

Subordinated convertible notes (PCTHC)

Summary of terms and conditions

Issued by Precinct Properties New Zealand Limited on 21 September 2023



Key features

Issuer:	Precinct Properties New Zealand Limited (Precinct NZ) Level 12 188 Quay Street Auckland 1010	Registrar:	Computershare Investor Services Limited Level 2 159 Hurstmere Road Takapuna Auckland 0622
Class of security:	Subordinated convertible notes	Number of Notes issued:	85,000,000
		Interest Rate:	7.53% per annum
Conversion Date:	21 September 2027		
	<p>Subject to a Cash Election by Precinct NZ, the Notes will Convert into ordinary shares in Precinct NZ.</p> <p>If Precinct NZ issues shares on Conversion, Precinct Properties Investments Limited (Precinct Investments), must issue a corresponding number of fully paid ordinary shares for no consideration.</p> <p>The Precinct NZ and Precinct Investments shares will be stapled under the Stapling Deed (Stapled Shares).</p>		
First Interest Payment Date:	21 December 2023	Subsequent Interest Payment Dates:	21 March, 21 June, 21 September and 21 December in each year until and including the Conversion Date
Interest suspension:	Payments of interest on the Notes will be suspended if Precinct NZ does not meet the Payment Condition in respect of such interest	Minimum Holding of Notes:	\$1,000

Summary of terms and conditions

GENERAL

This statement is a summary only of the principal terms and conditions for the issue of subordinated convertible notes (**Notes**) by Precinct NZ. For full details, see the terms and conditions of the Notes in the:

- Master Trust Deed dated 27 November 2014 (as amended from time to time) between Precinct NZ and The New Zealand Guardian Trust Company (the **Supervisor**) (**Master Trust Deed**); and
- Supplemental Trust Deed dated 25 August 2023 (as amended on 1 September 2023) between, among others, Precinct NZ and the Supervisor (**Supplemental Trust Deed**), (together, the **Trust Documents**).

The Notes are issued pursuant to the Trust Documents and the replacement Product Disclosure Statement dated 1 September 2023 (**PDS**). The Subordinated Guarantee is contained in the Supplemental Trust Deed.

Copies of the Trust Documents and the PDS may be obtained from the online offer register at www.companiesoffice.govt.nz/disclose.

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

Summary of terms and conditions continued

STATUS AND RANKING OF NOTES

The Notes are subordinated, convertible and interest bearing debt obligations of Precinct NZ. On a liquidation of Precinct NZ, each Note (before any Conversion into Shares) will be a subordinated obligation of Precinct NZ, ranking:

- behind all claims on Precinct NZ (including bank borrowing, USPP Notes, Secured Bonds, trade creditors and other unsubordinated debt), except as described below;
- equally with other Notes, and any other subordinated securities that, by their terms, rank equally with the Notes; and
- ahead of Shareholders and holders of other subordinated securities that, by their terms, rank after the Notes.

Stapled Shares issued on Conversion of Notes will rank equally with all other Stapled Shares on issue and behind all other claims on Precinct NZ.

UNSECURED

The Notes are not secured against any assets of any member of the Precinct Properties Group or any other person.

GUARANTEE

The Notes are guaranteed by Precinct Investments under a Subordinated Guarantee. Precinct Investments is not a member of the Precinct NZ Group but is a member of the Precinct Properties Group and is an associated person of Precinct NZ.

The Subordinated Guarantee is not limited or subject to conditions.

The Subordinated Guarantee does not have the benefit of any security and is subordinated. This means that Precinct Investments' obligations under the Subordinated Guarantee will be subordinated to its unsubordinated obligations (including its secured obligations as guarantor of Precinct NZ's bank borrowing, USPP Notes and Secured Bonds, and to trade creditors).

CONVERSION

On the Conversion Date, all outstanding Notes will be Converted and Stapled Shares will be issued, subject to a Cash Election.

The number of Stapled Shares to be issued following Conversion of each holding of Notes will be determined by dividing their Principal Amount (together with any Unpaid Interest (and any interest thereon)) by the Conversion Price, which is the lesser of:

1. the Conversion Price Cap of \$1.40; and
2. the Market Price (calculated as per the statement below).

The Market Price is determined based on the arithmetic average of the daily volume weighted average price of Stapled Shares on the NZX Main Board in the 20 Business Days prior to (but not including) each Conversion Announcement Date.

The Conversion Announcement Date is 5 Business Days before the relevant Conversion Date.

The Conversion Price Cap may be adjusted in certain circumstances.

CASH ELECTION

Rather than Converting the Notes, Precinct NZ may elect to instead pay a cash amount to Noteholders at the end of the term. In this case, Noteholders would be paid an amount equal to the Market Price (calculated as set out above) of all the Stapled Shares that would have otherwise been issued to them on Conversion of their Notes, so that they receive an equivalent value to those Stapled Shares (as determined under the terms of the Notes) and will similarly benefit from any appreciation of the Stapled Share price above the relevant Conversion Price Cap prior to the Conversion Date.

Precinct NZ may only elect to pay the cash amount if it satisfies the Payment Condition.

INTEREST

The Notes will pay a fixed rate of interest at the Interest Rate from the Issue Date until the Conversion Date.

Interest will be paid in arrear in equal amounts on each Interest Payment Date. If an Interest Payment Date falls on a day that is not a Business Day, payment will be made on the next Business Day without adjustment or further payment as a result thereof.

Scheduled interest payments made on each Interest Payment Date will be paid to the person registered as the Noteholder as at the record date immediately preceding the relevant Interest Payment Date, which will be 5pm on the date that is 10 days before the relevant Interest Payment Date. If the record date fall on a day which is not a Business Day, the record date will be the immediately preceding Business Day.

INTEREST SUSPENSION AND PAYMENT CONDITION

Payments of interest on the Notes will be suspended if Precinct NZ does not meet the Payment Condition. Any Unpaid Interest will accumulate and interest will accrue on it at the Interest Rate (compounding on each Interest Payment Date) until paid. No dividend or other return will be made to Shareholders while any interest on the Notes is suspended.

Precinct NZ may only elect to pay the cash amount for a series or interest on the Notes if it is not insolvent and no event of default in respect of borrowed money is continuing (and Precinct NZ would not become insolvent, and no such event of default would occur, as a result of making such payment).

EARLY CONVERSION

The Notes may Convert prior to the Conversion Date: after an Event of Default;

- at the Noteholders' option after a Compulsory Acquisition Event; or
- at Precinct NZ's option after a Tax Event.

MODE OF TRANSFER

The minimum holding of Notes is an aggregate Principal Amount of \$1,000 of Notes. Precinct NZ may refuse to accept or register a transfer if such transfer would result in the transferor or transferee holding Notes with an aggregate Principal Amount of less than \$1,000 of Notes (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 NZ. A transfer will not take effect until the transferee is registered as the holder of the Note.