The ***numbers***

PRECINCT PROPERTIES GROUP
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Precinct Properties Group

Interim financial statements

For the six months ended 31 December 2023

Signed on behalf of the Boards of Precinct Properties New Zealand Limited and Precinct Properties Investments Limited, who authorised the issue of these financial statements on 21 February 2024.

ANNE URLWIN	**MARK TUME**
CHAIR	CHAIR AUDIT & RISK COMMITTEE

Contents

Consolidated statement of comprehensive income

For the six months ended 31 December 2023

Amounts in $ millions	*Notes*	*Unaudited six months ended 31 December 2023*	*Unaudited six months ended 31 December 2022*
Gross operating revenue	**2.2**	**121.0**	111.8
Operating expenses			
Direct operating expenses		**(43.0)**	(39.1)
Employment and administration expenses	**8.1**	**(4.2)**	(3.6)
Total operating expenses		**(47.2)**	(42.7)
Operating profit before net finance expense, other income/(expenses) and income tax		**73.8**	69.1
Corporate overhead expense		**(2.7)**	(2.5)
Interest income	**6.2**	**2.6**	0.1
Interest expense	**6.2**	**(19.4)**	(15.4)
Operating profit before income tax		**54.3**	51.3
Other income / (expenses)			
Net change in fair value of investment and development properties	**3.1**	**(5.5)**	(53.6)
Share of profit / (loss) in equity-accounted investments	**4.1**	**(3.1)**	(0.4)
Net change in fair value of derivative financial instruments	**6.3**	**(11.1)**	11.8
Net gain / (loss) on sale of investment properties		**(10.3)**	-
Depreciation - property, plant and equipment		**(2.3)**	(1.5)
Lease depreciation		**(2.0)**	(2.6)
Lease interest		**(2.3)**	(2.3)
Total other income / (expenses)		**(36.6)**	(48.6)
Net profit / (loss) before income tax		**17.7**	2.7
Income tax benefit / (expense)	**7.1**	**(2.4)**	(4.5)
Net profit / (loss) after income tax attributable to equity holders of stapled entity		**15.3**	(1.8)
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
Credit risk adjustments on financial liabilities designated at fair value through profit or loss		**(3.3)**	3.4
Deferred tax on items transferred directly to / (from) equity		**0.9**	(1.0)
Total other comprehensive income / (expense)		**(2.4)**	2.4
Total comprehensive income after tax attributable to equity holders of stapled entity		**12.9**	0.6
Total comprehensive income after tax attributable to equity holders of:			
Precinct Properties NZ Limited ("PPNZ")		**14.3**	0.6
Precinct Properties Investments Limited ("PPIL")		**(1.4)**	-
Total comprehensive income after tax attributable to equity holders of stapled entity		**12.9**	0.6
Earnings per share (cents per share)			
Basic earnings per share	**5.1**	**0.96**	(0.11)
Diluted earnings per share	**5.1**	**0.96**	(0.11)
Other amounts (cents per share)			
Funds from operations (FFO)	**5.2**	**3.48**	3.66
Adjusted funds from operations (AFFO)	**5.2**	**3.26**	3.42

The accompanying notes on pages 07 to 23 form part of these Financial Statements

Consolidated statement of changes in equity

For the six months ended 31 December 2023

Amounts in $ millions	Notes	Attributable to the equity holders of the parent						
		Number of shares (m)	Share capital	Retained earnings	Reserves	PPNZ equity	PPIL equity	PPG total equity
Balance at 1 July 2022		1,585.3	1,621.2	816.6	(2.3)	2,435.5	-	2,435.5
Profit after income tax for the period			-	(1.8)	-	(1.8)	-	(1.8)
Other comprehensive income for the period			-	-	2.4	2.4	-	2.4
Total comprehensive income			-	(1.8)	2.4	0.6	-	0.6
Distributions	5.3	-	-	(53.2)	-	(53.2)	-	(53.2)
Long-term incentive scheme		0.4	0.7	-	-	0.7	-	0.7
Employee share scheme		0.1	0.1	-	-	0.1	-	0.1
Total transactions		0.5	0.8	(53.2)	-	(52.4)	-	(52.4)
Balance at 31 December 2022 (unaudited)		**1,585.8**	**1,622.0**	**761.6**	**0.1**	**2,383.7**	**-**	**2,383.7**
Profit after income tax for the period			-	(151.3)	-	(151.3)	-	(151.3)
Other comprehensive income for the period			-	-	3.2	3.2	-	3.2
Total comprehensive income			-	(151.3)	3.2	(148.1)	-	(148.1)
Distributions	5.3	-	-	(53.2)	-	(53.2)	-	(53.2)
Long-term incentive scheme		-	-	-	0.7	0.7	-	0.7
Employee share scheme		-	-	-	-	-	-	-
Total transactions		-	-	(53.2)	0.7	(52.5)	-	(52.5)
Balance at 30 June 2023 (audited)		**1,585.8**	**1,622.0**	**557.1**	**4.0**	**2,183.1**	**-**	**2,183.1**
Non-controlling interest recognised in stapling transaction on 1 July 2023[1]			**-**	**19.6**	**-**	**19.6**	**(19.6)**	**-**
Profit after income tax for the period			**-**	**16.7**	**-**	**16.7**	**(1.4)**	**15.3**
Other comprehensive income for the period			**-**	**-**	**(2.4)**	**(2.4)**	**-**	**(2.4)**
Total comprehensive income			**-**	**16.7**	**(2.4)**	**14.3**	**(1.4)**	**12.9**
Distributions	5.3	**-**	**-**	**(50.3)**	**-**	**(50.3)**	**(3.0)**	**(53.3)**
Long-term incentive scheme		**0.4**	**0.7**	**-**	**(0.3)**	**0.4**	**-**	**0.4**
Employee share scheme		**0.1**	**0.1**	**-**	**-**	**0.1**	**0.1**	**0.2**
Total transactions		**0.5**	**0.8**	**(50.3)**	**(0.3)**	**(49.8)**	**(2.9)**	**(52.7)**
Balance at 31 December 2023 (unaudited)		**1,586.3**	**1,622.8**	**543.1**	**1.3**	**2,167.2**	**(23.9)**	**2,143.3**

1 *Net liabilities of Non-PIE entities transferred from PPNZ to PPIL as part of stapling transaction.*

The accompanying notes on pages 07 to 23 form part of these Financial Statements

Consolidated statement of financial position

As at 31 December 2023

Amounts in $ millions	Notes	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Current assets			
Cash		**20.0**	16.6
Fair value of derivative financial instruments	6.3	**11.8**	5.3
Debtors and other current assets	8.4	**34.0**	35.6
		65.8	57.5
Investment properties held for sale		**-**	240.0
Total current assets		**65.8**	297.5
Non-current assets			
Investment properties	3.1	**2,722.8**	2,604.7
Development properties	3.1	**455.8**	523.5
Investment in equity-accounted investments	4.1	**114.4**	59.3
Property, plant and equipment		**44.3**	47.8
Right-of-use assets	3.3	**23.0**	24.9
Fair value of derivative financial instruments	6.3	**25.0**	49.8
Loan receivables	6.4	**22.4**	33.0
Other assets		**0.7**	0.7
Intangible assets		**1.5**	1.6
Total non-current assets		**3,409.9**	3,345.3
Total assets		**3,475.7**	3,642.8
Current liabilities			
Interest bearing liabilities	6.1	**100.0**	-
Provision for tax		**0.4**	-
Lease liabilities	3.3	**5.1**	4.7
Trade and other payables	8.5	**42.8**	79.1
Fair value of derivative financial instruments	6.3	**2.4**	-
Total current liabilities		**150.7**	83.8
Non-current liabilities			
Interest bearing liabilities	6.1	**1,102.8**	1,258.4
Lease liabilities	3.3	**55.8**	58.5
Other-non current liabilities		**-**	28.1
Fair value of derivative financial instruments	6.3	**20.2**	29.0
Deferred tax liability	7.1	**2.9**	1.9
Total non-current liabilities		**1,181.7**	1,375.9
Total liabilities		**1,332.4**	1,459.7
Net assets		**2,143.3**	2,183.1
Equity			
Share capital		**1,622.8**	1,622.0
Retained earnings		**543.1**	557.1
Other reserves		**1.3**	4.0
Total equity - PPNZ		**2,167.2**	2,183.1
PPIL equity (non-controlling interest)		**(23.9)**	-
Total equity		**2,143.3**	2,183.1

The accompanying notes on pages 07 to 23 form part of these Financial Statements

Consolidated statement of cash flows

For the six months ended 31 December 2023

Amounts in $ millions	*Unaudited six months ended 31 December 2023*	*Unaudited six months ended 31 December 2022*
Cash flows from operating activities		
Operating revenue received	**116.1**	115.8
Interest income received	**2.6**	0.1
Property expenses paid	**(48.1)**	(29.8)
Other expenses paid	**(1.4)**	(3.7)
Interest expense paid	**(23.4)**	(14.1)
Employment and administration expenses paid	**(6.0)**	(3.2)
Income tax paid	**-**	-
Net cash inflow / (outflow) from operating activities	**39.8**	65.1
Cash flows from investing activities		
Capital expenditure on investment and development properties	**(89.9)**	(147.4)
Capital expenditure on other assets	**(7.7)**	(0.9)
Acquisition of investment and development properties	**(55.0)**	(59.5)
Investment in equity-accounted investments	**(55.8)**	(41.6)
Mezzanine loan facilities advanced	**(24.0)**	-
Mezzanine loan facilities repaid	**34.5**	-
Expenditure on property, plant and equipment	**-**	(5.3)
Net proceeds from disposal of investment properties	**289.3**	273.1
Capitalised interest on investment and development properties	**(15.2)**	(14.6)
Net cash inflow / (outflow) from investing activities	**76.2**	3.8
Cash flows from financing activities		
Loan facility drawings	**195.0**	264.3
Loan facility repayments	**(402.0)**	(273.1)
Repayment of leasing liabilities	**(2.3)**	(1.9)
Distributions paid to share holders	**(53.3)**	(53.1)
Net proceeds from debt instrument issuance	**150.0**	-
Net cash inflow / (outflow) from financing activities	**(112.6)**	(63.8)
Net increase / (decrease in cash held	**3.4**	5.1
Cash at the beginning of the year	**16.6**	11.5
Cash as the end of the year	**20.0**	16.6

The accompanying notes on pages 07 to 23 form part of these Financial Statements

Notes to the financial statements

For the six months ended 31 December 2023

1. GENERAL INFORMATION

1.1. Reporting entity

The interim financial statements presented are those of Precinct Properties New Zealand Limited and its wholly-owned subsidiaries (PPNZ) and Precinct Properties Investments Limited and its wholly-owned subsidiaries (PPIL), each of PPNZ and PPIL being a "Stapled Entity", and together the Precinct Properties Group (Precinct).

For accounting purposes, stapling gives rise to the combination of the Stapled Entities into a consolidated group. For the purposes of financial reporting, one of the combining entities is required to be identified as the parent entity of the consolidated group. In the case of Precinct, PPNZ has been identified as the parent for the purposes of preparing the financial statements and consequently PPIL's equity is presented as the non-controlling interest in the financial statements.

PPNZ and PPIL are both incorporated in New Zealand and registered under the New Zealand Companies Act 19993 and are both FMC reporting entities for the purposes of the Financial Markets Conduct Act 2013.

PPIL was incorporated on 14 December 2022 as a wholly-owned subsidiary of PPNZ. On 1 July 2023, PPIL acquired Precinct's real estate investment management business. PPIL also acquired other non real estate investment entities from PPNZ to separate Precinct's management services and operational business from its property ownership business.

PPNZ's principal activity is investment in predominantly prime CBD properties in New Zealand. The principal activity of PPIL is the management of real estate investment entities in New Zealand.

Shares of PPNZ and PPIL are stapled and therefore cannot be traded separately and can only be traded as stapled securities. They are quoted on the Main Board equity securities market of NZX under the ticker code PCT.

1.2. Basis of preparation

The interim financial statements were prepared in accordance with Generally Accepted Accounting Principles in New Zealand (GAAP), For the purposes of complying with NZ GAAP Precinct is a for-profit entity.

NZ IAS 34 and IAS 34 Interim Financial Reporting and waivers granted to Precinct from certain NZX Listing Rules on 18 April 2023, which each permit PPNZ and PPIL, subject to the conditions of the waivers, to prepare interim financial statements in respect of Precinct in place of separate interim financial statements of each stapled entity.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit or losses resulting from intra-group transactions have been eliminated in full.

The financial statements have been prepared:

- On a historical basis except for financial instruments, investment and development properties which are measured at fair value.
- Using the New Zealand Dollar functional and reporting currency.
- On a GST exclusive basis, except for receivables and payables that are stated inclusive of GST.

All financial information has been presented in millions, unless otherwise stated.

Re-presentations - simplification of Financial Statements

To improve disclosure effectiveness and focus on the most relevant and material information, Precinct has made a number of simplifications to the Financial Statements in the current period, and expanded disclosure for areas of interest.

The Consolidated Statement of Comprehensive income has been re-presented with the following changes:

- Management fee income has been included within gross operating revenue
- Addition of a new subtotal being operating profit before net finance expense, other income/(expenses) and income tax
- Corporate overhead expenses have been disclosed separately from employment and administration expenses
- Current tax benefit/(expense), depreciation recovered on sale and deferred tax benefit/(expense) have been grouped together as income tax benefit/(expense) with an additional note added to show full breakdown
- All figures changed to consistently reflect income as a positive number and expenses as negative.

The Consolidated Statement of Changes in Equity has been re-presented in a simplified form with all distributions to equity holders have been consolidated into a single line for each reporting period with an additional note added to show details of each individual distribution.

The Consolidated Statement of Financial Position has been re-presented to show Net Assets as a separate subtotal.

The simplification has also resulted in a number of aggregations and amendments where line items are not material, and affected comparatives have been re-presented for consistency. These re-presentations have not had an impact on the Profit after tax or Total Comprehensive Income in the Statement of Profit or Loss and Other Comprehensive Income, Net Assets in the Statement of Financial Position, or the Net Increase/(decrease) in cash presented in the Statement of Cash Flows.

1.3. New standards, amendments and interpretations

There have been no new accounting standards that are applicable to these financial statements.

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 (FSCD) has established a climate-related disclosure framework for New Zealand and makes climate-related disclosures mandatory for climate reporting entities. Precinct qualifies as a climate reporting entity under this framework.

The FSCD provided the mandate for the External Reporting Board (XRB) to issue a climate-related disclosure framework. On 31 December 2022 the XRB issued climate standards and guidance documents. Precinct will be required to make climate-related disclosures at the end of the accounting period commencing 1 July 2023.

1.4. Changes to accounting policies and disclosure of significant accounting policies

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

To improve disclosure effectiveness and focus on the most relevant and material information, Precinct has made a number of simplifications to the Financial Statements in the current period, and expanded disclosure for areas of interest. See Note 1.2 for more detail.

These interim financial statements should be read in conjunction with the financial statements and related notes included in Precinct's Annual Report for the year ended 30 June 2023.

1.5. Fair value estimation

Precinct classifies its fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (by price) or indirectly (derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1.6. Significant accounting judgements, estimates and assumptions

In preparing Precinct's interim financial statements, the boards and management continually make judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on Precinct.

All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the boards and management. Actual results may differ from the judgements, estimates and assumptions made by the boards and management.

The significant judgements, estimates and assumptions made in the preparation of these interim financial statements are in relation to:

i. **Investment and development properties** - refer Note 3.1

ii. **Investment in associates and joint ventures** - refer Note 4.1

iii. **Lease liabilities** - refer Note 3.3

iv. **Derivative financial instruments** - refer Note 6.3

v. **Stapling** - refer Note 1.8

1.7. Non-GAAP measures

Precinct has chosen to present the following non-GAAP measures to assist investors in understanding the different aspects of Precinct's financial performance.

The consolidated statement of comprehensive income includes the non-GAAP measure of operating profit before net finance expense, other income/(expenses)and income tax.

Note 2.1 shows adjusted operating profit before net finance expense, other income/(expenses) and income tax. This measure adds back the rent expenses eliminated through the application of IFRS 16. This measure is shown as all internal reporting for operating segments is provided to the boards of PPNZ and PPIL at a pre IFRS 16 level.

Note 5.2 sets out Precinct's calculation of Adjusted Funds From Operations (AFFO) which is an industry best practice measure for a REIT to show the organisation's underlying and recurring earnings from its operations.

1.8. Significant events and transactions during the year

Precinct's financial position and performance was affected by the following events and transactions that occurred during the reporting period:

i. Stapling

Precinct completed the corporate restructuring of the Precinct group of companies into a stapled group effective 1 July 2023. Precinct Properties Group comprises the stapling of Precinct Properties New Zealand Limited (PPNZ) shares to Precinct Properties Investments Limited (PPIL) shares on a one for one basis and commenced trading on the NZX Main Board on 3 July 2023. The ticker code for the stapled shares remains PCT.

PPNZ incorporated PPIL as a wholly-owned subsidiary on 14 December 2022 with the purpose of being the holding company of the PPNZ Non Portfolio Investment Entities (non-PIE). Immediately prior to year end, PPNZ transferred its shareholding in all the non-PIE entities to PPIL at book value in exchange for shares in PPIL. These shares in PPIL were then distributed to PPNZ shareholders on 1 July 2023 on a one for one basis, such that all shareholders now hold an equal number of shares in PPNZ and PPIL.

ii. Investment Partnership - Bowen Investment Limited Partnership ("BILP")

The sale of 40 and 44 Bowen Street to BILP for $240.0 million settled on 15 August 2023.

iii. Investment Partnership - Te Tōangaroa

On 14 August 2023 Precinct announced the formation of a Joint Venture with Ngāti Whātua Ōrakei and PAG to invest in the regeneration of the Te Tōangaroa precinct. Precinct and PAG have created two Limited Partnerships (Mahuhu Investment Limited Partnership (MILP) and Tangihua Investment Limited Partnership (TILP)) through which they have invested in the Joint Venture. Precinct's look-through investment in the Joint Venture through MILP is 16.8% and TILP is 19.0%.

Settlement of the purchase of 30 Mahuhu Crescent and 8 Tangihua Street by the partnership occurred on 31 August 2023.

iv. Convertible Note

On 21 September 2023, Precinct raised $150 million through a subordinated convertible note issue. See note 6.1 for details.

v. Downtown Car Park site

On 23 November 2023 Precinct entered a conditional agreement with Eke Panuku Development Auckland to acquire the Downtown Car Park Site for $122.0 million, payable at the end of 2025.

vi. Purchase of 61 Molesworth Street, Wellington

On 18 December 2023 Precinct settled on the purchase of 61 Molesworth Street. As part of the settlement, the vendor repaid the mezzanine loan facility borrowings and the facility agreement was cancelled.

vii. Sale of Mason Bros., Auckland

On 20 December 2023 Precinct sold Mason Bros. Building, Auckland for $50.3 million.

2. OPERATING SEGMENTS

2.1. Segment information

a) Basis for segmentation

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the respective board of each of PPNZ and PPIL as each makes all key strategic resource allocation decisions.

Precinct has the following reportable segments that are managed separately because of different operating strategies. The following describes the operation of each of the reportable segments.

Reportable segment	Operations
Investment properties	Investment in predominately prime CBD properties
Flexible space	Operation of co-working and shared office and event space
Hospitality	Operating of hospitality venues
Investment management	Management of real estate investments

b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

There are varying levels of integration between the investment properties, co-working and investment management segments. This integration includes occupied space, future leasing and events. Inter segment pricing is determined on an arm's length basis.

The following is an analysis of Precinct's results, by reportable segments.

Operating profit before net finance expense and income tax

Amounts in $ millions	Investment properties	Flexible space	Hospitality	Investment management	Unaudited six months ended 31 December 2023
Gross operating revenue	**102.2**	**12.7**	**2.0**	**4.1**	**121.0**
Intersegment revenue eliminations	**1.6**	**(1.4)**	**(0.2)**	**-**	**0.0**
Direct operating expenses	**(34.0)**	**(7.1)**	**(1.9)**	**-**	**(43.0)**
Employment and administration expenses	**-**	**-**	**-**	**(4.2)**	**(4.2)**
Operating profit before net finance expense and income tax	**69.8**	**4.2**	**(0.1)**	**(0.1)**	**73.8**
Add back rent eliminated in application of IFRS 16	**(1.5)**	**(3.1)**	**-**	**-**	**(4.6)**
Adjusted operating profit before net finance expense and income tax[1]	**68.3**	**1.1**	**(0.1)**	**(0.1)**	**69.2**

1 *See Note 1.7 for further details of this measure.*

Amounts in $ millions	Investment properties	Flexible space	Hospitality	Investment management	Unaudited six months ended 31 December 2022
Gross operating revenue	96.5	11.1	2.6	1.6	111.8
Intersegment revenue eliminations	1.0	(0.8)	(0.2)	-	-
Direct operating expenses	(30.9)	(5.9)	(2.3)	-	(39.1)
Employment and administration expenses	-	-	-	(3.6)	(3.6)
Operating profit before net finance expense and income tax	**66.6**	**4.4**	**0.1**	**(2.0)**	**69.1**
Add back rent eliminated in application of IFRS 16	(1.2)	(3.1)	-	-	(4.3)
Adjusted operating profit before net finance expense and income tax[1]	**65.4**	**1.3**	**0.1**	**(2.0)**	**64.8**

1 *See Note 1.7 for further details of this measure.*

Reconciliation to net profit / (loss) before income tax

Amounts in $ millions	*Unaudited six months ended 31 December 2023*	*Unaudited six months ended 31 December 2022*
Operating profit before net finance expense and income tax	**73.8**	69.0
Interest income	**2.6**	-
Interest expense	**(19.4)**	(15.3)
Corporate overhead expense	**(2.7)**	(2.4)
Net change in fair value of investment and development properties	**(5.5)**	(53.6)
Share of profit / (loss) in equity-accounted investments	**(3.1)**	(0.4)
Net change in fair value of derivative financial instruments	**(11.1)**	11.8
Net gain / (loss) on sale of investment properties	**(10.3)**	-
Depreciation - property, plant and equipment	**(2.3)**	(1.5)
Lease depreciation	**(2.0)**	(2.6)
Lease interest	**(2.3)**	(2.3)
Net profit / (loss) before income tax	**17.7**	2.7

2.2. Gross operating revenue

Amounts in $ millions	*Unaudited six months ended 31 December 2023*	*Unaudited six months ended 31 December 2022*
Revenue		
Gross property income from rentals	**81.9**	81.6
Straightline rental adjustments	**2.5**	1.2
Amortisation of capitalised lease incentives	**(4.2)**	(4.6)
Revenue from contracts with customers		
Gross property income from expense recoveries	**22.0**	18.3
Generator operating revenue	**12.7**	11.1
Commercial Bay Hospitality operating revenue	**2.0**	2.6
Management fee income	**4.1**	1.6
Total gross operating revenue	**121.0**	111.8

3. PROPERTY

3.1. Investment and development properties

Amounts in $ millions	Valuer[1]	Capitalisation rate[2]	Valuation 30 June 2023	Capitalised incentives	Additions / disposals[3]	Transfers[4]	Revaluation gain / (loss)	Book value 31 December 2023
Investment properties[5]								
Auckland								
AON Centre - Akld	JLL	5.8%	**237.5**	(0.1)	1.1	-	-	**238.5**
HSBC Tower	CBRE	5.4%	**445.0**	0.2	1.3	-	-	**446.5**
Jarden House	Colliers	5.5%	**135.0**	0.2	0.3	-	-	**135.5**
Mason Bros.[6]	JLL	N/A	**58.0**	-	(58.0)	-	-	**-**
Commercial Bay Retail	Colliers	5.9%	**353.0**	(1.2)	0.8	-	-	**352.6**
PwC Tower (Commercial Bay)	CBRE	5.0%	**610.1**	(1.6)	0.2	-	-	**608.7**
Wellington								
NTT Tower	Bayleys	6.4%	**140.7**	0.2	1.4	-	-	**142.3**
No. 1 and 3 The Terrace	Colliers	5.6%	**137.5**	(0.1)	-	-	-	**137.4**
No. 3 The Terrace[7]	Colliers	N/A	**13.5**	-	-	-	-	**13.5**
AON Centre - Wgtn	CBRE	6.6%	**218.1**	0.2	5.3	-	-	**223.6**
Defence House	Colliers	5.4%	**187.0**	0.1	(0.1)	-	-	**187.0**
Bowen House[8]	Colliers	5.0%	**-**	-	-	168.8	-	**168.8**
Other investment properties[9]	Various	7.7%	**38.5**	-	0.1	-	-	**38.6**
Right-of-use assets[10]			**30.8**	-	-	-	(1.0)	**29.8**
Market value (fair value) of investment properties		5.6%	**2,604.7**	(2.1)	(47.6)	168.8	(1.0)	**2,722.8**
Investment properties held for sale[5]								
Bowen Campus Stage 2[11]	N/A	N/A	**240.0**	-	(240.0)	-	-	**-**
Market value (fair value) of investment properties held for sale		0.0%	**240.0**	-	(240.0)	-	-	**-**
Development properties[5]								
Auckland								
One Queen Street	CBRE	N/A	**258.0**	-	62.3	-	-	**320.3**
Wellington								
Freyberg Building	Colliers	N/A	**47.0**	(0.1)	2.4	-	(6.3)	**43.0**
Bowen House[8]	Colliers	N/A	**160.1**	0.6	8.1	(168.8)	-	**(0.0)**
61 Molesworth Street	Colliers	N/A	**58.4**	-	32.3	-	1.8	**92.5**
Market value (fair value) of development properties		0.0%	**523.5**	0.5	105.1	(168.8)	(4.5)	**455.8**

1 61 Molesworth Street externally valued at 31 December 2023. All other assets held at 30 June 2023 valuation.
2 Total weighted average by market value.
3 Additions arise from subsequent expenditure recognised in the carrying amount. Additions include $16.6 million of capitalised interest. Disposals relate to completed sales and unconditional contracts for sale at year-end.
4 Transfers occur when a property is transferred to another category of property.
5 All properties are categorised as level 3 in the fair value hierarchy.
6 On 20 December 2023 Precinct sold Mason Bros. for $50.3 million.
7 No. 3 The Terrace relates to the freehold title in respect to Precinct's leasehold interest.
8 With the redevelopment project substantially complete the value was transferred from development properties to investment properties.
9 Other investment properties are small value properties held for strategic purposes.
10 Right-of-use assets associated with ground leases at AON Centre - Wgtn, 204 Quay Street and Viaduct Car Park.
11 On 15 August 2023 Precinct sold 40 & 44 Bowen Street to Bowen Investment Limited Partnership for $240.0 million.

3.2. Capital commitments

Precinct has $172.9 million of capital commitments as at 31 December 2023 (30 June 2023: $172.5 million) relating to construction contracts and undrawn mezzanine loan facilities provided.

3.3. Leases

a) Lease liabilities

Precinct has entered into ground leases (as lessee) and property leases (Generator as lessee). Ground leases have remaining non-cancellable lease terms of between one and 48 years (June 2023: one and 49 years). Generator property leases have remaining non-cancellable lease terms of between one and 9 years (June 2023: one and 10 years).

Amounts in $ millions	Investment properties	Flexible space	Unaudited six months ended 31 December 2023	Investment properties	Flexible Space	Audited as at 30 June 2023
Current	**1.4**	**3.7**	**5.1**	1.3	3.4	4.7
Non-current	**29.8**	**26.0**	**55.8**	30.6	27.9	58.5
Total lease liabilities	**31.2**	**29.7**	**60.9**	31.9	31.3	63.2

b) Right-of-use assets

Amounts in $ millions	Investment properties	Flexible space	Unaudited six months ended 31 December 2023	Investment properties	Flexible Space	Audited as at 30 June 2023
Total right-of-use assets	**29.8**	**23.0**	**52.8**	30.8	24.9	55.7

4. GROUP STRUCTURE

4.1. Equity-accounted investments

Set out below are the associates and joint ventures of Precinct as at 31 December 2023. For those which, in the opinion of the directors, are material to Precinct the key financial information has been disclosed. For associates or joint ventures which, in the opinion of the directors, are individually immaterial to Precinct the key financial information has been aggregated for disclosure.

a) Ownership structures

Amounts in $ millions	Country of incorporation	Ownership	Ownership interest	Nature of relationship	Measurement method
Material equity-accounted investments					
Precinct Pacific Investment Limited Partnership ("PPILP")[1]	New Zealand	Units	24.9%	Associate	Equity
Bowen Investment Limited Partnership ("BILP")[2]	New Zealand	Units	20.0%	Associate	Equity
Individually immaterial equity-accounted investments					
Mahuhu Investment Limited Partnership ("MILP")[2]	New Zealand	Units	33.3%	Associate	Equity
Tangihua Investment Limited Partnership ("TILP")[2]	New Zealand	Units	33.3%	Associate	Equity
Precinct Properties Residential Limited ("PPRL")[1]	New Zealand	Shares	50.0%	Joint Venture	Equity

1 *There has been no change in ownership interests during the period.*
2 *Partnership commenced during the period. See Note 1.8 for further details.*

b) Equity-accounted investments

Amounts in $ millions	*Unaudited as at 31 December 2023*	*Audited as at 30 June 2023*
Precinct Pacific Investment Limited Partnership ("PPILP")	**48.6**	55.2
Bowen Investment Limited Partnership ("BILP")	**50.7**	-
Individually immaterial equity-accounted investments	**15.1**	4.1
Total equity-accounted investments	**114.4**	59.3

Precinct Pacific Investment Limited Partnership ("PPILP")

Given the extent of Precinct's equity investment as at balance date of 24.9%, the appointment of Precinct Properties Management Limited ("PPML") as manager, and that two of Precinct's current executives are directors of the PPILP General Partnership, the Precinct board has concluded that Precinct has "significant influence" over PPILP. As such, Precinct's interest in PPILP has been treated as an interest in an associate.

Bowen Investment Limited Partnership ("BILP")

Given the extent of Precinct's equity investment as at balance date of 20.0%, the appointment of Precinct Properties Management Limited ("PPML") as manager, and that two of Precinct's current executives are directors of the BILP General Partnership, the Precinct board has concluded that Precinct has "significant influence" over BILP. As such, Precinct's interest in BILP has been treated as an interest in an associate.

Mahuhu Investment Limited Partnership ("MILP"), Tangihua Investment Limited Partnership ("TILP") and the Te Tōangaroa Joint Venture ("Te Tōangaroa")

Te Tōangaroa is a Joint Venture between Precinct, PAG and Ngāti Whātua Ōrākei to invest in the regeneration of the Te Tōangaroa precinct in the Tāmaki Makaurau city centre. Precinct and PAG have invested in the Joint Venture through MILP and TILP and Precinct's look-through investment in the Joint Venture through MILP is 16.8% and TILP is 19.0%.

Given the extent of Precinct's equity investment in MILP and TILP as at balance date of 33.3% respectively, the appointment of Precinct Properties Management Limited ("PPML") as manager of MILP, TILP and Te Tōangaroa, and that two of Precinct's current executives are directors of the MILP and TILP General Partnerships, the Precinct board has concluded that Precinct has "significant influence" over MILP and TILP. As such, Precinct's interest in both MILP and TILP has been treated as an interest in an associate.

Precinct Properties Residential Limited ("PPRL")

Precinct Properties Residential Limited ("PPRL") is a multi-unit residential development business jointly owned by Precinct and Lamont & Co. and if focussed on the delivery of high-quality multi-unit residential developments.

c) Summarised financial information for associates and joint ventures

The following tables provide summarised financial information for the associates and joint ventures of Precinct and reflect the amounts presented in the financial statements of the relevant entities, not Precinct's share of those amounts.

Summarised statement of comprehensive income

Amounts in $ millions	Unaudited six months ended 31 December 2023			Unaudited six months ended 31 December 2022		
	PPILP	BILP	Other	PPILP	BILP	Other
Net operating income	**8.9**	**5.1**	**2.5**	3.1	-	-
Finance income	**-**	**0.2**	**-**	-	-	-
Finance expense	**(5.8)**	**-**	**(0.9)**	(1.8)	-	-
Other income / (expense)	**(1.1)**	**(0.3)**	**(0.9)**	(0.3)	-	-
Net change in fair value of investment and development properties	**(31.0)**	**9.0**	**-**	-	-	-
Net change in fair value of derivative financial instruments	**(5.2)**	**-**	**(0.5)**	-	-	-
Income tax expense	**-**	**-**	**(0.1)**	-	-	-
Profit / (loss)	**(34.2)**	**14.0**	**0.1**	1.0	-	-
Other comprehensive income	**-**	**-**	**-**	(2.4)	-	-
Total comprehensive profit / (loss)	**(34.2)**	**14.0**	**0.1**	(1.4)	-	-

Summarised statement of financial position

Amounts in $ millions	Unaudited as at 31 December 2023			Audited as at 30 June 2023		
	PPILP	BILP	Other	PPILP	BILP	Other
Assets						
Current assets	**2.9**	**5.5**	**2.1**	4.8	-	0.3
Investment properties	**485.8**	**248.1**	**60.9**	464.7	-	-
Other non-current assets	**-**	**-**	**0.4**	1.9	-	-
Total assets	**488.7**	**253.6**	**63.4**	471.4	-	0.3
Liabilities						
Current liabilities	**9.5**	**-**	**2.6**	1.0	-	1.9
Borrowings - non-current	**280.8**	**-**	**28.8**	238.5	-	-
Other non-current liabilities	**3.3**	**-**	**0.5**	-	-	-
Total liabilities	**293.6**	**-**	**31.9**	239.5	-	1.9
Net assets	**195.1**	**253.6**	**31.5**	231.9	-	(1.6)

4.2. Related party disclosures

Precinct Properties Management Limited ("PPML", subsidiary of PPIL), earns revenue streams from the management of real estate investments including PILP, BILP and Te Tōangaroa. Under the various management agreements PPML is entitled to receive mangement fees for services performed including: asset management, building management, development management and transaction fees.

The table below sets out transactions with a related party that took place:

Unaudited six months ended 31 December 2023

Amounts in $ millions	Fees charged during period			Amounts owing at period end		
	Associates	Joint Ventures	Total	Associates	Joint Ventures	Total
Asset management fee income	**0.9**	**-**	**0.9**	**-**	**-**	**-**
Development management fee income	**1.1**	**-**	**1.1**	**-**	**-**	**-**
Building management fee income	**0.4**	**-**	**0.4**	**-**	**-**	**-**
Leasing fee income	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition and disposal fees	**0.3**	**-**	**0.3**	**-**	**-**	**-**
Total management fee income	**2.7**	**-**	**2.7**	**-**	**-**	**-**
Rent paid	**(1.0)**	**-**	**(1.0)**	**-**	**-**	**-**

Unaudited six months ended 31 December 2022

Amounts in $ millions	Fees charged during period			Amounts owing at period end		
	Associates	Joint Ventures	Total	Associates	Joint Ventures	Total
Asset management fee income	0.2	-	0.2	0.1	-	0.1
Development management fee income	-	-	-	-	-	-
Building management fee income	0.1	-	0.1	-	-	-
Leasing fee income	-	-	-	-	-	-
Acquisition and disposal fees	1.3	-	1.3	-	-	-
Total management fee income	1.6	-	1.6	0.1	-	0.1
Rent paid	-	-	-	-	-	-

The following table details the transactions between PPNZ and other Precinct entities, which are eliminated on consolidation.

Amounts in $ millions	Amounts charged during period		Amounts owing at period end	
	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Charged from PPIL to PPNZ				
Asset management fee	6.0	-	-	-
Development management fee	3.2	-	-	-
Building management fee	2.4	-	-	-
Leasing fee	-	-	-	-
Acquisition and disposal fees	-	-	-	-
Total management fee income	11.6	-	-	-
Charged from PPNZ to PPIL				
Rental income	2.1	-	3.0	-
Interest income	1.6	-	11.1	-
Total charges	3.7	-	14.1	-

Interest bearing loans exist between PPNZ and other Precinct entities. At 31 December 2023, interest bearing loans of $59.1 million (30 June 2023: $49.2 million) were receivable by PPNZ from other Precinct entities. Loans to related Precinct entities bear interest at PPNZ's weighted average cost of capital. Loans are repayable on demand.

5. INVESTOR RETURNS

5.1. Earnings per share

Amounts in $ millions unless otherwise stated	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Weighted average number of shares for both PPNZ and PPIL		
Weighted average number of shares for basic earnings per share (millions)	1,586.3	1,585.8
Weighted average number of shares for diluted earnings per share (millions)	1,595.7	1,585.8
PPNZ		
Net profit after tax for basic and diluted earnings per share - PPNZ	16.7	(1.8)
Basic earnings per share (cents) - PPNZ	1.05	(0.11)
Diluted earnings per share (cents) - PPNZ	1.05	(0.11)
PPIL		
Net profit after tax for basic and diluted earnings per share - PPIL	(1.4)	-
Basic earnings per share (cents) - PPIL	(0.09)	-
Diluted earnings per share (cents) - PPIL	(0.09)	-
Stapled entity		
Net profit after tax for basic and diluted earnings per share - stapled entity	15.3	(1.8)
Basic earnings per share (cents) - stapled entity	0.96	(0.11)
Diluted earnings per share (cents) - stapled entity	0.96	(0.11)

The calculations of diluted earnings per share have been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after the adjustment for all dilutive potential ordinary shares. Weighted average number of shares for the purpose of diluted earnings per share have been adjusted for 9,552,683 rights issued under Precinct's Long Term Incentive Scheme as at 31 December 2023. This adjustment has been calculated using the treasury share method.

5.2. Reconciliation of net profit after tax to adjusted funds from operations (AFFO)

AFFO is a non-GAAP financial measure that shows the organisation's underlying and recurring earnings from its operations and is considered industry best practice for a REIT. This is determined by adjusting statutory net profit (under IFRS) for certain non-cash and other items. AFFO has been determined based on guidelines established by the Property Council of Australia and is intended as a supplementary measure of operating performance.

Amounts in $ millions unless otherwise stated	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Net profit after taxation	**15.3**	(1.8)
Adjust for non-cash items		
Unrealised net (gain) / loss in value of investment and development properties	**5.5**	53.6
Unrealised net (gain) / loss on financial instruments	**11.1**	(11.8)
Depreciation - property, plant and equipment	**2.3**	1.5
Deferred tax (benefit) / expense	**1.1**	3.3
IFRS 16 lease adjustments	**(0.3)**	0.7
Share-based payments scheme	**0.3**	0.7
Amortisations	**7.0**	6.9
Straightline rents	**(2.5)**	(1.2)
Adjust for equity-accounted investments		
Share of (profit) / loss in equity-accounted investments	**3.1**	0.7
Distributions attributable to the period	**1.6**	-
Adjust for disposals and acquisitions		
Net realised (gain) / loss on sale of investment and development properties	**10.3**	-
Depreciation recovered on sale	**0.5**	5.4
Funds from operations (FFO)	**55.3**	58.0
Funds from operations per share (cents)	**3.48**	3.66
Maintenance capex	**(1.9)**	(1.3)
Incentives and leasing costs	**(1.7)**	(2.5)
Adjusted funds from operations (AFFO)	**51.7**	54.2
Weighted average number of shares for net operating income per share (millions)	**1,586.3**	1,585.8
Adjusted funds from operations per share (cents)	**3.26**	3.42

5.3. Dividends paid

Amounts in $ millions unless otherwise stated	Unaudited six months ended 31 December 2023			Unaudited six months ended 31 December 2022		
	Payment Date	Cents per share	Total	Payment Date	Cents per share	Total
The following dividends were declared and paid by PPNZ during the period:						
Q4 final dividend	**22-Sep-23**	**1.6750**	**26.6**	24-Sep-22	1.6750	26.6
Q1 interim dividend	**15-Dec-23**	**1.4975**	**23.7**	16-Dec-22	1.6750	26.6
Total dividends paid - PPNZ		**3.1725**	**50.3**		3.3500	53.2
The following dividends were declared and paid by PPIL during the period:						
Q4 final dividend		**N/A**	**N/A**		N/A	N/A
Q1 interim dividend	**15-Dec-23**	**0.1900**	**3.0**		N/A	N/A
Total dividends paid - PPIL		**0.1900**	**3.0**		N/A	N/A
Total dividends paid - Precinct		**3.3625**	**53.3**		3.3500	53.2

Supplementary dividends of $29,231 were paid to PPIL shareholders not resident in New Zealand for which PPIL received a foreign investor tax credit entitlement.

6. CAPITAL STRUCTURE AND FUNDING

6.1. Interest bearing liabilities

Amounts in $ millions	Unaudited six months ended 31 December 2023	Audited as at 30 June 2023
Bank loans	**354.0**	561.0
US private placement	**260.7**	260.7
NZ senior secured bonds	**425.0**	425.0
Convertible note	**150.0**	-
Total drawn debt	**1,189.7**	1,246.7
US private placement - fair value adjustment	**14.8**	16.9
Convertible note - embedded financial derivative and amortisation adjustment	**5.0**	-
Capitalised borrowing costs	**(6.7)**	(5.2)
Net interest bearing liabilities	**1,202.8**	1,258.4

Breakdown of borrowings:

Amounts in $ millions	Held at	Maturity[1]	Facility	Coupon[1]	Unaudited six months ended 31 December 2023	Audited as at 30 June 2023
Bank loans	Amortised cost			Floating[2]	**-**	22.0
Bank loans	Amortised cost	Mar-26	250.0	Floating[2]	**172.0**	250.0
Bank loans	Amortised cost	Dec-26	200.0	Floating[2]	**182.0**	289.0
Bank loans	Amortised cost	Dec-26	168.0	Floating[2]	**-**	-
NZ senior secured bond (PCT020)	Amortised cost	Nov-24	100.0	4.42%	**100.0**	100.0
NZ senior secured bond (PCT030)	Amortised cost	May-27	150.0	2.85%	**150.0**	150.0
NZ senior secured bond (PCT040)	Amortised cost	May-28	175.0	5.25%	**175.0**	175.0
Convertible note (PCTHB)	Amortised cost	Sep-26	65.0	7.65%	**65.0**	-
Convertible note (PCTHC)	Amortised cost	Sep-27	85.0	7.53%	**85.0**	-
US private placement	Fair value	Jan-25	65.2	4.13%	**65.3**	65.3
US private placement	Fair value	Jan-27	32.6	4.23%	**32.6**	32.6
US private placement	Fair value	Jul-29	118.4	4.28%	**118.4**	118.4
US private placement	Fair value	Jul-31	44.4	4.38%	**44.4**	44.4
Total drawn debt			1,453.6		**1,189.7**	1,246.7
Weighted average term to maturity					**3.2 years**	3.5 years
Weighted average interest rate before swaps (including funding costs)					**7.30%**	7.40%

1 As at 31 December 2023.
2 Interest rates on bank loans are at the 90-day benchmark borrowing rate (BKBM) plus a margin. Precinct also pays facility fees.

Precinct has committed funding of $1,453.6 million (June 2023: $1,385.7 million) including the NZ retail bonds, US private placements and convertible notes.

All lenders (excluding convertible noteholders) have the benefit of security over certain assets of the Group. The Group has given a negative pledge which provides that it will not permit any security interest in favour of a party other than the lenders to exist over more than 15% of the value of its properties.

The convertible notes are subordinated to all secured debt and will convert into ordinary shares of Precinct subject to a Cash Election. The cash election allows Precinct to elect to instead pay a cash amount to noteholders at the end of the term.

The number of shares into which each holding of notes converts will be determined by dividing the Principal Amount ($1.00 per note) by the Conversion Price, which is the lesser of:

1. the Conversion Price Cap of $1.36 for PCTHB notes and $1.40 for PCTHC notes; and
2. the Market Price.

Accounting Policies

Interest bearing liabilities

Bank loans and the NZ retail bond are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, these liabilities are stated at amortised cost using the effective interest method.

The US private placements are recognised at fair value including translation to NZD with any gains or losses recognised in the profit or loss as they arise. This fair value is determined using swap models and present value techniques with observable inputs such as interest rate and cross-currency curves. The movement in fair value attributable to changes in Precinct's own credit risk is calculated by determining the changes in credit spreads above observable market interest rates and is recognised in other comprehensive income. This measurement falls into level 2 of the fair value hierarchy.

The convertible note embedded financial derivatives are recognised at fair value with any gains or losses recognised in the profit or loss as they arise. This fair value is determined using the black-scholes model with observable inputs such as Precinct's share price and it historic standard deviation, the convertible note strike price and the risk free rate . This measurement falls into level 2 of the fair value hierarchy.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

6.2. Net finance expense

Amounts in $ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Finance income		
Bank interest income	**0.5**	0.1
Interest income on loan receivables	**2.1**	-
	2.6	0.1
Finance expense		
Interest bearing liabilities interest expense	**(36.0)**	(30.4)
Capitalised interest	**16.6**	15.0
	(19.4)	(15.4)
Net finance expense	**(16.8)**	(15.3)

6.3. Derivative financial instruments

Amounts in $ millions	Unaudited six months ended 31 December 2023	Audited as at 30 June 2023
Financial derivative assets		
Current	**11.8**	5.3
Non current[1]	**25.0**	49.8
	36.8	55.1
Financial derivative liabilities		
Current	**(2.4)**	-
Non current	**(20.2)**	(29.0)
	(22.6)	(29.0)
Total fair value of derivative financial instruments	**14.2**	26.1
Notional contract cover (fixed payer)	1,960.0	1,735.0
Notional contract cover (fixed receiver)	425.0	425.0
Notional contract cover (cross currency swaps - fixed receiver)	260.7	260.7
Percentage of net drawn borrowings fixed	101.7%	72.2%
Weighted average term to maturity (fixed payer)	2.6 years	2.6 years
Weighted average interest rate after swaps (including funding costs)	5.33%	5.61%

1 *This includes the cross currency interest rate swap valuation of $15.1 million (June 2023: $22.7 million) and a net debit value adjustment of $0.0 million (June 2023: $0.7 million credit).*

Accounting Policies

Derivative financial instruments

Precinct uses derivative financial instruments (interest rate and cross currency swaps) to manage its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities.

Derivative financial instruments are recognised initially at fair value and subsequently re-measured and carried at fair value. They are carried as assets when the fair value is positive and liabilities when the fair value is negative. The gain or loss on re-measurement to fair value is recognised directly in profit or loss.

The fair value is the estimated amount that Precinct would receive or pay to terminate the swap at the balance date, taking into account current rates and creditworthiness of the swap counterparties. This is determined using swap models and present value techniques with observable inputs such as interest rate and cross-currency curves. The fair value of derivatives fall into level 2 of the fair value hierarchy.

6.4. Loan receivables

Amounts in $ millions	Held at	Maturity[1]	Facility	Coupon	Unaudited six months ended 31 December 2023	Audited as at 30 June 2023
Mezzanine loan	Amortised cost			Floating[2]	**-**	18.0
Sale and lease back property[3]	Amortised cost	Feb-26	15.0	5.00%	**15.0**	15.0
Mezzanine loan	Amortised cost	Apr-26	30.0	14.00%	**7.4**	-
Total loan receivables			45.0		**22.4**	33.0

1 As at 31 December 2023.
2 Interest rate is at the 90-day benchmark borrowing rate (BKBM) plus a margin.
3 Precinct has legal title of the asset but due to sell back provision for accounting purposes this is treated as a loan receivable.

6.5. Share capital

There is only one class of shares, being ordinary shares, and they rank equally with each other. All issued shares are fully paid, carry full voting rights, have no redemption rights, have no par value and are subject to the terms of the constitution. PPNZ and PPIL shares are "stapled" and jointly listed on the NZX (Stapled Securities). Each of PPNZ and PPIL has 1,586,352,542 shares on issue as at 31 December 2023.

Stapling of shares is a contractual and constitutional arrangement between the two Stapled Entities whereby each Stapled Entity's equity securities are combined with (or stapled to) the equity securities issued by the other Stapled Entity. The Stapled Entities have the same shareholders, and their shares cannot be traded or transferred independently of one another. The Stapled Securities are traded as a single economic unit with a single quoted price.

The following table provides details of movements in Precinct's issued shares:

Amounts in $ millions unless otherwise stated	Unaudited six months ended 31 December 2023		Audited as at 30 June 2023	
	Number (m)	Amount	Number (m)	Amount
Balance at the beginning of the period	**1,585.8**	**1,622.0**	1,585.3	1,621.2
Issue of shares:				
Long term incentive plan - shares vested	**0.4**	**0.7**	0.4	0.7
Employee share scheme - shares issued	**0.1**	**0.1**	0.1	0.1
Balance at the end of the period	**1,586.3**	**1,622.8**	1,585.8	1,622.0

Share capital is recognised at the fair value of the consideration received by Precinct. Costs relating to the issue of new shares have been deducted from the proceeds received.

7. TAXATION

7.1. Income tax

Amounts in $ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Current tax benefit / (expense)	**(0.8)**	4.2
Depreciation recovered on sale	**(0.5)**	(5.4)
Deferred tax benefit / (expense)	**(1.1)**	(3.3)
Income tax benefit / (expense) as per consolidated statement of comprehensive income	**(2.4)**	(4.5)

Amounts in $ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Net profit / (loss) before taxation	**17.7**	2.7
Tax benefit / (expense) at the statutory income tax rate of 28.0%	**(5.0)**	(0.8)
(Increase) / decrease in income tax due to:		
Unrealised (gain) / loss on value of investment and development properties	**(1.3)**	(15.0)
Net realised (gain) / loss on sale of investment & development properties	**(2.9)**	-
Unrealised (gain) / loss on financial instruments	**(3.1)**	3.3
Capitalised interest	**4.6**	4.2
Prior period adjustments	**-**	1.7
Other adjustments	**0.5**	3.8
Depreciation	**6.4**	7.0
Current tax benefit / (expense)	**(0.8)**	4.2
Depreciation recovered on sale of depreciable assets	**(0.5)**	(5.4)
Deferred tax charged to profit or loss:		
Fair value of financial instruments	**1.7**	(3.3)
Investment property depreciation	**(2.8)**	-
Total deferred tax benefit / (expense)	**(1.1)**	(3.3)
Total income tax benefit / (expense)	**(2.4)**	(4.5)
Effective tax rate	**14%**	167%

Precinct holds its properties on capital account for income tax purposes.

PPNZ has tax losses of $227.7 million available to carry forward as at 31 December 2023 (June 2023: $228.5 million).

Imputation credits available for use as at 31 December 2023 are $nil (2023: $nil).

Accounting Policies

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

8. OTHER

8.1. Employment and administration expenses

Amounts in $ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Salaries and other short-term benefits	**7.9**	6.9
Share-based payments expense	**0.3**	0.7
Less: management expenses recognised in direct operating expenses	**(2.4)**	(3.4)
Less: management expenses capitalised to properties being developed	**(3.2)**	(2.6)
Other employment and administration expenses	**1.6**	2.0
Total employment and administration expenses	**4.2**	3.6

8.2. Corporate overhead expenses

Amounts in $ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Audit fees	**0.2**	0.1
Directors' fees and expenses	**0.7**	0.6
Amortisation of intangible assets	**0.1**	0.1
Other[1]	**1.7**	1.7
Total corporate overhead expenses	**2.7**	2.5

1 Other includes valuation fees, NZX listing fees, share registry costs, annual report publication and property investigations and feasbility costs.

8.3. Key management personnel

Amounts in $ millions	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Directors' fees[1]	**0.4**	0.4
Executive team remuneration[2]	**1.8**	1.6
Total key management personnel expenses	**2.2**	2.0

1 Includes due diligence committee (DDC) fees that may be capitalised depending on the nature of the DDC.
2 Total remuneration comprising base salary, STI payments, market value of LTI shares vesting and employer contributions to superannuation.

8.4. Debtors and other current assets

Amounts in $ millions	Unaudited six months ended 31 December 2023	Audited as at 30 June 2023
Trade receivables	**5.0**	7.7
Less Allowance for expected credit losses on trade receivables	**(0.8)**	(0.7)
Net trade receivables	**4.2**	7.0
Receivables from related parties	**3.5**	3.1
Other receivables	**3.4**	3.4
Total debtor and other receivables (excluding prepayments)	**11.1**	13.5
Prepayments	**22.9**	22.1
Total debtor and other receivables	**34.0**	35.6

8.5. Trade and other payables

Amounts in $ millions	Unaudited six months ended 31 December 2023	Audited as at 30 June 2023
Trade creditors	**4.2**	4.0
Accrued capital expenditure	**6.1**	22.1
Retention accruals	**5.9**	6.1
Accrued other expenses	**10.9**	31.0
Accrued interest	**10.1**	10.6
Rent received in advance	**5.6**	5.3
Total other accruals and payables	**42.8**	79.1

8.6. Contingencies

a) Contingent liabilities

There are no contingent liabilities as at 31 December 2023 (June 2023: $nil)

b) Contingent assets

There are no contingent assets as at 31 December 2023 (June 2023: $nil)

8.7. Events after balance date

On 21 February 2024 the PPNZ and PPIL Boards approved the financial statements for issue.

On 21 February 2024 the Board of PPNZ approved the payment of a dividend of 1.4975 cents per share to be paid on 22 March 2024.

On 21 February 2024 the Board of PPIL approved the payment of a dividend of 0.1900 cents per share to be paid on 22 March 2024.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF PRECINCT PROPERTIES NEW ZEALAND LIMITED AND PRECINCT PROPERTIES INVESTMENTS LIMITED

Conclusion

We have reviewed the interim financial statements of Precinct Properties New Zealand Limited ("PPNZ") and its subsidiaries and Precinct Properties Investments Limited ("PPIL") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the six months ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and International Accounting Standard 34: *Interim Financial Reporting*.

This report is made solely to the shareholders of PPNZ and PPIL, as a body. Our review has been undertaken so that we might state to the shareholders of PPNZ and PPIL, as a body those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than PPNZ, PPIL and their shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

Basis for conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial Statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Ernst & Young provides other assurance services to the Group. Ernst & Young leases office premises from the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Directors' responsibilities for the interim financial statements

The directors of PPNZ and PPIL are responsible, on behalf of the Group, for the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 and IAS 34 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on those interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Susan Jones.

Ernst + Young

Chartered Accountants

Auckland

21 February 2024

Directory.

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Directors of each of Precinct Properties New Zealand Limited and Precinct Properties Investments Limited

Anne Urlwin - Chair, Independent Director
Graeme Wong – Independent Director
Chris Judd - Independent Director
Nicola Greer - Independent Director
Mark Tume - Independent Director
Chris Meads - Independent Director

Officers of Precinct

Scott Pritchard, Chief Executive Officer
George Crawford, Deputy Chief Executive Officer
Richard Hilder, Chief Financial Officer

Bankers

ANZ New Zealand Bank
Bank of New Zealand
ASB Institutional Bank
Westpac New Zealand
The Hong Kong and Shanghai Banking Corporation

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Please contact our registrar;

- To change investment details such as name, postal address or method of payment.
- For queries on dividends and interest payments.
- To elect to receive electronic communication.