



PRECINCT PROPERTIES NEW ZEALAND LIMITED

## FINAL TERMS SHEET

4 SEPTEMBER 2017

Up to \$150,000,000 subordinated convertible notes

[www.precinctnotesoffer.co.nz](http://www.precinctnotesoffer.co.nz)



Joint Lead Arrangers and Joint Lead Managers



Joint Lead Managers



DeutscheCRAIGS

# FINAL TERMS SHEET

## FOR AN OFFER OF UP TO \$150,000,000 SUBORDINATED CONVERTIBLE NOTES

This terms sheet should be read together with the Product Disclosure Statement dated 25 August 2017 (**PDS**) for the offer of subordinated convertible notes by Precinct Properties New Zealand Limited (**Offer**). The PDS is available at [www.precinctnotesoffer.co.nz](http://www.precinctnotesoffer.co.nz) or can be obtained from the Joint Lead Managers or your usual financial advisor. Investors must obtain a copy of the PDS before they apply for Notes.

<b>Issuer</b>	Precinct Properties New Zealand Limited ( <b>Precinct</b> ).
<b>Description</b>	Subordinated convertible notes ( <b>Notes</b> ). The Notes will Convert into ordinary shares in Precinct ( <b>Shares</b> ), subject to a Cash Election by Precinct, as described further below.
<b>Purpose</b>	The proceeds of the Offer (net of issue costs) are to be used to repay existing bank debt, providing Precinct with flexibility and additional debt capacity to fund its future development pipeline and any other opportunities as they may arise.
<b>No credit ratings</b>	The Notes will not be rated.
<b>Offer amount</b>	Up to \$150 million, as described below.
<b>Structure of the Offer</b>	<p>The Offer consists of:</p> <ul style="list-style-type: none"> <li>• The <b>Priority Offer</b> of up to \$25 million, which is open only to members of the public resident in New Zealand who are Shareholders (at the time of applying for Notes and on the Closing Date for the Priority Offer), excluding institutional Shareholders as determined by Precinct (<b>New Zealand Retail Shareholders</b>).</li> <li>• The <b>General Offer</b> of \$125 million. The General Offer is open to investors resident in New Zealand and certain overseas institutional investors.</li> </ul> <p>If any amount of the Priority Offer is not taken up by the relevant Closing Date, Precinct may reallocate up to a corresponding amount to the General Offer at its absolute discretion.</p>
<b>How to apply</b>	<p>New Zealand Retail Shareholders may apply for Notes in the Priority Offer online at <a href="http://www.precinctnotesoffer.co.nz">www.precinctnotesoffer.co.nz</a> or otherwise as set out in the PDS.</p> <p>All Notes in the General Offer have been reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other persons invited to participate in the bookbuild.</p>
<b>Issue price</b>	\$1.00 per Note, being the Principal Amount of each Note.
<b>Term</b>	4 years.
<b>Conversion Date</b>	27 September 2021.

**Conversion**

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

The number of Shares into which each holding of Notes Converts will be determined by dividing their Principal Amount (\$1.00 per Note) (together with any Unpaid Interest (including any interest thereon)) by the Conversion Price, which is the lesser of:

1. the Conversion Price Cap of \$1.40; and
2. a 2% discount to 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 Precinct ordinary shares traded through the NZX Main Board in the 20 Business Days prior to (but not including) the Conversion Announcement Date.

Please refer to the PDS for example scenarios of Conversion at different Market Prices.

**Conversion Price Cap Adjustments**

The Conversion Price Cap will be adjusted for bonus issues, rights issues, divisions and consolidations as described further in the PDS.

No adjustments will be made in respect of any actions pursuant to a dividend reinvestment plan, share purchase plan or for any placement undertaken in accordance with the Listing Rules (including any further issuances of convertible notes), or other transactions which may affect the price of the Shares (including, for example, any return of capital, buy back or any cash dividend paid by Precinct).

**Cash Election**

Rather than Converting the Notes into Shares, Precinct 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 Shares that would have otherwise been issued to them on Conversion of their Notes, so that they receive an equivalent value to those Shares (as determined under the terms of the Notes) and will similarly benefit from any appreciation of the Share price above the Conversion Price Cap of \$1.40 prior to the Conversion Date.

Precinct may only elect to pay the cash amount if it is not insolvent and no event of default in respect of borrowed money is continuing (and Precinct would not become insolvent, and no such event of default would occur, as a result of making such payment) (the **Payment Condition**).

**Early Conversion**

The Notes may be Converted before the Conversion Date:

- after an Event of Default;
- at the Noteholders' option after a Compulsory Acquisition Event; or
- at Precinct's option after a Tax Event,

as described further in the PDS.

A **Compulsory Acquisition Event** will occur if any person (or persons acting jointly or in concert) become bound, or become entitled and elect, to compulsorily acquire Shares held by minority Shareholders, whether following a takeover offer, a scheme of arrangement or otherwise (except for the interposition of a non-operating holding company or similar, as described further in the PDS).

Broadly, a **Tax Event** will occur if there has been, or there will be, a change in New Zealand law applying after the Issue Date, as a result of which:

- any interest payable on the Notes is not, or will not be, allowed as a deduction for the purposes of New Zealand income tax; or
- Precinct would be, or is likely to be, exposed to any other adverse tax consequence in relation to any Notes,

provided such event is not minor and Precinct did not expect such event on the Issue Date.

The Cash Election does not apply to any Conversion before the Conversion Date.



## FINAL TERMS SHEET (CONTINUED)

<b>Interest Rate</b>	<p>4.80% per annum.</p> <p>The Interest Rate equals the minimum interest rate for the Offer.</p>
<b>Interest Payment Dates</b>	<p>Quarterly in arrear in equal amounts on 27 March, 27 June, 27 September and 27 December each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date, with the first Interest Payment Date being 27 December 2017.</p> <p>Interest payments may be suspended in certain circumstances as described below.</p>
<b>Early bird interest</b>	<p>Precinct will pay interest calculated on a daily basis at the Interest Rate on application money, in respect of accepted applications, from (and including) the date that application money is received into the bank account for the offer to (but excluding) the Issue Date. Early bird interest will be paid (less any withholding tax required to be deducted) as soon as practicable and, in any event, within 5 Business Days after the Issue Date.</p>
<b>Interest suspension</b>	<p>Payments of interest on the Notes will be suspended if Precinct does not meet the Payment Condition (as described above) in respect of such interest.</p> <p>Any suspended interest payment (<b>Unpaid Interest</b>) 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.</p> <p>Unpaid Interest is required to be paid no later than 5 Business Days after Precinct meets the Payment Condition in respect of such interest. Any Unpaid Interest (including any interest thereon) will be added to the Principal Amount on Conversion.</p>
<b>Record Date</b>	<p>5pm (New Zealand time) on the date that is 10 days before the relevant Interest Payment Date or, if that is not a Business Day, the immediately preceding Business Day.</p>
<b>Brokerage</b>	<p>0.75% retail brokerage plus 0.50% on retail firm allocations paid by Precinct.</p>
<b>ISIN</b>	<p>NZPCTDG001C6</p>
<b>Quotation</b>	<p>Application has been made to NZX for permission to quote the Notes on the NZX Main Board and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this terms sheet have been duly complied with. However, the Notes have not yet been approved for trading and NZX accepts no responsibility for any statement in this terms sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013.</p> <p>NZX ticker code PCTHA has been reserved for the Notes.</p>
<b>NZX waiver</b>	<p>NZX has granted Precinct a waiver from NZX Listing Rule 7.12.2, such that Precinct is not required to provide 10 Business Days' notice in respect of routine payments of interest.</p>
<b>Minimum application amount</b>	<p>Priority Offer: \$1,000.</p> <p>General Offer: \$5,000.</p>
<b>Governing law</b>	<p>New Zealand.</p>

<b>Joint Lead Arrangers</b>	First NZ Capital Securities Limited and Forsyth Barr Limited.
<b>Joint Lead Managers</b>	First NZ Capital Securities Limited, Forsyth Barr Limited, ANZ Bank New Zealand Limited and Deutsche Craigs Limited.
<b>Supervisor</b>	The New Zealand Guardian Trust Company Limited.
<b>Registrar</b>	Computershare Investor Services Limited.
<b>Documentation</b>	<p>The terms of the Notes and other key terms of the Offer are set out in:</p> <ul style="list-style-type: none"> <li>• The Product Disclosure Statement dated 25 August 2017 for the offer of the Notes.</li> <li>• The Master Trust Deed dated 27 November 2014 (as most recently amended and restated on 25 August 2017) between Precinct and the Supervisor.</li> <li>• The Supplemental Trust Deed dated 25 August 2017 between Precinct and the Supervisor.</li> </ul> <p>The Supplemental Trust Deed amends the application of the Master Trust Deed to the Notes as subordinated obligations, including disapplying certain provisions set out in the Master Trust Deed (such as the loan to value ratio, negative pledge and guarantees) and amending or replacing others (including those relating to ranking, redemption and events of default).</p> <p>You should read these documents. Copies may be obtained from the Disclose Register at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a>.</p>

## IMPORTANT DATES

<b>Rate Set Date</b>	4 September 2017
<b>Opening Date</b>	5 September 2017
<b>Closing Date for the Priority Offer</b>	19 September 2017 at 5pm (New Zealand time)
<b>Closing Date for the General Offer</b>	22 September 2017 at 5pm (New Zealand time)
<b>Issue Date and allotment date</b>	27 September 2017
<b>Expected date of initial quotation and trading of the Notes on the NZX Main Board</b>	28 September 2017
<b>Conversion Announcement Date</b>	<p>5 Business Days before the Conversion Date (expected to be 20 September 2021).</p> <p>On this date Precinct will announce the final Conversion Price. On or before this date Precinct will announce whether it intends to make a Cash Election.</p>
<b>Conversion Date</b>	27 September 2021

The dates in this terms sheet are indicative only and are subject to change. Precinct may, in its absolute discretion and without notice, vary the timetable. Any such changes will not affect the validity of any applications received. Precinct reserves the right to cancel the Offer and the issue of the Notes, in which case all application monies received will be refunded (without interest) as soon as practicable.

Capitalised terms used but not defined in this terms sheet have the meanings given to them in the PDS.

## SELLING RESTRICTIONS

You may only offer for sale or sell any Note in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered.

Precinct has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

## FINAL TERMS SHEET (CONTINUED)

Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Notes may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

Set out below are specific selling restrictions that apply to an offer of the Notes in Australia, Hong Kong, Singapore and Japan. These selling restrictions do not apply to an offer of the Notes in New Zealand.

By subscribing for or otherwise acquiring any Notes, you agree to indemnify, among others, Precinct and the Supervisor for any loss suffered as a result of any breach by you of the selling restrictions referred to in this terms sheet and the PDS.

### Australia

This terms sheet, the PDS and the Offer are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with any of the applicable exemptions in sections 708 of the Australian Corporations Act 2001 (**Corporations Act**), who are also "wholesale clients" for the purposes of section 761G of the Corporations Act. Neither this terms sheet nor the PDS is a prospectus, product disclosure statement or any other "disclosure document" for the purposes of the Corporations Act and is not required to, and does not, contain all the information which would be required in a "disclosure document" prepared in accordance with the requirements of the Corporations Act. Neither this terms sheet nor the PDS has been, or will be, lodged or registered with the Australian Securities and Investments Commission or the Australian Securities Exchange, or any other regulatory body or agency in Australia.

Prospective investors should not construe anything in this terms sheet or the PDS as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act.

Prospective investors should be aware that there may be restrictions on the sale of Notes in Australia within 12 months from the date of their issue under section 707(3) and section 1012C(6) of the Corporations Act.

### Hong Kong

WARNING: Neither this terms sheet nor the PDS have been, or will be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this terms sheet or the PDS or to permit the distribution of this terms sheet or the PDS or any documents issued in connection with them. Accordingly, the Notes have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Notes has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Notes may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this terms sheet and the PDS have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this terms sheet or the PDS, you should obtain independent professional advice.

**Singapore**

This terms sheet, the PDS and any other materials relating to the Notes have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this terms sheet, the PDS and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes, may not be issued, circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This terms sheet has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this terms sheet immediately. You may not forward or circulate this terms sheet to any other person in Singapore.

Any offer is not made to you with a view to the Notes being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Notes. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

---

**Japan**

The Notes have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Notes may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Notes is conditional upon the execution of an agreement to that effect.

---