

# Precinct fixed rate secured green bonds

## Summary of terms and conditions

Issued by Precinct Properties New Zealand Limited (Precinct) on 9 May 2022



Artist's impression of the Flowers Building at Wynyard Quarter Stage 3, Auckland

## Key features

<b>Issuer:</b>	Precinct Properties New Zealand Limited Level 12 PWC Tower 188 Quay Street Auckland Central Auckland 1010	<b>Registrar:</b>	Computershare Investor Services Limited Level 2 159 Hurstmere Road Takapuna Auckland 0622
<b>Class of security:</b>	Fixed rate secured green bonds	<b>Number of PCT040 green bonds issued:</b>	175,000,000
<b>Maturity Date:</b>	9 May 2028	<b>Interest Rate:</b>	5.25% per annum
<b>First Interest Payment Date:</b>	9 Nov 2022	<b>Subsequent Interest Payment Dates:</b>	9 May and 9 November in each year until and including the Maturity Date
<b>Minimum Holding:</b>	\$5,000	<b>Particulars of the Security</b>	Mortgages granted over certain properties owned by the Group

## Summary of terms and conditions

### GENERAL

This statement is a summary only of the principal terms and conditions for the issue of fixed rate secured green bonds (Green Bonds) by Precinct. For full details see the terms and conditions of the Green Bonds in the:

- Master Trust Deed dated 27 November 2014 (as most recently amended and restated on 25 August 2017) between Precinct and The New Zealand Guardian Trust Company (the Supervisor); and
- Supplemental Trust Deed dated 26 April 2022 between Precinct and the Supervisor,

(together, the Trust Documents).

The Green Bonds are issued pursuant to the Trust Documents and the final terms sheet dated 29 April 2022 (Final Terms Sheet). Precinct has passed resolutions at a meeting of the Board of Directors of Precinct held on 22 April 2022 approving the issuance of the Green Bonds. The Trust Documents were validly executed by the directors of Precinct (or their authorised agent).

Copies of the Trust Documents can be obtained on request to the Registrar or Precinct at the respective addresses set out in the Final Terms Sheet (or such office as may be notified to Holders).

Capitalised terms not defined in this statement have the meanings given to them in the Trust Documents or the Final Terms Sheet.

# Summary of terms and conditions continued

## PURPOSE

The net proceeds of this offer are intended to be earmarked in accordance with Precinct's Sustainable Debt Framework dated 2020 (as amended from time to time) (the Sustainable Debt Framework) to finance or refinance energy efficient buildings meeting the following criteria (Eligible assets):

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.

As at 26 April 2022, Precinct has \$1.7 billion of Eligible assets (excluding assets held for sale to Precinct Pacific Investment Limited Partnership).

In particular, as at the date of the Final Terms Sheet, Precinct expects to apply the net proceeds of the offer to refinance existing debt, and to track an amount equal to the net proceeds within its systems, earmarked to Eligible assets. Under the Sustainable Debt Framework, Precinct intends to maintain a balance of Eligible assets, based on market value, which is larger than the sum of net proceeds from all Green Bonds and other "use of proceeds" green bonds and loans.

A copy of the Sustainable Debt Framework is available on Precinct's website at [www.precinct.co.nz/investors/bondholder-and-noteholder-information](http://www.precinct.co.nz/investors/bondholder-and-noteholder-information).

## THE GREEN BOND PRINCIPLES

Precinct has developed and adopted the Sustainable Debt Framework to ensure that, as at the date of the Final Terms Sheet, its processes for identifying Eligible assets and managing the use of the proceeds of the Green Bonds are consistent with the Green Bond Principles dated June 2021 (as amended from time to time, the "Green Bond Principles") as published by the International Capital Market Association. A copy of the Green Bond Principles is available at [www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/](http://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/).

Precinct intends to seek assurance from an approved verifier of compliance of green bonds under the Sustainable Debt Framework with the Green Bond Principles and the Sustainable Debt Framework, on an annual basis. Most recently, Ernst & Young Limited has provided a limited assurance report dated 22 July 2021 to Precinct in relation to compliance of the Existing Bonds. A copy of that limited assurance report is available on Precinct's website at [www.precinct.co.nz/investors/bondholder-and-noteholder-information](http://www.precinct.co.nz/investors/bondholder-and-noteholder-information).

## NO EVENT OF DEFAULT IN RELATION TO SUSTAINABLE DEBT FRAMEWORK OR GREEN BOND PRINCIPLES

If:

- Precinct fails to earmark the proceeds of the Green Bonds as described in the Final Terms Sheet or the Sustainable Debt Framework;
  - Precinct fails to comply with the Sustainable Debt Framework;
  - the Green Bonds cease to satisfy the Green Bond Principles (or market practices, standards, principles or regulations further develop in a way that the Green Bonds are not consistent with);
  - NZX ceases to designate the Green Bonds as "green" on the NZX Debt Market (whether as a result of changes to the NZX Listing Rules or otherwise); or
  - Precinct fails to notify holders of Green Bonds (Holders) that the Green Bonds cease to comply with the Sustainable Debt Framework or the Green Bond Principles,
- then:
- the bonds may cease to be labelled or trade as green bonds, and Holders and potential investors may consider that the bonds no longer align with their intentions or requirements; and
  - no Event of Default or breach of the terms of the Green Bonds will occur and neither the Holders nor Precinct have any right for the Green Bonds to be repaid early.

Precinct is generally required by the NZX Listing Rules to disclose to the market any material information relating to the Green Bonds, which would include material information relating to their "green" label.

## STATUS AND RANKING OF GREEN BONDS

The Green Bonds are secured, interest bearing debt obligations of Precinct. The Green Bonds will be secured by Mortgages and will rank equally with certain other senior obligations of Precinct secured by the same Mortgages.

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).

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.

# Summary of terms and conditions continued

## SECURITY

As a general matter, Precinct undertakes to the Holders that it will not grant security over any of its assets. There are certain exclusions to this undertaking, being security:

- granted over debt in an amount equal up to 15% of the Group's Total Tangible Assets. However, such security is only permitted if there is no Event of Default at the time the security is granted and one will not occur as a result of granting such security; or
- which arises by statute; or
- which is in favour of the Security Trustee; or
- granted with the consent of the Bank Facility Lenders.

The consent of Holders for Precinct to grant security over any of its assets is not required in the above circumstances. Such security may rank behind the Mortgages or may be over assets which Holders do not have security over.

## LOAN TO VALUE RATIO

Precinct must ensure that while the Green Bonds are outstanding, the total principal amount of all outstanding borrowed money secured by the Mortgages does not exceed 50% of the Mortgaged Property Value.

## GUARANTEE

The Green Bonds are guaranteed on a joint and several basis by the Guarantors. The guarantee obligations of the Guarantors are not limited and are secured by the Mortgages.

As at the date of the Final Terms Sheet, the Guarantors are Precinct Properties Holdings Limited and Precinct Properties Wynyard Limited.

## MAJORITY BENEFICIARIES

The Majority Beneficiaries (as defined in the Security Trust Deed) 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.

To the extent that the Supervisor is entitled to give instructions to the Security Trustee, given the limited time periods to provide instructions, the Supervisor is unlikely to have time to obtain instructions from the Holders in most instances.

## INTEREST

The Green Bonds will pay a fixed rate of interest at the Interest Rate specified above from the Issue Date until and including the Maturity Date.

Interest will be paid semi-annually in arrear in equal amounts on each Interest Payment Date. If an Interest Payment Date falls on a weekend or public holiday, payment will be made on the next Business Day without adjustment or further payment as a result thereof.

Each interest payment will be made to the relevant Holder on the Register as at the Record Date, which will be 10 days prior to the relevant Interest Payment Date. Should the Record Date fall on a weekend or public holiday, the relevant interest payment will be made to the Holder on the Register on the previous Business Day.

## REDEMPTION

The Principal Amount of the Green Bonds will be repaid by Precinct on the Maturity Date.

Holders have no right to require redemption of any of the Green Bonds prior to the Maturity Date, except through the Supervisor if an Event of Default occurs or by selling Green Bonds in the secondary market (if one develops). The Events of Default applicable to the Green Bonds are set out in full in the Trust Documents.

Precinct does not have the ability to redeem the Green Bonds early.

## MODE OF TRANSFER

The minimum holding of Green Bonds is an aggregate Principal Amount of \$5,000 of Green Bonds. Precinct may refuse to accept or register a transfer if the Principal

Amount being transferred is not a multiple of \$1,000 and/or if such transfer would result in the transferor or transferee holding Green Bonds with an aggregate Principal Amount of less than \$5,000 of Green Bonds (other than zero).

Transfers must be effected using a registrable transfer form, by any method of transfer permitted by NZX for securities quoted on the NZX Debt Market or by any other means of transfer of marketable securities which is not contrary to law and the Listing Rules and which is approved by Precinct. A transfer will not take effect until the transferee is registered as the holder of the Green Bond.