

2 November 2015

Dear Shareholder,

**2015 Annual Meeting of Shareholders – Precinct Properties New Zealand Limited (Precinct)**

I am pleased to invite you to the 2015 annual meeting of Precinct shareholders to be held at 10.00am (New Zealand time), Wednesday 18 November 2015 in the Ballroom at the Stamford Plaza Hotel, 22-26 Albert Street, Auckland 1001, New Zealand. I attach the Notice of Annual Meeting which includes explanatory notes, important information and a proxy form. Please read these documents carefully.

**RESOLUTIONS**

At the meeting, shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolutions. The board is recommending that you vote in favour of each resolution.

**Appointment of directors**

1. That Craig Stobo be re-elected as a director.
2. That Lorna Inman be elected as a director.

Details of each director offering themselves for re-election/election are contained in explanatory note 1 to the attached Notice of Meeting. The board supports unanimously the re-election/election of each director.

**Director's remuneration**

3. That, with effect from 1 November 2015 (being the anniversary of the company's corporatisation) the aggregate Director's fee pool (being a monetary sum per annum payable to all directors) for the company, pursuant to listing rule 3.5.1 (a) be increased from \$450,000 to \$580,000 .

See explanatory note 2 to the attached Notice of Meeting for further information

**Auditor's remuneration**

4. That the directors be authorised to fix the remuneration of Ernst & Young as auditor for the ensuing year.

See explanatory note 3 to the attached Notice of Meeting for further information.

**QUESTIONS**

Shareholders present at the meeting will have the opportunity to ask questions during the meeting.

Also, the board is offering shareholders the opportunity to ask questions in advance of the annual meeting. If you would like to ask a question, please either email your question to [hello@precinct.co.nz](mailto:hello@precinct.co.nz) or post your question to the Company Secretary, Precinct Properties New Zealand Limited, PO Box 5140 Auckland 1141, New Zealand. Please include your name and shareholder number with your question. During the meeting the board intends to answer as many of the most frequently asked questions as is reasonably practicable. All questions need to be received by Precinct by 10.00am (New Zealand time) on Thursday, 12 November 2015.

#### **ONLINE/MOBILE VOTING/PROXY**

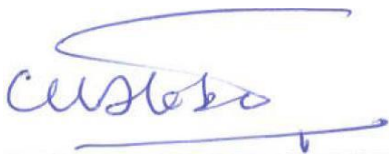
If you cannot attend the meeting you can lodge your vote online or via smartphone or tablet (following the instructions at the top of the proxy form), or complete and lodge the enclosed proxy form so that it reaches Computershare Investor Services: Level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand or Private Bag 92119, Victoria Street West, Auckland 1142, New Zealand, by 10.00am (New Zealand time) on Monday 16 November 2015. Computershare can be contacted at: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz) or +64 9 488 8777.

#### **AFTER THE MEETING**

You are also invited to join the board and management of Precinct for light refreshments following the conclusion of the meeting.

I look forward to seeing you at the meeting.

Yours sincerely,



Chairman  
Precinct Properties New Zealand Limited

*Encl.*

## Notice of Annual Meeting of Shareholders

**NOTICE IS HEREBY GIVEN THAT** the annual meeting of shareholders of Precinct Properties New Zealand Limited (Company No. 2464010) will be held at **10.00am (New Zealand time) on Wednesday 18 November 2015** in the Ballroom at the Stamford Plaza Hotel, 22-26 Albert Street, Auckland 1001, New Zealand.

### Agenda

- A. Chairman's address to shareholders including welcome and introduction.
- B. CEO's address to shareholders.
- C. Shareholder questions and discussion.
- D. Resolutions.

To consider, and if thought appropriate, pass the following ordinary resolutions:

- 1. That Craig Stobo be re-elected as a director.
  - 2. That Lorna Inman be elected as a director.
  - 3. That, with effect from 1 November 2015 (being the anniversary of the company's corporatisation) the aggregate Director's fee pool (being a monetary sum per annum limit payable to all directors) for the company, pursuant to listing rule 3.5.1 (a) be increased from \$450,000 to \$580,000.
  - 4. That the directors be authorised to fix the remuneration of Ernst & Young as auditor for the ensuing year.
- E. Other business

To consider any other matter that may properly be brought before the meeting.

By order of the board, Auckland, New Zealand.



Davida Dunphy  
General Counsel & Company Secretary  
Precinct Properties New Zealand Limited  
2 November 2015

## Explanatory Notes

### 1. RE-ELECTION/ELECTION OF DIRECTORS



**Craig Stobo**



**Launa Inman**

#### 1.1 Craig Stobo BA (Hons) First Class Economics

Independent non-executive director and Chairman Craig Stobo retires by rotation in accordance with the company's constitution and the NZX Listing Rules and offers himself for re-election. The board supports the re-election of Craig Stobo as an independent director. His knowledge, perspective and experience remains in alignment with the requisite skills required for the board composition. Annual performance reviews confirm that he is an active and valued member by both the other directors (independent and non-independent) and management. As a chairman he has fostered an excellent governance culture between the board and management and is committed to the business having had 100% attendance at board meetings.

**First appointed:** 4 May 2010. Prior to corporatisation of the company Craig Stobo was an independent director of the manager of the company and was appointed on 5 April 2005. Notwithstanding Craig's involvement with the business since 2005 the board considers his independence has been maintained and his knowledge and expertise is important to retain.

**Board committees:** Chairman of the nominations committee and member of the audit and risk, the due diligence and the remuneration committees.

**Background:** Educated at Otago University and Wharton Business School, Craig Stobo has worked as a diplomat, economist, investment banker, and as CEO and Executive Vice President of BT Funds Management NZ Ltd. He chaired the Government review of the taxation of investment income which led to the PIE managed fund tax regime which underpins Kiwisaver; chaired the Government review of financial services exports which led to tax changes necessary for NZ to become a funds domicile; and chaired the Establishment Board of the Local Government Funding Agency (LGFA) prior to its incorporation on 1 December 2011. Craig is a professional director and entrepreneur. He is currently an independent director and chair of the Local Government Funding Agency, AIG Insurance New Zealand Ltd, and the NZX-listed Fliway Group Ltd. Craig also has directorship and private equity interests in global equity value fund manager Elevation Capital Management; national wealth advisory firm Saturn Portfolio Management and its superannuation fund administrator subsidiary Saturn Invest NZ; foreign trusts administrator SouthWest Trustees; ultra-premium specialist vineyard Legend Terrace; and pacific oyster farmer and exporter Biomarine Group. He also provides consultancy services to a range of organisations

including a recent appointment by Local Government NZ to investigate the establishment of a Local Government Risk Agency.

## 1.2 Lorna (Launa) Inman BCA (Hons) Bus. Admin. INFINZ (Fellow)

Independent director Launa Inman was appointed by the board of directors as director designate on 20 August 2015 (pending her formal appointment as a director on 28 October 2015) and retires and offers herself for election in accordance with the company's constitution and NZX Listing Rule 3.3.6. Launa was appointed as director designate to ensure a knowledge overlap between her and Graeme Horsley pending his retirement by rotation on 18 November 2015 at the AGM. Launa's appointment followed a lengthy executive search by Propero executive search agency on behalf of the nominations committee in consultation with the full board and management. As part of the search an executive analysis of the board composition was undertaken and recommended skill sets identified that complement and build on the current board composition. A long list of potential candidates was reviewed by the board and a short list interviewed by the nominations committee culminating in the board unanimously agreeing to appoint Launa. Launa brings outstanding operational experience, retail experience and diversity to the board. The board supports the election of Launa Inman as an independent director.

**First appointed:** 28 October 2015 (20 August 2015 as director designate)

**Board committees:** Launa is a member of the nominations committee and due diligence committee.

**Background:** Launa Inman has broad experience in retailing, multi-brand wholesaling, e-commerce, strategic planning, marketing and corporate restructuring. She has been the recipient of the Telstra Australian Businesswoman of the Year award in 2003. In 2015 the Australian Marketing Institute awarded her the prestigious Sir Charles McGrath Award for her significant contribution to the field of marketing and wider industry achievements in Australia. Launa was managing director of Australia's largest retailer of apparel, Target Australia, for 7 years and was instrumental in its turnaround. She has also been the Managing Director of Office Works and the CEO of Billabong International. Launa is a sought after speaker in Australia and Internationally on leadership, board issues, turnarounds and how businesses can use technology and digital media as enablers to become customer focused. Launa has completed an Advanced Executive Program at Wharton Business School and holds a Bachelor of Commerce Hons and a Master of Commerce. She is currently a director of Commonwealth Bank of Australia, Bellamy's Organic, Super Retail Group and two Not for Profit Organisations being the Alannah and Madeline Foundation and the Virgin Australia Melbourne Fashion Festival.

## 2. INCREASE TO THE AGREGATE DIRECTOR'S FEE POOL

The proposed resolution is to approve an increase to the Director's remuneration fee pool for the following year for the purposes of section 197 of the Companies Act 1993.

In accordance with NZX Main Board Listing Rule 3.5.1, no remuneration may be paid to a Director in his or her capacity as director of an issuer of any subsidiary (other than a listed subsidiary) unless such remuneration has been authorised by an ordinary resolution of shareholders. Listing Rule 3.5.1 further provides that an ordinary resolution authorizing remuneration to be paid to a director may be expressed as either:

- (a) A monetary sum per annum payable to all directors of the issuer taken together; or
  - (b) A monetary sum per annum payable to any person who from time to time holds office as a director of the issuer.
- The Board last reviewed the aggregate fee pool in October 2010 with the current Directors' fee pool of \$450,000 per annum in place since November 2010.

- The total base fees paid to the Board Chair and Independent Directors of the Company are currently \$440,000 per annum (the details of current Directors' fees arrangements are outlined in our Annual Report). Precinct does not pay any fees to the non-independent directors.
- Precinct policy for independent director remuneration requires a review to market to be completed every two years. The current fees were set at the last review in 2014 and were supported by an independent report prepared by Strategic Pay Limited who reviewed market fee information of comparable companies (i.e. Boards of companies of similar size and scope including at least one listed property company). In the years where a market review is not undertaken, a CPI adjustment is applied.
- The base fees currently payable of \$440,000 will be subject to a CPI increase in November 2015, which is expected to result in an aggregate increase to approximately \$442,000. The base fees will be reviewed to market again in November 2016.
- The base fees are inclusive of Board meeting attendance and attendance at meetings of standing committees including the Audit and Risk, Nominations and Remuneration committees. Additional Committee fees are provided at a rate of \$250-285 per hour to reflect the additional time and responsibilities associated with participation in ad hoc committees which may be formed from time to time.
- Precinct is in a particularly active phase with the Due Diligence committee established 3 times in FY15 and already established in FY16 for the proposed Downtown development.
- Aggregate Directors' fee pools typically consider company size, the number of non-executive directors on the Board and allow for future headroom/growth (e.g. hiring additional non-executive directors, introducing new Committees). Companies typically utilize 70% of their pool for base fees and allow 30% for growth and additional committee fees.
- If the Company wishes to increase director's fees in line with market and pay additional committee fees when required, it will need to increase the approved aggregate Directors' fee pool as the Company currently uses 98% of the approved pool for base fees.

Having considered the above, the Remuneration & Nomination Committee recommended to the Board that the Directors' fees be increased to ensure there is appropriate headroom to establish committee's when required and allow future growth in line with market. Ensuring fees are aligned to market is important for Precinct to attract and retain the high caliber of Non-executive directors required to support the Company's strategy and objectives.

Consequently, as provided for in Resolution 3 and subject to shareholder approval, the Board seeks authorization from the Shareholders to increase the aggregate Directors' fee pool (by \$130,000 from \$450,000 to \$580,000 which will allow Precinct to pay additional committee fees when required. The Board proposes that the portion of the remuneration pool not paid to Directors as Directors' fees will be available for fee increases in the future subject to Board approval in accordance with section 161(1) of the Companies Act 1993. In this regard, the Board proposes to continue its policy of review of Director Remuneration and seek the recommendation of the Remuneration & Nomination Committee every two years.

#### *Voting Exclusions*

Precinct will disregard any votes cast on Resolution 3 by any director of Precinct.

However Precinct will not disregard a vote if it is cast by such a person as proxy or representative for a person who is not disqualified from voting on Resolution 3, in accordance with express instructions to vote for or against a particular resolution on the proxy form.

### **3. FIX THE REMUNERATION OF THE AUDITOR, ERNST & YOUNG**

The proposed resolution is to authorise the directors to fix the auditor's remuneration for the following year for the purposes of section 197 of the Companies Act 1993.

Ernst & Young is the auditor of the company and has indicated its willingness to continue in office. Pursuant to section 200(1) of the Companies Act 1993, Ernst & Young is automatically reappointed at the annual meeting as auditor of the company.

## Important Information

### VOTING

Voting entitlements for the meeting will be determined as at 10.00am (New Zealand time) on Thursday, 12 November 2015. Registered shareholders at that time will be the only persons entitled to vote at the meeting and only the shares registered in those shareholders' names at that time may be voted at the meeting.

Voting on all resolutions put before the meeting shall be by a show of hands or voice vote, as the Chairman may determine. A poll may be demanded by the Chairman or by shareholders in circumstances set out in the company's constitution.

Shareholders can elect to lodge their vote online on the website of Precinct's share registry, [www.investorvote.co.nz](http://www.investorvote.co.nz). To vote online you will be required to enter your CSN/Security holder number; postcode/or country of residence if you reside outside of New Zealand; and the secure access control number that is located on the front of your proxy voting form or follow the prompts in the email you received.

Alternatively, you can scan the QR code that appears on your proxy voting form with your smartphone or tablet and follow the directions provided. To scan the code you need to have already downloaded a free QR code reader to your smartphone or tablet. When scanned, the QR code will take you directly to the mobile voting site.

### QUESTIONS

If you have any questions, please contact Precinct Investor Relations by telephone 0800 400 599 or by e-mail [hello@precinct.co.nz](mailto:hello@precinct.co.nz).