Precinct

Precinct Properties
Interim Results 2021

Agenda

Precinct Properties New Zealand Limited
Scott Pritchard, CEO
George Crawford, COO
Richard Hilder, CFO

Note: All $ are in NZD

Highlights

Financial Performance

- **NPI of $60.2 million, 22.3% higher than pcp**
- Comprehensive income after tax of **$167.9 million** (1H20: $53.6 million)
- **3.34 cps AFFO** representing a payout ratio of 98%
- **6.50 cps** dividend guidance representing a 3.2% increase y-o-y

Capital Management

- **$177 million** agreement for sale of 50% interest in ANZ Centre
  - Settlement expected April 2021
- **Strong balance sheet, gearing of 29.9%**
  - Reducing to around 26% following sale of ANZ Centre

Operational Performance

- **98%** portfolio occupancy, WALT of **7.7 years**
- **Contract rent growth of 7.9%** on new investment portfolio office leases
- Opening of **Commercial Bay** office tower
- Completion of **10 Madden Street** on time and on budget
- Construction commenced at **40 and 44 Bowen Street**

Our strategy

Precinct's strategy incorporates the following:

Principles of success:

- Focusing on concentrated ownership in strategic locations
- Maintain and grow great client relationships
- Investing in quality, both in assets and environments
- Maintaining a long-term view

Essential sustainability elements:

Empowering people

Operational excellence

Developing the future

Opportunities to outperform:

1. Stock selection
2. Development activity
3. Operating activity
   a) Commercial Bay Retail
   b) Generator
   c) Hospitality

Strategy progress

Operational excellence

- Active management driving significant portfolio outperformance with continued rental growth and limited vacancy
- Precinct received a 2020 Global Real Estate Sustainability Benchmark (GRESB) score of 83 (Global average: 70)
- Office portfolio and Generator positioned well for occupier trends driven by Covid-19
- Portfolio optimisation continuing with sale of 50% interest in ANZ Centre
- Launched Sustainable debt programme and Climate-related Financial Disclosure document

Developing the future

- 10 Madden Street completed on time and on budget
- 40 and 44 Bowen Street construction commenced and progressing well
- 1 Queen Street design advancing with revised composition

Empowering people

- Circa 200 FTE employees across Precinct, Generator and Commercial Bay Hospitality businesses.
- Training and development in staff maintained
    - Te Kaa sessions
    - The Resilience Project

Major themes

Workplace trends

- WFH established as part of workplace strategies with agile workforce increased from c.10% to c.20% with many employees working 1-2 days from home
- Importance of working from office recognised for collaboration, creativity and culture
- Businesses downsizing footprint are upgrading location, amenity and fitout

Occupier market

- Remains resilient in certain sub-markets
  - Higher quality sub-lease space is being absorbed by latent demand and reduced new build options across Auckland and Wellington
  - WLG remains strong underpinned by the growth in public sector workforce
- Well located Prime grade expected to outperform as workplace trends improve affordability and increase importance of location and building quality

Construction market

- Market becoming more active following 6-9 month period of lower activity
- Construction costs expected to increase with significant residential and public projects underway

City Centre

- City centre most impacted by Covid-19 with short term lockdowns and ongoing loss of tourism market
- Long term drivers for city centre remain intact and underpinned by workplace trends

Working from office

While working from home provides an effective continuity strategy, the benefits of working from the office are increasingly recognised

Benefits of working from the office

- Higher productivity/increased collaboration
- Enhanced culture, training/development and mentoring of staff
- Base for meetings, collaboration and value-add initiatives
- Health and Wellbeing benefits through a natural separation of home and work activities and increased social interaction

Benefits to Precinct occupiers

- Premium city centre locations with high levels of amenity
- Best in market lobby and end of trip facilities
- Events and activations building a sense of community
- Launch of Commercial Bay Club

Precinct

CLUB

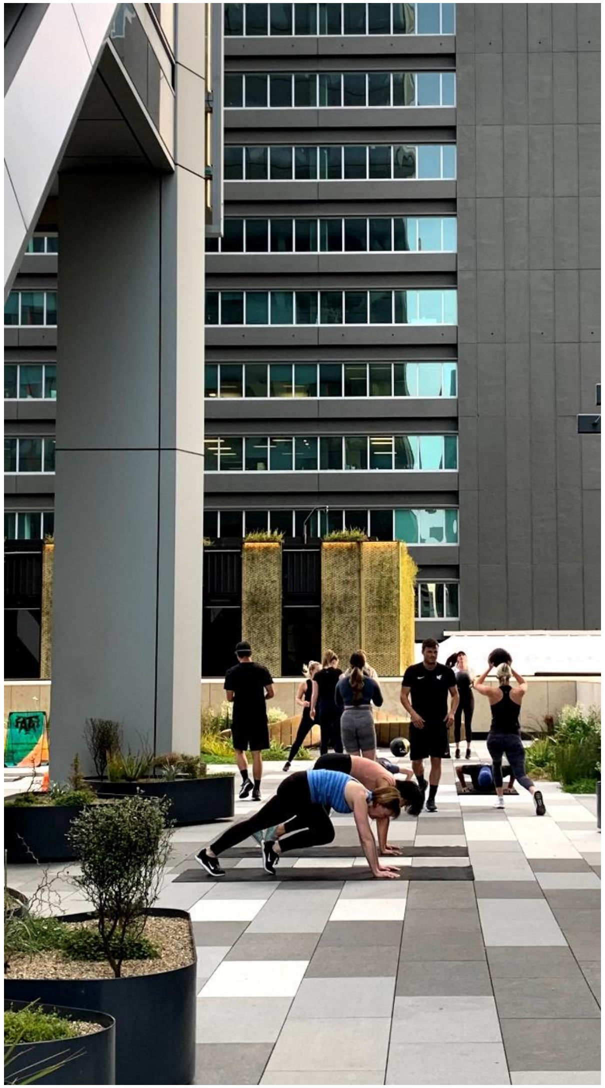
COMMERCIAL BAY

Community

- Commercial Bay Club is exclusively available to Precinct occupiers in the Auckland portfolio
- 2,000+ Club sign ups

Club benefits

- Exclusive invites to corporate, health and wellness, and social events including:
    - Fitness & yoga classes
    - Networking events
    - Monthly speaker series (commencing April)
    - Social activities in building lobbies
        - E.g. BBQ, drinks and live music
- Special offers from Commercial Bay and Harbour Eats retailers



Section 1

Financial results & capital management

Financial performance

For the 6 months ended ($m)	31 December 2020 Unaudited	31 December 2019 Unaudited	Δ
Operating income before indirect expenses	**$62.5 m**	**$54.0 m**	**+ $8.5 m**
Indirect expenses	($9.0 m)	($6.6 m)	($2.4 m)
Net interest expense	($10.7 m)	($2.5 m)	($8.2 m)
Operating income before income tax	**$42.8 m**	**$44.9 m**	**($2.1 m)**
Unrealised net gain in value of investment and development properties	$148.5 m	-	+ $148.5 m
Unrealised net (loss) on financial instruments	($22.4 m)	($2.0 m)	($20.4 m)
Other revenue	-	$26.7 m	($26.7 m)
Other non operating	($5.1 m)	($5.2 m)	+ $0.1 m
Net profit before taxation	**$163.8 m**	**$64.4 m**	**+ $99.4 m**
Current tax expense	$6.5 m	($7.6 m)	+ $14.1 m
Deferred tax (expense) / benefit	($7.1 m)	($2.5 m)	($4.6 m)
Net profit after income tax attributable to equity holders	**$163.2 m**	**$54.3 m**	**+ $108.9 m**
Other comprehensive income / (expenses)	$4.7 m	($0.7 m)	+ $5.4 m
Total comprehensive income after tax attributable to equity holders	**$167.9 m**	**$53.6 m**	**+ $114.3 m**

$167.9 m

Total comprehensive income after tax

+15.7%

Increase in operating income before indirect expenses

- **External valuations resulted in a $148.5 million revaluation gain**
- **Positive tax outcome**
  - Depreciation on structure ($7.2m)
  - Expenditure relating to testing, removal and encapsulation of contaminants as part of the demolition of building structure $13m (2016-2019)

Precinct

Operating income

Material increase due to completion of developments

Active period with 37,000m² of fitouts completed in Auckland

1 Queen St decanting complete

COVID negatively impacted operating income by ~$6.2m due to:

1. Temporary timing differences

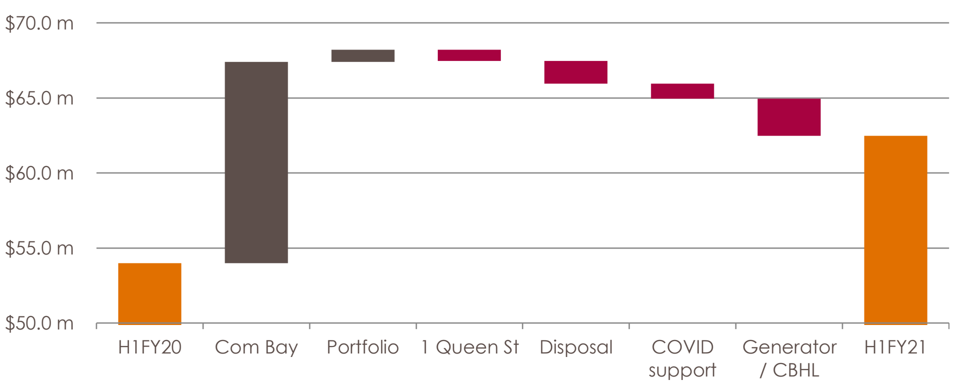
- Delays in the occupation of Commercial Bay resulted in lower than anticipated income ($5m)
    - Partly offset by higher income at HSBC Tower, 1 Queen Street & ANZ Centre (+$2.3m)

2. Other impacts

- $1m of retail support
- Lower Generator income ($1.7m)
- August lockdown & opening delays resulted in a CBHL loss of $0.8m
- No further rent relief on core office portfolio

For the 6 months ended $m (unaudited)	31 December 2020	31 December 2019	Δ
Auckland	$20.8	$21.1	($0.3)
Wellington	$17.2	$17.2	($0.0)
Investment portfolio	**$38.0**	**$38.3**	**($0.3)**
Transactions and Developments	$23.2	$10.9	+ $12.3
Subtotal	**$61.2**	**$49.2**	**+ $12.0**
COVID-19 Impact	($1.0)	-	($1.0)
Total net property income	**$60.2**	**$49.2**	**+ $11.0**
Generator	$3.1	$4.8	($1.7)
CBHL	($0.8)	-	($0.8)
Operating income before indirect expenses	**$62.5**	**$54.0**	**$8.5**

Operating income reconciliation



1 – Generator operating income of $3.1m excludes rent expense of $3.5m due to IFRS 16 resulting in an EBITDA of ($0.4m) (2019: $1.3m).

Adjusted funds from operations

AFFO
3.34 cps
+7.4% y-o-y

- 98% pay-out ratio of AFFO
- Funds from operations (FFO) were 13% higher
- Increased maintenance and incentives reflecting portfolio activity in the period

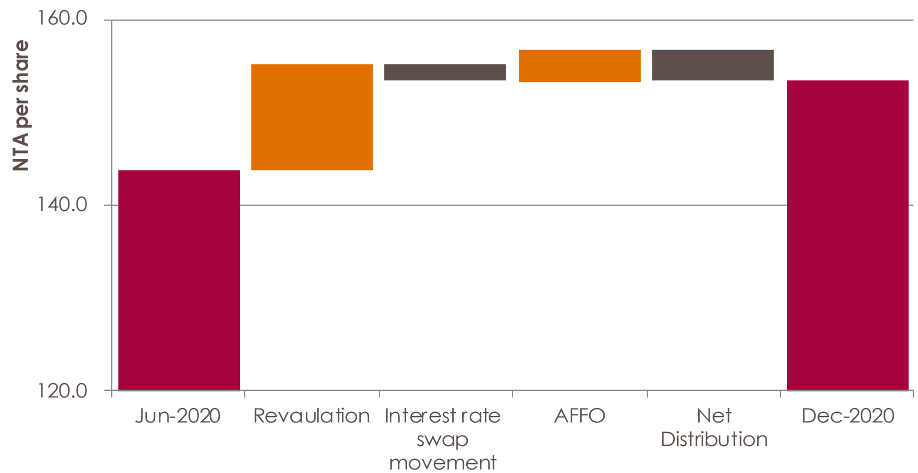
For the 6 months ended	31 December 2020	31 December 2019	Movement
Operating income before indirect expenses	**$62.5 m**	**$54.0 m**	**+ $8.5 m**
Indirect expenses	($9.0 m)	($6.6 m)	($2.4 m)
Net interest expense	($10.7 m)	($2.5 m)	($8.2 m)
Operating profit before tax	**$42.8 m**	**$44.9 m**	**($2.1 m)**
Current tax expense	$6.5 m	($7.6 m)	+ $14.1 m
Operating profit after tax	**$49.3 m**	**$37.3 m**	**+ $12.0 m**
Adjusted for:			
Generator rent expense (IFRS 16)[1]	($3.5 m)	($3.5 m)	($0.1 m)
Amortisations of incentives and leasing costs	$6.3 m	$4.0 m	+ $2.3 m
Liquidated damages tax impact	-	$7.5 m	($7.5 m)
One off item Project Initialisation Costs[2]	$0.4 m	-	+ $0.4 m
Straight-line rents	($1.7 m)	($0.4 m)	($1.3 m)
Funds from Operations (FFO)	**$50.8 m**	**$44.9 m**	**+ $5.9 m**
FFO per weighted security	**3.87 cps**	**3.42 cps**	
Dividend payout ratio to FFO	84%	92%	
Adjusted Funds From Operations			
Maintenance capex	($2.7 m)	($2.0 m)	($0.7 m)
Investment portfolio - Incentives and leasing fees	($4.3 m)	($2.0 m)	($2.3 m)
Adjusted Funds From Operations (AFFO)	**$43.8 m**	**$40.9 m**	**+ $2.8 m**
AFFO per weighted security	**3.34 cps**	**3.11 cps**	
Dividend paid in financial year	3.25 cps	3.15 cps	
Dividend payout ratio to AFFO	98%	101%	

1- Generator rent expense is excluded from operating profit due to IFRS 16
2- Project initiation costs associated with the unsuccessful acquisition of 4-10 Mayoral drive, Auckland from Auckland Council

Revaluations

- **Revaluation gain of $148.5 m or 5.1% attributable primarily to cap rate compression**
- **NAV per share of $1.55 (Jun-20: $1.45)**
- **Wellington saw the biggest % change YoY with ~60 bps of yield compression**
  - +7.7% investment Wellington portfolio
  - +4.5% investment Auckland portfolio
  - +1.4% development portfolio

NTA movement



Portfolio valuation

	30 Jun 2020 Market Value	Additions / Disposals	31 Dec 2020 Book Value	Value Movement: Revaluation	30 Jun 2020 Market Value	Revaluation %	Cap Rates %*: 30 Jun 2020	31 Dec 2020	Change
Investment Properties									
Wellington	$746.7 m	$14.5 m	$761.2 m	$58.5 m	$819.7 m	7.7%	6.06%	5.45%	(61 bps)
Auckland	$1,875.6 m	$40.9 m	$1,916.5 m	$86.6 m	$2,003.1 m	4.5%	4.93%	4.64%	(29 bps)
Subtotal – Investment Properties	**$2,622.3 m**	**$55.4 m**	**$2,677.7 m**	**$145.1 m**	**$2,822.8 m**	**5.4%**	**5.29%**	**4.90%**	**(39 bps)**
Development Properties									
Bowen Campus Stage 2	$28.6 m	$15.4 m	$44.0 m	$6.6 m	$50.6 m	15.1%	-	-	-
30 Waring Taylor Street	$6.9 m	$3.7 m	$10.6 m	-	$10.6 m	-	-	-	-
10 Madden Street	$53.1 m	$27.2 m	$80.3 m	$2.2 m	$82.5 m	2.8%	5.63%	5.38%	(25 bps)
1 Queen Street	$102.0 m	$9.5 m	$111.5 m	-$5.5 m	$106.0 m	-4.9%	5.13%	5.00%	(13 bps)
Subtotal – Development Properties	**$190.6 m**	**$55.7 m**	**$246.3 m**	**$3.4 m**	**$249.7 m**	**1.4%**	**n/a**	**n/a**	**n/a**
Total excl. Asset(s) Held for Sale	**$2,812.9 m**	**$111.0 m**	**$2,924.0 m**	**$148.5 m**	**$3,072.5 m**	**5.1%**	**5.29%**	**4.90%**	**(39 bps)**
Asset(s) Held for Sale									
ANZ Centre (50%)	$177.8 m	$0.4 m	$178.2 m	-	$178.2 m	-	-	5.25%	-
Total	**$2,990.7 m**	**$111.4 m**	**$3,102.1 m**	**$148.5 m**	**$3,250.6 m**	**4.8%**	**5.29%**	**4.90%**	**(39 bps)**

* Portfolio blended capitalisation rate excludes Commercial Bay Retail, Mayfair House, Development Properties and Asset(s) Held for Sale

Capital management

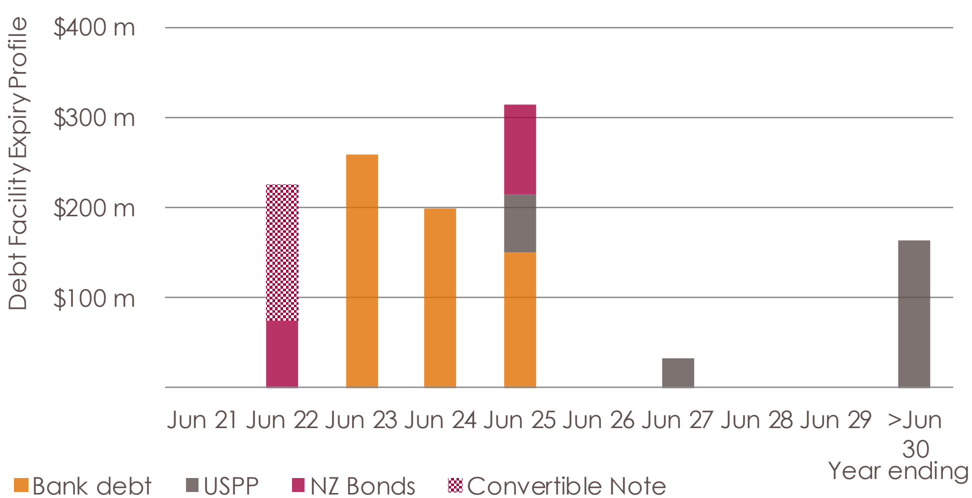
Capital management position remains strong supporting our long term strategy

- Gearing as measured under banking covenants is 29.9%
  - ~26% following ANZ Centre sale
- Consideration for additional non-core asset sales
- Ex convertible note, average term to expiry of 3.8 years
- Weighted average interest cost of 3.7%

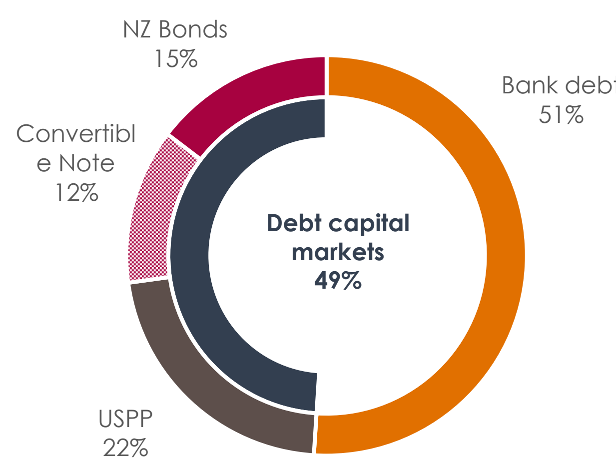
Key metrics	December 2020	June 2020
Debt drawn ($ millions)[1]	1,097.6	951.7
Gearing - banking covenant (%)	29.9	28.8
Weighted average term to expiry (years)	3.4 yrs	3.9 yrs
Weighted average debt cost (incl fees)	3.7%	3.9%
% of debt hedged (%)	57.0	56.0
Interest coverage ratio (previous 12 months)	2.1 x	2.4 x
Total debt facilities ($ millions)	1,196	1,196

1 Excludes the USPP note fair value adjustment of $69.3 m (June 2019: $28.0 m). Interest bearing liabilities are detailed in Note 21 of the Financial Statements.

Debt facility expiry profile



Funding diversity

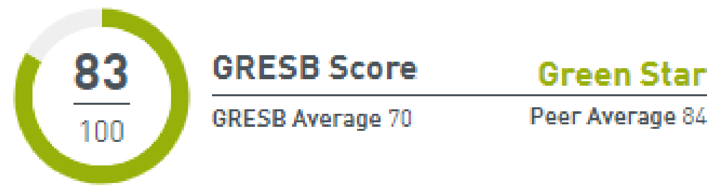


Sustainability at Precinct

ESG Progress

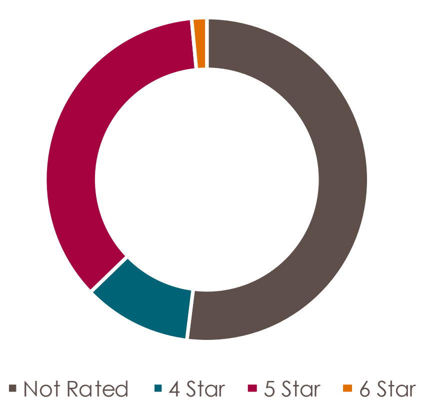
Improved our key performance measure, GRESB, to 83 (Global average: 70)

- Disclosed Climate-related Financial Disclosures document (TCFD)
- Launched sustainable debt programme against $1.7bn of green assets
- Precinct to benefit from occupier shift to green assets
    - Government NABERSNZ requirement



	2019	2020
GRESB	77	83
MSCI ESG rating	A	BBB
CDP	N/A	B-
Environmental performance (number of buildings) (most recent reported rating)		
NABERSNZ rating 3 or greater	4	8
Green Star greater than 4	5	5

Green Star Rated Assets by Portfolio Value



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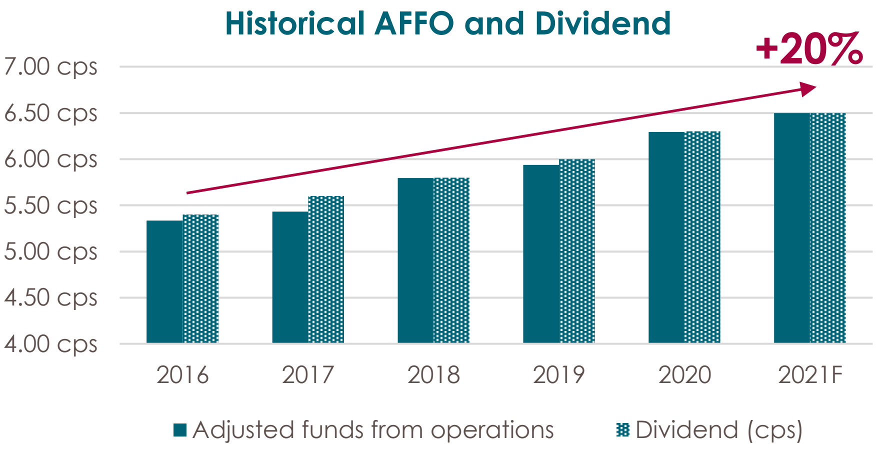
Precinct creating a sustainable future

FY21 guidance

6.50 cps

FY21 AFFO and dividend guidance



Completion of developments and sale of non-core assets will underpin a stable and strengthening earnings profile

AFFO and dividend expected to grow due to:

- Around 55% of the portfolio benefiting from structured reviews at an average of 3.0% p.a.
- 98% occupied and 7.7 year WALT providing lower leasing costs and incentives with no significant expiries in the medium term
- Revenue sourced from Government and high quality corporate occupiers
- Development pipeline providing an average yield on cost of 6.4% vs 5 year debt funding of sub 3%
- High quality modern portfolio reducing recurring capex requirement

Short term AFFO outlook presents some uncertainty due to potential for further lockdowns. However, high quality clients, structured rent reviews, and a long term WALT will support AFFO growth

Section 2

Our markets

City centres

Auckland – Return to the city

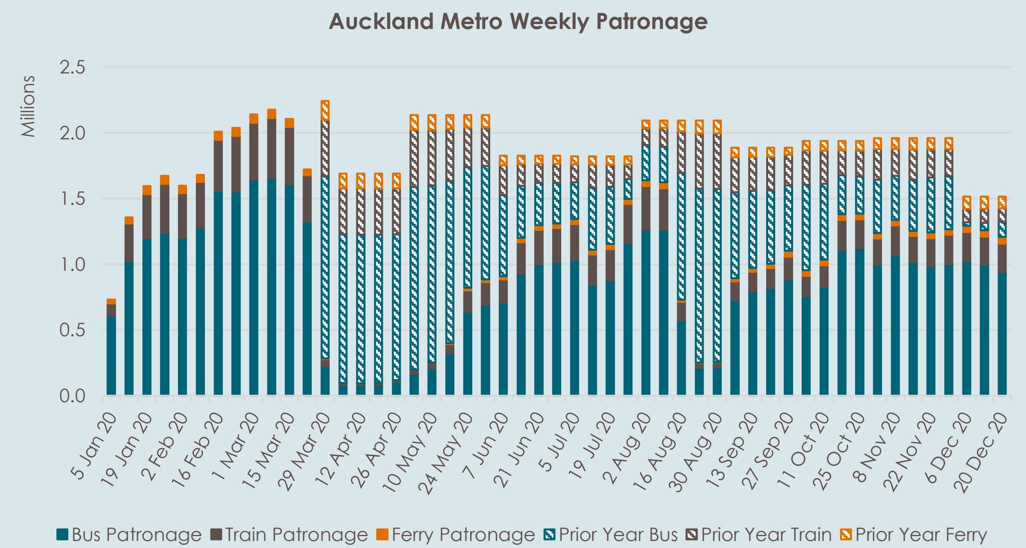
69%

Average AKL waterfront pedestrian counts Oct – Dec 2020 to comparable pre Covid-19 period

70%

Average AKL Metro weekly patronage increase Oct - Dec to comparable prior period

Notably, these figures exclude International tourists



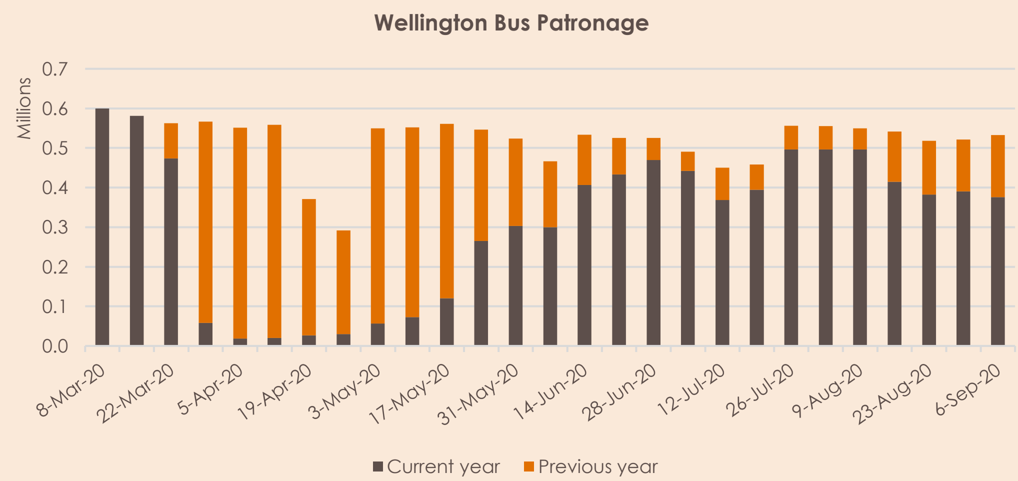
Wellington - Labour force underpinned by growth in Crown employment

+27%

Increase in Wellington public service FTEs (2017 to 2020)

+84,000m²

Implied increase in demand from change in Govt. FTEs (15.2m² per FTE)



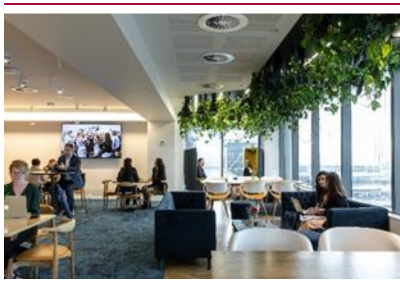
Our city centre markets

Prime office (Auckland CBD)

- Auckland waterfront market conditions remain resilient however elevated sublease space availability in secondary locations have impacted the traditional submarkets
- Occupiers are continuing to commit to new leases, albeit leasing decisions are taking longer and effective rentals are in some instances challenged by elevated incentives

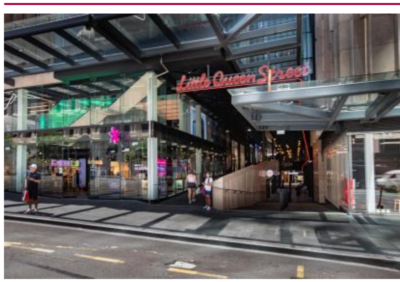
Prime office (Wellington CBD)

- Prime vacancy rates in Wellington remain near recent year lows with positive net absorption counterbalancing newly completed stock
- Demand driven by significant interest from both Government and corporate occupiers as is evident by leasing progress at Bowen Campus Stage 2



Flexible space

- Temporary reduction in occupancy rates due to COVID-19 disruptions
- Demand forecast to increase over the medium to long term with occupiers adopting increasingly flexible working arrangements and tenure



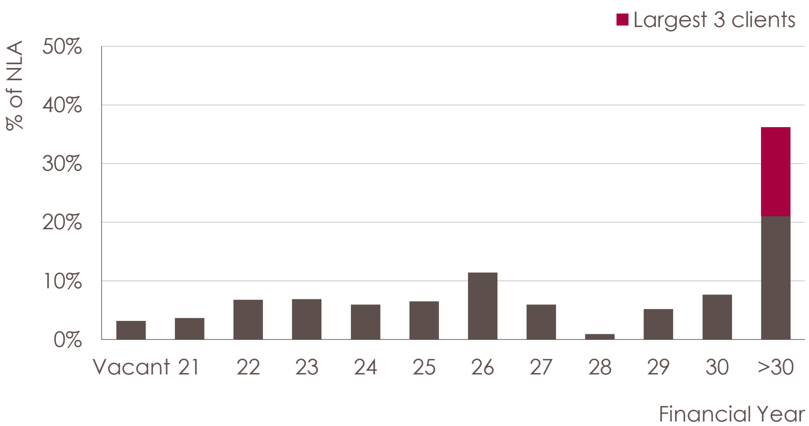
Prime retail

- Vacancies continue to rise in fringe retail locations from decreased footfall and continued pressure from e-commerce and shift to omni-channel retailing
- Market rentals holding for key tenancies albeit market uncertainty has resulted in protracted lease up periods

Auckland CBD office

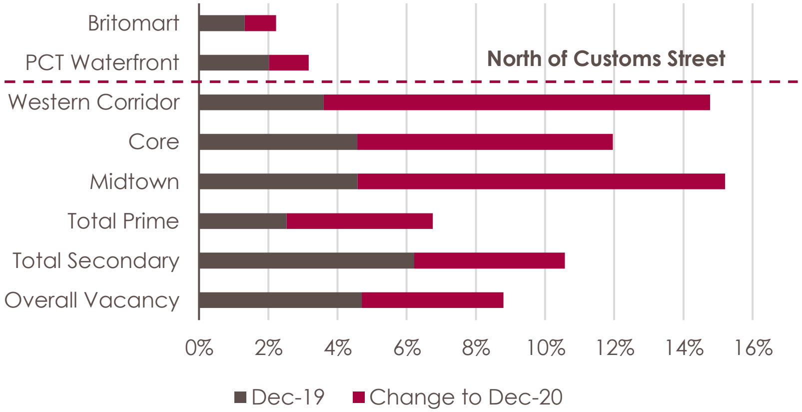
- Waterfront prime vacancy estimated at 2.9% despite 45,000m^2 of stock added since Dec-19
  - Reaffirms waterfront drift with occupiers attracted to improved amenities and public transport links
  - Increase in vacancy rate in traditional submarkets (Core / Midtown)
- PCT waterfront assets remain well-positioned
  - Blended WALT of 7.3 years with no material expiries over the medium term
- Prime yields have continued to firm in Auckland with steady level of competition for assets backed by secure long-term income

Lease expiry profile (PCT waterfront assets)



Source: Precinct Properties

Auckland CBD office vacancy

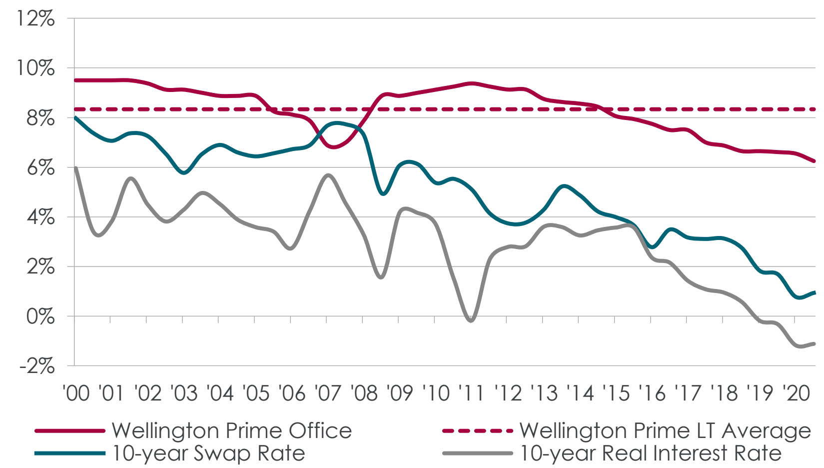


Source: Colliers International, Precinct Properties

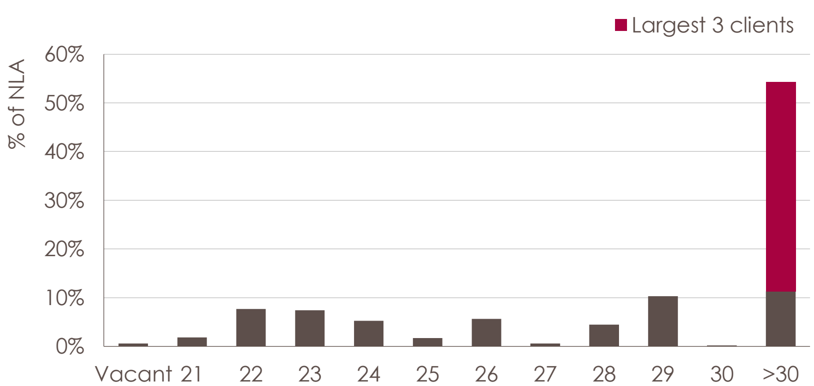
Wellington CBD office

- Prime vacancy rates continue to remain below long term average despite new supply
- Sublease availability in new builds expected to be absorbed relatively quickly
- Robust occupier demand driving rental growth
    - Prime gross effective rentals up 0.9% over six month period ended Dec-20
- Material firming of prime yields following sale of 20 Customhouse Quay

Wellington prime yield vs. interest rates



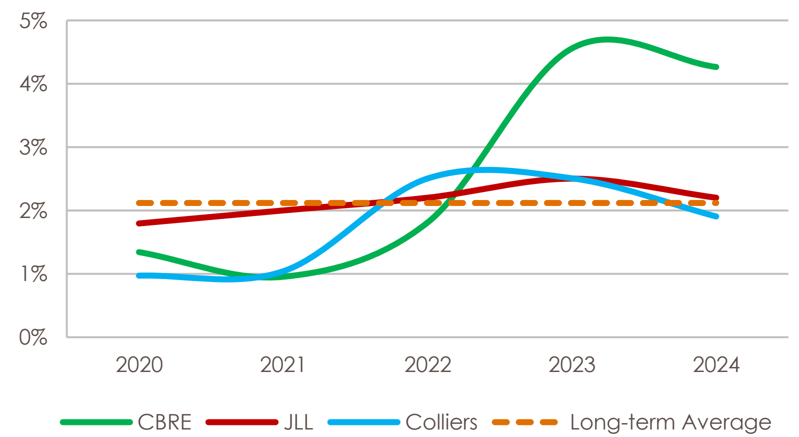
Lease expiry profile (PCT Wellington assets)



Source: Precinct Properties

Financial Year

Forecast prime vacancy



Source: CBRE, Colliers International, JLL

Sublease market

Broader market

- Impact of subleasing post Covid-19 has been more prominent in secondary and fringe locations
- According to CBRE research much of the potential sublease space has not translated into physical vacancy
- Good quality sublease space is meeting strong demand and being absorbed

Precinct occupiers

- Occupiers increasing focus on flexibility however most believe they will largely retain current premises footprint
- Only 1 out of 161 office occupiers has sublet premises post Covid-19, which was facilitated by Precinct. Exiting party has maintained city centre office premises with reduced footprint.
- Client employee occupancy levels confirm workplace strategies continue to prioritise work from office
  - ~85% of client employees are back in the office

Section 3

Operations

Portfolio activity

Key leasing update

- Strong leasing activity continues with 11,300 sqm completed and solid rental growth achieved
- New 9-year lease to Aon New Zealand over 2,200m² on levels 20, 21 and naming rights at AMP Centre
- Core office portfolio remains well occupied and with solid interest in future available space

7.7 years
Weighted average lease term

98%
Portfolio Occupancy

11,300 m²
Total leasing (including developments)

7.9%
Growth in contract rentals on new office leases

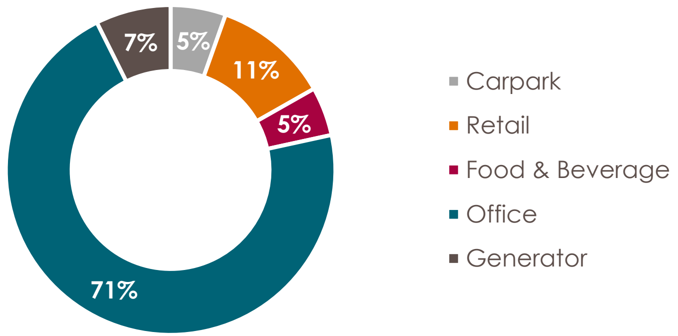
- **8.7%** **Auckland growth**
- **4.3%** **Wellington leasing growth**

Earnings quality

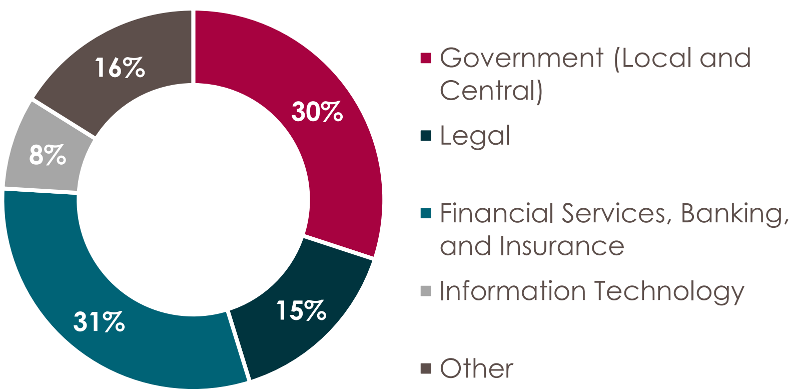
Precinct's well located buildings, high occupancy, quality client base, and long WALT gives confidence that our strategy will continue to deliver.

- Just **4%** of portfolio by income is subject to expiry over the next 12 months
- Precinct portfolio's exposure to **structured rent reviews** provides secure cashflow
  - **73%** of portfolio subject to review event in 2021 of which **10%** comprised market rent review

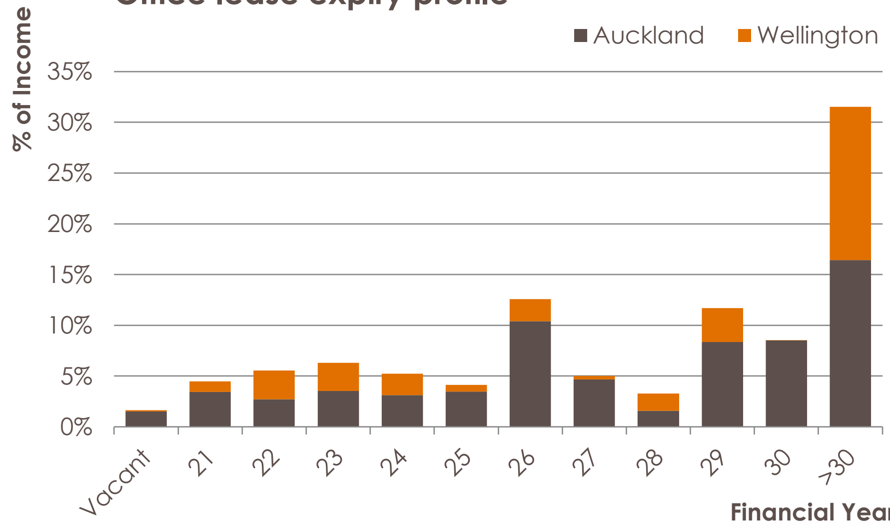
Gross revenue by asset class



Office revenue by industry



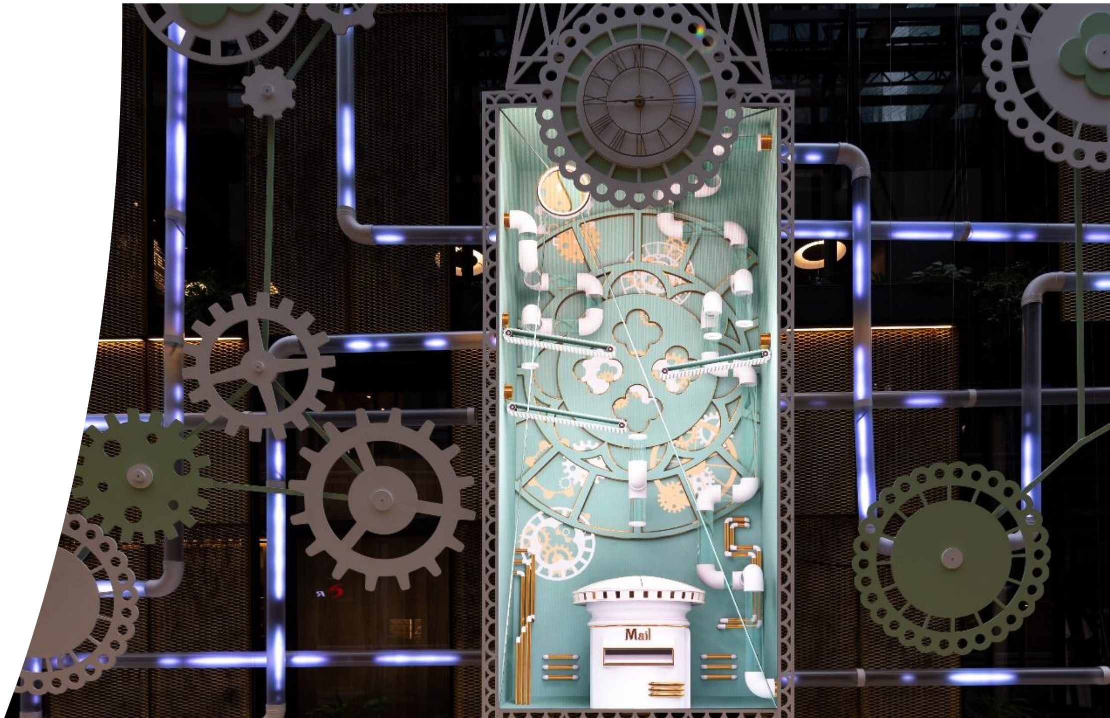
Office lease expiry profile



Precinct

Commercial Bay - retail

- Disruption due to Covid-19 lockdowns, city centre workforce patterns and major streetscape works make read through to underlying performance difficult
- Food & beverage has been the strongest performer, particularly Harbour Eats. International fashion has also been strong with mixed performance from NZ fashion retailers
- Strong Christmas trading through November and December
- The new centre has shifted peak attendance from mid week to Friday to Sunday
- Underlying performance estimated to sit 15-20% below pre-covid expectations

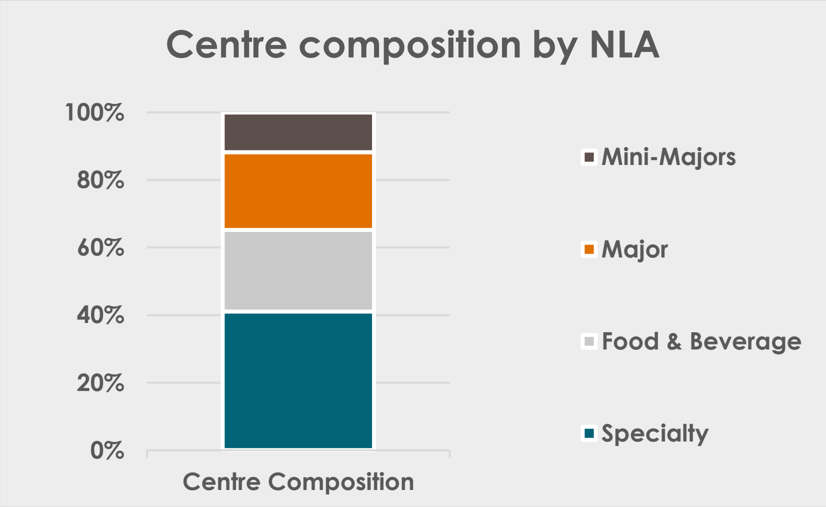


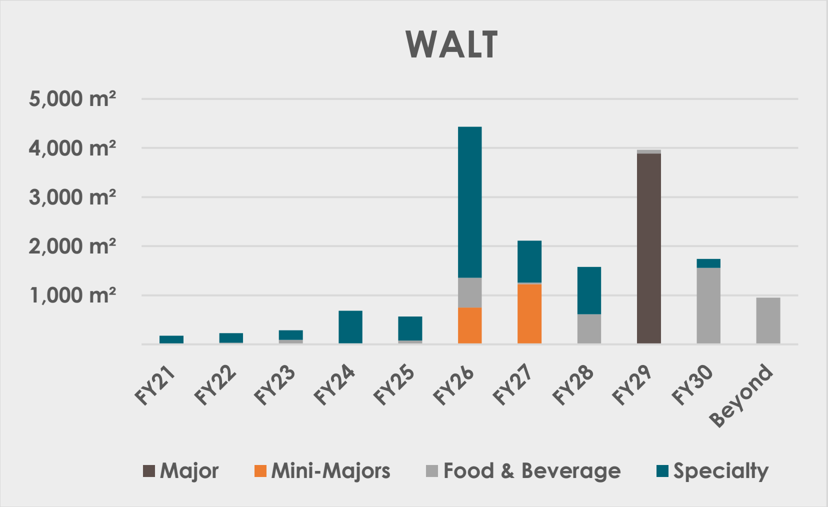
Commercial Bay - retail

Centre composition

All retailers are now open, and the centre is fully leased. With a carefully blended retailer composition, Commercial Bay is positioned to be the destination at the heart of the city.

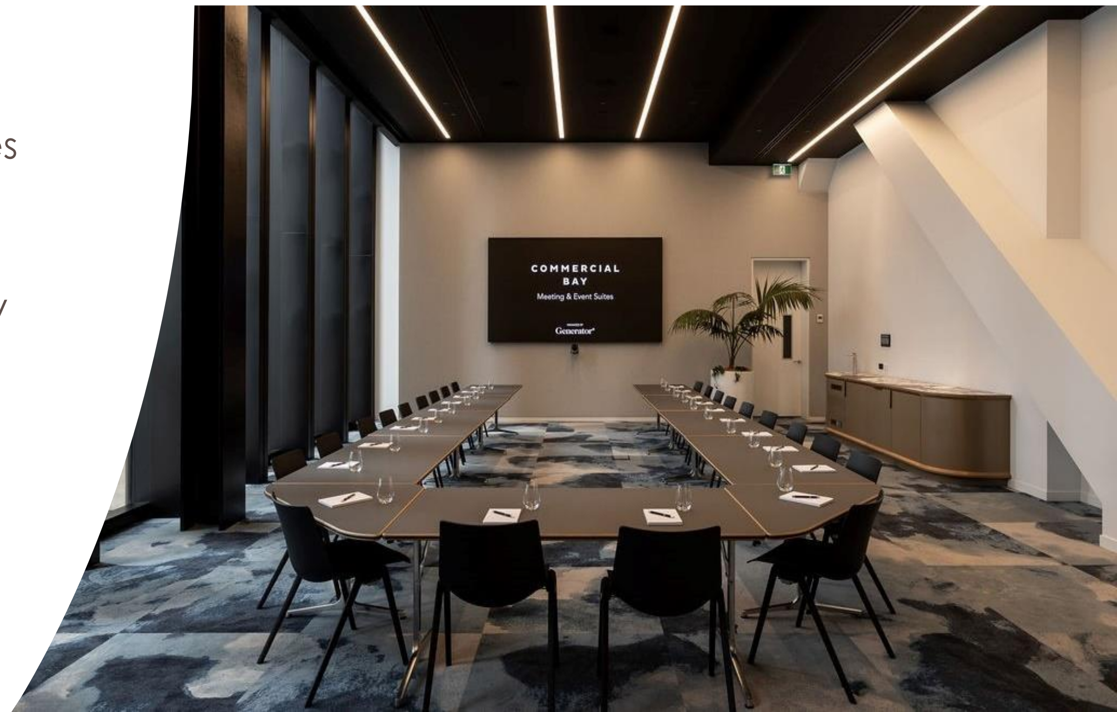
- **International retailers:** H&M, COS, Scotch and Soda, Hugo Boss, Tommy Hilfiger, Calvin Klein
- **Local retailers:** Just Another Fisherman, Edmund Hillary, Wynn Hamlyn, Aotea Made
- **Food & beverage:** Saxon & Parole, Poni Room, Ahi, Public, GoChu, Reign & Pour, the Lodge Bar





Operating businesses

- Commercial Bay Hospitality achieved successful openings however impact of lockdowns led to $800k loss for the half
    - Venues continue to adapt to create operational efficiencies
- Generator performed well with result inline with expectations despite second lockdown
    - Event sales significantly outperformed expectations, with the introduction of the Commercial Bay meeting suites
    - December event revenue was up 19% from the previous year, excluding the Commercial Bay meeting suites.



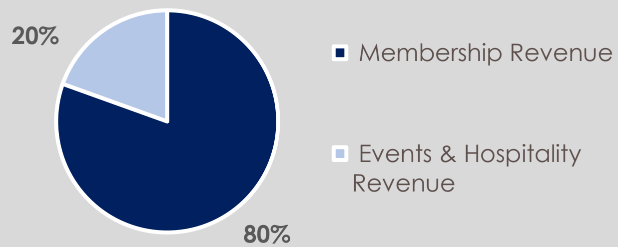
Generator performance

	H1FY21	H1FY20
Revenue[1]	$7.5m	$10.4m
EBITDA	($0.4m)	$1.3m

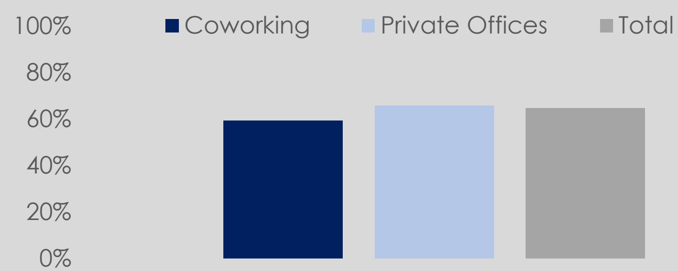
[1]Note: Generator performance includes intersegment revenue

- Business exceeding expectations despite unforeseen impact from COVID-19 lockdown and on track for full year breakeven
  - Year-end occupancy 65% across all sites with tight cost control mitigating lost revenue
  - Events revenue has grown back to pre-Covid levels
  - Membership revenue was impacted by membership downsizing but has now returned to growth
  - Medium term outlook remains strong with businesses increasingly valuing flexibility and new businesses choosing Generator over traditional leases
  - Increased relationship benefit, with Precinct clients utilising the meeting suites

Revenue sources



Occupancy



Section 4

Developments

Development summary

Current commitments

- Developments currently underway:
  - 10 Madden Street, Auckland (base build PC Oct-20)
  - 40 Bowen Street, Wellington (PC Sep-22)
  - 44 Bowen Street, Wellington (PC May-23)
- Total office NLA of 29,250m² on completion
  - 60% pre-committed to date with a c. 11 year WALT
- Forecast **blended ROC c. 23%** and **blended YOC c. 6.4%**

Pipeline

- **~32,800m² additional prime office NLA**
  - One Queen Street (c. 14,300m²)
  - Wynyard Quarter Stage 3 (c. 18,400m²)
- Target pipeline returns
  - Return on cost c. 15%+
  - Yield on cost c. 6%+

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Wynyard Quarter stage 2 – 10 Madden

- Base build practical completion achieved Oct-20 in line with programme
  - Income producing in March following completion of client fitout works
- Office floors pre-committed between Media Design School (4,946m^2) and a global tech company (2,600m^2)
- Ground floor leasing underway
  - 336m^2 office suite
  - 296m^2 laneway retail

~15%
Forecast return on cost

~7.0%
Forecast fully leased yield on cost

Bowen Campus stage 2 – 40 & 44 Bowen

- Committed to 44 Bowen during the half period with construction progressing well
  - Superstructure underway at 40 Bowen
  - Piling and ground anchors underway at 44 Bowen
- On programme to deliver practical completion in Sep-22 (40 Bowen) and May-23 (44 Bowen)
- Occupier pre-commitment secured from EY, Fujitsu, Generator and KPMG
  - 72% pre-committed at 40 Bowen
  - 25% pre-committed at 44 Bowen with ~30,000m^2 active enquiries

~25%

Forecast return on cost

6.6%

Forecast fully leased yield on cost

One Queen Street

- Redevelopment of One Queen Street currently on hold due to market uncertainty and to evaluate long-term optimal use post-COVID
    - Anticipate to commit and re-commence development works in 2021 calendar year
- Scheme now revised to provide circa 14,300m^2 of premium grade office space together with a 139-room InterContinental branded hotel and supporting F&B and retail amenities
    - Pre-commit client Bell Gully remains committed to the development
    - Positive market engagement with respect to balance of office space
    - Remain confident a hotel in One Queen Street's prime waterfront location will outperform over the medium/long term and provide complimentary amenity and income diversity to the wider Commercial Bay precinct

One Queen Street

Section 5

Outlook

Outlook

Uncertainty remains

- Health (COVID-19) and economic crisis
- Workplace strategies

However, Precinct's outlook remains robust with growth expected due to:

- High occupancy levels and a 7.7-year WALT providing lower leasing costs and incentives
- ~55% of the portfolio benefiting from structured reviews,
- Revenue sourced from Government and high-quality occupiers,
- Development pipeline providing accretion to current low cost of debt, and
- Low recurring capex requirements due to premium portfolio quality and asset age.

Precinct expects its full year normalised results to be consistent with earlier guidance provided. Full year FY21 AFFO and dividend remain at 6.50 cps, representing a 3.2% y-o-y increase to shareholders.

Appendices

App 1: Operating income

For the 12 months ended $m	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019	Δ
AMP Centre	$5.7	$6.1	($0.4)
HSBC Tower	$9.0	$9.0	$0.0
Jarden House	$2.7	$2.7	$0.0
Mason Brothers	$1.2	$1.1	$0.0
12 Madden Street	$2.3	$2.2	$0.0
Auckland total	**$20.8**	**$21.13**	**($0.3)**
No 1 The Terrace			
NTT Tower	$3.4	$3.6	($0.2)
AON Centre	$5.3	$5.1	$0.2
Mayfair House	$1.6	$1.7	($0.1)
Bowen Campus	$6.9	$6.8	$0.1
Wellington total	**$17.2**	**$17.18**	**($0.0)**
Investment portfolio	**$38.0**	**$38.31**	**($0.3)**
Transactions and Developments			
1 Queen Street	$1.3	$2.1	($0.7)
ANZ Centre	$3.9	$4.6	($0.7)
PWC Tower	$7.7		$7.7
Commercial Bay Retail	$7.2	$1.5	$5.7
10 Madden Street	$0.0	$0.0	$0.0
Pastoral House	($0.0)	$0.8	($0.8)
No 1 The Terrace	$3.1	$2.0	$1.1
30 Waring Taylor	$0.0	$0.0	$0.0
Subtotal	**$61.2**	**$49.24**	**$12.0**
COVID-19 Impact	($1.0)		($1.0)
Total net property income	**$60.2**	**$49.24**	**$11.0**
Generator	$3.1	$4.8	($1.7)
CBHL	($0.8)		($0.8)
Operating income before indirect expenses	**$62.5**	**$54.00**	**$8.5**

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App 2: Balance sheet

Financial Position as at ($m)	31 December 2020 Unaudited	30 June 2020 Audited	Movement
Assets			
Development properties	$249.7	$190.6	+ $59.1
Investment properties	$2,822.8	$2,800.1	+ $22.7
Investment properties held for sale	$178.2		+ $178.2
Intangible assets	$18.8	$18.9	($0.1)
Fair value of derivative financial instruments	$35.5	$95.2	($59.7)
Right-of-use assets	$35.6	$38.1	($2.5)
Other	$52.9	$42.3	+ $10.6
Total Assets	**$3,393.5**	**$3,185.2**	**+ $208.3**
Liabilities			
Interest bearing liabilities	$1,147.8	$1,028.9	+ $118.9
Deferred tax liability	$45.6	$36.5	+ $9.1
Lease liabilities	$41.8	$43.4	($1.6)
Fair value of derivative financial instruments	$76.1	$86.2	($10.1)
Other	$47.9	$81.8	($33.9)
Total Liabilities	**$1,359.2**	**$1,276.8**	**+ $82.4**
Equity	**$2,034.3**	**$1,908.4**	**+ $125.9**
NIBD to Total Assets	32.4%	29.9%	2.5%
Liabilities to Total Assets - Loan Covenants	29.9%	28.8%	1.1%
Shares on Issue (m)	1,313.8 m	1,313.8 m	
Net tangible assets per security	$1.53	$1.44	0.10
Net asset value per security	$1.55	$1.45	0.10

App 3: Asset level valuations

	30 Jun 2020 Market Value	Value Movement: Additions / Disposals	Value Movement: 31 Dec 2020 Book Value	Value Movement: Revaluation	30 Jun 2020 Market Value	Revaluation %	Cap Rates %*: 30 Jun 2020	Cap Rates %*: 31 Dec 2020	Cap Rates %*: Change
Investment Properties									
NTT Tower	$124.0 m	-$0.2 m	$123.8 m	$21.2 m	$145.0 m	17.2%	6.38%	5.50%	(88 bps)
AON Centre	$172.9 m	$1.7 m	$174.6 m	$11.3 m	$185.9 m	6.5%	6.63%	5.63%	(100 bps)
No. 1 The Terrace	$107.5 m	$0.4 m	$107.9 m	$7.1 m	$115.0 m	6.6%	5.88%	5.63%	(25 bps)
No. 3 The Terrace	$14.0 m	-	$14.0 m	-	$14.0 m	-	-	-	-
Mayfair House	$60.2 m	$10.9 m	$71.1 m	$5.9 m	$77.0 m	8.2%	6.13%	5.75%	(38 bps)
Bowen Campus Stage 1	$268.1 m	$1.7 m	$269.8 m	$13.0 m	$282.8 m	4.8%	5.63%	5.25%	(38 bps)
Subtotal – Wellington	**$746.7 m**	**$14.5 m**	**$761.2 m**	**$58.5 m**	**$819.7 m**	**7.7%**	**6.06%**	**5.45%**	**(61 bps)**
PwC Tower	$580.0 m	$11.4 m	$591.4 m	$33.6 m	$625.0 m	5.7%	4.88%	4.63%	(25 bps)
HSBC Tower	$409.0 m	$14.8 m	$423.8 m	$26.2 m	$450.0 m	6.2%	5.50%	5.13%	(38 bps)
AMP Centre	$205.0 m	$0.7 m	$205.7 m	$15.8 m	$221.5 m	7.7%	5.25%	4.88%	(38 bps)
Jarden House	$124.0 m	$4.3 m	$128.3 m	$9.7 m	$138.0 m	7.6%	4.63%	4.38%	(25 bps)
12 Madden Street	$46.6 m	-$0.1 m	$46.5 m	$3.8 m	$50.3 m	8.2%	5.13%	4.75%	(38 bps)
Mason Brothers Building	$86.0 m	$0.9 m	$86.9 m	$8.4 m	$95.3 m	9.7%	5.25%	4.88%	(38 bps)
Commercial Bay Retail	$425.0 m	$8.8 m	$433.8 m	-$10.8 m	$423.0 m	-2.5%	5.25%	5.25%	-
Subtotal – Auckland	**$1,875.6 m**	**$40.9 m**	**$1,916.5 m**	**$86.6 m**	**$2,003.1 m**	**4.5%**	**4.93%**	**4.64%**	**(29 bps)**
Subtotal – Investment Properties	**$2,622.3 m**	**$55.4 m**	**$2,677.7 m**	**$145.1 m**	**$2,822.8 m**	**5.4%**	**5.29%**	**4.90%**	**(39 bps)**
Development Properties									
Bowen Campus Stage 2	$28.6 m	$15.4 m	$44.0 m	$6.6 m	$50.6 m	15.1%	-	-	-
30 Waring Taylor Street	$6.9 m	$3.7 m	$10.6 m	-	$10.6 m	-	-	-	-
10 Madden Street	$53.1 m	$27.2 m	$80.3 m	$2.2 m	$82.5 m	2.8%	5.63%	5.38%	(25 bps)
1 Queen Street	$102.0 m	$9.5 m	$111.5 m	-$5.5 m	$106.0 m	-4.9%	5.13%	5.00%	(13 bps)
Subtotal – Development Properties	**$190.6 m**	**$55.7 m**	**$246.3 m**	**$3.4 m**	**$249.7 m**	**1.4%**	**n/a**	**n/a**	**n/a**
Total excl. Asset(s) Held for Sale	**$2,812.9 m**	**$111.0 m**	**$2,924.0 m**	**$148.5 m**	**$3,072.5 m**	**5.1%**	**5.29%**	**4.90%**	**(39 bps)**
Asset(s) Held for Sale									
ANZ Centre (50%)	$177.8 m	$0.4 m	$178.2 m	-	$178.2 m	-	-	5.25%	-
Total	**$2,990.7 m**	**$111.4 m**	**$3,102.1 m**	**$148.5 m**	**$3,250.6 m**	**4.8%**	**5.29%**	**4.90%**	**(39 bps)**

* Portfolio blended capitalisation rate excludes Commercial Bay Retail, Mayfair House, Development Properties and Asset(s) Held for Sale

App 4: Investment portfolio overview

Key metrics

	Investment portfolio	Auckland	Wellington
WALT	**7.7 years**	7.1 years	9.1 years
Occupancy	**98%**	96%	99%
Investment Portfolio Value ($m)	**$3,001.0 m**	$2181.3 m	$819.7 m
Weighted average market cap rate	**5.0%**	4.8%	5.5%
NLA (m^2)	**269,901 m^2**	155,822 m^2	114, 078 m^2

Portfolio metrics

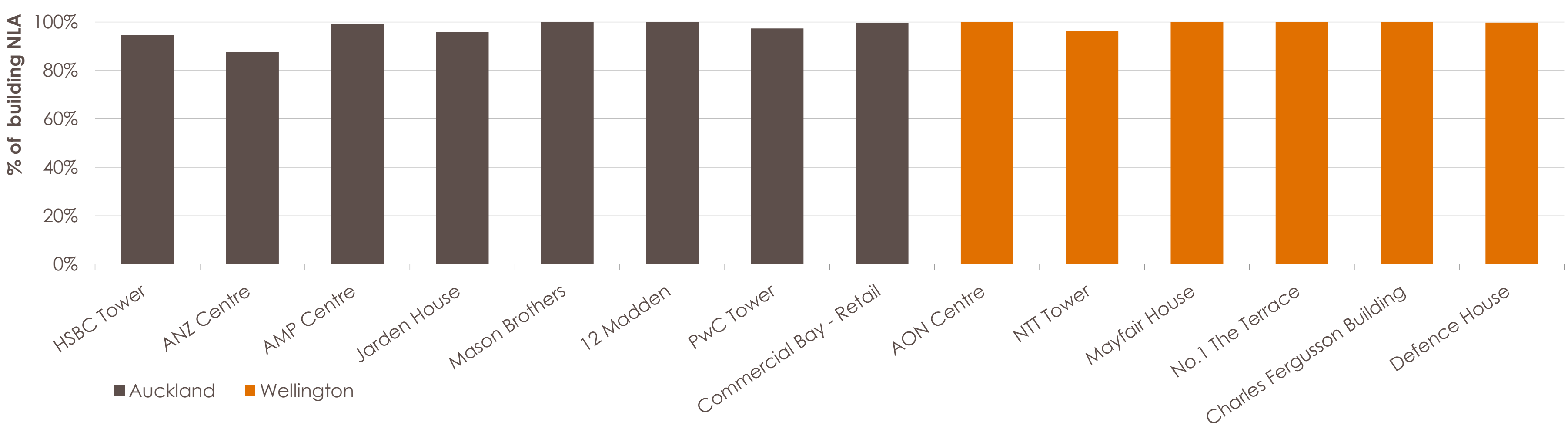
7.7 years

Weighted average lease term

98%

Portfolio occupancy

Occupancy



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