Precinct

FY24 INTERIM RESULTS

22 February 2024

Artist impression – York House

Agenda

01 **Highlights & key themes**

Scott Pritchard, CEO

02 **Financial results & capital management**

Richard Hilder, CFO

03 **Capital partnering**

George Crawford, Deputy CEO

04 **Investment update**

George Crawford, Deputy CEO

05 **Development update**

Scott Pritchard, CEO

06 **Summary**

Scott Pritchard, CEO

All figures provided in this presentation are as at 31 December 2023 unless otherwise stated. All dollar values are NZD.

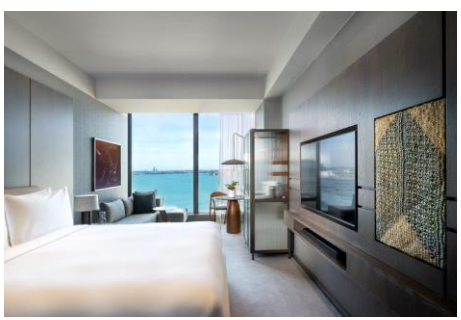
Operational highlights

Strategic execution

- Entered into conditional agreement with Eke Panuku to acquire and redevelop the Downtown Car Park site in Auckland.
- Commenced construction of two new build-to-sell apartment developments on behalf of capital partners, with a total sales value of circa $300 million incl. GST.
- Joint venture formed with Ngāti Whātua Ōrākei to invest in Te Tōangaroa alongside PAG.
- Sale of Mason Bros. building in Auckland's Wynyard Quarter for $50.3 million with capital from the sale supporting continued evolution and execution of our strategy.

Financial performance

- Funds from operations (FFO) from directly held investment portfolio of $63.5 million, **up 4.3%** on pcp.
- Operating profit before income tax of $54.3m, **up 3.4%** on pcp[1].
- Adjusted funds from operations (AFFO) of **3.26cps** (1H23: 3.42cps, 2H23: 3.27 cps).
- $150 million of subordinated convertible notes issued during the period providing Precinct capital management and strategic benefits.
- FY24 dividend guidance **remains at 6.75 cps**.



Operational excellence

- Portfolio occupancy remains high at **98%** with a WALT of **6.4 years**.
- Achieved **16.4% growth** in contract rents on new office leases.
- Deloitte Centre completed in the period.
- InterContinental Auckland commenced operations on 30 January 2024.
- Willis Lane F&B precinct completed and opened successfully.
- Onehunga Mall Club ($92 million[2] build-to-sell apartment development) successfully completed.

Note 1: Net of straight line rent adjustments, following a change in calculation adopted in the period
Note 2: Gross development value including GST

Key themes

Capital partnerships

- Elevated investor demand being observed for residential and living sectors. Strong underlying investment thematics of population growth and slowing supply are leading to high rental growth and supply/demand imbalances.
- Global investor demand for office remains subdued as portfolios are rebalanced, however liquidity remains for high quality assets.
- Interest in value-add strategies continues, however opportunities in local markets are limited, with little distress observed to date.
- Preferences continue to evolve as global investors rebalance portfolios and seek out sectors with best risk-adjusted returns.
- Precinct and its partners continue to explore further opportunities.

Investment market

- Higher interest rates continue to provide valuation headwinds, however investor view that rates have peaked is improving sentiment.
- Continued demand exists where value is obvious.
- Transaction volumes remain subdued.

Construction market

- Construction costs remain elevated in nominal terms, albeit some signs of easing are emerging.
- Replacement costs exceed market values which will limit supply and support rental growth for existing stock, particularly for premium office where vacancy remains low.

Precinct


Financial results
& capital
management

Financial performance

Unaudited six months ended	31 Dec 23	31 Dec 22	Δ
Operating profit before indirect expenses	**$73.8 m**	**$69.1 m**	**+$4.7 m**
Corporate overhead expense	($2.7 m)	($2.5 m)	($0.2 m)
Net interest expense	($16.8 m)	($15.3 m)	($1.5 m)
Operating profit before income tax	**$54.3 m**	**$51.3 m**	**+$3.0 m**
Net change in fair value of investment and development properties	($5.5 m)	($53.6 m)	+$48.1 m
Net change in fair value of derivative financial instruments	($11.1 m)	$11.8 m	($22.9 m)
Net gain / (loss) on sale of investment properties	($10.3 m)		($10.3 m)
Share of profit / (loss) in equity-accounted investments	($3.1 m)	($0.4 m)	($2.7 m)
Other non-operating expenses	($6.6 m)	($6.4 m)	($0.2 m)
Net profit before taxation	**$17.7 m**	**$2.7 m**	**+$15.0 m**
Current tax benefit / (expense)	($0.8 m)	$4.2 m	($5.0 m)
Depreciation recovered on sale	($0.5 m)	($5.4 m)	+$4.9 m
Deferred tax expense / (benefit)	($1.1 m)	($3.3 m)	+$2.2 m
Net profit after income tax attributable to equity holders	**$15.3 m**	**($1.8 m)**	**+$17.1 m**
Other comprehensive income / (expense)	($2.4 m)	$2.4 m	($4.8 m)
Total comprehensive income after tax attributable to equity holders	**$12.9 m**	**$0.6 m**	**+$12.3 m**
Net tangible assets per security	**$1.35**	**$1.50**	**($0.15)**

+$17.1m

Increase in net profit after tax

$1.35

NTA per security

Interim valuations

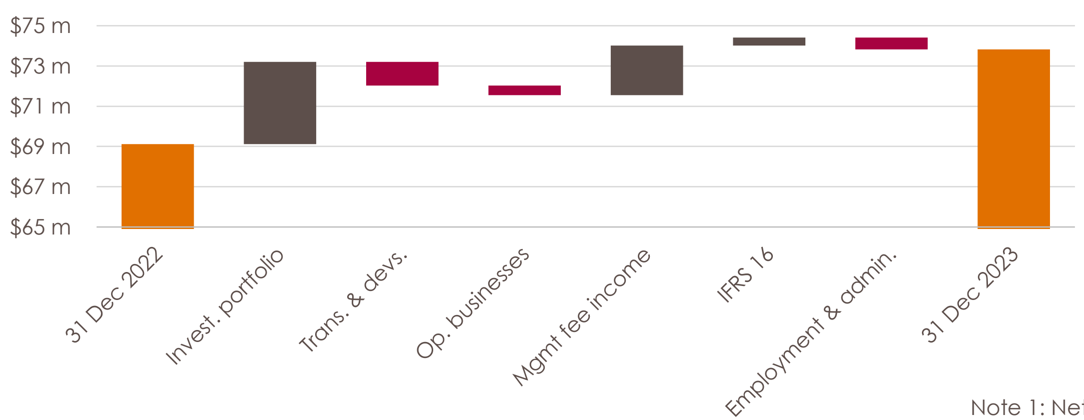
- PPILP and BILP assets externally valued as at 31 December 2023. The assessed values were 0.5% below Precinct's carrying values for those assets.
- Independent valuation was also carried out on 61 Molesworth Street following its addition to Precinct's mortgaged property pool.
- Consistent with policy, an internal valuation review was undertaken which concluded the book value for the Precinct portfolio remains materially consistent with fair value.

Precinct

Operating income

Unaudited 6 months ended	31 Dec 23	31 Dec 22	Δ	%
Directly held property funds from operations (FFO)				
Auckland office FFO	$37.2 m	$34.0 m	+$3.2 m	+9.4%
Wellington office FFO	$17.3 m	$17.5 m	($0.2 m)	(1.1%)
Commercial Bay retail FFO	$7.7 m	$8.4 m	($0.7 m)	(8.3%)
Other properties FFO	$1.3 m	$0.9 m	+$0.4 m	+44.4%
Investment portfolio FFO	**$63.5 m**	**$60.9 m**	**+$2.6 m**	**+4.3%**
Transactions and Developments FFO	$8.7 m	$10.2 m	($1.5 m)	(14.7%)
Directly held property FFO	**$72.2 m**	**$71.1 m**	**+$1.1 m**	**+1.5%**
Amortisations of incentives and leasing costs	($6.4 m)	($6.9 m)	+$0.5 m	(7.2%)
Straight-line rents	$2.5 m	$1.2 m	+$1.3 m	+108.3%
Net property income	**$68.3 m**	**$65.4 m**	**+$2.9 m**	**+4.4%**
Operating businesses	$1.0 m	$1.4 m	($0.4 m)	(28.6%)
Management fee income	$4.1 m	$1.6 m	+$2.5 m	+156.3%
Employment and admin expenses	($4.2 m)	($3.6 m)	($0.6 m)	+16.7%
IFRS 16 rent expense elimination	$4.6 m	$4.2 m	+$0.4 m	+9.5%
Operating profit before indirect expenses	**$73.8 m**	**$69.1 m**	**+$4.7 m**	**+6.8%**

Operating income reconciliation



+4.3%

Increase in FFO from directly held investment portfolio

+9.4%

Increase in Auckland office FFO

- Auckland office FFO uplift underpinned by strong base rental growth in HSBC and PwC Towers, plus make good income received in the period.
- Commercial Bay variance reflects evolving tenant mix as the centre continues to build to a stabilised position.
- Net property income of $68.3m, up $1.6m (+2.5%)[1].
- Operating income before indirect expenses of $73.8m was up $3.4m[1] (+5.0%) for the period.

Note 1: Net of straight-line rent adjustment made in the period following a change of calculation

FFO and AFFO

Unaudited six months ended	31 Dec 23	31 Dec 22	Δ
Directly held property FFO	$72.2 m	$71.1 m	+$1.1 m
Cornerstone distributions	$1.6 m	$0.3 m	+$1.3 m
Property investments FFO	**$73.8 m**	**$71.4 m**	**+$2.4 m**
Operating businesses	$1.0 m	$1.4 m	($0.4 m)
Net management expense	($0.1 m)	($2.0 m)	+$1.9 m
Underlying FFO	**$74.7 m**	**$70.8 m**	**+$3.9 m**
Net interest expense	($16.8 m)	($15.3 m)	($1.5 m)
Current tax benefit / (expense)	($0.8 m)	$4.2 m	($5.0 m)
Other indirect expenses & adjustments	($1.8 m)	($1.7 m)	($0.1 m)
Funds From Operations (FFO)	**$55.3 m**	**$58.0 m**	**($2.7 m)**
FFO per weighted security	**3.49 cps**	**3.66 cps**	**(0.17 cps)**
Dividend payout ratio to FFO	97%	92%	
Adjusted Funds From Operations			-
Maintenance capex	($1.9 m)	($1.3 m)	($0.6 m)
Investment portfolio - Incentives and leasing fees	($1.7 m)	($2.5 m)	+$0.8 m
Adjusted Funds From Operations (AFFO)	**$51.7 m**	**$54.2 m**	**($2.5 m)**
AFFO per weighted security	**3.26 cps**	**3.42 cps**	**(0.16 cps)**
Dividend paid in financial year	**3.38 cps**	**3.35 cps**	+0.03 cps
Dividend payout ratio to AFFO	104%	98%	-
Retained earnings	($1.8 m)	$1.1 m	($2.9 m)

+5.5%

Increase in underlying FFO

$4.1m

Management fee income from partnerships and third parties

- Funds from operations (FFO) of $55.3m or 3.49 cents per weighted security.
- AFFO of 3.26 cps down (4.6%) primarily due to a positive tax position in the prior period.
- Cornerstone distributions of $1.6m providing positive contribution
- Management fee income up $2.5m reducing net management expense to $0.1m (HY23: $2.0m and $4.2m at internalisation).

Precinct

Capital management

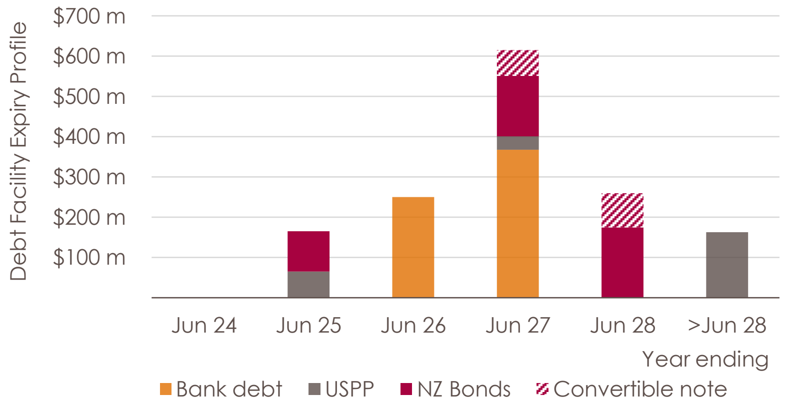
Active capital management continues to position the balance sheet to execute on strategy through growth in co-investment platform

- The $50.3 million sale of Mason Bros. and $150 million subordinated convertible notes issuance has reduced gearing to 31.6% and provides liquidity to progress residential and third-party capital opportunities.
- Hedging has increased to ~100% at an average interest rate of 5.3%, while ICR is forecast to improve in the near term with the completion of One Queen Street.
- $168 million green loan secured for the 61 Molesworth Street development at a margin below existing syndicated facilities. Weighting to non-bank debt sources now at 57%.
- Near-term focus on refinancing upcoming maturities and FY27 maturity profile.

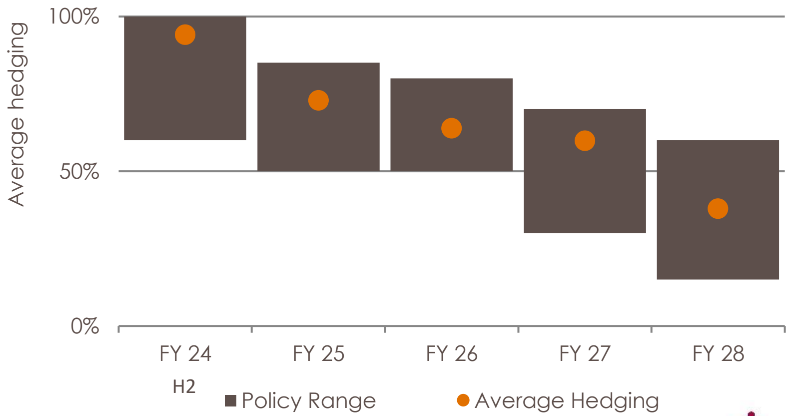
Key metrics	31 Dec 23	30 Jun 23
Debt drawn ($m)	1,184	1,247
Gearing (Banking covenant: 50%)[1]	31.6	38.0
Weighted average term to expiry (years)	3.2	3.5
Weighted avg. debt cost (incl. fees) (%)	5.3	5.6
Percentage of debt hedged (%)	101.7	72.2
Interest coverage ratio (Covenant: 1.75 times)	1.9 x	1.9 x
Total debt facilities ($m)	1,454	1,386

Note 1: Adjusted total liabilities to adjusted total assets

Debt facility expiry profile



Hedging profile



Precinct

Earnings outlook and FY24 guidance

Dividend and AFFO guidance reaffirmed at 6.75 cps

- Headwinds for the sector due to higher interest rates and tax depreciation changes.

Strategy driving earnings growth

- Precinct's direct investments continue to be underpinned by excellent fundamentals with well-located, quality assets achieving sustained high occupancy (98%), solid WALT (6.4 years), under-renting (11%), and high ratio of income derived from government and professional services sector tenants.
- With a stapled structure now in place Precinct can grow capital partnering and the residential strategy without putting PPNZ's PIE status at risk.
- Management fee income from existing partnerships are forecast to increase in coming years.
- The Downtown Carpark site provides an opportunity of significant scale.
- Growth in residential development will see an increase in management fee income, revenue from mezzanine loans and realisable profit on sales.
- Precinct's participation in residential development management will likely lead to volatility in earnings which will be further considered in Precinct's dividend policy.

6.75 cps

FY24 dividend guidance reaffirmed

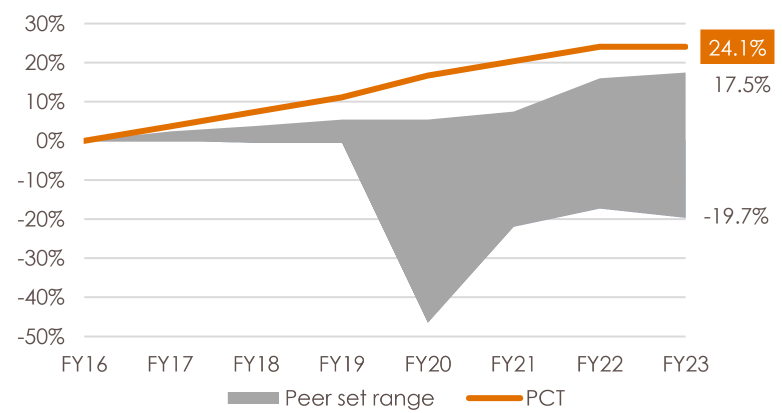
+9.9%

Gross rental income vs pcp[1]

$1.6m

Distributions from co-investments attributable to the period

Cumulative dividend growth from FY16 vs. peers[2]



Note 1: Net of straight-line rent adjustment made in the period following a change of calculation
Note 2: Peer set includes ARG, GMT, KPG, PFI, SPG & VHP. SPG returns are calculated from FY17. Over 10 years, PCT's cumulative dividend growth = 30.9% which continues to rank above the peer set which ranges from -13.6% to 23.4% and excludes SPG.

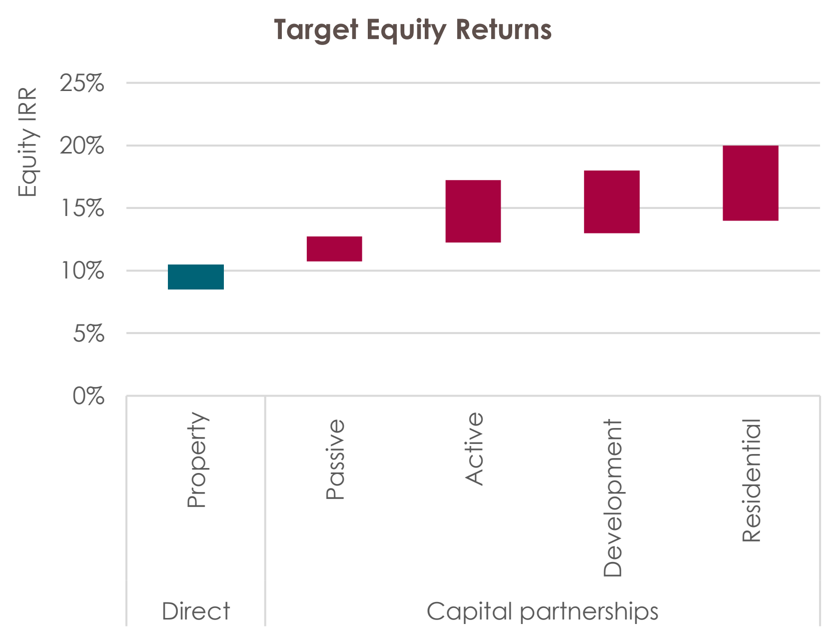

Capital
Partnering

Capital partnerships – strategic approach

Direct ownership (strategic assets)			Capital partnerships	
Office	City centre Retail	Hotel	Investment management services	
Development			Development	Investment – passive and active

Key benefits

- **Increases liquidity**, diversifies capital sources, and leverages partners' access to capital.
- **Less capital-intensive investment approach** reduces Precinct's balance sheet pressure and enhances AFFO accretion.
- **Facilitates follow-on investments** and take-outs.
- **Improves return on equity** for Precinct shareholders.
- **Unlocks new management fee streams** and continued access to development profits.
- **Expands investment universe** through ability to participate in a wider range of asset types, locations and risk spectrum.



Capital partnerships

Precinct has continued to execute on its capital partnership strategy, with a focus on value-add and residential sectors

- While demand for core office remains subdued, there is liquidity for high quality assets. Interest in office value-add strategies continues, however with limited distress, few opportunities have emerged in local markets.
- Precinct and its partners continue to explore further opportunities across multiple sectors and Precinct sees increasing potential in the residential platform.
- Progress made during the period includes:
  - In partnership with PAG, forming the ~$140m joint venture with Ngāti Whātua Ōrākei to invest in the Te Tōangaroa precinct.
  - Commenced construction of two new residential apartment developments with a total built-out value of circa $300m (incl. GST).
  - Advancing the Wynyard Stage 3 development, in partnership with PPILP, on track for completion in FY25.
  - Progress on securing additional development sites for living strategy and additional investment capital.
- Precinct remains on track to have total capital partnerships of between $4-5 billion over the medium term.

Total direct and indirect portfolios

$ billions	Dec-23 value	Completion value	PCT Ownership
Precinct directly held	**$3.2 b**	**$3.4 b**	**100.0%**
Capital partnerships			
PPILP	$0.5 b	$0.7 b	24.9%
BILP	$0.3 b	$0.3 b	20.0%
Others (various)	$0.2 b	$0.3 b	0-33%
Commercial partnerships	**$1.0 b**	**$1.2 b**	
Residential[1]	-	$0.4 b	Nil
Total capital partnerships	**-**	**$1.6 b**	

Note 1: Residential completion value is presented exclusive of GST and excludes Onehunga Mall Club which recently completed

Residential development platform

Strategy

- Platform is scaling up to create a valuable, high-quality business in its own right.
- Progress being made on key opportunities and pipeline is continuing to be identified.
- Long term target of delivering 150+ units per annum, with a preference for Auckland including city fringe locations (quality suburbs / unique sites).
- Primary focus is build-to-sell, with other living opportunities under consideration.

Status

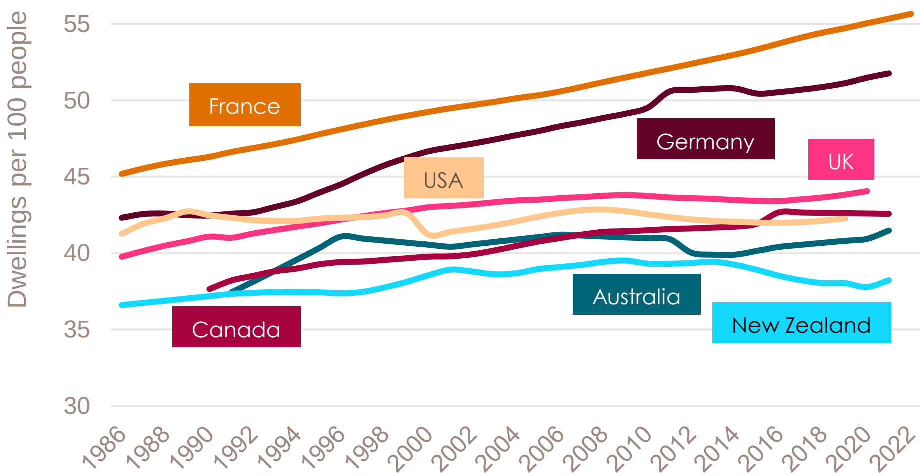
- Equity investment in existing pipeline currently funded by existing partners.
- Precinct has invested in Fabric Stage 2 via a mezzanine loan.
- Precinct may invest directly into future projects to secure opportunities.

Active residential pipeline

Project	Status	Completion	Units	Built-out value (incl. GST)
Onehunga Mall Club	Completed & selling down	Complete	102	$92 m
Fabric Stage 2	Construction	2026	118	$125 m
Domain Collection	Construction	2026	65	$171 m
York House	Marketing & procurement	TBC	41	$135 m
Total			**326**	**$523 m**

Long-term market fundamentals remain compelling

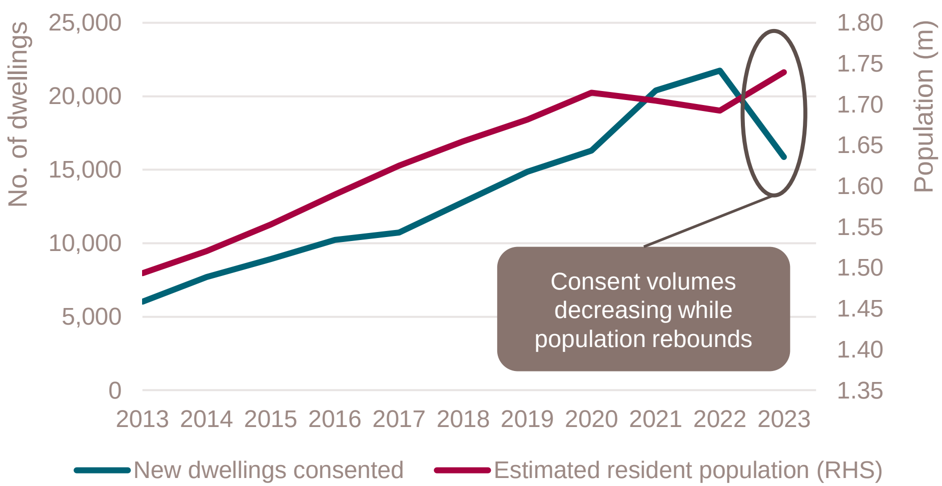
New Zealand continues to build too few new houses…



Source: Jim Gleeson, PublicHouse

- That NZ fails to deliver enough new houses to keep pace with population growth is not new information, but this chart highlights the extent of undersupply in a global context.
- NZ's dwelling density (people per dwelling) increased through the 2010's – as the rate of home building failed to keep up with population growth – when densities in other Western countries improved.

…and a 27% y/y decrease in new dwelling consents will limit Auckland's future supply



Source: Stats NZ, PCT analysis

- Auckland's population increased 2.8% in 2023 (June year-end), rebounding from a decrease during Covid, and is now above pre-pandemic levels.
- With currently-elevated levels of national net migration, Auckland is expected to continue to grow at an above average rate in the short term.
- The number of new dwellings consented in 2023 (November year-end) fell 27% from the year prior. Less dwellings consented will lead to reduced housing supply over the next 12-36 months.

Precinct

Investment Update

Investment portfolio

98%
Occupancy (by NLA)

6.4 years
Weighted average lease term

5,585m²
Total leasing activity (excl. rent reviews)[1]

2.5%
Office market rent growth[2] since 30 June 2023

11.0%
Under-renting (vs. market rents[2])

+16.4%
Growth in contract rentals on new office leases (all in Auckland)[3]

+3.6%
Growth in contract rentals from rent reviews (office & retail)

+2.4%
Outperformance against valuation market rents (office & retail leasing)

Leasing and operations update

The portfolio remains well occupied with vacancy of just 2%. As a result of a sustained high level of occupancy, the amount of new leasing completed in the period is relatively limited, with circa 5,585m² of leasing deals concluded[1].

Another solid leasing spread was achieved during this period, indicating the enduring appeal of our assets, which continue to attract robust demand:

- **2,124m² of new office leases** secured with **+16.4%** spread achieved above previous contract rents[3].
- **Over 69,000m² of rent reviews** completed during the period with **+3.6%** uplift achieved vs. previous contract rents.

Commercial Bay retail centre was 97% occupied as at 31 December 2023 with the tenant mix continuing to evolve as the centre builds to a stabilised position. Trading performance finished the year well in November and December, following weaker sales in September and October. Overall, MAT was up 14% on the prior year while foot traffic for the six months to December 2023 was up 22% on the pcp.

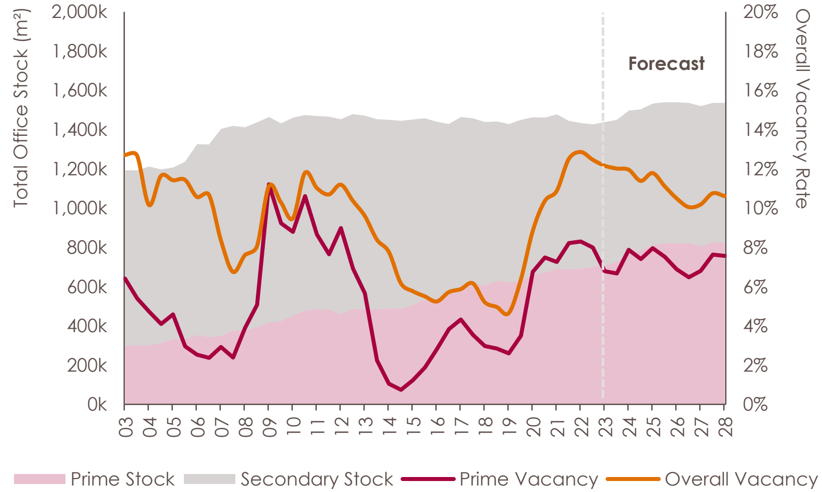
Note 1: Includes renewals, lease extensions, and short-term 'held-for-development' deals
Note 2: Based on internally assessed growth in market rentals across the stabilised office portfolio.
Note 3: New leases only, i.e. excluding renewals, lease extensions and 'held-for-development' deals

Precinct

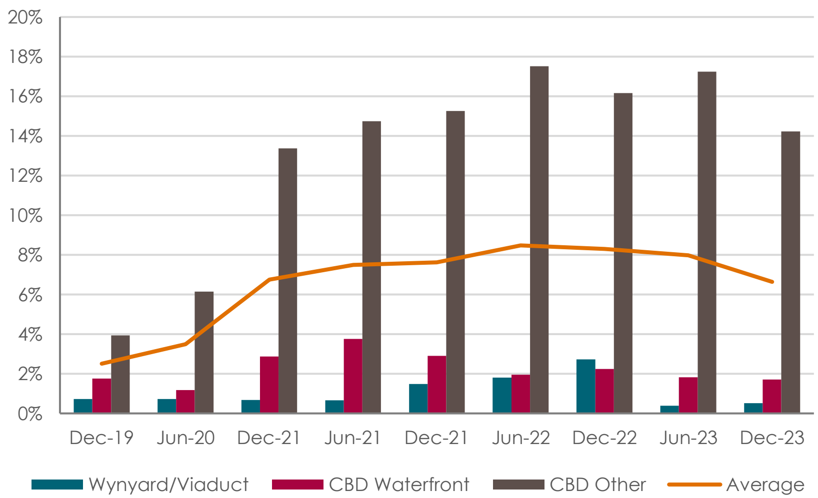
Auckland city centre office

- **Continued bifurcation in demand** with prime grade waterfront assets remaining nearly fully occupied (1.7% vacancy compared to prime grade average of 6.8%) according to Colliers data.
- **Demand/supply imbalance** driving prime rental outperformance, underpinned by stronger growth in Grade A rents relative to premium.
- **Return to long-term average growth rates** expected with all major research houses forecasting moderation in market rental performance over the medium term.

Auckland CBD office stock & vacancy (source: Colliers)

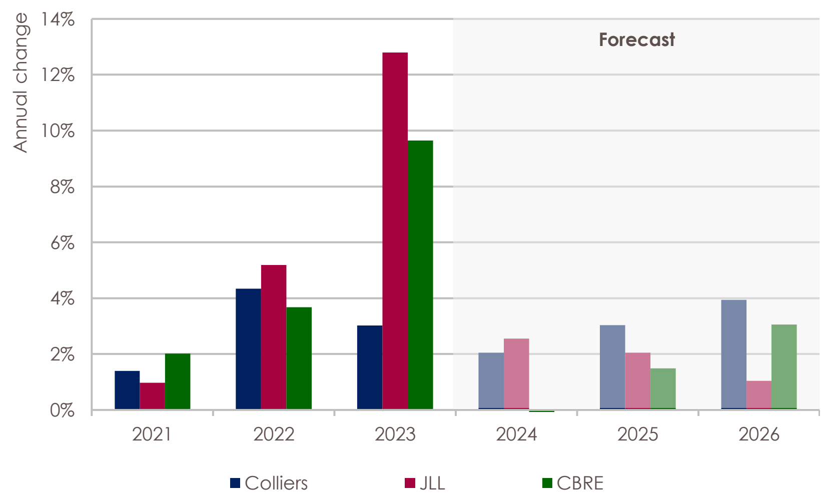


Prime vacancy rates by submarkets (source: Colliers, PCT analysis)



Note – Submarket vacancy rates provided by Colliers. CBD Waterfront data reflects vacancy within the Commercial Bay and Britomart precincts as analysed by PCT.

Prime net effective rental growth (source: Colliers, CBRE, JLL)

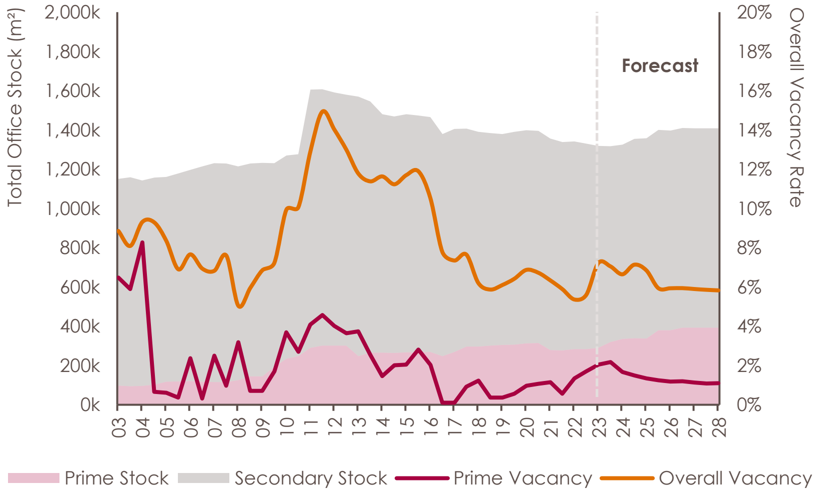


Precinct

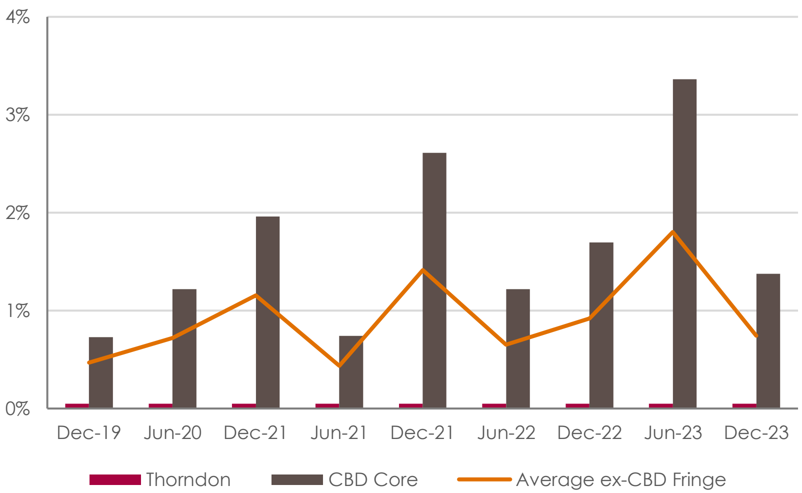
Wellington city centre office

- **Temporary lift in market-wide vacancy** driven by significant negative absorption in the secondary grade market (-38,414m^2 in the December 2023 half year) due to prime grade completions resulting in backfill and occupiers leaving temporary decant space.
- **Upward pressure on market rentals** underpinned by limited leasing options and occupiers absorbing rising operating expenses.
- **Market conditions are expected to remain tight in the short term** due to a reduced development pipeline, further stock withdrawals for seismic remedials, and unfulfilled demand for prime grade space.

Wellington CBD office stock & vacancy (source: Colliers)

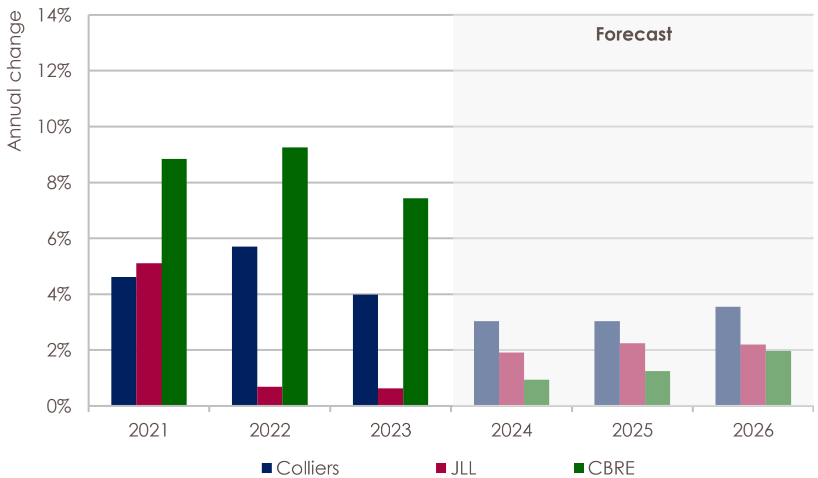


Prime vacancy rates by submarkets (source: Colliers, PCT analysis)



Note – Submarket vacancy rates provided by Colliers.

Prime gross effective rental growth (source: Colliers, CBRE, JLL)



Precinct


Development
Update
TOTAL ACCESS
WYNYARD
QUAYSIDE

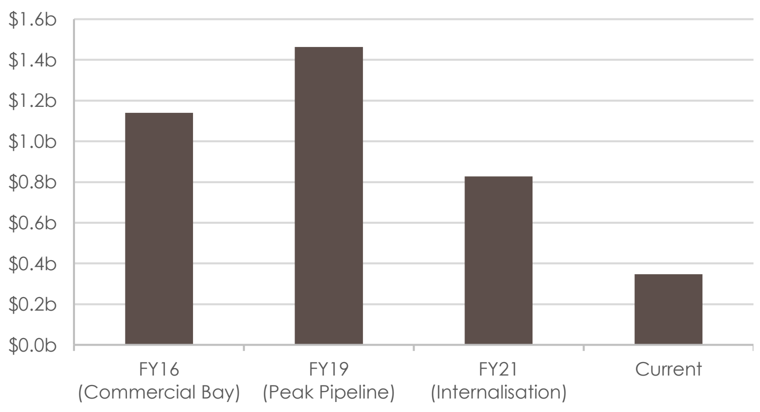
Development transformation

Precinct has successfully transformed its development pipeline composition and ownership since 2021, through internalisation, stapling and expansion of its investible universe, positioning the business for higher returns on capital from development activities

- Precinct has maintained an average development pipeline of around $1b since committing to Commercial Bay in FY16.
- Pipeline peaked at circa $1.5b estimated value on completion in FY19.
- Development risk has reduced in recent years through major completions, notably Commercial Bay and Bowen Campus Stages 1 & 2.
- Balance sheet risk further reduced through introduction of capital partners (PPILP and PPRL investors).

	FY16	FY19	FY21	Current
PCT ownership	**100%**	**100%**	**100%**	**37%**
Gross Development Value	$1.1 b	$1.5 b	$0.8 b	$0.9 b
PCT share of GDV	$1.1 b	$1.5 b	$0.8 b	$0.3 b
Office exposure (% of GDV)	63%	54%	86%	57%
Auckland exposure (% of GDV)	80%	100%	45%	72%

Development Value (adjusted for PCT ownership)



Precinct

Development overview

- Following the opening of Willis Lane in Wellington in July 2023, Precinct successfully opened 1 Queen Street (Deloitte Centre and InterContinental Auckland hotel) in January 2024.
- Advanced long-term plans for Downtown Carpark with a conditional Development Agreement executed with Eke Panuku during the period.
- Immediate focus on completing remaining committed projects and replenishing development pipeline through both internal and market opportunities.

Development	PCT Ownership	Completion Date	% Pre-commit	Expected Value[1]
61 Molesworth Street	100.0%	2025	97%	$275 m
Wynyard Quarter Stage 3	24.9%	2025	74%	$292 m
Subtotal - Commercial	**61.3%**		**85%**	**$567m**
Fabric Stage 2	-	2026	-	$109 m
Domain Collection	-	2026	-	$149 m
York House	-	Procurement	-	$117 m
Subtotal - Residential	**-**		-	**$375 m**
Total Pipeline	**36.9%**			**$942 m**

Note 1: All values shown exclusive of GST

Wynyard Quarter Stage 3 (PPILP)

Completion Value

$292m

Timing

FY25

Status

Max height reached for both buildings. Façade install underway.

61 Molesworth Street

Completion Value

$275m

Timing

FY26

Status

Excavation fully completed with superstructure progressing well.

Precinct

Active residential pipeline

The Onehunga Mall Club

Completion Value (incl. GST)
$92m

Units
102

Timing
Complete

Status
Practical Completion achieved.

Titles issued February 2024.

F-A-B-R-I-C Stage 2

Completion Value (incl. GST)
$125m

Units
118

Timing
2026

Status
Construction underway.

New show suite established.

The Domain Collection

Completion Value (incl. GST)
$171m

Units
65

Timing
2026

Status
Construction underway.

New show suite established.

York House

Completion Value (incl. GST)
$135m

Units
41

Timing
In procurement

Status
Developed design complete.

Show suite established.

Downtown Carpark

Conditional Development Agreement in place to enable a future opportunity to transform Tāmaki Makaurau's waterfront

- Intention to deliver transformational urban design outcomes for the entire western edge of the city centre to provide a seamless transition from Britomart through to Commercial Bay and the Viaduct Harbour.
- Concept Design progressing well, targeting lodgement of a resource consent application in mid-2024.
- Discussions with potential occupiers have commenced to secure pre-leasing for the commercial component.
- Design enables two distinct stages.

Artist Impression – Downtown Carpark

Summary

Summary

- Global uncertainty remains, however expectations that inflation is under control offers some optimism.
- Headwinds for the sector exist due to higher interest rates and tax depreciation changes.
- Precinct's directly held investment properties continue to be underpinned by excellent fundamentals and are providing solid income growth.
- High replacement costs relative to market values support continued rental growth for existing stock.
- Precinct and its capital partners continue to explore further opportunities across multiple sectors and Precinct sees increasing potential in the residential platform.
- Management fee income from existing partnerships are forecast to increase in coming years and the Downtown Carpark site provides an opportunity of significant scale.
- In light of market dynamics, Precinct remains optimistic about its medium-term outlook as its evolving strategy is expected to support growth.

Appendices

A1: Operating income

$ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022	Δ
AON Centre – AKL	$6.0 m	$5.8 m	+$0.2 m
HSBC Tower	$12.6 m	$10.0 m	+$2.6 m
PWC Tower	$13.7 m	$12.8 m	+$0.9 m
Jarden House	$3.4 m	$2.9 m	+$0.5 m
Auckland office	**$35.7 m**	**$31.4 m**	**+$4.3 m**
NTT Tower	$3.5 m	$3.8 m	($0.3 m)
AON Centre - WGN	$5.7 m	$5.4 m	+$0.3 m
Defence House	$3.8 m	$3.8 m	
No 1 The Terrace	$3.2 m	$3.0 m	+$0.2 m
Wellington office	**$16.3 m**	**$16.0 m**	**+$0.3 m**
Commercial Bay retail	**$6.5 m**	**$7.4 m**	**($0.9 m)**
Other properties	**$1.3 m**	**$0.9 m**	**+$0.4 m**
Investment portfolio	**$59.7 m**	**$55.6 m**	**+$4.1 m**
Transactions and developments[1]	$8.6 m	$9.8 m	($1.2 m)
Total net property income	**$68.3 m**	**$65.4 m**	**+$2.9 m**
Operating businesses	$1.0 m	$1.4 m	($0.4 m)
Management fee income	$4.1 m	$1.6 m	+$2.5 m
Employment and admin. expenses	($4.2 m)	($3.6 m)	($0.6 m)
IFRS 16 rent expense elimination[2]	$4.6 m	$4.2 m	+$0.4 m
Operating income before indirect expenses	**$73.8 m**	**$69.1 m**	**+$4.7 m**

Note 1 – *Transactions and developments includes: Freyburg Building, Bowen House, One Queen Street, Mason Bros., Charles Fergusson Building, 40-44 Bowen Street, Building 5a, 10 Madden Street, Mayfair House*
Note 2 – *IFRS 16 rent expense is eliminated from operating income as required by accounting standards*

Precinct

A2: FFO contribution from directly held property

$ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022	Δ
AON Centre - AKL	$6.1 m	$6.3 m	($0.2 m)
HSBC Tower	$12.6 m	$10.7 m	+$1.9 m
PWC Tower	$15.2 m	$14.0 m	+$1.2 m
Jarden House	$3.3 m	$3.1 m	+$0.2 m
Auckland office FFO	**$37.2 m**	**$34.0 m**	**+$3.2 m**
NTT Tower	$4.0 m	$4.2 m	($0.2 m)
AON Centre – WGN	$5.8 m	$5.8 m	-
Defence House	$4.0 m	$4.4 m	($0.4 m)
No 1 The Terrace	$3.5 m	$3.2 m	+$0.3 m
Wellington office FFO	**$17.3 m**	**$17.5 m**	**($0.2 m)**
Commercial Bay retail FFO	**$7.7 m**	**$8.4 m**	**($0.7 m)**
Other properties FFO	**$1.3 m**	**$0.9 m**	**+$0.4 m**
Investment portfolio FFO	**$63.5 m**	**$60.9 m**	**+$2.6 m**
Transactions and developments[1]	$8.7 m	$10.2 m	($1.5 m)
Directly held property FFO	**$72.2 m**	**$71.1 m**	**+$1.1 m**
Amortisations of incentives and leasing costs	($6.4 m)	($6.9 m)	+$0.5 m
Straight-line rents	$2.5 m	$1.2 m	+$1.3 m
Net property income	**$68.3 m**	**$65.4 m**	**+$2.9 m**

Note 1 – *Refer note 1 on prior page*

A3: FFO & AFFO reconciliation to operating income

Unaudited six months ended	31 Dec 23	31 Dec 22
Operating profit before indirect expenses	**$73.8 m**	**$69.1 m**
Corporate overhead expense	($2.7 m)	($2.5 m)
Net interest expense	($16.8 m)	($15.3 m)
Operating profit before income tax	**$54.3 m**	**$51.3 m**
Current tax expense	($0.8 m)	$4.2 m
Operating profit after tax	**$53.5 m**	**$55.5 m**
Adjusted for:		
Distributions attributable to the period	$1.6 m	$0.3 m
IFRS 16 rent expense	($4.6 m)	($4.2 m)
Share-based payments scheme	$0.3 m	$0.6 m
Amortisations	$7.0 m	$7.0 m
Straight-line rents	($2.5 m)	($1.2 m)
Funds from Operations (FFO)	**$55.3 m**	**$58.0 m**
FFO per weighted security	**3.49 cps**	**3.66 cps**
Dividend payout ratio to FFO	97%	92%
Adjusted Funds From Operations		
Maintenance CAPEX	($1.9 m)	($1.3 m)
Investment portfolio - Incentives and leasing fees	($1.7 m)	($2.5 m)
Adjusted Funds From Operations (AFFO)	**$51.7 m**	**$54.2 m**
AFFO per weighted security	**3.26 cps**	**3.42 cps**
Dividend paid in financial year	**3.38 cps**	**3.35 cps**
Dividend payout ratio to AFFO	104%	98%
Retained earnings	($1.8 m)	$1.1 m

Precinct

A4: Balance sheet

$ millions	31 December 2023 Unaudited	30 June 2023 Audited	Δ
Assets			
Investment properties	$2,722.8 m	$2,604.7 m	+$118.1 m
Development properties	$455.8 m	$523.5 m	($67.7 m)
Investment properties held for sale	-	$240.0 m	($240.0 m)
Investment in equity-accounted investments	$114.4 m	$59.3 m	+$55.1 m
Property, plant and equipment	$44.3 m	$47.8 m	($3.5 m)
Right-of-use assets	$23.0 m	$24.9 m	($1.9 m)
Fair value of derivative financial instruments	$36.8 m	$55.1 m	($18.3 m)
Loan receivables	$22.4 m	$33.0 m	($10.6 m)
Intangible assets	$1.5 m	$1.6 m	($0.1 m)
Other assets	$54.7 m	$52.9 m	+$1.8 m
Total Assets	**$3,475.7 m**	**$3,642.8 m**	**($167.1 m)**
Liabilities			
Interest bearing liabilities	$1,202.8 m	$1,258.4 m	($55.6 m)
Deferred tax liability	$2.4 m	$1.9 m	+$0.5 m
Lease liabilities	$60.9 m	$63.2 m	($2.3 m)
Fair value of derivative financial instruments	$22.6 m	$29.0 m	($6.4 m)
Other	$43.7 m	$107.2 m	($63.5 m)
Total Liabilities	**$1,332.4 m**	**$1,459.7 m**	**($127.3 m)**
Equity	**$2,143.3 m**	**$2,183.1 m**	**($39.8 m)**
NIBD to Total Assets	34.1%	34.2%	-0.1%
Liabilities to Total Assets - Loan Covenants	31.6%	38.0%	-6.4%
Shares on Issue (m)	1,586.4 m	1,585.9 m	+0.5 m
Net tangible assets per security	$1.35	$1.38	($0.03)
Net asset value per security	$1.35	$1.38	($0.03)

Precinct

A5: ESG progress

Our strategy includes the integration of sustainability across all areas of our business.

- $1.9b of green assets (excl. partnership assets)
- Committed to the World Green Building Council Net Zero Carbon Buildings Commitment and a target that all assets be certified Green by 2030
- Offsetting development embodied emissions for several years
- First NZ landlord to commit to WELL at Scale through the International WELL Building Institute
- Focus on preparing for XRB climate reporting, refining the pathway to net zero carbon and social initiatives with a focus on future developments

Green assets
(min. 4 star NABERSNZ or 5 Star Green Star)

Participation	Overview		Current[1]	Target
GRESB	The overarching measure Precinct have chosen to use as its core ESG performance benchmark is the Global Real Estate Sustainability Benchmark (GRESB).	**Score**	**86**	+ Global Average 75
	It is considered the global standard for ESG benchmarking and reporting for real estate entities.	**Public Disclosure**	**A**	+ Global Average B
FORSYTH BARR	Forsyth Barr Carbon & ESG Ratings is an influential research and rating assessment specific to NZX companies		**A** **Top 3**	A
CDP DISCLOSURE INSIGHT ACTION	Carbon Disclosure Project which is the gold standard for corporate environmental reporting and is fully aligned with the TCFD recommendations.		**B**	A
NABERSNZ	NABERSNZ is a ratings scheme to measure and rate the energy performance of office buildings in New Zealand.		**56%**	Portfolio: >100% 4 star by 2030 (Excellent)
greenstar	Green Star is an internationally recognised, rating system for the sustainable design, construction and operation of buildings, fitout and communities.		**47%**	Portfolio: >60% 5 Star (Excellence)

Note 1: GRESB and CDP metrics relate to those received in 2023

Precinct

A6: Investment portfolio overview

Key metrics

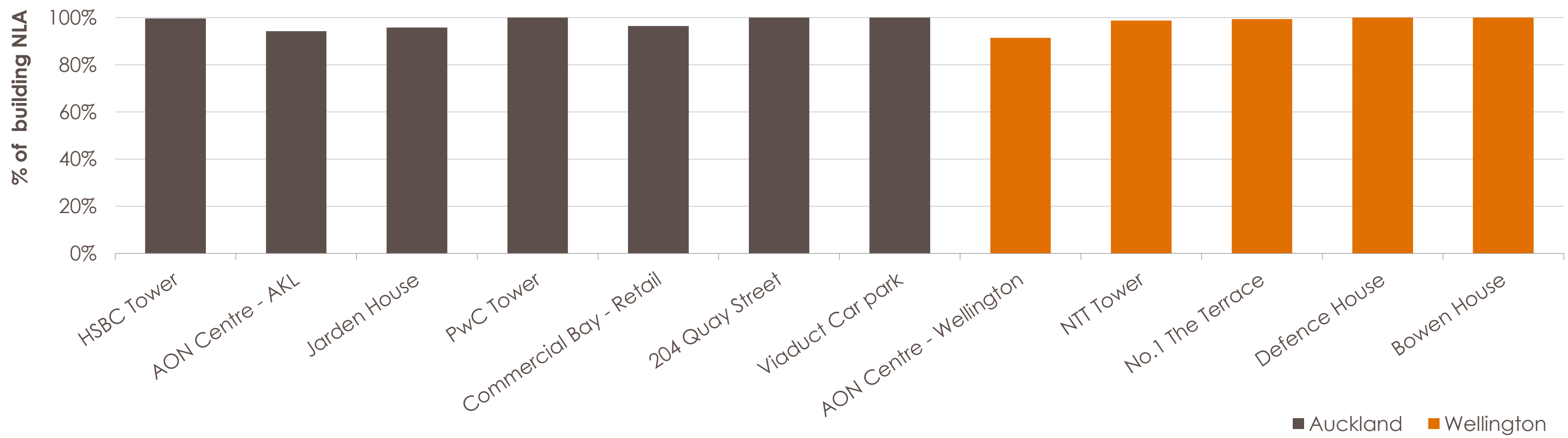
	Investment portfolio including cornerstone[1]	Investment portfolio directly held	Auckland	Wellington
WALT	**6.5 yrs**	**6.4 yrs**	5.4 yrs	8.2 yrs
Occupancy	**97%**	**98%**	98%	97%
Investment portfolio value[2, 3]	**$2,892 m**	**$2,723 m**	$1,847 m	$875 m
Weighted average cap rate	**5.3%**	**5.6%**	5.5%	5.8%
NLA (m²)	**254 k**	**235 k**	133 k	103 k

Portfolio metrics – directly held

6.4 years
Weighted average lease term

98%
Portfolio occupancy

Occupancy



Note 1: Investment portfolio metrics including Precinct cornerstone are weighted based on Precinct's ownership interest except for NLA which reflects total unweighted lettable area.
Note 2: Investment portfolio value excludes development properties.
Note 3: Portfolio values reported based on current carrying values including IFRS16 right-of-use assets (total $29.8m at 31 December 2023 for the directly held portfolio).

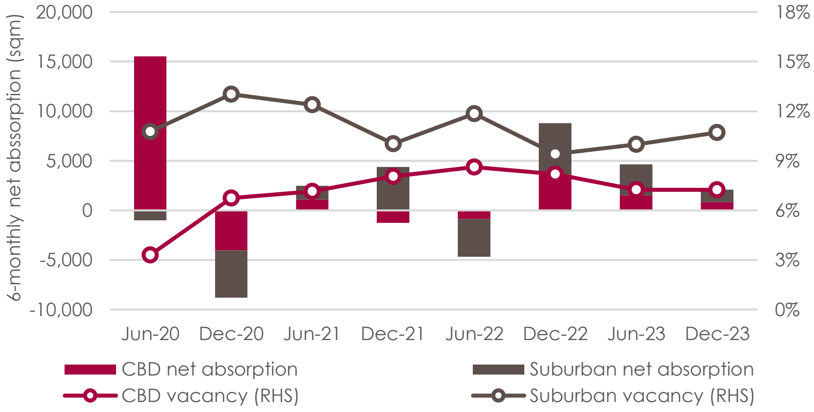
Precinct

A7: Other city centre markets

Retail

- According to JLL research, city centre prime retail vacancy remained at 7.3% as at December 2023 (June 2023: 7.3%), with a divergence in vacancies observed between the waterfront (1.5%) and midtown (8.0%)
- Tailwinds such as return-to-office, tourism recovery and international student arrivals led to a rebound in foot traffic, underpinning occupier demand for prime space
- Premium brand leasing interest and activity has increased, with a number of first-to-Auckland market openings over the past few months

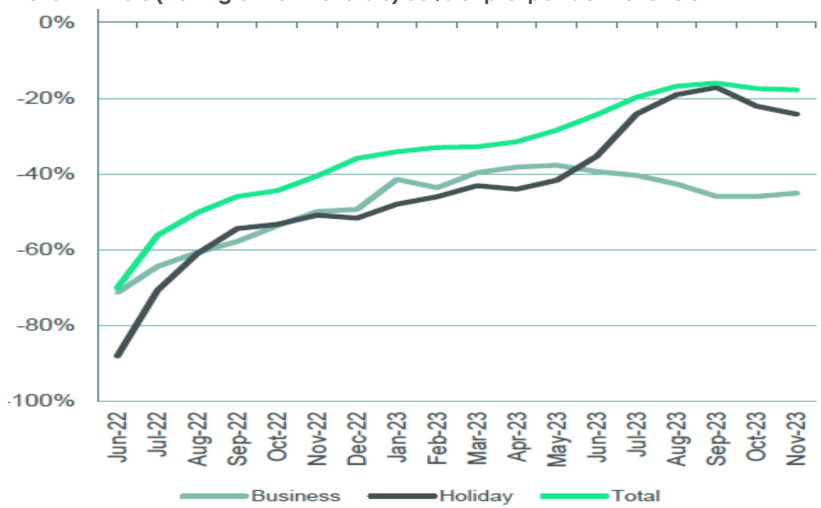
Auckland retail net absorption vs. vacancy rates (source: JLL)



Hotel

- International visitation continue to recover with arrivals now 18% below the pre-pandemic peak
- Room night demand has recovered to pre-pandemic levels albeit occupancy rates remain below the previous peak due to new supply added in recent years
- Average daily rates continue to track above pre-pandemic levels, underpinned by strong travel demand and the wider inflationary environment

Visitor Arrivals (Rolling 3 months totals) as % of pre-pandemic levels



Source: CBRE, Statistics New Zealand

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 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.