



NZX announcement - 14 November 2023

## **Precinct Properties Annual Shareholder Meeting (ASM)**

11:30am (New Zealand time), Tuesday 14 November 2023

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

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

### **Chair's opening address**

Morena, Tena Koutou Katoa

Good morning and welcome to the Precinct Properties 2023 Annual Meeting of Shareholders. I'm Craig Stobo, Independent Director and Chair.

It is great to see so many of you in attendance at our Generator Commercial Bay Meeting & Event Suites today.

Similar to previous years, 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, one of the Computershare team will be able to assist you via 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.

While will try to get through as many questions as possible, 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.

I would now like to introduce the members of the Board and executive team joining us today. We have, Anne Urlwin, Graeme Wong, Chris Meads, Nicola Greer, Mark Tume, Chris Judd, Scott Pritchard, George Crawford and Richard Hilder. We also have Alana Barron who joins Precinct through the Future Director Programme in an observer capacity.

Also present with us are 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.



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 where we have six resolutions to consider and are being put forward for shareholder approval today. There are four resolutions for Precinct Properties New Zealand Limited including one special resolution, and two resolutions for Precinct Properties Investments Limited which also includes one special resolution.

In summary and detailed in the Notice of Meeting sent to shareholders last month, resolutions today will consider the election of Chris Meads as an Independent Director, proposed changes to director remuneration, fixing the remuneration of Ernst & Young as auditor for the ensuing year and minor amendments to the constitution for each of Precinct Properties New Zealand Limited and Precinct Properties Investments Limited.

As you will all be aware, this is the first Annual Meeting of Shareholders since Precinct moved to a stapled company structure.

Receiving both shareholder and Board approvals earlier this year demonstrates the support for our business and for Precinct to continue to execute its long-term strategy while retaining the benefits of the Portfolio Investment Entity (PIE) regime.

Before we move to some of our highlights this year, I would like to give a brief update on Board changes which have resulted from the progress we have made across our succession planning. I would also like to provide a bit more detail on Resolution two which considers proposed changes to director remuneration.

As previously announced, following the conclusion of my current term I will be stepping down today as Chair and Independent Director of Precinct with Anne Urlwin to replace me as Chair of the Precinct Board.



The People and Performance Committee agreed that Anne is the best replacement for the Chair of Precinct and believe Anne has the right skills and experience to ensure a seamless transition and handover. Since her appointment to the Precinct Board in 2019, Anne has been Chair of the Audit and Risk Committee and has made a significant contribution to Precinct's governance regime. At the end of the presentation after the shareholder questions and answers session, I will invite Anne up to say a few words in her capacity as incoming Chair.

We are also delighted to have recently appointed Chris Meads as an Independent Director. Chris is an experienced professional and has worked in banking and funds management across Asia Pacific including more recently his role as Chief Investment Officer of Pantheon Ventures, based in Hong Kong. Chris will address you all later today and provide a bit more detail on his background before voting on his election.

As I mentioned earlier in our introductions, Alana Barron joins Precinct as its first Future Director for a one-year term starting on 13 November 2023. Alana is a capital markets professional with 20 years' experience in New Zealand, Australia, Hong Kong and the United States.

Administered by the Institute of Directors, the Future Directors Programme is designed to help identify and grow the next generation of directors in New Zealand, including recognising talented executives who are interested in developing governance skills. We are pleased to join this programme as part of our commitment to helping ensure New Zealand has a greater pool of governance talent to draw from.

Moving to the proposed changes to Director remuneration.

As you will recall, the Precinct Board last proposed an increase in Directors' remuneration in 2021. Since then, the regulatory landscape has continued to change. There is increased regulatory risk and obligations resulting in increased demand on Directors' time and broadened scope of responsibilities.



In line with Precinct's policy to engage an external review of director remuneration every two years, the Company engaged independent advisors PwC to provide remuneration benchmark data in considering the proposed changes to director remuneration in Resolution two.

Following this review, the Precinct Board reviewed this benchmark data and, based on a comparison of the Precinct Directors' fees to the market, consider the proposed increases to the Directors' remuneration are appropriate, fair and reflective of market conditions. The Board considers that alignment of Directors' fees to market is important in order for Precinct to be able to continue to attract and retain high performing Directors whose skills and experience are well-suited to our requirements. Ensuring an effective governance structure to oversee Precinct's long-term strategy on behalf of you, our shareholders, is an ongoing priority.

Moving to our 2023 highlights. The last financial year has seen Precinct successfully advance a number of transactions. These transactions have further reinforced the quality of our business and the leading position we hold in our markets.

Notably the business has achieved high occupancy of 99% across its portfolio with Precinct's 2023 financial year result being underpinned by significant leasing and market rental growth achieved during the period. This has resulted in net property income of \$130.2 million for the year which contributed to net operating income before tax of \$102.1 million, a year-on-year increase of 7.1%.

Key strategic initiatives include \$1.6 billion of capital partnerships established, which Scott will provide more detail on later in the presentation.

In addition, Precinct has settled \$680 million of asset sales which includes 40 and 44 Bowen Street and more recently, the issue of \$150 million subordinated convertible notes. The notes have provided Precinct both strategic and capital management benefits. It has further strengthened our balance sheet and allows Precinct to advance our partnership strategy.



Precinct's active approach to both asset and capital management, as well as its third-party capital strategy is expected to support Precinct's outlook.

Before I declare the first quarter dividends for FY24 and hand over to Scott, I would like to share the progress we continue to make across our ESG responses.

During the year, Precinct has progressed strategies to reduce our negative impacts and scale positive impacts informed by our material topics. In particular, climate change. Precinct's commitment to the World Green Building Council Net Zero Carbon Buildings Commitment will see us achieve net-zero carbon emissions for all buildings under our direct operational control by 2030. Precinct has offset construction-related emissions for several years now and will continue to procure high quality verified offsets to help us meet our net-zero targets. However, we acknowledge that the priority must be on decarbonising our activities through the sustainable design of buildings, products, processes and supply chains.

Another key area of focus for the ESG Committee over the last year has been preparing Precinct for compliance with the External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards in FY24. Precinct has voluntarily prepared interim climate-related disclosures in this year's Annual Report to support transparency towards compliance with XRB's NZ CS1 Standards. Precinct will apply the full CS 1 standard in its FY24 Annual Report.

Precinct continues to perform well across its key ESG performance benchmarks.

As previously announced with our full year results, Precinct achieved a Global Real Estate Sustainability Benchmark (GRESB) score during the year of 82 which was above the global average of 74.

Today, we are extremely proud to share our most recent 2023 GRESB result. Precinct improved its score to 86 which is well above the current global average of 75. This is a great result and reflects the continued progress Precinct is making across our ESG



targets, and of course the significant amount of work undertaken by the entire Precinct team to achieve this score.

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

Now moving to the FY24 dividends.

While there is no change in the underlying assets represented by your shareholding following the corporate restructuring of Precinct into a stapled group, Shareholders will now receive a PIE dividend for Precinct Properties New Zealand Limited and a separate dividend for Precinct Properties Investment Limited.

The Board expects total combined cash dividends for Precinct Properties New Zealand Limited and Precinct Properties Investment Limited for the 2024 financial year to be 6.75 cents per stapled security to be paid to shareholders.

Payment of the 2024 first quarter dividends for Precinct Properties New Zealand Limited and Precinct Properties Investment Limited will be made on the 15th of December this year.

On behalf of my Board colleagues, thank you all for joining us today.

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

## Scott Pritchard, Chief Executive Officer – opening speech

E ngā mana

E ngā waka

E nga reo

E rau Rangatira mā

Tēnā koutou

Tēnā koutou

Tēnā Tātoua Katoa

Thank you, Craig, and good morning everyone, welcome to the 2023 Annual Meeting of Shareholders. I am Scott Pritchard, Precinct's Chief Executive Officer.

As Craig mentioned earlier, the 2023 financial year has seen our business progress and advance all aspects of our strategy in the period, a strategy which has evolved particularly over the last couple of years.

The business continues to evolve supported by its premium quality investment portfolio and supportive occupier markets. Through our market position and the teams expertise we have extended our capital partnerships with direct investors on our assets and in our projects, and have sourced new development opportunities.

We have established a residential development platform in partnership with Lamont & Co. which has extended our real estate offering and is supporting Precinct's strategy focused on mixed-use precincts.

Our investment partnerships continue to demonstrate the strong demand for joint investment into our high-quality assets and large-scale development projects.

The next slide summarises our capital partnering to date.





During the year, we advanced Precinct's partnership with Singaporean sovereign wealth fund GIC with the sale of 75% of the Wynyard Quarter Stage 3 development project. We also agreed a new investment partnership with global private investment firm, PAG which has been another key transaction during the 2023 financial year.

More recently, Precinct has also announced it has formed a joint venture with Ngāti Whātua Ōrākei, to invest in the regeneration of the Te Tōangaroa precinct in Auckland city centre. Precinct's investment will be in partnership with global private investor, PAG.

The Te Tōangaroa portfolio comprises two low-rise commercial buildings situated at 8 Tangihua Street and 30 Mahuhu Crescent, totalling approximately 22,000 square metres.

By investing alongside capital partners we create alignment, and by being a local partner with deep market knowledge we aim to provide our partners with superior investment performance. The key benefit for Precinct is an improved return on equity. We can use our balance sheet more effectively and participate in a greater range of value-add activities alongside our capital partners.

Moving to key themes.

We have delivered on our strategy of growing our capital partnerships to around \$1.6 billion over the last 12 months.

The occupier market for premium-grade space continues to perform well with material rental growth and growing demand. Occupiers are prioritising their workspace in an effort to attract workers back to their office.

Despite this demand, with further increases in interest rates during the year, valuations have come under pressure as capitalisation rates have expanded.

I would now like to share some of our 2023 portfolio highlights with you.



Our investment portfolio remains in very good shape with occupancy across our assets at 99%, a long weighted average lease term of six years, and rental growth of around 14% in the year.

In total, we recorded 53,000 square metres of leasing completed in the 2023 financial year, demonstrating the strong demand from businesses wanting to occupy high-quality office space.

Moving to a summary of our development portfolio.

In total, we have 74,000 square metres of development projects under construction valued at over \$1.0 billion. Pleasingly, across these developments pre-leasing has been advanced to now sit at 90%.

Over the past six years Precinct has successfully completed \$1.8 billion in development projects, the most recent completions being Bowen Campus Stage 2 and Willis Lane, both in Wellington.

The commencement of 61 Molesworth Street in Wellington and 117 Packerham Street at Wynyard Quarter in Auckland have replenished our development pipeline with further smaller residential projects anticipated to start later this year.

The next slide shows some images of our current development projects.

The next development completion that we anticipate will be 1 Queen Street. We are expecting practical completion now in early 2024.

We believe our ability to continue to create premium-grade real estate through our developments is a key feature in growing our capital partnerships into the future.

The following slide shows some images of the residential development platform of Lamont and Co.



The multi-unit residential developments are a natural extension to Precinct's strategy, providing competitive and diversification benefits to future investment opportunities.

Through our joint venture with Lamont and Co. we have one residential project to complete at the end of this year and we have commenced one project in New Market and one in Onehunga, encompassing a total of 183 apartments.

Looking ahead, our business is well positioned, and we will continue to explore opportunities to scale our capital partnerships which support Precinct's outlook.

While the New Zealand economy is facing rising interest rates and global uncertainty, we are committed to managing our market position and ensuring our balance sheet remains in a strong position.

We are supported by the strength of our office markets here in Auckland and Wellington with workers now back in the office and the demand for premium-grade space remaining robust.

To conclude, it's been an incredibly busy twelve months with progress made across all fronts of our business. The quality and effort put in by those in our organisation has been outstanding. I would like to again acknowledge the huge contribution our people continue to make to the success of Precinct. I would also like to thank our Board of Directors for their ongoing governance of Precinct.

And of course, Craig, before I hand back to you. On behalf of Precinct's Management team, we would like to again thank you for the significant contribution you have made to Precinct during the time you have served on the Precinct Board.

Since joining in 2010, Craig you have been an exceptional Chair and played a key role in the success of our business over the years. Craig you have truly been instrumental in the direction of Precinct through your governance leadership which includes a corporatisation in 2010, and more recently leading the challenging task of internalising our management function for the business in 2021 and seeing Precinct move to a stapled group structure in July of this year.



Personally, Chair, I've appreciated your support and guidance. Craig, you are respected by your peers, and we wish you all the very best for the next phase of your career.

Thanks everyone for joining us today.

Huri noa i te whare

Tēnā Koutou

Tēnā Koutou

Tēnā Tātou Katoa

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