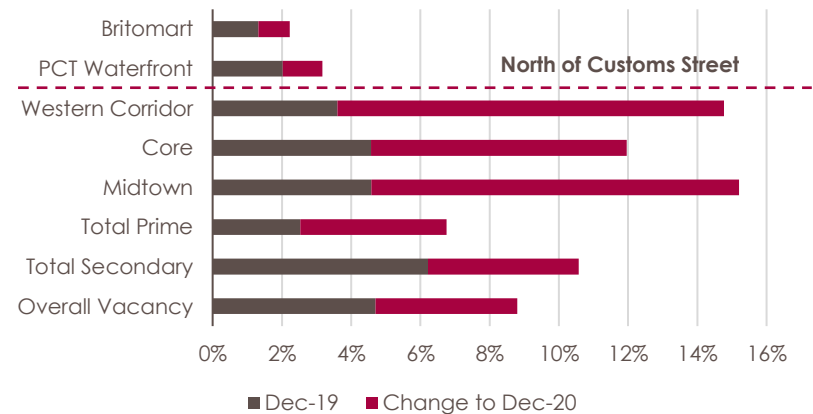
WALT of Precinct waterfront properties

TomTom Auckland Rush Hour 2020 vs 2019



Source: TomTom

Auckland CBD office vacancy



Source: Colliers International, Precinct Properties

Wellington market

- Prime vacancy rates continue to remain below long term average (2.1%)
- Occupier market remains strong;
 - Growth in public sector workforce,
 - Minimum NABERSNZ standards for crown agencies,
 - Seismic awareness and demand for resilience
- Demand illustrated by the recent NZTA leasing success at Bowen Campus (8,660m²)
- As a result the market is experiencing;
 - Rental growth,
 - Material firming of prime yields, and
 - A more established two tier market (prime vs rest)



1%

Prime vacancy (Colliers)



+27%

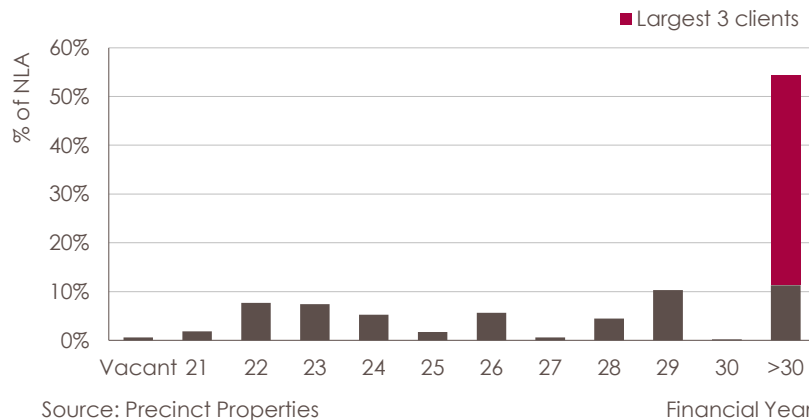
Increase in Wellington public service FTEs (2017 to 2020)



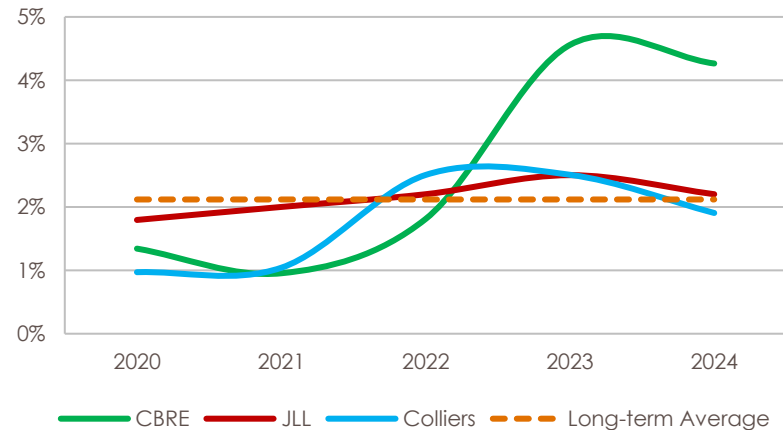
+84,000m²

Implied increase in demand from change in Govt. FTEs (15.2m² per FTE)

Precinct Wellington lease expiry profile



Forecast prime vacancy



Portfolio earnings certainty

7.7 years

Weighted average lease term

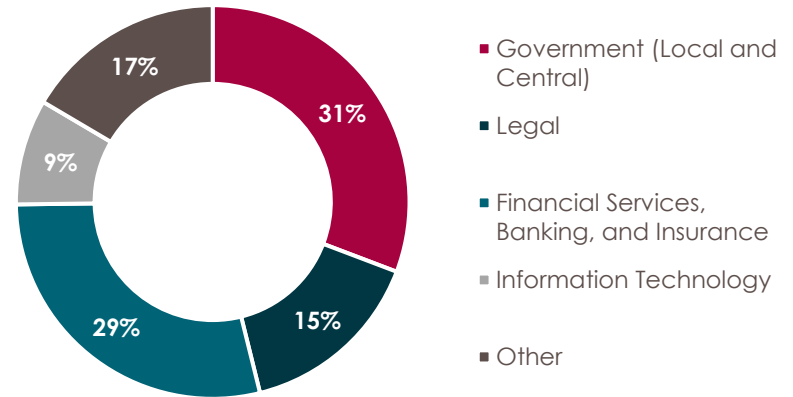
98%

Occupancy

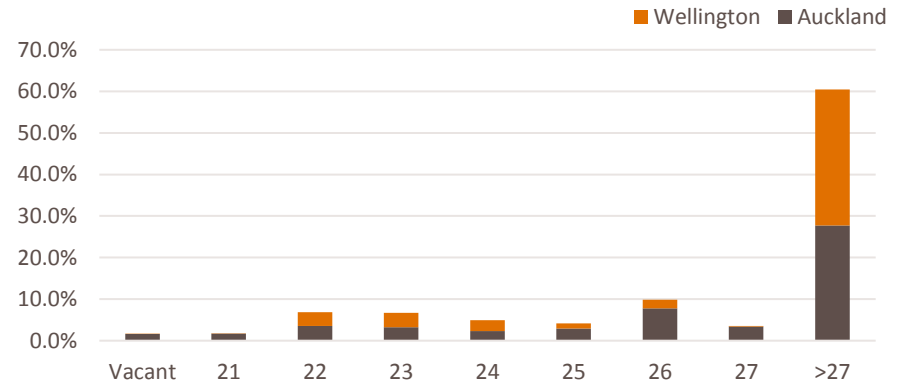
Precinct's well located buildings, high occupancy, quality client base, and long WALT gives confidence in our earnings outlook

- **31%** of gross office rental income from government organisations with a WALT of 13 years
- **Limited expiry** over next 6 years
- 58% of the portfolio benefits from **structured reviews** (average of 3.0% p.a.) **providing secure cashflow**
- **FY20 COVID abatements totalled 1.1% of gross revenue (\$1.7m)**

Office Revenue by Industry



Office lease expiry profile



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

- **Governance:**
 - Sustainability Committee
 - Board ESG Committee
- **Improved disclosure:**
 - GRI and TCFD reporting
 - GRESB, CDP & MSCI benchmarking
- **Measurement and targets:**
 - Greenstar and NABERSNZ
 - Measure and verify carbon emissions
 - Toitū carbonzero certification
 - Offset unavoidable operational emissions and embodied emissions from developments
 - Adopted measurable targets



NABERS NZ



Our GRI Framework



Precinct's success to date

- 23% reduction in carbon intensity
 - 21% reduction in Scope 1 emissions
- Established green bond programme
 - Green bond framework (see appendix)
 - Assurance undertaken in November 2020
 - Annual assurance and use of proceeds reporting

Green asset eligibility (minimum)

- 5 Star Green Star rating (Excellence); or
- 4 Star NABERSNZ (Excellent)



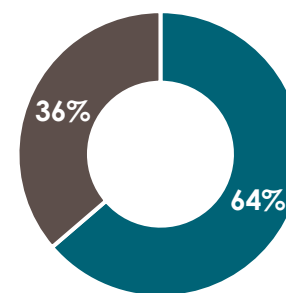
ESG Progress

	2017	2020
GRESB – Precinct / Global Average	47 / 63	83 / 70
Emissions (tCO2)/sqm	17.9	13.8
CDP	N/A	B-

\$1.8bn

Value of green assets
(including committed developments)

Green office assets by Portfolio Value*



■ Green Assets ■ Non-Green

- As at 31 March 2021, green assets defined as per sustainable debt framework including committed projects and targeted ratings (based on total project cost).
- More detail can be found in the Appendix

Selection of existing green assets

Mason Brothers Building

City: Auckland
Net lettable area: 4,670 sqm
Green Star Rating: 6 Star built
NABERSNZ: 5.5 Star rating
Completion: 2016
Value: \$50.3m
Clients: ATEED, WAM and Mott Macdonald
WALT: 4.5 years

PwC Tower - Commercial Bay

City: Auckland
Net lettable area: 39,400 sqm
Green Star Rating: 5 Star design (targeting 5 star built)
NABERSNZ: + 4 Star rating target
Completion: 2020
Value: \$625.0m
Clients: PwC, Jarden, Chapman Tripp
WALT: 10.6 years

Charles Fergusson Building

City: Wellington
Net lettable area: 14,000 sqm
Green Star Rating: 4 Star built
NABERSNZ: 4.5 Star rating
Completion: 2018
Value: \$97.9m
Clients: Ministry of Primary Industries
WALT: 12.5 years



40 and 44 Bowen Street

City: Wellington

Net lettable area: 21,500 m²

Green Star rating: 5 Star Built targeted

NABERSNZ: 4 Star rating targeted

Status: Completion in 2022 / 2023

Total project cost: \$195m

Clients: EY, Fujitsu, KPMG, NZTA

Pre leased: 87%

WALT: 11 years



The embodied carbon related to the structure and façade of 40 Bowen Street has been offset

Transaction benefits

- Increases tenor from 3.8 years to 4.0 years
- Staggering of debt maturity profile
- Initially used to repay bank debt
- Increases non bank secured funding diversity from 34% to 40%

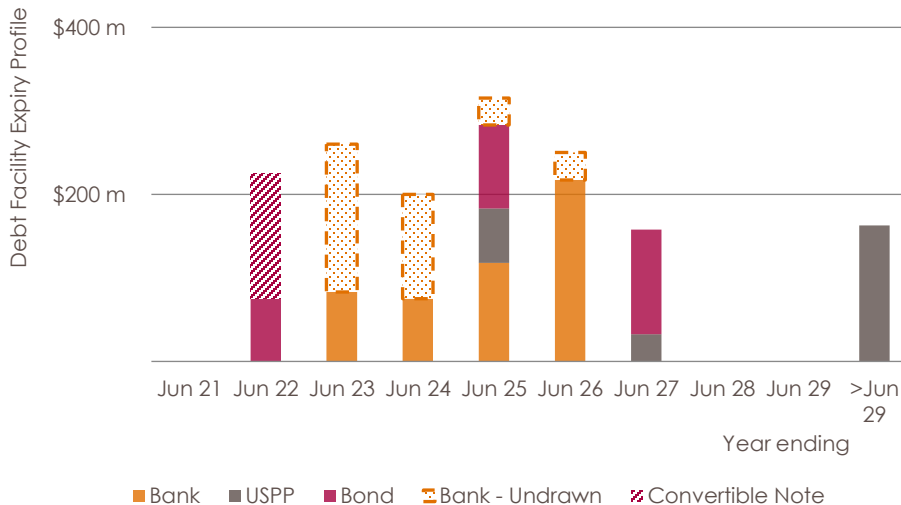
4.0 years

Weighted average term to expiry post issue

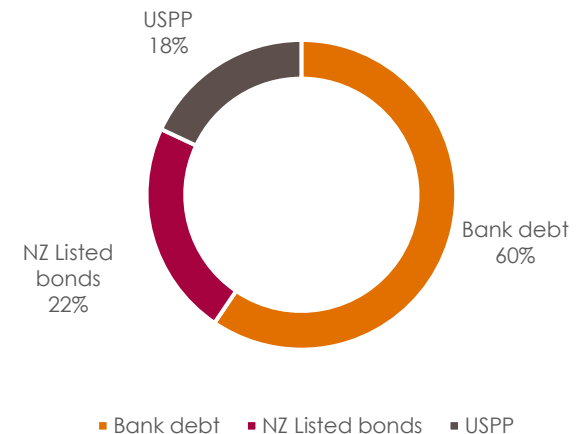
40%

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 the Precinct Group Companies over the Mortgaged Properties
- Value of the Mortgaged Properties as at 17 May 2021 totalled \$3.1 bn
- 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 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 March 2021 this Loan to Value Ratio was 34% (allowing for the ANZ Centre sale settlement on 13 May 2021)
 - Breach of Loan to Value Ratio is an Event of Review,
 - Precinct will have up to approximately 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

Key terms of the offer

Issuer	Precinct Properties New Zealand Limited
Instrument	Senior secured fixed rate 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 \$100 million (with ability to accept oversubscriptions of up to an additional \$50 million)
Tenor and Maturity	6 years maturing 28 May 2027
Interest Rate	To be determined by Precinct in conjunction with the Joint Lead Managers following a bookbuild process. The Interest Rate will be the sum of the Issue Margin and the Base Rate, but in any case will not be less than the minimum Interest Rate of 2.85% per annum
Indicative Issue Margin	1.45% - 1.60% p.a.
Interest Payments	Semi-annually in arrear in equal payments on 28 May and 28 November of each year
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 PCT030 on the NZX Debt Market
Credit Rating	Precinct and the Green Bonds are not rated

KEY DATES

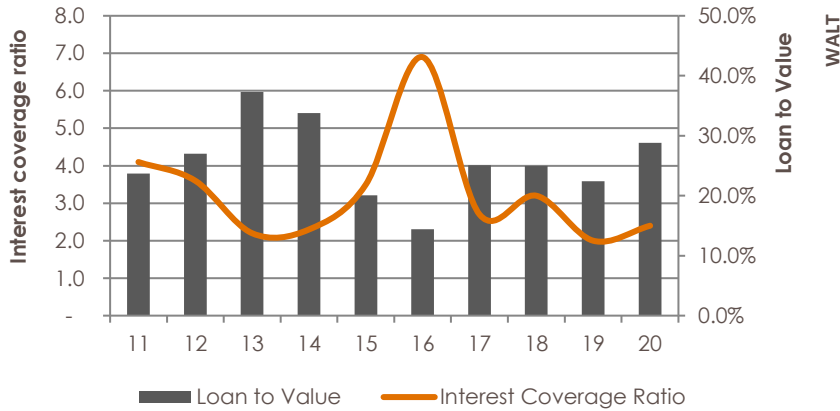
	Date
Offer opens	Monday, 17 May 2021
Offer closes	12:00pm, Friday, 21 May 2021
Rate Set Date	Friday, 21 May 2021
Issue Date	Friday, 28 May 2021
Expected date of quotation on the NZX Debt Market	Monday, 31 May 2021
Interest payments	28 May and 28 November in each year during the term of the Green Bonds
Maturity date	28 May 2027

Appendix

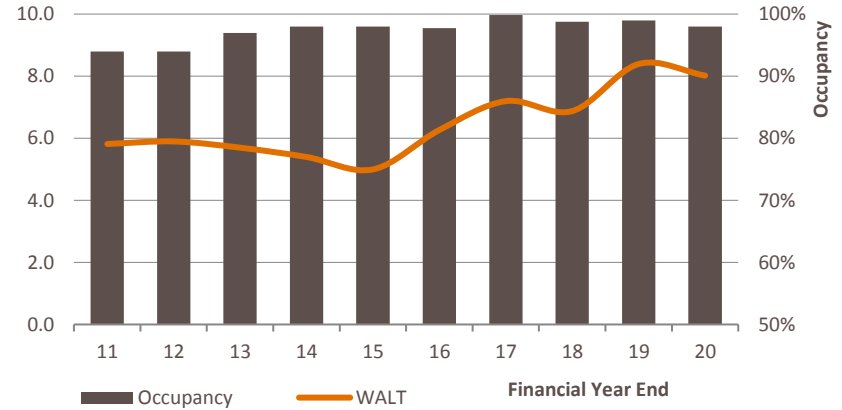


10 Year historical performance

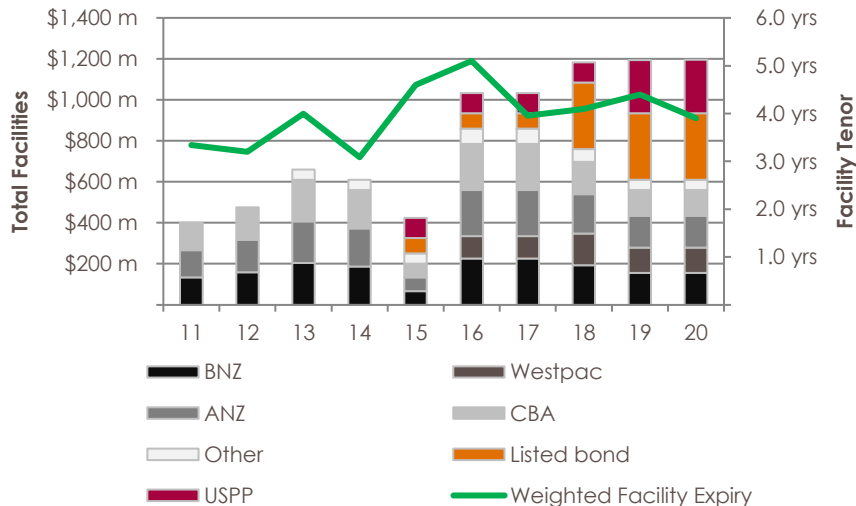
Key financial covenants



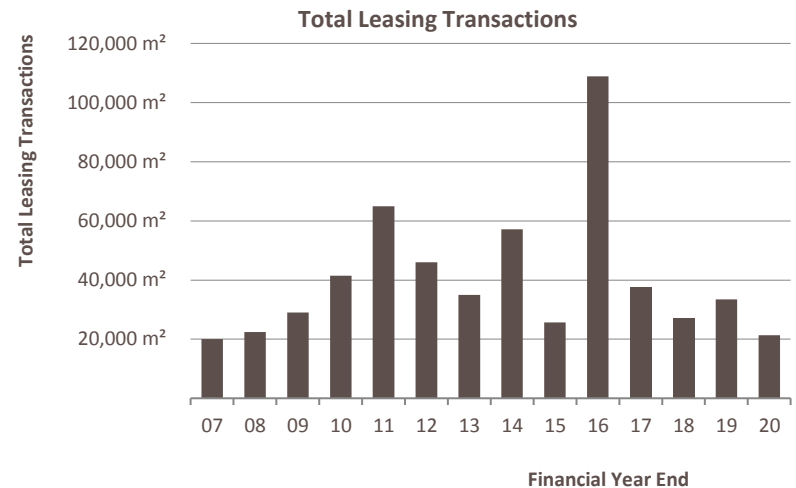
WALT and Occupancy



Overall debt facilities and tenor



Total Leasing Transactions



Green bond framework

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

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



Green assets

Address	City	Building Name	Use	Last Assurance	NABERSNZ Rating	Green Star Rating	Asset Value ² (NZ\$m)
21 Queen Street	Auckland	Jarden House	Office	9-Nov-20	4 Star Base Build Rating	5 Star Office Built Rating	138.0
29 Customs Street	Auckland	AMP Centre	Office	9-Nov-20	4 Star Base Build Rating	N/A	221.5
139 Pakenham Street	Auckland	Mason Brothers	Office	9-Nov-20	5.5 Star Base Build Rating	6 star custom built rating	50.3
12 Madden Street	Auckland	12 Madden Street	Office	9-Nov-20	5 Star Base Build Rating	5 star custom built rating	95.3
10 Madden Street	Auckland	10 Madden Street	Office	9-Nov-20	Targeting 4 Star	5 Star Custom Design Rating	82.5
15 Customs Street	Auckland	Commercial Bay Tower	Office	9-Nov-20	Targeting 4 Star	5 Star Office Design (2009) Rating	625.0
38 Bowen Street	Wellington	Charles Fergusson Building	Office	9-Nov-20	4.5 Star Base Build Rating	4 Green Star Office Built V3	97.9
34 Bowen Street	Wellington	Defence House	Office	9-Nov-20	Targeting 4 Star	Targeting 4 Star	184.9
44-52 The Terrace	Wellington	Mayfair House	Office	N/A	Targeting 4 Star	Targeting 4 Star	77.0

Total existing green assets

1,572.4

Committed Green Development Assets

Address	City	Building Name	Use	Last Assurance	NABERSNZ Rating	Green Star Rating	Total project cost (NZ\$m)
40 Bowen Street	Wellington	40 Bowen Street	Office	9-Nov-20	Targeting 4 Star	5 Star (design and as built) Rating	90.2
44 Bowen Street	Wellington	44 Bowen Street	Office	N/A	Targeting 4 Star	5 Star (design and as built) Rating	104.8

Total Committed green development assets

195.0

Total value of eligible assets - Based on last assurance

1,585.6

Total value of eligible assets – As at 31 March 2021

1,767.4

1. 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
2. Independent market valuation as at 31 December 2020

Security

- The Green Bonds are secured by Mortgages granted by the Precinct Group Companies 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 March 2021 was \$3.22 billion and of that the value of the Mortgaged Properties as at 31 March 2021 was \$3.08 billion¹ (total liabilities as at 31 March 2021 was \$1.39 billion and of that committed senior secured obligations was \$1.06 billion)
- 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.

¹ Excludes ANZ Centre following disposal in May 2021