Precinct Properties Investor Briefing

22 April 2015

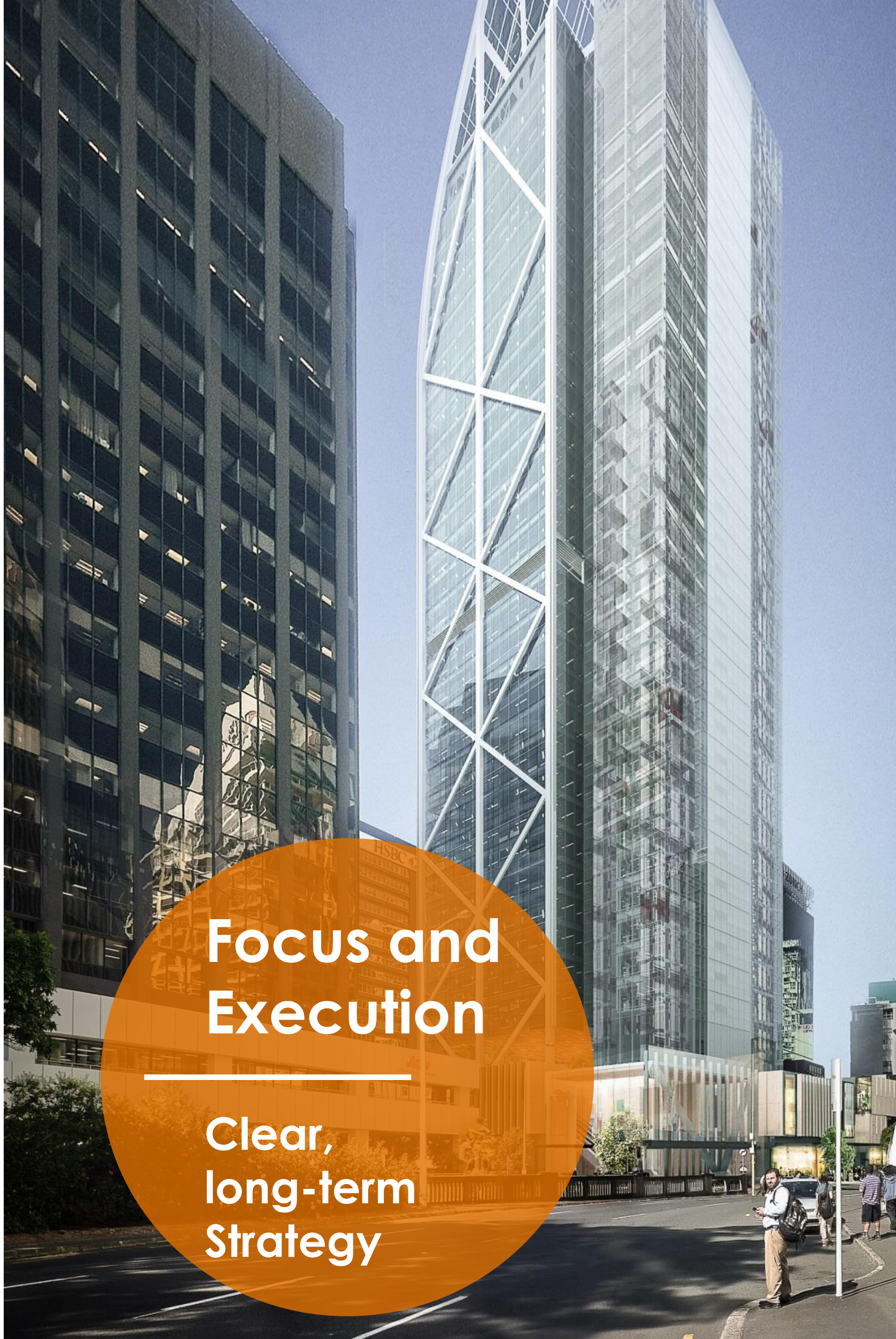
precinct
PROPERTIES NEW ZEALAND

Agenda

Welcome and Introduction	2:00 pm
Strategy Overview	2:10 pm
Capital Management	2:30 pm
Portfolio Overview	2:50 pm
Establishing the Opportunities	3:10 pm
Break	3:30 pm
Wynyard/Downtown Development	3:45 pm
Canapés and Refreshments	5:00 pm

Strategic Overview

- Starting Point
- Considerations
- Progress
- Direction



Starting Point – January 2011

- Precinct Team
  - 5 full time staff
  - Outsourced arrangements with
    - AMP Capital Investors
    - JLL
    - CBRE
- Assets
  - $1.3bn ($680m Wellington, $600m Auckland)
  - 4 year WALT
  - 90% occupancy
- Gearing 24%

Challenges 2011

- Strained occupier relationships
- Investors dissatisfied
- Agency relationships were poor
- Auckland portfolio under pressure;
  - Zurich House empty
  - ANZ leaving
  - Westpac Leaving
  - PwC under threat
- 40,000sqm of expiries with intent to vacate
- Threat of new Auckland supply with valuation falling

Considerations

- 2011 strategic review considering:
  - Portfolio structure
  - Asset exposure
  - Sector specialism
  - Management philosophy

- Outcome
  - Remain sector specialist – build expertise
  - Increase weighting to Auckland
  - Become more active in managing portfolio
  - Importance of Auckland Unitary Plan and Council engagement identified
  - Leverage our market share
  - Use our balance sheet strength

Challenges – Strategic review

- Office market is cyclical
  - Requires a clear strategy
  - Requires long term thinking
  - Complemented by a flexible mind set
  - Implementation of strategy must take account of the cycle
- Location is everything
  - Consolidate ownership by location rather than asset quality
- Capital management decisions have equal importance as asset management decisions

Progress

Precinct PROPERTIES NEW ZEALAND

- Established a clear strategy – '20:20 Vision'
- Enhanced occupier relationships
  - Team structure
    - In-sourced management functions
  - Team culture
    - New brand, new philosophy
  - Remuneration
    - PCT performs well, team paid well
- Provided transparency to investors
  - Listened to investors - investor perception studies
- Engaged the agency community

Progress

- Through our revised asset management approach:
  - Grown our team to 38 FTE
  - Grown occupancy to 98%
  - Increased WALT to 5.5 years
  - Increased client satisfaction by 26%
  - Increased market rents by 3.9% from 2011 to 2014
    - Auckland 9.0%
    - Wellington 1.3%

Progress

Secured unrivalled set of opportunities

- Preferred location with value upside
- Secured opportunities which provide yield
- Focused on underlying value (land/building psm)
- Consolidated ownerships in preferred locations
- Resulted in:
  - Acquisition of Bowen Campus $1,400psm (L&B)
  - Acquisition of Downtown $6,800psm (L&B)
  - Acquisition of HSBC House $5,200psm (L&B)
  - Securing Wynyard opportunity – development rights
  - Sale of SAP Tower
  - Marketing of 80 The Terrace for sale

Progress

- **Reset dividend policy**
  - Pay-out reset to around 90% of operating income
  - Sustainable allowing for ongoing capex
- **Extended tenor and diversification of debt**
  - Longer term debt secured from banks, USPP and retail bond
- **Used balance sheet strength to compliment property strategy**
  - Capex and incentives used to lift occupancy
  - Secured long term development opportunities at market cycle lows

Challenges of progress to date

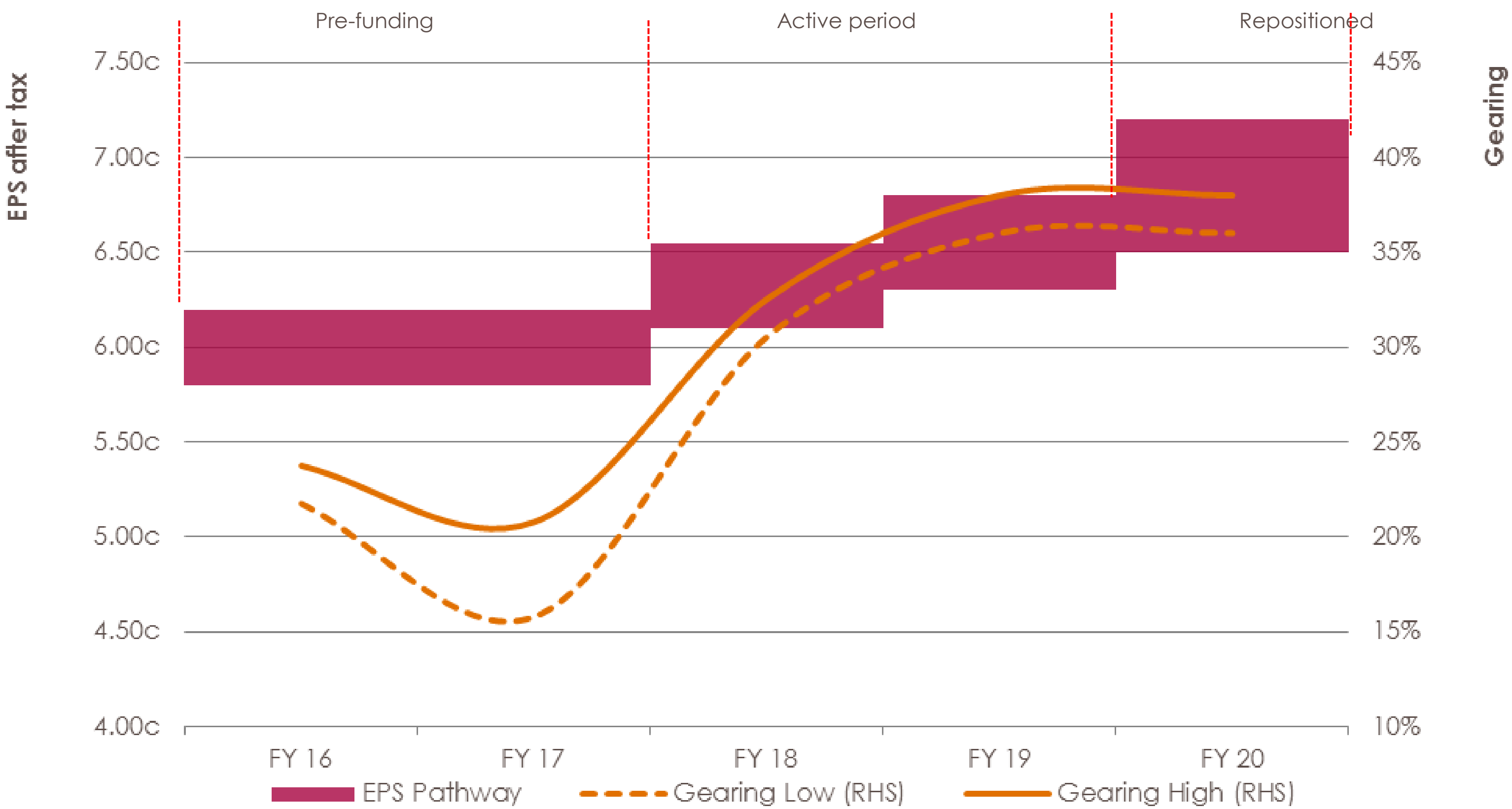
- Changing dividend policy at trough earnings
- Establishment of PMCoE and impact on returns for Wellington Portfolio
- Impact of de-gearing to prepare for impending expansionary phase
- Building a capable team

Direction

	2011	2020
Age	26 years	15 years
Quality	A-Grade	Premium
WALT	4.0 years	+6.0 years
Maintenance Capex Allowance (est)	0.60%-0.80% p.a	0.40% p.a.
Auckland value	$600 million	$1.6 billion
Wellington value	$680 million	$600 million
Government exposure (by area)	30%	15%

Direction

Net operating income per share pathway scenario



Note: The graph presented above represents a hypothetical scenario only and should not be considered a budget, plan or forecast. There is no certainty that gearing or earnings growth will eventuate as illustrated.

Summary

- 20:20 Vision established in 2011
- Very clear strategy providing clarity to team and market
- Number of steps taken to achieve 20:20 Vision
- Execution phase now underway
- Economy and property market supports strategy

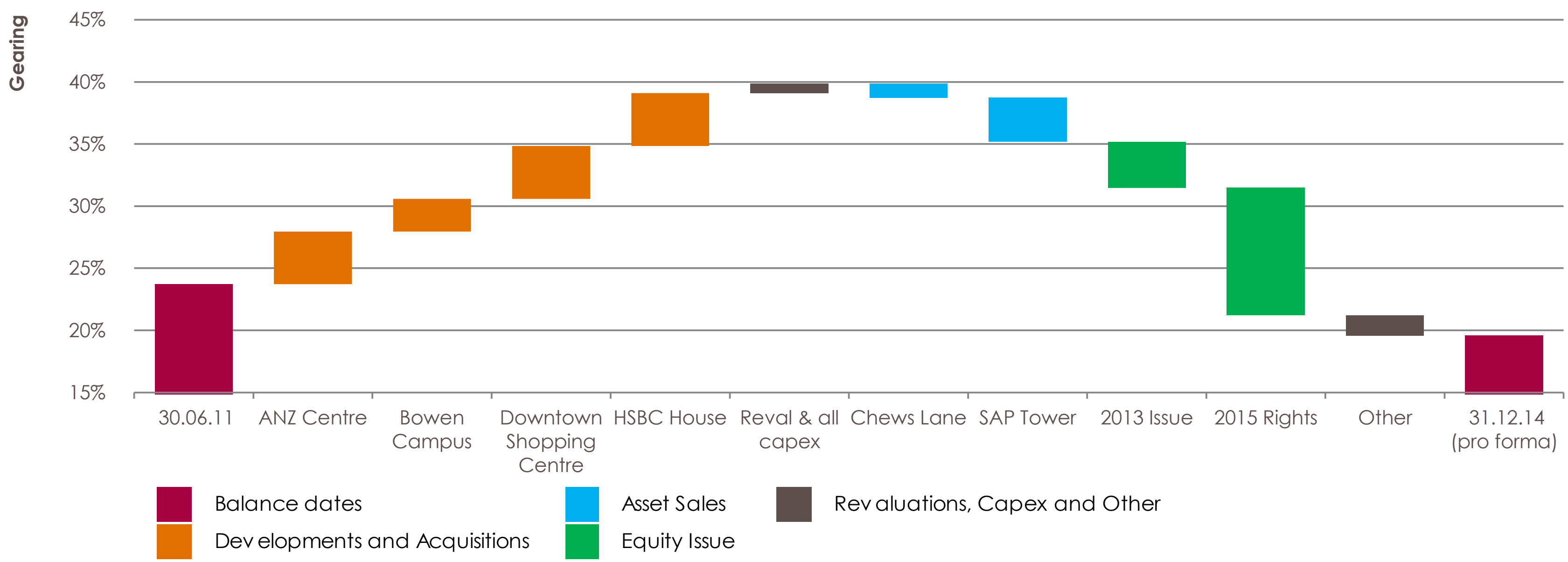
Section 2

Capital Management

Balance sheet since 2011

- Active 4 year period
  - $320 million of development and acquisition activity
  - Asset recycling of $130 million
  - $236 million of new equity issued
- Resulted in a repositioned business with opportunities to add value
- Gearing around 19%

Balance sheet utilisation since June 2011



Entitlement offer

- First entitlement offer utilising Dec 2014 same class issue exemption
  - Reduced timeframe
  - Lower issue costs
- 64% shareholder participation
  - Retail takeup of 40%, friendly structure for non-participants,
- Positive feedback from retail and institutional investors
- Strong interest from new and existing offshore investors
- Average clearing price of $1.162
  - Discount to the TERP of 4.6%
- Gearing reduced earlier than anticipated impacting on short term earnings
- Long term earnings track maintained and accretive relative to an ‘average’ portfolio asset sale

Participation

Institutional Allotment		
Participation	95%	$51.1 m
Bookbuild	5%	$2.8 m
Sub Total		**$53.9 m**
Retail Allotment		
Participation	50%	$60.7 m
Bookbuild	50%	$59.6 m
Sub Total		**$120.2 m**
Total entitlement issue		**$174.1 m**
Total Bookbuild size	**36%**	**$62.4 m**

Clearing Price

Bookbuild	**Clearing Price**	**Premium to issue price**	**Premium % to issue price**
Institutional	$1.205	$0.055	4.8%
Retail	$1.160	$0.010	0.9%
Total	**$1.162**	**$0.012**	**1.0%**

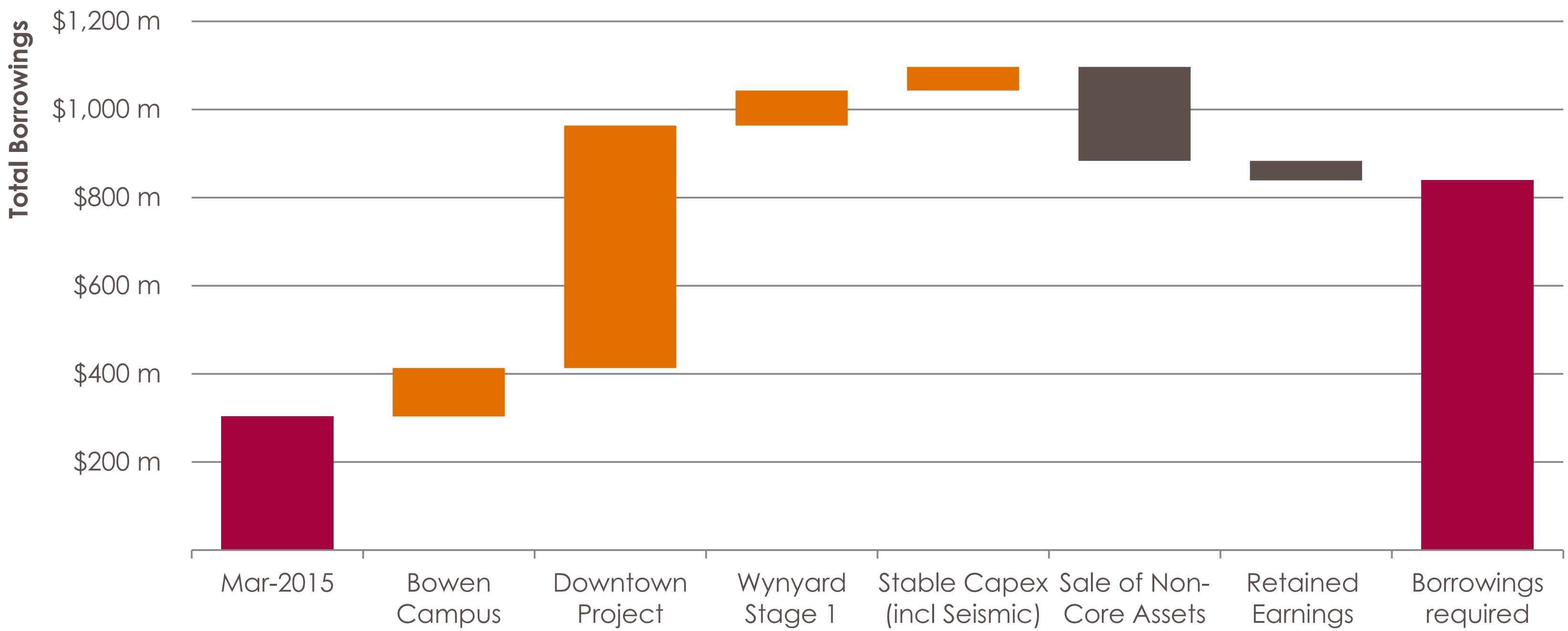
Discount to Closing price and TERP

	Issue Price	**Clearing price**
Closing Price (24 Feb)	$1.225	$1.225
Offer price	$1.150	$1.160
Discount to close price	**-6.1%**	**-5.3%**
TERP	$1.216	$1.216
Discount to TERP	-5.4%	-4.6%

Borrowings outlook

- Total development activity of $740 million over a 4-6 year period
- Execution of strategy will see borrowings increase to $800-$900 million
- New debt facilities required

Total borrowings – Example scenario



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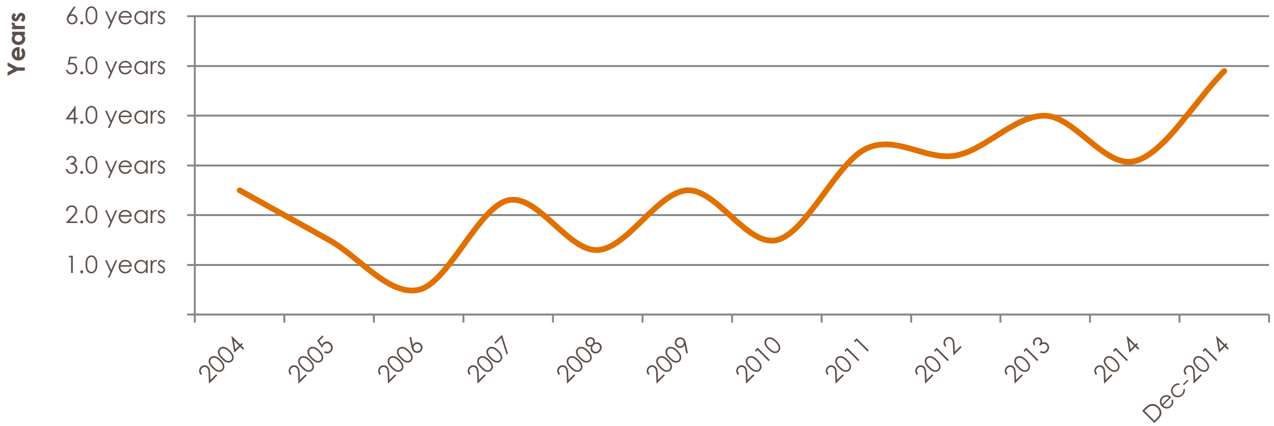
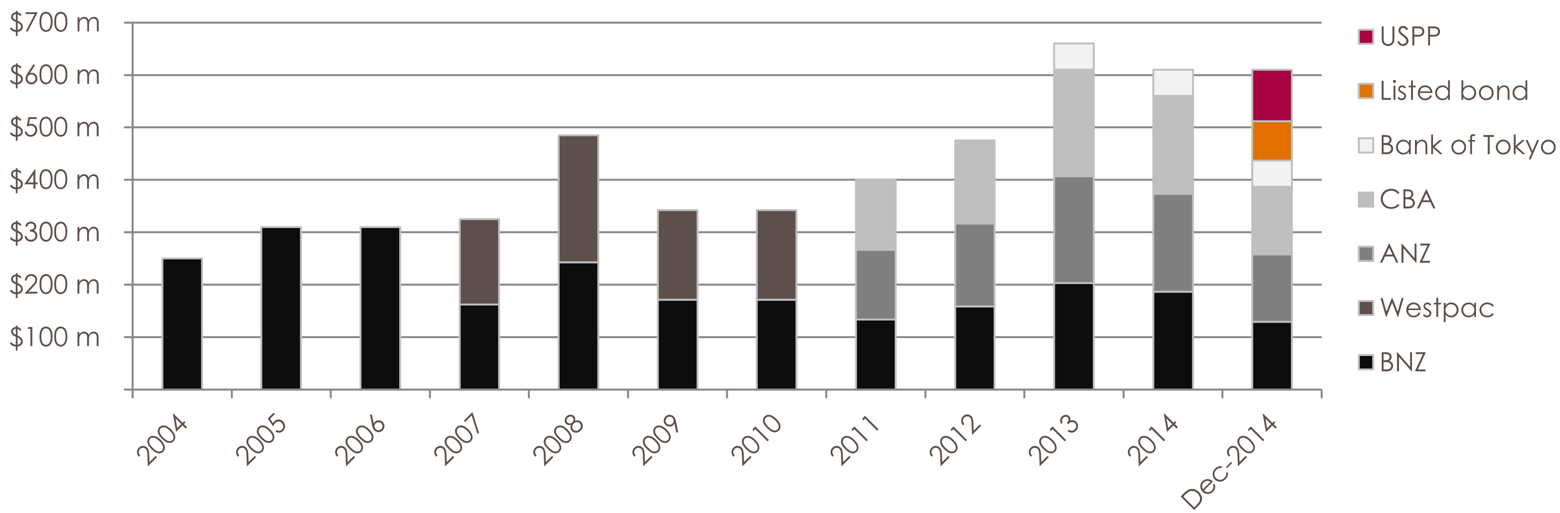
Historical loan facilities

Weighted average debt maturity



Total Facilities (ex MCN's) and participants



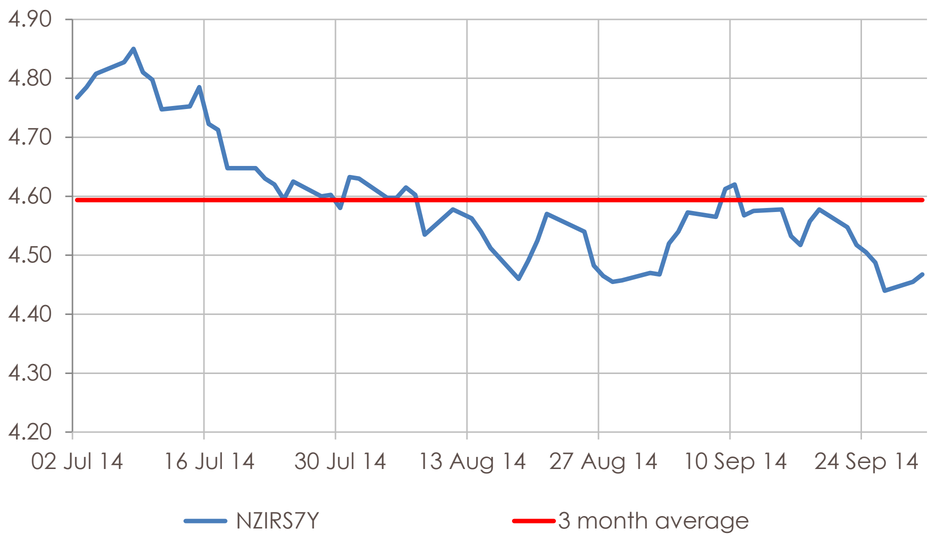
Background to initiatives

- Prior to development commitments
  - Committed funding secured
  - Increase the level of borrowing diversity
  - Increase tenor with a desire to reduce refinancing risk during the development phase
- Consideration given in May 2014 to;
  - Domestic listed bond – Retail investor
  - USPP – Institutional investor
  - $AUD MTN – Institutional investor
- Initially a domestic issue was preferred due to;
  - market conditions with limited issuance,
  - implied all in margin,
  - the ability to leverage Precinct's local brand and its investor base, and
  - the benefits of a first issue, reduced docs under new regulations

Retail bond postponement

- During July and August swap rates fell 25-30 bps while the retail coupon benchmark rate remained unchanged at +6.1%
  - This resulted in the implied margin increasing
- During July also held introductory calls with USPP investors
  - Good initial feedback and interest
  - The postponement of the retail bond was the catalyst to move the USPP forward

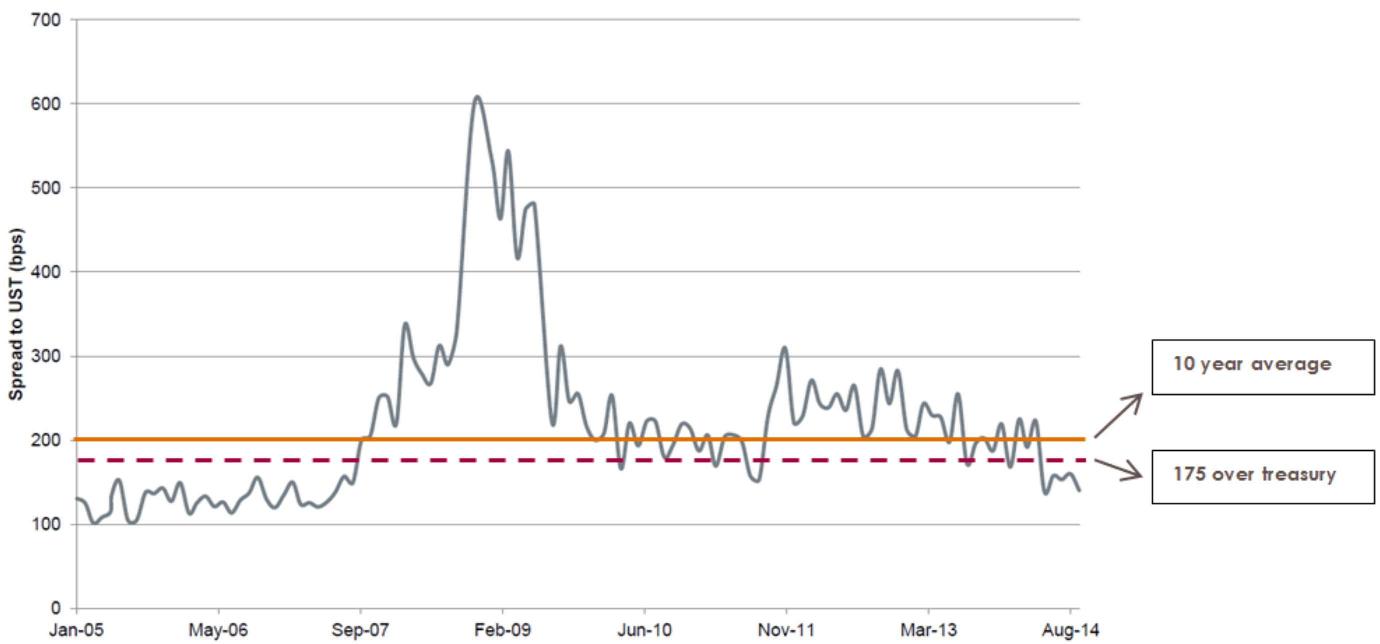
7 year Swap rate July 14 – Sept 14



USPP market conditions

- Reduction in supply during 2014 despite investor demand
- Volume scarcity was beneficial to new issuers and led to tightening in credit spreads especially for lower rated credit
- 2014 transactional activity from similar A-REIT's credits (GAIF, Investa Office, Dexus)
- No previous issuance from NZ REITs

NAIC-2 Spread to 10 year US Treasuries



Roadshow feedback

- ‘Club style’ approach targeting a smaller number of pre-qualified investors
- Supportive of a Precinct deal with all investors supportive of the credit, company strategy and market fundamentals
- Only 1 of the investors dropped out due to non-price considerations.
- Attracted to security of first mortgages and that they were not subordinated
- Preference for freehold property and 100% ownership
- Investors focused on;
  - Development track record (ANZ Centre)
  - The portfolio quality and markets
  - Local Government strategies and direction
  - Seismic risk
- Supportive of ‘2020 vision’ and development opportunities despite scale of projects – recognise value in maintaining quality

USPP final pricing

- Total firm bids for $US230 million or 3.1x coverage
- Focused on relative value
  - Spread relative to the Boston Properties 2024 bond (S&P: A-) was a key benchmark
  - Over the 6-8 weeks Boston's yield widened around 25 bps
  - Precinct's effective spread narrowed to 35 bps, despite being a 1st time issuer

Relative value to Boston Properties

	Boston Properties 2024 bond spread to treasuries	Spread to Precinct 10 year Note (175 bps)
September 2014	115 bps	60 bps
October 2014	140 bps	35 bps

Comparable pricing

Date	Issuer	NAIC Rating	Moodys	S&P	Deal Volume (USD)	Tenor	Spread
Nov-2014	**Precinct**	**NR**	**NR**	**NR**	**75**	**10 /12**	**T + 175 / 185**
5-Jun-14	Goodman Australia Industrial Fund	NAIC-2	NR	BBB	175 & A$50	10 /15	T + 175 / 210 (6 month delay)
23-Jan-14	Investa Office Fund	NAIC-2		BBB+	200	11 / 13 / 15	T + 170 / 175 / 175
13-Dec-13	DEXUS Property Group	NAIC-2	Baa1	BBB+	200	10 / 11 / 13	T + 170 / 170 / 175

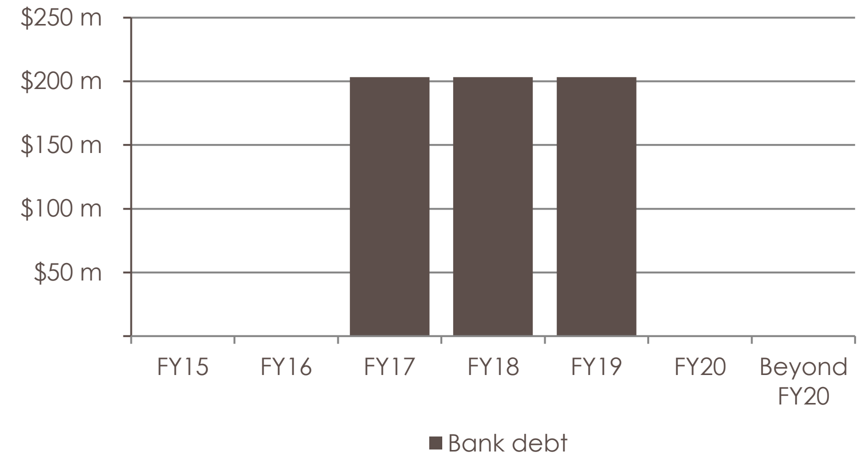
Retail bond offer

- From August market conditions became favourable for corporate bond issuers, with no new issuance and redemptions
  - Created imbalance with strong retail and Institutional demand.
- Small window of opportunity
  - There were a number of corporates and banks looking to issue in early 2015.
- Institutional investors reverse enquiry supported pricing for a new issuer and gave confidence to proceed
- Retail investors coupon expectations reduced materially and ended up being an important part of the issue
- Given the issue was effectively on hold we were able to run an accelerated timetable
- Strong spread of institutional and retail investors
- Future issues can be undertaken quickly and at low cost under same class exemptions

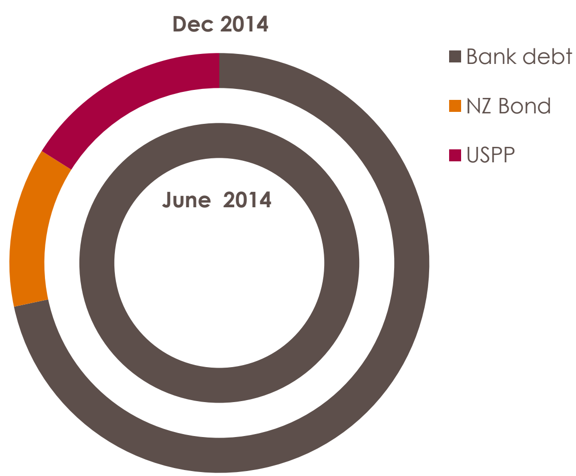
Borrowing summary

- Secured $173m for a weighted average term of 9.1 years at an all in cost of around 200bps
- Since June 2014 the weighted average debt maturity profile has increased by 1.8 years at no increase in overall funding cost
- As at 31 Dec non-bank sources provided 28% of borrowings

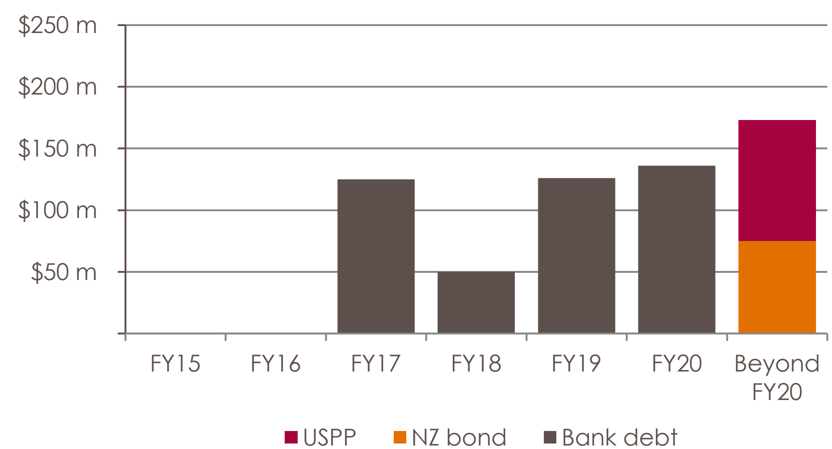
Debt expiry profile (30 June 2014)



Debt Diversity Profile



Debt expiry profile (31 December 2014)



Benefits of initiatives

- Borrowing diversity away from bank debt, and in the case of the USPP, New Zealand
- Provides competitive tension to the banking syndicate
- Provides access to two ‘deep’ markets
- Ability to access additional tenor
  - Reduces refinancing risk during the construction phase
- Reduction in issuance costs for future listed bonds
- Reduction in transaction timetables
- Establishes a long term PCT credit curve
  - Provides us a better understanding of relative value in markets

Section 3

Portfolio Overview

Wynyard – Innovation Building

Portfolio metrics

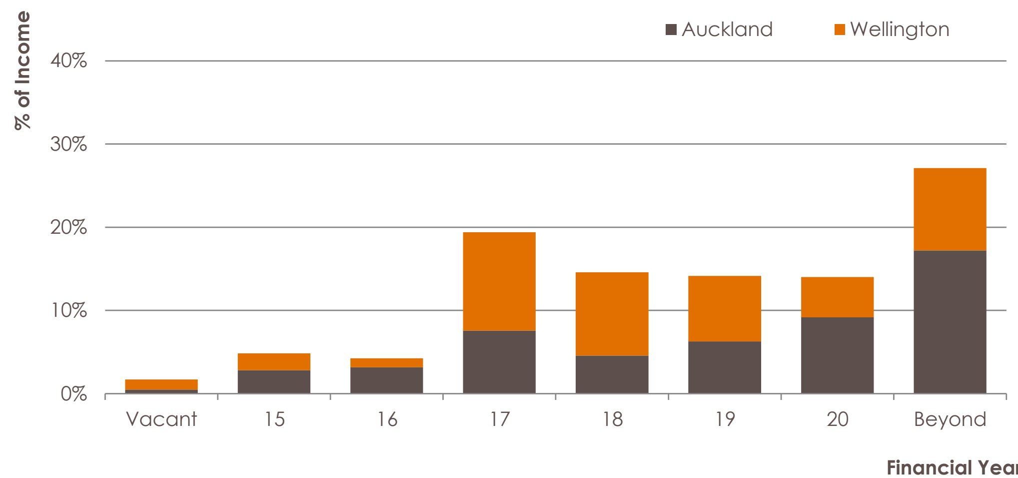
5.3years
Weighted average lease term

98%
Occupancy

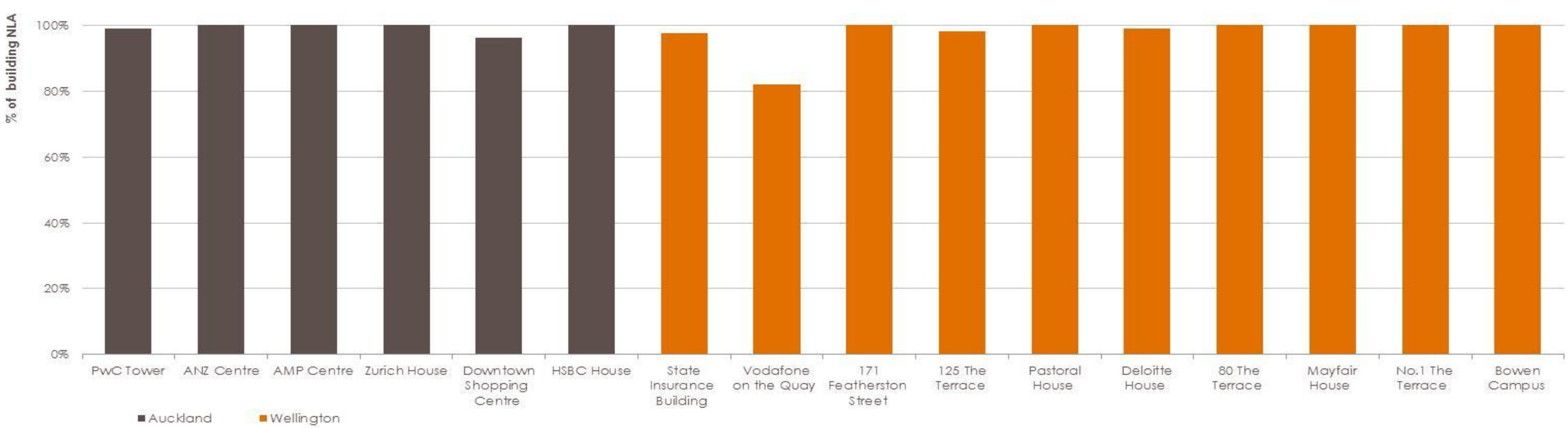
11%
of Auckland portfolio has a market event in FY15

58%
weighting to Auckland

Lease expiry profile by Income



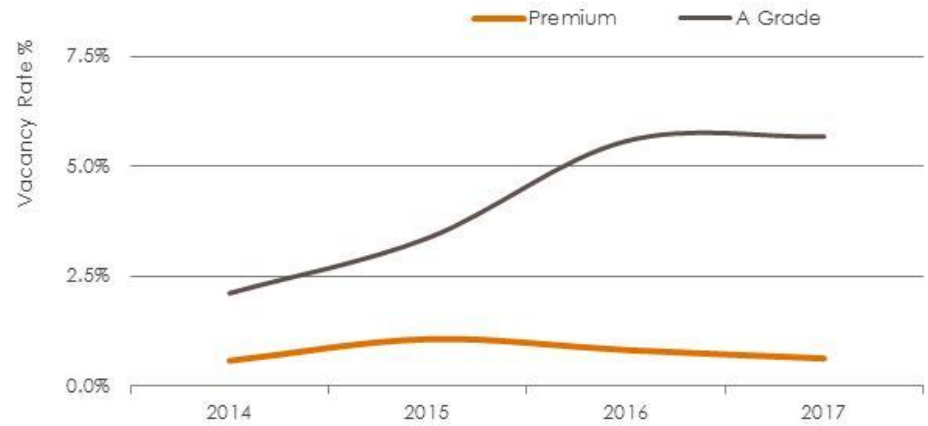
Occupancy



Auckland CBD office market overview

Occupier Demand	▲	Historically low vacancy for prime stock with strong forecasted CBD employment growth
Supply	▶	Stable but emerging new supply expected in view of supportive market fundamentals.
Rental Growth	▲	Growth as face rents increase and incentive levels diminish
Cap Rates	▼	Improving market conditions support firming of cap rates 25bps softer than 2007 peak levels

Forecast vacancy (CBRE, Dec 2014)

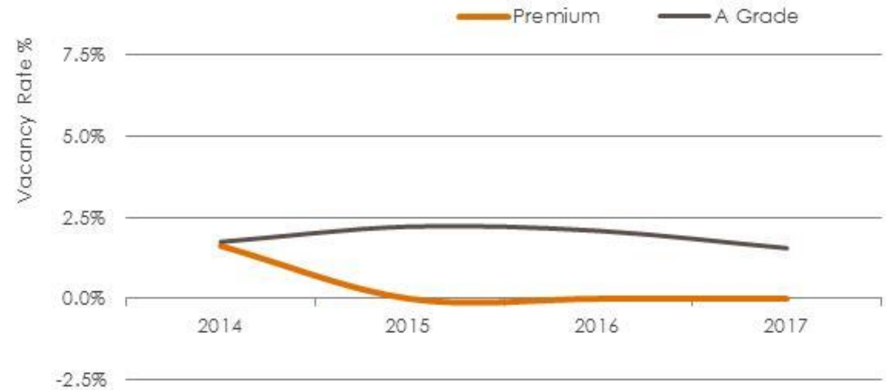


Forecast net effective rent growth (CBRE, Dec 2014)

Wellington CBD office market overview

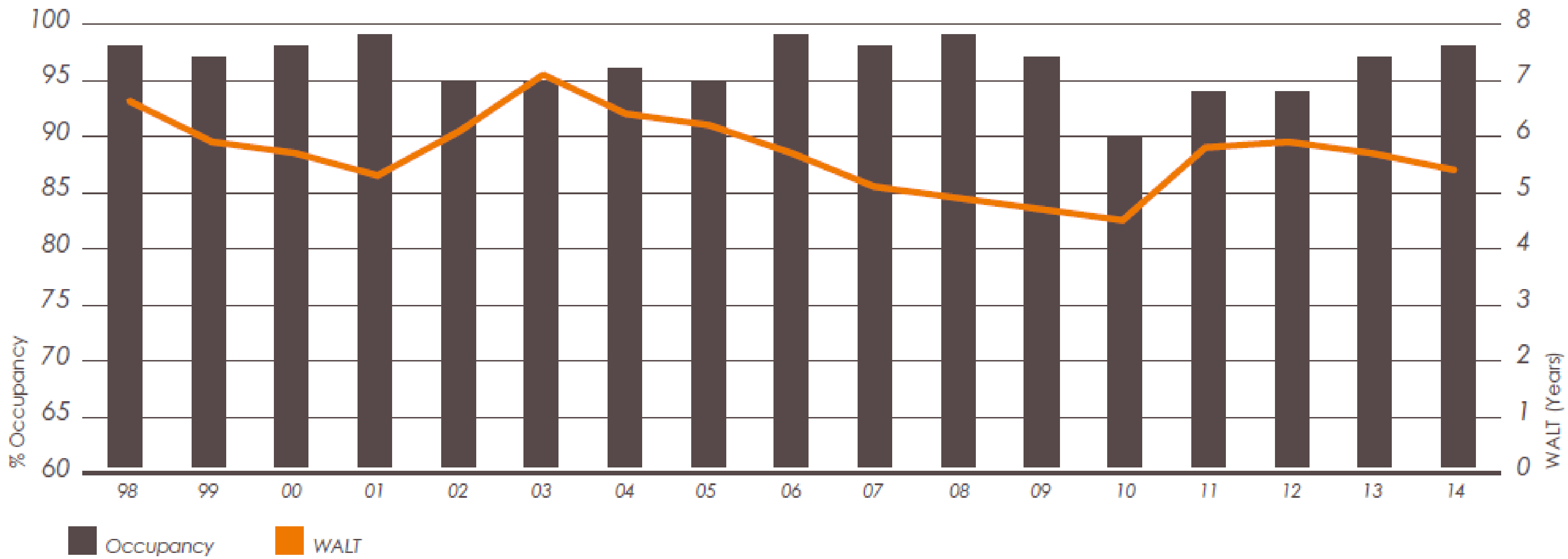
Occupier Demand	▲	Some growth in CBD employee numbers. Quality buildings expected to attract occupiers.
Supply	▶	Some new developments being considered albeit the required rents are 20% above market and require pre-commitments
Rental Growth	▶	Some growth in net rentals attributable to a reduction in market operating expenses
Cap Rates	▶	Capitalisation rates remain stable with potential to firm

Forecast vacancy (CBRE, Dec 2014)



Forecast net effective rent growth (CBRE, Dec 2014)

Historical operational performance



- Since 1998 Precinct has achieved an average occupancy of 96.5% and WALT of 5.7 years.

Portfolio Overview - Auckland

Precinct PROPERTIES NEW ZEALAND

- Occupancy 99.7%
- Occupier base demanding more space as clients grow their employee base and acquire smaller businesses
- Demand/Supply balance shifted significantly in previous 24 months
- Situation leading to growth in contracted rents through leasing and rent review programme
- Contract rents considered to be between 4-8% below market rents
- Additional growth as 2011 incentive amortisations roll off
- Some delay in reversionary benefits offset by longer term benefits of mitigating downside risk
- Maintaining relationships during a period of rental growth is a key focus

Portfolio Overview - Wellington

- Occupancy 97%
- Occupier demand remains stable driven by occupiers relocating and trading up to better quality premises
- CBD based employees remaining stable. Greater opportunity for growth.
- Market rental levels remaining stable as the demand/supply balance has moved to equilibrium.
- Contract rents now equivalent to market rents as reversion has now flowed through
- Occupiers still focused on seismic resilience and ensuring good occupancy ratios
- Leads to a market where owners with access to capital will outperform

Government RFP - Wellington

- Submitted RFP responses to PMCoE for 6 assets comprising 70,836 sqm of existing NLA.
  - 1 & 3 The Terrace
  - Pastoral House
  - Mayfair House
  - Bowen Campus
  - 125 The Terrace
- All properties shortlisted through 2 submission rounds. Three accommodation scenarios being considered by PMCoE
- Scale of Bowen Campus offer reduced from WAP 1.
- PMCoE Business Case is due for submission for Cabinet approval during May/June.
- Finalisation of unconditional development and lease agreements to be concluded 2H15.

Portfolio Strategies

Auckland

- Maintain relationships during a period of rental growth
- Drive growth in contract and market rents
- Target occupiers with mid term expiries to accelerate backfill strategy

Wellington

- Successful outcome for Government accommodation RFP
- Maintain and grow occupancy base
- Position certain assets for future sale
- Target occupiers outside the existing portfolio to grow market share
- De-risk expiry profile in 2017/ 2018

Section 4

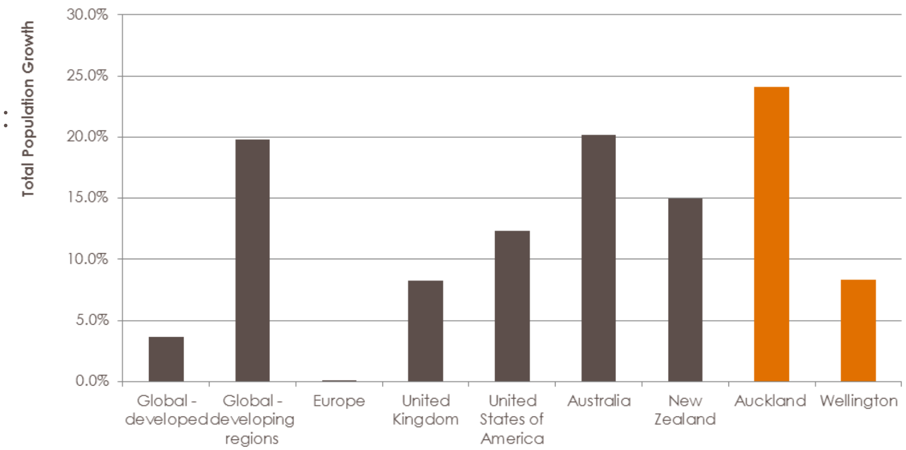
ESTABLISHING THE OPPORTUNITIES

Wynyard – Mason Brothers

Auckland development rationale

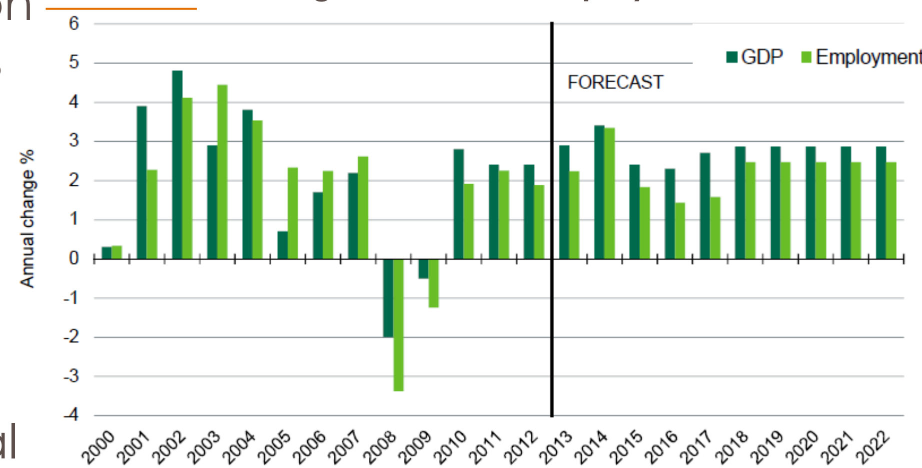
- **NZ GDP growth**
  - GDP forecast to range around 2.5% p.a. over next 5 years (Source: Treasury)
- **Auckland Population growth**
  - Forecast to outstrip most developed countries
  - 50% of NZ population growth is in Auckland
  - Driven by positive net migration – Auckland accounts for >50%
  - Last two years' growth has outstripped expectations
- **Auckland region**
  - Will benefit from strong economic growth driven by population growth and capital investment

UN 2010-2026 total population growth forecast



Source: UN World Population Prospects: 2012 Revision (grey) and Stats NZ (orange)

Auckland Region GDP and Employment

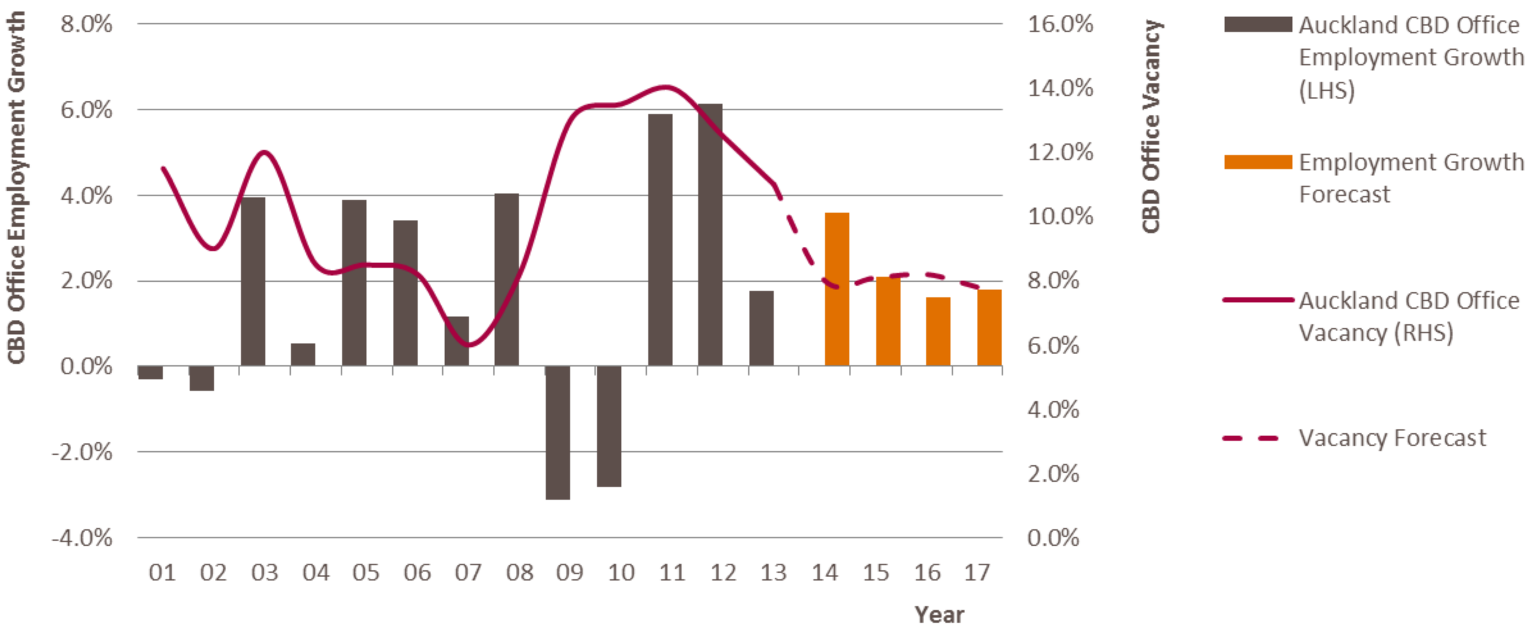


Source: Stats NZ, NZIER, CBRE

AKL - CBD Office employment

- Projections indicate CBD office based employment to increase by 22,000 by 2022
  - This growth will underpin office space demand
  - Key drivers are outstripping expectations

Auckland CBD Office vacancy and Employment Growth



Source: Stats NZ, CBRE

AKL - Office Demand projection

Period	2014-17	2017-22	Total
Current Stock (Source: CBRE 2013)			1,328,866 m²
Current Vacancy (Source: CBRE 2013)			139,197 m²
Current Vacancy rate (Source: CBRE 2013)			10.5%
CBD Office employment			
Current employee capacity (16 m² per person)	8,768		
Increase CBD employees (Source: CBRE Forecast)	10,298	11,702	22,000
Net Increase CBD employees (13.5 m² per person)	1,530	11,702	13,232
Net Increased Demand	**20,660 m²**	**157,974 m²**	**178,634 m²**
Supply			
Work in Progress (Fringe developments)	43,625 m²		43,625 m²
Alternative use through office conversion (5% of C Grade)		(21,536 m²)	(21,536 m²)
Net Increase Supply	43,625 m²	(21,536 m²)	22,089 m²
Excess Supply / (Shortfall) - No available stock	**22,965 m²**	**(179,510 m²)**	**(156,545 m²)**
Implied Vacancy	1.7%	-13.3%	-11.4%
Total CBD/Fringe Supply Capacity (incl DSC)			290,000 m²
Total potential stock in 2022			1,640,955 m²
Vacancy (assuming all capacity utilised)			133,455 m²
Fully utilised vacancy rate			8.1%
15 Year - Historical average			11.5%

CBD worker growth

Significant future demand

Shortfall

Unlikely all are delivered

Vacancy still below historical av.

Establishing Wynyard Quarter opportunity

Wynyard – Innovation Building

Background

History

- Waterfront Auckland (previously Sea+City) commenced Wynyard Quarter urban renewal c.10 years ago
- Investment of c.$120 m in public spaces and Wynyard Quarter creation
- First commercial development was ASB headquarters launched in 2009
- 2013 - Waterfront Auckland launched an international RFP for development partners for 5 star hotel, commercial office and residential components

Waterfront Auckland key objectives

- Achieve the highest quality urban design and sustainability outcomes
- Create a vibrant mixed use precinct
- Accelerate development/avoid land banking
- Protect the value of their public realm investment
- Deliver "Innovation Precinct" through ATEED – potentially up to 50% of development

Precinct approach

Precinct's proposal

- Competitive process – multiple NZ businesses shortlisted
- Focus on delivering to WA objectives – not solely maximising land price
- Complete transparency of our view on value drivers
- Demonstration of expertise – urban office specialist
- Flexible approach to structure
  - Willingness to share profit and risk
  - Absolute no to leasehold with market risk on ground rent
  - Preference not to hold land on balance sheet

Attractions to Precinct

- Location. Last remaining waterfront site close to core CBD capable of servicing demand for high quality campus style office demand.
- Expansion of Precinct offer and leveraging Precinct market position
- Benefitting from substantial public investment
- Staged approach and smaller lot size
- Minimal upfront capital outlay

Development agreement overview

- Residual value approach to determining land value:
  - Precinct develops proposal on target site
  - 'As if complete' independent valuation prepared
  - QS cost estimate prepared – construction, fees, contingencies
  - Precinct development profit calculated based on agreed return on total project costs
  - Residual valuation comprises land value payment
- 50:50 share in any further upside
  - Recalculation of land value payment following completion
- Waterfront Auckland responsible for any contamination issues
- Delivering Waterfront Auckland objectives
  - DA includes "essential outcomes" and "desired outcomes"
  - Examples include architectural quality, environmental standards, innovation, heritage protection
  - Waterfront Auckland Technical Advisory Group "TAG" review and approval process for design – reflected in cost plan

Development agreement implications

- Strong alignment between Precinct and Waterfront Auckland
  - Waterfront Auckland can control specification, but if cost exceeds value this reduces land value payment
- Intensive process to facilitate Waterfront Auckland design objectives
  - Requires high level of development management
  - Justified by investment returns and quality of outcome
  - Leverages off Precinct's office expertise
- Balance between facilitating TAG process and ensuring that the project moves forward
- Requirement for progress – sunset dates apply on a stage by stage basis

Establishing Downtown Development opportunity

East-west laneway

Acquisition background

- Downtown Shopping Centre acquisition opportunity identified early 2011
  - Attracted to best office development site in NZ with strong holding income
  - Consistent with long term view on Auckland growth
  - Complimentary to existing Auckland portfolio
- CRL major impediment to development opportunity
  - CRL planned route announced Nov 2010 – required DSC demolition
- CRL implications considered during 2011
  - Considerable CRL uncertainty at time
  - May 2011 government announced support for CRL route protection
  - Idea to protect route through tunnel construction under Precinct ownership identified
  - Worst case scenario under PWA would be compulsory acquisition at market value
- City Centre Master Plan engagement and submission (mid 2011) reflecting Downtown precinct potential
- 2012 negotiated acquisition from Westfield

Auckland Council engagement

- Engagement with mayor and senior executive immediately post acquisition
- Key benefits to Council
  - Remove capital requirement for acquisition
  - Accelerate delivery of City Centre Master Plan objectives
- June 2013 Auckland Council approved diversion of route protection funding from acquisition to tunnel construction
  - Precinct and Auckland Council formally entered DA negotiations
- Further engagement with Auckland Council planners
  - Built on City Centre Master Plan engagement
  - Encouraged Precinct to consider integration of QE Square
  - Outlined Council's desire to develop laneway network and East West link

Development Agreement

Approach

- Provides Precinct with certainty it can proceed with development
- Provide fair compensation for impacts of CRL tunnels

Key Terms

- CRL tunnel construction procured by Precinct, to Auckland Transport specifications and paid for by Auckland Transport
- Payment to Precinct of compensation for tunnels volume and provision of East West pedestrian laneway through site - $9m
- Payment of additional costs of office tower construction due to CRL tunnels - $10.6m
- Improved rights over 200 carparks in Downtown Car Park out to 2099, terminable for redevelopment after 2048
- If Precinct does not proceed with the development in time to meet the CRL programme, Auckland Council may acquire the site at market value
- Provides for close working relationship during construction phase
  - AT 'early works' contracts let and commence work later this year

Queen Elizabeth Square acquisition

- Acquisition price of $27.2 million
  - Conditional on successful rezoning[1] of land
  - Provides gross land area of around 1,900sqm
  - Settlement post – February 2018 at earliest[2]
- Provides significantly strengthened retail opportunity with 130m of Queen St frontage
- Auckland Council will use funds to provide alternate public space
- Agreement with Auckland Council to provide an east-west pedestrian laneway through the Downtown development, linking key transport infrastructure
- Retail offer to increase significantly providing:
  - Potential to offer mini-major space to both local and international retailers
  - Increases length of 'specialty runs' in the centre
  - Increases critical mass through increased number of retailers

Footnote 1: rezoning includes the road stopping process and effecting a plan change to allow commercial development on the site
Footnote 2: rezoning condition is extendible by Precinct until 6 months after Proposed Auckland Unitary Plan becomes effective

WYNYARD & DOWNTOWN DEVELOPMENT OVERVIEW

Development Background

Development	City	Completion	% pre-let	Project cost	Total project cost
PwC Tower	Auckland	2002	54%	$121 m	$148 m
No1 and 3 The Terrace	Wellington	2006	100%	$33 m	$77 m
21 Queen Street (Zurich House)	Auckland	2009	0%	$76 m	$109 m
ANZ Centre	Auckland	2013	100%	$77 m	$236 m

Development Pipeline Overview

	Downtown Project	Wynyard	Bowen Campus
Acquisition (secured):	2012	2013	2012
City:	Auckland	Auckland	Wellington
Acquisition price:	$91.7 million	Determined on commitment	$51.4 million
Asset type:	Income producing	Development partnership	Income producing
Potential occupiers:	Professional services / Financial / Legal	Innovation Precinct	New Zealand Crown
Expected pre-leasing:	**50% (office)**	**50-100%**	**75-100%**
Indicative gross floor area:	73,000sqm	46,000sqm	32,000sqm
Estimated incremental spend:	$550m	$80m (Stage 1)	$110m
Expected timing:	2016-2020	2015-2025	2017-2019

WYNYARD QUARTER

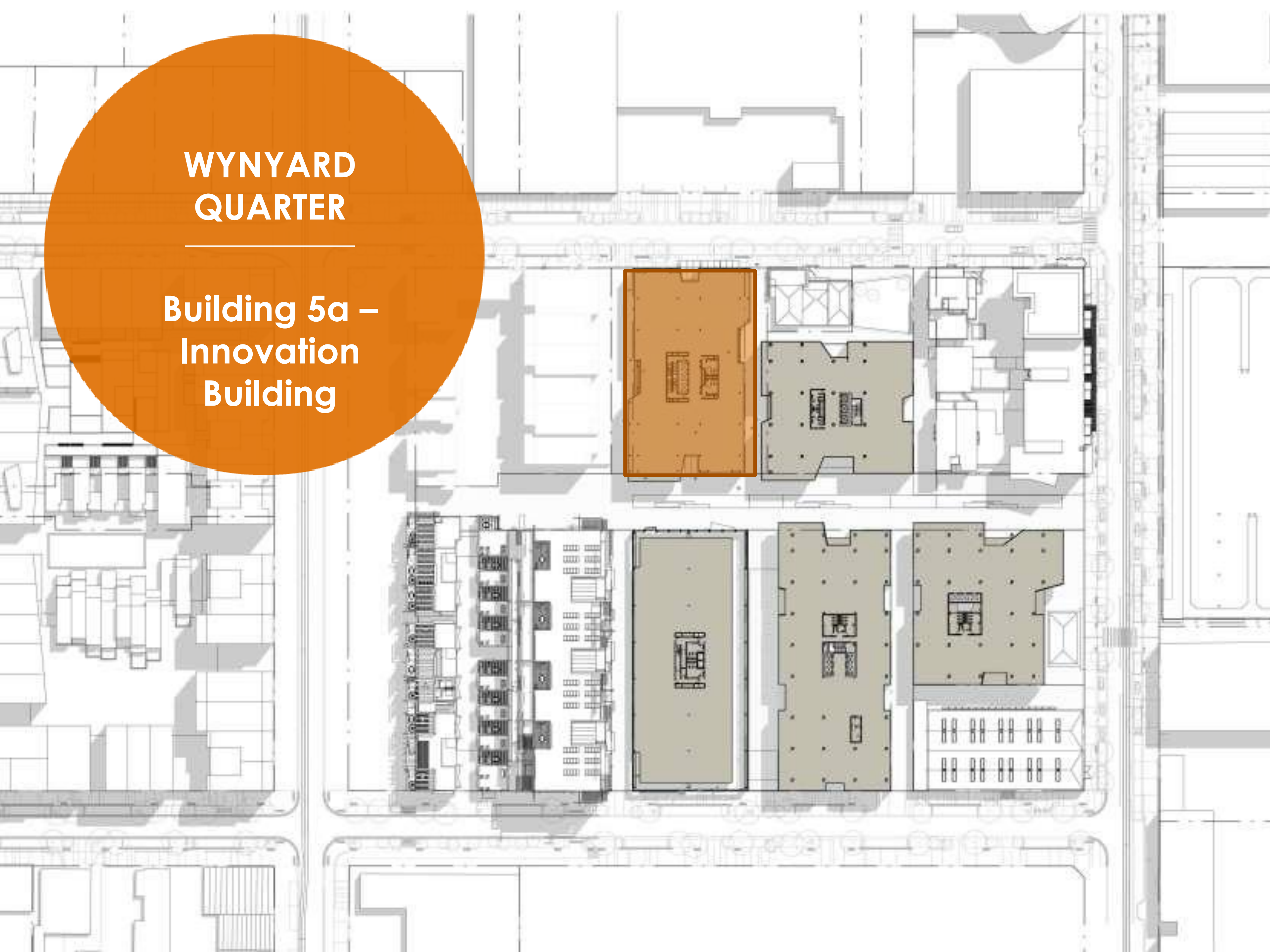
Overview

- Precinct has development rights over 1.1 hectares of land
- Approach this as a JV with Waterfront Auckland
- Provides for 46,000 sqm in GFA
- Completed in 4 stages
- Stage 1 to commence in 2015 consisting of:
  - 2 buildings – 1 new, 1 refurbished
  - home to GRID AKL – Innovation Precinct
  - 13,500sqm NLA
- Stage 1 cost of $80m

WYNYARD QUARTER

WYNYARD QUARTER

Building 5a – Innovation Building

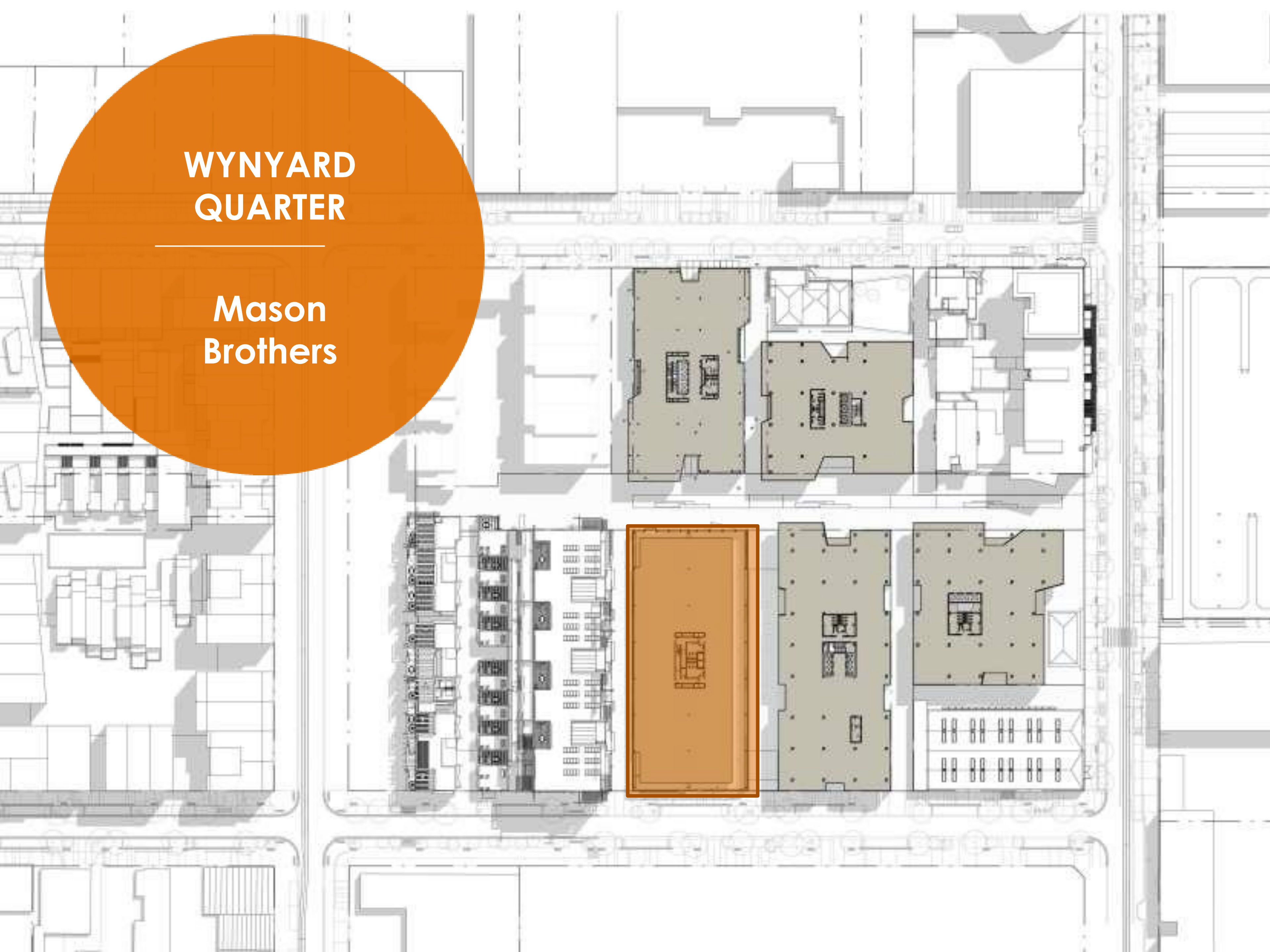


WYNYARD QUARTER

Building 5a – Innovation Building

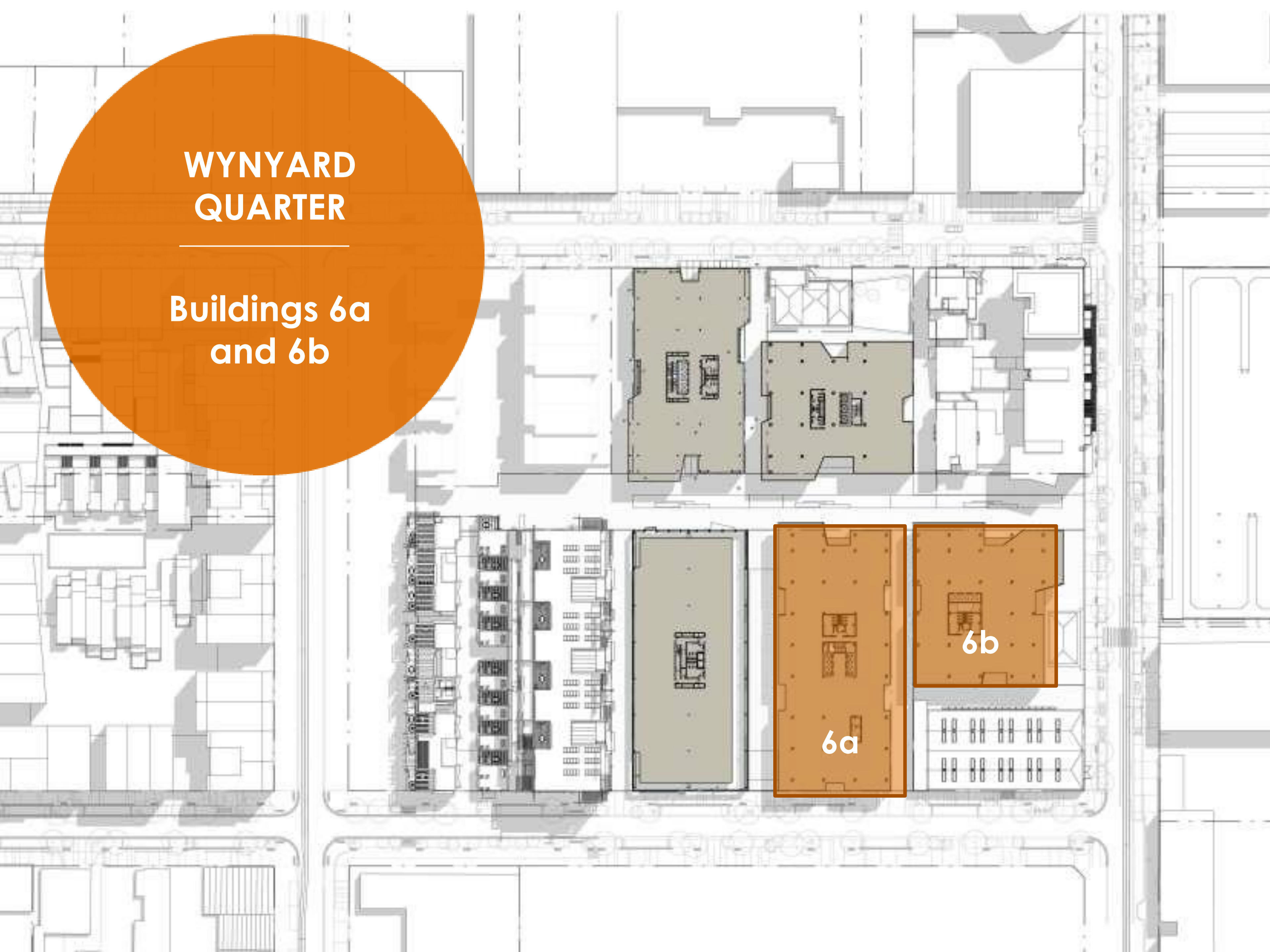
WYNYARD QUARTER

Mason Brothers




WYNYARD
QUARTER
Mason
Brothers


WYNYARD QUARTER
Mason Brothers


WYNYARD QUARTER
Buildings 6a and 6b
6a
6b

WYNYARD QUARTER

Building 6b

WYNYARD QUARTER

Building 6b

DOWNTOWN DEVELOPMENT

Commercial Rationale

- Intention to restore Downtown and lower Queen Street as the heart of Auckland City
- **Macro-environmental factors**
  - Significant increase in number of CBD office workers is forecast
  - Core CBD shifting to along waterfront
  - An aspirational and supportive council
  - Growing inner city resident population
- **Transport**
  - Significant improvement in transport infrastructure (City Rail Link/Light Rail)
  - Leverage transport as the site is bordered by rail, ferry and bus services
- **Tourism**
  - Adjacent to cruise terminal and hotels
  - Auckland airport captures majority of arrivals to New Zealand
- **Trade population**
  - Affluent main trade population relative to the rest of New Zealand
  - Large and growing CBD office workforce

Milestones to date

Oct 2012
Site acquired

Nov 2013
Master planning commenced

April 2014
Design competition

Aug 2014
Concept design commenced

Nov 2014
Balance sheet strengthened - $173m debt

Dec 2014
Concept design finalised

Feb 2015
Development agreement concluded & QE Square acquisition

Feb 2015
$174m equity raised

DOWNTOWN DEVELOPMENT

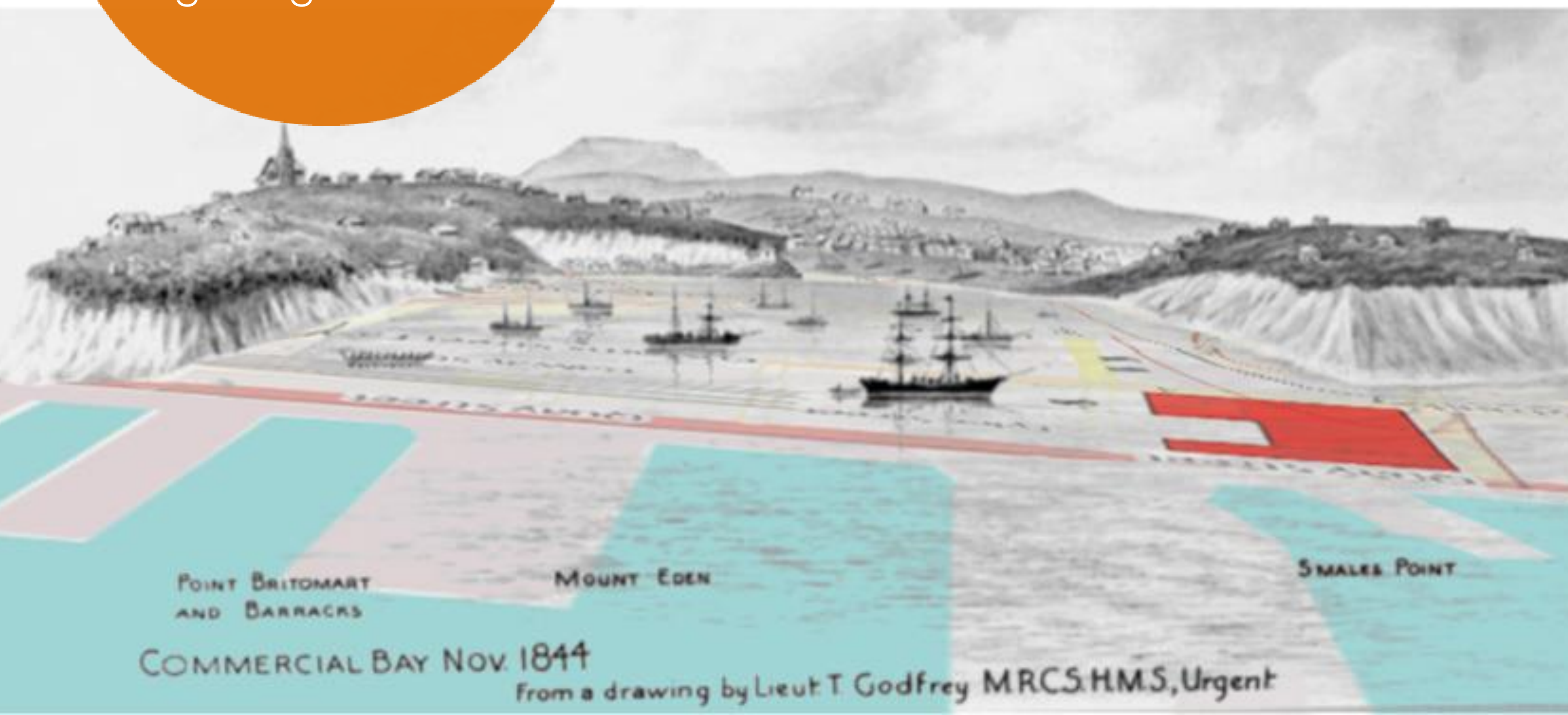
$550 million

37,000sqm commercial office space

20,000sqm retail space

DOWNTOWN DEVELOPMENT

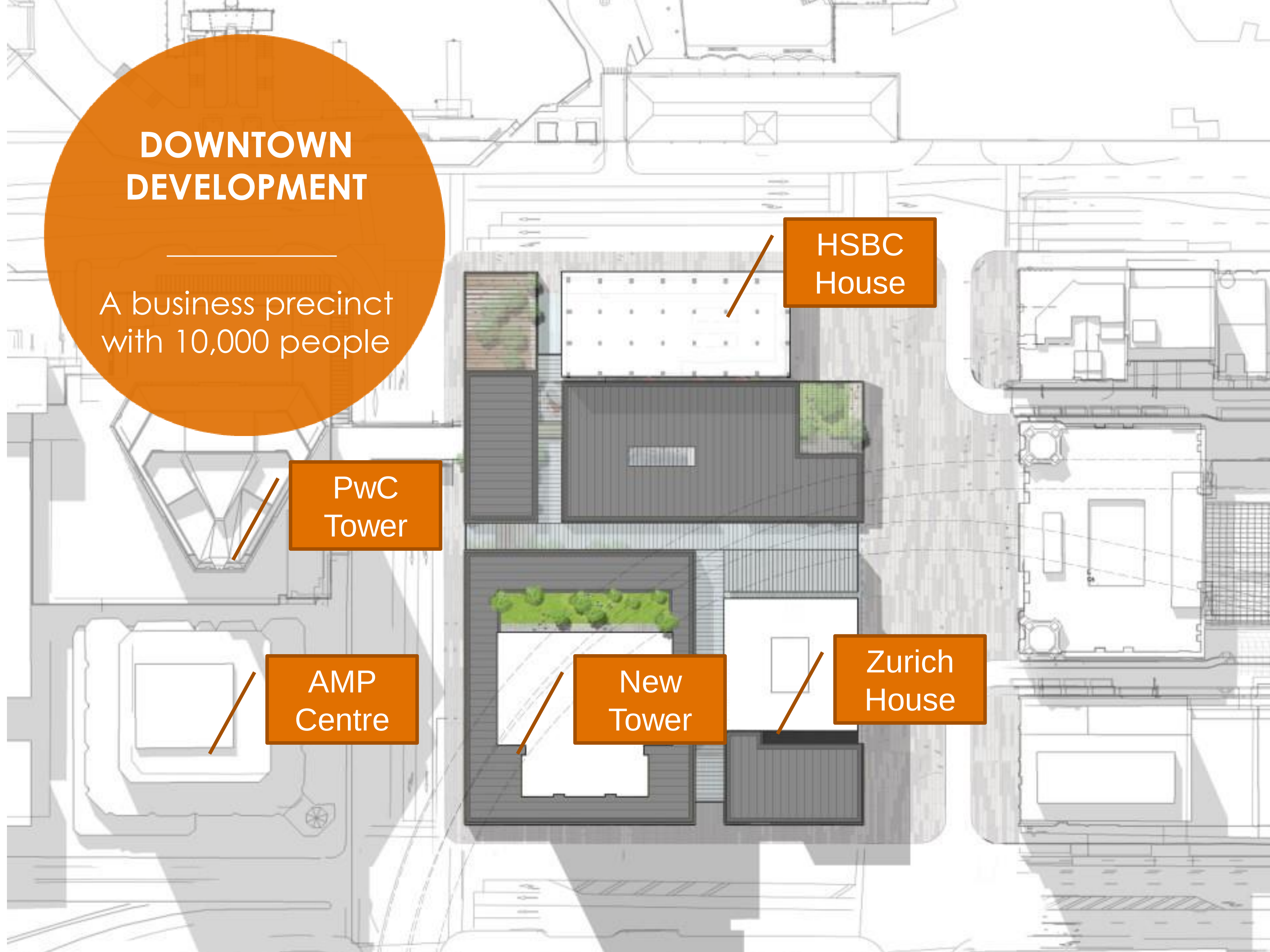
Beginnings of the site



DOWNTOWN DEVELOPMENT

A New Beginning


DOWNTOWN DEVELOPMENT
Integrated project led by Warren & Mahoney with Woods Bagot and NH Architecture


DOWNTOWN DEVELOPMENT
A business precinct with 10,000 people
HSBC House
PwC Tower
AMP Centre
New Tower
Zurich House

RETAIL

A network of laneways over 3 levels

Downtown retail progress

Leasing update

- Presentations to potential retail clients have commenced
  - Positive initial responses
- A proposed retail tenancy mix comprising of:
  - Number of prominent international and local mini major anchors
  - Mix of premium and high end apparel retailers
  - Attractive food and dining offer

CBD retail market

- Auckland CBD retail has experienced a significant resurgence in the past four years
- Establishment of a collection of luxury brand retailers at the lower end of Queen Street
- Britomart has become an established and proven retail offering


NEW
ZEALAND’S
FINEST
COMMERCIAL
TOWER

Downtown office progress

Leasing update

- Occupier demand is strong with high levels of interest from pre-commitment targets
- Key pre-commitment target of 50%
- Occupiers attracted to:
  - Efficiency gains on new floor plate
  - Design ambition of creating NZ's best workplace destination
  - Level of amenity and its waterfront location
  - Around 10,000 workers in 5 office towers within 2 hectare block
- Leasing of vacant space created from tower pre-commits is a priority

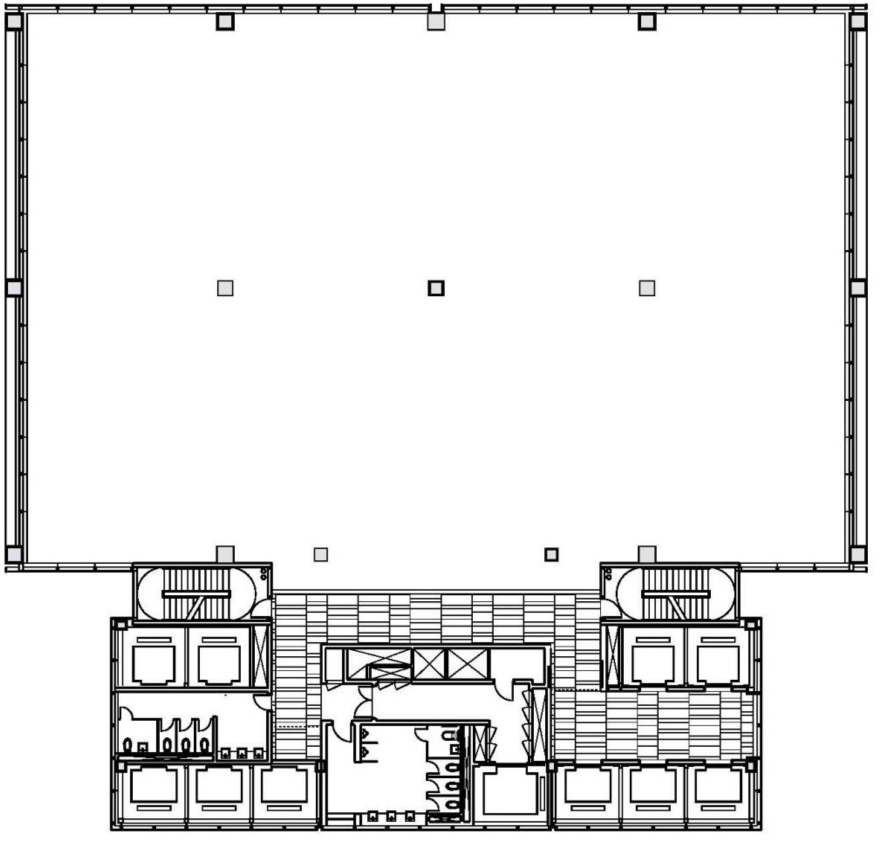
CBD office market

- Prime CBD Office vacancy remains close to historically low levels
- Shift in the core office CBD towards the waterfront
- Downtown tower will provide less than a quarter of anticipated demand

ARRIVAL TO THE SKY LOBBY

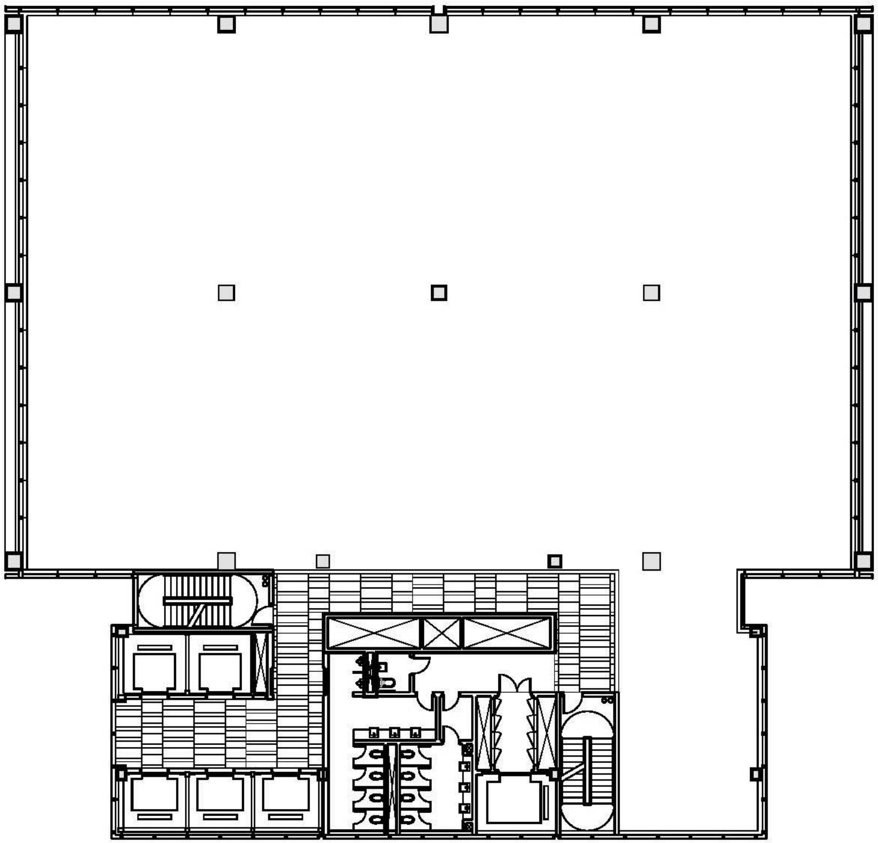
Floor Plate – Mid Rise

- Side core
- Large open floor
- 3 columns
- 3 metre ceiling height
- Floor to floor glazing



Floor Plate – High Rise

- Natural daylight
- Lighting sensor controlled
- Active chilled beam
- Diverse mains power
- 100% back up power
- 5 star Greenstar




CUSTOMS ST WEST

Development Summary

- Auckland is poised for continued growth
- Precinct's waterfront developments are well placed
- Each development caters to different sub-markets:
  - Wynyard – Innovation / corporate
  - Downtown
    - Retail – fashion, F&B, services & amenities
    - Office – professional and financial services/corporate
- Both developments are set to transform the Precinct business and Auckland city

Conclusion

- Transformation of Precinct is underway
- Strategy is clear
- Long term thinking is critical in the success of Precinct
- Ambitious projects but risks mitigated through:
  - Funding capacity established
  - Office occupiers engaged – pre-commitment required
  - Fixed price construction contract
- 20:20 Vision once executed will see Precinct strengthened and a clear market leader

Thank you