



# COMMERCIAL BAY



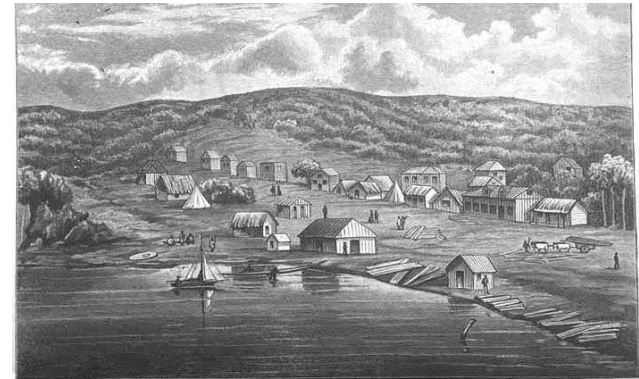




- Commercial Bay will restore the waterfront as the heart of Auckland city
- Major Queen Street retail development and landmark office tower
- Retail centre comprises:
  - Unique laneway environment over three levels
  - 130m of Queen Street retail with around 100 new stores
- Office tower will be called PwC Tower and is 52% pre-leased
- Construction set to commence June 2016 and expected to complete:
  - Retail – October 2018
  - Office – June 2019
- Project estimated to cost \$681 million with a guaranteed maximum price construction contract with Fletcher Construction
- Expected yield on cost of 7.5%

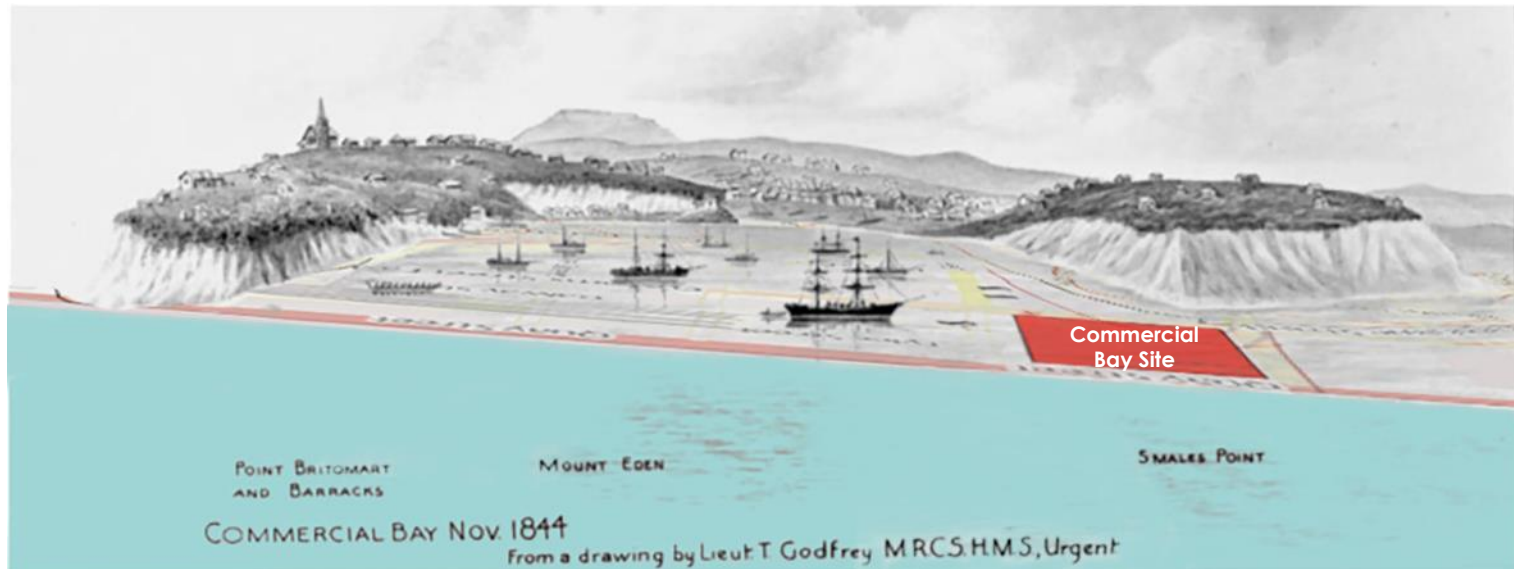
# History

- The precinct was named Commercial Bay in the 1800's due to its importance as a place of transport, trade and commerce
- This history has informed the name and brand for the development and its surroundings



Above: Commercial Bay 1841. The sheltered anchorage was the natural place to land all goods, and load all exports. Timber can be seen on the shoreline. Sir George Grey Special Collections, Auckland Libraries, 4-9089

Below: Site in relation to Commercial Bay in 1844



# Project description

## Retail

- 3 levels of retail which includes HSBC Building & Zurich House
- 18,000sqm of NLA
- Around 100 retail stores
- Retail frontages to Queen St, Albert St, Quay St & Customs St

## Office

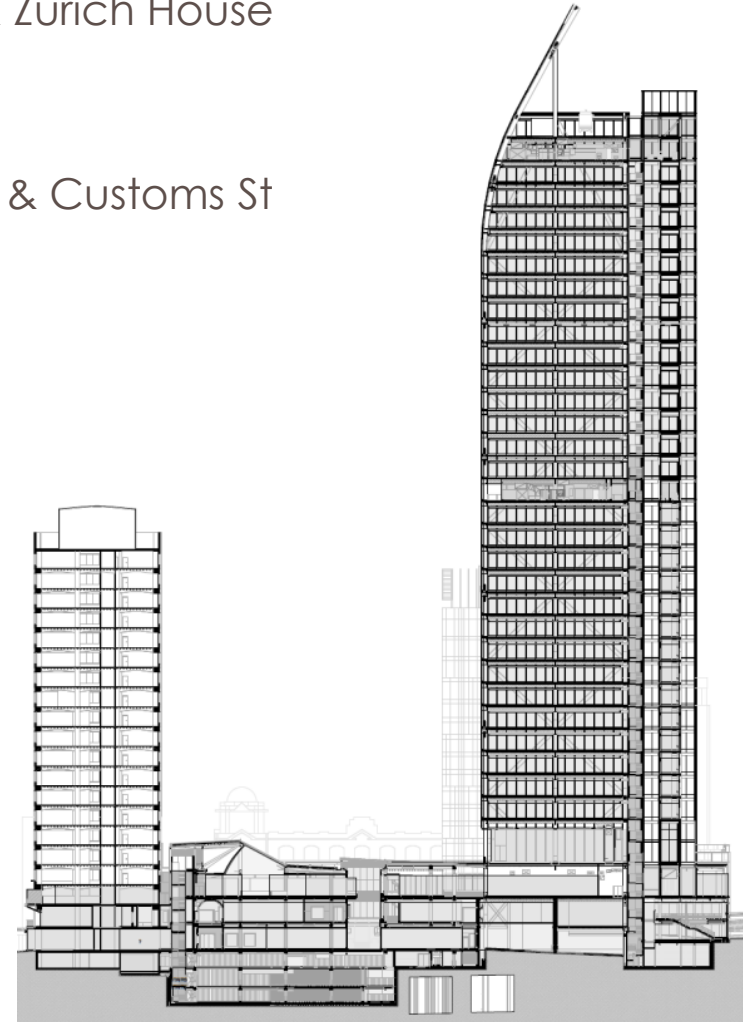
- 30 levels of office above sky lobby
- Sky lobby positioned above retail
- Floor plates range from 1,324sqm to 1,375sqm
- 39,000sqm of NLA
- Mid level plant located on levels 22-23

## Car parks

- 278 basement car parking spaces
- 3 levels of car parking with direct access to the new PwC Tower, Zurich House and HSBC Building

## CRL

- 2 tunnels positioned at basement levels 2 & 3



# Programme

Nov-13 Oct-14 Nov-14 Feb-15 Mar-15 Apr-15 May-15 Oct-15 Nov-15 Dec-15 Jun-16 Dec-17 Oct-18 Dec-18 Jun-19

Commencement of Masterplan

Concept design complete

Executed CRL Development Agreement

Preliminary design complete

Resource consents received

Developed design complete

Construction tender process

Leasing pre-commitment

Precinct Board Approval

Works commence

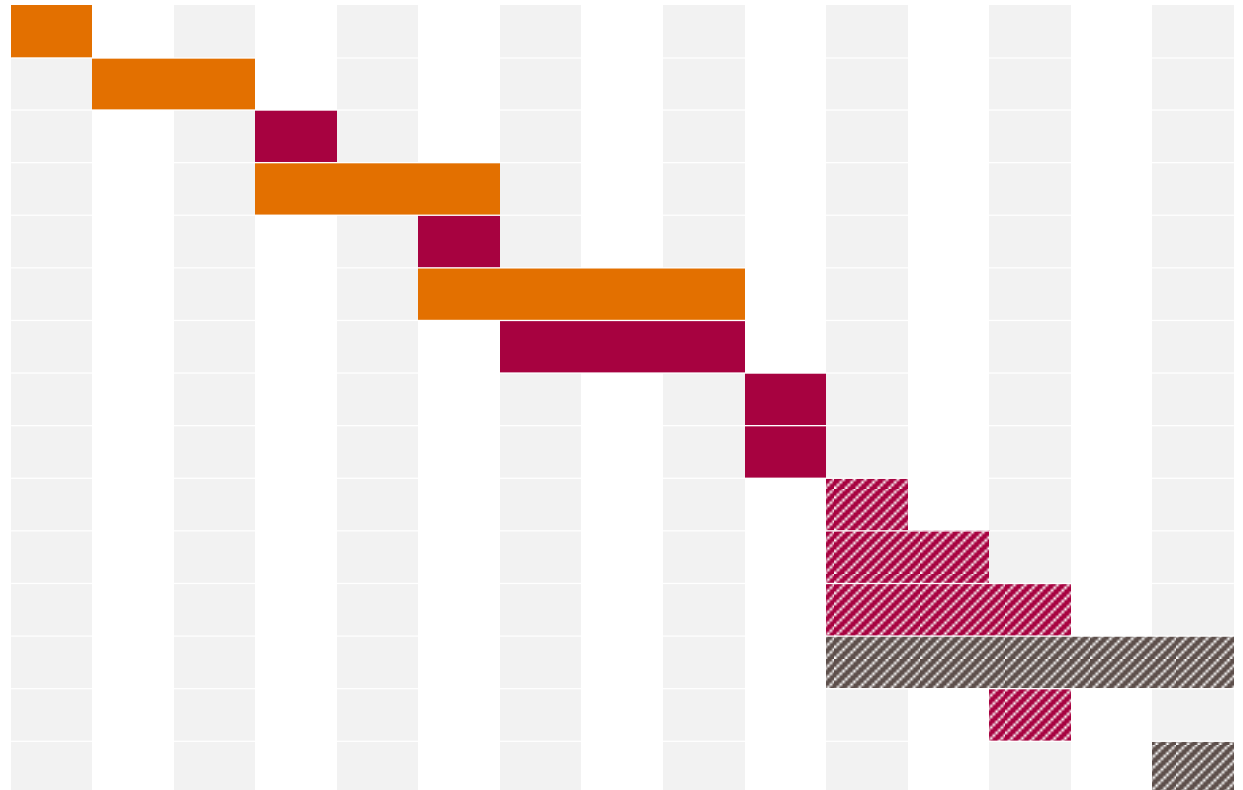
CRL Works

Retail Works

Office Works

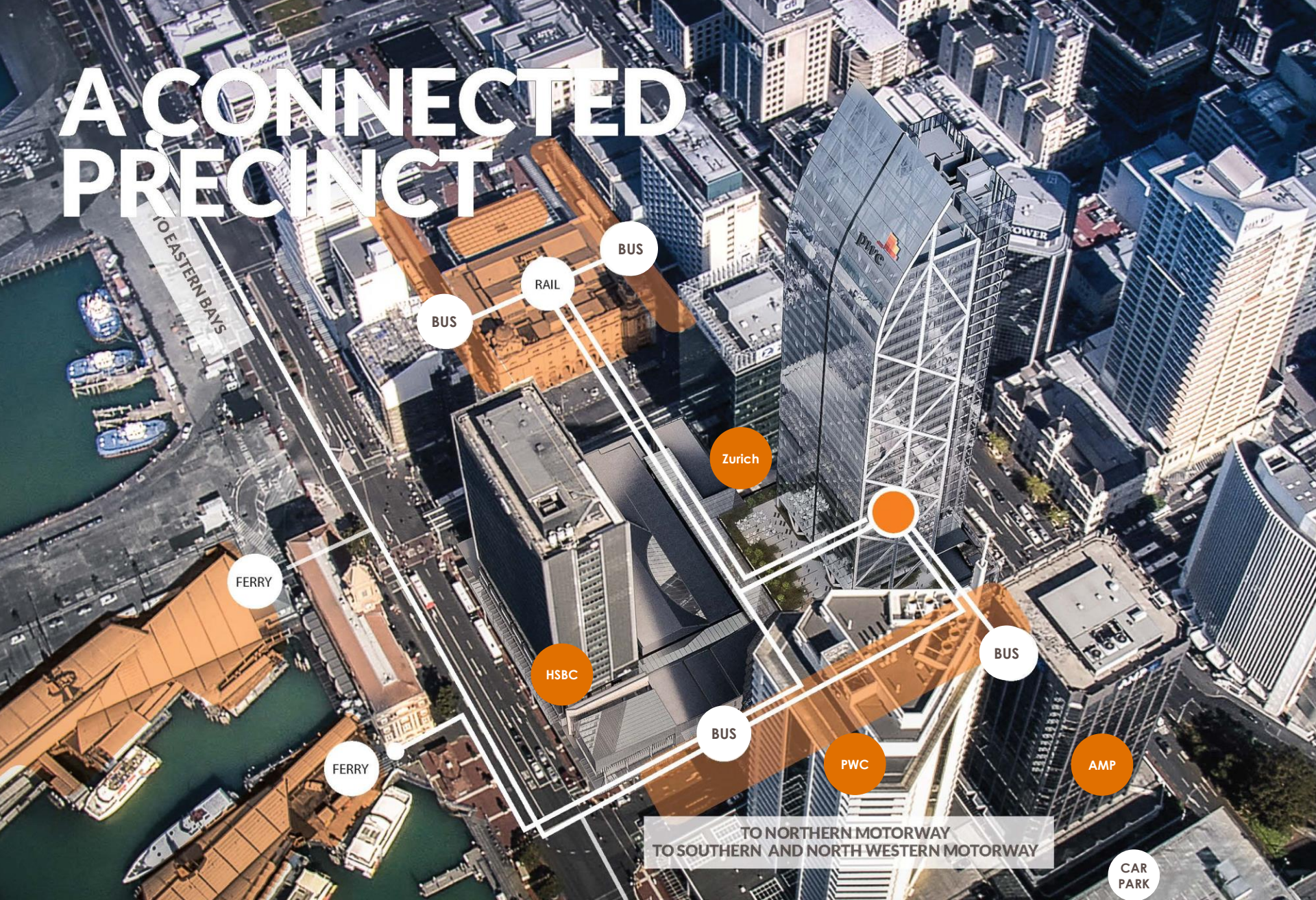
Retail open

Tower Complete



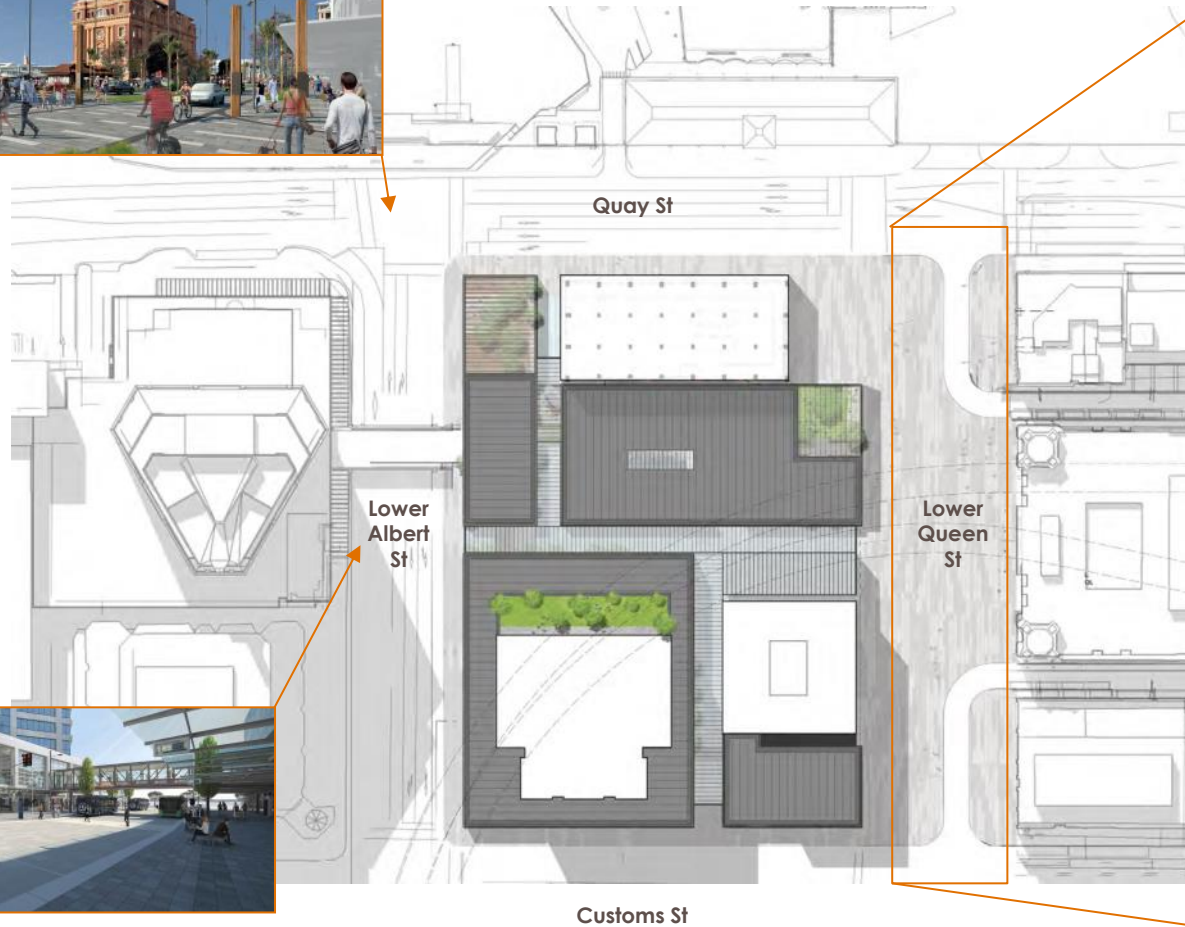


# A CONNECTED PRECINCT



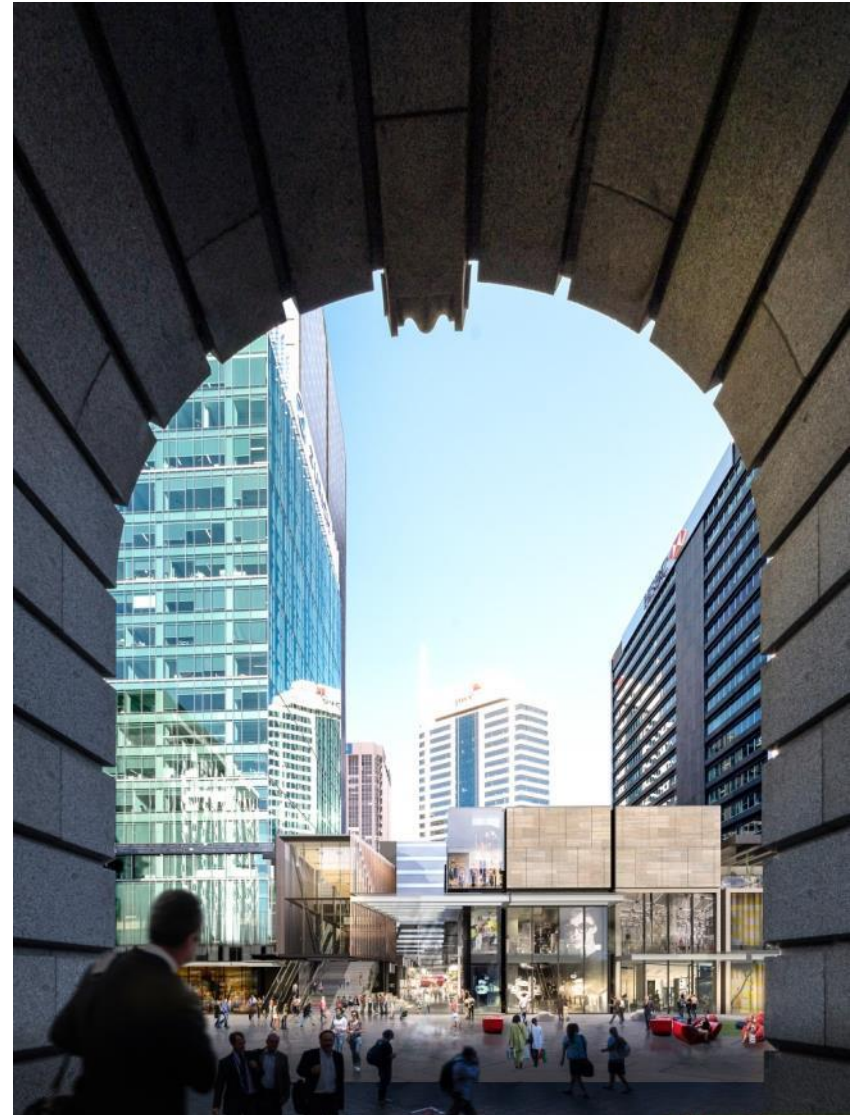


# Masterplan design





# Civic space (lower Queen street)





# Laneway experience





# A new level of retail



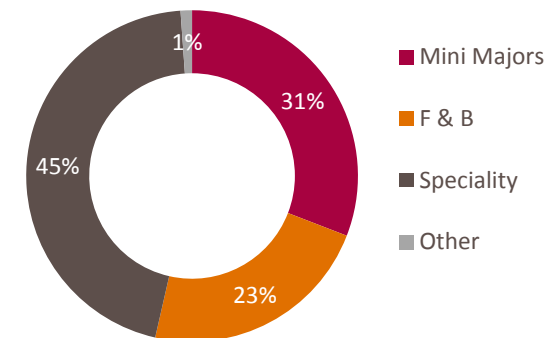
# Retail opportunity

- Provides 130 metres of new prime Queen Street frontage next to adjacent civic space
- CBD retail resurgence and growing weekend trade
  - Strong pedestrian numbers (9.3 million cnr Queen St and Customs St)
  - Queen Street overtaking other traditional retail locations
- Creation of new 24/7 pedestrian laneway connecting Britomart to lower Albert St
- Integrated retail design into office towers at first floor to capture the growing office worker market
- Commercial Bay benefits from transport (ferry, bus & train) and tourist hub's (cruise terminal, departure point, airport shuttles, hotels)
- Diverse, large and growing customer segments
  - Affluent 160,000 main trade area (MTA) population
  - 1.4m total trade area encapsulates the entire metropolitan Auckland area
  - Growing CBD resident population
  - CBD office workers (30,000 within 500 metres and 70,000 in CBD)
  - Tourists (hotel & cruise ship (c.200,000 passengers and crew))
- Regional retail solely reliant on MTA patronage. Commercial Bay and lower Queen Street benefit from a high proportion of non MTA/high value visitor expenditure



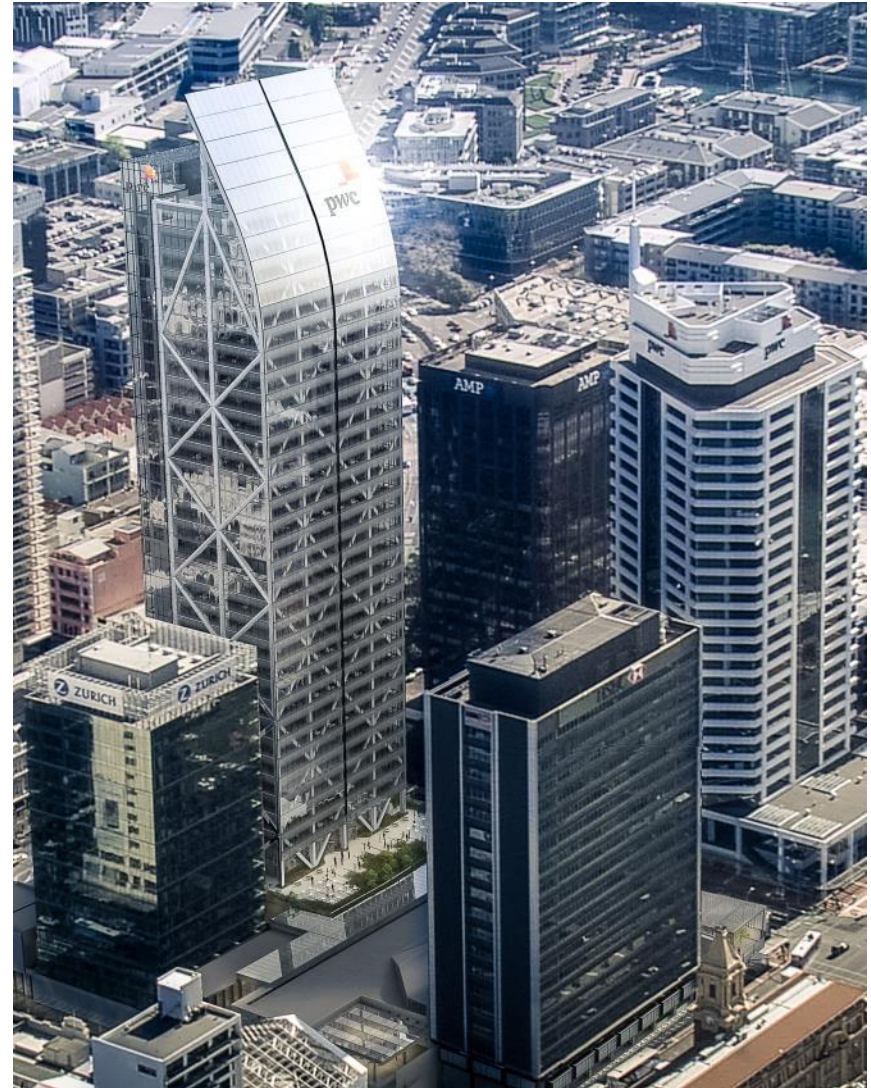
- Opportune timing to capture growing retail demand with low CBD vacancy, a shortage of quality stock and international brands seeking CBD flagship store presence
- Significant interest from retailers and food and beverage (F&B) operators
- Negotiations commenced for 'flagship' stores
- 34 month leasing timeline with a target of being 60-80% pre-leased by income by end of 2017
- Retail mix:
  - Anchored by 2 or 3 mini majors
  - Generous F&B offering
  - Around half speciality retail

Indicative retail mix



# PwC Tower at Commercial Bay

- Diagrid structural steel frame
- Curtain wall glass façade
- Importance level 4 or 180% NBS structural strength
- 5 green star rating

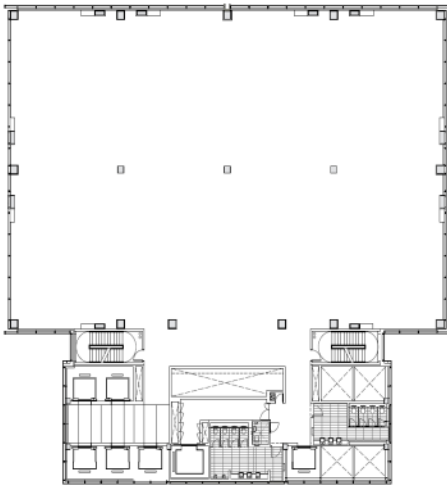




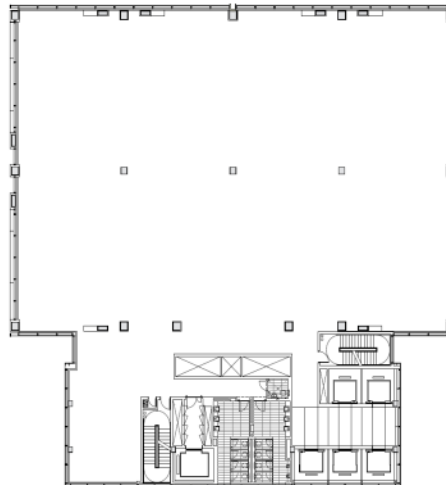
# Tower design

- Elevated sky lobby complemented by a 1,400m<sup>2</sup> outdoor terrace
- The floor plate is specifically designed to meet the needs of the contemporary workplace
  - an open space with minimal column intrusion (3 on floor columns)
  - 3.1 metre ceiling height with floor to floor glazing
- On floor efficiency ratio equivalent to 88% resulting in significant gains for the occupier

Mid rise

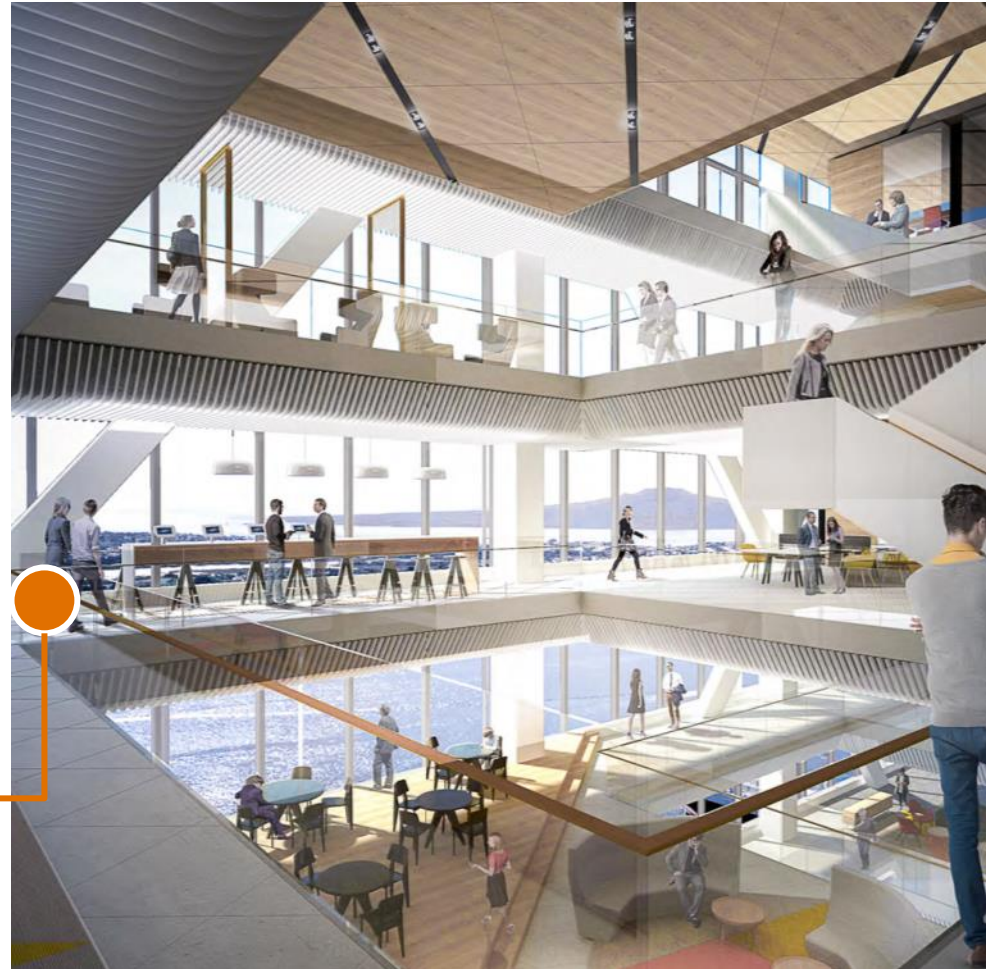
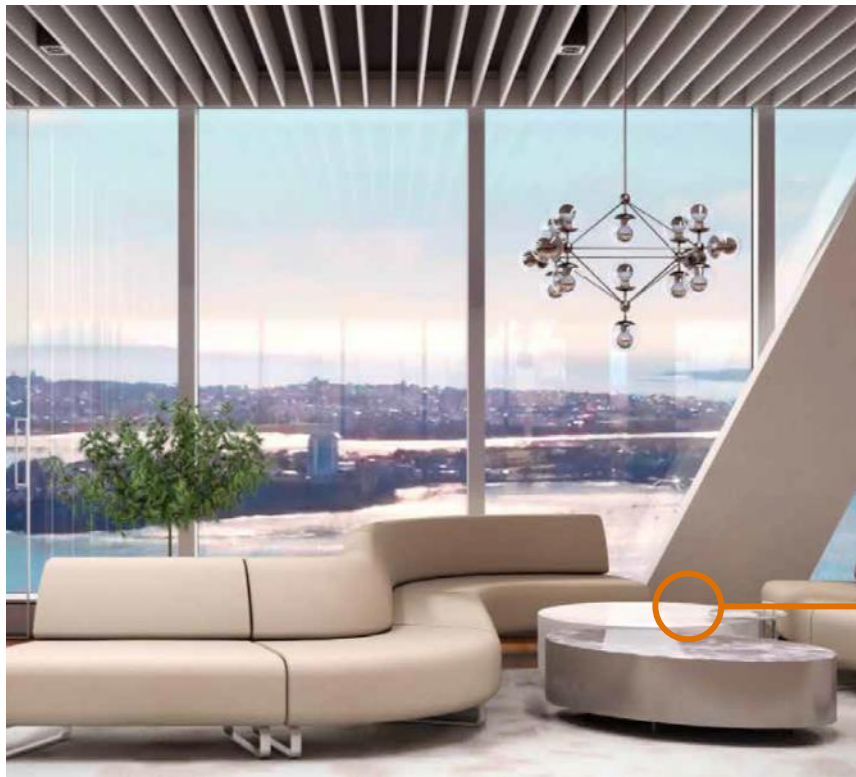


High rise



# Tower experience

- Campus style floor plates in the sky
- Floor plate capable of accommodating all workplace designs
- Premium finishes





- Office Tower is 52% leased
- Anchored by PwC and will be known as PwC Tower
- Average term of office leases is 13 years commencing June 2019 with a range of 10-15 years each
- Rent reviews include structured growth with market resets
- Commitments made in mid and high rise components of tower
- Occupiers attracted to:
  - Efficiency gains of the new floor plate
  - Design ambition of creating NZ's best workplace destination
  - Level of amenity and its waterfront location
  - Around 10,000 workers in 5 office towers within 2 hectare block
  - Concentration of NZ's best and most progressive workforce
- Four floors of 188 Quay Street are subject to exclusivity agreements

# Financial overview

- Total project cost of \$681 million
- Spend to date of c.\$16 million with an incremental spend of \$573 million
- Expected yield on cost of 7.5%
- Independent valuation support of \$853 million
- Adopted valuation of \$813 million allows for lower levels of Zurich and HSBC and vacancy allowance

## Financial summary

Spent to date (ex revaluations)	\$108 m
Incremental Spend	\$573 m
<b>Total Project Costs</b>	<b>\$681 m</b>
Yield on Cost <sup>1</sup>	7.5%
Net Contract Rent	\$51 m
<b>Independent valuation <sup>1</sup></b>	<b>\$853 m</b>
Less other adjustments	\$40 m
<b>Adopted Valuation</b>	<b>\$813 m</b>

Note 1 – Assumes fully let and on completion



# Funding and earnings

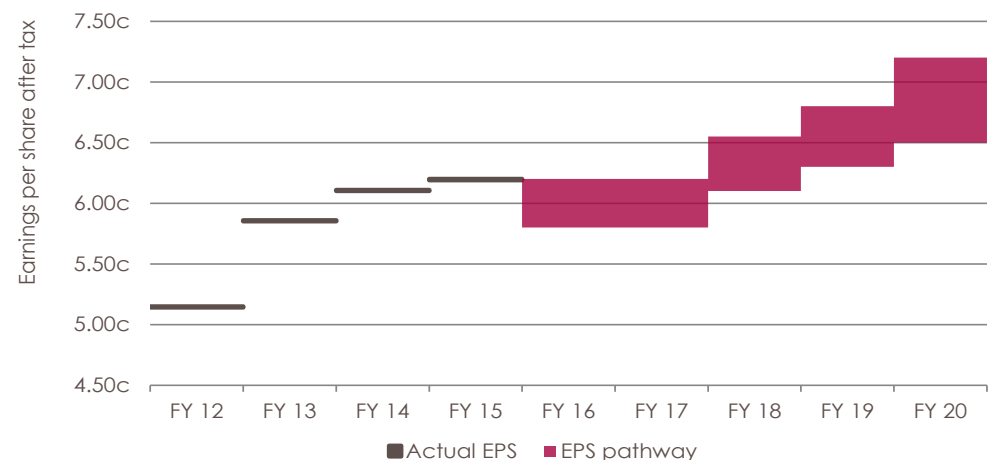
## Funding

- Deleveraging achieved over the previous 12 months providing sufficient balance sheet capacity
- Commercial Bay project to be funded by new 5 year bank debt facility – ANZ, BNZ, CBA, HSBC and Westpac
- No refinance risk during development period
- Existing USPP and retail bond provide valuable diversification
- Committed gearing of around 35% including Wynyard stage 1

## Earnings

- Earnings remain consistent with long term pathway provided in 2014 and reconfirmed in 2015

Earnings per share – Actual and pathway



# Summary

- Precinct has a clear strategy of concentrated ownership of prime assets in strategic locations
- Commercial Bay project further progresses the business in line with its strategy which will result in:
  - Younger portfolio reducing capital requirement and increasing cash on cash returns
  - Increasing EPS and DPS profile
  - Driving growth in NTA







# Disclaimer

The information and opinions in this presentation were prepared by Precinct Properties New Zealand Limited or one of its subsidiaries (**Precinct**).

Precinct makes no representation or warranty as to the accuracy or completeness of the information in this presentation.

Opinions including estimates and projections in this presentation constitute the current judgment of Precinct as at the date of this presentation and are subject to change without notice. Such opinions are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Precinct's control, and which may cause actual results to differ materially from those expressed in this presentation.

Precinct undertakes no obligation to update any information or opinions whether as a result of new information, future events or otherwise.

This presentation is provided for information purposes only.

No contract or other legal obligations shall arise between Precinct and any recipient of this presentation.

Neither Precinct, nor any of its Board members, officers, employees, advisers (including AMP Haumi Management Limited) or other representatives will be liable (in contract or tort, including negligence, or otherwise) for any direct or indirect damage, loss or cost (including legal costs) incurred or suffered by any recipient of this presentation or other person in connection with this presentation.