Precinct Properties
30 June 2021
Results

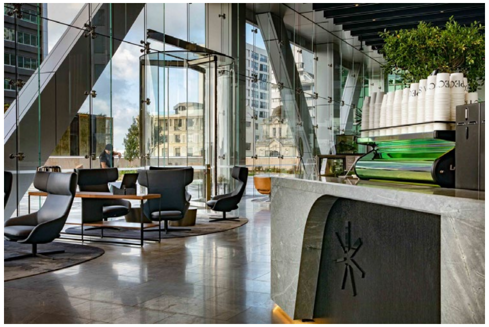
Photo Credit: Simon Devitt

Agenda

Precinct Properties New Zealand Limited
Scott Pritchard, CEO
George Crawford, Deputy CEO
Richard Hilder, CFO

Note: All $ are in NZD

Highlights



Financial Performance

- **+20.7%** uplift in operating income before indirect expenses
- Comprehensive income after tax of **$179.9 million** (2020: $35.1 million)
- **6.48 cps AFFO** representing a pay-out ratio of 100%
- **6.50 cps** dividend
- **6.70 cps** FY22 dividend guidance representing a 3.1% increase

Capital Management

- **$177 million sale** of 50% interest in ANZ Centre
- $250 million of **new bank facilities** established
- $150 million **green bonds** successfully issued
- $250 million **equity issue** to fund acquisitions
- **Strong balance sheet, gearing of 28%**

Operational Performance

- **98%** portfolio occupancy, WALT of **7.7 years**
- **Contract rent growth of 7.0%** on investment portfolio office leases
- Completion of **10 Madden Street** on time and on budget
- GRESB score improved to **83** (Global average: 70)

Internalisation

- Precinct internalised its Management function in March 2021
- Overall net cost to Precinct of ~$145 million
- Provides significant benefits to Precinct and its shareholders
- Positions the business to deliver on the next phase of its strategy

Pro forma AFFO Accretion

Management fee savings

Retention of Management staff

Increased alignment of interests

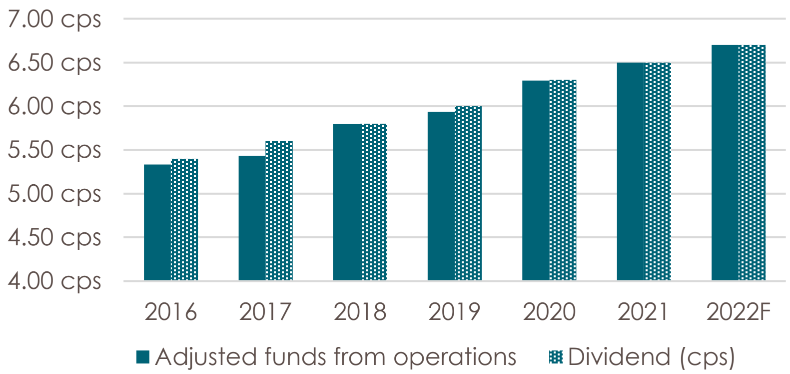
Our Strategy

Precinct is a specialist city centre real estate investment company. It invests in high quality strategically located city centre real estate with a focus on sustainability.

Portfolio transformation

	2014	2021
Size	$1.75 b	$3.3 b
Age	26 yrs	12 yrs
Maint. Capex	0.60-0.80% p.a	0.30% p.a
AKL Weighting	60%	71%
Quality	A-grade	Premium

AFFO and Dividend per share growth



- Following management internalisation, strategic options remain under review including:
  - Third party capital
    - Passive: Funds Management
    - Active: Development partnerships, particularly for large scale or non-core projects
  - City-centre residential development

Strategy progress

Operational excellence

- Business has demonstrated significant resilience with quality occupier base and solid demand for new developments
- Precinct received a 2020 Global Real Estate Sustainability Benchmark (GRESB) score of 83 (Global average: 70)
- Office portfolio positioned well for occupier trends driven by Covid-19 with flight to quality accelerating
- Balance sheet strengthened to enable funding for growth opportunities
- Launched Sustainable debt programme and published Climate-related Financial Disclosure document

Developing the future

- 10 Madden Street completed on time and on budget
- 40 and 44 Bowen Street construction commenced and progressing well with leasing 87% complete
- Deloitte Centre construction commenced and leasing materially advanced

Empowering people

- Internalisation and retention of management now ensures greater alignment
- Circa 200 FTE employees across Precinct, Generator and Commercial Bay Hospitality businesses

Key themes

City Centres

- City centre continuing to recover with public transport usage at 80% of pre-covid levels
- Demand for city centre real estate remains
- Pedestrian count has recovered significantly in past 6 months

Occupier Market

- Two-tier occupier market with clear location and quality bias
- PCT portfolio over 90% of physical occupation
- Workplace strategies are changing for the better

Construction costs

- Supply chain pressures presenting risk to project programmes
- Labour shortage driving increased costs
- Quality of the main contractor is critical

Inflation

- Costs expected to rise driven by the increase in the cost of labour
- PCT portfolio presents a good hedge to inflation with ~70% of lease events subject to structured reviews

City centres

Auckland – Return to the city accelerating

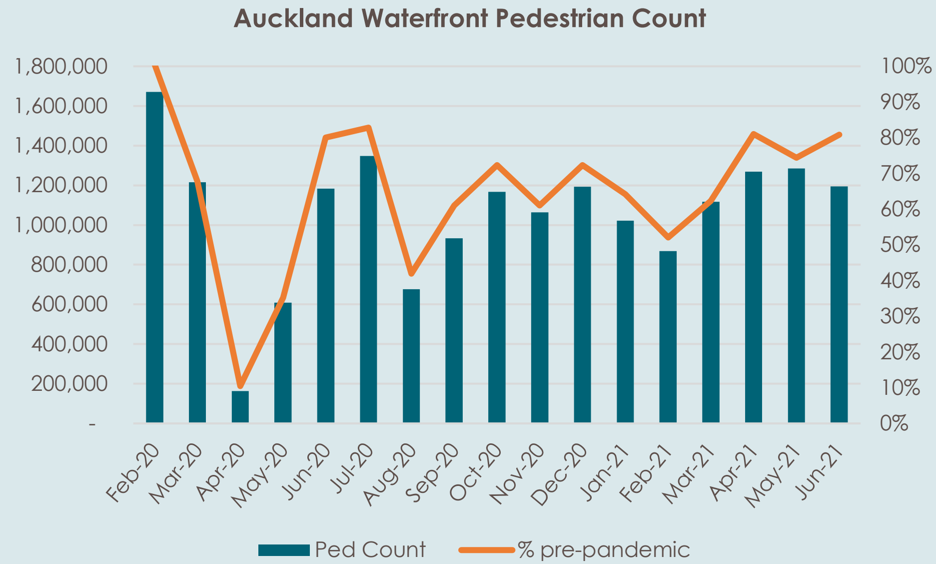
79%

AKL waterfront pedestrian counts Jun-21 (rolling 3 months average) vs. pre-pandemic pcp (Dec-20: 69%)

73%

AKL Metro weekly patronage Jun-21 (rolling 3 months average) vs. pre-pandemic pcp (Dec-20: 67%)

Notably, these figures exclude International tourists



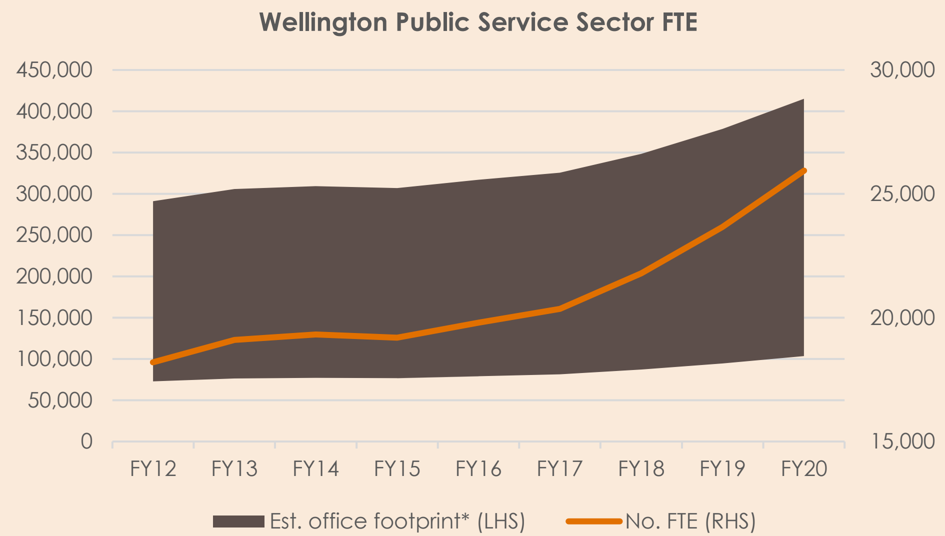
Wellington – Crown employment continues to dominate

+27%

Increase in Wellington public service FTEs (2017 to 2020)

+84,000m^2

Implied increase in demand from change in Govt. FTEs (15.2m^2 per FTE)



* Range assumes density between 1:12m^2 to 1:16m^2

PCT occupier trends

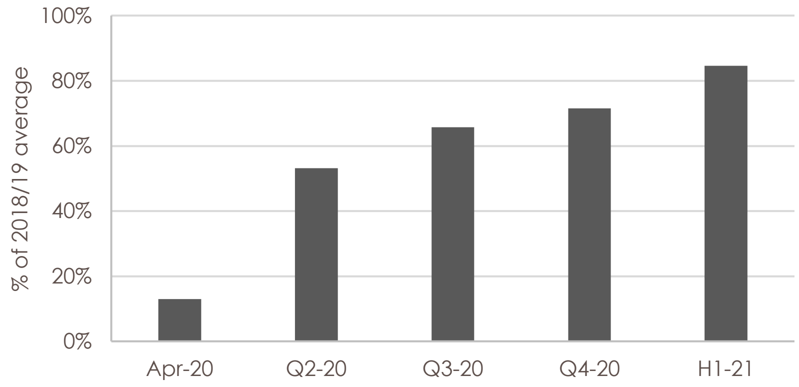
Work from office remains a priority

- Client survey completed in Feb-21 confirmed PCT client workplace strategies continue to prioritise working from office
  - ~85% of client employees have returned to the office
  - Supported by consumption data which confirms steady recovery in physical occupancy over the past twelve months

PCT occupiers operating at capacity

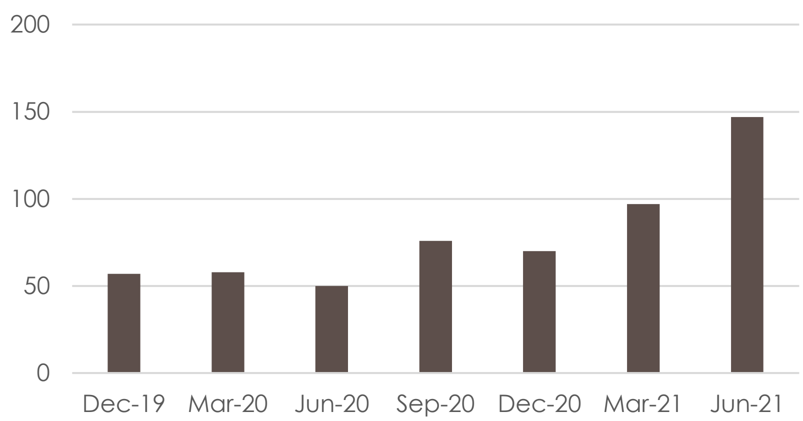
- Client survey indicate 95% of PCT clients require the same or more space to operate
  - Increase in area requirement despite 65% of respondents allowing WFH for up to 3 days per week
- Growth in Generator leasing enquiry over past 12 months reflects business confidence and focus on evolving workplace strategies

Physical building occupancy



As measured by comparing actual total waste vs the average for 2018 & 2019 (AON Centre and Jarden House)

Generator quarterly enquiry

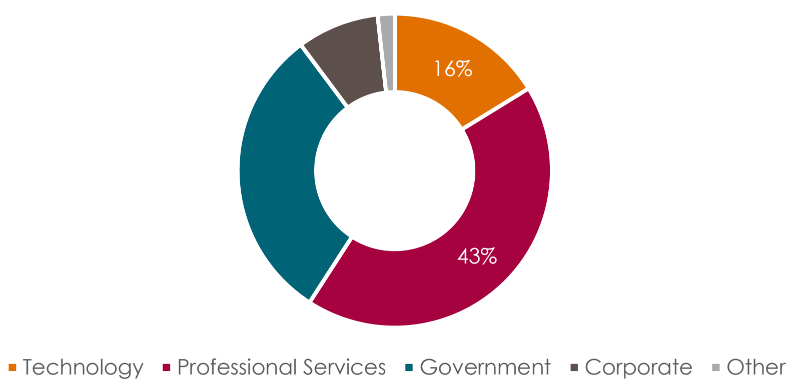


Key PCT occupier considerations

Location and asset quality remain key themes

- 28,200m^2 development pre-commitment secured post-Covid totalling circa $250m of operating lease commitments
- Survey of key pre-commit clients indicated:
  - Asset quality and location equally ranked as most important factor when committing to new premises
  - Employee productivity and cross-team collaboration considered to be most important benefit provided by premises
  - Respondents indicated workplace design will feature more collaboration space than their current premises

Composition of post-Covid development pre-commitment



Top 3 considerations

- **Asset quality**
- **Location**
- **Talent attraction**

Perceived benefits

- ***"Employee productivity"***
- ***"Cross-team collaboration"***
- ***"Company culture and talent attraction"***

Section 1

Financial results & capital management

Financial performance

For the 12 months ended	30 June 2021	30 June 2020	
($m)	Audited	Audited	Movement
Operating income before indirect expenses	**$127.7 m**	**$105.8 m**	**+$21.9 m**
Indirect expenses	($17.5 m)	($13.3 m)	($4.2 m)
Net interest expense	($27.2 m)	($5.0 m)	($22.2 m)
Operating income before income tax	**$83.0 m**	**$87.5 m**	**($4.5 m)**
Unrealised net gain / (loss) in value of investment and development properties	$282.9 m	($66.3 m)	+$349.2 m
Unrealised net gain / (loss) on financial instruments	$19.7 m	($1.9 m)	+$21.6 m
Termination of management services agreement	($217.1 m)		($217.1 m)
Other non-operating expenses	($22.5 m)	$13.9 m	($36.4 m)
Net profit before taxation	**$146.0 m**	**$33.2 m**	**+$112.8 m**
Current tax expense	$67.8 m	($5.0 m)	+$72.8 m
Deferred tax (expense) / benefit & deprecation recovered	($26.1 m)	$2.0 m	($28.1 m)
Net profit after income tax attributable to equity holders	**$187.7 m**	**$30.2 m**	**+$157.5 m**
Other comprehensive income / (expense)	($7.8 m)	$4.9 m	($12.7 m)
Total comprehensive income after tax attributable to equity holders	**$179.9 m**	**$35.1 m**	**+$144.8 m**

$179.9 m

Total comprehensive income after tax

+20.7%

Increase in operating income before indirect expenses

$282.9 m

Full year revaluation gain

Precinct

Operating income

- Like-for-like net property income (NPI) rose 1.2%, with Wellington increasing 2.2%
- Following the completion of Mayfair House, Commercial Bay and 10 Madden Street overall NPI rose $27.2m

Covid impacts to operating income

1. Temporary timing differences

- Delays in the occupation of Commercial Bay resulted in lower than anticipated income ($5m)
  - Partly offset by higher income at HSBC Tower, 1 Queen Street & ANZ Centre (+$2.3m)

2. Retail

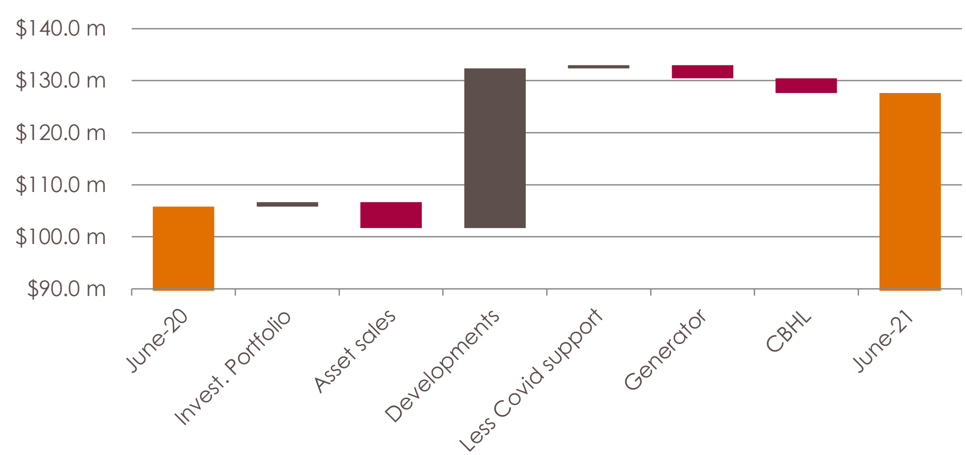
- $1.1m of retail support
- GOC caps for tourism related retailers resulted in lower Commercial bay retail income

3. Operating businesses

- Disruptive period impacted by lockdowns and opening delays for both businesses

For the 12 months ended $m (Audited)	30 June 2021	30 June 2020	Δ
Auckland	$41.8 m	$41.6 m	+$0.2 m
Wellington	$31.6 m	$30.9 m	+$0.7 m
Investment portfolio	**$73.4 m**	**$72.5 m**	**+$0.9 m**
Transactions and Developments	$52.1 m	$26.5 m	+$25.7 m
Subtotal	**$125.5 m**	**$98.9 m**	**+$26.6 m**
COVID-19 Impact	($1.1 m)	($1.7 m)	+$0.6 m
Total net property income	**$124.4 m**	**$97.2 m**	**+$27.2 m**
Generator	$6.1 m	$8.6 m	($2.5 m)
CBHL	($2.8 m)	-	($2.8 m)
Operating income before indirect expenses	**$127.7 m**	**$105.8 m**	**+$21.9 m**

Operating income reconciliation



1 – Generator operating income of $6.1m excludes rent expense of $6.9m due to IFRS 16 resulting in an EBITDA loss of ($0.8m) (2019: $1.8m).

FFO and AFFO

AFFO
6.48 cps
+3.0% y-o-y

- Operating performance measured by funds from operations (FFO) per share grew by 6.5%
- Adjusted FFO (AFFO), a measure of dividend paying capacity grew by 3.0%
- ~100% AFFO pay-out ratio
- Increased incentives reflecting leasing transactions at HSBC Tower and AON Centre

For the 12 months ended	30 June 2021	30 June 2020	Movement
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Indirect expenses	($17.5 m)	($13.3 m)	($4.2 m)
Net interest expense	($27.2 m)	($5.0 m)	($22.2 m)
Operating profit before tax	**$83.0 m**	**$87.5 m**	**($4.5 m)**
Current tax expense	$67.8 m	($5.0 m)	+$72.8 m
Operating profit after tax	**$150.8 m**	**$82.5 m**	**+$68.3 m**
Adjusted for:			
Generator rent expense (IFRS 16)[1]	($7.0 m)	($7.0 m)	($0.0 m)
Tax impact from MSA termination and liquidated damages	($60.8 m)	$7.5 m	($68.3 m)
Swap closeout	$3.0 m	-	+$3.0 m
One off item Project Initialisation Costs[2]	$0.7 m	-	+$0.7 m
Amortisations of incentives and leasing costs	$13.8 m	$7.9 m	+$5.9 m
Straight-line rents	($4.0 m)	($0.5 m)	($3.5 m)
Funds from Operations (FFO)	**$96.6 m**	**$90.5 m**	**+$6.1 m**
FFO per weighted security	**7.34 cps**	**6.89 cps**	
Dividend pay out ratio to FFO	89%	92%	
Adjusted Funds From Operations			
Maintenance capex	($4.0 m)	($5.0 m)	+$1.0 m
Investment portfolio - Incentives and leasing fees	($7.3 m)	($2.8 m)	($4.5 m)
Adjusted Funds From Operations (AFFO)	**$85.3 m**	**$82.7 m**	**+$2.6 m**
AFFO per weighted security	**6.48 cps**	**6.29 cps**	
Dividend paid in financial year	**6.50 cps**	**6.30 cps**	
Dividend pay out ratio to AFFO	100%	100%	

1- Generator rent expense is excluded from operating profit due to IFRS 16
2- Project initiation costs primarily associated with the unsuccessful acquisition of 4-10 Mayoral Drive, Auckland from Auckland Council

Tax overview

- Tax loss in the period resulted in a tax benefit of $67.8 million
- Deferred tax asset (DTA) related to tax losses carried forward

Outcome due to:

- The reintroduction of depreciation on structure;
- Expenditure relating to testing, removal and encapsulation of contaminants as part of the demolition of building structure $13m (2016 - 2019); and
- The IRD confirming the deductibility of the termination payment

Future financial periods

- Precinct will continue to recognise a tax expense, however no tax payments will be required until the DTA has been fully utilised
- As a result, no imputation credits will be available for distribution

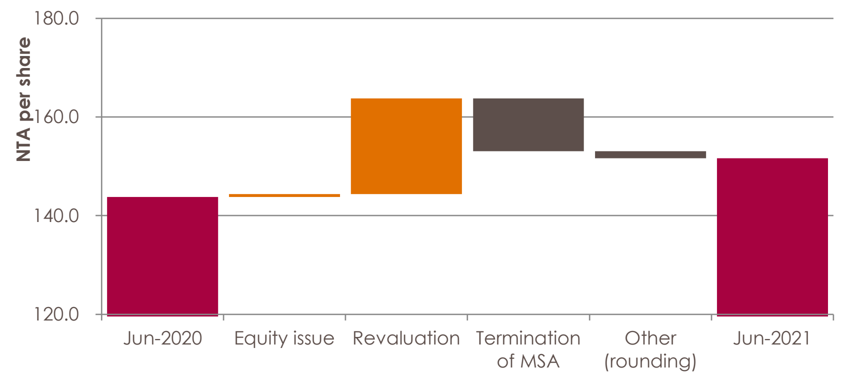
For the 12 months ended $m	30 June 2021	30 June 2020
Net profit before taxation	**$146.0 m**	**$33.2 m**
At the statutory income tax rate of 28.0%	**$40.9 m**	**$9.3 m**
Unrealised (gain) on value of investment and development properties	**($79.2 m)**	**$18.6 m**
Unrealised (gain) / loss on financial instruments	**($5.5 m)**	**$1.9 m**
Impairment of goodwill	**$2.8 m**	**$0.0 m**
Disposal of depreciable assets	**($0.2 m)**	**($0.5 m)**
Capitalised interest	**($4.5 m)**	**($12.0 m)**
Prior period adjustments	**($3.8 m)**	**($2.9 m)**
Other adjustments	**($2.4 m)**	**($2.6 m)**
Depreciation	**($15.9 m)**	**($6.1 m)**
Deductible capital expenditure	-	**($0.7 m)**
Current tax expense / (benefit)	**($67.8 m)**	**$5.0 m**

FY22 tax expense expected to remain low due to depreciation and disposal of depreciable assets at 1 Queen Street

Revaluations

- **Revaluation gain of $282.9m or 9.3%, attributable primarily to cap rate compression**
- **NAV per share of $1.52 (Jun-20: $1.45)**
  - Accretion from revaluation partly offset by net termination payment
- **Wellington saw the biggest % change YoY with ~78 bps of yield compression**
  - +15.3% investment Wellington portfolio
  - +7.1% investment Auckland portfolio
  - +9.8% development portfolio

NTA movement



Portfolio valuation

	Value Movement						Cap Rates %*		
	30 Jun 2020 Market Value	Additions / Disposals	30 Jun 2021 Book Value	30 Jun 2021 Market Value	Revaluation	Revaluation %	2020	2021	Change
Investment Properties									
Wellington	$746.7 m	$26.5 m	$773.2 m	$891.3 m	$118.1 m	15.3%	6.1%	5.3%	(78 bps)
Auckland	$1,928.7 m	$112.2 m	$2,040.9 m	$2,185.2 m	$144.2 m	7.1%	4.9%	4.5%	(43 bps)
Subtotal – Investment Properties	**$2,675.4 m**	**$138.8 m**	**$2,814.2 m**	**$3,076.4 m**	**$262.2 m**	**9.3%**	**5.3%**	**4.8%**	**(55 bps)**
Development Properties									
Bowen Campus Stage Two	$28.6 m	$44.6 m	$73.2 m	$96.5 m	$23.3 m	31.8%	-	-	-
30 Waring Taylor Street	$6.9 m	$10.7 m	$17.6 m	$19.4 m	$1.8 m	10.2%	-	-	-
One Queen Street	$102.0 m	$18.9 m	$120.9 m	$116.5 m	($4.4 m)	(3.6%)	-	-	-
Subtotal – Development Properties	**$137.5 m**	**$74.2 m**	**$211.7 m**	**$232.4 m**	**$20.7 m**	**9.8%**	**n/a**	**n/a**	**n/a**
Total	**$2,812.9 m**	**$212.9 m**	**$3,025.9 m**	**$3,308.8 m**	**$282.9 m**	**9.3%**	**5.3%**	**4.8%**	**(55 bps)**

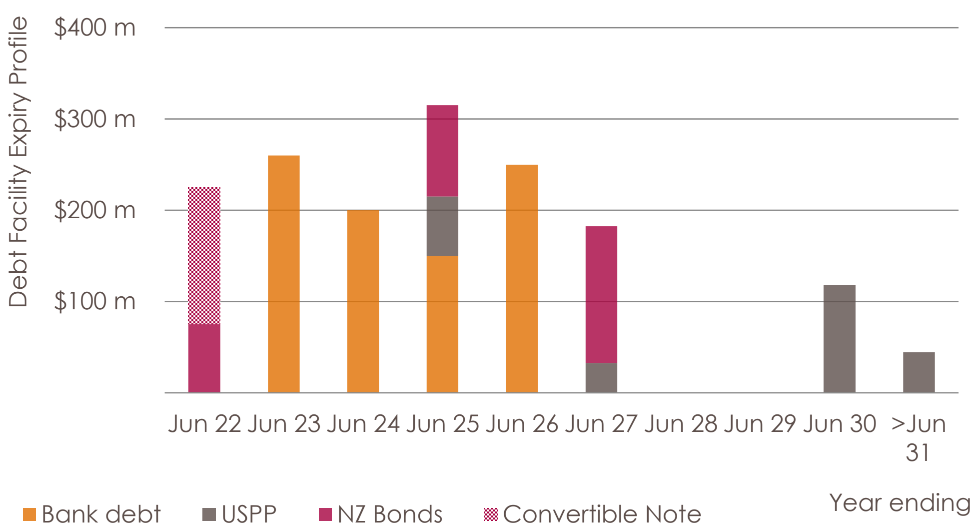
Capital management

Supporting our long term strategy

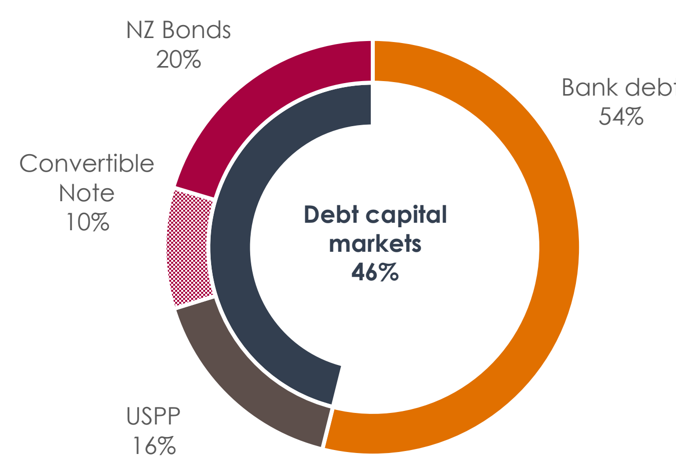
- Multiple capital management initiatives including selling the ANZ Centre, $400m of new debt facilities and $250m of new equity
- Gearing as measured under banking covenants is 28.2%
- Intention remains to convert convertible note to equity and refinance PCT010
- Weighted average interest cost of 3.4% and hedging of 54% (63% ex PCTHA)
- Consideration for further capital recycling

Key metrics	June 2021	June 2020
Debt drawn ($m)	$1,052.7	$951.7
Gearing - banking covenant (%)	28.2	28.8
Weighted average term to expiry (years)	3.5	3.9
Weighted average debt cost (incl fees) (%)	3.4	3.9
% of debt hedged (%)	54	56
Interest coverage ratio (previous 12 months)	2.4 x	2.4 x
Total debt facilities ($m)	$1,596	$1,196

Debt facility expiry profile



Funding diversity



Sustainability at Precinct

Improved our key performance measure, GRESB, to 83 (Global average: 70)

- GRESB is the most relevant ESG measure for real estate entities
  - Demonstrated by 73 Australian participants (12 listed & 61 unlisted)
  - 57% of AREITS considered 'global leaders'
- Launched sustainable debt programme against $1.9b of green assets
- Development offsetting of embodied carbon programme established

ESG Progress

TOITŪ CARBON ZERO ISO 14064-1 ORGANISATION

Last reported	2019	2020
GRESB (Global Average)	77	83 (70)
TCFD	-	Yes
MSCI ESG rating	A	BBB
CDP	N/A	B-

Embodied emissions

Project	Measured	Offset	tonnes CO2e
40 Bowen Street	Yes	Yes	5,959
44 Bowen Street	Yes	Yes	5,719
1 Queen Street (Structure)	Yes	Saved	9,356
1 Queen Street	Yes	TBC	3,938
Total			**24,972**

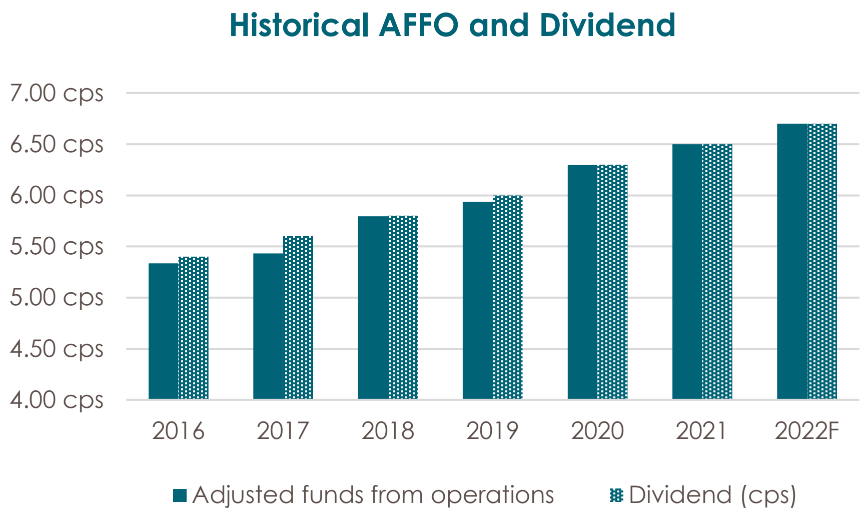
Green office assets by June 2021 book value*

Green assets defined as per sustainable debt framework (minimum 5 star Greenstar or 4 star NABERSNZ)

FY22 guidance

6.70 cps

FY22 dividend guidance



A $0.8b development pipeline benefiting from 90% pre-leasing will underpin a stable and strengthening earnings profile

AFFO and dividend expected to grow due to:

- Portfolio benefiting from structured reviews
- 98% occupied and 7.7 year WALT
- Revenue sourced from Government and high quality corporate occupiers
- Development activities will drive growth in quality and AFFO with average yield of ~6.1%
- High quality modern portfolio reducing recurring capex requirement

Short term AFFO outlook may be impacted if New Zealand has further lockdowns due to Covid-19

Section 2

Our markets

Photo Credit: Simon Devitt

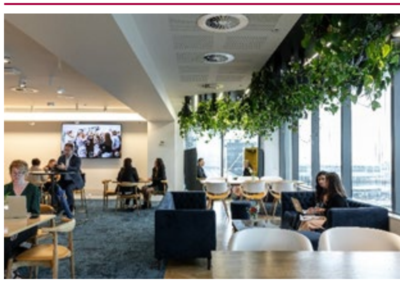
Our city centre markets

Prime office (Auckland city centre)

- Two-tier occupier market conditions with clear location and quality bias
- Prime vacancies increased to 7.3% at Jun-21 (Jun-20: 4.8%) albeit this vacancy is unevenly spread throughout the market
- Prime rentals were relatively stable, however assets with material vacancies remain under pressure with increasing levels of incentives being offered

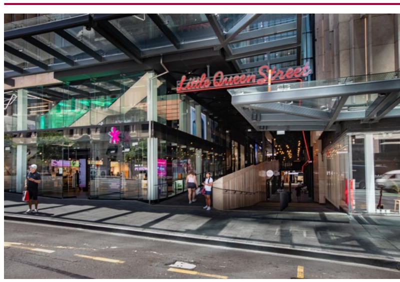
Prime office (Wellington city centre)

- Prime vacancies remain unchanged at 0.9% as at Jun-21 (Jun-20: 0.6%), with occupiers moving up grade curve or extending existing leases
- Demand continues to be driven by a healthy mix of public and private sector occupiers
- Further material increase in prime rentals over the period with further growth expected



Flexible space

- Level of membership enquiries and occupancy increasing, particularly in past six months, as demand for flexible workspace rebounds
- Demand from technology and pharmaceutical companies increasing



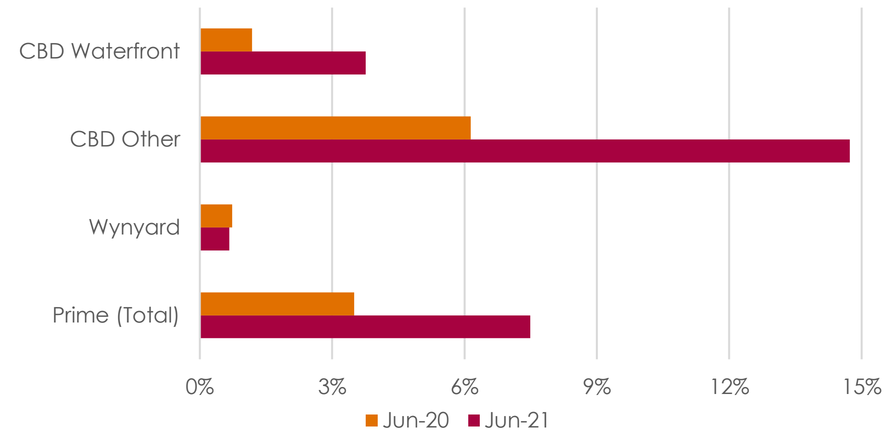
CBD Prime retail

- Waterfront retail precinct remains resilient while traditional retail submarkets (Queen Street/High Street) have experienced some declines in occupancy
- CBD retail rentals continue to face headwinds but are expected to stabilise as foot traffic, from both office workers and tourists, recover over time

Auckland city centre office

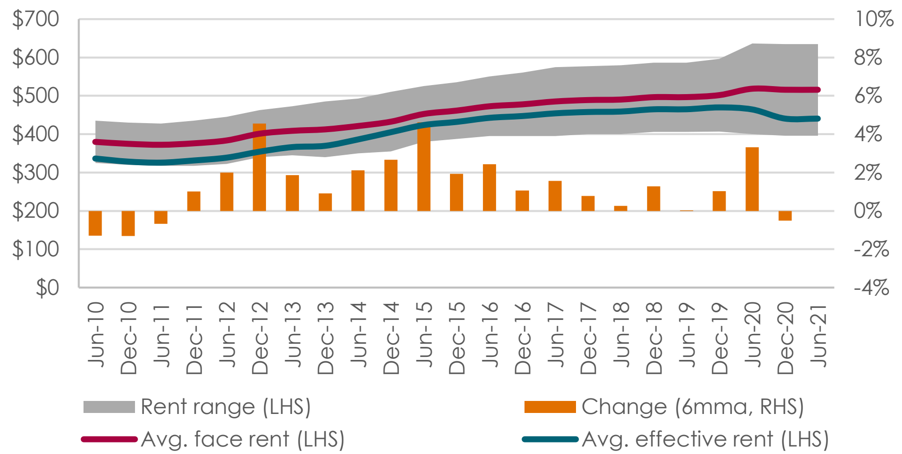
- Strengthening overall demand on the back of robust business confidence underpinned by strong GDP growth and low unemployment
- Two-tiered market with occupier demand widening between prime and secondary
- Increase in prime vacancies over FY21 driven by assets experiencing extensive backfill
    - JLL 2Q-21 research notes ~50% of current prime grade vacancies can be attributed to five buildings alone
    - While sublease space continues to present some headwinds, much of the available space is unlikely to be let due to difficulties in tenancy subdivision and/or short tenure
- Waterfront locations continue to outperform despite significant new supply since 2019
    - ~3,900m^2 increase in vacant NLA compared to ~64,400m^2 increase in prime stock over the same period
- Space within core PCT portfolio remains sought-after with comparatively lower level of incentives offered versus market average
    - For six months period to Jun-21, PCT average incentives 5.3% (~5,100m^2 new leasing) versus 14.6% market incentives reported by JLL

Prime vacancy by location



Source: Colliers, Precinct Properties

Prime net rental range and growth

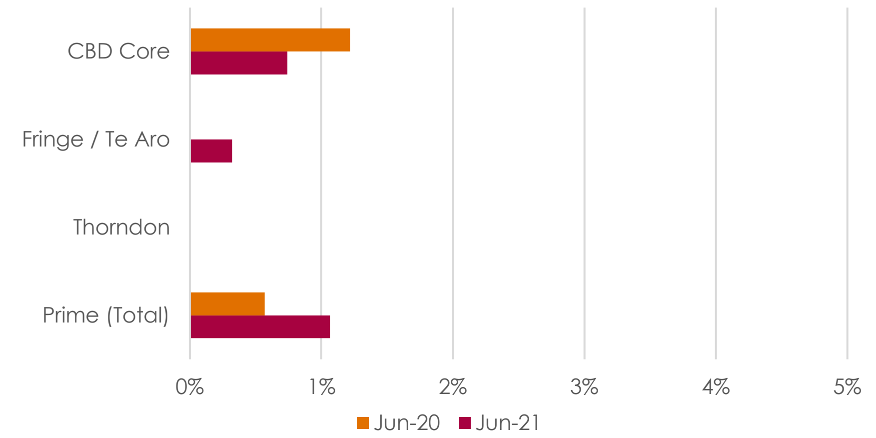


Source: JLL

Wellington city centre office

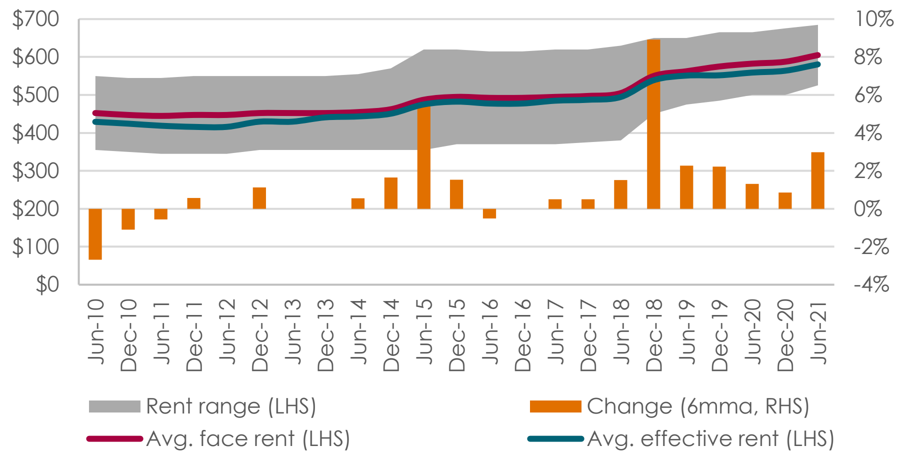
- Demand remains underpinned by Government growth, flight to quality and seismic obsolescence
  - Low prime vacancy rates reported in Thorndon and parts of the CBD Core where many agencies are located
  - Corporates continuing to move up the grade curve where quality space becomes available
- Prime rentals continue to trend upwards due to benign demand/supply dynamic
  - Gross effective rentals up 3.9% y-o-y to Jun-21 (Jun-20: 1.4%) with a CAGR of 4.0% p.a. to date compared to pre-Kaikoura market rentals
  - Net rentals remain under some pressure due to OPEX increases
- Economic rents expected to support growth in rents as additional supply is required to meet demand

Prime vacancy by location



Source: JLL

Prime gross rental range and growth



Source: JLL

Prime yields

- Material firming in yields in the second half, with defensive assets, e.g. prime industrial, prime office and LFR, attracting strong bids
- Abundant liquidity expected to underpin yields
  - Despite concerns around inflation and central bank rate hikes, cost of capital continues to remain near historic lows
- Current valuation forecasts suggests further yield firming remains likely
  - Prime yields, particularly in Wellington, remains attractive on a relative basis
  - Negative real rates providing tailwind for further capital inflows to tangible assets

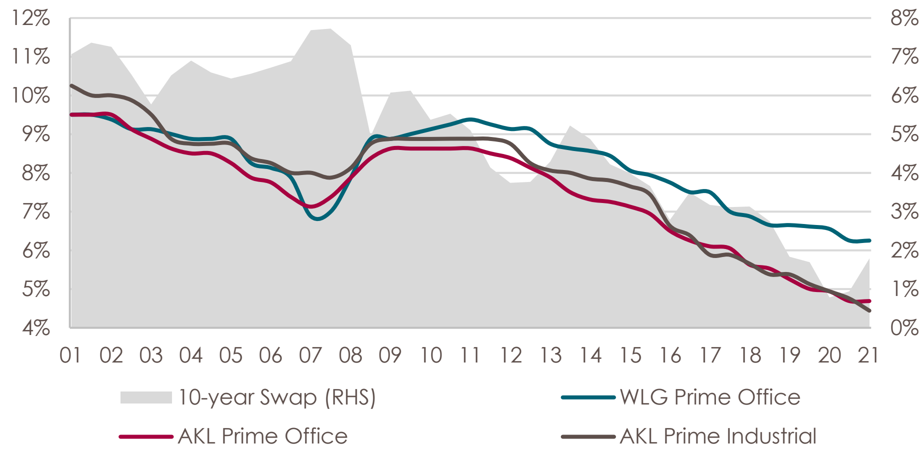
+280bps

Auckland prime yield spread

+436bps

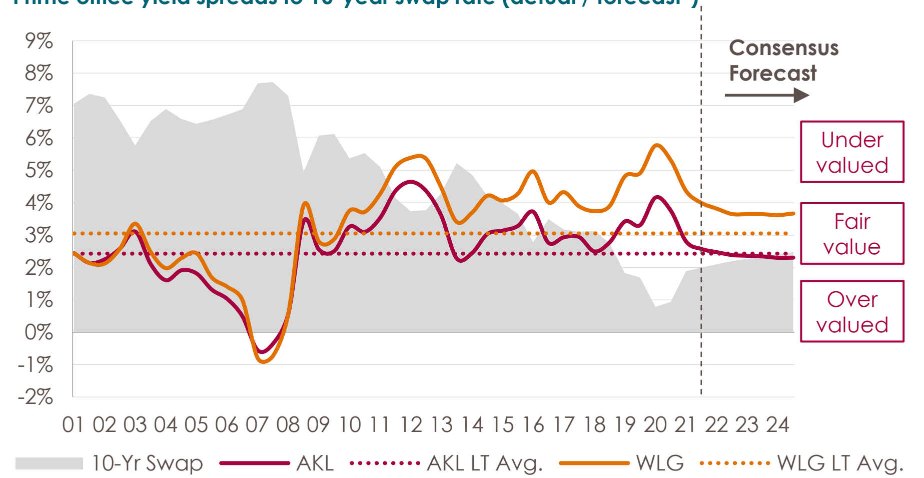
Wellington prime yield spread

Key sector yield vs. 10-year swap



Source: JLL, RBNZ

Prime office yield spreads to 10-year swap rate (actual / forecast*)



Source: Colliers, CBRE, JLL, RBNZ
* Consensus forecast based on average of Colliers, CBRE and JLL projections

Section 3

Operations

Photo Credit: Simon Devitt

Leasing activity

Through FY21 Precinct has experienced strong leasing demand from high quality occupiers underpinned by robust business confidence and a shift to quality

Key investment portfolio and development leasing summary

- 12-year lease to Waka Kotahi NZ Transport Agency over 8,660m^2 at 44 Bowen Street
- 15-year lease to KPMG over 2 floors at 44 Bowen Street
- 20-year lease to Deloitte over 7,500m^2 at 1 Queen Street
- 9-year lease to Aon over Levels 20 & 21 at the Aon Centre Auckland (previously AMP Centre)

11.2 years

Weighted average lease term
(on new leasing including developments)

4.7 years

Weighted average lease term
Investment portfolio leasing

15.5 years

Weighted average lease term
Development portfolio leasing

35,270m^2

Leasing transactions (including development leasing)

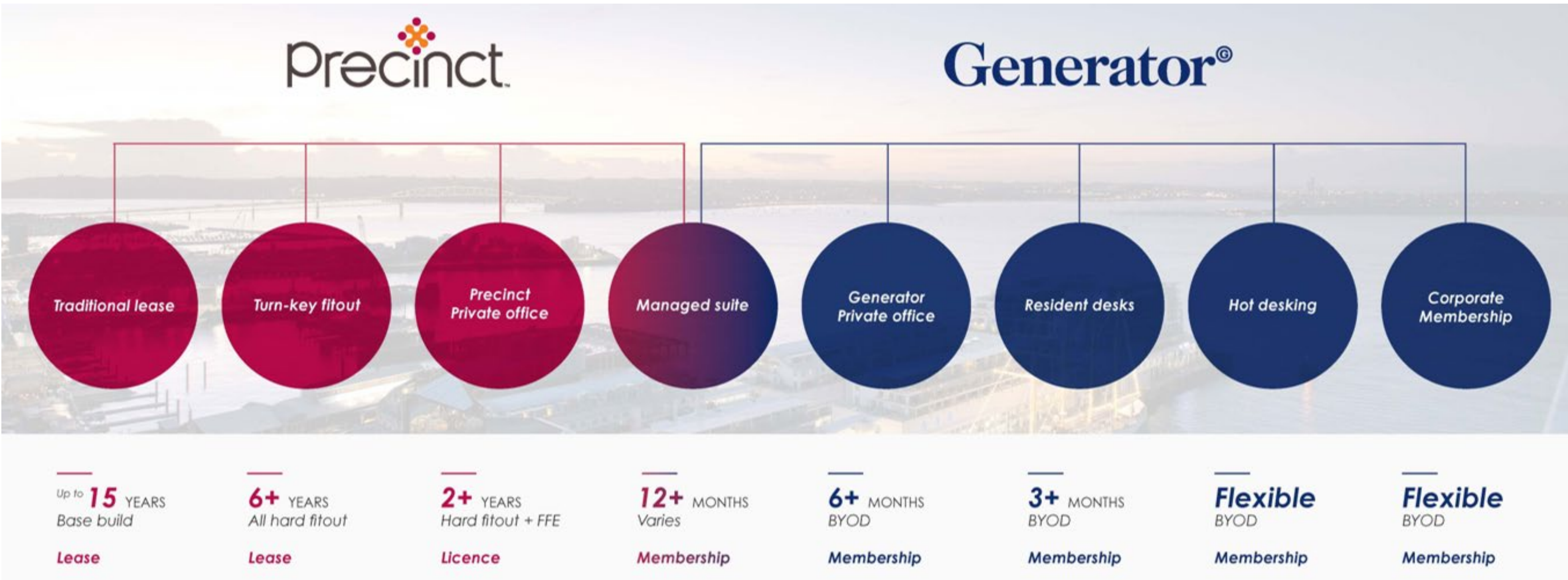
7.0%

Growth in contract rentals on new office leases

Precinct

Supporting our strategy

- Adapting offering to cater for evolving occupier demands
    - Occupiers working differently and valuing flexibility and innovation
- Wider range of offering and optionality now available



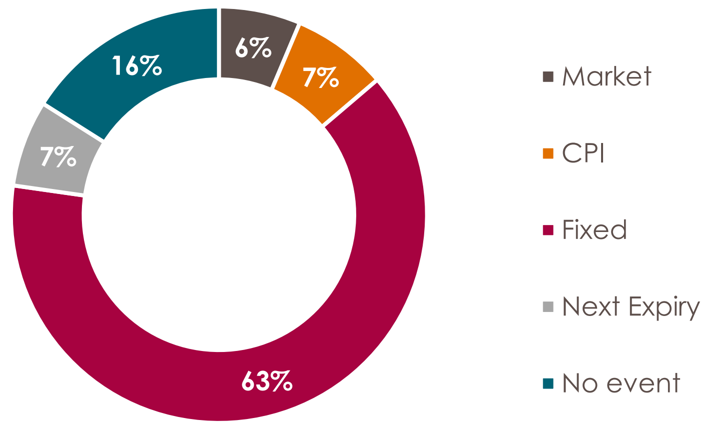
- Corporate real estate strategies increasingly span the office space spectrum
- Precinct response has been to continue to broaden our offering
- Generator and Private office product has allowed for expansion of Precinct’s offering
- Strategy enables greater cross-sell and growth pipeline across the business

Earnings quality

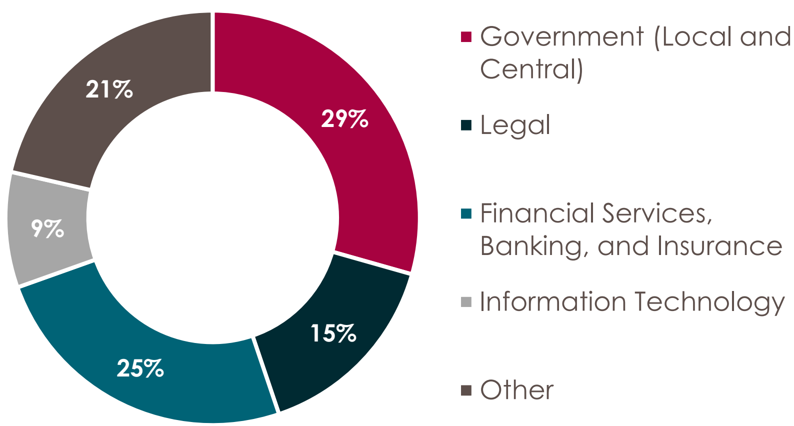
Our portfolio benefits from high quality occupiers, a long weighted average lease term, low expiry risk and a high degree of structured growth

- Circa **6%** of portfolio by income is subject to expiry over the next 12 months
- Precinct portfolio's exposure to **structured rent reviews** provides secure cashflow
  - **77%** of portfolio by income subject to review event in FY22 of which **6%** comprised market rent review

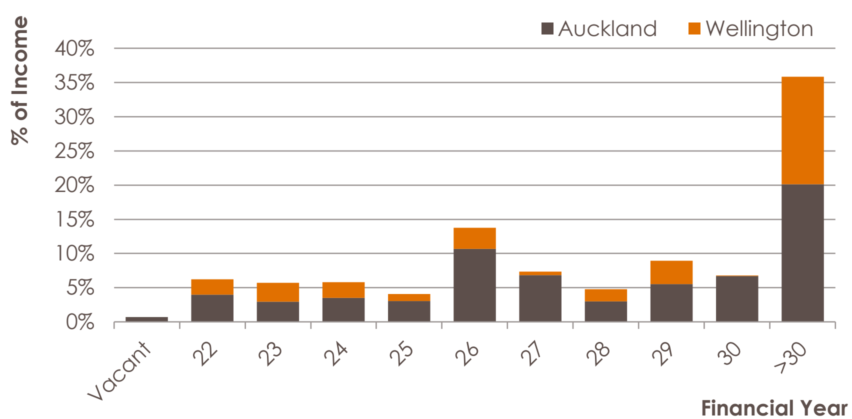
FY22 Key leasing events (by NLA)



Office Revenue by Industry



Office lease expiry profile (by income)



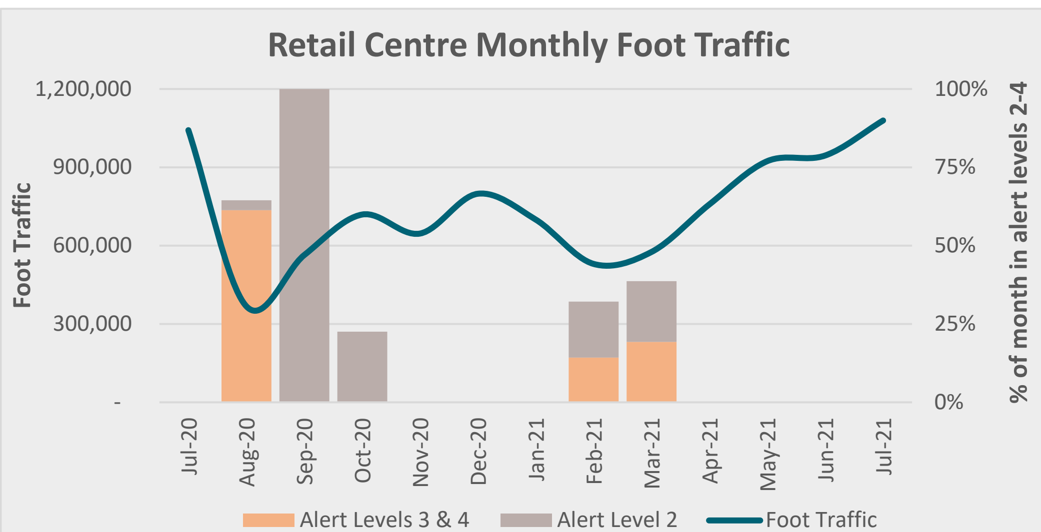
Commercial Bay Retail

- Foot traffic and sales showing significant improvement post the last lockdown in March
- Food & beverage continues to be the strongest performer, particularly Harbour Eats
- Streetscape improvement continues with the opening of Te Komititanga and Te Wānanga
- Lower Albert Street bus terminal re-opened on the 25th of April, increasing commuter exposure to the centre
- July 2021 saw the highest level of foot traffic since centre opening, up 42% on April 2021
- Second half NPI impacted by GOC washups for the full year

Commercial Bay Retail

Centre composition

- The centre has shown strategic resilience in its first year of operation considering the context of a global pandemic
- Foot traffic has built strongly through 2021 to date and is translating to sales growth
- Commercial Bay Hospitality achieved successful openings, however impact of lockdowns led to $2.8m loss for the year



Generator performance

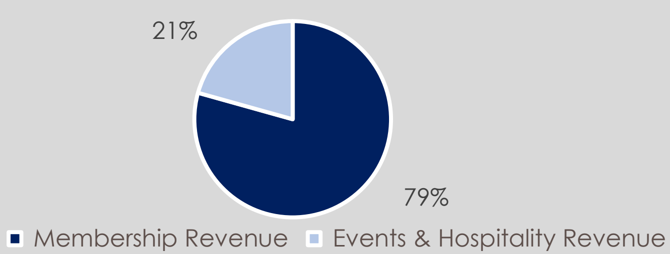
	FY21	FY20
Revenue[1]	$15.5m	$18.6m
EBITDA	($0.8m)	$1.8m

[1]Note: Generator performance includes intersegment revenue

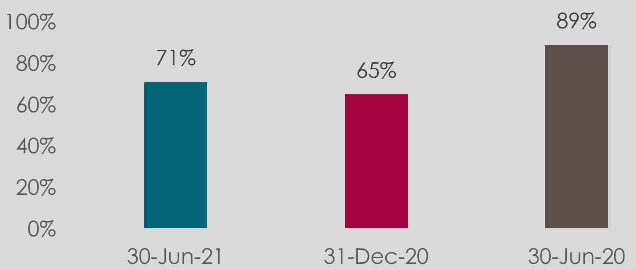
Resilient business performance given impacts of Covid-19

- Occupancy recovering strongly with active cost control mitigating lost revenue
- Events revenue impacted by lockdowns but grown back to pre-Covid levels and benefitting from new meeting suites at PWC Tower and HSBC Tower
- Growth in revenue from global tech and pharmaceutical companies
- Medium term outlook remains positive with strong increase in enquiry
- Precinct/Generator strategy continues to prove valuable with cross business sales increasing
- Strong interest in Generator Wellington ahead of November opening

Revenue sources



Occupancy



Transactions and opportunities

Wellington acquisitions support business strategy

- Leverage government asset redevelopment experience, market position and strong Wellington market to generate value accretion

Further value-add opportunities under investigation

- Precinct to participate in the market process for the sale of the Downtown Carpark
- Further Wellington opportunities identified
- Third-party capital partnerships considered to optimise shareholder returns

Bowen House - Key metrics	
Net lettable area	14,000 m^2
Yield on cost	5.25%
Value on completion	$164 m

Freyberg Building - Key metrics	
Net lettable area	14,800 m^2
Holding yield	~4-5%
Targeted return on cost	15%+

Section 4

Developments

Committed developments

					FY22		FY23		FY24	
Development	**TPC**	**Office NLA**	**% Let**	**WALT (Let)**	**Dec-21**	**Jun-22**	**Dec-22**	**Jun-23**	**Dec-23**	**Jun-24**
30 Waring Taylor	$27 m	1,800 m^2	100%	10.0 years						
40 Bowen	$90 m	9,800 m^2	72%	9.7 years						
44 Bowen	$105 m	11,500 m^2	100%	12.8 years						
Bowen House	$148 m	14,000 m^2	100%	15.0 years						
Deloitte Centre	$308 m	14,300 m^2	87%	14.9 years						
Total	**$678 m**	**51,400 m^2**	**90%**	**13.7 years**						

$0.8b
Total value on completion

19,500m^2
Leased during the period

22%
Forecast blended return on cost

6.1%
Forecast blended yield on cost (fully let)

Precinct

40 & 44 Bowen (Bowen Campus Stage 2)

- Pleasing progress to date despite tight construction market
  - **40 Bowen** – superstructure nearing completion, 1st fix services and façade install progressing
  - **44 Bowen** – groundworks complete, superstructure to commence in Aug-21
- 44 Bowen now 100% pre-committed (by NLA) with ~21 months remaining in construction programme
- 40 Bowen remains 72% pre-committed (by NLA) with strong on-going occupier engagement for remaining 1.5 floors

30%
Forecast return on cost

6.5%
Forecast yield on cost

Precinct

Deloitte Centre (1 Queen Street)

- Construction commenced in Jun-21 and remains on programme to complete all works in 2H-23
  - **Commercial** – 14,300m^2 premium grade office and supporting F&B/retail amenities to complete Aug-23
  - **Hotel** – target opening of 139-room InterContinental hotel in late 2023
- Advanced pre-commitment to 87% (incl. hotel) by NLA following 7,500m^2 commitment from Deloitte

21%
Forecast return on cost (stabilised)

6.2%
Forecast yield on cost (stabilised)

Other committed developments

30 Waring Taylor

- Works remain on programme to complete Oct-21
- Generator opening its first Wellington site in early Nov-21 with good levels of enquiry to date

Bowen House

- Refurbishment and seismic upgrade works commenced on 2 August 2021
- Building is leased by The Parliamentary Service with a new 15-year term on completion of works in mid-2023

Uncommitted pipeline

- Current internal development pipeline totalling ~34,800m^2 forecast to be delivered by FY24/25
  - **Wynyard Quarter Stage 3** – final stage of the Wynyard Quarter Innovation Precinct (20,000m^2 prime NLA)
  - **Freyberg Building** – repositioning opportunity (14,800m^2 prime NLA) located adjacent to the proposed new National Archives building in the Government precinct
- Wynyard Quarter Stage 3 fully designed. Expect to commit to one or more buildings in FY22

~15%
Target return on cost

~5.5%-6%
Target yield on cost

Section 5

Outlook

Outlook

- Precinct demonstrated significant resilience over the past 18 months and is well placed for the future
- Following internalisation, Precinct is considering its strategic options in order to optimise returns for shareholders
- Workplace strategies are evolving and this is likely to support Precinct's performance with elevated enquiry levels for PCT buildings
- Broader economic drivers expected to support Precinct given its portfolio, markets and low funding costs. Structured reviews expected to mitigate risk of inflation
- Dividend and AFFO guidance of 6.70cps for the FY22 year maintained

Appendices

Financial Summary

(Amounts in $ millions unless otherwise stated)	2021	2020	Change (%)
Rental revenue	199.8	151.8	31.6
Funds from operations (FFO)	96.6	90.5	6.7
Adjusted funds from operations (AFFO)	85.3	82.7	3.1
Total comprehensive income after tax attributable to equity holders	179.9	35.1	412.5
Funds from operations (FFO) (cents per share)	7.34	6.89	6.5
Adjusted funds from operations (AFFO) (cents per share)	**6.48**	**6.29**	**3.0**
Gross distribution (cents per share)	6.50	6.92	(6.0)
Net distribution (cents per share)	**6.50**	**6.30**	**3.2**
AFFO Payout ratio (%)	**100.3**	**100.1**	**0.2**
Total assets	3,456.4	3,185.2	8.5
Total liabilities	1,235.8	1,276.8	(3.2)
Total equity	2,220.6	1,908.4	16.4
Shares on issue (million shares)	1,458.5	1,313.8	11.0
NTA (cents per share)	152	144	5.6
NAV (cents per share)	152	145	4.8
Gearing ratio at balance date (%)	28.2	28.8	(2.1)

Operating income

For the 12 months ended $m	30 June 2021	30 June 2020	Δ
AMP Centre	$11.5	$11.4	$0.0
HSBC Tower	$17.8	$17.8	$0.1
Zurich House	$5.6	$5.6	$0.0
Mason Brothers	$2.4	$2.3	$0.1
12 Madden Street	$4.5	$4.5	($0.0)
Auckland total	**$41.8**	**$41.6**	**$0.2**
NTT Tower	$7.2	$7.1	$0.1
AON Centre	$10.5	$10.5	$0.0
Bowen Campus	$13.8	$13.3	$0.5
Wellington total	**$31.6**	**$30.9**	**$0.7**
Investment portfolio	**$73.4**	**$72.5**	**$0.9**
Transactions and Developments			
1 Queen Street	$0.8	$3.6	($2.7)
PWC Tower	$18.3		$18.3
Commercial Bay Retail	$13.2	$3.7	$9.5
Mayfair House	$4.1	$2.2	$1.9
204 Quay Street	$0.5		$0.5
No 1 The Terrace	$6.4	$5.2	$1.2
10 Madden Street	$2.1	$0.0	$2.1
Pastoral House	$0.0	$2.4	($2.4)
ANZ Centre	$6.7	$9.2	($2.6)
Subtotal	**$125.5**	**$98.9**	**$26.6**
COVID-19 Impact	($1.1)	($1.7)	$0.6
Total net property income	**$124.4**	**$97.2**	**$27.2**
Generator	$6.1	$8.6	($2.5)
CBHL	($2.8)		($2.8)
Operating income before indirect expenses	**$127.7**	**$105.8**	**$21.9**

Balance sheet

Financial Position as at ($m)	30 June 2021 Audited	30 June 2020 Audited	Movement
Assets			
Development properties	$232.4	$190.6	+ $41.8
Investment properties	$3,076.4	$2,800.1	+ $276.3
Investment properties held for sale	-	-	-
Intangible assets	$9.0	$18.9	($9.9)
Deferred tax asset	$7.4	-	+ $7.4
Fair value of derivative financial instruments	$34.5	$95.2	($60.7)
Right-of-use assets	$33.2	$38.1	($4.9)
Other	$63.5	$42.3	+ $21.2
Total Assets	**$3,456.4**	**$3,185.2**	**+ $271.2**
Liabilities			
Interest bearing liabilities	$1,096.1	$1,028.9	+ $67.2
Deferred tax liability	-	$36.5	($36.5)
Lease liabilities	$40.3	$43.4	($3.1)
Fair value of derivative financial instruments	$50.9	$86.2	($35.3)
Other	$48.5	$81.8	($33.3)
Total Liabilities	**$1,235.8**	**$1,276.8**	**($41.0)**
Equity	**$2,220.60**	**$1,908.4**	**+ $312.2**
NIBD to Total Assets	30.5%	29.9%	0.6%
Liabilities to Total Assets - Loan Covenants	28.2%	28.8%	-0.5%
Shares on Issue (m)	1,458.5 m	1,313.8 m	144.7 m
Net tangible assets per security	$1.52	$1.44	0.08
Net asset value per security	$1.52	$1.45	0.1

Asset level valuations

	Value Movement						Cap Rates %*		
	30 Jun 2020 Market Value	Additions / Disposals	30 Jun 2021 Book Value	Revaluation	30 Jun 2021 Market Value	Revaluation %	30 Jun 2020	30 Jun 2021	Change
Investment Properties									
NTT Tower	$124.0 m	$0.0 m	$124.0 m	$27.0 m	$151.0 m	21.7%	6.38%	5.50%	(88 bps)
AON Centre	$172.9 m	$4.3 m	$177.2 m	$15.7 m	$192.9 m	8.8%	6.63%	5.63%	(100 bps)
No. 1 The Terrace	$107.5 m	$0.7 m	$108.2 m	$33.8 m	$142.0 m	31.3%	5.88%	5.13%	(75 bps)
No. 3 The Terrace	$14.0 m	-	$14.0 m	$0.2 m	$14.2 m	1.1%	-	-	-
Mayfair House	$60.2 m	$18.2 m	$78.4 m	$8.3 m	$86.7 m	10.5%	6.13%	5.38%	(75 bps)
Bowen Campus Stage 1	$268.1 m	$3.3 m	$271.4 m	$33.1 m	$304.5 m	12.2%	5.63%	5.00%	(63 bps)
Subtotal – Wellington	**$746.7 m**	**$26.6 m**	**$773.3 m**	**$118.0 m**	**$891.3 m**	**15.3%**	**6.07%**	**5.28%**	**(78 bps)**
PwC Tower	$580.0 m	$19.2 m	$599.2 m	$65.8 m	$665.0 m	11.0%	4.63%	4.13%	(50 bps)
HSBC Tower	$409.0 m	$24.1 m	$433.1 m	$42.9 m	$476.0 m	9.9%	4.88%	4.50%	(38 bps)
AMP Centre	$205.0 m	$1.9 m	$206.9 m	$27.1 m	$234.0 m	13.1%	5.50%	5.00%	(50 bps)
Jarden House	$124.0 m	$6.6 m	$130.6 m	$9.4 m	$140.0 m	7.2%	5.25%	4.88%	(38 bps)
12 Madden Street	$86.0 m	$1.0 m	$87.0 m	$13.0 m	$100.0 m	14.9%	5.25%	4.75%	(50 bps)
Mason Brothers Building	$46.6 m	$1.0 m	$47.6 m	$8.8 m	$56.4 m	18.5%	5.13%	4.50%	(63 bps)
10 Madden Street	$53.1 m	$25.6 m	$78.7 m	$7.3 m	$86.0 m	9.3%	5.63%	5.13%	(50 bps)
204 Quay Street	-	$20.3 m	$20.3 m	$2.5 m	$22.8 m	12.3%	-	6.75%	-
Commercial Bay Retail	$425.0 m	$12.5 m	$437.5 m	-$32.5 m	$405.0 m	(7.4%)	5.25%	5.25%	-
Subtotal – Auckland	**$1,928.7 m**	**$112.2 m**	**$2,040.9 m**	**$144.2 m**	**$2,185.2 m**	**7.1%**	**4.93%**	**4.50%**	**(43 bps)**
Subtotal – Investment Properties	**$2,675.4 m**	**$138.8 m**	**$2,814.2 m**	**$262.2 m**	**$3,076.4 m**	**9.3%**	**5.31%**	**4.76%**	**(55 bps)**
Development Properties									
Bowen Campus Stage 2	$28.6 m	$44.6 m	$73.2 m	$23.3 m	$96.5 m	31.9%	-	-	-
30 Waring Taylor Street	$6.9 m	$10.7 m	$17.6 m	$1.8 m	$19.4 m	10.4%	-	-	-
1 Queen Street	$102.0 m	$18.9 m	$120.9 m	-$4.4 m	$116.5 m	(3.7%)	-	-	-
Subtotal – Development Properties	**$137.5 m**	**$74.2 m**	**$211.7 m**	**$20.7 m**	**$232.4 m**	**9.8%**	**n/a**	**n/a**	**n/a**
Total excl. Asset(s) Sold	**$2,812.9 m**	**$212.9 m**	**$3,025.9 m**	**$282.9 m**	**$3,308.8 m**	**9.3%**	**5.31%**	**4.76%**	**(55 bps)**
Asset(s) Sold									
ANZ Centre (50%)	$177.8 m	-$177.8 m	-	-	-		-	-	-
Total	**$2,990.7 m**	**$35.2 m**	**$3,025.9 m**	**$282.9 m**	**$3,308.8 m**	**9.3%**	**5.31%**	**4.76%**	**(55 bps)**

* Portfolio blended capitalisation rate excludes retail assets (Commercial Bay Retail and 204 Quay Street), Development Properties and Asset(s) Sold

Reconciliation from NPAT to AFFO

(Amounts in $ millions unless otherwise stated)	2017	2018	2019	2020	2021
Dividends					
Net dividend (cents)	**5.60**	**5.80**	**6.00**	**6.30**	**6.50**
Reconcilation from NPAT to Adjusted funds from operations					
Net profit after taxation (NPAT)	**162.1**	**254.9**	**190.2**	**30.2**	**187.7**
Unrealised net (gain) / loss in value of investment and development properties	(77.5)	(208.7)	(161.7)	66.3	(282.9)
Unrealised net (gain) / loss on financial instruments	(11.8)	11.1	44.3	1.9	(19.7)
Net realised loss on sale of investment properties	-	-	1.7	2.5	2.4
Termination of management services agreement	-	-	-	-	217.1
Impairment of goodwill	-	-	-	-	9.8
Net realised (gain) on disposal of investment in joint venture	-	-	(6.6)	-	-
Depreciation - property, plant and equipment	-	-	0.3	1.1	1.4
Depreciation recovered on sale	-	-	10.7	1.4	10.5
Deferred tax (benefit) / expense	1.9	17.0	(0.3)	(3.4)	15.7
IFRS 16 lease adjustments	-	-	-	2.3	1.9
Generator (profit) / loss	-	2.3	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)
Swap closeout relating to ANZ Centre Sale					3.0
One off item - project initialisation costs					0.7
Addback: Amortisations	6.4	7.2	7.1	7.9	13.8
Straightline rents	(0.2)	(0.4)	(0.3)	(0.5)	(4.0)
Funds from operations	**80.9**	**83.4**	**85.1**	**90.5**	**96.6**
Funds from operations (cents)	6.68	6.88	6.82	6.89	7.34
Dividend payout ratio based on FFO (%)	83.8	84.3	88.0	91.4	88.6
Adjusted funds from operations (AFFO)					
Less: Maintenance capex	(5.8)	(4.9)	(7.2)	(5.0)	(4.0)
Less: Incentives and leasing costs	(9.3)	(8.3)	(3.9)	(2.8)	(7.3)
Adjusted funds from operations	**65.8**	**70.2**	**74.0**	**82.7**	**85.3**
Adjusted funds from operations (cents)	5.43	5.80	5.94	6.29	6.48
Dividend payout ratio based on AFFO (%)	103.1	100.0	101.7	100.0	100.3

Precinct

5-year income summary

(Amounts in $ millions unless otherwise stated)	2017	2018	2019	2020	2021
Financial performance					
Gross rental revenue	126.2	130.7	135.7	151.8	199.8
Less direct operating expenses	(35.8)	(35.4)	(40.4)	(46.0)	(72.1)
Operating profit before indirect expenses	**90.4**	**95.3**	**95.3**	**105.8**	**127.7**
Net interest expense	(3.4)	(2.2)	(1.7)	(5.0)	(27.2)
Other expenses	(9.8)	(10.2)	(15.8)	(13.3)	(17.5)
Operating income before income tax	**77.2**	**82.9**	**77.8**	**87.5**	**83.0**
Non operating income / (expense)					
Unrealised net gain in value of investment and development properties	77.5	208.7	161.7	(66.3)	282.9
Other non operating income	11.8	(11.1)	(37.7)	12.0	(219.9)
Net profit before taxation	**166.5**	**280.5**	**201.8**	**33.2**	**146.0**
Current tax expense	(2.5)	(6.3)	(0.1)	(5.0)	67.8
Depreciation recovered on sale expense	-	-	(10.7)	(1.4)	(10.5)
Deferred tax benefit / (expense)	(1.9)	(17.0)	0.3	3.4	(15.6)
Total taxation (expense) / benefit	**(4.4)**	**(23.3)**	**(10.5)**	**(3.0)**	**41.7**
Share of profit or (loss) of joint ventures	-	(2.3)	(1.1)	-	-
Net profit after taxation (NPAT)	**162.1**	**254.9**	**190.2**	**30.2**	**187.7**
Total other comprehensive income / (expense)			**0.2**	**4.9**	**(7.8)**
Total comprehensive income after tax attributable to equity holders	**162.1**	**254.9**	**190.4**	**35.1**	**179.9**

5-year balance sheet

(Amounts in $ millions unless otherwise stated)	2017	2018	2019	2020	2021
Financial position					
Total investment assets	1,535.4	1,678.8	1,870.5	2,800.1	3,076.4
Total development assets	509.2	838.1	923.2	190.6	232.4
Other assets	34.6	44.8	97.7	194.5	147.6
Total assets	**2,079.2**	**2,561.7**	**2,891.4**	**3,185.2**	**3,456.4**
Interest bearing liabilities	456.9	761.7	758.4	1,028.9	1,096.1
Other liabilities	116.7	109.3	177.8	247.9	139.7
Total liabilities	**573.6**	**871.0**	**936.2**	**1,276.8**	**1,235.8**
Total equity	1,505.6	1,690.7	1,955.2	1,908.4	2,220.6
Number of shares (m)	1,211.1	1,211.1	1,313.8	1,313.8	1,458.5
Weighted average number of shares (m)	1,211.1	1,211.1	1,246.7	1,313.8	1,316.5
Net tangible assets per share (cps)	**1.24**	**1.40**	**1.47**	**1.44**	**1.51**
Net asset value per security (cps)	**1.24**	**1.40**	**1.49**	**1.45**	**1.52**
Share price at 30 June ($)	1.24	1.35	1.77	1.57	1.60
Covenants					
Loan to value ratio (%)	25.1	25.0	22.4	28.8	28.2
Interest coverage ratio	3.9	2.4	2.0	2.4	2.4
Key portfolio metrics					
Average portfolio cap rate (%)	6.2	5.8	5.7	5.3	4.8
Weighted average lease term (years)	8.7	8.7	9.0	8.0	7.7
Occupancy (% by NLA)	100	99	99	98	98
Net lettable area (sqm)	224,430	221,513	232,210	269,901	266,248
Number of investment properties	12	12	14	14	16

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Investment portfolio overview

Key metrics

	Total portfolio	Auckland	Wellington
WALT	**7.7 years**	7.1 years	8.8 years
Occupancy (%)	**98%**	97%	100%
Investment Portfolio Value ($m)	**$3,076 m**	$2,185 m	$891 m
Weighted average market cap rate	**4.8%**	4.7%*	5.3%
NLA (m²)	**266,248 m²**	153,691 m²	112,557 m²

* Auckland weighted cap rate of 4.5% excluding retail assets (Commercial Bay Retail and 204 Quay Street)

Portfolio metrics

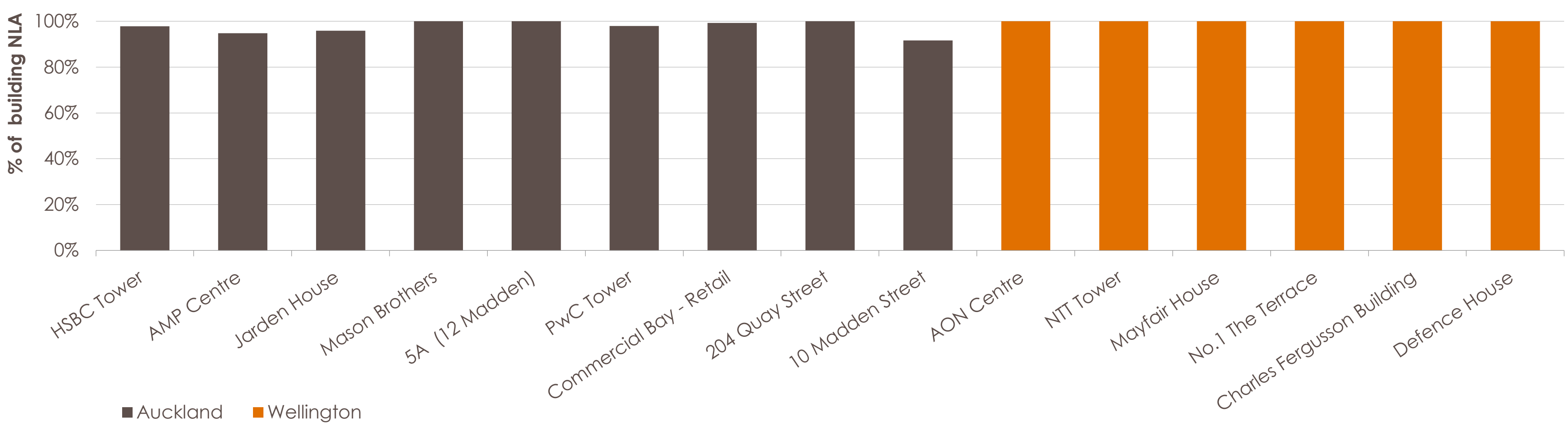
7.7 years

Weighted average lease term

98%

Portfolio occupancy

Occupancy



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