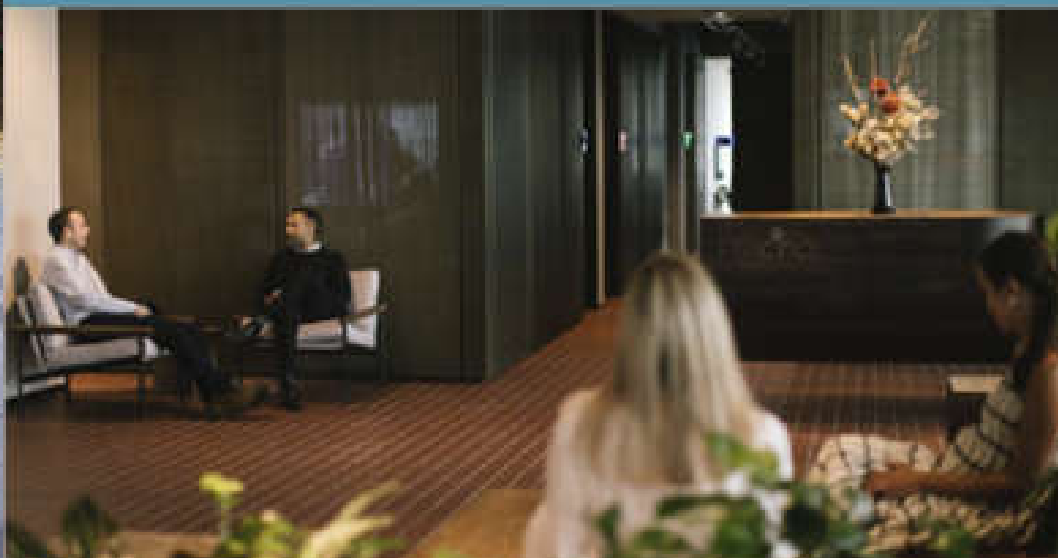
Delivering on strategy

ANNUAL REPORT 2023

Cover page image: One Queen Street, Commercial Bay, Auckland.
More information can be found at www.precinct.co.nz

All portfolio metrics are as at 30 June 2023 and reflect Precinct's direct ownership in assets and exclude PPILP and BILP assets, unless otherwise stated.

Successfully extended our real estate offering, supporting Precinct to achieve its growth aspirations and create long-term sustainable value.



As we continue to work with our partners and consider future opportunities, the active management of Precinct's high-quality portfolio is supporting both the evolution and execution of our strategy.

The 2023 financial year has seen Precinct successfully advance a number of transactions which has further reinforced the quality of our business and the leading position we hold in our markets.

Post balance date, on 1 July 2023, Precinct effected a restructuring to create a stapled group structure. A stapled structure, combined with strategy execution, is expected to provide significant long-term benefits to Precinct and its investors.

$1.8 B

capital partnerships established.

99.92%

of votes received in favour of the special resolution to move to a stapled company structure.

2023 highlights.

99%

Portfolio occupancy
At 30 June 2023

$102.1M

Operating income before income tax
For the 12 months ended 30 June 2023

$130.2M

Net property income
For the 12 months ended 30 June 2023

GRESB score 82/100

Global Real Estate Sustainability Benchmark (GRESB) score above the global average of 74.

Precinct maintained a public disclosure level 'A' .

ESTABLISHED MULTI-UNIT RESIDENTIAL DEVELOPMENT BUSINESS

with Auckland based private equity real estate developer Lamont & Co. with a focus on the delivery of high-quality multi-unit residential developments.

2023 summary.

Operational excellence

- Dividend of 6.70 cps paid to shareholders
- 99% portfolio occupancy and WALT of 6.0 years
- Over 53,000 square metres of leasing secured
- Global Real Estate Sustainability Benchmark (GRESB) score of 82 (global average 74)
- Became a signatory to the World Green Building Council Net Zero Carbon Buildings Commitment
- Toitū carbonzero certification validated

Paul Singleton, National Operations Manager

Our people and partners

- Established Precinct Pacific Investment Limited Partnership (PPILP) with Singaporean sovereign wealth fund GIC
- Advanced growth with Wynyard Quarter Stage 3 development sold to PPILP
- Established Bowen Investment Limited Partnership (BILP) with global private investment firm, PAG
- Residential development business established with Lamont & Co.
- Continue to support community wellbeing and vitality
- Client and staff surveys completed
- Registered with the NZ Parental Leave Register

Developing the future

- Committed to 117 Pakenham Street in Auckland
- Unconditional agreement to acquire 61 Molesworth Street development in Wellington
- Successfully completed 40 & 44 Bowen Street in Wellington
- Selected as the preferred development partner for the Downtown Carpark in Auckland
- Continue to off-set embodied carbon at development projects through carbon credits

Our Strategy

Precinct is a central city real estate investment business. We invest in high quality strategically located real estate with a focus on sustainability.

Our core strategy is well established with the portfolio developed by Precinct over the past 10 years.

Principles of Success

- Focusing on concentrated ownership in strategic locations
- Maintain and grow occupier relationships
- Investing in quality, both in assets and environments
- Maintain a long-term view
- Leveraging Precinct's people and its platform to attract third party capital
- Identify, cultivate, and maintain strong long term capital partnerships

Strategy continues to evolve as value-add opportunities are explored and executed

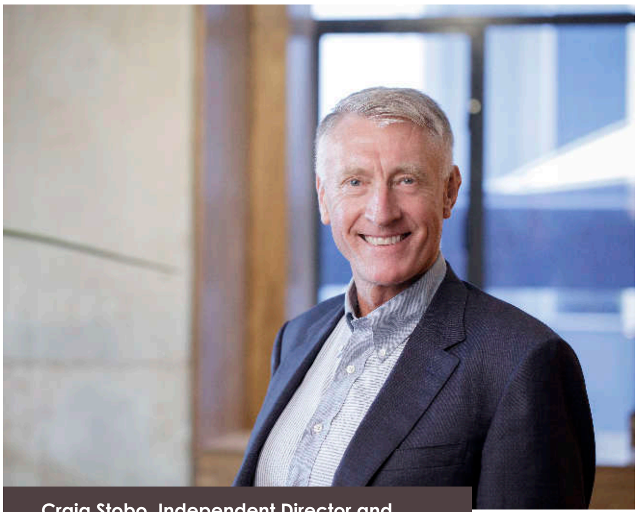
As we continue to work with our partners and consider future opportunities, the active management of Precinct's high-quality portfolio is supporting both the evolution and execution of our strategy.

Successful execution:

- Established Precinct Pacific Investment Limited Partnership (PPILP) with Singaporean sovereign wealth fund GIC
- Advanced growth with Wynyard Quarter Stage 3 development sold to PPILP
- Established Bowen Investment Limited Partnership (BILP) with global private investment firm, PAG
- Residential development business established with Lamont & Co.
- Selected as the preferred development partner for the Downtown Carpark site in Auckland
- Received shareholder approval to move to a stapled structure, supporting our strategic direction to allow flexibility for Precinct to continue to execute its strategy whilst retaining Portfolio Investment Entity (PIE) status.


Deloitte.
JARDEN

Chair's report.



Craig Stobo, Independent Director and Chair

On behalf of the Board and management team, we are pleased to present Precinct's 2023 Annual Report.

We are pleased to have advanced our strategy in the period and extended our capital partnerships.

FY23 performance

Precinct's 2023 financial year result has been underpinned by strong leasing momentum and market rental growth during the year. This has resulted in net property income of $130.2 million achieved for the year and contributed to net operating income before tax of $102.1 million, up 7.1% on the previous year (June 2022: $95.3 million).

Total comprehensive income after tax was ($147.5) million compared to $108.8 million in the previous year with the movement largely attributable to the annual revaluation which recorded a $257.1 million devaluation in FY23.

Adjusted funds from operations (AFFO) is 6.69 cents per share (cps). Our full-year dividend to shareholders is 6.70 cps.

Stapled company structure

As previously announced in our interim results earlier this year, we had been considering the option of moving to a stapled structure for some time. Given Precinct's strategic direction, future participation in a wider set of opportunities and growth in our capital partnerships, a stapled structure ensures the most robust company structure to allow flexibility for Precinct to continue to execute its strategy whilst retaining Portfolio Investment Entity (PIE) status.

Precinct held a special shareholder meeting on 11 May 2023 to consider moving to a stapled company structure. Voting was conducted by poll and shareholders passed the special resolution with 99.92% of votes received in favour.

Following the special meeting of shareholders of Precinct, Board approval was given in June 2023 by each of Precinct Properties New Zealand Limited and Precinct Properties Investments Limited for Precinct to move to a stapled structure. The Board and management of Precinct believe a stapled structure, combined with strategy execution, is expected to provide significant long-term benefits to Precinct and its investors.

The effective date of Stapling was 1 July 2023 and the Stapled Securities commenced trading on the NZX Main Board on 3 July 2023.

Supporting strategic growth

As announced with our annual results, we are considering making an offer between $150-$200 million of subordinated convertible notes. Precinct continues to focus on an active capital management strategy. Post issue, the proceeds of the offer (net of issue costs) will be used to repay existing bank debt and for general corporate purposes and is expected to reduce Precinct's gearing, as measured under borrower covenant, which disregards subordinated debt. This places Precinct's balance sheet in a strong position to enable the business to execute on strategy and future opportunities while also diversifying its funding sources.

Sustainability – ESG responses

Sustainable development is an imperative for New Zealand and remains central to Precinct's business. Our ability to operate depends on the availability of resilient natural and social capitals, and our business benefits when it contributes to the maintenance and growth of those capitals. Our ESG strategy focusses on how we can reduce our material negative impacts and scale our positive impacts in a way that creates long-term value for Precinct. During the year, Precinct is proud to have 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. 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.

Since 2021, Precinct has reported climate-related financial disclosures that align with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). This year, in addition to including our impacts on people and planet and how we are managing those impacts, Precinct has prepared interim climate-related disclosures, which supports transparency towards compliance with the External Reporting Board's (XRB) Aotearoa New Zealand Climate Standards in FY24. Precinct will apply the full CS 1 standard in its FY24 Annual Report.

Our overarching measure of Precinct's ESG performance continues to be the Global Real Estate Sustainability Benchmark (GRESB) which remains a global standard for ESG benchmarking and reporting for real estate entities. During the period, we received a 2022 GRESB score of 82, above the current global average of 74. Precinct also maintained a public disclosure level of 'A' demonstrating the high level of ESG public disclosures we make. We are also pleased to report Precinct improved its MSCI ESG Ratings to 'A' from 'BBB'.

In line with our broader sustainability objectives, Precinct actively seeks to engage and collaborate with suppliers who share our commitment and approach to conducting business. We expect our suppliers to be transparent about their social, environmental and economic sustainability practices and to actively participate in Precinct's sustainability initiatives. Precinct has recently published a Supplier Code of Conduct which supports our commitment to advance social and environmental responsibility beyond our own operations to our supply chain. We continue to take a proactive approach and expect Precinct Suppliers to meet the minimum standards defined by this Code and comply fully with all applicable laws and regulations when providing goods or services to Precinct. Suppliers must make any subcontractors they employ aware of Precinct's Supplier Code of Conduct. It should be read together with Precinct's commitments in respect of Health & Safety, Diversity & Inclusion, Sustainability, Modern Slavery and Mental Health and Wellbeing, all of which can be found on Precinct's website.

Precinct's 2023 Annual Report has been prepared in accordance with GRI Standards for sustainability reporting.

Over the last 12 months, Precinct has continued to advance several ESG initiatives and we welcome you to read our Sustainability Report which includes Precinct's interim climate-related disclosures on pages 21 to 39.

Board changes

We are delighted to have announced in February this year that Anne Urlwin will replace me as Chair of the Precinct Board at the conclusion of my current term in November 2023. Ensuring a seamless transition and handover, the People and Performance Committee have considered Anne to be the best replacement for the Chair of Precinct and strongly believe Anne has the right skills and experience. 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.

We have also commenced a recruitment process during the year for a new Independent Director as part of the Board's succession planning to ensure a strong and stable governance regime is maintained. We expect to be in a position to propose the new Independent Director for election by shareholders at the Annual Shareholder Meeting (ASM) in November and look forward to introducing the Future Director to shareholders at that meeting.

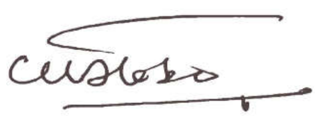
Dividend guidance

The quality of our real estate is enabling our business to grow and create further value for our shareholders and capital partners.

The Board expects Precinct's dividend for the 2024 financial year to be 6.75 cps in total cash dividends to be paid to shareholders.

As this will be my last annual report as Chair of Precinct, I would like to take the opportunity to personally and sincerely thank you, our shareholders for your ongoing support. It has truly been a pleasure to be Chair of the Precinct Board over the years and I am confident Anne will continue to contribute to the success of Precinct well into the future.

On behalf of the Precinct Board, management and Precinct team, we again thank you for your continued investment in Precinct.



Craig Stobo, Independent Director and Chair

Management report.

From left to right: George Crawford (Deputy CEO), Scott Pritchard (CEO) and Richard Hilder (CFO).

The opportunity to partner with direct investors on our assets and on our projects is exciting and allows Precinct the opportunity to participate in a wider set of opportunities.

During the year, we are pleased to have advanced Precinct's partnership with Singaporean sovereign wealth fund GIC with the sale of the Wynyard Quarter Stage 3 development project to Precinct Pacific Investment Limited Partnership (PPILP). Agreeing a new investment partnership with global private investment firm, PAG has been another key transaction during the 2023 financial year. These investment partnerships continue to demonstrate the strong demand for joint investment into our high-quality assets and large-scale development projects. Announcing the establishment of Precinct's residential platform in partnership with Lamont & Co. is another transaction which has extended our real estate offering and is supporting Precinct's core strategy focused on mixed-use precincts. This platform is a joint venture which has complemented the overall strategic direction of our business and represents a natural extension for Precinct.

Post balance date, Precinct announced it has formed a joint venture with Ngāti Whātua Ōrākei, to invest in the regeneration of the Te Tōangaroa precinct in the Tāmaki Makaurau 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.

Development projects update

Auckland

Wynyard Quarter Stage 3

Secured a 12-year lease from Beca at Wynyard Stage 3 over 14,000 square metres which, together with Generator's commitment to over 1,800 square metres, increases precommitment to 74% and resulted in the commitment to 117 Pakenham, the last remaining building.

Excavation is now complete and structural steel erection underway. Completion is expected in 2025.

On completion of Wynyard Quarter Stage 3 Precinct will continue to manage the properties under the terms of an investment management agreement with GIC and has a 24.9% ownership interest.

Deloitte Centre (One Queen Street)

Deloitte Centre at One Queen Street continues to advance construction and remains on track to complete in late 2023. The project is currently 92% pre-committed.

Downtown Carpark project

During the year, Precinct was selected as the preferred development partner for the Downtown Carpark. We have made significant progress in negotiating the development agreement with Eke Panuku Development Auckland, with discussions nearing completion.

Wellington

Bowen Campus Stage Two

Successfully completed 40 and 44 Bowen Street. Following further leasing in the period, Stage Two is now 98% leased across both buildings.

Post balance date, 40 and 44 Bowen Street were sold to a capital partnership with PAG. Precinct is the investment manager of the joint investment partnership with PAG and holds a 20% ownership interest.

Bowen House

Completed strengthening works at Bowen House.

61 Molesworth Street

Secured the 61 Molesworth Street development opportunity, with works commenced during the period for a new 24,000 square metre office which is fully pre-leased.

Willis Lane

Post balance date, Willis Lane officially opened in July 2023 with over 40,000 visitors going through in the opening week. Willis Lane is located in the underground heart of Wellington's Golden Mile. Constructed beneath the iconic AON Centre tower, Willis Lane is set to be a premier dining and entertainment precinct occupying a network of tunnels and walkways in Wellington's city centre.

Outlook

The 2023 financial year has seen Precinct successfully advance a number of transactions which has further reinforced the quality of our business and the leading position we hold in the markets that we operate in.

Our core portfolio continues to perform well with occupancy at 99% and the evident rental growth our assets are achieving.

Receiving both shareholder and Board approvals to move to a stapled structure earlier this year demonstrates the support for Precinct to continue to execute its long-term strategy.

As a business, we continue to leverage our learnings over the past several years. We are focused on ensuring that the spaces we create have a lasting impact on our society, communities and how people interact.

There remains considerable uncertainty in regards to the New Zealand and global economy. Higher inflation and rising interest costs will place further pressure on valuations. Despite these concerns, the prime grade office occupier market remains strong with workers now back to the office and businesses seeking higher quality premises.

On behalf of Precinct's Management team, we would like to again thank our outgoing Chair Craig Stobo for the significant contribution he has made to Precinct during the time he has served on the Precinct Board. Craig has been instrumental in the direction of the business. He led the corporatisation in 2010 and internalisation of our management function for the business in 2021 allowing growth in our capital partnerships, and advocated for Precinct's support of the Auckland City Mission's HomeGround. We wish Craig all the very best.

Precinct's active approach to asset management and capital management, as well as its focus on capital partnerships is expected to support its AFFO forecast.

Scott Pritchard, CEO	George Crawford, Deputy CEO	Richard Hilder, CFO

Our markets.

Auckland city centre

The Auckland city centre office market continues to perform well, despite recent economic headwinds, with a number of large corporates committing to their long-term accommodation plans. The flight-to-quality thematic continues to be a dominant force in the occupier market and continues to accelerate resulting in a further widening of the prime-secondary spread.

According to JLL Research, prime grade assets recorded 19,233 square metres of positive net absorption for the twelve months ended 30 June 2023 compared to -3,822 square metres of negative net absorption observed for secondary grade assets over the same period. Over the period, prime vacancy decreased by 244 bps to 4.2% as at June 2023 (June 2022: 6.6%) while secondary vacancy increased 227 bps to 18.8% (June 2022: 16.6%). Location remains a key focus for occupiers, with vacancies unevenly spread throughout the city and well-located assets on the waterfront enjoying above average occupancy rates with the prime vacancy rate for Commercial Bay and Britomart waterfront assets analysed to average approximately 1.8% (June 2022: 2.2%) compared to the 4.2% market average. Competition for prime grade stock also translated to strong rental performance, with prime grade assets experiencing average net effective rental growth of 6.3% during the last twelve months (June 2022: 3.3%).

Looking ahead, while economic conditions may impact both vacancies and rental growth over the near term, quality is expected to continue to outperform as occupiers focus on talent attraction and enhanced productivity provided by 'work-from-work' from premium workspaces, and as new premium grade stock complete over the next twelve months we expect to see a lifting in the ceiling for market rentals.

1.8% Auckland waterfront prime office vacancy

compared to market prime office vacancy of 4.2%

Wellington city centre

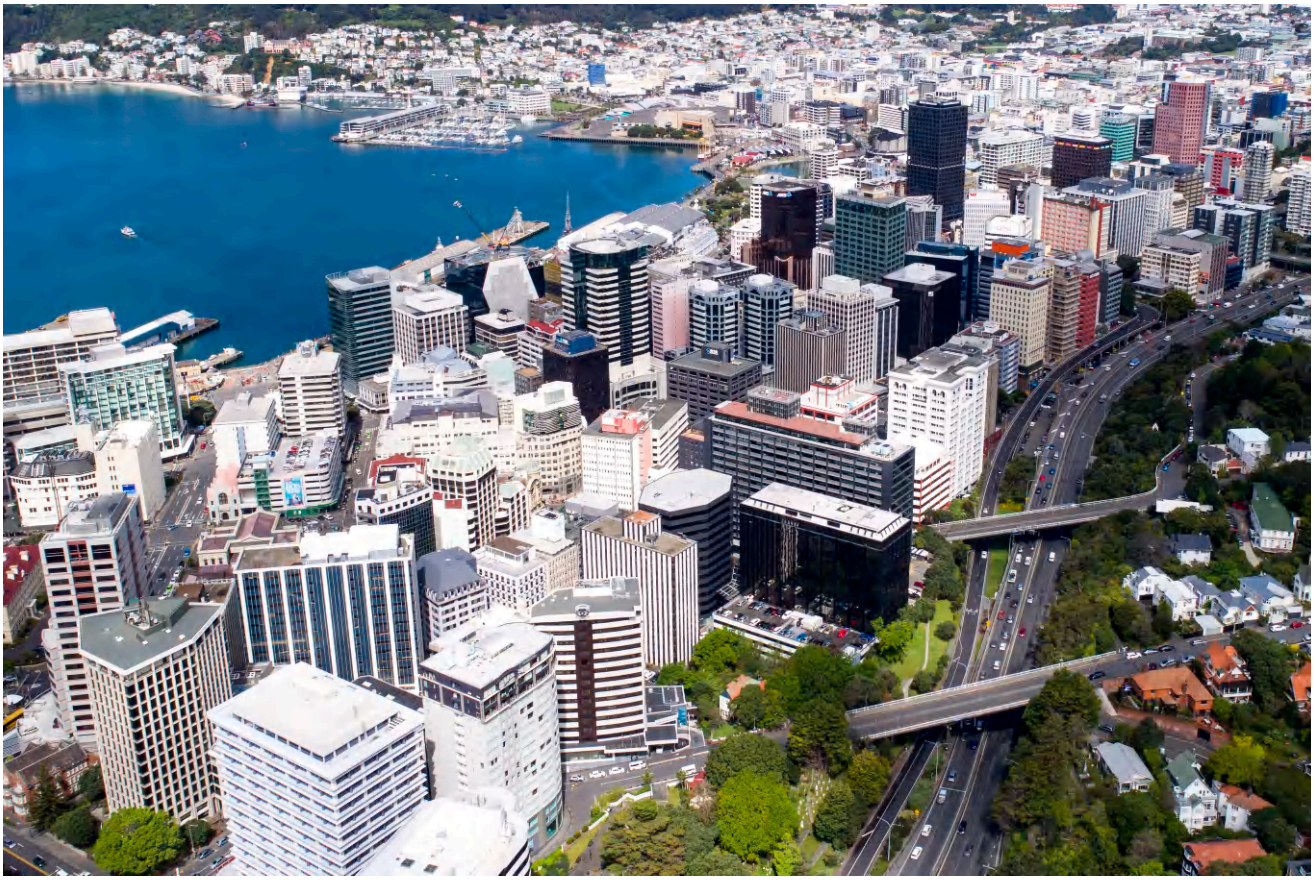
The Wellington city centre office market has been one of the best-performing CBD office markets in New Zealand and Australia with strong demand, underpinned by the government sector and bolstered by corporate occupiers seeking higher quality space, generally outpacing available prime grade stock. Traditionally a key influence in the market has been central and local Government agencies remaining active as evidenced by MFAT's commitment to the 61 Molesworth Street development on a long term lease.

Office supply received a significant boost in 2023 with the completion of several major projects and refurbishments delivering approximately 32,942 square metres of prime grade stock into the market for the 12 months ended 30 June 2023 according to data from JLL Research. While high levels of leasing pre-commitment resulted in strong net absorption of 21,375 square metres over the period, the additional supply and resultant backfill and uncommitted space have resulted in an uplift in prime vacancy to 4.0% as at June 2023 (June 2022: 1.3%). The recent uplift in prime vacancy is anticipated to be short lived with continued stock withdrawals, due to seismic and functional obsolescence, limited new supply and flight-to-quality supporting low prime vacancy rates over the medium term.

Tight market conditions and introduction of new premium and A Grade supply amidst an inflationary environment have led to rentals rising throughout the market. According to JLL Research, average prime gross effective rentals increased 0.7% per annum over the past twelve months (June 2022: 2.9%) albeit we have observed much stronger re-leasing spreads and market rental uplift within our portfolio due to its modernity and quality.

+21,375 sqm Wellington prime grade assets net absorption

compared to -32,490 sqm Wellington secondary grade assets net absorption



Results overview.

FY23 results

Precinct's business has continued to perform well during the 2023 financial year. The core office portfolio has again delivered a strong result reflecting the demand for well-located, high quality office space in both the Auckland and Wellington markets.

Operating income before indirect expenses was $141.0 million, up 9.0% on the previous year (June 2022: $129.4 million). While indirect expenses increased by $10.2 million to $44.3 million (June 2022: $34.1 million) largely due to higher interest expenses as a result of rising interest rates, net operating income before tax was up 7.1% on the previous year to $102.1 million (June 2022: $95.3 million). Net property income was $130.2 million (June 2022: $124.6 million). On a like for like basis, net property income was up 4.1% for the Auckland assets and 0.6% for the Wellington assets.

While Precinct recorded a net loss after tax of $153.1 million (June 2022: $110.0 profit), the result is due to an unrealised net revaluation loss of $257.1 million (June 2022: $19.4 million gain). More importantly, however, is Precinct's Adjusted Funds from Operations (AFFO) which adjusts for unrealised valuation movements and other non-cash items. Precinct's AFFO for the 2023 financial year was $106.1 million (June 2022: $101.5 million) or 6.69 cents per share, representing a year on year increase of 2.8%. Full year dividends paid to shareholders and attributed to the 2023 financial year totalled 6.70 cents per share.

As noted above, Precinct's annual revaluation recorded a devaluation of $257.1 million (2022: $19.4 million gain), equating to a 7.1% decrease on the year end book values for the investment portfolio. The decrease across the property portfolio was mainly attributable to an expansion in capitalisation rates. On a like-for-like basis, Auckland asset valuations decreased by 8.8% while Wellington assets decreased by 6.3.% (excluding developments and assets held for sale).

Precinct's weighted average market capitalisation rate has softened on a like-for-like basis from 4.9% to 5.6% over the past twelve months.

However, while property valuations are being impacted by expanding capitalisation rates, Precinct continues to observe significant demand for its assets. Precinct's portfolio is benefiting from strong market rental growth being achieved across our leasing transactions which has partially offset the impact of the capitalisation rate expansion on our asset valuations during the period.

As at 30 June 2023, Precinct's portfolio, including assets held for sale, totalled $3.4 billion (30 June 2022: $3.7 billion). Precinct's net tangible asset (NTA) per share is $1.38 at the balance date (30 June 2022: $1.54).

Reconciliation of adjusted funds from operations

(Amounts in $ millions)	2023	2022
Operating income before indirect expenses	**141.0**	129.4
Management fee income[1]	**5.4**	-
Indirect expenses	**(44.3)**	(34.1)
Operating income before income tax	**102.1**	**95.3**
Current tax expense	**5.2**	7.0
Operating profit after tax	**107.3**	**102.3**
Non operating income / (expenses)	**(266.8)**	34.0
Deferred tax and depreciation recovered on sale	**6.4**	(26.3)
Net profit / (loss) after taxation attributable to equity holders	**(153.1)**	**110.0**
Operating profit after tax adjusted for		
IFRS 16 rent expense	**(8.9)**	(7.6)
Share of (loss)/profit in equity-accounted investments	**(2.0)**	
Unrealised (gains)/losses on JV - Property Revaluations	**3.2**	-
Tax on revenue account property sales	**0.5**	-
One-off project costs	**0.8**	0.7
Share-based payments scheme	**1.4**	1.2
Amortisations	**13.7**	14.7
Straightline rents	**(2.0)**	(3.8)
FFO	**114.0**	**107.5**
Maintenance capex	**(3.3)**	(2.3)
Incentives and leasing costs	**(4.6)**	(3.7)
AFFO	**106.1**	**101.5**

Note: AFFO is an alternative performance measure which adjust net profit after tax for a number of cash and non-cash items as detailed in the reconciliation above. Precinct has transitioned to a dividend policy based on AFFO. AFFO is an alternative performance measure provided to assist investors in assessing Precinct's performance for the year.

1 *Management fee income is fees generated through the provision of investment and development management services to other entities.*

Adjusted Funds from Operations (AFFO)

FFO and AFFO are measures used by real estate entities to describe the underlying performance from their operations. Aligning dividends with AFFO is generally considered to be best practice for real estate entities. FFO and AFFO are defined in more detail on page 45.

FFO for the year increased to $114.0 million (June 2022: $107.5 million) or 7.19 cps. AFFO for the year was $106.1 million (June 2022: $101.5 million), or 6.69 cps.

PRECINCT'S AFFO PAYOUT RATIO OVER THE PAST 5 YEARS HAS AVERAGED 101%.

Key financial information

(Amounts in $ millions unless otherwise stated)	2023	2022	Change (%)
Rental revenue	**218.9**	200.3	9.3
Funds from operations (FFO)	**114.0**	107.5	6.0
Adjusted funds from operations (AFFO)[1]	**106.1**	101.5	4.5
Total comprehensive income after tax attributable to equity holders	**(147.5)**	108.8	(235.6)
Funds from operations (FFO) (cents per share)	**7.19**	6.89	4.4
Adjusted funds from operations (AFFO) (cents per share)	**6.69**	6.51	2.8
Gross distribution (cents per share)[2]	**6.70**	6.70	0.0
Net distribution (cents per share)[2]	**6.70**	6.70	0.0
AFFO Payout ratio (%)	**100.1**	102.9	(2.7)
Total assets	**3,642.8**	3,839.2	(5.1)
Total liabilities	**1,459.7**	1,403.7	4.0
Total equity	**2,183.1**	2,435.5	(10.4)
Shares on issue (million shares)	**1,585.9**	1,585.4	0.0
NTA (cents per share)	**138**	154	(10.4)
NAV (cents per share)	**138**	154	(10.4)
Gearing ratio at balance date (%)[3]	**38.0**	34.3	10.8

The information set out above has been extracted from the financial statements set out on pages 78 to 105.

1 *AFFO is an alternative performance measure which adjusts net profit after tax for a number of non-cash items. This alternative performance measure is provided to assist investors in assessing Precinct's performance for the year.*
2 *Dividend paid and proposed relating to financial year.*
3 *For loan covenant purposes deferred tax losses, fair value of swaps and subordinated debt are not included in the calculation of gearing ratio.*

Results overview. *(Continued)*

Capital management

Significant business activity during the year has led to further balance sheet repositioning. During the period, Precinct has settled $680 million of asset sales, including 40 and 44 Bowen Street (post balance date). Net proceeds were used to repay bank debt, noting Precinct has retained a cornerstone interest in all the disposed assets together with its capital partners.

At balance date Precinct's total borrowings was $1,246.7 million which is consistent with the prior period (30 June 2022: $1,246.7 million). Precinct's gearing as measured under borrower covenants, is 38.0% (30 June 2022: 34.3%). Following the post balance date settlement of 40 and 44 Bowen Street, Precinct's total borrowings reduce to approximately $1,067 million and gearing as measured under borrower covenants reduces to 34.9%.

Overall, Precinct is in a strong liquidity position and remains within its borrowing covenants with total debt facilities of around $1.4 billion at 30 June 2023. Precinct was 72% hedged through the use of interest rate swaps at 30 June 2023 (June 2022: 64%). Following settlement of 40 & 44 Bowen Street and repayment of bank debt, hedging increases to 85%. The weighted average interest rate including all fees was 5.6% at 30 June 2023 (30 June 2022: 4.0%).

> Precinct continues to focus on an active capital management strategy. The transactions completed during the year have led to further successful balance sheet repositioning for our business.
>
> RICHARD HILDER, CFO

Artist's impression of One Queen Street, Auckland

Artist's impression of 61 Molesworths Street, Wellington

Capital management metrics

	2023	2022
Debt drawn ($ millions)[1]	**1,247**	1,247
Gearing - banking covenant (%)	**38.0**	34.3
Weighted average term to expiry (years)	**3.5**	4.0
Weighted average debt cost (incl fees) (%)	**5.6**	4.0
Percentage of debt hedged (%)	**72.2**	64.2
Weighted average hedging (years)	**2.6**	3.5
Interest coverage ratio	**1.9**	2.5
Total debt facilities ($ millions)	**1,386**	1,623

1 *Excludes the USPP note fair value adjustment of $16.9 million (June 2022: $35.9 million). Interest bearing liabilities are detailed in Note 19 of the Financial Statements.*

Precinct continues to focus on an active capital management strategy. Post balance date, we are considering making an offer between $150-$200 million of subordinated convertible notes. Post issue, the proceeds of the offer (net of issue costs) will be used to repay existing bank debt and for general corporate purposes and is expected to reduce Precinct's gearing, as measured under borrower covenant, which disregards subordinated debt.

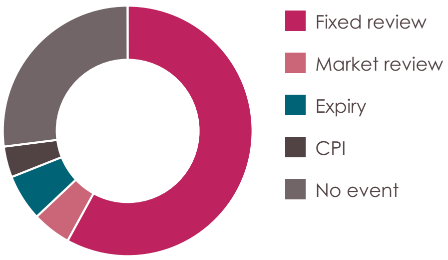
Operational update

At balance date, Precinct's portfolio achieved an overall portfolio occupancy of 99% (June 2022: 99%) and a WALT of 6.0 years (June 2022: 7.1 years).

In total, 66 leasing transactions were completed across 53,123 square metres of space. This includes welcoming several new clients to our portfolio as well as retaining a number of existing clients. Rentals achieved on new office leases were on average 10.4% higher than valuation rents at 30 June 2022. In Auckland, key leasing includes a nine year lease to Oceania Healthcare over level 26 of the HSBC Tower and a six year lease to Wotton + Kearney over level eight of the Jarden House. Across the Wellington portfolio, significant leasing has also been secured, including a new nine year lease with Russell McVeagh over three floors at the NTT Tower, and a nine year lease with the Climate Change Commission over level 21 of the AON Centre.

Including structured rent reviews, Precinct completed a total of 151,342 square metres of reviews at a 5.1% premium to previous contract rental. There were 26,381 square metres of market rent reviews which were settled at a 7.0% premium to 30 June 2022 valuation rentals. At 30 June 2023 Precinct's portfolio is under-rented by 10.6% (June 2022: 6.3% under-rented).

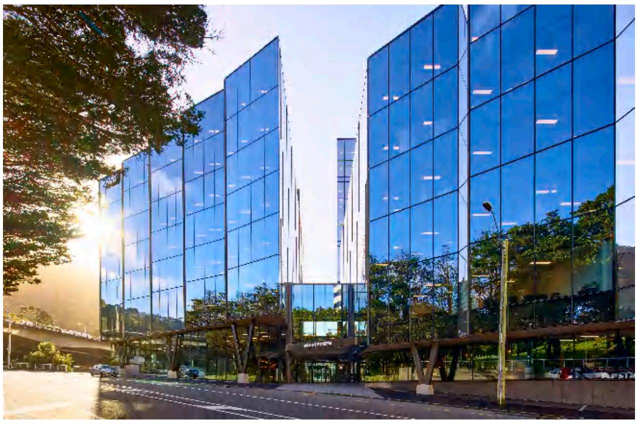
FY24 key leasing events



Lease expiry profile by contracted revenue

Operational metrics

	2023	**2022**
Precinct		
Occupancy (%)	**99**	99
WALT (years)	**6.0**	7.1
NLA (sqm)	**223,021**	268,102
Under-renting (%)	**10.6**	6.3
Leasing (sqm)	**53,123**	34,600
Rent reviews settled (sqm)	**151,342**	183,973
Generator		
Occupancy (%)	**74**	77
Members	**1,729**	1,734
Sites	**10**	9

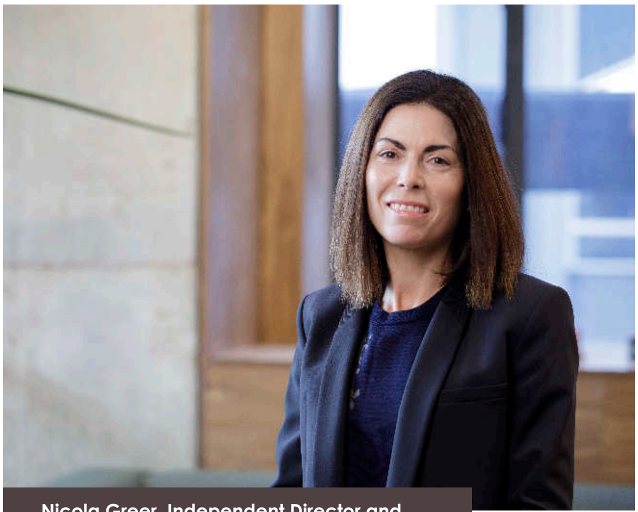


40 and 44 Bowen Street, Wellington


117
PAKENHAM

Sustainability report.

Message from the ESG Committee



Nicola Greer, Independent Director and Chair of Precinct ESG Committee

This report has been prepared in accordance with the GRI Standards for sustainability reporting.

Dear Shareholders,

On behalf of the ESG Committee, I am pleased to present you with Precinct's Sustainability Report for the financial year ended 30 June 2023. This Report has two sections: an overview of sustainability at Precinct, including our impacts on people and planet and how we are managing those impacts; and, our interim climate-related disclosures, which supports transparency towards compliance with the Aotearoa New Zealand Climate Standards (NZ CS1) in FY24.

In FY22, with the support of an independent consultant, we comprehensively reviewed Precinct's significant impacts on people and planet. The resulting material topics were re-validated internally this year and are presented on the following page. In FY23 we have focussed our attention on progressing strategies to reduce our negative impacts and scale positive impacts informed by our material topics. In particular, climate change. In August 2022, Precinct became a signatory to the World Green Building Council Net Zero Carbon Buildings Commitment. This 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.

In line with this, we are now targeting a minimum 4-Star base build NABERSNZ rating for 100% of buildings we directly own. During the year, the Sustainability Committee and wider Precinct team progressed a number of key initiatives supporting planned preventative maintenance. This included an identification of plant and equipment that will need to be replaced or upgraded, such as natural gas powered appliances where the electrical capacity on site supports electrification, or inefficient HVAC systems or those that use refrigerant gases with a very high global warming potential. Precinct will continue to certify the energy performance of all our buildings through NABERSNZ and verify and disclose our carbon emissions across our investment portfolio.

Preparing Precinct for compliance with NZ CS1 has also been a key focus for the ESG Committee over the last 12 months. Precinct has reported on a voluntary basis against the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) for the last three years. While NZ CS1 is founded upon the TCFD recommendations, we are not viewing the disclosure requirements as a pure compliance exercise. Rather, we are focused on building our internal capabilities to better understand the resilience of our business model and strategy to navigate physical and transitional risks and opportunities from climate change.

At the core of strategic planning for climate change is scenario analysis, which is being led at the sectoral level for the property and construction industry by the New Zealand Green Building Council (NZGBC). Alongside a number of our industry peers, Precinct collaborated with the NZGBC to develop three potential scenarios upon which sector participants can develop their own strategies using a consistent methodology. We have also engaged independent advisors to support us with the technical assessments required to increase our understanding of climate-related risk exposure.

In this report we have disclosed our interim climate-related disclosures, which build upon our TCFD reporting and prepare us for compliance with NZ CS1 in FY24.

Beyond managing our impacts on climate change and developing strategies for adapting to climate change, we continue to reflect on how the design and functioning of our buildings and spaces can foster community vitality; how we can integrate the principles of a circular economy into our processes to mitigate natural resource depletion and waste; how our activities can generate positive economic outcomes for our stakeholders; and how the wellbeing of people in our value chain can be promoted.

Nicola Greer

Independent Director and Chair of the ESG Committee

Sustainability report. *(Continued)*

Sustainability at Precinct.

The following section provides an overview of each of Precinct's material topics.

Our sustainability framework

Precinct's material topics[1]

1 *Precinct's material topics remain unchanged since 2022, as validated by a desktop review and meeting the requirements of the GRI Standards. The analysis considered a wide array of information sources, including the opinion of our key stakeholders. We continue to monitor those topics under Precinct's reporting threshold, in particular biodiversity loss in relation to depletion of natural resources.*

How we determine our material topics

1. **Review our sustainability context**

   Recognise our value chain and consider: the full range of activities associated with our business model; the various relationships we have with businesses, government agencies, NGOs, communities, cultural groups and workers; the economic, environmental and societal challenges related to our sector and locations of operation; and, the domestic and international standards and the intergovernmental instruments linked to our sector.

2. **Identify actual and potential impacts on the economy, environment and people**

   Actual and potential impacts are identified in several ways: through intermittent informal discussions, group meetings and surveys with relevant stakeholder groups; through our own internal assessments of our activities; with guidance from sector-based impact reports, standards and articles; and, through engagement with subject matter experts.

3. **Assess the significance of impacts**

   Using information obtained in step 2, the relative significance is determined by evaluating the gravity of the impact (the scale), how widespread it is (the scope), and how hard it is counteract the harm (irremediable character). This process is typically facilitated by an independent sustainability consultant.

4. **Prioritise the most significant impacts for reporting**

   Based on mostly qualitative analysis, numeric values are used to rank the relative significance of impacts, which are grouped into topics. A reporting threshold is set by considering the needs of information users and other stakeholders.

Material topic	How Precinct impacts people and planet	How we are responding to our impacts on people and planet
Climate change	• Contributes to climate change through embodied carbon (CO_2 emissions from developing a building) and operational carbon (CO_2 emissions from running a building).	• WGBC Net Zero Carbon Buildings Commitment including 100% of the directly owned Portfolio targeting a minimum 4 star NABERSNZ Certified Rating. • Incorporating sustainable design across our portfolio and into building developments, where feasible. • Offsetting carbon through high quality verified offset units. • Matching our annual electricity consumption with certified 100% renewable energy generated by Meridian Energy.
Partnerships and community wellbeing and vitality	• Helps to create desirable conditions for community and business interaction. • Contributes to city-centre cultural vibrancy. • Strengthens city-centre communities.	• Maintaining and developing high-quality space supporting initiatives that facilitate community, wellbeing and vitality. • Supporting community projects through sponsorships, financial and in-kind donations. • Partnering with Mana Whenua, local and central government, and council-controlled organisations. • Dedicated personnel employed to foster health & wellbeing within key precincts.
Depletion of natural resources and contribution to waste	• Procurement of non-renewable raw materials and finished goods via local and international supply chains. • Disposing of materials and goods to landfill.	• Evaluating procurement against sustainability-related criteria. • Developing waste management infrastructure and systems that increase material recycling and re-use. • Reuse of existing structure for new development projects, where feasible.
Economic activity and opportunity	• Helps to create local jobs and contribution to GDP. • Generating financial wealth through returns on investment.	• Fostering and maintaining good governance and ethical business practices. • Sustainable financing. • Sustainable Procurement Framework.
Client, worker and staff wellbeing	• Contributes to good health and wellbeing of people in the immediate value chain.	• Providing modern and high-quality physical spaces that support and improve people's wellness, health and safety. • Fostering diversity through internal policies and practices.

WGBC NET ZERO CARBON BUILDINGS COMMITMENT

Becoming a signatory to the Net Zero Carbon Buildings Commitment.

Read more: https://www.worldgbc.org/thecommitment

PARTNERING WITH MERIDIAN

In addition to our energy efficiency target of minimum 4 star NABERSNZ Certified Ratings, Precinct has partnered with our electricity supplier, Meridian Energy, to purchase and retire renewable energy certificates for every mega watt hour consumed through our Portfolio. By matching our annual electricity consumption with certified 100% renewable energy generated by Meridian Energy, Precinct is contributing to the demand for renewable energy within the grid by ensuring like for like emissions are purchased from renewable sources.

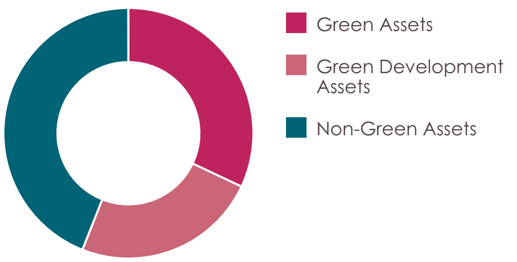
Sustainability report. *(Continued)*

Climate change.

Our approach

Precinct recognises our role as a long-term owner and developer of real estate and continues to take an active approach to climate action. Precinct's greenhouse gas (GHG) emissions include the embodied carbon from the development of a building and the operational carbon emitted from building usage. We are focused on improving the environmental performance across our buildings and adapting through improved design, construction and ongoing management. Becoming a signatory to the World Green Building Council Net Zero Carbon Buildings Commitment reinforces our commitment to achieving net zero carbon emissions for all buildings under our direct operational control. Under the agreement, Precinct will also maximise reductions of embodied carbon emissions of new developments and major upgrades of existing assets, compensating for any remaining residual upfront embodied carbon emissions, by 2030.

Green assets[1]



Knowledge for future success:

Valuing engagement to influence and align with climate-related solutions, Precinct continues to partner with the NZGBC and PCNZ sustainability roundtable on carbon legislation to promote and lead industry-wide practices.

Toitū carbonzero certification

Since 2020, Precinct has achieved Toitū carbonzero certification. Precinct meets the requirements of Toitū carbonzero® certification having measured its greenhouse gas emissions in accordance with ISO 14064-1:2018. Toitū carbonzero certification is accredited by the Joint Accreditation System of Australia and New Zealand (JAS-ANZ). This provides assurance that our certification meets international best practice. Precinct continues to offset its unavoidable emissions from our operations by buying high-impact carbon credits from Gold Standard certified international projects.

Embodied carbon

Precinct is committed to assessing and reporting on embodied carbon across all new development projects. As part of this process we:

- Understand the key material impacts of a project in order to propose alternative products and materials for high impact elements.
- Review opportunities to reduce embodied carbon by retaining a variety of elements related to the existing structure and in turn reducing construction costs by applying an internal carbon price to improve ROI.
- Support industry and capacity building in New Zealand to work towards a greater understanding around the impact of material and equipment selections as well as reusing existing structural elements.

Following the completion of a life cycle assessment (LCA) to determine embodied carbon emissions for each new development project, Precinct purchases Toitu endorsed units to offset the impact in line with our Net Zero 2030 commitment. Precinct understands the importance of maintaining a strong focus on reducing the embodied carbon footprint of our development pipeline. In line with Green Star Design and As Built criteria, LCA's conducted by third party consultants are used, demonstrating best practice ahead of an industry endorsed benchmark.

Operational carbon - Efficiency Benchmark

NABERSNZ

Target investment portfolio: 100% of buildings +4-Stars

Target development portfolio: 100% of projects +5-Stars

Development - embodied carbon

Green Star

Target: 5-Star Green Star rating for over 60% of the portfolio

Target: 5-Star Green Star Design and As Built rating for all new projects

As buildings are becoming more operationally efficient, there will be a greater weighting on the embodied carbon of our assets. Embodied carbon is the emissions generated in the production of a buildings materials, their transport and installation on site as well as their disposal at end of life. Precinct is taking a whole of life cycle assessment approach, and so far have measured and offset the embodied carbon across 45,320 square metres of projects.

1Green assets defined as per sustainable debt framework; as targeting or certified a minimum 5-Star Green Star Built Rating or 4-Star NABERSNZ Rating. The graph above excludes assets held for sale.

One Queen Street

Sustainability and adaptive reuse

Purchased in 2012, Precinct launched the redevelopment of One Queen Street in August 2018, the second stage of the Commercial Bay project. While it was initially assumed that the building would be demolished and rebuilt, Precinct took a longer-term view. Inline with Precinct's business strategy and wider sustainability strategy, a comprehensive review was undertaken to determine and understand a number of considerations for this project. This included the associated CO2 emissions of a project of this scale. The following parameters were considered to compare a new build versus refurbishment option:

- Space analysis
- Building specification
- Seismic standard
- Project programme delivery
- Carbon

A full Life Cycle Analysis (LCA) was undertaken to establish both the embodied and operational carbon for a new build versus a refurbishment. As a result, it was evident that the adaptive reuse would offer a significantly lower carbon intensity outcome while providing Precinct with the opportunity to undertake a premium grade mixed use redevelopment on a compressed timescale with a lower total project cost. The LCA analysis provided insight into not only where the material impacts of carbon are in a building, but how adaptive reuse offers a viable option when looking at development schemes. This follows market leading sustainability outcomes that reduce impacts on the environment and create social and economic value.

65%

Embodied carbon retained from the existing building by retaining the superstructure and substructure of the building

Sustainability report. *(Continued)*

Partnerships and community wellbeing and vitality.

Our approach

Our business continues to focus on the creation of positive social value through the interactions with our people which include Precinct's employees, clients, suppliers, key partners and communities. The quality of Precinct's interactions, relationships and spaces continue to drive the positive impact and contribution Precinct is making. We want to create environments in which people and businesses can thrive.

Performance

Creating Communities

Community is at the heart of Precinct. Creating community is taking the form of wellness spaces, client communication apps, partnerships, art shows, lobby events, running clubs, retailer activations and more. Feedback received on these initiatives continues to be positive.

Social Investment

During the last 12 months, we have continued our social investments with Auckland City Mission, Mates in Construction, Keystone Trust and the Tania Dalton Foundation. Our current annual memberships include NZ Green Building Council, Property Council New Zealand, GRESB, Council on Tall Buildings and Toitu.

Inclusive Stakeholder Engagement

Precinct continues to engage regularly with all of our key stakeholders which includes our people and partners, clients and people using our spaces, contractors and service providers, community based organisations, shareholders, industry bodies and Government. Our engagement process includes regular meetings, surveys and consultations and updates to ensure stakeholders are well informed. Recognising the importance of each of our stakeholders and understanding their requirements, expectations and opinions is important to us and to the overall success of our business. We continuously review the progress of our stakeholder engagement performance to identify how we can improve.

Commercial Bay Club

Commercial Bay Club continues to focus on delivering exceptional experiences for our clients. This includes fitness, yoga, Pilates classes and a lunch and learn series in the following categories: Mental Wellbeing, Nutrition, and Financial Wellbeing, which our own clients in the financial industry are invited to speak at.

In addition to the many events and activations organised by the Club, the following networks have recently been established to share strategies and initiatives with our clients across the portfolio:

- Sustainability Network
- EA/PA/Office Manager Network
- Rainbow Connect

Feedback on the Club from the Precinct bi-annual Customer satisfaction survey was extremely positive.

+ 5,000 Club members

Sustainability network events at Commercial Bay during the year included:

- Recycling Week - client sponsored discounts with the use of a reusable containers at selected food retailers
- Style and Swap party – in partnership with Dress for Success, our client hosted a Stylist run workshop evening

Knowledge for future success:

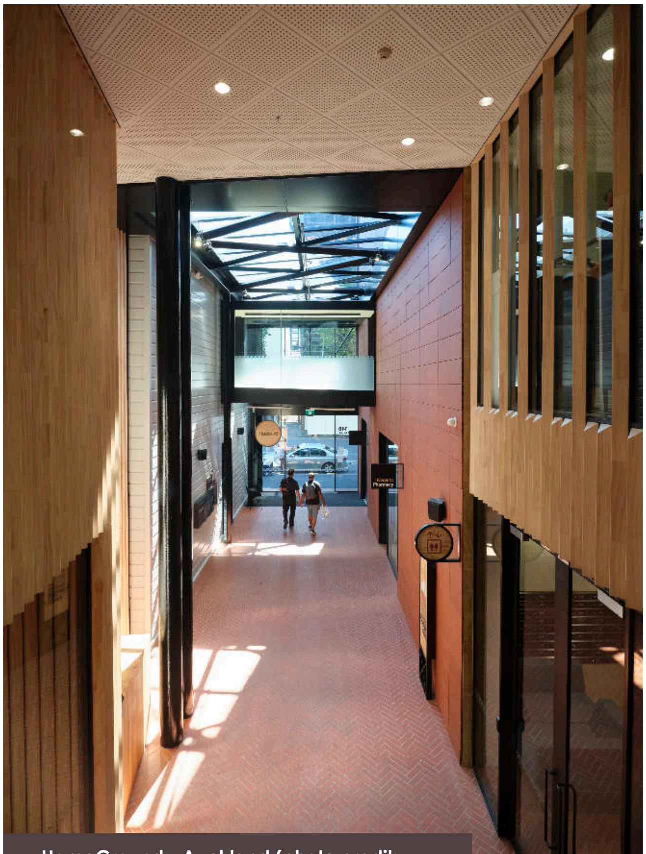
As a significant commercial real estate owner in Auckland and Wellington, the quality of our relationships with key partners and our communities are critical to the success of our business. We are continually seeking feedback from Precinct's employees, clients, suppliers, key partners and communities to help us improve both the quality of Precinct's relationships and spaces.

Precinct continues to proactively communicate, engage and support our communities throughout the year.

HomeGround - a year on

Precinct is proud to have been a supporting partner of the Auckland City Mission's HomeGround project and is delighted to provide an update a year on from its opening. HomeGround brings together permanent housing, expanded health and social services, state of the art addiction withdrawal service facilities and a comprehensive programme of activities in a warm and welcoming space. Over last 12 months:

- 75 people who did not otherwise have a safe, warm and welcoming place to call home now live at HomeGround.
- Tenants began developing a thriving community with the rooftop garden flourishing, shared lunches, computer classes, cooking classes, a reading club and many other life-enriching activities.
- More than 70,000 nutritious morning meals served in the community dining room, Haeata, where people also gather for connection and company.
- Women experiencing homelessness and trauma gather for a regular wāhine dinner where entertainment and laughter abound in the safe and uplifting space of Haeata.
- More than 14,000 medical consultations at the Calder Health Centre providing medical and health support.
- First Christmas featured community festivities held for the tenants.



HomeGround - Auckland (photo credit: Mark Smith)

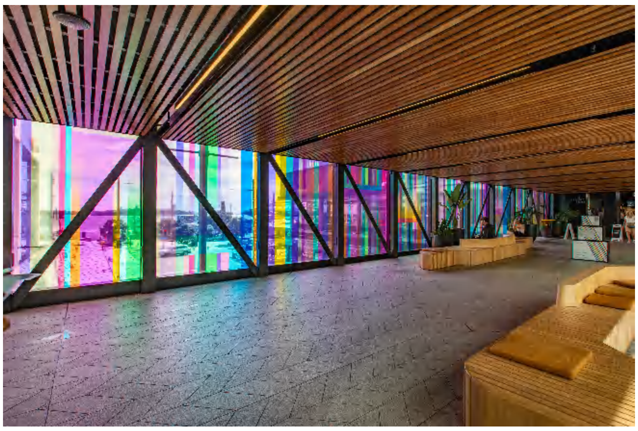
Pride 2023

Precinct continues to acknowledge, celebrate, and support the LGBTQI+ community. In collaboration with local LGBTQI+ artist, curator, and activist Shannon Novak and input from the local LGBTQI+ community, a multi-site art project was created throughout the portfolio.

This year the project is called *Brightly Connected* which celebrates Pride 2023 and beyond with the installation of bright and colourful artworks in selected sites managed by Precinct and Generator in both Auckland and Wellington. We are delighted to be able to collaborate again with Shannon Novak and see the impact of Shannon's artwork as it has been shared with our communities.

Developed by Shannon in collaboration with local LGBTQI+ communities

The 2023 artworks are an abstract representation of rainbow communities and the light these communities bring to the world. Interwoven shapes represent individuals and groups within rainbow communities that are closely connected to each other. These shapes use the colours from the original rainbow flag and its iterations as well as colours from many other flags used by rainbow communities.



Sustainability report. *(Continued)*

Depletion of natural resources and contribution to waste.

Our approach

Precinct contributes to the depletion of natural resources and the build-up of waste through its procurement and contracting decisions, as well as through how it manages waste infrastructure and systems. Our business develops new buildings in addition to undertaking significant refurbishments of existing buildings and completing fit outs within its portfolio.

Therefore, opportunities are sought to minimise waste production through design efficiency, by maximising recycling and reuse of demolition, construction, and operational waste and by promoting on-site re-use including existing structures and non-landfill organic waste. We also encourage occupier participation for fitouts and in operation.

Globally and in New Zealand, the construction sector remains a significant contributor to discarded waste to landfill and we acknowledge the contribution we are making to this through the development and operation of our own buildings. Precinct continue to explore opportunities to minimise waste and reduce the depletion of natural resources and are looking at the entire supply chain to develop opportunities that offer more efficient use of materials and less amounts of waste with a clear focus on circularity.

Waste minimisation

In line with Green Star guidance, Precinct continues to minimise waste to landfill. Our design team will apply various waste minimisation and diversion strategies that include:

- Adaptive reuse of existing building materials and equipment – reduce offsite transfer of construction and demolition waste
- Dematerialisation – reduction in material use and recurrent maintenance
- Prefabrication - reduction in construction waste through smart design and fabrication
- Design for disassembly – reduction in end-of-life waste and encouraging end-of-life re-use
- Low Damage Design (LDD) – identify earthquake damage mitigation and resilience options
- Material selection for eco-preferred content (EPDs) and reduced carbon footprint (local supply)
- Re-used or recycled material selection including cement, aggregates, steel and timber

Performance

CONSTRUCTION AND DEMOLITION WASTE MINIMISATION AT 10 MADDEN STREET

A recent example of a waste management initiative was to minimise the amount of construction and demolition waste going to landfill from 10 Madden Street. This was a key feature incorporated to support the targeted Green Star ratings and included a target of 80% of waste by weight to be re-used or recycled during demolition and construction. By working closely with our waste sub-contractor, we agreed not only a removal, sort and recycle opportunity, but also a number of key on site initiatives by way of toolbox education and on floor waste management.

Pleasingly, the project achieved a compliant percentage of 79%, above the 70% compliance criteria.

Knowledge for future success:

Precinct aims to reduce, reuse and recycle our waste where feasible, minimising our contribution to landfill. This is a key priority for our business and stakeholders. We are extending our knowledge from the development projects we have undertaken to improve our waste management strategy and operational waste management plan for our future developments and operations, where possible.

In line with Green Star, we are specifying durable products and services made of secondary, non-toxic, sustainably sourced, or renewable, reusable, or recyclable material. These materials are also selected on the basis of their longevity, resilience, ease of maintenance and reparability. Design includes (where possible) the opportunity to disassemble, reuse or recycle embedded materials, components and systems. Building Information Modeling (BIM) will allow detailed information and models to be held for future requirements.

Economic activity and opportunity.

Our approach

As the largest owner and developer of premium inner-city business space in Auckland and Wellington, Precinct generates economic activity and opportunity as a direct result of its investment and management decisions. This includes the contribution Precinct has to Gross Domestic Product (GDP), local spending of investment capital (foreign and domestic), employment in the labour market and contracting services through Precinct's day-to-day operations.

Disclosure of our financial performance can be found in the results overview section on page 16 and in Precinct's financial statements on pages 78 to 105.

Disclosure on our ethical business practices, including our Code of Ethics and Financial Products Dealing Policy is reported in the corporate governance section of this report. Our Code of Ethics includes a whistle-blowing clause for reporting unethical or unlawful behaviour and the full code can be found on our website at www.precinct.co.nz in the corporate governance section, along with our Financial Product Dealing Policy and other key governance documents.

Knowledge for future success:

Precinct continues to learn from the investment and management decisions it makes and leverages off Precinct's asset management expertise, market relationships and capital partnerships.

We continue to improve both our business practices and disclosures. The Board of Precinct is responsible for monitoring the effectiveness of the Company's governance practices, making changes as needed and ensuring that the Company has appropriate policies and procedures in place.

Sustainable Debt Programme

Precinct's Sustainable Debt Framework (the "Framework") is a natural extension of Precinct's sustainability strategy and the focus on sustainable business outcomes. The Framework can be found on Precinct's website and sets out the process by which Precinct intends to issue and manage Sustainable Debt on an ongoing basis to fund low carbon buildings within Precinct's property portfolio. Proceeds from the issuance of Green Bonds or Loans will be used wholly or in part to finance or refinance existing and/or planned Eligible assets. Eligible assets which meet the criteria as per the Green Asset table on page 64 of this report.

Performance

Economic Contribution:

Job creation for the local economy

Circa 140 FTE employees across Precinct, Generator and Commercial Bay Hospitality businesses

Construction person-hours

1,650,000 contractor hours during FY23

Financial Contribution:

Occupancy and secure income stream

99%

Target ≥98% (FY22: 99%)

Annualised 5-year dividend growth

2.9%

Target long term sustainable returns to shareholders

Interest paid to Bondholders

Information on Precinct's website at:

https://www.precinct.co.nz/investors/bondholder-information

MSCI rating

A

Target A or better

FTSE EPRA Nareit Indexes

Precinct is a constituent of the FTSE EPRA Nareit Global Real Estate Index and FTSE EPRA Nareit Green Indexes, which represent general trends in eligible real estate equities worldwide.

Maintain best practice policies and culture of ethical business practice

Precinct constantly strives to act ethically and honestly in its business dealings and interactions. This is only possible when its people including directors, employees, contractors and consultants act in an ethical, fair and honest way.

All of our employees have access to our code of ethics and when new employees join it forms part of their induction pack. Staff training is also delivered each year and includes ethics-related topics to promote awareness to the ethical practices in the Company and ensure a positive culture at Precinct.

No ethics related issues were reported via any whistle-blowing channels during the last financial year.

Sustainability report. *(Continued)*

Clients, workers and staff wellbeing.

Our approach

Client, worker and staff wellbeing is centred around quality space – a healthy environment where positive social outcomes and economic success is achieved. Precinct contributes to the wellbeing of its clients, clients' workers and its own staff through the design of its buildings and management of its relationships with clients. Precinct is also directly linked to the wellbeing of workers via procurement and contracting practices.

Health and safety is a key topic component here. It is one of Precinct's core corporate values. We are committed to complying with all relevant legislation, regulations and standards and work hard to exceed them. Our business is actively embedding a positive health and safety culture. Precinct is working collaboratively with our contractors and stakeholders to implement market leading health and safety measures across all Precinct sites and offices

Achieving a diverse and highly inclusive workforce is also a key part of the overall wellbeing for our people. Our approach to managing diversity is guided by our Diversity and Inclusion Policy (available at www.precinct.co.nz in the corporate documents under the corporate governance section).

Knowledge for future success:

Our key measures of client wellbeing include the things we work to deliver to enhance client satisfaction, such as amenities, service levels and location; and the things that our clients tell us are important to their wellbeing. We continue to measure current customer service experience and evaluate core operations provided by Precinct to further improve service capability. Precinct communication metrics have seen improvement since the previous study, particularly for listening to client needs and prompt communication on progress of requests.

We understand the importance of supporting our people and we continue to run activities, initiatives and information sessions that link to Precinct's own Health, Safety and Wellbeing programme which was launched in May 2022. This remains a key focus for our business going forward.

We are proud to share the full detail of Precinct's parental leave policy on The New Zealand Parental Leave Register. This is the first register globally to have this level of verified parental leave information.

Performance

Overall client satisfaction score

91%

Target ≥80% (2021: 87%)

Portfolio value of Green Assets

$1,463M

Eligible assets which meet the criteria as per the Green Asset table on page 64 of this report.

Improve diversity across the whole business, position (employee level) and Board, and also monitor and improve age, ethnicity and flexible working arrangements and parental leave by gender

Our diversity performance is reported in the corporate governance section of this report on page 50.

Client satisfaction survey

Client feedback from independently run client satisfaction surveys help us understand and improve client wellbeing. Conducted every two years, the most recent survey was undertaken in March 2023.

Results from our 2023 survey show that overall satisfaction of working in a Precinct-owned and managed building is 91%, with the majority of clients indicating they are very satisfied. Results showed staff wellbeing is the most important ESG issue followed by health and safety and building environmental performance.

Health and wellbeing

Focus on Indoor Environmental Quality aspects within the design:

- Air quality – enhanced outdoor air flow rates
- Air quality – material selection to minimise Volatile Organic Compounds (VOCs) and elimination of hazardous materials
- Occupant visual amenity – access to natural light and views to outside as well as glare control, and artificial lighting levels and control
- Occupant comfort – design of indoor environmental control systems to support occupant thermal comfort including through passive façade design, air conditioning systems temperature control and air distribution.

Health and safety

In addition to regular external audit and monitoring by health and safety specialists Construct Health Limited, Precinct also engages third party reviews of its health and safety processes on a regular basis. Following the comprehensive review of Generator's Health and Safety systems in May 2022, the Precinct Health & Safety committee requested we undertake a similar review of the Commercial Bay Hospitality venues - Poni and Ghost Donkey. In October 2022 we engaged Pillar Consulting to undertake a gap analysis of Commercial Bay Hospitality's health and safety systems with a view to aligning them with Precinct's systems. The recommendations from that review have been received and we are working through the implementation of the high priority actions.

Benchmarking our performance

During the year Precinct has engaged with our contractors to achieve safer workplaces and safer methods of undertaking various tasks. As a part of that engagement, we worked with our contractors to accurately record and improve tracking of our frequency rates for all our fitout and development projects. For the year ended 30 June 2023, Precinct recorded 8.25 for its health and safety TRIFR performance, compared against the benchmark TRIFR of 3.58 from the Business Leaders' Health and Safety Forum benchmarking initiative. More details can be found at: https://forum.org.nz/resources/benchmarking-project/.

The TRIFR rate includes all recordable injuries/illnesses in the categories of: Medical Treatment Injury; Restricted Work Injury or Illness; and Lost Time Injury. Precinct has chosen to use the Business Leaders' Health and Safety Forum Benchmarking initiative to report its TRIFR against. The latest benchmark figure on the forum's website is dated December 2022. While Precinct's TRIFR has recorded a significant increase from 3.63 (FY22) to the current 8.25, there has been no corresponding increase in the number of severe incidents.

A total of 134 independent inspections were undertaken across all development and stabilised portfolio sites by Construct Health. All development sites scored over our target rate of 95%. One Queen Street scored an average of 97% (FY22:98%); Bowen Campus Stage 2 scored 97% (FY22:96%); Bowen House 97% (FY22:97%), Wynyard Quarter 96% (FY22:97%) and 61 Molesworth Street 98% (FY22:N/A). Any corrective actions identified in the audits were promptly rectified.

WorkSafe Notifications

Five incidents met the threshold of WorkSafe notifiable incidents. Each of these incidents was investigated in detail and corrective actions were developed and completed. In respect of all these incidents, WorkSafe were satisfied with the level of investigation and mitigation of risk.

One major incident occurred in August 2022 at the Wynyard Quarter development site, which is managed by Hawkins as Precinct's appointed main contractor. A gas explosion occurred on site, resulting in five workers being injured and hospitalized. All five have subsequently been discharged from hospital. WorkSafe has completed its investigation of this incident and has decided not to take any further action. For the purposes of calculating LTIFR and TRIFR, this incident has been counted as one event.

One Queen Street Armed Offender Incident

After the balance date, on 20 July 2023, an armed offender incident took place at Precinct's development site at 1 Queen Street. The incident resulted in three fatalities and multiple injuries. As at the date of this report, the NZ Police and WorkSafe investigations remain ongoing. Precinct's deepest condolences are with the families of the victims of this tragic incident and we continue to offer support to those impacted.

Incident monitoring and reporting

We recorded 433 health and safety incidents in the year compared to 342 reported in FY22. This is an approximately 27% increase year-on-year. Much of this increase can be attributed to a growth in development activity, a return to normal trading levels following Covid-19 restrictions and improved levels of reporting. Events reported include observations, near misses, first aid injuries, medical treatment injuries and lost time injuries. Recorded incidents also include security and property damage incidents. There were 50 Lost time Injuries (11.5%), 31 Medical Treatment injuries (7%) and 82 First Aid incidents (19%). A total of 96 (22%) incidents occurred in our stabilised property portfolio (office portfolio) in Auckland and Wellington. Our development sites, which are managed by the Precinct-appointed main contractor recorded 176 incidents (41%).

Commercial Bay Retail has recorded 134 (31%) incidents in this period. The majority of these incidents were security incidents (52%), property damage (17%) and observations (13%). The others are made up of minor incidents like near miss and first aid. Commercial Bay Retail incidents have risen by 30% year on year, however over the last six months this number has trended downwards. This can be attributed to some extent to the return of tourists and office workers to central Auckland, together with improved security measures. Precinct continues to work with our retail stakeholders to mitigate new risks and collaborates closely with authorities, our security provider and neighbouring precincts (Britomart and Viaduct Harbour) to provide a safe and enjoyable experience in Commercial Bay.

Generator, Precinct and Commercial Bay Hospitality venue staff recorded 27 incidents during the year compared to 11 last year. Following the two external reviews and the corrective actions implemented, this year noted improved reporting from the hospitality venues and Generator. Over the next year Precinct will continue to build awareness among staff to recognise and report near miss incidents, hazards and early reports of pain and discomfort.

Sustainability report. *(Continued)*

Precinct worker engagement

Precinct's Health & Safety Committee comprises of the Executive team, the Senior Health & Safety Adviser, General Counsel, Development Managers, Facilities Managers and includes representation from Generator. The Committee meets once a month. To expand the participation and engagement of workers, we have established quarterly informal H&S catch-ups with all Precinct and Generator staff in both Auckland and Wellington. These sessions include an open discussion around new initiatives, safety concerns and upcoming staff wellbeing activities. These sessions have been very well received and have seen high levels of engagement with staff. Feedback received from staff in these sessions has formed the basis for Precinct's "Three Pillars" Health, Safety & Wellbeing strategy for FY24.

For FY24, the strategy will focus on the delivery of the wellbeing programs under Physical, Mental and Financial pillars. These initiatives have been developed by focusing on challenges that were highlighted by staff during the quarterly check in meetings. These include: health information; nutritional improvement; financial wellbeing; mindfulness; dealing with stress; and disconnecting from devices.

Focus on physical wellbeing

In FY23, we arranged for an ergonomic workstation presentation by Habit Health. The speaker provided information on "tools of the trade" for office staff and undertook individual assessments where requested, including a walk through the Precinct office and made spot changes to workstations. Ergonomic assessments will continue to be available across Precinct.

For FY24, the concept of physical safety has been expanded to include physical wellbeing. A number of informational sessions have been planned to deliver nutritional improvements and physical health sessions focusing on gut, prostate and breast health.

Focus on mental wellbeing

A series of mental wellbeing initiatives were undertaken in FY23 to encourage and support meaningful connection between colleagues including the popular "Take a break, Take a mate" campaign where all staff were given a voucher for two hot drinks. This was to encourage staff to take a breather and enjoy a coffee with their colleagues. Precinct along with The Commercial Bay Club, ran a series of mental wellbeing sessions through a professional speaker series. Commercial Bay Club design their programmes with a focus on wellbeing; professional networking; social activities; and services (such as retail discounts). All Precinct and Generator staff in Auckland are entitled to join the Commercial Bay Club at no cost, as are all workers in the Commercial Bay precinct (including HSBC Tower and AON Centre). Some of the activities that fall under these different focus areas include group fitness sessions, yoga, Pilates classes, meditation and speakers with expertise in resilience. Professional networking opportunities included speakers such as Abbie O'Rourke, Rosy Harper Duff, Precious Clark and financial experts like Generate, Findex and Max Tweedie from Auckland Pride to celebrate Pride Month in February.

Precinct continues to support Mates in Construction and Precinct is part of the Private Sector Advisory Group for Construction Health and Safety New Zealand (CHASNZ). We encourage staff to undergo Connector training to improve their own understanding of mental health issues and give them confidence to support anyone struggling with mental health issues. All members of the Precinct Health & Safety committee were provided with training on Mental Health First Aid. This was received positively and is now open to all managers and people leaders within both Precinct and Generator. Precinct continues to prioritise staff wellbeing by providing fresh fruit in the office, running bootcamps in Auckland and offering gym memberships to employees in the Wellington office. The Employee Assistance Programme ("EAP") is promoted within the businesses and is used on a regular basis. A review of the EAP annual data suggests that, of the 14 staff that availed the services, 46% reported work issues causing concern and 54% reported personal issues causing concern.

Focus on financial wellbeing

Acknowledging the ongoing pressure on staff from high inflation and interest rates, Precinct has delivered three sessions on financial wellbeing focussed on budgeting. The series was presented by Auckland Central Budgeting Consultants and was available to Precinct and Generator staff in Auckland and Wellington. In FY24, there will be additional sessions to assist staff to maximise their KiwiSaver contributions and advice on paying off their mortgages more quickly. Precinct has also offered all staff a paid subscription to the financial budgeting app "PocketSmith" and 12 staff have taken up the opportunity.

Precinct's Health and Safety Policy can be found on Precinct's website in the corporate governance section.

https://www.precinct.co.nz/corporate-governance

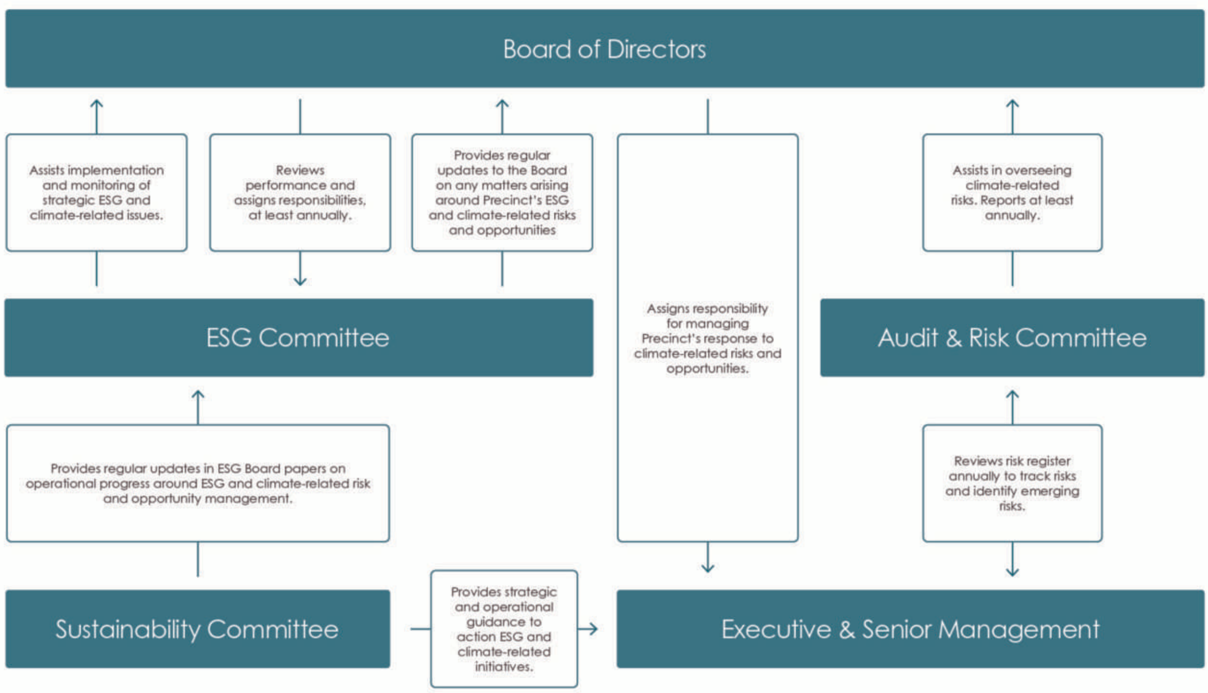
Climate-Related Disclosures

This section is designed to support transparency but is not intended to comply with the Aotearoa New Zealand Climate Standards. Precinct will build on these interim climate-related disclosures to meet the NZ CS1 requirements in FY24.

For clarity, this section supplants Precinct's reporting based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Going forward, our reporting of climate-related risks and opportunities will be directed by the Aotearoa New Zealand Climate Standards.

Precinct's business growth is strong but the risks from climate change are real and significant. Our competitiveness and resilience depend on our ability to effectively identify, monitor, and manage risks and opportunities posed by climate change. While we have reported in line with the recommendations of the TCFD since 2021, it is essential that we continue to develop our internal climate-related risk management capabilities to ensure our growth into the future. We are well-prepared to comply with the Aotearoa New Zealand Climate Standards (NZ CS1) in FY24.

Governance



Sustainability report. *(Continued)*

Board of Directors

Precinct's Board of Directors established an ESG Committee to assist with implementing and monitoring the Company's strategic objectives in relation to ESG issues - including climate-related risks and opportunities. However, the Board retains ultimate oversight of climate-related risks and opportunities. The Board is required to review the functioning and structure of the ESG Committee at least annually.

The People and Performance Committee is responsible for optimising Precinct's people and processes to deliver on its long-term strategies and goals. This includes evaluating the competencies required of Directors and setting performance-based metrics that link executive remuneration to Precinct's climate-related targets as part of the annual remuneration process.

The ESG Committee, in assisting the Board to manage climate- related risks and opportunities, can seek independent professional advice and secure the attendance of expert third parties at meetings to ensure the relevant experience and expertise is available. The Board itself also holds responsibilities under the Board Charter to undertake appropriate training to remain current on how to best perform their duties.

ESG Committee

The ESG Committee is the primary intermediary of information concerning climate-related risks and opportunities between the Board and other functions at Precinct. The Committee is guided by the ESG Committee Charter (available in Precinct's Corporate Governance Manual on Precinct's website), which requires the Committee to, among other things:

- Review and recommend for Board approval the ESG strategy, framework and initiatives;
- Oversee the implementation of Precinct's Sustainability Policy and practices;
- Assess and recommend to the Board on Precinct's climate change risk management; and
- Assist in the review of other key internal policies to ensure ESG issues are fully considered.

Practically, the ESG Committee will recommend significant strategic climate-related metrics and targets to the Board. Metrics and targets that are operational in nature do not require Board approval. Once approved, the Board delegates responsibility for monitoring performance against climate-related targets to the ESG Committee, the Sustainability Committee and Management. The ESG Committee reports to the Board at least annually on the progress toward strategic climate-related targets and the efficacy of associated performance metrics.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in overseeing Precinct's climate-related risks. The Committee oversees Precinct's risk register and reviews it at least annually with management to track existing risks and the emergence of new risks. Climate-related risks identified as actual in nature must be included in the Company's risk register and reported to the Board along with an evaluation of the strategic ramifications of the risk.

Executive and Senior Management

Precinct's management is primarily informed about climate- related risks and opportunities through updates from the Sustainability Committee, which is comprised of several Executive and Management positions. Updates may be formalised, however information on climate aspects is regularly disseminated through day-to-day interactions. Both the Sustainability Committee and Management are responsible for operationalising Precinct's response and monitoring performance towards strategic targets. Decisions of significant strategic importance require oversight from the ESG Committee and Head of Sustainability. Precinct's CFO is the Chair of Precinct's Sustainability Committee and is responsible for Precinct's overall Sustainability Strategy and Emissions and Reduction Plan.

Sustainability Committee

Precinct's Sustainability Committee acts as custodian for Precinct's Sustainability Strategy and comprises representatives from various parts of our business including Sustainability, Operations, Development and People & Culture. The Committee meets frequently during the year, at least quarterly. It is responsible for assessing, actioning and driving ESG issues, reviewing performance and considering Precinct's long-term strategy on sustainable activities across the business and reporting on its progress to both Management and the ESG Committee, on an ongoing basis.

Strategy

Current Climate-related Impacts

We are currently in the process of refining Precinct's approach to identifying and reporting on the impacts of climate change that are affecting our business. It is highly likely that we are experiencing impacts from climate change, yet establishing a robust and consistent methodology for identifying causal links is not straightforward. For example, potential impacts upon Precinct are likely to include things like:

- Fluctuations in the price of upstream raw materials, goods and services. The increasing frequency of extreme weather events, such as heatwaves affecting labour conditions or storms disrupting production, is likely to be a driver here.
- Changes in the demand profile for our offices and retail spaces. Localised extreme weather can impact both the frequency with which people decide to travel to our spaces, and the means by which they are able to travel. The sustainability performance of our buildings is also likely to impact demand as preferences pivot towards more environmentally responsible and more socially desirable spaces.
- The development costs of new builds and renovations, and the operational costs of maintaining existing assets. Climate change will impact the cost of inputs, like energy and water, and are susceptible to regulatory responses to climate adaptation.

We are engaging with sustainability consultants, technical risk specialists, industry peers, ratings agencies, and industry bodies to develop a robust process to both identify present impacts and quantify their value with a reliable degree of accuracy.

Scenario Analysis

The External Reporting Board (XRB) defines a climate scenario as: *"A plausible, challenging description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces and relationships covering both physical and transition risks in an integrated manner."*

The following three climate scenarios for the Construction and Property sector were recently published by engineering firm, BECA, and the New Zealand Green Building Council with collaborative support from us here at Precinct and other industry peers:

Summary of the three Construction and Property sector scenarios

Scenario 1	Scenario 2	Scenario 3
An 'Orderly' 1.5°C scenario where decarbonisation policies are enacted immediately and smoothly (globally, in Aotearoa New Zealand, and within the sector). Whole of life carbon emissions reduction requirements for buildings is at 90% by 2050.	A 'Disorderly' scenario where significant decarbonisation is delayed until 2030 (globally, within New Zealand, and within the sector). This leads to global warming being limited to <2°C by 2100. The sector faces high transition risk after 2030 as entities rush to decarbonise.	A 'Hot House World' scenario where global warming reaches >3°C above pre-industrial levels by 2100. No further decarbonisation policies are enacted (globally, within New Zealand, or within the sector). Emissions continue to rise. The sector faces limited transition risks but extreme physical climate risks, particularly towards the end of the century.

Sustainability report. *(Continued)*

Climate-related Risks and Opportunities

Over the next 12 months, we will build upon the Climate Scenarios for the Construction and Property Sector to conduct scenario analysis for Precinct. This analysis will form the basis for a comprehensive review of the climate-related risks and opportunities facing Precinct over the short, medium, and long-term.

Initial risks that were identified as part of our reporting against the TCFD recommendations include:

Physical risks

Risk type	Chronic physical		Acute physical
Risk driver/ Physical change	**Rising sea levels**	**Rising mean temperatures**	**Increased severity and frequency of extreme weather events such as cyclones and floods**
Magnitude of impact	High	Medium-low	Medium-low
Time horizon	Long term	Medium term	Medium term
Primary potential financial impact	• Decreased asset values or asset useful life leading to write-offs, asset impairment or early retirement of existing assets	• Increased indirect (operating) costs • Increased capital expenditures	• Increased capital expenditures • Increased indirect (operating) costs
Description	• Risk of asset impairment due to coastal-storm inundation resulting from long term sea level rises. • Indirect impacts for instance loss of infrastructure and public transport	• Risk of higher temperatures putting additional load on building HVAC systems leading to increased operating and maintenance costs and increased energy consumption.	• Risk of extreme weather events causing property damage, impacting buildings occupation and ability to access appropriate insurance. • Risk of higher operating expenses and capital costs in order to repair buildings following extreme events or improve resilience in order to withstand future events.

Transition risks

Risk type	Regulation	Market	Technology
Risk driver/ change	**Current and emerging regulation**	**Changing customer behaviour**	**Substitution of existing products and services with lower emissions options**
Magnitude of impact	Medium	Medium	Medium-low
Time horizon	Medium term	Short term	Medium term
Primary potential impact	• Increased operating costs • Decreased revenues due to reduced production capacity	• Decreased revenues due to reduced demand for products and services	• Increased capital expenditures • Higher operating costs
Description	• Risk of amendments to local and government level regulations impacting future developments • Risk of carbon pricing mechanisms on the operational performance of existing buildings • Risk of carbon pricing mechanisms on the embodied carbon of new developments	• Changing customer behaviour leading to lower demand for office space	• Risk of unsuccessful investment decisions leading to accelerated fit for purpose challenges • Risk of increased costs (direct and indirect) from the transition to lower emissions technology

Transition Planning

As the global and domestic economy transitions towards a low-emissions, climate-resilient future state, we will be paying close attention to the aspects of Precinct's business model that may need to adapt too. Over the next 12-24 months, we will develop and refine our processes for evaluating long-term structural and strategic changes. The ultimate output will be a transition plan, informed by our scenario analysis, that will aid our long-term business planning.

Risk Management

Identifying Risks

The Audit and Risk Committee is tasked with reviewing Precinct's Risk Register, which includes climate-related risks and captures all identified potential and actual climate-related risks that may impact the Company, at least annually.

Potential risks may be identified by the Sustainability Committee, ESG Committee, senior and executive management, or other staff at Precinct. Potential risks are submitted to the Audit and Risk Committee for evaluation. The process of identifying risks, as well as assessing them, has reference to several external sources, including:

- The Global Real Estate Sustainability Benchmark (GRESB) Climate Risk & Resilience Scorecard, which provides location specific intelligence on climate change and environmental exposure
- Reports commissioned from analytics providers such as S&P and MSCI
- Guidance and commentary from industry organisations, like the New Zealand Green Building Council (NZGBC)
- Discussions with stakeholders along the value chain, like suppliers, clients, contractors, and councils
- Engagement with external engineering and sustainability consultants

Climate change is a unique risk category in particular because no part of the value chain is immune from its impacts. However, some parts are more susceptible than others. An important workstream for us is to refine the boundaries of our value chain for the purpose of climate risk analysis and identify areas or relationships of vulnerability.

Managing Risks

The outcomes of our review of climate-related risk identification and assessment at Precinct will have a significant bearing on our approach to managing those risks. Precinct's climate risk management approach is part of our wider risk management process. Precinct includes climate risk (physical risks and transitional risks) as a key business risk. An update is included in the Board papers on an ongoing basis including Precinct's climate risk register which ensures all risks are understood and managed.

Assessing Risks

Where a risk is considered 'actual' in nature, it must be included on the Company's Risk Register for evaluation by the Board. Refining and strengthening our approach to assessing climate-related risks is a key focus for Precinct in FY24. This will include:

- reviewing the quantitative and qualitative thresholds for elevating a potential risk to an actual risk,
- developing processes for assessing the potential impacts of risks, including financial impacts,
- reviewing the time horizons - and their duration - employed for risk assessment in light of the recently published Construction and Property Sector Climate Scenarios, and
- further integrating climate-related considerations into Precinct's general risk management framework, including a tightening of how climate-related risks are weighted against other risks.

We acknowledge that climate-related risk and impact assessments inherently include significant uncertainty. Precinct therefore monitors the range of tools and methods in development that may become available to improve our understanding of the scope, size, timing and impact of various climate-related risks.

Sustainability report. *(Continued)*

Metrics and Targets

Metrics and targets in this interim climate-related disclosures report are limited to our GHG emissions. A significant workstream is underway to develop metrics and targets related to transition risks, physical risks, climate-related opportunities, capital deployment, internal emissions pricing, and remuneration. Precinct will report on these in FY24.

Precinct's industry-specific metrics and targets are outlined at the end of this section.

GHG Emissions

Precinct's GHG emissions have been measured since 2017 using an 'operational control' approach to consolidating emissions. The source of the emissions factors used in our measurements at the time of this report (FY22) include:

- The Ministry for the Environment's Detailed Guide to Measuring Emissions
- ISO 14064-1:2006 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)

Sources of emissions excluded from our GHG emissions profile include:

- Scope items under <1% of total footprint have been excluded in line with reporting protocols
- Scope items which are not under Precinct's direct operational control during the reporting period i.e. GHG emissions from development projects and operational waste streams controlled directly by tenants

Total carbon emission intensity - office portfolio

	Emissions (kgCO2e)/sqm						Variance (change %)	
Office Portfolio Carbon emission intensity*	**FY22**	**FY21**	**FY20**	**FY19**	**FY18**	**FY17 (base)**	**to FY21**	**to base year**
Scope 1	**6.1**	**9.1**	8.9	10.1	8.8	10.4	(33.2)	(41.6)
Scope 2	**7.0**	**6.5**	6.4	6.7	6.9	7.5	7.4	(6.9)
Scope 3	**1.2**	**1.5**	1.8	1.9	0.1	0.0	(19.0)	N/A
Total Office	**14.3**	**17.1**	**17.2**	**18.6**	**15.7**	**17.9**	**(16.5)**	**(20.3)**

*Carbon emission intensity data excludes buildings that were under development or were transacted during the year.

Total operating carbon emissions[1]

[1]Total carbon emissions for FY22 totalled 4,197 tCO2e (FY21 totalled 4,767 tCO2). Emissions data has been verified by Toitū Envirocare and reflects data up to FY22 due to the timing of the annual Toitu audit process and excludes developments assets.

Participation in	Overview	Target	Current performance
GRESB Real Estate Member	The overarching measure Precinct have chosen to use as its core ESG indices performance benchmark is the Global Real Estate Sustainability Benchmark (GRESB). It is considered the global standard for ESG benchmarking and reporting for real estate entities.	Target to be in the top quartile of reporting global peers	 **82** (global average 74) **Public disclosure level A** (global average B) 2022 Top 25%: No (29%) 2021 Top 25%: No (30%) 2020 Top 25%: Yes (20%) 2019 Top 25%: No (43%)
World Green Building Council	The World Green Building Council's Net Zero Carbon Buildings Commitment calls on the building and construction sector to take action to decarbonise the built environment, inspire others to act and remove barriers to implementation. More information on the Net Zero Carbon Buildings Commitment and emissions target can be found on the World Green Building Council website.	Achieving net zero carbon emissions for all buildings under our direct operational control by 2030, and to maximise reductions of embodied carbon emissions at new developments and major upgrades of existing assets, compensating for any remaining residual upfront embodied carbon emissions, by 2030.	Management continue to focus on its pathway for improvement across its operational portfolio. Utilising the NABERSNZ ratings, Precinct has undertaken a decarbonisation review.
NZGBC Te Kaunihera Hanganga Tautaiao Member 2022–2023	Green Star is an internationally-recognised rating system for the sustainable design, construction and operation of buildings, fitout and communities.	Portfolio: >60% 5 Star (NZ Excellence) Development: 5 Star Design and As-Built rating (Excellence)	Portfolio: **52%** Development: **100%** *Note: Excludes assets held by third parties and includes targeted ratings*
NABERSNZ	NABERSNZ is a ratings scheme to measure and rate the energy performance of office buildings in New Zealand.	Portfolio: 100% of portfolio +4 star by 2030 (Excellence) Development: All Development +5 star	Portfolio: **57%** Development: **61%** *Note: Excludes assets held by third parties and includes targeted ratings*
CDP Disclosure Insight Action	Precinct has chosen to participate in Carbon Disclosure Project (CDP) which is the gold standard for corporate environmental reporting and is fully aligned with the TCFD recommendations. CDP runs the global environmental disclosure system and supports thousands of companies globally.	Target 'A leadership and strategic best practice'	**B** (oceania regional average C and global average C) 2021: B 2020: B - 2019: Not scored 2018: F
MSCI ESG Ratings CCC B BB BBB A AA AAA	Morgan Stanley Capital International (MSCI) ESG Rating aims to measure a company's resilience to long-term, financially relevant ESG risk.	Target A or better	**A** (on a scale of AAA-CCC) 2022: BBB 2021: BBB 2020: BBB 2019: A
Toitū Carbon Zero ISO 14064-1 Organisation	Toitū carbonzero certifies Precinct is a carbon neutral organisation in accordance with internationally recognised ISO 14064-1:2006 standards. Toitū use the ISO 14064-1:2018 standard, which aligns with the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition).	Carbonzero certification	**Achieved** 2022: Achieved 2021: Achieved 2020: Achieved *Note: Precinct discloses annual Scope 1, 2 and 3 greenhouse gas emissions within its annual report.*

Board of directors.

Craig Stobo

Chair, Director, Independent, BA (Hons) First Class Economics, CFInstD, Associate Member CFA Society NZ

Educated at the University of Otago and Wharton Business School, Craig Stobo has worked as a diplomat, economist, investment banker, and as CEO. He has authored reports for the Government on "The Taxation of Investment Income", chaired the Government's International Financial Services Development group in 2010, and chaired the Establishment Board of the Local Government Funding Agency in 2011.

Craig is a professional director and entrepreneur. In addition to chairing Precinct, he is chairman of the New Zealand Local Government Funding Agency (LGFA) and NZ Windfarms Limited and a director of a number of private companies including Saturn Portfolio Management, Elevation Capital Management and Biomarine Limited. He was formerly a director of AIG Insurance New Zealand Limited and of Fliway Group.

Anne Urlwin

Director, Independent, BCom, FCA, CFInstD, MAICD, ACIS, FNZIM

Anne is a professional director with experience in a range of sectors including construction, infrastructure, telecommunications, renewable energy, health and financial services. She is a director of Infratil Limited, City Rail Link Limited, Ventia Services Group Limited and Vector Limited.

Anne is a chartered accountant and is a former Chair of national commercial construction group Naylor Love and of the New Zealand Blood Service, and a former director of Chorus Limited, Tilt Renewables Limited, Summerset Group Holdings Limited and Queenstown Airport Corporation Limited.

Graeme Wong

Director, Independent, BCA (HONS) Bus Admin, INFINZ (Fellow), CFinstD

Graeme Wong has a background in stock broking, capital markets and investment. He was founder and executive chairman of Southern Capital Limited which listed on the NZX Main Board and evolved into Hirequip New Zealand Limited. The business was sold to private equity interests in 2006. Previous directorships include Tourism Holdings Limited, New Zealand Farming Systems Uruguay Limited, Sealord Group Limited, Tasman Agriculture Limited, Magnum Corporation Limited and At Work Insurance Limited and alternate director of Air New Zealand Limited.

Graeme is currently Chair of Harbour Asset Management Limited and director of Southern Capital Partners (NZ) Limited together with a number of other private companies. He is also a member of the Trust Board of Samuel Marsden Collegiate School.

Nicola Greer

Director, Independent, MCom (Hons)

Nicola is a professional company director. She has extensive experience in New Zealand, Australia and the UK in the banking and finance sectors, previously holding a range of roles within financial markets and asset and liability management at ANZ, Citibank and Goldman Sachs. She has a significant background in the New Zealand commercial property market, developing and owning commercial property across a variety of sectors.

Nicola is currently a director of Fidelity Life Assurance Ltd, South Port NZ and New Zealand Railways Corporation and is a member of the New Zealand Markets Disciplinary Tribunal. She was previously a director of Airways Corporation.

Mark Tume

Director, Independent, BBS, Dip Bkg Stud

Mark has governance experience with both public and private companies across the infrastructure, energy, and investment sectors in Australia and New Zealand.

He is the Chair of Te Atiawa Iwi Holdings and a director of ANZ Bank New Zealand Limited and Booster Financial Services. He was previously Chair of Ngai Tahu Holdings Corporation and Infratil and a director of Retire Australia Pty Limited.

Christopher Judd

Director, Independent

Chris Judd has over 32 years' experience in the property industry including a 17 year association with property and property funds in New Zealand in both public and private markets. Chris has had various senior executive leadership roles including Head of Real Estate Funds Management for AMP Capital Australia with executive and governance responsibilities in Australia and New Zealand for a A$20b+ platform.

He is Executive Chairman of 151 Property Group, the manager of Blackstone's real estate investments in Australia and New Zealand. He is a registered valuer being an Associate of the Australian Property Institute. Chris was the inaugural Chairman of the Property Council of Australia's Unlisted Property Roundtable and was a member of the International and Capital Markets Division Committee.

Executive team.

From left to right: Richard Hilder, Anthony Randell, Tim Woods, Scott Pritchard, George Crawford and Nicola McArthur. Absent from image: Emma de Vries.

Scott Pritchard

Chief Executive Officer

Scott has led the team since 2010 being responsible for the overall strategy and operations of Precinct. Scott has extensive experience in property funds management, development and asset management.

His previous experience includes various property roles with NZX-listed entities Goodman Property Trust, Auckland International Airport Limited and Urbus Properties Limited.

Scott holds a Master's degree in Management from Massey University. He is National Chair of Property Council New Zealand and a Trustee of the Tania Dalton Foundation.

George Crawford

Deputy Chief Executive Officer

George joined Precinct in 2010. Initially appointed as Chief Financial Officer, George then held the role of Chief Operating Officer for 5 years before taking on his current role. George plays a leading role in setting Precinct's strategy as well as development and major projects and leads Precinct's investment into shared workspace provider Generator. He has oversight of commercial transactions across the business, as well as responsibility for business growth.

After gaining experience with a large accountancy firm in the United Kingdom, George moved to New Zealand, working for Fonterra and PwC before joining Goodman Property Trust, where he was Chief Financial Officer.

George has a Bachelor of Science (Honours) degree from The University of Edinburgh and qualified as a Chartered Accountant in the United Kingdom. He is Chair of Keystone Trust.

Richard Hilder

Chief Financial Officer

Richard was appointed Chief Financial Officer in 2017. Prior to this he held the role of General Manager of Finance. He is responsible for investor relations, financial planning and analysis, the execution of capital management initiatives, and treasury management alongside leadership of the finance and analyst teams. He has been instrumental in developing and implementing Precinct's long-term strategy. Richard is also the Chair of Precinct's Sustainability Committee which encompasses ESG topics material to Precinct.

Prior to joining Precinct in 2010, Richard worked in the United Kingdom for Goodman Group's European Funds Management business where he gained experience in capital structuring, fund management and developments in both continental Europe and the United Kingdom. Richard has worked for Goodman Property Trust and Trust Investment Management Limited in New Zealand. Richard holds a Bachelor of Commerce (Hons) (Finance and Economics) degree from University of Auckland.

Nicola McArthur

General Manager – Marketing, Communications and Experience

Nicola joined Precinct in 2012, returning to New Zealand after 10 years working in a variety of marketing roles in the United Kingdom and Australia. Her role at Precinct is to lead the business's marketing and communications strategies across Precinct's investment portfolio, including Commercial Bay Retail and Generator, and Precinct's development portfolio. Nicola also leads Precinct's brand and communication strategies, ensuring there is a positive presence and understanding in the market. Maintaining optimum levels of communication with our clients, key stakeholders and consumers is another key area for Nicola and her team. Nicola has a Master of Marketing from Melbourne Business School, a Graduate Certificate of Corporate Management from Deakin University and a Bachelor of Arts from Auckland University.

Tim Woods

General Manager – Development

As General Manager – Development Tim has overall responsibility for Precinct's development projects including One Queen Street and Wynyard Quarter in Auckland and Bowen Campus in Wellington. Tim also has a shared responsibility for progressing new development opportunities for Precinct. Tim has worked in the property industry for the past 25 years in both the UK and New Zealand. Tim has been with Precinct for over 5 years and previous roles include leading the development arm of a large New Zealand property consultancy firm. In the UK, Tim held senior roles with a number of leading UK property companies across consultancy and construction companies.

Tim holds a Bachelor of Engineering (Hons) (Structural & Civil) degree and a Masters in Business Administration (Hons) from Auckland University.

Anthony Randell

General Manager – Property

As the General Manager – Property, Anthony leads the Auckland, Wellington, and retail property teams and has responsibility for the performance of the Precinct portfolio. Anthony joined Precinct in 2011 as an Investment and Development Analyst. In 2015, Anthony transitioned to the development team being appointed as the Development Manager responsible for the delivery of Commercial Bay's PwC office tower. Prior to being appointed to his current role, Anthony was the Auckland Portfolio Manager responsible for the investment performance of the Auckland Portfolio.

Anthony has a Bachelor of Business Studies (Valuation and Property Management) from Massey University. He is a Registered Valuer and began his career as a commercial valuer, working at Colliers International for 4 years.

Emma de Vries

General Manager – People and Culture

Emma joined Precinct Properties in July 2021 as the People and Culture Manager and was appointed the General Manager - People and Culture in July 2022. Emma has previously held HR positions in the media, construction, and the public service sectors.

Emma is responsible for developing and executing Precinct's people and culture strategy, with a particular focus on building culture, performance and development, diversity and inclusion and employee wellbeing.

Emma holds a Bachelor of Business from Auckland University of Technology and a Post Graduate Diploma in Business Administration from Auckland University.

5 year summary.

(Amounts in $ millions unless otherwise stated)	2019	2020	2021	2022	2023
Financial performance					
Gross rental revenue	135.7	151.8	199.8	200.3	**218.9**
Less direct operating expenses	(40.4)	(46.0)	(72.1)	(70.9)	**(77.9)**
Operating profit before indirect expenses	**95.3**	**105.8**	**127.7**	**129.4**	**141.0**
Management fee income	**0.0**	**0.0**	**0.0**	**0.0**	**5.4**
Net interest expense	(1.7)	(5.0)	(27.2)	(23.9)	**(30.8)**
Other expenses	(15.8)	(13.3)	(17.5)	(10.2)	**(13.5)**
Operating income before income tax	**77.8**	**87.5**	**83.0**	**95.3**	**102.1**
Non operating income / (expense)					
Unrealised net gain in value of investment and development properties	161.7	(66.3)	282.9	19.4	**(257.1)**
Other non operating income	(38.8)	12.0	(219.9)	14.6	**(9.7)**
Net profit before taxation	**200.7**	**33.2**	**146.0**	**129.3**	**(164.7)**
Current tax expense	(0.1)	(5.0)	67.8	7.0	**5.2**
Depreciation recovered on sale expense	(10.7)	(1.4)	(10.5)	-	**(7.7)**
Deferred tax benefit / (expense)	0.3	3.4	(15.6)	(26.3)	**14.1**
Total taxation (expense) / benefit	**(10.5)**	**(3.0)**	**41.7**	**(19.3)**	**11.6**
Net profit after taxation (NPAT)	**190.2**	**30.2**	**187.7**	**110.0**	**(153.1)**
Total other comprehensive income / (expense)	**0.2**	**4.9**	**(7.8)**	**(1.2)**	**5.6**
Total comprehensive income after tax attributable to equity holders	**190.4**	**35.1**	**179.9**	**108.8**	**(147.5)**
Dividends					
Net dividend (cents)	**6.00**	**6.30**	**6.50**	**6.70**	**6.70**
Reconciliation from NPAT to Adjusted funds from operations					
Net profit after taxation (NPAT)	**190.2**	**30.2**	**187.7**	**110.0**	**(153.1)**
Unrealised net (gain) / loss in value of investment and development properties	(161.7)	66.3	(282.9)	(19.4)	**257.1**
Unrealised (gains)/losses on JV - Property Revaluations	-	-	-	-	**3.2**
Unrealised net (gain) / loss on financial instruments	44.3	1.9	(19.7)	(33.1)	**(6.1)**
Net realised loss on sale of investment properties	1.7	2.5	2.4	0.2	**2.0**
Termination of management services agreement	-	-	217.1	-	**-**
One-off project costs					**0.8**
Impairment of goodwill	-	-	9.8	6.8	**-**
Net realised (gain) on disposal of investment in joint venture	(6.6)	-	-	-	**-**
Depreciation - property, plant and equipment	0.3	1.1	1.4	2.2	**3.0**
Depreciation recovered on sale	10.7	1.4	10.5	-	**7.7**
Deferred tax (benefit) / expense	(0.3)	(3.4)	15.7	26.3	**(14.1)**
IFRS 16 lease adjustments	-	2.3	1.9	1.7	**(0.1)**
Share-based payments scheme	-	-	-	1.2	**1.4**
Generator (profit) / loss	1.1	-	-	-	**-**
Funds from operations (FFO)					
Less: Liquidated damages revenue (net of tax)	(1.4)	(19.2)	-	-	**-**
Tax from management services termination payment			(60.8)	-	**-**
Tax on revenue account property sales					**0.5**
Swap closeout relating to ANZ Centre Sale			3.0	-	**-**
One off item - project initialisation costs			0.7	0.7	**-**
Addback: Amortisations	7.1	7.9	13.8	14.7	**13.7**
Straightline rents	(0.3)	(0.5)	(4.0)	(3.8)	**(2.0)**

(Amounts in $ millions unless otherwise stated)	2019	2020	2021	2022	2023
Funds from operations[1]	**85.1**	**90.5**	**96.6**	**107.5**	**114.0**
Funds from operations (cents)	6.82	6.89	7.34	6.89	**7.19**
Dividend payout ratio based on FFO (%)	88.0	91.4	88.6	97.2	**93.2**
Adjusted funds from operations (AFFO)					
Less: Maintenance capex	(7.2)	(5.0)	(4.0)	(2.3)	**(3.3)**
Less: Incentives and leasing costs	(3.9)	(2.8)	(7.3)	(3.7)	**(4.6)**
Adjusted funds from operations[2]	**74.0**	**82.7**	**85.3**	**101.5**	**106.1**
Adjusted funds from operations (cents)	5.94	6.29	6.48	6.51	**6.69**
Dividend payout ratio based on AFFO (%)	101.0	100.0	100.3	102.9	**100.1**

1 *Funds from operations (FFO) is the organisation's underlying and recurring earnings from its operations. This is determined by adjusting statutory net profit (under IFRS) for certain non-cash and other items. FFO has been determined based on guidelines established by the Property Council of Australia and is intended as a supplementary measure of operating performance.*

2 *Adjusted funds from operations (AFFO) is determined by adjusting FFO for other non-cash and other items which have not been adjusted in determining FFO. A dividend payout ratio of 100% indicates a company is neither over or under paying dividend. AFFO is considered a measure of operating cash flow generated from the business, after providing for all operating capital requirements including maintenance capital expenditure, tenant improvement works, incentives and leasing costs. While AFFO overcomes the limitations of FFO by considering the impact of capital requirements for operations, it can vary dramatically year over year, depending on the lease expiry profile and level of activity in any one period.*

(Amounts in $ millions unless otherwise stated)	2019	2020	2021	2022	2023
Financial position					
Total investment assets	1,870.5	2,800.1	3,076.4	3,126.2	**2,844.7**
Total development assets	923.2	190.6	232.4	544.0	**523.5**
Other assets	97.7	194.5	147.6	169.0	**274.6**
Total assets	**2,891.4**	**3,185.2**	**3,456.4**	**3,839.2**	**3,642.8**
Interest bearing liabilities	758.4	1,028.9	1,096.1	1,275.8	**1,258.4**
Other liabilities	177.8	247.9	139.7	127.9	**201.3**
Total liabilities	**936.2**	**1,276.8**	**1,235.8**	**1,403.7**	**1,459.7**
Total equity	1,955.2	1,908.4	2,220.6	2,435.5	**2,183.1**
Number of shares (m)	1,313.8	1,313.8	1,458.5	1,585.4	**1,585.9**
Weighted average number of shares (m)	1,246.7	1,313.8	1,316.5	1,559.2	**1,585.8**
Net tangible assets per share (cps)	**1.47**	**1.44**	**1.52**	**1.54**	**1.38**
Net asset value per security (cps)	**1.49**	**1.45**	**1.52**	**1.54**	**1.38**
Share price at 30 June ($)	1.77	1.57	1.60	1.37	**1.29**
Covenants					
Loan to value ratio (%)	22.4	28.8	28.2	34.3	**38.0**
Interest coverage ratio	2.0	2.4	2.4	2.5	**1.9**
Management expense ratio (bps)	59	44	55	29	**38**
Key portfolio metrics					
Average portfolio cap rate (%)	5.7	5.3	4.8	4.9	**5.6**
Weighted average lease term (years)	9.0[1]	8.0	7.7	7.1	**6.0**
Occupancy (% by NLA)	99	98	98	99	**99**
Net lettable area (sqm)	232,210	269,901	266,248	268,102	**223,021**
Number of investment properties	14	14	16	16	**12**

1 *Includes developments.*

Precinct's dividend policy

To pay out approximately 100% of Adjusted Funds From Operations ("AFFO") as dividends, with the retained earnings being used to fund the capital expenditure required to maintain the quality of Precinct's property portfolio. The payment of dividends is not guaranteed by Precinct and Precinct's dividend policy may change from time to time.

GRI content index.

General disclosures

Disclosures Title	GRI No.	Location/Reference or Information
Organisational details	2-1	Directory, P109; Our Markets, P14
Entities included in the organisation's sustainability reporting	2-2	Precinct Properties New Zealand Limited
Reporting period, frequency and contact point	2-3	Precinct reports on sustainability annually along with its financial reporting. This report covers the period 1 July 2022 – 30 June 2023. This report was published on 23 August 2023 . Questions about this report can be directed to: hello@precinct.co.nz
Restatements of information	2-4	None
External assurance	2-5	External assurance is sought only for Precinct's GHG inventory on P38 The ESG Committee is responsible for advising the Board on questions of assurance pertaining to sustainability-related information.
Activities, value chain and other business relationships	2-6	https://www.precinct.co.nz/about-us
Employees	2-7	Corporate Governance, P50
Workers who are not employees	2-8	Information unavailable (not held).
Governance structure and composition	2-9	Corporate Governance, P51; Sustainability Report, P33-P34
Nomination and selection of the highest governance body	2-10	PCT Corporate Goverance Manual (ESG Committee Charter) found at: https://www.precinct.co.nz/corporate-governance
Chair of the highest governance body	2-11	Corporate Governance, P51
Role of the highest governance body in overseeing the management of impacts	2-12	Sustainability Report, P21, P33-P34; Corporate Governance, P51 PCT Corporate Goverance Manual (ESG Committee Charter) found at: https://www.precinct.co.nz/corporate-governance
Delegation of responsibility for impacts	2-13	Sustainability Report, P21, P33-P34; Corporate Governance, P51 PCT Corporate Goverance Manual (ESG Committee Charter) found at: https://www.precinct.co.nz/corporate-governance
Role of highest governance body in sustainability reporting	2-14	Sustainability Report, P21; Corporate Governance, P51 PCT Corporate Goverance Manual (ESG Committee Charter) found at: https://www.precinct.co.nz/corporate-governance
Conflicts of interest	2-15	PCT Corporate Goverance Manual (ESG Committee Charter) found at: https://www.precinct.co.nz/corporate-governance
Communication of critical concerns	2-16	Corporate Governance, P51
Collective knowledge of the highest governance body	2-17	PCT Corporate Goverance Manual (ESG Committee Charter) found at: https://www.precinct.co.nz/corporate-governance
Evaluation of the performance of the highest governance body	2-18	Corporate Governance, P51
Remuneration policies	2-19	Remuneration Report, P67
Process to determine remuneration	2-20	Remuneration Report, P67
Annual total compensation ratio	2-21	Remuneration Report, P72
Statement on sustainable development strategy	2-22	Chair's Report, P11
Policy commitments	2-23	Chair's Report, P11; Corporate Governance, P51; Modern Slavery Policyn foind at: https://www.precinct.co.nz/corporate-governance
Embedding policy commitments	2-24	Corporate Governance, P51-P52; PCT Corporate Goverance Manual found at: https://www.precinct.co.nz/corporate-governance
Processes to remediate negative impacts	2-25	Information unavailable. Impact remediation and grievance processes not developed. Intention to review and develop within 2-3 years.
Mechanisms for seeking advice and raising concerns	2-26	PCT Corporate Goverance Manual (Whistle blower Policy) found at: https://www.precinct.co.nz/corporate-governance
Compliance with laws and regulations	2-27	Precinct had no instances of compliance breaches or fines in the reporting year.
Membership associations	2-28	Sustainability Report, Partnerships, Community Wellbeing and Vitality, P26
Approach to stakeholder engagement	2-29	Sustainability Report, P26
Collective bargaining agreements	2-30	In line with New Zealand legislation, Precinct's employees are not covered by collective bargaining agreements, and employee working conditions and terms of employment are not based on collective bargaining agreements.

Material Topics

Disclosures Title	GRI No.	Location/Reference or Information
Process to determine material topics	3-1	Sustainability Report, P22
List of material topics	3-2	Sustainability Report, P23
Climate Change		
Management of material topics	3-3	Sustainability Report, Climate Change, P24
Direct (Scope 1) GHG emissions	305-1	Sustainability Report, Climate-related disclosures, P38; Information on 305-1 (b) is ommitted because it was unavailable at the time of reporting. We expect to include this in the FY24 reporting cycle.
Energy indirect (Scope 2) GHG emissions	305-2	Sustainability Report, Climate-related disclosures, P38; Information on 305-2 (c) is ommitted because it was unavailable at the time of reporting. We expect to include this in the FY24 reporting cycle.
Other indirect (Scope 3) GHG emissions	305-3	Sustainability Report, Climate-related disclosures, P38; Information on 305-3 (b) and (d) is ommitted because it was unavailable at the time of reporting. We expect to include this in the FY24 reporting cycle.
GHG emissions intensity	305-4	Sustainability Report, Climate-related disclosures, P38
Partnerships, Community Wellbeing and Vitality		
Management of material topics	3-3	Sustainability Report, Partnerships, Community Wellbeing and Vitality, P26; Information on 3-3 (e)i.-iv. is ommitted because the management approach is under development. We expect to disclose this information consistently within 2-3 years.
Operations with local community engagement, impacts assessments, and development programs	413-1	Sustainability Report, Partnerships, Community Wellbeing and Vitality, P26; Disclosure 413-1 (a)iv. is ommitted because we have not developed an approach to quantifying the percentage of our operations with community development programs. We expect to develop this within 2-3 years
Depletion of natural resources and contribution to waste		
Management of material topics	3-3	Sustainability Report, Depletion of natural resources and contribution to waste, P28; PCT Corporate Goverance Manual (Supplier Code of Conduct) found at: https://www.precinct.co.nz/corporate-governance
Waste generation and significant waste-related impacts	306-1	Sustainability Report, Depletion of natural resources and contribution to waste, P28
Economic activity and opportunity		
Management of material topics	3-3	Sustainability Report, Economic activity and opportunity, P29
Significant indirect economic impacts	203-2	Sustainability Report, Economic activity and opportunity, P29
Client, worker and staff wellbeing		
Management of material topics	3-3	Sustainability Report, Client, worker and staff wellbeing, P30
Occupational health and safety management system	403-1	Sustainability Report, Client, worker and staff wellbeing, P31
Work-related injuries	403-9	Sustainability Report, Client, worker and staff wellbeing, P31

Precinct has chosen to prepare its 2023 Annual Report in accordance with the Global Reporting Initiative (GRI) Standards. The GRI Standards are the world's most widely used sustainability reporting standard.

The GRI index above shows where information can be found in this report and on Precinct's website about the indicators that are relevant to our business operations.

Corporate governance.

Introduction

The Board of Directors is responsible for the governance of Precinct and is committed to ensuring Precinct maintains best practice corporate governance with the highest ethical standards and integrity. Precinct's Corporate Governance Manual guides both the directors and the representatives of Precinct. It includes a Code of Ethics, Board and Committee Charters and Policies on Securities Trading, Audit Independence, Diversity and Inclusion, Continuous Disclosure, Takeover and Shareholder Communications.

This section of the Annual Report reflects the Company's compliance with the requirements of the NZX Corporate Governance Code. Precinct has elected to voluntarily report against the version of the NZX Corporate Governance Code revised on 1 April 2023. Precinct's Corporate Governance Manual is available on Precinct's website (www.precinct.co.nz) in the News and Investor Information section together with a statement of how Precinct's corporate governance policies, practices and processes comply with the NZX Corporate Governance Code as at 30 June 2023. If any investor would like a copy sent to them, please contact Precinct investor relations.

Principle 1 – Ethical Standards

Directors set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Ensuring that Precinct is governed transparently and to the highest of ethical standards and integrity is one of the key priorities for the Board. Precinct's Code of Ethics and Financial Products Dealing Policy are set out in the Corporate Governance Manual and are compliant in all respects with the NZX Corporate Governance Code recommendations.

Code of Ethics – The purpose and intent of Precinct's Code of Ethics is to guide directors, representatives and subsidiaries of Precinct so that their business conduct is consistent with high business standards. The Code is not intended to be an exhaustive list of acceptable and non-acceptable behaviour, rather it is intended to facilitate decisions that are consistent with Precinct's business standards, objectives and legal and policy obligations. Precinct ensures Code of Ethics training is provided to all staff at least every three years and all new starters are provided with an induction that includes training on Precinct's Code of Ethics.

Whistleblower Policy – Precinct's Corporate Governance Manual (which is available on Precinct's website) includes a whistle-blowing policy for reporting unethical or unlawful behaviour. Precinct is currently considering the appointment of a third-party agency to operate a 'speak up' channel to support Precinct's whistle-blowing policy.

Financial Product Dealing Policy – The Financial Product Dealing Policy applies to all directors and officers of Precinct and employees. No director, officer or employee may use their position of knowledge of Precinct or its business to engage in dealing with any Precinct listed financial products for personal benefit or to provide benefit to any third party.

Principle 2 – Board Composition and Performance

There is a balance of independence, skills, knowledge, experience and perspectives among directors to ensure an effective Board.

Precinct currently has six directors, all of whom are independent (as defined by the NZX Listing Rules). Precinct undertakes a regular review of Board composition to ensure Board membership comprises a range of appropriate skills and experience so that it has a proper understanding of and competence to deal with the current and emerging issues of the business, can effectively review and challenge the performance of management and can exercise independent judgement. The Chair meets regularly with directors of Precinct to discuss individual performance of directors. The Board regularly reviews its performance as a whole. When considering the appointment of the two new directors in 2021, the Board reviewed the skills of each director and believes the individual expertise and experience of all current directors as set out in the Board of Directors section of this report meet the objectives of Precinct.

Given Craig Stobo's upcoming retirement from the Board at Precinct's annual shareholder meeting in November, the People and Performance Committee is currently undertaking a recruitment process for a new director to fill that vacancy. Precinct has also committed to appoint a Future Director and is undertaking a recruitment process for that role with the Institute of Directors. Precinct expects to be in a position to propose the new independent director for election by shareholders at the annual meeting of shareholders in November and looks forward to introducing the Future Director to shareholders at that meeting.

All Precinct directors are non-executive and the Board composition and performance is compliant in all respects with the NZX Corporate Governance Code recommendations.

Precinct will notify the market of a reclassification of a non-independent director to independent director (or vice versa).

Independent Chair – Both Precinct's current chair (Craig Stobo) and his incoming successor (Anne Urlwin) are independent directors, having regard to the factors set out in the NZX Corporate Governance Code. Both Craig Stobo and Anne Urlwin are independent of the Company's CEO.

Independent Directors – We are committed to ensuring that a majority of directors are independent of Precinct, and do not have any interests, positions, associations or relationships which might interfere, or might be seen to interfere, with their ability to bring independent judgement to the issues before the Board. Having regard to the factors set out in the NZX Corporate Governance Code, as at 30 June 2023, the Board determined that the following persons were independent directors of Precinct: Craig Stobo, Graeme Wong, Anne Urlwin, Nicola Greer, Mark Tume and Chris Judd. Each of these directors is subject to appointment by Precinct shareholders and is required to retire by rotation.

Non-Independent Director – Mohammed Al Nuiami was non-independent and retired from the Board with effect from 3 Nov 2022.

Corporate governance. *(Continued)*

Subsidiary Company Directors – The directors for each of Precinct's subsidiary companies are all executive appointments and as at 30 June 2023 are Scott Pritchard, George Crawford, Richard Hilder and Louise Rooney.

Board Charter – Precinct's Corporate Governance Manual includes the Board's Charter which sets out the roles and responsibilities of the Board and management.

Board Appointment – The People and Performance Committee assists the Board in planning its composition and is responsible for managing the Board's succession requirements and for nominating new director appointments. All directors enter into a written agreement setting out the terms of their appointment.

Independent Advice – Each director has access to independent advice from specialists and/or executives within Precinct, as a means of receiving assurance information and the entire Executive Team attends Board meetings in order to provide information directly to the Board. The CFO, Company Secretary and other relevant Precinct staff members have unfettered access to Board members at any time and without reference to the CEO.

Diversity and Inclusion Policy – Precinct's Diversity and Inclusion Policy is included in Precinct's Corporate Governance Manual and includes measurable objectives which are assessed annually. The Board has developed this policy with management to encourage a diverse and inclusive working environment at all levels of the organisation to recruit and retain the best talent from the widest pool of candidates and build a culture where diversity of gender, age, ethnicity, orientation, background, experience, skills, thought, ideas, styles and perspective are leveraged and valued.

The gender composition of directors, officers and management employees is as follows:

	30 June 2023		30 June 2022	
	Female	**Male**	**Female**	**Male**
Directors	**2 (33%)**	**4 (67%)**	2 (29%)	5 (71%)
Officers*	**2 (29%)**	**5 (71%)**	1(17%)	5 (83%)
Management employees	**46 (53%)**	**40 (47%)**	39 (52%)	36 (48%)

* For the purposes of measuring and reporting gender diversity, the term 'officers' is defined as the CEO and those who are in the Executive team and report to the CEO.

Supporting the efforts to increase diversity across the management team are secondary policies and practices including the Equal Opportunities, Recruitment and Selection, Study Assistance and Remuneration Policies together with a Culture Charter and biennial anonymous staff surveys. To ensure workplace diversity continues to evolve and be built upon a matrix of key objectives and monitoring is undertaken on an on-going basis. Precinct has engaged PwC to assist Precinct to understand its gender pay gap with a view to publicly reporting Precinct's gender pay gap with next year's financial reporting.

Measurable objectives	30 June 2023	30 June 2022	30 Jun 2021	30 June 2020
Gender % of female staff	**53% (46)**	54% (39)	48% (31)	50% (32)
Age range	**20- 67**	19- 66	23 - 65	21 - 64

Additional employee disclosures under the GRI Standards is provided in the table below. The numbers reported are by head count at the end of the reporting period (as at 30 June 2023). Precinct does not have any non-guaranteed hours employees and temporary employees are employees who are on fixed term agreements.

	30 June 2023		30 June 2022	
	Female	**Male**	Female	Male
Management employees (Auckland)	**40**	**36**	35	31
Management employees (Wellington)	**6**	**4**	4	5
Management employees (permanent, Auckland)	**39**	**36**	34	30
Management employees (permanent, Wellington)	**6**	**4**	4	5
Management employees (temporary, Auckland)	**0**	**0**	1	1
Management employees (temporary, Wellington)	**0**	**0**	0	0
Management employees (full-time, Auckland)	**37**	**35**	29	30
Management employees (full-time, Wellington)	**6**	**4**	3	5
Management employees (part-time, Auckland)	**3**	**1**	5	0
Management employees (part-time, Welington)	**0**	**0**	1	0

Board Performance – The Board regularly reviews its performance including its collective skills, knowledge, experience and perspectives to identify any shortcomings and ensure that it effectively governs the Company and monitors performance in the interests of shareholders. This includes reviewing director tenure to ensure the independence majority is maintained. Directors undertake appropriate training to remain current on how to best perform their duties.

Meetings – A schedule of directors and their Board meeting attendance record for the year to 30 June 2023 is set out below.

Board of directors and attendance

Director	Independent director	Status	Date of appointment	Board meetings	Audit and Risk Com. meetings	People and Perf Com. meetings	Environment, Social and Governance Com. meetings
Number of meetings				**7**	**4**	**6**	**2**
Craig Stobo	Yes	Board Chair	4 May 2010	7	4	6	2
Mohammed Al Nuaimi*		Director	30 October 2013	0	n/a	n/a	n/a
Aditya Bhargava*		Alternate Director for Mohammed Al Nuaimi	18 November 2020	0	n/a	n/a	n/a
Nicola Greer	Yes	Environmental, Social and Governance Committee Chair	16 July 2021	7	4	n/a	2
Chris Judd	Yes	Director	29 April 2013	7	n/a	6	2
Mark Tume	Yes	Director	11 August 2021	6	4	n/a	n/a
Anne Urlwin	Yes	Audit and Risk Committee Chair	16 September 2019	7	4	6	n/a
Graeme Wong	Yes	People & Performance Committee Chair	1 November 2010	7	n/a	6	2

*Mohammed Al Nuaimi retired from the Board of Directors with effect from 3 Nov 2022 and his alternate director Aditya Bhargava was thereby removed with effect from the same date.

Principle 3 – Board Committees

The Board uses committees where this enhances effectiveness in key areas while still retaining Board responsibility.

For the year to 30 June 2023 there were three standing committees of the Board, being the Audit and Risk Committee, the People and Performance Committee (previously Remuneration and Nominations Committee) and the Environmental, Social and Governance Committee. Our Board committees are compliant in all respects with the NZX Corporate Governance Code recommendations. The charters that exist for each committee can be found in the Precinct Governance Manual together with Precinct's Takeover Policy.

The Audit and Risk Committee at balance date comprised Anne Urlwin as Chair, Craig Stobo, Nicola Greer and Mark Tume. The committee has a majority of independent directors and complies with recommendation 3.1. None of the committee members are executive directors. The committee was established to assist the Board in discharging its duties with respect to financial reporting, compliance and risk management. Employees may attend Audit and Risk Committee meetings at the invitation of the Audit and Risk Committee. The Audit and Risk Committee supervises the financial information flows of Precinct to ensure accuracy and objectivity of financial summaries.

The Environment, Social and Governance ("ESG") Committee was established in May 2021 and at balance date comprised Nicola Greer as Chair, Craig Stobo, Graeme Wong and Chris Judd. The committee has a majority of independent directors and complies with recommendation 3.5.

During FY23 the ESG Committee held two committee meetings. Precinct's CEO, Deputy CEO, CFO, and other key representatives across the business also attend the meetings to set objectives, review Precinct's Climate Risk register, track updates and discuss and approve current and future strategic initiatives which help manage Precinct's impacts on the economy, environment and people.

As outlined in the ESG Committee Charter, the Chair of each meeting of the ESG Committee is required to report back to the Board on key points of discussion and present the recommendations of the ESG Committee at the next scheduled meeting of the Board, not being less than once a year. The Board continually evaluates the performance and work of the ESG Committee with the Chair of the ESG Committee in regular contact with all Board members between meetings as part of its evaluation process. As part of this process, the Board shall undertake an annual review of the Environmental, Social and Governance Committee's objectives and activities in terms of its responsibilities as set out in the ESG Committee Charter.

Precinct's CFO is the Chair of Precinct's Sustainability Committee. The Sustainability Committee acts as custodian for Precinct's sustainability strategy and comprises representatives from across the business. The Committee is responsible for assessing,

Corporate governance. *(Continued)*

actioning and driving ESG issues, reviewing performance and considering Precinct's long-term strategy on sustainable activities across the business and reporting on its progress. Precinct's CFO will report any material matters or critical concerns arising to the CEO and Deputy CEO which in turn will be reported back to the ESG Committee. There were no critical concerns communicated to the ESG Committee during the reporting period.

The People and Performance Committee at balance date comprised Graeme Wong as Chair, Craig Stobo, Chris Judd and Anne Urlwin. The committee has a majority of independent directors and complies with recommendation 3.3 and 3.4. The committee's purpose is to:

- provide guidance to the Board when approving the remuneration of directors and key management personnel;
- assist the Board in planning the Board's composition, evaluating competencies required of prospective directors and to make relevant recommendations to the Board; and
- oversee the Company's people policies, practices and procedures.

The People and Performance Committee has a strong focus on Board succession planning. Management only attend meetings of the committee by invitation.

The Due Diligence Committee is an ad hoc committee that is established by the Board from time to time to provide guidance and recommendations to the Board on the due diligence for any transaction of a significant size and/or complexity. A Due Diligence Process Memorandum is agreed each time the Committee is established setting out its duties, responsibilities and scope.
One Due Diligence Committee was established during the year to consider the stapling proposal. The Due Diligence Committee for the stapling proposal met five times during the year and comprised Anne Urlwin as Chair, Craig Stobo and Chris Judd.

Principle 4 – Reporting and Disclosures

The Board demands integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

The Board is committed to ensuring the highest standards are maintained in financial and non-financial reporting and disclosure of all relevant information and is compliant in all respects with the NZX Corporate Governance Code recommendations. A copy of Precinct's Continuous Disclosure Policy can be found in the Precinct Governance Manual.

The Audit and Risk Committee oversees the quality and timeliness of all financial reports, including all disclosure documents issued by the Company or any of its subsidiaries.

Precinct has moved toward integrated reporting and the annual report includes information on Precinct's:

- Business model
- Strategy and key performance indicators
- Risk management
- Sustainability framework, and
- Remuneration framework.

Precinct reports in accordance with GRI Standards, shown in the Sustainability Report.

Precinct manages and oversees risks internally within our organisation based on the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. Going forward, our reporting of climate-related risks and opportunities will be directed by the Aotearoa New Zealand Climate Standards. Precinct has prepared interim climate-related disclosures to meet the NZ CS1 requirements in FY24. These can be found on pages 33 to 39. An overview of our highest rated physical and transition climate related risks are presented on page 36. Climate-related risks are included in Precinct's Risk Register which forms part of the Audit & Risk papers, ensuring that Precinct's climate risks are appropriately reviewed and assessed and receive regular oversight via the Audit and Risk Committee.

Principle 5 – Remuneration

The remuneration of directors and executives is transparent, fair and reasonable.

Following the internalisation of the management of Precinct in 2021, additional disclosures have been made in our Remuneration Report to ensure that remuneration of both directors and management personnel is transparent, fair and reasonable by aligning it with interests of the Company and its shareholders.

Director remuneration was reviewed during 2021 by independent advisors, PwC. At the Company's ASM in November 2021, shareholders approved an increase in the People and Performance Committee fees to align these to the approved fees for the Audit and Risk Committee. Following the establishment of the Environment, Social & Governance Committee in 2021, the shareholders also approved Chair and Member fees for the Environmental, Social & Governance Committee consistent with the Audit and Risk and People and Performance Committee fees. In accordance with best practice, the Company also introduced at the 2021 ASM a cap on the aggregate ad hoc fees that can be paid in respect of Due Diligence Committees in any one year. Any Due Diligence Committee fees in excess of the proposed annual cap must be put to shareholders for approval.

The Company has engaged PwC to undertake an updated review of director remuneration and the results of that review will be presented to shareholders at the Company's ASM later this year. Precinct makes a summary report of any independent director remuneration review available on its website.

Our remuneration practices are compliant with the NZX Corporate Governance Code recommendations.

More information on remuneration of directors and executives can be found within the Remuneration report.

Principle 6 – Risk Management

The Board has a sound understanding of the material risks faced by the business and how to manage them. The Board regularly verifies that the Company has appropriate processes that identify and manage potential and material risks.

The Board has a risk management and reporting framework in place that identifies and manages risk that may impact the business and complies with the NZX Governance Code recommendations in all respects.

Risk Register – A Risk Register is maintained which identifies key risks to the business, records the likelihood and impact of each risk and steps to mitigate the same. The Audit and Risk Committee oversees the risk register and reviews it regularly with management to track existing risks and the emergence of new risks. The results of each review are reported to and reviewed by the Board. The Risk Register is further reviewed when required in the event the Due Diligence Committee is formed.

Financial Risk Management Policy – Our Financial Risk Management Policy details our approach to managing financial risks and the policies and controls that are required to mitigate the likelihood of financial risks resulting in an adverse outcome. This policy is reviewed by the Board annually.

Insurance – Insurance cover is in place for insurable liability and general business risk. The primary objective of our annual insurance programme is to protect shareholders from material loss in the value of assets as a result of events such as fire, natural disaster or accidental damage. This approach protects creditors and bondholders as well.

Audit – Ernst & Young (EY) are engaged during the year to audit and review our financial statements.

Health and Safety – Health and safety policies are embedded throughout the business and overseen by Management's Health and Safety Committee. Reporting and escalation processes are in place to the Audit and Risk Committee and the Board.

More detail on how Precinct manages its key business risks can be found under Risk Management in this section.

Principle 7 – Auditors

The Board ensures the quality and independence of the external audit process.

Oversight of Precinct's external audit arrangements is the responsibility of the Audit and Risk Committee. We do not have a dedicated internal audit resource but we do maintain an annual audit programme, which is overseen by the CFO and draws on the expertise of consultants and employees. Ensuring that external audit independence is maintained is one of the key aspects in discharging this responsibility. The Policy on Audit Independence, detailed in the Corporate Governance Manual, has been adopted by the committee. This policy is compliant with the NZX Corporate Governance Code and covers the following areas:

- Provision of related assurance services by Precinct's external auditors;
- Auditor rotation; and
- Relationships between the auditor and Precinct.

The Board shall only approve a firm to be auditor if that firm would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the auditor's engagement.

The continued appointment of Precinct's external auditors is confirmed annually by the Audit and Risk Committee. Rotation of Precinct's client service partner and the lead and concurring audit partners of Precinct and its subsidiaries is required every five years with suitable succession planning to ensure consistency.

The external auditors shall annually confirm their compliance with professional standards and ethical guidelines of Chartered Accountants Australia and New Zealand (CAANZ) to evidence their competence, as well as attend Precinct's annual meeting to answer questions from shareholders in relation to the audit.

Precinct's audit firm EY also provided other assurance services which include agreed upon procedures in respect of operating expense statement review and green bond assurance.

The first year of appointment of audit firm EY was 1997 and the first date of appointment of the current engagement partner, Susan Jones (EY) was 1 July 2022 when she took over from Emma Winsloe (EY). Potential conflicts are resolved on a case by case basis between auditing and other accounting services provided by EY. Former partners of EY will not be appointed as directors of Precinct for so long as EY continues to audit Precinct.

Principle 8 – Shareholder rights and relations

The Board respects the rights of shareholders and fosters constructive relationships with shareholders that encourage them to engage with the Company.

The Board is committed to achieving best practice investor relations. Financial and operational information and key corporate governance information (including Precinct's Shareholder Communications Policy) can be accessed at www.precinct.co.nz.

An annual investor relations plan has been established and is reviewed annually. This plan details the investor relations approach to e-communications, roadshows, investor briefings, site visits, blackout periods, financial reporting and other items. Enquiries from shareholders can be voiced at the Annual Shareholder Meeting, or emailed through using the contact details on our website. A key objective of the plan is to ensure accurate continuous disclosure to the NZX.

Precinct shareholder approval of major decisions which may change the nature of Precinct is sought. In 2022 Precinct lodged a copy of its notice of annual meeting on its website at least 20 working days prior to its annual shareholder meeting and published a virtual meeting guide ahead of that meeting. Where practicable, Precinct endeavours to hold its shareholder meetings as hybrid meetings but may from time to time hold a virtual only meeting where the Company believes the physical meeting will be poorly attended (such as the special shareholder meeting to approve the stapling proposal).

Corporate governance. *(Continued)*

The 2023 Annual Meeting of Shareholders (ASM) is scheduled for: 14 November 2023

It will be a hybrid (physical and virtual) Shareholder Meeting with more details on the meeting to be provided in the coming months.

NZ RegCo Rulings and Waivers

Precinct did not rely on any NZ RegCo Rulings or Waivers during the year to 30 June 2023.

Stapling and non-standard designation

On 1 July 2023 the shares of Precinct Properties New Zealand Limited (**Precinct**) were stapled together with shares of Precinct Properties Investments Limited (**Precinct Investments**) in accordance with a Stapling Deed dated 7 June 2023 between Precinct and Precinct Investments (**Stapling**). The stapled shares of Precinct and Precinct Investments have traded since 3 July 2023 under the ticker code 'PCT'. The implications of Stapling are further described in a notice of special meeting of shareholders dated 18 April 2023.

NZX has granted Precinct and Precinct Investments a non-standard designation, due to the complexity of the Stapling arrangements.

NZX Listing Rule waivers and rulings relating to Stapling

On 18 April 2023, NZ RegCo agreed to grant certain waivers and rulings in connection with the Stapling, subject to certain conditions, as follows:

- A ruling that the Directors do not have a "Disqualifying Relationship" as a consequence of their appointment as directors of Precinct Investments under Precinct Properties Group structure, in order to allow the Independent Directors of Precinct Investments to also be Independent Directors of Precinct, as required by the Listing Rules;
- A waiver from Listing Rules 2.2 to 2.5 and 2.7 to 2.8 to permit:
  - the Precinct board and Precinct Investments board to be made up of the same people;
  - the Precinct board to be deemed to be appointed (or removed) if appointed to (or removed from) Precinct Investments board; and
  - the Precinct board members to retire from the Precinct board by rotation at the same time as they retire from Precinct Investments board;
- A waiver from Listing Rule 2.10.1 to permit the directors of one stapled entity to vote on matters in which they are "interested" due to being a director of the other stapled entity. Directors will not be permitted to vote on matters in which they are "interested" by virtue of a relationship or interest other than their directorship of the stapled entities;
- A waiver from Listing Rule 2.11 to permit the pooling of director remuneration for Precinct Properties Group, and the approval of director remuneration by way of single resolution of shareholders;
- A waiver from Listing Rules 2.14.1, 2.14.2, 7.8 and 7.9 to permit Precinct Properties Group to provide consolidated notices of meetings to shareholders;
- A waiver from Listing Rules 3.13, 3.14 and 3.15 to permit the stapled entities to announce, via NZX, issues, acquisitions, conversions or redemptions of securities on a consolidated basis;
- A ruling under Listing Rule 4.6.1 to enable Stapled Shares to be issued to any employee of the Precinct Properties Group;
- A ruling that, for the purposes of paragraph (f) of the definition of "Related Party" in the Listing Rules the word "Issuer" be interpreted as a reference to either Precinct or Precinct Investments;
- A ruling that, for the purposes of the Listing Rules in respect of Precinct Properties Group, "Material Information" means information in respect of Precinct Properties Group;
- A waiver from Listing Rules 3.5, 3.6, 3.7 and 3.8 to permit Precinct Properties Group to provide the information required in annual reports and annual and half-yearly results announcements on a consolidated basis;
- A waiver from Listing Rule 8.3 to permit Precinct Properties Group to provide consolidated statements of shareholdings to shareholders which shows their Precinct Properties Group holdings; and
- A ruling that, for the purposes of the Listing Rules in respect of Precinct Properties Group, the "Average Market Capitalisation" and "Average Market Price", where used in the Listing Rules refers to the combined "Average Market Capitalisation" and "Average Market Price" of Precinct Properties Group respectively.

A full copy of the NZ RegCo waiver and ruling decision dated 18 April 2023 is available from https://www.nzx.com/companies/PCT/documents.

Risk Management

Our Approach

Precinct has a robust risk assessment process and is committed to providing a clear risk management and reporting framework for the business to operate under to achieve its objectives, whilst ensuring all risks are understood and managed.

Reporting Framework

Responsible group			Description of responsibility
	Precinct Board		• Determine the nature and extent of the risks it is willing to take to achieve the business strategy • Establish the parameters for each risk
	Audit and Risk Committee		• Delegated authority in assessing effectiveness of internal controls and risk management processes • Delegated authority to regularly oversee and review the Risk Register
	Executive		• Input into Board's process for setting risk parameters • Lead and execute the business's approach to risk • Oversee reporting and identification of emerging risks
Development control group	Operational management	Health and safety committee	• Implement and maintain risk management policies • Create an environment that embraces risk management • Audit and monitor all live sites
Contractors	Employees	Other	• Day-to-day responsibility of managing risk • Report and maintain internal risk and hazard registers

Key Business Risks

External

Risks and impacts	How we manage the risk	Change	Movement in the period
Economy and property market Market risk arises from adverse changes in the New Zealand economic environment, regulatory environment and the broader investment market. Changes may result in an impact in property values and amount of income generated by them. **Occupier market and client default** A weakening occupier market through lack of business activity and investment, as well as unanticipated client default, can directly impact the income and value of each individual asset.	Maintain a proactive and strategic approach to manage property risks it can influence. Providing quality premises matched by high service levels and building strong relationships. Undertake annual business planning process to review the portfolio and help mitigate these risks.	▲	The conditions in the New Zealand economy continue to change with the impacts of high levels of inflation and higher interest rates flowing through the economy. The rising interest rate environment has placed increasing pressure on investment returns and impacted property valuations across all real estate sectors. Recovery in tourism to date has been encouraging. The number of international visitors has increased rapidly since the border reopened, with visitor numbers now up to around two-thirds of pre-COVID levels. Demand continues to be strong for high quality office buildings in in strategic locations.
Insurance risk The risk of being unable to continue to obtain insurance cover, or following an event, not having sufficient cover in place to repay creditors. This could result in significant business interruption.	Engage directly with a wide range of local and international insurers. Ensure the insurance market has a good understanding of the portfolio and its risks.	▲	Insurance premiums in both Auckland and Wellington have significantly increased, as perceived risk in the market remains high. Precinct continues to proactively engage with the insurance market on renewals and continues to secure coverage.

Corporate governance. *(Continued)*

Risks and impacts	How we manage the risk	Change	Movement in the period
Climate risk Climate risk includes physical risks (acute and chronic) and transitional risks. Physical risks could include events such as flooding, severity and frequency of storms and sea level rise. These risks could reduce revenue, increase maintenance capex and reduce asset values. Transitional risks include risks of transitioning to a low carbon economy including regulatory change. These risks could reduce the demand for Precincts products or increase compliance costs.	Precinct's Sustainability Committee acts as the custodian for Precinct's sustainability strategy and comprises representatives from various parts of our business. Precinct also has a Board ESG Committee. Both committees meet frequently during the year and are responsible for assessing, actioning and driving ESG issues, reviewing performance and considering Precinct's long-term strategy on sustainable activities across the business and reporting on its progress. An update is included in the Board papers on an ongoing basis including Precinct's climate risk register.	▲	Precinct recognises climate risk is an important part of the ongoing operation of our business activities. Precinct continues to assess our impacts on people and planet and how we are managing those impacts. During the year, we have also prepared our interim climate-related disclosures, which supports transparency towards compliance with the Aotearoa New Zealand Climate Standards (NZ CS1) in FY24. This can be found on pages 33-39 of this report. We are currently in the process of refining Precinct's approach to identifying and reporting on the impacts of climate change that are currently affecting our business.

Internal

Risks and impacts	How we manage the risk	Change	Movement in the period
Development			
Development risk Development projects are inherently subject to uncertainties. They are entered into on the basis of assumed future costs, values and income levels. An increased level of development risk has the potential to make meeting covenant obligations and overall solvency challenging.	Ensure expected returns from developments adequately compensate Precinct for the level of risk undertaken before approval. Through due diligence, Precinct understands the project risks before commitment. Before commitment, ensure funding is in place and committed gearing stays within acceptable levels. Establishing a procurement plan and engaging contractors early to mitigate cost escalation or contractor default. Undertake substantial pre-leasing prior to commencement of development.	▶	An appropriate level of development activity is underway however the risk has been reduced through high levels of pre-commit leasing secured and fixed price contract agreements in place. Supply chain conditions are settling with shipping becoming more predictable with some material shortages resolving during the year.
Financial			
Interest rate management Interest rate risk arises through changes in interest rate market conditions leading to earnings volatility or breach of interest cover covenant levels.	Manage by aligning the interest rate re-pricing profile with the re-pricing profile of Precinct's gross rental income. Establish interest rate swaps to manage exposure within a band reviewed by the Board annually and monitored by the Audit and Risk Committee and Board quarterly.	▲	Interest rates have continued to rise over the last 12 months with the RBNZ reaffirming the Official Cash Rate (OCR) is expected to remain at a restrictive level for the foreseeable future, to ensure that consumer price inflation returns to the 1% to 3% annual target range, while supporting maximum sustainable employment. Precinct was 72% hedged through the use of interest rate swaps at 30 June 2023 (June 2022: 64%).

Risks and impacts	How we manage the risk	Change	Movement in the period
Refinancing risk (liquidity) Having insufficient funds to refinance debt when it falls due and sustain the ongoing operations of the business.	Implemented a Financial Risk Management Policy in 2011 which is reviewed annually providing a clear framework ensuring risks are managed and understood. Diversified funding away from sole reliance on bank funding through alternative sources. Staggering the maturity profile of facilities providing adequate time to pursue alternatives to refinancing.	▼	During the period, Precinct has disposed of $680 million of assets, including 40 and 44 Bowen Street which settled post balance date. Net proceeds were used to repay bank debt. Precinct continues to maintain sufficient funding capacity to deliver our committed developments.
Gearing levels An increase in gearing levels outside suitable industry standards could increase the risk of breaching financing covenants and may increase borrowing costs.	Precinct's Financial Risk Management Policy is reviewed annually. Ensure no capital commitment is entered into without funding in place. Maintain adequate headroom in relation to gearing covenants to withstand portfolio devaluations which may be anticipated through the property cycle.	▶	Gearing levels remain within internal policy parameters due to Precinct's proactive funding strategy.
People			
Staff Staff are critical to ongoing success and execution of strategy. Failure to maintain a high level of experience and skill could impact business performance.	Ensure a strong focus on team engagement and enhancement. Maintain ongoing succession planning and retention structures within the Company. Regularly review performance appraisals of employees and directors and benchmark remuneration packages with the wider market.	▶	Our staff remain a key focus for the business with a number of promotions, training and development occurring during the year. Precinct's "Three Pillars" Health, Safety & Wellbeing strategy focus on the delivery of the wellbeing programs under Physical, Mental and Financial pillars.
Health and safety Unsafe work environments may lead to accidents (employees, clients, contractors and visitors) resulting in harm to people, financial loss and/or business continuity.	Provide ongoing individual, group and industry training. Maintain a hazard register that identifies hazards where contractors are required to take precaution. Registers are subject to annual review. Monitor any live sites to ensure oversight of Health and Safety matters. Ensure contractor pre-qualification. Provide training and KPIs for all Precinct staff. Dedicated Senior Health & Safety Adviser employed by Precinct.	▶	Appropriate monitoring and reporting continue to be implemented and refined to mitigate any potential risk. **Further information on Health and Safety is included in the Sustainability Report.**
Modern Slavery Precinct is committed to respecting and supporting the human rights of our employees and all those whose lives we impact through our supply chain. Given the complexity of the construction industry supply chain, Precinct may unknowingly be complicit in human rights abuses through the purchase of products or services.	Identifying areas with potential risk for forms of modern slavery in our supply chain. Engaging highly-reputable contractors with New Zealand-domiciled management teams.	▶	Precinct has recently published a Supplier Code of Conduct which supports our commitment to advance social and environmental responsibility beyond our own operations to our supply chain. It should be read together with Precinct's commitments in respect of Health & Safety, Diversity & Inclusion, Sustainability, Modern Slavery and Mental Health and Wellbeing, all of which can be found on Precinct's website.

Investor information.

As at 30 June 2023

Shareholder information

Twenty largest shareholders

Rank	Shareholder	Number of shares	% of shares
1.	HSBC NOMINEES (NEW ZEALAND) LIMITED	326,986,482	20.62
2.	ACCIDENT COMPENSATION CORPORATION	121,903,187	7.69
3.	CUSTODIAL SERVICES LIMITED	89,458,391	5.64
4.	BNP PARIBAS NOMINEES (NZ) LIMITED	75,617,636	4.77
5.	FNZ CUSTODIANS LIMITED	64,450,424	4.06
6.	FORSYTH BARR CUSTODIANS LIMITED	59,366,318	3.74
7.	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	57,068,909	3.60
8.	ANZ WHOLESALE TRANS-TASMAN PROPERTY SECURITIES FUND	50,847,231	3.21
9.	JPMORGAN CHASE BANK NA NZ BRANCH-SEGREGATED CLIENTS ACCT	50,471,344	3.18
10.	NATIONAL NOMINEES LIMITED	49,663,964	3.13
11.	NEW ZEALAND DEPOSITORY NOMINEE LIMITED	45,575,338	2.87
12.	HSBC NOMINEES A/C NZ SUPERANNUATION FUND NOMINEES LIMITED	44,418,523	2.80
13.	HSBC NOMINEES (NEW ZEALAND) LIMITED A/C STATE STREET - NZCSD	42,513,606	2.68
14.	TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT	32,672,024	2.06
15.	ANZ CUSTODIAL SERVICES NEW ZEALAND LIMITED	29,658,616	1.87
16.	HOBSON WEALTH CUSTODIAN LIMITED	23,253,920	1.47
17.	GENERATE KIWISAVER PUBLIC TRUST NOMINEES LIMITE	22,070,852	1.39
18.	JBWERE (NZ) NOMINEES LIMITED	19,766,843	1.25
19.	PT (BOOSTER INVESTMENTS) NOMINEES LIMITED	16,169,903	1.02
20.	ANZ WHOLESALE PROPERTY SECURITIES - NZCSD	15,647,428	0.99
	Total Top 20 holders of Ordinary Shares	**1,237,580,939**	**78.04**

Source: Computershare. The information above includes Shares held in custody by New Zealand Central Securities Depository Limited.

Shareholder distribution

Range	Total holders	Shares	% of issued capital
1 - 499	108	25,514	0.00
500 - 999	130	84,035	0.01
1,000 - 1,999	223	304,009	0.02
2,000 - 4,999	786	2,628,751	0.17
5,000 - 9,999	1,339	9,433,393	0.59
10,000 - 49,999	3,506	78,965,984	4.98
50,000 - 99,999	608	41,076,516	2.59
100,000 - 499,999	347	60,839,846	3.84
500,000 - 999,999	32	21,360,094	1.35
1,000,000 and over	43	1,371,140,226	86.46
Total	**7,122**	**1,585,858,368**	**100.00**

Source: Computershare

Investor information. *(Continued)*

Substantial Financial Product Holders

Quoted financial product holder	Number of quoted ordinary shares held at date of notice	%	Date of notice
Accident Compensation Corporation (ACC)	125,543,303	7.916	1.06.2023
ANZ New Zealand Investments Limited	86,196,213	5.435	29.09.2022
ANZ Bank New Zealand Limited	30,538,794	1.926	29.09.2022
ANZ Custodial Services New Zealand Limited	31,215,240	1.968	29.09.2022
Haumi Company Limited	237,889,419	15.000	24.06.2021

Note the number of shares above are according to notices filed only if the total number of a shareholder changes by 1% or more since the last notice filed.
Source: NZX Substantial product holding notices. The percentages have been calculated based on the quoted voting products on issue on 30 June 2023 (as discussed below).

As at 30 June 2023, Precinct had 1,585,858,368 quoted voting products on issue.

Donations

The Group made donations of $150,000 during the year to 30 June 2023.

No political donations have been made during the year to 30 June 2023.

Bondholder information

Twenty largest PCT020 bondholders

Rank	Bondholder	Number of bonds	% of total
1.	FNZ CUSTODIANS LIMITED	19,560,000	19.56
2.	CUSTODIAL SERVICES LIMITED	18,011,000	18.01
3.	FORSYTH BARR CUSTODIANS LIMITED	15,034,000	15.03
4.	HOBSON WEALTH CUSTODIAN LIMITED	10,108,000	10.11
5.	NZPT CUSTODIANS (GROSVENOR) LIMITED - NZCSD	4,500,000	4.50
6.	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD	4,250,000	4.25
7.	TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD	3,236,000	3.24
8.	INVESTMENT CUSTODIAL SERVICES LIMITED	2,247,000	2.25
9.	FORSYTH BARR CUSTODIANS LIMITED	2,132,000	2.13
10.	WESTPAC BANKING CORPORATE NZ FINANCIAL MARKETS GROUP -NZCSD	1,609,000	1.61
11.	FNZ CUSTODIANS LIMITED	1,225,000	1.23
12.	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	1,000,000	1.00
13.	JBWERE (NZ) NOMINEES LIMITED	989,000	0.99
14.	ANZ CUSTODIAL SERVICES NEW ZEALAND LIMITED - NZCSD	810,000	0.81
15.	FALSTAFF INVESTMENTS LIMITED	500,000	0.50
15.	INVESTMENT CUSTODIAL SERVICES LIMITED	500,000	0.50
17.	FORSYTH BARR CUSTODIANS LIMITED	440,000	0.44
18.	HOBSON WEALTH CUSTODIAN LIMITED	430,000	0.43
19.	SANDORE LIMITED	400,000	0.40
20.	MMC LIMITED - NZCSD	325,000	0.33
	Total Top 20 holders of PCT020 bonds	**87,306,000**	**87.31**

Source: Computershare. The information above includes Bonds held in custody by New Zealand Central Securities Depository Limited.

Bondholder distribution - PCT020

Range	Total holders	Number of bonds	% of total
5,000 - 9,999	38	211,000	0.21
10,000 - 49,999	281	5,432,000	5.43
50,000 - 99,999	49	2,840,000	2.84
100,000 - 499,999	30	5,806,000	5.81
500,000 - 999,999	4	2,799,000	2.80
1,000,000 and over	12	82,912,000	82.91
Total	**414**	**100,000,000**	**100.00**

Source: Computershare

Investor information. *(Continued)*

Twenty largest PCT030 bondholders

Rank	Bondholder	Number of bonds	% of total
1.	CUSTODIAL SERVICES LIMITED	18,985,000	12.66
2.	FORSYTH BARR CUSTODIANS LIMITED	17,870,000	11.91
3.	FNZ CUSTODIANS LIMITED	16,656,000	11.10
4.	ANZ FIXED INTEREST FUND - NZCSD	14,000,000	9.33
5.	GENERATE KIWISAVER PUBLIC TRUST NOMINEES LIMITED - NZCSD	13,077,000	8.72
6.	HOBSON WEALTH CUSTODIAN LIMITED	8,633,000	5.76
7.	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD	6,000,000	4.00
8.	WESTPAC BANKING CORPORATE NZ FINANCIAL MARKETS GROUP -NZCSD	5,674,000	3.78
9.	BNP PARIBAS NOMINEES (NZ) LIMITED - NZCSD	4,075,000	2.72
10.	MINT NOMINEES LIMITED - NZCSD	3,942,000	2.63
11.	NATIONAL NOMINEES LIMITED - NZCSD	3,700,000	2.47
12.	FORSYTH BARR CUSTODIANS LIMITED	3,144,000	2.10
13.	PIN TWENTY LIMITED	2,400,000	1.60
14.	PUBLIC TRUST CLASS 10 NOMINEES LIMITED - NZCSD	2,334,000	1.56
15.	INVESTMENT CUSTODIAL SERVICES LIMITED	2,002,000	1.33
16.	ANZ WHOLESALE NZ FIXED INTEREST FUND - NZCSD	2,000,000	1.33
17.	FNZ CUSTODIANS LIMITED	1,409,000	0.94
18.	NZPT CUSTODIANS (GROSVENOR) LIMITED - NZCSD	1,400,000	0.93
19.	QUEEN STREET NOMINEES ACF PIE FUNDS - NZCSD	1,325,000	0.88
20.	TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD	1,300,000	0.87
	Total Top 20 holders of PCT030 bonds	**129,926,000**	**86.62**

Source: Computershare. The information above includes Bonds held in custody by New Zealand Central Securities Depository Limited.

Bondholder distribution - PCT030

Range	Total holders	Number of bonds	% of total
5,000 - 9,999	77	575,000	0.38
10,000 - 49,999	281	6,039,000	4.03
50,000 - 99,999	31	1,889,000	1.26
100,000 - 499,999	31	6,123,000	4.08
500,000 - 999,999	4	3,175,000	2.12
1,000,000 Over	22	132,199,000	88.13
Total	**446**	**150,000,000**	**100.00**

Source: Computershare

Bondholder distribution - PCT040

Rank	Bondholder	Number of bonds	% of total
1.	CUSTODIAL SERVICES LIMITED	47,600,000	27.20
2.	NATIONAL NOMINEES LIMITED - NZCSD	41,965,000	23.98
3.	FORSYTH BARR CUSTODIANS LIMITED	22,079,000	12.62
4.	GENERATE KIWISAVER PUBLIC TRUST NOMINEES LIMITED - NZCSD	8,498,000	4.86
5.	TEA CUSTODIANS LIMITED CLIENT PROPERTY TRUST ACCOUNT - NZCSD	7,151,000	4.09
6.	FNZ CUSTODIANS LIMITED	6,024,000	3.44
7.	HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD	4,800,000	2.74
8.	HOBSON WEALTH CUSTODIAN LIMITED	3,733,000	2.13
9.	ANZ FIXED INTEREST FUND - NZCSD	3,000,000	1.71
10.	ANZ WHOLESALE NZ FIXED INTEREST FUND - NZCSD	2,550,000	1.46
11.	INVESTMENT CUSTODIAL SERVICES LIMITED	2,490,000	1.42
12.	FORSYTH BARR CUSTODIANS LIMITED	1,867,000	1.07
13.	JBWERE (NZ) NOMINEES LIMITED	1,492,000	0.85
14.	ANZ CUSTODIAL SERVICES NEW ZEALAND LIMITED - NZCSD	1,001,000	0.57
15.	PATHFINDER CARESAVER - NZCSD	740,000	0.42
16.	I J INVESTMENTS LIMITED	700,000	0.40
17.	PIN TWENTY LIMITED	547,000	0.31
18.	PUBLIC TRUST CLASS 10 NOMINEES LIMITED - NZCSD	474,000	0.27
19.	FNZ CUSTODIANS LIMITED	382,000	0.22
20.	JBWERE (NZ) NOMINEES LIMITED	350,000	0.20
	Total Top 20 holders of PCT040 bonds	**157,443,000**	**89.97**

Source: Computershare. The information above includes Bonds held in custody by New Zealand Central Securities Depository Limited.

Bondholder distribution - PCT040

Range	Total holders	Number of bonds	% of total
5,000 - 9,999	79	453,000	0.26
10,000 - 49,999	372	7,866,000	4.49
50,000 - 99,999	62	3,601,000	2.06
100,000 - 499,999	41	6,843,000	3.91
500,000 - 999,999	3	1,987,000	1.14
1,000,000 Over	14	154,250,000	88.14
Total	**571**	**175,000,000**	**100.00**

Source: Computershare

Investor information. *(Continued)*

Green Assets

Building Name	City	Address	Use	Last Assurance	NABERSNZ Rating	Green Star Rating	Asset Value[2] (NZ$m)	Allocation of proceeds per eligible asset (NZ$m)
Jarden House	Auckland	21 Queen Street	Office	4-Aug-22	Refer to footnote below[1]	5 Star Office As-Built	$135.0	$39.2
Mason Brothers	Auckland	139 Pakenham Street	Office	4-Aug-22	Targeting 5.5 Star Base Build Rating	6 Star Office Built	$58.0	$16.8
PwC Tower	Auckland	15 Customs Street	Office	4-Aug-22	Targeting 4 Star Base Building Rating	5 Star Office As-Built	$610.0	$177.2
Defence House	Wellington	34 Bowen Street	Office	22-Jul-21	5 Star Base Build Rating	4 Star Office Built	$187.0	$54.3
Total existing green Assets							**$990.0**	**$287.6**

Committed Green Development Assets

Building Name	City	Address	Use	Last Assurance	NABERSNZ Rating	Green Star Rating	Total project cost (NZ$m)	Allocation of proceeds per eligible asset (NZ$m)
1 Queen Street	Auckland	1 Queen Street	Office	4-Aug-22	Targeting 4 Star Base Building Rating	Targeting 6 Star Design/As Built	$316.0	$91.8
Bowen House	Wellington	1 Bowen Street	Office	4-Aug-22	Targeting 5 Star Base Building Rating	Targeting 5 Star Design/As Built	$157.0	$45.6
Total Committed green development assets							**$473.0**	**$137.4**

Total value of eligible assets[3] - based on last assurance	**$1,699.0**	
Total value of eligible assets - As at 30 June 2023	**$1,463.0**	**$425.0**

1. NABERS NZ rating targets are listed on the basis of Precinct's commitment to the World Green Building Council Net Zero Carbon Buildings Commitment and meeting or exceeding New Zealand's excellence levels under NABERSNZ with a target to have 100% of our investment portfolio to be +4-Stars, under our direct operational control by 2030. Noting post balance date, Jarden House is currently being assessed with a likely initial 3 Star Base Building Rating to be achieved

2. Fair value as at 30 June 2023

3. Eligible assets must have a minimum (or target) 5-star NZGBC Green Star Built rating or a minimum (or target) 4-Star NABERSNZ Energy Base Building Rating

Director Interests

Details of Director interests in Precinct shares (as at 30 June 2023)

	2023	2022
Director	**No. of shares**	**No. of shares**
Graeme Wong	**118,498**	118,498
Mark Tume	**20,261**	-
Anne Urlwin	**61,128**	61,128

The following director interests were recorded since the last report.

Chris Judd

Appointed as Executive Chairman of 151 Property Group

Craig Stobo

None

Anne Urlwin

Appointed as a director of Infratil Limited

Ceased to be a director of Queenstown Airport Corporation Limited

Ceased to be a director of Summerset Group Holdings Limited

Nicola Greer

Ceased to be a director of Airways Corporation of New Zealand Limited

Ceased to be a director of Airways International Limited

Graeme Wong

Ceased to be a director of CMT Industries Limited

Mark Tume

Acquired 20,261 Precinct ordinary shares on market

Ceased to be a director of RetireAustralia Pty Limited

Appointed as a director of ANZ Bank New Zealand Limited

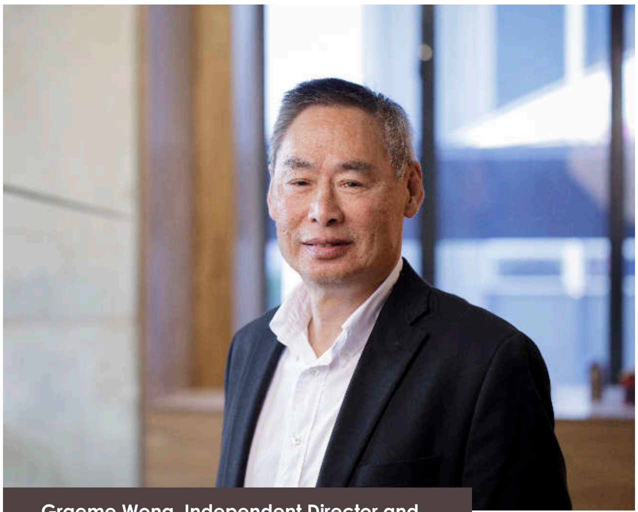
Appointed as a director of Booster Financial Services Limited

Shareholder in Booster Financial Services Limited

Ceased to be Chair of Infratil Limited and a director of its related companies

Remuneration report.

Message from the People and Performance Committee



Graeme Wong, Independent Director and Chair of Precinct People and Performance Committee

Dear Shareholders,

On behalf of the People and Performance Committee, I am pleased to present you with Precinct's Remuneration Report for the financial year ended 30 June 2023. We continue to make good progress across Precinct's diversity practices. Having appropriate policies, procedures and practices that facilitate the attraction, retention and development ensures a skilled, diverse and inclusive workforce for Precinct.

During the year, Precinct established an Employee Share Scheme (Scheme or ESS) for its employees. The Scheme recognises the important contribution that the Company's employees make to its future. The ESS has been well received by Precinct employees. It recognises our people and the key role they have in the delivery of our business strategy and overall success Precinct.

Director remuneration is currently being benchmark reviewed by independent advisors PwC. Shareholder approval will be sought for any adjustments to Director remuneration at the upcoming Annual Shareholder Meeting. The Company's director remuneration was last reviewed in 2021 and approved by shareholders at the Company's ASM in November 2021.

The People and Performance Committee is committed to ensuring full transparency of remuneration at Precinct.

Graeme Wong

Independent Director and Chair of the People and Performance Committee

Our approach to remuneration governance

Precinct's remuneration governance framework is overseen by Precinct's People and Performance Committee which comprises a majority of independent directors at 30 June 2023. The People and Performance Committee's role is to assist the Board in establishing remuneration policies and practices.

The People and Performance Committee is guided by Precinct's Remuneration Policy. This Remuneration Policy aims to ensure that people are rewarded for performance that contributes to the achievement of Precinct's business goals. In addition, the People and Performance Committee follow a charter which is intended to guide Committee members in fulfilling their responsibilities to the Board.

On a regular basis, the People and Performance Committee will review performance objectives and remuneration packages of both Directors and key management personnel of Precinct. This includes monitoring performance that outlines the relative weightings of remuneration components and relevant performance criteria. They also consider remuneration benchmarking and succession planning.

External advisors

Remuneration benchmarking of Directors and key management personnel (such as CEO, Deputy CEO and CFO) is undertaken regularly by external advisors.

With regards to Precinct's performance hurdles, the Total Shareholder Return (TSR) achieved by Precinct, and the members of the TSR Peer Group will be calculated by a recognised independent party, being an investment bank, firm of chartered accountants or other person or body that the Board reasonably considers has the expertise, experience and access to the necessary data to carry out the calculation.

This Remuneration Report includes additional disclosures to ensure that remuneration of both Directors and management personnel is transparent, fair and reasonable.

Ensuring we align remuneration with the interests of the Company and its shareholders continues to be key priority of the People and Performance Committee.

Remuneration report. *(Continued)*

Remuneration framework

Our remuneration framework is designed to support the performance of Precinct's business and its strategy.

Our objective is to create sustainable value from city centre real estate, delivering exceptional spaces for our clients and communities, in which they can thrive, while maximising returns to our shareholders.

At the heart of Precinct is a business model that is designed to generate, and regenerate sustainable value. This results from the seamless interplay between three essential elements.

	Purpose and direct link to Precinct's strategy	Direct link to performance measures
Fixed remuneration This includes fixed based salary which is benchmarked annually and includes superannuation contribution	• Attract and retain Precinct's Key Management Personnel to deliver on its strategy	Benchmarked against NZX-listed property entities and NZX50 peers
Short term incentive (STI) Discretionary annual payment	• Compensates for achieving short term (annual targets) which are aligned to the delivery of Precinct's strategy	Key operational objectives including • Earnings (AFFO) • Occupancy and WALT • Leasing • Strategic goals • Capital management • ESG goals
Long term incentive (LTI) Long term share grant where a share is received in the future subject to meeting certain performance hurdles or, in the case of Restricted Share Rights, continued employment.	• Drive longer-term performance and ensures the alignment of incentives of key employees with the interests of the Company's shareholders • Promote long term decision making and the creation of sustainable value for the Company's shareholders • Promote the retention of key employees; and • Facilitate and encourage employee share ownership.	Performance hurdles for Performance Share Rights: • Absolute TSR Target • Relative TSR Target • FFO Growth Target

Short term incentive (STI)

Precinct operates a short term incentive (STI) bonus scheme for eligible employees. The objective of the scheme is to compensate employees for achieving short term business strategy, high levels of performance and financial success over the financial year. In addition employees have individual performance goals which are considered when determining variable short term incentives. Annually the Board sets the annual STI performance goals for the CEO, Deputy CEO and CFO for that financial year.

Feature	Description
Purpose	To compensate individuals for achieving annual targets which are aligned to the delivery of Precinct's strategy.
Business objectives and performance measures	Individual STI awards are dependent on achieving various business objectives including overall staff management. Individuals will have Key Performance Indicators (KPIs) which are set annually and aligned to the delivery of Precinct's strategy and key priorities for the financial year. Performance measures include: • Precinct earnings target (AFFO) • Precinct portfolio metrics i.e. occupancy, WALT • Successful completion of treasury and capital management initiatives • Delivery of major leasing and development projects • Advancing key strategic objectives, including ESG objectives
Performance assessment	The Board takes a robust approach to determining executive remuneration outcomes. The performance STI scheme is intended to reflect the performance of the business, and reward for achieving targets. Assessment of performance for a STI takes place in the form of an assessment of achievement against the objectives and targets. CEO, Deputy CEO and CFO STI awards are endorsed by the People and Performance Committee and approved by the Board at its absolute discretion.
STI awarded	This discretionary annual payment is 100% awarded in cash and rewards the CEO, Deputy CEO, CFO and other individuals for achieving short term annual company and individual performance targets, encouraging accountability for results. Payment of a STI/performance bonus is not guaranteed and will remain subject to Board approval at its discretion.

Long term incentive (LTI)

Precinct operates a long-term incentive scheme ('scheme') for key management personnel and senior executives. The scheme is designed to align the reward for senior management personnel and senior executives with the enhancement of shareholder value over a multi-year period.

Precinct has a number of schemes in place and the sections below summarises the key details of each scheme.

Restricted Share Rights (RSR)

Precinct's Restricted Share Right scheme entitles a Participant to receive a Share in the future depending on whether Service Conditions are achieved. The participant is entitled to receive one share upon the valid exercise of each vested share right they hold.

Purpose	To secure the CEO, Deputy CEO, CFO and other key management personnel on a long term basis, noting that share rights don't vest for three or four years (as applicable).
Vesting tranches	30 June 2024, 30 June 2025 and 31 March 2027
Conditions	Restricted Share Rights (RSRs) will vest provided the participant remains employed by Precinct for the duration of the relevant vesting period. The current RSR plan is made up of 3 tranches with different vesting periods. There are no performance hurdles and provided each vesting period is satisfied, the RSRs will vest.

Remuneration report. *(Continued)*

Performance Share Rights (PSR)

Precinct's Performance Share Right scheme entitles a Participant to receive a Share in the future depending on the degree to which certain Vesting Conditions are achieved or exceeded during the Assessment Period. The participant is entitled to receive one share upon the valid exercise of each vested share right they hold.

Feature	Description
Purpose	Alignment of interests between the CEO, Deputy CEO, CFO and other key management personnel, and the long term returns to Precinct shareholders, which drives long term performance to deliver Precincts strategy while also providing an incentive for Key Management Personnel to remain in employment with Precinct prior to vesting.
Performance period	A grant vests at the end of the performance period which is over a three year period. Due to the completion of the internalisation of Precinct's management taking place on 31 March 2021, the initial performance period is between 1April 2021 and 30 June 2024. All rights issued after the original tranche vest over a period of 36 months. A share right vests on the vesting date subject to the participant's continuing employment with Precinct and performance hurdles being met. The vesting of the Performance share rights are endorsed by the People and Performance Committee and approved by the Board subject to the Board determining that the performance hurdles set out have been met.

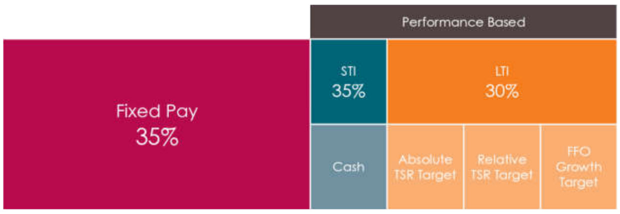
Performance hurdles	Performance measure	LTI Weighting	Description
	Total Shareholder Return (TSR)		TSR measures the total return received by shareholders from the increase in the market price of a share of Precinct and assumes reinvestment of cash dividends. The TSR will be calculated using the volume weighted average sale price of a Precinct share on the NZX over the 20 trading days prior to the vesting date.
	Absolute TSR Target	33%	The Absolute TSR Rights will vest in full if Precinct's TSR exceeds the cost of equity for the subject performance rights as calculated by independent advisors, PwC. The cost of equity will be recalculated on an annual basis.
	Relative TSR Target	33%	The Relative TSR Rights will vest in accordance with a progressive vesting scale, provided that Precinct's TSR over the performance period is greater than the median TSR of the TSR peer group.
	Funds from operations (FFO) Growth Target	33%	The FFO Growth Rights will vest in accordance with a progressive vesting scale, provided that Precinct's FFO growth per share is greater than or equal to 75% of CPI growth over the performance period.
	FFO is used to define the cash flow from operations and is a measure of operating performance over the performance period.		

Vesting conditions	Precinct TSR over the performance period	% of Relative TSR Rights that would vest	Precinct FFO Growth Per Share over the performance period	% of FFO Growth Rights that would vest
	< TSR Peer Group Median TSR	0%	< 75% of CPI Growth	0%
	Equal to the TSR Peer Group Median TSR	50%	Equal to 75% of CPI Growth	50%
	> TSR Peer Group Median TSR, but < TSR of the 75th percentile of the TSR Peer Group	51% - 99% pro-rata vesting on a straight-line progression	> 75% of CPI Growth, but < 125% of CPI Growth	51% - 99% pro-rata vesting on a straight-line progression
	Equal to or > TSR of the 75th percentile of the TSR Peer Group	100%	Equal to or greater than 125% of CPI Growth	100%

CEO Remuneration

Scott Pritchard was appointed Chief Executive Officer in September 2010. On 1 April 2021, he was retained as CEO, under a new employment agreement with Precinct post the internalisation of the management of Precinct.

The following illustrates the expected remuneration mix of Precinct's CEO. We believe the remuneration mix now provides strong alignment between remuneration and company performance to deliver on Precinct's strategy.



Details of the nature and amount of each element of the remuneration of the CEO is set out below.

Scott Pritchard was appointed Chief Executive Officer in September 2010. His remuneration for the year ended 30 June 2023 comprises:

- A fixed base salary which is benchmarked annually;
- A discretionary short-term incentive payment; and
- Shares vested under the long-term incentive scheme.
- Participation in the Precinct Employee Share Scheme

All remuneration between 1 July 2020 and 31 March 2021, including the legacy long-term incentive was paid by AMP Haumi Management Limited (the Manager "AHML"), not Precinct. As a result of internalisation PwC was appointed by the Precinct Board as a recognised independent party in order to undertake remuneration benchmarking in respect to the CEO and other senior executive roles.

The CEO's remuneration is endorsed by the People and Performance Committee and approved by the Board.

	Short term remuneration for the year ended 30 June						Long term remuneration as at 30 June	
Year	Base salary	Other	STI	Super	Total paid	*Maximum achievable*	Granted	Vested
2023	**780,000**	**93,755**	**1,040,000**	**57,413**	**1,971,167**	**1,971,167**	**1,287,200**	**245,714**
2022	780,000	-	576,875	40,706	1,397,581	1,606,800	-	260,952

Performance and Restricted Share Rights that have been granted to Scott Pritchard as at 30 June 2023 are detailed in the table below.

				Granted during year		Vested and exercised			
Scheme	*Grant date*	*Measuremen t date*	*Balance as at 30 June 2022*	*Number*	*Value $*	*Number*	*Value $*	*Lapsed*	*Balance as at 30 June 2023*
Performance share right	1-4-2021	30-6-2024	**730,272**						**730,272**
Performance share right	1-7-2022	30-6-2025	**-**	1,047,614	692,200				**1,047,614**
Restricted share right	1-4-2021	30-6-2023	**190,476**			190,476	245,714		**-**
Restricted share right	14-4-2023	31-3-2027	**-**	474,103	595,000				**474,103**
Total			**920,748**	**1,521,717**	**1,287,200**	**190,476**	**245,714**	**0**	**2,251,989**

Remuneration report. *(Continued)*

Employee remuneration

Employee remuneration comprises base salary, STI payments, LTI payments relating to vesting grants and employer contributions to superannuation.

During the year ended 30 June 2023, the number of employees (including the CEO) who received remuneration with a combined total value exceeding $100,000 is set out on the following table. Employer superannuation contributions are at the same rate for all employees.

The annual total compensation of the CEO to the median annual total compensation for all employees (excluding the CEO) is 19.9:1.

The annual fixed base salary of the CEO to the median annual fixed base salary for all employees (excluding the CEO) is 8.2:1.

Remuneration range	# employees
$2,210,000 - $2,219,999	1
$1,490,000 - $1,499,999	1
$860,000 - $869,999	1
$470,000 - $479,999	1
$410,000 - $419,999	1
$370,000 - $379,999	1
$360,000 - $369,999	1
$340,000 - $349,999	1
$310,000 - $319,999	1
$300,000 - $309,999	1
$290,000 - $299,999	1
$260,000 - $269,999	1
$240,000 - $249,999	4
$230,000 - $239,999	1
$220,000 - $229,999	2
$190,000 - $190,999	1
$170,000 - $179,999	1
$160,000 - $169,999	2
$150,000 - $159,999	1
$140,000 - $149,999	2
$130,000 - $139,999	4
$110,000 - $119,999	5
$100,000 - $109,999	8
Total	**43**

Employee share scheme

In August 2022 Precinct established an Employee Share Scheme (Scheme or ESS) for employees of Precinct Properties New Zealand Limited (Precinct). The ESS enables employees to acquire shares in Precinct (under the current NZ tax legislation). The Scheme recognises the important contribution that the Company's employees make to it future. The People and Performance Committee and the Board of Precinct considers the ESS aligns the interests of the employees with those of the Company and its shareholders and aims to assist the Company in retaining and motivating employees.

Long term incentive scheme

Performance and restricted share rights that have been granted to key management personnel (excluding CEO) as at 30 June 2023 are detailed in the following table.

Scheme	Grant date	Measurement date	Balance as at 30 June 2022	Granted during year		Vested and exercised		Lapsed	Balance as at 30 June 2023
				Number	Value $	Number	Value $		
Performance share right	1-4-2021	30-6-2024	**1,224,921**						**1,224,921**
Performance share right	1-7-2022	30-6-2025	**-**	1,490,754	985,000				**1,490,754**
Restricted share right	1-4-2021	30-6-2023	**213,370**			213,370	275,247		**-**
Restricted share right	1-4-2021	30-6-2024	**73,260**						**73,260**
Restricted share right	1-7-2022	30-6-2025	**-**	120,302	160,000				**120,302**
Restricted share right	14-4-2023	31-3-2027	**-**	1,310,754	1,645,000				**1,310,754**
Total			**1,511,551**	**2,921,810**	**2,790,000**	**213,370**	**275,247**	**0**	**4,219,991**

Remuneration report. *(Continued)*

Director remuneration

The current director fee rate is as follows:

Position	$ per annum (plus GST, if any)
Chair	**182,340**
Independent Director	**91,170**
Audit and Risk Committee Chair	**15,000**
People and Performance Committee Chair	**15,000**
Environment, Social & Governance Committee Chair	**15,000**
Audit and Risk Committee Member	**7,500**
People and Performance Committee Member	**7,500**
Environment, Social & Governance Committee Member	**7,500**
Due Diligence Committee Chair (ad hoc hourly rate)	**380/hr**
Due Diligence Committee Member (ad hoc hourly rate)	**350/hr**
Annual Cap for Due Diligence Committee Fees	**$100,000**

Following a director remuneration review by PwC, at the 2021 Annual Shareholder Meeting, the shareholders approved an increase in the People and Performance Committee fees to align these to the approved fees for the Audit and Risk Committee. Following the establishment of the Environment, Social & Governance Committee in 2021, the shareholders also approved Chair and Member fees for the Environmental, Social & Governance Committee consistent with the Audit and Risk and People and Performance Committee fees.

	Role	30 June 2023			30 June 2022		
		Due Diligence committee	**Board committee**	**Board**	**Due Diligence committee**	**Board committee**	**Board**
Craig Stobo	Board Chair	**7,175**	**22,500**	**182,340**	3,500	19,083	182,340
Anne Urlwin	Audit and Risk Committee Chair	**7,790**	**22,500**	**91,170**	3,800	21,646	91,170
Graeme Wong	People and Performance Committee Chair	**-**	**22,500**	**91,170**	3,500	18,229	91,170
Launa Inman	Independent Director[1]	**-**	**-**	**-**	-	625	7,598
Chris Judd	Independent Director	**7,175**	**15,000**	**91,170**	-	11,583	91,170
Nicola Greer	ESG Committee Chair	**-**	**22,500**	**91,170**	-	6,673	81,122
Mark Tume	Independent Director	**-**	**7,500**	**91,170**	3,500	17,073	87,494
Robert Campbell	Non-Executive Director[2]	**-**	**-**	**-**	-	1,411	10,293
Total		**22,140**	**112,500**	**638,190**	**14,300**	**96,324**	**642,356**

1 Launa Inman retired from the Board on 31 July 2021.
2 Robert Campbell retired from the Board on 11 August 2021.

From time to time the Board may establish further subcommittees to consider specific issues or transactions. Membership of these committees may result in additional fees being payable at the rates in the table above. During the year ended 30 June 2023, $22,140 in committee fees were paid to the Due Diligence Committee (30 June 2022: $14,300). One Due Diligence Committee was established in relation to the proposal for Precinct to move to a stapled structure. No other remuneration or benefit was provided by the Group during the period to any director or former director of any Group member.

Insurance and indemnity

As permitted by the constitution and the Companies Act 1993, Precinct has indemnified its directors and officers, and the directors of its subsidiaries against potential liabilities and costs they may incur for acts or omissions in their capacity as directors. During the financial year, Precinct paid insurance premiums in respect of directors' and officers' liability insurance which covers risks normally covered by such policies arising out of acts or omissions of directors and officers in their capacity as such. Insurance is not provided for criminal liability or liability or costs in respect of which an indemnity is prohibited by law.

Management expense ratio

Amounts in $ millions (unless otherwise stated)	*2023*	*2022*
Management expenses	7.5	6.0
Audit and Directors	1.7	1.5
Other expenses	4.0	2.5
Total management expenses	**13.2**	**10.0**
Average total property value	**3,519.2**	**3,489.5**
Management expense ratio - excluding performance fee	38 bps	29 bps
Management expense ratio	38 bps	29 bps

Management expenses comprise the costs of managing Precinct as a corporate entity and exclude direct property expenses and capital expenditure.

This annual report of Precinct Properties New Zealand Limited is dated 22 August 2023 and is signed on behalf of the Board by:

CRAIG STOBO
CHAIR AND INDEPENDENT DIRECTOR

ANNE URLWIN
CHAIR AUDIT AND RISK COMMITTEE AND INDEPENDENT DIRECTOR

The Numbers.

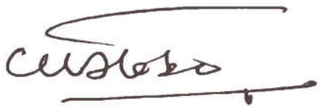
**PRECINCT PROPERTIES
NEW ZEALAND LIMITED
FINANCIAL STATEMENTS 2023**

Precinct Properties New Zealand Limited

Annual financial statements

For the year ended 30 June 2023

Signed on behalf of the Board of Precinct Properties New Zealand Limited, who authorised the issue of these financial statements on 22 August 2023.



CRAIG STOBO
CHAIR

ANNE URLWIN
CHAIR AUDIT & RISK COMMITTEE

Contents

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

Amounts in $ millions	Notes	30 June 2023	30 June 2022
Revenue			
Gross operating revenue	10	**218.9**	200.3
Less direct operating expenses		**(77.9)**	(70.9)
Operating income before indirect expenses		**141.0**	129.4
Management fee income	10	**5.4**	-
Indirect expenses / (revenue)			
Net interest expense		**30.8**	23.9
Other expenses	12	**13.5**	10.2
Total indirect expenses / (revenue)		**44.3**	34.1
Operating income before income tax		**102.1**	95.3
Non operating income / (expenses)			
Unrealised net gain / (loss) in value of investment and development properties	9	**(257.1)**	19.4
Unrealised net gain / (loss) on financial instruments	20	**6.1**	33.1
Share of (loss)/profit in equity-accounted investments	25	**(2.0)**	-
Depreciation - property, plant and equipment		**(3.0)**	(2.2)
Lease depreciation		**(3.9)**	(5.1)
Lease interest expense		**(4.9)**	(4.2)
Net realised gain / (loss) on sale of investment properties		**(2.0)**	(0.2)
Impairment of goodwill		**-**	(6.8)
Total non operating income / (expenses)		**(266.8)**	34.0
Net profit / (loss) before taxation		**(164.7)**	129.3
Income tax expense / (benefit)			
Current tax expense	13	**(5.2)**	(7.0)
Depreciation recovered on sale	13	**7.7**	-
Deferred tax expense / (benefit)	13	**(14.1)**	26.3
Total taxation expense / (benefit)		**(11.6)**	19.3
Net profit / (loss) after taxation attributable to equity holders	14,17	**(153.1)**	110.0
Other comprehensive income / (expense)			
Items that will not be reclassified to profit or loss			
Credit risk adjustments on financial liabilities designated at fair value through profit or loss	20	**7.8**	(1.7)
Deferred tax on items transferred directly to / (from) equity		**(2.2)**	0.5
Total other comprehensive income / (expense)		**5.6**	(1.2)
Total comprehensive income after tax attributable to equity holders		**(147.5)**	108.8
Earnings per share (cents per share)			
Basic earnings per share	15	**(9.65)**	7.06
Diluted earnings per share	15	**(9.65)**	7.04
Other amounts (cents per share)			
Funds from operations (FFO)	14	**7.19**	6.89
Adjusted funds from operations (AFFO)	14	**6.69**	6.51

The accompanying notes on pages 82 to 105 form part of these Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

Amounts in $ millions unless otherwise stated	*Notes*	*Cents per share*	*Shares (m)*	*Ordinary shares*	*Other reserves*	*Retained earnings*	*Total equity*
At 1 July 2021			**1,458.4**	**1,412.5**	**0.3**	**807.8**	**2,220.6**
Profit after income tax for the year						110.0	110.0
Other comprehensive income for the year					(1.2)		(1.2)
Issue of shares							
Placement			19.8	30.0			30.0
Issue costs incurred				(0.6)			(0.6)
PCTHA Convertible Note conversion			107.2	179.3			179.3
Distributions							
Q4 final (paid 24 Sep 2021)		1.625				(24.0)	(24.0)
Q1 interim (paid 10 Dec 2021)		1.675				(26.6)	(26.6)
Q2 interim (paid 25 Mar 2022)		1.675				(26.6)	(26.6)
Q3 interim (paid 10 Jun 2022)		1.675				(26.6)	(26.6)
Total distributions paid		6.650				(103.8)	(103.8)
Long-term incentive scheme	24				1.2		1.2
At 30 June 2022			**1,585.4**	**1,621.2**	**0.3**	**814.0**	**2,435.5**
Profit / (loss) after income tax for the year						**(153.1)**	**(153.1)**
Other comprehensive income for the year					**5.6**		**5.6**
Distributions							
Q4 final (paid 23 Sep 2022)		**1.675**				**(26.6)**	**(26.6)**
Q1 interim (paid 8 Dec 2022)		**1.675**				**(26.6)**	**(26.6)**
Q2 interim (paid 24 Mar 2023)		**1.675**				**(26.6)**	**(26.6)**
Q3 interim (paid 9 Jun 2023)		**1.675**				**(26.6)**	**(26.6)**
Total distributions paid		**6.700**				**(106.4)**	**(106.4)**
Long-term incentive scheme	24			**-**	**1.4**		**1.4**
Long-term incentive scheme vesting	24		**0.4**	**0.7**	**(0.7)**		**-**
Employee share scheme			**0.1**	**0.1**	**-**		**0.1**
At 30 June 2023			**1,585.9**	**1,622.0**	**6.6**	**554.5**	**2,183.1**

All shares have been fully paid, carry full voting rights, have no redemption rights, have no par value and are subject to the terms of the constitution.

The accompanying notes on pages 82 to 105 form part of these Financial Statements

Consolidated Statement of Financial Position

As at 30 June 2023

Amounts in $ millions	Notes	30 June 2023	30 June 2022
Current assets			
Cash		**16.6**	11.5
Fair value of derivative financial instruments	20	**5.3**	3.5
Debtors and other current assets		**35.6**	23.1
Total current assets		**57.5**	38.1
Investment properties held for sale	9	**240.0**	577.2
Non-current assets			
Fair value of derivative financial instruments	20	**49.8**	48.2
Other assets		**0.7**	7.5
Loan receivables	8	**33.0**	-
Investment in equity-accounted investments	25	**59.3**	-
Development properties	9	**523.5**	544.0
Investment properties	9	**2,604.7**	2,549.0
Property, plant and equipment		**47.8**	44.4
Right-of-use assets	19	**24.9**	28.9
Intangible assets		**1.6**	1.9
Total non-current assets		**3,345.3**	3,223.9
Total assets		**3,642.8**	3,839.2
Current liabilities			
Lease liabilities	19	**4.7**	3.6
Accrued development capital expenditure		**50.2**	12.3
Other current liabilities	16	**28.9**	31.0
Total current liabilities		**83.8**	46.9
Non-current liabilities			
Interest bearing liabilities	18	**1,258.4**	1,275.8
Fair value of derivative financial instruments	20	**29.0**	20.5
Lease liabilities	19	**58.5**	49.1
Other non-current liabilities		**28.1**	-
Deferred tax liability	13	**1.9**	11.4
Total non-current liabilities		**1,375.9**	1,356.8
Total liabilities		**1,459.7**	1,403.7
Total equity		**2,183.1**	2,435.5
Total liabilities and equity		**3,642.8**	3,839.2

The accompanying notes on pages 82 to 105 form part of these Financial Statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

Amounts in $ millions	Notes	30 June 2023	30 June 2022
Cash flows from operating activities			
Gross rental income per statement of comprehensive income		**218.9**	200.3
Less: Current year incentives		**(1.3)**	(5.8)
Add: Amortisation of incentives and intangibles		**12.6**	8.7
Add: Depreciation of property, plant and equipment		**3.0**	2.2
Less: Working capital movements		**(11.4)**	(5.1)
Cash flow from gross rental income		**221.8**	200.3
Interest income		**1.3**	-
Management fee income		**5.4**	-
Property expenses		**(62.1)**	(73.5)
Other expenses		**(13.7)**	(9.7)
Interest expense		**(31.0)**	(26.4)
Employment and administration expenses		**(3.6)**	(2.8)
Net cash inflow / (outflow) from operating activities	17	**118.1**	87.9
Cash flows from investing activities			
Capital expenditure on investment properties		**(61.3)**	(52.9)
Capital expenditure on development properties		**(196.4)**	(130.4)
Capital expenditure on other assets		**-**	(5.4)
Acquisition of investment properties		**(21.4)**	-
Acquisition of development properties		**(37.7)**	(132.8)
Investment in equity-accounted investments		**(61.3)**	-
Loan facilities advanced		**(33.0)**	-
Expenditure on property, plant and equipment		**(6.4)**	(10.2)
Disposal of investment properties		**447.1**	(0.2)
Capitalised interest on investment properties		**(1.6)**	8.0
Capitalised interest on development properties		**(30.6)**	(27.0)
Net cash inflow / (outflow) from investing activities		**(2.6)**	(350.9)
Cash flows from financing activities			
Loan facility drawings to fund capital expenditure		**257.7**	207.7
Loan facility drawings to fund acquisitions		**59.1**	132.8
Loan facility drawings to fund repayment of senior secured bonds		**-**	75.0
Loan facility repayments from disposal of investment properties		**(447.1)**	0.2
Loan facility repayments from issue of senior secured bonds		**-**	(175.0)
Loan facility repayments from issue of new shares		**-**	(208.7)
Loan facility drawings to fund equity-accounted investments		**61.3**	-
Other loan facility drawings / (repayments)[1]		**69.0**	32.6
Repayment of senior secured bonds		**-**	(75.0)
Repayment of leasing liabilities		**(4.1)**	(3.4)
Issue of senior secured bonds		**-**	175.0
Issue of new shares[2]		**-**	208.7
Distributions paid to share holders		**(106.3)**	(103.7)
Net cash inflow / (outflow) from financing activities		**(110.4)**	266.2
Net increase / (decrease) in cash held		**5.1**	3.2
Cash at the beginning of the year		**11.5**	8.3
Cash at the end of the year		**16.6**	11.5

1 Loan facility drawings are net of repayments made throughout year.
2 Issue of new shares are net of issue costs.

The accompanying notes on pages 82 to 105 form part of these Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2023

1. Reporting Entity

Precinct Properties New Zealand Limited (Precinct) is incorporated in New Zealand and is registered under the New Zealand Companies Act 1993.

Precinct is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

These audited financial statements are those of Precinct and its wholly-owned subsidiaries (the Group).

The Group's principal activity is investment in predominantly prime CBD properties in New Zealand.

2. Basis of Preparation

The financial statements have been prepared in accordance with NZ GAAP. For the purposes of complying with NZ GAAP the Group is a for-profit entity. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'). The financial statements also comply with International Financial Reporting Standards ('IFRS').

The financial statements have been prepared:

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

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

3. Basis of Consolidation

The consolidated financial statements comprise Precinct and its subsidiary companies.

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

4. New Standards, Amendments and Interpretations

There were no new accounting standards impacting the consolidated financial statements for the year ended 30 June 2023.

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

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

5. Changes to Accounting Policies and Disclosure of Significant Accounting Policies

No changes to accounting policy have been made during the year and policies have been consistently applied to all years presented.

Significant accounting policies have been included throughout the notes to the financial statements.

6. Fair Value Estimation

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

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

7. Significant Accounting Judgements, Estimates and Assumptions

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

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

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

i. Investment and development properties - refer note 9

ii. Deferred tax assets and deferred tax liabilities - refer note 13

iii. Share-based payment scheme - refer note 24

8. Significant Events and Transactions During the Year

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

i. Purchase of Viaduct Car Park

On 29 July 2022 Precinct purchased Viaduct Carpark for $23.6 million.

ii. Investment Partnership - Precinct Pacific Investment Limited Partnership ("PPILP")

On 23rd February 2022 Precinct announced the formation of a new investment partnership (Precinct Pacific Investment Limited Partnership ("PPILP") with Singaporean sovereign wealth fund GIC. Precinct has retained an ongoing 24.9% minority interest in the investment Partnership and Precinct Properties Management Limited holds the investment management agreement for this partnership. For more detail see Note 25.

On 13 October 2022 Precinct sold Mayfair House, 10 Madden Street & 12 Madden Street for $272.7 million to PPILP.

On 16 March 2023 Precinct sold Wynyard Quarter Stage 3 for $67.4 million to PPILP. The agreement included certain variable consideration elements relating to the sale of the property that are dependent on performance criteria such as leasing, programme and budget being met. As at 30 June 2023, the value of this variable consideration is expected to be $nil. PPILP also benefits from a put option to protect against material programme delays and it has been assessed at 30 June 2023 that based on probabilities the likelihood of the option being exercised is nil.

On 13 June 2023 Precinct sold Charles Fergusson Building for $107.4 million to PPILP.

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

Precinct entered into an agreement on 29th November 2022 to dispose of 40 & 44 Bowen Street into a new joint investment partnership with global investment firm, PAG. Precinct will have a 20% investment in the new investment partnership with PAG and hold the investment management agreement for this partnership. Settlement of this deal occurred on 15 August 2023.

iv. Investment in residential development partnership

On 1 February 2023 Precinct and Lamont & Co created a new partnership (Precinct Properties Residential Limited) focusing on the multi-unit residential development market. Precinct has a 50% holding of Precinct Properties Residential Limited. For more detail see Note 25.

v. Purchase of 61 Molesworth Street

On 30th November 2022 Precinct entered into an agreement to purchase 61 Molesworth Street, Wellington. A deposit of $33 million was paid on 13th December 2022. While settlement on this purchase has not completed, under the purchase agreements Precinct controls the asset and have therefore treated this asset in a similar manner to other development properties and included the costs of development.

Precinct has provided the vendor with a mezzanine loan facility of $49.5 million to facilitate the development. As at 30 June 2023 $33.0 million of the facility has been drawn.

vi. Stapling

During the year Precinct undertook a comprehensive review of Precinct's corporate structure to ensure the most robust company structure to allow flexibility for Precinct to continue to execute its strategy whilst retaining Portfolio Investment Entity (PIE) status. It was decided that a stapled company structure would be in the best interests of Precinct's shareholders and at a Special Meeting on 11 May 2023 shareholders passed a Special Resolution in favour of moving to a stapled structure. Following the Special Meeting of shareholders of Precinct, board approval was given in June 2023 by each of Precinct Properties New Zealand Limited and Precinct Properties Investments Limited for Precinct to move to a stapled structure. See Note 29 for more details.

9. Investment and Development Properties

30 June 2023

Amounts in $ millions	Valuer	Net lettable area sqm	Initial yield %[1]	Capitalisation rate %[1]
Investment properties[5]				
Auckland				
AON Centre - Akld	JLL	25,354	5.4%	5.8%
HSBC Tower	CBRE	31,592	5.3%	5.4%
Jarden House	Colliers	13,762	5.0%	5.5%
Mason Bros.[6]	JLL	4,704	5.1%	5.1%
Commercial Bay Retail	Colliers	16,815	5.6%	5.9%
PwC Tower (Commercial Bay)	CBRE	39,375	4.8%	5.0%
Wellington				
NTT Tower	Bayleys	16,633	6.5%	6.4%
No.1 and 3 The Terrace	Colliers	18,613	4.6%	5.6%
No.3 The Terrace[7]	Colliers	N/A	N/A	N/A
AON Centre - Wgtn	CBRE	24,257	6.2%[8]	6.6%
Defence House	Colliers	25,929	4.3%	5.4%
Other investment properties[9]	Various	5,987	6.2%	7.7%
Right-of-use assets[10]				
Market value (fair value) of investment properties			5.3%	5.6%
Investment properties held for sale[5]				
12 Madden Street[11]	N/A	8,313	N/A	N/A
10 Madden Street[11]	N/A	8,238	N/A	N/A
Mayfair House[11]	N/A	12,259	N/A	N/A
Bowen Campus[12]	N/A	39,971	N/A	N/A
Charles Fergusson Building[11]	N/A	14,042	N/A	N/A
Bowen Campus Stage Two[13]	N/A	-	N/A	N/A
Wynyard Quarter Stage 3[11]	N/A	N/A	N/A	N/A
Market value (fair value) of investment properties held for sale				
Development properties[5]				
Bowen Campus Stage Two[13]	N/A	N/A	N/A	N/A
One Queen Street	CBRE	N/A	N/A	N/A
Freyberg Building	Colliers	N/A	N/A	N/A
Bowen House	Colliers	N/A	N/A	N/A
Wynyard Quarter Stage 3[11]	N/A	N/A	N/A	N/A
61 Molesworth Street				
Market value (fair value) of development properties				

1 Total weighted average by market value. Initial yields adjusted for rental voids/downtime to new lease commencement (if applicable).
2 Total weighted average lease term is weighted by income.
3 Additions arise from subsequent expenditure recognised in the carrying amount. Disposals relate to completed sales and unconditional contracts for sale at year-end.
4 Transfers occur when a property is transferred to another category of property.
5 All properties are categorised as level 3 in the fair value hierarchy.
6 Mason Bros. is subject to a pre-paid ground lease for 125 years.
7 No. 3 The Terrace relates to the freehold title in respect to Precinct's leasehold interest.
8 Initial yields adjusted to remove right-of-use asset from the carrying value.
9 Other investment properties are small value properties held for strategic purposes.
10 Right-of-use assets associated with ground leases at AON Centre - Wgtn, 204 Quay Street and Viaduct Car Park.
11 Precinct made the following sales to Precinct Pacific Investment Limited Partnership during the year:
- On 13 October 2022 Precinct sold Mayfair House, 10 Madden Street & 12 Madden Street for $272.7 million.
- On 16 March 2023 Precinct sold Wynyard Quarter Stage 3 for $67.4 million.
- On 13 June 2023 Precinct sold Charles Fergusson Building for $107.4 million.
12 Bowen Campus split between Defence House ($200.0 million) and Charles Fergusson Building ($104.5 milllion). Defence House was removed from the PPILP initial portfolio sale transaction and transferred back to Investment Properties.
13 Precinct entered into an agreement on 29th November 2022 to dispose of 40 & 44 Bowen Street into a new joint investment partnership with global investment firm, PAG. Settlement of this deal is expected in August 2023.

Occupancy %	WALT years[2]	Valuation 30 June 2022	Capitalised incentives	Additions / disposals[3]	Transfers[4]	Revaluation gain / (loss)	Carrying value
96%	3.9	243.0	(0.4)	6.9	-	**(12.0)**	**237.5**
100%	4.9	480.0	(0.8)	6.7	-	**(40.9)**	**445.0**
94%	4.4	143.0	0.1	0.9	-	**(9.0)**	**135.0**
100%	2.5	61.0	(0.3)	0.1	-	**(2.8)**	**58.0**
97%	4.0	400.0	(1.6)	2.3	-	**(47.7)**	**353.0**
100%	8.3	675.0	(2.5)	2.8	-	**(65.2)**	**610.1**
					-		
98%	5.1	151.5	0.1	1.0	-	**(11.9)**	**140.7**
100%	7.0	143.0	(0.2)	0.3	-	**(5.6)**	**137.5**
N/A	35.2	14.2	-	-	-	**(0.7)**	**13.5**
98%	4.2	197.7	(0.3)	36.3	-	**(15.6)**	**218.1**
100%	13.5	-	(0.3)	-	200.0	**(12.7)**	**187.0**
100%	6.4	22.8	0.4	24.5	-	**(9.2)**	**38.5**
		17.8	-	14.7	-	**(1.7)**	**30.8**
99%	6.0	2,549.0	(5.8)	96.5	200.0	**(235.0)**	**2,604.7**
N/A	N/A	100.0	-	(100.0)	-	**-**	**-**
N/A	N/A	86.0	-	(86.0)	-	**-**	**-**
N/A	N/A	86.7	-	(86.7)	-	**-**	**-**
N/A	N/A	304.5	-	-	(304.5)	**-**	**-**
N/A	N/A	-	-	(104.5)	104.5	**-**	**-**
N/A	N/A	-	-	-	231.8	**8.2**	**240.0**
N/A	N/A	-	-	(67.4)	67.4	**-**	**-**
		577.2	-	(444.6)	99.2	**8.2**	**240.0**
N/A	N/A	174.3	1.8	55.7	(231.8)	**-**	**-**
N/A	N/A	176.0	-	96.7	-	**(14.7)**	**258.0**
N/A	N/A	49.5	(0.1)	4.2	-	**(6.6)**	**47.0**
N/A	N/A	122.2	-	37.9	-	**-**	**160.1**
N/A	N/A	22.0	-	45.4	(67.4)	**-**	**-**
	N/A	-	-	67.4	-	**(9.0)**	**58.4**
		544.0	1.7	307.3	(299.2)	**(30.3)**	**523.5**

Accounting policies

Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Development properties

Investment properties that are being constructed or developed for future use are classified as development properties. All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure is capitalised. Subsequent to initial recognition development properties are stated at fair value. Gains or losses arising from changes in the fair value of development properties are included in profit or loss in the year in which they arise.

Valuation of investment and development properties

External, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued, value Precinct's investment property portfolio at least every 12 months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

30 June 2022

Amounts in $ millions	Valuer	Net lettable area sqm	Initial yield %[1]	Capitalisation rate %[1]
Investment properties[4]				
Auckland				
AON Centre - Akld[5]	JLL	25,354	5.3%	5.0%
HSBC Tower	CBRE	31,590	4.3%	4.6%
Jarden House	Savills	13,762	4.2%	4.9%
Mason Bros.[6]	JLL	4,704	4.4%	4.5%
204 Quay Street[7]	JLL	5,456	6.1%	7.0%
Commercial Bay Retail	Colliers	16,830	5.0%	5.3%
PwC Tower (Commercial Bay)	CBRE	39,550	4.3%	4.3%
Wellington				
NTT Tower	Bayleys	16,633	5.5%	5.6%
No.1 and 3 The Terrace	Colliers	18,613	4.0%	5.1%
No.3 The Terrace[8]	Colliers	N/A	N/A	N/A
AON Centre - Wgtn[9]	CBRE	24,769	5.7%	5.9%
Market value (fair value) of investment properties			4.7%	4.9%
Investment properties held for sale[10]				
12 Madden Street[6]	N/A	8,202	N/A	N/A
10 Madden Street[6]	N/A	8,238	N/A	N/A
Mayfair House	N/A	12,259	N/A	N/A
Bowen Campus	N/A	39,971	N/A	N/A
Market value (fair value) of investment properties held for sale				
Development properties[4]				
Bowen Campus Stage Two	CBRE	N/A	N/A	N/A
One Queen Street	CBRE	N/A	N/A	N/A
30 Waring Taylor Street[11]	N/A	N/A	N/A	N/A
Freyberg Building[12]	Colliers	N/A	N/A	N/A
Bowen House[13]	Colliers	N/A	N/A	N/A
Wynyard Quarter Stage 3[14]	Colliers	N/A	N/A	N/A
Market value (fair value) of development properties				

1 *Total weighted average by market value. Initial yields adjusted for rental voids/downtime to new lease commencement (if applicable).*
2 *Total weighted average lease term is weighted by income.*
3 *Additions arise from subsequent expenditure recognised in the carrying amount. Disposals relate to completed sales and unconditional contracts for sale at year-end. Transfers occur when a property is transferred to another category of property.*
4 *All properties are categorised as level 3 in the fair value hierarchy.*
5 *This property was previously known as AMP Centre.*
6 *Mason Bros., 12 Madden Street, 10 Madden Street and Wynyard Quarter Stage 3 are all subject to a pre-paid ground lease for 125 years.*
7 *Includes a gross up for the right-of-use asset (June 2022 $15.0 million; June 2021: $nil). See Note 20 for more detail.*
8 *No. 3 The Terrace relates to the freehold title in respect to Precinct's leasehold interest.*
9 *Includes a gross up for the right-of-use asset (June 2022: $2.8 million; June 2021: $2.9 million). See Note 20 for more detail.*
10 *All properties are categorised as level 3 in the fair value hierarchy.*
On 23 February 2022 Precinct announced the formation of a new investment partnership with Singaporean sovereign wealth fund GIC. The partnership, in which Precinct will retain an ongoing 24.9% minority interest, will initially acquire five assets from Precinct's existing portfolio and these assets have been transferred to investment properties held for sale.
11 *On completion of the project the value was transferred from development properties to property, plant and equipment as the building is fully leased to Generator.*
12 *On 15 July 2021 Precinct acquired Freyberg Building for $49.5 million.*
13 *On 23 July 2021 Precinct acquired Bowen House for $92.0 million.*
14 *On 21 December 2021 Precinct committed to the Wynyard Quarter Stage 3 (124 Halsey Street and the Flowers Building) development and costs were transferred from other assets to development properties. Mason Bros., 12 Madden Street, 10 Madden Street and Wynyard Quarter Stage 3 are all subject to a pre-paid ground lease for 125 years.*

Occupancy %	WALT years[2]	Valuation 30 June 2021	Capitalised incentives	Additions / disposals / transfers[3]	Revaluation gain / (loss)	Carrying value
98%	4.6	234.0	(0.3)	0.7	8.6	243.0
97%	5.5	476.0	(0.5)	6.2	(1.7)	480.0
93%	4.2	140.0	0.2	1.1	1.7	143.0
100%	3.3	56.4	(0.3)	0.3	4.6	61.0
85%	6.1	22.7	-	16.6	(1.5)	37.8
100%	4.9	405.0	(1.3)	3.6	(7.3)	400.0
100%	9.4	665.0	(0.9)	2.9	8.0	675.0
100%	2.9	151.0	(0.4)	0.7	0.2	151.5
100%	8.1	142.0	(0.2)	0.5	0.7	143.0
N/A	36.2	14.2	-	-	-	14.2
100%	4.3	192.9	(0.7)	16.3	(8.0)	200.5
98%	7.1	2,499.2	(4.4)	48.9	5.3	2,549.0
N/A	N/A	100.0	(0.2)	0.9	(0.7)	100.0
N/A	N/A	86.0	1.6	0.7	(2.3)	86.0
N/A	N/A	86.7	-	0.2	(0.2)	86.7
N/A	N/A	304.5	(0.3)	0.4	(0.1)	304.5
		577.2	1.1	2.2	(3.3)	577.2
N/A	N/A	96.5	-	66.8	11.0	174.3
N/A	N/A	116.5	(0.4)	53.0	6.9	176.0
N/A	N/A	19.4	-	(19.4)	-	-
N/A	N/A	-	0.3	53.7	(4.5)	49.5
N/A	N/A	-	-	116.6	5.6	122.2
N/A	N/A	-	-	23.6	(1.6)	22.0
		232.4	(0.1)	294.3	17.4	544.0

Accounting policies (continued)

Right-of-use assets

For leases where Precinct is a lessee, a right-of-use asset is recognised at the commencement date of the lease, being the date the underlying asset is available for use. Investment property is defined to include both owned investment property and investment property held by a lessee as a right-of-use asset. Precinct therefore measures all investment property using the same measurement basis, being the fair value model. The value of the right-of-use assets represents the fair value of a freehold interest in the land subject to ground lease interests held by Precinct. Investment property is adjusted for cashflows relating to lease liabilities already recognised separately in the consolidated statement of financial postion and also reflected in the investment property valuations.

Investment property held for sale

In accordance with IFRS 5, if the Group decides to dispose of an asset or group of assets, it should be classified as held for sale if:

- the asset or group of assets is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;

- it is highly likely to be sold within one year.

Consequently, this asset or group of assets is shown separately as "assets held for sale" on the balance sheet. Investment properties held for sale continue to be measured at fair value with assessment made as to whether the agreed selling price reflects fair value.

Accounting policies (continued)

Derecognition of investment properties

Investment properties are derecognised when they have been either sold or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in profit or loss in the year of derecognition.

Owner-occupied properties

Where a property becomes owner-occupied the property is transferred from investment or development properties to property, plant and equipment. The cost for subsequent accounting for owner-occupied property is the property's fair value at the date of change in use.

Fair value measurement, valuation techniques and inputs

Precinct's properties were valued as at 30 June 2023 by independent registered valuers Colliers International, Bayleys, JLL and CBRE.

During the year there were no transfers of investment or development properties between levels of the fair value hierarchy. The valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used are as follows:

Class of property	Valuation techniques used	Inputs used to measure fair value
CBD office and retail	Income capitalisation approach, discounted cash flow analysis and residual approach	- Office gross market rent per sqm - Retail gross market rent per sqm - Core capitalisation rate - Discount rate - Terminal capitalisation rate - Rental growth rate per annum - Profit and risk allowance - Forecast development costs

Significant inputs used together with the impact on fair value of a change in inputs:

	Range of significant unobservable inputs:		Fair value measurement sensitivity:	
Inputs used to measure fair value	30 June 2023	30 June 2022	to increase in input	to decrease in input
Office gross market rent per sqm	**$285 - $1,235**	$472 - $1,101	Increase	Decrease
Retail gross market rent per sqm	**$325 - $6,000**	$300 - $5,300	Increase	Decrease
Core capitalisation rate	**5.0% - 8.3%**	4.3% - 7.0%	Decrease	Increase
Discount rate	**6.5% - 9.5%**	5.6% - 8.0%	Decrease	Increase
Terminal capitalisation rate	**5.4% - 8.5%**	4.6% - 7.3%	Decrease	Increase
Rental growth rate per annum	**2.2% - 3.0%**	2.4% - 2.9%	Increase	Decrease
Profit and risk allowance	**1.0% - 6.3%**	5% - 15%	Decrease	Increase

Valuations reflect, where appropriate:

- The type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness;
- The allocation of maintenance and insurance responsibilities between Precinct and the lessee; and
- The remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases or decreases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Valuation methodologies	
Income capitalisation approach	Determines fair value by capitalising the net income at a capitalisation rate reflecting the nature, location and tenancy profile of the asset. Subsequent near term capital adjustments are then made which typically include letting-up allowances for vacancy and pending expiries, capital expenditure allowances and under/over renting reversions.
Discounted cash flow analysis	A financial modelling methodology assessing the long-term return that is likely to be derived from an asset. Explicit assumptions are required for rental income growth, leasing up metrics on expiries along with terminal value at the end of the cash flow period, typically a 10 year horizon. A market-derived discount rate is then applied to the assessed cash flows and discounted to a present value to determine fair value.
Sales comparison approach	Fair value is determined by applying positive and negative adjustments to recently transacted assets of a similar nature.
Residual approach	A methodology normally used for property which is undergoing, or is expected to undergo, redevelopment. Fair value is determined by firstly calculating a gross realisation which forecasts what a property is worth on completion and deducts all costs associated with the development of the property. These costs typically include letting and sale costs, a market required profit and risk margin, construction costs and finance costs.

Unobservable inputs within the income capitalisation approach	
Gross market rent	The estimated rental amount which a tenancy within a property is expected to achieve under a new arm's length transaction including a share of the property operating expenses.
Core capitalisation rate	The income return produced by an investment expressed as a percentage of the capital value. The capitalisation rate which is applied to a property's net market income is determined through analysis of comparable sales transactions.

Unobservable inputs within the discounted cash flow analysis	
Discount rate	The rate of return used to convert a property's future cash flows to present value. The discount rate is determined through analysis of comparable sales.
Terminal capitalisation rate	The rate used to convert income into an indication of the anticipated value of the property at the end of the cash flow period.
Rental growth rate	The growth rate applied to the market rental over the cash flow period.

Additional unobservable inputs within the residual approach	
Profit and risk allowance	The market level of return for a typical developer to receive on their outlay in order to undertake the respective development having regard to the relative risks (e.g. leasing progress, fixed price contract, programme/staging) of the project at that point in time.
Forecast development costs	All costs associated with the development of the property. These costs typically include letting and sale costs, construction costs and finance costs.

10. Gross Operating Revenue

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Gross property income from rentals	**161.6**	152.7
Gross property income from expense recoveries	**36.9**	34.5
Straight line rental adjustments	**2.0**	3.8
Amortisation of capitalised lease incentives	**(9.0)**	(9.8)
Generator operating revenue	**22.8**	15.8
Commercial Bay Hospitality operating revenue	**4.6**	3.3
Total gross operating revenue	**218.9**	200.3

Accounting policies

Recognition of revenue from investment properties

Rental income from investment property leased to clients under operating leases is recognised in the statement of consolidated income on a straight-line basis over the term of the lease to the extent that future rental increases are known with certainty. Fixed rental adjustments are accounted for to achieve straight line revenue recognition.

Rental abatements provided to clients as additional support during the COVID-19 pandemic have been recognised as a reduction to revenue in the statement of consolidated income in the period in which the abatement was provided.

Precinct capitalises lease incentives provided to clients to the respective investment or development property in the statement of financial position and amortises them on a straight-line basis over the term certain life of the lease.

The share of property operating expenses which are recoverable from clients is recognised as gross property income from expense recoveries. This is associated with the provision of services relating to the operations of Precinct's buildings (eg, cleaning, repairs and maintenance, utilities). Precinct have assessed the performance obligations associated with these as being satisfied each month as the services are undertaken within each building. Revenue from our clients for the recovery of operating expenses is billed monthly and recognised in the financial statements in the same manner reflecting that recovery revenue from clients is received at the same time that the performance obligation is satisfied.

Recognition of revenue from operating segments

Operating revenue from Generator is recognised when it transfers services to a member. It is measured based on the consideration specified in a contract with the member.

Operating revenue from Commercial Bay Hospitality venues is recognised at the point of sale, measured at the fair value of the consideration received.

Recognition of management fee income

Management fee income is fees generated through the provision of investment and development management services to other entities. This income is recognised in the statement of consolidated income in the period in which the services are rendered.

11. Segment Information

a) Basis for segmentation

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

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

Reportable segment	**Operations**
Investment properties	Investment in predominately prime CBD properties
Flexible space	Operation of co-working and shared space
Hospitality	Operating of hospitality venues

b) Information about reportable segments

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

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

Amounts in $ millions	30 June 2023				30 June 2022			
	Investment properties	Flexible space	Hospitality	Total	Investment properties	Flexible space	Hospitality	Total
Revenue								
Gross operating revenue	**191.5**	**22.8**	**4.6**	**218.9**	181.2	15.8	3.3	**200.3**
Intersegment revenue	**3.0**	**(2.6)**	**(0.4)**	**-**	2.8	(2.3)	(0.5)	**-**
Less direct operating expenses	**(61.5)**	**(12.0)**	**(4.4)**	**(77.9)**	(57.9)	(8.2)	(4.8)	**(70.9)**
Operating income before indirect expenses	**133.0**	**8.2**	**(0.2)**	**141.0**	126.1	5.3	(2.0)	**129.4**

c) Reconciliations of information on reportable segments to NZ IFRS measurements

Amounts in $ millions	30 June 2023	30 June 2022
Segment operating income before indirect expenses	**141.0**	**129.4**
Net interest expense	**(30.8)**	**(23.9)**
Other expenses	**(13.5)**	**(10.2)**
Management fee	**5.4**	**-**
Unrealised net gain / (loss) in value of investment and development properties	**(257.1)**	**19.4**
Unrealised net gain / (loss) on financial instruments	**6.1**	**33.1**
Share of (loss)/profit in equity-accounted investments	**(2.0)**	**-**
Depreciation - property, plant and equipment	**(3.0)**	**(2.2)**
Lease depreciation	**(3.9)**	**(5.1)**
Lease interest expense	**(4.9)**	**(4.2)**
Net realised gain / (loss) on sale of investment properties	**(2.0)**	**(0.2)**
Impairment of goodwill	**-**	**(6.8)**
Net profit before taxation	**(164.7)**	**129.3**

12. Management Expenses

Amounts in $ millions	30 June 2023	30 June 2022
Management expenses		
Audit fees[1]	**0.4**	0.3
Directors' fees and expenses	**1.3**	1.2
Management expenses[2]	**20.2**	15.7
Less: those recognised in direct operating expenses	**(6.5)**	(5.6)
Less: capitalised to properties being developed	**(6.2)**	(4.1)
Amortisation of intangible assets	**0.3**	0.2
Other[3]	**4.0**	2.5
Total other expenses	**13.5**	10.2

1 Fees paid or payable to the Group's auditor comprise $321,170 for audit and review of financial statements (2022: $272,800) and $54,490 for other assurance services (2022: $53,200). Other assurance services include operating expense statement audit (2023: $25,090; 2022: $25,200) and green bond assurance (2023: $29,400; 2022: $28,000).

2 Management expenses includes employee remuneration (2023: $14.9 million; 2022: $11.5 million), share-based payments expense, travel, training and occupancy costs.

3 Other includes valuation fees, NZX listing fees, share registry costs, annual and interim report publication and property investigations and feasibility costs. At 30 June 2023 other also includes $0.8 million of project costs associated with the change to a stapled structure.

13. Taxation

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Net profit before taxation	**(164.7)**	129.3
At the statutory income tax rate of 28.0%	**(46.1)**	36.2
Unrealised (gain) on value of investment and development properties	**72.2**	(5.4)
Unrealised (gain) / loss on financial instruments	**(1.9)**	(9.3)
Impairment of goodwill	**-**	1.9
Disposal of depreciable assets	**-**	(5.0)
Capitalised interest	**(9.4)**	(5.4)
Prior period adjustments	**(1.7)**	(1.0)
Other adjustments	**(3.5)**	(2.7)
Depreciation	**(14.0)**	(16.3)
Deductible capital expenditure	**(0.7)**	-
Current tax expense / (benefit)	**(5.1)**	(7.0)
Depreciation recovered on sale of depreciable assets	**7.7**	-
Fair value of financial instruments	**1.9**	12.4
Depreciation - current year	**(4.8)**	14.2
Deferred tax - other	**(11.2)**	(0.3)
Total deferred tax expense / (benefit)	**(14.1)**	26.3
Total taxation expense / (benefit)	**(11.5)**	19.3
Effective tax rate	**7%**	15%

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

The group has tax losses of $228.5 million available to carry forward as at 30 June 2023 (2022: $237.3 million)

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Deferred tax asset - tax losses	**(64.0)**	(66.4)
Deferred tax (asset) / liability - fair value of financial instruments	**2.7**	(1.3)
Deferred tax asset - share based payments	**(0.8)**	(0.4)
Deferred tax liability - intangible assets on acquisition	**0.5**	0.5
Deferred tax asset - lease liabilities	**(10.8)**	-
Deferred tax liability - depreciation	**74.3**	79.0
Net deferred tax (asset) / liability	**1.9**	11.4

Deferred tax assets

Precinct has recognised deferred tax assets relating to the fair value of financial instruments, share-based payments, accumulated tax losses of the group and lease liabilities.

Deferred tax liabilities

Precinct has recognised deferred tax liabilities relating to the depreciation claw-back which would arise on the sale of investment properties at carrying value.

In estimating this deferred tax liability, Precinct has relied on independent valuers' assessments of the market value of the land and improvements. For 30 June 2023, Precinct has then relied on insurance replacement cost reports to split the value of improvements (being the building structure and the fixtures and fittings), identified in the independent valuer's assessments.

Imputation credit account

Imputation credits available for use as at 30 June 2023 are $nil (2022: $nil).

Accounting policy

Taxation

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For deferred tax liabilities or assets arising on investment property measured at fair value, it is assumed that the carrying amounts of investment property will be recovered through sale.

14. Reconciliation of Net Profit after Tax to Adjusted Funds From Operations (AFFO)

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

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Net profit after taxation	**(153.1)**	110.0
Adjust for non-cash items		
Unrealised net (gain) / loss in value of investment and development properties	**257.1**	(19.4)
Unrealised (gains)/losses on JV - Property Revaluations	**3.2**	-
Unrealised net (gain) / loss on financial instruments	**(6.1)**	(33.1)
Impairment of goodwill	**-**	6.8
Depreciation - property, plant and equipment	**3.0**	2.2
Deferred tax (benefit) / expense	**(14.1)**	26.3
IFRS 16 lease adjustments	**(0.1)**	1.7
Share-based payments scheme	**1.4**	1.2
Amortisations	**13.7**	14.7
Straightline rents	**(2.0)**	(3.8)
Adjust for additions and disposals		
Net realised loss / (gain) on sale of investment and development properties	**2.0**	0.2
Tax on revenue account sales of investment and development properties	**0.5**	-
Depreciation recovered on sale	**7.7**	-
Adjust for one-off items		
Stapling project costs	**0.8**	-
Project initialisation costs	**-**	0.7
Funds from operations (FFO)	**114.0**	107.5
Maintenance capex	**(3.3)**	(2.3)
Incentives and leasing costs	**(4.6)**	(3.7)
Adjusted funds from operations (AFFO)	**106.1**	101.5
Weighted average number of shares for net operating income per share (millions)	**1,585.8**	1,559.2
Adjusted funds from operations per share (cents)	**6.69**	6.51

This additional performance measure is provided to assist shareholders in assessing their returns for the year.

15. Earnings per Share

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Net profit after tax for basic earnings per share ($millions)	**(153.1)**	110.0
Weighted average number of shares for basic earnings per share (millions)	**1,585.8**	1,559.2
Basic earnings per share (cents)	**(9.65)**	7.06
Net profit after tax for diluted earnings per share ($millions)	**(153.1)**	110.0
Weighted average number of shares for diluted earnings per share (millions)	**1,590.9**	1,562.0
Diluted earnings per share (cents)	**(9.65)**	7.04

The calculation of diluted earnings per share has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after the adjustment for all dilutive potential ordinary shares. Weighted average number of shares for the purpose of diluted earnings per share has been adjusted for 6,471,980 rights issued under Precinct's Long Term Incentive Scheme as at 30 June 2023 (2022: 2,432,299). This adjustment is not dilutive for 30 June 2023. This adjustment has been calculated using the treasury share method. Refer to Note 24 for further details.

16. Other Current Liabilities

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Trade creditors	**4.0**	3.7
Accrued expenses	**24.9**	27.3
Total other current liabilities	**28.9**	31.0

17. Reconciliation of Net Profit after Taxation with Cash Inflow from Operating Activities

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Net profit after taxation	**(153.1)**	110.0
Add / (less) non-cash items and non operating items		
Unrealised net (gain) / loss in value of investment and development properties	**257.1**	(19.4)
Unrealised net (gain) / loss on financial instruments	**(6.1)**	(33.1)
Net realised (gain) / loss on sale of investment properties	**2.0**	0.2
Deferred tax (benefit) / expense	**(14.1)**	26.3
Amortisation of leasing costs and incentives	**15.1**	13.3
Share of (loss)/profit in equity-accounted investments	**2.0**	-
Deferred tax expense	**5.5**	(7.4)
Impairment of goodwill	**-**	6.8
Movement in working capital		
Increase / (decrease) in creditors	**9.3**	(9.1)
(Increase) / decrease in debtors	**0.4**	0.3
Net cash inflow / (outflow) from operating activities	**118.1**	87.9

18. Interest Bearing Liabilities

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Interest bearing liabilities		
Bank loans	**561.0**	561.0
US private placement	**260.7**	260.7
NZ senior secured bond	**425.0**	425.0
Total drawn debt	**1,246.7**	1,246.7
US private placement - fair value adjustments	**16.9**	35.9
Capitalised borrowing costs	**(5.2)**	(6.8)
Net interest bearing liabilities	**1,258.4**	1,275.8

Breakdown of borrowings:

Amounts in $ millions	*Held at*	*Maturity*[1]	*Facility*	*Coupon*[1]	*30 June 2023*	*30 June 2022*
Bank loans	Amortised cost	Feb-25	150.0	Floating[2]	**22.0**	150.0
Bank loans	Amortised cost		-	Floating[2]	**-**	82.0
Bank loans	Amortised cost	Mar-26	250.0	Floating[2]	**250.0**	237.0
Bank loans	Amortised cost	Dec-26	300.0	Floating[2]	**289.0**	92.0
NZ senior secured bond (PCT020)	Amortised cost	Nov-24	100.0	4.42%	**100.0**	100.0
NZ senior secured bond (PCT030)	Amortised cost	May-27	150.0	2.85%	**150.0**	150.0
NZ senior secured bond (PCT040)	Amortised cost	May-28	175.0	5.25%	**175.0**	175.0
US private placement	Fair value	Jan-25	65.3	4.13%	**65.3**	65.3
US private placement	Fair value	Jan-27	32.6	4.23%	**32.6**	32.6
US private placement	Fair value	Jul-29	118.4	4.28%	**118.4**	118.4
US private placement	Fair value	Jul-31	44.4	4.38%	**44.4**	44.4
Total			1,385.7		**1,246.7**	1,246.7
Weighted average term to maturity					**3.5 years**	4.0 years
Weighted average interest rate before swaps (including funding costs)					**7.40%**	4.01%

1 As at 30 June 2023.
2 Interest rates on bank loans are at the 90-day benchmark borrowing rate (BKBM) plus a margin. Precinct also pays facility fees.

Precinct has committed funding of $1,385.7 million (2022: $1,622.7 million) including the NZ retail bonds and US private placements.

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

To substantially remove currency risk, US private placement proceeds have been fully swapped back to New Zealand dollars.

Accounting policy

Interest bearing liabilities

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

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

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

19. Leases

a) Lease liabilities

Precinct has entered into ground leases (as lessee) and property leases (Generator as lessee). Ground leases have remaining non-cancellable lease terms of between one and 49 years (2022: one and 51 years). Generator property leases have remaining non-cancellable lease terms of between one and 10 years (2022: one and 12 years)

Amounts in $ millions	*30 June 2023*			*30 June 2022*		
	Investment properties	*Flexible space*	*Total*	*Investment properties*	*Flexible space*	*Total*
Current	**1.3**	**3.4**	**4.7**	0.7	2.9	3.6
Non-current	**30.6**	**27.9**	**58.5**	17.8	31.3	49.1
Total lease liabilities	**31.9**	**31.3**	**63.2**	18.5	34.2	52.7

Set out below are the movements in the carrying values of the lease liabilities during the period.

Amounts in $ millions	Investment properties	Flexible space	Total
Balance at 1 July 2021	3.0	37.3	40.3
Additions	16.2	0.7	16.9
Disposals	-	(1.1)	(1.1)
Accretion of interest	0.9	3.3	4.2
Payments	(1.6)	(6.0)	(7.6)
Balance at 30 June 2022	18.5	34.2	52.7
Balance at 1 July 2022	**18.5**	**34.2**	**52.7**
Additions	**14.5**	**-**	**14.5**
Disposals	**-**	**-**	**-**
Accretion of interest	**1.7**	**3.2**	**4.9**
Payments	**(2.8)**	**(6.1)**	**(8.9)**
Balance at 30 June 2023	**31.9**	**31.3**	**63.2**

b) Right-of-use assets

Amounts in $ millions	30 June 2023			30 June 2022		
	Investment properties	Flexible space	Total	Investment properties	Flexible space	Total
Total right-of-use assets	**30.7**[1]	**24.9**	**55.6**	17.9	28.9	46.8

1 Right-of-use assets for investment properties are included within investment properties value in the Consolidated Statement of Financial Position.

Set out below are the movements in carrying amounts of right-of-use assets during the period.

Amounts in $ millions	Investment properties[1]	Flexible space[2]	Total
Balance at 1 July 2021	2.9	33.2	36.1
Additions	16.2	0.7	16.9
Depreciation expense	(1.2)	(3.9)	(5.1)
Disposals	-	(1.1)	(1.1)
Balance at 30 June 2022	17.9	28.9	46.8
Balance at 1 July 2022	**17.9**	**28.9**	**46.8**
Additions	**14.5**	**-**	**14.5**
Depreciation expense	**-**	**(3.9)**	**(3.9)**
Fair value movement	**(1.7)**	**-**	**(1.7)**
Disposals	**-**	**(0.1)**	**(0.1)**
Balance at 30 June 2023	**30.7**[3]	**24.9**	**55.6**

1 Held at fair value.
2 Held at depreciated cost.
3 Right-of-use assets for investment properties are included within investment properties value in the Consolidated Statement of Financial Position.

Accounting policy

Leases

At contract inception Precinct assesses whether a contract is, or contains, a lease. Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is considered a lease.

Precinct as a lessee

Precinct applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets where IFRS 16 recognition exemptions are applied. Precinct recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Precinct recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the term certain life of the lease.

Lease liabilities

At the commencement date of the lease Precinct recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Precinct and payments of penalties for terminating the lease if the lease term reflects Precinct exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments Precinct uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amounts of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

20. Derivative Financial Instruments

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Fair value of derivative financial instruments		
Current assets	**5.3**	3.5
Non-current assets[1]	**49.8**	48.2
Current liabilities	**-**	-
Non-current liabilities	**(29.0)**	(20.5)
Total	**26.1**	31.2
Notional contract cover (fixed payer)	**900.0**	900.0
Notional contract cover (fixed receiver)	**425.0**	425.0
Notional contract cover (cross currency swaps - fixed receiver)	**260.7**	260.7
Percentage of net drawn borrowings fixed	**72.2%**	64.2%
Weighted average term to maturity (fixed payer)	**2.6 years**	3.5 years
Weighted average interest rate after swaps (including funding costs)	**5.61%**	4.02%

1 *This includes the cross currency interest rate swap valuation of $22.7 million (June 2022: $25.1 million) and a net credit value adjustment of $0.7 million (June 2022: $0.9 million credit).*

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Unrealised net gain / (loss) on financial instruments		
Interest rate swaps	**3.7**	42.9
US private placement[1]	**2.5**	1.4
Convertible note option	**-**	(11.2)
Subtotal unrealised net gain / (loss) on financial instruments	**6.2**	33.1
Credit risk adjustments on financial liabilities designated at fair value through profit or loss	**7.8**	(1.7)
Total unrealised net gain / (loss) on financial instruments	**14.0**	31.4

1 *This is the net impact, excluding the credit risk adjustment, of the movement in value of the cross currency interest rate swap and the US private placement notes.*

Accounting policy

Derivative financial instruments

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

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

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

21. Capital Commitments

Precinct has $172.5 million of capital commitments as at 30 June 2023 (2022: $298.0 million) relating to construction contracts and property purchases still to be settled.

22. Operating Lease Commitments

Precinct has entered into investment property leases (as lessor) which have remaining non-cancellable lease terms of between one and 17 years.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Commitments as lessor (receivable)	
Amounts in $ millions	*30 June 2023*	*30 June 2022*
Within one year	**167.6**	186.6
After one year but not more than five years	**515.7**	611.2
More than five years	**342.3**	530.8
Total	**1,025.6**	1,328.6

The commitments above are calculated based on contract rates using the term certain expiry dates of lease contracts. Actual rental amounts in future may differ due to rent review provisions within the lease agreements.

23. Contingencies

a. Contingent liabilities

There are no contingent liabilities as at 30 June 2023 (June 2022: $nil).

b. Contingent assets

There are no contingent assets as at 30 June 2023 (June 2022: $nil).

24. Share-Based Payments

a) Description of share-based payment arrangements

On 1 April 2021, Precinct introduced a long-term incentive scheme ('scheme') for key management personnel and senior executives. Under this scheme, share rights were issued which entitles participants to receive ordinary shares in Precinct. The original tranche of rights vest within the period of 15-39 months from 1 April 2021. All rights issued after the original tranche generally vest over a period of 36 months. Vesting of share rights are subject to achieving service and/or performance conditions and is classified as equity-settled. These are at-risk payments designed to align the reward for senior management personnel and senior executives with the enhancement of shareholder value over a multi-year period.

The key terms and conditions related to the grants under this scheme are as follows:

Restricted share rights (granted to senior management personnel and senior executives)	Vest over service periods of 36-48 months provided the participant remains employed by Precinct.
Performance share rights (granted to senior executives)	Vest over 36-39 months (assessment period) if the related performance hurdle is met and participant remains employed by Precinct. These will vest as follows: **Absolute TSR rights** (one-third of performance share rights) If Precinct's TSR exceeds a specified annualised compounding rate. **Relative TSR rights** (one-third of performance share rights) Over the assessment period on a progressive vesting scale based on Precinct's TSR relative to the TSR of property group comprising other listed property issuers. **FFO growth rights** (one-third of performance share rights) Over the assessment period on a progressive vesting scale based on Precinct's FFO growth per share relative to CPI growth rate.

TSR - Total shareholder's return; FFO - Funds from operations

On vesting date, subject to meeting the service and performance conditions as above, each share right converts to one ordinary share. Key management personnel and senior executives are liable for tax on the shares received at this point.

b) Reconciliation of outstanding share rights

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, all share options during the year.

	30 June 2023		30 June 2022	
Number in millions	*Number*	*WAEP*[1]	*Number*	*WAEP*[1]
Outstanding at 1 July	**2.4**	**$0.88**	2.8	$0.95
Exercised during the year	**(0.4)**[2]	**$1.29**	(0.4)[3]	$1.37
Granted during the year	**4.4**	**$0.92**	-	-
Outstanding at 30 June	**6.4**	**$0.88**	2.4	$0.88

1 *Weighted average exercise price is the average exercise price for the group of share rights transactions weighted by the shares in each transaction.*
2 *Share rights vested 30 June 2023 with shares issued on 3 July 2023.*
3 *Share rights vested 30 June 2022 with shares issued on 1 July 2022.*

The weighted average remaining contractual life of share rights outstanding at 30 June 2023 is 2.2 years.

c) Fair value measurement of share rights

The fair value of the employee share rights awarded has been measured using a binomial model and Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of fair values at grant date of the award share rights were as follows:

			Grant date 1 April 2021			
	Restricted share rights 1	Restricted share rights 2	Restricted share rights 3	Absolute TSR rights	Relative TSR rights	FFO growth
Fair value ($)	1.638	1.638	1.638	0.510	0.630	1.410
Share price ($)	1.630	1.630	1.630	1.630	1.630	1.630
Expected volatility (%)	N/A	N/A	N/A	19.70	19.70	19.70
Expected life	1 yr 3 mths	2 yrs 3 mths	3 yrs 3 mths	3 yrs 3 mths	3 yrs 3 mths	3 yrs 3 mths
Risk free rate (%)	N/A	N/A	N/A	0.57	0.57	0.57

		Grant date 1 July 2022		
	Restricted share rights 1	Absolute TSR rights	Relative TSR rights	FFO growth
Fair value ($)	1.330	0.510	0.650	0.961
Share price ($)	1.330	1.330	1.330	1.330
Expected volatility (%)	N/A	19.90	19.90	19.90
Expected life	3 yrs	3 yrs	3 yrs	3 yrs
Risk free rate (%)	N/A	3.45	3.45	3.45

	Grant date 14 April 2023
	Restricted share rights 1
Fair value ($)	1.255
Share price ($)	1.280
Expected volatility (%)	N/A
Expected life	4 yrs
Risk free rate (%)	N/A

Expected volatility has been based on an evaluation of the historical volatility of the Precinct's share price, particularly over the historical period commensurate with the expected term. The expected term of the share rights has been based on historical experience and general option holder behaviour. The risk-free rate reflects the interpolated rate for the period of 3 years and 3 months based on data sourced from the Reserve Bank of New Zealand.

The management expense relating to the LTI scheme for the year ended 30 June 2023 is $1.4 million (2022: $1.2 million) with a corresponding increase in the share-based payments reserve. The unamortised fair value of the remaining share rights at 30 June 2023 is $3.8 million (2022: $1.1 million).

Accounting Policy

Recognition and measurement

The grant-date fair value of share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting periods of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Key estimates and assumptions

It has been assumed that the key management personnel and senior executives will remain employed with Precinct on each of the vesting dates and that the non-market performance conditions will be met.

25. Interests in Associates and Joint Ventures

Set out below are the associates and joint ventures of Precinct as at 30 June 2023 which, in the opinion of the directors, are material to Precinct.

Amounts in $ millions	*Country of incorporation*	*Ownership*	*Ownership interest*	*Nature of relationship*	*Measurement method*
Precinct Pacific Investment Limited Partnership ("PPILP")	New Zealand	Units	24.9%	Associate	Equity
Precinct Properties Residential Limited ("PPRL")	New Zealand	Shares	50.0%	Joint Venture	Equity

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Precinct Pacific Investment Limited Partnership ("PPILP")	**55.2**	-
Precinct Properties Residential Limited ("PPRL")	**4.1**	-
	59.3	-

Precinct Pacific Investment Limited Partnership ("PPILP")

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

Precinct Properties Residential Limited ("PPRL")

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

Summarised financial information for associates and joint ventures

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

Summarised statement of comprehensive income

Amounts in $ millions	*PPILP*	*PPRL*
	30 June 2023	*30 June 2023*
Net rental income	**10.2**	**0.6**
Corporate expenses	**(0.8)**	**(0.3)**
Finance income	**-**	**-**
Finance expense	**(6.4)**	**-**
Other (expense) / income	**(1.2)**	**-**
Income tax expense	**-**	**(0.1)**
Profit / (loss)	**1.8**	**0.2**
Other comprehensive income	**-**	**-**
Total comprehensive profit / (loss)	**1.8**	**0.2**

Summarised statement of financial position

Amounts in $ millions	*PPILP*	*PPRL*
	30 June 2023	*30 June 2023*
Assets		
Current assets	**4.8**	**0.3**
Investment properties	**464.7**	**-**
Other non-current assets	**1.9**	**-**
	471.4	**0.3**
Liabilities		
Current liabilities	**1.0**	**1.9**
Borrowings - non-current	**238.5**	**-**
Other non-current liabilities	**-**	**-**
	239.5	**1.9**
Net assets	**231.9**	**(1.6)**

Reconciliation to carrying amounts

Amounts in $ millions	PPILP	PPRL
	30 June 2023	30 June 2023
Opening net assets	-	-
Partners' contribution	231.9	-
Issue of shares	-	7.9
Acquisition of Lamont	-	(9.7)
Profit / (loss)	1.7	0.2
Tax credits allocated to partners	-	-
Other comprehensive income	-	-
Distribution paid	(1.7)	-
Closing net assets	231.9	(1.6)

Amounts in $ millions	Total	PPILP	PPRL
Precinct's share in %		24.9%	50.0%
Share of net assets at carrying percentage	56.9	57.7	(0.8)
Goodwill			(4.9)
Closing carrying amount			4.1
Opening carrying amount	-	-	-
Partners' contribution/Issue of Shares	61.7	57.7	4.0
Profit / (loss)	(2.0)	(2.1)	0.1
Other comprehensive income	-	-	-
Distribution paid	(0.4)	(0.4)	-
Closing carrying amount	59.4	55.2	4.1

Accounting policy

Interests in associates and joint ventures

Interests in associates and joint ventures are accounted for using the equity method and are stated in the consolidated statement of financial position at cost, adjusted for the movement in Precinct's share of their net assets and liabilities. Under this method, Precinct's share of the profits and losses after tax of associates and profit and loss before tax of the joint ventures are included in Precinct profit before taxation. Adjustments to the carrying amount are also made for Precinct's share of changes in the associates' and the joint venture's other comprehensive income. When there has been a change recognised directly in the equity of the associate or joint venture, Precinct recognises its share of any changes, when applicable, in the statement of changes in equity.

Under the equity method, gain or loss resulting from the transfer of investment properties to associates or joint ventures in exchange for cash or shares is recognised only to the extent of the other investors' interest in the associates or joint ventures, however when cash and shares are received, the portion of the gain or loss relating to cash is recognised in full.

At each reporting date, Precinct assesses its equity-accounted investments to determine whether there is any indication of impairment. If any such indication exists, then the investments' recoverable amount is estimated as a single asset by comparing its recoverable amount with its carrying amount.

The recoverable amount is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal and includes a strategic premium that is associated with collectively owning more than the sum of the individual shares.

If the carrying amount of an equity-accounted investment exceeds its recoverable amount, an impairment loss is recognised in profit or loss and is applied to the carrying amount of the equity-accounted investment. Such impairment loss is not allocated to the underlying assets that make up the carrying amount of the equity-accounted investment. Impairment loss is subsequently reversed only to the extent that the recoverable amount of the investment subsequently increases.

26. Key Management Personnel

Amounts in $ millions	*30 June 2023*	*30 June 2022*
Directors' fees[1]	**0.8**	0.8
Executive team remuneration[2]	**6.0**	4.7
Total	**6.8**	5.5

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

27. Capital Management

The Group's capital includes ordinary shares, retained earnings and interest bearing liabilities. When managing capital, management's objective is to ensure Precinct continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other creditors. Management also aims to maintain a capital structure that ensures the lowest cost of capital is available to Precinct.

Precinct meets its objectives for managing capital through its investment decisions on the acquisition and disposal of assets, developments, dividend policy, share buy backs and issuance of new shares.

Precinct's banking covenants require total liabilities (excluding deferred tax, derivative financial instruments and sub-ordinated debt liability) to not exceed 50% of total assets. Precinct has complied with this requirement during this year and the previous year.

Precinct's policy in respect of capital management is reviewed regularly.

28. Financial Risk Management

In the normal course of business through the use of financial instruments, Precinct is exposed to interest rate risk, credit risk and liquidity risk. The Board agrees and reviews policies for managing each of these risks.

Financial instruments held:

Amounts in $ millions	*30 June 2023*			*30 June 2022*		
	At amortised cost	***Fair value through profit or loss***	***Total***	*At amortised cost*	*Fair value through profit or loss*	*Total*
Financial assets						
Cash	**16.6**	**-**	**16.6**	11.5	-	11.5
Debtors	**10.1**	**-**	**10.1**	6.9	-	6.9
Loan receivables	**33.0**	**-**	**33.0**	-	-	-
Derivative financial instruments	**-**	**55.1**	**55.1**	-	51.7	51.7
Total	**59.7**	**55.1**	**114.8**	18.4	51.7	70.1
Financial liabilities						
Other current liabilities	**28.9**	**-**	**28.9**	31.0	-	31.0
Interest bearing liabilities	**986.0**	**277.6**	**1,263.6**	986.0	296.6	1,282.6
Derivative financial instruments	**-**	**29.0**	**29.0**	-	20.5	20.5
Total	**1,014.9**	**306.6**	**1,321.5**	1,017.0	317.1	1,334.1

a) Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates impact the Group's financial performance, future cash flows or the fair value of its financial instruments.

Precinct's policy is to manage its interest rates using a mix of fixed and variable rate debt. Precinct's policy is to keep at least 60% (based on a one year horizon) of its interest bearing liabilities at fixed rates of interest. To manage this mix Precinct enters into interest rate swaps, in which Precinct agrees to exchange, at specified intervals, the difference between fixed and variable rates for interest calculated by reference to an agreed-upon notional principal amount. These swaps are designed to economically hedge underlying debt obligations.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on interest bearing liabilities, after the impact of hedging with all other variables held constant.

Amounts in $ millions	30 June 2023	30 June 2022
	Effect on profit or equity	Effect on profit or equity
25 basis point increase	**(0.9)**	(1.1)
25 basis point decrease	**0.9**	1.1

b) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. Financial instruments which subject Precinct to credit risk principally consist of cash, debtors, loan receivables and derivative financial instruments in an asset position. Precinct's exposure to credit risk is equal to the carrying value of the financial instruments.

Precinct conducts credit assessments to determine credit worthiness prior to entering into lease agreements. In addition, debtor and loan balances are monitored on an ongoing basis with the result that Precinct's exposure to bad debts is not significant. No loan balances are past due.

There is no significant concentration of credit risk as financial assets are spread amongst a number of counterparties.

c) Liquidity risk

Liquidity risk is the risk that Precinct will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial liabilities.

Precinct monitors and evaluates liquidity requirements on an ongoing basis and generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has bank facilities available to cover potential shortfalls. The Group's approach to managing liquidity risk is to ensure it will always have sufficient liquidity to meet its obligations when they fall due under both normal and stress conditions. The Group manages liquidity by maintaining adequate committed credit facilities and spreading maturities in accordance with internal policy.

The tables below analyse Precinct's financial liabilities (principal and interest) and net cash flows of derivative financial instruments into relevant contracted maturity periods.

Amounts in $ millions	Carrying amount	0 - 1 yr	1-2 yrs	2-5 yrs	>5 yrs	Total contractual cash flows
30 June 2023						
Interest bearing liabilities	**1,263.6**	**39.8**	**222.6**	**965.6**	**174.9**	**1,402.9**
Net derivative financial instruments	**(26.1)**	**16.0**	**13.8**	**38.9**	**4.5**	**73.2**
Other current liabilities	**28.9**	**28.9**	**-**	**-**	**-**	**28.9**
Total	**1,266.4**	**84.7**	**236.4**	**1,004.5**	**179.4**	**1,505.0**
30 June 2022						
Interest bearing liabilities	1,282.6	30.7	110.8	881.1	355.2	1,377.8
Net derivative financial instruments	(31.2)	11.9	14.3	33.6	13.4	73.2
Other current liabilities	31.0	31.0	-	-	-	31.0
Total	**1,282.4**	**73.6**	**125.1**	**914.7**	**368.6**	**1,482.0**

Accounting policy

Derecognition of financial instruments

Financial assets are derecognised when the right to receive cash flows from the financial asset has expired or when the entity transfers substantially all the risks and rewards of the financial asset. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the asset. Financial liabilities are derecognised when the obligation has expired or been transferred.

29. Events After Balance Date

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

Precinct was granted waivers from the NZX Main Board Listing Rules 3.5 to 3.8 to permit Precinct Properties Group to provide the information required in annual reports and half-yearly results announcements on a consolidated basis, rather than for PPNZ and PPIL groups separately. This exemption will be used in preparing the consolidated financial statements for the year ending 30 June 2024 and the half year period ending 31 December 2023.

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

As of the date of these financial statements, the purchase price allocation is incomplete as the business combination took place immediately after year end. Management is in the process of determining fair values for the assets acquired and liabilities assumed. The net assets acquired relate to the PPNZ management business and non-PIE group companies, including their employees, tangible assets, assumed employee liabilities and systems.

PPNZ will principally invest in prime CBD properties in New Zealand while PPIL will focus on property management services and operational businesses. Both entities are domiciled in New Zealand and are registered under the Companies Act 1993.

Further information relating to the stapling transaction will be circulated to shareholders during the course of the 2024 financial year.

The sale of 40 and 44 Bowen Street to BILP settled on 15 August 2023. The proceeds from the sale were applied to the repayment and cancellation of $100 million of the bank facility due to mature in February 2025.

On 22 August 2023 the Board approved the financial statements for issue and approved the payment of a dividend of 1.675 cents per share to be paid on 22 September 2023.

Independent auditor's report to the Shareholders of Precinct Properties New Zealand Limited

Opinion

We have audited the financial statements of Precinct Properties New Zealand Limited ("the Company") and its subsidiaries (together "the Group") on pages 78 to 105, which comprise the consolidated statement of financial position of the Group as at 30 June 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 78 to 105 present fairly, in all material respects, the financial position of the Group as at 30 June 2023 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Building a better working world

Investment and Development Property Valuations

Why significant	How our audit addressed the key audit matter
The Group's investment and development properties have assessed fair values of $2,605 million and $524 million respectively, and account for 80% of the group's total assets. The Group engaged third-party registered valuers to determine the fair value of each investment and development property at 30 June 2023. The property valuations require the use of judgments specific to the properties, as well as consideration of the prevailing market conditions. Significant assumptions used in the valuations are inherently subjective and a small difference in any one of the key assumptions, when aggregated, could result in a significant change to the property valuations. As a result, we consider the valuation of investment and development properties and the related disclosures in the financial statements to be significant to our audit. For investment and development properties key assumptions are made in respect of: • Forecast market rent and rental growth rates; and • estimated capitalisation or discount rates. For development properties, which are valued using the residual approach, additional key assumptions are made in respect of: • forecast development costs; and • profit and risk allowance. Disclosures relating to investment and development properties and the associated significant judgments are included in Note 9 'Investment and Development Properties' to the consolidated financial statements.	Our audit procedures included the following: • Held discussions with management to understand: – changes in the condition of each property; and – the impact market conditions had on the Group's investment and development properties. • On a sample basis we: – Evaluated the Group's internal review of the third-party valuation reports. – Involved our real estate valuation specialists to assist with our assessment of whether significant valuation assumptions fell within reasonable ranges and the valuation methodologies adopted were appropriate. – Assessed key inputs supplied to the third-party valuers by the Group, including comparing the tenancy schedule and specific provisions in the lease agreements to the underlying records held by the Group. – Assessed the significant assumptions applied by the third-party valuers for reasonableness compared to previous period assumptions, the changing state of the properties and other market changes. – Assessed the competence, qualifications and objectivity of the third party-valuers. – Agreed the carrying value of each property to the relevant third-party valuation report. • Considered the adequacy of the disclosures in relation to investment and development properties.

Information other than the financial statements and auditor's report

The directors of the Company are responsible for the annual report, which includes information other than the consolidated financial statements and auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing on behalf of the entity the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor’s responsibilities for the audit of the financial statements is located at External Reporting Board’s website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/. This description forms part of our auditor’s report.

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

Ernst + Young

Chartered Accountants

Auckland

22 August 2023

Directory.

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Graeme Wong – Independent Director
Nicola Greer – Independent Director
Mark Tume – Independent Director
Chris Judd – Independent Director

Officers of Precinct
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George Crawford, Deputy Chief Executive Officer
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Registrar – Investors

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Please contact our registrar:

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