

Precinct Properties New Zealand Interim Results – Positioning for future opportunities

19 February 2019



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Precinct Properties New Zealand Limited

Scott Pritchard, CEO

George Crawford, COO

Richard Hilder, CFO

Note: All \$ are in NZD unless otherwise stated

Highlights

Financial Performance

- **\$25.5 m** 1H19 total comprehensive income after tax (+44% y-o-y)
- **\$37.7 m** 1H19 net operating income¹ after tax (-1.3% y-o-y)
- **3.24 cps** EPS (pre performance fee) (+2.9%)

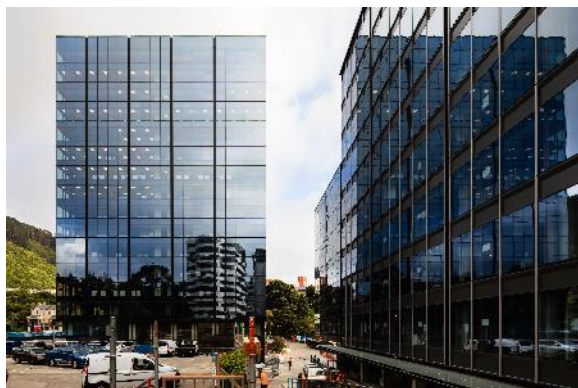
Note 1: Net operating income is an alternative performance measure which adjusts net profit after tax for a number of non-cash items.

Capital Management

- **\$191 m** asset sales settled during 1H19
- **\$150 m** equity raising announced today
 - Gearing reduced to **18.5%** (post equity issue)
 - Funding for future opportunities

Portfolio Performance

- **100%** portfolio occupancy
- **Strong leasing across all assets** – 22,151 sqm new letting 1H19 (including developments)
- Acquisition of the remaining 50% of Generator moving Precincts ownership to 100%



Strategy progress since June

Operational Excellence

- Premium grade portfolio benefitting from strong occupier demand
- Strategic acquisition - Generator ownership increased to 100%
- Commencing sales programme for Pastoral and Mayfair House

Developing the Future

- Commercial Bay
 - Further leasing progress
 - Construction progress indicating c. 1 month slippage
- Charles Fergusson Building completed and occupied
- Bowen State Building to complete this year on programme
- Wynyard Quarter Stage Two - construction commenced and now 60% pre-let
- One Queen Street - further leasing progress now 76% pre-committed

Empowering People

- Staff increase to nearly 100 following acquisition of Generator
- Board succession process to commence
- Focus on Diversity and Inclusion - Rainbow Tick certification underway



Section 2

Market and Portfolio Overview

Our city centre markets



Premium Office

- Traditional
- Flexible



Retail



Hotel

Market	Demand	Supply
Traditional	↑	↗
Flexible space	↑	↑
Retail	↗	↔
Hotel	↑	↑

- City centre retail demand remains strong with elevated enquiry and minimal supply. Broader retail trends are softer which will limit rental growth
- Hotel supply increased leading to stability in ADR. Prime locations are expected to outperform. Delay in NZICC may impact short term performance

Auckland CBD office market

Occupier Demand

- Total Auckland CBD demand remains strong, as vacancy reached a new record low of 5.2% (Dec 2018, Colliers research)
 - Prime vacancy at 3.0%

Supply

- Auckland is currently experiencing a shortage of available office space. Static net supply as a result of the development pipeline and stock reductions remaining in equilibrium
- Construction market difficulties remain which is reducing and determining new supply
- Colliers research suggests that the current scarcity of CBD office space is positive for landlords as rents are forecast to rise higher



18,000 sqm

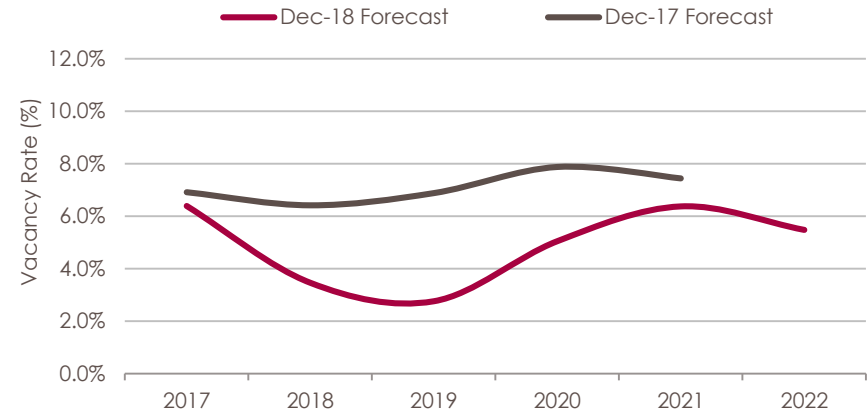
Prime CBD office vacancy over 600,000 sqm



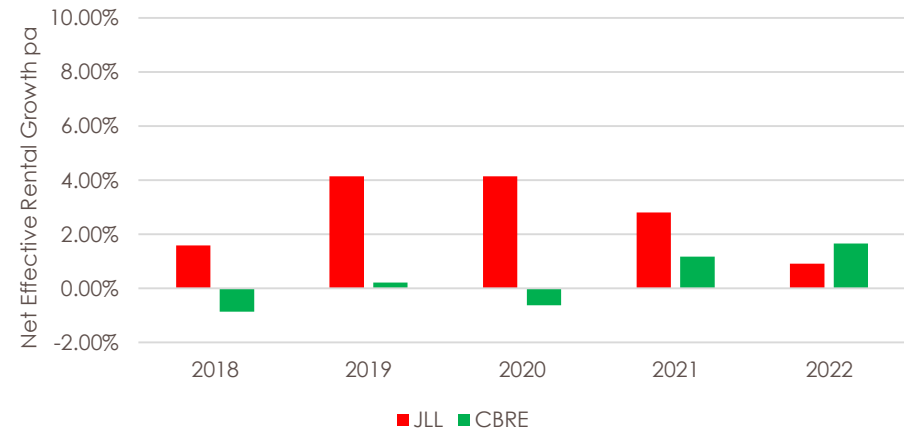
3%

Prime CBD office vacancy rate as at 31 December 2018

Forecast prime vacancy (CBRE, Dec 2018)



Forecast net effective rent growth (CBRE & JLL, Dec 2018)



Wellington CBD office market

Occupier Demand

- Office space remains tight with limited new supply and continued demand. Total vacancy at a record low of 6.2% (Dec 2018, Colliers research)
- Prime vacancy at 1.2%

Supply

- The low prime vacancy rates and strong demand outlook are providing a strong basis for new development and refurbishment
- Around 100,000 sqm of office supply is currently being planned in the next 5 years, however it is unlikely that all of this will materialise



1.2%

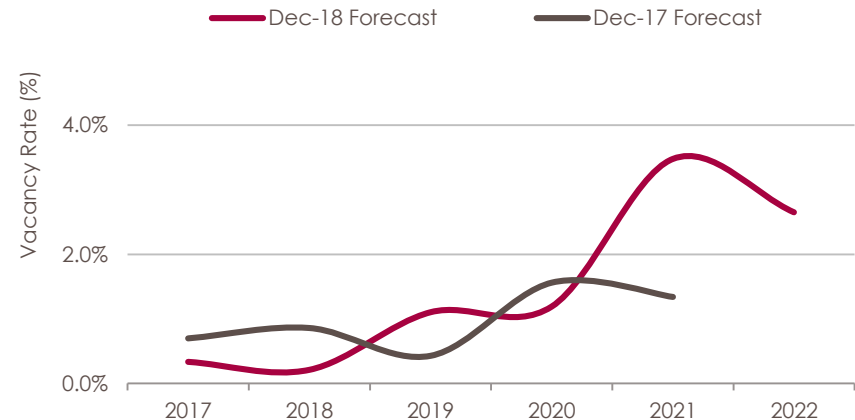
Prime vacancy rate as at 31 December 2018



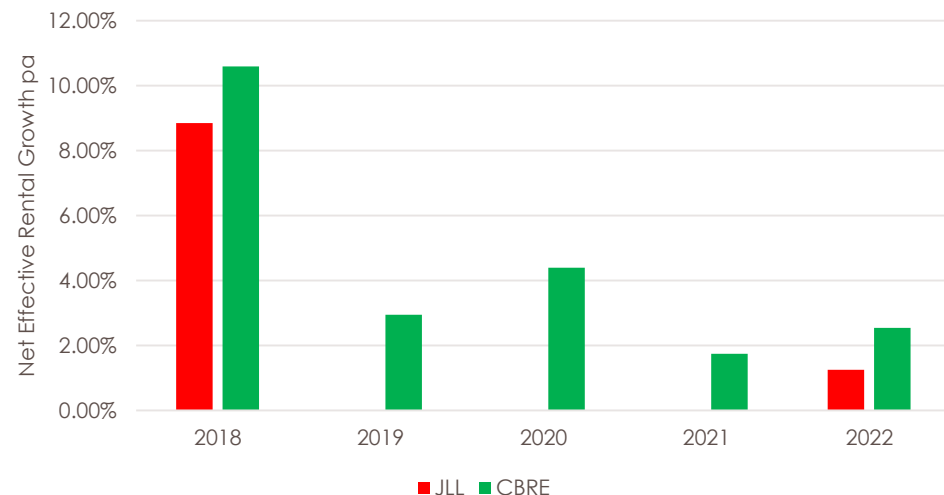
6.2%

10-year low Wellington CBD office vacancy rate as at 31 December 2018

Forecast prime vacancy (CBRE, Dec 2018)



Forecast net rent growth (CBRE & JLL, December 2018)



Portfolio activity

- Strong leasing demand driving growth in rental and occupancy
 - **New leasing transactions were 11.3% above previous contract rents**
 - Market events (leasing and reviews) were **5.7%** higher than valuation
 - Suggests Precinct's assets are outperforming market rental growth

- 50% sale in the ANZ Centre settled

- Opening of H&M at Commercial Bay

- No.1 The Terrace podium WAP2 works complete with Treasury occupying floors 1-4

- Ministry of Primary Industries have taken occupation of Charles Fergusson Building

+11.3%

Increase in previous contract rents from new leasing

Investment Portfolio Leasing Events

New Leases	Number	Area
Auckland	10	5,049 sqm
Wellington	4	4,505 sqm
Sub Total	14	9,553 sqm
RoR, Extensions & Restructures		
Auckland	5	1,862 sqm
Wellington	2	863 sqm
Sub Total	7	2,724 sqm
Total Leasing	21	12,278 sqm
Rent Reviews		
Auckland	24	20,974 sqm
Wellington	8	4,142 sqm
Total Reviews	32	25,115 sqm

Key Leasing

Significant leasing occurred in the period

Wynyard Quarter Stage Two

- Media Design School committed to a 15 year lease over 4,700 sqm

16,400 sqm

Key leasing committed

12 year

Weighted average lease term

One Queen Street

- Bell Gully committed to 3,800 sqm for 15 years

No.1 The Terrace

- Terms agreed with a large NZ based occupier for 7,900 sqm on a 9 year lease term



AON Centre case study

Active management and value add investment driving strong rental growth

Secured leasing deals across 6,100 sqm in 2018.
Major deals include:

- ASB (1,070 sqm)
 - TNZI (1,000 sqm)
 - Medical Council (1,900 sqm)
 - MBIE (1,050 sqm)
- IAG lease expired March 2018 across 4,294 sqm
 - **100% backfilled with average increase of 21% versus net passing rent**
 - Incremental yield on CAPEX of **12.6%**
 - New mezzanine floor constructed on level 25 to add approximately **800 sqm of NLA**
 - Taste on Willis retail project has commenced with initial design phases underway



No.1 The Terrace update

Podium floors

- Significant refurbishment completed including seismic strengthening
- Treasury moved from the Tower to occupy the Podium on a 12 year lease as agreed in WAP2

Tower

- Terms agreed with a Large NZ based occupier for a new 9 year lease for the entire tower (7,900 sqm)
- Commitment will remove all pending vacancy from WAP2
- Works programmed to commence March 2019 and complete end 2019



Generator update

- Agreement to increase ownership to 100%
- Well aligned with Precinct's strategy of being a city centre specialist
- Increases exposure to fast growing flexible office space market
 - Sector of the office market requiring smaller premises, i.e. SME's with typically fewer than 30 staff
 - Growth businesses including technology sector aligned with Wynyard Quarter Innovation Precinct
 - Precinct's core clients are increasingly looking to include flexible space as part of their overall real estate solution
- Strong opportunities for growth through aligning with core Precinct clients and locations



Generator transaction and status

Acquisition metrics:

- Remaining 50% equity interest purchased for \$7.4 million
- Implies enterprise value of \$25.5 million (c. \$2,000 psm)
- Independent advice on value implies IRR of 15% +

Ambitious growth in sites has met strong demand

- Absorbed 10,000 sqm of office space in 2 years
- Overall occupancy now around 80%
- Operating losses recorded through trading up periods for new sites

Now operating at break-even levels with year end targets as follows:

- Stable occupancy of 85% to 90%
- Annualised revenue of \$20 million +
- Target EBIT margin ranging 10% to 15%

	2017	2019
Site locations	Stanbeth & Excelsior House	Stanbeth & Excelsior House, Wynyard Quarter, Britomart Place
Area	c. 3,000 sqm	c. 13,000 sqm
Desks	190	1,245
Members	c. 350	1,200

Flexible workspace

Increasingly becoming a fundamental part of the commercial real estate market

- Exponential sector growth according to Colliers Flexible Workspace Report (2018)
 - Sector has doubled in the past 3 years, now covering 85,545 sqm across NZ
 - Auckland accounts for 54,050 sqm (63%)
 - Generator accounts for around 60% of city centre flex space



Precinct has seen a shift in the type of businesses interested in flexible spaces

- A growing range of corporate users are now considering flexible space
- Precinct intends to grow the Generator business focused on the Auckland and Wellington city centres





Section 3

Interim Results and Capital Management

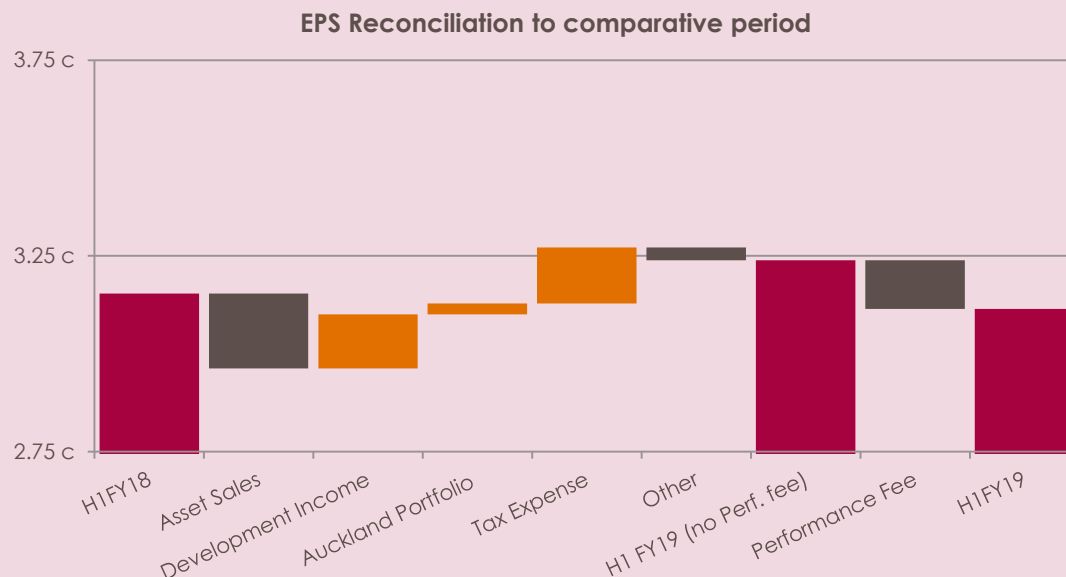
Interim results

\$25.5 m

Total comprehensive income
after tax (+44% y-o-y)

3.24 cps

EPS – pre performance fee
(+2.9% y-o-y)



- Liquidated damages of \$15.4 million recognised as a current liability with a corresponding contingent asset
- NTA per share at **\$1.39** (June 18: \$1.40)
 - Reduction primarily due to loss in financial instruments

6.60 cps

Full year guidance of
approximately 6.60 cps remains
(pre-performance fee)

Net property income

\$47.3 m

NPI for the 6 months ended 31 December 2018

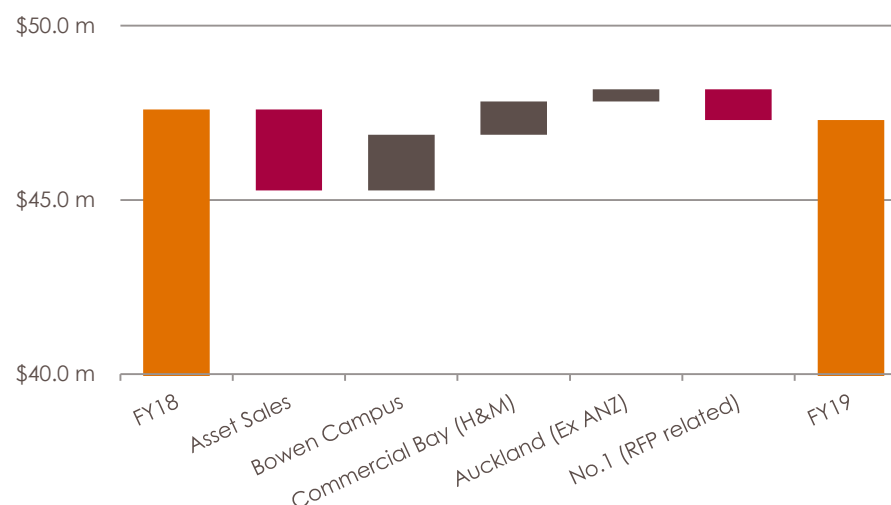
Several transactions and developments occurred in the period

- Brandon Street and ANZ Centre sales settled
- Completion of H&M at Commercial Bay and Charles Fergusson Building
- No.1 The Terrace Podium works largely completed

Adjusting for transactions and developments, NPI was 1% higher than the comparative period

Amounts in \$ millions	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017	Δ
Auckland total	\$19.7	\$19.3	+ \$0.4
Wellington total	\$12.1	\$12.1	(\$0.0)
Investment portfolio	\$31.8	\$31.5	+ \$0.3
Transactions and Developments	\$15.5	\$16.1	(\$0.6)
Total	\$47.3	\$47.6	(\$0.3)

Reconciliation of movement in net property income



Taxation reconciliation

Tax expense of \$0.4 million

- \$2.3 million lower than comparable period

Lower tax charge due to:

- Significant amount of development activity across the business:
 - Commercial Bay, Bowen Campus, Wynyard Quarter Stage Two and One Queen Street
 - No. 1 The Terrace and AON Centre
- Activity has led to higher level of leasing costs and disposal of depreciable assets
- Second half expected to have a low tax expense due to:
 - Works commencing at Pastoral House
 - Continued leasing momentum

Tax expense reconciliation

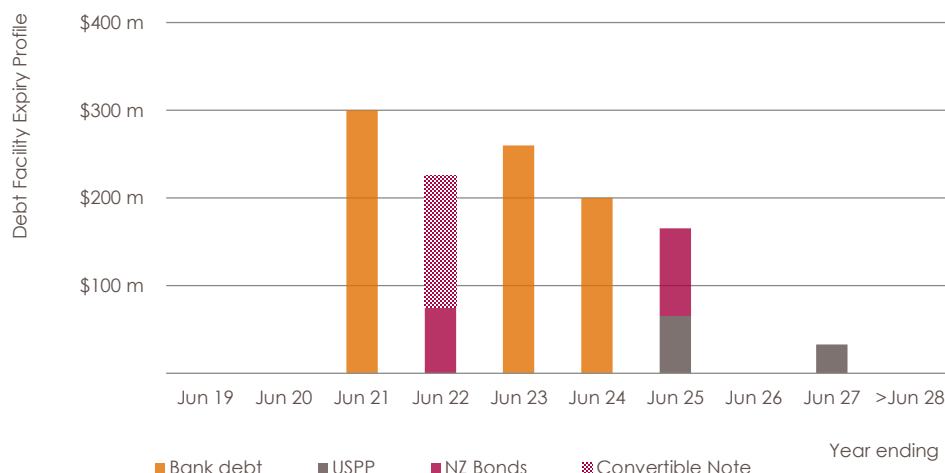
	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017
Total comprehensive income after tax	\$25.5 m	\$17.7 m
Depreciation recovered on sale	\$10.7 m	
Deferred tax benefit	(\$12.6 m)	(\$1.6 m)
Current tax expense	\$0.4 m	\$2.7 m
Net profit before taxation	\$24.0 m	\$18.8 m
Less non assessable income		
Unrealised net gain/(loss) in value of investment and development properties		\$14.7 m
Net realised loss on sale of investment properties	\$1.9 m	
Share of profit or (loss) of joint ventures	\$0.8 m	\$0.5 m
Unrealised net (gain)/loss on financial instruments	\$11.4 m	\$6.9 m
Operating profit before tax	\$38.1 m	\$40.9 m
Other deductible expenses		
Depreciation	(\$7.8 m)	(\$9.8 m)
Leasing fees and incentives in the period	(\$3.8 m)	(\$2.3 m)
Capitalised interest on development properties	(\$19.5 m)	(\$15.1 m)
Disposal of depreciable assets	(\$5.1 m)	(\$1.6 m)
Other deductibles	(\$0.4 m)	(\$2.4 m)
Taxable income	\$1.5 m	\$9.6 m
Current tax expense	\$0.4 m	\$2.7 m
Effective tax rate	1.0%	6.6%

Capital management

Well positioned balance sheet:

- \$191 million of asset sales settled in the half
- \$150 million equity raise announced today
- Gearing of 24.3% (Dec 18)
- Sufficient funding in place to execute current commitments
- Strategy to:
 - Recycle capital: Pastoral and Mayfair House sales programme commenced
 - Refinance November 2020 bank facility

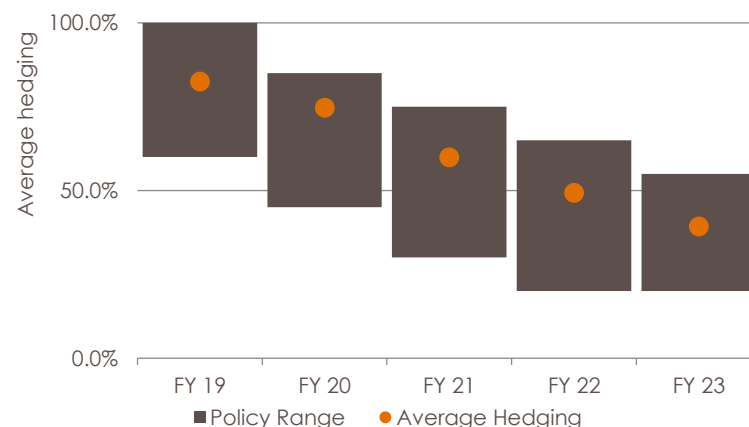
Debt maturity profile



Key metrics

	Dec 2018	June 2018
Debt drawn (\$m)	710.4	751.4
Gearing - Banking Covenant	24.3%	25.0%
Weighted facility expiry (years)	3.6	3.3
Weighted average debt cost (incl fees)	5.4%	5.3%
Hedged	82%	85%
ICR (previous 12 months)	2.1 times	2.4 times
Total debt facilities (\$m)	1,183	1,183

Hedging profile





Section 4

Development Summary

Development summary

Current (includes One Queen Street)

- Target metrics remain on track
 - Blended ROC of **30%**
 - Blended YOC of **7.3%**
- **+93,400 sqm** additional office NLA
 - Currently **83%** committed
- **85%** weighting to Auckland

Key Development Metrics (committed)

Total Development NLA	114,626 sqm
Total Office NLA	93,393 sqm
Office NLA leased to date	76,944 sqm
% of office NLA leased	83%
WALT committed to date	13.0 years
Value on completion	\$1,693 m
Weighting to Auckland	85%

Pipeline

- Bowen Campus Stage Two
- Wynyard Quarter Stages Three & Four
- **+42,000 sqm** total additional office NLA

Targeted Future Pipeline Returns

15.0%

Targeted return on cost

7.0%

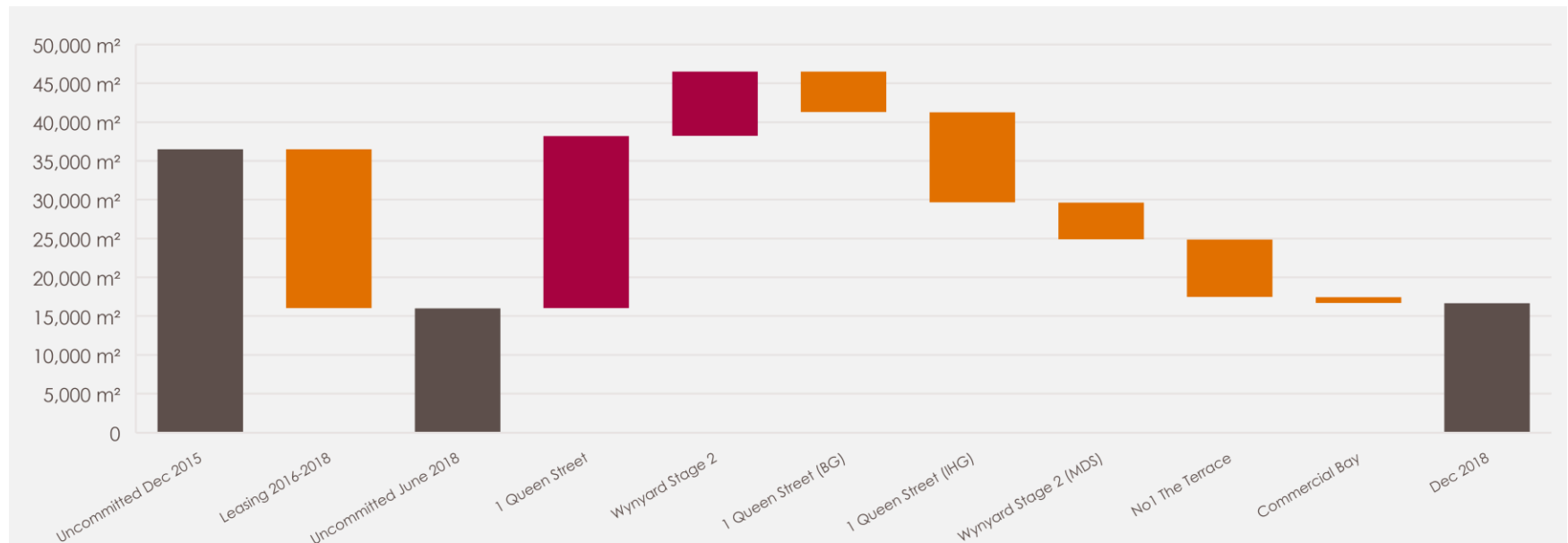
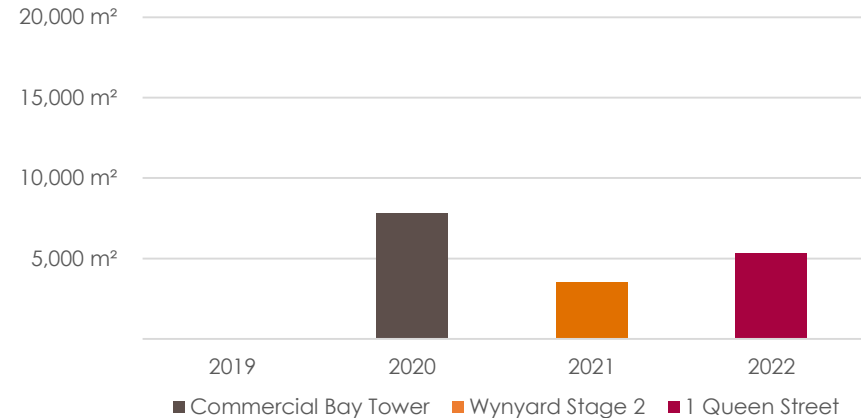
Targeted yield on cost

Development commitment

Since June 2018:

- Committed to developments:
 - Wynyard Stage Two (8,290 sqm)
 - One Queen Street (22,225 sqm including hotel)
- Leased around 29,900 sqm
 - Including terms agreed for 1 The Terrace
- As at December 2018 – 16,700 sqm uncommitted space

Uncommitted Development post June 2019



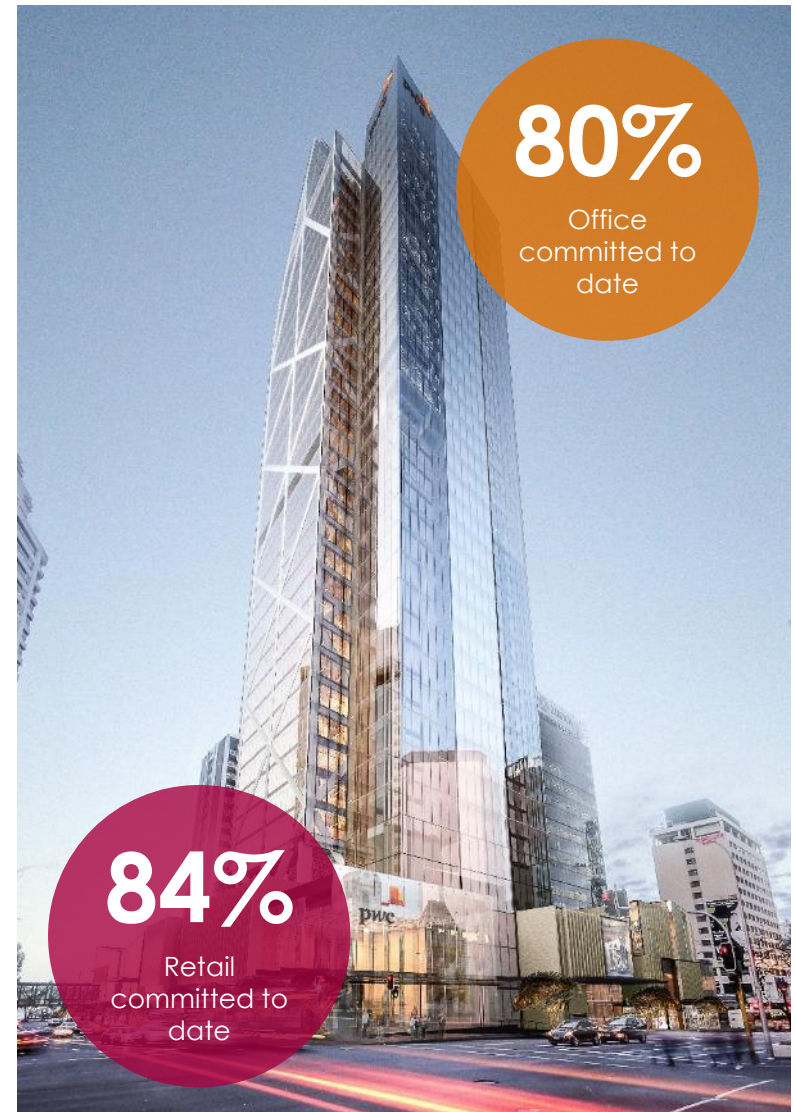
Commercial Bay leasing

Retail Leasing

- Building 6 (H&M) complete and operational
- **84%** of NLA committed
 - F&B leasing largely complete
 - Queen Street retail frontage leased
 - Fashion retail advancing

Office Leasing

- Commitment at **80%**
 - Commercial terms generally consistent with feasibility
- Terms issued on all remaining floors
- After including small suites – occupancy increases to 84% leaving just 5 floors remaining



Development update

**Total project cost increased to \$690 m
(from \$685 m)**

- Following some minor value accretive scope changes

**Construction progress reviewed at 31
January 2019**

Status indicates:

- Around 1 month slippage to construction programme which may impact the previously disclosed completion dates
- Productivity impacted by Christmas and New Year holiday period
- Façade installation remains as the most critical success factor
- Remain comfortable with the provisions of the construction contract which protect Precinct from delays caused by the Main Contractor



Bowen Campus Stage One

Charles Fergusson Building

- 100% leased to MPI on a 15-year lease
- Completed 19 December 2018
- MPI now in occupation



Bowen State Building

- 100% of office leased to NZDF on a 18-year lease
- Occupation agreed and on target for October 2019
- Rent to commence April 2019
- Retail tenancies currently being leased



Wynyard Stage Two

**Construction commenced
November 2018**

■ Expected completion at end of 2020

60% of office committed

■ Media Design School to occupy 4,760 sqm on a 15-year term

**Advanced discussions for
1,295 sqm with a confidential
party**

An architectural rendering of a modern multi-story building with a glass facade and a vertical garden on the left side. The building is surrounded by a landscaped area with trees and people walking. A large orange circle is overlaid on the bottom left of the image.

60%

Office
committed to
date

One Queen Street

Major leasing transaction completed

- Bell Gully committing to c. 3,800 sqm (**43%** of office NLA)

Overall commitment now at 76%

- Including hotel (InterContinental Auckland)

Programme remains on track to commence construction 1H2020

76%

Committed to date (including hotel)



Future opportunities

Wynyard Quarter Stages Three and Four

- Final stages of Wynyard Quarter Innovation Precinct
- Potential for up to **22,000 sqm** of NLA across 3 separate or interconnected buildings
- Design options being advanced
- Early engagement underway with potential occupiers



Bowen Campus Stage Two

- Design advanced for two separate buildings totalling circa **20,000 sqm** of NLA
- Resource consent obtained
- Early discussions underway with office occupiers for around 12,000 sqm



An aerial view of a modern city plaza. In the background, several tall glass skyscrapers rise into the sky. One prominent building on the right has the 'AMP' logo at the top. The foreground features a wide, paved pedestrian area with many people walking. There are several large, mature trees and modern, low-profile wooden benches. A multi-story building with a mix of glass and light-colored panels forms the mid-ground, featuring a rooftop terrace with outdoor seating. A large, semi-transparent red circle is overlaid on the left side of the image, containing the text 'Section 5' and 'Proposed Equity Raise'.

Section 5

Proposed Equity
Raise

Equity raising overview

Purpose

- Capital management initiative to position the business to deliver on medium term opportunities including Bowen Campus Stage Two and Wynyard Quarter Stages Three and Four
- Proceeds will initially repay bank debt and reduces pro-forma gearing, as at 31 December 2018, to 18.5%
- Targeting \$150 million of equity:
 - \$130 million underwritten placement
 - \$20 million underwritten retail offer (with ability to accept oversubscriptions of up to \$10 million)
- New shares to be offered under the placement at a price to be determined via a bookbuild process today (subject to an underwritten floor of \$1.45)
- Retail offer will be at the placement clearing price
- Earnings guidance for FY19 unchanged at approximately 6.60 cps (pre-performance fee)
- Dividend guidance maintained at 6.00 cps representing a YoY increase of 3.4%
- All shares issued under the Placement and Retail Offer will be eligible for the second quarter dividend to be paid on 27 March 2019

Business transformation advancing

Precinct launched its 2020 vision to transform its portfolio by identifying 3 key development opportunities, commencing a sales programme for non-core assets and matching this vision with a fully funded capital management plan

**This vision has
driven the following
outcomes →**

	2012	▶	Dec-18
Asset age	21 years		12 years ¹
Weighting to Auckland	50%		80% ¹
Quality	A-grade		Premium
WALT	5.9 years		8.5 years
Occupancy	94%		100%
Maint. CAPEX	0.8%		0.4% ¹

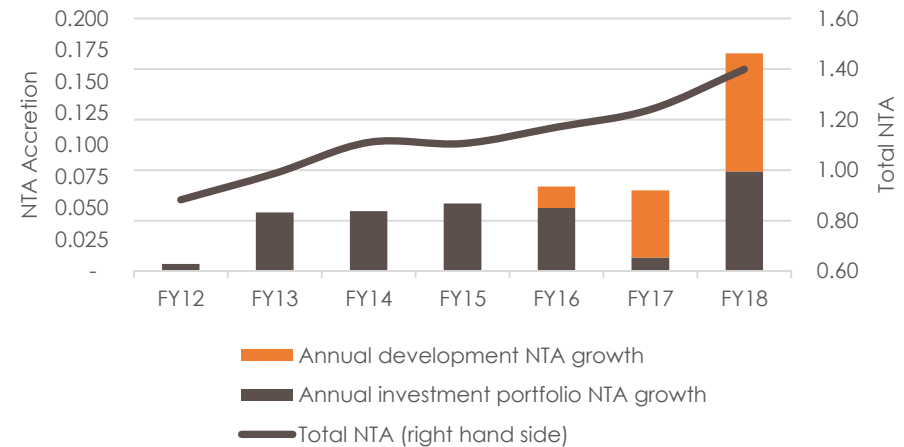
Note 1: Includes completion of Commercial Bay and Bowen Campus

Business transformation advancing

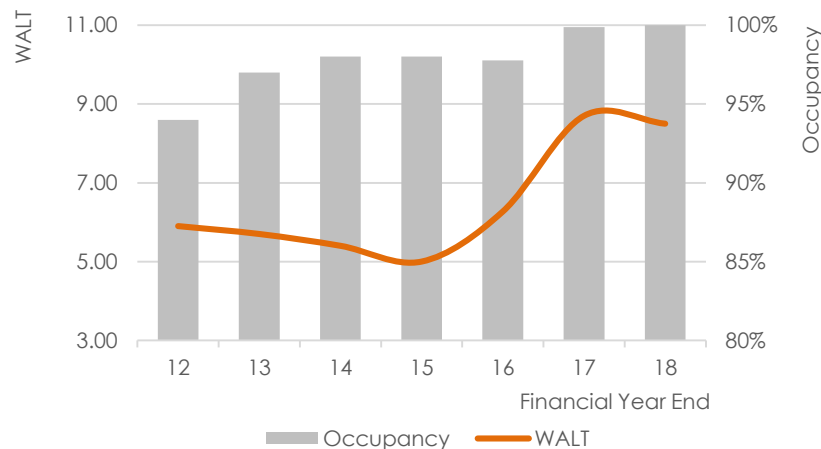
2020 vision has delivered significant value to the Precinct business

- Growth in NTA driven directly from development activity represents 16 cps (recognised to date)
- EPS has grown at 3.5% CAGR since 2012

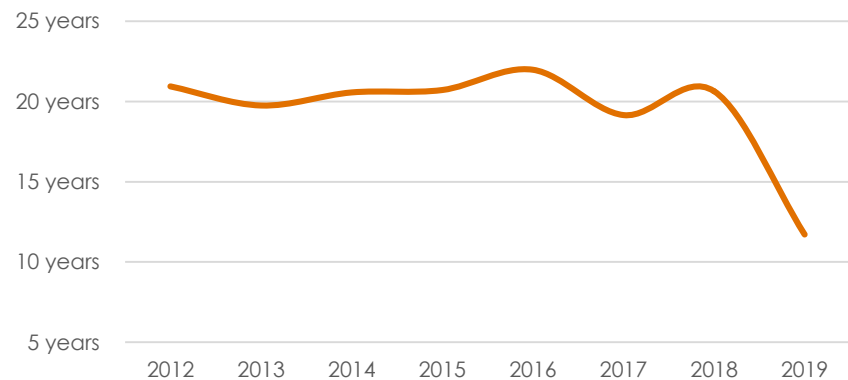
Portfolio NTA growth



Portfolio WALT and Occupancy ¹



Weighted average portfolio age



Note 1: 2018 is as 31 December 2018

Transaction rationale

- Building on the success of Precincts 2020 vision to date, Precinct sees further opportunity to progress its \$300+ million internal development pipeline:
 - Wynyard Quarter Stages Three & Four
 - Bowen Campus Stage Two
- Consistent with previous guidance, project targets will include:
 - Yield on cost of +7.0%
 - Targeted profit of 15%
 - Project commitment anticipated in 6 to 12 months' time
 - Risk mitigation through pre-committed leasing and prudent builder selection
- A \$150 million equity issue will reduce committed gearing to 32% positioning the business to fund these projects
- Precinct expects to meet the balance of its project funding requirements through a combination of asset sales and utilisation of its significant debt headroom post the equity raise

Earnings outlook

Previously announced FY19 guidance unchanged

- Net operating income after tax of 6.60 cps (pre-performance fee)
- Dividend of 6.00 cps

**Earnings growth achieved is
consistent with earnings pathway
provided in 2014 and 2016**

6.00 cents per share

FY19 dividend guidance

+3.4%

Forecast increase in FY19 dividend compared to FY18

6.60 cps

Forecast FY19 net
operating income
after tax

Equity Raising – Offer Summary

- Precinct is seeking to raise \$150 million through a \$130 million underwritten Placement and a \$20 million Retail Offer
- New shares to be offered under the placement at a price to be determined via a bookbuild process today (subject to an underwritten floor of \$1.45).

Offer components	<ul style="list-style-type: none">■ Placement to eligible investors■ Retail Offer open to all shareholders with a registered address in New Zealand under which each shareholder can apply for up to \$50,000 of new shares
Gross proceeds	<p>\$150 million comprising:</p> <ul style="list-style-type: none">■ \$130 million Placement■ \$20 million Retail Offer (Precinct at its discretion may accept up to a further \$10 million of oversubscriptions under the Retail Offer)
Issue Price	<ul style="list-style-type: none">■ New shares to be offered under the placement at a price to be determined via a bookbuild process today (subject to an underwritten floor price of \$1.45)■ New shares from the retail offer will be issued at the placement clearing price■ The underwritten floor price represents a discount of<ul style="list-style-type: none">■ 5.5% to the last close (\$1.535)■ 5.4% to the 5 day VWAP (\$1.533)
Ranking	<p>Equally with existing shares</p> <p>The new shares will be able to participate in the 1.50 cents per share (plus imputation credits) dividend payable on 27 March 2019</p>
Underwriters	<p>Placement and Retail Offer (excluding oversubscriptions) are fully underwritten by First NZ Capital Group Limited and Credit Suisse (Australia) Limited</p>

Offer Timetable

Placement

Trading halt commences and Placement bookbuild opens

Trading halt lifted

Placement settlement and allotment of Placement new shares

Commencement of trading of allotted New Shares on NZX

Date

19 February 2019

20 February 2019

22 February 2019

Retail Offer

Record date (5.00pm NZ time)

Expected dispatch of the Offer Document and Entitlement and Acceptance Form

Retail Offer opens

Retail Offer closes

Settlement and allotment of Retail Offer

18 February 2019

22 February 2019

22 February 2019

5 March 2019

11 March 2019

Dividend dates

Q2 dividend record date

Payment date for next dividend following Retail Offer

13 March 2019

27 March 2019

Further details regarding the Retail Offer can be found at www.shareoffer.co.nz/precinct

Equity Raising Structure

- Structured to be fair for all of our existing shareholders. All shareholders (unless restricted due to legal constraints) will be able to participate fairly (through either the Placement or Retail Share Offer) and should scaling be required, it will be done in reference to existing shareholder holdings
- This structure of offer provides Precinct greater execution certainty and reduced transaction costs vs a rights offer
- Haumi, our largest shareholder (~18.8%) will not be participating. Following the \$150 million offer, Haumi's holding would reduce to around 17.3%.
 - Haumi remains very supportive of Precinct, the growth story and this equity raising and has no intentions to either sell down or divest the management contract

A low-angle, upward-looking photograph of several modern skyscrapers. The central building is a tall, curved glass tower with a grid of windows, reflecting the sky. To its left is a building with a distinctive white, web-like or 'spiderweb' facade. To the right is another tall building with a dark, textured facade. The sky is blue with scattered white clouds. In the bottom right corner, a glass entrance with the ANZ logo is visible. A large, semi-transparent magenta circle is overlaid on the lower-left portion of the image, containing the text for this section.

Section 6

Conclusion and Outlook

Conclusion and outlook

Global markets remain volatile

- Global economic growth expected to decline
- New Zealand remains well placed for growth, albeit moderated

Continued strength in occupier and investment markets

- Significant rental growth in Wellington with occupier demand well in excess of stock availability
- New Zealand attracting significant interest from global investors

Positioned for future opportunities

- Strong balance sheet
- Well performing investment portfolio
- 100% interest in Generator now secured

Continued growth in 2019

- Long term strategy to transform city centres
- Active development pipeline
- Further opportunities to increase shareholder value



Thank you

Key Financial Information

Key Financial Information

(\$ millions unless otherwise stated)	31 December 2018	31 December 2017	Change
Gross rental income	64.6	65.7	(1.7%)
Operating income before indirect expenses	47.3	47.6	(0.6%)
Operating income before income tax	38.1	40.9	(6.8%)
Net operating income	37.7	38.2	(1.3%)
Total comprehensive income after tax	25.5	17.7	44.1%
Earnings per share based on operating income before tax (cents)	3.15	3.38	(6.8%)
Earnings per share based on operating income after tax (cents)	3.11	3.15	(1.3%)
Net distribution (cents per share)	3.00	2.90	3.4%
Payout Ratio (%)	93	89	4.5%
(\$ millions unless otherwise stated)	31 December 2018	30 June 2018	Change
Total assets	2,524.9	2,561.7	(1.4%)
Total liabilities	844.4	871.0	(3.1%)
Total equity	1,680.5	1,690.7	(0.6%)
Shares on issue (million shares)	1,211.1	1,211.1	
NTA per share (cents)	139	140	(0.7%)
Gearing ratio at balance date (%)	24.3	25.0	(2.8%)

Profit & Loss

six months ended	31 December 2018	31 December 2017
amounts in \$ millions unless otherwise stated	Unaudited	Unaudited
Net property income	\$47.3 m	\$47.6 m
Indirect expenses	(\$1.5 m)	(\$1.1 m)
Performance fee	(\$2.1 m)	
Base fees	(\$4.1 m)	(\$4.0 m)
EBIT	\$39.6 m	\$42.5 m
Net interest expense	(\$1.5 m)	(\$1.6 m)
Operating profit before tax	\$38.1 m	\$40.9 m
Current tax expense	(\$0.4 m)	(\$2.7 m)
Operating profit after tax	\$37.7 m	\$38.2 m
Unrealised net gain / (loss) in value of investment and development properties		(\$14.7 m)
Net realised gain / (loss) on sale of investment properties	(\$1.9 m)	
Unrealised net gain / (loss) on financial instruments	(\$11.4 m)	(\$6.9 m)
Depreciation recovered on sale	(\$10.7 m)	
Deferred tax (expense) / benefit	\$12.6 m	\$1.6 m
Share of profit or (loss) of joint venture	(\$0.8 m)	(\$0.5 m)
Total comprehensive income after tax	\$25.5 m	\$17.7 m
Weighted Number of Shares on Issue	1,211.1 m	1,211.1 m
Net operating income before tax - gross (cps)	3.15 cps	3.38 cps
Net operating income after tax - (cps)	3.11 cps	3.15 cps
Net operating income after tax - pre performance fees	3.24 cps	3.15 cps
Payout ratio	93%	89%

Net property income

For the 6 months ended \$m	Unaudited six months ended 31 December 2018	Unaudited six months ended 31 December 2017	Δ
AMP Centre	\$4.7	\$4.8	(\$0.2)
PwC Tower	\$8.9	\$8.7	+ \$0.2
Zurich House	\$2.7	\$2.4	+ \$0.3
Mason Brothers	\$1.2	\$1.2	+ \$0.0
12 Madden Street	\$2.2	\$2.2	+ \$0.0
Auckland total	\$19.7	\$19.3	+ \$0.3
Pastoral House	\$2.2	\$2.2	(\$0.0)
157 Lambton Quay	\$3.9	\$3.7	+ \$0.2
AON Centre	\$4.4	\$4.5	(\$0.1)
Mayfair House	\$1.6	\$1.7	(\$0.0)
Wellington total	\$12.1	\$12.1	(\$0.0)
Investment portfolio	\$31.8	\$31.5	+ \$0.3
Transactions and Developments			
HSBC House	\$3.1	\$3.3	(\$0.1)
Commercial Bay	\$1.1	\$0.0	+ \$1.1
Bowen Campus	\$1.6	\$0.0	+ \$1.6
10 Brandon Street	\$0.2	\$0.9	(\$0.7)
No 1 The Terrace	\$2.0	\$2.9	(\$0.9)
10 Madden Street			
ANZ Centre	\$7.5	\$9.1	(\$1.6)
Total	\$47.3	\$47.6	(\$0.3)

Balance sheet

Financial Position as at amounts in \$ millions unless otherwise stated	31 December 2018	30 June 2018	
	Unaudited	Audited	Movement
Assets			
Property Assets	\$2,478.7 m	\$2,325.7 m	\$153.0 m
Fair value of swaps	\$20.7 m	\$18.2 m	\$2.5 m
Assets held for sale		\$191.2 m	(\$191.2 m)
Other	\$25.5 m	\$26.6 m	(\$1.1 m)
Total Assets	\$2,524.9 m	\$2,561.7 m	(\$36.8 m)
Liabilities			
Total Borrowings	\$725.8 m	\$761.7 m	(\$35.9 m)
Deferred Tax Liability	\$27.7 m	\$40.3 m	(\$12.6 m)
Fair value of swaps	\$42.7 m	\$33.8 m	\$8.9 m
Other	\$48.2 m	\$35.2 m	\$13.0 m
Total Liabilities	\$844.4 m	\$871.0 m	(\$27.0 m)
Equity	\$1,680.5 m	\$1,690.7 m	(\$10.0 m)
Liabilities to Total Assets	24.3%	25.0%	(0.7%)
Shares on Issue (m)	1,211.1 m	1,211.1 m	-
Net Tangible Asset per security (\$)	1.39	1.40	(0.01)

Portfolio metrics

8.5 years

Weighted average lease term
(including development pre-leasing)

100%

Occupancy

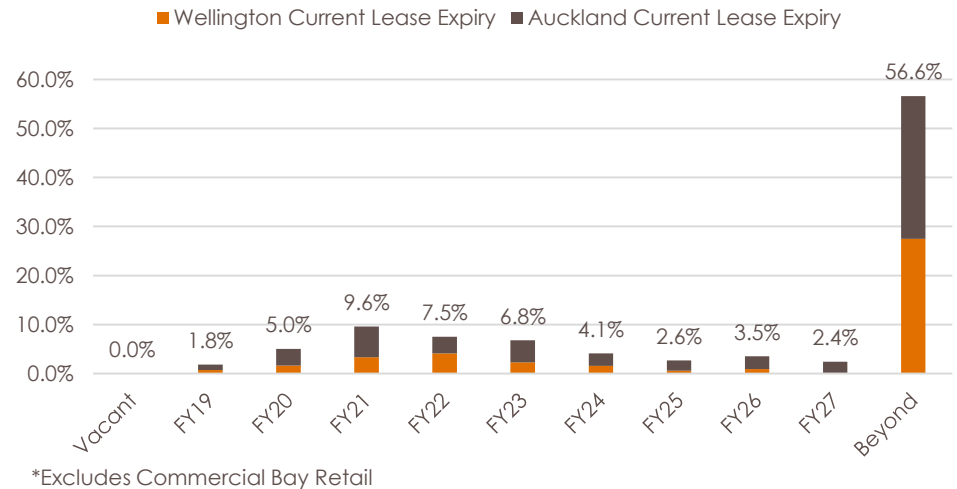
17,900 sqm

of NLA added to the investment
portfolio through developments

68%

weighting to Auckland

Lease expiry profile by area (including pre-commit)



Occupancy

