

Precinct Quarterly Update

June 2022



Welcome to the June edition of our quarterly update.

Establishment of new strategic investment partnership

Earlier this year in February 2022, Precinct announced the conditional establishment of a new strategic investment partnership with Singapore sovereign wealth fund GIC. The partnership will initially acquire five assets from Precinct's existing portfolio totalling around \$590 million, comprising 3 Wellington and 2 Auckland assets, with the ability to grow to around \$1.0 billion. Precinct will own a minority 24.9% interest in the partnership.

Establishing a new collaborative and committed partnership with a global investor of this scale and quality represents a strategic step forward for our business, following the internalisation of Precinct last year. The partnership with GIC provides access to capital with an aligned partner and fully supports the execution of Precinct's future growth. This strategic decision to establish this platform increases Precinct's liquidity and strengthens its balance sheet, provides diversification of capital sources and is expected to enhance earnings to deliver further long-term value to Precinct's shareholders.

Outlook

Our business has continued to advance over the last 6 months and we are focused on the next stage in Precinct's strategic evolution.

Precinct will continue to leverage the quality and resilience of its portfolio and its people. Our strategy is evolving and while we remain committed to owning a high quality portfolio of city centre assets, we recognise that through the use of third party capital, we are able to further extend our participation in opportunities and drive higher returns from our capital. Consistent with earlier guidance provided, the Board expects no change to Precinct's full year FY22 dividend of 6.70 cps to be paid, representing a 3.1% year-on-year growth in total cash dividends to shareholders.

Yours faithfully,

Craig Stobo, Independent Director and Chair

Dividend

Payment date	10 June 2022
Excluded dividend per share	1.675 cents per share (cps)
Fully imputed dividend per share	0 cps
Cash dividend per share	1.675 cps
Imputation credits	0 cps

Indicative dividend payment dates

4th Quarter 2022 financial year	23 September 2022
1st Quarter 2023 financial year	16 December 2022

These dates represent the current expectation of Precinct(PCT) as at the date of publication, are subject to PCT board approval, may change without notice and are not a guarantee or warranty as to the payment of a dividend or the actual payment dates.

Key metrics at 31 March 2022

Portfolio value	\$3.1 billion
Overall occupancy	98%
Weighted average lease term	7.3 years
Market capitalisation	\$2.5 billion
Weighted average cap rate	4.9%
Weighting to Auckland (by value)	71%

Financial Summary

as at 31 March 2022

Year to date (Unaudited)

Dividends declared	5.025 cps
Full year forecast dividend per share	6.70 cps

Balance sheet

	Unaudited 31 March 22	Audited 30 June 21
Total assets	\$3,751.8 m	\$3,456.4 m
Net equity	\$2,424.4 m	\$2,220.6 m
Number of shares on issue	1,585.4 m	1,458.5 m
Net asset value per share	\$1.53	\$1.52
Bank covenant gearing	32.6%	28.2%

Shareholder returns

Shareholder returns

	March Quarter	1 Yr	3 Yr	5 Yr
Precinct (NZX: PCT)	(5.0%)	0.4%	12.8%	57.1%
Listed Property	(6.2%)	0.8%	21.9%	61.7%

Returns are based on close price for the quarter, and assume reinvestment of dividend (returns exclude imputation credits). Listed property is the S&P/NZX All Real Estate Gross index. Source IRESS

FY22 Annual Results

Precinct's FY22 annual results are scheduled to be announced on 18 August 2022.

Precinct Quarterly Update *(Continued)*

Wynyard Quarter Stage 3 commenced

At the end of 2021, Precinct announced the commencement of the development of 124 Halsey Street and the Flowers Building, which is the third stage of the master-planned Wynyard Quarter Innovation Precinct. The project has an expected total project cost of around \$157 million and will generate a yield on cost of circa 5.75% once the building is fully leased.

Investment in sustainable design continues to follow the market-leading sustainability outcomes achieved in delivering net positive environmental, social and economic value from the developments completed at the innovation precinct to date. The buildings are targeting 6-star Green Star and 5-star NABERSNZ ratings on completion. The design for Wynyard Quarter Stage 3 showcases the latest in sustainable timber construction innovation, a first for Precinct's development projects with the Flowers Building featuring a timber-frame structure. The overall development will be carbon neutral, with the remaining CO2 emissions unable to be eliminated in design offset through carbon credits.

The development will be undertaken by Precinct in partnership with Eke Panuku Development Auckland. Market leading construction firm, Hawkins have been appointed the main contractor for this development which is expected to complete in late 2024.

Environmental, Social and Governance (ESG)

Our business continues to make good progress across our ESG performance. Precinct have undertaken a comprehensive ESG review including a pathway for improvement and review of our current targets. We look forward to sharing more with you in our upcoming Annual Report.

Precinct retail green bond

Following a successful bookbuild process, Precinct issued six year secured, fixed rate \$175 million of Green Bonds (including oversubscriptions of \$50 million) in May 2022. There was no public pool for the offer, with all the Green Bonds reserved for clients of the Joint Lead Managers, NZX participants and other approved financial intermediaries.

The net proceeds of this offer are intended to be earmarked in accordance with Precinct's Sustainable Debt Framework dated 2020 to finance or refinance energy efficient buildings.

New bank debt facility secured

Precinct secured a new \$300 million bank debt facility in December 2021. The new facility is for a term of 5 years and provides sufficient funding capacity to deliver the first phase of the development commitment of Wynyard Stage 3 and also refinance the \$75 million senior secured fixed rate bonds (PCT010) which matured on 17 December 2021.



Artist's impression of the Flowers Building at Wynyard Quarter Stage 3, Auckland

Please contact our registrar, Computershare:

- To change investment details such as name, postal address or method of payment, and
- For questions on your dividend and shareholding

Registrar:

Computershare Investor Services Limited

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Email: enquiry@computershare.co.nz

If you have any questions please feel free to email us at hello@precinct.co.nz

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