



NZX announcement - 3 November 2022

Precinct Properties New Zealand Limited Annual General Meeting

11:30am (New Zealand time), Thursday 3 November 2022

Generator Commercial Bay, Toroa Room, Level 2, PwC Tower 15 Customs St West,
Auckland

Online attendance at <https://meetnow.global/nz>

Chairman's opening address

Morena, Tena Koutou Katoa

Good morning and welcome to the Precinct Properties 2022 Annual General Meeting of shareholders. I'm Craig Stobo, Independent Director and Chair.

It is a pleasure to be back in our Generator Commercial Bay Meeting & Event Suites for today's venue.

Today's meeting has a hybrid format. So, in addition to the in-person meeting being held, shareholders, proxies and guests can attend the meeting online via the Computershare Online Meeting platform. Shareholders and proxies attending virtually also have the ability to ask questions and submit votes online.

For online participants, if you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen anytime. Type your question into the field and press send. Your question will be immediately submitted. Should you require any assistance, you can type your query and one of the Computershare team will assist with the chat function and reply to your query. Alternatively, you can call Computershare on 0800-650-034.

Please note that while you can submit questions from now on, I will not address them until the relevant time in the meeting at the end of the presentations. Please also note

that your questions may be moderated or if we receive multiple questions on one topic, amalgamated together.

Similar to previous years, we will try to get through as many questions as possible. However, we do apologise in advance for any questions submitted online that we are unable to answer due to time constraints. In this case, questions will be followed up by email after the meeting.

Voting today will be conducted by way of a poll on all items of business. In order to provide you with enough time to vote, I will shortly open the voting for all resolutions.

For those attending virtually, if you are eligible to vote at this meeting, you will be able to cast your vote online under the Vote tab. Once the voting has opened, the resolutions will allow votes to be submitted. To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution. Your vote has been cast when the tick appears. To change your vote, simply select 'Change Your Vote'. You have the ability to change your vote, up until the time I declare voting closed.

I now declare voting open on all items of business.

For those physically attending today, we hope you will all stay and join us for some light refreshments after the meeting is concluded this morning.

I would now like to introduce the members of the Board and executive team joining us today. We have, Anne Urlwin, Graeme Wong, Nicola Greer, Mark Tume, Chris Judd, Scott Pritchard, George Crawford and Richard Hilder.

We also have present with us representatives from our auditors, Ernst & Young, tax advisors, KPMG, legal advisors, Chapman Tripp and our registrar, Computershare.

Now moving to the agenda of today's meeting.

Meeting agenda

We will begin with reviewing the performance and activity of Precinct over the last financial year. Following the conclusion of the presentation, we will then take any questions you may have. We will start with any in-person questions before moving to any online questions received. We welcome any feedback and will consider any other matters that may properly be brought before the meeting today.

The meeting will then proceed to the formal business. There are two ordinary resolutions put forward for shareholder approval today.

Resolution one considers the re-election of Independent Director, Anne Urlwin and resolution two considers that the Directors be authorised to fix the remuneration of Ernst & Young as auditor for the ensuing year.

Governance

Fostering and maintaining good governance and ethical business practices at Precinct is something the Board takes very seriously. We want to ensure Precinct will continue to benefit from a strong and stable governance regime into the future.

We continue to focus on the Board's succession planning and are continually reviewing this. Reflecting this, I would like to announce today that I will be stepping down as Chair and Independent Director of the Precinct Board at the conclusion of my current term in November 2023.

We expect to begin another process to identify a potential director appointment in the coming months. The People and Performance Committee will also commence the process for my replacement as Chair, ensuring a seamless transition and handover. We look forward to announcing these appointments in due course.

As you would be aware, Mohammed Al Nuami has been appointed to the board as a representative of Haumi Company Limited under a provision in the constitution which allows a shareholder holding more than 15% of the Company's shares to appoint one director. We have announced to the market this morning that he will be



resigning from the board as of today. Haumi have advised Precinct that they no longer wish to appoint a director to the Precinct Board.

On behalf of my Board colleagues and Management, I would like to thank Mohammed for his contribution to Precinct since 2013. I would also like to acknowledge and thank Declan Walsh who has attended Precinct Board meetings on behalf of Haumi Company Limited.

We are fortunate to have Abu Dhabi Investment Authority (ADIA) as a long-term investor in Precinct who have supported our business strategy. We look forward to ADIA's ongoing support and will continue to benefit from their global outlook and expertise.

Key governance items during the year include the establishment of a Board ESG Committee and board succession planning.

The Board is very pleased with the progress we are seeing in relation to the implementation and monitoring of Precinct's strategic ESG objectives. I will share more on Precinct's ESG responses shortly.

Enabling growth

Precinct has continued to be supported by the quality and resilience of its portfolio and its people during 2022. Our strategy is evolving but will continue to focus on our three key pillars, our people and partners, operational excellence and developing the future.

During the year, Precinct announced the establishment of a new strategic investment partnership with Singapore sovereign wealth fund GIC. The transaction settled last month in October following approval by the Overseas Investment Office and Precinct obtaining certain consents in the initial portfolio of properties in September.

The partnership provides access to capital with an aligned partner and fully supports Precinct's future growth. This strategic decision to establish this platform also enables



Precinct to participate in market opportunities and in some instances, to do so on a co-investment basis.

Scott will provide more detail on this transaction later in the presentation.

2022 results highlights

The 2022 financial year has presented many challenges. Auckland in particular has spent considerable amounts of time in lockdowns and had various levels of restrictions imposed on both our people and assets.

Despite these challenges, Precinct has delivered another pleasing result. The performance of Precinct's core office portfolio has been very robust. This has been supported by our high quality occupiers and a resilient office market.

Adjusted funds from operations (AFFO) was \$101.5 million (June 2021: \$85.3 million) or 6.51 cents per share (cps). Full year dividends paid to shareholders and attributed to the 2022 financial year totalled 6.70 cps, representing a 3.1% increase. The quality of our real estate is enabling our business to grow and create further value for our shareholders and capital partners.

Supporting our clients

I would like to acknowledge the extent of COVID-related rental support provided to our retailers and hospitality venues during the 2022 financial year. This totalled around \$8.3 million and included only a small amount of office-related contractual abatements.

Adopting a long-term view and being able to support not only those in our portfolio who were entitled to rent relief, but also to those occupiers who we believe needed financial assistance has been the right thing to do for Precinct.

The Board and Management team are extremely proud of the performance of the Precinct business and the performance of our people and decisions made to support



our occupiers, not only over the last year but since the pandemic started nearly three years ago.

We believe this has positioned us well to benefit from an improving city centre retail environment. With New Zealand's COVID-19 Protection Framework (traffic lights) having recently ended over a month ago, we are encouraged about the future as we look ahead. While the recovery phase will continue to have its challenges, there is a real sense of excitement in Commercial Bay with the return of overseas visitors – it was great to see the arrival of the first cruise ship in August of this year.

Before I hand over to Scott, I would like to share with you some of our latest ESG responses before declaring the first quarter dividend for FY23.

ESG responses

As I mentioned earlier, Precinct continues to advance its ESG initiatives across the business. The Board ESG Committee is delighted with the progress the Precinct team are achieving in relation to Precinct's strategic ESG objectives.

Over the last year, Precinct has undertaken a comprehensive ESG review. This includes a review of Precinct's material sustainability topics and performance targets. Precinct has lifted its targets around climate-related disclosures, with a focus on energy efficiency and meeting or exceeding New Zealand's excellence levels under NABERSNZ and Green Star Ratings.

Precinct has also become a signatory to the World Green Building Council Net Zero Carbon Buildings Commitment. This commitment is to minimise total emissions, both operational and embodied over an asset lifecycle. As you would be aware, Precinct has offset emissions relating to construction for several years now, however this commitment goes further and will see the business focus on more sustainable design and products to minimise upfront emissions by 2030.



A recent example of this is the design of the Flowers Building in Wynyard Quarter in Auckland. This building will utilise cross laminated timber for its structure, resulting in whole lifecycle emissions being around 35% lower than a traditional development.

This project is targeting 6-Star Green Star and 5-Star NABERSNZ ratings on completion.

Reflecting the good progress we are achieving, Precinct continues to perform well across its key ESG performance benchmarks.

During the year, Precinct achieved a Global Real Estate Sustainability Benchmark (GRESB) score of 82. This was well above the global average of 73.

Today, we are also able to share our most recent 2022 GRESB results which were published globally last month. Precinct achieved a score of 82, again placing us above the current global average of 74 and we also maintained a public disclosure level of 'A'.

Precinct has also validated its Toitū carbonzero certification for the year and participated in the Carbon Disclosure Project (CDP), with results due in the coming months.

FY23 dividend

The Board expects Precinct's dividend for the 2023 financial year to be no less than 6.70 cents per share in total cash dividends to be paid to shareholders.

Payment of the 2023 first quarter dividend will be made on the 16th of December this year.

On behalf of my Board colleagues, Management and wider Precinct team, I would like to thank you all for joining us today. Precinct is in a strong position, and our business is well placed to outperform and create more value for both our shareholders and capital partners.

Thank you all again for your continued support in Precinct.

Nga Mihi Nui. I will now hand over to Scott. Thank you.

Scott Pritchard, Chief Executive Officer opening address

E ngā mana

E ngā waka

E nga reo

E rau Rangatira mā

Tena koutou

Tena koutou

Tena Tātoua Katoa

Thank you, Craig, and good morning everyone. I am Scott Pritchard, Precinct's Chief Executive Officer. It is really great to see so many of you joining us here today.

The 2022 financial year has seen our business continue to perform well despite the challenges of lockdowns and uncertainty with regards to city centres, office workers and the lack of international visitors.

As Craig mentioned at the beginning of the presentation, Precinct has continued to be supported by the quality and resilience of its portfolio and its people during 2022.

Let me share some 2022 highlights with you on the next slide.

Portfolio highlights

Pleasingly, our operating income has grown significantly in the period. We have also recorded a total comprehensive profit of \$108.8 million following a modest revaluation gain of \$19.4 million for the year.

Our portfolio continues to perform well with occupancy across our assets at 99% and a long weighted average lease term of over 7 years. New leases secured during the

year recorded rental growth of 13.5% demonstrating the strength of the office market and the benefits of owning premium assets. We remain focused on delivering exceptional customer service and having long-lasting relationships with our occupiers.

Our markets

It is remarkable to think that from January 2021 to December 2021, Precinct recorded its highest ever amount of leasing – right in the middle of the pandemic.

In total, we recorded more than 34,000 square metres which demonstrates the strong demand from businesses wanting to occupy high-quality office space.

We are observing this in both Auckland and Wellington where office leasing demand for high quality buildings in strategic locations continues to be elevated, especially as we see working from home declining as more occupiers return to the physical office environment. For example, our current assessment is that 80-85% of workers are now back in our Auckland portfolio.

Strategy execution

Moving to our strategy.

Since the decision to internalise our management function in March 2021, our strategy has been refined to now include the ability to partner with direct investors offering the opportunity for joint investment into our high-quality assets and large-scale development opportunities.

Following on from what Craig mentioned earlier, this has been advanced during the year with the formation of a strategic investment partnership.

The establishment of the Partnership represents an important milestone in delivering on our strategy. Building on Precinct's high quality portfolio created from our development pipeline, we are committed to creating further long term value for our capital partners and Precinct shareholders.



We anticipate growing this partnership to around one billion dollars in total value over the next 12 months.

Looking ahead and building on our success - I would like to acknowledge the huge contribution our people have made to the continued execution of our strategy. Precinct's success is truly underpinned by the quality of the people who are part of our organisation. With a constrained labour market, we have taken a proactive approach to ensure our Precinct and Generator teams are engaged and retained within the business.

As a business, we will leverage Precinct's capabilities and apply our learnings of the past 6 years to take advantage of market opportunities.

In addition, we are continuing to advance our thinking about entering the multi-unit residential market. We see significant opportunity over time for institutional participation in this market and believe that the current market dynamics will support this.

Before I give you an update on our development projects, I am delighted to share with you this morning that Eke Panuku has selected Precinct as the preferred development partner for the Downtown Car Park Site. This was announced to the market last month and we are incredibly excited to continue work on this opportunity.

Precinct has partnered with Ngāti Whātua Ōrākei as part of the proposal for the site, with the relationship encompassing cultural, design and commercial elements.

Precinct and Eke Panuku have now entered a period of commercial negotiations with the intent to agree and document final terms, which will remain subject to Precinct and Eke Panuku Board approval.

Wynyard Quarter Stage 3

Now focusing on our projects in Auckland.

Just over a month ago, we are pleased to have announced that New Zealand's biggest engineering and consulting firm, Beca will be relocating to the Wynyard Quarter Innovation Precinct. This is on a 12-year lease term over 14,000 square metres. The leasing to Beca has required Precinct to commit to 117 Pakenham Street, the final building of the Wynyard Quarter Innovation Precinct.

117 Pakenham Street comprises 7 floors of commercial office space and continues to follow the Wynyard Quarter Innovation Precinct's market-leading sustainability outcomes to date. Designed in accordance with the Wynyard Quarter Sustainability Standards, the building will target 6-star Green Star and 5-star NABERSNZ.

Securing an occupier like Beca so early in the development is a great result which reinforces the value that businesses are placing on being located in high-quality, centrally located office spaces. We continue to observe this as we see more and more employees returning to the office environment.

Precinct is also underway with construction of 124 Halsey and the Flowers Building within Wynyard Quarter Stage 3. The addition of 117 Pakenham increases the lettable area of the stage by 8,600 square metres to 21,100 square metres.

Pre-committed leasing now represents 65% of Wynyard Stage 3.

Deloitte Centre

One Queen Street, to be known as the Deloitte Centre, also continues to progress well with construction advancing. The project remains on track to complete in late 2023 and is currently 86% pre-committed with the high-rise office floors fully leased.

Leasing of the additional retail and F&B tenancies is advancing well with good interest in this world class development.

Façade installation to the hotel levels is now complete giving a sense of the impact that the building will have on the Auckland waterfront. The reopening of international hotel markets is also encouraging and something we are very excited about upon completion.

30 Waring Taylor Street

Now moving to Wellington.

I would like to first show you all some pictures of the successful opening of our Generator offering in Wellington, at 30 Waring Taylor Street. The redevelopment was completed during the FY22 period and the site is performing very well.

As you can see from the images – 30 Waring Taylor has set the standard for flexible office space in Wellington. Earlier this year, Generator Waring Taylor won the Heritage and Adaptive Reuses Property Award and the Commercial Office Award at this years Property Industry awards. In addition, the building has also received excellence in the Green Building Property Award. The Precinct and Generator team are very proud of these achievements and the recognition received.

Bowen Campus Stage 2

Now turning to Bowen Campus - we are very excited to have officially opened 40 Bowen Street last month.

The new seismically resilient building provides generous office floor plates across six levels and incorporates viscous damper technology to provide business continuity in case of a seismic event. It will be the new home to EY, Fujitsu, Simpson Grierson, Dentons, Aspect Furniture, Little Astoria restaurant and Nam Nam with Generator occupying the first two floors.

The next stages of Bowen Campus include F&B operators opening in January 2023 and 44 Bowen Street on schedule to complete in mid-2023.



Once complete, Bowen Campus will be home to over 5,000 clients across four buildings.

Conclusion and outlook

To conclude, I am personally very proud of the performance of the business and the people during another year which has presented many challenges. As Craig said at the beginning of his address, being able to support those occupiers within the Precinct portfolio who we believe needed support in order to continue operating over the last couple of years is something we believe was the right decision for our business.

Precinct is well placed. With strong demand for high-quality space, solid rental growth and an increasing set of transaction and development opportunities to add value during this economic cycle, we remain optimistic about the position of Precinct and the opportunities that this market will present us with.

Notwithstanding this optimism, we are very aware of the current economic situation. Interest rates are now at its highest level in over seven years, and we expect that this will have an impact on valuations. Therefore, our view remains that it is critical we continue to actively manage the portfolio and the business and manage this risk.

Thanks everyone for joining us today.

Huri noa i te whare

Tēnā Koutou

Tēnā Koutou

Tēnā Tātou Katoa

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