The ***numbers***

PRECINCT PROPERTIES NEW ZEALAND LIMITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

Precinct Properties New Zealand Limited

Interim financial statements

For the six months ended 31 December 2020

Signed on behalf of the Board of Precinct Properties New Zealand Limited, who authorised the issue of these financial statements on 24 February 2021.

CRAIG STOBO	**ANNE URLWIN**
CHAIR	CHAIR AUDIT & RISK COMMITTEE

Contents

Consolidated statement of comprehensive income

For the six months ended 31 December 2020

Amounts in $millions unless otherwise stated	*Notes*	*Unaudited six months ended 31 December 2020*	*Unaudited six months ended 31 December 2019*	*Audited year ended 30 June 2020*
Revenue				
Gross operating revenue	8	**97.1**	77.8	**151.8**
Less direct operating expenses		**(34.6)**	(23.8)	**(46.0)**
Operating income before indirect expenses		**62.5**	54.0	**105.8**
Indirect expenses / (revenue)				
Interest expense		**10.7**	2.5	**5.1**
Interest income		**-**	-	**(0.1)**
Other expenses	10	**9.0**	6.6	**13.3**
Total indirect expenses / (revenue)		**19.7**	9.1	**18.3**
Operating income before income tax		**42.8**	44.9	**87.5**
Non operating income / (expenses)				
Unrealised net gain / (loss) in value of investment and development properties	6	**148.5**	-	**(66.3)**
Unrealised net gain / (loss) on financial instruments		**(22.4)**	(2.0)	**(1.9)**
Other revenue		**-**	26.7	**26.7**
Depreciation - property, plant and equipment		**(0.6)**	(0.5)	**(1.1)**
Lease depreciation		**(2.5)**	(2.5)	**(5.0)**
Lease interest expense		**(2.0)**	(2.2)	**(4.2)**
Net realised gain / (loss) on sale of investment properties		**-**	-	**(2.5)**
Total non operating income / (expenses)		**121.0**	19.5	**(54.3)**
Net profit before taxation		**163.8**	64.4	**33.2**
Income tax expense / (benefit)				
Current tax expense		**(6.5)**	7.6	**5.0**
Depreciation recovered on sale		**-**	-	**1.4**
Deferred tax expense / (benefit) - financial instruments		**(1.6)**	1.4	**(4.4)**
Deferred tax expense / (benefit) - depreciation		**8.7**	1.1	**1.0**
Total taxation expense / (benefit)		**0.6**	10.1	**3.0**
Net profit after income tax attributable to equity holders		**163.2**	54.3	**30.2**
Other comprehensive income / (expense)				
Items that will not be reclassified to profit or loss				
Credit risk adjustments on financial liabilities designated at fair value through profit or loss		**6.6**	(0.9)	**6.8**
Tax on items transferred directly to/(from) equity		**(1.9)**	0.2	**(1.9)**
Total other comprehensive income / (expense)		**4.7**	(0.7)	**4.9**
Total comprehensive income after tax attributable to equity holders		**167.9**	53.6	**35.1**
Earnings per share (cents per share)				
Basic and diluted earnings per share	12	**12.42**	4.13	**2.30**
Other amounts (cents per share)				
Funds from operations (FFO)	11	**3.87**	3.42	**6.89**
Adjusted funds from operations (AFFO)	11	**3.34**	3.11	**6.29**

The accompanying notes on pages 07 to 15 form part of these Financial Statements

Consolidated statement of changes in equity

For the six months ended 31 December 2020

Amounts in $millions unless otherwise stated	*Cents per share*	*Shares (m)*	*Ordinary shares*	*Retained earnings*	*Total equity*
At 1 July 2019		1,313.7	1,196.0	759.2	1,955.2
Profit after income tax for the period				54.3	54.3
Other comprehensive income for the period				(0.7)	(0.7)
Distributions					
Q4 final (paid 27 Sep 2019)	1.500			(19.7)	(19.7)
Q1 interim (paid 12 Dec 2019)	1.575			(20.7)	(20.7)
At 31 December 2019		1,313.7	1,196.0	772.4	1,968.4
Profit after income tax for the period				(24.1)	(24.1)
Other comprehensive income for the period				5.6	5.6
Issue of shares					
Issue costs incurred		-	(0.1)		(0.1)
Distributions					
Q2 interim (paid 27 Mar 2020)	1.575			(20.7)	(20.7)
Q3 interim (paid 12 Jun 2020)	1.575			(20.7)	(20.7)
At 30 June 2020		1,313.7	1,195.9	712.5	1,908.4
Profit after income tax for the period				**163.2**	**163.2**
Other comprehensive income for the period				**4.7**	**4.7**
Distributions					
Q4 final (paid 25 Sep 2020)	**1.575**			**(20.7)**	**(20.7)**
Q1 interim (paid 10 Dec 2020)	**1.625**			**(21.3)**	**(21.3)**
At 31 December 2020		**1,313.7**	**1,195.9**	**838.4**	**2,034.3**

All shares have been fully paid, carry full voting rights, have no redemption rights, have no par value and are subject to the terms of the constitution.

The accompanying notes on pages 07 to 15 form part of these Financial Statements

Consolidated statement of financial position

As at 31 December 2020

Amounts in $millions	Notes	Unaudited six months ended 31 December 2020	Audited year ended 30 June 2020
Current assets			
Cash		**9.2**	7.8
Fair value of derivative financial instruments	16	**5.3**	-
Debtors and other current assets		**11.9**	16.1
Provision for tax		**5.7**	-
Total current assets		**32.1**	23.9
Investment properties held for sale	6	**178.2**	-
Non current assets			
Fair value of derivative financial instruments	16	**35.5**	95.2
Other assets		**11.3**	8.8
Development properties	6	**249.7**	190.6
Investment properties	6	**2,822.8**	2,800.1
Property, plant and equipment		**9.5**	9.6
Right-of-use assets		**35.6**	38.1
Intangible assets	7	**18.8**	18.9
Total non current assets		**3,183.2**	3,161.3
Total assets		**3,393.5**	3,185.2
Current liabilities			
Interest bearing liabilities	14	**225.0**	-
Fair value of derivative financial instruments	16	**0.4**	1.7
Provision for tax		**-**	1.6
Lease liabilities	15	**3.0**	3.0
Accrued development capital expenditure		**24.3**	55.4
Other current liabilities	13	**23.6**	24.8
Total current liabilities		**276.3**	86.5
Non current liabilities			
Interest bearing liabilities	14	**922.8**	1,028.9
Fair value of derivative financial instruments	16	**75.7**	84.5
Lease liabilities	15	**38.8**	40.4
Deferred tax liability		**45.6**	36.5
Total non current liabilities		**1,082.9**	1,190.3
Total liabilities		**1,359.2**	1,276.8
Total equity		**2,034.3**	1,908.4
Total liabilities and equity		**3,393.5**	3,185.2

The accompanying notes on pages 07 to 15 form part of these Financial Statements

Consolidated statement of cash flows

For the six months ended 31 December 2020

Amounts in $millions	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019	Audited year ended 30 June 2020
Cash flows from operating activities			
Gross rental income per statement of comprehensive income	**97.1**	77.8	**151.8**
Less: Current year incentives	**(1.1)**	(1.3)	**(1.8)**
Add: Amortisation of incentives and intangibles	**3.3**	2.1	**4.3**
Add: Depreciation of property, plant and equipment	**0.6**	0.5	**1.1**
Add: Working capital movements	**(5.6)**	1.4	**(2.4)**
Cash flow from gross rental income	**94.3**	80.5	**153.0**
Interest income	**-**	-	**0.1**
Property expenses	**(28.7)**	(15.1)	**(37.3)**
Other expenses	**(8.8)**	(8.3)	**(15.3)**
Interest expense	**(11.2)**	(2.1)	**(7.2)**
Income tax	**(0.8)**	(8.1)	**(10.6)**
Net cash inflow / (outflow) from operating activities	**44.8**	46.9	**82.7**
Cash flows from investing activities			
Capital expenditure on investment properties	**(34.4)**	(32.2)	**(47.5)**
Capital expenditure on development properties	**(99.7)**	(97.6)	**(206.9)**
Capital expenditure on other assets	**(2.3)**	(4.1)	**(6.1)**
Acquistion of development properties	**-**	(5.4)	**(5.4)**
Acquisition of a subsidiary	**-**	(0.6)	**(1.1)**
Generator expenditure on property, plant and equipment	**(0.4)**	(1.4)	**(1.5)**
Disposal of investment properties	**-**	-	**72.7**
Capitalised interest on investment properties	**(0.5)**	(2.3)	**(1.7)**
Capitalised interest on development properties	**(8.0)**	(18.6)	**(41.0)**
Net cash inflow / (outflow) from investing activities	**(145.5)**	(162.2)	**(238.5)**
Cash flows from financing activities			
Loan facility drawings to fund capital expenditure	**136.4**	133.9	**260.5**
Loan facility drawings to fund acquisitions	**-**	5.4	**5.4**
Loan facility repayments from disposal of investment properties	**-**	-	**(72.7)**
Other loan facility drawings / (repayments)[1]	**9.2**	24.5	**48.1**
Repayment of leasing liabilities	**(1.5)**	(1.3)	**(2.7)**
Issue of new shares	**-**	-	**(0.1)**
Distributions paid to share holders	**(42.0)**	(40.4)	**(81.8)**
Net cash inflow / (outflow) from financing activities	**102.1**	122.1	**156.7**
Net increase / (decrease) in cash held	**1.4**	6.8	**0.9**
Cash at the beginning of the period	**7.8**	6.9	**6.9**
Cash at the end of the period	**9.2**	13.7	**7.8**

1 *Loan facility drawings are net of repayments made throughout the period.*

The accompanying notes on pages 07 to 15 form part of these Financial Statements

Notes to the financial statements

For the six months ended 31 December 2020

1. Reporting entity

Precinct Properties New Zealand Limited (Precinct) is incorporated in New Zealand and is registered under the New Zealand Companies Act 1993.

Precinct is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

These interim financial statements are those of Precinct and its wholly-owned subsidiaries (the Group).

The Group's principal activity is investment in predominantly prime CBD properties in New Zealand. Precinct is managed by AMP Haumi Management Limited (the manager).

2. Basis of preparation

The interim financial statements have been prepared in accordance with NZ IAS 34 and IAS 34 Interim Financial Reporting.

The financial statements have been prepared:

- On a historical basis except for financial instruments, US private placement notes, investment and development properties which are measured at fair value.
- Using the New Zealand Dollar functional and reporting currency.
- On a GST exclusive basis, except for receivables and payables that are stated inclusive of GST.

All financial information has been presented in millions, unless otherwise stated.

Precinct has elected to include additional comparative periods to assist users of the financial statements.

These interim financial statements should be read in conjunction with the financial statements and related notes included in Precinct's Annual Report for the year ended 30 June 2020.

3. Fair value estimation

Precinct classifies its fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (by price) or indirectly (derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Significant accounting judgements, estimates and assumptions

In preparing Precinct's interim financial statements, management continually make judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on Precinct.

All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions made by management.

The significant judgements, estimates and assumptions made in the preparation of these interim financial statements are in relation to:

i. Investment and development properties

ii. Deferred tax assets and deferred tax liabilities

iii. Cross currency interest rate swaps and USPP notes

iv. Impairment test of intangible assets and goodwill

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

5. Significant events and transactions during the period

Precinct's financial position and performance was affected by the following events and transactions that occurred during the reporting period:

i. Bowen Campus Stage Two Development

On 18 November 2020 Precinct committed to 44 Bowen Street, the second building of the Bowen Campus Stage Two development.

6. Investment and development properties

Amounts in $millions	Valuer[1]	Capitalisation[2] rate	Valuation 30 June 2020	Capitalised incentives	Additions /[3] disposals	Revaluation gain / (loss)	Book value 31 December 2020
Investment properties[4]							
Auckland							
AMP Centre	Colliers	5.1%	**205.0**	0.5	0.2	15.8	**221.5**
ANZ Centre (50%)[5]	Colliers	N/A	**177.8**	-	(177.8)	-	**-**
HSBC Tower[6]	JLL	4.6%	**409.0**	1.5	13.3	26.2	**450.0**
Jarden House	JLL	4.9%	**124.0**	0.6	3.7	9.7	**138.0**
Mason Bros.[7]	CBRE	4.8%	**46.6**	(0.1)	-	3.8	**50.3**
12 Madden Street[7]	CBRE	4.9%	**86.0**	(0.0)	0.9	8.4	**95.3**
Commercial Bay Retail	JLL	5.3%	**425.0**	0.9	7.9	(10.8)	**423.0**
PwC Tower (Commercial Bay)	JLL	4.4%	**580.0**	2.4	9.0	33.6	**625.0**
Wellington							
NTT Tower	Colliers	5.5%	**124.0**	(0.1)	(0.1)	21.2	**145.0**
Mayfair House	Bayleys	5.8%	**60.2**	(0.1)	11.0	5.9	**77.0**
No.1 and 3 The Terrace	Bayleys	5.6%	**107.5**	(0.0)	0.4	7.1	**115.0**
No. 3 The Terrace[8]	Bayleys	N/A	**14.0**	-	-	-	**14.0**
AON Centre[9]	Colliers	5.6%	**172.9**	(0.4)	2.1	11.3	**185.9**
Bowen Campus	CBRE	5.3%	**268.1**	0.2	1.4	13.1	**282.8**
Market value (fair value) of investment properties		5.0%	**2,800.1**	5.4	(128.1)	145.1	**2,822.8**
Properties held for sale[4]							
ANZ Centre (50%)[5]	Colliers	5.3%	**-**	-	178.2	-	**178.2**
Market value (fair value) of properties held for sale			**-**	-	178.2	-	**178.2**
Development properties[4]							
Bowen Campus Stage Two	CBRE	N/A	**28.6**	(0.1)	15.5	6.6	**50.6**
10 Madden Street[7]	Colliers	5.4%	**53.1**	-	27.2	2.2	**82.5**
One Queen Street[10]	CBRE	5.0%	**102.0**	(0.1)	9.6	(5.5)	**106.0**
30 Waring Taylor Street	Colliers	N/A	**6.9**	-	3.7	-	**10.6**
Market value (fair value) of development properties			**190.6**	(0.1)	56.0	3.4	**249.7**

1 31 December 2020 valuer. No. 3 The Terrace and 30 Waring Taylor Street weren't revalued at 31 December 2020 so valuer shown is as at 30 June 2020.
2 Total weighted average by market value.
3 Additions arise from subsequent expenditure recognised in the carrying amount. Disposals relate to completed sales, unconditional contracts for sale at period-end and transfers to other categories of property.
4 All properties are categorised as level 3 in the fair value hierarchy.
5 On 5 February 2021 Precinct entered a conditional agreement to sell their 50% share of ANZ Centre. This sale is subject to regulatory approval.
6 This property was previously known as 188 Quay Street.
7 Mason Bros., 12 Madden Street and 10 Madden Street are all subject to a pre-paid ground lease for 125 years.
8 No. 3 The Terrace relates to the freehold title in respect to Precinct's leasehold interest.
9 Includes a gross up for the lease liability (December 2020: $2.9 million; June 2020: $2.9 million)
10 This property was previously known as HSBC House.

7. Intangible assets

Amounts in $ millions	*Customer relationships*	*Brands*	*Goodwill*	*Total*
Cost				
Balance at 30 June 2020	2.0	0.8	16.5	**19.3**
Acquisition through business combination	-	-	-	**-**
Balance at 31 December 2020	2.0	0.8	16.5	**19.3**
Accumulated amortisation				
Balance at 30 June 2020	0.4	-	-	**0.4**
Amortisation	0.1	-	-	**0.1**
Impairment loss	-	-	-	**-**
Balance at 31 December 2020	0.5	-	-	**0.5**
Carrying amounts at 31 December 2020	1.5	0.8	16.5	**18.8**

The amortisation of customer relationships is included in other expenses.

Accounting policy - impairment test of intangible assets and goodwill

Intangible assets with indefinite lives and goodwill are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

8. Gross operating revenue

Amounts in $ millions	*Unaudited six months ended 31 December 2020*	*Unaudited six months ended 31 December 2019*	*Audited year ended 30 June 2020*
Gross property income from rentals	**71.4**	57.7	**114.9**
Gross property income from expense recoveries	**15.3**	12.3	**23.7**
Straight line rental adjustments	**1.7**	0.4	**0.5**
Amortisation of capitalised lease incentives	**(3.7)**	(2.5)	**(5.1)**
Generator operating revenue	**7.2**	9.9	**17.8**
Commercial Bay Hospitality operating revenue	**5.2**	-	**-**
Total gross operating revenue	**97.1**	77.8	**151.8**

9. Segment information

a) Basis for segmentation

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

The Group has the following reportable segments that are managed separately because of different operating strategies. The following describes the operation of each of the reportable segments.

Reportable segment	**Operations**
Investment properties	Investment in predominately prime CBD properties
Flexible space	Operation of co-working and shared space
Hospitality	Operating of hospitality venues

b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

There are varying levels of integration between the investment properties and co-working segments. This integration includes occupied space, future leasing and events. Inter segment pricing is determined on an arm's length basis.

Amounts in $ millions	*Unaudited six months ended 31 December 2020*				*Unaudited six months ended 31 December 2019*			
	Investment properties	*Flexible space*	*Hospitality*	*Total*	*Investment properties*	*Flexible space*	*Hospitality*	*Total*
Revenue								
Gross operating revenue	84.7	7.2	5.2	**97.1**	67.9	9.9	-	**77.8**
Intersegment revenue	0.5	0.3	(0.8)	**-**	(0.5)	0.5	-	**-**
Less direct operating expenses	(25.0)	(4.4)	(5.2)	**(34.6)**	(18.2)	(5.6)	-	**(23.8)**
Operating income before indirect expenses	60.2	3.1	(0.8)	**62.5**	49.2	4.8	-	**54.0**

c) Reconciliations of information on reportable segments to NZ IFRS measurements

Amounts in $ millions	*Unaudited six months ended 31 December 2020*	*Audited year ended 30 June 2020*
Segment operating income before indirect expenses	**62.5**	105.8
Interest expense	**(10.7)**	(5.1)
Interest income	**-**	0.1
Other expenses	**(9.0)**	(13.3)
Unrealised net gain / (loss) in value of investment and development properties	**148.5**	(66.3)
Unrealised net gain / (loss) on financial instruments	**(22.4)**	(1.9)
Other revenue	**-**	26.7
Depreciation - property, plant and equipment	**(0.6)**	(1.1)
Lease depreciation	**(2.5)**	(5.0)
Lease interest expense	**(2.0)**	(4.2)
Net realised gain / (loss) on sale of investment properties	**-**	(2.5)
Net profit before taxation	**163.8**	33.2

10. Other expenses

Amounts in $millions	*Unaudited six months ended 31 December 2020*	*Unaudited six months ended 31 December 2019*	*Audited year ended 30 June 2020*
Other expenses			
Audit fees	**0.1**	0.1	**0.2**
Directors' fees and expenses	**0.4**	0.3	**0.8**
Manager's base fees	**6.6**	4.9	**9.9**
Manager's performance fees	**-**	-	**-**
Amortisation of intangible assets	**0.1**	0.1	**0.3**
Other[1]	**1.8**	1.2	**2.1**
Total other expenses	**9.0**	6.6	**13.3**

1 *Other expenses includes valuation fees, NZX listing fees, share registry costs, annual and interim report publication and property investigations and project initialisation costs.*

11. Reconciliation of net profit after tax to adjusted funds from operations (AFFO)

AFFO is a non-GAAP financial measure that shows the organisation's underlying and recurring earnings from its operations and is considered industry best practice for a real estate investment entity. This is determined by adjusting net profit determined under IFRS for certain non-cash and other items. AFFO has been determined based on guidelines established by the Property Council of Australia and is intended as a supplementary measure of operating performance.

Amounts in $millions unless otherwise stated	*Unaudited six months ended 31 December 2020*	*Unaudited six months ended 31 December 2019*	*Audited year ended 30 June 2020*
Net profit after taxation	**163.2**	54.3	**30.2**
Unrealised net (gain) / loss in value of investment and development properties	**(148.5)**	-	**66.3**
Unrealised net (gain) / loss on financial instruments	**22.4**	2.0	**1.9**
Net realised (gain) / loss on sale of investment properties	**-**	-	**2.5**
Depreciation - property, plant and equipment	**0.6**	0.5	**1.1**
Depreciation recovered on sale	**-**	-	**1.4**
Deferred tax (benefit) / expense	**7.1**	2.5	**(3.4)**
NZ IFRS 16 lease adjustments	**1.0**	1.2	**2.3**
Liquidated damages (net of tax impact)	**-**	(19.2)	**(19.2)**
One off item - project initialisation costs	**0.4**	-	**-**
Amortisation	**6.3**	4.0	**7.9**
Straightline rent	**(1.7)**	(0.4)	**(0.5)**
Funds from operations (FFO)	**50.8**	44.9	**90.5**
Funds from operations per share (cents)	**3.87**	3.42	**6.89**
Maintenance capex	**(2.7)**	(2.0)	**(5.0)**
Incentives and leasing costs	**(4.3)**	(2.0)	**(2.8)**
Adjusted funds from operations (AFFO)	**43.8**	40.9	**82.7**
Weighted average number of shares for net operating income per share (millions)	**1,313.7**	1,313.7	**1,313.7**
Adjusted funds from operations per share (cents)	**3.34**	3.11	**6.29**

This additional performance measure is provided to assist shareholders in assessing their returns for the period.

Dividend policy

Precinct's dividend policy is to pay out approximately 100% of Adjusted Funds From Operations ("AFFO") as dividends, with the retained earnings being used to fund the capital expenditure required to maintain the quality of Precinct's propert portfolio. The payment of dividends is not guaranteed by Precinct and Precinct's dividend policy may change from time to time.

12. Earnings per share

Amounts in $millions	*Unaudited six months ended 31 December 2020*	*Unaudited six months ended 31 December 2019*	*Audited year ended 30 June 2020*
Net profit after tax for basic and diluted earnings per share ($millions)	**163.2**	54.3	**30.2**
Weighted average number of shares for basic and diluted earnings per share (millions)	**1,313.7**	1,313.7	**1,313.7**
Basic and diluted earnings per share (cents)	**12.42**	4.13	**2.30**

There have been no new shares issued subsequent to balance date that would affect the above calculations.

13. Other current liabilities

Amounts in $millions	*Notes*	*Unaudited six months ended 31 December 2020*	*Audited year ended 30 June 2020*
Other current liabilities			
Trade creditors		**9.3**	6.9
Accrued expenses		**14.3**	17.9
Total other current liabilities		**23.6**	24.8

14. Interest bearing liabilities

Amounts in $millions	*31 December 2020*	*30 June 2020*
Interest bearing liabilities		
Bank loans	**511.9**	366.0
US private placement	**260.7**	260.7
NZ senior secured bond	**175.0**	175.0
Convertible note	**150.0**	150.0
Total drawn debt	**1,097.6**	951.7
US private placement - fair value adjustments	**24.0**	69.3
Convertible note - embedded financial derivative adjustment	**30.2**	12.7
Capitalised borrowing costs	**(4.0)**	(4.8)
Net interest bearing liabilities	**1,147.8**	1,028.9

Breakdown of borrowings:

Amounts in $ millions	*Held at*	*Maturity*[1]	*Facility*	*Coupon*[1]	*31 December 2020*	*30 June 2020*
Bank loans	Amortised cost	Feb-25	150.0	Floating[2]	**65.5**	-
Bank loans	Amortised cost	Jul-22	260.0	Floating[2]	**258.4**	260.0
Bank loans	Amortised cost	Jul-23	200.0	Floating[2]	**188.0**	106.0
NZ senior secured bond (PCT010)	Amortised cost	Dec-21	75.0	5.54%	**75.0**	75.0
NZ senior secured bond (PCT020)	Amortised cost	Nov-24	100.0	4.42%	**100.0**	100.0
Convertible note (PCTHA)	Amortised cost	Sep-21	150.0	4.80%	**150.0**	150.0
US private placement	Fair value	Jan-25	65.3	4.13%	**65.3**	65.3
US private placement	Fair value	Jan-27	32.6	4.23%	**32.6**	32.6
US private placement	Fair value	Jul-29	118.4	4.28%	**118.4**	118.4
US private placement	Fair value	Jul-31	44.4	4.38%	**44.4**	44.4
Total			1,195.7		**1,097.6**	951.7

Weighted average term to maturity	**3.4 years**	3.9 years
Weighted average interest rate before swaps (including funding costs)	**2.38%**	2.50%

1 As at 31 December 2020
2 Interest rates on bank loans are at the 90-day benchmark borrowing rate (BKBM) plus a margin. Precinct also pays facility fees.

Precinct has committed funding of $1,195.7 million (June 2020: $1,195.7 million) including the NZ senior secured bonds, convertible note and US private placements.

All lenders have the benefit of security over certain assets of the Group. The Group has given a negative pledge which provides that it will not permit any security interest in favour of a party other than the lenders to exist over more than 15% of the value of its properties.

To substantially remove currency risk, US private placement future cash flows have been fully swapped back to New Zealand dollars.

Accounting policy - interest bearing liabilities

Bank loans and the NZ senior secured bonds are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, these liabilities are stated at amortised cost using the effective interest method. The US private placement is recognised at fair value including translation to NZD with any gains or losses recognised in the profit or loss as they arise. This fair value is determined using swap models and present value techniques with observable inputs such as interest rate and cross-currency curves. This measurement falls into level 2 of the fair value hierarchy.

The convertible note embedded financial derivative is recognised at fair value with any gains or losses recognised in the profit or loss as they arise. This fair value is determined using the black-scholes model with observable inputs such as Precinct's share price and it's historic standard deviation, the convertible note strike price and the risk free rate. The movement in fair value attributable to changes in Precinct's own credit risk is calculated by determining the changes in credit spreads above observable market interest rates and is recognised in other comprehensive income. This measurement falls into level 2 of the fair value hierarchy.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

15. Lease liabilities

Amounts in $ millions	*Unaudited six months ended 31 December 2020*			*Audited year ended 30 June 2020*		
	Investment properties	***Flexible space***	***Total***	***Investment properties***	***Flexible space***	***Total***
Current	-	3.0	**3.0**	-	3.0	**3.0**
Non-current	3.0	35.8	**38.8**	3.0	37.4	**40.4**
Total lease liabilities	3.0	38.8	**41.8**	3.0	40.4	**43.4**

16. Derivative financial instruments

Amounts in $millions	*31 December 2020*	*30 June 2020*
Current assets	**5.3**	-
Non-current assets[1]	**35.5**	95.2
Current liabilities	**(0.4)**	(1.7)
Non-current liabilities	**(75.7)**	(84.5)
Total fair value of derivative financial instruments	**(35.3)**	9.0
Notional contract cover (fixed payer)	**825.0**	945.0
Notional contract cover (fixed receiver)	**325.0**	325.0
Notional contract cover (cross currency swaps - fixed receiver)	**260.7**	260.7
Percentage of net drawn borrowings fixed	**57.4%**	55.7%
Weighted average term to maturity (fixed payer)	**3.96 years**	3.90 years
Weighted average interest rate after swaps (including funding costs)	**3.72%**	3.88%

1 *This includes the cross currency interest rate swap valuation of $24.4 million (June 2020: $76.0 million) and a net debit value adjustment of $1.4 million (June 2020: $0.8 million credit).*

Accounting policy - derivative financial instruments

Precinct uses derivative financial instruments (interest rate and cross currency swaps) to manage its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. Derivative financial instruments are recognised initially at fair value and subsequently re-measured and carried at fair value. They are carried as assets when the fair value is positive and liabilities when the fair value is negative. The gain or loss on re-measurement to fair value is recognised directly in profit or loss.

The fair value is the estimated amount that Precinct would receive or pay to terminate the swap at the balance date, taking into account current rates and creditworthiness of the swap counterparties. This is determined using swap models and present value techniques with observable inputs such as interest rate and cross-currency curves. The fair value of derivatives fall into level 2 of the fair value hierarchy.

17. Capital commitments

Precinct has $ 133.0 million of capital commitments as at 31 December 2020 (June 2020: $103.7 million; December 2019: $201.8 million) relating to construction contracts.

18. Contingencies

a) Contingent liabilities

There are no contingent liabilities as at 31 December 2020 (June 2020: $nil; December 2019: $nil).

b) Contingent assets

There are no contingent assets as at 31 December 2020 (June 2020: $nil; December 2019: $nil).

19. Related party transactions

Fees charged by and owing to the manager:

Amounts in $ millions	31 December 2020		31 December 2019		30 June 2020	
	Fees charged	**Owing at 31 December**	Fees charged	Owing at 31 December	**Fees charged**	**Owing at 30 June**
Base management services fee	**6.4**	**1.1**	4.7	1.6	**9.5**	**0.9**
Performance fee	**-**	**-**	-	-	**-**	**-**
Leasing fees	**1.1**	**0.2**	0.3	-	**1.0**	**-**
Development manager fees	**1.2**	**0.5**	2.0	-	**11.3**	**6.8**
Acquisition and disposal fees	**-**	**-**	0.1	-	**0.4**	**-**
Generator management fee	**0.2**	**-**	0.2	0.1	**0.4**	**-**
Recoverable services fee	**2.4**	**-**	1.8	-	**4.2**	**-**
Total	**11.3**	**1.8**	9.1	1.7	**26.8**	**7.7**

a) Base management services fee

The base management services fee structure is as follows:

- 0.55% of the value of the investment properties to the extent that the value of the investment properties is less than or equal to $1 billion; plus
- 0.45% of the value of the investment properties to the extent that the value of the investment properties is between $1 billion and $1.5 billion; plus
- 0.35% of the value of the investment properties to the extent that the value of the investment properties exceeds $1.5 billion.

These fees are expensed through indirect other expenses in the year in which they arise.

b) Performance fee

The performance fee is based on Precinct's quarterly adjusted equity total returns relative to its peers in the NZ listed property sector as measured by the NZX listed property index. The performance fee is calculated as 10% of Precinct's quarterly performance in excess of a benchmark index, subject to an outperformance cap of 1.25% per quarter and after taking into account any brought forward surpluses or deficits from prior quarters.

Any Initial Amount credited to the Carrying Account which is not used up in paying Performance Fees or in offsetting subsequent Deficits will effectively expire 2 years after it is credited to the Carrying Account. Similarly, any Deficit debited against the Carrying Account which is not used up in off-setting subsequent Initial Amounts will also effectively expire 2 years after it is debited against the Carrying Account.

No performance fee is payable in quarters where equity total returns are negative. As at 31 December 2020 there is a notional performance fee deficit of $ 25,950,036 to be carried forward to the calculation of performance fees in future quarters (June 2020: $2,574,841 surplus; December 2019: $4,431,743 deficit).

These fees are expensed through indirect other expenses in the year in which they arise.

c) Leasing fees

Precinct pays the Manager leasing fees where the manager has negotiated leases instead of or alongside a real estate agent.

Leasing fees are capitalised to the respective investment or development property in the Statement of Financial Position and amortised over the term certain life of the lease.

d) Development manager fees

Precinct pays development manager fees where the manager acts as development manager on Precinct developments.

These fees are capitalised to the respective investment or development property in the Statement of Financial Position.

e) Acquisition and disposal fees

Precinct pays fees to the manager for managing the sale or purchase of properties instead of or alongside a real estate agent.

Acquisition fees are capitalised to the respective investment or development property in the Statement of Financial Position.

Disposal fees are expensed through net realised gain or loss on sale of investment properties in the year in which they arise.

f) Recoverable services fee

Precinct pays a property and facilities management fee as well as the cost of legal and marketing services on a cost recovery basis to the manager.

These fees are expensed through direct operating expenses in the year in which they arise.

g) Generator management fee

As agreed between the boards of Precinct and AHML, a management fee of $400,000 per year will be charged for the provision of management services to Precinct relating to its investment in Generator, with this amount subject to annual review.

These fees are expensed through indirect other expenses in the year in which they arise.

h) Other transactions with the manager

Other than in respect to the Generator and Commercial Bay Hospitality businesses, Precinct does not employ personnel in its own right. Under the terms of the Management Services Agreement, the manager is appointed to manage and administer Precinct. The manager is responsible for the remuneration of personnel providing management services to Precinct. Precinct's Directors are considered to be the key management personnel and received Directors' fees for the period ended 31 December 2020 of $ 290,749 (June 2020: $580,788; December 2019: $279,204).

Precinct received rental income from AMP Haumi Management Limited, AMP Capital Investors (New Zealand) Limited and AMP Services (NZ) Limited, being the manager or companies related to the manager for premises leased in HSBC Tower, AMP Centre and NTT Tower. Total rent received by Precinct from these parties during the period ended 31 December 2020 was $ 1,890,990 (June 2020: $3,529,457; December 2019 $1,739,012). As at 31 December 2020 an amount of $ 3,806 was owing to Precinct from these related parties (June 2020: $4,208 amounts owing from Precinct; December 2019: $7,498 amounts owing from Precinct).

i) Related party debts

No related party debts have been written off or forgiven during the period (June 2020: $nil; December 2019: $nil).

20. Events after balance date

On 24 February 2021 the Board approved the financial statements for issue and approved the payment of a dividend of $ 21,348,666 (1.625 cents per share) to be paid on 26 March 2021.

Building a better working world

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF PRECINCT PROPERTIES NEW ZEALAND LIMITED

Conclusion

We have reviewed the interim financial statements of Precinct Properties New Zealand Limited ("the Company") and its subsidiaries (together "the Group") on pages 03 to 15, which comprise the consolidated statement of financial position of the group as at 31 December 2020 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and cash flows for the period ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) Review of Financial Statements Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides other assurance related and agreed-upon-procedures services to the Group. Ernst & Young and the Group have entered an agreement in respect of our future occupancy of a Group property. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Directors' Responsibilities for the Interim Financial Statements

The Directors of the Company are responsible, on behalf of the Company, for the preparation and fair presentation of the interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Emma Winsloe.

Ernst + Young

Chartered Accountants

Auckland

24 February 2021

Directory.

Precinct Properties New Zealand Limited
Registered Office of Precinct
Level 12,
188 Quay Street
Auckland, 1010
New Zealand
T:+64-9-927-1647
E: hello@precinct.co.nz
W: www.precinct.co.nz

Directors of Precinct
Craig Stobo – Chairman, Independent Director
Launa Inman – Independent Director
Graeme Wong – Independent Director
Anne Urlwin - Independent Director
Chris Judd – Director
Mohammed Al Nuaimi – Director
Robert Campbell – Director

Officers of Precinct
Scott Pritchard, Chief Executive Officer
George Crawford, Chief Operating Officer
Richard Hilder, Chief Financial Officer
Edward Timmins, General Counsel and Company Secretary

Manager
AMP Haumi Management Limited
Level 12,
188 Quay Street
Auckland, 1010
New Zealand

Bankers
ANZ New Zealand Bank
Bank of New Zealand
ASB Institutional Bank
Westpac New Zealand
The Hong Kong and Shanghai Banking Corporation

Auditor
Ernst & Young
2 Takutai Square
Britomart
Auckland 1010
New Zealand

Bond Trustee
The New Zealand Guardian
Trust Company Limited
Level 15
191 Queen Street
Auckland

Security Trustee
Public Trust
Level 35, Vero Centre
48 Shortland Street
Auckland 1010

Registrar – Investors

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna, North Shore City
Private Bag 92 119
Auckland 1142

T: +64-9-488-8700
E: enquiry@computershare.co.nz
W: www.computershare.co.nz
F: +64-9-488-8787

Please contact our registrar;

- To change investment details such as name, postal address or method of payment.
- For queries on dividends and interest payments.
- To elect to receive electronic communication.