

NZX announcement – 18 June 2021

## PCT \$250m Equity Raise to fund Wellington acquisitions

Precinct Properties New Zealand Limited (**Precinct**) (NZX: PCT) is pleased to announce a \$250 million equity raise to fund the acquisition of two Wellington office buildings through an underwritten \$220 million Placement (**Placement**) and a non-underwritten Retail Offer of up to \$30 million with the ability to accept oversubscriptions at Precinct's discretion (**Retail Offer**) (together, the **Equity Raise**).

The proceeds from the Equity Raise will be used to fund the acquisition of two Wellington office assets, Bowen House and the Freyberg Building, and reduce Precinct's gearing providing additional funding capacity to assist with future development opportunities. Following the two Wellington acquisitions and the recently announced draft full year revaluation gain of \$284 million, FY21 year-end gearing is expected to be around 29%.

Scott Pritchard, Precinct's CEO, said "Precinct raising \$250 million of equity will fund the acquisition and redevelopment of Bowen House in Wellington. We are also undertaking due diligence on the Freyberg Building in Wellington and expect to complete the acquisition imminently. The Wellington market continues to show strong demand for prime grade office, underpinned by an increase in the public sector workforce. We are seeing solid rental growth and very low levels of prime vacancy. We believe Precinct is well positioned to leverage its Wellington office accommodation offering, as demonstrated by the successful pre-leasing of 40 & 44 Bowen Street from both the corporate and public sector."

Today, Precinct has also announced that the Board expects dividend guidance for the 2022 financial year of 6.70 cps. This represents 3.1% year-on-year growth in dividends to shareholders.

### Details of the Wellington acquisitions:

Precinct has entered into an agreement to acquire Bowen House in Wellington. This high profile office building is situated in the heart of the government precinct at the northern fringe of the CBD and is in close proximity to several of Precinct's existing assets. The 14,000 square metre tower comprises 23 levels of office space, ground floor retail tenancies, an entry lobby to the Beehive via a subterranean link, and carparking.

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Precinct will pay \$92 million and undertake a comprehensive redevelopment of the building at an estimated cost of around \$57 million. The redevelopment will include seismic strengthening (to 100% NBS) and refurbishment works. On completion of works in mid 2023, Bowen House will be fully occupied by The Parliamentary Services on a new 15-year net lease. The acquisition is expected to yield 5.25% on completion of the works and is expected to settle in July 2021.

Commercial terms have also been agreed for the acquisition of the Freyberg Building in Wellington. This is a strategic redevelopment opportunity located in the Government precinct and remains conditional at this stage on Precinct due diligence. On completion of the acquisition, Precinct anticipates progressing with design for the redevelopment while benefiting from holding income.

#### Details of the Equity Raise:

The \$250 million Equity Raise comprises an underwritten Placement of approximately \$220 million and a non-underwritten Retail Offer of up to \$30 million (with the ability to accept oversubscriptions at Precinct's discretion).

The \$220 million Placement is underwritten (excluding Haumi's pre-commitment noted below) and will be conducted today through a bookbuild in which institutional and other select investors in New Zealand, Australia and other jurisdictions will be invited to participate. The Placement has been underwritten at a floor price of \$1.51 per new share, being a 5.0% discount to the last close price of \$1.59 on 17 June 2021. Settlement and allotment of new shares issued under the Placement will take place on 24 June 2021. A trading halt has been granted by NZX to facilitate the Placement.

Precinct also intends to undertake a non-underwritten Retail Offer of up to \$30 million to allow eligible shareholders with a registered address in New Zealand to apply for up to \$50,000 of new shares. New shares will be offered under the Retail Offer at the lower of the price paid by investors in the Placement, and the volume weighted average price of Precinct's shares traded on NZX during the five trading days up to, and including, the Retail Offer closing date. The closing date for Retail Offer applications by eligible shareholders is 2 July 2021.

If the Retail Offer is oversubscribed, applications will be scaled having regard to shareholdings at 5.00pm (NZT) on the record date of 17 June 2021 and otherwise at Precinct's discretion.

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The Retail Offer has been designed so that most eligible shareholders will have the ability to preserve their current relative shareholding if they choose to participate. Settlement and allotment of new shares issued under the Retail Offer will take place on 8 July 2021.

Haumi Company Limited (acting in its capacity as the general partner of Haumi (NZ) Limited Partnership, Precinct's largest shareholder) has made a bid into the Placement with a target of maintaining a shareholding of approximately 15% (following assumed conversion of the PCTHA convertible notes).

Further details regarding the Retail Offer can be found at [www.shareoffer.co.nz/precinct](http://www.shareoffer.co.nz/precinct).

New shares to be issued under both the Placement and the Retail Offer will rank equally in all respects with Precinct's existing ordinary shares on issue.

Equity Raise key dates:

Retail Offer Record Date	5:00pm (NZT) on 17 June 2021
Announcement of Equity Raise and Placement bookbuild while Precinct is in Trading halt	18 June 2021
Retail Offer Opening Date	22 June 2021
Settlement and allotment of new shares issued under the Placement	24 June 2021
Retail Offer Closing Date	5:00pm (NZT) on 2 July 2021
Settlement and allotment of new shares issued under the Retail Offer	8 July 2021
Dividend (fourth Quarter) Payment Date	24 September 2021

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Additional information:

Additional information regarding the Equity Raise is contained in the investor presentation accompanying this announcement.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors are encouraged to seek appropriate professional advice before making any investment decision.

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## About Precinct (PCT)

Precinct is New Zealand's only listed city centre specialist investing predominantly in premium and A-grade commercial office property. Listed on the NZX Main Board, PCT currently owns Auckland's HSBC Tower, AMP Centre, Jarden House, One Queen Street, 204 Quay Street, Mason Bros. Building, 12 Madden Street, 10 Madden Street, PwC Tower and Commercial Bay Retail; and Wellington's AON Centre, NTT Tower, Central on Midland Park, No. 1 and No. 3 The Terrace, Mayfair House, Charles Fergusson Building and Defence House.

Precinct owns Generator NZ, New Zealand's premier flexible office space provider. Generator currently offers 13,600 square metres of space across four locations in Auckland.

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This announcement does not constitute an offer of securities in any place outside New Zealand. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any shares in the United States or in any jurisdiction in which such an offer would be illegal. The offer and sale of the shares referred to in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States and accordingly, such shares may not be offered, sold or otherwise transferred, directly or indirectly, in the United States or to any person acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States).

You must not send copies of this announcement or any other material relating to the Retail Offer to any person in the United States or elsewhere outside New Zealand.

**Future performance:** This announcement contains certain "forward-looking statements" such as indications of, and guidance on, future earnings and financial position and performance. Forward-looking statements can generally be identified by the use of forward-looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance' and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, forecast EBITDA, operating cashflow, future effective tax rates, the company's development program, distribution guidance, estimated asset life, the outcome and effects of the Offer and the use of proceeds and property market forecasts/trends, and any statements referencing or relating to the Covid-19 pandemic. The forward-looking statements contained in this announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Precinct, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. There can be no assurance that actual outcomes will not materially differ from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in this presentation. Investors should consider the forward-looking statements contained in this announcement in light of those disclosures. The forward-looking statements are based on information available to Precinct as at the date of this announcement. Except as required by law or regulation (including the NZX Listing Rules), Precinct undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance on, future earnings or financial position or performance are also forward-looking statements.

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